

**EXHIBIT D**  
**FINANCIAL STATEMENTS**


**JUICE HEAVEN  
FRANCHISE CORPORATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR  
ENDED DECEMBER 31, 2004**

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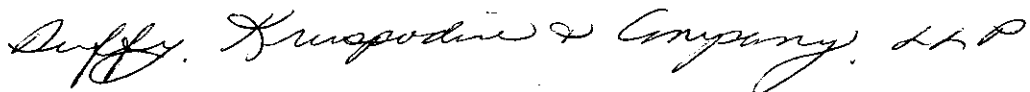
**Independent Auditor's Report**

To the Board of Directors  
Juice Heaven Franchise Corporation  
Burbank, California

We have audited the accompanying balance sheet of Juice Heaven Franchise Corporation as of December 31, 2004, and the related statements of income, changes in stockholder's 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 auditing standards generally accepted in the United States of America. 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 Juice Heaven Franchise Corporation as of December 31, 2004, and the results of its operations and its cash flows for the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.



**DUFFY, KRUSPODIN & COMPANY, LLP**  
Certified Public Accountants

February 8, 2005

**JUICE HEAVEN FRANCHISE CORPORATION**  
**BALANCE SHEET**  
**DECEMBER 31, 2004**

**ASSETS**

<b>Current Assets</b>	
Cash	\$ 15,596
Prepaid expenses	<u>3,330</u>
<b>Total Current Assets</b>	<u>18,926</u>
<b>Property and Equipment</b>	
Furniture	1,743
Accumulated Depreciation	<u>(274)</u>
<b>Net Property and Equipment</b>	<u>1,469</u>
<b>Total Assets</b>	<u>\$ 20,395</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>Current Liabilities</b>	\$ <u>-</u>
<b>Total Current Liabilities</b>	<u>-</u>
<b>Stockholder's Equity</b>	
Capital stock, no stated value, 100,000 authorized, 300 shares issued and outstanding	300
Additional paid-in capital	43,682
Accumulated deficit	<u>(23,587)</u>
<b>Total Stockholder's Equity</b>	<u>20,395</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 20,395</u>

See accompanying notes.

**JUICE HEAVEN FRANCHISE CORPORATION**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Revenues</b>	
Initial Franchise Fees	\$ <u>10,000</u>
<b>Total Revenues</b>	<u>10,000</u>
<b>Operating Expenses</b>	
Accounting	\$ 2,158
Bank charges	147
Consulting	6,000
Depreciation	249
Franchise package expenses	150
Interest expense	57
Licenses and permits	125
Legal	6,481
Office supplies and expenses	1,780
Penalties	29
Postage and delivery	126
Telephone	1,671
Travel	830
Search engine	1,600
Website expenses	<u>478</u>
<b>Total Operating Expenses</b>	<u>21,881</u>
<b>Net loss before income taxes</b>	(11,881)
Income taxes	<u>800</u>
<b>Net loss</b>	<u>\$ (12,681)</u>

See accompanying notes.

**JUICE HEAVEN FRANCHISE CORPORATION**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>CAPITAL STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>ACCUMULATED DEFICIT</u>	<u>TOTAL</u>
Balance, December 31, 2003	\$ 300	\$ 23,182	\$ (10,906)	\$ 12,576
Capital contributions		20,500		20,500
Net loss			(12,681)	(12,681)
Balance, December 31, 2004	<u>\$ 300</u>	<u>\$ 43,682</u>	<u>\$ (23,587)</u>	<u>\$ 20,395</u>

See accompanying notes.

**JUICE HEAVEN FRANCHISE CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Cash Flows from Operating Activities</b>	
Net loss	\$ (12,681)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation	249
Increase in prepaid expenses	(175)
Decrease in accounts payable	(500)
Decrease in taxes payable	<u>(800)</u>
Net Cash Used by Operating Activities	<u>(13,907)</u>
<b>Cash Flows from Financing Activities</b>	
Capital contributions	<u>20,500</u>
Net Cash Provided by Financing Activities	<u>20,500</u>
Net increase in cash	6,593
Cash, December 31, 2003	<u>9,003</u>
Cash, December 31, 2004	<u>\$ 15,596</u>

**Supplemental Disclosures**

Cash Paid During the Period for:

Interest	\$ <u>0</u>
Income taxes	\$ <u>800</u>

See accompanying notes.



**JUICE HEAVEN FRANCHISE CORPORATION**  
**Notes to Financial Statements**  
**December 31, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity**

Juice Heaven Franchise Corporation (the Company) was incorporated in California in May, 2001, to license franchisees to operate Juice Heaven stores.

**Property and Equipment**

Property and equipment is stated at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of such assets.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – FRANCHISE AGREEMENT COMMITMENTS**

In exchange for granting exclusive rights to operate a Juice Heaven store in a particular geographic location, the Company will agree to provide the franchisee with standard store décor and layout plans, training and certain assistance, and to administer an advertising program. As of December 31, 2004, the Company had entered into two franchise agreements. One franchisee paid the initial non-refundable franchise fee of \$20,000 and the training fee of \$2,000 during the year ended December 31, 2003, and is in the process of finding a location for the franchise. The second franchisee paid \$10,000 of the initial non-refundable franchise fee during the year ended December 31, 2004, but subsequent to the year end indicated they were not continuing as a franchisee.

**NOTE 3 – RELATED PARTY**

The sole stockholder of the Company also has the majority ownership of a separate corporation which was paid \$6,000 of consulting fees by the Company during the year ended December 31, 2004.

**NOTE 4 – INCOME TAXES**

Income taxes at December 31, 2004, consisted of the following components:

Minimum state tax	<u>\$800</u>
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**JUICE HEAVEN  
FRANCHISE CORPORATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR  
ENDED DECEMBER 31, 2003**

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**Independent Auditor's Report**

To the Board of Directors  
Juice Heaven Franchise Corporation  
Burbank, California

We have audited the accompanying balance sheet of Juice Heaven Franchise Corporation as of December 31, 2003, and the related statements of income, changes in stockholder's 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 auditing standards generally accepted in the United States of America. 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 Juice Heaven Franchise Corporation as of December 31, 2003, and the results of its operations and its cash flows for the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.

*Duffy, Kruspodin + Company, LLP*

**DUFFY, KRUSPODIN & COMPANY, LLP**  
Certified Public Accountants

April 19, 2004

**JUICE HEAVEN FRANCHISE CORPORATION**  
**BALANCE SHEET**  
**DECEMBER 31, 2003**

**ASSETS**

<b>Current Assets</b>	
Cash	\$ 9,003
Prepaid expenses	<u>3,155</u>
<b>Total Current Assets</b>	<u>12,158</u>
<b>Property and Equipment</b>	
Furniture	1,743
Accumulated Depreciation	<u>(25)</u>
<b>Net Property and Equipment</b>	<u>1,718</u>
<b>Total Assets</b>	<u>\$ 13,876</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>Current Liabilities</b>	
Accounts payable	\$ 500
Income taxes payable	<u>800</u>
<b>Total Current Liabilities</b>	<u>1,300</u>
<b>Stockholder's Equity</b>	
Capital stock, no stated value, 100,000 authorized, 300 shares issued and outstanding	300
Additional paid-in capital	23,182
Accumulated deficit	<u>(10,906)</u>
<b>Total Stockholder's Equity</b>	<u>12,576</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 13,876</u>

See accompanying notes.

**JUICE HEAVEN FRANCHISE CORPORATION**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Revenues</b>	
Initial Franchise Fees	\$ 20,000
Training Fees	<u>2,000</u>
<b>Total Revenues</b>	<u>22,000</u>
<b>Operating Expenses</b>	
Bank charges	\$ 152
Accounting	1,300
Depreciation	25
Franchise package expense	351
Internet expenses	504
Licenses and permits	25
Legal	15,299
Office supplies and expenses	2,389
Postage and delivery	61
Telephone	799
Travel	904
Search engine	<u>2,925</u>
<b>Total Operating Expenses</b>	<u>24,734</u>
<b>Net loss before income taxes</b>	(2,734)
Income taxes	<u>800</u>
<b>Net loss</b>	<u><u>\$ (3,534)</u></u>

See accompanying notes.

**JUICE HEAVEN FRANCHISE CORPORATION**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>CAPITAL STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>ACCUMULATED DEFICIT</u>	<u>TOTAL</u>
Balance, December 31, 2002	\$ 300	\$ 23,182	\$ (7,372)	\$ 16,110
Net loss			<u>(3,534)</u>	<u>(3,534)</u>
Balance, December 31, 2003	<u>\$ 300</u>	<u>\$ 23,182</u>	<u>\$ (10,906)</u>	<u>\$ 12,576</u>

See accompanying notes.

**JUICE HEAVEN FRANCHISE CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Cash Flows from Operating Activities</b>	
Net loss	\$ (3,534)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation	25
Decrease in prepaid expenses	<u>351</u>
Net Cash Used by Operating Activities	<u>(3,158)</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of property and equipment	<u>(1,743)</u>
Net Cash Used by Investing Activities	<u>(1,743)</u>
Net decrease in cash	(4,901)
Cash, December 31, 2002	<u>13,904</u>
Cash, December 31, 2003	<u>\$ 9,003</u>

**Supplemental Disclosures**

Cash Paid During the Period for:

Interest	\$ <u>0</u>
Income taxes	\$ <u>800</u>

See accompanying notes.



**JUICE HEAVEN FRANCHISE CORPORATION**  
**Notes to Financial Statements**  
**December 31, 2003**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity**

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In exchange for granting exclusive rights to operate a Juice Heaven store in a particular geographic location, the Company will agree to provide the franchisee with standard store décor and layout plans, training and certain assistance, and to administer an advertising program. As of December 31, 2003, the Company had entered into one franchise agreement. The franchisee paid the initial non-refundable franchise fee of \$20,000 and the training fee of \$2,000 during the year ended December 31, 2003, and is in the process of finding a location for the franchise.

**NOTE 3 – RELATED PARTY**

The sole stockholder of the Company also has the majority ownership of a separate corporation that owned and operated the Juice Heaven store, which was closed during the year ended December 31, 2003.

**NOTE 4 – INCOME TAXES**

Income taxes at December 31, 2003, consisted of the following components:

Minimum state tax	<u>\$800</u>
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