

EXHIBIT A

FINANCIAL STATEMENTS

MARBLE SLAB CREAMERY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2005, 2004 AND 2003

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders of
Marble Slab Creamery, Inc.
Houston, Texas

We have audited the accompanying balance sheets of Marble Slab Creamery, Inc. as of December 31, 2005 and 2004 and the related statements of Income, changes in stockholders' deficit and cash flows for the years ended December 31, 2005, 2004 and 2003. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 audits provide 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 Marble Slab Creamery, Inc. as of December 31, 2005 and 2004, and the results of its operations and its cash flow for the years ended December 31, 2005, 2004 and 2003 in conformity with accounting principles generally accepted in the United States.

Harper & Pearson Company, P.C.

Houston, Texas
February 8, 2006

MARBLE SLAB CREAMERY, INC.
BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

ASSETS	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 856,046	\$ 523,832
Certificates of deposit	316,107	304,254
Restricted cash, advertising fund	9,605	24,944
Restricted cash, line of credit	37,204	36,542
Accounts receivable, trade, net	383,261	368,316
Accounts receivable, stockholders	18,760	18,183
Inventory	7,806	7,640
Prepaid advertising fund	<u>212,868</u>	<u>-</u>
TOTAL CURRENT ASSETS	1,841,657	1,283,711
PROPERTY AND EQUIPMENT, NET	226,847	227,649
OTHER ASSETS		
Intangibles, net	<u>9,125</u>	<u>10,901</u>
TOTAL ASSETS	<u>\$ 2,077,629</u>	<u>\$ 1,522,261</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable, trade	\$ 266,370	\$ 115,812
Advertising fund	-	50,938
Accrued expenses and other liabilities	216,142	194,611
Deferred franchise fee revenue	<u>3,075,849</u>	<u>2,330,884</u>
TOTAL CURRENT LIABILITIES	<u>3,558,361</u>	<u>2,692,245</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock, no par value, \$250 stated value, 1,000 shares authorized, 200 shares issued and outstanding	50,000	50,000
Additional paid-in capital	35,500	35,500
Retained deficit	<u>(1,566,232)</u>	<u>(1,255,484)</u>
TOTAL STOCKHOLDERS' DEFICIT	<u>(1,480,732)</u>	<u>(1,169,984)</u>
	<u>\$ 2,077,629</u>	<u>\$ 1,522,261</u>

See accompanying notes.

MARBLE SLAB CREAMERY, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
REVENUE			
Food sales *	\$ 395,686	\$ 378,503	\$ 351,909
Initial franchise fees	1,931,500	1,528,500	1,147,000
Continuing franchise fees	3,383,947	2,917,242	2,690,917
Other income	<u>1,005,387</u>	<u>412,739</u>	<u>345,592</u>
	<u>6,716,520</u>	<u>5,236,984</u>	<u>4,535,418</u>
 COSTS AND EXPENSES			
Cost of food sales	84,428	86,352	72,913
General and administrative	4,825,370	4,342,368	3,391,719
Depreciation and amortization	57,470	78,626	58,701
Interest	<u>-</u>	<u>-</u>	<u>1,359</u>
	<u>4,967,268</u>	<u>4,507,346</u>	<u>3,524,692</u>
 NET INCOME	 <u>\$ 1,749,252</u>	 <u>\$ 729,638</u>	 <u>\$ 1,010,726</u>

* Store opened for 329 days in 2003 and 361 days in 2004, closed November 26, 2003 through January 4, 2004.

MARBLE SLAB CREAMERY, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2005, 2004 AND 2003

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Deficit</u>	<u>Total</u>
Balance, December 31, 2002	\$ 50,000	\$ 35,500	\$ (954,848)	\$ (869,348)
Net Income	-	-	1,010,726	1,010,726
Stockholder Distributions	-	-	<u>(894,000)</u>	<u>(894,000)</u>
Balance, December 31, 2003	50,000	35,500	(838,122)	(752,622)
Net Income	-	-	729,638	729,638
Stockholder Distributions	-	-	<u>(1,147,000)</u>	<u>(1,147,000)</u>
Balance, December 31, 2004	50,000	35,500	(1,255,484)	(1,169,984)
Net Income	-	-	1,749,252	1,749,252
Stockholder Distributions	-	-	<u>(2,060,000)</u>	<u>(2,060,000)</u>
Balance, December 31, 2005	<u>\$ 50,000</u>	<u>\$ 35,500</u>	<u>\$ (1,566,232)</u>	<u>\$ (1,480,732)</u>

See accompanying notes.

MARBLE SLAB CREAMERY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,749,252	\$ 729,638	\$ 1,010,726
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	57,470	78,626	58,701
Changes in operating assets and liabilities:			
Accounts receivable, trade, net	(14,945)	6,803	(240,740)
Inventory	(166)	(1,814)	805
Prepaid advertising fund	(212,868)	-	-
Accounts payable, trade	150,558	(11,081)	93,356
Advertising fund	(50,938)	(86,269)	(75,879)
Accrued expenses and other liabilities	21,531	43,847	(12,802)
Deferred franchise fee revenue	744,965	819,578	348,285
 Total adjustments	 <u>695,607</u>	 <u>849,690</u>	 <u>171,726</u>
 Net cash provided by operating activities	 <u>2,444,859</u>	 <u>1,579,328</u>	 <u>1,182,452</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of certificates of deposit	(11,853)	(304,254)	-
Change in restricted cash, advertising fund	15,339	31,296	81,437
Change in restricted cash, line of credit	(662)	(274)	(429)
Accounts receivable, stockholders	(577)	(1,590)	(2,120)
Purchase of property and equipment	(54,882)	(88,489)	(140,216)
 Net cash used by investing activities	 <u>(52,635)</u>	 <u>(363,311)</u>	 <u>(61,328)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term debt	-	-	(71,522)
Distributions to stockholders	(2,060,000)	(1,147,000)	(894,000)
 Net cash used by financing activities	 <u>(2,060,000)</u>	 <u>(1,147,000)</u>	 <u>(965,522)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 332,224	 69,017	 155,602
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>523,832</u>	 <u>454,815</u>	 <u>299,213</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 856,056</u>	 <u>\$ 523,832</u>	 <u>\$ 454,815</u>

See accompanying notes.

NOTE A **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business - Marble Slab Creamery, Inc. (the Company) is in the business of selling ice cream store franchises. The Company owns one retail ice cream store operated as a Company-owned outlet. Franchises are located in 29 states, Puerto Rico, Canada and Dubai.

On August 16, 2005, the Company entered into an International Master Franchise Agreement to open franchises in Dubai, UAE. This agreement gives the Master Franchisee the right to develop Marble Slab Creamery Stores under a development schedule extending thirty years. As of December 31, 2005 5 stores have been developed under this agreement.

In February, 2003, the Company entered into an International Master Franchise Agreement to open franchises in Canada. This agreement gives the Master Franchisee the right to develop a minimum of 95 Marble Slab Creamery Stores under a development schedule extending thirty years. As of December 31, 2005 15 stores have been developed under this agreement.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Revenue Recognition - Revenue from sales of individual franchises is recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company have been performed. During 2005, 2004, and 2003, the Company sold one hundred-six, one hundred-one and eighty-one franchises, respectively. Deferred revenue from these sales as of December 31, 2005 and 2004 was \$3,075,849, and \$2,330,884, respectively. Continuing franchise fees from franchises located in 29 states, Puerto Rico, Canada and Dubai are recorded as revenue when earned. Eleven previously opened franchises were closed in 2004 and 16 previously opened franchises were closed in 2005. Five franchises were closed in 2003.

Concentrations of Credit Risk - Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash, cash equivalents and trade receivables. A majority of the cash and cash equivalents are maintained with major financial institutions in the United States. Deposits with these financial institutions may exceed the amount of federal deposit insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and therefore, bear minimal risk. In monitoring this credit risk, the Company periodically evaluates the stability of the financial institutions. Generally, no collateral or other security is required to support trade receivables. At December 31, 2005 and 2004, the allowance for doubtful accounts amounted to approximately \$417,000 and \$235,000, respectively.

Inventory - Inventory of ice-cream, other ingredients and supplies is valued at the lower of cost or market on a first-in, first-out basis.

Property and Equipment - Property and equipment is stated at cost. The Company calculates depreciation using straight-line and accelerated methods over the estimated useful lives of the assets. Expenditures for renewals or betterments are capitalized and expenditures for maintenance repairs are charged against expenses as incurred.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangibles - The Company amortizes intangible assets, which consist of franchise agreements and trademarks, using the straight-line method over their respective useful lives.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers cash equivalents to include all time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Certificates of Deposit - The certificates of deposit (CD's) of \$316,107 and \$304,254 as of December 31, 2005 and 2004 are 5 year certificates. An early withdrawal penalty of 180 days accrued interest is required if withdrawn before maturity. These CD's were not considered cash equivalents.

Advertising - The Company's advertising expenses were approximately \$143,000, \$122,000 and \$67,000 for the years ended December 31, 2005, 2004 and 2003, respectively, and are included in general and administrative expenses.

Advertising fees collected from and expenditures made on behalf of each franchisee are included in the advertising fund in the accompanying balance sheet. At December 31, 2005 and 2004, the Company had not transferred \$48,784 and \$25,994, respectively, from its general operating account to the advertising fund. In 2005, the Company prepaid advertising costs of \$212,868 that will be collected from franchisees in 2006.

Income Taxes - The Company has elected to be taxed as an S corporation under provisions of the Internal Revenue Code. Under those provisions, the taxable income of the Company will be passed through to the stockholders and reported on their individual federal income tax returns. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

Results of Operations and Cash Flow - As shown in the accompanying financial statements, the Company's current liabilities exceeded current assets by \$1,716,704 at December 31, 2005. The primary cause of the deficit is deferred initial franchise fee revenue, which results in distributions to shareholders to meet tax obligations on revenues which are required to be deferred under generally accepted accounting principles but are taxable upon receipt for federal income tax purposes. Deferred initial franchise fee revenue of \$3,075,849 and \$2,330,884 in 2005 and 2004, respectively is a result of sales of one hundred-six and one hundred-one franchises during those years, respectively. It is anticipated by management of the Company that the majority of these deferred revenues will be recognized during the three year period after deferral. Revenues recognized from initial franchise fees for the three years ended December 31, 2005, 2003 and 2002 amounted to \$1,931,500, \$1,528,500 and \$1,058,000, respectively. Increases in revenues and cash flows provided by operations are attributable primarily to the Company's marketing of new franchise locations.

MARBLE SLAB CREAMERY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005, 2004 AND 2003

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company experienced strong earnings and cash flows from operating activities in 2005, 2004, and 2003. Due to the nature of the Company's business operations, including its treatment as a Sub S corporation, the successful defense of significant litigation, and the accounting requirement to defer a significant portion of its revenues from initial franchise fees the Company has a deficit in equity of \$1,480,732 and \$1,169,994 at December 31, 2005 and 2004, respectively. Management of the Company is of the opinion that the Company's continued addition of new franchises, positive cash flow from operations, and its access to the debt and equity markets will allow the Company to continue to remain profitable in the future and ultimately reduce its deficit in working capital and equity.

NOTE B PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2005 and 2004:

	Life	2005	2004
Machinery and equipment	5 - 7 years	\$ 204,799	\$ 184,502
Leasehold improvements	5 - 7 years	188,068	188,068
Furniture and fixtures	5 - 7 years	122,954	116,936
Automobiles and trucks	5 years	166,900	161,907
		682,721	651,413
Less accumulated depreciation		(455,874)	(423,764)
		\$ 226,847	\$ 227,649

NOTE C LINE OF CREDIT

During 2001, the Company obtained a \$100,000 revolving line of credit, payable to a bank, interest at prime (5.00% at December 31, 2005) plus 1.75%, payable monthly, collateralized by certificates of deposit, accounts receivable, property and equipment, inventory and guaranty by the majority stockholder, expiring on May 5, 2006. There have been no advances on this line of credit.

MARBLE SLAB CREAMERY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005, 2004 AND 2003

NOTE D **DEFERRED FRANCHISE FEE REVENUE**

Deferred franchise fee revenue consists of the following at December 31, 2005 and 2004:

	2005	2004
Deferred franchise fees	\$ 4,212,000	\$ 3,387,000
Deferred franchise costs	(1,136,151)	(1,056,116)
	\$ 3,075,849	\$ 2,330,884

Deferred franchise fees consist of initial franchise fees associated with unopened locations. Deferred franchise costs include commissions, travel, research and other direct incremental costs associated with unopened locations. Projected costs to complete the unopened locations are approximately \$1,300,000. By agreement with the franchisee, the Company retains approximately 40% of initial franchise fees if a location fails to open.

NOTE E **COMMITMENTS AND CONTINGENCIES**

Operating Lease Commitments – The Company leases its office and store space from various entities. The leases expire through 2010. Payments under these agreements amounted to approximately \$155,000, \$155,000 and \$118,000 for the years ended December 31, 2005, 2004 and 2003, respectively. Future annual minimum lease payments under these operating leases are as follows for the years ending December 31:

2006	\$ 153,769
2007	154,438
2008	154,773
2009	78,497
2010	13,453
	\$ 554,930

Litigation - In July, 2005 the Company resolved all claims with franchisee claimants (the "Claimants") in four lawsuits. The Company agreed to dismiss with prejudice the claims it had asserted against each of the Claimants, and each of the Claimants released Company from all claims they had asserted against Company. The court dismissed each of the proceedings with prejudice on July 14, 2005. The Company paid no money to, or otherwise compensated, any of the Claimants. Included in other income in 2005 are certain proceeds related to the resolved litigation.

In the normal course of business, the Company is a defendant in legal actions. In the opinion of management, these actions are without merit and the settlement of these matters will not result in a significant liability to the Company

NOTE F EMPLOYEE BENEFITS

The Company has a Salary Reduction Simplified Employee Pension (the "Plan"). Under the terms of the Plan, the Company may make discretionary contributions. The Company did not make contributions to the Plan during the years ending December 31, 2005, 2004 and 2003.

In January, 2006 the Company terminated the Plan, and effective March 16, 2006 initiated a 401K plan that covers substantially all eligible employees.

NOTE G SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash paid during the year for:			
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,359</u>