PRECISION AUTO CARE, INC.

A Virginia Corporation

Corporate Information

Financial and shareholder information through fiscal year ending June 30, 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 06/30/2015. 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	June 30, 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	June 30, 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 authorized by the Company in the past two fiscal years and any interim period.

Item 5 Financial Statements



Certified Public Accountants
and Consultants

Independent Auditor's Report

To the Board of Directors
Stockholders of Precision Auto Care, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Precision Auto Care, Inc. and subsidiaries which comprise the consolidated balance sheets as of June 30, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Precision Auto Care, Inc. and subsidiaries as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
September 18, 2015

PRECISION AUTO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2015	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,197,401	$ 2,946,354
Accounts receivable, net of allowance of $17,207 and $72,840, respectively	471,116	432,060
Notes receivable, net of allowance of $0 and $16,531	123,456	125,167
Deferred tax asset	597,596	609,754
Inventory and other assets	846,570	856,392
Total current assets	5,236,139	4,969,727
Property and equipment, net	4,048,176	3,639,308
Goodwill	11,080,034	10,908,795
Notes receivable, net of allowances of $18,500 and $1,000	211,950	307,590
Deferred tax asset	2,166,830	2,466,032
Deposits and other	162,867	169,557
Total assets	$ 22,905,996	$ 22,461,009
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line-of-credit	$ —	$ —
Notes payable and capital lease obligation—current	356,430	491,177
Accounts payable and accrued liabilities	803,190	749,905
Taxes payable	140,442	676,155
Accrued commission payable	120,129	119,609
Accrued salaries and related expenses	713,972	672,406
Due to related party	158,806	159,782
Deferred revenue	31,590	58,234
Total current liabilities	2,324,559	2,927,268
Notes payable and capital lease obligation, net of current portion	758,202	469,257
Total liabilities	3,082,761	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	(44,918,155)	(45,563,579)
Total stockholders' equity	19,753,616	18,994,865
Total liabilities and stockholders' equity	$ 22,905,996	$ 22,461,009

See accompanying notes.

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

	For The Years Ended June 30,	
	2015	**2014**
Revenues:		
Franchise royalties	$ 8,521,571	$ 8,373,551
Franchise development	72,333	365,667
Company-operated store retail sales	16,433,229	16,358,790
Other	363,013	338,103
Total revenues	25,390,146	25,436,111
Direct costs:		
Franchise support and other costs	5,772,240	4,614,262
Company-operated store retail costs	15,531,329	15,654,036
Total direct costs	21,303,569	20,268,298
General and administrative expenses	2,996,713	2,824,987
Depreciation and amortization expenses	686,449	719,642
Operating income	403,415	1,623,184
Interest expense	(38,485)	(59,635)
Interest income	4,523	5,918
Other income	121,949	149,788
Total other income	87,987	96,071
Income before income taxes	491,402	1,719,255
(Benefit) provision for income taxes	(155,414)	747,914
Net income	646,816	971,341
Preferred stock dividends	1,392	1,392
Net income applicable to common shareholders	$ 645,424	$ 969,949
Net income per common share—Basic	$ 0.03	$ 0.04
Net income per common share—Diluted	$ 0.03	$ 0.04
Weighted average common shares outstanding—Basic	19,227,468	21,993,550
Weighted average common shares outstanding—Diluted	19,227,468	21,993,550

See accompanying notes.

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

	For The Years Ended June 30,	
	2015	**2014**
Operating activities:		
Net income applicable to common shareholders.	$ 645,424	$ 969,949
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.	686,449	719,642
Stock based compensation	113,327	—
Gain on sale and disposal of assets.	(43,798)	(51,918)
Bad debt expense.	20,253	4,358
Deferred taxes.	311,360	674,015
Changes in assets and liabilities:		
Accounts and notes receivable.	38,042	(45,715)
Inventory, prepaid expenses, deposits and other.	11,776	(48,185)
Accounts payable and accrued liabilities	(438,950)	(39,200)
Due to related party	(976)	7,867
Deferred revenue and other	(26,644)	29,904
Net cash provided by operating activities	1,316,263	2,220,717
Investing activities:		
Purchases of property and equipment.	(483,022)	(821,419)
Purchase of company-operated stores.	(190,000)	—
Proceeds from sale of company store, land and building.	115,000	150,000
Net cash used in investing activities	(558,022)	(671,419)
Financing activities:		
Payment of preferred stock dividends.	(1,392)	(1,392)
Retirement of common stock.	—	(1,027,811)
Payment of capital lease obligation and notes payable	(505,802)	(566,431)
Net cash used in financing activities	(507,194)	(1,595,634)
Net change in cash and cash equivalents	251,047	(46,336)
Cash and cash equivalents at beginning of year.	2,946,354	2,992,690
Cash and cash equivalents at end of period.	$3,197,401	$ 2,946,354
Cash paid for the period for:		
Interest	$ 38,485	$ 59,635
Income taxes.	$ 72,357	$ 94,697
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	$ 75,000	$ —

See accompanying notes.

PRECISION AUTO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at June 30, 2013	22,723,995	$227,240	$65,359,015	$(46,533,528)	$19,052,727
Transfer of common stock	6,250	62	(62)	—	—
Retirement of common stock	(14,000)	(140)	(5,460)	—	(5,600)
Retirement of Kellar common stock	(3,488,777)	(34,887)	(987,324)	—	(1,022,211)
Net income	—	—	—	969,949	969,949
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	—	—	—	645,424	645,424
Balance at June 30, 2015	19,227,468	$192,275	$64,479,496	$(44,918,155)	$19,753,616

See accompanying notes.

Precision Auto Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1—Business Description and Financial Statement Presentation

Precision Auto Care, Inc. (the "Company") is headquartered in Leesburg, VA and is a franchisor of automotive maintenance service centers which provide specialized automotive care services, and fast oil change and lube services. The Company's subsidiary, Precision Franchising LLC (PFL), a Virginia limited liability company, is a franchisor of automotive service centers located in the United States and in certain foreign countries. In addition, PTAC Operating Centers, Inc. (PTACOC), a Virginia corporation and also a subsidiary of the Company, operates in the aggregate thirty-five company-owned centers in Virginia (7), Maryland (11), Texas (4), Ohio (3), Washington (3), Nevada (1), Kansas (1), Florida (1), Missouri (1), Minnesota (2) 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 a vehicle properly. The Company Centers and Franchised Centers operate under the Precision Tune Auto Care brand name.

Note 2—Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements were approved and authorized for issue by the Board of Directors on September 18, 2015.

Revenue Recognition

PFL enters into domestic Area Development agreements which grant the area developer the right to solicit prospective franchisees for the operation of Precision Tune Auto Care centers within a specific geographic region. Revenues from the sale of Area Development agreements are recognized when all material services or conditions related to the agreements are satisfied and to the extent no known issues involving collection exist.

PFL enters into international Master Franchise agreements which grant the master franchisee the right to sell franchises for the operation of Precision Tune Auto Care centers within a specific geographic region. Revenues from the sale of international Master Franchise agreements are recognized when all material services or conditions related to the agreements are satisfied and the Company has received any payments that are due.

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 and to the extent no known issues involving collection exist.

Domestic royalty revenues are recognized in the period earned and to the extent no known issues involving collection exist. In cases where 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.

The Company's international royalty and development revenues are recognized when all material services or conditions related to the agreements are satisfied and payment is received.

Note 2—Summary of Significant Accounting Policies (Continued)

Product services in the form of equipment and other marketing materials related sales are recognized upon delivery to the franchisee.

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

Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid debt instruments with original maturities of six months or less. Cash balances may exceed FDIC limits.

Accounts Receivable

Trade receivables are stated at original amount less an estimate made for doubtful receivables based on a review of outstanding amounts at the end of the year. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables. Management recorded a reserve for doubtful accounts of approximately $17,000 and $73,000 as of June 30, 2015 and 2014, respectively. Bad debt expense, net of recoveries was approximately $20,000 and $4,000 for the years ended June 30, 2015 and 2014, respectively.

Property and Equipment

Property and equipment are stated at cost and depreciated on a straight-line basis for book purposes and accelerated methods for tax purposes over the estimated useful lives of the related assets. The estimated useful lives are as follows:

	Years
Furniture and fixtures	5 - 15
Buildings	20 - 30
Equipment	3 - 10
Leasehold improvements	3 - 7
Other items	3 - 7

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.

Impairment of Long-Lived Assets

The Company evaluates the carrying amount of long-lived assets to be held and used, including goodwill and other intangible assets, when events and circumstances warrant such a review. The carrying amount of a long-lived asset is considered impaired when the estimated undiscounted cash

Note 2—Summary of Significant Accounting Policies (Continued)

flow from each asset is less than its carrying amount. In that event, the Company would record a loss equal to the amount by which the carrying amount exceeds the fair value of the long-lived asset.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, trade accounts receivable and notes receivable. The trade receivable balances are dispersed among a wide customer and franchisee base. The Company routinely assesses the financial strength of its franchises. The Company maintains reserves for credit losses, and such losses have been within management's expectations. The Company holds cash and cash equivalents primarily in one financial institution, which often exceed FDIC limits. Historically, the Company has not experienced any losses due to such concentration of credit risk.

Advertising Costs

The Company expenses all advertising costs as incurred. The Company incurred $550,000 and $720,000 in advertising costs for the years ended June 30, 2015 and 2014, respectively.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and 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.

Goodwill

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 at June 30, 2015 and 2014 was not impaired.

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 exercisable related to stock options at June 30, 2015 and 2014 was 365,000 and 315,000, 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 fiscal year 2015 and 2014. For the years ended June 30, 2015 and 2014, respectively, 365,000 and 315,000 shares attributable to outstanding stock options were not included in the computation of diluted earnings per share because their inclusion would have been anti-dilutive.

Note 2—Summary of Significant Accounting Policies (Continued)

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

	For The Years Ended June 30,	
	2015	2014
Numerator:		
Net income	$ 646,816	$ 971,341
Preferred stock dividends	1,392	1,392
Net income applicable to common shareholders	$ 645,424	$ 969,949
Denominator:		
Denominator for basic EPS weighted-average-shares	19,227,468	21,993,550
Common stock equivalents—stock options	—	—
Denominator for diluted EPS weighted-average-shares	19,227,468	21,993,550
Basic earnings per share applicable to common shareholders	$ 0.03	$ 0.04
Diluted earnings per share applicable to common shareholders	$ 0.03	$ 0.04

Note 3—Recently Issued 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

Note 3—Recently Issued Accounting Guidance (Continued)

December 15, 2014. Early adoption is permitted. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Note 4—Contingencies

The Company is subject to litigation that could have a material adverse impact on its liquidity (see Item 5 Financial Statements—Legal Proceedings). Management believes a material adverse impact from these claims is remote as many have been outstanding for several years or more.

Note 5—Property and Equipment

The components of property and equipment are as follows:

	June 30,	
	2015	2014
Land	$ 682,010	$ 304,610
Buildings	1,105,810	690,998
Furniture and fixtures	1,070,491	1,059,576
Equipment	3,253,093	3,067,703
Leasehold improvements	1,135,669	1,100,240
Software	338,921	338,921
Capital leases	47,240	47,240
Work in progress	17,687	11,282
	7,650,921	6,620,570
Accumulated depreciation	(3,602,745)	(2,981,262)
Property and equipment, net	$ 4,048,176	$ 3,639,308

Note 6—Company-owned stores

The Company acquired three centers during the year ended June 30, 2015 for an aggregate of approximately $190,000. The Company did not acquire any centers during the year ended June 30, 2014.

On March 9, 2015, the Company purchased the land and building of the company-store located in Baltimore, MD for approximately $807,000. The Company had previously purchased the company-store in November 2010. At closing, the Company paid approximately $222,000 with the remaining balance, $585,000, financed with a five-year term loan with Capital One Bank.

On May 4, 2015, the Company sold a company-operated store located in Royal Oak, MI to a franchisee. The Company sold the business and assets for approximately $100,000 and recognized a gain of approximately $59,000 on the sale. The store will continue to operate as a Precision Tune Auto Care center. The Company will continue to hold a lease on the property and sublet the premises to the franchisee.

On June 26, 2014, the Company purchased the land and building of the company-operated store located in Huber Heights, OH for $300,000, which was paid in cash at closing.

Note 6—Company-owned stores (Continued)

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 hold a lease on the property and sublet the premises to the franchisee.

Note 7—Income Taxes

The provision for income taxes consisted of the following items:

	Years Ended June 30,	
	2015	2014
Current tax expense:		
Federal	$ 16,000	$ 13,000
State	46,000	61,000
Foreign	(529,000)	—
Total current tax (benefit) expense	(467,000)	74,000
Deferred tax expense :		
Federal	274,000	580,000
State	38,000	94,000
Total deferred tax expense	312,000	674,000
Total income tax (benefit) expense	$(155,000)	$748,000

The effective tax rate differed from the statutory rate as follows:

	Years Ended June 30,	
	2015	2014
Statutory federal rate	34.0%	34.0%
State taxes	15.7	8.3
Foreign taxes	(107.7)	—
Nondeductible expenses	1.8	.6
Stock compensation	27.1	—
Other	(2.4)	0.5
Effective tax rate	(31.5)%	43.4%

The significant differences between the effective rate and the statutory rate for the year ended June 30, 2015 relate to an estimate for certain foreign income taxes accrued in a previous year that management feels will not be payable. Additionally, the significant difference is also due to the impact of nondeductible stock compensation expense.

Deferred tax assets and liabilities 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

Note 7—Income Taxes (Continued)

to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Significant components of the Company's deferred tax liabilities and assets are as follows:

	June 30,	
	2015	2014
Deferred tax assets:		
Net operating loss	$2,809,000	$2,998,000
Other	(45,000)	78,000
Net deferred taxes	$2,764,000	$3,076,000

As of June 30, 2015, the Company had net operating loss carryforwards for federal tax purposes of approximately $7.3 million, which expire from 2019 through 2029.

The Company regularly reviews the recoverability of its tax deferred assets and establishes a valuation allowance as deemed appropriate. There was no valuation allowance recorded as of June 30, 2015 and 2014, respectively.

Additionally, the Company reviews for uncertainty in income taxes that requires the application of a more likely than not threshold to the recognition and derecognition of uncertain tax positions.

The Company conducts business in the U.S. and has, in the past, conducted business in Canada and is therefore potentially subject to tax in those jurisdictions. As a result of its business activities, the Company files tax returns that are subject to examination by the respective federal, state, local and foreign tax authorities. For income tax returns filed by the Company, the Company is no longer subject to U.S. federal, state and local, or foreign income tax examination by tax authorities for years before June 30, 2011, although carryforward tax attributes that were generated prior to June 30, 2011 may still be adjusted upon examination by tax authorities if they either have been or will be utilized. The Company has not received any communications by taxing authorities that cause it to believe it is currently under examination by the tax authorities in any of the jurisdictions in which it operates. The total amount recorded as a liability for uncertain state tax positions as of June 30, 2015 and 2014 was approximately $75,000.

The Company recognizes interest and penalties related to uncertain tax positions as a component of the income tax provision. There were no interest or penalties accrued related to uncertain tax positions as a component of the income tax provision as of June 30, 2015. We have identified no uncertain tax position for which it is reasonably possible that the total amount of liability for unrecognized tax benefits will significantly increase or decrease within 12 months, except for recurring accruals on existing uncertain tax positions.

Note 8—Stock Repurchase

On April 18, 2014, the Company repurchased 3,472,210 shares of the Company's common stock from the Kellar Family Foundation (the "Foundation"). The Foundation was one of the Company's largest shareholders. The Company also repurchased 16,567 shares of the Company's common stock (the "Additional Shares") from A&M Kellar LP (10,100 shares), Mary Kellar Nonexempt Trust (3,234 shares), and Judith Box Nonexempt Trust (3,233 shares) (collectively the "Related Entities). All

Note 8—Stock Repurchase (Continued)

Related Entities are related to the Foundation. The Company paid $0.293 per share for the Foundation Shares and the Additional Shares. The total payment for the repurchase of the common shares was approximately $1,022,000.

The transaction to repurchase the Foundation Shares was initiated by the Foundation, which held a put option to sell the Foundation Shares to the Company at the price of $0.293 per share. The put option had been granted to the Foundation by the Company in 2011 in connection with the sale of 7,425,000 shares of the common stock of the Company by the Kellar Family Charitable Lead Annuity Trust (an affiliate of the Foundation) to the Company's Chairman, Louis M. Brown, Jr. As a result of the repurchase of the Foundation Shares and the Additional Shares, the Foundation and the Related Entities sold all their remaining holdings in the Company; and the Company canceled and retired the Foundation Shares and the Additional Shares.

Note 9—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 Kunich 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 was obligated to pay the Company approximately $725,000. For the year ended June 30, 2014, the Company received $125,000 as the final installment payment. Per the agreement, the installment payments were deemed fully earned upon receipt.

Note 10—Debt

Line of Credit

On February 28, 2015 and 2014, the Company renewed a $500,000 line of credit with Capital One Bank. The interest rate on this line of credit was based on a rate of LIBOR plus 2.75% payable monthly. The Company had not borrowed against this line of credit for the years ending June 30, 2015 and 2014. Under this agreement, the Company must meet financial covenants relating to profitability, debt service coverage and a maximum leverage ratio. The Company had met all of the financial covenants as of June 30, 2015 and 2014.

Term loan

On March 9, 2015, the Company purchased the land and building of the company-store located in Baltimore, MD. The Company had previously purchased the company-store in November 2010. At closing, the Company paid approximately $222,000 in cash of the purchase price of approximately $807,000. The remaining balance, $585,000, was financed with a five-year term loan with Capital One Bank. The interest rate on the term loan is based on a rate of LIBOR plus 2.50% payable monthly. The monthly payment on the loan is approximately $6,200 with a balloon payment at the end of the term.

Note 10—Debt (Continued)

The Company has pledged first security interest on all Company assets as collateral for the line of credit as well as the loan for the land and building.

Notes Payable and Capital Lease Obligations

The Company has recorded capital assets from a capital lease arrangement of $47,240 as of June 30, 2015 and 2014. Accumulated amortization related to the leased assets was $44,091 and $34,643 at June 30, 2015 and 2014, respectively. The remaining balance of the capital lease obligation was approximately $3,000 at June 30, 2015.

Notes payable and capital lease obligations consist of the following:

	June 30,	
	2015	2014
Notes payable and lease obligations	$1,114,632	$ 960,434
Less: current maturities	(356,430)	(491,177)
Long-term portion	$ 758,202	$ 469,257

The future notes payable and capital lease obligations with maturities in excess of one year as of June 30, 2015 are as follows:

	Future Debt Maturities
2017	124,927
2018	238,399
2019	58,500
2020	336,376
	$758,202

Note 11—Lease Commitments

At June 30, 2015, the Company has lease commitments for office space, a training center, a number of service center locations and office equipment under operating and capital leases. These leases expire between 2015 and 2029, with renewal options in certain leases. The monthly rent for the office space increases by 3% on February 1 of each year. The Company recognizes rent expense on a straight-line basis for certain leases which contain fixed escalations. Rent expense for office space and warehouse facilities of approximately $193,000 and $194,000 was included in operating expenses for the years ended June 30, 2015 and 2014, respectively. Rent expense for service center locations of approximately $1.7 million was recorded net of sublease income of $135,000 and $105,000 for the years ended June 30, 2015 and 2014, respectively.

Note 11—Lease Commitments (Continued)

Operating Leases

The future minimum lease payments and related sublease payments for operating leases with terms in excess of one year as of June 30, 2015 are as follows:

	Future Minimum Lease Payments	Sublease Income	Net
2016	$2,127,000	$107,000	$2,020,000
2017	1,897,000	87,000	1,810,000
2018	1,733,000	39,000	1,694,000
2019	1,315,000	39,000	1,276,000
2020	934,000	31,000	903,000
Thereafter	1,545,000	—	1,545,000
	$9,551,000	$303,000	$9,248,000

Note 12—Area Developer Agreement

On May 4, 2015, the Company and the area developer for the Minnesota market mutually agreed to terminate the area developer agreement for the Minnesota market for an amount of approximately of $1.1 million. The Company bought back the area rights and approximately $1.1 million was expensed as a direct franchise support cost for the year ended June 30, 2015.

With no area developer for these markets, the Company will support the 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.

Note 13—Related Party Transactions

Precision Tune Auto Care, Inc. (a subsidiary of the Company) provides certain support services to PTAC Marketing Fund, Inc. (“PMF”), the national advertising fund for Precision Tune Auto Care Centers, pursuant to a Management Agreement approved by the Board of Directors of PMF, which is comprised of franchisee and Company personnel. Precision Tune Auto Care, Inc. charged PMF approximately $528,000 and $590,000 for administrative and other expenses incurred on behalf of PMF, for the years ended June 30, 2015 and 2014, respectively. Based on the timing of receipts and disbursements, it is common for amounts to be due to and from Precision Tune Auto Care, Inc. and PMF. At June 30, 2015 and 2014, the amount due from PMF was approximately $44,000. This amount is included in accounts receivable. At June 30, 2015 and 2014, the amount due to PMF was approximately $159,000 and $160,000, respectively. This amount is included in due to related party.

Note 14—Stockholders’ Equity

Voting Rights and Outstanding Shares

Each share of non-voting preferred stock is entitled to receive, when and as declared by the Board of Directors, cumulative preferential cash dividends at the rate of 2% of the liquidation preference of the Series A redeemable preferred stock, $10.36 per share, per annum payable quarterly in arrears in cash on the last day, or the next succeeding business day, of January, April, July, and October in each

Note 14—Stockholders' Equity (Continued)

year, beginning January 31, 2003. There were no accrued dividends at June 30, 2015 and 2014, respectively.

Each share of common stock is entitled to one vote for each matter submitted to the shareholders for approval.

Common Stock Option Plan

In 2015, the Company's Board of Directors adopted the 2015 Employee Stock Option and Restricted Stock Plan (the "Plan") and reserved 500,000 shares of common stock for issuance under the Plan. However, the Plan has not yet been endorsed by the Company's shareholders. When the Company's shareholders meet on November 18, 2015, they will vote on whether or not to endorse the Plan. If the Company's shareholders do not endorse the Plan, any grants issued under the Plan will be null and void. If the Company's shareholders endorse the Plan, all options granted under the Plan will only be revocable pursuant to the terms of the Plan.

In addition to the Plan, the Company issued stock options under predecessor plans (the "Predecessor Plans"). All Predecessor Plans have expired and all options granted under Predecessor Plans expired prior to June 30, 2015.

The following is a summary of the Company's stock option activity under all plans:

	Shares Under Option	Weighted-Average Exercise Price
June 30, 2013	440,000	0.59
Options granted	—	—
Options exercised	—	—
Options forfeited	125,000	0.53
June 30, 2014	315,000	0.62
Options granted	365,000	0.54
Options exercised	—	—
Options forfeited	315,000	0.62
June 30, 2015	365,000	0.54

At June 30, 2015 and 2014, options for approximately 365,000 and 315,000 shares, respectively, were exercisable. 365,000 and 0 options were granted in fiscal year 2015 and 2014, respectively. The weighted-average remaining contractual term of the options was 9.64 years as of June 30, 2015. Stock compensation expense was approximately $113,000 and $0 for the years ended June 30, 2015 and 2014, respectively. The exercise price of options outstanding at June 30, 2015 was $0.54 per share.

The intrinsic value of in-the-money options at June 30, 2015 and 2014 was $0.

Note 15—Employees' Savings Plan

The Company maintains a 401(k) plan under which the Company may contribute up to 25% of an employee's first 6% of compensation deferred under the plan. Employees become eligible after attaining the age of 21 and completing three months of employment with the Company. The employees may elect to contribute all of their annual compensation subject to limitations set forth in the Internal Revenue Code. Employees' contributions vest immediately. The employee matching contribution is

Note 15—Employees' Savings Plan (Continued)

discretionary and vests 20% after one year and in increments of 20% each additional year. The employee matching contributions for the years ended June 30, 2015 and 2014 were $28,000 and $33,000, respectively.

Note 16—Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure through September 18, 2015 which is the date the financial statements were available to be issued.

Management's discussion and analysis or plan of operation

Introduction

The following discussion should be read in conjunction with the consolidated Financial Statements of the Company and related notes thereto included elsewhere herein.

Overview

The Company, through its subsidiaries and master franchisees, offers franchise opportunities for auto care centers throughout the world and owns and operates thirty-five Company Centers throughout the United States as of June 30, 2015. Company revenues are derived from four primary areas: franchise development, royalties, company-operated retail stores and product sales. Franchise development revenues include sales of franchises and master franchise agreements. Royalty revenues are derived from royalty fees paid by individual franchisees and master franchisees to the Company based on qualified retail sales by franchisees. Retail revenues are realized from providing maintenance and repair services, as well as from the parts that are provided as part of that service to the general public. Product revenues are derived from the sale of automotive related supplies and equipment to individual franchisees.

Direct costs consist of fees paid to area developers for the sale of new franchises and for supporting franchisees on an ongoing basis, other costs associated with directly supporting the franchise system, and the cost of automotive related supplies. General and administrative expenses include all legal, accounting, general overhead, information technology and corporate staff expenses. Other income and expense items include interest income and expense which are included within the non-operating income/expense category on the Statement of Operations.

The Company's core auto care and franchising business continues to benefit from an improved focus on unit economics, offering certain product services to the franchisees such as equipment and other marketing related materials as well as field training programs. Additionally, the Company is seeking growth through acquisitions.

Critical Accounting Policies

The following is a summary of the Company's critical accounting policies. For a full description of these and other accounting policies, see Note 2 of the Notes to the Consolidated Financial Statements. 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

PFL enters into domestic Area Development agreements which grant the area developer the right to solicit prospective franchisees for the operation of Precision Tune Auto Care centers within a specific geographic region. Revenues from the sale of Area Development agreements are recognized when all material services or conditions related to the agreements are satisfied and to the extent no known issues involving collection exist.

PFL enters into international Master Franchise agreements which grant the master franchisee the right to sell franchises for the operation of Precision Tune Auto Care centers within a specific geographic region. Revenues from the sale of international Master Franchise agreements are

recognized when all material services or conditions related to the agreements are satisfied and the Company has received any payments that are due.

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 and to the extent no known issues involving collection exist.

Domestic royalty revenues are recognized in the period earned and to the extent no known issues involving collection exist. In cases where 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.

The Company's international royalty and development revenues are recognized when all material services or conditions related to the agreements are satisfied and payment is received.

Product services in the form of equipment and other marketing materials related sales are recognized upon delivery to the franchisee.

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

Goodwill

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 at June 30, 2015 and 2014 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 year ended June 30, 2015 to the year ended June 30, 2014

Summary (in thousands)

	Twelve Months Ended June 30,			
	2015	%	2014	%
Automotive care royalty revenues	$ 8,522	34	$ 8,373	33
Franchise development revenues	72	—	366	2
Company-operated store retail sales	16,433	65	16,359	64
Other	363	1	338	1
Total revenues	$25,390	100%	$25,436	100%
Franchise support and other costs	5,545	22	4,409	17
Company-operated store retail costs	15,531	61	15,654	62
Other	228	1	205	1
Total direct costs	21,304	84	20,268	80
General and administrative expenses	2,997	12	2,825	11
Depreciation and amortization expenses	686	2	720	3
Operating income	403	2	1,623	6
Other income, net	88	—	96	1
Income before income taxes	491	2	1,719	7
(Benefit) provision for income taxes	(155)	(1)	748	3
Net income	646	3	971	4
Preferred stock dividends	1	—	1	—
Net income applicable to common shareholders	$ 645	3%	$ 970	4%

Revenues. Total revenues for the year ended June 30, 2015 were $25.3 million, a decrease of approximately $46,000 or 1%, compared with total revenues of $25.4 million for the year ended June 30, 2014.

Automotive care royalty revenues for the year ended June 30, 2015 were $8.5 million, an increase of approximately $149,000 or 2%, compared to $8.4 million for the year ended June 30, 2014. The increase in automotive care royalty revenues was due to an increase in same store sales of the domestic franchisees. The same store sales increased approximately $2.8 million or 2.2% during the year ended June 30, 2015.

Franchise development revenues for the year ended June 30, 2015 were $72,000, a decrease of approximately $294,000 or 80%, compared to $366,000 for the year ended June 30, 2014. The decrease in franchise development revenues was primarily due to a decrease in international development revenues. During the year ended June 30, 2014, the Company recognized international development revenues of $125,000 as the final installment payment from Kunech International FZ LLC under the terms of a single master franchise agreement (see Note 9 of the Consolidated Financial Statements). Additionally, during the year ended June 30, 2014, the Company recognized revenues of $125,000 from Tecnologia Automotriz MK, S.A. de C.V. for the rights to Mexico (see Note 9 of the Consolidated Financial Statements). Per the agreements, the development payments are deemed fully earned upon receipt. There were no comparable development revenue payments from Kunech International FZ LLC or Tecnologia Automotriz MK, S.A. de C.V. for the year ending June 30, 2015.

Company-operated store retail sales for the year ended June 30, 2015 were approximately $16.4 million, which were consistent with the year ended June 30, 2014.

Other revenues for the year ended June 30, 2015 were $363,000, an increase of approximately $25,000, or 7%, compared to $338,000 for the year ended June 30, 2014. The increase in other revenues was due to an increase in revenues from rebate and training programs of $22,000 and an increase of $3,000 from support fees associated with the point of sale system.

Direct Costs. Total direct costs for the year ended June 30, 2015 totaled $21.3 million, an increase of approximately $1.0 million or 5%, compared with $20.3 million for the year ended June 30, 2014.

Automotive care franchising direct costs for the year ended June 30, 2015 totaled $5.5 million, an increase of $1.1 million or 26%, compared with $4.4 million for the year ended June 30, 2014. During fiscal year 2015, the Company bought back the area developer rights to the Minnesota market for an amount in excess of $1 million. There was no comparable buy back expense for the year ended June 30, 2014. Additionally, the Company incurred an expense of approximately $138,000 for the bi-annual convention in Nashville, TN during the year ended June 30, 2015. There was no convention for the year ended June 30, 2014; however the Company did incur expenses of approximately $48,000 for a company-store managers meeting.

Company-operated store retail costs, which included an internal cost allocation of approximately $523,000 for the year ended June 30, 2015, were $15.5 million, a decrease of approximately $123,000, or 1%, compared to $15.7 million for the year ended June 30, 2014, which included an internal cost allocation of approximately $562,000. 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 year ended June 30, 2015.

Other direct costs for the year ended June 30, 2015 were approximately $228,000, an increase of $23,000 or 11%, compared with $205,000 for the year ended June 30, 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 for the year ended June 30, 2015 totaled $3.0 million, an increase of $172,000 or 6%, compared with approximately $2.8 million for the year ended June 30, 2014. During the year ended June 30, 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 expense and the remaining $28,000 was recorded as franchise support costs. There was no comparable compensation expense in the year ended June 30, 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 year ended June 30, 2015.

Operating Income. The Company recorded operating income for the year ended June 30, 2015 of approximately $403,000, a decrease of $1.2 million, or 75%, compared with operating income of $1.6 million for the year ended June 30, 2014. As previously discussed, there were multiple variables for the decrease in operating income. The most significant variable was the expense incurred to purchase back the area developer rights to the Minnesota market for an amount in excess of $1 million. Additionally, there was a net increase in convention expenses of approximately $90,000 as well as stock compensation expense of approximately $113,000, negatively impacting the operating income for the year ended June 30, 2015.

Other Income. The Company recorded other income of $88,000 for the year ended June 30, 2015, a decrease of approximately $8,000 or 8% compared to $96,000 in other income for the year ended June 30, 2014.

Income Taxes. The Company's effective tax rates for the years ended June 30, 2015 and 2014 were approximately (31.5%) and 43.4%, respectively (see Note 7 of the Consolidated Financial Statements). The significant decrease in the effective rate for the year ended June 30, 2015 was related to an estimate for certain foreign income taxes accrued in a previous year that management feels will not be payable. Additionally, the significant decrease was also due to the impact of nondeductible stock compensation expense.

Net Income Applicable to Common Shareholders and Earnings Per Share. The Company recorded Net Income Applicable to Common Shareholders of $645,000, or $0.03 per share, for the year ended June 30, 2015 compared to Net Income Applicable to Common Shareholders of $970,000 or $0.04 per share, for the year ended June 30, 2014.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash at June 30, 2015 was $3.2 million. During the twelve months ended June 30, 2015, cash provided by operations was $1.3 million.

Cash used in investing activities for the twelve months ended June 30, 2015 was approximately $558,000. Cash used in investing activities during the twelve months ended June 30, 2015 consisted of the purchase of property and equipment of $483,000 for use in company-store operations and $190,000 for the purchase of company-operated stores. The Company generated approximately $115,000 from the sale of a company-operated store and other assets.

Cash used in financing activities for the twelve months ended June 30, 2015 was approximately $507,000. Cash used in financing activities during the period consisted of the payment of notes payable, dividends 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 2016. At June 30, 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

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.

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. 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 PACI'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 claim 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.

Resolved Claim

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.

Precision Tune Auto Care, Inc. communicated to the plaintiff that the owner of the Center, 6406 Tune, Inc. is the proper defendant in this matter. Precision Tune Auto Care, Inc. further assured the plaintiff that Precision Tune Auto Care, Inc. had no ownership interest in the Center and no control over the day-to-day operations of the Center.

In May of 2015, the plaintiff amended their complaint to remove Precision Tune Auto Care, Inc. as a defendant and proceeded against 6406 Tune, Inc.

* * * * * *

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 June 30, 2015, the System was comprised of thirty-five Company Centers, owned and operated by PTAC Operating Centers, Inc. (POC), a Virginia corporation and subsidiary of the Company. Also as of June 30, 2015, Precision Franchising LLC (PFL), a Virginia limited liability company and also a subsidiary of the Company, was the franchisor for 218 domestic Franchised Centers, and 59 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, 2015, 4 area developers and their affiliates had an ownership interest in approximately 35% of the total number of 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, California, South Carolina, Minnesota 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, Portugal, 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, Mexico 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. ***Officers, Directors and Control Persons*. 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 June 30, 2015:

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

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. from 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 Executive Chairman of Avenir Corporation since April 2015. From January 2000 to April 2015, he was President of Avenir Corporation, 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. ***Legal/Disciplinary History*. 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, 2015*.**

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Outstanding Common Stock
Louis M. Brown, Jr.(1)	7,040,884	35.94%
Avenir Corporation(2) 1775 Pennsylvania Ave, NW, Suite 650, Washington, DC 20006	2,825,090	14.42%
Alex J. Brown(3) 26 Highfield Court Cockeysville, MD 21030	2,070,000	10.57%
Jeff Brown(4) 15328 Sweetbay Street Woodbine, MD 21797	2,070,000	10.57%
Robert R. Falconi(5)	1,318,248	6.73%

(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. Peter Keefe is the Executive Chairman of Avenir Corporation and

he will vote the shares of approximately 2.9 million shares held by Avenir Corporation. Additionally, Mr. Keefe and his family own approximately 400,000 of the shares held by 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 17th of September, 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 17th of September, 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.]