



MARKED

FRANCHISE OFFERING CIRCULAR

Pirtek USA LLC
A Delaware Limited Liability Company
501 Haverty Court
Rockledge, Florida 32955
Telephone: (321) 504-4422
www.pirtekusa.com



The franchise offered is for the right to own and operate a Pirtek® hose service center business, which will consist of the sale, custom assembly and installation of industrial and hydraulic hoses, fixed tube assemblies, fittings and related components and other distinctive products and services.

The Initial Franchise Fee for a PIRTEK hose service center business is \$45,000. You also must pay to us a \$10,000 Shop Set-up Fee. In addition, you must purchase from us the opening inventory, and certain items of the equipment (including the PIRTEK Data System), uniforms and other similar items with the PIRTEK trademark for your Business, for a total of approximately \$89,000 to \$210,000. The estimated initial investment required for a PIRTEK hose service center business ranges from \$210,000 to \$538,000 (which includes the Initial Franchise Fee, the Shop Set-up Fee and other amounts as further described in Items 5 and 7).

Risk Factors:

1. THE FRANCHISE AGREEMENT PERMITS YOU TO ARBITRATE ONLY IN ORLANDO, FLORIDA, OR AT SUCH OTHER PLACE AS MAY BE MUTUALLY AGREEABLE TO THE PARTIES. OUT OF STATE ARBITRATION MAY RESULT IN A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN ORLANDO, FLORIDA, THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT THE LAWS OF THE STATE OF FLORIDA GOVERN THE AGREEMENT. TO THE EXTENT NOT SUBJECT TO ARBITRATION, ANY CAUSE OF ACTION, CLAIM, SUIT OR DEMAND MUST BE BROUGHT IN THE FEDERAL DISTRICT COURT FOR THE MIDDLE DISTRICT OF FLORIDA IN ORLANDO, FLORIDA, OR IN BREVARD COUNTY CIRCUIT COURT, FIFTH JUDICIAL DISTRICT, TITUSVILLE, FLORIDA, ALTHOUGH THE GOVERNING LAW MAY PROVIDE THAT ANY PROVISIONS OF THE FRANCHISE AGREEMENT DESIGNATING JURISDICTION OUTSIDE OF THE STATE ARE VOID. IT MAY COST MORE TO LITIGATE WITH US IN FLORIDA THAN IN YOUR HOME STATE.

3. EVEN THOUGH THE FRANCHISE AGREEMENT STATES THAT THE LAWS OF THE STATE OF FLORIDA GOVERN THE AGREEMENT, 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.

4. YOU MUST ATTAIN OR EXCEED THE MINIMUM ANNUAL PERFORMANCE TARGET FOR YOUR BUSINESS (AS SPECIFIED ANNUALLY IN WRITING BY US). FAILURE TO COMPLY MAY RESULT IN THE DEFAULT AND TERMINATION OF YOUR FRANCHISE AGREEMENT.

5. ALL INVENTORY PRODUCTS AND CERTAIN EQUIPMENT MUST BE PURCHASED FROM THE FRANCHISOR, WHO SETS THE COST OF THE PRODUCTS. THIS PROHIBITS YOU FROM SELECTING ANOTHER SUPPLIER THAT MAY OFFER SIMILAR PRODUCTS AT A LOWER COST. THIS MAY IMPACT YOUR PROFIT MARGIN.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing franchisors is available. Call the state administrators listed in Exhibit 1 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 the offering circular is untrue, contact the Federal Trade Commission and the state authority listed in Exhibit 1.

Effective Date: See Exhibit 1

PIRTEK USA LLC

EFFECTIVE DATE: SEE EXHIBIT 1

**INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY 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 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. 20508

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48909, telephone (517) 373-7117.

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UEOC STATE- SPECIFIC ADDENDA – CALIFORNIA, ILLINOIS, MARYLAND, MINNESOTA, NEW YORK, RHODE ISLAND AND WISCONSIN—— 35

EXHIBITS

1. List of Agents to Receive Service of Process
2. Franchise Agreement with Acknowledgment Addendum, State Specific Addenda to Franchise Agreement and Appendices A (Franchised Location, Territory, Promotional Zone), B (Marks), C (Addendum to Lease), D (Computer Software License Agreement), E (Draft Authorization), F (Assignment of Telephone Numbers), and G (Assignment of Domain Names and E-Mail Address)
3. Audited Financial Statements
4. Franchisee Lists
5. Receipt

Item 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this Offering Circular, Pirtek, we, us or any similar reference means Pirtek USA LLC, the franchisor. You, your or any similar reference means the person who buys the franchise. If the franchisee is a corporation, partnership or other entity, you may also mean its owners. Certain provisions of the franchise agreement apply to your owners and are noted in this Offering Circular.

We are offering Pirtek® franchises in the United States under master franchise rights granted to us in June 1997 by Pirtek Fluid System Pty. Ltd. ("PFS"), the head franchisor based in Australia. Several items of information in this Offering Circular are stated twice where necessary, once for us and separately for PFS. This duplicate disclosure is required by federal regulation, but you should be aware that we are an independent business from PFS and operate under a master franchise agreement with PFS that obligates us to adhere to various requirements that PFS establishes and modifies from time to time. The master franchise agreement is further described in Item 13. PFS does not guarantee the performance of our franchise obligations. Your franchise agreement is a contract between you and us.

We are a Delaware limited liability company formed in June 1997. We have no predecessors. Our principal business address is 501 Haverty Court, Rockledge, Florida 32955; telephone: (321) 504-4422. We do business under our corporate name and PIRTEK.

Our agents for service of process are disclosed in Exhibit 1 to this Offering Circular.

We grant franchises to qualified persons for the right to own and operate a PIRTEK hose service center business (the "Business"). We also are in the business of the administration of our franchise system. We started granting PIRTEK hose service center franchises in June 1997. We have not previously offered franchises in any other line of business. As of December 31, ~~2004, 2005~~, there were 32 franchised PIRTEK businesses and two company-owned PIRTEK businesses. Our affiliate, Hydraulic Hose of Orlando, Inc. ("HHOI"), a Florida corporation formed in May 1997 and our subsidiary, operates a PIRTEK Hose Service Center at 501 Haverty Court, Rockledge, Florida 32955; telephone (321) 504-6006. The Rockledge center is Our affiliate, Nashville Hose Services LLC ("NHSL"), a Tennessee limited liability company formed in October 2005 and our subsidiary, operates a PIRTEK Hose Service Center at 1650 Elm Hill Pike, Suite 2, Nashville, Tennessee, 37210, telephone (615) 871-7199. The Rockledge and Elm Hill Pike centers are of the type being described in this Offering Circular. HHOI has and NHSL have never been in the business of selling franchises of any type.

PFS is an Australian company incorporated in New South Wales, Australia in 1980-December 1979. PFS' principal business address is 1/163 Prospect Highway, Seven Hills, New South Wales 2147; telephone: (02) 9838 7888. 8811-1999. PFS does not offer or sell franchises in the United States nor does it provide any products or services to franchisees in the United States. Further, PFS has no predecessors or affiliates any affiliates offering or selling franchises

in the United States or providing products or services to franchisees in the United States. PFS does business under its corporate name and the trade name "Pirtek Hose Service Centers." PFS has operated the PIRTEK hose service center business in Australia since 1980, and in ~~1987~~1986 it began to offer PIRTEK franchises in Australia. PFS has not offered franchises in any other line of business. As of December 31, ~~2004~~2005, there were ~~6270~~ franchises in Australia. Since 1988, PFS also has granted master franchise rights for the PIRTEK business and the operation of PIRTEK centers in many other countries throughout the world. In all, as of December 31, ~~2004~~2005, there were PIRTEK hose service center businesses in a number of countries around the world, including Australia, Great Britain, Germany, ~~Holland~~Ireland, France, Belgium, Luxemburg, Netherlands, New Zealand, Singapore and South Africa.

The franchise granted to you is the right to own and operate a PIRTEK Business pursuant to the terms of the standard PIRTEK Franchise Agreement (the "Franchise Agreement"). A copy of the Franchise Agreement is included in this Offering Circular as Exhibit 2.

Your Business will consist of the sale, custom assembly and installation of industrial and hydraulic hoses, fixed tube assemblies, fittings and related components and other distinctive products and services. You will operate your Business from a hose service center and mobile sales and service units ("MSSU's") (collectively referred to sometimes as the "Center") within a particular geographic territory (the "Territory"). During the operation of your Business, you will use our distinctive products and services, standards and specifications, sales and business techniques and image (the "System"), as well as the trademarks associated with the System (the "Marks") as further described in Item 13.

You will sell the PIRTEK products and services from your Business to a vast array of mobile and stationary (fixed) plant and equipment users within the following markets, depending on the location of your Business: earthwork and construction; industrial manufacturing; food production; materials handling; air, sea and land transport; agriculture; mineral exploration and mining; and government and utilities businesses and others.

You will compete with other businesses within the "bulk" or Original Equipment Manufacturing ("OEM") hose and fitting market. This market is very competitive and includes national and international brand product suppliers like Aeroquip, Parker Hannifan and Gates Rubber Co. Other competitors may be generally associated with rubber tire production and include Goodyear, Dunlop, Yokohama and Bridgestone.

There are no laws or regulations specific to the operation of a business featuring the sale, assembly and installation of the PIRTEK products, although there may be specific regulations applicable in some industries in which your customers operate. For example, in the food industry stainless steel piping must be used in food processing. In addition, your Business will be subject to federal, state and local laws regarding the storage, use and disposal of hazardous materials. There also will be other local, state and federal laws applicable to your Business that apply to businesses generally, and we urge you to make further inquiries about these laws.

Item 2

BUSINESS EXPERIENCE

The following list discloses the officers and managers of Pirtek and the principal occupation of each of them during the preceding 5 years.

Pirtek

President and Manager: E. Morgan Arundel

Mr. Arundel has been President and a Manager of Pirtek since June 1997. He also has been the President and Chief Executive Officer of MBI, Inc., a brokerage firm based in Satellite Beach, Florida, for more than the last 10 years.

Manager: Neil A. Robinson

Mr. Robinson has been a Manager of Pirtek since June 1997. From September 1996 through January 1999, he was the general manager for the PIRTEK hose service center in St. Paul, Minnesota. Mr. Robinson also has operated Neil A. Robinson Brokerage, Inc. in Minneapolis, Minnesota for more than the last 10 years.

Manager: David LaRue

Mr. LaRue has been a Manager of Pirtek since June 1997. In addition, Mr. LaRue is the President of Baldwin Supply Company, Inc., where he has been employed for more than the last 10 years. Baldwin Supply Company, Inc. is an industrial products distributor located in Minneapolis, Minnesota.

Vice President Franchise Development: Gwyn O'Kane

Mr. O'Kane became the Vice President of Franchise Development of Pirtek in March of 2004. Prior to that, he served as the Director of Development starting in January 2003. Prior to that, he served as the Director of Training starting in 1997. In addition, Mr. O'Kane has more than 1415 years of experience in the PIRTEK system and has previously managed established PIRTEK centers.

The following list discloses the principal officers and directors of PFS. As noted in Item 1, PFS does not offer or sell franchises in the United States or provide products and services to franchisees in the United States.

PFS

Chief Executive and Board Member: Ronald F. Clarke

Mr. Clarke has been Chief Executive —~~International Division~~ and a Board Member of PFS for more than the last 5 years. ~~He also has been a partner in the Chartered Accounting firm of Clark Smith located in Sydney, Australia, for more than the last 5 years.~~

Chairman of the Directors: Peter B. Duncan

Mr. Duncan co-founded PFS and the PIRTEK system in 1980 and has been Chairman of the Directors or Managing Director of PFS for more than the last 5 years. He also is a Director of Pirtek Europe, LTD, which operates the PIRTEK business in Europe.

Managing Director: Glenn Duncan

Mr. Duncan has been with PFS for more than the last 5 years, serving as Managing Director since January 2004 and General Manager from 1996 to January 2004.

Director and General Manager: Stephen Dutton

Mr. Dutton has been with PFS for more than the last 5 years, serving as General Manager since January 2004 and a Director since January 2005.

Director and Secretary: Christopher Boyle

Mr. Boyle has been with PFS in April 2002 and was appointed a Director in January 2005. Prior to April 2002, he had been Finance Director and Secretary for Pirtek U.K. in London, England from 1998 to 2002.

Item 3

LITIGATION

Richard Wilcox, et. al. v. Pirtek USA, LLC (American Arbitration Association Case No. 33 114 Y 00030 05) On January 25, 2005, thirteen franchisees filed an arbitration action against Pirtek, alleging breach of their respective Franchise Agreements, breach of the covenant of good faith and fair dealing, violation of Florida's Uniform Deceptive Trade Practices Act and, violation of Florida's Uniform Commercial Code. The number of franchisees involved in the arbitration action has since been reduced to eleven. The franchisees allege that the cost of products sold by Pirtek to franchisees are excessive in comparison with similar products sold by ~~other~~third-party suppliers, manufacturers and distributors in the industry. Plaintiffs The franchisees seek monetary damages and injunctive relief. Pirtek has filed an answer and counterclaim. No arbitrators have been selected and there is no arbitration date set at this time. This matter is in the pre-hearing/discovery phase.

Pirtek is defending the arbitration action vigorously. Its defenses include: (1) the franchise agreements and UFOC specifically state that the cost of the products sold by Pirtek to its franchisees may be higher than the cost of similar products in the market; and (2) Pirtek's comparison of its product prices with similar products in the industry demonstrate that Pirtek's prices are not unreasonable or inflated. Pirtek has also asserted counterclaims against 5 of the franchisees. These claims include breach of the non-compete agreement, trademark

infringement, unfair competition, breach of the franchise agreement's post-termination obligations, failure to pay past due licensing fees and marketing fees, and failure to pay for product. Pirtek seeks both monetary damages and injunctive relief on its counterclaims.

The arbitration hearing is scheduled to begin February 28, 2006.

Other than the action listed above, 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 \$45,000. In addition, you must pay to us a \$10,000 Shop Set-up Fee. You must pay at least one-half of the Initial Franchise Fee when you sign the Franchise Agreement and the balance of the Initial Franchise Fee and the Shop Set-up Fee prior to attending the initial training program described in Item 11. In connection with the Shop Set-up Fee, we will spend approximately 10 to 20 business days at your Center prior to opening to generally get you ready to open your Center for business.

We will return your Initial Franchise Fee and Opening Set-up Fee (without interest) to you only under the following circumstances: (i) if you notify us in writing and withdraw your franchise application prior to the commencement of the training program; or (ii) if any training program attendee fails to successfully complete the training program to our satisfaction. In either case the refunded amount will be the Initial Franchise Fee and Shop Set-up Fee minus the lesser of \$3,500 or any actual costs that we incur through the training program.

In addition to the Initial Franchise Fee and Opening Set-up Fee, you must purchase from us the opening inventory, and certain items of the equipment (including the PIRTEK Data System), uniforms and other similar items with the PIRTEK trademark for your Business, for a total of approximately \$89,000 to \$210,000, as further described in Items 7 and 8. The amounts for these items are payable in lump sum and are not refundable. During our ~~2004~~2005 fiscal year, the amounts that franchisees paid us for the items described in this Item 5 ranged from ~~\$90,000~~115,220 to ~~\$204,000~~269,701, which included the Initial Franchise Fee, Set-up Fee, signs

and equipment, opening inventory, the PIRTEK Data System (the computer network system) and other pre-opening items purchased from us.

Item 6

OTHER FEES

Name of Fee	Amount (See Note 1)	Due Date	Remarks
Continuing License Fee	4%, with a reduction in the first year to 1½%.	On or before the 10 th day of the month following the month for which the fee is due.	See Notes 2 and 7.
Marketing Fees	1½% - 3% of your Gross Sales.	On or before the 10 th day of the month following the month for which the fee is due.	See Notes 3 and 7.
Local Marketing	¾% - 1½% of your Gross Sales.	When due.	See Note 4. You must advertise in the Yellow Pages of your local telephone directory. The cost of any yellow pages listing will be pro-rated if joint listing.
Transfer Fee	The lesser of \$10,000 or our expenses. See Note 5.	At time of transfer.	See Item 17 for additional information on transfer requirements.
PIRTEK Meetings	Will vary under the circumstances.	When incurred.	You must pay all travel, living and other expenses while attending PIRTEK meetings, which may include an annual national conference and regional meetings. We may charge a conference fee payable to us to cover some of the meeting costs, although you also will pay some of those charges directly to third parties.
			Audits and inspections generally will be at our expense. If, however, an audit is made necessary by your failure to furnish reports, financial statements,

Name of Fee	Amount (See Note 1)	Due Date	Remarks
Audit and Recordkeeping Costs	Will vary under the circumstances.	After inspection or audit	tax returns or schedules as required under the Franchise Agreement, or if any audit or inspection reveals that you have understated or underreported Gross Sales, Continuing License Fees, Marketing Fees or other amounts owed to us by an amount greater than 4%, in addition to the amounts owed to us, you must reimburse us for the cost and out-of-pocket expenses of the inspection or audit.
Interest Expenses	Will vary under the circumstances.	When due.	All amounts owed to us will bear interest at the rate of 2% over prime.
Renewal Fee	\$5,000	Renewal of license.	See Note 5. See Item 17 for additional information on renewal requirements.
Computer/Data Transfer	\$500 - \$2,675 per month.	When due	Amounts due to us and third party suppliers for software services and other communication lines and services.
Insurance	\$2,000 - \$10,000 annual premium for liability insurance only; plus other annual premiums ranging from \$4,000 - \$30,000 or more, which will vary under the circumstances.	When premiums are due.	See Note 6.
Remodeling Expenses	A maximum of \$5,000 per year for each year that you operate the Business under the Franchise Agreement.	When incurred.	The \$5,000 amount will be adjusted annually in accordance with any annual change in the National Consumer Price Index. The \$5,000 per year limitation does not apply to modernization requirements upon renewal.
Costs and Attorneys'	Will vary under		You must pay us for our costs and attorneys' fees in obtaining injunctive or other

Name of Fee	Amount (See Note 1)	Due Date	Remarks
Fees	circumstances.	When incurred	relief for the enforcement of the Franchise Agreement.
<u>Dispute Resolution</u>	<u>\$5,000</u>	<u>When incurred</u>	<u>See Note 8.</u>

Notes:

- (1) Except where otherwise noted, all fees are payable to us and are not refundable.
- (2) "Gross Sales" means the total revenues and receipts from the sale of all products or services, whether the orders for products or services originated from or were accepted at or from the Business or at any other place. "Gross Sales" are net of any applicable sales tax and any sales credits.
- (3) We will determine annually the exact percentage of Gross Sales for the monthly Marketing Fee. We have established the Marketing Fee for our 20052006 fiscal year (December 20042005 through November 20052006) at 1½%. See Item 11 for more information on marketing.
- (4) The local marketing requirement will be ½ of the amount of the Marketing Fee for any given year. For instance, if your Marketing Fee is 2% of your Gross Sales, then your local marketing requirement is an additional 1% of your Gross Sales, for a total of 3%. Your local advertising expenses may be paid directly to third parties, although we may require you to provide us by January 31 each year with an accounting of the monies that you have spent for the preceding year on approved local marketing, as further described in Item 11.
- (5) The maximum transfer fee of \$10,000 and renewal fee of \$5,000 are subject to increase each year based on the annual change in the Consumer Price Index as reported by the U.S. Department of Labor.
- (6) You must maintain in force general comprehensive liability insurance in a minimum amount and with the type of coverage we designate from time to time (currently, this is at least ~~\$5,000,000~~\$3,000,000 combined single limit per occurrence). We estimate that the average annual premium for this insurance coverage will be approximately \$2,000 - \$10,000 or more. In addition, you must also maintain in force insurance covering operation or maintenance of any building, equipment, MSSU motor vehicles that you own or lease in connection with your Business and any other insurance required by local, state or federal law. Insurance premiums for building, equipment and motor vehicles and other insurance required by law can vary dramatically depending on the type of building, equipment or vehicle and the state in which your Business is located, but the premiums should range from \$4,000 - \$30,000 or more. We may reasonably increase the minimum

liability protection requirement annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in public or product liability litigation or other relevant changes in circumstances. Premiums are payable in amounts and at times as required by your insurers. You must submit all insurance coverage for our approval at least 14 days before you obtain possession of the Business premises. All insurance policies must name us as an additional insured and must provide that we will receive 30 days' prior written notice of amendment, termination, expiration or cancellation of any policy. You must submit to us each year a copy of the certificate or other evidence of the issuance, renewal or extension of each insurance policy. If you fail to maintain the required insurance, we may obtain it on your behalf and you must reimburse us for costs incurred and premiums paid.

- (7) You must sign a draft authorization for your business bank account. A current copy of the draft authorization is included as Appendix E to the Franchise Agreement. The draft authorization permits us to draw from your account all amounts due and payable to us.
- (8) Before you or we can initiate arbitration or litigation in connection with a dispute under the Franchise Agreement, you will meet on an individual basis with our President within two weeks of a request for such meeting. You are responsible for your own costs and expenses with respect to the meeting. If a party refuses to participate in the meeting, the refusing party must pay the other \$5,000.

Item 7

INITIAL INVESTMENT

	Estimated Amount or Estimated Low- High Range (See Note 1)	Method of Payment	When Payable	To Whom Payment is Made
Initial Franchise Fee	\$45,000 See Note 2	Lump sum	At least 1/2 when you sign the Franchise Agreement and balance prior to attending training	Us
Shop Set-up Fee	\$10,000 See Note 3	Lump sum	Prior to attending training	Us
Training	No separate fee for initial training because it is included in the Initial Franchise Fee; \$5,000 to \$15,000 for expenses (which is \$1,000 to \$3,000	As incurred	Before opening	Third parties for travel and living expenses

	Estimated Amount or Estimated Low-High Range (See Note 1)	Method of Payment	When Payable	To Whom Payment is Made
	per person for travel and living expenses during training) See Note 4			
Leasehold Improvements	\$5,000 to \$40,000 See Note 5	As incurred	As incurred	Third parties
Signs and Equipment	\$20,000 to \$80,000 See Note 6	Lump sum or installments if leased	Before opening	Us or third parties
MSS Units	\$35,000 to \$80,000 See Note 7	Lump sum or installments if leased	Before opening	Third parties, although equipment to outfit MSSU must be purchased from us
Prepaid Rent and Security Deposit	\$2,000 to \$10,000 See Note 8	Lump sum	Before opening	Landlord
Opening Inventory	\$65,000 to \$120,000	As incurred	Before opening	Us
PIRTEK Data System (Computer Network System)	\$4,000 to \$10,000 See Note 9	Lump sum or installments if leased	Before opening	Us and third parties
Insurance Premiums	\$6,000 to \$40,000 See Note 10	As incurred	Before opening	Insurance companies
Utility Deposits and Business Licenses	\$1,000 to \$3,000 See Note 11	As incurred	Before opening	Third parties
Attorneys' Fees	\$2,000 to \$5,000 See Note 12	Lump sum	As incurred	Attorney
Additional Funds - 3 Months	\$10,000 to \$80,000 See Note 13	As incurred	Before opening and as incurred	Employees, third parties, etc.
TOTAL See Note 14	\$210,000 to \$538,000			

Notes:

- (1) The following are the *estimated minimum* requirements for beginning operations for a PIRTEK Business. The estimated minimum requirements will vary depending on factors like your financial condition and the arrangements and business decisions you make.

Except where otherwise noted, all fees that you pay to us are nonrefundable. Third-party lessors and suppliers will decide if payments to them are refundable.

- (2) See Item 5 for additional information on the Initial Franchise Fee and circumstances when the Initial Franchise Fee is refundable.
- (3) See Item 5 for additional information on the Shop Set-up Fee and circumstances when the Shop Set-up Fee is refundable.
- (4) See Item 11 for additional information on training.
- (5) The PIRTEK Center premises will ordinarily be leased rather than owned. We estimate that the average center will have approximately 2,000 - 4,000 square feet or more. Your initial investment for leasehold improvements will vary depending upon local labor costs and whether the building is a completed structure immediately adaptable to installation of necessary fixtures and equipment or a location where construction is in progress. These variables affect how different obligations will be distributed between landlords and tenants under different lease agreements and the costs of acquisition and construction. We must approve all leasehold improvements prior to construction. Although the cost of leasehold improvements will vary depending upon the above-described factors, we estimate that the average cost of leasehold improvements will range between \$5,000 and \$40,000 or more.
- (6) Your investment in signs and equipment is highly variable for your PIRTEK Center. The investment depends to a great extent on the size and location of your proposed center, local labor costs, current prices charged by equipment suppliers, discretionary expenditures, inflation, financing costs and similar factors beyond our or your control.

In order to insure uniform quality of products and services throughout the PIRTEK system, you must purchase or lease signs and equipment that we have approved. We estimate that under average conditions you may expect to incur costs for these items between \$20,000 and \$80,000 or more.

The parties will determine the precise amount of any initial or periodic equipment payments at the time of the transaction. The payments ordinarily are not refundable. Investment obligations beyond the initial cash outlay requirements will be necessary and you may finance at your discretion. Market forces will determine loan repayment totals and interest on borrowings will be determined by market forces at the time of any financing transaction.

- (7) We require that you operate at least 2 MSSUs when you open your Business. You must purchase or lease the MSSUs from approved third-party suppliers and outfit them with approved MSSU equipment purchased from us.
- (8) You usually will be required to pay one month base rent as a security deposit to the landlord. We estimate that for a PIRTEK center having 3,000 square feet the rental obligations will be approximately \$3.50 - \$7.50 or more per square foot base rent per

year. Leases also usually impose an obligation toward maintenance costs, insurance charges, real estate taxes and special assessments, utility charges, water and sewer charges, security charges, and other similar charges.

- (9) This amount is for the PIRTEK Data System, as described in Item 11.
- (10) See Item 6 for additional information on insurance.
- (11) This amount includes utility deposits and business licenses. Deposits are generally refundable, but license fees are not.
- (12) This amount is an estimate for attorneys' fees in connection only with your purchase of the franchise.
- (13) This amount estimates your initial pre-opening and start-up expenses not otherwise mentioned in the Table, including advertising, employee wages, taxes, and telephone hook-up. The amounts are estimates based on our estimate of average costs and market conditions prevailing as of the date of this Offering Circular and our 8 years of experience in the Business. We cannot guarantee that you will not have additional expenses starting your Business. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, your business skills, local economic conditions, the local market for the PIRTEK Business, the prevailing wage rate, competition and the sales level reached during the initial period.
- (14) This total is an estimate of your initial investment and is based upon our estimate of average costs and market conditions prevailing as of the date of this Offering Circular and our 8 years of experience in the Business. You should review this amount 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 help assure a uniform image and uniform quality of products and services in all PIRTEK businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, you must improve and equip the building from which you operate your Business in accordance with our then current approved design specifications and standards. 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 (which includes MSSUs and hardware and software for the PIRTEK Data System, a computerized record-keeping system), signage, fixtures, furnishings, products, supplies and marketing and sales promotion materials that meet our specifications and standards.

The Franchise Agreement requires you to sell or use only those products and services that we have approved in writing. The purpose of this requirement is to insure that all franchisees adhere to the uniformity requirements and quality standards associated with PIRTEK businesses. We are the only approved supplier of inventory products for resale to customers ("Inventory Products"). You must purchase all Inventory Products from us, except in the limited instances to satisfy a customer's immediate demands as described in the PIRTEK Operations Manual. The Inventory Products include hydraulic, industrial and specialist hoses, hose fittings, adapters and accessories. In addition, we are the only approved supplier for the equipment necessary to outfit the MSSUs and all non-inventory items that contain the PIRTEK Marks. As of the date of this Offering Circular, those items that contain the PIRTEK Marks include uniforms, printed forms like customer invoices and stationery, and promotional items like caps and pins, although this list may change during the term of the license granted in your Franchise Agreement. We also are the only approved supplier for some of the equipment necessary for the PIRTEK Data System, including the proprietary and other software, modem, printer and printer accessories.

Upon request, we will periodically provide you with a list of approved suppliers for fixtures, equipment and other non-inventory items. We may modify the standards and specifications for these items from time to time. Except for Inventory Products, proprietary software and certain hardware components and other items that contain the PIRTEK Marks, you may make written request for approval of a specific item of an additional qualified vendor or supplier. We may grant our approval of the item if doing so will not create an inordinate number of vendors/suppliers (usually not more than 2) of the item. In addition, each vendor/supplier of a product must meet the following requirements: its item must comply with the applicable specifications and/or standards; the vendor/supplier's facilities must be adequate to meet the needs of franchisees; and the vendor/supplier and its facilities must be accessible to periodic Pirtek evaluation. We may charge the cost of evaluating a proposed new vendor/supplier and/or its item to you or the vendor/supplier. We do not make these specifications and/or standards generally available to franchisees or vendors/suppliers.

You must initiate the formal approval process to have a specific non-inventory item of an additional vendor/supplier approved (other than those items that contain the PIRTEK Marks). As part of this approval process, we may request the vendor/supplier to sign a confidentiality agreement and submit to us a sample of its specific item. We or a suitable testing facility or laboratory designated by us then will conduct tests and evaluations of the sample to determine whether the product conforms with the specifications and/or standards. We will notify the vendor/supplier of our evaluation results by mail usually within 180-270 days after our receipt of the sample. The vendor/supplier also may be required to sign an applicable supplier agreement. We may revoke our appointment if the vendor/supplier is in violation of any of the terms of the applicable supplier agreement or if we determine in our good faith but exclusive judgment that

the vendor/supplier is not meeting the standards and specifications that we have established for that item or service.

In addition to purchasing approved products, you must install the Pirtek Data System. As stated in Item 11, the Pirtek Data System contains required hardware and software components. You must acquire the proprietary software and certain parts of the hardware components from us. The proprietary Eunice Software System is owned by Trilogy Business Systems, which is based in Sydney, Australia. You also must purchase and maintain insurance in amounts and types of coverage that we designate periodically, as described in Item 6, and any other insurance required by law or any agreement related to the franchise business. You must furnish to us copies of all insurance policies. You may use only marketing and promotional materials that we have approved (see Items 6 and 11 for more information on marketing).

During the ~~2004~~2005 fiscal year, we derived revenue of ~~\$4,970,329~~\$5,806,691 from the sale of Inventory Products and other items described in this Item 8, or ~~76.276~~% of our total revenues of ~~\$6,521,480.7~~6,403,951. This number includes revenue from Inventory Products sold by company-owned centers to end users. We derive revenue from the sale of Inventory Products and other non-inventory items to you by charging more than our wholesale purchase price from the manufacturers. In many instances, the cost of the Inventory Products and other non-inventory items to you may be higher than the cost of other hoses or other similar products on the market.

From time to time, we or another vendor or supplier may be the only approved supplier for non-inventory items because of the lack of requests for approval of alternative vendors or supplies. We may provide certain administrative, technical, inspection, advisory and other services and data to certain suppliers in return for a fee as a result of transactions with franchisees. The fee may range from 0% to 20% of the suppliers' sales to franchisees. We may be able to occasionally negotiate with third-party suppliers so that the suppliers may offer their products or services to franchisees at favorable or discount prices.

We estimate that your purchase of equipment, products, supplies and marketing materials from us or that meet our specifications and standards will represent approximately 60% to 80% or more of the cost to establish the franchise business and 20% to 60% or more of the cost to operate the franchise business on an ongoing basis.

When your franchise is up for renewal or you apply for an additional franchise, among the factors we consider are your compliance with your Franchise Agreement and support of our programs and policies, which would include compliance with the requirements described in this Item 8.

We are not aware of any purchasing or distribution cooperatives in the PIRTEK system that offer to you certain products used in the franchise 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 (1)	Item in Offering Circular
a.	Site selection and acquisition/lease	Sections 2, 5A	Items 1, 7, 11, and 12
b.	Pre-opening purchases/lease	Sections 5A, 6A-B	Items 5, 7, and 8
c.	Site development and other pre-opening requirements	Sections 2, 5A	Items 7 and 11
d.	Initial and ongoing training	Sections 7B, 7D	Items 6 and 11
e.	Opening	Sections 2, 5A	Items 5 and 11
f.	Fees	Sections 8A-C, 9A-C	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 5A-F, 6A-K, Appendix D (Computer Software License Agreement)	Items 11 and 16
h.	Trademarks and proprietary information	Sections 3A-E, 6C, 6E, 12A, Appendix D (Computer Software License Agreement)	Items 13 and 14
i.	Restrictions on products/services offered	Sections 2, 6A-B	Items 8, 11 and 16
j.	Warranty and customer service requirements	Sections 6A, 6D	Item 16
k.	Territorial development and sales quotas	Sections 2, 6D	Item 12
l.	Ongoing product/service purchases	Sections 6A-C	Items 8 and 11

	Obligation	Section in Agreement (1)	Item in Offering Circular
m	Maintenance, appearance and remodeling requirements	Sections 5A-F	Items 6 and 11
n	Insurance	Section 10B	Items 6 and 8
o	Advertising	Sections 9A-C	Items 6, 7 and 11
p	Indemnification	Section 10B	None
q	Owner's participation/management/staffing	Sections 7A-D	Items 11 and 15
r.	Records/reports	Sections 8C-E	Item 6
s.	Inspections/audits	Sections 6F, 8E	Item 6
t.	Transfer	Sections 14A-E, 15	Items 6 and 17
u	Renewal	Section 4	Items 6 and 17
v	Post-termination obligations	Sections 12A-C	Item 17
w	Non-competition covenants	Sections 10C, 12C	Item 17
x	Dispute resolution	Sections 13A-D	Item 17

(1) Unless stated otherwise, references are to the Franchise Agreement.

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your loans, leases, or other obligations. You must obtain necessary financing through third parties. We periodically arrange with third party finance companies or banks to make financing programs available to franchisees. These arrangements ordinarily involve no more than arranging to put franchisees in contact with sources of financing available to individual franchisees. There is no assurance that financing will be offered in any particular instance. If financing is offered, the financial institution independently establishes the amount, terms, interest rate and duration. Neither we nor any of our affiliates receive any payments in exchange for such referrals or the placement of any financing. It is solely your responsibility to locate and obtain, on whatever terms you can arrange, any required financing for the establishment of your Business.

The United States Small Business Administration (the "SBA") currently offers a Franchise Registry Program to allow for the expedited processing of SBA loans for franchisees of approved franchisors. We have complied with the eligibility requirements of the SBA's Franchise Registry Program and have been approved for participation. Accordingly, PIRTEK franchisees who apply for SBA loans will receive the benefit of a streamlined loan process. For more information regarding the SBA's Franchise Registry Program, access their website at www.franchiseregistry.com. You should not, however, construe the presence of the PIRTEK franchise program on the SBA's Franchise Registry as an endorsement by the SBA, a guarantee you will be approved for a loan, or an indication of the success or profitability of a PIRTEK franchise.

Item 11

FRANCHISOR'S OBLIGATIONS

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

Pre-opening Assistance. Before you operate your Business in a Territory, we will

- (1) Grant to you a license to operate your Business in a Territory (Section 2 of the Franchise Agreement).
- (2) Provide training as described below in this Item 11 (Section 7B of the Franchise Agreement).
- (3) Loan to you one copy of our confidential Operations Manual for the Business containing mandatory and suggested specifications, standards and operating procedures for the Business (Section 6C of the Franchise Agreement).

Ongoing Assistance. During the operation of your Business, we will

- (1) Furnish you from time to time with updated and revised material for our confidential Operations Manual (Section 6C of Franchise Agreement).
- (2) Evaluate your Business, which may include reviewing your overall performance and financial results and accompanying you on sales or service calls (Section 6D of the Franchise Agreement).
- (3) Establish and conduct various marketing and sales promotion programs (Sections 9A-B of Franchise Agreement).

Marketing Programs. You must pay Marketing Fees to us in an amount equal to 1½% to 3% of Gross Sales, as described in Item 6, for marketing and promotion programs to promote the PIRTEK System and products. All franchisees in a designated marketing area (“DMA”) must contribute Marketing Fees at the same rate, and we or our affiliates will contribute Marketing Fees at the same rate for company or affiliate-owned centers in a particular DMA. We will notify you annually of the exact percentage of Gross Sales for the monthly Marketing Fee, except for any year in which it will remain unchanged. We may formulate, develop, and conduct marketing and promotion programs in a form and media we determine to be appropriate. Media used for marketing programs includes written publications and promotional pieces, and also may include television and radio in the future. We reserve the right to use the Marketing Fees to reimburse us for all costs that we incur related to the marketing and promotion programs, including the proportionate compensation of employees who devote time and render service in the conduct, formulation, development, production and administration of the marketing and promotion programs.

As of the date of this Offering Circular, we formulate, develop and conduct the marketing and promotion programs in-house, and we may form an in-house marketing department in the future. We reserve the right in the future, however, to use a national or regional advertising agency for the marketing and promotion programs. We also may appoint franchisees to a Franchisee Advisory Council (“FAC”) to serve in an advisory capacity only on marketing and promotion programs. We have the power to form, change or dissolve the FAC. We also reserve the right to require marketing cooperatives to be formed, changed, dissolved or merged.

In addition to the Marketing Fees paid to us, you must spend at least an amount equal to ½ of your Marketing Fee on approved local marketing. You must submit all local marketing materials to us for our approval prior to use. Your general conduct on any web site or other on-line communication and specifically your use of the PIRTEK Marks or any advertising on a web site (including any domain names) or other communications is subject to our approval. We will not unreasonably withhold approval of any marketing materials that you propose to use, if your materials are factually accurate and current, conform to the highest standards of ethical marketing, and are in good condition and accurately depict the PIRTEK Marks. On or before

January 31 of each year, we may require you to submit to us an accounting of the monies you have spent for the preceding year, together with copies/proof of all marketing.

We have no obligations to spend any amount on marketing in the area or Territory where you are located. For Marketing Fees not spent in any fiscal year, the excess will be carried over for future use. The Marketing Fees are not held in a trust or escrow account. You have no property rights of any kind with respect to the Marketing Fees, and we do not have any fiduciary obligations to you or other franchisees regarding the Marketing Fees. In addition, from time to time, we may loan money to assist in funding certain marketing programs, which money will be repaid out of the Marketing Fees with interest to us. During our ~~2004~~2005 fiscal year, use of the Marketing Fees was as follows:

Printing	<u>25.3523.00</u>
	%
Other Production	<u>19.535.24</u>
	%
Public Relations	<u>8.777.75%</u>
Promotional Materials	<u>7.618.33%</u>
Media Placement	<u>2.393.53%</u>
Marketing Fee Rebates	<u>13.110.58</u>
	%
<u>Administration</u> Director Mail and Postage	<u>5.879.36%</u>
Interest Expense	<u>1.04.10%</u>
Salaries <u>&and</u> Wages <u>==</u> Marketing Fund	<u>13.5822.67</u>
	%
<u>Shipping</u>	<u>.78%</u>
Operations Marketing Conference	<u>2.111.41%</u>
Miscellaneous	<u>0.613.15%</u>
<u>Trade Shows</u>	<u>2.77%</u>
<u>Sponsorships</u>	<u>1.16%</u>
<u>Other Marketing Expenses</u>	<u>.17%</u>

Upon request, we will provide you with an unaudited financial report showing receipts and disbursements of the Marketing Fees. The Marketing Fees will not be used for advertising principally directed at the sale of franchises.

Computer System. You must install the PIRTEK Data System. This system may be modified from time to time in response to business, operations and marketing conditions (Section 6.J of Franchise Agreement). In connection with the PIRTEK Data System, you must sign a Computer Software License Agreement, a copy of which is included as Appendix D to the Franchise Agreement. As of December 31, ~~2004~~2005, the PIRTEK Data System includes the following components:

- (1) The hardware component for the Pirtek Data System is at least one IBM compatible PC, printer and its accessories and modem.
- (2) The printer requirements include one ~~Okidata~~Hewlett-Packard laser printer ML520.
- (3) The required proprietary and other software for the PIRTEK Data System. The proprietary software is the ~~Eunice Software System~~ (“~~Eunice~~”Eclipse software system (PDS2)), which is a ~~4GL computer system~~an enterprise class software package designed for use in distribution companies. The ~~Eunice Software~~Eclipse System includes ~~Informix~~the Univers database from IBM and runs on the SCO Unix AIX operating system. AIX is a UNIX designed system specifically for the IBM RS6000 hardware platform.

You will have remote access to the ~~Eunice Software~~Eclipse System by a PC that is linked to ~~the~~our own computer server at our Franchise Service Center in Rockledge, Florida. You will have access to your own database, which is stored on our Franchise Service Center computer server. You will be able to access all of your own business information, update existing information, produce reports, and view our Franchise Service Center’s product inventory. We will have independent access to all of this information for your center with no contractual limitation on our right to the information.

~~The Eunice Software System~~Although the Eclipse software system has been used by PFS in Australia for over 12 years. ~~The Eunice Software System is a proprietary international system owned by Trilogy Business Systems. Trilogy is a third party based in Sydney, Australia. Their address is 1/444 Gardiner Rd., Alexandria, N.S.W.2015, Australia, Tel. No.: 61 2 9660 0444.~~in use with other non-Pirtek based distributors for over 15 years, we are in the initial months of implementing and rolling out the Eclipse Software System (PDS2). As with any rollout of a new computer system, we may experience certain delays in installation and implementation. As of the date of this Offering Circular, we have installed the PDS2 in two Centers. Eclipse is a wholly-owned subsidiary of Intuit, Inc. which is located at 6 corporate Drive, Suite 545, Shelton, CT 06484; tel. no. 203-926-2641. The annual cost of maintenance and support for the ~~Eunice~~Eclipse Software System will be shared on a pro-rated basis by you and all other end-users in the PIRTEK system. We will provide the maintenance and support. In addition, you are contractually obligated to pay for any upgrades or updates with no contractual limitation on the frequency or cost of the obligation, including upgrades that may link a mobile based computer on your MSSUs with the PIRTEK Data System.

Site Selection. We do not select the site for your PIRTEK hose service center, although we must consent to the site. The general site selection criteria you should consider includes traffic patterns, ease of ingress and egress, size and cost of property, off-road area for loading and

unloading, customer parking, demographic surveys, types of businesses in the general vicinity and other similar factors. You are solely responsible for locating a site that meets our standards and criteria and that is acceptable to us. We generally will respond within 30 days of your request for approval of a proposed site. If we do not approve the site you propose, we will permit you to examine alternative search areas for your site. The Franchise Agreement does not have any provision that addresses termination if you do not select a site within a prescribed time period. Our identification of, consent to, or acceptance of a site for a PIRTEK Business does not constitute a guarantee, recommendation, assurance or endorsement as to the success of the site of your Business.

Development Time. You must open your Business within 120 days of signing your Franchise Agreement. Factors affecting this length of time usually include arranging financing, successfully completing training and other possible factors.

You should not expend funds or make any other commitment in connection with the franchise and should not resign from existing employment, relocate or take any similar action until our approval of the franchise, which we will specifically communicate to you in writing.

Training. You must attend our initial training program before you open your Business. Training is available to you, your designated manager (if someone other than you), your operations manager, at least two MSS technicians and the administration person for your Business. We conduct our training program at the Franchise Support Center in Rockledge, Florida, or other locations designated by us, including a host PIRTEK center for “on the job” work experience as described in the table below. The training will generally be for 1-4 weeks (1 week for your administration person and 3-4 weeks for you and your designated manager, if any) and is scheduled to begin approximately 4 weeks before you open your Business. The training program includes two phases: (i) instruction regarding the general management of the Business; and (ii) instruction regarding the sales and service aspect of the MSSU part of the Business.

The “on the job” work experience is designed to provide you and your team with the opportunity to better understand and learn the PIRTEK business. It is also an opportunity for our representatives to observe your attitude and potential for owning and operating a PIRTEK business. During the “on the job” work experience, you are not an employee of the host center. Consequently, neither we nor the operator of the host center pays any salary or benefits to you or your team, and you may have to forego a salary during this time from any then current employer. In addition, you must pay all travel and living expenses associated with this “on the job” work experience. We estimate that the cost of these expenses will range between \$1,000 to \$3,000 or more.

TRAINING PROGRAM INFORMATION

General Management Program

Subject	Time (Hours)	Instructional Materials(1)	Hours of "Classroom" Training	Hours of "Hands On" Training	Instructor (2)
GENERAL (history, future direction)	1	See below	1	--	Director of Training
TECHNICAL (product familiarization, equipment use and care, problem solving, warranties and claims)	8	See below	4	4	Director of Training
FRANCHISING (territory grant and promotional obligations, teamwork within the Pirtek network, supporting infrastructure, franchisee's own role in marketing and promotion)	4	See below	4	--	Director of Training
MARKETING (technological developments, suggested Pirtek unique selling proposition, sustained competitive advantages, future marketing direction)	6	See below	6	--	Director of Training
SALES AND TERRITORY MANAGEMENT (effective sales management techniques, customer classifications, the sales and service role (problems and solutions), reporting, sales targets and sales campaigns)	6	See below	4	2	Director of Training; Financial Controller
BUSINESS ADMINISTRATION (ratios and guidelines for effective management, insurance)	6	See below	3	3	Training Manager
HUMAN RESOURCES (supervision					

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Subject	Time (Hours)	Instructional Materials(1)	Hours of "Classroom" Training	Hours of "Hands On" Training	Instructor (2)
recommendations, occupational health and safety recommendations, store and field training, staff rosters, career development aspects)	8	See below	6	2	Director of Training
COMPUTER - PIRTEK DATA SYSTEM (national system capabilities, computer driven management, future data transfer direction, Internet and information systems controls)	12	Computer	2	10	Director of Information Technology, Financial Controller
HOSE CENTER (operational layout and management, housekeeping, equipment use and care customer service, cash sales handling, inventory control, purchasing, freight and distribution, loss and theft)	24	See below	4	20	Director of Operations, Director of Training
MOBILE FLEET (mobile fleet management, ratios and signals, supervision techniques, safety in work place, training (technical and sales based))	8	See below	4	4	Director of Training
FINANCIAL (accounting systems available, margin recovery and financial well being, accounts receivables and payables, quotation, working capital needs)	8	See below	6	2	Director of Training
QUALITY SYSTEM (planning and implementing a quality system, recording and administration guidelines)	2	See below	2	--	Director of Training
SERVICE CALLS FIELD EXPERIENCE ("On the					Director of

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Subject	Time (Hours)	Instructional Materials(1)	Hours of "Classroom" Training	Hours of "Hands On" Training	Instructor (2)
Job")	16	Field work	--	16	Training
SALES FIELD EXPERIENCE ("On the Job")	24	Field work	--	24	Director of Training
TOTALS	133		46	87	

MSST Training Program

Subject	Time (Hours)	Instructional Materials(1)	Hours of "Classroom" Training	Hours of "Hands On" Training	Instructor (2)
INTRODUCTION (history, corporate image)	1	See below	1		Director of Training
PRODUCT TECHNICAL (hose and fitting identification, technical application)	8	See below	4	4	Director of Training
ASSEMBLY TECHNIQUE (cutting, skiving, crimping)	4	See below	1	3	Director of Training
EQUIPMENT USE AND CARE	3	See below	1	2	Director of Training
VEHICLE USE AND CARE	1	See below		1	Director of Training
INVENTORY CONTROL	1	See below	1		Director of Operations, Director of Training
SALES AND TERRITORY MANAGEMENT	2	See below		2	Director of Training
CUSTOMER SERVICE	1	See below	1		Director of Training
COMMUNICATIONS (use of PIRTEK Data System)	2	See below	2		Director of Information Technology
ADMINISTRATION (paperwork)	1	See below	1		Director of Information Technology, Director of Training
SERVICE CALL FIELD EXPERIENCE ("On the Job")	24	See below		24	Director of Training
SALES FIELD EXPERIENCE	16	See below		16	Director of

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Subject	Time (Hours)	Instructional Materials(1)	Hours of "Classroom" Training	Hours of "Hands On" Training	Instructor (2)
("On the Job")					Training
TOTALS	64		12	52	

- (1) The instructional materials include the Operations Manual, product training manuals and catalogs, videos, CD-ROM and software packages, lectures and hands-on practice.
- (2) As of the date of this Offering Circular, Jamie Vokes is primarily responsible for the training program. Mr. Vokes joined us in July 2002 as a consultant and was named National Sales Manager in January 2003. Mr. Vokes worked for Pirtek Europe for 11 years prior to July 2002.

You must pay for the salaries, travel, accommodation and related costs for all persons associated with you who attend the training program. We estimate the cost for travel and living expenses during training to be \$1,000 to \$3,000 per person. We do not charge a fee for our initial training program. Any designated manager that you appoint for your Business must successfully complete to our satisfaction the full training program prior to assuming the responsibilities as designated manager. We may charge a reasonable training fee for any designated manager or other person who attends training after the initial training for your Business.

You (and your designated manager if someone other than you) must attend any annual national conference that we organize for our franchisees. In addition, you (and your designated manager if someone other than you) must attend regional seminars that we may organize from time to time. You are responsible for travel, lodging and related costs and fees for all persons who attend from your Business.

Operations Manual We will permit you to view the confidential PIRTEK Operations Manual prior to your purchase of the franchise, subject to your agreement to keep all information in the Operations Manual confidential.

Item 12

TERRITORY

You are granted the right to operate your Business within a designated Territory. The method used to describe territorial boundaries of franchises generally will be one or a combination of the following: county lines, highways or streets or zip codes. Based on our own judgment, we may grant to you from time to time an additional nonexclusive promotional zone ("Promotional Zone") within which to conduct your PIRTEK Business, subject to the terms and

conditions of the Franchise Agreement. The Promotional Zone is not part of your Territory. You must relinquish the Promotional Zone (in whole or in part, as the case may be), without compensation on 30 days notice from us. For example, we may cause you to relinquish the Promotional Zone if we decide after due consultation with you to have that area serviced by another center or otherwise without cause.

In exchange for granting you the rights within your Territory, we expect and require you to meet the minimum annual performance target in your Territory. Except for the first year of your Business, we will, in good faith and after due consultation with you, annually establish the performance target for your Territory. The performance target will be based on various factors, including the level of sales at your Business in the previous year and demographic criteria. We can terminate the Franchise Agreement if you do not achieve your performance target for any annual period; however, we will provide you with a written warning and opportunity to cure at least 60 days before the end of the period in question.

During the term of your Franchise Agreement, we will not establish either a company owned or franchised PIRTEK Hose Service Center within your Territory or modify your Territory without your written permission; provided that you are in complete compliance with the terms and conditions of your Franchise Agreement. We do, however, reserve the right to (i) put some limitations on national or regional accounts that we may develop for the PIRTEK system; and (ii) develop and operate and to license others to develop and operate the PIRTEK business at any location outside your Territory.

We will not market the PIRTEK business within your Territory, except in the case where the marketing is part of the marketing programs described in Item 11 or is contained in a general publication (or media) with general distribution (or broadcast) within and outside the Territory. Although (i) a franchisee's marketing in his territory may reach your Territory if contained in a general publication (or media) like a regional newspaper with general distribution (or broadcast) within his territory and your Territory or (ii) a franchisee or its operations manager or technical service representative in limited instances may make a sales call in your Territory if the service call will be done outside your Territory, it is a violation of another PIRTEK franchisee's franchise agreement if that franchisee makes sales or service calls in your Territory without your permission or our permission as part of national or regional account business if you are unwilling or unable to satisfactorily service the national or regional account. The terms and conditions applicable to national or regional accounts will be set forth in the Operations Manual or other writing.

We generally will not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within any particular territory.

Item 13

TRADEMARKS

The Franchise Agreement licenses you to use the PIRTEK service mark, as well as other trademarks, service marks, trade names, trade dress and commercial symbols (collectively, the "Marks"). PFS is the owner of the PIRTEK service mark and claims common law trademark rights for all of the Marks. PFS has filed or intends to file all required affidavits and renewals of the Marks listed below. We are a master licensee of the rights to use the Marks in the United States.

Principal Trademarks	U.S. Reg. No.	Principal/ Supplemental Register	Registration Date
PIRTEK	2,201,394	Principal	November 3, 1998
PIRTEK (with design)	2,192,554	Principal	September 29, 1998

Appendix B to your Franchise Agreement identifies the Marks that you are licensed to use. Appendix B includes the PIRTEK service marks identified above and other Marks. We have the right to change Appendix B from time to time. Your use of the Marks and any related goodwill is to PFS' and our exclusive benefit and you retain no rights in the Marks. You retain no rights to use the Marks upon termination of the 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.

There are no currently effective determinations of the Patent and Trademark Office, 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. Other than the master franchise agreement between us and PFS, as described in Item 1, there are currently no agreements in effect that significantly limit the rights of us to use or license the use of any Marks in any manner material to the franchise. We know of no infringing uses that could materially affect your use of the Marks.

We signed the master franchise agreement with PFS on June 18, 1997. The master franchise agreement allows us to grant franchises and license franchisees to use the Marks in the United States, subject to the franchisees signing a franchise agreement for the Business. The master franchise agreement has an initial term that ends on the earlier of the expiration or termination of the last franchise agreement to expire or be terminated with a renewal term of an additional 21 years beyond the initial term. The master franchise agreement also has a 21-year development term for the granting of franchises, which development term expires on June 18, 2018. PFS may not operate or grant master franchise rights to others to operate the PIRTEK Business in the United States as long as we meet our obligations under the master franchise

agreement. PFS may terminate the master franchise agreement if we fail to, among other things, meet our development schedule, comply with applicable legal requirements, and perform our obligations under the franchise agreements. Upon PFS's termination of the master franchise agreement, the franchise agreements may be assigned to PFS or its designee at PFS's written request.

PFS and we are not required 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. PFS and we reserve the right to control any litigation related to the Marks and will 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 and to cooperate with any action that PFS and we undertake. If PFS or we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make such 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 PIRTEK Franchise Agreement, Operations 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 the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. You may not contest our interests in patents or copyrights.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Operations Manual. Upon termination of the Franchise Agreement, you must return to us all proprietary information, including but not limited to the Operations 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 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 Operations Manual at your cost. In the future, the changes may include making the Operations Manual available on the Internet or other on-line or computer data transfer communications.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If you are an individual, you must directly supervise and manage your Business. If you are a corporation, partnership or other business entity, you must designate in writing to us the individual who owns 51% of the franchisee (the "Principal Owner") and an individual who will directly supervise and manage the operation of your Business (the "Designated Manager"). Any individual owner, Principal Owner and Designated Manager must complete our training program as noted in Item 11. The Designated Manager need not have an ownership interest in the franchisee entity; however, he or she may be required to sign a written agreement maintaining confidentiality of proprietary information and abiding by the noncompete covenants described in Item 17.

Each individual who owns an interest in the franchisee entity must sign the personal undertaking and guarantee attached to the Franchise Agreement. These people agree to discharge all obligations of the franchisee under the Franchise Agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information described in Item 14 and abiding by the noncompete covenants described in Item 17.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those products and services that we have approved (see Items 8 and 9). You must offer all products and services that we require. There are no limits on our right to make modifications to the approved products and services from time to time as set forth in the Operations Manual or otherwise in writing. Any failure to comply with these standards may result in termination of your Franchise Agreement (see Item 17).

You may not use your place of Business or any MSSU used in connection with your Business for any other purpose than the operation of your Business.

You may use only marketing and promotional materials that we have approved.

You generally are not limited in the customers to whom you may sell products and services in the Territory or any applicable Promotional Zone; however, we reserve the right to put some limitations on national or regional accounts that we may develop for the PIRTEK system

(see Item 12). In addition, there are certain limitations to marketing and selling products and services outside your Territory or any Promotional Zone.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Offering Circular.

Provision		Section in Franchise Agreement	Summary
a.	Term of the franchise	Section 4	10 years
b.	Renewal or extension of the term	Section 4	If you satisfy renewal requirements, you may renew for two 10-year renewal terms.
c.	Requirements for you to renew or extend	Section 4	You must have complied with your Franchise Agreement and be current with all monetary obligations. You must give us notice, maintain the premises for the Business (including modernization), pay the renewal fee, sign a release and sign a then current franchise agreement.
d.	Termination by you	Section 11C	Subject to certain conditions, you may terminate the Franchise Agreement only for good cause with 30 days advance notice of default to us and 30 days opportunity for us to cure.
e.	Termination by us without cause	None	
f.	Termination by us with cause	Sections 11A-B	We can terminate only if you default.
g.	"Cause" defined - defaults which can be cured	Sections 11A-B	You have 30 days to cure non-submission of reports, non-payment of amounts due and owing, failure to abide by our standards and requirements for the Business, failure to meet our requirements and specifications regarding to products and services, and any other default not listed in Section 11.B(i) (subject to state law).
	"Cause" defined -		Non-curable defaults: abandonment, insolvency, unauthorized assignments or transfers, conviction of (or pleading no contest to) any felony or a misdemeanor impairing the goodwill of the Marks, deception of customers regarding products, willful

Provision		Section in Franchise Agreement	Summary
h.	defaults which cannot be cured	Sections 11A-B	falsification of reports, repeated audits because of underreporting, repeated defaults within 12-month period even if cured, failure to meet your minimum annual performance target and failure to cure within 24 hours notice of default which materially impairs the goodwill associated with our Marks (subject to state law).
i.	Your obligations on termination/non-renewal	Sections 12A	Obligations include complete de-identification of the Center and MSSUs, payment of amounts due, discontinue or assign business phone number, and return of Operations Manual and proprietary information.
j.	Assignment of contract by us	Section 15	No restriction on our right to assign. Assignee must fulfill our obligations under the Franchise Agreement.
k.	"Transfer" by you – definition	Sections 14A-C	Includes any transfer of your interest in the Franchise Agreement or Business.
l.	Our approval of transfer by franchisee	Sections 14A-C	Pirtek has the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	Sections 14A-C	New franchisee or principal owner qualifies, transferee not in default under the Franchise Agreement, transfer fee paid, all amounts owed by prior franchisee paid, training completed, non-compete and release agreements signed, and guarantees or new franchise agreements signed.
n.	Our right of first refusal to acquire your business	Section 14E	We can match any offer.
o.	Our option to purchase your business	None	
p.	Your death or disability	Section 14D	You can transfer to third party approved by us upon death, disability or incapacity. Transfer conditions apply (see m, above). We may temporarily operate Business until third party qualifies.
q.	Non-competition covenants during the term of the franchise	Section 10C	No direct or indirect involvement in the operation of any business selling products and services similar to those sold by your PIRTEK Business. You also may not employ an employee of another PIRTEK franchisee.

Provision		Section in Franchise Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Section 12C	No competing business for 2 years within the Territory or 15 miles of Territory or Promotional Zone or the territory or promotional zone of another PIRTEK center. You also may not for 2 years employ an employee of another PIRTEK franchisee.
s.	Modification of the agreement	Section 16B	No modifications generally, but we may change Operations Manual and list of Marks.
t.	Integration/ merger clause	Section 16B	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 13A	Except for certain claims, all disputes must be arbitrated in Orlando, Florida (subject to state law).
v.	Choice of forum	Section 16I	Litigation must be brought in Orlando, Florida (federal court) or Titusville, Florida, Brevard County (state court), (subject to state law).
w.	Choice of law	Section 16I	Florida law applies (subject to state law).

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], FLORIDA [Stat. Section 542.335], HAWAII [Rev. Stat. Section 482E-6], IDAHO [Code Section 29-110], ILLINOIS [815 ILCS Sections 705/4 and 705/17-705/201-44], 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], NORTH CAROLINA [Gen. Stat. Section 22B-3], 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 the franchise. No public figure is involved in the actual management or control of us.

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 PIRTEK franchise. Actual results vary from unit to unit, and we cannot estimate the results of any particular franchise.

Item 20

LIST OF FRANCHISED OUTLETS

**FRANCHISE
STATUS SUMMARY
FOR YEARS 2005/2004/2003/2002 (1)**

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired By Franchisor	Left The System Other	Total From Left Columns (2)	Franchises Operating At Year End
Alabama	0/0/0	0 1/0/0	0/0/0	0/0/0	0/0/0	01/0/0	4 0/1/1
Arizona	0/0/0	0/0/ 1 0	0/0/0	0/0/0	0/0/0	0/0/ 1 0	1/0/0
California	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5 1/2/2
Colorado	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/ 2
Connecticut	0/0/0	0 1/0/0	0/0/0	0/0/0	0/0/0	01/0/0	1/1/1
Florida	0 1/0/0	0 2/0/0	0/0/0	0/0/0	0/0/0	03/0/0	5/4/4
Georgia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2 2/2/1
Louisiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Massachusetts	0/0/0	0/0/0	0/0/0	0/0/0	0 1/0/0	01/0/0	1 2/1/0
Michigan	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/ 2 1
Minnesota	0/0/ 1 0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/ 1 0	2/2/2
Missouri	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
New Jersey	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2 1/1/0
North Carolina	0/0/0	0/0/0	0/0/0	0/0/1	0/0/0	1 0/0/1	1/0/0 (2)
Ohio	0 1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1 2/1/0

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State	Transfers	Canceled or Terminated	Not Renewed	Reacquired By Franchisor	Left The System Other	Total From Left Columns (2)	Franchises Operating At Year End
Oregon	0/0/0	0/0/10	0/0/0	0/0/0	0/0/0	0/0/10	0/0/0
Pennsylvania	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
Tennessee	0/0/0	0/0/0	0/0/0	01/0/0	01/0/0	02/0/0	01/1/1 (2)
Texas	0/0/0	02/0/0	0/0/0	0/0/0	0/0/0	02/0/0	21/2/2
Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/01/0
TOTALS	2/0/0/4	6/0/0/2	0/0/0	1/0/0/4	02/0/0	11/0/0/4	32/32/24/19

- (1) All numbers are as of December 31, 2004, ~~2003~~2005, 2004 and ~~2002~~2003. The numbers are for PIRTEK franchisees in the United States.
- ~~(2) The PIRTEK Hose Service Center, located at 1515 South Mint Street, Charlotte, North Carolina, was previously operated as a company-owned location by our affiliate and subsidiary, Hydraulic Hose of Charlotte, LLC. As of December 31, 2004, the Charlotte center was sold to a franchisee and will begin operating as a franchise location in March of 2005.~~
- (2) As noted in the next table, our affiliate and subsidiary, Nashville Hose Services LLC, took over the operation of the Hose Service Center in Nashville, Tennessee.

**STATUS OF COMPANY AND AFFILIATE OWNED BUSINESSES
FOR YEARS 2005/2004/2003/2002 (1)**

State	Businesses Closed During Year	Businesses Open During Year	<u>Business Sold During Year</u>	Total Businesses Operating at Year End
Florida (2)	0/0/1	03/0/1	2/0/0	1/1/1
<u>Tennessee (3)</u>	0/0/0	1/0/0	0/0/0	1/0/0
North Carolina (34)	0/0/0	1/0/0/1	1/0/0	10/1/1
<u>Connecticut (5)</u>	0/0/0	1/0/0	1/0/0	0/0/0
TOTAL	0/0/1	6/0/0/21	4/0/0	2/2/2

- (1) All numbers are as of December 31, 2004, ~~2003~~2005, 2004 and ~~2002~~2003.
- (2) Our affiliate and subsidiary, Hydraulic Hose of Orlando, Inc. ("HHOI"), operates a PIRTEK Hose Service Center in Rockledge, Florida, at 501 Haverty Court, as described in Item 1.

The PIRTEK Hose Service Center, located at 2602 East 7th Avenue, Tampa, Florida, was previously owned as a company-owned location by our affiliate, and subsidiary, Hydraulic Hose of Hillsborough LLC. As of September 1, 2005, the Tampa center was sold to Brian O'Donnell and Bob Jackson.

The PIRTEK Hose Service Center, located at 10780 47th Street North, Unit A, Clearwater, Florida, was previously owned as a company-owned location by our affiliate, and subsidiary, Hydraulic Hose of Pinellas LLC. As of November 1, 2005, the Clearwater center was sold to Paul Bowes and Robert Ruhl.

- (3) Our affiliate and subsidiary, Nashville Hose Services LLC, operates a PIRTEK Hose Service Center in Nashville, Tennessee, at 1650 Elm Hill Pike, Suite 2, as described in Item 1.
- (4) The PIRTEK Hose Service Center, located at 1515 South Mint Street, Charlotte, North Carolina, was previously operated as a company-owned location by our affiliate, and subsidiary, Hydraulic Hose of Charlotte, LLC. As of ~~December 31, 2004,~~ March 1, 2005, the Charlotte center was sold to a franchisee and will ~~begin operating as a franchise location in March of 2005.~~ Eddie Reagan.
- (5) The PIRTEK Hose Service Center, located at 425 Benton Street, Stratford, Connecticut, was previously operated as a company-owned location by our affiliate, and subsidiary, Hydraulic Hose of Fairfield, Inc. As of May 2, 2005, the Fairfield center was sold to Ashley Geddes.

**PROJECTED OPENINGS
AS OF FEBRUARY ~~2005~~2006**

State	Franchise Agreements Signed But Business Not Open	Projected Franchises In Next Fiscal Year	Projected Company Owned Businesses In Next Fiscal Year
Arizona Alabama	0	0 1	0
California	0	2 0	0
District of Columbia	0 1	1 0	0
Florida	0	1 3	0
Georgia	0	1	0
Illinois	0	1	0
Indiana	0	1	0
Louisiana	0	0 1	0
Maryland	0	0	0
Massachusetts	0 1	1 0	0
Michigan	0 1	0	0
New Jersey	1	0	0
New York	1	1	0
North Carolina	1	0	0
Ohio	1 0	0 1	0
Pennsylvania	0	0	0
Tennessee	0	1	0
Texas	0	1 2	0 1
Virginia	0	0	0
Washington	0	1	0
TOTALS	43	12	01

Included in this Offering Circular as Exhibit 4 is a list of all operational PIRTEK franchisees as of December 31, 2004. ~~No franchisees 2005 and a list of all franchisees who have been terminated, canceled, not renewed, or otherwise voluntarily ceased to do business under the Franchise Agreement during the twelve-month period ending December 31, 2004, 2005, or have not communicated with us since December 31, 2004, 2005.~~

Item 21

FINANCIAL STATEMENTS

The following audited financial statements of Pirtek are included in this Offering Circular as Exhibit 3: Balance Sheets as of November 30, ~~2004, 2005~~ 2004 and 2003 ~~and 2002~~, and the related statements of income, changes in members' equity and cash flows for the year ending November 30, ~~2004, 2005~~ 2004 and 2003 ~~and 2002~~, together with the report of independent certified public accountants.

Item 22

CONTRACTS

This Offering Circular includes a sample of the PIRTEK Franchise Agreement with Appendices A (Franchised Location, Territory, Promotional Zone), B (Marks), C (Addendum to Lease), D (Computer Software License Agreement), E (Draft Authorization), F (Assignment of Telephone Numbers), and G (Assignment of Domain Name and E-Mail Address) ~~—Exhibit 2.~~

As a prospective franchisee, you should obtain independent legal and financial advice concerning the PIRTEK franchise offering as you deem appropriate before making any commitment.

Item 23

RECEIPT

Exhibit 5 of this Offering Circular is a detachable acknowledgment of receipt. Please promptly sign and return one copy of the receipt to us.

ADDENDUM TO PIRTEK® OFFERING CIRCULAR
FOR THE STATE OF CALIFORNIA

The following information applies to franchises and franchisees subject to the California Franchise Investment Act. Item numbers correspond to those in the main body:

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

2. Item 1.

The Master Franchise Agreement between Pirtek Fluid Systems Pty Ltd. and us is on file with the Department of Corporations and is available for public inspection.

3. Item 3.

Item 3 is amended to provide that neither us nor any other person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

4. Items 6 and 17.

The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. Item 17.

California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

6. Item 17.

Termination of the Franchise Agreement by us because of your insolvency or bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

7. Item 17.

The Franchise Agreement requires you to sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

8. Item 17.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

9. Item 17.

The Franchise Agreement requires binding arbitration. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

ADDENDUM TO PIRTEK® OFFERING CIRCULAR
FOR THE STATE OF ILLINOIS

The following information applies to franchises and franchisees subject to the Illinois Franchise Disclosure Act of 1987. Item numbers correspond to those in the main body.

1. Item 6.

With respect to certain Inventory Products, we may require you to hold specified levels of inventory at your Business. The cost to maintain the specified level of inventory will vary under the circumstances and must be paid when invoiced. As noted in Items 7 and 8, the Inventory Products must be purchased from us. See Item 8 for more information on Inventory Products.

2. Item 17.

For Illinois franchisees, Illinois law, 815 ILCS 705/19 and 705/20, governs the Franchise Agreement. The conditions under which the franchise can be terminated and rights upon nonrenewal may be affected by Illinois law. Any provision in a Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void. Currently, an Illinois franchisee could not have a territory that encompasses part of Illinois and another state. Accordingly, Illinois law would apply for any Territory located in Illinois.

3. Item 23.

Illinois law, 815 ILCS 705/5, requires 14 calendar days' disclosure prior to the signing of a binding agreement or any payment to us.

ADDENDUM TO PIRTEK® OFFERING CIRCULAR
FOR THE STATE OF MARYLAND

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body:

1. Item 17.

The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

2. Item 17.

Any claims under the Maryland Franchise and Disclosure law may be brought in the state of Maryland.

3. Item 17.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. Item 17.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO PIRTEK® OFFERING CIRCULAR
FOR THE STATE OF MINNESOTA

The following applies to franchises and franchisees subject to Minnesota statutes and regulations. Item numbers correspond to those in the main body.

1. Item 13.

We will undertake the defense of any claim of infringement by third parties involving the PIRTEK Trademark. You must cooperate with the defense in any reasonable manner prescribed by us with any direct costs of such cooperation to be borne by us.

2. Item 17.

Nothing in the Offering Circular or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Any claims arising under the Minnesota Statutes, Chapter 80C (including Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J) may be brought in the state of Minnesota.

3. Item 17.

Minnesota law provides you with certain termination and nonrenewal rights. As of the date of this Offering Circular, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

ADDENDUM TO PIRTEK® OFFERING CIRCULAR
FOR THE STATE OF NEW YORK

The following information applies to franchises and franchisees subject to New York statutes and regulations:

1. We represent that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.
2. We may, if we choose, negotiate with you about items covered in the prospectus. We, however, cannot use the negotiating process to prevail upon a prospective franchisee to accept terms that are less favorable than those set forth in this prospectus.
3. Item 3.

Except as described below, neither we, our affiliates or any person identified in Item 2 of this Offering Circular:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations, including pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. Item 4.

Neither we, our affiliates or any officers identified in Item 2 of this Offering Circular has, during the 10-year period preceding the date of this Offering Circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer of franchisor held this position in the company.

5. Item 5.

The Initial Franchise Fee represents payment to us for the right to use the PIRTEK trademark and the PIRTEK system in the development and operation of your Business. The Franchise Fee also covers the cost of the training program further described in Item 11, assisting you in your evaluation of sites for your Business and other services that we may provide to you before your Business opens and general overhead expenses.

6. Item 17 d.

You may terminate the Franchise Agreement under any grounds available by law with 30 days advance notice of default to us and 30 days opportunity for us to cure.

7. Item 17 j.

No assignment will be made except to an assignee who, in our good faith judgment, is willing to assume our obligations under the Franchise Agreement.

8. Item 17 w.

Although Florida law applies, it should not be considered a waiver of any right conferred upon us or upon you by article 33 of the General Business Law of the state of New York.

ADDENDUM TO PIRTEK® OFFERING CIRCULAR
FOR THE STATE OF WISCONSIN

The following information applies to franchises and franchisees subject to the Wisconsin Fair Dealership law. Item numbers correspond to those in the main body:

1. Item 17.

For all franchises sold in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

2. Item 17.

For Wisconsin franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.