

Item 1

THE FRANCHISOR, ITS PREDECESSOR AND AFFILIATES

The franchisor is Happy & Healthy Products, Inc. This Offering Circular refers to the franchisor as the Company. To simplify the language in this Offering Circular, “you” means the person or persons who buy the franchise.

The Company does business and intends to do business under the name Happy & Healthy Products, Inc. The Company’s principal business address is 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432. The Company’s agent for service of process, if any, in your state is listed on the Receipt, the last page of this Offering Circular. The Company is a corporation organized under the laws of the State of Florida on February 25, 1991 and started selling product on or about March 19, 1993.

The Company has no predecessors or affiliates that currently offer franchises in any line of business or that provide products and services to franchisees. The Company does not own or operate any similar businesses. The Company also engages in the business of selling freezers, cart kits, its proprietary brand of frozen yogurt bars and frozen dessert bars sold under the registered design trademark FRUITFULL[®] (collectively referred to as “FRUITFULL[®] fruit bars” or “FRUITFULL[®] Products”) and other products to its franchisees.

All of the Company’s products are called “H & H Products.” You will be authorized to sell a full line of H & H Products. You also may be authorized to sell products which, after testing, the Company determines are complementary to H & H Products and any other products authorized for sale by the Company. All of the Company’s products are called “H & H Products.” Currently, the H & H Products include FRUITFULL[®] fruit bars, Fruit Goodness[®] fruit bars, Happy Indulgence[®] Decadent Dips[™] dessert bars, Be Happy & Healthy[®] snacks and breads. The Company, is currently considering adding ice cream as an H & H Product.

You will have the choice of four franchise packages -- a Retail, a Standard Wholesale, Grand Wholesale or Super Grand Wholesale package. Retail Franchisees receive one pallet of frozen H & H Products and one dedicated freezer with a cart kit, and sell H & H Products from the cart which can be moved from location to location to take advantage of sales opportunities at special events. Retail Franchisees can convert to a Standard Wholesale Franchise by purchasing 9 freezers and 1 pallet of frozen H & H Products from the Company and by obtaining the services of an independent marketing consultant to assist the franchisee with training and placement of the freezers. Standard Wholesale Franchisees receive two pallets of frozen H & H Products, 10 dedicated freezers and the assistance of one of the Company’s independent marketing consultants for at least 5 days. Standard Wholesale Franchisees primarily engage in placing freezers stocked with H & H Products in retail locations as well as doing special events. Grand Wholesale Franchisees receive 2 pallets of frozen H & H Products, 20 dedicated freezers and the assistance of one of the Company’s independent marketing consultants for at least 10 days. Grand Wholesale Franchisees both place and stock freezers in retail locations and may sell H & H Products at retail from a freezer cart. Super Grand Wholesale Franchisees receive 3 pallets of frozen H & H Products, 30 dedicated freezers and the

assistance of one of the Company's independent marketing consultants for at least 10 days. Super Grand Franchisees both place and stock freezers in retail locations and may sell H & H Products at retail from a freezer cart. All Franchisees can purchase additional freezers and carts. Freezers and carts can stock only H & H Products, authorized products and other non-competitive products. If the Company elects to add items to its line of H & H Products, these items can also be stocked in the freezers and carts and competitive products must be removed. For example, if the Company elects to add ice cream as an H & H Product, you may stock only the Company's ice cream in your freezers and carts after the Company makes the addition.

Any franchisee who purchases at least 15 pallets of H & H Products annually will be appointed a Master Distributor, and then may purchase H & H Products at an additional discount. Master Distributors have the right to sell H & H Products to the other Franchisees the Company appoints them to sell to, on the terms and conditions (other than price) determined by the Company. You will have the right to purchase H & H Products from the Master Distributor(s) that the Company appoints to sell to you. You may make emergency purchases, to fill an unexplained shortage of certain products, from another Franchisee, with the Company's permission requested and granted in writing.

You will typically be able to operate your business from an office in your home, and keep your inventory in a local commercial cold storage facility.

The market for H & H Product sales locations is retailers like colleges, universities, food stores, delicatessens, cafeterias, drug stores and the like, where individual frozen fruit bars and other frozen fruit confections, desserts and snacks for sale to individuals for immediate consumption on or off the premises are sold.

The demand for H & H Products continues throughout the year, although sales peak in the spring and summer months. Subject to the limitations set forth in Item 11, the Company's other franchisees generally will be allowed to sell in your Metropolitan Statistical Area ("MSA"), you will also compete with other national, regional and local sellers of dessert and snack products which customarily sell through the same type of retail outlets. Additionally, you will compete with ice cream shops, street vendors, route sales trucks, restaurants and supermarkets.

You should note that state, county, city, municipal or local governments may have licensing laws that apply to the operation of your business, and that zoning laws may prevent operation of your business at your home. You should investigate these laws and consult your counsel to determine what licenses or zoning approvals are necessary for operation of your franchise and may apply to your operation. Also, freezers placed on retail premises must meet certain minimum standards required by applicable laws. You are responsible for assuring that your freezers meet these standards. All freezers sold by or through the Company meet National Sanitation Foundation standards when they are sold.

The Company has not conducted the type of business you will conduct.