

For calendar year 2006 or fiscal year beginning month day year, and ending month day year.

California corporation number Federal employer identification number (FEIN) Check if corporation has: Refund on line 40 or Amount due on line 42

Corporation name

Address including Suite, Room, or PMB no.

City State ZIP Code

Schedule Q Questions A FINAL RETURN? B Is income included in a combined report of a unitary group?

Table with 36 rows and 4 columns. Rows are categorized into State Adjustments, CA Net Income, Taxes, and Payments. Includes line items for net income, deductions, taxes, and payments.

Refund or Amount Due	37 Tax due. If line 31 is more than line 36, subtract line 36 from line 31. Go to line 41	37	
	38 Overpayment. If line 36 is more than line 31, subtract line 31 from line 36	38	
	39 Amount of line 38 to be credited to 2007 estimated tax	39	
	40 Refund. Amount of line 38 to be refunded. Line 38 less line 39	40	
	See instructions to have the refund directly deposited. a. Routing number	40a	
	b. Type: Checking <input type="checkbox"/> Savings <input type="checkbox"/> c. Account number	40c	
	41 a Penalties and interest. b. <input type="checkbox"/> Check if estimate penalty computed using Exception B or C.	41a	
42 Total amount due. Add line 37 and line 41a. Pay this amount	42		

Schedule Q Questions (continued from Side 1)

<p>C This return is being filed pursuant to a water's-edge election under R&TC Section 25113, commencing on <input type="checkbox"/> (enter date) _____</p> <p>D Was the corporation's income included in a federal consolidated return? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>E Principal business activity code. (Do not leave blank): _____</p> <p>Business activity _____ Product or service _____</p> <p>F Date incorporated: _____ Where: <input type="checkbox"/> State <input type="checkbox"/> Country _____</p> <p>G Date business began in California or date income was first derived from California sources <input type="checkbox"/></p> <p>H First return? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," and this corporation is a successor to a previously existing business, check the appropriate box. <input type="checkbox"/> (1) sole proprietorship (2) <input type="checkbox"/> partnership <input type="checkbox"/> (3) joint venture (4) <input type="checkbox"/> corporation (5) <input type="checkbox"/> other (attach statement showing name, address, and FEIN/SSN of previous business)</p> <p>I "Doing business as" name: <input type="checkbox"/> _____</p> <p>J 1. If this corporation or any of its subsidiaries owned or leased real property in California, was there a change in control or majority ownership of any one of them this year? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. For this taxable year, did this corporation or any of its subsidiaries acquire control or majority ownership of any other legal entity that owned or leased real property in California? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>3. If this corporation or any of its subsidiaries owned or leased real property in California, has more than 50% of the voting stock of any one of them cumulatively transferred in one or more transactions since March 1, 1975? <input type="checkbox"/> Yes <input type="checkbox"/> No (Penalties May Apply – See Instructions.)</p> <p>K At any time during the taxable year, was more than 50% of the voting stock: a Of the corporation owned by any single interest? <input type="checkbox"/> Yes <input type="checkbox"/> No b Of another corporation owned by this corporation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>c Of this and one or more other corporations owned or controlled, directly or indirectly, by the same interests? <input type="checkbox"/> Yes <input type="checkbox"/> No If a or c is "Yes," enter the country of the ultimate parent <input type="checkbox"/> _____ If a, b, or c is "Yes," furnish a statement of ownership indicating pertinent names, addresses, and percentages of stock owned. If any owner is an individual, provide the SSN/ITIN.</p> <p>L Has the corporation included a Reportable Transaction, Listed Transaction or Registered Tax Shelter within this return? (See instructions for definitions). <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," complete and attach Form 8886 and/or Form 8271 for each transaction.</p> <p>M Is this corporation apportioning income to California using Schedule R? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>N How many affiliates in the combined report are claiming immunity from taxation in California under Public Law 86-272? <input type="checkbox"/> _____</p> <p>O Corporation headquarters are: <input type="checkbox"/> (1) Within California <input type="checkbox"/> (2) Outside of California, within the U.S. <input type="checkbox"/> (3) Outside of the U.S.</p> <p>P Location of principal accounting records _____</p> <p>Q Accounting method: <input type="checkbox"/> (1) Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other</p> <p>R Did this corporation or one of its subsidiaries make a federal election to be treated as a foreign sales corporation (FSC) or a domestic international sales corporation (DISC)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>S Is this corporation or any of its subsidiaries a RIC? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>T Is this corporation treated as a REMIC for California purposes? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>U Is this corporation a REIT for California purposes? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>V Is this corporation an LLC or limited partnership electing to be taxed as a corporation for federal purposes? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>W Is this corporation to be treated as a credit union? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>X Is the corporation under audit by the IRS or has it been audited by the IRS in a prior year? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Y Have all required information returns (e.g. federal Forms 1099, 5471, 5472, 8300, 8865, etc.) been filed with the Franchise Tax Board? <input type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Z Does the taxpayer (or any corporation of the taxpayer's combined group, if applicable) own 80% or more of the stock of an insurance company? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>AA Did this corporation file federal Schedule M-3 (Form 1120)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
--	--

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Signature of officer <input type="checkbox"/>	Title	Date	<input type="checkbox"/> Telephone ()
Paid Preparer's Use Only	Preparer's signature <input type="checkbox"/>	Date	Check if self-employed <input type="checkbox"/>	<input type="checkbox"/> Preparer's SSN/PTIN
	Firm's name (or yours, if self-employed) and address <input type="checkbox"/>			<input type="checkbox"/> FEIN _____ <input type="checkbox"/> Telephone ()

Schedule A Taxes Deducted. Use additional sheet(s) if necessary.

(a) Nature of tax	(b) Taxing authority	(c) Total amount	(d) Nondeductible amount
Total. Enter total of column (c) on Schedule F, line 17, and total of column (d) on Side 1, line 2 or line 3			

Schedule F Computation of Net Income. See instructions.

Income	1 a) Gross receipts or gross sales _____				
	b) Less returns and allowance _____			c Balance	1c
	2 Cost of goods sold. Attach federal Schedule A (California Schedule V)				2
	3 Gross profit. Subtract line 2 from line 1c				3
	4 Total dividends. Attach federal Schedule C, California Schedule H (100W)				4
	5 a) Interest on obligations of the United States and U.S. instrumentalities				5a
	b) Other interest. Attach schedule				5b
	6 Gross rents				6
	7 Gross royalties				7
	8 Capital gain net income. Attach federal Schedule D (California Schedule D)				8
	9 Ordinary gain (loss). Attach federal Form 4797 (California Schedule D-1)				9
10 Other income (loss). Attach schedule				10	
11 Total income. Add line 3 through line 10				11	
Deductions	12 Compensation of officers. Attach federal Schedule E or equivalent schedule	12			
	13 Salaries and wages (not deducted elsewhere)	13			
	14 Repairs	14			
	15 Bad debts	15			
	16 Rents	16			
	17 Taxes (California Schedule A)	17			
	18 Interest. Attach schedule	18			
	19 Contributions. Attach schedule	19			
	20 Depreciation. Attach federal Form 4562 and FTB 3885	20			
	21 Less depreciation claimed elsewhere on return	21a	21b		
	22 Depletion. Attach schedule	22			
	23 Advertising	23			
	24 Pension, profit-sharing plans, etc.	24			
	25 Employee benefit plans	25			
	26 a) Total travel and entertainment _____				
	b) Deductible amounts	26b			
	27 Other deductions. Attach schedule	27			
	28 Total deductions. Add line 12 through line 27				28
29 Net income before state adjustments. Subtract line 28 from line 11. Enter here and on Side 1, line 1				29	

Schedule J Add-On Taxes and Recapture of Tax Credits. See instructions.

1 LIFO recapture due to S corporation election, IRC Sec. 1363(d) deferral: \$ _____	1		
2 Interest computed under the look-back method for completed long-term contracts (Attach form FTB 3834)	2		
3 Interest on tax attributable to installment: a) Sales of certain timeshares and residential lots	3a		
b) Method for nondealer installment obligations	3b		
4 IRC Section 197(f)(9)(B)(ii) election	4		
5 Credit recapture name: _____	5		
6 Combine line 1 through line 5, revise Side 2, line 37 or line 38, whichever applies, by this amount. Write "Schedule J" to the left of line 37 or line 38	6		

Schedule V Cost of Goods Sold

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	a Additional IRC Section 263A costs. Attach schedule	4a	
	b Other costs. Attach schedule	4b	
5	Total. Add line 1 through line 4b	5	
6	Inventory at end of year	6	
7	Cost of goods sold. Subtract line 6 from line 5	7	

Method of inventory valuation ▶ _____

Was there any change in determining quantities, costs of valuations between opening and closing inventory?
 If "Yes," attach an explanation Yes No

Enter California seller's permit number, if any ▶ _____

Check if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970

If the LIFO inventory method was used for this taxable year, enter the amount of closing inventory under LIFO _____

Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the corporation? Yes No

The corporation may not be required to complete Schedules L, M-1 and M-2. See Schedule M-1 instructions for reporting requirements.

Schedule L Balance Sheet	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash			•	•
2 a Trade notes and accounts receivable			•	•
b Less allowance for bad debts	()		•()	•
3 Inventories				•
4 Federal and state government obligations				•
5 Other current assets. Attach schedule(s)				•
6 Loans to stockholders/officers. Attach schedule				•
7 Mortgage and real estate loans				•
8 Other investments. Attach schedule(s)				•
9 a Buildings and other fixed depreciable assets			•	•
b Less accumulated depreciation	()		•()	•
10 a Depletable assets				•
b Less accumulated depletion	()		()	
11 Land (net of any amortization)				•
12 a Intangible assets (amortizable only)			•	•
b Less accumulated amortization	()		()	
13 Other assets. Attach schedule(s)				•
14 Total assets				•
Liabilities and Stockholders' Equity				
15 Accounts payable				•
16 Mortgages, notes, bonds payable in less than 1 year				•
17 Other current liabilities. Attach schedule(s)				•
18 Loans from stockholders				•
19 Mortgages, notes, bonds payable in 1 year or more				•
20 Other liabilities. Attach schedule(s)				•
21 Capital stock: a Preferred stock			•	•
b Common stock			•	•
22 Paid-in or capital surplus. Attach reconciliation				•
23 Retained earnings – Appropriated. Attach schedule				
24 Retained earnings – Unappropriated				
25 Adjustments to shareholders' equity. Attach schedule				
26 Less cost of treasury stock		()		()
27 Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of income (loss) per books with income (loss) per return.

If the corporation completed federal **Schedule M-3 (Form 1120)**, see instructions.

<p>1 Net income per books</p> <p>2 Federal income tax</p> <p>3 Excess of capital losses over capital gains</p> <p>4 Taxable income not recorded on books this year (itemize)</p> <hr/> <p>5 Expenses recorded on books this year not deducted in this return (itemize)</p> <p>a Depreciation . . . \$</p> <p>b State taxes . . . \$</p> <p>c Travel and entertainment . \$</p> <hr/> <p>6 Total. Add line 1 through line 5</p>	<p>7 Income recorded on books this year not included in this return (itemize)</p> <p>a Tax-exempt interest \$</p> <hr/> <p>8 Deductions in this return not charged against book income this year (itemize)</p> <p>a Depreciation . . . \$</p> <p>b State tax refunds . \$</p> <hr/> <p>9 Total. Add line 7 and line 8</p> <p>10 Net income per return. Subtract line 9 from line 6</p>
---	---

Schedule M-2 Analysis of unappropriated retained earnings per books (Schedule L, line 24)

<p>1 Balance at beginning of year</p> <p>2 Net income per books</p> <p>3 Other increases (itemize)</p> <hr/> <p>4 Total. Add line 1 through line 3</p>	<p>5 Distributions: a Cash</p> <p>b Stock</p> <p>c Property</p> <p>6 Other decreases (itemize)</p> <hr/> <p>7 Total. Add line 5 and line 6</p> <p>8 Balance at end of year. Subtract line 7 from line 4</p>
--	--

Schedule D California Capital Gains and Losses

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less. Use additional sheet(s) if necessary.

(a) Kind of property and description (Example, 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain (loss) (d) less (e)
1					
2 Short-term capital gain from installment sales from form FTB 3805E, line 26 or line 37					2
3 Unused capital loss carryover from 2005					3
4 Net short-term capital gain (loss). Combine line 1 through line 3					4

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year. Use additional sheet(s) if necessary.

5					
6 Enter gain from Schedule D-1, line 9 and/or any capital gain distributions					6
7 Long-term capital gain from installment sales from form FTB 3805E, line 26 or line 37					7
8 Net long-term capital gain (loss). Combine line 5 through line 7					8
9 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 8)					9
10 Net capital gain. Enter excess of net long-term capital gain (line 8) over net short-term capital loss (line 4)					10
11 Total lines 9 and 10. Enter here and on Form 100W, Side 1, line 5.					11

Note: If losses exceed gains, carry forward losses to 2007