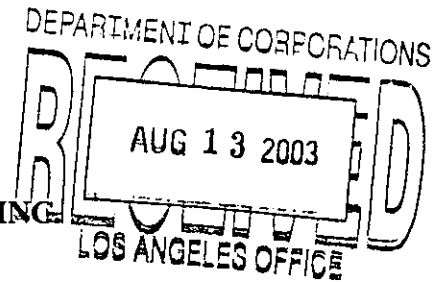


YOUR DOLLAR STORE WITH MORE, INC.



**Information for Prospective Franchisees Required by
Federal Trade Commission**

To protect you, we've required your Franchisor to give you this information. We haven't checked it, and don't know if it's correct. It should help you make up your mind. Study it carefully. While it includes some information about your contract, don't rely on it alone to understand your contract. Read all of your contract carefully. Buying a franchise is a complicated investment. Take your time to decide. If possible, show your contract and this information to an advisor, like a lawyer or an accountant. If you find anything you think may be wrong or anything important that's been left out, you should let us know about it. It may be against the law.

There may also be laws on franchising in your state. Ask your state agencies about them.

FEDERAL TRADE COMMISSION
Washington, D.C.

Date of Issuance: August 8, 2003



FRANCHISE OFFERING CIRCULAR

YOUR DOLLAR STORE WITH MORE, INC., a Washington corporation

7503 NE 163rd Ave
Vancouver, WA 98682
United States of America
www.yourdollarstore.com
(360) 260-7499

102, 1626 Richter Street
Kelowna, British Columbia V1Y 2M3
CANADA
(250) 860-4225

You will develop and operate a YOUR DOLLAR STORE WITH MORE™ retail store, offering for sale a constantly changing list of items, the majority of which usually range in price from \$1.00 to \$5.00.

The initial franchise fee is U.S. \$17,000. There are no other initial payments to us. The estimated total initial investment, inclusive of the initial fee, for a startup ranges from \$66,500 to \$232,500. See Items 5, 6, and 7 below. ALL AMOUNTS ARE EXPRESSED IN U.S. DOLLARS, EXCEPT AS OTHERWISE STATED.

Risk Factors:

1. **THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY MEDIATION OR ARBITRATION IN WASHINGTON STATE FOR MEDIATION, AND THE CITY OF FRANCHISOR'S U.S. HEADQUARTERS, CURRENTLY VANCOUVER, WASHINGTON, FOR ARBITRATION. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. THESE PROVISIONS MAY BE SUPERSEDED BY CERTAIN STATE LAWS. IT ALSO MAY COST MORE TO MEDIATE AND ARBITRATE WITH US IN WASHINGTON THAN IN YOUR HOME STATE.**
2. **EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT WASHINGTON LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO THE STATE ADDENDA ATTACHED AS EXHIBIT F FOR DETAILS. THE STATES OF CONNECTICUT, MICHIGAN, AND CERTAIN OTHER STATES PROHIBIT CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. SEE STATE ADDENDA IN EXHIBIT F FOR A SUMMARY OF SOME OF THESE LAWS.**

3. WE ARE IN THE DEVELOPMENT STAGE, AND ARE DEPENDENT UPON THE SALE OF FRANCHISES.
4. YOU WILL RECEIVE EXCLUSIVE TERRITORY RIGHTS, WITHIN WHICH WE WILL NOT LOCATE ANOTHER STORE, WITHIN ONE MILE FROM A LOCATION WITHIN AN ENCLOSED SHOPPING CENTER, AND TWO MILES FROM OTHER LOCATIONS, INCLUDING A LOCATION IN A STRIP MALL OR IN LINE FACING A STREET OR OUTDOOR WALKWAY. THE EXCEPTIONS TO THIS ARE THAT WE AND OUR AFFILIATES MAY ESTABLISH OTHER FRANCHISED OR COMPANY OWNED LOCATIONS AND OTHER CHANNELS OF DISTRIBUTION AND MAY SELL OR DISTRIBUTE ANY PRODUCT OR SERVICE TO THE GENERAL PUBLIC IN COMPETITION WITH YOUR FRANCHISE.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE. READ ITEM 1 CONCERNING COMPETITION AND RISKS, AND OTHER ITEMS BELOW.

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

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in this offering circular is untrue, contact the Federal Trade Commission, and the State or Provincial authority listed in Exhibit D.

Issuance Date (as most recently amended) for states not requiring registration: August 8, 2003

Effective Dates for Registration States:

California:		New York:	
Florida:		North Dakota:	
Hawaii:		Rhode Island:	
Illinois:		South Dakota:	
Indiana:		Texas:	September 17, 2001
Kentucky:	September 17, 2001	Utah:	August 29, 2002
Michigan:	September 17, 2002	Washington:	
Minnesota:		Wisconsin:	
Nebraska:	September 17, 2001		

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EXHIBITS

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	List of Franchisees and Certain Former Franchisees
Exhibit D	List of Certain State or Provincial Franchise Authorities (Government Offices) and Registered Agents in Certain States
Exhibit E	Summary of Special Laws and Regulations Pertaining to the Franchised Business
Exhibit F	State and Provincial Addenda
Exhibit G	Manual Table of Contents (See Also Item 11)
Exhibit H	Earnings Claims
Exhibit I	Acknowledgment of Receipt of Completed Agreements
Exhibit J	Receipt

YOUR DOLLAR STORE WITH MORE, INC.

Item 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this offering circular "YOUR DOLLAR STORE", "we," "us," or "our" means Your Dollar Store With More, Inc., the franchisor. "You" means the person or persons, including legal entities and their owners, which buy the franchise.

Franchisor's Name, Business Form, Predecessors, and Affiliates. YOUR DOLLAR STORE is a Washington corporation incorporated on May 8, 2001. Our affiliate and predecessor is Your Dollar Store With More Inc., a corporation incorporated on April 17, 1998 under the Business Corporations Act of British Columbia ("YDSWM"). YDSWM provided us access to its expertise and assets, and applied for registration of our U.S. trademark as described in Item 13. Our affiliate, YDS Holdings, Inc., is a Washington corporation incorporated on April 23, 2002 ("YDS Holdings") for the purpose of owning YOUR DOLLAR STORE WITH MORE™ retail stores. There are no other predecessors or other affiliates required to be disclosed.

Business Name, Address, Agents for Service. We do business under the name of Your Dollar Store With More, and under our entity name. Our principal business addresses and the principal business addresses of our affiliates are:

Your Dollar Store With More, Inc.
7503 NE 163rd Ave
Vancouver, WA 98682

Your Dollar Store With More, Inc.
102, 1626 Richter Street
Kelowna, British Columbia V1Y 2M3
CANADA

YDS Holdings, Inc.
7503 NE 163rd Ave
Vancouver, WA 98682

The principal business address of YDSWM is the same as ours.

Our agents for service of process are listed in Exhibit D.

YOUR DOLLAR STORE's Business and Franchises to be Offered. We franchise a specialized system to establish, develop, and operate a YOUR DOLLAR STORE WITH MORE™ retail store offering for sale a constantly changing list of items the majority of which usually range in price from \$1.00 to \$5.00. You will offer for sale new retail items such as cards, gift bags, wraps, candles, candle holders, giftware, sunglasses, postcards, cleaning supplies, balloons, party supplies, paper products, crafts, house wares, hardware, picture frames, sewing supplies, bath products, cosmetics, shoe laces, batteries, hair accessories, toys, candy, pop, spices, and may more

items. You will operate a YOUR DOLLAR STORE WITH MORE™ retail store under a license to use our business system, know-how, and trademarks. We operated two businesses of the type being franchised in Vancouver, Washington until April 2002, when one was acquired by YDS Holdings and the other was acquired by a franchisee. YDSWM operates a business of the type being franchised in Kelowna, British Columbia, Canada, and has since 1998. YDS Holdings operates businesses of the type being franchised in Vancouver, Washington, and has since April 2002. We and our affiliates do not engage in any other business activities.

The market for your retail store is developed and competitive. You may have to compete with national and local businesses offering similar products. There are no guarantees of your success as there exist both typical and special business risk factors, including: changing market conditions; competition; cost of supplies, equipment, real estate and improvements, capital and labor; your health and continuity of your management; continuation of sources of supply; quality and availability of labor; availability of financing; recession or depression locally, nationally, or internationally; wars; strikes; emergencies; natural and manmade disasters; litigation; and liability and casualty losses.

Other risks could have an adverse effect on your business. These include industry developments, such as pricing policies of competitors, and supply and demand. Our ability to fulfil our obligations under our franchise agreement depends in part upon our present and future financial condition. Litigation risks may exist also, including future litigation that may not be foreseeable. See Item 3 of this offering circular for certain past and present litigation.

Exhibit E to this Offering Circular summarizes certain special laws or regulations applicable to this franchise.

We and our affiliates have not offered franchises in other lines of business, and do not presently intend to do so.

There have not been any other predecessors or other affiliates that have offered franchises for the same or similar businesses or for other lines of business or who intend to do so.

Item 2 BUSINESS EXPERIENCE

President and Director:

Claude Uzelman

Mr. Uzelman has been our President and a Director since our incorporation in May 2001. From 1992 to the present, Mr. Uzelman has also been one of the principal shareholders and an operating partner in Michael Anthony Restaurants Ltd., a company in Kelowna, B.C., Canada, operating of up to 6 A&W franchise restaurants. (A&W in Canada is the second largest fast food franchise in the country with over 500 outlets.)

Secretary and Vice President of Operations and Director:

Stan Taylor

Mr. Taylor has been our Secretary and Vice President of Operations and a Director since May 2001. From 1999 to 2001, Mr. Taylor, through his wholly owned company 515723 British Columbia Ltd., owned and operated 2 Your Dollar Store With More franchise outlets in Princeton and Osoyoos, B.C. Canada, and was an operating partner in a 3rd outlet in Fort St. John, B.C., Canada. From 1997 to 2000, Mr. Taylor, through 515723 British Columbia Ltd., owned and operated Edgewood Manufactured Home Park in Fort St. John, British Columbia. From 1994 to 1996, Mr. Taylor was Sales Supervisor with London Drugs in Calgary, Alberta.

Executive Vice President and Director:

Michael Clem

Mr. Clem has been our Executive Vice President and a Director since February 2003. He is also Executive Vice President and a Director of our affiliate, YDS Holdings. From June 2001 to February 2003, Mr. Clem was Real Estate Manager with Winn Dixie Supermarkets in Charlotte, North Carolina. Mr. Clem worked in various positions for Dollar General in Charlotte, North Carolina from 1990 to February 2000, and was Regional Director of Real Estate from January 1996 to February 2000. Cumulative, Mr. Clem has more than 15 years of corporate retail experience. He played a significant role in helping Dollar General become one of the fastest growing retailers in America.

Supplier Relations Administrator

Tricia Elliott

Ms. Elliott Joined Your Dollar Store as our Supplier Relations Administrator in August 2001. From September 1996 to July 2001, Ms. Elliott was a Reconciling Clerk with Home Base in Vancouver, Washington.

Director:

David Uzelman

Mr. Uzelman has been a Director since our incorporation. He has been the President and sole Director of YDSWM since June 1998. From 1983 to 1998, Mr. Uzelman was the President of Michael Anthony Restaurants LTD in Penticton, B.C. Canada. In this capacity, he was a franchisee and operated an A&W franchise, and ultimately six A&W stores in British Columbia and two in Alberta, Canada.

Accountant:

Judi Munro

Judi Munro has been Accountant for YDSWM since May 2000. From April 1995 to May 2000, she was an accountant with White Kennedy, Chartered Accountants, in Penticton, BC Canada.

Area Representative:

Duane Habuza

(Territory does not include the States
of Illinois, New York or Washington)

Duane Habuza is currently an area franchisor of YDSWM. He joined YDSWM as a single unit franchisee in 1999. Four months later Duane was approved as an Area Franchisee. To date, Duane has opened 23 Your Dollar Store With More outlets in Southern Alberta, Canada. He was employed as Construction Foreman by Moduline Industries Ltd. in Penticton, B.C., Canada from 1993 to 1999.

Area Representatives:

Steven and Cathy Baker

(Territory is limited to State of Utah)

Steven and Cathy Baker were approved as Area Representatives for the State of Utah on January 18, 2002. Before joining Your Dollar Store, since May 1993 Mr. Baker has been and continues to be employed at Albertsons Inc. in Salt Lake City, Utah. His current position is Director Resource Management. Cathy Baker has been a homemaker since 1990.

Area Representative:

Beverly Taylor

(Territory is limited to the State of New Mexico)

Beverly Taylor was approved as an Area Representative for the State of New Mexico in December 2002. Since May 2000, Ms. Taylor has been and continues to be an Assistant District Attorney with the State of New Mexico, 13th Judicial District, in Los Lunas, New Mexico. From August 1998 to May 2000, Ms. Taylor was a Criminal Investigator with the State of New Mexico in Albuquerque, New Mexico.

Area Representative:

Pat Flanagan

(Territory is limited to the States of North Carolina and South Carolina)

Pat Flanagan has been Vice President of TriState Dollar Development, Inc. in Cary, North Carolina, since April 2003, and President of C. Morell, Inc. in Cary, North Carolina, since October 2002. TriState Dollar Development, Inc. was approved as an Area Representative for the States of North Carolina and South Carolina on April 1, 2003. C. Morell, Inc. was approved as an Area Representative for the State of South Carolina in December 2002. From May 2000 to the present, Mr. Flanagan has been Materials Logistics Manager with Square D Company in Knightdale, North Carolina. From May 1999 to May 2000, he was Production Supervisor with Eaton Corp in Selma, North Carolina. From June 1996 to February 1999, Mr. Flanagan was the Owner of Luna's Pizza in Raleigh, North Carolina.

Area Representative:

Randy M. Harris and Wendy L. Harris

(Territory is limited to the State of Florida)

Randy Harris and Wendy Harris have been Owners of Wenloha Enterprises Inc. d/b/a Your Dollar Store with More in Jacksonville, Florida since May 2003. Wenloha Enterprises Inc. was approved as an Area Representative for the Counties of Nassau, Duval, Clay, Baker, Bradford,

Union & S. Johns in the State of Florida on May 16, 2002. From August 1990 to December 2001, Mr. Harris was Managing Supervisor of Industrial Water Services in Jacksonville, Florida. From October 1987 to June 2002, Ms. Harris was self employed as the owner of Harris Family Day Care in Jax Beach, Florida.

Area Representative:

Carole M. Cox

(Territory is limited to the States of North Carolina and South Carolina)

Ms. Cox has been Vice President of C. Morell, Inc., in Cary North Carolina, since August 2002, and President of TriState Dollar Development, Inc., in Cary, North Carolina, since April 2003. C. Morell, Inc. was approved as an Area Representative for the State of South Carolina in December 2002, and TriState Dollar Development, Inc. was approved as an Area Representative for the States of North Carolina and South Carolina on April 1, 2003. From July 2001 to March 2002, Ms. Cox was District Manager for Hardee's Foods (CKE, Inc.) in Spartanburg, South Carolina. From February 2000 to June 2000, she was Regional Consultant for Interstate Dairy Queen in South Carolina. From August 1994 to January 1999, Ms Cox was President of Subway Sandwich, Morell Ent., Inc. in Greenville, South Carolina.

Area Representative:

Terry Dudley

(Territory is limited to the State of Iowa)

Mr. Dudley has been President of Thrifty Dollar Stores, Inc. in Greenfield, Iowa since November 2002. Thrifty Dollar Stores, Inc. was approved as an Area Representative for the State of Iowa in February 2003. From January 1985 to October 2002, Mr. Dudley was the Owner of Dudley Sales Co. in Corydon, Iowa.

Area Representative:

Pamela K. Mills

(Territory is limited to the State of Indiana)

Ms. Mills was approved as an Area Representative for the State of Indiana in March 2003. From January 2003 to the present, Ms. Mills has been a franchisee of YDSWM in Waveland, Indiana. From September 1999 to January 2003, Ms. Mills was a homemaker in Waveland, Indiana. From 1989 to September 1999, she was a Respiratory Therapist with various Indianapolis, Indiana hospitals, including Wishard Memorial Hospital.

Retail Consultant:

Russ Meszaros

(Territory does not include the States
of Illinois, New York or Washington)

Russ Meszaros has been a Shareholder, Vice President and a Director of YDSWM since February 2002. Before this, Mr. Meszaros was a Management Consultant, employed by Deja Vous Enterprises Inc. of Kelowna, B.C., Canada, from November 1998 to February 2002. Deja Vous Enterprises Inc. provided management consulting services to YDSWM under contract. Mr. Meszaros has worked with YDSWM since September 1998, before which, from November 1996 to November 1998, he owned and operated two franchised dollar store outlets in the 100+ outlet Great Canadian Dollar Store franchise chain. The first of these stores was in Westbank, B.C. the second

in Maple Ridge, B.C. (a suburb of Vancouver). From October 1991 to November 1996, he was employed with Overwaitea of Penticton, B.C., Canada, a major Canadian grocery chain.

Retail Specialist:

John Hunsaker

John Hunsaker joined Your Dollar Store as a Retail Specialist in March 2003. Before this Mr. Hunsaker was Manager with Smokeys Pizza in Vancouver, Washington. From January 1999 to December 1999, he was an Inventory Specialist with Washington Inventory in Ontario, Oregon. From July 1997 to November 1998, Mr. Hunsaker was a Laborer with Labor's Union in Ontario, Oregon.

Information Coordinator:

Bob Weisbrodt

Bob Weisbrodt joined Your Dollar Store in November 2001, and is currently working as an Information Co-ordinator. Before joining us, from May 1997 to present, Bob worked and continues to work as a Commercial Realtor for Remax in Kelowna, B.C.

Information Coordinator:

Donna Craig

Donna Craig joined Your Dollar Store as an Information Co-ordinator in November 2001. Donna has worked as a Realtor in Kelowna B.C. for Realty Executives from October 1998 to the present, for Hoover Realty from June 1996 to October 1998, and for Coldwell Banker from March 1993 to June 1996.

There are no franchise brokers other than as described in this Item 2. The employees of YDSWM, listed above, may provide operational support described in Item 11.

Item 3 **LITIGATION**

There is no litigation or other dispute resolution to be disclosed in this offering circular.

Item 4 **BANKRUPTCY**

No person previously identified in Items 1 or 2 of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code that must be disclosed in this Item.

Item 5 **INITIAL FRANCHISE FEE**

ALL AMOUNTS STATED ARE IN U.S. DOLLARS.

Initial Fee. The franchise fee is \$17,000 for a single retail store franchise. You must pay the franchise fee when you sign the Franchise Agreement. The franchise fee for the second and each additional franchise is currently \$8,500, payable when you sign the second or additional

Franchise Agreement. This reduced multiple initial franchise fee may change upon four months written notice, but will not be increased to more than ½ of the then current Initial Franchise Fee.

Other Initial Fees and Payments. You must purchase the other items described in Item 7, but there are no other initial fees or payments you must pay to us.

Refundability and Financing (See Item 10 Below). The initial franchise fee is not refundable and must be paid in full upon signing the Franchise Agreement. However, if you fail to open your store within 180 days after signing the Franchise Agreement, we may terminate your franchise and, if we elect to do so, regardless of our expenses to date, will refund one-half of the initial fee upon your confirmation of your post-termination obligations, including non-disclosure and non-competition. One-half of the initial fee will be retained by us as compensation for the time and expenses we incurred.

Variability. Except as disclosed in this offering circular, we charge an identical initial franchise fee to all franchisees. In the last fiscal year all franchises sold before October 1, 2002 were at an initial fee of \$15,000. Our franchise fee was increased on October 1, 2002, and all franchises sold on or after that date were at an initial fee of \$17,000. All subsequent franchises purchased by existing franchisees were granted at one-half of the initial franchise fee.

Item 6
OTHER FEES OR PAYMENTS

Name of Fee or Payment	Amount	Due Date	Remarks
Royalty	4% of Gross Sales	Weekly by Wednesday for the week ending the previous Sunday	See Note 1
Advertising Fee	0.5%	Weekly by Wednesday for the week ending the previous Sunday	See Note 2
Interest and Late Charges	1% per month	Upon due date of fees	See Note 3
Audit Fees	Cost of Audit	Upon billing after audit	Payable only if reports not submitted or audit shows an understatement of 5% or more
Transfer fees	\$5,000	On approval of transfer	A condition of transfer

Name of Fee or Payment	Amount	Due Date	Remarks
Renewal Fee	\$2,000	On renewal	A condition of renewal
Fees on Default and Indemnity	Our costs and damages	Upon demand	As incurred. See Note 4
Insurance	Varies	Before commencing franchise	Payable to third parties. See Note 5
Payments for Goods or Services	See Items 7,8,11	Upon purchase or billing	See Items 7,8,11
Equipment and information system Upgrades and Updates	\$0 to \$1,000 per year	At time of purchase or billing	Payable to us or third parties. See Items 8 and 11, and Note 6
Financial Statements	Cost of accountant	As incurred	Only if requested by us. Payable to third parties. See Note 7
Store Supervisor Training Fee	Not to exceed \$350 per day, plus expenses	As incurred	Only if you request training from us for a full time replacement supervisor for your store. See Item 15

Except as stated above, you pay all fees to us. All fees above paid to us are nonrefundable.

Note 1: Gross Sales is defined in the Franchise Agreement as including the entire amount of the actual sales price and all other consideration, receipts and receivables received or earned in connection with the Store and related activity. Extending credit to your customers is not part of our system and is not recommended. Therefore, there shall be no deductions allowed for uncollected or uncollectable credit accounts and no allowances shall be made for bad debts. Gross Sales shall not include any tax imposed by the government or any refund or credit given or any goods returned or exchanged by a customer.

The royalty begins the first day that you begin business and continues throughout the duration of the franchise. The royalty is currently payable weekly each Wednesday on Gross Sales for the week ending the previous Sunday. We can change the time and the manner of payment. The current requirement is by electronic payment debited from your account.

Note 2: One-half of one percent of your gross revenues are paid for advertising, marketing and public relations and other development costs. (See Item 11).

Note 3: Interest begins to accrue from the due date of payment at 1% per month. This rate can change with 30 days written notice but we can change this rate only if the prime rate charged by U.S. Bank to its best commercial customers in Seattle, Washington USA, or closest equivalent, increases 3% or more and in an amount equal to the increase, above current prime. The current prime rate of U.S. Bank at Seattle is 6.75%.

Note 4: You must protect, indemnify and hold us harmless against any claims or losses arising out of the operation of the franchise business. If you default under the Agreement you must pay all our damages and costs to the extent permitted by law.

Note 5: You must procure and maintain any insurance as may be required pursuant to the Lease or Sub-Lease for the premises of your YOUR DOLLAR STORE WITH MORE™ store. You also must procure and maintain any other insurance as we may reasonably require including, product liability insurance, fire and extended coverage insurance on your equipment, leasehold improvements and your stock, and public liability and indemnity insurance in the amounts as we may require, fully protecting as the named insureds us and you against loss or damage occurring in connection with the operation of your YOUR DOLLAR STORE WITH MORE™ store.

Note 6: All cash registers, equipment and information system updates and upgrades will be made available to you by us or from third party vendors through the term of your franchise. All upgrades will be made available to all franchisees at the same cost. Costs will be competitive and fair. Costs will vary depending if the upgrade is an equipment, software or outside service upgrade and will vary from \$0 per year (in the case of no updates) to approximately \$1,000 (in the case of a major upgrade in that year).

Note 7: We may require you to submit to us within 90 days of your fiscal year end, an unaudited financial statement prepared by an independent accounting firm.

Item 7
INITIAL INVESTMENT

<u>Category</u>	<u>Estimated Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be made</u>
Initial Franchise Fee	\$17,000 for first franchise; \$8,500 for second and additional outlet franchises (Note 1)	All cash	On signing Franchise Agreement	Us
Real Estate, Leasehold Improvements, Fixtures	Approx. \$0 to \$48,000 (Note 2)	As requested by contractors	As requested by contractors	Contractor, Architects, Suppliers

<u>Category</u>	<u>Estimated Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be made</u>
Equipment and Signs	Approx. \$3,000 to \$10,500 (Note 3)	Cash or in accordance with financing	Before opening	Suppliers
Shelving	Approx. \$9,000 to \$30,000 (Note 4)	Cash or in accordance with financing	Before opening	Suppliers
Inventory and Supplies	Approx. \$37,500 to \$120,000 (Note 4)	Cash, or negotiated terms with "preferred suppliers" or financing	Approx. 35% before opening. Balance 30-60 days after opening	Suppliers
Additional Funds and Miscellaneous	\$2,000 to \$7,000 (Note 5)	As incurred	Expended over approximately the first 4 weeks before opening to three months of operation	Employees, utilities, suppliers, etc.
TOTAL	\$66,500 to \$232,500			

(Does not include Real Estate Costs)

- (1) The initial franchise fee is \$17,000 for one franchise. The franchise fee is reduced to \$8,500 for the second and additional franchises. See Item 5 for refundability and financing if applicable. See Item 6 for transfer fees paid by transferees of an existing franchise.
- (2) You may choose to spend more for leasehold improvements, but this is not normally recommended. These sums do not include any sums for purchase of real property, as it is not anticipated that you will purchase real property, since you will normally rent. The typical YOUR DOLLAR STORE WITH MORE™ store has approximately 3,500 up to 74,000+ square feet of space, and is usually located in a strip mall or other leased location.
- (3) This category includes Equipment of \$2,000 - \$3,000, the cash register(s) and computer, information processing and communications system and fax machine described in Item 11, signs of \$1,000 - \$7,500. The total depends upon the size and configuration of the store and the product selection desired.
- (4) The total depends upon the size and configuration of the store and the product selection desired. Terms we have negotiated with our "preferred suppliers" may allow you to defer

payment on approximately 50% of the inventory purchases for 30 to 60 days. (approximately \$20,000 to \$90,000 of inventory costs). See Item 8.

- (5) This estimates your initial 4 weeks pre opening to three months post opening miscellaneous start-up expenses, not including salary or personal expenses for you. These figures are just estimates and we cannot guarantee that you will not have higher costs, or that you will ever achieve profitability. Competitive conditions described in Item 1 above affect these costs. This also includes miscellaneous startup costs, such as: incorporation and business licenses, general liability and workmen's compensation insurance payments (if any); tax deposits and license fees (if any); prepaid expenses and deposits (e.g. utilities and rent), initial legal and accounting fees (if any); transportation, lodging and meals during training; employee costs before opening and during training (if any); initial advertising; and other miscellaneous costs. If we assist you in negotiating the lease or negotiating our required option to assume the lease, we may charge you up to \$2,000 of our fees. This amount is included in this Item 7 estimate.

These amounts are estimates only, and specific amounts will vary depending upon local market conditions. We relied on YDSWM's experience in this business with numerous recent outlet start-ups and our two corporate start ups in Vancouver Washington to compile these estimates. You should review the figures carefully with a business advisor before making any decision to purchase the franchise.

We are SBA approved but do not offer financing to you, directly or indirectly. The availability and terms of third-party financing depend on a number of factors including availability of financing generally, your creditworthiness and available collateral, lending institutions' policies concerning the type of business you operate, and other comparable elements. We are not able to estimate your loan repayments to third parties. See Item 10.

Except as noted, none of the payments to us are refundable by us.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchase or Lease of Goods, Services, Supplies, Fixtures, Equipment, Inventory, Computer Software or Hardware and Real Property and Other Items. To maintain uniform standards of quality, appearance, and marketing, it is essential that you conform to our standards and specifications. You will manage your own operations and employees.

We encourage you to purchase inventory and supplies through our "preferred supplier" program, but except for certain branded products and mandatory items, you may purchase inventory and other products from any supplier you choose. Occasionally or on branded products, we may require you to purchase certain supplies and inventory from us or from a designated approved supplier. For the benefit of all franchisees, we encourage you to communicate to us good buys, hot products that really sell and the names of suppliers that provide exemplary service, etc. so that we may pass these company names on to all the franchisees in the chain. You must not sell products communicated to

you as unapproved. The majority of your products must be sold for one dollar to five dollars currently.

You must participate in and cooperate with multi-area marketing programs, including national accounts programs, multi-area customer, Internet, yellow pages, directory, affinity, and co-branding programs that we develop in the future. These programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment of commissions or referral fees), and adherence to maximum pricing to the extent permitted by law, other marketing and promotional programs, and follow franchisor requirements and guidelines.

You must follow our trademark and copyright usage directions.

We must approve your location and lease and floor plan, and fixtures, shelving, signage and equipment.

You must acquire from sources of your choice and at your expense, a Sharp ES440 cash register or the current standard register. You must acquire from sources of your choice and at your expense, a computer, a fax machine, software and Internet access that we may specify, if you do not already have these items. (See Item 11.)

On branded products we may require you to do business with us or purchase supplies from us or from any designated approved supplier. We may charge a reasonable mark up on supplies we provide, consistent with the industry standards based on competition for similar products, product lines, volumes, or other factors. For example, we may wish to purchase a large volume of a specific item(s) to secure a better price than you could purchase the same item for, from the same or alternate sources. We would then offer these product(s) to you at a competitive price, part of which may be our mark up for services provided. Our business plan also calls for branding of specific products which you could be required to purchase from us or the supplier of the branded product and offer for sale. Branded items may change.

We do not require you to do business with us or purchase supplies from us or from any designated source other than as we describe above.

How We Issue Specifications or Supplier Approvals. We search the market for suppliers and issue preferred supplier status to companies that exceed our discretionary expectations in terms of variety, pricing, quality, value and appearance. There are no written criteria for preferred supplier status. We will provide to you a list of preferred suppliers, but we do not limit you to this list. To become a preferred supplier, we may require suppliers to provide certain information, sign a nondisclosure agreement, agree to guarantee our level of quality, and produce sufficient samples to allow us to test the sample. There is no fee to you for supplier approval. We may issue specifications in manuals or directives, in writing or electronically, and we may modify them at any time. We will respond to a written request to approve a supplier for preferred status within a reasonable time, normally 14 days of its receipt.

YOUR DOLLAR STORE or Affiliates as an Approved Supplier. We may offer or designate others to offer certain supplies or services, and our affiliates or we may become approved

suppliers or the only approved supplier(s) for other goods and services. These supplies or services may include branded products, printed material, promotional material, computer systems or software, Internet access, marketing, and usage programs. We may become an approved supplier or the only approved supplier for other goods and services under the same scrutiny and guidelines of competitiveness, quality, and service as is applied to all suppliers.

YDSWM or We May Derive Revenue Based on Purchases or Leases. YDSWM or we may derive revenue through reasonable markups consistent within our industry of the prices charged to you for goods or services we supply. We may derive revenue through license fees, commissions, promotional fees, advertising allowances, rebates or other monies paid by suppliers. We will retain and take into general revenues one-half all vendor rebate payments received and one-half will be passed on to you via an annual refund check, with interest.

In the fiscal year ended April 30, 2003, our total revenue from franchisee purchases and leases was \$29,855 , which was approximately 4.0% of our total revenue of \$756,064, as reported in our attached audited financial statements.

In YDSWM's fiscal year ended October 31, 2002, it did not derive revenue from purchases or leases from U.S. franchisees.

YDS Holdings did not derive revenue from franchise purchases or leases in the fiscal year ended April 30, 2003.

Extent of Required Purchases. We estimate that your initial expenditures from us or to YDSWM, or that we specify or approve, will be 0 - 5% of your total initial purchases. During the operation of the franchised business, required purchases or leases from us or YDSWM, or that we specify or approve are estimated to total 0 - 5% of your annual operating expenses. The majority of these required purchases will be from third parties that we specify or approve.

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved sources, other than the intangible benefit of uniform quality standards.

Item 9 **FRANCHISEE'S OBLIGATIONS**

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

	<u>Obligation</u>	<u>Section in Franchise or Other Agreement</u>	<u>Item in Offering Circular</u>
a.	Site selection and acquisition/lease	Sections 1.01 and 3.01	Items 6, 7, 8, 11 & 12
b.	Pre-opening purchases/leases	Sections 1.01, 3.01, 3.02, 5.11	Item 7, 8
c.	Site development and other pre-opening requirements	Sections 3.02 and 3.03,	Items 6, 7 and 11
d.	Initial and ongoing training	Sections 3.03 and 5.05	Item 11
e.	Opening	Sections 2.01, 2.03 and 3.04	Item 11
f.	Fees	Sections 2.02, 2.03, 4, 10.02 and 10.03	Items 5, 6 and 11
g.	Compliance with standards and policies/ Manual	Sections 2.02, 3.06, 5, 6 and 9.02	Item 8, 11, 16
h.	Trademarks and proprietary information	Section 7	Items 13 and 14
i.	Restrictions on products/services offered	Sections 5.01-5.04	Item 8 and 16
j.	Warranty and customer service requirements	Section 11.05	Item 11 and 16
k.	Territorial development and sales quotas	None	Item 12
l.	Ongoing product/service purchases	Sections 5.01-5.04	Item 8
m.	Maintenance, appearance and remodeling requirements	Section 3.06	Item 11
n.	Insurance	Section 5.11	Item 6
o.	Advertising	Sections 3.05 and 9.03	Items 6 and 11
p.	Indemnification	Section 11.02 and 11.05	Item 6
q.	Owner's participation/ management/staffing	Sections 8.01 and 8.02	Items 11 and 15
r.	Records/reports	Sections 5.08- 5.10, 6.02 and 9.02	Item 6
s.	Inspections/audits	Sections 6.01 and 6.02	Items 6 and 11

	<u>Obligation</u>	<u>Section in Franchise or Other Agreement</u>	<u>Item in Offering Circular</u>
t.	Transfer	Section 10	Item 17
u.	Renewal	Section 2.02	Item 17
v.	Post-termination obligations	Sections 7.03 and 9.03	Item 17
w.	Non-competition covenants	Section 8.02 and 8.03	Item 17
x.	Dispute resolution	None	Item 17

Item 10
FINANCING

We are SBA approved and listed in the SBA Registry. Financing may be accessible for you through the SBA program. We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. We do not represent that you will be able to secure financing for the franchised business, nor do we make any representations as to the possible terms for the financing.

Item 11
FRANCHISOR'S OBLIGATIONS

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

Our Obligations Before You Open. Before you open your business, we will:

1) Assist you in selecting and leasing your store location by reviewing drawings or visiting the site, gathering demographics and sales information and assisting you in preparing a proforma for the site; and approve the location if it meets our criteria. (Section 3.01, Franchise Agreement).

2) Assist you in choosing a floor plan, and approve your floor plan if it meets our criteria. (Section 3.02, Franchise Agreement).

3) Train you in the training program. (Section 3.03, Franchise Agreement.) Also, see this Item 11 below for information on the training program.

4) Provide you a complete and detailed store opening checklist. (Section 17, Franchise Agreement.)

5) Lend you a Manual (printed or electronic), which will assist you in developing and using, on an ongoing basis in the operation of your business, controls, policies, procedures, sales, marketing, supplies, and lend you our Methods of Operation. (Section 7.08, Franchise Agreement.) This Manual is confidential and remains our property, and we may modify

it at any time. The Table of Contents of the Manual with the number of pages for each section as of our latest fiscal year-end (unless another date is stated) is attached as Exhibit G.

Our Obligations During Your Operation of the Franchised Business. After you open your business, we will, at no additional charge, except as described in Item 6 or below:

- 1) Continue to consult with you concerning marketing, merchandising and general business operations. (Section 3.05, Franchise Agreement.)
- 2) Lend you any amendments, supplements or replacements, at no charge, to the confidential Manual (as described in this Item 11 above). (Sections 1.F and 7.08, Franchise Agreement.).
- 3) Administer the advertising fund. We will expend the advertising fund on development of advertising and promotion, as described below in this Item 11. We may charge the fund a reasonable fee to administer the fund and for our overhead costs.

We may delegate our responsibilities to provide training and other services to an area representative , who may be an independent contractor.

Marketing and Advertising Fund. You will also pay us an Advertising Fee equal to 0.5% of your Gross Sales. See Section 4.02 of the Franchise Agreement. For the term of your franchise we may not raise but may discontinue or reduce your Advertising Fee. We may raise, discontinue or reduce advertising fees, contributions, and expenditures in our new or revised franchise documents as they may be updated. You pay the Advertising Fee at the same time and under the same terms as the royalty. See Item 6. We will not place the Advertising Fee in a separate bank account. We may not provide accounting or financial statements for the fund. We may use the Advertising Fee for marketing, research and development; regional, national or international advertising; advertising related administration expenses and any media or agency costs. We will not pay our salaries, accounting, collection, legal and other related expenses from the Advertising fund except our administrative fee described above. We make the expenditures at our discretion. We make no representations that any particular level of expenditure will be made for particular programs or to benefit particular franchisees or franchised locations.

The Advertising Fee is described as follows:

- a. The media where advertising may be disseminated may be print, mail, telephone, radio, television, computer, Internet, or any other media.
- b. Coverage of the media may be local, regional, or national.
- c. The advertising may be produced by in-house advertising department or a national or local advertising agency.
- d. You may use your own advertising material, but subject to our review and approval.

e. There is no advertising council or cooperative yet formed to advise us on advertising policies. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the advertising council.

f. All franchisees contribute the Advertising Fee. We administer the Advertising Fee fund, which is not audited, and no financial statements will be prepared. In our last fiscal year ended April 30, 2003, the Advertising Fee fund was expended as follows:

Production/Television Documentary	41%
Media Placement/Direct Advertising	21%
Administrative Expenses	38%
Other (including R&D)	0%
Total	<u>100%</u>

*By other, we mean printed promotional material and internet

Neither our affiliates nor we receive payment for providing goods or services to the Advertising Fee fund, other than the administrative expenses described above.

g. Our company-owned stores, if any, in a local council region, if any, will pay into the Advertising Fee fund and vote in the same manner as you.

h. If all fees paid into the Advertising Fee fund are not spent in the fiscal year when they accrue, we can use the remaining amounts for the same purposes in future years. We are not required to spend any amount on advertising in the area or territory where you are located.

i. The Advertising Fee will not be spent for activities that are principally a solicitation for the sale of franchises.

We may disallow use of our trademarks in any media (including Internet or electronic media) without our prior review and written approval, except when using materials approved by us. Except for promotional programs approved for funding or partial funding through the Advertising Fee, you must pay for all expenses incurred for this independent advertising. You must follow our trademark and copyright usage directions, and cooperate with any multi-area marketing program approved by us.

Computer and Communications Systems. You must acquire, if you do not already have, and maintain operational and current, a computer with Windows based operating system (Windows 98 version or newer), software including Excel and Word, an Internet connection (high speed is recommended), and a fax machine. You must also purchase a point of sale system consisting of one, two or three, (depending on the size of the store) Sharp ER/A320 sales register(s). The cost for these purchases is described in Item 7, above.

The computer and communications system will be used to report to and communicate with us, and we with you, regarding general information, accounting, shared sales information, news letters, new approved suppliers, hot merchandise, trends, successes, and for other tasks that we may designate specific to the on going successful operation of your business. We may have independent access to the information required in our reports. You must transmit information to us at intervals that we specify in the form and manner that we specify. (This currently consists of only sales information on a weekly basis.)

E-Problem Disclaimer:

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, the Year 2000 and similar date related problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We have taken reasonable steps so that E-Problems will not materially affect our business. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include taking reasonable steps to secure your systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

Manual. The table of contents of the version of the manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion or the Internet, and which may be amended, supplemented, or replaced at any time, current as of our last fiscal year-end, or other specified date, is in Exhibit G. The current number of pages devoted to each subject and the total number of pages are stated.

Methods Used to Select the Location. We do not select the location of your franchised store, which is your responsibility. However, we are available to assist you in the selection, and you must obtain our approval of the location. We will base our approval on factors such as cost, distance between locations, demographics of the surrounding area, traffic patterns, accessibility, and similar factors which we analyze based on our experience and our own subjective judgment. We cannot predict, represent, or warrant success, suitability, or income levels for any location. Our approval will normally take one to five days. If you and we cannot agree on a site, we may terminate the Franchise Agreement, and refund up to one-half of the franchise fee.

Length of Time between Signing of Franchise Agreement and Opening. The typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the franchise, and the opening of the franchised business is approximately one and one-half to four months based on securing a location, lease negotiations, leaseholds required, training, set up time and other variables. You must open within 180 days after signing the Franchise Agreement.

Training Program. The training program consists of three parts: (1) Initial pre opening training: 3-5 days in an operating corporate or franchisee approved training store; (2) Set up, pricing and merchandising training: 5-7 days immediately before store opening conducted in the

new facility through the course of set up; (3) Post opening training: 1-4 days after the store opens, in the new facility.

(1) Initial Pre-Opening Training. Your initial mandatory pre-opening training will take place at a store location that we choose. This initial pre opening training is approximately three to five days and will be without charge to your individual majority owner. Your full time designated representative and up to one additional employee may also accompany you and participate in the training at no charge.

If you open additional outlets, the initial pre opening training will be provided without charge to up to two additional individuals for each outlet, one of which will be the unit manager for the new outlet. At your option you may provide this training for your unit manager and additional employees at your operating store(s).

In all training you will pay any costs of your, and those who accompany you, accommodations and travel. This portion of the training program is conducted after the signing of the Franchise Agreement and payment of the initial franchise fee, and approximately 30 days before the franchised business is opened. Satisfactory completion of the initial training program described above is mandatory for you. The initial pre-opening training is described in the chart below.

SUBJECT	NUMBER OF HOURS CLASSROOM (STORE OFFICE)	NUMBER OF HOURS ON THE JOB	WHEN STARTS	WHEN COMPLETED	INSTRUCTIONAL MATERIAL	INSTRUCTOR
Pricing	1	8	day 1	day 3-5	manual	See Item 2
Merchandising	0	10	day 1	day 3-5	manual	See Item 2
Bookkeeping	2	5	day 2	day 3-5	manual	See Item 2
Purchasing	1	8	day 3	day 3-5	manual	See Item 2

The training director for all parts of your training will be an individual or individuals, whose experience is set forth in Item 2 of this Offering Circular. Other instructors with knowledge in particular areas may assist and their identities are unknown at the present.

(2) Set up, Pricing and Merchandising Training. Commencing five to seven days immediately before store opening, this second part of your training program will be provided at no cost with the first franchise. This training will be conducted in the new facility during the course of setting up your store. We will provide an opening team consisting of a minimum of two people, at no cost to you, to assist with set up and store opening. Our opening team leader will deliver the training to you and the designated unit manager in an informal ongoing basis thru the course of the fixture and inventory setup before open.

We will not provide set up, pricing and merchandising training for your second and additional locations.

(3) Post Opening Training. As part of the first franchise, post opening training will be provided for you and your unit manager plus one other employee designated by you. This training will be delivered by our new store opening training resource person, in your location at no additional cost. The training including merchandising, purchasing, daily record keeping, scheduling and all aspects of running a store, will be delivered during your business day and/or before opening or closing for the first 1-4days after store opening.

If you open additional outlets, we will not provide this post opening training for your second and additional location(s).

You must attend and successfully complete all additional training programs as we determine to be necessary to properly run a Your Dollar Store With More™ Store.

Item 12 **TERRITORY**

Approved Location and Territorial Protection. Your store is granted for a specific location approved by us. You may not open or operate another store or relocate your existing store premises without our prior written consent, which consent will not be unreasonably withheld. We will not permit the location of any other franchised or company-owned YOUR DOLLAR STORE WITH MORE™ store within one mile from a location within an enclosed shopping center, and two miles from other locations, including a location in a strip mall or in line facing a street or outdoor walkway. Outside this protected area, we may establish other franchised or company owned outlets.

Exceptions to Territorial Protection. The exceptions to your protected area are that we may: (i) develop and implement Multi-Area Marketing Programs wherever they may reach. You must cooperate with or participate in multi-area marketing programs, as described above in Item 8, and which may require you to refrain from certain types of marketing (such as Internet), and adhere to maximum pricing or other pricing strategies to the extent permitted by law. (ii) We may acquire, merge with, or be acquired by competitors, wherever located.

Customer Restrictions. You and we may solicit customers anywhere, except that you must comply with our Multi-Area Marketing policies, if any.

Other. You are normally not given options or rights to additional territories. Your territorial rights are normally not contingent on maintaining certain sales volumes.

Item 13 **TRADEMARKS**

By trademarks we mean trade names, trademarks, service marks, logos, Internet domain names, trade dress, and other commercial symbols used to identify the business. The trademark “YOUR DOLLAR STORE WITH MORE (and logo design)” as shown on the front of this Offering Circular, was registered with the U.S. Patent & Trademark Office (“PTO”) on the

principal register on February 25, 2003 under Registration Number 2,690,930, by YDSWM. This trademark registration is in the process of being assigned to us. YDSWM has registered the "YOUR DOLLAR STORE WITH MORE (and logo design)" mark with the Canadian Intellectual Property Office under registration number TMA522,447. We also claim all common law rights in our trademarks based on our prior usage. You may not use any of the trademarks as part of your business entity name or Internet domain name or online address. We control all Internet access, marketing, and usage.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state where this Offering Circular is required, or any court, or any pending infringements, opposition, or cancellation proceeding or any pending material litigation involving our principal trademarks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of our trademarks in a manner material to the franchise.

You must notify us immediately of any infringement of, or challenge to, your use of our trademarks. We are not obligated by the Franchise Agreement to protect your rights to use these trademarks or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving our trademark or if the proceeding is resolved unfavorably to you, but may defend, prosecute or settle these claims or litigation. You must modify or discontinue the use of any trademarks or use one or more substitute trademarks if we request you to. You may bear the costs of new signs and stationery. You may not contest our ownership, title, right or interest in our trademarks that are part of the business. Upon termination of the Franchise Agreement for any reason, you must cease using these trademarks in any manner.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks in the state where the franchised business is to be located.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents. You do not receive the right to use an item covered by a patent.

You may use the information contained in our Manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion or the Internet, and which may be amended, supplemented, or replaced at any time. While we have not filed an application for registration of our copyright, we claim copyright right protection for our Manual, any software, Web Pages, marketing materials, designs, creative works, and other works of authorship in any media.

We also claim trade secret protection with respect to our knowledge, trade secrets, methods, products, systems, information, customer, prospect and supplier lists, Manual, proprietary software (if any), confidential electronic and other communications, methods of Internet and trademark usage, marketing programs, and research and development.

You acknowledge in the Franchise Agreement that all of these are our confidential information and our trade secrets and that you will maintain their confidentiality. You must follow our security procedures, including you and your manager signing our nondisclosure agreements.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION
OF THE FRANCHISED BUSINESS

As a single unit franchisee, you must personally complete the training and supervise your store on a regular onsite basis, allowing for reasonable vacation periods. Each equity or voting owner must personally guarantee the Franchise Agreement including confidentiality and non-competition covenants. If you wish to appoint a full time representative to replace you in this responsibility we must approve this substitution in writing, our approval not to be unreasonably withheld. At your option, for an agreed upon fee that will not exceed \$350 per day, plus expenses, we will provide training you request for this replacement.

Each owner and other person who obtains access to confidential information must sign an agreement to maintain confidentiality (see Item 14) and a covenant not to compete (see Item 17).

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

To maintain uniform inventory and product line standards, you must follow our standards regarding inventory levels and mix concerning the products you offer for sale. For the benefit of all you are encouraged to purchase through the suppliers we have endorsed in our preferred supplier program, however, except for branded products and mandatory items described in Item 8, you are free to purchase products from suppliers of your choice. You may not however purchase from suppliers we have identified as “unapproved”. You are not limited in the customers to whom you may sell except as to a multi-area marketing program described in Item 8. You may sell only products consistent with the image and product line reasonably suited for a store designed to sell most items for a price of \$5.00 or less, and you must refrain from selling any specific item or type of item or any product we may designate. (See Item 8). You must sell all product lines typical to our type of stores, as stated in the manual.

There are no restrictions on the prices at which you may sell your merchandise or services, except that you must maintain minimum inventory levels at specific price points as specified in our operating standards section of the operations manual. The current standard, which we may change, for inventory level pricing is a minimum of 60% of all inventory items in the store (less greeting cards) must be priced at \$1.00 or less and a minimum of 90% of all items offered for sale in the store (less greeting cards) must be priced at \$5.00 or less. We may recommend prices for specific items, set maximum prices, and determine pricing strategy of multi-area marketing programs (described in Item 8), only to the extent permitted by law.

We may change the categories of inventory that you must offer for sale in your store. There are no limits on our right to do so.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Offering Circular. All references are to the Franchise Agreement, unless otherwise specified.

Provision	Section in Franchise or Other Agreements	Summary
a. Term of the franchise	Section 2.01	10 years
b. Renewal or extension of the term	Section 2.02	Renewal for 10 years
c. Requirements for you to renew or extend	Section 2.02	Give notice, sign new contract with different terms similar to our then current form, pay fee, be free from default, fully comply, and have right to remain in premises
d. Termination by you		None
e. Termination by us without cause		None
f. Termination by us with cause	Section 9	You can be terminated if you default and fail to cure, become insolvent, commit a crime, make false statements of gross sales, etc.
g. "Cause" defined - Curable defaults	Section 9.02	30 days to cure a default
h. "Cause" defined - defaults which cannot be cured	Section 9.01	Bankruptcy or assignment for the benefit of creditors, make false statements of gross sales
i. Your obligations on termination/ nonrenewal	Section 9.03	De-identification, payment, nondisclosure, noncompetition, return manuals and proprietary materials, etc.
j. Assignment of contract by us	Section 10.01	No restriction, except that transferee must assume our obligations

Provision	Section in Franchise or Other Agreements	Summary
k. "Transfer" by you – definition	Section 10.02	Includes transfer of contract, assets, or ownership change
l. Our approval of transfer by you	Section 10.02	We have the right to approve all transfers but will not unreasonably withhold or delay approval
m. Conditions for our approval of transfer	Sections 10.02 and 10.03	New franchisee must meet our approval, complete training and pay transfer fee (see Item 6)
n. Our right of first refusal to acquire your business	Sections 10.05 through 10.07	We can match any offer for your business, for 30 days.
o. Our option to purchase your business		None
p. Your death or disability		None
q. Noncompetition covenants during the term of the franchise	Sections 8.01 and 8.02	No involvement in competing business, no diversion of business, non-solicitation of employees, non-disclosure of confidential information
r. Noncompetition covenants after the franchise is sold, terminated or expires	Sections 8.02-8.04	No involvement in competing business for 18 months within five miles of any YOUR DOLLAR STORE WITH MORE™ store, non-solicitation of employees, non-disclosure of confidential information
s. Modification of the agreement	Section 11.07	Only by mutual agreement in writing. Manual is subject to change.
t. Integration/ merger clause	Section 11.02	Only the terms of the Franchise Agreement, and provisions of the Manual that are consistent with the Franchise Agreement, are binding or enforceable (subject to state law). Any other promises are not.

Provision	Section in Franchise or Other Agreements	Summary
u. Dispute resolution by arbitration or mediation	Section 12	All disputes must first be mediated by W.A.M.S. or its successor, in Seattle, WA, with each party bearing half of the costs. If the dispute is not resolved within 60 days of first submission to mediation, it shall be arbitrated under the rules of the American Arbitration Association, at its offices nearest our U.S. corporate office.
v. Choice of forum		None
w. Choice of law	Section 11.09	Laws of the State of Washington and U.S. Federal Trademark Act (Lanham Act) all apply, except as stated in State Addenda to this offering circular.

These 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 (Stat. Section 70-807), CALIFORNIA (Bus. & Prof. Code Sections 20000-20043) CONNECTICUT (Gen. Stat. Section 42-133e et seq.), DELAWARE (Code tit. 6, Ch. 25, Sections 2551-2556), HAWAII (Rev.Stat. Section 482E-1), ILLINOIS (815 ILCS 705/19 and 705/20), INDIANA (Stat. Section 23-2-2.7 and 23-2-2.5), IOWA (Code Sections 523H.1-523H.17), MICHIGAN (Stat. Section 19.854 (27)), MINNESOTA (stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY Stat. Section 56.10-1), SOUTH DAKOTA (Codified Laws Section 37-5A-51), VIRGINIA (Code 13.1-517-574), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03). These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

The State Addenda in Exhibit F, if applicable, may also describe certain state laws that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of the franchise.

Item 18
PUBLIC FIGURES

We do not use any public figure or personality to promote the franchise in any way.

Item 19
EARNINGS CLAIMS

Exhibit H contains information on the historical earnings of certain of YDSWM's franchised and company-owned stores in Canada. See Exhibit H for limitations and disclaimers.

Item 20
LIST OF OUTLETS

The name of each of our franchisees and YDSWM's franchisees, and the address and telephone number of each of their outlets as of the end of our last fiscal year (unless another date is stated on the list) is set forth in Exhibit C. Upon your request, we will make available to you information concerning the length of time our franchisees have been in the franchise system and contact information.

Our Franchise Store Status Summary
For the Fiscal Years Ended April 30, 2003/2002/2001

<u>State</u>	<u>Transfers</u>	<u>Canceled</u> or <u>Terminated</u>	<u>Not</u> <u>Renewed</u>	<u>Reacquired</u> <u>by Us</u>	<u>Otherwise</u> <u>Left</u> <u>System</u>	<u>Total of</u> <u>Columns</u> <u>(1)</u>	<u>Operating at</u> <u>year end</u>
Alabama					1/0/0	1/0/0	0/0/0
California							1/0/0
Florida							2/0/0
Georgia		1/0/0				1/0/0	0/0/0
Iowa							2/0/0
Idaho							1/0/0
North Carolina							2/0/0
New Mexico							1/0/0
Ohio							4/1/0
Oregon							2/0/0
Utah							2/1/0
Washington				1/0/0		1/0/0	3/1/0
Wisconsin							1/0/0
Other							0/0/0
Totals		1/0/0		1/0/0	1/0/0	3/0/0	21/3/0

- (1) **Note:** The numbers in the "total" column may exceed the number of stores affected because several events may have affected the same franchised business. For example, the same franchised business may have had multiple owners.
- (2) **Note:** Our fiscal year ends on April 30 of each year.

**Franchise Store Status Summary
of YDSWM
For the Years Ended October 31, 2002/2001/2000**

<u>State</u>	<u>Transfers</u>	<u>Canceled or Terminated</u>	<u>or Not Renewed</u>	<u>Reacquired by YDSWM</u>	<u>Otherwise Left System</u>	<u>Total of Columns (1)</u>	<u>Operating at year end</u>
Alberta	6/3/0	0/0/0	0/0/0	0/0/0	0/1/0	6/4/0	48/33/26
Atlantic Canada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/2/2
British Columbia	4/3/0	0/0/0	0/0/0	0/0/0	0/1/1	4/4/1	47/39/36
Manitoba	1/0/0	0/0/0	0/0/0	0/0/0	1/0/0	2/0/0	14/12/8
Ontario	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	7/0/0
Saskatchewan	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	1/0/0	15/13/9
Totals	11/6/0	0/0/0	0/0/0	0/0/0	2/2/1	13/8/1	136/99/81

- (1) **Note:** The numbers in the "total" column may exceed the number of stores affected because several events may have affected the same franchised business. For example, the same franchised business may have had multiple owners.
- (2) **Note:** The years ended October 31, 2002/2001/2000 refer to the periods October 31, 2001 through October 31, 2002; January 1, 2001 through October 31, 2001; and January 1, 2000 through December 31, 2000. YDSWM's fiscal year ends on October 31 of each year.

**Status of Our Company Owned Stores
For the Years ended April 30, 2003/2002/2001**

<u>State</u>	<u>Stores Closed During Year</u>	<u>Stores Opened During Year</u>	<u>Total Stores Operating At Year End</u>
Washington	0/2/0	0/0/2	0/0/2
Other	0/0/0	0/0/0	0/0/0
Totals	0/2/0	0/0/2	0/0/2

Note: One store was sold to a franchisee during the year ended 2002, and was re-acquired by our affiliate, YDS Holdings, in February 2003. The other store was acquired by YDS Holdings in April 2002. Both stores are disclosed in the chart immediately below.

**Status of Company-Affiliated Stores
For the Years ending April 30, 2003/2002/2001**

State	Stores Closed During Year	Stores Opened During Year	Total Stores Operating At Year End
Washington	0/0/0	1/2/0	3/2/0
Other	0/0/0	0/0/0	0/0/0
Totals	0/0/0	1/2/0	3/2/0

Note: YDS Holdings acquired one Washington store from us in April 2002, and one Washington store from a franchisee in February 2003. See Item 1 for more information. The other Washington store is owned by our Vice President, Stan Taylor. See Item 2 for more information.

**Status of YDSWM Owned Stores
For the Period Ended October 31, 2001
and Years Ended 2000/1999**

State	Stores Closed During Year	Stores Opened During Year	Total Stores Operating At Year End
British Columbia	0/0/0	0/0/0	1/1/1
Totals	0/0/0	0/0/0	1/1/1

Note: The period for 2001 is from January 1, 2001 through October 31, 2001, and the years 2000 and 1999 are the calendar years 2000 and 1999.

Projected Openings For Fiscal Year Ending 2003			
STATE	FRANCHISE AGREEMENTS SIGNED BUT FRANCHISE NOT OPEN	PROJECTED FRANCHISED NEW OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR
Arizona	1	0-1	0
California	2	4-6	0
Florida	1	2-6	0
Hawaii	0	0-1	0
Illinois	0	0-1	0

Projected Openings For Fiscal Year Ending 2003			
STATE	FRANCHISE AGREEMENTS SIGNED BUT FRANCHISE NOT OPEN	PROJECTED FRANCHISED NEW OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR
Indiana	1	2-6	0
Minnesota	0	0-1	0
Missouri	1	0-1	0
New York	0	0-1	0
North Carolina	7	8-10	0
North Dakota	0	0-1	0
Ohio	1	3-5	0
Rhode Island	0	0-1	0
South Carolina	4	6-8	0
South Dakota	0	0-1	0
Tennessee	1	2-6	0
Texas	1	2-6	0
Washington	2	3-5	0
Wisconsin	0	2-4	0
Wyoming	1	0-1	0
Other	0	5-10	0
Totals:	23	39-82	0

The name and last known home address and telephone number of every franchisee within the most recently completed fiscal year who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who has not communicated with us within 10 weeks of the date of this Offering Circular, are in Exhibit C.

Item 21 **FINANCIAL STATEMENTS**

Our fiscal year end is April 30 each year. Exhibit A contains our financial statements, prepared in accordance with generally accepted accounting principles, as of the following dates: April 30, 2003, April 30, 2002 and June 30, 2001 (audited).

Item 22
CONTRACTS

You will be asked to sign the following:

Exhibit B Franchise Agreement

Exhibit F State and Provincial Addenda

Exhibit G Acknowledgement of Disclosure of Operations Manual and Confidentiality Agreement

Exhibit I Acknowledgment of Receipt of Completed Agreements

Item 23
RECEIPT

Included as the last document of this Offering Circular is a detachable Receipt to be signed by you. You must sign and date and deliver the Receipt to us at least 10 business days before you sign the Franchise Agreement or pay any fees to us.