

**ITEM 1.**

**THE RANCHISOR, ITS PREDECESSOR AND AFFILIATES**

We are JS II, INC. dba YOGURT QUEEN, a California corporation (“Yogurt Queen”). We were formed on February 17, 2006. To simplify this offering circular, we refer to ourselves as “Yogurt Queen”, “we” or “us”. “You means the individuals who are stockholders of a corporation, members of a limited liability company or partners of a partnership that buys a franchise.

Our Principal business address is 3660 Wilshire Boulevard, Suite 800, Los Angeles, California 90010. Our telephone number is (213) 480-1500. Our agent for service of process in California is Jina Kim whose address is 3660 Wilshire Boulevard, Suite 800, Los Angeles, California 90010. Please check Exhibit A for agents in other registration states.

Our business is operating and granting franchises to let people, like you, operate Yogurt Queen Specialties, which offer specialized frozen yogurt, beverages, food, and other menu items for on-premise consumption, carryout, delivery and/or catering.

We will open Yogurt Queen restaurants same as the one offered by this offering circular in near Melrose area and Hollywood area in California in 2006. We have no other business activity. We have no predecessors or affiliates. We have not offered or sold franchises in any other line of business.

As a franchisee, you will use our Yogurt Queen marks to sell frozen yogurt and other specialty items to the general public. Your restaurant is designed to incorporate an upscale frozen yogurt café look featuring indoor seating or take out services, custom designed interiors, furniture, fixtures, specially designed uniforms and wearing apparel compliment the gourmet café look. You will use our system including marketing techniques, trade secrets, and recipes.

Frozen yogurt businesses are highly competitive. Your general market is any person who likes to consume frozen yogurt and other specialty items in attractive café setting. Our concept gives customers a wide selection of frozen yogurt, coffee, tea, juice, smoothie, shake and other items with our special recipes.

California and other states and local jurisdictions have laws, rules, regulations, and ordinances, which may apply to your Licensed Restaurant, including those concerning construction, design and maintenance of the restaurant premises; health and sanitation requirements for restaurant, employee practices concerning the storage, handling, cooking and preparation of food; restriction on smoking; availability and cleanliness of restrooms; employee health and safety; fire safety and emergency preparedness; and 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 where you are interested in locating your franchise. You must comply with all local, state, and

federal laws that apply to your restaurant operations including health, sanitation, smoking, Equal Employment Opportunity Commission, Occupational Safety and Health Act, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits and licenses and operational licenses. You should consult with your attorney concerning these and other local laws and ordinances that may affect your restaurant operations.

**ITEM 2.**

**BUSINESS EXPERIENCE**

Director and Chief Executive Officer: JINA KIM

Ms. Jina Kim has been only director and CEO of this franchise company since we were formed in February 17, 2006. From 2000 to 2004, she owned Cricket Restaurant, an American style family restaurant located in Tacoma, Washington. There are no other Directors, Officers, or Secretaries.

**ITEM 3.**

**LITIGATION**

No litigation is required to be disclosed in this offering circular.

**ITEM 4.**

**BANKRUPTCY**

No person previously identified in item 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 4.

**ITEM 5.**

**INITIAL FRANCHISE FEE**

You pay us a non-refundable \$500 deposit with your franchise application. This amount will apply toward the initial franchise fee.

You pay us an Initial Franchise Fee of \$30,000 on signing your Franchise Agreement.

If you are an existing Yogurt Queen licensee and are converting to our franchise program we will waive this fee.

You must also pay a training fee of \$3,000, payable before training. This fee is for initial training for up to 2 persons (you and your manager). If you want additional persons trained, the fee is \$500 per additional person.

We have no occasion negotiated the amount of an Initial Franchise Fee, however, we are under no obligation to do so.

If you or your initial restaurant manager do not satisfactorily complete our initial training program, we can terminate your franchise and refund the initial franchise fee paid less all reasonable costs incurred by us in preparing the franchise agreement and all related documents, the grant of the franchise, and other services and efforts provided. However, the total refund will not exceed 50% of the Initial Franchise Fee paid.

We will make the refund to you after you sign documents acceptable to us, including a release, indemnification, and protection of our confidential information, which we may release to you during the training.

We do not currently offer any financing of the Initial Franchise Fee or of any equipment that you must purchase from us.

#### Simultaneous Franchise Fee Incentive Program

If you purchase more than one Yogurt Queen franchise, we will offer you a discount for each additional restaurant purchased for the same location provided, however, that the purchase made within 90 days of the signing of the initial franchise agreement. You will receive 50% of discount off of the initial franchise fee for the second purchase of this franchise and each additional restaurant purchased within 90 days. This Simultaneous Franchise Fee Incentive Program does not apply to renewals or transfers. We reserve the right to discontinue this program at any time.

#### Referral Program

In the event that you are referred to us by one of our existing franchisees, we may pay from the Initial Franchise Fee a commission, to be determined by our sole discretion, but not greater than the initial franchise fee, to the person who referred you to us. You should be aware that any existing franchisee who refers you to us may have a financial interest in whether you purchase a franchise from us. Any information received from an existing Yogurt Queen franchisee should be independently verified by you before you rely on it.

**ITEM 6.**

**OTHER FEES**

Itemized Fee	Amount	Due Date	Remarks
Royalty	6% of Gross Sales with minimum royalty of \$1,000	Due and payable by the 15th of calendar day of each month after the end of the previous month.	The monthly royalty fee is uniform and non-refundable. You must submit royalty reports weekly by facsimile, electronic mail or such other system(s) we may designate on a system wide basis. We will debit your bank account for royalties due or we may, at our sole option, require you to submit reports manually and send in a check.
Local Advertising Fund Fee	2% of Gross Sales with minimum of \$500 per month	Due and payable by the 15th of calendar day of each month after the end of the previous month.	
Additional Training	\$500 per an additional person	Prior to training.	You pay this fee to attend our periodic training seminars.
Sample Plans Fee	\$5,000	Before we provide you sample plans for the restaurant.	One time fee to provide you with sample layout plans for the interior of a Yogurt Queen restaurant and for furniture, fixtures and equipment.
Audit Fee	Cost of Audit	On demand.	Payable if our audit of you discloses under reporting if royalties or other fees due to us in the amount of 3% or more for any month or

			longer.
Transfer Fee	3% of franchise business sale price, or \$5,000, whichever is greater	Before any assignment, sale or transfer of the franchise.	You pay this fee for us to evaluate your proposed transferee or assignee.
Interest	Lesser of 1.5% per month (18% per year) or maximum rate allowed by law	On demand	Payable if you fail to pay our fees when due.
Renewal Fee	\$30,000	Before renewal is effective	
Late Payment	\$100 late charge. The lesser of 1.5% per month or the maximum rate allowed by law on delinquent royalty and purchase payment	On demand	You pay this fee if you fail to pay your obligations to us on time.
Deviation From Standard	\$1,000 per breach and \$1,000 for each day that the breach continues or occurs	Each Discovery	These liquidated damages are in addition to our other remedies.
Insurance	Amount of unpaid premium	On demand and as incurred	Payable if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Management Fee	10% of Gross Sales	On demand	Payable if we elect to manage your restaurant pending our purchase of assets of your restaurant or if we take over

			your restaurant because of harm to our marks, system, or danger to public safety.
Liquidated Damages	\$1,000 per breach and \$1,000 per day	On demand	Payable if you deviate from our standards and requirements.

Notes:

- 1) All fees are imposed by and are payable to us. All fees are non-refundable.
- 2) "Under reporting" means there were sales not included in your sales report to us.
- 3) "Gross Sales" means all sums or things of value you receive from your Yogurt Queen restaurant from all sales or other transactions for goods and services whether for cash, check, credit, barter or otherwise. Gross Sales do not include refunds to customers or the amount of any sales taxes separately itemized, collected from customers for payment to a federal, state or local taxing authority and actually paid to that authority.

**ITEM 7.**

**INITIAL INVESTMENT**

Item	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee	\$30,000	Lump sum	\$500 at submitting application; \$29,500 at executing franchise agreement.	Franchisor
Rent & Lease deposit	\$3,000 to \$30,000	Lump sum	Before opening	Landlord
Utility Deposits	\$200 to \$2,000	Cash	Before opening	Utility Companies

Leasehold Improvement	Turn-Key: \$20,000 to \$60,000  Non-turn key: \$30,000 to \$75,000	Cash	Before opening	Franchisor if you choose to have us remodel your location (turn-key), or Constructors if you elect non-turn key improvements
Signs (indoor and outdoor)	\$2,000 to \$4,500	Cash	Before opening	Supplier
Equipment & Fixtures	\$10,000 to \$35,000	Will vary	Will vary	Various suppliers
POS Cash Register	\$4,500	Lump sum	Before opening	Franchisor
Operating Inventory	\$4,000 to \$10,000	Cash	Before opening	Various suppliers
Business License	\$500 to \$1,500	Cash	Before opening	Municipality
Training Fee	\$3,000 to \$5,000	Cash	Before training	Franchisor
Travel and Living Expenses While Training	\$1,000 to \$5,000	Cash	As incurred during training	Airline, hotel, restaurant
Insurance	\$3,000 to \$5,000	Cash	Before opening	Insurance Co.
Opening Advertising	\$4,500	Cash	Before opening	Various advertising vendors
Professional Advisor	\$1,000 to \$2,000	Cash	When incurred before opening	Your professional advisors

Additional Funds	\$10,000 to \$25,000	Cash	As needed	Will vary
TOTAL	\$76,000 to \$256,000			

Notes:

1) This table provides estimates to open a Yogurt Queen restaurant. This table estimates your initial investments from the period before your center opens for business, until 3 months of operations. We used our experience in operating and/or preparing to open Yogurt Queen restaurants to make these estimates. These are only estimates. The sources of funds listed above are amounts to be supplied from your own funds. No allowance has been made for inflation or debt service or interest payment on borrowed money but you should consider these.

2) You pay the initial fee in a lump sum on signing the Franchise Agreement. This initial fee is uniform to all new franchisees. We do not currently offer financing of the initial franchise fee or of any equipment that you must purchase from us.

3) Estimated cost for rent payments to the owner of the facility where your franchise is located. This estimate assumes rent for approximately 3 months, security deposit and last month rent. Your actual rent may vary significantly. Rent expenses for your facility may vary, based on location, square footage, age and condition of the structure, lease arrangements and other factors. The typical Yogurt Queen restaurant will be approximately 600 to 1200 square feet. The high estimate assumes your restaurant is in high traffic area such as on the Las Vegas Strip or in the Kodak Theatre complex in Hollywood.

4) Utility companies may require you to place a deposit before installing telephone, gas, water, electricity and other utility services. This deposit may be refundable in accordance with agreements made with utility companies.

5) Leasehold Improvement refers to estimated labor cost for construction of tenant improvement for a new Yogurt Queen restaurant. The cost of construction and leasehold improvements depends on the size and condition of the premises, the local cost of contract, work and layout and location of the restaurant. The range for a restaurant is the cost of reasonable renovation or leasehold improvements, and may be less if the lessor provides you a construction allowance. This estimate also includes our \$5,000 fee for providing sample layout plans to you for a Yogurt Queen restaurant. The estimate for a turn-key improvements is if you ask us to help coordinate and remodel your selected location to a Yogurt Queen restaurant. The estimate for a non-turn key improvements is if you elect to retain a third party provider to coordinate and remodel the restaurant to our specifications.

6) Estimated cost for signage at your location. The low estimate assumes minimal use of fixed signage. The high estimate assumes extensive use of fixed and temporary signage.



- 7) Equipment you must purchase includes show case, refrigerator, beverage dispenser, ice shaver, ice maker, freezer, locker, blender, cup seal machine, clock, point of sale cash register. Additional items may be necessary. Furniture you must purchase includes tables, chairs, lighting, and wall decorations, to be used in the customer area of the restaurant. Fixtures you must purchase and install include sinks, ice bins, prep-sinks, sink guards, and stockpot range. The cost of this equipment and fixtures will depend on financing terms available, the size of the facility, brands purchased and other factors. All equipments, furniture, fixtures and similar items must be purchased from us or our designated suppliers.
- 8) You must purchase a POS cash register from us for \$4,500.
- 9) Estimated cost for opening inventory to operate your restaurant.
- 10) Estimated costs for a business license, health department license and food management license. The amount of license fees varies by jurisdiction. These licenses and permits typically must be obtained from the City, County and/or State.
- 11) The training fee charge is to train you and your manager at the franchised location or other location we designated. This fee includes written materials. We charge \$500 per person for each additional person to be trained. The low estimate assumes we train 1 or 2 persons. The high estimate assumes we train 3 to 4 persons.
- 12) You must arrange and pay for yourself and your manager to attend our training program including, transportation, lodging, meals and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose.
- 13) Estimated one year premium for required insurance. Insurance premiums may vary based on sales. You must obtain general liability coverage including contractual liability and advertising injury coverage of at least \$1,000,000 aggregate naming us as additional insureds and with not more than \$10,000 deductible or self insurance; fire and casualty insurance on the restaurant and your property; business interruption insurance; and worker's compensation, employer's liability, unemployment and state disability insurance as required by law. We have the right from time to time to revise coverage and coverage amounts you must obtain and maintain.
- 14) Before opening, you must conduct grand opening advertising. You must spend at least \$1,500 per month advertising for 6 months after opening your restaurant, for a total of \$9,000. Therefore, in the first 3 months, you must spend \$4,500.
- 15) Estimated charges for you to consult with independent professional advisors like a lawyer and CPA. We urge you to consult with an experienced accountant or financial advisor to develop a business plan and financial projections for your operation.
- 16) Additional funds are the minimum recommended levels to cover operating expenses, including employee's salaries for 3 months. These figures include estimated payroll costs.

We do not include the salary for the restaurant manager, on the assumption that you will manage the restaurant. Additional working capital may be needed if sales are low or fixed costs are high.

17) You may not achieve the low estimate of zero in any category where zero is indicated.

18) There could be other factors not listed that may affect your initial investment. If your expenses exceed the high amounts in one or more categories your total investment could exceed the high estimate. We prepare these estimates based on our experience. These estimates do not provide for costs of financing. You should not plan to draw income from the operation during the star-up and development stage of your business, which could be longer than the 3 months covered by the table. You should have additional sums available, whether in cash or through a bank line of credit, or other assets which you may liquidate or against which you may borrow, to cover other expenses and other operating losses during your start-up and development stage, or beyond.

**THERE ARE NO OTHER DIRECT OR INDIRECT PAYMENTS TO US IN CONJUNCTION WITH THE PURCHASE OF THE FRANCHISE.**

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We consider the reputation, good will, high standards, and uniformity of our Yogurt Queen restaurants to be important to our success. Accordingly, there are products you must purchase from wither us or designated suppliers in accordance with our specifications and guidelines. All equipment, fixtures, furniture, supplies, inventory, and signs for use or sale in your restaurant must meet our specifications. (Fran Agmt Sec. 8.3, 10.2)

You must purchase all food ingredients, materials and equipment from us or third party sources we designate or approve. We may be the sole authorized source for various items. We can require you to purchase and use specific brand items in operating your restaurant. We will lend you a Confidential Business Operation Manual which will contain specifications and parameters developed by us and which you must strictly follow. (Fran Agmt. Sec. 8.3, 10.2)

The recipes, formulations, and specifications of all Yogurt Queen Products are trade secrets belonging exclusively to us. You must purchase all basic ingredients used to make our specially favored frozen yogurt and all other items for the preparation of Yogurt Queen Products from us or our designated suppliers as specified in the confidential operation manual. (Fran Agmt. Sec. 8.3) In addition, you must purchase all soft goods such as napkins, paper cups, boxes, and other items, which are part of the Yogurt Queen system and which our list of suggested and preferred suppliers, which may be updated. (Fran Agmt. Sec. 8.3)

We are the sole provider of ingredients for our Yogurt Queen products. Other supplies are provided by approved suppliers. Purchase of unapproved products or from unapproved vendors in violation of the franchise agreement will entitle us, among other things, to terminate your franchise agreement. We will try to negotiate favorable pricing arrangements with our suppliers for your benefit.

If you want to offer something we haven't approved, or buy from a supplier we haven't approved, you must tell us in writing and provide us sample and other information we need to evaluate the product and supplier. We can require you to provide us information on the history and credit rating of the proposed supplier, description of items you want to purchase from the proposed supplier, information relevant to the proposed supplier's ability to satisfy our standards, ability to provide reliable service, references, and other information that we may request or designate from time to time. You must arrange for the proposed supplier to cooperate in testing or analyzing the supplier's products at your or the supplier's expenses, to enable us to determine if the supplier and proposed items to be purchased are of satisfactory quality, reliability and other characteristics. We will notify you in writing of our decision regarding the proposed supplier and the reasons for any disapproval, al within 10 business days after our receipt of all information that we deem necessary to make our decision. (Fran Agmt. Sec. 8.3)

We are entitled to the benefit of all discounts, volume rebates, administration fees, commissions, advertising allowances or other advantages which we may obtain from any person supplying products or services to you or to other franchisees. (Fran Agmt. Sec. 8.3) We do not currently have any arrangements to derive revenue from your purchases or leases from third parties. We could make such arrangements in the future. There aren't any purchasing or distribution cooperatives.

We derive revenue from your purchase from us. The revenue equals the amount we charge you. Your purchase from us will be 10-20% or more of the purchases you will make to start the business; and nearly 25% or more of the purchases you will make on an ongoing basis to operate the business.

As we assess consumer preferences and trends in the marketplace and develop new marketing techniques, products and services, we anticipate that we will formulate and modify our standards and specifications and our approved suppliers and we will notify you of these developments through amendments to our confidential operations manual, newsletters, or other bulletins. (Fran Agmt. Sec. 4.4, 4.5)

All Yogurt Queen restaurants must meet the construction and appearance as well as equipment standards in our then-current manual or written directive, however, you are not required to have construction services performed by any specific entity. (Fran Agmt. Sec. 4.1 through 4.6)

Specifications set forth may include minimum standards for building size and style, sign(s), equipment types, products including food and beverages sold, inventory, quality, delivery, performance, warranties, logo and trademark design and compliance, appearance

and other restrictions. These specifications are part of the Confidential Operation Manual issued to you and may be changed. You must promptly comply with all changes. We may designate an affiliated entity as an approved supplier of items for the operation of the franchised business including products materials, services, supplies, equipment and facilities.

If you request and we agree, we can provide you a turn-key restaurant. The estimated cost to you is listed in Item 7.

We do not warrant that any product will meet your particular unique requirements for any use or purpose outside the normal activities of the Yogurt Queen restaurant. There is no express or implied warranty of merchantability of fitness for any particular use or purpose.

## ITEM 9

### FRANCHISEE'S OBLIGATION

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

Obligation	Section in Agreement	Item in Offering Circular
Site selection and acquisition/lease	Franchise Agmt. Sections 9.1, 9.2, 9.3, 9.6, 9.7	Item 11
Pre-opening purchase/leases	Franchise Agmt. Sections 8.8, 8.12, 9.5, 9.9	Items 6, 7 and 8
Site development and other pre-opening requirements	Franchise Agmt. Sections 1.2, 8.12, 8.17-8.20, 8.25, 9.2, 9.5, 9.7-9.9, 10.1-10.4	Items 7 and 11
Initial and ongoing training	Franchise Agmt. Section 5	Items 6, 7 and 11
Opening	No specific deadline	Item 11
Fees	Franchise Agmt. Sections 6.1, 7.1, 7.2, 7.4, 7.6, 7.7, 7.8, 7.9, 7.10, 7.13, 7.14, 7.15, 9.6, 11.3, 11.11(c), 13.3	Items 5, 6, 7, 11

Compliance with standards and policies/Operating Manual	Franchise Agmt. Sections 1.3, 4, 8.1-8.8, 8.10, 8.12, 8.23-8.25, 9.8, 9.9, 10	Items 8 and 11
Trademarks and proprietary information	Franchise Agmt. Sections 1.3, 1.4, 12.7-12.11	Items 13 and 14
Restriction on Products/Services offered	Franchise Agmt. Sections 4.5, 8.1, 8.6, 8.12, 10	Item 16
Warranty and customer service requirement	Franchise Agmt. Sections 8.7	Item 11
Territorial development and sales quotas	Franchise Agmt. Section 2	Item 12
On-going products/service Purchases	Franchise Agmt. Sections 8.1, 8.12, 10.1	Items 8
Maintenance, appearance and remodeling requirements	Franchise Agmt. Sections 4.5, 8.6, 10	Items 11
Insurance	Franchise Agmt. Sections 8.17-8.22	Items 7
Advertising	Franchise Agmt. Sections 7.4-7.6, 8.3, 9.10	Items 6 and 11
Indemnification	Franchise Agmt. Sections 8.18, 14	Item 6
Owner's Participation/Management/ Staffing	Franchise Agmt. Sections 8.2, 8.4, 10.5	Items 11 and 15

Records/Reports	Franchise Agmt. Sections 8.9, 8.10	tem 6
Inspections/Audits	Franchise Agmt. Sections 7.12-7.13	Items 6 and 11
Transfer	Franchise Agmt. Sections 7.7, 13	Item 17
Renewal	Franchise Agmt. Sections 1.7, 7.8, 11.2-11.3	Item 17
Post-termination Obligation	Franchise Agmt. Sections 11.7	Item 17
Non-competition covenants	Franchise Agmt. Sections 12.1-12.6	Item 17
Dispute resolution	Franchise Agmt. Sections 24.4-24.6	Item 17
Non-competition and Non-disclosure requirements for your managers	Non-Compet. & Non-Discl. Agmt. Section 1-8	Item 17

## ITEM 10

### FINANCING

We do not offer direct or indirect financing to you. We do not customarily guaranty any of your notes, leases, or other obligations to third parties although we have, from time to time, given certain limited guaranties on leases (but we have no obligation to do so). Whether, and on what terms, you can obtain financing from third parties will depend on a variety of factors, including your own credit worthiness, the type of security you can offer,

the policies of lending institutions, and the availability and cost of commercial credit generally. You may not be able to obtain a loan.

## ITEM 11

### FRANCHISOR'S OBLIGATION

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

#### Pre-opening Obligations:

1. We will assist you to obtain information and approve your location within your designated territory. When you sign your Franchise Agreement, if we have not already approved a site for your proposed restaurant, we will approve a general area, where you can search for a location. You alone are responsible to locate and evaluate prospective sites for a restaurant within a general area we designate. We will approve or disapprove your proposed site within 2 weeks from your request for approval. In evaluating the site, we may consider many factors such as size, appearance and other physical characteristics of the premises, and demographic characteristics, traffic patterns, competition from other businesses in the area and other commercial characteristics. Our approval of a particular site is not a recommendation or guarantee as to suitability of the proposed site for a Yogurt Queen restaurant. We are not responsible for the success of your restaurant and we do not guarantee that a site approved by us will meet your expectations as to potential revenue or operational criteria. (Fran Agmt. Sec. 18.1)
2. We will provide you with standardized recommended floor plans and equipment layout plans for a fee of \$5,000. We also provide you information regarding sources and requirements for signage, equipment, fixtures, furnishings, improvements, supplies, and other products for the operation of a typical Yogurt Queen restaurant. (Fran Agmt. Sec. 18.1)
3. We will loan you one set of the Confidential Business Operation Manual for your restaurant. The table of contents of our Confidential Business Operation Manual is Exhibit G. You must keep the contents confidential. We may add to, delete, supplement or otherwise modify the contents of the Manual. You must promptly insert any revised pages or other forms of supplements into the loaned copy of the Manual. In any dispute about the contents of the Manual, our master copy will control. You must operate the restaurant in compliance with all the contents of the Manual. (Fran Agmt. Sec. 4.1-4.5, 18.1)
4. We will provide an initial training period of 5 business days of hands-on training at a Yogurt Queen location of our choice for up to 4 persons. The 5 day pre-opening training program outline is as follows:

Subject	Time	Instructional Materials	Hours of Classroom Training	Hours on The Job Training	Instructor
Orientation, corporate operations, restaurant management, operations, introduction to equipment, product development and marketing	Day 1	Operating Manual	4	0	Yogurt Queen Staff/Certified Trainer
Management and operations, personnel, Restaurant front training, inventory control, customer service maintenance	Day 1	Operating Manual	4	0	Yogurt Queen Staff/Certified Trainer
Introduction to the restaurant front environment, equipment operations, food preparation process, counter top operation, kitchen operation	Day 2	Operating Manual	0	4	Yogurt Queen Staff/Certified Trainer
Front counter operation introduction	Day 2	Operating Manual	0	4	Yogurt Queen Staff/Certified Trainer
Front counter Operation part 1	Day 3	Operating Manual	0	4	Yogurt Queen Staff/Certified Trainer
Front counter	Day 3	Operating	0	4	Yogurt Queen



Operation part 2	Day 4	Manual		4	Staff/Certified Trainer
Kitchen operation Introduction	Day 4	Operating Manual	0	4	Yogurt Queen Staff/Certified Trainer
Kitchen operation part 1	Day 5	Operating Manual	0	4	Yogurt Queen Staff/Certified Trainer
Kitchen operation part 2	Day 5	Operating Manual	0	4	Yogurt Queen Staff/Certified Trainer
Other		N/A	0	4	Yogurt Queen Staff/Certified Trainer
TOTALS			8 hours	32 hours	

\* If you need additional training in any particular area, we will try to provide up to 4 additional hours to you at no additional charge. Our instructors are all experienced operational officers and/or trainers with a combined 4 years of experience in the restaurant industry. We may refine and modify the training course and materials as necessary.

5. We will provide you on site opening assistance for up to 5 days. (Fran Agmt. Sec. 18.1)

6. We may periodically offer additional training programs to you covering various subjects, such as new products, procedures, marketing, customer services, bookkeeping, and other aspects of business operations that we believe are beneficial. We may charge you our current rates per program to cover our costs and administrative overhead. These programs may last from one-half day to a full day. (Fran Agmt. Sec. 3)

Continuing Obligations:

1. We will provide you with information about sources and requirements of products and services that you are not required to obtain from us. (Fran Agmt. Sec. 8.1, through 8.4)

2. We will furnish you with guidance and operating assistance, at your reasonable request and our discretion, about (1) methods, standards, specifications, and general

operating procedures utilized by Yogurt Queen Restaurant, (2) approved equipment, fixtures, furnishings, signs, products, and supplies, (3) developing local advertising and other written materials, telephone consultation, and electronic computer messages. (Fran. Agmt. Sec. 8.1 through 8.4)

3. We will inspect your restaurant, as we deem necessary. (Fran. Agmt. Sec. 9.2)
4. We will provide training for new restaurant managers and additional training as you request. If you ask and we agree to provide additional training, you must pay our rates for each of such additional training or assistance. (Fran. Agmt. Sec. 3)

#### Advertising.

##### A. Marketing Fund

When at least 10 franchised Yogurt Queen restaurants are in operation, we will establish and administer the Marketing Fund. When established, you will contribute the greater of 2% of your gross sales or \$500 per month to the Marketing Fund. We have the right from time to time to modify the percentage of gross sales that you must contribute, provided that we will not establish a contribution rate greater than 5% of your gross sales. (Fran. Agmt. Sec. 6)

The Marketing Fund will be used for advertising, marketing, public relations and related purposes that we deem appropriate. The Marketing Fund may be used to pay costs of marketing surveys and research; employing public relations firms; developing and maintaining Internet website communications; preparing and producing video, audio, and written marketing materials; buying Internet, TV, radio, magazine, billboard, newspaper and other media to Yogurt Queen restaurants; holding conventions and meetings for personnel of Yogurt Queen restaurants; and paying costs to account for and report on contributions, expenditures and related activities of the Marketing Fund. (Fran. Agmt. Sec. 6)

We may cause the Marketing Fund to develop and market promotional items from time to time. If so, then those items will be made available to you at our cost which may include reasonable allocations for overhead. You must maintain a representative inventory of promotional items in accordance with our requirements. (Fran. Agmt. Sec. 6)

The Marketing Fund may develop programs that include special offers and discount coupons. You must honor all special offers and discount coupons. We have no obligation to reimburse you for any cost or discount relate the acceptance of coupons or special offers. Your contributions to the Marketing Fund are non-refundable. (Fran. Agmt. Sec. 6)

For each Yogurt Queen restaurant we operate, we will contribute to the Marketing Fund on substantially the same basis as we require of you. Recognizing there may be different contribution levels or formulas for different franchisees, our contributions are not required to be the same amounts or formula as you contribute. (Fran. Agmt. Sec. 6)

We have the right, but are not obligated, to collect and contribute to the Marketing Fund any advertising or other rebates from suppliers or others we receive. (Fran. Agmt. Sec. 6)

We can but are not required to keep contributions to the Marketing Fund in accounts separate from our other funds. The Marketing Fund will not be used to defray our general operating expenses, except for administrative costs and overhead reasonably allocable to administering the Marketing Fund. (Fran. Agmt. Sec. 6)

We will oversee all programs financed by the Marketing Fund in our sole discretion including the creative concepts, materials, timing, placement, allocation and other aspects. If we hire personnel, establish a department, or establish a separate entity for advertising and promotion, then we can use the Marketing Fund to pay for that. We are not obligated to cause Marketing Fund expenditures to benefit you equivalently or proportionately to your contributions, or at all, or to ensure that you or any one or more particular franchisees benefit directly or pro rata from uses of the Marketing Fund. (Fran. Agmt. Sec. 6)

We can spend in any fiscal year, more or less than the amount of contributions to the Marketing Fund made in that year. However, funds not spent in a fiscal year when contributed may be applied and used for Marketing Fund expenses in other years, which could also include payment of expenses from prior years. The Marketing Fund may borrow from us or others to finance operations and to cover deficits. (Fran. Agmt. Sec. 6)

We or our designee will prepare an accounting of Marketing Fund Expenditures annually and make it available to you on written request. We can arrange and audit of Marketing Fund expenditures, by an independent accountant we choose, and prepare it at the expenses of the Marketing Fund. (Fran. Agmt. Sec. 6)

We can terminate or suspend operation of the Marketing Fund at any time. We can restart the Marketing Fund after termination or suspension. (Fran. Agmt. Sec. 6)

#### B. Local and Grand Opening Advertising

You must spend the greater of 3% of your gross sales (as defined in the Franchise Agreement) each month or \$500 on local advertising. You must submit proposed advertising to us and use the materials only after you get our consent. We can restrict where you advertise. Your advertising must include trademark, copyright and independent ownership notices that we request. You must provide us written verification of your advertising expenditures as we require. (Fran. Agmt. Sec. 6, 13)

You must also spend at least \$1,500 a month on grand opening advertising for the first 6 months to advertise the opening of your restaurant. (Fran. Agmt. Sec. 6, 13)

On request, we may provide you with copies of advertising, marketing and promotion formats and materials that we prepare and that we consider suitable for use at local Yogurt Queen restaurants. We may charge you our cost to produce these materials, including

reasonable allocation of overhead and any shipping, handling and storage charges, payable when the materials are ordered. These payments are not refundable. (Fran. Agmt. Sec. 6, 13)

### C Cooperative Advertising

If we establish geographic areas of local or regional cooperative advertising, we can require you to become an active member and contribute those sums determined by a majority voted of the cooperative members but in no event less than 3% cooperative established by us will apply as a credit against the amounts you must spend for local advertising. (Fran. Agmt. Sec. 6, 13)

### POS System

Before opening you must purchase POS cash register from us. (Fran. Agmt. Sec. 19) Our current POS system is manufactured by \_\_\_\_\_ and uses touch screen monitors.

We will have direct access to your registers and be able to download data on sales from your restaurant and other information logged by the registers when we want. There is no limit on our right to access this information.

We will designate an authorized repair center for your registers. You are responsible for all costs incurred to repair broken registers and to upgrade you POS system with new software or hardware when we request. There is no limit in how often we can ask you to do so.

### Starting Operation

The agreement does not require you to start operating your restaurant within any specific date after signing the Franchise agreement.

## **ITEM 12**

### **TERRITORY**

We grant you a franchise to use our trademarks for a single restaurant at a specific location. You shall only operate your restaurant at a location we approve. You shall not operate your restaurant at any other site without our prior written consent. If you have not selected a particular site for your restaurant when you sign the franchise agreement, we will designate a general geographic area specifying the area within which you may seek a location for your restaurant. You may not offer for sale or sell products or services or any material, supplies, or inventory bearing the trademarks at any site other than your restaurant without our prior written consent. (Fran. Agmt. Sec. 1.3)

For non-mall locations, we grant you an “Exclusive Territory”. We will not operate

or grant franchises to others to operate Yogurt Queen restaurants within your territory. The Exclusive Territory will be an area roughly approximating one mile from your restaurant. However, we may sell Yogurt Queen pre-packaged products anywhere, including within your protected territory including in grocery stores, wholesale markets, convenient stores and other distribution channels as well as in festivals, cultural or trade exhibitions, or other public event.

Your Exclusive Territory also does not include any Shopping Mall whether or not located within the territory granted to you. We can establish and grant franchises to others to establish Yogurt Queen restaurants in Shopping Malls without geographic restriction. A "Shopping Mall" means any retail shopping center containing two or more anchor retail department stores. Current examples of anchor retail department stores include Sears, Macy's, JC Penny, Mervyn's, Nordstrom, Neiman Marcus, Bloomingdales, Saks Fifth Avenue, or other similar large retail stores. We determine the nature of stores comprising anchor retail department stores.

If your restaurant is located in a Shopping Mall, you will not have any territorial exclusivity, except we will not operate or grant franchises to others to operate Yogurt Queen restaurants within the same Shopping Mall where your restaurant is located.

We and our affiliates, if any, retain the right to do the following: 1) sell and franchise and license others to sell Yogurt Queen Products and other items and services under the trademarks and other trademarks through Yogurt Queen restaurants located anywhere outside your protected territory; 2) sell, market, and license and franchise others to sell, market any other products or services bearing the trademarks through other channels of commerce such as super markets, wholesale markets and retail outlets, even within your territory. These activities may compete with you.

### **ITEM 13**

#### **TRADMARKS**

We let you use our trademarks "YOGURT QUEEN" and a design comprising the words "YOGURT QUEEN". We currently have applications pending to register the following trademarks on the Principal Register of the U.S. Patent and Trademark Office:

<b>Trademark:</b>	<b>YOGURT QUEEN</b>
<b>Serial No.:</b>	<b>78948731</b>
<b>Goods and Services:</b>	<b>Frozen Yogurt</b>

By not having a principal register federal registration, we do not have certain presumptive legal rights granted by a registration.

No decision of any court or government agency limits our right to use or license the use of the Yogurt Queen trademarks and service marks. There are no currently effective

material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board or any other government agency or court concerning our marks.

You may not use any of our trademarks in any corporate or entity name but may identify your business as the fictitious business name of your restaurant in a format as the law permits and we designate from time to time, such as “YOGURT QUEEN” of [geographic designation]. You must file all fictitious name affidavits required by law in the state and county where you are located.

If you used our trademarks according to the Franchise Agreement, we have the right, but not the obligation, to protect you against claims of infringement or unfair competition arising out of your use of the Trademarks. You must notify us of all infringements of the marks, which come to your attention. We have sole discretion in deciding what action if any should be taken and have the sole right to control any litigation or administrative proceedings. If we choose to defend you, you must fully cooperate with us in such a defense. If we do so, we will pay for the cost of such defense unless you elect to proceed through counsel of your choosing.

We may prosecute or defend any infringement or unfair competition involving our marks or any other actions or proceedings, which we deem necessary or desirable to protect our trademarks. You must not contest our right, title or interest in the marks.

If we modify or stop use of any of our Trademarks, you must also modify or stop their use. You bear the expenses to make these changes. We have no obligation to reimburse you for any expenses resulting from such changes.

On termination or expiration of the franchise agreement, your right to use our marks ends. Thereafter you must not identify yourself as a Yogurt Queen franchise or publicly identify yourself, or any business entity you are then associated with, as former Yogurt Queen franchise, or use any of our Confidential Information or trade secrets.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not own any right in or to any patents or registered copyrights which are material to the franchise agreement and the Franchised Business. We claim, however, copy rights in our confidential operation manual and in other written materials we provide to you. You will also learn information that we consider trade secrets. This includes operating procedures and contents of training, and information on how we operate. The Franchise Agreement requires you to keep all of this confidential. The manuals and other materials we provide to you are only for use in the operation of your licensed restaurant. The Franchise Agreement grants you the right to use the material for the term of the franchise and obligates you to operate the restaurant in accordance with the format and operating system set forth in the manuals. You may not divulge any trade secrets or reproduce or exhibit any portion of

the manuals or other materials to any person other than to your employees and then only to the extent necessary to operate your restaurant in accordance with the Franchise Agreement.

On termination or expiration of your Franchise Agreement, you must immediately return to us your manuals and all other material containing our trade secrets and confidential information.

#### Confidential Operational Manual

You can use our proprietary information in our Manual which is described in Item 11. You must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual, as we revise them. You must treat the Manual, and the information contained in it, as confidential, and must use all reasonable efforts to maintain such information as secret and confidential. You must not at any time reproduce the materials in whole or in part, or otherwise make them available to any unauthorized person without our prior written consent. The Manual will, at all times, remain our sole property and must be kept in a secure place.

Revisions to the Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement.

#### Confidential Information

You must not, during or after the term of the Franchise Agreement, communicate, divulge, or use for the benefit of any other person or entity, any confidential information, knowledge, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or of which you may be apprised of by virtue of your operation under the Franchise Agreement.

You may divulge such confidential information only to those employees who must have access to it in order to perform their employment responsibilities. Any and all information, knowledge, know-how, and techniques which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement, except information that you can demonstrate came to your attention prior to disclosure by us; or which, at the time of disclosure by us to you, have become a part of the public domain, through publication or communication by others, or which, after disclosure to you by us, becomes a part of the public domain, through publication or communication by others. At our request, you must require any employees having access to our confidential information to execute covenants that they will maintain the confidentiality of information they receive during their association with you.

### **ITEM 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

You or your manager must devote best efforts and dedicate a minimum of 30 hours per week to on-site management of your franchised business. If you are a corporation, partnership, or other entity you must designate an individual we can rely on for the personal and direct on-site management of the franchised business. The manager need not have an ownership interest in you. You and the manager must complete all phases of our training program to our satisfaction and participate in all other activities we require to open your restaurant. All replacement managers must satisfactorily complete our training program.

If you are an entity, each owner of the entity must sign a Guaranty Agreement (see Exhibit E) personally guaranteeing the franchisee's obligations under the Franchise Agreement.

#### **ITEM 16**

##### **RESTRICTION ON WHAT THE FRANCHISEE MAY SELL**

You may offer for sale only the goods we designate and which comply with our standards for kind and quality pursuant to our operation manual or as otherwise we designate in writing. The restriction on what you are permitted to sell may change, and you must comply with these changes on reasonable notice to you. You must offer all products we authorize you to sell. However, we are not obligated to authorize you to sell all available Yogurt Queen Products that we may have.

Without our prior written consent, you may not offer or sell any Yogurt Queen Products or services at any site other than your licensed restaurant. You may only sell finished Yogurt Queen Products that have been approved for sale at your licensed restaurant and only to retail customers. You may not sell any Yogurt Queen Products, whether finished or unfinished, to any person or entity for resale. In addition, you may not use your licensed restaurant for any purpose other than operation of Yogurt Queen restaurant. You may not install or operate in your restaurant any public telephone, jukebox, vending machine, lottery ticket terminal, video game or any other game or machine without our prior written approval. If you sell products, services, or items that we have approved, we may require you to remove the unapproved products, services or items, and if you fail to remove such unapproved products, services or items within a reasonable time, it will be deemed material breach of this Agreement.

#### **ITEM 17**

##### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

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



Provision	Section in Franchise Agreement	Summary
Term of the Franchise Agreement	Sec. 15.1	2 years
Renewal or extension of the term	Sec. 15.1.2	If you meet all conditions you may renew for additional 2 years.
Requirements to Renew or extend.	Sec, 15.1.2.1, through Sec. 15.1.2.5	To renew for an additional term you must: comply with you agreement throughout the term of your franchise and at the end of the term; deliver written notice of your intent to renew 3 months before but no more than 6 months before expiration of the current term, pay a \$30,000 renewal fee; sign our then Franchise Agreement modified as needed to provide for the remaining number of renewal terms available to you; sign a general release ; remodel, redecorate, renovate and upgrade the restaurant to meet our then current standards; by current on all amounts due to us and our affiliates.
Termination With Default in Agreement	Sec15.2, 15.3	The Franchise Agreement may be terminated if you are in default and fail to cure the default in the agreement after providing you written notice and an opportunity to cure.
Termination Without Default in Agreement	N/A	We cannot terminate without default.

Your Obligations upon Termination/Non-Renewal	Sec. 16	Complete de-identification, pay amounts due, return all confidential materials, cease operations, stop using marks, systems, confidential information, deliver/sell your equipment, inventory and fixtures to us at fair market value if we request, assign phone numbers to us.
Assignment/Transfer of Contract by Us	Sec. 14	No restriction on our right to assign/transfer to any third person or entity.
Assignment/Transfer of Contract by You	Sec. 14	We have the right to approve all assignment/transfer but will not unreasonably withhold approval.
Condition for Our Approval of Assignment/Transfer.	Sec. 14	You pay transfer fee of 5% of the gross sale price of your restaurant; sign a general release, pay all amounts owed; provide a copy of all agreements and proposed agreements concerning the proposed assignment/transfer and other information we request; you make any changes to the terms of the assignment/transfer which we require; the proposed transferee qualifies and provides all information we request; the assignee/transferee assumes all obligations under the Agreement and/or, at our request, enters into our current Agreement; the proposed assignee/transferee agrees to upgrade, remodel, and refurbish the restaurant to our standards; and you and the assignee/transferee obtain in writing the landlord's consent.
Our Right of First Refusal to Acquire Franchisee's Business	Sec. 14.2.2	We can match any offer for your business

Our Option to Purchase Franchisee's Business	Sec. 14.2,	Following termination other than due to our uncured breach, we or our assignee have the right, by delivering written notice to you, to purchase from you, any or all of the restaurant's equipment, fixtures, furniture, inventory, products, materials and supplies as we choose.
Your Death or Disability	N/A	Surviving heirs may operate the business if they qualify within 180 days, or they may assign to approved buyer.
Non-competition covenants during the term of the franchise	Sec. 10.2	You cannot directly or indirectly operate a business similar to your franchise business within 5 miles of your restaurant or within 5 miles of any Yogurt Queen restaurant. You may also not have an ownership interest in any entity which grants franchises or licenses to others to operate restaurants specializing in frozen yogurt or other similar products as we produce, or employ, recruit or hire any person employed or previously employed by us or our other franchisees without our or the other employer's consent.
Non-competition covenants after the termination/non-renewal	Sec. 10.2.2	For 60 months following termination, expiration or non-renewal, you cannot operate or have an interest in a competing business within a 5 mile radius from any Yogurt Queen restaurant or your location or have an ownership interest in any entity which grants franchises or licenses to others to operate restaurants specializing in frozen yogurt.

Modification of Agreement	Sec. 23.2	No modification except in writing signed by us. Manuals may change, including our Operation Manual. Manual changes are not changes to the agreement.
Integration/Merger Clause	Sec. 23.3	Only the terms of the Franchise Agreement and other agreements with us (if any) are binding. We have made no other promises.
Dispute Resolution	Sec. 21	All disputes arising out of this agreement must first be arbitrated in L.A ADR office.
Choice of Forum	Sec. 21	Arbitration must be in California
Choice of Law	Sec. 21	California law applies

1) The following states have statutes which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise: Arkansas, California, Connecticut, Delaware, Hawaii, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Missouri, South Dakota, Virginia, Nebraska, New Jersey, Washington, Wisconsin. These and other states may have court decisions which supersede the Franchise Agreement in your relationship with us including area of termination and renewal of your franchise.

2) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.

SEE STATE SPECIFIC ADDENDA ATTACHED TO OUR OFFERING CIRCULAR AS EXHIBIT B FOR OTHER STATE SPECIFIC DISCLOSURES.

**ITEM 18**

**PUBLIC FIGURES**

We do not use any public figures to promote our franchise. We, however, reserve the option to do so in the future.

**ITEM 19**

**EARNING CLAIMS**

NEITHER JS II, INC. dba YOGURT QUEEN NOR ANY OF ITS AFFILIATES, FURNISH OR AUTHORIZE ITS SALESPERSONS OR ANY OTHER AGENTS TO FURNISH ANY ORAL OR WIRTTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF AN YOGURT QUEEN FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND WE CANNOT ESTIMATE THE EARNINGS OFANY PARTICULAR FRANCHISE.

**ITEM 20**

**LIST OF OUTLET**

Franchise Restaurant Summary Status as of September 15, 2006.

State	Transfers	Cancelled or Terminated	Not Renewed	Restaurants Operating at Year End
Arizona	0/0/0	0/0/0	0/0/0	0/0/0
California	0/0/0	0/0/0	0/0/0	0/0/0
Florida	0/0/0	0/0/0	0/0/0	0/0/0
Hawaii	0/0/0	0/0/0	0/0/0	0/0/0
Illinois	0/0/0	0/0/0	0/0/0	0/0/0
New Jersey	0/0/0	0/0/0	0/0/0	0/0/0
New York	0/0/0	0/0/0	0/0/0	0/0/0
Texas	0/0/0	0/0/0	0/0/0	0/0/0

\* As of the date of this Offering Circular, there are no franchised Yogurt Queen restaurants

The Following arrangements were established before we began offering the franchises described in this offering circular and we do not consider them to be franchise. This table provides status of company owned restaurants as of September 15, 2006

State	Restaurants Closed During the Year	Restaurants Opened During the Year	Total Restaurants Operating at Year End
Arizona	0/0/0	0/0/0	0/0/0
California	0/0/0	0/0/0	0/0/0
Florida	0/0/0	0/0/0	0/0/0
Hawaii	0/0/0	0/0/0	0/0/0
Illinois	0/0/0	0/0/0	0/0/0
New Jersey	0/0/0	0/0/0	0/0/0
New York	0/0/0	0/0/0	0/0/0
Texas	0/0/0	0/0/0	0/0/0

Projected Openings as of September 15, 2006

State	Franchise Agreements Signed But Center Not Opened	Projected Franchise New Yogurt Queen center in the Next fiscal year	Projected Company-owned Yogurt Queen Center openings in next fiscal year
Arizona	0	0	0
California	0	10	3
Florida	0	0	0
Hawaii	0	0	0
Illinois	0	0	0
Nevada	0	0	0
New Jersey	0	0	0
New York	0	0	0
Texas	0	0	0

As of the date of this Offering Circular, there were no franchised Yogurt Queen restaurants. Attached to this offering circular as Exhibit H is a list of the names, addresses, and phone numbers of our franchise locations. In the year 2006, there were no franchises or licensed distributors who were terminated, cancelled or not renewed or who otherwise voluntarily or involuntarily ceased to do business or who have not communicated with us in the 10 weeks preceding the application date.

**ITEM 21**

**FINANCIAL STATEMENTS**

Attached to this Offering Circular as Exhibit C are compiled financial statement consisting of a balance sheet, income and loss statement, statement of operations, stockholder's equity and cash flows as of August 18, 2006. Our fiscal year end is December 31.

**ITEM 22**

**CONTRACTS**

Attached to this Offering Circular are the following agreements:

Exhibit D Franchise Agreement  
Exhibit E Non-competition and Non-disclosure Agreement  
Exhibit F Guaranty

**ITEM 23**

**RECEIPT**

The receipt of this Offering Circular is attached as Exhibit I.