EXHIBIT "A"

FINANCIAL STATEMENTS

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SIR SPEEDY, INC.

(A Wholly Owned Subsidiary of Franchise Services, Inc.)

Unaudited Financial Statements

For Period Ending March 31, 2006

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THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

KPMG

SIR SPEEDY, INC.

(A Wholly Owned Subsidiary of Franchise Services, Inc.)

Consolidated Financial Statements

December 31, 2004 and 2003

(With Independent Auditors' Report Thereon)

KPMG

KPMG LLP
Suite 700
600 Anton Boulevard
Costa Mesa, CA 92626-7651

Independent Auditors' Report

The Board of Directors
Sir Speedy, Inc.:

We have audited the accompanying consolidated balance sheets of Sir Speedy, Inc. (the Company) (a wholly owned subsidiary of Franchise Services, Inc.) as of December 31, 2004 and 2003 and the related consolidated statements of earnings, stockholder's equity, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sir Speedy, Inc. as of December 31, 2004 and 2003 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

February 24, 2005

SIR SPEEDY, INC.
(A Wholly Owned Subsidiary of Franchise Services, Inc.)

Consolidated Balance Sheets

December 31, 2004 and 2003

Assets		**2004**	**2003**
Current assets:			
Cash and cash equivalents	$	1,557,000	2,087,000
Current portion of notes and accounts receivable, net		98,000	137,000
Inventories		5,000	7,000
Prepaid expenses and other assets		12,000	11,000
Due from advertising funds		106,000	218,000
State income taxes receivable		66,000	—
Deferred income taxes		—	152,000
Total current assets		1,844,000	2,612,000
Investment		9,000	9,000
Noncurrent portion of notes and accounts receivable, net		31,000	7,000
Due from affiliates		4,124,000	3,310,000
Furniture, equipment, and leasehold improvements, net		162,000	140,000
Franchise territories, net of accumulated amortization of $3,010,000 and $2,993,000 in 2004 and 2003, respectively		12,000	29,000
Deferred income taxes		—	88,000
Other assets		10,000	10,000
	$	6,192,000	6,205,000
Liabilities and Stockholder's Equity			
Current liabilities:			
Accounts payable and accrued expenses	$	734,000	623,000
Franchise and other deposits		53,000	39,000
State income taxes payable		—	104,000
Total current liabilities		787,000	766,000
Stockholder's equity:			
Common stock, no par value. Authorized 10,000 shares; issued and outstanding 1,000 shares		—	—
Additional paid-in capital		2,951,000	2,951,000
Retained earnings		2,454,000	2,488,000
Total stockholder's equity		5,405,000	5,439,000
Commitments and contingencies (note 7)			
	$	6,192,000	6,205,000

See accompanying notes to consolidated financial statements.

SIR SPEEDY, INC.
(A Wholly Owned Subsidiary of Franchise Services, Inc.)

Consolidated Statements of Earnings

Years ended December 31, 2004 and 2003

		2004	2003
Revenues:			
Continuing fees	$	13,602,000	13,290,000
Printing and franchise		23,000	80,000
Interest and other		302,000	195,000
		13,927,000	13,565,000
Costs and expenses:			
Selling, general, and administrative		4,567,000	4,740,000
Management fee		2,894,000	2,307,000
Depreciation and amortization		119,000	113,000
		7,580,000	7,160,000
Earnings before income taxes		6,347,000	6,405,000
Income taxes		1,322,000	2,450,000
Net earnings	$	5,025,000	3,955,000

See accompanying notes to consolidated financial statements.

SIR SPEEDY, INC.
(A Wholly Owned Subsidiary of Franchise Services, Inc.)

Consolidated Statements of Stockholder's Equity

Years ended December 31, 2004 and 2003

	Common stock		Additional paid-in capital	Retained earnings	Total stockholder's equity
	Shares	Amount			
Balance at December 31, 2002	1,000	$ —	2,951,000	4,283,000	7,234,000
Dividends	—	—	—	(5,750,000)	(5,750,000)
Net earnings	—	—	—	3,955,000	3,955,000
Balance at December 31, 2003	1,000	—	2,951,000	2,488,000	5,439,000
Dividends	—	—	—	(2,000,000)	(2,000,000)
Owner distribution	—	—	—	(3,059,000)	(3,059,000)
Net earnings	—	—	—	5,025,000	5,025,000
Balance at December 31, 2004	1,000	$ —	2,951,000	2,454,000	5,405,000

See accompanying notes to consolidated financial statements.

SIR SPEEDY, INC.
(A Wholly Owned Subsidiary of Franchise Services, Inc.)

Consolidated Statements of Cash Flows

Years ended December 31, 2004 and 2003

		2004	2003
Cash flows from operating activities:			
Net earnings	$	5,025,000	3,955,000
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation		102,000	91,000
Amortization of franchise territories		17,000	23,000
Gain on sale of furniture, equipment and leasehold improvements		—	(3,000)
Provision for bad debts		6,000	2,000
Deferred income taxes		240,000	87,000
Changes in:			
Notes and accounts receivable		9,000	60,000
Inventories		2,000	2,000
State income taxes receivable		(66,000)	—
Prepaid expenses and other assets		(1,000)	19,000
Due from advertising funds		112,000	(135,000)
Accounts payable and accrued expenses		111,000	(54,000)
Franchise and other deposits		14,000	(153,000)
State income taxes payable		(104,000)	25,000
Net cash provided by operating activities		5,467,000	3,919,000
Cash flows from investing activities:			
Purchase of furniture, equipment, and leasehold improvements		(124,000)	(9,000)
Decrease (increase) in due from affiliates		(814,000)	2,981,000
Net cash provided by (used in) investing activities		(814,000)	2,981,000
Cash flows from financing activities:			
Cash dividend to Parent		(2,000,000)	(5,750,000)
Owner distribution		(3,059,000)	—
Net cash used in financing activities		(5,059,000)	(5,750,000)
Net increase (decrease) in cash and cash equivalents		(406,000)	1,150,000
Cash and cash equivalents at beginning of year		2,087,000	946,000
Cash and cash equivalents at end of year	$	1,681,000	2,096,000
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Income taxes	$	1,201,000	1,796,000

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Description of Business

Sir Speedy, Inc. (the Company) is headquartered in Mission Viejo, California and sells and services domestic and international franchised quick printing and copy centers.

The Company is a wholly owned subsidiary of Franchise Services, Inc. (the Parent). The Parent also owns the following subsidiaries:

Postal Instant Press, Inc., headquartered in Mission Viejo, California, which sells and services domestic and international franchised quick printing and copy centers.

MultiCopy Europe BV, headquartered in Amsterdam, the Netherlands, which sells and services franchised quick print and copy centers in the Netherlands and operates quick print centers in the Netherlands.

Digital Quickcolor Inc., headquartered in Irvine, California, which provides research and development for digital color prepress and press technology and which also sells wholesale digital color printing services.

Summit Marketing Communications, Inc. (Summit), headquartered in Morrison, Colorado, which is an advertising agency.

TeamLogic, Inc., headquartered in Mission Viejo, California, which is a development stage enterprise formed to franchise information technology businesses.

Certain administrative support functions of the Company are incorporated into the Parent. Ongoing administrative support costs are charged by the Parent to the Company in the form of a management fee. Certain advertising functions of the Company are provided by Summit (see note 4).

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Sir Speedy, Inc. and its subsidiary, Sir Speedy NA N.V. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Inventories

Inventories, which consist of printing supplies, are stated at the lower of cost (first-in, first-out) or market.

(d) Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements are stated at cost. Depreciation and amortization have been provided on the straight-line method over the estimated useful lives of the related assets or, for leasehold improvements, over the terms of the leases, if shorter.

(e) ***Franchise Sales***

The Company defers the recognition of initial franchise fees and related costs until the franchise has opened. At the time revenue is recognized, defined services have been performed and the initial franchise fee has been collected. Franchise sales and cost sales in the accompanying consolidated statements of earnings include the initial franchise fee and initial realized and estimated costs, which include training, sales commissions, production inventory and other services.

The Company recognizes revenue and related costs of the resale or transfer of existing franchises when the Company has met substantially all of its responsibilities and when the related resale or transfer fees have been collected.

(f) ***Franchise Territories***

Franchise territories, reflected on the accompanying consolidated balance sheets, consist of area license rights, which represent costs incurred by the Company to re-acquire the rights to sell franchises in certain geographical areas. These rights are being amortized on a straight-line basis over the lives of the various franchise agreements acquired, ranging from 3 to 20 years from the date acquired.

(g) ***Continuing Fees***

The Company records continuing fees as revenue when received from franchisees.

(h) ***Income Taxes***

Effective July 1, 2004, the Company, along with its Parent, made qualified subchapter S elections. As an S Corporation, the Company's earnings are generally not subject to income tax. Instead, the Company's taxable income or loss is passed through to its stockholders to report on their federal and state income tax returns. The Company anticipates distributing sufficient amounts of cash to allow its stockholders to pay the related income tax liability. Some states do not accept the S Corporation designation, and therefore, the Company will continue to accrue and pay taxes in the manner associated with C Corporations in those states.

Through June 30, 2004, the Company was included in the consolidated federal income tax return filed by its Parent and filed separate state income tax returns. Tax expense is determined on a separate-return basis. Deferred tax assets and liabilities were recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities were measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

All federal income taxes owed by the Company were paid by the Parent. Payments to the Parent were made by the Company throughout the year for the Company's federal income tax liability.

(Continued)

Corporations that elect S Corporation status may be subject to income tax under the built-in gain provisions of the tax code. The taxable built-in gain is that portion of a gain on the disposition of any of the subject net assets during the ten-year period subsequent to the effective date of the election. Taxes will not be payable under the built-in gain system on subject net assets that are not disposed of in the ten-year postconversion period. As such, deferred taxes are not recognized on basis differences that will not result in taxable or deductible amounts when the related asset is recovered or liability is settled during that ten-year period. Under California S Corporation statute, the Company is subject to California franchise tax of 1.5% on its taxable income.

(i) ***Cash and Cash Equivalents***

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and in banks and all highly liquid debt instruments with original maturities of three months or less.

(j) ***Use of Estimates***

The preparation of the 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) ***Other Comprehensive Income***

The Company does not have any material components of comprehensive income, and accordingly, the Company's comprehensive income is materially the same as its net earnings for all periods presented.

(l) ***Impairment or Disposal of Long-Lived Assets***

The Company accounts for long-lived assets in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. This statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(m) ***Reclassifications***

Certain reclassifications have been made to the 2003 consolidated financial statements to conform to the 2004 presentation.

(n) ***Recently Issued Accounting Standards***

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*, an interpretation of ARB No. 51 (FIN 46). During the course of 2003, the FASB proposed modifications to FIN 46 and issued FASB Staff Positions that changed and clarified FIN 46. These modifications were subsequently incorporated into FIN 46 (revised) (FIN 46(R)), which was issued in December 2003. FIN 46(R) requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46(R) is currently effective for all new variable interest entities created or acquired after December 31, 2003. For variable interest entities created or acquired prior to December 31, 2003, the provisions of FIN 46(R) must be applied in the first interim or annual period ending after December 15, 2004. The adoption of FIN 46(R) during 2004 did not impact the Company's results of operations or financial condition.

(2) Notes and Accounts Receivable

Notes and accounts receivable consist of the following at December 31:

		2004	2003
Current portion:			
Trade receivables	$	12,000	25,000
Due from employees and related parties		13,000	8,000
Other		84,000	109,000
		109,000	142,000
Less allowance for doubtful accounts		11,000	5,000
Current portion		98,000	137,000
Noncurrent portion:			
Due from employees and related parties		31,000	7,000
Total notes and accounts receivable	$	129,000	144,000

Due from employees represents non-interest bearing notes due on demand or over a specified period of time.

(3) Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements consist of the following at December 31:

	Estimated useful life	2004	2003
Computer equipment and software	3 – 5 years	$ 1,791,000	1,670,000
Furniture and fixtures	3 – 8 years	637,000	634,000
Machinery and equipment	3 – 5 years	270,000	270,000
Leasehold improvements	5 years	48,000	48,000
Automobiles	3 – 5 years	17,000	17,000
		2,763,000	2,639,000
Less accumulated depreciation and amortization		(2,601,000)	(2,499,000)
		$ 162,000	140,000

(4) Transactions with Affiliated and Other Related Parties

Amounts due from affiliates represent advances made to the Parent. Management believes the advances are fully collectible.

The Company has an agreement with the Parent, whereby the Parent will provide management services to the Company at an annual fee. The fee covers various cost reimbursements, rent, and administrative and accounting services provided. Fees charged by the Parent amounted to $2,894,000 and $2,307,000 for the years ended December 31, 2004 and 2003, respectively.

Included in selling, general, and administrative expenses for the years ended December 31, 2004 and 2003 are approximately $31,000 and $38,000, respectively, of costs incurred by the Company and paid to Summit Marketing Communications, a wholly owned subsidiary of the Company's Parent, for advertising agency services provided. The Company also incurred expenses of $119,000 and $86,000 to Digital QuickColor, a wholly owned subsidiary of the Company's Parent, during the years ended December 31, 2004 and 2003, respectively. These expenses were for printing services and are also included in selling, general, and administrative expenses.

The Company has unsecured non-interest bearing demand notes receivable from various officers and employees, which are included in current portion of notes and accounts receivable (see note 2).

(5) Income Taxes

The Parent made a qualified Subchapter S subsidiary election effective July 1, 2004. The Company made a qualified S subsidiary election effective July 1, 2004. As an S Corporation, the Company's earnings are generally not subject to income tax, but will be reported by the stockholders on their federal and state income tax returns. However, during 2004 the Company recorded federal, state, and foreign income tax expense of $1,126,000, $190,000, and $6,000, respectively. This tax expense was recorded to account for the six months during 2004 that the Company was a C Corporation and the tax effects of electing S Corporation status, including elimination of existing deferred tax assets and liabilities.

Income tax expense for the years ended December 31, 2004 and 2003 consists of the following:

		2004	2003
Current:			
Federal	$	906,000	2,060,000
State		170,000	291,000
Foreign		6,000	11,000
		1,082,000	2,362,000
Deferred:			
Federal		220,000	80,000
State		20,000	8,000
		240,000	88,000
	$	1,322,000	2,450,000

A reconciliation of income tax expense and the amount computed by applying the statutory federal income tax rate of 35% to income before taxes follows:

		2004	2003
Expected tax expense	$	2,222,000	2,242,000
Subchapter S income nontaxable		(1,260,000)	—
Elimination of net deferred tax assets in Subchapter S conversion		255,000	—
Permanent differences		6,000	—
State income taxes, net of federal tax benefit		99,000	195,000
Other		—	13,000
	$	1,322,000	2,450,000

The tax effects of the temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities at December 31, 2004 and 2003 follow:

	2004	2003
Deferred tax assets:		
State taxes	$ —	96,000
Vacation accrual	—	38,000
Accounts receivable	—	2,000
Equipment and improvements	—	93,000
Other	—	14,000
Total deferred tax assets	—	243,000
Less valuation allowance	—	—
Net deferred tax assets	—	243,000
Deferred tax liabilities:		
Other	—	(3,000)
Total deferred tax liabilities	—	(3,000)
Net deferred tax assets	$ —	240,000

In March 2003, the Company was notified by the Internal Revenue Services (IRS) of a look back tax audit of KOA Holdings, Inc. and subsidiaries' 2000 and 2001 tax returns. KOA Holdings, Inc. is the parent company of Franchise Services, Inc., which is the Parent of Sir Speedy, Inc. The IRS examinations for these years were concluded December 14, 2004, with no additional tax liability due from Franchise Services, Inc. or any of its subsidiaries.

(6) Employee Benefit Plans

The Company maintains a defined contribution 401(k) plan (the Plan) under which employees may elect to contribute a percentage of their compensation to a trust. The employees' funds, together with a matching contribution from the Company, are invested for the accounts of the participating employees. The Company's expense in connection with the Plan was $80,000 and $97,000 in 2004 and 2003, respectively. These expenses are included in selling, general, and administrative expenses.

(7) Commitments and Contingencies

(a) Commitments

The Company's corporate office is situated in office space leased by its Parent. The Company pays rent as part of the management fee charged by the Parent (see note 4).

The Company also has several noncancelable operating leases, primarily for a warehouse and office equipment, that expire over the next four years. The lease payments are made by the Parent and passed on to the Company indirectly in the form of a management fee (see note 4). Future minimum lease payments under noncancelable operating leases as of December 31, 2004 are:

		Operating leases
Year ending December 31:		
2005	$	46,000
2006		6,000
2007		6,000
2008		6,000
Total	$	64,000

(b) ***Contingencies***

The Company is involved as both plaintiff and defendant in various legal actions which arose in the normal course of business. In the opinion of management, the settlement of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

The Company guarantees certain portions of some franchise equipment leases for 60% of their depreciated book value. At December 31, 2004 and 2003, the Company was contingently liable for approximately $0 and $1,000, respectively, relating to these leases. In the opinion of management, such guarantees will not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

(8) Master Area Franchise Agreement

In 2002, the Company entered into a Master Area Franchise Agreement with multiple overseas territories (the Franchisee), which enables the Franchisee to operate and franchise Sir Speedy printing centers in those territories. The Franchisee opened its first printing center in December 2002. The Company received a nonrefundable payment of $700,000 as the first installment of the Master Area Franchise Fee. Additional installments of $100,000 each are due in 2005, 2006, and 2007. The agreement also requires the Franchisee to pay continuing fees to the Company which are a function of gross receipts of the owned and franchised printing centers.

The Master Area Franchise Agreement also requires the Company to make an equity investment of $200,000 in a company that will provide operational support to the Sir Speedy printing centers in these territories. At December 31, 2004, this investment has not been made. It will be made at a later date once the legal entity has been established.

The Company recognized the $700,000 first installment of the Master Area Franchise Fee as income in 2002 as the initial services required by the Master Area Franchise Agreement were performed and there were no other significant conditions or obligations related to the determination of substantial performance. The other three installments of $100,000 each due in 2005, 2006, and 2007 will be recognized when received due to uncertainties concerning collectibility.