EXHIBIT E

Financial Statements

Signs Now Corporation
And Subsidiaries

Consolidated Financial Statements

December 31, 2003, 2002, and 2001

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Report Of Independent Certified Public Accountants

To The Stockholder
Signs Now Corporation And Subsidiaries
Bradenton, Florida

We have audited the accompanying consolidated balance sheets of Signs Now Corporation (a Florida corporation) and subsidiaries as of December 31, 2003, 2002, and 2001, and the related consolidated statements of income and accumulated deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Signs Now Corporation and subsidiaries as of December 31, 2003, 2002, and 2001, and 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.

Gregory, Sharer & Stuart, P.A.

Gregory, Sharer & Stuart, P.A.

St. Petersburg, Florida
February 10, 2004

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Signs Now Corporation And Subsidiaries

Consolidated Balance Sheets

	December 31, 2003	2002	2001
Assets			
Current Assets			
Cash	$ 157,328	$ 261,966	$ 291,783
Accounts receivable - trade, net of allowance for uncollectible accounts of $184,481, $81,453, and $31,788 in 2003, 2002, and 2001, respectively	412,600	381,952	352,728
Accounts receivable - employees	2,687	932	611
Current portion of notes receivable - trade	129,831	37,805	38,997
Current portion of note receivable - other	120,105	150,913	3,166
Prepaid expenses	117,022	127,053	124,621
Inventory	51,573	25,204	-
Total Current Assets	991,146	985,825	811,906
Property And Equipment, at cost			
Land and building	883,258	883,258	883,258
Building and leasehold improvements	96,982	68,616	68,616
Furniture, fixtures, and equipment	638,669	541,759	671,546
Vehicles	107,287	61,081	51,572
	1,726,196	1,554,714	1,674,992
Less accumulated depreciation and amortization	(473,852)	(361,230)	(522,597)
Total Property And Equipment	1,252,344	1,193,484	1,152,395
Other Assets			
Goodwill, net of accumulated amortization of $20,251 in 2003, 2002, and 2001	115,842	86,311	86,311
Other intangible assets, net of accumulated amortization of $368,225, $338,833, and $293,239 in 2003, 2002, and 2001, respectively	395,590	414,075	365,352
Noncurrent notes receivable - trade, net of allowance for uncollectible accounts	97,498	45,867	75,214
Noncurrent notes receivable - other	65,982	185,982	29,648
Accounts receivable - affiliates	31,890	27,767	408,612
Advances to stockholder	535,081	496,601	148,786
Refundable deposits	-	-	365
Total Other Assets	1,241,883	1,256,603	1,114,288
Total Assets	$ 3,485,373	$ 3,435,912	$ 3,078,589

See the accompanying notes.

	2003	December 31, 2002	2001
Liabilities And Stockholder's Equity			
Current Liabilities			
Current maturities - long-term debt and capital lease obligations	$ 91,180	$ 60,382	$ 73,083
Accounts payable - trade	107,558	62,050	50,814
Accrued expenses	150,456	142,174	139,435
Deferred revenue	70,750	81,200	58,950
Total Current Liabilities	419,944	345,806	322,282
Long-Term Debt And Capital Lease Obligations	1,053,153	1,037,163	849,936
Total Liabilities	1,473,097	1,382,969	1,172,218
Minority Interest	110,716	-	-
Stockholder's Equity			
Common stock, $.01 par value; 10,000,000 shares authorized; 2,000,000 shares issued and outstanding	20,000	20,000	20,000
Additional paid-in capital	2,739,951	2,739,951	2,739,951
Accumulated deficit	(858,391)	(707,008)	(853,580)
Total Stockholder's Equity	1,901,560	2,052,943	1,906,371
Total Liabilities And Stockholder's Equity	$ 3,485,373	$ 3,435,912	$ 3,078,589

See the accompanying notes.

Signs Now Corporation And Subsidiaries

Consolidated Statements Of Income And Accumulated Deficit

	Year Ended December 31,		
	2003	2002	2001
Revenues			
Royalties	$ 3,027,384	$ 3,108,636	$ 3,127,753
Franchise fees earned	110,000	54,500	66,000
International franchise royalties and fees earned	151,939	139,428	188,740
Operating Revenues	3,289,323	3,302,564	3,382,493
Franchise Operations Expenses	3,175,535	3,044,078	3,092,294
Income From Franchise Operations	113,788	258,486	290,199
Other Income (Expense)			
Signs Now Operating Corporation, Inc. and Manasota Signs, LLC revenue, net of expenses of $266,574, $85,804, and $42,564 in 2003, 2002, and 2001, respectively	(56,235)	(119,355)	(91,981)
Interest income	38,477	30,825	29,195
Miscellaneous income	42,617	29,619	32,678
Training fees	19,500	18,795	38,595
Interest expense	(73,115)	(71,798)	(104,216)
Total Other Expense	(28,756)	(111,914)	(95,729)
Income Before Income Tax Benefit And Minority Interest	85,032	146,572	194,470
Income Tax Benefit	-	-	7,520
Net Income Before Minority Interest	85,032	146,572	201,990
Minority Interest	14,284	-	-
Net Income	99,316	146,572	201,990
Accumulated Deficit At Beginning Of Year	(707,008)	(853,580)	(1,055,570)
Distributions To Stockholder	(250,699)	-	-
Accumulated Deficit At End Of Year	$ (858,391)	$ (707,008)	$ (853,580)

See the accompanying notes.

Signs Now Corporation And Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended December 31, 2003	2002	2001
Cash Flows From Operating Activities			
Net income	$ 99,316	$ 146,572	$ 201,990
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	108,217	100,115	106,527
Amortization	44,392	46,499	189,041
Bad debts	145,096	78,721	37,734
Write off of deposits	-	365	13,655
Deferred taxes	-	-	(7,520)
Loss (gain) on sale of property and equipment and other intangible assets	13,195	(16,473)	(6,735)
Minority interest	(14,284)	-	-
(Increase) decrease in:			
Accounts receivable - trade	(369,593)	(145,864)	(90,251)
Accounts receivable - employees	(1,755)	(1,586)	3,022
Notes receivable - trade	50,192	39,063	(47,619)
Refundable income taxes	-	-	67,875
Prepaid expenses	10,031	(2,432)	(12,269)
Inventory	(26,369)	(204)	72
Increase (decrease) in:			
Accounts payable - trade	45,508	11,236	(41,377)
Accrued expenses	8,282	2,739	(1,675)
Deferred (expense) income	(10,450)	22,250	(14,629)
Net Cash Provided By Operating Activities	101,778	281,001	397,841
Cash Flows From Investing Activities			
Net maturities of short-term investments	-	-	100,000
Acquisition of property and equipment and other intangible assets	(83,417)	(15,087)	(182,318)
Proceeds from sale of property and equipment and other intangible assets	28,668	60,000	169,800
Decrease in notes receivable - other	150,808	38,166	2,386
(Increase) decrease in accounts receivable - affiliates	(4,123)	39,863	(100,351)
Net Cash Provided (Used) By Investing Activities	91,936	122,942	(10,483)
Cash Flows From Financing Activities			
Payments on long-term debt	(57,601)	(85,945)	(76,824)
Additional borrowings of long-term debt	48,428	-	46,572
Advances to stockholder	(38,480)	(347,815)	(300,113)
Distributions to stockholder	(250,699)	-	-
Net Cash Used By Financing Activities	(298,352)	(433,760)	(330,365)
Net (Decrease) Increase In Cash	(104,638)	(29,817)	56,993
Cash At Beginning Of Year	261,966	291,783	234,790
Cash At End Of Year	$ 157,328	$ 261,966	$ 291,783

See Note N for supplemental cash flow disclosures.

See the accompanying notes.

Note A - Nature Of Business And Summary Of Significant Accounting Policies

Nature Of Business

Signs Now Corporation and its wholly-owned subsidiaries: Signs Now Canada Corporation; Signs Now Operating Corporation (and its majority-owned subsidiary, Manasota Signs, LLC); and Signs Now Brazil Corporation (collectively, the Company) are primarily engaged in the franchising of Signs Now retail stores, offering rapidly-produced, computer-generated signs, and other products and services. There are currently 217 franchised stores open in 41 states including Alaska and Puerto Rico and 28 international stores.

Effective May 25, 2000, a wholly-owned subsidiary, Signs Now Operating Corporation (SNOC), was formed to acquire and operate Signs Now franchises. During 2001, one franchise was purchased and sold. During 2002, three franchises were purchased and one subsequently sold. SNOC continued to operate the other two stores through September 2003. Effective October 1, 2003, Manasota Signs, LLC (Manasota) was formed as a subsidiary of Signs Now Corporation. The two stores owned by SNOC were contributed to Manasota in exchange for a 75% interest in Manasota. This contribution was recorded at historical cost since the entities were under common control. In addition, an unrelated third party obtained the remaining 25% interest in Manasota in exchange for one Signs Now store. The contribution was recorded at $125,000 which resulted in $29,000 of goodwill being recorded (see Note M).

Effective January 1, 2003, the sole stockholder of Signs Now Corporation transferred all the issued and outstanding stock of Signs Now Corporation to a newly formed company, Signs Now Holdings Corporation (SNHC). (See Note L)

Principles Of Consolidation

The accompanying consolidated financial statements include the accounts of Signs Now Corporation and its subsidiaries after elimination of significant intercompany accounts and transactions.

Receivables And Credit Policies

Accounts receivable are uncollateralized franchisee obligations for franchise royalties and are due on the tenth of each month in accordance with the franchise agreement. Follow-up correspondence is made if unpaid accounts receivable go beyond 30 days. Accounts receivable balances not paid within 90 days may be converted to notes receivable. Notes receivable are also uncollateralized and are stated at the principal amount. Interest is generally charged on notes receivable balances at 10% per annum and is recorded when received.

Payments of accounts receivable are applied to the earliest unpaid balance. Finance charges accrue to accounts receivable balances at 18% per annum. Payments of notes receivable are allocated according to the amortization schedule, with a portion being applied to reduce the principal balance and a portion being applied to interest income.

Accounts and notes receivable are stated at the amount management expects to collect from outstanding balances. The carrying amount of accounts and notes receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts and notes receivable balances that exceed the due date by 90 days and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. 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 or notes receivable.

Inventory

Inventory consists of supplies and materials for the Company-owned stores and is valued at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided for over the estimated service lives of the assets, principally on a straight-line basis. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following useful lives:

Building and leasehold improvements	5-40 years
Furniture, fixtures, and equipment	3-10 years
Vehicles	5-10 years

Goodwill

Beginning in 2002 with the adoption of Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, goodwill is no longer amortized, but instead is tested for impairment as required under SFAS No. 142. Prior to 2002, goodwill was amortized using the straight-line method over its estimated period of benefit. (See Note O)

Intangible Assets

Intangible assets consist primarily of area development rights, purchased trademarks, and franchise and master licensing agreements. Amortization of intangible assets is provided using the straight-line method over the estimated period of benefit, ranging from two to 15 years. Area development rights have an indefinite life and, in accordance with SFAS No. 142, are no longer amortized. The Company periodically evaluates the recoverability of intangible assets and takes into account events or circumstances that warrant revised estimates of useful lives or that indicate that an impairment exists. (See Note O)

Revenue Recognition

Royalty revenue is based on sales reported to the Company by its franchisees and is recognized in the month in which sales are reported by the franchisee.

Franchise fee revenue from individual franchise sales is recognized only when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. Unearned franchise fees are accounted for as deferred revenue.

Foreign Currency Transactions

The Company maintains the records of its subsidiary, Signs Now Canada Corporation, in foreign currency. As such, during the year, the Company incurs exchange rate gains and losses. To prepare the consolidated financial statements at year end, the Company re-measures its subsidiary's foreign currency statements into U.S. dollars.

In accordance with SFAS No. 52, *Foreign Currency Translation*, the Company applies the year-end exchange rate to monetary assets, such as cash and accounts receivable, and applies an average exchange rate to revenues and expenses. The resulting exchange gain or loss from remeasuring the balance sheet and income statement items is recognized as income or loss in the current period. (See Note J)

Income Taxes

Effective January 1, 2001, the Company elected under the Internal Revenue Code to be a Subchapter S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Prior to this election, the Company computed its income taxes in accordance with SFAS No. 109, *Accounting For Income Taxes*. As a result of the election to be an S corporation, the deferred tax asset and noncurrent deferred tax liability at December 31, 2000 was eliminated during 2001 as a credit to income from continuing operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note B – Notes Receivable - Trade

Notes receivable - trade are with various franchisees resulting primarily from converted accounts receivable - trade. Management evaluates the collectibility of notes receivable – trade at least annually and provides an allowance for uncollectible amounts based upon anticipated collectibility.

	2003	2002	2001
Notes receivable - trade, bearing interest at rates ranging from 7% to 10%; maturing at various dates through 2007.	$ 296,943	$ 120,758	$ 122,242
Less allowance for uncollectible accounts	(69,614)	(37,086)	(8,031)
Notes receivable – trade	227,329	83,672	114,211
Less current portion notes receivable - trade	(129,831)	(37,805)	(38,997)
Noncurrent notes receivable – trade, net of allowance for uncollectible accounts	$ 97,498	$ 45,867	$ 75,214

Scheduled maturities of notes receivable – trade (before consideration of allowance for uncollectible accounts) are as follows at December 31, 2003:

2004	$ 129,831
2005	109,092
2006	46,037
2007	11,983
	$ 296,943

Note C – Notes Receivable - Other

Notes receivable – other consists of the following at December 31:

	2003	2002	2001
Noninterest bearing note receivable from affiliate for operating advances; due in monthly installments of $5,000 from June 20, 2002 through December 20, 2002, and $10,000 from January 20, 2003 through June 20, 2005. Final payment of $5,982 is due July 20, 2005.	$ 185,982	$ 305,982	$ -
Noninterest bearing note receivable from former employee; due in monthly installments of $105 through January 2004.	105	1,265	-
Note receivable bearing interest at 8%; due in monthly installments of principal and interest as follows: January-April 2003 - $500; May 2003 - $2,500; June 2003-April 2004 - $600 per month; May 2004 - $2,600; June 2004-April 2005 - $700 per month; May 2005 - $6,700; June 2005 through May 2006 - $582.	-	29,648	32,814
	186,087	336,895	32,814
Less current portion	(120,105)	(150,913)	(3,166)
	$ 65,982	$ 185,982	$ 29,648

The note receivable with a balance of $29,648 at December 31, 2002 was paid in full in January 2003 and, therefore, the entire portion is listed as current in the accompanying consolidated financial statements at December 31, 2002. Maturities of notes receivable – other are as follows at December 31, 2003:

2004	$ 120,105
2005	65,982
	$ 186,087

Note D - Long-Term Debt And Capital Lease Obligations

Long-term debt and capital lease obligations consist of the following at December 31:

	2003	2002	2001
Primary Lender			
Note payable bearing interest at the bank's base rate plus .75% (5.5% at December 31, 2001); due in monthly installments of principal and interest of $3,863 through November 15, 2002; collateralized by assignment of accounts receivable, equipment, furniture and general intangibles.	$ -	$ -	$ 35,833
Note payable bearing interest at 6.75% until September 3, 2007, at which time interest will accrue at LIBOR plus 225 basis points, adjustable semi-annually with a floor of 6.75%; due in monthly installments of principal and interest of $6,743 through June 14, 2020; collateralized by a first mortgage on real estate and assignment of leases and rent.	804,026	829,729	850,842
Other Lenders			
Three notes payable, noninterest bearing; due in 60 monthly installments of principal through September 2008; collateralized by vehicles and equipment.	66,114	20,859	36,344
Note payable bearing interest at 7.5%; due in monthly installments of principal and interest at $3,073 through May 1, 2012.	227,963	246,957	-
Capitalized lease obligation, matures December 2006, secured by equipment, bearing interest at 8.5%. The equipment is included with property and equipment with a cost of $46,230 and accumulated depreciation of $0.	46,230	-	-
	1,144,333	1,097,545	923,019
Less current portion	(91,180)	(60,382)	(73,083)
	$ 1,053,153	$ 1,037,163	$ 849,936

Maturities of long-term debt and capital lease obligations are as follows at December 31, 2003:

2004	$ 91,180
2005	85,882
2006	79,899
2007	65,272
2008	67,598
Thereafter	754,502
	$ 1,144,333

Note E - Related Party Transactions

Accounts Receivable - Affiliates

Accounts receivable - affiliates are comprised of amounts due from the following at December 31:

	2003	2002	2001
TSC Franchise Corporation	$ 20,629	$ 19,849	$ 19,549
Signs Now Promotional Fund Corporation	11,261	7,918	389,063
	$ 31,890	$ 27,767	$ 408,612

TSC Franchise Corporation (TSC), a related party, was formed in 1995 to acquire certain licensing and area development rights for Signs Now Corporation. The Company advanced funds to TSC in the amounts of $780, $300, and $125 in 2003, 2002, and 2001, respectively.

Signs Now Promotional Fund Corporation (SNPFC) is a not-for-profit corporation which was formed in 1998 to establish, maintain, administer, and operate the Signs Now Promotional and Marketing Fund for the Signs Now franchise system. The Company advances funds to cover the operating expenses of SNPFC. Amounts due from SNPFC are recorded as accounts receivable – affiliates. In June 2002, the amounts owed to the Company by SNPFC were converted to a note payable. This note is included in Note C as a note receivable from an affiliate with a balance at December 31, 2003 and 2002 of $185,982 and $305,982, respectively. The Company continued to advance funds to SNPFC after June 2002 to cover expenses. At December 2003, 2002 (in addition to the note payable), and 2001, SNPFC owed the Company $11,261, $7,918, and $389,063, respectively.

During 2003, 2002, and 2001, the Company received rental income of $6,643, $5,697, and $15,747, respectively, for space that SNPFC occupies. The Company also received royalties under the Signs Now National Accounts Program (SNNAP) of $6,136 and $6,359 for 2002 and 2001, respectively. These amounts are included in miscellaneous income.

During 2002, SNNAP was decentralized and the accounts managed under the program were allocated to various franchisees. As such, royalty fees will no longer be received.

Further, some of the Company's employees are dedicated solely to providing services to SNPFC and SNPFC reimburses the cost of their salaries and benefits. Amounts reimbursed by SNPFC for salaries and benefits for the years ended December 31, 2003, 2002, and 2001 were $140,732, $153,570, and $392,690, respectively.

Operating Leases

The Company leased its office space from a related party, The Irrevocable Trust of Murry J. Evans (the Trust), under a 20-year noncancelable operating lease. On June 14, 2000, the Company purchased the land and building from the Trust for $860,000.

A related party, Westwinds Condominium Association (the Association), manages the property. In return, the Company pays a monthly assessment to the Association for common area maintenance. At December 31, 2003, 2002, and 2001, the Company has recorded as prepaid expenses advanced assessments totaling approximately $23,300, $24,100, and $21,300, respectively, and accounts payable to Westwinds of $1,000 at December 31, 2002 and 2001. No amounts were payable at December 31, 2003.

Note F - Royalty Agreement

In 1992, the Company entered into a restated agreement with an individual for the exclusive license to use those processes, trademarks and trade names of Signs Now. Under the restated agreement, the Company is required to pay this individual future royalty payments totaling 4% of the first $3,000,000 in royalty revenue from its franchised sign stores and 3% of royalty revenue from its franchised sign stores in excess of $3,000,000.

The amounts under this agreement are due on a quarterly basis within 30 days after the end of each calendar quarter. No minimum payments are required under this agreement. The term of this agreement is perpetual.

The Company paid $118,368, $124,668, and $129,120 under this agreement in 2003, 2002, and 2001, respectively.

Note G – Franchise Systems Consultant Agreements

The Company has agreements with several franchise owners to act as franchise systems consultants by monitoring the activity of all franchised stores within their respective regions. These activities include, but are not limited to, contacting prospective franchisees, assisting with compliance and enforcement of the provisions of any franchise agreement for any unit within their region, and providing initial training and franchisee support.

The agreements provide for the payment of an initial fixed amount from franchise fees collected on newly franchised stores established in the region. In addition to these initial fees, the Company also pays a percentage of the royalties collected on franchised stores in the region. Total expense under these agreements was $224,924, $375,923, and $370,550 in 2003, 2002, and 2001, respectively.

Note H - Operating Leases

In connection with the May 2000 acquisition of Signs Now Store #4 (SNC #4), the Company assumed an operating lease with a non-related party for equipment. The lease was terminated during 2001 and the asset was purchased. The asset was subsequently sold as part of the sale of SNC #4.

Also during 2001, the Company entered into a noncancelable rental lease agreement for SNC #4. The lease expires on June 30, 2004. As part of the sale of SNC #4, the Company agreed to continue making payments under the existing lease. However, the purchaser is required to reimburse the Company.

The Company has several other noncancelable operating lease agreements for rent and office equipment. Minimum lease payments by year and in aggregate are as follows at December 31, 2003:

2004	$ 105,608
2005	92,922
2006	72,624
2007	4,152
	$ 275,306

Total rent expense under noncancelable lease agreements for the years ended December 31, 2003, 2002, and 2001 was $71,844, $65,999, and $48,498, respectively.

Note I - 401(k) Savings Plan

Effective January 1, 2000, the Company established a 401(k) savings plan (the Plan). The Plan covers substantially all full time employees who are at least twenty-one years of age and who have completed one year of service. Employee contributions are mandatory for participation. Participants may defer up to 15% of their eligible compensation. The matching percentage, if any, is at the discretion of the Board of Directors. Vesting is based upon a graduated scale over a six year period.

There was no employer matching contribution for 2003, 2002, or 2001.

Note J - Foreign Currency Translation

As discussed in Note A, the Company, through its subsidiaries, Signs Now Canada Corporation and Signs Now Brazil Corporation, receives royalty payments and incurs expenses in support of its franchisees in foreign currency.

The Company does not receive royalty payments or incur expenses in Brazilian currency normally. In 2002, Brazil experienced a small translation loss of $888 due to a specific transaction.

The foreign currency translation gain (loss) for these subsidiaries was $3,228, $(9,021), and $(13,832) for 2003, 2002, and 2001, respectively.

Note K - Concentration Of Credit Risk

The Company maintains its bank accounts and short-term investments with one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. Cash and short-term investments at this institution exceeded federally insured limits. The amount in excess of the FDIC limit totaled $100,981, $220,673, and $223,419 at December 31, 2003, 2002, and 2001, respectively.

Note L - Contingent Liability

During 2000, the Company's president and CEO, Michael Etchieson, purchased the Company and its subsidiaries. In connection with this transaction, the Company was named as co-borrower for amounts borrowed by the stockholder. During 2003, all issued and outstanding stock was transferred to SNHC (see Note A). Effective January 1, 2003, SNHC became an additional co-borrower and agreed to assume all obligations of SNC and Michael Etchieson, the initial co-borrowers under the agreement.

At December 31, 2003, 2002, and 2001, the Company is contingently liable for $1,508,389, $1,689,211, and $1,856,940, respectively, to its primary lender under this agreement.

All future franchise fees and royalties and assets of the Company are collateral on this loan. In connection with this note, the Company is required to maintain an annual debt service coverage ratio of 1.25 times or greater.

Note M – Business Acquisitions

On May 1, 2002, a subsidiary of the Company, Signs Now Operating Corporation (SNOC), purchased the assets and operations of three existing Signs Now franchises from an unrelated party. The purchase was initiated primarily for the purpose of operating the stores and using the stores as test sites for expanding the franchisor's general franchise operations. The aggregate purchase price was $314,865, including cash $(25,000), payment of debt $(29,394), and the issuance of a note payable $(260,471).

The following table summarizes the estimated fair value of assets acquired on the date of acquisition:

Property and equipment	$ 139,200
Small equipment	33,565
Inventory	25,000
Franchise agreements	35,000
Customer database	73,517
Other	8,583
Total Assets Acquired	$ 314,865

Property and equipment is depreciated over their useful lives. Inventory is expensed as sold.

The franchise agreements and customer database are being amortized over 12 years, which represents the weighted average useful lives of the franchise agreements on the date of purchase. The small equipment and other items were currently expensed.

On June 10, 2002, SNOC sold one of the franchise sites to an unrelated party for $60,000. The sale included all of the assets purchased in May 2002 related to that site. The book value of the franchise was $24,295 on the date of the disposal. The Company recognized a gain of $35,705 on the sale of the franchise.

As discussed in Note A, Manasota was formed effective October 1, 2003 to operate the two stores owned by SNOC, as well as one other store previously owned by an unrelated third party. The transfer of the two stores from SNOC to Manasota had no impact on the consolidated financial statements of the Company. The assets from the unrelated third party had a fair value of $125,000, which consisted primarily of property and equipment and franchise costs. SNOC owns 75% of Manasota with a minority interest to the unrelated third party of 25%. The Company recorded goodwill of approximately $29,000 in connection with this acquisition.

At the date of the transfer, the Company recorded the net assets of the transferred store and a corresponding entry to minority interest totaling $125,000. During the three months ended December 31, 2003, Manasota recorded a net loss of $57,136. The resulting decrease in minority interest of $14,284 was recorded by the Company for that period.

Note N – Statements Of Cash Flows

	Year Ended December 31, 2003	2002	2001
Cash paid for interest	$ 73,115	$ 71,798	$ 104,215
Noncash investing and financing activities:			
Note receivable – other received on sale of Store #4	$ -	$ -	$ 35,200
Note payable of $260,471 and reduction in accounts receivable – trade of $29,394 in exchange for acquisition of corporate owned stores	$ -	$ 289,865	$ -
Conversion of accounts receivable – affiliate to notes receivable – other	$ -	$ 340,982	$ -
Conversion of accounts receivable – employees to notes receivable - other	$ -	$ 1,265	$ -
Conversion of accounts receivable – trade to notes receivable – trade	$ 193,849	$ -	$ -
Property and equipment of $78,494; goodwill of $29,531; and other net assets of $16,975 in connection with the acquisition of a store	$ 125,000	$ -	$ -
Equipment acquired under capital lease arrangement	$ 46,230	$ -	$ -

Note O – Goodwill And Other Intangible Assets – Adoption Of Statement 142

In accordance with SFAS No. 142, *Goodwill And Other Intangible Assets*, management applied the transitional goodwill impairment test during 2002. There was no goodwill acquired during 2002, no impairment loss recognized during 2003 or 2002, and no amounts written off during either year related to the sale of a business unit. In addition, no amortization of goodwill was recorded during 2003 or 2002. Goodwill of approximately $29,000 was acquired in connection with the acquisition of Manasota.

Additionally, management applied the transitional intangible impairment test during 2002. No impairment losses were recognized. In addition, management evaluated the appropriateness of the remaining amortization periods and determined that area development costs, previously being amortized over 15 years, actually had an indefinite life. As such, amortization of this intangible asset ceased for 2002. The remaining amortization periods for all other intangible assets were deemed appropriate and no further modifications were made. The weighted average amortization period is 15 years.

	December 31, 2003		December 31, 2002		December 31, 2001	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets						
Trademarks	$ 125,000	$ (64,028)	$ 125,000	$ (54,861)	$ 125,000	$ (45,694)
Master franchise agreements	44,214	(17,196)	44,214	(14,248)	44,214	(11,300)
Franchise agreements	308,248	(123,714)	283,248	(103,828)	253,248	(85,499)
Noncompete agreements	72,062	(72,062)	87,062	(87,062)	87,060	(79,560)
Customer database	65,222	(13,410)	65,222	(5,364)	-	-
Other	34,069	(28,482)	33,162	(27,665)	34,069	(25,381)
	648,815	(318,892)	637,908	(293,028)	543,591	(247,434)
Unamortized intangible assets						
Area development costs	115,000	(49,333)	115,000	(45,805)	115,000	(45,805)
Total Other Intangible Assets	$ 763,815	$ (368,225)	$ 752,908	$ (338,833)	$ 658,591	$ (293,239)
Aggregate amortization expense		$ 44,392		$ 46,499		$ 189,041
Estimated amortization expense						
12/31/04		$ 44,000				
12/31/05		44,000				
12/31/06		44,000				
12/31/07		44,000				
12/31/08		44,000				

Transitional goodwill disclosure:

	Year Ended December 31, 2003	2002	2001
Reported net income	$ 99,316	$ 146,572	$ 201,990
Add back goodwill amortization	-	-	4,720
Add back area development rights amortization	-	-	8,472
Adjusted net income	$ 99,316	$ 146,572	$ 215,182