



EXHIBIT E
TO
UNIFORM FRANCHISE OFFERING CIRCULAR
FINANCIAL STATEMENTS

MAUI WOWI FRANCHISING, INC.

Greenwood Village, Colorado

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2006, 2005 and 2004

MAUI WOWI FRANCHISING, INC.

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INDEPENDENT AUDITORS' REPORT

Stockholder and Board of Directors
Maui Wowi Franchising, Inc.
Greenwood Village, Colorado

We have audited the accompanying balance sheets of Maui Wowi Franchising, Inc. as of December 31, 2006 and the related statements of income, stockholder's equity (deficit) 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. The financial statements as of and for the years ended December 31, 2005 and 2004 were audited by other auditors whose reports, dated February 3, 2006 and January 14, 2005, expressed an unqualified opinion on those statements.

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 Maui Wowi Franchising, Inc. as of December 31, 2006 and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 1 that were applied to restate the 2005 and 2004 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Virchow, Krause & Company, LLP

Madison, Wisconsin
March 20, 2007

MAUI WOWI FRANCHISING, INC.

BALANCE SHEETS
December 31, 2006, 2005 and 2004

ASSETS			
	2006	2005 (as restated)	2004 (as restated)
CURRENT ASSETS			
Cash and cash equivalents	\$ 177,907	\$ 826,766	\$ 25,073
Deferred franchise commissions	184,049	163,601	19,470
Prepaid expenses	-	-	15,975
Related party receivables	-	-	250,000
Notes receivable - related party	900,000	-	-
Total Current Assets	1,261,956	990,367	310,518
OTHER ASSETS			
Related party receivables	-	-	468,182
Other assets	-	12,511	36,656
Total Other Assets	-	12,511	504,838
TOTAL ASSETS	\$ 1,261,956	\$ 1,002,878	\$ 815,356
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)			
CURRENT LIABILITIES			
Accounts payable	\$ 165,033	\$ 118,763	\$ 60,845
Deferred revenue	619,900	490,500	118,000
Current maturities of long-term debt	101,626	197,105	59,000
Total Current Liabilities	886,559	806,368	237,845
LONG-TERM LIABILITIES			
Long-term debt	233,781	335,408	-
Total Liabilities	1,120,340	1,141,776	237,845
STOCKHOLDER'S EQUITY (DEFICIT)			
Controlling interests:			
Common stock, (\$0.001 par value) 50,000,000 shares authorized, 5,000,000 issued and outstanding at December 31, 2006, 2005 and 2004	5,000	5,000	5,000
Additional paid-in capital	27,500	27,500	27,500
Retained earnings (accumulated deficit)	109,116	(171,398)	545,011
Total Stockholder's Equity (Deficit)	141,616	(138,898)	577,511
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)	\$ 1,261,956	\$ 1,002,878	\$ 815,356

See accompanying notes to financial statements.

MAUI WOWI FRANCHISING, INC.

STATEMENTS OF INCOME
Years Ended December 31, 2006, 2005 and 2004

	<u>2006</u>	<u>2005</u> <u>(as restated)</u>	<u>2004</u> <u>(as restated)</u>
REVENUES			
Franchise fee revenues	<u>\$ 4,493,812</u>	<u>\$ 2,807,208</u>	<u>\$ 1,811,060</u>
OPERATING EXPENSES			
Commissions	<u>1,667,186</u>	<u>824,317</u>	<u>757,760</u>
General and administrative expenses	<u>1,511,450</u>	<u>1,824,903</u>	<u>850,165</u>
Total Operating Expenses	<u>3,178,636</u>	<u>2,649,220</u>	<u>1,607,925</u>
Operating Income	<u>1,315,176</u>	<u>157,988</u>	<u>203,135</u>
OTHER INCOME			
Interest expense	<u>(17,894)</u>	<u>-</u>	<u>-</u>
Interest income	<u>21,443</u>	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 1,318,725</u>	<u>\$ 157,988</u>	<u>\$ 203,135</u>

See accompanying notes to financial statements.

MAUI WOWI FRANCHISING, INC.

STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)
 Years Ended December 31, 2006, 2005 and 2004

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Total Stockholder's Equity (Deficit)
BALANCES, December 31, 2003 (as restated)	5,000,000	\$ 5,000	\$ 27,500	\$ 341,876	\$ 374,376
2004 net income (as restated)	-	-	-	203,135	203,135
BALANCES, December 31, 2004	5,000,000	5,000	27,500	545,011	577,511
2005 net income (as restated)	-	-	-	157,988	157,988
Distributions	-	-	-	(874,397)	(874,397)
BALANCES, December 31, 2005	5,000,000	5,000	27,500	(171,398)	(138,898)
2006 net income	-	-	-	1,318,725	1,318,725
Distributions	-	-	-	(1,038,211)	(1,038,211)
BALANCES, December 31, 2006	<u>5,000,000</u>	<u>\$ 5,000</u>	<u>\$ 27,500</u>	<u>\$ 109,116</u>	<u>\$ 141,616</u>

See accompanying notes to financial statements.

MAUI WOWI FRANCHISING, INC.

STATEMENTS OF CASH FLOWS Years Ended December 31, 2006, 2005 and 2004

	<u>2006</u>	<u>2005</u> <u>(as restated)</u>	<u>2004</u> <u>(as restated)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,318,725	\$ 157,988	\$ 203,135
Adjustments to reconcile to net cash flows from operating activities			
Arbitration settlement	-	473,513	-
Changes in assets and liabilities			
Deferred franchise commissions	(20,448)	(144,131)	116,807
Prepaid expenses	-	15,975	(2,164)
Related party receivables	-	(156,215)	(255,810)
Notes receivable	(900,000)	-	-
Other assets	12,511	24,145	23,844
Accounts payable	46,270	57,918	11,804
Deferred revenue	129,400	372,500	(125,243)
Net Cash Flows from Operating Activities	<u>586,458</u>	<u>801,693</u>	<u>(27,627)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash used to retire debt	(197,106)	-	-
Distributions to stockholder	<u>(1,038,211)</u>	-	-
Net Cash Flows from Financing Activities	<u>(1,235,317)</u>	-	-
Net Change in Cash and Cash Equivalents	(648,859)	801,693	(27,627)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR			
	<u>826,766</u>	<u>25,073</u>	<u>52,700</u>
CASH AND CASH EQUIVALENTS - END OF YEAR			
	<u>\$ 177,907</u>	<u>\$ 826,766</u>	<u>\$ 25,073</u>
Supplemental Cash Flow Disclosures			
Cash paid for interest	<u>\$ 17,894</u>	<u>\$ -</u>	<u>\$ -</u>
Reclassification of advances to distributions	<u>\$ -</u>	<u>\$ 874,397</u>	<u>\$ -</u>

See accompanying notes to financial statements.

MAUI WOWI FRANCHISING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2006, 2005 and 2004

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations

Maui Wowi Franchising, Inc. (the company) is a wholly-owned subsidiary of Maui Wowi, Inc. (the parent). The company is engaged in the business of selling Maui Wowi Hawaiian Coffee and Smoothie franchises in 40 states at December 31, 2006.

The following table summarizes the franchise activity for Maui Wowi Franchising, Inc:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Franchises at the beginning of the period	270	195	180
Franchises sold	96	84	44
Franchises retired	<u>(19)</u>	<u>(9)</u>	<u>(29)</u>
Franchises at the end of the period	<u>347</u>	<u>270</u>	<u>195</u>

Cash and Cash Equivalents

The company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Deferred Franchise Commissions

Commissions paid on franchise sales for which revenue has not been recognized are deferred until the related revenue is recognized.

Franchise Agreements

When an individual franchise is sold, the parent and its subsidiaries, including the company, agree to provide certain services to the franchisee. Generally, these services may include assistance in site selection, training personnel, and design of a quality control program.

Director of Regional Support Agreements

The company offers Director of Regional Support (DRS) agreements for an up-front non-refundable fee which grant the franchisee the right to develop or operate stores in an exclusive territory for a specified time up to ten years. For each location opened in their exclusive territory, these franchisees are entitled to receive up to 50% of any initial franchise fees paid to the company plus up to 15% of continuing service fees paid to the parent.

MAUI WOWI FRANCHISING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2006, 2005 and 2004

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Revenue Recognition

Initial franchise fees are due upon the granting of the franchise or DRS agreement and are deferred and recognized as revenue when all material services and conditions required to be performed by the company have been substantially completed, which is generally considered when the new franchisee has attended training.

Restatement

Under *Statement of Financial Accounting Standards No. 45 - Accounting for Franchise Fee Revenue*, the company's revenue from franchise fees should be recognized when all material services and conditions required to be performed by the company have been substantially completed, which is generally considered when the new franchisee has attended training. Prior to restatement, the company recognized revenue on DRS agreements on a straight-line basis. The financial statements for 2005 and 2004 have been retroactively restated for the change, resulting in an increase in net income and a decrease in deferred revenue of \$215,122 and \$312,654, respectively. The related deferred franchise commissions from these agreements have also been retroactively restated, resulting in a decrease in net income and deferred franchise commissions of \$37,460 and \$116,809 for 2005 and 2004, respectively. Retained earnings as of December 31, 2003 has also been increased \$122,690 for the effect of retroactive application.

Income Taxes

The company is an S corporation for federal and state income tax purposes. As such, the net income or loss of the company is included in the income tax return of the stockholder.

Advertising

The company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2006, 2005 and 2004 were \$143,694, \$111,858 and \$107,252, respectively.

Estimates

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

Reclassifications

For comparability, certain 2005 and 2004 amounts have been reclassified to conform with classifications adopted in 2006. The reclassifications had no effect on net income or stockholder's equity.

MAUI WOWI FRANCHISING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2006, 2005 and 2004

NOTE 2 - Long-Term Debt

Long-term debt consists of the following at December 31:

	2006	2005	2004
Unsecured note payable to an individual in settlement of arbitration discussed below; payments consist of \$125,000 due in March 2006, 41 monthly payments of no less than \$10,000 beginning April 3, 2006, and a final balloon payment in August 2009. Interest accrues at 6.35%, compounding annually.	\$ 335,407	\$ 532,513	\$ 59,000
Totals	335,407	532,513	59,000
Less: Current portion	(101,626)	(197,105)	59,000
Long-Term Portion	\$ 233,781	\$ 335,408	\$ -

The company had a note payable to an individual totaling \$59,000 at December 31, 2004 of which the company had disputed the validity of its obligation under the note payable. The company and the maker of the note entered into arbitration regarding this matter during 2005. The matter was settled on January 4, 2006 and the company was ordered to pay this individual \$503,000. Subsequently, the company entered into a forebearance and release agreement whereby the company and the individual agreed upon an amount due of \$532,513 in exchange for extended payment terms. This amount was recorded in general and administrative expense on the statements of income. In addition, the individual was also awarded the ability to sell 15 franchises for which he would receive the entire franchise fee.

Principal requirements on long-term debt for years ending after December 31, 2006 are as follows:

2007	\$ 101,626
2008	108,270
2009	125,511
Total	\$ 335,407

NOTE 3 - Related Party Transactions

The company is related through common ownership with Maui Wowi International, Inc. (MWI). MWI is the required vendor for all proprietary products and equipment purchased by the franchisees.

The parent provides general and administrative services to the company for which the company is charged a monthly allocation. The company was charged \$597,129, \$241,467 and \$130,173 under this arrangement during 2006, 2005 and 2004, respectively.

During 2006 the company entered into a note receivable agreement with the majority stockholder of the parent in the amount of \$750,000. The note is due on demand, bears interest at 5% and requires quarterly interest payments.

MAUI WOWI FRANCHISING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2006, 2005 and 2004

NOTE 3 - Related Party Transactions (cont.)

The company has a note receivable from MWI in the amount of \$150,000, \$- and \$718,182 at December 31, 2006, 2005 and 2004, respectively. The current note is due on demand, bears interest at 5% and requires quarterly interest payments.

NOTE 4 - Commitments and Contingencies

Litigation

The company is involved in litigation with an individual claiming breach of franchise agreement. The company denies these allegations and intends to vigorously defend itself in this case. The maximum amount of exposure is estimated to be approximately \$72,000.

The company is involved in various claims and other legal proceedings that arise from time to time in the ordinary course of business. The company does not believe any of them will have a material adverse affect on the company's financial position but these matters may have an impact on the results of operations as the company defends itself against the various claims. Litigation is inherently unpredictable and the company could incur, in the future, judgments or enter into settlements of claims that could have a material adverse affect on the company's financial position or results of operations in any particular period.

Line of Credit

During 2006 the company renewed a \$500,000 line of credit financing agreement with a bank. Interest is payable monthly at the Wall Street Journal prime rate plus .25% (8.5% at December 31, 2006). The line of credit is secured by all of the company's assets and guarantees from the parent and the parent's majority stockholder and contains various covenants related to the parent's financial statements. The parent was in compliance with these covenants at December 31, 2006. The company has not drawn on this line of credit at December 31, 2006.

Letter of Credit

The company has issued outstanding irrevocable letters of credit in the amount of \$171,247. These letters of credit, which expire no later than December 30, 2007, are being held as security for performance. These letters of credit are directly related to and reduce dollar-for-dollar the \$500,000 revolving bank line of credit discussed above.

NOTE 5 - Concentrations

The company maintains cash deposit accounts in a bank and the balances occasionally exceed federally insured limits. The company has not experienced any losses in such accounts. The company believes they are not exposed to any significant credit risk.