



TM



FRANCHISE OFFERING CIRCULAR

MELT FRANCHISING LLC
45320 Corte Palmito
Temecula, CA 92592
(310) 562-6660
www.meltgelato.com

We grant you the right to operate a gelato bar under our Marks. Your gelato bar will offer for sale some or all of the following: Italian style gelato, sorbetto, smoothies, Italian coffees, Italian sodas and selected pastries and similar food items.

The Initial Franchise Fee for a single gelato bar is \$25,000. You must purchase from us an initial inventory of cups (approximate cost of \$500) and also may be required to reimburse us in an amount not to exceed \$15,000 for certain expenses we may incur in assisting you in finding a site and reviewing your lease, all as further explained in Item 5.

The estimated initial investment for a single gelato bar ranges from \$214,650 to \$455,850. See Item 7 for further information regarding this estimated initial investment.

Risk Factors:

1. THE FRANCHISE AGREEMENT PERMITS YOU TO SUE OR ARBITRATE WITH US ONLY IN CALIFORNIA. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.
2. EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT "HOME STATE" LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING CIRCULAR FOR DETAILS.
3. WE HAVE A VERY LIMITED OPERATING HISTORY AS NOTED IN ITEM 21 AND IN OUR FINANCIAL STATEMENTS INCLUDED AS EXHIBIT B.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information.

Registration of this franchise by a 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 authority listed in Exhibit A.

Effective Date: See Exhibit A

**INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION**

MELT FRANCHISING LLC
45320 Corte Palmito
Temecula, CA 92592
(310) 562-6660
www.meltgelato.com

Effective Date: See Exhibit A

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 ALL OF YOUR 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

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EXHIBITS

- A. LIST OF STATE AGENCIES/AGENTS TO RECEIVE SERVICE OF PROCESS
- B. FINANCIAL STATEMENTS
- C. FRANCHISE AGREEMENT (INCLUDING APPENDICES)
- D. STATE ADDENDA
- E. RECEIPT

ITEM 1
THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this Offering Circular, “we” or “us” means Melt Franchising LLC, the Franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” also may mean its owners.

The Franchisor

We are a Nevada limited liability company formed on February 25, 2005. Our principal place of business is at 45320 Corte Palmito, Temecula, California 91406; (310) 562-6660; www.meltgelato.com. We do business under the name Melt Franchising and Melt. We have no predecessors. We are a wholly owned subsidiary of Melt Inc., a Nevada corporation formed on July 18th, 2003 (our “Parent”). We have several affiliates: Melt (California) Inc. (“MCP”), Villa Melt LLC (“VML”), and Chill, Inc. (“Chill”). Although not an affiliate of ours, Villa Dolce, LLC, as further described in Item 8, owns a 50% interest in VML. Our Parent and affiliates share the same principal business address as us.

Our agents for service of process are disclosed in Exhibit A to this Offering Circular.

Our Business Experience

We began offering franchises in March 2005. We do not offer, and have not offered, franchises in any other line of business. As further noted in Item 20, three of our affiliates each own and operate a gelato bar similar to those being franchised. MCI operates the Riverside location (opened August 2004). VML operates the Montclair (opened October 2004) and Orange (opened January, 2005) locations, and Chill operates the Glendale location (opened November 2004). Our Parent and affiliates also are approved suppliers of certain products as further noted in Item 8. Neither our Parent nor any of our affiliates have offered and do not offer any franchises.

The Franchise

We grant you the right to operate a MELT gelato bar (“Gelato Bar”). Your Gelato Bar will offer for sale some or all of the following: Italian style gelato, sorbetto, smoothies, Italian coffees, Italian soda’s and selected pastries and similar food items. You must prepare the products in accordance with our specified recipes and serve in accordance with our specified standards. Each Gelato Bar operates under the name MELT GELATO ITALIANO™, MELT CAFÉ & GELATO™ or other marks as we designate (“Marks”).

You must operate your Gelato Bar under the MELT system (“System”). The System is characterized by our menu products and recipes, distinctive layout, service style, design, signs, decor, furnishings, procedures and techniques, all of which we may change from time to time. Your Gelato Bar typically will have approximately 200 to 1,000 square feet with seating capacity for 0 (at a kiosk location) to 25 people, depending on the size of the gelato bar.

The Market and Competition

Your Gelato Bar will offer food products to the general public and the sales are seasonal. Your competitors include other retail businesses offering similar snack food and impulse buy products, including other local, regional and national chains. The market for stores similar to your Gelato Bar is developing at a rapid pace.

Laws, Licenses and Permits

In addition to laws and regulations that apply to businesses generally, your Gelato Bar will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act; storage, preparation, storage and sale of food products; and health, sanitation and safety regulations relating to food service. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities.

ITEM 2 **BUSINESS EXPERIENCE**

President and CEO: Clive Barwin

Clive Barwin has been our President and CEO since our inception in February 2005. He also serves in a similar capacity for our Parent. He has been the President and CEO of our Parent since July 2003. From November 1998 until July 2003, Mr. Barwin was an independent consultant based in Sydney, Australia, and worked on a variety of projects, including consulting with various computer hardware and software development and marketing companies, and he also was the general manager in a real estate venture for the construction of a large retail and residential development in Sydney, Australia.

Vice President: Brandon Barwin

Brandon Barwin has been our Vice President since our inception in February 2005. Mr. Barwin joined our Parent in July 2004. From March 1998 until July 2004, Mr. Barwin was Director of Operations of DataWave Systems, based in Vancouver, BC.

ITEM 3 **LITIGATION**

No litigation is required to be disclosed in this Offering Circular.

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**

You must pay to us an Initial Franchise Fee of \$25,000 when you sign a Franchise Agreement. The Initial Franchise Fee is a lump sum payment, fully earned upon receipt, and is not refundable.

You must pay us approximately \$500 for an initial supply of branded cups for smoothies and gelatos, as further noted in Item 8. You also may be required to reimburse us in an amount not to exceed \$15,000 for certain expenses we may incur in assisting you in finding a site and reviewing your lease. The amounts may include real estate broker fees and attorney fees related to the lease. These amounts and the amount for the cups are lump sum payments due prior to the opening of your Gelato Bar and are not refundable.

**ITEM 6
OTHER FEES**

Name of Fee(1)	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales(2)	Paid weekly by electronic funds transfer on Wednesday for the preceding Reporting Period(3)	
Marketing Fee(4)	1% of Gross Sales(2)	Paid weekly by electronic funds transfer on Wednesday for the preceding Reporting Period(3)	We may increase the Marketing Fee up to 2% on 60 days' notice.
Local Marketing(5)	1% of Gross Sales (2)	As incurred	If you do not spend this amount, we have the right to collect it. See Item 11.
Audits	Cost of audit plus interest at the maximum rate allowable by law	Immediately upon receipt of bill	You pay for the cost of an audit only if it shows an understatement of your Gross Sales, Royalty Fees or Marketing Fees or an understatement of 2% or more from data reported to us in respect to any other item that is material to the computation of fees or analysis of the operation.
Transfer Fee	60% of the then-current Initial Franchise Fee	Upon application for consent to transfer	Payable when you transfer your franchise.
Remodeling(6)	Not more than \$10,000 during the initial term of the Franchise Agreement	As remodeling occurs	Remodeling does not include general maintenance and refreshing or remodeling required upon transfer or renewal.

Name of Fee(1)	Amount	Due Date	Remarks
Insurance(7)	\$1,600 to \$2,400 for annual premiums	When premiums are due	See Items 7 and 8 for more information on insurance.
Lease Renewal Fee	\$5,000	At lease renewal	Fee paid to us for assisting you in any lease renewal.
Late Fee	\$100 for each delinquent report or payment or instance of NSF	Automatically upon next electronic transfer of funds	
Management Fee	10% of Gross Sales	As incurred	If you are in default, we have the option to assume management of your Gelato Bar.
Software Fees	Currently \$65.00 per month for the management system and \$35.00 per month for the cash register system.	Monthly	You may pay these software fees to us or directly to the supplier. See Item 11 for more information on the software. We may increase these fees as the technology costs increase.

Notes:

- (1) You pay all fees to us unless otherwise noted. All fees are nonrefundable.
- (2) Gross Sales includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Gelato Bar, including off site catering or delivery services and any vending or similar activities in your Gelato Bar or on its premises. Gross Sales does not include sales tax.
- (3) Reporting Period means the period from Monday to Sunday, unless we designate otherwise. If there are insufficient funds from which to pay any fee when due, the amount due will bear interest at the highest applicable legal rate.
- (4) We may increase the Marketing Fee up to a maximum of 2% of Gross Sales on 60 days' notice. See Item 11 for more information on marketing.
- (5) Upon our request, you must provide to us on a quarterly basis an itemization and accounting of the monies that you have spent for the preceding quarter on approved local marketing, as further described in Item 11.
- (6) You pay remodeling costs directly to third-party vendors or contractors.
- (7) This estimate includes comprehensive general liability insurance and other forms of required insurance. You pay insurance premiums directly to third-party insurers.

ITEM 7
INITIAL INVESTMENT

NAME OF EXPENDITURE	ACTUAL OR ESTIMATED AMOUNTS	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee(1)	\$25,000	Lump Sum	Upon Signing the Franchise Agreement	Us
Leasehold Improvements(2)	\$85,000 - \$200,000	As Arranged	When Incurred	Third Parties
Signage	\$3,500 - \$7,500	As Arranged	When Incurred	Third Parties
Furniture and Fixtures(3)	\$2,500 - \$10,000	As Arranged	When Incurred	Third Parties
Equipment (3)	\$75,000 - \$100,000	As Arranged	When Incurred	Third Parties
Deposits (4)	\$750 - \$33,250	As Arranged	When Incurred	Landlord and other Third Parties
Office Equipment/Supplies	\$500 - \$1,000	As Arranged	When Incurred	Third Parties
Business License and Permits	\$1,000 - \$5,000	As Arranged	When Incurred	Third Parties
Professional Fees	\$5,000 - \$18,000	As Arranged	When Incurred	Third Parties
Initial Inventory(5)	\$4,500 - \$6,500	As Arranged	When Incurred	Us and Third Parties
Insurance(6)	\$00 - \$600	As Arranged	When Incurred	Third Parties
Initial Marketing Expense(7)	\$0 - \$3,000	As Arranged	When Incurred	Third Parties
Site Finders Fee (8)	\$0 - \$15,000	As Arranged	When Incurred	Us and Third Parties
Training Expenses(9)	\$1,500 - \$3,000	As Arranged	When Incurred	Third Parties
Additional Funds(10)	\$10,000 - \$25,000	As Arranged	When Incurred	Us and Third Parties
TOTAL(11)	\$214,650 - \$455,850			

Notes:

- * All amounts that you pay to us or our affiliates are nonrefundable. Third-party suppliers will decide if payments to them are refundable. Also, in the event you purchase an existing gelato bar that one of our affiliates operates, the purchase price will include many of the items identified in the table, plus additional amounts that you and we will negotiate for the value of the existing business.
- (1) Initial Franchise Fee. See Item 5 for a description of the Initial Franchise Fee.
- (2) Improvements. The costs of construction and leasehold improvements depend upon the size and condition of the premises, the nature and extent of leasehold improvements required, the local cost of contract work and the location of your Gelato Bar. The estimate includes your architectural and engineering fees. The low end of this estimate assumes that the gelato bar is a small store and that the utilities (electrical, water and sewage) are already in place.
- (3) Furniture, Fixtures and Equipment. The Manual (see Item 11) lists the furniture, fixtures and equipment necessary for the operation of a Gelato Bar and includes refrigerators, tables, chairs and other equipment, furniture and fixtures. See Item 8. The initial investment required will depend on third party financing terms available to you and other factors.

- (4) Lease & Utility Security Deposits. You typically will rent the premises for your Gelato Bar. Landlords may require a security deposit, and utility companies may require that you place a deposit prior to installing telephone, gas, electricity and related utility services. A typical utility security deposit is one month's expense. A typical lease deposit will be an amount equal to one to three month's rent. These deposits may be refundable in accordance with the agreements made with the utility companies and landlord.
- (5) Initial Inventory. Your initial inventory must be purchased from designated or approved suppliers or in accordance with our specifications, as further described in Item 8 of this Offering Circular. Initial inventory consists of the gelato and other various food products, beverages, paper products, retail items, cleaning supplies, and other supplies used in the operation of the Gelato Bar as well as other merchandise or products sold in your Gelato Bar.
- (6) Insurance. You must procure and maintain throughout the term of the Franchise Agreement insurance in such amounts as set forth in the Franchise Agreement. The estimate is for approximately 3 months. The cost of insurance will vary based on policy limits, type of policies procured, any lease requirements, nature and value of physical assets, number of employees, square footage, contents of the business, geographical location and other factors bearing on risk exposure.
- (7) Initial Marketing Expense. You must conduct your "grand opening" marketing and promotion according to our written specifications. These amounts generally will be spent prior to and through the first 45 days of operation of your Gelato Bar.
- (8) Site Finders Fee. You may incur costs in acquiring the location for your Gelato Bar. These costs may be paid to us to reimburse us for the costs we incur in assisting you (as noted in Item 5), or you may pay these costs directly to third parties. Examples include broker fees and legal costs incurred in negotiating your lease.
- (9) Training. You must make arrangements and pay the expenses for you and the store manager to attend our training program in southern California, including transportation, lodging, meals and wages. See Item 11 for more information on training. The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose. The estimate provided contemplates initial training of 2 people for 2 weeks.
- (10) Additional Funds. This amount of working capital is projected as sufficient to cover initial operating expenses, including management salaries, for a period of 3 months. This amount should be immediately accessible. However, the estimate does not include hourly labor costs and rent, beyond the one-month rent estimate noted above. These figures are estimates, and we cannot guarantee you will not have additional expenses starting the business. Your costs will depend on factors such as: how closely you follow our recommended methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level reached during the initial period.
- (11) Total. We have used our affiliates 2 years of experience in the business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation

in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the System, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, our Parent or our affiliates, we must consent to the location of your Gelato Bar (see Item 11). If you lease the premises, the lease must contain the Addendum to Lease, a copy of which is included as Appendix C to the Franchise Agreement. You must construct and equip your Gelato Bar in accordance with our then-current approved design, specifications and standards and must retain the services of one of our approved architects. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans With Disabilities Act and all other federal, state and local laws. You also must use equipment (including hardware and software for a store point-of-sale system), signage, fixtures, furnishings, products, ingredients, supplies and marketing materials that meet our specifications and standards, as well as any applicable health, sanitation and safety regulations relating to food service.

Approved Supplies and Suppliers

We will provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory ingredients and products, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate the Gelato Bar ("Approved Supplies List"). From time to time we, our Parent or an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products. For instance, FB Dineri is the only approved supplier for the gelato display cabinets and Villa Dolce LLC is one of two approved suppliers for the gelato and sorbetto. As noted in Item 1, Villa Dolce LLC currently has a 50% ownership interest in one of our affiliates. The lists also may include other specific products without reference to a particular manufacturer, or they may set forth the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We will give you the approved lists as we deem advisable.

Except for the gelato and sorbetto, which under no circumstances may be replaced with other product unless we designate an alternative supplier, you must notify us in writing if you want to offer for sale at the Gelato Bar any brand of product, or to use in the operation of the Gelato Bar any brand of food ingredient or other material, item or supply that is not then approved by us, or to purchase any product from a supplier that is not then designated by us as an approved supplier. If requested by us, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality standards. We generally will notify you of supplier approval or disapproval within 30 days of our receipt of all the information and samples we request. You must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. The supplier also may be required to sign a supplier agreement. We may re-inspect the stores and products of any supplier of an approved supply or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: 1) ability to make product in conformity with our specifications; 2) willingness to protect the secrets behind the uniqueness of a product without dissemination to others; 3) production and delivery capability; 4) reputation and integrity of the supplier; and 5) financial condition and insurance coverage of the supplier.

We, our Parent and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of goods, products and services as described in this Item 8. Most of these payments are calculated on an amount based on products sold to you. We will retain and use such payments as we deem appropriate or as required by the vendor. Because we just began offering franchises in March 2005, we and our Parent and affiliates have not derived revenues in connection with the purchase of goods, products and services by franchisees.

We negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. There is no purchasing or distribution cooperative. We do not provide material benefits to you because of your use of approved suppliers.

You must carry insurance policies protecting you, us and our Parent. The insurance policies must include, at a minimum: (i) special/causes of loss coverage forms (sometimes called "All Risk coverage") on the Gelato Bar and all fixtures, equipment, supplies and other property used in the operation of the Gelato Bar; (ii) business interruption insurance covering a minimum of 12 months' loss of income, including coverage for our Royalty Fees with us named as a loss payee with respect to those fees; (iii) comprehensive general liability insurance, with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate; (iv) automobile liability insurance, including owned, hired and non-owned vehicle coverage with a minimum combined single limit of \$1,000,000 per claim; (v) workers' compensation and employer's liability insurance covering all of your employees; (vi) umbrella liability insurance which also includes employers liability and automobile liability, with minimum limits of \$1,000,000 per occurrence; and (vii) any other such insurance coverages or amounts as required by law or other agreement related to the Gelato Bar.

You can expect items purchased or leased in accordance with our specifications will represent approximately 95% to 100% of total purchases you will make to begin operations of the business and approximately 41% to 82% of the ongoing costs to operate the business.

ITEM 9

FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE 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 Agreement*	Item in Offering Circular
a. Site selection and acquisition/lease	Sections 2A and 5A	Items 7 and 11
b. Pre-opening purchases/leases	Sections 5A, 5F and 6B-E	Items 5, 6, 7 and 8
c. Site development and other pre-opening requirements	Sections 5A and 5B	Items 7, 8 and 11
d. Initial and ongoing training	Sections 7B and 7C	Items 5, 6 and 11
e. Opening	Sections 2C and 5A	Items 5 and 11
f. Fees	Sections 9A-D and 13D	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Sections 6A-P	Items 6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information	Sections 3A-E and 6J	Items 13 and 14
i. Restrictions on products/services offered	Sections 2D, 2E and 6A-C	Items 6, 7, 8, 11, and 16
j. Warranty and customer services requirements	Section 6I	Items 6 and 11

Obligation	Section in Agreement*	Item in Offering Circular
k. Territorial development and sales quotas	Sections 2B and 2D	Item 12
l. Ongoing product/service purchases	Sections 6A-C	Items 6, 7 and 8
m. Maintenance, appearance and remodeling requirements	Sections 5B-F	Items 8 and 11
n. Insurance	Section 10C	Items 6, 7 and 8
o. Advertising	Sections 8A-F and 9C	Items 6, 7 and 11
p. Indemnification	Section 10B	None
q. Owner's participation/management/staffing	Sections 7A-E	Items 11 and 15
r. Records/reports	Sections 9E, 9H and 9I	None
s. Inspections/audits	Sections 5C, 6G and 9I	Items 6 and 11
t. Transfer	Sections 11A-G	Items 6 and 17
u. Renewal	Sections 4A-B	Items 6 and 17
v. Post-termination obligations	Sections 10D and 14A-C	Item 17
w. Non-competition covenants	Section 10D	Item 17
x. Dispute resolution	Sections 12A-C	Item 17

*Unless otherwise noted, Section references are to the Franchise Agreement.

ITEM 10 FINANCING

We do not offer, either directly or indirectly, any financing to you. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing. We do not guarantee your notes, leases or other obligations.

ITEM 11 FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you:

Pre-Opening Assistance: Before you open your Gelato Bar, we will:

1. Provide you with site selection criteria and general design requirements for your Gelato Bar (Franchise Agreement, Sections 5A and B).
2. Provide you with the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6C).
3. Provide you with either a written copy or an electronic copy of the Manual that details the specifications and procedures incidental to the operation of the Gelato Bar (Franchise Agreement, Section 6I).
4. Provide the training programs described below (Franchise Agreement, Section 7B).
5. Provide you with lease negotiation assistance. (Franchise Agreement, Section 5A).

Ongoing Assistance. During the operation of your Gelato Bar, we will:

1. Provide on-site assistance during your first week open for business for a number of days as mutually agreed upon by you and us (Franchise Agreement, Section 7B).
2. Provide updates to the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6C).
3. Make periodic visits to your Gelato Bar as we reasonably determine to be necessary to provide consultation and guidance. You or your General Manager must be present during these visits (Franchise Agreement, Section 6G).
4. Maintain the Marketing Fund (Franchise Agreement, Section 8A).

Marketing

You must pay to us a Marketing Fee of 1% of your total Gross Sales. The 1% Marketing Fee will be part of a Marketing Fund. We reserve the right to increase the Marketing Fee to 2% on 60 days' written notice, as further described below. We will administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We may use the Fund for (1) broadcast or print marketing; (2) the creation, development and production of marketing and promotional materials, including ad slicks, radio, videotapes, direct mail pieces, and other print marketing; (3) any marketing or related research and development; and (4) advertising and marketing expenses, including development services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet or extranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for our marketing support personnel.

We determine the use of the monies in the Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Gelato Bar is located. Since we just began franchising in March 2005, we have not collected any Marketing Fees prior to that time.

We will oversee the marketing program and use the Fund to conduct national, regional or local marketing. We will contribute to the Fund amounts equal to your required percentage for each similarly situated affiliate-owned gelato bar. Outside suppliers also may contribute to the Fund. We will prepare an annual unaudited accounting of the Fund and will make it available for your review upon your request. We may use an outside national, regional or local agency for marketing production. We may be paid for reasonable administrative costs and overhead incurred in administering the Fund. Excess Fund contributions not spent in any fiscal year will be carried over for future use.

We do not use any of the marketing funds for the solicitation of franchise sales. We currently do not have any advisory council or advertising/marketing cooperatives, although we reserve the right to form these entities in the future.

In addition to the 1% Marketing Fee you pay to us, you must spend at least 1% of your Gross Sales on local marketing and promotion. You may use your own marketing material only if we have approved it before its use. You must obtain our approval of all promotional and marketing materials before use. On a quarterly basis you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Marketing Fund.

Information System

You must record all sales on information systems that we have approved. The information system includes the electronic cash registers and all hardware, software and data used to record and analyze sales, labor, inventory, product usage, and tax information. We reserve the right to designate changes or enhancements to the information system used in your Gelato Bar, including the electronic cash registers, computer hardware, software and other equipment.

As of the date of this Offering Circular, Macrometix Pty Ltd is our designated software supplier for our management information software. Macrometix is located at 5 Sandridge Street, Bondi NSW 2026, Australia. You also must obtain a computer to operate your Gelato Bar. Our recommended system includes a minimum of 512 megabytes (Mb) RAM, a 20 gigabyte (Gb) hard disk drive, CD-ROM, 10/100 Network card, 56K controller based Internet fax/modem and a touch monitor.

At such time as we designate any change or enhancement to the information system, you may be required to make certain payments to us or our designated suppliers. You will have 6 months to install and commence using the changed or enhanced information system. You must acquire the right to use hardware, software, peripheral equipment and accessories, and arrange for installation, maintenance and support services of the initial, changed or enhanced information system all at your cost.

Point of Sale Cash Register System

You must obtain the computer-based point-of-sale cash register system that we designate. The register system you currently must use is a standard PC based hardware system with standard touch screen and Epson receipt printers, which you may purchase from any retailer that sells computers. The point of sale software supplier is Cratos Hospitality, whose address is 2305 Wycroft Road, Oakville, Ontario, Canada L6L 6R2. Our affiliates have used the system in the affiliate-owned gelato bars since opening. We have not approved any compatible equivalent component or program.

We may access the information system and retrieve, analyze, download and use all software, data and files stored or used on the information system. We may access the information system in your Gelato Bar from other locations or through any intranet/extranet system. You must store all data and information that we designate and report data and information in the manner we specify, including through any intranet/extranet system we currently have or develop or other online communications. You also must maintain a phone line and modem dedicated for the sole use of allowing our information system to interface and communicate with your information system and you will need to purchase software designated by us for this to occur. You also must have your Gelato Bar connected to the internet using a connection method we approve, currently DSL or Cable modem. You must have an internet email account. You understand that the data storage, phone line, modem, communication software, internet access, internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

Site Selection

You must control the site selection process, however, we will be actively involved and must approve the location of your Gelato Bar. We may find potential development sites through third party brokers and request that you consider an available site. We negotiate the basic terms of the lease with each developer, however, we have no responsibility for the lease, and you will sign the lease and be responsible for all lease terms. You may not locate a site or negotiate lease terms without our written

permission. If your lease expires, we will renegotiate your lease. You must pay us a fee to renegotiate your lease as noted in Item 6.

We make no guarantees or endorsements concerning the success of a Gelato Bar at any location that we suggest to you or approve. Our approval only suggests that the location meets basic requirements for a gelato bar location.

Typical Length of Time Before You Open Your Gelato Bar

The typical length of time between the signing of the Franchise Agreement and the opening of your Gelato Bar is approximately 6 months from the execution of the Franchise Agreement. Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement, your ability to obtain a site, hire a licensed architect, arrange leasing, financing and permits, make leasehold improvements, install fixtures, equipment, and signs, decorate the Gelato Bar, meet local requirements and obtain inventory.

If an authorized location is not designated within 60 days from the date you sign the Franchise Agreement, we have the right to declare the Franchise Agreement null and void without the return of any Initial Franchise Fee or other amounts paid to us. You must begin operation within 6 months after signing the Franchise Agreement or designating the site, whichever is later. If you fail to begin operations within the stated time, we may terminate the Franchise Agreement. (Franchise Agreement, Section 13B.)

Manual

We will permit you to view the confidential MELT operations manual (the "Manual") prior to your purchase of the franchise, subject to your agreement to keep all information in the Manual confidential.

Training

Not more than 30 days before the opening of your Gelato Bar, we will provide the following initial training and familiarization course to train up to 2 people from your management team (including you and your store manager, if designated) which the attendees must complete to our satisfaction:

Subject	Time Begun	Instructional Materials	Hours of Classroom Training	Hours of On-the-job Training	Instructor
Opening and Operating	Prior to Opening	Manual	2	8	See Note (1)
Food Preparation	Prior to Opening	Manual	2	8	See Note (1)
Management of employees	Prior to Opening	Manual	2	-	See Note (1)
Accounting Procedures	Prior to Opening	Manual	4	-	See Note (1)
Inventory Control	Prior to Opening	Manual	8	8	See Note (1)
Marketing, Advertising and Public Relations	Prior to Opening	Manual	2	8	See Note (1)
Quality Assurance	Prior to Opening	Manual	4	8	See Note (1)
TOTAL			24	32	

- (1) Brandon Barwin oversees our training. Mr. Barwin's background is described in Item 2. Other employees who have experience in some facet of the operation of a MELT gelato bar will assist Mr. Barwin in training.

We may require that up to 2 people in your organization complete, to our satisfaction, this training program. The training lasts approximately 2 weeks. We do not charge for this training, but you must pay the travel and living expenses and wages for you and your employees. Training will occur at our headquarters in Temecula, California, or at another location as we designate. All replacement store managers must meet our applicable training requirements prior to beginning work (managing employees) at the Gelato Bar. If we train a replacement store, you must pay our then-current daily fees, which will not exceed \$500, for additional training. In addition, we may develop and require you to purchase an in-store training program in order for you to comply with the training requirements.

We will provide you with assistance during your first week open for business for a time period as mutually agreed upon by you and us. We will not charge for this assistance, but you must pay our travel and living expenses during this time.

We may require you to attend refresher training programs for up to 2 days per year. We will not charge for these programs, but you must pay the travel and living expenses and supply costs for you and your employees. We may require you (and your general manager if someone other than you) to attend, for up to 3 days, any annual national conference or meeting that we organize for our franchisees.

ITEM 12 **TERRITORY**

You receive the right to operate your Gelato Bar at a specific location described in the Franchise Agreement.

The right to operate your Gelato Bar is not exclusive. You are not granted a territory, and we, our Parent, our affiliates and any franchisee we authorize may operate a Gelato Bar at any location, including within the same mall or facility of your Gelato Bar. You may not exclude, control or impose conditions on our development of future franchised, company or affiliate-owned gelato bars at any time or at any location.

We, our Parent and our affiliates have the right to operate and franchise others to operate stores or any other business under any trademark, including any of the Marks, without compensation to any franchisee. Further, we, our Parent and our affiliates have the right to offer, manufacture, sell or distribute, products or services associated with the System or identified by the Marks or any other trademarks. The distribution channels or methods include, without limitation, grocery stores, specialty retail shops, restaurants, department and discount retailers, club stores, convenience stores, wholesale or the Internet.

You may not sell products or services identified by the Marks at any other location or through any other distribution channel, including the internet, or sell any product or services identified by the Marks to any person or entity for resale or further distribution.

ITEM 13 **TRADEMARKS**

The Franchise Agreement licenses you to use the service mark MELT-GELATO ITALIANO™, as well as other trademarks, service marks, trade names and commercial symbols owned by our affiliate

(collectively, the "Marks"). Our affiliate also claims common law trademark rights for all of the Marks, including MELT™ and MELT CAFÉ & GELATO™. Our affiliate has filed or intend to file all required affidavits and renewals for the Marks listed below.

PRINCIPAL TRADEMARKS*	PRINCIPAL/ SUPPLEMENTAL REGISTER	FILING DATE	SERIAL NUMBER
MELT-GELATO ITALIANO and Design	Principal	September 22, 2003	76,549,686

***Our Parent has applied for, but has not yet been granted, federal registration of these trademarks. Without federal registration, we and our Parent do not have certain presumptive legal rights granted by a registration.**

Our Parent has licensed us the perpetual right to use the Marks and to sublicense the use of the Marks for the operation of stores under a license agreement effective June 30, 2004. The license agreement contains no limitations. Our Parent may terminate the license agreement if either we or any franchisee misuses the Marks in a way as to materially impair the goodwill associated with the Marks or if we are dissolved, become insolvent or (except for our right to sublicense the Marks to franchisees) assign the rights under the license agreement without our Parent's consent. The license agreement contains no other limitations.

Appendix A to your Franchise Agreement identifies the Marks that you are licensed to use. We have the right to change Appendix A from time to time. Your use of the Marks and any goodwill is to our and our Parent's exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new Menu Items, new products, new equipment or new techniques and you must adopt the changes in the System. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for our MELT-GELATO ITALIANO Franchise Agreement, product labels, "lifestyles" photographs, web site, the Manual and for various sales promotional and other materials published from time to time.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to any patents or copyrights. You must notify us promptly of any infringement or unauthorized use of any patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Manual. Upon termination of your Franchise Agreement, you must return to us all copies of all proprietary information, including but not limited to the Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Manual at your cost.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISE BUSINESS

During the term of the Franchise Agreement, you (if franchisee is an individual), your Principal Owner or your store manager must devote full time and best efforts to the management of the Gelato Bar. Your "store manager" is the individual who is responsible for overseeing the general management of the Gelato Bar.

You or your store manager must provide direct on-premises supervision to the Gelato Bar. The store manager must complete our training course. They need not have any equity interest in the franchisee. If either fails to satisfactorily complete the training program, you may designate a different individual. The use of a store manager in no way relieves you of your obligations to comply with the Franchise Agreement and to insure that the Gelato Bar is properly operated. You must be at the Gelato Bar for any scheduled inspection or evaluation we conduct.

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept. We may require your managers, supervisory personnel and other employees receiving training from us to execute covenants not to compete in a form that we approve.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 of this Offering Circular describes our requirements for approved supplies and suppliers. You must offer for sale at the Gelato Bar all of the Menu Items and food and beverage products that we periodically require, as set forth in Appendix A to your Franchise Agreement. You may not offer at the Gelato Bar any unapproved products or menu items or use the premises for any purpose other than the operation of a Gelato Bar. We have the unlimited right to change the types of authorized products and services you may offer.

You must not install or maintain on the premises of the Gelato Bar any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, automated teller machines or other similar devices without our prior written approval.

You may not offer any delivery service or engage in catering services without our prior written approval. You also may not offer for sale any Menu Items or proprietary products through the Internet or other online programming or marketing. See Item 12. You are not otherwise limited in the customers to whom you may sell products or services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Offering Circular.

Provision	Section in Agreement	Summary
a. Length of the term of the franchise	Section 4A	Term is 7 years
b. Renewal or extension of the term	Section 4B	Renewal for two additional terms (first renewal term is 7 years; second renewal term is 7 years)
c. Requirements for you to renew or extend	Section 4B	You must give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term; you sign our then current form of franchise agreement; you have complied with the modernization requirements for your Gelato Bar; you are not in default and have satisfied your obligations on a timely basis; if leasing, you have written proof of your ability to remain in possession of the Gelato Bar premises throughout the renewal term; you comply with our training requirements; and you sign a release
d. Termination by you	Section 13C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach and, if not cured, wait 60 days from the original notice of breach before terminating the Franchise Agreement
e. Termination by us without cause	None	

Provision	Section in Agreement	Summary
f. Termination by us with cause	Sections 13A and B	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations
g. "Cause" defined – defaults which can be cured	Sections 13A and B	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h below
h. "Cause" defined – defaults which cannot be cured	Sections 13A and B	Non-curable defaults include: abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, closing of Gelato Bar, insolvency, unapproved assignments or transfers, convictions, intentionally understating or underreporting Gross Sales or other fees, multiple defaults, or failure to cure within 24 hours of notice a default which materially impairs the goodwill associated with any of our Marks
i. Your obligations on termination/non-renewal	Sections 14A-C	Obligations include complete de-identification and payment of amounts due, assignment of lease upon our demand, return of the Manual and proprietary materials and right to purchase assets of the Gelato Bar (also see o and r below)
j. Assignment of contract by us	Section 11G	No restriction on our right to assign
k. "Transfer" by you - defined	Section 11A	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11A of the Franchise Agreement
l. Our approval of transfer by you	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval
m. Conditions for our approval of transfer	Sections 11B-D	Transferee meets all of our then-current requirements for one of the franchise development programs then being offered and signs then-current form of franchise agreement, transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, required guarantees signed, necessary financial reports and other data on franchise business is prepared, and release signed by you (also see r below)
n. Our right of first refusal to acquire your business	Section 11F	We can match any offer for your Gelato Bar assets and, in the case of a proposed stock sale, we can purchase your Gelato Bar assets at a price determined by an appraiser, unless you and we agree otherwise

Provision	Section in Agreement	Summary
o. Our option to purchase your business	Section 14B	Upon termination, we have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Gelato Bar, including the building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory. Qualified appraiser(s) will determine price as set forth in the Franchise Agreement
p. Your death or disability	Section 11E	You can transfer your franchise right to your heir or successor in interest like any other transfer, but if assignee is your spouse or child, no transfer fee is required
q. Non-competition covenants during the term of the franchise	Section 10D	No direct or indirect involvement in the operation of any store or food business similar to MELT gelato bars other than one authorized in the Franchise Agreement
r. Non-competition covenants after the franchise is terminated or expires	Section 10D	No direct or indirect involvement in a competing business for 2 years (i) at the premises of the former Gelato Bar (ii) within 5 miles of the former Gelato Bar or (iii) within 5 miles of any other business or Gelato Bar using the System
s. Modification of the Agreement	Section 15B	No modifications generally, but we have the right to change the Manual, list of authorized trademarks and menu items and appearance
t. Integration/merger clause	Section 15B	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, all disputes must be arbitrated in Los Angeles, California (subject to state law)
v. Choice of forum	Section 15I	Litigation must be in Federal District Court for the Central District of California or in the Superior Court of California, County of Los Angeles, California (subject to state law)
w. Choice of law	Section 15H	Applicable law is that of the state where your Gelato Bar is located (subject to state law)

*Unless otherwise noted, Section references are to the Franchise Agreement.

These states have statutes, which if applicable to the Franchise Agreement, and subject to our right to challenge the validity, applicability or construction of such statutes, may supersede the Franchise Agreement in your relationship with us including the areas of termination, renewal of your franchise, and choice of law: ALASKA [Stat. Sections 45.45.700 – 45.45.790], ARKANSAS [Code Sections 4-72-201 – 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Sections 42-133e-42-133h], DELAWARE [Code Sections 2551 – 2556] HAWAII [Rev. Stat. Section 482E-6], IDAHO [Code Section 29-110], ILLINOIS [815 ILCS Sections 705/4 and 705/17-705/20], INDIANA [Code Sections 23-2-2.7-1 – 23-2-2.7-7], IOWA [Code Sections 523H.1 - 523H.17 and 537A.10], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Sections 80C.14 and 80C.21], MISSISSIPPI [Code Sections 75-24-51 – 75-24-63], MISSOURI [Rev. Stat. Sections 407.400 – 407.413 and 407.420], NEBRASKA [Rev. Stat. Sections 87-401 – 87-410], NEW JERSEY [Rev. Stat. Sections 56:10-1 – 56:10-12], RHODE ISLAND [Stat. Sections 19-28.1-14 – 19-28.1-16; Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting

jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim enforceable under this Act”, SOUTH DAKOTA [SDCL Sections 37-5A-51 and 37-5A-51.1], VIRGINIA [Code Sections 13.1-557 – 13.1-574], WASHINGTON [Rev. Code Section 19.100.180], WISCONSIN [Stat. Sections 135.01 – 135.07]. These and other states may have court decisions, which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
EARNINGS CLAIMS

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

ITEM 20
LIST OF FRANCHISED OUTLETS

As of March 2005, we had just begun offering franchises and have not yet sold any. As noted below, our affiliates each operate MELT gelato bars.

No franchisee has had a franchise agreement terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with us within ten weeks of the date of this Offering Circular.

STATUS OF PARENT OR AFFILIATE-OWNED GELATO BARS
FOR YEARS 2004/2003/2002

State	Gelato Bars Closed During Year	Gelato Bars Open During Year	Total Gelato Bars Operating as of 12/31
California	1/0/0	4/0/0	3/0/0
TOTAL	1/0/0	4/0/0	3/0/0

(1) The numbers for years 2002, 2003 and 2004 are as of December 31.

Melt (California) Inc.
Melt – Tyler
1208 Galleria at Tyler
Shop #5521
Riverside, CA 92503
Telephone: 951-359-1945
(Opened August 2004)

Villa Melt LLC
Melt – Montclair
5060 Montclair Plaza Lane
Shop #2079
Montclair, CA 91763
Telephone: 909-445-0607
(Opened October 2004)

Chill, Inc.
Melt – Glendale
Suite CU4
2157 Glendale Galleria
Glendale, CA 91210
Telephone: 818-547-4794
(Opened November 2004)

Villa Melt LLC
Melt – The Block
20 City Blvd West
Suite 811
Orange, CA 92868
Telephone: 714-816-3561
(Opened January 2005)

**PROJECTED NUMBER OF FRANCHISES
TO BE SOLD IN 2005**

State	Franchise Agreements Signed but Gelato Bar Not Open	Projected Franchised New Gelato Bars Sold in 2005	Projected Franchisor Owned Openings in 2005
Arizona	0	2	0
California	0	6	2
Nevada	0	2	0
Oregon	0	0	0
Texas	0	0	0
TOTAL		10	2

**ITEM 21
FINANCIAL STATEMENTS**

Attached to this Offering Circular as Exhibit B are our audited financial statements as of March 10, 2005 and for the period February 25, 2005 (date of inception) to March 10, 2005 , together with the report of our independent auditors.

**ITEM 22
CONTRACTS**

This Offering Circular includes a sample of the following contracts:

- Exhibit C - Franchise Agreement (including Appendices: A-Marks/Menu; B-Electronic Transfer of Funds Authorization; and C-Addendum to Lease)
- Exhibit E - Receipt

**ITEM 23
RECEIPT**

Attached to this Offering Circular as Exhibit E is a detachable acknowledgment of receipt.

