

EXHIBIT C

Audited Financial Statements for the years ended
December 31, 2003, December 31, 2004, and December 3, 2005,
(Balance Sheet; Statement of Income; and Schedule of Operating Expenses)

CERTIFICATION

I certify under penalty of law that I have read and know the contents of this application and the documents attached as exhibits and incorporated by reference and that the statements in all these documents are true and correct.

Executed at Los Angeles, California, March __ 2006

Daekyo America, Inc., a California corporation

By: [Signature]
Sang Hoon Woo, President

(Seal)



STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

Personally appeared before me this 31st day of March, 2006, the above-named Sang Hoon Woo and _____ to me known to be the person(s) who executed the foregoing application (as President and _____ respectively, of the above-named applicant) and (each), being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.

[Signature]
SAMANTHA KANG
(Notary)

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On this 31st day of March, 2006, before me SAMANTHA KANG, NOTARY PUBLIC the undersigned officer, personally appeared Sang Hoon Woo, PROVED TO ME personally known to me to be the President of the above-named corporation, and that he, as such officer, being

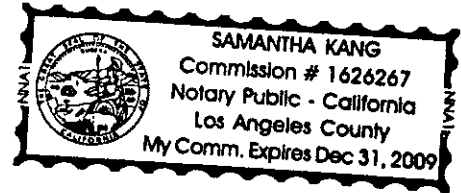
authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Samantha Kang
SAMANTHA KANG
(Notary Public)

(NOTARIAL SEAL)

My commission expires: Dec 31, 2009



DAEKYO AMERICA, INC.
(A CALIFORNIA CORPORATION)

FINANCIAL STATEMENTS
WITH
ACCOUNTANT'S AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2005 AND 2004

TABLE OF CONTENTS

	<u>Page</u>
ACCOUNTANT'S REPORT—————	1
FINANCIAL STATEMENTS	
Balance Sheet—————	2
Statement of Income—————	4
Statement of Changes in Shareholder's Equity—————	5
Statement of Cash Flows—————	6
Notes to Financial Statements—————	7
ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION—	9
SUPPLEMENTARY INFORMATION—————	10

James Sungjin Moon
CERTIFIED PUBLIC ACCOUNTANT

15435 S. Western Ave., #202
Gardena, California 90249
(310) 523-1565 • Fax. (310) 523-1676

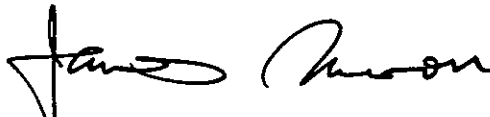
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
Daekyo America, Inc.
3333 Wilshire Blvd., Suite 520
Los Angeles, CA 90010

I have audited the accompanying balance sheet of Daekyo America, Inc. as of December 31, 2005 and the related statement of income, changes in shareholder's equity and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Daekyo America, Inc. as of December 31, 2005 and the results of its operation and its cash flow for the year then ended in conformity with generally accepted accounting principles.



Gardena, California
February 10, 2006

DAEKYO AMERICA, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current Assets:		
Cash	\$ 854,250	\$ 981,938
Accounts Receivable	97,186	33,608
Inventory	196,385	122,130
Prepaid Expenses	974	1,774
	<hr/>	<hr/>
Total Current Assets	1,148,795	1,139,450
Fixed Assets:		
Furniture & Fixture	27,250	27,250
Automobiles	25,000	25,000
Equipment	91,382	91,382
Leasehold Improvement	5,334	5,334
	<hr/>	<hr/>
	148,966	148,966
Less: Accumulated Depreciation	(138,011)	(131,364)
	<hr/>	<hr/>
Total Fixed Assets	10,955	17,602
Other Assets:		
Deposit	3,624	3,624
Investment	63,708	-
	<hr/>	<hr/>
Total Other Assets	67,332	3,624
	<hr/>	<hr/>
Total Assets	<u>\$ 1,227,082</u>	<u>\$ 1,160,676</u>

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2005 AND 2004

LIABILITIES AND EQUITY

	<u>2005</u>	<u>2004</u>
Current Liabilities:		
Accounts Payable	\$ 102,897	\$ 27,503
Payroll Tax Payable	6,684	4,886
Deposit Received	<u>17,000</u>	<u>0</u>
Total Current Liabilities	126,581	32,389
Shareholders' Equity:		
Common Stock, \$5,000 par value, 100,000 shares authorized and 329 shares issued and outstanding	1,645,000	1,645,000
Retained Earnings	<u>(544,499)</u>	<u>(516,713)</u>
Total Shareholders' Equity	<u>1,100,501</u>	<u>1,128,287</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 1,227,082</u></u>	<u><u>\$ 1,160,676</u></u>

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Revenues	\$ 689,230	100.0	\$ 836,494	100.0
Cost of Revenues	<u>70,380</u>	<u>10.2</u>	<u>138,567</u>	<u>16.6</u>
Gross Profit	618,850	89.8	697,927	83.4
Operating Expenses	<u>666,849</u>	<u>96.8</u>	<u>628,760</u>	<u>75.2</u>
Operating Income (Loss)	(47,999)	-7.0	69,167	8.3
Other Income				
Interest Income	21,013	3.0	151	0.0
Corporation Income Taxes	<u>800</u>	<u>0.1</u>	<u>800</u>	<u>0.1</u>
Net Income (Loss)	<u>\$ (27,786)</u>	<u>-4.0</u>	<u>\$ 68,518</u>	<u>8.2</u>

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Common Stock		
Balance, Beginning of the year	<u>\$ 1,645,000</u>	<u>\$ 1,645,000</u>
Balance, End of the year	1,645,000	1,645,000
Retained Earnings		
Balance, Beginning of the year	(516,713)	(427,445)
Net Income (Loss) for the year	(27,786)	68,518
Reverse of deferred income tax	<u>-</u>	<u>(157,786)</u>
Balance, End of year	<u>(544,499)</u>	<u>(516,713)</u>
Total Shareholders' Equity	<u><u>\$1,100,501</u></u>	<u><u>\$1,128,287</u></u>

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

Cash Flows from Operating Activities:

Net income from operations \$ (27,786)

Adjustments to reconcile net income
to net cash provided by operating activities:

Depreciation and amortization	\$ 6,647	
Increase in accounts receivable	(63,578)	
Increase in inventory	(74,255)	
Decrease in prepaid expenses	800	
Increase in accounts payable	75,394	
Increase in payroll tax payable	1,798	
Increase in deposit received	17,000	(36,194)

Net cash provided by operating activities (63,980)

Cash Flows from Investing Activities

Increase in Investment (63,708)

Net cash used by investing activities (63,708)

Cash Flows from Financing Activities

Net cash provided by financing activities 0

Net Increase in Cash \$ (127,688)

Cash at the beginning of the period 981,938

Cash at the end of the period \$ 854,250

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of DAEKYO AMERICA, INC. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business activity

The company was incorporated on November 1, 1990 in the State of California and the Company is established by DAEKYO Ltd., Korea. The Company is engaged in the franchising business of educational for children.

Inventory

Inventories consist of primarily education materials and they are stated at lower of cost or market.

Fixed assets

Fixed assets are carried at cost for financial reporting purposes. Depreciable property is depreciated principally on the accelerated methods, which are also used for tax purposes.

Income taxes

The Company has a net operating loss carryforward, which is available to offset future federal and state taxable income.

Franchise royalty revenues

Franchise royalty revenues are based on the franchisee's revenues and are recognized as earned and collectible.

Related party transaction

The Company purchases its inventories from parent company.

DAEKYO AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of cash flows

For the purposes of cash flows, the Company considers cash in bank and on hand to be cash and cash equivalents.

NOTE B – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2005 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Furniture and fixtures	\$ 27,250	\$ 25,169	\$ 2,081
Office equipments	91,382	89,175	2,207
Automobiles	25,000	18,333	6,667
Leasehold improvement	<u>5,334</u>	<u>5,334</u>	<u>0</u>
Total	<u>\$ 148,966</u>	<u>\$138,011</u>	<u>\$ 10,955</u>

James Sungjin Moon
CERTIFIED PUBLIC ACCOUNTANT

15435 S. Western Ave., #202
Gardena, California 90249
(310) 523-1565 • Fax (310) 523-1676

ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Shareholders
Daekyo America, Inc.
3333 Wilshire Blvd., Suite 520
Los Angeles, CA 90010

The accompanying supplemental information contained in the schedule of cost of revenue and operating expenses for the year ended December 31, 2005 is presented only for analysis purposes and has been subjected to our audit procedures described in accountant's report.

Gardena, California
February 10, 2006

DAEKYO AMERICA, INC.
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
SCHEDULE OF COST OF REVENUES		
Beginning Inventory	\$ 122,130	\$ 171,814
Purchases	144,635	88,883
Total Goods Available for Sale	<u>266,765</u>	<u>260,697</u>
Ending Inventory	(196,385)	(122,130)
Total Cost of Revenues	<u>\$ 70,380</u>	<u>\$ 138,567</u>

SCHEDULE OF OPERATING EXPENSES

Salaries & Wages	\$ 352,190	\$ 320,178
Advertising	47,514	26,139
Auto Expenses	5,795	11,970
Bad Debts	0	4,620
Bank Charges	184	576
Commission & Rebate	23,748	21,361
Depreciation	6,647	8,118
Dues & Subscription	350	2,100
Education & Seminar Expenses	2,073	4,318
Employee Meals	2,405	2,126
Equipment Rental	1,104	2,063
Insurance	5,670	13,170
Internet & Computer Expenses	1,079	1,004
Legal & Professional Service	42,703	27,380
Marketing Expenses	8,600	0
Meals & Entertainment	3,282	2,039
Office Expenses	7,780	7,114
Parking Expenses	8,292	5,774
Postage & Delivery	10,968	5,162
Rent	79,606	77,470
Repair & Maintenance	250	0
Royalty Paid	30,490	55,487
Scholarship Paid	1,350	5,240
Supplies	5,039	5,550
Taxes & Licenses	3,080	1,842
Telephone	4,877	7,211
Travel	10,663	10,018
Utilities	1,109	731
Total Operating Expenses	<u>\$ 666,849</u>	<u>\$ 628,760</u>

See the accompanying accountant's report and notes to the financial statements.

James Sungjin Moon
CERTIFIED PUBLIC ACCOUNTANT

15435 S. Western Ave., #202
Gardena, California 90249
(310) 523-1565 • Fax. (310) 523-1676

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

I hereby consent to the use of the accompanying financial statements of Daekyo America, Inc. (a California corporation) audited by me as such statements appear in the franchise offering circular.

The date of my report is February 10, 2006 on the accompanying financial statements for the year ended December 31, 2005.



Gardena, CA
March 10, 2006

**DAEKYO AMERICA, INC.
(A CALIFORNIA CORPORATION)**

**FINANCIAL STATEMENTS
WITH
ACCOUNTANT'S AUDIT REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2004

TABLE OF CONTENTS

	<u>Page</u>
ACCOUNTANT'S REPORT—————	1
FINANCIAL STATEMENTS	
Balance Sheet—————	2
Statement of Income—————	4
Statement of Changes in Shareholder's Equity—————	5
Statement of Cash Flows—————	6
Notes to Financial Statements—————	7
ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION—	9
SUPPLEMENTARY INFORMATION—————	10

James Sungjin Moon
CERTIFIED PUBLIC ACCOUNTANT

15435 S. Western Ave., #202
Gardena, California 90249
(310) 523-1565 • Fax. (310) 523-1676

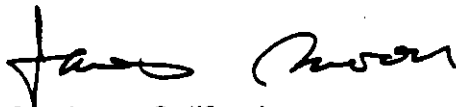
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
Daekyo America, Inc.
3333 Wilshire Blvd., Suite 520
Los Angeles, CA 90010

I have audited the accompanying balance sheet of Daekyo America, Inc. as of December 31, 2004 and the related statement of income, changes in shareholder's equity and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Daekyo America, Inc. as of December 31, 2004 and the results of its operation and its cash flow for the year then ended in conformity with generally accepted accounting principles.



Gardena, California
March 14, 2005

**DAEKYO AMERICA, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2004**

ASSETS

	<u>2004</u>	<u>2003</u>
Current Assets:		
Cash	\$ 981,938	\$ 773,085
Accounts Receivable	33,608	120,101
Inventory	122,130	171,814
Prepaid Expenses	1,774	3,225
Deferred Income Tax	<u>0</u>	<u>157,786</u>
Total Current Assets	1,139,450	1,226,011
Fixed Assets:		
Furniture & Fixture	27,250	27,250
Automobiles	25,000	25,000
Equipment	91,382	88,566
Leasehold Improvement	<u>5,334</u>	<u>5,334</u>
	148,966	146,150
Less: Accumulated Depreciation	<u>(131,364)</u>	<u>(123,246)</u>
Total Fixed Assets	17,602	22,904
Other Assets:		
Deposit	<u>3,624</u>	<u>3,624</u>
Total Other Assets	<u>3,624</u>	<u>3,624</u>
Total Assets	<u>\$ 1,160,676</u>	<u>\$ 1,252,539</u>

See the accompanying accountant's report and notes to the financial statements.

**DAEKYO AMERICA, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2004 AND 2003**

LIABILITIES AND EQUITY

	<u>2004</u>	<u>2003</u>
Current Liabilities:		
Accounts Payable	\$ 27,503	\$ 27,332
Payroll Tax Payable	4,886	5,652
Security Deposit	<u>0</u>	<u>2,000</u>
Total Current Liabilities	32,389	34,984
Shareholders' Equity:		
Common Stock, \$5,000 par value, 100,000 shares authorized and 329 shares issued and outstanding	1,645,000	1,645,000
Retained Earnings	<u>(516,713)</u>	<u>(427,445)</u>
Total Shareholders' Equity	<u>1,128,287</u>	<u>1,217,555</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,160,676</u>	<u>\$ 1,252,539</u>

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Revenues	\$ 836,494	100.0	\$ 975,382	100.0
Cost of Revenues	<u>138,567</u>	<u>16.6</u>	<u>136,242</u>	<u>14.0</u>
Gross Profit	697,927	83.4	839,140	86.0
Operating Expenses	<u>628,760</u>	<u>75.2</u>	<u>851,785</u>	<u>87.3</u>
Operating Income (Loss)	69,167	8.3	(12,645)	(1.3)
Other Income				
Interest Income	151	0.0	9,707	1.0
Corporation Income Taxes	<u>800</u>	<u>0.1</u>	<u>522</u>	<u>0.1</u>
Net Income (Loss)	<u>\$ 68,518</u>	<u>8.2</u>	<u>\$ (3,460)</u>	<u>(0.4)</u>

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
Common Stock		
Balance, Beginning of the year	<u>\$ 1,645,000</u>	<u>\$ 1,645,000</u>
Balance, End of the year	1,645,000	1,645,000
Retained Earnings		
Balance, Beginning of the year	(427,445)	(423,985)
Net Income (Loss) for the year	68,518	(3,460)
Reverse of deferred income tax	<u>(157,786)</u>	<u>0</u>
Balance, End of year	<u>(516,713)</u>	<u>(427,445)</u>
Total Shareholders' Equity	<u><u>\$1,128,287</u></u>	<u><u>\$1,217,555</u></u>

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

Cash Flows from Operating Activities:

Net income from operations \$ 68,518

Adjustments to reconcile net income
to net cash provided by operating activities:

Depreciation and amortization	\$ 8,118	
Decrease in accounts receivable	86,493	
Decrease in inventory	49,684	
Decrease in prepaid expenses	1,451	
Increase in accounts payable	171	
Decrease in payroll tax payable	(766)	
Decrease in security deposit received	(2,000)	143,151

Net cash provided by operating activities 211,669

Cash Flows from Investing Activities

Increase in fixed assets (2,816)

Net cash used by investing activities (2,816)

Cash Flows from Financing Activities

Net cash provided by financing activities 0

Net Increase in Cash \$ 208,853

Cash at the beginning of the period 773,085

Cash at the end of the period \$ 981,938

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of DAEKYO AMERICA, INC. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business activity

The company was incorporated on November 1, 1990 in the State of California and the Company is established by DAEKYO Ltd., Korea. The Company is engaged in the franchising business of educational for children.

Inventory

Inventories consist of primarily education materials and they are stated at lower of cost or market.

Fixed assets

Fixed assets are carried at cost for financial reporting purposes. Depreciable property is depreciated principally on the accelerated methods, which are also used for tax purposes.

Income taxes

The Company has a net operating loss carryforward, which is available to offset future federal and state taxable income.

Franchise royalty revenues

Franchise royalty revenues are based on the franchisee's revenues and are recognized as earned and collectible.

Related party transaction

The Company purchases its inventories from parent company.

**DAEKYO AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2004**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of cash flows

For the purposes of cash flows, the Company considers cash in bank and on hand to be cash and cash equivalents.

NOTE B – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2004 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Furniture and fixtures	\$ 27,250	\$ 24,622	\$ 2,628
Office equipments	91,382	88,184	3,198
Automobiles	25,000	13,333	11,667
Leasehold improvement	<u>5,334</u>	<u>5,225</u>	<u>109</u>
Total	<u>\$ 148,966</u>	<u>\$131,364</u>	<u>\$ 17,602</u>

James Sungjin Moon
CERTIFIED PUBLIC ACCOUNTANT

15435 S. Western Ave., #202
Gardena, California 90249
(310) 523-1565 • Fax. (310) 523-1676

ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Shareholders
Daekyo America, Inc.
3333 Wilshire Blvd., Suite 520
Los Angeles, CA 90010

The accompanying supplemental information contained in the schedule of cost of revenue and operating expenses for the year ended December 31, 2004 is presented only for analysis purposes and has been subjected to our audit procedures described in accountant's report.

Gardena, California
March 14, 2005

DAEKYO AMERICA, INC.
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
SCHEDULE OF COST OF REVENUES		
Beginning Inventory	\$ 171,814	\$ 87,602
Purchases	88,883	125,278
Total Goods Available for Sale	260,697	212,880
Ending Inventory	(122,130)	(171,814)
Total Cost of Revenues	\$ 138,567	\$ 41,066

SCHEDULE OF OPERATING EXPENSES

Salaries & Wages	\$ 320,178	\$ 416,427
Advertising	31,912	38,221
Auto Expenses	11,970	12,941
Bad Debts	4,620	0
Bank Charges	576	452
Commission & Rebate	21,361	28,903
Depreciation	8,118	7,068
Dues & Subscription	2,100	1,062
Education & Seminar Expenses	4,318	8,879
Employee Meals	2,126	0
Equipment Rental	2,063	1,090
Insurance	13,170	30,819
Internet & Computer Expenses	1,004	0
Legal & Professional Service	27,380	33,872
Material Development	0	34,279
Meals & Entertainment	749	1,354
Office Expenses	7,114	12,075
Postage & Delivery	5,162	7,506
Rent	77,470	115,438
Royalty Paid	55,487	60,829
Scholarship Paid	5,240	0
Supplies	5,550	514
Taxes & Licenses	1,842	7,731
Telephone	7,211	13,509
Travel	11,308	17,971
Utilities	731	845
Total Operating Expenses	\$ 628,760	\$ 851,785

See the accompanying accountant's report and notes to the financial statements.

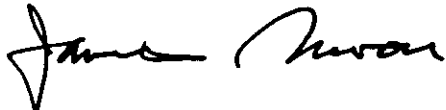
James Sungjin Moon
CERTIFIED PUBLIC ACCOUNTANT

15435 S. Western Ave., #202
Gardena, California 90249
(310) 523-1565 • Fax. (310) 523-1676

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

I hereby consent to the use of the accompanying financial statements of Daekyo America, Inc. (a California corporation) audited by me as such statements appear in the franchise offering circular.

The date of our report is March 14, 2005 on the accompanying financial statements for the year ended December 31, 2004.



Gardena, California
March 14, 2005

DAEKYO AMERICA, INC.
FINANCIAL STATEMENTS
(AUDITED)
FOR THE YEAR ENDED
DECEMBER 31, 2003

TABLE OF CONTENTS

	<u>Page</u>
ACCOUNTANT'S REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	2
Statement of Income.....	4
Statement of Changes in Shareholder's Equity.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7
ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION.....	10
SUPPLEMENTARY INFORMATION.....	11



Julian K. Choi, CPA

Certified Public Accountant

3450 Wilshire Blvd., Suite 1045
Los Angeles, CA 90010

Tel. (213) 382-9008 Fax. (213) 382-8825

**To the Board of Directors and Shareholders of
Daekyo America, Inc.
3333 Wilshire Blvd., Suite 520
Los Angeles, CA 90010**

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheet of Daekyo America, Inc. as of December 31, 2003 and the related statement of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Daekyo America, Inc. as of December 31, 2003 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Los Angeles, California
March 15, 2004

DAEKYO AMERICA, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2003

ASSETS

Current Assets

Cash	\$ 773,085	
Accounts receivables	120,101	
Educational supplies	171,814	
Prepaid expenses	3,225	
Deferred income tax	157,786	
Total Current Assets	<u>157,786</u>	\$ 1,226,011

Property and Equipments, net

Furniture & fixtures	3,191	
Office equipments	2,714	
Transportation equipment	16,667	
Leaschold improvement	332	
Total Property and Equipments	<u>332</u>	22,904

Other Assets

Security deposit	3,624	
Total Other Assets	<u>3,624</u>	<u>3,624</u>

TOTAL ASSETS		<u>\$ 1,252,539</u>
---------------------	--	---------------------

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2003

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accrued liabilities	\$ 27,332	
Payroll taxes payable	5,652	
Security deposit	2,000	
Total Current Liabilities	\$ 34,984	\$ 34,984

Shareholders' Equity

Common stock, \$5,000 par value, 100,000 shares authorized and 329 shares issued and outstanding	1,645,000	
Retained earnings	(427,445)	
Total Shareholders' Equity	1,217,555	1,217,555
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		 \$ 1,252,539

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2003

Revenue

Royalty	\$ 924,582	
Tuition	20,552	
Other income	30,248	
Total Revenue		\$ 975,382
Less : Cost of Educational Supplies		136,242
Net Revenue		839,140
Operating Expenses (Supplementary Information)		851,785
Income from Operation		(12,645)
Other Income and Expenses		
Interest income	10,379	
Interest expenses	(672)	
		9,707
Income before Income Taxes		(2,938)
Deferred Income Taxes		(522)
Net Income (Loss)		\$ (3,460)

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

Common Stock

Balance, Beginning of the year	<u>\$ 1,645,000</u>	
Balance, End of the year		\$ 1,645,000

Retained Earnings

Balance, Beginning of the year	(423,985)	
Net Income (Loss)	<u>(3,460)</u>	
Balance, End of the year		<u>(427,445)</u>

TOTAL SHAREHOLDERS' EQUITY		<u><u>\$ 1,217,555</u></u>
----------------------------	--	----------------------------

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash Flows from Operating Activities

Net income (loss)	\$ (3,460)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Depreciation	7,068
Changes in assets and liabilities:	
Accounts receivable	(32,499)
Educational supplies	(72,635)
Other receivable	4,670
Prepaid expenses	(860)
Deferred income tax	(778)
Accrued liabilities	(4,025)
Security deposit	2,000
Payroll taxes payable	(1,758)
Loans payable	(25,369)
Net cash used for operating activities	<u>(127,646)</u>

Cash Flows from Investing Activities

Purchases of equipments	<u>(3,294)</u>
Net cash used for investing activities	(3,294)

Cash Flows from Financing Activities

Payment of notes payable	<u>(21,156)</u>
Net cash used for financing activities	(21,156)

Net Decrease in Cash	(152,096)
Cash, Beginning of the year	<u>925,181</u>
Cash, End of the year	<u><u>\$773,085</u></u>

See the accompanying accountant's report and notes to the financial statements.

DAEKYO AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant policies of DAEKYO AMERICA, INC. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business activity

The Company was incorporated on November 1, 1990 in the State of California and the Company is established by DAEKYO Ltd., Korea. The Company is engaged in the franchising business of educational programs for children.

Educational supply inventories

Educational supply inventories consist of primarily educational materials and they are stated at lower of cost or market.

Property and equipment

Property and equipment are carried at cost for financial reporting purposes; depreciation of property and equipment is computed on the straight-line methods over the estimated useful lives of the assets. Expenditures for renewals and betterment are capitalized; maintenance and repair costs are charged to expenses as incurred.

Income taxes

The Company accounts for income taxes using the asset and liability method, which recognizes deferred tax assets and liabilities on the balance sheet. Deferred income tax assets and liabilities result from temporary differences. Temporary differences are difference between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The deferred tax assets and liabilities related to the carry-forwarded amount had been offset by a valuation allowance in prior years.

DAEKYO AMERICA, INC
 NOTES TO FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Franchise royalty revenues

Franchise royalty revenues are based on the franchisee's revenues and are recognized as earned and collectible.

Related party transaction

The Company purchases its educational supplies from parent company. Terms of other related party transactions are determined between parties.

Statement of cash flows

For the purposes of cash flows, the Company considers cash in bank and on hand to be cash and cash equivalents.

NOTE B – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2003 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Furniture & fixtures	\$ 27,250	\$ 24,059	\$ 3,191
Office equipment	88,566	85,852	2,714
Transportation equipment	25,000	8,333	16,667
Leasehold improvements	<u>5,334</u>	<u>5,002</u>	<u>332</u>
Total	<u>\$ 146,150</u>	<u>\$ 123,246</u>	<u>\$ 22,904</u>

DAEKYO AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2003

NOTE C – LEASED EQUIPMENT

The Company has leased equipments. According to terms and conditions of the lease agreements, leases were classified as the operating leases and charged to expenses as incurred.

NOTE D – SECURITY DEPOSIT

Security deposit consists of amounts refundable to franchisees without interest at the expiration of the franchise.



Julian K. Choi, CPA

Certified Public Accountant

3450 Wilshire Blvd., Suite 1045
Los Angeles, CA 90010

Tel. (213) 382-9008 Fax. (213) 382-8825

To the Board of Directors and Shareholders of
Daekyo America, Inc.
3333 Wilshire Blvd., Suite 520
Los Angeles, CA 90010

ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION

The accompanying supplemental information contained in the schedule of operating expenses for the year ended December 31, 2003 is presented only for analysis purposes and has been subjected to our audit procedures described in accountant's report.

Los Angeles, California
March 15, 2004

DAEKYO AMERICA, INC.
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003

Operating Expenses

Advertising	\$ 23,790
Auto	6,692
Bank charges	452
Delivery	7,506
Depreciation	7,068
Dues and subscriptions	1,062
Equipment rental	1,090
Insurance	30,819
Material development	34,279
Meals & entertainment	1,354
Office expense	11,590
Outside service	305
Parking	6,249
Payroll	391,105
Payroll taxes	25,322
Printing and reproduction	514
Professional fees	33,872
Promotion & events	14,431
Rebate	12,513
Rent	115,438
Repairs and maintenance	180
Royalty	60,829
Taxes	7,731
Teachers' aids	16,390
Telephone	13,509
Training program	8,879
Travel	17,971
Utilities	845
	<hr/>
Total Operating Expenses	<u>\$ 851,785</u>

See the accompanying accountant's report and notes to the financial statements.



Julian K. Choi, CPA

Certified Public Accountant

3450 Wilshire Blvd., Suite 1045
Los Angeles, CA 90010

Tel. (213) 382-9008 Fax. (213) 382-8825

Consent of Independent Certified Public Accountant

We hereby consent to the use of the accompanying financial statements of Daekyo America, Inc. (a California corporation) audited by us as such statements appear in the franchise offering circular.

The date of our report is March 15, 2004 on the accompanying financial statements for the year ended December 31, 2003.

Los Angeles, California
March 17, 2004

APPENDIX

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

RECEIPT

This Offering Circular summarizes provisions of the Franchise Agreement and other information in plain language. Read this Offering Circular and all agreements carefully.

If Daekyo America offers you a Franchise, Daekyo America must provide this Offering Circular to you by the earliest of:

- (1) The first personal meeting to discuss our Franchise; or**
- (2) Ten business days before signing of a binding agreement; or**
- (3) Ten business days before any payment to Daekyo America.**

You must also receive a Franchise Agreement containing all material terms at least five business days before you sign any Franchise Agreement.

If Daekyo America does not deliver this Offering Circular on time or if it contains a false or misleading statement, or a material omission, a violation of Federal and State Law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the Department of Corporations, 1115 11th Street, Sacramento, California 95814.

Effective date of this Offering Circular is _____.

Daekyo America's authorized agent for service of process is Hak Hyung Kim, 3333 Wilshire Boulevard, Suite 520, Los Angeles, California 90010.

I have received a Uniform Franchise Offering Circular dated _____. This Offering Circular included the following Exhibits: Exhibit A - Franchise Agreement; Exhibit B - List of Outlets; and Exhibit C - Financial Statements of Daekyo America, Inc.

Date

Franchisee

Copy 1: Franchisee's Copy

RECEIPT

This Offering Circular summarizes provisions of the Franchise Agreement and other information in plain language. Read this Offering Circular and all agreements carefully.

If Daekyo America offers you a Franchise, Daekyo America must provide this Offering Circular to you by the earliest of:

- (1) The first personal meeting to discuss our Franchise; or**
- (2) Ten business days before signing of a binding agreement; or**
- (3) Ten business days before any payment to Daekyo America.**

You must also receive a Franchise Agreement containing all material terms at least five business days before you sign any Franchise Agreement.

If Daekyo America does not deliver this Offering Circular on time or if it contains a false or misleading statement, or a material omission, a violation of Federal and State Law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the Department of Corporations, 1115 11th Street, Sacramento, California 95814.

Effective date of this Offering Circular is _____.

Daekyo America's authorized agent for service of process is Hak Hyung Kim, 3333 Wilshire Boulevard, Suite 520, Los Angeles, California 90010.

I have received a Uniform Franchise Offering Circular dated _____. This Offering Circular included the following Exhibits: Exhibit A - Franchise Agreement; Exhibit B - List of Outlets; and Exhibit C - Financial Statements of Daekyo America, Inc.

Date

Franchisee

Copy 2: Franchisor's Copy