

**EXHIBIT B TO THE
SANSAL USA, INC.
OFFERING CIRCULAR**

FINANCIAL STATEMENTS

SANSAI USA, INC.

FINANCIAL STATEMENTS

December 31, 2004



Accounting Offices of
JOAN K. GREEN, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SanSai USA, Inc.
Los Angeles, CA

I have audited the accompanying balance sheet of SanSai USA, Inc. as of December 31, 2004, and the related statements of income, retained earnings, and cash flows for the year then ended. The financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on the financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SanSai USA, Inc. at December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Company incurred expenses for office space, personnel, and other administrative costs, which were provided by a company related through common ownership. Whether the terms of these transactions would have been the same had they been between wholly unrelated parties is not determinable.

Joan K. Green, An Accountancy Corporation

February 25, 2005

SANSAI USA, INC.
BALANCE SHEET
December 31, 2004

ASSETS

Cash	\$	<u>3,284</u>
	\$	<u>3,284</u>

LIABILITIES & STOCKHOLDERS' EQUITY

LIABILITIES

Accounts payable	\$	<u>1,600</u>
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TOTAL LIABILITIES 1,600

STOCKHOLDERS' EQUITY

Common stock (250,000 shares authorized; 15,000 shares issued, and outstanding)	15,000
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Retained Deficit	<u>(13,316)</u>
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TOTAL STOCKHOLDERS' EQUITY 1,684

\$ 3,284

See accompanying notes and accountant's report.

SANSAL USA, INC.
STATEMENT OF LOSS
For the Period May 24, 2004 (date of inception) through December 31, 2004

REVENUES (Note 3)	\$ 35,000
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EXPENSES

GENERAL AND ADMINISTRATIVE

Consulting (Note 2)	\$ 20,000
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Licenses and Permits	675
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Office Supplies	2,530
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Legal Fees	24,195
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Professional Fees	750
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Telephone	166
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TOTAL EXPENSES	<u>48,316</u>	-
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NET LOSS	\$ <u>(13,316)</u>
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See accompanying notes and accountant's report.

SANSAL USA, INC.
STATEMENT OF CASH FLOWS
For the Period May 24, 2004 (date of inception) through December 31, 2004

CASH FLOW FROM OPERATING ACTIVITIES:	
Net Loss	\$ (13,316)
Adjustments to reconcile net income to net cash provided by operating activities	
Increase in accounts payable	<u>1,600</u>
NET CASH USED BY OPERATING ACTIVITIES	(11,716)
CASH FLOWS FROM INVESTING ACTIVITIES:	
	<u>0</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	0
CASH FLOWS FROM FINANCING ACTIVITIES:	
Stockholders' Contributions	<u>15,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>15,000</u>
NET INCREASE IN CASH	3,284
CASH AT BEGINNING OF PERIOD	<u>0</u>
CASH AT END OF PERIOD	<u><u>\$ 3,284</u></u>

See accompanying notes and accountant's report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business – SanSai USA, Inc. was formed in May 2004. The Company is in the business of selling master franchises of SanSai restaurants in the United States. The franchise operations of SanSai involve the operation of a Japanese-style, fast-casual restaurant.

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes - The Company has S-corporation status and, therefore, does not incur federal income tax on its taxable income. Instead, the stockholders are personally liable for individual federal income taxes on their prorata shares of the Company's income.

Revenue Recognition – The Company's revenues consist of franchise sales, royalty fees, and marketing fees. Royalty and marketing fees are recognized in the period they are earned. No royalty or marketing fees were earned in 2004. Franchise fees are recognized when the Company has performed substantially all initial services required by the franchise agreement, which usually coincides with the time the franchisee begins to operate the restaurant.

Individual franchise arrangements generally include assistance in site selection and initial training and provide for payment of initial fees as well as continuing royalty and marketing fees to the Company based upon a percent of sales or a set minimum weekly amount, whichever is greater. SanSai franchisees are granted the right to operate a restaurant using the SanSai system generally for the period of 10 years.

NOTE 2 - RELATED PARTY TRANSACTIONS

The shareholders of the Company also comprise in equal percentage the shareholders of Pacific Management Ventures.

The Company receives a number of management services from Pacific Management Ventures. Charges for these services were \$20,000 in 2004.

NOTE 3 - CONCENTRATIONS

One franchise sale was completed in 2004. A concentration exists because the Company has one customer making up 100% of its revenue.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SanSai USA, Inc.
Glendale, CA

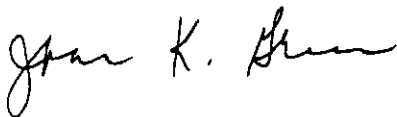
I have audited the accompanying balance sheet of SanSai USA, Inc. (a development stage company) as of June 10, 2004. The balance sheet is the responsibility of the Company's management. My responsibility is to express an opinion on the balance sheet based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the balance sheet is 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of SanSai USA, Inc. (a development stage company) at June 10, 2004, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the financial statements, the Company incurred expenses for office space, personnel, and other administrative costs, which were provided by a company related through common ownership. Whether the terms of these transactions would have been the same had they been between wholly unrelated parties is not determinable.

Joan K. Green, An Accountancy Corporation



June 29, 2004

SANSAI USA, INC.
(A Development Stage Company)

BALANCE SHEET

June 10, 2004

SANSAL USA, INC.
(A Development Stage Company)
Balance Sheet
June 10, 2004

ASSETS

Cash	\$	<u>15,000</u>
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TOTAL ASSETS	\$	<u>15,000</u>
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LIABILITIES & STOCKHOLDERS' EQUITY

LIABILITIES

Accounts payable	\$	<u>7,462</u>
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Total liabilities		7,462
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STOCKHOLDERS' EQUITY

Common stock (250,000 shares authorized; 15,000 shares issued, and outstanding)		15,000
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Deficit accumulated during the development stage		<u>(7,462)</u>
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Total stockholders' equity		<u>7,538</u>
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TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$	<u>15,000</u>
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See accompanying notes and accountant's report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business – SanSai USA, Inc. was formed in May 2004. The Company is in the business of selling master franchises of SanSai restaurants in the United States. The franchise operations of SanSai involves the operation of a Japanese-style, fast-casual restaurant.

Income Taxes - The Company will apply for s-corporation status as of May 24, 2004 and, therefore, does not incur federal income tax on its taxable income. Instead, the stockholders are personally liable for individual federal income taxes on their prorata shares of the Company's income.

NOTE 2 - DEVELOPMENT STAGE OPERATIONS

The Company was formed May 24, 2004. No master franchises have been sold as of the balance sheet date. The operations have been devoted primarily to organizing the Company, developing the uniform franchise offering circular (UFOC) and the master franchise agreement, leasing and improving the Company's offices, and performing administrative functions.

NOTE 3 - RELATED PARTY TRANSACTIONS

The shareholders of the Company also comprise in equal percentage the shareholders of Pacific Management Ventures. Pacific Management Ventures currently owns and operates eight SanSai restaurants in California and one SanSai restaurant in Missouri.

Pacific Management Ventures has distributed funds to the shareholders that were used for the Company's UFOC development in the amount of approximately \$15,000. These expenses were incurred prior to the organization of the Company and were the personal obligation of the shareholders. There is no obligation that the Company reimburse its shareholders or Pacific Management Ventures.

SanSai USA, Inc. (A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
June 10, 2004

NOTE 4 – STOCKHOLDERS' EQUITY

Changes in the stockholders' equity from inception to the balance sheet date are as follows:

	<u>Daniel A. Burns</u> <u>Revocable Trust</u> <u>dated Jan. 16, 1991</u>	<u>Yon Suk</u> <u>Lipsky</u>	<u>Total</u>
BEGINNING			
STOCKHOLDERS' EQUITY	0	0	0
CASH PAID			
250,000 shares authorized,			
15,000 shares issued and			
outstanding on 5/24/04,			
\$0 par value	7,500	7,500	15,000
OPERATING LOSS	<u>-3,731</u>	<u>-3,731</u>	<u>-7,462</u>
ENDING STOCKHOLDERS'			
EQUITY	<u>\$ 3,769</u>	<u>\$ 3,769</u>	<u>\$ 7,538</u>