



ACCUDIAGNOSTICS FRANCHISE GROUP, LLC

355 Woodruff Road, Suite 302
Greenville, South Carolina 29607
(864) 609-5015

INFORMATION FOR PROSPECTIVE FRANCHISEES REQUIRED BY THE FEDERAL TRADE COMMISSION

TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ YOUR ENTIRE CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT.

IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION
Washington, D.C. 20580

Date of Issuance: June 21, 2005

Revised on March 28, 2006



SAME DAY DRUG, ALCOHOL & CLINICAL SCREENING

FRANCHISE OFFERING CIRCULAR

ACCUDIAGNOSTICS FRANCHISE GROUP, LLC

355 Woodruff Road, Suite 302
Greenville, South Carolina 29607
(864) 609-5015
www.accudiagnostics.com

As a franchisee, you will operate a business providing affordable, full-service drug and alcohol screening and testing, plus sample collection for DNA and other tests, for a wide variety of clients, including businesses, schools, government and private individuals.

We offer two franchise programs:

1. A single AccuDiagnostics Business. The initial franchise fee is \$35,000. The estimated initial investment, including the franchise fee, ranges from \$85,200 to \$136,883.
2. Multiple AccuDiagnostics Businesses within a defined geographic area. The initial franchise fee for the first AccuDiagnostics Business is \$35,000. The development fee is equal to \$12,500 multiplied by the number of additional AccuDiagnostics Businesses you agree to develop. For example, assuming you agree to develop five AccuDiagnostics Businesses: your initial investment will include a franchise fee of \$35,000 for the first business and a development fee of \$50,000 based on the remaining 4 businesses to be developed in the future. The estimated initial investment to operate as a Developer varies depending on the number of AccuDiagnostics Businesses you agree to develop. If, for example, you agree to develop 5 AccuDiagnostics Businesses, your estimated initial investment to establish the first AccuDiagnostics Business, including the franchise fee and development fee, ranges from \$135,200 to \$186,883.

RISK FACTORS:

1. THE FRANCHISE AGREEMENT AND MULTIPLE UNIT DEVELOPMENT AGREEMENT REQUIRE DISAGREEMENTS BE SUBMITTED TO ARBITRATION OR LITIGATION IN SOUTH CAROLINA. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN SOUTH CAROLINA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND MULTIPLE UNIT DEVELOPMENT AGREEMENT STATE THAT SOUTH CAROLINA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS. SOME STATE FRANCHISE LAWS VOID OR SUPERSEDED CHOICE OF LAW PROVISIONS. YOU SHOULD CONSIDER INVESTIGATING WHETHER YOUR STATE'S FRANCHISE LAWS PROTECT YOU. YOU SHOULD REVIEW THE STATE-SPECIFIC ADDENDA ATTACHED TO THIS OFFERING CIRCULAR AND THE FRANCHISE AGREEMENT FOR CHANGES APPLICABLE IN YOUR STATE.

3. WE HAVE ONLY RECENTLY BEGUN OFFERING FRANCHISES AND WE HAVE NO HISTORY OF FRANCHISE OPERATIONS.

4. BY NOT HAVING A PRINCIPAL REGISTER FEDERAL TRADEMARK REGISTRATION, WE DO NOT HAVE CERTAIN PRESUMPTIVE LEGAL RIGHTS WITH RESPECT TO OUR TRADEMARK THAT WOULD BE GRANTED BY A REGISTRATION.

5. MANY STATES REGULATE THE ABILITY OF EMPLOYERS AND OTHERS TO ADMINISTER DRUG OR ALCOHOL TESTS TO INDIVIDUALS. IN ADDITION TO STATE STATUTES AND REGULATIONS, SOME STATES' COURTS HAVE RENDERED DECISIONS THAT COULD ALSO RESTRICT THE ADMINISTERING OF SUCH TESTS IN THOSE STATES. THESE STATUTES, REGULATIONS, AND COURT DECISIONS VARY FROM STATE TO STATE, AND WE CANNOT ADVISE YOU ON THE LAWS OF THE STATE IN WHICH YOU INTEND TO OPERATE YOUR FRANCHISED BUSINESS. YOU WILL HAVE TO DISCUSS SUCH LAWS WITH YOUR OWN ATTORNEY. BECAUSE AN ACCUDIAGNOSTICS FRANCHISE IS BASED ON THE PREMISE OF PROVIDING FULL-SERVICE ON-SITE SCREENINGS FOR ALCOHOL AND A NUMBER OF DRUGS AND OTHER SUBSTANCES, IN ADDITION TO PROVIDING COLLECTION SERVICES FOR OFF-SITE DRUG, ALCOHOL, DNA, AND SIMILAR TESTS, A PARTICULAR STATE'S LAWS COULD HAVE A MATERIAL ADVERSE EFFECT ON THE OPERATION OF YOUR BUSINESS, AND, DEPENDING ON THE SEVERITY OF A PARTICULAR STATE'S RESTRICTIONS, COULD PREVENT YOUR FRANCHISE FROM EVER BECOMING PROFITABLE. IN SUCH EVENT, YOU COULD LOSE SOME OR ALL OF YOUR INVESTMENT. BY PURCHASING AN ACCUDIAGNOSTICS FRANCHISE, YOU ARE ACKNOWLEDGING YOUR NEED TO DISCUSS WITH AN ATTORNEY HOW YOUR STATE'S STATUTES, REGULATIONS, AND COURT CASES, AND THOSE THAT MAY ARISE IN THE FUTURE, MAY IMPACT YOUR ACCUDIAGNOSTICS FRANCHISE, AND THAT YOU ARE ASSUMING ALL RISKS WHICH RESULT, OR COULD RESULT, FROM THE IMPACT YOUR STATE'S LAWS HAVE, OR COULD HAVE, ON THE OPERATION OF AN ACCUDIAGNOSTICS BUSINESS.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

PLEASE SEE EXHIBIT G FOR ADDITIONAL RISK FACTORS.

Information comparing AccuDiagnostics Franchise Group, LLC with other franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this Offering Circular. If you learn that anything in this Offering Circular is untrue, contact the Federal Trade Commission and the state administrators listed in Exhibit A.

The Effective Date for this Offering Circular is _____ or as listed in Exhibit J to this Offering Circular.

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ITEM 1. THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this Offering Circular, the words "we," "us" and "our" refer to AccuDiagnostics Franchise Group, LLC, the franchisor of this business. The words "you" and "your" refer to the person to whom we grant a franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of our Franchise Agreement also apply to your owners and will be noted.

The Franchisor and its Business Activities

We were organized in the State of South Carolina on February 11, 2005 for the sole purpose of offering AccuDiagnostics franchises. Our principal business address is 355 Woodruff Road, Suite 302, Greenville, South Carolina 29607, and we do business only under our corporate name.

We grant franchises for the operation of businesses in conjunction with the service mark "AccuDiagnostics" and certain associated trade names, trademarks, service marks and logos that we refer to as the "Marks".* We refer to these businesses as "AccuDiagnostics Businesses" and we refer to the AccuDiagnostics Business you will operate as the "Franchised Business." In addition to granting franchises for single AccuDiagnostics Businesses, we also allow certain franchisees who meet our criteria to become "Developers" by agreeing to open a predetermined number of AccuDiagnostics Businesses in a specified area called a "Development Territory."

AccuDiagnostics Businesses provide affordable, full-service on-site screening for alcohol and a number of drugs and other substances, in addition to providing collection services for off-site drug, alcohol, DNA and similar tests. AccuDiagnostics Businesses also sell drug and alcohol screening kits to clients and provide training and certification for the clients' specimen collectors, technicians and supervisors. The typical AccuDiagnostics Business requires between 750 to 2,000 square feet of space for a waiting room, a reception area, screening stations and bathrooms. The facility should be located in a large business park near employers, governmental offices, schools and other potential clients.

We have offered franchises for AccuDiagnostics Businesses since the effective date of this Offering Circular. We do not offer and have not previously offered franchises in any other line of business and we are not engaged in any other line of business. We do not currently own or operate a business of the type being franchised, but our affiliate owns and operates an AccuDiagnostics Business in Greenville, South Carolina.

Our Affiliate

We have no predecessors. Our Affiliate, Occupational Drug Screening, Inc., was incorporated in South Carolina on March 30, 1998 and is located at 355 Woodruff Road, Suite 302, Greenville, South Carolina 29607. Our Affiliate has owned and operated one AccuDiagnostics Business in Greenville, South Carolina since 1998. Our Affiliate does not offer and has not previously offered franchises in this or in any other line of business.

Market and Competition

AccuDiagnostics Businesses provide services and products to private individuals and a wide variety of organizations including businesses, schools and government. Among other things, services are provided in connection with Drug Free Workplace Programs and other work-related testing needs, court-ordered drug testing,

* Capitalized terms not otherwise defined have the same meaning as in the Franchise Agreement attached as Exhibit C to this Offering Circular.

student and athlete mandatory drug testing and Department of Transportation required testing. We believe the market for drug and alcohol screening and testing is expanding and will continue to expand as long as the target market remains focused on the effects of drug and alcohol use. This market, however, may be affected by local, regional and national economic conditions. Additionally, new technology may have an effect on the market as instant drug testing products are refined and developed.

You will likely compete with other franchised or national drug and alcohol screening businesses and with local healthcare facilities and providers. You may also compete with pharmacies, medical supply businesses and Internet-based businesses in the sale of screening kits.

Industry Specific Regulations

Certain federal government agencies and many states have laws, rules and regulations that may apply to the products and services you will offer through the Franchised Business. Some states may require you to obtain a state certification before being allowed to administer "instant" drug screens or tests. Some states prohibit the use of "instant" drug screens. Some states may require you to employ the services of a medical review officer in cases where a screen or test gives a positive result. You should investigate whether these or other laws will apply to the Franchised Business, and you should consider the cost and effect of complying with these laws in the operation of the Franchised Business. Please see the state specific addenda in Exhibit J for any state specific rules and regulations.

Also, you must comply with all laws, rules and regulations governing the operation of the Franchised Business and obtain all permits and licenses necessary to operate the Franchised Business. Most states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your Franchised Business, including those that: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the business site and premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, availability of and requirements for public accommodations, including restroom facilities and public access; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; and (e) regulate the proper use, storage and disposal of waste or other hazardous materials.

Agents for Service of Process

Our agents for service of process are listed in Exhibit B to this Offering Circular.

ITEM 2. BUSINESS EXPERIENCE

Our Officers and Directors and all other persons who will have management responsibilities for our franchise program are as follows:

President and CEO: Felix Mirando

Mr. Mirando is our President and CEO and has been since our organization in February 2005. He is also President of our Affiliate, Occupational Drug Screening, located in Greenville, South Carolina, and has been since its incorporation in March 1998. Additionally, since September 1994, Mr. Mirando has also been the President of Fitness Solutions, Inc., which operates retail stores in Greenville and Columbia, South Carolina. He is also a co-founder of Coastal Carolina Beverage, a distribution company in Hilton Head, South Carolina, since May 1990. Previously, from May 1986 until March 2004, Mr. Mirando was President of Blakely Enterprises, Inc., which owned and operated

Heavenly Ham franchises in Greenville, Columbia (2), Greenwood, Easley and Anderson, South Carolina. He also served on the Heavenly Ham National Advisory Board in Atlanta, Georgia for 9 years.

Vice President: D. Scott Jenkins

Mr. Jenkins is our Vice President in our Greenville, South Carolina, office and has been since our organization. He is also the Vice President of our Affiliate, Occupational Drug Screening, located in Greenville, South Carolina, and has been since February 2001. From October 1999 to January 2001, Mr. Jenkins was in corporate sales for Blakely Enterprises located in Greenville, South Carolina. Mr. Jenkins is a certified instructor, Substance Abuse Collection Professional in compliance with the Federal Aviation Administration, Department of Transportation, Department of Health and Human Services and Nuclear Regulatory Commission Regulations. He is a certified instructor for breath alcohol technicians and DNA collections. He is a certified trainer in alternative testing.

Director of Franchising: Tony L. Waters

Mr. Waters has been working in the field of drug and alcohol testing for 16 years. He was President of Corporate Choice Drug Screening TPA in Greenville, South Carolina, from April 1992 to June 2004 when Occupational Drug Screening acquired his company. He is currently Director of Franchising at our office in Greenville, South Carolina. Before that, Mr. Waters worked for Roche/LabCorp in Greenville, South Carolina, from August 1986 to March 1992. Mr. Waters has served as a witness in Federal Drug Court Cases and regularly serves as a records expert witness for the Department of Social Services and Family Court. Mr. Waters is an active speaker on the subjects of Third Party Administration Drug Programs and Alternate Method Drug Testing; presenting to Public and Private Agencies, Law Enforcement and Athletes. He is certified as BAT Breath Alcohol technician and in DOT (Department of Transportation) Collections.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Offering Circular. Please see the State Specific Addenda in Exhibit J for additional information.

ITEM 4. BANKRUPTCY

No person previously identified in ITEMS 1 or 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this ITEM.

ITEM 5. INITIAL FRANCHISE FEE

Franchise Agreement

You must pay an initial Franchise Fee of \$35,000 when you sign the Franchise Agreement. The Franchise Fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees.

If you purchase additional AccuDiagnostics franchises, we will reduce the Franchise Fee for each of these additional businesses to \$25,000. Otherwise, the Franchise Fee is uniform for all franchisees.

We will refund 50% of the Franchise Fee if we, in our discretion, determine that you are unable to satisfactorily complete the training program described in ITEM 11 of this Offering Circular and if we terminate the Franchise Agreement as a result of making that determination.

Development Agreement

You must pay a Development Fee if and when you sign a Development Agreement. The Development Fee is equal to 50% of the sum of the discounted Franchise Fees for each additional AccuDiagnostics Business you agree to develop after the first one. The number of AccuDiagnostics Businesses you will open will be determined before you sign the Development Agreement. For example, if you sign a Development Agreement to open 5 AccuDiagnostics Businesses, you will sign a Franchise Agreement and pay a Franchise Fee of \$35,000 for the first Franchised Business and you will pay a Development Fee of \$50,000 equal to 50% of the sum of the discounted Franchise Fees for the 4 additional AccuDiagnostics Businesses you will open (i.e., 50% of \$25,000 + \$25,000 + \$25,000 + \$25,000 = \$50,000). Each time you sign a Franchise Agreement for one of the additional AccuDiagnostics Businesses, you must pay us the discounted Franchise Fee for that Franchised Business; however, we will credit the Development Fee against each discounted Franchise Fee at the rate of \$12,500 per Franchised Business, so the amount owed upon signing each additional Franchise Agreement will only be \$12,500.

The Development Fee is calculated uniformly for all Developers, but the amount of the actual fee will vary based on the number of AccuDiagnostics Businesses you agree to develop.

The Development Fee, but it will be credited against additional Franchises Fees as described above.

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ITEM 6. OTHER FEES

Below is a detailed description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party under the terms of the Franchise Agreement.

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales	Monthly	See definition of Gross Sales. ¹ (Section 0) [*]
Marketing Fund Contribution	2% of Gross Sales	Monthly	There is a 2% Marketing Fund Contribution for the purpose of developing marketing materials. (Section 0) We may require Marketing Fund Contributions to be used in cooperative advertising. (Section 0)
Local Advertising	Not less than 2% of Gross Sales	Monthly	You pay directly to suppliers of advertising services, subject to our approval. (Section 11.1.1) We may require Local Advertising expenditures to be used in cooperative advertising. (Section 0)
Telephone Directory Advertising	Depends on area and type of listing	As arranged	You are required to list and advertise in the "white pages" and "yellow pages" of the telephone directory in your market area. (Section 0)
Audit Expenses	Cost of audit	Upon demand	Audit costs payable only if the audit shows an understatement in amounts due of at least 3%. (Section 0)
Late Fees	18% per year or the highest rate allowed by law (whichever is less), plus collection costs	Upon demand	Applies to all overdue Royalty Fees, Marketing Fund Contributions and other amounts due to us. (Section 0) Also applies to any understatement in amounts due revealed by an audit. (Section 0)
Supplier or Product Approval	All reasonable expenses of evaluation	Time of evaluation	Applies to new suppliers or products you wish to use or purchase that we have not previously approved. (Section 0)
Insurance Policies	Amount of unpaid premiums plus our expenses in obtaining coverage for you	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. (Section 0)
Transfer Fee	\$5,000	Time of transfer	Does not apply to an assignment under Section 0 of the Franchise Agreement. (Section 18.1.7)
Relocation Assistance	Costs of providing relocation assistance	Time of assistance	We will charge you for relocation assistance if you request it and we agree to provide it. (Section 0)
Customer Service	All costs incurred in assisting your customers	Upon demand	You must reimburse us if we determine it is necessary to service your customers. (Section 0)
Additional Training	Rates as published in the Manual; currently, \$150 per day, plus our expenses and your expenses as well as your employees' expenses in	Time of service	We conduct an initial training program for you and one additional person at no charge. You pay for additional training if you request it and we agree to provide it, or if we determine that your Designated Manager turnover is excessive.

^{*} All citations of Section numbers throughout this Offering Circular refer to the Franchise Agreement, which is attached as Exhibit C.

Name of Fee	Amount	Due Date	Remarks
	attending		(Sections 0 and 0)
Additional Operation Assistance	Rates as published in the Manual, currently, \$150 per day, plus our expenses	Time of service	We provide one of our representatives to assist you for approximately 5 days at the beginning of your operations. You pay for additional assistance if you request it. (Section 0)
Ongoing Training	Your and your employees' expenses in attending these programs	Time of program	We do not charge for ongoing training programs, but you must pay your own expenses in attending. (Section 0)
System Modifications	An amount not unreasonably disproportionate to your initial investment	As required	If we decide to modify the System by requiring new equipment, fixtures, software, trademarks, etc., you must make the modifications at your expense. (Section 0)
Cost of Enforcement	All costs including attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations under the Franchise Agreement if we prevail. (Section 0)
Indemnification	All costs including attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Franchised Business. (Section 0)

No other fees or payments are to be paid to us, and we do not impose or collect any other fees or payments for any other third party. All fees are generally nonrefundable.

NOTES

¹ "Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not you collect it and whether for check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that you collect for or on behalf of and pay to any governmental taxing authority, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that you credit in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business. (Section 1)

ITEM 7. INITIAL INVESTMENT

We anticipate that you will incur the following estimated initial expenditures in the establishment of your Franchised Business. We do not offer direct or indirect financing for any of these expenditures.

Names of Expenditures	Actual or Estimated Amounts for You	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee ¹	\$ 35,000	Cashier's Check	Upon Signing Franchise Agreement	Us
Real Estate/Rent ²	1,000 - 8,333	As Arranged	Before Beginning Operations	Lessor
Utility Deposits ³	0 - 500	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements ⁴	0 - 5,000	As Arranged	Before Beginning Operations	Third Parties
Furniture, Fixtures & Improvements ⁵	5,000 - 15,000	As Arranged	Before Beginning Operations	Third Parties
Initial Inventory ⁶	3,000 - 5,000	As Arranged	Before Beginning Operations	Approved Supplier
Insurance ⁷	500 - 3,500	As Arranged	Before Beginning Operations	Third Parties
Signage ⁸	100 - 2,000	As Arranged	Before Beginning Operations	Third Parties
Drug Pak Software ⁹	2,000 - 4,000	As Arranged	Before Beginning Operations	Approved Suppliers
Office Equipment & Supplies ¹⁰	1,500 - 2,500	As Arranged	Before Beginning Operations	Third Parties
Grand Opening Advertising ¹¹	3,000 - 7,000	As Arranged	First 3 Months Of Operation	Third Parties
Training ¹²	2,500 - 5,000	As Arranged	Before Beginning Business	Third Parties
Licenses & Permits ¹³	0 - 250	As Arranged	Before Beginning Business	Licensing Authority
Legal & Accounting ¹⁴	1,500 - 3,500	As Arranged	Before Beginning Business	Attorney/Accountant
Dues & Subscriptions ¹⁵	100 - 300	As Arranged	Before Beginning Business	Third Parties
Additional Funds ¹⁶ (3 months)	30,000 - 40,000	As Arranged	As Necessary	You Determine
TOTAL¹⁷	\$ 85,200 - \$ 136,883			

NOTES

¹ Franchise Fee. The Franchise Fee is described in greater detail in ITEM 5 of this Offering Circular.

² Real Estate/Rent. You must lease or otherwise provide a suitable facility for the operation of the Franchised Business. A typical AccuDiagnostics Business has between 750 to 2,000 square feet of space for a waiting room, a reception area, testing stations and bathrooms. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between different locations. Lease costs will vary based upon square footage, cost per square foot, required maintenance costs and the local rental real estate market. We assume that you will have to pay the first month's rent and a one month security deposit in advance. The rent you pay is typically not refundable, but your security deposit may be under certain circumstances.

³ Utility Deposits. If you are a new customer of your local utilities, you will generally have to pay deposits to local utilities for services such as electric, telephone, gas and water. The amount of the deposit will vary depending upon the policies of the local utilities.

⁴ Leasehold Improvements. To convert the existing facility into an AccuDiagnostics Business, it must be renovated according to our standards and specifications. The cost of leasehold improvements will vary based upon size, condition and location of the premises, local wage rates and material costs. The low estimate assumes that your landlord will provide a partial build-out allowance.

⁵ Furniture, Fixtures & Equipment. You will be required to purchase (or lease) furniture for the office area and reception area, and other fixtures and equipment necessary for providing the services offered by AccuDiagnostics Businesses. Although some of these items may be leased, the range shown represents the actual purchase price.

⁶ Initial Inventory. You will be required to purchase an initial inventory of products such as drug screening test kits. Although it is possible to purchase initial inventory on open account, the range shown represents the full cost of purchase.

⁷ Insurance. You must purchase and maintain in effect during the term of the Franchise Agreement the type and amount of insurance specified in Section 15 of the Franchise Agreement in addition to any other insurance that may be required by applicable law, any lender or lessor. Your insurance policies must name us as an additional insured and/or loss payee. Factors that may affect your cost of insurance include the location of the Franchised Business, the value of the leasehold improvements, the amount of inventory you carry, your number of employees and other factors.

⁸ Signage. This range includes the cost of all signage used in the Franchised Business. The costs will vary based upon the size and location of the Franchised Business, local wage rates and other factors.

⁹ Drug Pak Software. You must purchase the DrugPak Software Suite. The price will vary based on the software modules you purchase. This software is described in more detail in ITEM 11.

¹⁰ Office Equipment and Supplies. You must purchase general office supplies and office equipment, including a computer system. Factors that may affect your cost of office equipment and supplies include local market conditions, the size of the Franchised Business, competition among suppliers and other factors.

¹¹ Grand Opening. You will be required to spend a minimum of \$3,000 on Grand Opening Advertising during the first 3 months of operation. You may choose to spend more. Factors that may affect your decision on the actual amount to spend include local media cost and customer demographics in the surrounding area.

¹² Training. The cost of the initial training program itself is included in the Franchise Fee, but you are responsible for transportation, food and lodging expenses while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose.

¹³ Licenses & Permits. Local government agencies typically charge fees for such things as construction permits and operating licenses. Your actual costs may vary from the estimates based on the requirements of local government agencies.

¹⁴ Legal & Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing rate of attorneys', accountants' and consultants' fees.

¹⁵ Dues & Subscriptions. You must join the Drug and Alcohol Testing Industry Association and your local Chamber of Commerce.

¹⁶ Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including employees' salaries, for the first 3 months that the Franchised Business is open. However, we cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high.

¹⁷ Total. In compiling this chart, we relied on our and our Affiliate's combined industry experience and 8 years of experience in operating a similar business. The amounts shown are estimates only and may vary for many reasons including the size of your Franchised Business, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

Development Agreement

We anticipate that you will incur the following estimated initial expenditures in the establishment of your Franchised Business if you sign a Development Agreement for the development of 5 AccuDiagnostics Businesses.

Names of Expenditures	Actual or Estimated Amounts For You	Method of Payment	When Due	To Whom Payment Is To Be Made
Development Fee*	\$ 50,000	Cashier's Check	Upon Signing Development Agreement	Us
Franchise Fee	35,000	Cashier's Check	Upon Signing the 1 st Franchise Agreement	Us
Other Expenditures** for 1 st business	50,200 - 101,883	As Disclosed in Preceding Table	As Disclosed in Preceding Table	As Disclosed in Preceding Table
TOTAL	\$ 135,200 - \$ 186,883			

* The Development Fees is described in greater detail in ITEM 5 of this Offering Circular.

**The balance of your initial investment for the first Franchised Business is as stated in the preceding table. Your costs to develop the second and each additional Franchised Business may be affected by factors such as inflation, local labor costs, materials cost and other factors not within our control.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as indicated below, you are not required to purchase or lease products or services from us or our Affiliate or from suppliers approved by us or under our specifications.

Specifications

You must remodel, furnish and equip the Franchised Business according to our standards and specifications. Many of the products, supplies and services needed in connection with establishing your Franchised Business, such as screening kits and other testing supplies, fixtures, furniture, computer systems and software and signs, must meet our specifications for appearance, quality, performance and functionality, among other things. Additionally, some of the products, supplies and services needed in connection with the ongoing operation of your Franchised Business, such as your off-site sample testing services, medical review officer services, advertising materials, stationery, business cards, employee uniforms and business insurance, must meet our specifications for appearance, quality, performance and functionality, among other things. We list the specifications for these items and services in the Manual or in other written or electronic communications provided to you. We formulate and modify our specifications for products, supplies and services based upon our and our Affiliate's industry knowledge and our Affiliate's experience in operating an AccuDiagnostics Business since 1998.

Approved Suppliers

Many of the products, supplies and services discussed above may only be purchased from Approved Suppliers. We will provide you with a list of these items and services and their Approved Suppliers, which may include or be limited to us or an Affiliate. We are an Approved Supplier of the drug screening kits and alcohol monitoring system equipment you will use in or sell from the Franchised Business. If you want to use any item or service in establishing or operating the Franchised Business that we have not approved (for items or services that require supplier approval), you must first send us sufficient information, specifications or samples for us to determine whether the item or service complies with our standards and specifications or whether the supplier meets our Approved Supplier criteria. You must reimburse us for all of our reasonable expenses in connection with determining whether we will approve an item, service or supplier. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the items or services or if you may purchase from the supplier. Our approval process generally focuses on the supplier's dependability, general reputation and ability to provide sufficient quantity of product or services, and the products' or services' prices and quality.

We may revoke prior supplier approval if the approved supplier fails to meet our standards, specifications and Approved Supplier criteria. If we should revoke the approval we will inform you in the Manual or in other written or electronic communications provided to you.

Miscellaneous

We may negotiate group rates, including price terms, for the purchase of equipment and supplies necessary for the operation of the Franchised Business. Presently, there are no such purchase or supply agreements in effect and there are no purchasing or distribution cooperatives that you are required to join, although as of the date of this

Offering Circular we are negotiating with certain suppliers for quantity discounts that will be passed through to you and our other franchisees in whole or in part. As of the date of this Offering Circular, we have not earned any revenue from the sale of items for which we are the only Approved Supplier, but we expect to include a reasonable markup in the prices of these items as we begin selling franchises. We do not receive revenue or other material consideration from third-party suppliers as a result of purchase made by you or any other franchisee. We do however, in the future expect to receive discounts or rebates from third-party suppliers based on your and other franchisees' future purchases of certain items for which we are not the only Approved Supplier.

We may establish National Accounts that you will have an opportunity to provide services to. If we do, we expect to retain 25% of the revenue received from National Accounts to compensate us for our sales, administration and billing efforts.

We estimate that approximately 55% to 65% of your expenditures for leases and purchases in establishing your Franchised Business will be for goods and services that must be purchased either from us, our Affiliate or an Approved Supplier, or in accordance with our standards and specifications. We estimate that approximately 40% to 50% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our Affiliate, an Approved Supplier or in accordance with our standards and specifications.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Franchised Businesses) based on whether or not you purchase through the sources we designate or approve; however, purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate the Franchise Agreement.

Development Agreement

We have no required specifications or Approved Suppliers for goods, services or real estate relating to the Development Agreement and we receive no revenue, rebates or discounts as a result of your purchases or leases in connection with a Development Agreement.

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other ITEMS of this Offering Circular.

Obligation	Section in the Franchise Agreement (FA) and Development Agreement (DA)	ITEM in the Offering Circular
a. Site selection and acquisition/lease	FA: Section 5 DA: None	ITEMS 11 and 12
b. Pre-opening purchases/leases	FA: Sections 5, 12 and 15 DA: None	ITEMS 7 and 8
c. Site development and other pre-opening requirements	FA: Sections 5, 8, 12 and 15 DA: None	ITEMS 6, 7 and 11

Obligation	Section in the Franchise Agreement (FA) and Development Agreement (DA)	ITEM in the Offering Circular
d. Initial and ongoing training	FA: Section 8 DA: None	ITEMS 6, 7 and 11
e. Opening	FA: Sections 5 and 11 DA: Section 4	ITEMS 7 and 11
f. Fees	FA: Sections 3, 5, 8, 10, 11, 12, 13, 14, 15, 17, 18, 20 and 22 DA: Sections 3 and 7	ITEMS 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	FA: Sections 6, 7, 9, 10 and 13 DA: None	ITEMS 8 and 16
h. Trademarks and proprietary information	FA: Sections 6, 7 and 9 DA: Section 6	ITEMS 13 and 14
i. Restrictions on products/services offered	FA: Sections 5, 6, 10 and 13 DA: None	ITEMS 8 and 16
j. Warranty and customer service requirements	FA: Section 13 DA: None	ITEM 16
k. Territorial development and sales quotas	FA: None DA: Section 4 and Exhibit A	ITEM 12
l. Ongoing product/service purchases	FA: Section 13 DA: None	ITEMS 8 and 11
m. Maintenance, appearance and remodeling requirements	FA: Sections 5, 10 and 13 DA: None	ITEMS 7 and 17
n. Insurance	FA: Section 15 DA: None	ITEMS 6, 7 and 8
o. Advertising	FA: Sections 3 and 11 DA: None	ITEMS 6, 7 and 11
p. Indemnification	FA: Section 21 DA: Section 11	ITEM 6
q. Owner's participation/management/ staffing	FA: Sections 8 and 13 DA: None	ITEM 15

Obligation	Section in the Franchise Agreement (FA) and Development Agreement (DA)	ITEM in the Offering Circular
r. Records and reports	FA: Sections 3, 11 and 12 DA: None	ITEM 11
s. Inspections and audits	FA: Sections 6 and 12 DA: None	ITEMS 6, 11 and 13
t. Transfer	FA: Section 18 DA: Section 7	ITEM 17
u. Renewal	FA: Section 4 DA: Section 5	ITEM 17
v. Post-termination obligations	FA: Section 17 DA: Section 9	ITEM 17
w. Non-competition covenants	FA: Sections 7 and 17 DA: Section 9	ITEM 17
x. Dispute resolution	FA: Section 23 DA: Section 13	ITEM 17

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your lease or other obligations.

ITEM 11. FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you under the Franchise Agreement or Development Agreement.

A. Pre-Opening Assistance

Before you open the Franchised Business, we will:

1. designate the Area of Primary Responsibility within which you will operate the Franchised Business. (Franchise Agreement, Section 2.1.6) See ITEM 12 for additional information on the Area of Primary Responsibility.
2. if you are a Developer, designate your Development Territory, as further described in ITEM 12. (Development Agreement, Section 2.1)
3. if we have not already approved a site that you have selected before signing the Franchise Agreement, designate the area within which you will locate the Franchised Business, provide you with

our criteria for site selection and approve the site you have selected for the location of the Franchised Business. (Sections 0 and 0)

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that the Franchised Business will be profitable or successful by being located at the Approved Location. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

4. review and approve your lease or purchase agreement for the site for the Approved Location. (Section 0)

Our review of your lease or purchase agreement and any advice or recommendations we may offer is not a representation or guarantee by us that you will succeed at the leased or purchased premises.

5. provide you with standard plans and specifications for the build-out of the Approved Location along with a list of required equipment that you must purchase and install and improvements that you must make. (Section 0)

6. provide approximately 2 weeks of initial training for your Designated Manager and up to one assistant. This training is described in detail later in this ITEM. (Section 0)

7. provide you on-site assistance and guidance for approximately 5 days, subject (as to timing) to the availability of our personnel. (Section 0)

8. lend you one copy of the AccuDiagnostics Operations Manual or make the Manual available to you in electronic form. (Section 0) The Table of Contents of the Operations Manual, along with number of pages devoted to each section, is attached as Exhibit D to this Offering Circular.

B. Other Assistance During the Operation of The Franchised Business

After the opening of the Franchised Business, we will:

1. from time to time, advise, discuss problems and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods. Our advice and guidance may relate to authorized services or products, operational methods, accounting procedures, and marketing and sales strategies, and is based on our and our franchisees' knowledge of and experience in operating AccuDiagnostics Businesses. (Section 0)

2. at our discretion, establish National Accounts that may require AccuDiagnostics services within your Area of Primary Responsibility. If we do enter into an agreement with a National Account that has a facility in your Area of Primary Responsibility, you have the right to service that facility at the System-wide prices we determine. You will receive 75% of the price charged to the client, and we will retain the remaining 25% to defray our costs associated with sales, administration and billing. If you decide not to service the facility, we can service it ourselves or we can allow other AccuDiagnostics Businesses or third parties to service it. (Section 0)

3. at our discretion, make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance in various aspects of the operation and management of the Franchised Business. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised

Business and detail any deficiencies that become evident as a result of our visit. If we prepare a report, you may request a copy from us. (Section 0)

4. make available to you additional operations assistance and ongoing training as we deem necessary. (Sections 0 and 0)

5. make available to you changes and additions to the System as generally made available to all franchisees. (Section 0)

6. periodically provide advertising and promotional materials, including ad-slicks, brochures, fliers and other materials to you for use in Grand Opening Advertising or Local Advertising. (Section 0)

C. Advertising and Promotion

1. Each month, you must spend at least 2% of your Gross Sales on advertising, promotions and public relations in the local area surrounding the Franchised Business. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and we will review and approve your advertisements. (Section 0)

2. We will develop a System-wide Marketing Fund, and, you will be required to contribute up to 2% of your Gross Sales to the fund. (Section 0) We will administer the Marketing Fund as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Marketing Fund.

(b) We may use your contributions to meet any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page of similar activities; employing advertising agencies to assist in this advertising; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). We initially plan to conduct all advertising in-house, but we may use a national or regional advertising agency in the future. We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Marketing Fund. We will not use Marketing Fund Contributions for the direct solicitation of franchise sales.

(c) We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the Marketing Fund before using current contributions. We intend for the Marketing Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the Marketing Fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to our franchisees on a *pro rata* basis.

(d) All AccuDiagnostics Businesses owned by our Affiliate or us will make similar contributions to the Marketing Fund as required of franchisees.

(e) We will have an accounting of the Marketing Fund prepared each year and we will provide you with a copy if you request it. We may require that the annual accounting be audited by an independent certified public accountant at the expense of the Marketing Fund.

(f) The Marketing Fund is not a trust and we assume no fiduciary duty in administering the Marketing Fund.

3. Although we are not obligated to do so, we may create a Cooperative Advertising program for the benefit of all AccuDiagnostics Businesses located within a particular region. We have the right to (a) allocate any portion of the Marketing Fund to a Cooperative Advertising program; and (b) collect and designate all or a portion of the Local Advertising for a Cooperative Advertising program. We will determine the geographic territory and market areas for each Cooperative Advertising program. You must participate in any Cooperative Advertising program established in your region. If a Cooperative Advertising program is implemented in a particular region, we may establish an advertising council for franchisees in that region to self-administer the program. (Section 0)

4. During your first 3 months of operation, you must spend at least \$3,000 on Grand Opening Advertising, including print ads, news media promotions, direct mail advertising, dues for business organizations, event dues or other solicitation and promotional efforts. We will provide you with guidance for conducting Grand Opening Advertising, and we will review and approve the materials you use in your Grand Opening Advertising. (Section 0)

5. You must list the telephone number for the Franchised Business in your local telephone directory and in the "yellow pages" category we specify. You must place the listings together with other Franchised Businesses operating within the distribution area of the directories. (Section 0)

D. Computer/Point-of Sale System

We have the right, under the Franchise Agreement, to require you to purchase and use any and all computer software programs that we may designate and to purchase all computer hardware necessary for the efficient operation of the software. (Section 0) Presently, we require you to purchase the DrugPak Software Suite. DrugPak is a leading software package for the management of drug and alcohol testing facilities. At a minimum, you must purchase the Main Module (Full Version) at a cost of \$1,295 and the DP Billing Module at a cost of \$695. The Main Module manages the central database, performs random selections, stores test results and prints reports, among other things. The DP Billing Module creates invoices for testing activity. You may also choose to purchase additional modules, such as the DP Informer Module at a cost of \$795, and the DP Live Module, the price of which varies based on the number of users. The total price of the software depends on the number of modules you purchase. Our Affiliate has used this software in the operation of its AccuDiagnostics Business since 2004. We are the only approved supplier of the DrugPak Software Suite; and require you to purchase this software from us so that we can negotiate quantity discounts from its manufacturer, which we will pass onto you and other franchisees in whole or in part. The DrugPak Software Suite is made by Scanlon Associates, 123 Hoy Street, State College, Pennsylvania. You can view detailed information about this software on the Internet at www.drugpak.com.

Additionally, you must also purchase QuickBooks (single user or multi-user) and Microsoft Office.

You must also purchase and use computer hardware compatible with our system and capable of running the above-described software, which at a minimum includes a computer with a Pentium III 2.80GHz processor, 256MB ram, a 40GB hard drive, a 15-inch monitor and a high-speed-Internet-compatible modem. You

must purchase a compatible inkjet or laser printer. We do not currently require you to comply with any other computer hardware specifications.

We have no obligation to provide support, ongoing maintenance, repairs or upgrades for the required computer hardware. We recommend that you purchase an extended warranty when you purchase your computer hardware.

We have the right to independently access all information collected or compiled by or in accordance with your use of the software at any time without first notifying you.

You must update or upgrade computer hardware components and/or software as we deem necessary but not more than one time per calendar year.

E. Methods Used to Select the Location of the Franchised Business

If you have a potential site for the Franchised Business, you may propose the location for our consideration. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will designate an area within which you must locate the Franchised Business and we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. (Sections 0 and 0)

The general site selection and evaluation criteria that we consider in approving your site includes condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other AccuDiagnostics Businesses, lease requirements, proximity to major roads and overall suitability. We will provide you with written notice of our approval or disapproval of any proposed site within a reasonable time after receiving all requested information. If you and we cannot agree on a suitable site for the Franchised Business, we may terminate the Franchise Agreement.

If you are a Developer, we will grant you a Development Territory, which is the area within which you must locate each of your AccuDiagnostics Businesses. For each AccuDiagnostics Business you develop, you must first propose the specific sites for our consideration according to the process above. (Development Agreement, Section 2.1)

F. Typical Length of Time Before Operation

The typical length of time between the signing of the Franchise Agreement and the opening of your Franchised Business is approximately 3 months; however, you are required to open your Franchised Business and be operational within 5 months after signing the Franchise Agreement. Factors that may affect how long it takes you to open the Franchised Business include your ability to secure permits, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures. (Section 0)

G. Training

We will conduct an initial training program that the Designated Manager (which is you, if you are not a corporation or other business entity) must attend and complete to our satisfaction not more than 90 days after signing the Franchise Agreement. Although initial training is mandatory for the Designated Manager, it is also available for one additional assistant. Training will take place at our headquarters, or at another location we designate, on an as needed basis as we may determine. The initial training program will be approximately 2 weeks long and will cover all material aspects of the operation of an AccuDiagnostics Business, including such topics as sample

collection, screening and testing methods and procedures, chain of custody protocols, sales and marketing methods, financial controls, maintenance of quality standards, customer service techniques, record keeping and reporting procedures, software usage, other operational issues and on-the-job training. If you replace your Designated Manager, your new Designated Manager must attend our training program. Although we do not charge for initial training, you must pay all expenses incurred during training including travel, lodging, meals, and employees' salaries, if applicable. You may be charged fees for training a new Designated Manager. You are responsible for training your own employees and other management personnel. This initial training is in addition to the 5 days of on-site opening assistance we provide to you. (Section 8)

SUBJECT	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	INSTRUCTOR
Drug Testing	Handbook, Training Lab	2 days	30	Scott Jenkins Tony Waters
Alcohol Testing	Handbook, Training Lab	1.5 days	16	Scott Jenkins
Drug Pak Software System	Manual	1 day	30	Tony Waters
Administration / Accounting	Software	1 day	10	Felix Mirando
Sales / Marketing	Handbook	1 day	4	Felix Mirando Scott Jenkins
Genetic / DNA / Paternity	Training Lab	1 day	6	Scott Jenkins

Felix Mirando, Scott Jenkins and Tony Waters will provide training. Their qualifications are listed in ITEM 2.

From time to time we may require that previously trained and experienced franchisees, their managers or employees attend refresher-training programs to be conducted at our headquarters. Attendance at these programs will be at your sole expense; however, we will not require you to attend more than 2 of these programs in any calendar year and these programs will not collectively exceed 2 days during any calendar year. (Section 0)

ITEM 12. TERRITORY

We do not grant exclusive or protected territories to our AccuDiagnostics franchisees. However, as long as you are not in default under any of the terms of the Franchise Agreement, we will not establish or operate, or grant others the right to establish or operate, more than one AccuDiagnostics Business for every 50,000 persons within the county in which the Franchised Business is located. Otherwise, we retain all rights and discretion with respect to the Marks and System, including the right to: (a) establish or operate, and grant others the right to establish or operate, AccuDiagnostics Businesses at any location inside or outside of the Area of Primary Responsibility; (b) service National Accounts within the Area of Primary Responsibility, or allow other AccuDiagnostics Businesses or third parties to service National Accounts; (c) establish or operate, and grant others the right to establish or operate, other businesses offering the same or similar products utilizing the Marks or other trade names, trademarks and service marks; (d) provide services similar to those offered through the Franchised Business through any alternate channel of distribution, including through outlets at a fixed location and by Internet; and (e) engage in any activities not expressly forbidden by the Franchise Agreement.

You may operate the Franchised Business only at the Approved Location. If the Approved Location has not been determined by the time you sign the Franchise Agreement, you must select a location for your Franchised Business from within your Area of Primary Responsibility. Although we may assist you in selecting a location, you are solely responsible for selecting the Approved Location and negotiating the lease or purchase terms. You must not relocate the Franchised Business without obtaining our written consent of the relocation. If you wish to purchase an additional Franchised Business you must apply to us, and we may at our discretion offer an additional franchise to you.

You are prohibited from directly marketing to or soliciting customers whose principal business office (or principal residence, if the client is an individual) is outside of your Area of Primary Responsibility. However, you may provide services and sell products to clients located outside of the Area of Primary Responsibility if there is no other franchisee in that area, and that client initiates the contact with you. You may not advertise in any media whose primary circulation is outside of the Area of Primary Responsibility without our permission, unless the advertisement is part of a Cooperative Advertising program. If we establish a National Account, you will be compensated for the work you perform as disclosed in ITEMS 8 and 11.

There are no minimum sales quotas.

Development Agreement

If you are a Developer, we will grant you a Development Territory. The Development Territory will vary in size depending upon the number of AccuDiagnostics Businesses you intend to develop, population density and demographics and other factors. So long as you meet the minimum Development Schedule, comply with all other provisions of the Development Agreement and comply with the provisions of each Franchise Agreement, we will not establish or operate, or license others to establish or operate, an AccuDiagnostics Business or substantially similar business inside your Development Territory.

At the expiration of the Development Agreement, if you have complied with all of its terms and conditions, and if we determine that the Development Territory can be further developed by opening additional AccuDiagnostics Businesses, we will, for one year after the expiration of the Development Agreement, give you a right of refusal to develop, own and operate any new AccuDiagnostics Businesses inside of the Development Territory.

ITEM 13. TRADEMARKS

You must operate the Franchised Business under the name "AccuDiagnostics." You may also use any other current or future Mark to operate the Franchised Business that we designate in writing, including the logo on the front of this Offering Circular. By "Mark," we mean any trade name, trademark, service mark or logo used to identify AccuDiagnostics Businesses. As of the date of this Offering Circular, we have a pending application for registration on the Principal Register of the U.S. Patent and Trademark Office ("PTO") for the following Mark:

Mark	Serial Number	Filing Date
AccuDiagnostics (Standard Character Mark)	76626436	December 28, 2004

By not having a Principal Register federal registration for "AccuDiagnostics," we do not have certain presumptive legal rights granted by a registration. We may not be able to inhibit the use of the Mark "AccuDiagnostics" or the logo design within your proposed territory and we urge you to investigate the possibility

before signing the Franchise Agreement. Until our Marks are registered on the federal register, our legal rights to "AccuDiagnostics." lie in common law from our use of the Marks since January 2005.

There are currently no effective material determinations of the PTO, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving any of the Marks.

There are no infringing or prior superior uses actually known to us that could materially affect the use of the Marks in this state or any other state in which the Franchised Business may be located.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business. You may only use the Marks in accordance with our standards, operating procedures and specifications. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We may take whatever action we deem appropriate in these situations; we will have exclusive control over any settlement, litigation or PTO proceeding or other proceeding arising out of any alleged infringement, challenge or claim or otherwise concerning any Mark. You must take any actions that, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

We can require you to modify or discontinue use of any Mark or to use one or more additional or substitute trademarks or service marks. We will not reimburse you for modifying or discontinuing the use of a Mark or for substituting a trademark or service mark for a discontinued Mark. We will not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to such proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for removing signage or discontinuing your use of any Mark, and we will not reimburse your legal expenses in any dispute where we challenge your use of a Mark. We will also not reimburse you for the fees of your separate, independent legal counsel.

You must use the Marks as the sole trade identification of the Franchised Business, but you may not use any Mark or part of any Mark as part of your corporate name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by applicable law.

You must notify us if you apply for any trademark or service mark registrations. You may not register any of the Marks, or a trademark or service mark that is confusingly similar to any of our Marks, either with the PTO or any state or foreign country.

You may not establish, create or operate an Internet site or website using any domain name containing, or advertise on the Internet using, the word "AccuDiagnostics" or any other Mark (or any variation of any Mark) without our prior written consent.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We own certain copyrights in the Manual, marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

There are currently no effective determinations of the Copyright Office (Library of Congress) or any court regarding the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We own certain trade secrets and other Confidential Information that we will provide to you during training, in the Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the Confidential Information for the purpose of operating your Franchised Business. You may only divulge any Confidential Information to employees who must have access to it in order to operate the Franchised Business. You are responsible for enforcing the confidentiality requirements among your employees.

Certain individuals with access to Confidential Information, including your owners (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt or disclose to other franchisees. Likewise, we will disclose to you other franchisees' concepts and developments that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

The Franchised Business must always be under the direct full-time supervision of a Designated Manager, which is you if you are an individual, or is an individual you select if you are a business entity. You (or your Designated Manager) must attend and satisfactorily complete our initial training program before opening the Franchised Business. The Designated Manager must devote his or her full-time efforts (at least 35 hours per week) to the management of the day-to-day operation of the Franchised Business. If you select and individual to be your Designated Manager this Designated Manager need not have an equity interest in the Franchised Business.

As described in ITEM 14, your owners (and members of their immediate families and households), officers, directors, partners, members, managers, executives, employees and staff, and other individuals having access to Trade Secrets or other Confidential Information may be required to sign nondisclosure and non-competition agreements in a

form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements.

If you are a business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guaranty and Assumption of Obligations attached to the Franchise Agreement as Exhibit C.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the products that we specify from time to time, in strict accordance with our standards and specifications. You may not sell any products that we have not authorized and you must discontinue offering any products that we disapprove in writing at any time.

We may periodically change required and/or authorized products or services. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, signs and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications; however, during the initial term of the Franchise Agreement you will not be required to spend more than your original investment on modifications.

From time to time, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as we determine, including test marketing, your qualifications, and regional or local differences.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The following tables list certain important provisions of the Franchise Agreement and the Development Agreement respectively. You should read these provisions in the agreements attached to this Offering Circular. **You should refer to any state-specific addenda attached to this Offering Circular for exceptions to this ITEM 17.**

Franchise Agreement

Provision	Section in the Franchise Agreement	Summary
a. Term of the franchise	Section 0	The initial term is 5 years.
b. Renewal or extension of the term	Section 0	You may renew for 3 additional terms of 5 years each, subject to (c) below. If you fail to meet any 1 of these conditions we may refuse to renew or extend the terms of your Franchise Agreement.

Provision	Section in the Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section 0	You may renew the Franchise Agreement if you: have substantially complied with the provisions of the Franchise Agreement; have the right to maintain possession of the Approved Location or an approved substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely notice of your intent to renew; sign a current Franchise Agreement; comply with current qualifications and training requirements; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by you	Section 0	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 30 days of receiving your written notice.
e. Termination by us without cause	None	
f. Termination by us with cause	Section 0	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the Franchise will terminate.
g. "Cause" defined- defaults that can be cured	Section 16.1.2	You can avoid termination of the Franchise Agreement if you cure the following defaults within 30 days of receiving our notice of termination: failure to make payments due us; or failure to comply with mandatory specifications in the Franchise Agreement or Manual. If we terminate the Franchise Agreement following a default, your interest in the Franchise will terminate.

Provision	Section in the Franchise Agreement	Summary
h. "Cause" defined- defaults that cannot be cured	Section 16.1.1	<p>We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to establish and equip the Franchised Business; fail to satisfactorily complete training; make a material misrepresentation or omission in the application for the franchise; are convicted of or plea no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; use the Manual or Confidential Information in an unauthorized manner; abandon the Franchised Business for 5 consecutive days; surrender or transfer of control of Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of a Designated Manager if you die or become disabled; submit reports on 2 or more separate occasions understating any amounts due by more than 3%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks, copyrights or Confidential Information; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any Affiliate; violate any health, safety or other laws or conducts the Franchised Business in a manner creating a health or safety hazard; engage in any activity exclusively reserved to us; fail to comply with any applicable law or regulation within 10 days after being given notice of noncompliance; repeatedly breach the Franchise Agreement or fail to comply with mandatory specifications; or default under any other agreement between you and us (or our Affiliate) such that we (or our Affiliate) have the right to terminate the agreement. If you fail to meet the conditions your interest in the Franchise will terminate.</p>
i. Your obligations on termination or non-renewal	Section 0	<p>If the Franchise Agreement is terminated or not renewed, you must: stop operating the Franchised Business; stop using any Confidential Information, the System and the Marks; if requested, assign your interest in the Approved Location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the termination provisions of the Franchise Agreement; return the Manual and all other Confidential Information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.</p>

Provision	Section in the Franchise Agreement	Summary
j. Assignment of contract by us	Section 18	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by you-definition	Section 0	"Transfer" includes transfer of ownership in the franchise, the Franchise Agreement, the Approved Location, the Franchised Business's assets or the franchisee entity.
l. Our approval of transfer by you	Section 0	You may not transfer your interest in any of the above without our prior written consent.
m. Conditions for our approval of transfer	Section 0	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of \$5,000; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement; and before assuming management of the operation of the Franchised Business, the transferee's Designated Manager has completed the initial training program.
n. Our right of first refusal to acquire your Franchised Business	Section 19	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o. Our option to purchase your Franchised Business	Section 0	Except as described in (n) above, we do not have the right to purchase your Franchised Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for book value.

Provision	Section in the Franchise Agreement	Summary
p. Your death or disability	Section 0	If you (or one of you owners) die or become incapacitated, your representative must transfer, subject to the terms of the Franchise Agreement, your interest in the Franchised Business within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 0	You, your owners (and members of their families and households) and your officers, directors, executives managers or professional staff are prohibited from: attempting to divert any business or customer of the Franchised Business to a Competitive Business; causing injury or prejudice to the Marks or the System; or owning or working for a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 0	For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives managers or professional staff are prohibited from: owning or working for a Competitive Business operating within 25 miles of the Approved Location (or within the Area of Primary Responsibility, if greater) or within 25 miles of any other AccuDiagnostics Business; or soliciting or influencing any of our employees or business associates to compete with us or terminate their relationship with us.
s. Modification of the agreement	Sections 0 and 0	The Franchise Agreement can be modified only by written agreement between you and us. We may unilaterally modify the Manual if the modification does not materially alter your fundamental rights.
t. Integration/merger clause	Section 0	Only the terms of the Franchise Agreement are binding. Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 0	Except for claims relating to the Marks, Confidential Information and covenants not to compete, all disputes must be arbitrated in Greenville County, South Carolina.
v. Choice of forum	Section 0	Any litigation must be pursued in courts located in Greenville County, South Carolina. Please review the State Specific Addenda in Exhibit J to the Offering Circular.

Provision	Section in the Franchise Agreement	Summary
w. Choice of law	Section 0	South Carolina law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.). Please review the State Specific Addenda in Exhibit J to the Offering Circular

Development Agreement

Provision	Section in the Development Agreement	Summary
a. Term of the Development Rights	Section 5.1	The term expires on the last Opening Date on the Development Schedule.
b. Renewal or extension of the term	None	
c. Requirements for you to renew or extend	None	
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	Section 8	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined-defaults that can be cured	Section 8.2	You can avoid termination of the Franchise Agreement if you cure a default arising from your failure to comply with mandatory specifications in the Development Agreement within 30 days of receiving our notice of termination.
h. "Cause" defined-defaults that cannot be cured	Section 8.1	We have the right to terminate the Development Agreement without giving you an opportunity to cure if you: made a material misrepresentation or omission in the application for the franchise; transfer of control of Development Agreement or an interest in the your business entity in an unauthorized manner; misuse or make unauthorized use of the Marks; terminate any Franchise Agreement with or without cause; or fail to meet the timing requirements and deadlines contained in

Provision	Section in the Development Agreement	Summary
		the Development Schedule.
i. Your obligations on termination/non-renewal	Section 9	If the Development Agreement is terminated or not renewed, you must: stop using any Confidential Information; pay all sums owed to us; and comply with the covenants not to compete and any other surviving provisions of the Development Agreement.
j. Assignment of contract by us	Section 7.1	There are no restrictions on our right to assign our interest in the Development Agreement.
k. "Transfer" by you-definition	Section 7.2	"Transfer" includes transfer of ownership in the Development Rights, the Development Agreement, or the developer entity.
l. Our approval of transfer by you	Section 7.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for our approval of transfer	Section 7.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form satisfactory to us; the prospective transferee meets our business and financial standards; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of \$5,000; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Development Agreement; the transferee has obtained all necessary consents and approvals of third parties; and you or all of your equity owners have signed a non-competition agreement in a form satisfactory to us.
n. Our right of first refusal to acquire your Development Rights	Section 7.4	We may match an offer for your Development Rights or an ownership interest you propose to sell.
o. Our option to purchase your Development Rights	None	
p. Your death or disability	None	
q. Non-competition covenants during the term of the Development	None	

Provision	Section in the Development Agreement	Summary
Agreement		
r. Non-competition covenants after the Development Agreement is terminated or expires	Section 9.4	The Development Agreement incorporates by reference the post-term non-competition covenants of the Franchise Agreement.
s. Modification of the agreement	Section 12.8	The Development Agreement can be modified only by written agreement between you and us.
t. Integration/merger clause	Sections 12.1 and 12.8	Only the terms of the Development Agreement are binding, although if there is a conflict between the Development Agreement and any Franchise Agreement, the terms of the Franchise Agreement control. Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 13.7	Except for claims relating to the Marks and Confidential Information, and claims for injunctive relief, all disputes must be arbitrated in Greenville County, South Carolina.
v. Choice of forum	Section 13.2	Any litigation must be pursued in courts located in Greenville County, South Carolina. Please review the State Specific Addenda in Exhibit J to the Offering Circular
w. Choice of law	Section 13.1	South Carolina law applies, except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.). Please review the State Specific Addenda in Exhibit J to the Offering Circular

These states have statutes that may supersede the Franchise Agreement concerning your relationship with us, including the areas of termination, renewal and transfer of the franchise and dispute resolution of the franchise: ARKANSAS (Ark. Code Ann. Sections 4-72-201 to 4-72-210); CALIFORNIA (Cal. Bus. & Prof. Code Sections 20000 to 20043); CONNECTICUT (Conn. Gen. Stat. Ann. Sections 42-133e to 42-133h); DELAWARE (Del. Code Ann. Tit. 6 Sections 2551 to 2556); FLORIDA (Stat., Section 542.335); HAWAII (Haw. Rev. Stat. Sections 482E-1 to 482E-12); ILLINOIS (815 ILCS 705/1-44); INDIANA (Ind. Code Ann. Sections 23-2-2.7-1 to 23-2-2.7-7); IOWA (Iowa Code, Ch. 523H, Sections 523H.1 to 523H.17); LOUISIANA (La. Rev. Stat. Ann. Tit. 23, Sections 921[E] and Tit. 12, Section 1042); MICHIGAN (Mich. Comp. Laws, Sections 445.1527 & 445.1535); MINNESOTA (Minn. Stat. Section 80C.14 and Minnesota Rules, Department of Commerce, Section 2860.4400); MISSISSIPPI (Miss. Code Ann. Sections 75-24-51 to 75-24-63); MISSOURI (Mo. Rev. Stat. Sections 407.400 to 407.420); NEBRASKA (Neb. Rev. Stat. Sections 87-401 to 87-410); NEW JERSEY (N.J. Rev. Stat. Sections 56:10-1 through 56:10-12); NORTH CAROLINA (Chpt. 22B, Sec. 3); PUERTO RICO (Ann., Sections 278 to 278d); SOUTH DAKOTA (S.D. Codified Laws, Section 37-5A-51); VIRGIN ISLANDS (Code, Sections 130-139); VIRGINIA (Va. Code Ann. Sections 13.1-

557 through 13.1-574); WASHINGTON (Wash. Rev. Code Sections 19.100.180 to 19.100.190); WISCONSIN (Wis. Stat. Sections 135.01 to 135.07). These and other states may have court decisions that may supersede the Franchise Agreement concerning your relationship with us, including the areas of termination, renewal and transfer of the franchise and dispute resolution of the franchise.

ITEM 18. PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19. EARNINGS CLAIM

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an AccuDiagnostics Business. Actual results vary from unit to unit and we cannot estimate the results of any particular franchise.

ITEM 20. LIST OF OUTLETS

FRANCHISED BUSINESS STATUS SUMMARY FOR THE YEAR ENDING DECEMBER 31, 2005/2004							
State	Transfers	Cancelled or Terminated	Not Renewed	Reacquired by Company	Left the System- Other	Total From Left Columns	Franchises Operating at Year End
Kentucky	0/0	0/0	0/0	0/0	0/0	0/0	1/0
Total	0/0	0/0	0/0	0/0	0/0	0/0	1/0

As of the date of this Offering Circular, there are no franchisees who have had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the application date.

The following is the name and address of our franchisee:

Winds of Change, LLC
3439 Buckhorn Drive, Ste. 130
Lexington, Kentucky 40515

STATUS OF COMPANY AND AFFILIATE-OWNED BUSINESSES FOR THE YEARS ENDING DECEMBER 31, 2005/2004/2003			
State	Businesses Closed During Year	Businesses Opened During Year	Total Businesses Operating at Year-End
South Carolina*	0/0/0	0/0/0	1/1/1
Total	0/0/0	0/0/0	1/1/1

*The AccuDiagnostics Business referred to in this table is owned and operated by our Affiliate.

PROJECTED OPENINGS DURING THE UPCOMING YEAR ENDING DECEMBER 31, 2006			
State	Franchise Agreements Signed but Business Not Open	Projected New Franchised Businesses in 2006	Projected Company-Owned Openings in 2006
Total*	0	2	0

* We offer and sell franchises in all states in which we are permitted to do so, but we cannot project the states in which new AccuDiagnostics Businesses will be opening during the remainder of our current fiscal year.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit F are our audited financial statements for the period from our inception on February 11, 2005 through December 31, 2005. Also attached are our interim financial statements for the period from January 1, 2006, through February 28, 2006. **Prospective franchisees should note that no certified public accountant has audited our interim financial statements or has expressed an opinion with regard to the content or form of these financial statements.**

Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The AccuDiagnostics Franchise Group, LLC Franchise Agreement is attached to this Offering Circular as Exhibit C.

The AccuDiagnostics Franchise Group, LLC General Release is attached to the Franchise Agreement as Exhibit A.

The AccuDiagnostics Franchise Group, LLC Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit B.

The AccuDiagnostics Franchise Group, LLC Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Exhibit C and to the Multiple Unit Development Agreement as Exhibit B.

The AccuDiagnostics Franchise Group, LLC Multiple Unit Development Agreement is attached to this Offering Circular as Exhibit E.

We provide no other contracts or agreements for your signature.

ITEM 23. **RECEIPT**

Our copy and your copy of the Uniform Franchise Offering Circular Receipt are located on the last 2 pages of this Offering Circular.