

EXHIBIT A

**FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 and 2004**

PIZZA PATRON, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

December 31, 2006 and 2005



FOX, BYRD & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
DALLAS, TEXAS

PIZZA PATRON, INC.

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FOX, BYRD & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Pizza Patron, Inc.
Dallas, Texas

We have audited the accompanying balance sheets of Pizza Patron, Inc. (a Texas corporation) as of December 31, 2006 and 2005, and the related statements of operations, stockholders' equity and cash flows for the years 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 audits.

We conducted our audits 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 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 Pizza Patron, Inc. as of December 31, 2006 and 2005, the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Fox, Byrd + Company, P.C.

February 27, 2007

PIZZA PATRON, INC.
BALANCE SHEETS
December 31, 2006 and 2005

ASSETS

	2006	2005
CURRENT ASSETS		
Cash	\$ 224,047	\$ 26,312
Accounts receivable	18,924	10,850
Prepaid expenses	8,548	11,462
Other current assets	1,096	1,837
Total current assets	252,615	50,461
 PROPERTY AND EQUIPMENT, net	 280,863	 133,741
 OTHER ASSETS		
Deposits	-	2,097
Trademark	16,809	16,809
	\$ 550,287	\$ 203,108

LIABILITIES AND STOCKHOLDERS' EQUITY

	2006	2005
CURRENT LIABILITIES		
Accounts payable	\$ 26,508	\$ 17,294
Accrued expenses	18,685	8,115
Deferred revenue	121,827	57,340
Total current liabilities	167,020	82,749
 DUE TO STOCKHOLDER	 187,179	 22,153
	354,199	104,902
 STOCKHOLDERS' EQUITY		
Common stock, no par value, \$.01 stated value, 1,000,000 shares authorized, 80,000 shares issued and outstanding	800	800
Additional paid-in capital	49,200	49,200
Retained earnings	146,088	48,206
	196,088	98,206
	\$ 550,287	\$ 203,108

The accompanying notes are an integral part of these financial statements.

PIZZA PATRON, INC.
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
REVENUES		
Franchise fees	\$ 289,903	\$ 206,000
Royalties	840,374	572,396
Advertising fees	326,681	307,053
	<u>1,456,958</u>	<u>1,085,449</u>
 GENERAL AND ADMINISTRATIVE EXPENSES	 <u>1,360,782</u>	 <u>1,103,684</u>
 INCOME (LOSS) FROM OPERATIONS	 96,176	 (18,235)
 OTHER INCOME		
Gain on disposition of assets	1,706	2,543
	<u>1,706</u>	<u>2,543</u>
 NET INCOME (LOSS)	 <u>\$ 97,882</u>	 <u>\$ (15,692)</u>

The accompanying notes are an integral part of these financial statements.

PIZZA PATRON, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2006 and 2005

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>
Balance, January 1, 2005	\$ 800	\$ 49,200	\$ 63,898
Net loss	<u>-</u>	<u>-</u>	<u>(15,692)</u>
Balance, December 31, 2005	800	49,200	48,206
Net income	<u>-</u>	<u>-</u>	<u>97,882</u>
Balance, December 31, 2006	<u>\$ 800</u>	<u>\$ 49,200</u>	<u>\$ 146,088</u>

The accompanying notes are an integral part of these financial statements.

PIZZA PATRON, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 97,882	\$ (15,692)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	51,261	40,964
Gain on disposition of assets	(1,706)	(2,543)
Changes in assets and liabilities		
Prepaid expenses	2,914	(11,462)
Accounts receivable	(8,074)	(6,937)
Other current assets	741	(1,837)
Deposits	2,097	103
Accounts payable	9,214	(2,766)
Accrued liabilities	10,570	8,115
Deferred revenue	64,487	(23,019)
Net cash provided (used) by operating activities	<u>229,386</u>	<u>(15,074)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Furniture and fixture purchases	(200,006)	(54,720)
Proceeds from the disposition of assets	3,329	20,873
Net cash used by investment activities	<u>(196,677)</u>	<u>(33,847)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings from stockholder	165,026	22,153
Net cash provided by financing activities	<u>165,026</u>	<u>22,153</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 197,735	 (26,768)
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>26,312</u>	 <u>53,080</u>
 CASH, AND CASH EQUIVALENTS, end of year	 <u>\$ 224,047</u>	 <u>\$ 26,312</u>

The accompanying notes are an integral part of these financial statements.

PIZZA PATRON, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and organization

Pizza Patron, Inc. (the "Company") was organized August 5, 2002, as a Texas corporation, for the purpose of franchising pizza restaurants, primarily in the United States.

Cash and cash equivalents

The Company defines its cash and cash equivalents to include only demand deposits at banks. The Company maintains cash in bank deposit accounts and the balances, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2006 and 2005, management believed all accounts to be substantially collectible, and accordingly, no valuation allowances were recorded in the financial statements.

Revenue recognition

The Company recognizes franchise fee revenue when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company.

Income taxes

The Company files its income tax return as an S corporation for federal income tax purposes. As such, the Company is not subject to income taxes, as any income or loss will be included in the tax return of the individual stockholders. Accordingly, no provision is made for income taxes in the financial statements.

Stock-based compensation

The Company uses the fair value method to account for stock-based compensation, whereby the estimated fair value of restricted shares or options awarded to employees and vendors is charged to operations in the year of the award.

PIZZA PATRON, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Management 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs

The Company expenses advertising costs as incurred. Advertising expense was \$326,681 and \$307,053 for 2006 and 2005, respectively.

Reclassifications

Certain amounts in the 2005 financial statements have been reclassified to conform to the 2006 presentation.

2. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and consist of the following as of December 31:

	2006	2005
Leasehold improvements	\$ 17,640	\$ 17,639
Equipment and furniture	211,574	110,817
Transportation equipment	173,653	77,653
	402,867	206,109
Less accumulated depreciation	(122,004)	(72,368)
	\$ 280,863	\$ 133,741

Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Total depreciation expense for the years ended December 31, 2006 and 2005, amounted to \$51,261 and \$40,964, respectively.

PIZZA PATRON, INC.
NOTES TO FINANCIAL STATEMENTS

3. RELATED PARTY TRANSACTIONS

The majority stockholder has advanced funds for various operating expenses, property and equipment and other costs incurred. As of December 31, 2006 and 2005, \$187,179 and \$22,153, respectively, is owed to the stockholder for such advances.

In August 2005 the Company moved its offices to a building owned by the majority stockholder. Beginning March 2006 the Company paid rent on these offices on a month to month basis. Rent payments to the majority stockholder during 2006 totaled \$20,000.

4. COMMITMENTS AND CONTINGENCIES

In 2003 the Company and its stockholders entered into an agreement that, among other terms and conditions, requires that, in the event of the death or incapacitation of a stockholder, the stockholder's shares would become subject to a put option requiring the Company to repurchase the shares for cash. The agreement specifies a multiple of the Company's average profits, as defined, for determining the repurchase price of the shares.

5. INCENTIVE STOCK OPTION PLAN

In 2003 the Board of Directors approved an incentive stock option plan and granted options to two individuals. Pursuant to the terms of the plan, each individual is granted the option to acquire up to 3,000 shares of the Company's stock at an exercise price of \$20 per share. In 2005 the expiration date on the options was extended from December 31, 2005 to December 31, 2007. The vesting of the rights to acquire the 3,000 shares is as follows:

- 1,000 shares after April 18, 2003, at any time during 2003;
- An additional 1,000 shares after December 31, 2003, and
- An additional 1,000 shares after December 31, 2004, and before the options expire on December 31, 2007.

As of December 31, 2006, no options had been exercised.

PIZZA PATRON, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

December 31, 2005 and 2004



FOX, BYRD & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
DALLAS, TEXAS

PIZZA PATRON, INC.

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FOX, BYRD & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Pizza Patron, Inc.
Garland, Texas

We have audited the accompanying balance sheets of Pizza Patron, Inc. (a Texas corporation) as of December 31, 2005 and 2004, and the related statements of operations, stockholders' equity and cash flows for the years 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 audits.

We conducted our audits 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 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 Pizza Patron, Inc. as of December 31, 2005 and 2004, the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Fox, Byrd + Company, P.C.

March 10, 2006

PIZZA PATRON, INC.
BALANCE SHEETS
December 31, 2005 and 2004

ASSETS

	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash	\$ 26,312	\$ 53,080
Accounts receivable	10,850	3,913
Prepaid expenses	1,837	-
Other current assets	11,462	-
Total current assets	<u>50,461</u>	<u>56,993</u>
FIXED ASSETS		
Property and equipment	206,109	182,181
Accumulated depreciation	<u>72,368</u>	<u>43,866</u>
	<u>133,741</u>	<u>138,315</u>
OTHER ASSETS		
Deposits	2,097	2,200
Trademark	<u>16,809</u>	<u>16,809</u>
	<u>18,906</u>	<u>19,009</u>
	<u>\$ 203,108</u>	<u>\$ 214,317</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2005</u>	<u>2004</u>
CURRENT LIABILITIES		
Account payable	\$ 17,294	\$ 20,060
Accrued expenses	8,115	-
Franchisee deposits	<u>57,340</u>	<u>80,359</u>
Total current liabilities	<u>82,749</u>	<u>100,419</u>
DUE TO STOCKHOLDER	<u>22,153</u>	<u>-</u>
	<u>104,902</u>	<u>100,419</u>
STOCKHOLDERS' EQUITY		
Common stock, no par value, \$.01 stated value, 1,000,000 shares authorized, 80,000 shares issued and outstanding	800	800
Additional paid-in capital	49,200	49,200
Retained earnings	<u>48,206</u>	<u>63,898</u>
	<u>98,206</u>	<u>113,898</u>
	<u>\$ 203,108</u>	<u>\$ 214,317</u>

The accompanying notes are an integral part of these financial statements.

PIZZA PATRON, INC.
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
REVENUES		
Franchise fees	\$ 206,000	\$ 594,000
Royalties	<u>572,396</u>	<u>212,308</u>
	778,396	806,308
GENERAL AND ADMINISTRATIVE EXPENSES	<u>796,631</u>	<u>745,235</u>
INCOME (LOSS) FROM OPERATIONS	(18,235)	61,073
OTHER INCOME		
Gain on disposition of assets	<u>2,543</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ (15,692)</u>	<u>\$ 61,073</u>

The accompanying notes are an integral part of these financial statements.

PIZZA PATRON, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2005 and 2004

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>
Balance, January 1, 2004	\$ 800	\$ 49,200	\$ 52,825
Net income	-	-	61,073
Distributions to stockholder	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Balance, December 31, 2004	800	49,200	63,898
Net loss	<u>-</u>	<u>-</u>	<u>(15,692)</u>
Balance, December 31, 2005	<u>\$ 800</u>	<u>\$ 49,200</u>	<u>\$ 48,206</u>

The accompanying notes are an integral part of these financial statements.

PIZZA PATRON, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (15,692)	\$ 61,073
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	40,964	33,571
Gain on disposition of assets	(2,543)	-
Changes in assets and liabilities		
Prepaid expenses	(11,462)	344
Accounts receivable	(6,937)	(227)
Other current assets	(1,837)	-
Deposits	103	-
Accounts payable	(2,766)	(15,865)
Accrued liabilities	8,115	-
Franchisee deposits	(23,019)	38,648
Net cash provided (used) by operating activities	<u>(15,074)</u>	<u>117,544</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Trademark costs	-	(5,039)
Furniture and fixture purchases	(54,720)	(62,940)
Proceeds from the disposition of assets	20,873	-
Net cash used by investment activities	<u>(33,847)</u>	<u>(67,979)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings from (repayment to) stockholder	22,153	(51,403)
Distributions to stockholder	-	(50,000)
Net cash provided (used) by financing activities	<u>22,153</u>	<u>(101,403)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (26,768)	 (51,838)
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>53,080</u>	 <u>104,918</u>
 CASH, AND CASH EQUIVALENTS, end of year	 <u>\$ 26,312</u>	 <u>\$ 53,080</u>

The accompanying notes are an integral part of these financial statements.

PIZZA PATRON, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and organization

Pizza Patron, Inc. (the "Company") was organized August 5, 2002 as a Texas corporation, for the purpose of franchising pizza restaurants, primarily in the United States. The Company was in the development stage throughout 2002 and began operations in early 2003.

Cash and cash equivalents

The Company defines its cash and cash equivalents to include only demand deposits at banks. The Company maintains cash in bank deposit accounts and the balances, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2005 and 2004, management believed all accounts to be substantially collectible, and accordingly, no valuation allowances were recorded in the financial statements.

Revenue recognition

The Company recognizes franchise fee revenue when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company.

Income taxes

The Company files its income tax return as an S corporation for federal income tax purposes. As such, the Company is not subject to income taxes, as any income or loss will be included in the tax return of the individual stockholders. Accordingly, no provision is made for income taxes in the financial statements.

Stock-based compensation

The Company uses the fair value method to account for stock-based compensation, whereby the estimated fair value of restricted shares or options awarded to employees and vendors is charged to operations in the year of the award.

PIZZA PATRON, INC.
NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Management 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. **PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost and consist of the following as of December 31:

	<u>2005</u>	<u>2004</u>
Leasehold improvements	\$ 17,639	\$ 17,639
Equipment and furniture	110,817	86,889
Transportation equipment	<u>77,653</u>	<u>77,653</u>
	<u>\$ 206,109</u>	<u>\$ 182,181</u>

Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Total depreciation expense for the years ended December 31, 2005 and 2004, amounted to \$40,964 and \$33,571, respectively.

3. **RELATED PARTY TRANSACTIONS**

The majority stockholder has advanced funds for various operating expenses, property and equipment and other costs incurred. As of December 31, 2005 and 2004, \$22,153 and \$-0-, respectively, is owed to the stockholder for such advances.

In August 2005, the Company moved offices to a building owned by the majority stockholder. The Company will pay rent on these offices beginning March 2006 on a month to month basis.

PIZZA PATRON, INC.
NOTES TO FINANCIAL STATEMENTS

4. COMMITMENTS AND CONTINGENCIES

The Company executed a lease agreement in November 2002 for office space under a noncancellable lease which expires in February 2006. Future minimum lease payments required under the lease are \$4,372. Rent expense was approximately \$27,000 and \$29,000 for 2005 and 2004, respectively.

The Company executed a retainer agreement in January 2006 with a public relations firm for services. The agreement calls for monthly payments of \$3,000 and expires on December 31, 2006. Future minimum payments required under this agreement are \$36,000.

In 2003, the Company and its stockholders entered into an agreement that, among other terms and conditions, requires that, in the event of the death or incapacitation of a stockholder, the stockholder's shares would become subject to a put option requiring the Company to repurchase the shares for cash. The agreement specifies a multiple of the Company's average profits, as defined, for determining the repurchase price of the shares.

5. INCENTIVE STOCK OPTION PLAN

In 2003, the Board of Directors approved an incentive stock option plan to two individuals. Pursuant to the terms of the plan, each individual is granted the option to acquire up to 3,000 shares of the Company's stock at an exercise price of \$20 per share. In 2005, the expiration date on the options was extended from December 31, 2005 to December 31, 2007. The vesting of the rights to acquire the 3,000 shares is as follows:

- 1,000 shares after April 18, 2003, at any time during 2003;
- An additional 1,000 shares after December 31, 2003, and
- An additional 1,000 shares after December 31, 2004, and before the options expire on December 31, 2007.

As of December 31, 2005, no options had been exercised.

EXHIBIT B

DEVELOPMENT AGREEMENT