PRECISION AUTO CARE, INC.

A Virginia Corporation

Quarterly Report

March 31, 2015

Item 1 **Exact name of the issuer and the address of its principal executive offices**

The name of the issuer is "Precision Auto Care, Inc." The issuer did not acquire capital or assets from a predecessor during the preceding five year period.

Item 2 **Address of the issuer's principal executive offices**

Precision Auto Care, Inc.
748 Miller Drive, S.E.
Leesburg, VA 20175
Phone: (703) 777-9095
Fax: (703) 771-7108
Website: www.precisiontune.com

Investor Relations: Robert R. Falconi
Phone: (703) 777-9095
E-mail: robert.falconi@precisionac.com
748 Miller Drive, S.E
Leesburg, VA 20175

Item 3 **Security Information**

The Company had 6,720 Preferred Class A Stock shares outstanding, and 19,227,468 Common Stock shares outstanding as of 03/31/2015. Our CUSIP No. is 74018R105 and our Trading Symbol is PACI.

A. Par or Stated Value for each class of outstanding securities

Preferred Class A Stock - Par Value $10.36
Authorized Common Stock - Par Value $0.01

B. The number of shares or total amount of the securities outstanding for each class of securities outstanding

Common Stock	
(i) Period End Date	March 31, 2015
(ii) Authorized	39,000,000
(iii) Issued and Outstanding	19,227,468
(iv) Freely tradable shares (public float)	7,361,834
(v) Number of shareholders of record	154

Class A Preferred Stock	
(i) Period End Date	March 31, 2015
(ii) Authorized	1,000,000
(iii) Issued and Outstanding	6,720
(iv) Freely tradable shares (public float)	-
(v) Number of shareholders of record	2

C. Transfer agent

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
Phone: (718) 921-8200
Fax: (718) 236-2641

American Stock Transfer & Trust Company has registered under the Securities Exchange Act of 1934.

Item 4 **Issuance History**

No events have occurred that resulted in changes in the total shares outstanding by the Company in the past two fiscal years and any interim period.

PRECISION AUTO CARE, INC.

Consolidated Financial Statements
as of
March 31, 2015

PRECISION AUTO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2015 (unaudited)	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,627,412	$ 2,946,354
Accounts receivable, net of allowance of $16,954 and $72,840, respectively	438,730	432,060
Notes receivable, net of allowance of $16,531	110,935	125,167
Deferred tax asset	609,754	609,754
Inventory and other assets	901,164	856,392
Total current assets	5,687,995	4,969,727
Property and equipment, net	4,119,290	3,639,308
Goodwill	11,008,795	10,908,795
Notes receivable, net of allowances of $14,000 and $1,000	241,228	307,590
Deferred tax asset	1,967,532	2,466,032
Deposits and other	163,427	169,557
Total assets	$ 23,188,267	$ 22,461,009
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line-of-credit	$ -	$ -
Notes payable and capital lease obligation- current	416,519	491,177
Accounts payable and accrued liabilities	795,338	749,905
Taxes payable	627,016	676,155
Accrued commission payable	127,429	119,609
Accrued salaries and related expenses	545,531	672,406
Due to related party	167,760	159,782
Deferred revenue	16,480	58,234
Total current liabilities	2,696,073	2,927,268
Notes payable and capital lease obligation, net of current portion	779,361	469,257
Total liabilities	3,475,434	3,396,525
Commitments and contingencies	-	-
Series A redeemable preferred stock, $10.36 par value; 1,000,000 shares authorized; 6,720 shares issued and outstanding	69,619	69,619
Stockholders' equity:		
Common stock, $.01 par value; 39,000,000 shares authorized; 19,227,468 shares issued and outstanding	192,275	192,275
Additional paid-in capital	64,479,496	64,366,169
Accumulated deficit	(45,028,557)	(45,563,579)
Total stockholders' equity	19,643,214	18,994,865
Total liabilities and stockholders' equity	$ 23,188,267	$ 22,461,009

See accompanying notes.

PRECISION AUTO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2015 (unaudited)	2014 (unaudited)
Revenues:		
Franchise royalties	$ 2,270,926	$ 2,149,002
Franchise development	12,667	143,667
Company-operated store retail sales	4,118,093	4,045,450
Other	84,290	63,789
Total revenues	6,485,976	6,401,908
Direct costs:		
Franchise support costs	1,212,951	1,155,119
Company-operated store retail costs	3,901,434	3,859,212
Total direct costs	5,114,385	5,014,331
General and administrative expenses	846,139	705,668
Depreciation and amortization expenses	172,089	180,822
Operating income	353,363	501,087
Interest expense	(7,783)	(13,932)
Interest income	1,056	1,892
Other income	28,619	32,285
Total other income	21,892	20,245
Income before income taxes	375,255	521,332
Provision for income taxes	215,000	222,000
Net income	160,255	299,332
Preferred stock dividends	348	348
Net income applicable to common shareholders	$ 159,907	$ 298,984
Net income per common share- Basic	$ 0.01	$ 0.01
Net income per common share- Diluted	$ 0.01	$ 0.01
Weighted average common shares outstanding- Basic	19,227,468	22,716,245
Weighted average common shares outstanding- Diluted	19,227,468	22,716,245

See accompanying notes.

PRECISION AUTO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Nine Months Ended March 31,	
	2015 (unaudited)	2014 (unaudited)
Revenues:		
Franchise royalties	$ 6,295,913	$ 6,203,099
Franchise development	64,000	343,667
Company-operated store retail sales	12,176,117	12,096,109
Other	262,277	211,953
Total revenues	18,798,307	18,854,828
Direct costs:		
Franchise support costs	3,505,853	3,441,224
Company-operated store retail costs	11,599,020	11,702,340
Total direct costs	15,104,873	15,143,564
General and administrative expenses	2,239,357	2,082,209
Depreciation and amortization expenses	502,820	533,038
Operating income	951,257	1,096,017
Interest expense	(28,462)	(46,708)
Interest income	3,457	4,410
Other income	108,314	110,517
Total other income	83,309	68,219
Income before income taxes	1,034,566	1,164,236
Provision for income taxes	498,500	501,900
Net income	536,066	662,336
Preferred stock dividends	1,044	1,044
Net income applicable to common shareholders	$ 535,022	$ 661,292
Net income per common share- Basic	$ 0.03	$ 0.03
Net income per common share- Diluted	$ 0.03	$ 0.03
Weighted average common shares outstanding- Basic	19,227,468	22,723,886
Weighted average common shares outstanding- Diluted	19,227,468	22,723,886

See accompanying notes.

PRECISION AUTO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended March 31,	
	2015 (unaudited)	2014 (unaudited)
Operating activities:		
Net income applicable to common shareholders.	$ 535,022	$ 661,292
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.	502,820	533,038
Stock based compensation	113,327	-
(Gain) loss on sale of company store assets	9,649	(51,918)
Bad debt expense.	15,500	1,358
Deferred taxes.	498,500	501,900
Changes in assets and liabilities:		
Accounts and notes receivable.	58,424	(45,967)
Prepaid expenses, deposits and other.	(36,793)	(148,296)
Accounts payable and accrued liabilities	(121,717)	(243,413)
Due to related party	7,978	18,961
Deferred revenue and other	(41,754)	23,240
Net cash provided by operating activities	1,540,956	1,250,195
Investing activities:		
Purchases of property and equipment.	(384,300)	(469,007)
Purchase of company-operated store.	(75,000)	-
Sale of company store & land and building.	-	150,000
Net cash used in investing activities	(459,300)	(319,007)
Financing activities:		
Payment of preferred stock dividends.	(1,044)	(1,044)
Retirement of common stock.	-	(5,600)
Payment of notes payable and capital lease obligation	(399,554)	(436,470)
Net cash used in financing activities	(400,598)	(443,114)
Net change in cash and cash equivalents	681,058	488,074
Cash and cash equivalents at beginning of year.	2,946,354	2,992,690
Cash and cash equivalents at end of period.	$ 3,627,412	$ 3,480,764
Cash paid for the period for:		
Interest.	$ 25,462	$ 46,708
Income taxes.	$ 55,364	$ 69,837
Supplemental schedule of non cash investing and finance activities:		
Sale of company-operated store under notes receivable	$ -	$ 75,000
Retirement of common stock	$ -	$ 5,600
Property acquired under term loan	$ 585,000	$ -
Company-operated store acquired under notes payable	$ 50,000	$ -

See accompanying notes.

PRECISION AUTO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at June 30, 2014	19,227,468	$192,275	$64,366,169	$(45,563,579)	$18,994,865
Stock based compensation	—	—	113,327	—	113,327
Net income	—	—	—	535,022	535,022
Balance at March 31, 2015	19,227,468	$192,275	$64,479,496	$(45,028,557)	$19,643,214

See accompanying notes.

Note 1 – Interim Financial Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments consisting primarily of recurring accruals considered necessary for a fair presentation have been included. Operating results for such interim periods are not necessarily indicative of the results, which may be expected for a full fiscal year. For further information, refer to the consolidated financial statements and footnotes included in Precision Auto Care Inc.'s annual report posted at www.otcmarkets.com, Financials, for the year ended June 30, 2014.

Unless the context requires otherwise, all references to the "Company" herein mean Precision Auto Care, Inc. and those entities owned or controlled by Precision Auto Care, Inc. Significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Accounting Policy

Goodwill and Intangible Assets

Goodwill represents the excess of cost of the acquired net assets over the net amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized, but rather evaluated for impairment at least annually. Impairment exists when the carrying amount of goodwill exceeds its implied fair value. Impairment testing is performed in the first quarter of each fiscal year. Management concluded that the carrying value of goodwill was not impaired.

Stock Option Plan

A summary of option activity under all plans as of March 31, 2015, and changes during the period then ended is presented below:

	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
June 30, 2014	315,000	0.62	0.24
Options granted	365,000	0.54	
Options exercised	-	-	
Options forfeited	315,000	0.62	
March 31, 2015	365,000	0.54	9.89

365,000 and 0 options were granted in the nine months ended March 31, 2015 and 2014, respectively.

In February 2015, the Company granted certain employees options to purchase 365,000 shares of the Company's common stock. The awards totaled 365,000 shares and were fully vested upon issuance. The Company recorded $113,000 in compensation expense in the nine months ended March 31, 2015 in connection with these options.

Note 3 – Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing net income available to common shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is calculated by dividing net income available to common shareholders by the weighted average number of shares outstanding during the period plus the dilutive effect of common stock equivalents. The number of shares outstanding related to stock options at March 31, 2015 and 2014 was 365,000 and 375,000, respectively. Only stock options with exercise prices lower than the average market price of the common shares were included in the diluted EPS calculation. For the three and nine months ended March 31, 2015 and 2014, respectively, 365,000 and 375,000 shares attributable to outstanding stock options were excluded from the calculation of diluted income as they were anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Numerator:				
Net income	$ 160,255	$ 299,332	$ 536,066	$ 662,336
Preferred stock dividends	(348)	(348)	(1,044)	(1,044)
Net income applicable to common Shareholders	$ 159,907	$ 298,984	$ 535,022	$ 661,292
Denominator:				
Denominator for basic EPS weighted-average-shares	19,227,468	22,716,245	19,227,468	22,723,886
Common stock equivalents- stock options	-	-	-	-
Denominator for diluted EPS weighted-average-shares	19,227,468	22,716,245	19,227,468	22,723,886
Basic earnings per share applicable to common shareholders	$ 0.01	$ 0.01	$ 0.03	$ 0.03
Diluted earnings per share applicable to common shareholders	$ 0.01	$ 0.01	$ 0.03	$ 0.03

Note 4 – Contingencies

The Company is subject to litigation that could have a material adverse impact on its liquidity (see Item 5 Interim Financial Statements - Legal Proceedings). Management believes a material adverse impact from these claims is remote because some claims have been outstanding for more than a few years and others stem from unfounded claims of vicarious liability.

Note 5 – Company-store transactions

On December 9, 2013, the Company sold a company-operated store located in District Heights, MD to an existing franchisee. The Company sold the business and assets for approximately $150,000 and recognized a gain of approximately $50,000 on the sale. The store will continue to operate as a Precision Tune Auto Care center. The Company will continue to be the lessee on the existing lease and will sublet the premises to the franchisee.

On March 9, 2015, the Company purchased the land and building of the company-operated store located in Baltimore, MD. The Company had previously purchased the company store in November 2010. At closing, the Company paid approximately $216,000. The remaining balance, $585,000, was financed with a five-year term loan bearing a variable interest rate. The monthly payment on the loan is approximately $4,875 plus interest with a balloon payment at the end of the term.

The Company purchased one automotive service center during the nine months ended March 31, 2015 for approximately $125,000.

Note 6 – Debt

Line of Credit

On February 28, 2015, the Company renewed a $500,000 line of credit with Capital One Bank. The interest rate on this line of credit is based on a rate of LIBOR plus 2.75% payable monthly. The Company has not borrowed against this line of credit at March 31, 2015.

Note 7 - Master Franchise Agreements

In January 2014, the Company entered into a master franchise agreement with Tecnologia Automotriz MK, S.A. de C.V. Under the terms of the single master franchise agreement, the Company granted the area rights to Mexico. Under the terms of the agreement, Tecnologia Automotriz MK, S.A. de C.V paid the Company $125,000. Per the agreement, the payment was deemed fully earned upon receipt.

In March 2013, the Company entered into a master franchise agreement with Kunech International FZ LLC. Under the terms of the single master franchise agreement, the Company granted area rights to Egypt, Libya, Turkey, Lebanon, Jordan, Benin, Burkina Faso, Cape Verde, Cote D'Ivoire, Gambia, Guinea, Guinea Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone and Togo. Under the terms of the agreement, Kunech International FZ LLC is obligated to pay the Company approximately $725,000. As of March 31, 2014, the obligation has been paid in full. Per the agreement, the installment payments are deemed fully earned upon receipt.

Note 8 - Recent Accounting Guidance

In June 2014, the FASB issued ASU No. 2014-12, "Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period." The new guidance applies to reporting entities that grant employees share-based payments in which the terms of the award allow a performance target to be achieved after the requisite service period. The amendments in the ASU require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Existing guidance in "Compensation – Stock Compensation (Topic 718)" should be applied to account for these types of awards. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted and reporting entities may choose to apply the amendments in the ASU either on a prospective or retrospective basis. The Company does not expect the adoption of ASU 2014-12 to have a material impact on our consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." The amendments in this ASU change the criteria for reporting discontinued operations while enhancing disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results and include disposals of a major geographic area, a major line of business, or a major equity method investment. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. Additionally, the new guidance requires disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. The amendments in the ASU are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted. The Company does not expect the adoption of ASU 2014-08 to have a material impact on our consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists, which requires standard presentation of an unrecognized tax benefit when a carryforward related to net operating losses or tax credits exist. This update is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2013. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Note 9 – Subsequent Event

On May 4, 2015, the Company and the area developer for the Minnesota market mutually agreed to terminate the area development agreement for the Minnesota market for an amount of approximately $1,000,000 in cash. The Company bought back the area rights and the amount will be expensed as a direct franchise support cost for the year ended June 30, 2015.

With no area developer for this market, the Company will provide direct support to franchisees and develop new stores in that market and will keep 100 percent of the royalty stream instead of splitting those monies with an area developer.

Additionally, the Company purchased an existing center from the previous area developer in Minnesota for approximately $65,000.

Management's discussion and analysis or plan of operation

The following discussion and analysis and plan of operation of Precision Auto Care, Inc. (the "Company") should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto included in "Item 5. – Interim Financial Statements" of this quarterly report and the audited consolidated financial statements and notes thereto and the section titled "Item XVII - Management's Discussion and Analysis" in the Company's annual report for the fiscal year ended June 30, 2014 posted by the Company at www.otcmarkets.com, Financials, on September 25, 2014. Historical results and percentage relationships set forth herein are not necessarily indicative of future operations.

The Company's subsidiary, Precision Franchising LLC (PFL), a Virginia limited liability company and subsidiary of the Company is a franchisor of automotive service centers located in the United States and in certain foreign countries. In addition, the Company's subsidiary, PTAC Operating Centers, Inc. (PTACOC), a Virginia corporation and also a subsidiary of the Company, operates thirty-four company-owned centers in Virginia (7), Maryland (11), Michigan (1), Texas (4), Ohio (3), Washington (3), Nevada (1), Kansas (1), Florida (1), Missouri (1) and Pennsylvania (1). Through its company and franchised centers, services are provided to automobile owners and focus on those high-frequency items required on a periodic basis to maintain the vehicle properly.

Critical Accounting Policies

The following is a summary of the Company's critical accounting policies. These critical accounting policies require estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements. Due to their nature, estimates involve judgments based on available information. Actual results or amounts could differ from estimates and the difference could have a material impact on the consolidated financial statements. Therefore, understanding these policies is important in understanding the reported results of operations and the financial position of the Company.

Revenue Recognition

The Company enters into domestic Area Development agreements and international Master License agreements which grant the area developer and master licensor, respectively, the right to sell, on the Company's behalf, Precision Tune Auto Care franchises within a specific geographic region. Revenues from the sale of Area Development agreements and international Master License agreements are recognized as all material services or conditions related to the agreements are satisfied.

Revenues from the sale of a franchise are recognized when all material services and conditions have been satisfied, generally at the opening of the franchised center.

The Company's domestic royalty revenues are recognized in the period earned and to the extent no known issues involving collection exist. The Company's international royalty and development revenues are recognized when payment is received. In the case when revenues are not likely to be collected, the Company establishes reserves for such amounts. Such reserves are based upon our historical collection experience with the various franchisees taking into consideration the financial stability of such franchisees.

Product services in the form of equipment, store supplies and other marketing materials related sales are recognized upon delivery.

Retail revenues are realized from providing maintenance and repair services, as well as from the parts provided as part of that service to the general public, and these revenues are recognized when the service is performed.

Goodwill and Intangible Assets

Goodwill represents the excess of cost of the acquired net assets over the net amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized, but rather evaluated for impairment at least annually. Impairment exists when the carrying amount of goodwill exceeds its implied fair value. Impairment testing is performed in the first quarter of each fiscal year. Management concluded that the carrying value of goodwill was not impaired.

Income Taxes

The Company recognizes deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax liabilities and assets reflect the effects of tax losses and the future income tax effects of temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company recognizes deferred tax assets if it is more likely than not that the asset will be realized in future years.

The Company regularly reviews the recoverability of its deferred tax assets and establishes a valuation allowance as deemed appropriate. In assessing the need for a valuation allowance against the deferred tax asset, management considers factors such as future reversals of existing taxable temporary differences, tax planning strategies and future taxable income exclusive of reversing temporary differences and carryforwards.

While the Company anticipates recognizing a full provision in future periods, the Company expects to pay only alternative minimum tax and state taxes until such time that our net operating loss carryforwards are fully utilized.

Results of Operations

Comparison of the three months ended March 31, 2015 to the three months ended March 31, 2014

Summary (in thousands)

	Three Months Ended March 31,			
	2015	%	2014	%
Automotive care franchising revenues	$2,283	35	$2,293	36
Company-operated store retail sales	4,118	64	4,045	63
Other	84	1	64	1
Total revenues	$6,485	100%	$6,402	100%
Franchise support costs	1,163	18	1,124	18
Company-operated store retail costs	3,901	60	3,859	60
Other	50	1	31	0
Total direct costs	5,114	79	5,014	78
General and administrative expenses	846	13	706	11
Depreciation and amortization expenses	172	3	181	3
Operating income	353	5	501	8
Other income, net	22	-	20	-
Income before income taxes	375	5	521	8
Provision for income taxes	215	3	222	3
Net income	160	2	299	5
Preferred stock dividends	-	-	-	-
Net income applicable to common shareholders	$ 160	2%	$ 299	5%

Revenues. Total revenues for the three months ended March 31, 2015 were approximately $6.4 million, an increase of approximately $83,000, or 1%, compared with total revenues of approximately $6.4 million for the three months ended March 31, 2014.

Automotive care franchising revenues for the three months ended March 31, 2015 were approximately $2.3 million, which were consistent with the three months ended March 31, 2014.

Company-operated store retail sales for the three months ended March 31, 2015 were $4.1 million, an increase of approximately $73,000, or 2%, compared to $4.0 million for the three months ended March 31, 2014. The increase in the retail sales was due to an increase in the same store sales during the three months ended March 31, 2015.

Other revenues for the three months ended March 31, 2015 were $84,000, an increase of approximately $20,000, or 31%, compared to $64,000 for the three months ended March 31, 2014. The increase in other revenues was due to an increase in revenues from rebate and training programs of $19,000 and an increase of $1,000 from support fees associated with the point of sale system.

Direct Costs. Total direct costs for the three months ended March 31, 2015 totaled $5.1 million, an increase of $100,000 or 2%, compared with $5.0 million for the three months ended March 31, 2014.

Franchise support costs for the three months ended March 31, 2015 were $1.1 million, which were consistent with the three months ended March 31, 2014.

Company-operated store retail costs for the three months ended March 31, 2015 were approximately $3.9 million, which were consistent with the three months ended March 31, 2014.

Other direct costs for the three months ended March 31, 2015 totaled $50,000, an increase of $19,000 or 61%, compared with $31,000 for the three months ended March 31, 2014. The increase in other direct costs was primarily due to an increase in costs from rebate and training programs.

General and Administrative Expenses. General and administrative expenses were $846,000 for the three months ended March 31, 2015, an increase of $140,000 or 20%, compared with $706,000 for the three months ended March 31, 2014. During the three months ended March 31, 2015, the Company recorded total compensation expense of approximately $113,000 related to the stock options that were granted. $85,000 of the compensation expense was recorded as general and administrative expenses and the remaining $28,000 was recorded as franchise support costs. There was no comparable compensation expense in the three months ended March 31, 2014. Additionally, the Company incurred $37,000 of outside legal costs associated with enforcing existing franchisees' franchise agreements and the preparation of the new stock option plan. Also, there was an increase in the Company's portion of the group health insurance expense of approximately $10,000 due to the increase in premium costs associate with the Company's most recent annual renewal during the three months ended March 31, 2015.

Operating Income. The Company recorded operating income for the three months ended March 31, 2015 of approximately $353,000 compared with operating income of $501,000 for the three months ended March 31, 2014. The decrease in operating income was primarily due to the compensation expense of approximately $113,000 related to the stock options granted during the three months ended March 31, 2015. There was no comparable compensation expense in the three months ended March 31, 2014.

Other Income. The Company recorded other income of $22,000 for the three months ended March 31, 2015, which represents an increase of approximately $2,000, compared to $20,000 for the three months ended March 31, 2014.

Income Taxes. The Company's effective tax rate for the three months ended March 31, 2015 and 2014 was approximately 57% and 43%, respectively. The increase in the effective tax rate was a result of the non-deductible stock compensation expense incurred during the three months ended March 31, 2015.

Net Income Applicable to Common Shareholders and Earnings Per Share. The Company recorded Net Income Applicable to Common Shareholders of $160,000, or $0.01 per share, for the three months ended March 31, 2015 compared to Net Income Applicable to Common Shareholders of $299,000, or $0.01 per share, for the three months ended March 31, 2014.

Results of Operations

Comparison of the nine months ended March 31, 2015 to the nine months ended March 31, 2014

Summary (in thousands)

	Nine Months Ended March 31,			
	2015	%	2014	%
Automotive care franchising revenues	$ 6,360	34	$ 6,547	35
Company-operated store retail sales	12,176	65	12,096	64
Other	262	1	212	1
Total revenues	$18,798	100%	$18,855	100%
Franchise support costs	3,345	18	3,328	18
Company-operated store retail costs	11,599	62	11,702	62
Other	161	-	114	-
Total direct costs	15,105	80	15,144	80
General and administrative expenses	2,239	12	2,082	11
Depreciation and amortization expenses	503	3	533	3
Operating income	951	5	1,096	6
Other income, net	83	1	68	-
Income before income taxes	1,034	6	1,164	6
Provision for income taxes.	498	3	502	2
Net income	536	3	662	4
Preferred stock dividends	1	-	1	-
Net income applicable to common shareholders	$535	3%	$661	4%

Revenues. Total revenues for the nine months ended March 31, 2015 were approximately $18.8 million, a decrease of approximately $57,000, or 0%, compared with total revenues of approximately $18.9 million for the nine months ended March 31, 2014.

Automotive care franchising revenues for the nine months ended March 31, 2015 were $6.4 million, a decrease of approximately $187,000 or 3%, compared to $6.5 million for the nine months ended March 31, 2014. The decrease in automotive care franchising revenues was primarily due to a decrease in international development revenues of $279,000. During the nine months ended March 31, 2014, the Company recognized the remaining revenues of $125,000 from Kunech International FZ LLC and $125,000 for the rights to Mexico (see Note 7 of the Consolidated Financial Statements). There were no comparable development revenues in the nine months ended March 31, 2015. Additionally, the remaining decrease in automotive care franchising revenues was due to a decrease in product service revenues of approximately $31,000 offset by an increase in royalty revenues of approximately $123,000.

Company-operated store retail sales for the nine months ended March 31, 2015 were approximately $12.1 million, which were consistent with the nine months ended March 31, 2014.

Other revenues for the nine months ended March 31, 2015 were $262,000, an increase of approximately $50,000, or 24%, compared to $212,000 for the nine months ended March 31, 2014. The increase in other revenues was due to an increase in revenues from rebate and training programs of $48,000 and an increase of $2,000 from support fees associated with the point of sale system.

Direct Costs. Total direct costs for the nine months ended March 31, 2015 totaled approximately $15.1 million, a decrease of $39,000 or 0%, compared with approximately $15.1 million for the nine months ended March 31, 2014.

Franchise support costs for the nine months ended March 31, 2015 totaled $3.4 million, an increase of approximately $17,000 or 1%, compared to $3.3 million for the nine months ended March 31, 2014. The Company incurred an expense of approximately $143,000 for the bi-annual convention in Nashville, TN. There was no comparable expense for the nine months ended March 31, 2014. However, the convention expense was offset by a decrease of $96,000 in other franchise support costs due to cost cutting measures implemented by management. Furthermore, product service direct costs decreased by approximately $30,000. This decrease was due to the decrease in product service revenues for the nine months ended March 31, 2015.

For the nine months ended March 31, 2015, company-operated store retail costs, which included an internal cost allocation of approximately $395,000, were $11.6 million, a decrease of approximately $103,000, or 1%, compared to $11.7 million for the nine months ended March 31, 2014, which included an internal cost allocation of approximately $447,000. The Company has taken various measures to improve margins. The Company continued to negotiate improved pricing on various inventory items, especially oil, thus improving margins and decreasing the retail costs for the nine months ended March 31, 2015.

Other direct costs for the nine months ended March 31, 2015 totaled $161,000, an increase of $47,000 or 41%, compared with $114,000 for the nine months ended March 31, 2014. The increase in other direct costs was primarily due to an increase in costs from rebate and training programs.

General and Administrative Expenses. General and administrative expenses were $2.2 million for the nine months ended March 31, 2015, an increase of $157,000 or 8%, compared with $2.1 million for the nine months ended March 31, 2014. During the nine months ended March 31, 2015, the Company recorded total compensation expense of approximately $113,000 related to the stock options that were granted. $85,000 of the compensation expense was recorded as general and administrative expenses and the remaining $28,000 was recorded as franchise support costs. There was no comparable compensation expense in the nine months ended March 31, 2014. Additionally, the increase was due to an increase in fees associated with outside information technology services to enhance the point of sale system and the increase in the Company's portion of the group health insurance expense based on the latest annual renewal during the nine months ended March 31, 2015.

Operating Income. The Company recorded operating income for the nine months ended March 31, 2015 of approximately $1.0 million compared with operating income of $1.1 million for the nine months ended March 31, 2014. As previously discussed, the decrease in operating income was primarily due to the compensation expense of approximately $113,000 related to the stock options granted during the nine months ended March 31, 2015. There was no comparable compensation expense in the nine months ended March 31, 2014.

Other Income. The Company recorded other income of $83,000 for the nine months ended March 31, 2015 compared to $68,000 for the nine months ended March 31, 2014.

Income Taxes. The Company's effective tax rate for the nine months ended March 31, 2015 and 2014 was approximately 48% and 43%, respectively. The increase in the effective tax rate was a result of the non-deductible stock compensation expense incurred during the nine months ended March 31, 2015.

Net Income Applicable to Common Shareholders and Earnings Per Share. The Company recorded Net Income Applicable to Common Shareholders of $535,000, or $0.03 per share, for the nine months ended March 31, 2015 compared to Net Income Applicable to Common Shareholders of $661,000, or $0.03 per share, for the nine months ended March 31, 2014.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash at March 31, 2015 was $3.6 million. During the period, cash provided by operations was approximately $1.5 million.

Cash used in investing activities for the nine months ended March 31, 2015 was approximately $459,000. Cash used in investing activities during the nine months ended March 31, 2015 consisted of the purchase of property and equipment for use in the company store operations and the purchase of a company-operated store.

Cash used in financing activities for the nine months ended March 31, 2015 was approximately $401,000. Cash used in financing activities during the period consisted of primarily of the payments of dividends, notes payable and a capital lease obligation.

Management believes that the Company's current cash balance, cash generated from operations, and the $500,000 credit line with Capital One Bank will be sufficient to meet the Company's working capital needs, capital expenditures, and contractual obligations for fiscal year 2015. At March 31, 2015, the entire line was available.

Seasonality and Quarterly Fluctuations

Seasonal changes may impact various sectors of the Company's business differently and, accordingly, the Company's operations may be affected by seasonal trends in certain periods. In particular, severe weather in winter months can adversely affect the Company because such weather makes it difficult for consumers in affected parts of the country to travel to Precision Tune Auto Care centers.

Legal proceedings

Any current, past, pending, or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past, or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

From time to time, the Company and its subsidiaries are subject to litigation in the ordinary course of business, including contract, franchisee and employment-related litigation. In the course of enforcing its rights under existing and former franchisee agreements, the Company is subject to complaints and letters threatening litigation concerning the interpretation and applicability of these agreements, particularly in cases involving defaults and terminations of franchises.

The Company is involved in litigation. The details of the litigation are as follows:

Active Claims

Eric Dash v. Precision Tune Auto Care, Inc. et al., Richmond County Court of Common Pleas, South Carolina, C/A 2015-CP-40-02339, Filed April 15, 2015.

The plaintiff, Eric Dash, alleges Tanya Hill Dash, the plaintiff's wife, was a customer of a Precision Tune Auto Care center in Columbia, South Carolina (the "Center"). The Center performed an inspection of Mrs. Dash's 1998 Ford Explorer (the "Vehicle"). Shortly after the inspection, on May 6, 2012, Mrs. Dash and Ericka Dash, the daughter of Mr. and Mrs. Dash, were traveling west on Interstate 20 when Mrs. Dash lost control of the Vehicle. Both Mrs. Dash and Ms. Dash were ejected from the Vehicle. Mrs. Dash sustained fatal injuries when she was stuck by oncoming traffic. Ms. Dash sustained injuries and required medical attention.

The plaintiff alleges damages due to the Center's negligent inspection of the Vehicle and its tires and seeks actual damages, punitive damages, and further relief as the court may award.

Neither Precision Tune Auto Care, Inc. nor any affiliate of Precision Tune Auto Care, Inc. (collectively the, "Company") owned, operated, or had any control over the operation of the Center. Therefore, the Company does not believe it is a proper party to this matter. The Company believes the proper defendant in this matter is 6406 Tune, Inc., the franchisee of the Center.

The Company communicated to 6406 Tune, Inc. its belief that 6406 Tune, Inc. is the proper party in this matter, and instructed 6406 Tune, Inc. to put its insurance carrier on notice of the plaintiff's claim. In addition, the Company has put its insurance carrier on notice and intends to vigorously defend against the plaintiff's claims.

As an improper party in this matter, the Company does not expect to incur any loss or cost in this matter. In addition, 6406 Tune, Inc., as the franchisee of the Center, has an obligation to defend and indemnify the Company for claims by third parties against the Company, such as the claim made by the plaintiff.

Elaine Cain v. Precision Tune, Florence County Court of Common Pleas, South Carolina, C/A NO: 2014-CP-21-926, Filed April 11, 2014.

The plaintiff, Ms. Elaine Cain, was a customer at a Precision Tune Auto Care center (the "Center") in Florence, South Carolina. She alleges she brought her vehicle to the Center for service and that, while servicing the vehicle, a technician at the Center caused the transmission to fall out of the vehicle damaging the transmission beyond repair. Ms. Cain claims actual, consequential, and punitive damages for breach of contract, fraud, negligence, gross negligence, intentional infliction of emotional distress, and negligent misrepresentation.

WTF, Inc. (WTF) owns and operates the Center pursuant to a Precision Tune Auto Care Franchise Agreement with Precision Franchising LLC (the "Company").

Neither the Company nor any affiliate of the Company (collectively the, "Named Defendant") owned or operated or had any control over the operation of the Center. Therefore, the Company believes the plaintiff has improperly sued the Named Defendant. The Company believes the proper defendant in this matter is WTF.

The Company communicated to WTF its belief that WTF should be the defendant in this matter, and WTF put its insurance carrier on notice of the plaintiff's claim.

WTF's insurance carrier assigned counsel to defend the Named Defendant, and assigned counsel has filed an answer on behalf of Named Defendant. Assigned counsel is currently in communication with plaintiff's counsel seeking to convince plaintiff's counsel to voluntarily dismiss Named Defendant and substitute WTF as the proper defendant.

As an improper party in this matter, the Company does not expect to incur any loss or cost in this matter. In addition WTF, as the franchisee of the Center, has an obligation to defend and indemnify the Company for claims by third parties against the Company, such as the claim made by the plaintiff.

Krystyne Peterson v. US Pierson, LLC and Precision Tune Auto Care, District Court, County of Hennepin, Minnesota, Served on March 6, 2014.

The plaintiff, Ms. Krystyne Peterson, was employed at a Precision Tune Auto Care center (the "Center") in Coon Rapids, Minnesota. She alleges during her employment at the Center she suffered sexual harassment and discrimination, reprisal, retaliation, and that she did not receive equal pay for equal work as required under Minnesota Statutes, Section 118.

US Pierson, LLC owns and operates the Center pursuant to a Precision Tune Auto Care Franchise Agreement.

Since the plaintiff was not employed by Precision Tune Auto Care, Inc. or any of its affiliates (the "Company"), the Company believes the plaintiff has improperly sued the Company. The Company has communicated to counsel for the plaintiff that the Company is not a proper party in this matter.

The Company also put its insurance carrier on notice of the matter, and the Company's insurance carrier retained counsel to defend the Company's interests.

Plaintiff's counsel gave the Company an extension to file an answer in this matter, and the Company has not yet filed an answer pending its request to be dismissed. On September 22, 2014, the plaintiff filed an action in Hennepin County District Court (27-CV-14-15900) against US Pierson LLC, Motorscope, Inc., and James Erik Pierson. The Company was not named as a defendant in that action.

As an improper party in this matter, the Company does not expect to incur any loss or cost in this matter. In addition US Pierson, LLC, as the franchisee of the Center, has an obligation to defend and indemnify the Company for claims by third parties against the Company, such as the claim made by the plaintiff.

Rhonda Marlow v. Precision Tune Auto Care, Inc., Circuit Court, Fourth Judicial Circuit, Duval County, Florida, Case No. 16-2014-CA-000526, Served on March 4, 2014.

The plaintiff, Ms. Rhonda Marlow was a business invitee at a Precision Tune Auto Care center (the "Center") in Jacksonville, Florida. She alleges during a visit to the Center she slipped and fell suffering permanent physical injury and pain, disability, scarring, disfigurement, mental pain and suffering, loss of the capacity for the enjoyment of life, medical and healthcare expenses, loss of earnings, and loss of the ability to earn a living.

Mandarin Tune, Inc. (MTI) owns and operates the Center pursuant to a Precision Tune Auto Care Franchise Agreement.

Neither Precision Tune Auto Care, Inc. nor any affiliate (the "Company") owned or operated or had any control over the operation of the Center. Therefore, the Company believes the plaintiff has improperly sued the Company. The Company believes the proper defendant in this matter is MTI.

The Company communicated to MTI its belief that MTI should be the defendant in this matter, and MTI put its insurance carrier on notice of the plaintiff's claim.

MTI's insurance carrier assigned counsel to defend the Company; and assigned counsel requested that plaintiff's counsel dismiss the Company from this matter and pursue MTI as the proper party. Assigned counsel filed an answer on Company's behalf. Subsequently, counsel for the plaintiff filed an amended complaint against MTI. At this time, the parties are waiting on a court order approving the amended complaint, which names MTI as the defendant and not the Company.

As an improper party in this matter, the Company does not expect to incur any loss or cost in this matter. In addition MTI, as the franchisee of the Center, has an obligation to defend and indemnify the Company for claims by third parties against the Company, such as the claim made by the plaintiff.

JPMorgan Chase Bank, National Association v. Rizkallah Dokmaji, Precision Tune Auto Care, Inc. et al., Circuit Court, Miami-Dade County, Florida, Case No. 12 31547CA15, Filed August 07, 2012.

JPMorgan Chase Bank (JPMorgan) filed suit to foreclose on a mortgage (the "Mortgage") on real property in Miami-Dade County, Florida.

JPMorgan alleges Precision Tune Auto Care, Inc. holds a lien (the "PTAC Lien") upon property subject to the Mortgage; and JPMorgan desires to extinguish the PTAC Lien or, in the alternative, to have the court declare the PTAC Lien is junior to the Mortgage.

The company does not expect to receive any proceeds from the PTAC Lien, nor does the company expect to incur any losses or costs in this matter.

Lumnivision, S.A. de C.V. v. Praxis Afinaciones, S.A. de C.V., Third Civil Court, First Judicial District, Monterrey, Nuevo Laredo, Mexico, Filed: 2002.

Lumnivision filed suit against Praxis Afinaciones, an indirect wholly owned subsidiary of the Company. Praxis Afinaciones denies the allegations.

The amount in controversy is 766,000 Mexican Pesos, plus interest at the rate of 5% per month, for services under a contract.

The Company is not aware of any activity in this matter since the initial lawsuit was filed, and the Company does not expect to incur liability in this matter.

United Bank, NA v. C. Eugene Deal, Miracle Partners, Inc., Star Auto Center, Inc., Common Pleas Court of Cuyahoga County, Ohio, Case No. 01-CV0019, Filed January 11, 2001.

Miracle Partners, Inc., a wholly-owned subsidiary of the Company, was party to a confessed judgment for approximately $1.3 million. Miracle Partners, Inc. is currently inactive and has no assets.

Management believes this judgment will have no material impact on the company's consolidated results of operations. Furthermore, the Company believes it has a meritorious claim against Mr. Deal for misrepresentations made in connection with Precision Auto Care, Inc.'s acquisition of Miracle Partners, Inc. in 1997 for all amounts covered by the judgment.

Threatened Claim

Mouren-Laurens Oil Company v. National 60 Minute Tune, Inc. & Precision Tune, Inc., Joint Notice of Intent to Sue Pursuant to 42 U.S.C. §§6972, 9607 and 9613 and Cal. Health & Safety Code § 25363 Against Persons Alleged to Be Liable under the Comprehensive Environmental Responses, Compensation, and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA") and the California Hazardous Substances Account Act ("HSAA"), October 6, 2010.

This claims stems from an allegation that National 60 Minute Tune, Inc. (N60MT) and/or Precision Tune, Inc. (PTI) are culpable in the generation, storage, transportation, or disposal of hazardous waste in connection with the operation of two National 60 Minute Tune businesses, one operated in Compton, California (the "Compton Location") and the other operated in Gardena, California (the "Gardena Location").

Based upon the company's records, there is no evidence PTI, N60MT, or any of their affiliates (the "Company") operated or franchised the operation of a National 60 Minute Tune, Precision Tune, or Precision Tune Auto Care business at either the Compton or Gardena Locations. In addition, there is no evidence the Company ever had any ownership interest in the real property (leasehold or otherwise) at the Compton or Gardena Locations. Accordingly, the Company responded on October 22, 2010 to the Notice of Intent to Sue that there was no evidence in the Company's possession to support a claim by Mouren-Laurens Oil Company under CERCLA, RCRA, or HSAA.

* * * * * *

The Company does not believe that any of the above proceedings will result in material judgments against the Company. There can be no assurance, however, that these suits will ultimately be decided in its favor. Any one of these suits may result in a material judgment against the Company, which could cause material adverse consequences to its operations.

Item 6 Issuer's Business, Products and Services

A. A description of the issuer's business operations;

Through subsidiaries, the Company franchises the operation of Precision Tune Auto Care service centers (the "Franchised Centers," or "Centers"), owns and operates Precision Tune Auto Care centers (the "Company Centers," or "Centers"); and provides products and services to the system (the "System) of Precision Tune Auto Care Centers. Centers offer automotive products and services to the public, including the diagnosis, maintenance and repair of ignition systems, fuel systems, computerized engine control systems, cooling systems, starting/charging systems, emissions control systems, engine drive-train systems, electrical systems, air conditioning systems, oil and other fluid systems, and brake systems.

A predecessor of the Company began operation of the first "Precision Tune" automotive service center in 1976 in Beaumont, Texas. The "Precision Tune" business model of the early years offered a limited menu of services and focused on low price-point engine performance services. Over the ensuing years, with changes in the industry and advancement of automotive technology, Precision Tune centers expanded their menu of services and became full-service repair facilities. In 1996, the name "Precision Tune" was changed to "Precision Tune Auto Care" to capture the fact that Centers offer to the public a full range of automotive products and services. Within the last three years, the Company has made a strategic decision to expand the service offering in select Centers to include the sale of tires and tire-related services. In addition, the Company has made the strategic decision to purchase, own, and operate Company Centers in an effort to grow top and bottom-line results.

B. Date and State of Incorporation;

Precision Auto Care, Inc. was organized in 1997 and is a Virginia corporation.

C. The issuer's primary SIC code:

Precision Auto Care, Inc.'s primary SIC code is 7500.

D. The issuer's fiscal year end date;

Precision Auto Care, Inc.'s fiscal year end date is June 30th.

E. Principal products or services, and their markets;

As of March 31, 2015, the System was comprised of thirty-four Company Centers, owned and operated by PTAC Operating Centers, Inc. (POC), a Virginia corporation and subsidiary of the Company. Also as of March 31, 2015, Precision Franchising LLC (PFL), a Virginia limited liability company and also a subsidiary of the Company, was the franchisor for 221 domestic Franchised Centers, and 60 international Franchised Centers. A third subsidiary of the Company, Precision Tune Auto Care, Inc., a Virginia corporation, manages the operations of these entities. The Company's primary SIC code is 7500. The operations of the Company's subsidiaries (including PFL and POC) are included in the consolidated financial statements prepared by the Company and included in this initial disclosure statement and any financial statements the Company may post to the OTC marketplace at www.otcmarkets.com.

The current prototype Center is a free-standing building with six to eight service bays, of which two to four are drive-through and include lifts to facilitate fast oil change and lubrication services. Centers are developed either by entering into a build-to-suit lease, under which the landlord constructs the center and leases it to the franchisee, or by purchasing land and building a facility. Centers are typically located in commercial areas with a minimum population of 50,000 people within a five mile radius. Exclusive of real estate, the estimated capital required to open a prototype Center ranges from $120,000 to $226,000.

Marketing strategies for the System focus on three objectives: (1) increase top-line revenue at the Centers by driving more traffic to each Center; (2) enhance the experience for first-time customers by upgrading the exterior and interior of the Centers; and (3) bolster customer retention efforts. To further these objectives, the System has developed and implemented a marketing plan containing programs and materials for use by Centers, including targeted marketing programs designed to reach key market segments, in-store merchandising materials designed to enhance retail sales and first time customer trials, and other local marketing materials (e.g., second car discounts, service reminder cards, and ATM receipt coupons) designed to generate customers and improve customer retention.

The Company believes that PFL's franchise training program is a point of distinction in a competitive market place. New franchisees are required to successfully complete over 40 hours of initial training at PFL's training center in Leesburg, Virginia. The Company also offers a full line of technical training, including courses on engine performance, fuel systems and emissions, automotive electronics, fuel

injection, and brake certification. These courses, which include both classroom and hands-on training, are designed to allow franchisees and Center technicians to maintain and update their technical capability to service today's more complex vehicles.

PFL's franchise sales process includes advertising in appropriate franchise and business publications, establishing relationships and working with sales brokers, conducting franchise sales seminars, maintaining a home page on the Internet through which interested parties may submit a franchise inquiry, and advertising on several franchise sales orientated web sites. Prospective franchisees are asked to complete a Confidential Qualification Report, which serves as the initial screening to determine whether a prospect is qualified. PFL seeks individuals who will make a full-time commitment to the operation of their Center and who have a minimum of $70,000 and $250,000 in liquid assets and net worth, respectively.

In some areas of the United States, PFL employs an area-development system to facilitate expansion of the System. PFL grants area developers the right and obligation to develop Centers within specific geographic regions for stated periods of time. Franchise agreements within the area are between PFL and the franchisee. The area developer typically receives up to one-half of the initial franchise fee, one-half of the subsequent royalty revenues and one-half of franchise renewal and transfer fees. After execution of a franchise agreement, the area developer performs many of PFL's franchise support obligations. As of June 30, 2014, 5 area developers and their affiliates had an ownership interest in approximately 36% of the total number of domestic Franchised Centers.

During the last five years, PFL has aggressively enforced its agreements with area developers, and has either terminated or repurchased rights to areas that were previously developed and supported by area developers. These areas have ranged over a wide geography, including Michigan, Colorado, Virginia, Florida, Missouri, Arizona, Delaware, Nevada, Maryland, Texas, Seattle, Southern California, South Carolina and Pennsylvania. The market for new area developers has been competitive, and PFL has not issued any new area development rights during the last twelve months.

PFL has offered franchises during the preceding five years under franchise agreements that vary in detail as the System has evolved. Royalty rates in existing franchise agreements range from 6.0% to 7.5%. Currently, PFL's standard franchise agreement requires payment of an initial franchise fee of $25,000 and a continuing royalty of 6.0% to 7.5% of weekly gross receipts. In addition, the franchisee is required to contribute to or expend up to 9% of weekly gross receipts on advertising, of which 1.5% is currently paid into a national marketing fund and up to 7.5% of which is spent locally. The current standard form franchise agreement has an initial term of ten years and provides for two five-year renewal options.

PFL has implemented a domestic program under which qualified franchisees are eligible to have their royalty rate reduced to as low as 6% if they satisfy certain criteria. Under the program, franchisees are also provided with an incentive to purchase additional franchises. Any franchisee that has owned and operated a center for at least one year in accordance with this program will be charged an initial franchise fee of $15,000 for a second franchise and $10,000 for each additional franchise purchased, provided certain conditions are met.

Under its current form of domestic franchise agreement, PFL may provide technical and administrative support, centralized marketing support, and training and related support available to its franchisees. In areas where there are area developers, the Company has delegated most of these duties to area developers under its area developer system.

Upon non-renewal and transfer, PFL has the first right to purchase the operating assets and obtain an assignment of leased facilities in certain cases. PFL may exercise its rights directly or assign them to a third party. In certain situations, PFL or POC may repurchase Franchised Centers. The decision to repurchase is made solely at its discretion and is not a contractual obligation. PFL may also periodically obtain possession of some Centers by exchanging for such assets notes payable or other consideration, or by exercising or foregoing other rights outlined in an applicable franchise agreement.

PFL also enters into master franchise agreements to develop international markets. At the present time, PFL has master franchise agreements in Taiwan, Oman, United Arab Emirates, Saudi Arabia, Portugal, Qatar, Kuwait, Bahrain, the Republic of Georgia, Armenia, Azerbaijan, Nigeria, Ghana, Egypt, Libya, Turkey, Lebanon, Jordan, Benin, Burkina Faso, Cape Verde, Cote D'Ivoire, Gambia, Guinea, Guinea Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone and Togo. Generally, the master franchisee pays a license fee and is required to develop Precision Tune Auto Care centers in accordance with an agreed upon schedule within the defined area. Franchise agreements within the area are between the master franchisee and the unit

franchisee. The master franchisee is required to perform all of the obligations of the franchisor including training, administrative, and operational support, and the Company generally receives 20% of the initial franchise fee and 20% of royalties.

Item 7 Issuer's Facilities

The Company's corporate headquarters are located in approximately 13,700 square feet of leased office space in Leesburg, Virginia pursuant to a lease that expires in 2018. In the opinion of management, the Company's current space is adequate for its operating needs.

Item 8 Officers, Directors, and Control Persons.

A. <u>Officers, Directors and Control Persons</u>. In responding to this item, please provide the following information for each of the issuer's executive officers, directors, general partners and control persons, as of the date of this information statement.

As of March 31, 2015:

Louis M. Brown, Jr. 748 Miller Drive SE Leesburg, VA 20175	Chairman	Mark P. Francis 748 Miller Drive SE Leesburg, VA 20175	Chief Financial Offer
Robert R. Falconi 748 Miller Drive SE Leesburg, VA 20175	President/CEO	Frederick F. Simmons 748 Miller Drive SE Leesburg, VA 20175	Sr. VP General Counsel
Woodley A. Allen 2831 Rifle Ridge Road Oakton, VA 22124	Director	John T. Wiegand 748 Miller Drive SE Leesburg, VA 20175	Sr. VP-Operations
Alex J. Brown 36 S. Charles Street, 20th Floor Baltimore, MD 21201	Director	Joel Burrows 748 Miller Drive SE Leesburg, VA 20175	VP-Training & Research
Peter C. Keefe, President Avenir Corporation 1775 Pennsylvania Avenue, NW Suite 650 Washington, DC 20006	Director	Lee Oppenheim 748 Miller Drive SE Leesburg, VA 20175	VP-Business Development
Ronald J. Kolson 748 Miller Drive, SE Leesburg, VA 20175	Director		

Louis M. Brown, Jr. became Chairman of the Board in October 2003. From October 2003 to May 2006, he was Chairman of the Board and Chief Executive Officer. From August 2000 until October 2003, he was the Company's President and Chief Executive Officer. He was Vice Chairman of Micros Systems, Inc. since April 2001 until September 2014 when Micros Systems, Inc. was sold to Oracle Corporation and was Chairman of the Board from January 1987 to April 2001.

Robert R. Falconi became Chief Executive Officer in May 2006. He also remains President. From November 2003 to April 2006, he was Chief Operating Officer and Chief Financial Officer. From March 2002 to October 2003, he was Executive Vice President and Chief Operating Officer/Chief Financial Officer. From September 2000 to February 2002, he was the Company's Vice President – Finance, Administration and Chief Financial Officer. From August 1998 until September 2000, he was Chief Financial Officer of Apptis, Inc.

Woodley A. Allen was Chairman of the Board of the Company from February 2000 until October 2003, and serves as Chairman of the Audit Committee, and serves on the Nominating Committee. He also serves as the Board's financial expert. He served as Chief Financial Officer of EZ Communications, Inc. (publicly traded radio broadcasting company) from March 1973 to May 1992, and has been President of Allen Management Services since May 1992.

Alex J. Brown is a partner in the law firm of Shapiro, Sher, Guinot & Sandler, P.A. He is an insurance lawyer and commercial litigator with a diverse background. Mr. Brown has extensive experience representing clients in both the private and public sector. He has represented insurance policyholders, insurers, Risk Retention Groups and insurance professionals in complex insurance litigation and transactional insurance matters. As a former Assistant Attorney General and Senior Counsel to the Maryland Insurance

Administration, Mr. Brown has also represented the Maryland Insurance Commissioner on a wide variety of regulatory and other State government and administrative law issues. He is a son of Louis M. Brown, Jr. Chairman of the Board.

Peter C. Keefe, has been President of Avenir Corporation since January 2000, and served as its Vice President from May 1991 until January 2000. Mr. Keefe serves as Chairman of the Organization and Compensation Committee and is a member of the Audit Committee.

Ronald J. Kolson became a director of the Company in November 2014 and serves on the Audit and Nominating Committees. Beginning in October 2012, Mr. Kolson was the Chief Financial Officer of 24/7 Mid-Atlantic Network, LLC, a fiber optic network provider, and later served as its Chief Executive Officer until November 2013. Previously he served as the Chief Financial Officer of FiberGate, Inc., from 2000 to September 2012. Between 1984 and 2000, Mr. Kolson was the Chief Financial Officer and later, Executive Vice President/Chief Operating Officer of Micros Systems, Inc.

Mark P. Francis became Chief Financial Officer in May 2006. From October 2004 to April 2006, he was Controller. From April 2004 until October 2004, Mr. Francis was the Assistant Controller of the Company. From December 1999 until April 2004, he was an accounting manager of REHAU, Inc.

Frederick F. Simmons became Senior Vice President, General Counsel and Secretary in March 2001. From December 1995 to February 2001, he was Assistant General Counsel and Assistant Secretary of Advantica Restaurant Group, Inc.

John T. Wiegand became Senior Vice President – Operational Programs and Training in March 2002. From August 2000 to March 2002, he was Senior Vice president of Franchise Operations and from June 1998 to August 2000, he was Vice President of North American Operations. Mr. Wiegand joined WE JAC Corporation, the Company's predecessor, as Director of Field Operations in August 1996.

Joel Burrows became Vice President - Training/Research and Development in September 1999. From December 1997 until September 1999, he was the PTAC Director of Training/Research and Development.

Lee Oppenheim became Vice President – Business Development in September 2007. Mr. Oppenheim has over six years experience in the franchising industry. Previously he held the position of Senior Director of Business Development at Realogy Corporation, the leader in residential real estate formerly a division of Cendant Corporation, in Parsippany NJ.

B. <u>Legal/Disciplinary History</u>. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
NOT APPLICABLE

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
NOT APPLICABLE

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
NOT APPLICABLE

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.
NOT APPLICABLE

C. Beneficial Shareholders as of June 30, 2014.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Outstanding Common Stock
Louis M. Brown, Jr. (1)	7,040,884	36.03%
Avenir Corporation (2) 1775 Pennsylvania Ave, NW, Suite 650, Washington, DC 20006	2,898,490	14.83%
Alex J. Brown (3) 26 Highfield Court Cockeysville, MD 21030	2,070,000	10.59%
Jeff Brown (4) 15328 Sweetbay Street Woodbine, MD 21797	2,070,000	10.59%
Robert R. Falconi (5)	1,318,248	6.75%

(1) Mr. Brown is Chairman of the Board of Directors. Includes 7,040,884 shares owned. There are no options exercisable within 60 days.

(2) Reflects the Company's reasonable good faith effort to calculate beneficial ownership based on (i) the Company's and transfer agent's records, and (ii) communications with Avenir Corporation.

(3) Mr. Alex Brown is a Director of the Company and is a son of Louis M. Brown, Chairman of the Board. There are no options exercisable within 60 days.

(4) Mr. Jeff Brown is a son of Louis M. Brown, Chairman of the Board.

(5) Mr. Robert R. Falconi is President and CEO. Includes options to purchase 150,000 shares that are exercisable within 60 days.

Item 9 Third Party Providers

The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:

1. Legal Counsel

Gray Plant Mooty
The Watergate – Suite 700
600 New Hampshire Ave, NW
Washington, DC 20037
Ph: (202) 295-2222

Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, VA 23219
Ph: (804)788-8200

2. Accountant or Auditor

Yount, Hyde, & Barbour, P.C.
Gregory M. Plotts, CPA
PO Box 2560
Winchester, VA 22604
Ph: (540) 662-3417
Email: greg.plotts@yhbcpa.com

Responsibilities include but not limited to an audit of the consolidated balance sheets and related statements of operations, stockholders' equity, and cash flows.

3. Investor Relations Consultant

NOT APPLICABLE

4. Other Advisor - Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement

NOT APPLICABLE

Item 10 Issuer Certifications

CHIEF EXECUTIVE OFFICER CERTIFICATION:

I, Robert R. Falconi, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report of Precision Auto Care, Inc.,

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

IN WITNESS WHEREOF, the undersigned has executed this Certification as of this 6th of May, 2015.

Certified By: /s/ Robert R. Falconi
Robert R. Falconi
Chief Executive Officer

CHIEF FINANCIAL OFFICER CERTIFICATION:

I, Mark P. Francis, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report of Precision Auto Care, Inc.,

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

IN WITNESS WHEREOF, the undersigned has executed this Certification as of this 6th of May, 2015.

Certified By: /s/ Mark P. Francis
Mark P. Francis
Chief Financial Officer

[A signed original of this written certification will be retained by Precision Auto Care, Inc. and furnished to the OTC Markets Group, Inc. or its staff upon request.]