HAPPY & HEALTHY PRODUCTS, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005



TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Balance Sheets as of December 31, 2006 and 2005	2
Statements of Income for the years ended December 31, 2006 and 2005	3
Statements of Changes in Stockholder's Equity for the years ended December 31, 2006 and 200	5 4
Statements of Cash Flows for the years ended December 31, 2006 and 2005	5
Notes to Financial Statements	6 - 10
Supplementary Information:	
Schedule of General and Administrative Expenses for the years ended December 31, 2006 and 2005	11