

1. THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

The Franchisor, Business Form, Names, Address

The Franchisor is SanSai USA, Inc., a California corporation. To simplify the language in this Offering Circular, "we", "us" or "our" means SanSai USA, Inc. We do business under the name "SanSai Japanese Grills". "You" or "your" means the person who buys the Franchise. If a corporation, LLC or partnership buys the franchise, "you" includes the Franchisee's owners, as appropriate. Capitalized terms not defined in this Offering Circular have the meaning described in the SanSai Franchise Agreement attached as Exhibit A.

We were formed in the State of California on May 24, 2004. Our principal place of business is 615 S. Central, Los Angeles, California 90021. We have no predecessors.

Our agents for service of process in states requiring franchise registration are disclosed in Exhibit H.

Our Business Activities and the Franchises to be Offered in this State

Our franchise involves the licensing of a unique system for "fast casual" Japanese grills. We refer to these businesses as SanSai franchise businesses (the "Franchise Business"). We offer, and award to qualified applicants, a franchise to operate a single SanSai Franchise Business using the SanSai mark, design and system (the "SanSai System" or "System").

We also offer to qualified persons the right to operate a specified number of SanSai Franchise Businesses in a designated territory under the terms of the Area Development Agreement. Under the Area Development Agreement you must build out a specified number of SanSai Franchise Businesses in a specified period of time.

We believe that the market for the products and services offered by SanSai Franchise Businesses is nationwide and developing.

You will compete with other restaurants, restaurant chains (including franchises and non-franchised) and other food service providers.

We began offering franchises in this state in August, 2004. We have never owned and do not currently own and/or operate any SanSai Franchised Businesses, although we reserve the right to do so.

SanSai Japanese Grills is a franchise concept that is for the most part, untested as a franchise opportunity. Although we have experience operating the type of business we are franchising, we have relatively minimal experience as a Franchisor. You should expect that additional changes in the System will take place, our limited experience makes it impossible to predict results and, of course, no guarantee can be made that you will be successful in operation of the Franchised Business

Industry Regulations

In addition to any city or county business licenses applicable to the services you will be providing, you must comply with all local, state and federal laws, pertaining to food-service businesses, including any business, retail sales, zoning, environmental, labor relations, sanitation, safety, fire, food-service, and health codes, regulations and ordinances, as well as laws and regulations relating to access by persons with disabilities. You are solely responsible for identification of and compliance with all laws, ordinances and/or regulations applicable to your SanSai Franchise Business. We strongly recommend that you undertake these investigations in the operation of your Franchised Business to the extent that you are lawfully permitted.

You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

It is your sole responsibility, on an ongoing basis, to investigate and satisfy all employment, worker's compensation, insurance, corporate, tax and similar laws and regulations, since they vary from place to place, can change over time, and may affect the operation of your business.

California and other states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your SanSai™ Japanese Grill Restaurant, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Restaurant premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) control the sale of alcoholic beverages; and (f) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your licensed business and should consider both their effect and cost of compliance.

Affiliates and Other Information

Our affiliate is Pacific Management Ventures, Inc., ("PMV") which is also a California corporation. PMV is located at 615 S. Central, Los Angeles, CA 90021, and was incorporated on January 3, 2004. It is the current owner and operator of 2 company-owned SanSai Japanese Grills in California, and 3 company owned SanSai Japanese Grills in Missouri. PMV will be the party with whom you will sign an Asset Purchase Agreement if you purchase any of the Company-Owned Japanese Grills owned by PMV that are being offered for sale by us. PMV does not and has never offered or sold franchises in any line of business.

This Offering Circular describes the terms and conditions on which we currently offer franchises in this state. We reserve the right, in our sole discretion, to award, or not award, a SanSai Franchise Business or Franchise to any prospective franchisee, regardless of the stage of the franchise award process, costs expended by the prospective franchisee or otherwise. We may offer

SanSai Franchises in other states or countries, on economic and/or other terms, which differ from those offered by this Offering Circular, there also may be instances in which we have varied, or will vary, the terms on which we offer franchises to suit the circumstances of a particular transaction, to the extent we are able to do so. We strongly urge you to carefully review all documents, including a comparison to any prior Agreement if a renewal or transfer of an existing Franchise Agreement is involved, as well as this Offering Circular, with independent advisors who can provide legal, business and/or economic guidance, such as a lawyer and/or accountant.

You should understand that every detail of your Franchise will be important not only to you, but also to us and to all Franchisees. A fundamental requirement of your joining and remaining part of the System will be your commitment to the operation of your Franchised Business in accordance with the then-current System Standards. During the term of the Franchise Agreement, you must, at all times, develop and operate your Franchised Business in compliance with all System Standards, as we may modify them in the future.

This Offering Circular contains a summary of various provisions of our program and the Franchise Agreement and other documents. We have summarized the main features of our program above and further information appears at appropriate points throughout this Offering Circular. Of course, the descriptions in this Offering Circular are required to be brief and are for general informational purposes only. In many cases, the Offering Circular contains only excerpts or summaries of other documents. The actual provisions of these documents will control in any case and you should refer to the Franchise Agreement and other documents for more complete information.

The establishment of a new business, including the Franchised Business involves substantial business risks. The risks may be greater for a new franchise concept/franchisor with limited experience, such as us. Significant investment beyond that outlined in this Offering Circular may be required to succeed. Your profit and possible success are primarily dependent on your personal business judgment, your sales ability and efforts as an independent business operator, your financial management and, marketing judgment, and other skills, as well as your proper use of the System. We cannot and do not guarantee your success.

2. BUSINESS EXPERIENCE

Daniel A. Burns – President, Treasurer, Director, Co-Founder

Mr. Burns has served as our President, Treasurer and CEO since our inception. He has been responsible for operational and strategic planning for us since inception and for our related company, Pacific Management Ventures, Inc. since January 2002. From 1991 to 1996 he was an investor, shareholder and joint venture partner in Hometown Buffet, Inc., assisting with unit and area development for the system. He was, responsible for site selection, negotiation, crew and management development and operational oversight. In 1996, Hometown Buffet, Inc., was acquired by Buffet's, Inc. and from 1996 to November of 2000, Mr. Burns continued in this capacity. From September 2000 to November of 2001, he provided restaurant consulting services on a part time basis to O-Nami Sushi and Seafood Buffet.

Yon Suk Lipsky – Secretary, Director, Co-Founder

Ms. Lipsky has served as our Secretary and Director since our inception. She has been responsible for creative design, menu and recipe development and oversight of food purchasing, as well as planning decisions for us since inception and for our related company, Pacific Management Ventures, Inc. since January 2002. Ms. Lipsky was a minority shareholder of O-Nami Sushi and Seafood Buffet where she also oversaw Research and Development and Purchasing from July 1998 to December 2001. She has owned and operated seafood restaurants since 1983.

Dr. Myong Kim – Director of Franchise Support

Dr. Kim was appointed Director of Franchise Support on January 1, 2006. He is responsible for corporate franchise compliance. He has a PhD in Food Chemistry from Missouri University granted in 1974. Dr. Kim was employed by Kraft Foods as a Senior Scientist right after graduation in 1974. He had a distinguished career at Kraft Foods and for the last ten years of his tenure, through 1999, he was a Research Fellow of that corporation responsible for the research and development of food processing and refining. Since retiring from Kraft in January 2000, Dr. Kim provided consulting services to clients regarding technical assistance for food processing, equipment and packaging solutions. In addition, from January 2000 through December 2000 Dr. Kim was Vice President of Onami in Los Angeles, CA.

We do not employ Franchise Brokers.

3. LITIGATION

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

Neither we nor any person listed in Item 2 of the UFOC 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. BANKRUPTCY

On June 19, 2001, O-Nami Corporation, Inc. and the Related Companies (collectively the "Debtors"), each filed a voluntary bankruptcy petition under Chapter 11 of the Bankruptcy Code (U.S. Bankruptcy Court for the Central District, Los Angeles, California, Case No: LA 01-29164-AA). On September 18, 2003, the court issued an Order confirming the Chapter 11 Plan of Reorganization. An order granting a final decree and closing the case was issued by the U.S. Bankruptcy Court on April 1, 2005. One of our Directors, Yon Suk Lipsky, held a 16% equity interest in O-Nami Corporation, a California corporation. O-Nami Corporation is also the sole shareholder of O-Nami Camino Real Corporation, MYS, Inc., O-Nami Mission Valley Corporation, O-Nami Laguna Hills Corporation and Todai Escondido Corporation, all California corporations (the "Related Companies").

Other than this action, 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.

5. INITIAL FRANCHISE FEE

New SanSai Japanese Grill: The Initial Franchise Fee is \$35,000.00 and is entirely non-refundable, except in the limited instances discussed below. You must pay the Initial Franchise Fee in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee covers, among other things, an initial training program for you and your initial SanSai Japanese Grill manager.

Company Owned Units: The Initial Franchise Fee for a company owned Japanese Grill is also \$35,000, but is included in the purchase price. If you purchase an existing company-owned SanSai Japanese Grill, you must also purchase the assets of the business, which may include leasehold improvements, personal property, goodwill and inventory (in addition to payment of the Initial Franchise Fee) for a price to be negotiated between you and PMV which will vary from unit to unit but typically ranges from approximately \$677,700 to \$1,153,200.

Area Development Agreement:

Under the Area Development Agreement, you must pay an Initial Franchise Fee of \$35,000 for the first Development Unit and a Development Fee of \$7,500.00 multiplied by the number of subsequent Development Units. The Initial Franchise Fee for the first Development Unit, and the Development Fee, are each entirely non-refundable and are fully earned by us upon our signing of this Agreement.

The Initial Franchise Fee for the second and each subsequent SanSai Development Unit will be equal to the Initial Franchise Fee as listed in our then-current Franchise Agreement. We will apply \$7,500.00 as a credit against the Initial Franchise Fee for each additional Franchise Agreement that you and we enter into under the Area Development Agreement. The Initial Franchise Fee is payable to us when you sign the Franchise Agreement and any related documents for each Development Unit.

Limited Refunds. The Initial Franchise Fee is entirely non-refundable except in the following 2 instances. In both instances, prior to receiving the refund, you must: i) return the Manuals (and any other items furnished to you by us) in good condition; and ii) you (and each Affiliate of yours) must sign a General Release and a document that preserves the post-termination provisions of the Franchise Agreement.

1) If you are unable to acquire a site within 8 months from the date of your Franchise Agreement and are not making diligent efforts or adequate progress to do so in our Business Judgment then we may Terminate the Franchise Agreement and refund to you the lesser of: a) one-half (1/2) of the initial franchise fee paid to us, or b) the initial franchise fee, less all our expenses related to your franchise (both internal costs and outside expenses).

2) If we determine that you have not successfully completed (or are not making satisfactory progress in) your initial training, we may choose to terminate the agreement and refund you the lesser of a) 1/2 of the Initial Franchise Fee paid to us; or b) the Initial Franchise Fee paid by you less \$10,000 to cover sales, training and other costs.

Release

As a condition to the occurrence of any of the following events, you and/or any affiliate/owner of yours will sign a General Release, excepting only (where the releases are expressly prohibited by applicable law) those claims solely related to the offer and sale of the new Franchise:

- 1) the awarding of any future, additional or other franchise;
- 2) the renewal of this franchise and/or awarding of a successor franchise; any assignment or transfer (as defined in the Franchise Agreement) by you and/or any affiliate/owner of you; and/or
- 3) any other event described in the Franchise Agreement as being conditioned in whole or in part upon such a General Release (as defined in Section 1.2 of the Agreement).

6. OTHER FEES

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Royalties	Year 1: 3% of Gross Volume ⁽²⁾ or \$500 per week whichever is greater Year 2: 4% of Gross Volume ⁽²⁾ or \$750 per week whichever is greater Year 3 and thereafter 5% of Gross Volume ⁽²⁾ or \$1,000 per week whichever is greater.	Payable on Monday of each week	Amounts will be debited electronically from your account. Subject to inflation adjustment.
Interest and Late Fees	Interest is highest applicable legal rate for open account business credit. (Not to exceed 1.5% per month)	Payable on demand	Interest on all amounts owed us. We may require payment by cashier's check for repeated late payments.
Successor Fee	20% of the then-current Initial franchise fee (minimum of \$5,000)	At the time of your election to renew	Non-refundable unless we do not grant a successor agreement to you. Minimum amount subject to inflation adjustment.
Marketing Fund ⁽³⁾ Contribution	2% of Gross Volume ⁽²⁾ or a minimum of \$300 per week.	Payable on Monday of each week	Amounts will be debited electronically from your account. Subject to inflation adjustment.
Local Marketing Expenses	3% of Gross Volume ⁽²⁾ or \$1,500 per month whichever is greater	As incurred	Paid to local vendors. Subject to inflation adjustment.
On-Going Real Estate Expenses:		As incurred	Administrative fees payable to franchisor. While it is our current policy to retain an attorney to conduct these lease negotiations this may not be our policy in the future and we may change this policy, at any time in the future, on thirty days written notice to
Amendments to Lease	\$1,500-\$2,500		
Modifications of Lease	\$1,500-\$2,500		
Renewal of Lease	\$1,500-\$2,500		
Relocation of Site	\$5,000-\$10,000		

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
			you, and from that time require you to conduct your own negotiations using an attorney retained by you.
Transfer Fee	\$2,000	At the time of your application for a transfer	
Transfer Fee – Area Development Agreement	\$5,000	On transfer of any interest in the Area Development Agreement	We may waive or reduce this fee. This fee is in addition to any transfer fee(s) charged for the assignment of any Franchise Agreements held by you.
Internet/Intranet Service Fee	Once implemented, \$150 per month	To be determined	We reserve the right to require you to use a designated Internet/Intranet Service Provider. Subject to annual adjustment by us.
Convention Support Fee	\$500 per unit per year	To be determined	Subject to inflation adjustment.
Customer Satisfaction/Quality Control Measures	To be determined	To be determined	We may institute various programs for auditing customer satisfaction and/or other quality control measures. We may require you to pay the program costs.
Management Fee (only on default by you)	\$500 per day plus expenses	Deducted from funds of your Businesses	Expenses include compensation, other costs, travel and living expenses of appointed manager. Subject to inflation adjustment.

(1) All fees described in this Item are applicable to each SanSai Franchise unless otherwise noted. All fees are imposed by and payable to us and are non-refundable unless otherwise noted. If we implement one, you must participate in an electronic funds transfer and reporting program, which would authorize us to utilize a pre-authorized bank debit system. We can apply any payments owed by you to any debt of yours that we choose, set off any amounts owed to you against any amount owed by you to us/specified third parties and retain amounts received on your account for debts owed (Section 9.2 of the Franchise Agreement). We may elect to waive and/or credit, reduce or defer payment of any and all fees and charges of any kind in connection with the franchise on a case-by-case basis as we consider appropriate and as permitted by law.

(2) Gross Volume includes all charges and/or revenues which are, or could be, received or earned by you (and/or any Affiliate):

A. by, at or in connection with your SanSai Japanese Grill;

- B. relating to the kinds of goods or services available now or in the future through a SanSai Japanese Grill and/or distributed in association with the Marks or the SanSai System;
- C. relating to the operation of any Similar Business;
- D. with respect to, any tenants and/or subtenants of yours on the Premises (including rent and other lease payments); and/or
- E. with respect to any co-branding activities.

All sales and/or billings, whether collected or not, will be included in Gross Volume, with no deduction for credit card or other charges. Gross Volume does not include sales tax collected and paid when due to the appropriate taxing authority and actual customer refunds, adjustments and credits.

Franchisees purchasing a new SanSai Japanese Grill will not be required to commence payment of royalties until nine months after execution of the Franchise Agreement or three months after the opening of the SanSai Japanese Grill whichever first occurs. Franchisees purchasing a SanSai Japanese Grill formerly owned and operated by a Franchisor-Related Person/Entity shall commence payment of royalties upon the Closing Date as that term is defined in the Asset Purchase Agreement attached to this Offering Circular as Exhibit E.

(3) We reserve the right to establish a Marketing Fund for advertising, publicity, marketing, promotion and related purposes and require you to pay a reasonable monthly contribution to support the fund. The amount of the Marketing Fund Contribution may be adjusted from time to time by us, but will not be greater than 2% of Gross Volume.

7. INITIAL INVESTMENT

Certain estimated costs for opening and operating during the initial phase of the business.

A. For Purchase of a new SanSai Japanese Grill.¹

DESCRIPTION	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYABLE
Initial Franchise Fee ²	\$35,000	Lump Sum	On signing Franchise Agreement	Us
Expenses While Training ³	\$1,500 - \$4,000	As arranged	As incurred	Transportation Lines, Hotel Facilities, etc.
Real Estate Lease Review ⁴	\$1,500-\$2,500	As arranged	As incurred	Franchisee's attorneys
Real Estate Deposits and Initial Rent ⁴	\$5,000 - \$17,000	As arranged	As incurred	Lessor/Owner of Real Estate
Construction and remodeling ⁵	\$200,000 - \$350,000	As arranged	As Incurred	Contractors, architects
Furnishings ⁶	\$20,000 - \$30,000	As arranged	As Incurred	Designated Suppliers
Signage ⁷	\$7,000 - \$12,000	As arranged	As Incurred	Designated Suppliers
Equipment ⁸	\$100,000 - \$125,000	As arranged	As Incurred	Designated Suppliers
Inventory ⁹	\$11,000 - \$16,000	As arranged	As Incurred	Designated Suppliers
Utility Deposits and fees ¹⁰	\$1,000 - \$2,000	Lump Sum	As Incurred	Utility companies, cities and municipalities
Business License ¹¹	\$500 - \$1,000	Lump Sum	As Incurred	City agencies, normally depends upon the number of employees.
Insurance ¹²	\$2,000 - \$3,000	As Arranged	As Incurred	Insurance Agencies
Computer hardware/software POS and PC ¹³	\$19,800 - \$27,000	Lump Sum	Upon signing Franchise Agreement; prior to opening	Designated Suppliers/Vendors
Grand Opening Marketing Program	\$5,000	As incurred	As incurred	Designated Suppliers/Vendors
Miscellaneous Costs ¹⁴	\$3,100 - \$4,500	As arranged	As incurred	Us/Vendors/ Designated Suppliers
Additional Funds – 3 months ¹⁵	\$30,000 - \$45,000	As incurred	As incurred	Employees, Designated

DESCRIPTION	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYABLE
				Suppliers, Vendors
TOTAL ¹⁶	\$442,400 - \$679,000			

(1) This table shows the estimated expenditures required to develop a single SanSai Franchise Business pursuant to a SanSai Franchise Agreement. If you are developing more than one unit, your costs will be (generally) proportionately higher. If you sign an Area Development Agreement, you'll also pay a non-refundable Development Fee of \$7,500.00 multiplied by the number of SanSai Development Units you must develop. The Development Fee is non-refundable. Additionally, under the Area Development Agreement, you must maintain positive working capital and a minimum net worth of \$250,000 multiplied by the number of Development Units.

(2) See Item 5 for the conditions when this fee is partly refundable. You must pay the Initial Franchise Fee in a lump sum when you sign the Franchise Agreement.

(3) You're responsible for arranging your transportation and paying the expenses for transportation, meals and lodging for you and your manager while attending the 2-week training program. The amount you spend will depend on several factors, including the distance you have to travel and the type of accommodations you choose. We based the estimate upon attendance of two people.

(4) While it is our current policy to retain an attorney to conduct lease negotiations this may not be our policy in the future and we may change this policy, at any time in the future, on thirty days written notice to you, and from that time require you to conduct your own negotiations using an attorney retained by you, in which case the initial lease review fees may be higher than those estimated here. Real estate costs can vary widely depending upon a multitude of factors related to location, including whether the property is purchased or leased, local market conditions, the size, type, condition and location of the property and zoning requirements. The size of a typical site is between 2,000 and 2,500 square feet. These figures are based on this square footage at an average cost of \$3.50 per square foot.

(5) The cost of construction and remodeling depends on the size and condition of the premises, the local cost of contract work and the location of your SanSai Japanese Grill. The amount may be less if the lessor provides a construction allowance lease.

(6) Figures for Furnishings include tables, chairs, television, lights, menu board, trade dress

(7) One exterior and one interior signage required and included in figures.

(8) Figures for Equipment include stoves, ice machines, sinks, hood, prep tables, refrigeration, fryers, utensils.

(9) Figures for Inventory include Food, paper goods, menus, etc. may have COD requirements at outset if franchisee doesn't meet credit criteria.

(10) Utility deposits, these figures do not include any special connection and/or tap fees, EDD, sales taxes which are based upon projected sales.

(11) A beer and wine license is optional and is not included in these figures. We estimate that such license fees will be approximately \$750.00 or less for the application fee.

(12) You must maintain in force policies of insurance issued by carriers we have approved covering various risks. We may specify the types and amounts of coverage required under these policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must name us and our Affiliates as additional named insureds, will contain a waiver of all subrogation rights against us and our Affiliates and any successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellation, or expiration of the policies.

Our insurance requirements are:

Personal Injury and Liability	\$2,000,000 per occurrence
Personal Property Damage	\$50,000 per occurrence
Kitchen Equipment	\$150,000 per occurrence
General Liability	\$4,000,000 aggregate
Business interruption	Actual Loss
Workers Compensation	According to statute

These requirements are subject to change. You must give us a certificate of insurance, in a form acceptable to us, evidencing this coverage, naming SanSai USA, Inc. and Pacific Management Ventures, Inc. as "Additional Insureds"

(13) The cost of the computer equipment and software you will need to operate your franchise will depend upon the manufacturer, the operating features, whether the equipment is already owned by you, whether the equipment is new or used, and whether it is purchased or leased. The figures include costs for three terminals; however, some of our units have or will have four terminals, and the costs will be somewhat higher. We have not included the purchase price of the required hardware and software maintenance agreements in the figures which run approximately \$1,500 to \$3,500 per year.

(14) Miscellaneous Costs includes items such as incorporation costs, purchase of career apparel; however, does not include rent, or security deposit.

(15) Additional Funds is an estimate of certain funds needed to cover business (not personal) expenses during the first 3 months of operation of your business. You will need capital to support on-going costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, to the extent that revenues do not cover business costs. This is only an estimate, and we can't guarantee that the amounts specified will be adequate. You may need additional funds during the first 3 months of initial operation or afterwards. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach "break-even" or any other financial position, nor should you rely on any such estimates. The 3-month period from beginning business covers the time by which most Franchisees are fully operational but does not necessarily mean that you will have reached "break-even", "positive cash flow", or any

other financial position. In addition, the estimates presented relate only to costs associated with the Franchised Business and do not cover any personal, "living," unrelated business or other expenses you may have, such as royalty payments, debt service on any loans, state sales, and/or use taxes on goods and services, and a variety of other amounts not described above. Although we make no estimates or representations regarding financial performance of a SanSai Franchise Business, we recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income so that you will be self-sufficient for at least 3 months.

(16) All of the above figures are estimates of certain initial start up expenses. It is not all-inclusive as noted above, and we cannot guarantee you will not have additional expenses in starting your SanSai Franchise Business. **The total figure listed in the above chart does not include compensation for your time or labor or costs for obtaining a vehicle (if needed).** Your costs will vary depending on such factors as: how much you follow the SanSai System; your management and marketing skills, experience and general business ability; and local and general economic conditions.

Miscellaneous costs to begin operations and other financial requirements may be more or less than the figures specified above. Many of these factors are primarily under your control in your independent operation of the business, and may include necessary licenses, permits or certifications. You are solely responsible for identifying and complying with all applicable laws, regulations and ordinances, including all licenses and permits that may be required for your SanSai Franchise Business. We have made no provision for capital or other reserve funds necessary for you to reach "break-even" or any other financial position nor do any of these estimates include any finance charges, interest or debt service obligations. You should not assume that revenues from your customers will necessarily cover your initial (or other) expenses. You should review these figures carefully with a business advisor (such as an accountant) before making any decision to purchase the franchise. In preparing the figures in this chart, we relied on approximately 3 years operating SanSai Japanese Grills in California and Missouri and the over 20 additional years experience of certain of our personnel in the restaurant industry unrelated to SanSai.

B. For Purchase of an existing Company-owned SanSai Japanese Grill

DESCRIPTION	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYABLE
Initial Franchise Fee ¹	\$35,000	Lump Sum	On signing Franchise Agreement	Us
Expenses While Training ²	\$1,500 – \$4,000	As arranged	As incurred	Transportation Lines, Hotel Facilities, etc.
Real Estate Lease Review ³	\$1,500 to \$2,500	As arranged	As incurred	Franchisee's attorneys
Construction and remodeling ⁴	\$0 – \$50,000	As arranged	As incurred	Contractors, architects,
Asset Purchase Costs for Furniture, Fixtures, Equipment, Inventory (Tangible Assets) and	\$600,000 - \$1,000,000	On signing Asset Purchase Agreement	Lump Sum	PMV

DESCRIPTION	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYABLE
Intangible Assets (Goodwill) ⁵				
Utility Deposits and fees	\$1,000 – \$2,000	Lump Sum	As incurred	Utility companies,
Business License	\$500 – \$1,000	Lump Sum		City agencies
Insurance ⁶	\$2,000 - \$3,000	As arranged		Insurance Agencies
Grand Opening Marketing Program	\$5,000	As incurred	As incurred	Designated Suppliers/Vendors
Miscellaneous Costs ⁷	\$200 - \$1,200	As arranged	As incurred	Us/Vendors/ Designated Suppliers
Additional Funds – 3 months ⁸	\$30,000 – \$48,000	As incurred	As incurred	Employees, Designated Suppliers, Vendors
TOTAL ⁹	\$677,700 - \$1,153,200			

(1) See Item 5 for the conditions when this fee is partly refundable. You must pay the Initial Franchise Fee in a lump sum when you sign the Franchise Agreement.

(2) You're responsible for arranging your transportation and paying the expenses for transportation, meals and lodging for you and your manager while attending the 2-week training program. The amount you spend will depend on several factors, including the distance you have to travel and the type of accommodations you choose. We based the estimate upon attendance of two people.

(3) While it is our current policy to retain an attorney to conduct lease negotiations this may not be our policy in the future and we may change this policy, at any time in the future, on thirty days written notice to you, and from that time require you to conduct your own negotiations using an attorney retained by you, in which case the initial lease review fees may be higher than those estimated here.

(4) Real estate costs can vary widely depending upon a multitude of factors related to location, including whether the property is purchased or leased, local market conditions, the size, type, condition and location of the property and zoning requirements.

(5) **Asset Purchases.** If you buy a company owned SanSai Japanese Grill, you must sign an Asset Purchase Agreement at the same time you sign a Franchise Agreement with us. Under the Asset Purchase Agreement you will purchase all of the furniture, fixtures, equipment, and inventory of an existing SanSai Japanese Grill. Our standard form of Asset Purchase Agreement is attached as Exhibit E to this Offering Circular

(6) You must maintain in force policies of insurance issued by carriers we have approved covering various risks. We may specify the types and amounts of coverage required under these policies and require different and/or additional kinds of insurance at any time, including excess liability

insurance. Each insurance policy must name us and our Affiliates as additional named insureds, will contain a waiver of all subrogation rights against us and our Affiliates and any successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellation, or expiration of the policies.

Our insurance requirements are:

Personal Injury and Liability	\$2,000,000 per occurrence
Personal Property Damage	\$50,000 per occurrence
Kitchen Equipment	\$150,000 per occurrence
General Liability	\$4,000,000 aggregate
Business interruption	Actual Loss
Workers Compensation	According to statute

These requirements are subject to change. You must give us a certificate of insurance, in a form acceptable to us, evidencing this coverage, naming SanSai USA, Inc. and Pacific Management Ventures, Inc. as "Additional Insureds"

(7) Miscellaneous Costs includes items such as incorporation costs, purchase of career apparel; however, does not include rent, or security deposit.

(8) Additional Funds is an estimate of certain funds needed to cover business (not personal) expenses during the first 3 months of operation of your business. You will need capital to support on-going costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, to the extent that revenues do not cover business costs. This is only an estimate, and we can't guarantee that the amounts specified will be adequate. You may need additional funds during the first 3 months of initial operation or afterwards. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach "break-even" or any other financial position, nor should you rely on any such estimates. The 3-month period from beginning business covers the time by which most Franchisees are fully operational but does not necessarily mean that you will have reached "break-even", "positive cash flow", or any other financial position. In addition, the estimates presented relate only to costs associated with the Franchised Business and do not cover any personal, "living," unrelated business or other expenses you may have, such as royalty payments, debt service on any loans, state sales, and/or use taxes on goods and services, and a variety of other amounts not described above. Although we make no estimates or representations regarding financial performance of a SanSai Franchise Business, we recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income so that you will be self-sufficient for at least 3 months.

(9) All of the above figures are estimates of certain initial start up expenses. It is not all-inclusive as noted above, and we cannot guarantee you will not have additional expenses in starting your SanSai Franchise Business. **The total figure listed in the above chart does not include compensation for your time or labor, costs for obtaining a vehicle (if needed).** Your costs will vary depending on such factors as: how much you follow the SanSai System; your management and marketing skills, experience and general business ability; and local and general economic conditions.

Miscellaneous costs to begin operations and other financial requirements may be more or less than the figures specified above. Many of these factors are primarily under your control in your independent operation of the business, and may include necessary licenses, permits or certifications.

You are solely responsible for identifying and complying with all applicable laws, regulations and ordinances, including all licenses and permits that may be required for your SanSai Franchise Business. We have made no provision for capital or other reserve funds necessary for you to reach "break-even" or any other financial position nor do any of these estimates include any finance charges, interest or debt service obligations. You should not assume that revenues from your customers will necessarily cover your initial (or other) expenses. You should review these figures carefully with a business advisor (such as an accountant) before making any decision to purchase the franchise. In preparing the figures in this chart, we relied on approximately 3 years operating SanSai Japanese Grills in California and Missouri and the over 20 additional years experience of certain of our personnel in the restaurant industry unrelated to SanSai.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase, use and offer each of, and only, the types, brands and/or quality of equipment, products and services we designate.

You won't offer any products or services we don't approve, and we may require that you use only the suppliers we designate for your Franchise Business. These suppliers may include, and may be limited to, us and/or companies affiliated with us. We may designate a single supplier or multiple suppliers, and may concentrate purchases with one or more suppliers.

We may condition specification of a supplier on factors we establish, including performance relating to frequency of delivery, standards of service, payments or other consideration to us or our designees. We may approve, revoke or deny approval of particular items or suppliers at our discretion. You can request the approval of an item, service or supplier by notifying us in writing and submitting any information and/or materials we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. We have no contractual obligation to notify you within a specific period of time whether or not you're authorized to purchase or use the proposed item or to deal with the proposed supplier.

We do not provide you with any material benefit (such as renewals or additional franchises) if you use our recommended or approved suppliers. However, the continuation of the Franchise Agreement depends on your compliance with product and supplier requirements, as well as other terms of the Agreement.

We estimate that assuming the estimated minimum initial costs to begin operations and other financial obligations are within the ranges described in Item 7, the proportion of your purchases and leases of goods and services from approved suppliers or of products that meet our specifications to be approximately 40% of all the purchases and leases in establishing your Franchised Business and approximately 30% to 35% of your ongoing costs of operating your Franchise Business.

Purchasing or Distribution Cooperatives

There are no formal or mandatory purchasing or distribution cooperatives in the System, however we may require that you join and make required purchases/leases through a SanSai purchasing cooperative or other entity designated by us.

Real Estate Lease Negotiations

We will retain an attorney to negotiate the lease of the premises for your SanSai Japanese Grill, or, if you have an Area Development Agreement, each of your Development Units (the "Lease(s)"). Our attorney will negotiate directly with the landlord on our behalf and at our election you will either execute a Lease directly with landlord or with us as our sub-tenant, or we may assign an existing lease to you. The Lease(s) will contain certain terms favorable to us which will be substantially similar to those as set out in Exhibit 3.2A to the Franchise Agreement. You are advised to have your attorney review the Lease(s) for you. During the term of the Lease(s) you will contact us if there a need to modify or renew the Lease(s) and we may, at our discretion, negotiate all further amendments, modifications and renewals of the Lease(s) directly with the landlord. We have no obligation to defend or provide any legal advice or assistance to you for any defaults, or breaches of the lease or any allegations of breach or default of the lease. While it is our current policy to retain an attorney to conduct these lease negotiations this may not be our policy in the future and we may change this policy, at any time in the future, on thirty days written notice to you, and from that time require you to conduct your own negotiations using an attorney retained by you.

9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

OBLIGATION	SECTION IN AGREEMENT	ITEM IN OFFERING CIRCULAR
a. Site selection and acquisition/lease	3.1-3.2 of Franchise Agreement 4.1 of Area Development Agreement	5, 7, 11
b. Pre-opening purchases/leases	3.1, 3.2, 4, 10.4, 10.5	5, 6, 7, 8
c. Site development and other pre-opening requirements	3.1, 3.2, 3.4 4.1 of Area Development Agreement 12.5 of Asset Purchase Agreement	5, 7
d. Initial and ongoing training	5.1 – 5.2, 10.5 6.1 of Area Development Agreement	5, 11
e. Opening	3.1, 3.6 4.1 of Area Development Agreement	6, 7
f. Fees	5.2, 5.3, 9.1 - 9.2, 9.4, 9.7,	5, 6, 7, 11

OBLIGATION	SECTION IN AGREEMENT	ITEM IN OFFERING CIRCULAR
	10.1, 10.8, 10.9, 11.1, 11.3 C, 14.3 (9), 15.3 H 5.1, 8.1 of Area Development Agreement 1.2, 10.1 of Asset Purchase Agreement	
g. Compliance with standards and policies/Operations Manual	1.1, 2.1 D., 2.3, 3.1 - 3.3, 4, 5.4, 10.1 - 10.2, 10.4, 10.6, 11, 14.3, 15.3 4.1, 6.1, 11.1 of Area Development Agreement	8, 11
h. Trademarks and proprietary information	6.1 - 6.4, 8.1, 17.2 12.1 of Area Development Agreement 12.2 of Asset Purchase Agreement	13, 17
i. Restrictions on products/services offered	2.1, 2.3, 10.2 1.1 of Area Development Agreement	8, 16
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quotas	None 1.1 and Exhibit 1.2 of Area Development Agreement	None
l. On-going product/service purchases	4, 10.3	8
m. Maintenance, appearance and remodeling requirements	10.1	6, 17
n. Insurance	10.6	6
o. Advertising	2.3, 3.7, 11	7, 11
p. Indemnification	7.4 11.1 of Area Development Agreement 12.4 of the Asset Purchase Agreement	None
q. Owner's participation/	5.1, 10.6	6, 15

OBLIGATION	SECTION IN AGREEMENT	ITEM IN OFFERING CIRCULAR
management/staffing		
r. Records/Reports	12 12.1 of Area Development Agreement	6
s. Inspections/Audits	13	6
t. Transfer	14.2 – 14.5 8.1 of Area Development Agreement 11.2 of Asset Purchase Agreement	6, 17
u. Renewal	15.2 – 15.3	6, 17
v. Post-Termination obligations	8.2, 17.1 - 17.4 7.1, 12.1 of Area Development Agreement	17
w. Non-Competition covenants	8.2, 17.4 12.1 of Area Development Agreement	17
x. Dispute resolution ⁽¹⁾	19.1 - 19.8 12.1 of Area Development Agreement 12.7 of Asset Purchase Agreement	9, 17
y. Other	None	None

The Franchise Agreement contains a mandatory arbitration clause governing nearly all disputes between you and us, as well as other clauses covering dispute resolution and which may affect your rights. You should read Articles 19 and 21 of the Franchise Agreement and you may want to consult an attorney regarding the effect of these provisions. You and we agree that the Federal Arbitration Act governs the Franchise Agreement.

10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

11. FRANCHISOR'S OBLIGATIONS

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

Our Pre-Opening Obligations to You. We have the following obligations to you before you open your SanSai Franchise Business for business:

- A. We will provide you with an initial orientation to provide you with materials and guidance for site selection, leasing requirements and guidelines. (Franchise Agreement, Section 5.1)
- B. We will provide you and your initial SanSai Japanese Grill manager with a Training Program. (Franchise Agreement, Section 5.2)
- C. We will furnish you with standards, specifications and other requirements for your SanSai Franchised Business. (Franchise Agreement, Section 3.3).
- D. We will retain an attorney to negotiate the lease of the SanSai Japanese Grill premises.
While it is our current policy to retain an attorney to conduct these lease negotiations this may not be our policy in the future and we may change this policy, at any time in the future, on thirty days written notice to you, and from that time require you to conduct your own negotiations using an attorney retained by you.

Our Obligations During the Operation of Your SanSai Franchise Business. We have the following obligations to you during the operation of your business:

- A. We will loan you a copy of the Manuals (Franchise Agreement, Section 5.4). A copy of the Table of Contents to the Manuals is attached to this Offering Circular as Exhibit G.
- B. We'll provide limited guidance in the operation of your SanSai Franchised Business. We may provide this guidance electronically, in writing or telephonically, through training programs and/or on site consultations, among other methods. (Franchise Agreement, Section 5.3)
- C. We'll furnish advice and guidance to you with respect to our Grand Opening Program. (Franchise Agreement, Section 3.7)

Advertising

We may establish a national marketing fund (the "Marketing Fund") to promote SanSai Japanese Grills and our Marks. You must contribute to the Marketing Fund as described in Item 6. The Marketing Fund may place advertising in any media and we anticipate the coverage will be regional and/or local in scope although we reserve the right to do national advertising in the future. We or our Affiliates (if any) may prepare advertising and we may employ outside advertising agencies. If all monies in the Marketing Fund are not spent in the current fiscal year, funds are carried over for use in the next fiscal year.

All matters relating to the Marketing Fund operations, marketing or other matter (consistent

with its purposes and the provisions of this Agreement) will be determined in our Business Judgment. The Marketing Fund may be used for (among other things) creation, production and distribution of marketing, advertising, public relations and other materials in any medium, including the Internet; administration expenses; brand/image campaigns; media; national, regional and other marketing programs; activities to promote current and/or future SanSai Japanese Grills and the Brand; agency and consulting services; research; any expenses approved by us and associated with FAC (defined below) or other advisory groups. All advertising and other items produced using the Marketing Fund may include a brief statement regarding the availability of information regarding the purchase of San Sai franchises. "Franchise Advisory Council" or "FAC" is the advisory group selected (or which may be selected), which will provide Input according to the Franchise Agreement and as we may request.

We and/or any Franchisor-Related Person/Entities can provide goods, services, materials, etc. (including administrative services and/or "in-house advertising agency" services) and receive reasonable compensation and/or reimbursement from the Marketing Fund for doing so. Without FAC approval, we can arrange for goods, services, materials, etc. (including administrative services to be provided by independent persons/companies and the Marketing Fund will pay all related costs, fees, etc. While we are not required to do so, if we submit any matters for approval to the FAC and approval is granted by a majority of the members, approval will be binding on you.

We will account for the Marketing Fund separately and may use it to pay all administrative and other costs of the Marketing Fund related to its activities and purposes and/or as authorized by the relevant franchise agreements. The Marketing Fund is responsible for all taxes of any kind incurred by the Marketing Fund, its activities, contributions to the Marketing Fund and/or any other Fund aspect. We will prepare financial statements for the Marketing Fund annually, which will be furnished to you upon written request. The statements may be audited and any related costs will be paid by the Marketing Fund. All interest earned on monies contributed to, or held in, the Marketing Fund will be remitted to the Marketing Fund and will be subject to the restrictions of the relevant Franchise Agreement(s). In making expenditures, the Marketing Fund will first spend any contributions made by any supplier; second, any earnings on assets held by the Marketing Fund; third, any contributions made by us; and finally any contributions made by Franchisees.

Financial management of the Marketing Fund will be our sole responsibility. We may in our Business Judgment:

1) compensate ourselves and/or any Franchisor Related Person/Entity for salaries, administrative costs, overhead and other expenses incurred in Marketing Fund related programs/activities, including but not limited to production, research, insurance, and collection expenses, as well as any legal expense related to the activities and purposes of the Marketing Fund (consistent with the provisions of the Franchise Agreement);

2) charge the Marketing Fund for attorney's fees and other costs related in any way to claims against us and/or any of the Franchisor-Related Persons/Entities regarding the Marketing Fund. However, we are required to reimburse the Marketing Fund for any attorneys' fees and/or costs paid by the Marketing Fund related to any action in which we are finally found to have acted unlawfully or to be guilty of wrongdoing with respect to the Marketing Fund;

3) spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year, and the Marketing Fund may borrow from us or other lenders to cover

deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus;

4) collect for remission to the Marketing Fund any advertising or promotional amounts offered by any supplier based upon franchisee purchases. Any of these contributions, whether or not related to purchases by you, will not count toward your required Fund contributions;

5) pay the advertising, marketing, public relations and related costs involved in any co-branding, dual franchising or other multi-sponsor programs;

6) revise marketing and other programs, and/or make separate expenditures from the Marketing Fund, to take account of cultural or other differences;

7) defer, waive and/or compromise claims for current/future contributions to, and/or claims against or with respect to, the Marketing Fund and fund the same with the Marketing Fund;

8) take legal or other action against any franchisee in default of their obligations to the Marketing Fund;

9) merge the Marketing Fund with any marketing fund otherwise established for SanSai Japanese Grills, so long as the restrictions of the relevant Franchise Agreement(s) continue to apply to contributions made by Franchisees under the agreements;

10) maintain Marketing Fund assets in one or more accounts designated as "trust accounts" for purposes of protecting the assets from claims of third-party creditors, (but that will not create any "trust," "fiduciary relationship" or similar special arrangement);

11) incorporate the Marketing Fund or operate it through an entity separate from us, subject to all rights and duties of ours relating to the Marketing Fund; and

12) take any other actions in connection with the Marketing Fund as we consider to be appropriate and as are consistent with the provisions of the Franchise Agreement.

We have no obligation to ensure that expenditures by the Marketing Fund are or will be proportionate or equivalent to contributions to the Marketing Fund by SanSai Japanese Grills operating in any geographic area, or that any SanSai Japanese Grills will benefit directly, indirectly or in proportion to its contribution to the Marketing Fund.

Neither we nor any of the Franchisor-Related Persons/Entities, including the FAC will be liable for any act or omission in connection with the Marketing Fund which is consistent with the Franchise Agreement. You and we expressly agree that none of the relationships with you in connection with the Marketing Fund are in the nature of a "trust," "fiduciary" or similar special arrangement.

If you are in default of any of your obligations to us, the Franchisor-Related Persons/Entities and/or the Marketing Fund, or your Franchise Agreement is otherwise subject to termination, you will have no rights with respect to the Marketing Fund. We may deny access to any and all programs and/or materials created by, and benefits of, the Marketing Fund to Franchisees who are in default in any obligations to the Marketing Fund.