

You must participate in all Marketing Fund programs. You have the right to set your own prices, except that we may specify maximum prices for goods or services to the greatest degree permitted by law. You must fully honor all coupons, price reduction and other promotions/programs as directed by us. The Marketing Fund may furnish you with marketing, advertising and promotional materials; however, we may require that you pay the cost of producing, shipping and handling for materials.

We may establish one or more associations and/or sub-associations ("Franchise Marketing Groups," "FMG") of San Sai Japanese Grills to conduct various marketing related activities on a cooperative basis. You must join and actively participate in the FMG and must contribute to the FMG the amounts required by FMG. The FMG may adopt its own regulations, which you must follow but these regulations are subject to consent by us. Each unit, whether franchised or non-franchised, will be entitled to 1 vote, but in order to vote franchised units must be in Good Standing. We may offset against amounts we owe to you the amount of your unpaid FMG contributions. We have the right to have a representative participate in all FMG meetings as a non-voting participant. While we are not required to do so, if we submit any matters for approval to an FMG of which you are a member, and approval is granted, the approval will be binding on you.

We have the power to require cooperatives to be formed, changed, dissolved or merged. We reserve the right to require participation in local or regional cooperatives in the future.

Your Local Japanese Grill Marketing Activities.

You must spend the greater of \$1,500 or 3% of Gross Volume, subject to inflation adjustment, for local advertising and promotion of your SanSai Japanese Grill each month. We may require you to submit verification of your expenditures. Appropriate local advertising expenditures may include classified telephone directory listings and advertising. The value of discounts, coupon redemptions and/or products or services given without charge may not be used to meet your local advertising obligation under this Section.

Your advertising will be in good taste and conform to ethical and legal standards. You must submit to us, for our approval samples of **all** advertising and promotional materials for any media, including the Internet. You will not use any advertising or promotional materials or programs disapproved by us. We can require that a brief statement regarding the availability of SanSai Japanese Grills be included in advertising used by you and/or that brochures regarding purchase of SanSai franchises be displayed in your SanSai Japanese Grill.

All use, if any, of the Internet, World Wide Web or other electronic media by you in connection with your SanSai Japanese Grill will be as specified by us. We may require that any use be through us, using a designated Internet/Intranet Service Provider (which can be us or an Affiliate), and that all pages be accessed through a designated site and/or meet our specifications.

Computer Hardware and Software

You must purchase, use, maintain and update at your expense software, computer and other systems meeting our specifications. There are no contractual limitations on the frequency and cost of upgrades and updates to the systems or programs. You must comply with our then-current terms of use policies and any other requirements regarding any inter/intranet sites we establish for SanSai

Franchise Businesses. Currently, the only requirement for computer hardware and software is a computer with Internet access and a POS System.

You must obtain and maintain at your own expense accounting, sales, reporting and records retention systems conforming to any requirements set by us. We reserve the right to use, and to have full access to, all cash register, computer and any other systems, and the information and data they contain. We may charge a reasonable fee for the license, modification, maintenance or support of software or any other goods and/or services that we furnish to you in related to any of the systems.

You must purchase either the MICROS 3700 QSR Food System from the suppliers below. The cost of the POS System is estimated to be \$16,800 to \$24,000, and are included in the "Computer hardware/software POS and PC" cost estimates in Item 7.

The MICROS POS System must be purchased from DCRS Solutions, 2065 Metro Boulevard, St. Louis, Missouri, 63043, (314) 739-6666. The system is an integrated database for order taking, order preparation, cash management, reporting, scheduling and communication with other franchisees and us. The system includes an electronic cash register and credit card transaction processing system, with a touch-screen monitor, card readers, kitchen display systems, remote printers, thermal printer and back office computer. The system has been used in SanSai Japanese Grills owned by PMV for approximately 1 year.

You must purchase hardware and software maintenance contracts from DCRS Solutions. The estimated annual cost for the hardware and software maintenance contracts is \$1,500 to \$3,500.

You must purchase hardware and software maintenance contracts from Horrocks Point of Sale Systems or such other party as we may designate from time to time. The estimated annual cost for the hardware and software maintenance contracts is \$1,500 to \$3,500.

You must maintain your POS system online to allow us access to system data and information. Supplier and/or licensor charges for use, maintenance, support and/or updates of and to the required systems are payable by you upon receipt.

Neither we nor any of the Franchisor-Related Persons/Entities will have any liability and/or obligation about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from us, even if recommended or specified by us.

You will use the QuickBooks software, which is the proprietary property of Intuit, for your business accounting. Intuit's principal business address and phone number is 2535 Garcia Avenue, Mountain View, California 94043, (650) 944-6000. Intuit does not have any contractual obligation to provide ongoing maintenance, repairs, upgrades or updates. We estimate any upgrade to the QuickBooks software would be approximately \$100.

You must purchase a fax machine, printer, scanner and copier. We recommend, but do not require, the Brother MFC 9700 fax/printer/scanner/copier machine. We estimate the machine will cost approximately \$500. You may obtain a single machine which performs all functions or separate machines from the supplier of your choice.

Methods Used By Us to Select the Location of Your Business

You must locate a site acceptable to us and sign a lease, within 8 months from the date of the Franchise Agreement. We have no contractual requirement to consent to the location you select for your SanSai Japanese Grill within a specified period of time. You must open your SanSai Japanese Grill within 4 months of signing your lease and immediately on our notice to you. You must obtain certification from a state approved provider as required by State agencies before opening. Factors we consider in reviewing a proposed site include the real estate characteristics (parking, access, etc.) area demographics, trade area population and education.

You must allow our designated attorney to negotiate the Lease(s) and to negotiate amendments, modifications and renewals to the Lease(s). We are not obliged to provide an attorney to represent you in any default or breach of Lease proceedings or negotiations or any allegations of default or breach of Lease although we may exercise all our rights under the Franchise Addendum to Lease Agreement and the Collateral Assignment of Lease attached to the Franchise Agreement as Exhibits 3.2.A and 3.2.B. 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.

Typical Length of Time to Open Your Business

The typical length of time between the signing of the Franchise Agreement and the payment of the Initial Franchise Fee and the opening of a Franchise is approximately 8-12 months. Factors affecting this length of time include locating a site, completion of training, construction, financing, permits or licenses.

Training

You must attend an initial orientation at which we will provide you with materials and guidelines for selecting a site for your SanSai Japanese Grill as well as leasing requirements and guidelines.

You must complete our Training Program before operating your Franchise SanSai Japanese Grill Business. The Initial Franchise Fee covers a Training Program for you and your initial SanSai Japanese Grill manager. We may charge a reasonable fee for training of additional and/or subsequent managers. We may eliminate or shorten training for persons previously trained or with comparable experience, however, any manager that has not successfully completed our Training Program must pass the then-current version of competency exam by a grade of 70% or higher.

Initial training lasts approximately two weeks and is held twice per quarter. The training will be held at a corporate unit located in the Southern California or in St. Louis, Missouri. Ben Ortega and Ricardo Avila will conduct training. Biographies for Mr. Ortega and Mr. Avila are listed below.

You'll be responsible for all travel, living, incidental and other expenses for you and your personnel attending the Training Program and any other voluntary or mandatory training programs, seminars or meetings. We may charge a tuition fee for training programs (other than for your initial training).

You and your manager must attend additional and/or refresher training programs, as we may reasonably require to correct, improve and/or enhance your operations, the System and its members. In addition, we can require successful completion of training by all of your supervisory personnel.

SUBJECT	TIME BEGUN	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE JOB TRAINING	TRAINER
Orientation Food Prep, Recipes, Cooking	Monday Will last until Thursday	Operation Manual Any additional handouts or materials for each topic	4 Hours	24 hours	Ricardo Avila- Orientation Ben Ortega Food Prep, Recipes, Cooking
Inventory Ordering	Friday	Inventory and order sheets. Product specifications sheet. (Will include product familiarity.)	2 Hours	2 Hours	Ben Ortega
Hiring Management	Monday Morning Week 2	Hiring interview forms. Human resources standard forms. Concept Restaurant Management Profile. Industry Standards in restaurant Management.	2 Hours	N/A	Ricardo Avila
Cash handling, administrative, bookkeeping, records and reports	Monday Afternoon Week 2	Corporate Standard Forms and view of SanSai computer systems.	1 Hour	1 Hour	Ben Ortega
Customer Service	Monday Afternoon Week 2	Employee Manual, guest service standards and expectations. Culture of SanSai guest service. Scheduling.	2 Hours	N/A	Ricardo Avila
Marketing and Sales Promotions	Tuesday Morning Week 2	SanSai marketing materials, SanSai Signage requirements and specifications	2 Hours	N/A	Ricardo Avila Ben Ortega

SUBJECT	TIME BEGUN	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE JOB TRAINING	TRAINER
POS and computer basics	Tuesday Afternoon Week 2	POS trouble shooting guide and Manual.	1 Hours	3 Hours	Ben Ortega
Sanitation and Safety	Wednesday Week 2	Serv Safe Certification manual	4 Hours	N/A	TBD

Ricardo Avila – Los Angeles Area Manager. Mr. Avila joined us in November, 2003, and served as manager at our Hawthorne, California location until September, 2004. He has served as our Los Angeles Area Manager since September, 2004 to the present time. From 1999 – 2003 he served as District Manager for Pacific Coast Taco, Inc., a franchisee of Taco Bell.

Benito Ortega – San Diego Area/Orange County Manager. Mr. Ortega has served as our San Diego /Orange County Area Manager since our inception. He has also served in this capacity for our related company Pacific Management Ventures, Inc. since 2002. Mr. Ortega served as General Manager and District Manager for O-Nami Seafood Buffet from 2000 to 2002 and recruited and trained new crews and managers for company-owned store. From 1992 to 1999 he was General Manager for Buffet's, Inc.

12. TERRITORY

The typical minimum territory, if one is awarded, generally is an area with a 2 mile radius from your SanSai Japanese Grill site having a daytime population of more than 25,000 and a trade area population of over 40,000. In urban areas, particularly in mid city districts, the minimum territory may be an area with a quarter mile radius or less as we may determine in our Business Judgment.

Subject to our rights described below, and for the term of your Agreement, we will not enter into a Franchise Agreement licensing a Traditional SanSai Japanese Grill, or open a Franchisor-owned Traditional SanSai Japanese Grill, inside the Territory described in Exhibit 2.2 to the Franchise Agreement for a period of 18 months from the Effective Date of your Franchise Agreement (the "Start Up Period"). After the Start Up Period expires and throughout the balance of the initial term of your Agreement, we will not license a Traditional SanSai Japanese Grill, or open a Franchisor-owned Traditional SanSai Japanese Grill, inside the Territory without first providing you with a right of first refusal, subject to all of the terms and conditions described below. If you are awarded a Franchise as a successor Franchise Agreement or as a transferee of an existing Franchise, there is no Start up Period. Your rights in the Territory are exactly (and only) as expressly set described below. Except for your rights regarding the location of a Traditional SanSai Japanese Grill within the Territory any applicable right of first refusal, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future SanSai (or any other brand) units or distribution channels of any type, franchised or SanSai-owned, regardless of their location or proximity to the Premises. This Franchise applies only to the establishment and operation of a Traditional SanSai Japanese Grill at a single site. The Franchise does not grant you any rights with respect to other

and/or related businesses, products and/or services, in which we or any Franchisor Related Persons/Entities may be involved, now or in the future.

We and the Franchisor-Related Persons/Entities expressly reserve all other rights, and can (along with anyone we designate):

- 1) own and/or operate ourselves, and/or authorize others to own and/or operate:
 - a) any kind of business in the Territory whether or not using the SanSai Marks and System,
 - i) except for a Traditional SanSai Japanese Grill during a Start up Period (if you are not a Successor or Transfer Franchisee) and
 - ii) subject to any applicable right of first refusal as described below; and
 - b) any kind of business outside of the Territory, including Traditional SanSai Japanese Grills, whether or not using the SanSai Marks and System;
- 2) sell SanSai brand (or any other brand) Products and Services (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution (including by mail and/or the Internet) other than a Traditional SanSai Japanese Grill located in the Territory;
- 3) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the SanSai System and/or the Marks, and award franchises under these other concepts for locations anywhere;
- 4) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. These transactions may include arrangements involving competing outlets and brand conversions (to or from the SanSai Marks and System). These transactions are expressly permitted under this Agreement, and you must participate at your expense in any conversion as instructed by us.

C. You understand that a "Traditional SanSai Japanese Grill" is defined in your Franchise Agreement. The term does not include non-traditional SanSai stores or other distribution opportunities. A non-traditional SanSai store concept may include limited square footage outlets like an "express" unit or a kiosk; units housed within other retail facilities, such as a department store, hotel, casino, etc.; Internet sites and/or direct mail operations.

D. We and Franchisor-Related Persons/Entities and Related Companies also expressly reserve the rights to sell SanSai Brand (or any other brand) Products and Services (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution located anywhere, subject only to the following conditions. If any distribution opportunity involves the location of a Traditional SanSai Japanese Grill (after the expiration of any applicable Start Up Period) or any other physical unit for the distribution of competitive Products/Services under the

SanSai Brand inside the Territory (a "Distribution Opportunity") the following terms and conditions will apply:

1) We will provide you with a right of first refusal for any Distribution Opportunity in the Territory, subject to the process described below, and to your being in Good Standing and meeting our then-current financial, operational and other business standards for the award of Distribution Opportunities to Franchisees. We may modify these standards in our Business Judgment.

2) A right of first refusal regarding a Distribution Opportunity will be processed as follows: We will provide you written notice of a Distribution Opportunity expected to be physically located in your Territory. You will have 15 days in which to advise us in writing that you wish to participate in the Distribution Opportunity. If you do not notify us within this period, then we may pursue such Distribution Opportunity and/or grant any other person/entity the right to participate in such Distribution Opportunity without any liability to you. If you timely notify us in writing that you do wish to participate in the Distribution Opportunity, then we may condition your participation on compliance with the terms and conditions we consider appropriate to the particular Distribution Opportunity in our Business Judgment. These conditions may include, but are not limited to: your execution of agreements and related documents as are then generally used by us in the award of the applicable Distribution Opportunity; payment of all initial fees and any other applicable fees; meeting any eligibility requirements as are then generally applied by us to candidates for a Distribution Opportunity; and the execution by you (and any Affiliate and owner of yours) of a General Release. When you provide us with such 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 Distribution Opportunity. If you do not meet the conditions applicable to the award of the Distribution Opportunity and/or any opening requirements that may be included in any Distribution Opportunity agreements, then we and/or any Related Company may pursue the Distribution Opportunity and/or grant any other person/entity the right to participate in it, without any liability to you.

You will not market or sell through such venue(s) or any channel of distribution other than your Traditional SanSai Japanese Grill without our written permission, which we can grant, condition or deny in our Business Judgment. You may not deal with Special Account(s), as we may specify from time to time.

We, the Franchisor-Related Persons/Entities and anyone we designate may offer/provide any Products and/or Services or otherwise through the Internet, World Wide Web, direct mail and/or other similar venues (no matter where the Customer is located), whether or not in connection with any use of the Marks and/or System. Our current policy on direct retail sales by us to Special Accounts, or through the Internet or by direct mail, is to credit to you a portion of our revenues (or net income) from sales to customers who designate your SanSai Japanese Grill Restaurant at the time of purchase by entering your SanSai Japanese Grill Restaurant account number, if you are in Good Standing, and may be subject to various conditions. These credits may be applied to your royalty and/or other obligations/activities as we consider appropriate in our Business Judgment. This policy and any related terms and conditions may be changed and/or eliminated by us at any time in our Business Judgment.

SanSai System Standards

We may evaluate your SanSai Japanese Grill (including inspections, field service visits, customer comments/surveys and secret shopper reports for compliance with SanSai System Standards using the same methodology and scoring system as we use to evaluate any SanSai Japanese Grills owned and/or operated by us and/or our Affiliates. Your SanSai Japanese Grill will receive a System Standards Score for categories being scored at that time. We will compare your scores with the average score in each category as achieved by all SanSai Japanese Grills in the United States (including those owned and/or operated by us and/or our Affiliates), or other geographic area as we believe appropriate for evaluation purposes.

SanSai Financial Standards

We may compare your Gross Volume with the then-current "Financial Standard". We will make comparisons on a 6 month basis. (For example, if the first comparison was on June 30, the next comparison would be on December 31, etc.) The Financial Standard will be determined as follows:

PERIOD OPEN*	FINANCIAL STANDARDS (ADJUSTED EVERY 6 MONTHS)
Less than Three Years	50% of PUA**
Three Years or More, But Less Than Four Years	65% of PUA**
Four Years or More	75% of PUA**

*Measured from the earlier of: actual opening date, or the date by which the Japanese Grill is required to be open.

**"PUA" or "Per Unit Average": The average Gross Volume for all SanSai Japanese Grills in the United States during the most recent 6 month period before the measuring date.

We may make reasonable revisions to elements of the Financial or System Standards on 6 months written advance notice to you. Revisions may include changes in PUA percentages, measurement periods or geographical areas.

Correction Process

If (a) your System Standards Score in a scored category is lower than the average System Standards Score or (b) Gross Volume for the applicable measurement period does not equal the then-current Financial Standard we may (but are not required to) implement the following correction process.

If we notify you of your failure to meet the then-current average System Standards Score in a scored category and/or the applicable Financial Standard, you will have 6 months from our delivery of written notice to you to meet all applicable Financial and System Standards.

We will cooperate with and assist you in your efforts to meet your performance objectives. This assistance may include on-site consultations, meetings at our headquarters, and/or retraining activities or programs at designated locations. You are responsible for any costs associated with these activities, including travel, meals, lodging and any other related expenses. We can (1) require you and/or your manager to attend and successfully complete a re-training seminar at our then-current headquarters, with you to pay all related travel, meals, lodging and incidental expenses, or (2) send a trainer to your location to present a re-training seminar, which you and your manager must successfully complete. The cost is \$500 per day retraining fee (maximum: \$1,500), payable to us, subject to inflation adjustment.

If at the end of the 6 month Correction Period your SanSai Japanese Grill does not meet the average SanSai System Standards score for any category and/or the then-applicable Financial Standards, then we may elect to terminate the Franchise Agreement. You will have 90 days after the end of the 6 month Correction Period to complete a sale of your franchise to a third party if:

- 1) You provide us written notice of your desire to sell your franchise within 10 days of the expiration of the 6 month Correction Period along with a General Release signed by you and each of your owners and Affiliates; and
- 2) Any transfer meets all requirements of your Franchise Agreement.

If you do not provide us this, or complete an authorized sale within the 90 day period, then we may elect to terminate the Franchise Agreement immediately upon delivery of written notice to you.

Area Development Agreement

Subject to various provisions of the Area Development Agreement, and you not becoming in default of any obligations to us, we will not award a SanSai Franchise for the operation of a Traditional SanSai Unit to anyone other than you, or open a company owned SanSai Unit, in your Area Territory for the term of Area Development Agreement.

Continuation of your territorial rights is not dependent on achievement of a certain sales volume, market penetration or other contingency, except that if you are in default of any obligation to us we can require you to halt all development activities and/or Unit openings and can terminate all of your rights. Your territorial rights are conditioned on you not being in default of any obligations to us.

Relocation

If you are in Good Standing, you may relocate your Japanese Grill within your existing Territory (unless we waive this requirement) with our prior written consent, which we may condition or withhold in our Business Judgment, including the requirement that you sign a General Release. You are solely responsible for all relocation costs and expenses. If your SanSai Japanese Grill is damaged, condemned or otherwise rendered unusable, or if, there is a change in the character of the location of your SanSai Japanese Grill sufficiently detrimental to its business potential to warrant relocation, you must relocate your SanSai Japanese Grill.

You must have our acceptance of a proposed relocation. We won't unreasonably withhold our acceptance or notice. We reserve the right to provide a real estate attorney to negotiate any proposed

relocation and if we do so there will be an administrative fee payable by you to us. See Item 6 for more information.

13. TRADEMARKS

On December 19, 2003, our affiliate, Pacific Management Ventures, Inc. filed for registration of words "SanSai" on the Principal Register of the United States Patent and Trademark Office ("USPTO") under Serial Number 78/343375 on December 19, 2003, and for the SanSai Japanese Grill stylized design under Serial Number 78/345265 on December 23, 2003. All right, title and interest in and to these registration applications was assigned to us by written agreement with PMV dated June 1, 2004 and recorded with the United States Patent & Trademark Office on July 16, 2004. By not having a Principal Register federal registration for these marks, we do not have certain presumptive legal rights granted by a registration.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks. There are no infringing uses actually known to us that could materially affect your use of these trademarks, service marks, trade names, logotypes or other commercial symbols in this state.

You must notify us immediately of any apparent or actual infringement of, or challenge to your use of the Marks, or any claim by any person of any rights in the Marks. You will not communicate with any third party concerning any claim. We and/or our licensor have exclusive right to control any settlement, litigation or proceeding arising out of or related to these matters. The franchise agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us, or if the proceeding is resolved unfavorably to you. You must sign documents that we require and otherwise assist us in any administrative or judicial proceeding involving a trademark licensed to you by us.

You must comply at your expense with any directions from us to discontinue, modify, substitute or add Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise may not be required for any reason, and we will have no liability or obligation to you. You will not make any claim related to any modification, discontinuance or other action, and/or with any dispute regarding the Marks.

You should understand that there is always a possibility there might be one or more businesses, similar to the businesses covered by the franchises offered in this Offering Circular, operating in or near the area(s) where you may do business, using a name and/or trademarks similar to ours and with superior rights to the name and/or trademarks. We strongly suggest that you research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any binding documents or make any binding commitments.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the Franchise.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials, although we claim common law copyrights in our manuals and other materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

In general, our proprietary information includes "Confidential Information" as defined in Article 8 of the Franchise Agreement, some of which is contained in our Manuals, and includes among other things: a) techniques, policies, procedures, information, systems, and knowledge regarding the development, marketing, operation and franchising of a SanSai Franchise Business b) information regarding and suppliers of Products and Services used in a SanSai Franchise Business; c) all information regarding customers, including any statistical and/or financial information and all lists. We disclose to you Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

You must agree to maintain the confidentiality of all the Confidential Information during and after the term of the Franchise Agreement and that you will not use any of the Confidential Information in any other business or in any manner we do not specifically authorize in writing. You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to the franchise business that are conceived or developed by you and/or your employees. We will have an ongoing right to use, and to authorize others to use, these ideas, etc. without compensation or other obligation.

You must cause each of your employees, agents, principals, and affiliates to sign and deliver to you an agreement containing substantially the same provisions described in this Item 14 (in forms specified by us) and will deliver to us copies on request. (Franchise Agreement, Section 8.1)

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

Your SanSai Japanese Grill must be personally managed on a full-time basis by a person who has successfully completed mandatory training and met then-current standards as specified by us. You must be personally and actively involved in the overall management of your SanSai Japanese Grill on an ongoing basis, since absentee management involves a greater risk of failure. You and your initial manager must attend our Training Program.

Each of your employees, agents, principals and Affiliates must sign a form of confidentiality agreement as approved by us. You will provide us copies of the confidentiality agreements upon request. You will hire all employees of your Franchised Business and will be solely responsible for their supervision, possible termination, terms of employment and compensation and proper training.

Area Developers

Under the Area Development Agreement, we require the Chief Executive Officer or another officer/owner for or of the Area Developer to attend and successfully complete initial and/or on-going training as we designate and/or to meet with us from time-to-time to review Area Developer operations. You must employ a manager for each Development Unit that meets the standards issued by us to supervise and coordinate the operation of each Unit.

If the Franchisee is a business entity, we do not require the manager have an equity interest in the Franchise.

16. RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must operate your Franchised Business in accordance with the System Standards (including required products and services), which we may modify occasionally. You may not use your Franchised Business for any other purposes other than the operation of a Franchised Business in full compliance with the Franchise Agreement and Manuals, without our prior written approval. You must purchase, use and offer each of and only the types, brands and or quality of Products and Services we designate.

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENT ATTACHED TO THIS OFFERING CIRCULAR.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Term of the franchise	2.1	10 years for new Franchise. 10 years or expiration date of the remaining term of the Franchise Agreement for an acquisition, at our choice.
b. Renewal or extension of the term	15.1	Single five-year term subject to compliance with certain requirements.
c. Requirements for you to renew or extend	15.2 – 15.3	Written notice from you of election for renewal; be in Good Standing; compliance with all Agreements, current operational, qualification and training requirements; proof of possession of premises during term of renewal; paid all amounts owed; sign new agreements and release; payment of successor fee
d. Termination by you	16.7	None; mandatory notice of claims by you.
e. Termination by us without cause	None	None
f. Termination by us with cause	16.1 – 16.3	We can terminate your Franchise if you commit any one of several listed violations.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
	7.1 of Area Developments A	
g. "Cause" defined-defaults which can be cured	16.2	Failure to: submit any information due; make any payments due us, any affiliate, supplier or creditor; meet obligations to others; comply with Manuals and all agreements; maintain required insurance; correct dangerous conditions; comply with dispute resolution procedures; cure default under (sub)lease.
h. "Cause" defined-defaults which cannot be cured	16.1	Misrepresentations or omissions by you in application for Franchise; bankruptcy; conviction of felony or other misconduct that adversely affects the SanSai Franchise; unauthorized transfer or surrender of control; unauthorized use of Confidential Information, the Marks or Manuals; violation of noncompete provisions; commit any fraud or misrepresentation to us or any third party; 5 or more material customer complaints in any 12-month period. Failure to: meet opening and other requirements; locate a site for your Business; maintain records or cooperate in any audit or inspection.
i. Your obligations on termination/non-renewal	17.1 – 17.4	Cease operations; cease use of Marks; de-identify business; pay amounts owed; return Manuals and materials; return of signage; transfer phone numbers to us or our designee; cancel all fictitious business name registrations. Certain obligations continue, including payment, indemnity, non-competition and confidentiality.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
j. Assignment of contract by us	14.1	No restrictions on our right to transfer; our obligations are terminated upon transfer
k. "Transfer" by you-definition	None	None
l. Our approval of transfer by you	14.1	Transfer subject to our prior written consent.
m. Conditions for our approval of transfer	14.1	You must be in compliance with all agreements and the Manuals; transferee qualifies; transferee assumes your obligations; all amounts and reports due us are remitted; all debts payable to third parties are assumed by transferee; all required reports or other documents submitted; transferee completes training program; transferee obtains all required permits, licenses and insurance; lessors and other parties consent to transfer; execution of Franchise Agreement by transferee; payment of \$1,000 transfer fee; execution of release; amount financed subordinate to obligations of transferee to us; execution of non-competition agreement; and compliance with laws and regulations. Additional requirements for transfer to a controlled corporation.
n. Our right of first refusal to acquire your business	14.2	We have the right to match offer, require terms and conditions
o. Our option to purchase your business	14.8	We may repurchase the Franchise at any time and cancel your rights and our obligations under the Franchise Agreement on payment to you of the repurchase price.
p. Your death or disability	14.1 E.	Transfer to third party within 6 months. Subject to all transfer requirements and restrictions.
q. Non-competition covenants during the term	8.2	No involvement in any Similar Business.
r. Non-competition covenants after the franchise is terminated or expires	8.2, 14.1, 17.4, 19.6	No involvement in Similar Business for 2 years within a 5

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		mile radius.
s. Modification of the agreement	19.8	Agreement may be modified in writing by all parties. Manuals and System are subject to change by us and you must promptly comply.
t. Integration/merger clause	21	Only the terms of the Franchise Agreement are binding (assuming they comply with State law). Any other promises are not enforceable.
u. Dispute resolution by arbitration or mediation	19.1 – 19.16	Except for a few types of claims, all disputes are resolved through face-to-face meeting, mediation, and/or binding arbitration at a neutral site in the county in which our then current headquarters is located; limited rights of appeal and pre-trial discovery; waiver of jury or court trial; limitation of types and amount of damages and periods to bring claims;
v. Choice of forum	19.1, 19.2	Face-to-face meeting, mediation, arbitration and litigation at a neutral site in the county in which our then current headquarters is located. Please see the state-specific addenda to the Offering Circular and Franchise Agreement in Exhibit I.
w. Choice of law	19.14	Laws of the State in which your SanSai Japanese Grill is located apply, but Federal Arbitration Act preempts. Please see the state-specific addenda to the Offering Circular and Franchise I.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
a. Term of the franchise	2.1 of Area Development Agreement	Expires on the earlier of: (i) the latest Required Date for Opening of a Development Unit; or the actual Opening Date for the last scheduled SanSai Unit.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
b. Renewal or extension of the term	None	None
c. Requirements for you to renew or extend	None	None
d. Termination by you	None	None
e. Termination by us without cause	None	None
f. Termination by us with cause	7.1	We can terminate your Franchise if you commit any one of the violations listed below.
g. "Cause" defined-defaults which can be cured	None	None
h. "Cause" defined-defaults which cannot be cured	16.1	Unauthorized transfer; failure to meet Development Schedule; you commit to a lease without our approval, or begin the development and/or operation of a Development Unit, without having complied with the terms of the Area Development Agreement; bankruptcy; conviction of felony or offense which affects the good will associated with the Marks; any breach of the Agreement; default under other agreements with us or others.
i. Your obligations on termination/non-renewal	12.1	Subject to the terms of Section 17 of the Franchise Agreement
j. Assignment of contract by us	8.1	No restrictions on our right to transfer; our obligations are terminated upon transfer
k. "Transfer" by you-definition	None	None
l. Our approval of transfer by you	8.1	Transfer subject to our prior written consent.
m. Conditions for our approval of transfer	8.1	Payment of transfer fee. We may apply applicable transfer provisions of the most current unit Franchise Agreement between us. Interest in all Development Units must be transferred to the same assignee.
n. Our right of first refusal to acquire your business	8.1	We may apply applicable right of first refusal provisions of the most current unit Franchise

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
		Agreement between us.
o. Our option to purchase your business	8.1	We may apply applicable right of purchase of the most current unit Franchise Agreement between us.
p. Your death or disability	None	None
q. Non-competition covenants during the term	12.1	Subject to the provisions of Franchise Agreement
r. Non-competition covenants after the franchise is terminated or expires	12.1	Subject to the provisions of Franchise Agreement
s. Modification of the agreement	4.1, 13.1	Agreement may be modified in writing by all parties.
t. Integration/merger clause	13.1	Only the terms of the Franchise Agreement are binding (assuming they comply with State law). Any other promises are not enforceable.
u. Dispute resolution by arbitration or mediation	12.1	Subject to the terms of the Franchise Agreement.
v. Choice of forum	None	Subject to the provisions of Franchise Agreement
w. Choice of law	None	Subject to the provisions of Franchise Agreement

PROVISION	SECTION IN ASSET PURCHASE AGREEMENT	SUMMARY
a. Term of the franchise	N/A	N/A
b. Renewal or extension of the term	N/A	N/A
c. Requirements for you to renew or extend	N/A	N/A
d. Termination by you	N/A	N/A
e. Termination by us without cause	N/A	N/A
f. Termination by us with cause	12.11	Bankruptcy of Buyer
g. "Cause" defined-defaults which can be cured	N/A	N/A
h. "Cause" defined-defaults which cannot be cured	12.11	Bankruptcy of Buyer
i. Your obligations on termination/non-renewal	N/A	N/A

PROVISION	SECTION IN ASSET PURCHASE AGREEMENT	SUMMARY
j. Assignment of contract by us	11.1	No restrictions on our right to transfer; our obligations are terminated upon transfer
k. "Transfer" by you-definition	None	None
l. Our approval of transfer by you	11.2	Transfer subject to our prior written consent.
m. Conditions for our approval of transfer	None	None
n. Our right of first refusal to acquire your business	N/A	N/A
o. Our option to purchase your business	N/A	N/A
p. Your death or disability	N/A	N/A
q. Non-competition covenants during the term	N/A	N/A
r. Non-competition covenants after the franchise is terminated or expires	N/A	N/A
s. Modification of the agreement	12.10	Agreement may be modified in writing by all parties.
t. Integration/merger clause	12.9	Only the terms of the Franchise Agreement are binding (assuming they comply with State law). Any other promises are not enforceable.
u. Dispute resolution by arbitration or mediation	12.7	Subject to the terms of the Franchise Agreement.
v. Choice of forum	12.7	Subject to the provisions of Franchise Agreement
w. Choice of law	12.7	Subject to the provisions of Franchise Agreement

The Franchise Agreement contains a mandatory arbitration clause governing nearly all disputes between you and us, and also provides for a face-to-face meeting and mediation to settle disputes. The face-to-face meeting, mediation, binding arbitration (and any litigation) and any arbitration appeal will take place at a neutral location in the county in which our then-current headquarters is located, and that may cost you more than if those proceedings took place near your residence or business. Costs of the face-to-face meeting, mediation, arbitration and any arbitration appeal may be greater than in litigation. You and we will generally bear each of our own costs in any dispute, but the arbitrator can assess costs (but not attorney's fees) against a losing party.

Some states require us to make certain statements regarding the possible effect of various laws on provisions in the documents you sign. We make these statements here and/or in state addenda (Exhibit I) to the Offering Circular and in the Franchise Agreement only as a result of these requirements and in order to obtain registration and not because we agree with all the statements made. You should understand that we intend to fully enforce all of the provisions of the documents you sign (including the franchise agreement), and to rely on federal preemption under the Federal

Arbitration Act (9 U.S.C. § 1 et seq.). Statements made by us here or in an addendum, as a condition of registration in a state, should not be construed as any indication that you and we have not had a meeting of the minds on any subject covered by those statements. As to any law that might make void or unenforceable any provision contained in any of the documents you sign, whether as a result of statements we're required to make or otherwise, we reserve the right to challenge the enforceability and/or effect of that law in any legal proceeding.

Various states, including but not limited to the following, have statutes which may supersede the Franchise Agreement in your relationship with the franchisor including areas of termination and renewal of your franchise: ARKANSAS [Code Sections 4-72-201-4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-200043], CONNECTICUT [42-133e et seq.], DELAWARE [Code, Title 6, Chapter 25, Sections 2551-2556], HAWAII [Rev. Stat. 482E-6], ILLINOIS [815 ILCS 705/1 and 705/44], INDIANA [Code Sections 23-2-2.7 (1) - (7)], IOWA [Sections 523H.1-523H.17], MICHIGAN [19.854 (27)], MISSISSIPPI [Code Sections 75-24-51-75-24-63], MISSOURI [Stat. Sections 407.400-407.410] NEBRASKA [Re. Stat. Sections 87-401 - 87-410], NEW JERSEY [Rev Stat. Sections 56:10-1-56:10-12], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code Sections 13.1-557 through 13.1-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03], DISTRICT OF COLUMBIA [Code Sections 29-1201-29-1208], PUERTO RICO [Annotated Laws Sections 278 - 278d], VIRGIN ISLANDS [Annotated Code Sections 130 - 139]. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

The provision in the Franchise Agreement which provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101, et seq).

18. ARRANGEMENTS WITH PUBLIC FIGURES

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

19. EARNINGS CLAIMS

We don't provide or authorize any representations, express or implied, or any other information, regarding potential sales, costs, earnings or other results of your Franchise Business (although we do provide certain historical financial information regarding affiliate-owned Business, as described below.)

We certainly have no way of knowing what results you'll achieve. How well you might do depends almost entirely on factors outside our control, including your general business ability, your resources, how closely you follow our system, your location, competition and how good a businessperson you are. We don't authorize any sales, cost or income projections, or estimates of any kind to you, nor should you rely on any projections or estimates of any type from anyone.

We don't authorize our employees, salespersons or anyone else to make any claims or statements regarding prospects or chances of success, actual or potential sales, costs, earnings, income or profits of, or other financial matters regarding, any franchise. We're not able to predict gross revenues, expenses, profit or other results for franchised or affiliate-owned Franchise Businesses and do not, and will not, review or comment on your proposed budget, business plan or otherwise.

Before signing any binding documents or making any investment, you should make your own independent investigation regarding the possible purchase of a SanSai franchise, including speaking with current and past SanSai Franchisees (if any), although you understand that any of these franchisees would have relatively short term experience with the SanSai franchise. You should also speak with independent advisors, such as an attorney and/or accountant, to assist your determination of the suitability of your possible investment in a SanSai franchise.

20. LIST OF OUTLETS

**STATUS OF COMPANY-OWNED BUSINESSES ⁽²⁾
FOR FISCAL YEARS ⁽¹⁾
2005/2004 / 2003**

STATE	BUSINESSES CLOSED DURING YEAR	BUSINESSES OPENED DURING YEAR	BUSINESSES TRANSFERRED DURING YEAR	TOTAL BUSINESSES OPERATING AT YEAR END
California	0/0/0	8/2/4	8/2/0	2/7/4
Missouri	0/0/0	1/0/1	0/0/0	3/2/1
Totals:	0/2/0	9/3/5	8/2/0	5/9/5

1. For the fiscal year ending December 31st.

2. These SanSai Japanese Grills are owned and operated by our affiliate, PMV. Please see Exhibit F for the list of SanSai Japanese Grills owned and operated by PMV.

3. In 2005, we sold 8 company-owned stores to franchisees as turnkey operations; the locations continue to operate as SanSai Japanese Grills. The franchisee's contact information is listed below in Exhibit "J".

4. In 2005 we opened and transferred as turnkey operations 11 company owned stores to new franchisees. The franchisee's contact information is listed below in Exhibit "J".

**FRANCHISED BUSINESS STATUS SUMMARY
FOR FISCAL YEARS 2005/2004/2003**

STATE	<u>STORES CLOSED DURING YEAR</u>	<u>STORES OPENED DURING YEAR</u>	<u>TOTAL STORES OPERATING AT YEAR END</u>
California	0/0/0	11/2/0	13/2/0
Totals:	0/0/0	11/2/0	13/2/0

2006 PROJECTED OPENINGS

STATE	FRANCHISE AGREEMENTS SIGNED BUT UNITS NOT OPENED	PROJECTED FRANCHISED NEW UNITS IN FISCAL YEAR 2006	PROJECTED COMPANY- OWNED UNITS OPENING IN FISCAL YEAR 2006
California ¹		0	10
Missouri		0	4
Totals:		0	14

1. We anticipate that we will open new company owned units as SanSai Japanese Grills, and then transfer these businesses as turn key operations to new franchisees to operate as SanSai Japanese Grills.

21. FINANCIAL STATEMENTS

Exhibit A contains the audited financials of SanSai USA, Inc. as of December 31, 2004 and December 31, 2005. Our fiscal year end is December 31st.

22. CONTRACTS

The following agreements are attached as exhibits to this Offering Circular:

- Exhibit B Franchise Agreement with Exhibits
- Exhibit C Statement of Prospective Franchisee
- Exhibit D Area Development Agreement
- Exhibit E Asset Purchase Agreement

23. RECEIPT

Two copies of an acknowledgment of your receipt of this Offering Circular appear as Exhibit K. Please sign and date one copy and return it to us. Retain the other copy for your records. You should also complete and return the Statement of Prospective Franchisee (Exhibit C) to us before you sign any Franchise Agreement or pay any sums.