

MERGENT INDUSTRIAL

NEW LISTING

June 23, 2009

This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL and INTERNATIONAL MANUALS and will be included in the bound 2009 July Monthly News Reports and is published on our Website.

FRANCHISE SERVICES OF NORTH AMERICA INC

Company Website: www.fsna-inc.com

History: Incorporated in Canada under the Canada Business Corporations Act on Aug. 27, 1998 as Rent-A-Wreck Capital Inc. Present name adopted on Dec. 15, 2006.

On Apr. 1, 1999, Co. acquired 1346106 Ontario Inc. In 1999, Co. acquired 100% of the common shares of Practicar Systems Inc. in exchange for the issuance of 6,000,000 common shares.

On Nov. 30, 2006, Co. acquired all of the outstanding stock of U-Save Auto Rental of America, Inc. ("U-Save") in the form of a "reverse take-over" transaction. As a result of the transaction, the shareholders of U-Save received 45,600,000 shares of Co.'s common stock in exchange for their shares of U-Save and the shareholders of Rent-A-Wreck Capital Inc. received 2,781,962 shares of Co. at a deemed value of C\$0.50 per share. The transaction was accounted for as an acquisition of the net assets of Co. by U-Save, which is deemed the acquirer for accounting purposes.

Effective Jan. 15, 2007, Co., through its wholly-owned subsidiary, U-Save Financial Services, Inc., acquired certain assets of DRSN Holdings, LLC. The initial purchase price, which totaled \$1,191,214, was paid with cash funded by a major shareholder. In addition, there are two contingent payments of \$188,150 which can be adjusted based on the amount of revenue retained in relation to a specified baseline revenue. Any additional consideration paid will be reflected in goodwill. An initial contingent payment of \$188,150 was made in Feb. 2008.

Business: Franchise Services of North America owns two operating subsidiaries, U-Save Auto Rental of America, Inc. ("U-Save") and Practicar Systems Inc. ("Practicar"). U-Save licenses franchisees to operate U-Save Auto Rental businesses in the United States and abroad. U-Save also operates an association, Auto Rental Resource Center, which provides insurance discounts and products and services to its members who operate independent vehicle rental businesses. Co. also owns a full-service insurance agency, providing insurance products to its franchisees, associates, and third-party customers. Practicar licenses franchisees to operate Rent-A-Wreck vehicle rental and sales businesses in Canada.

Property: Co. maintains its principal executive office in Jackson, MS.

Co.'s subsidiary, U-Save Auto Rental of America, Inc., together with its subsidiary, Auto Rental Resource Center, has over 1,100 locations throughout the United States. Co. services 31 airport markets in 16 different states.

Co.'s Rent-A-Wreck system operates a network of 53 franchises from coast-to-coast in Canada.

Subsidiaries

U-Save Auto Rental of America, Inc. (United States)
Auto Rental Resource Center (United States)
U-Save Financial Services, Inc.
Practicar Systems Inc.

Officers

Thomas P. McDonnell, III, Co-Chairman; Co-Chief Executive Officer
Sanford Miller, Co-Chairman; Co-Chief Executive Officer
Robert M. Barton, Executive Vice President; Chief Operating Officer

O. Kendall Moore, Vice President; General Counsel; Secretary

Directors

Thomas P. McDonnell, III, Co-Chairman
Sanford Miller, Co-Chairman
David I. Forseth J. Michael Linn
Thomas H. McNeely

Auditors: RSM Richter LLP

Legal Counsel: Macleod Dixon LLP

Shareholder Relations: Robert M. Barton, Chief Operating Officer **Tel:** 601-713-4333

Annual Meeting: In March

No. of Stockholders: Apr. 1, 2009, 300

No. of Employees: May 1, 2009, 45

Address: 4780 I-55 North, Suite 300, Jackson, MS, 39211 **Tel:** 601 713-4333 **Fax:** 601 982-9850 **E-mail:** bob.barton@usave.com **Web:** www.fsna-inc.com

Consolidated Income Account, years ended Sept. 30
(in United States \$):

	2008	2007 (revised)	2006
Contin franchisee & rel fees	3,926,050	4,341,978	
Initial franchise fees	516,662	650,045	36,773
Ins prem & rel fees	11,576,888	13,188,779	263,229
Other inc		770,742	
Rental & vehicle sales royalties			523,708
Tot rev	16,019,600	18,951,544	823,710
Direct oper - franchise oper	5,210,988	4,996,517	
Direct oper - ins oper	3,343,194	2,703,802	
Claims exp	2,225,104	4,542,596	
Ins underwriting exps	1,950,252	2,702,220	
Gen & admin	2,432,627	2,228,520	
Stk based compens	34,752	106,924	9,100
Int exp	334,629	625,730	
Amort & deprec	315,339	210,060	
Franchise sys devel			444,241
Sal & benefits exp			100,086
Professional fees			158,595
Rent			59,443
Office & comm exp			41,589
Int accretion of conv debentures			28,828
Bank charges & int exp			28,868
Amort - cap assets			15,411
Bad debts			5,019
Int on fin contr			1,869
Gain (loss) on disp of cap assets			(2,351)
Tot costs & exps	15,846,885	18,116,369	895,400
Income (loss) bef inc tax	172,715	835,175	
Inc tax expense (recovery)	61,909	345,437	
Net income (loss)	110,806	489,738	(71,690)

Common shares:

Weigh avg shares outstg - basic	62,796,927	62,789,036	1,861,057
Weigh avg shares outstg - diluted	69,367,224	70,354,894	1,861,057
Yr end shares outstg	62,820,426	62,744,279	1,861,057
Net earnings (loss) per sh - basic		\$0.01	Can\$(0.04)
Net earnings (loss) per sh - diluted		\$0.01	Can\$(0.04)

For thirteen months Reclassified to conform with 2008 presentation Financials before reverse takeover of U-Save Auto Rental of America, Inc. Adjusted for 1-for-4.0785967 stock split, December 15, 2006

Consolidated Balance Sheet, as of Sept. 30 (in United States \$):

	2008	2007 (revised)
Assets:		
Cash & cash equivs	1,152,099	1,022,167
Restricted cash & cash equivs	3,950,329	3,997,491
Accts receiv	1,306,472	1,490,830
Rel party accts receiv-curr	25,258	778,454
Rel party notes receiv-curr		209,466
Other notes	58,760	10,548
Future inc tax assets	1,005,000	2,085,098
Ppd exps	113,070	271,028
Tot curr assets	7,610,988	9,865,082
Assets under cap leases, cost	93,110	52,764
Less: accum amort - assets under cap lease, net	20,107	12,065
Assets under cap lease, net	73,003	40,699
Furn & equipment, cost	487,915	474,644
Less: accum amort - furn & equipment, net	45,250	49,303
Vehicles, cost	38,190	39,166
Less: accum amort - vehicles	15,214	8,227
Vehicles, net	22,976	30,939
Computers, software & website development, cost	923,519	863,620
Less: accum amort - computers, software & website devel	770,383	722,043
Computers, software & website development, net	153,136	141,577
Cap assets, cost	1,542,734	1,430,194
Less: tot accum amort	1,248,369	1,167,676
Furn & equipment, net	294,365	262,518
Rel party accts receiv	620,986	
Rel party notes receiv	3,608,006	3,433,062

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Other notes receiv	19,983	9,678
Security dep	54,871	60,664
Other assets	6,783	6,783
Other assets, tot	61,654	67,447
Future inc tax assets	524,936	
Goodwill	6,459,473	6,271,323
Customer list, cost	983,000	983,000
Less: accum amort - customer list	269,866	141,991
Customer list, net	713,134	841,009
Advert jingle, cost	10,000	10,000
Less: accum amort - advert	4,167	2,167
Advert jingle, net	5,833	7,833
Non-competee agreement, cost	254,158	254,158
Less: accum amort - non-competee	152,268	56,884
Non-competee agreement, net	101,890	197,274
Rent-A-Wreck Brand, cost	3,033,053	3,033,053
Rent-A-Wreck Brand, net	3,033,053	3,033,053
Domain name, cost	161,653	161,653
Domain name, net	161,653	161,653
Reacquired franchise rights, cost	90,000	90,000
Reacquired franchise rights, net	90,000	90,000
Trademark, cost	21,312	7,965
Trademark, net	21,312	7,965
Other intang assets, net	4,126,875	4,338,787
Tot non-curr assets	15,716,278	14,382,815
Tot assets	23,327,266	24,247,897
Liabilities:		
Accts pay & accrued liabil	2,193,394	1,556,625
Dep received fr franchisees	266,453	275,362
Curr port of ins loss res	1,826,833	2,700,050
Curr port of notes pay		54,626
Curr port of rel party notes payabl	177,172	
Curr port of cap lse oblig	26,742	21,037
Tot curr liabil	4,490,594	4,607,700

Ins loss reserves, less curr port	357,497	589,500
Notes payable, less curr port	2,500,000	2,500,000
Rel party notes payable, less curr port	957,908	1,191,214
Cap lse oblig	33,018	18,163
Future inc tax liabil		474,196
Tot liabil	8,339,017	9,380,773
Sh cap	15,117,041	15,109,246
Contributed surplus	1,446,629	1,411,877
Tot bef accum def & accum	16,563,670	16,521,123
Retain earnings (accum deficit)	(1,697,355)	(1,808,161)
Accum other comprehensive inc	121,934	154,162
Tot accum def & accum other	(1,575,421)	(1,653,999)
Tot shhlders eq	14,988,249	14,867,124
Tot liabil & shhlders eq	23,327,266	24,247,897
Reclassified to conform with 2008 presentation		
Net of allowance for doubtful accounts: 2008		
US\$229,279; 2007 US\$181,736		

Long Term Debt: Sept. 30, 2008, C\$3,694,840 (including current portion of C\$203,914) comprised of:

(1) C\$1,135,080 7% unsecured note payable to the major shareholder with monthly interest only payments of 8.25% per annum with monthly principal and interest payments of \$19,850. The note matures in May 2010.

(2) C\$2,500,000 10% notes payable, interest only payments due monthly, secured by personal assets of a shareholder of Co. and stock of Auto Rental Resource Center, Inc. The note matures in Dec. 2010.

(3) C\$59,760 capital lease obligations.

Subsequent Event: Effective Dec. 31, 2008, Co. entered into an arrangement with a franchisee of which a major shareholder and officer of Co. is a co-owner. Co. issued a secured note to the franchisee reconstituting certain outstanding accounts receivable of C\$723,404 and notes receivable of C\$284,419, into one new note totaling C\$1,007,823. After consideration of a C\$37,500 down payment, Co. issued a five year note in the amount of C\$970,323 bearing an interest rate of 6%. The note calls for interest only payments the first year, followed by graduated principal and interest payments of C\$7,500, C\$9,000, C\$10,500 and C\$12,000 in years 2-5

respectively, with a balloon payment of \$723,754 at the end of the term. The executed note agreement and a separate security agreement were both signed on behalf of the franchise and individually by the independent co-owner of the franchise. The note matures Jan. 1, 2014. The previous separate notes that were combined as part of the new note were cancelled contemporaneously with the execution of this note.

Capital Stock: 1. Franchise Services of North America Inc common; no par.

AUTH — Unlimited shs.

OUTSTG — Sept. 30, 2008 62,744,279 shs; no par.

STOCK SPLITS — No par shares split 1-for-4.0785967 on Dec. 15, 2006.

OWNERSHIP — As of Feb. 23, 2009, Thomas P. McDonnell, III, Co-Chairman & Co-Chief Executive Officer; Sanford Miller, Co-Chairman & Co-Chief Executive Officer; and all directors and officers as a group, owned 35.9%, 26.6% and 65.1% of Co.'s outstanding common stock.

VOTING RIGHTS — Entitled one vote per share.

OPTIONS — Sept. 30, 2008, options outstanding, 10,252,279 shares.

TRANSFER AGENT — Computershare Trust Company of Canada, Calgary, Alberta, Canada

LISTED — Venture Exchange (TVX): FSN

PRICE RANGE — (in C\$):

	2009	2008	2007	2006
High	0.25	0.40	1.45	1.06
Low	0.05	0.03	0.20	0.85

OFFERED — (6,678,600 shares) at C\$0.85 per share on Feb. 6, 2007 for gross proceeds of C\$5,676,810 through Blackmont Capital Inc. Proceeds used primarily for debt reduction, growth of Co.'s business in the airport and neighborhood sectors of the car rental market and growth of the U-Save brand into Canada.

(642,000 shares) at C\$0.85 per share on Mar. 8, 2007 for gross proceeds of C\$545,700 through Blackmont Capital Inc. Proceeds used primarily for debt reduction, growth of Co.'s business in the airport and neighborhood sectors of the car rental market and growth of the U-Save brand into Canada.

PRIVATE PLACEMENTS — (7,000,000 shares) at C\$0.50 per share privately placed on Nov. 30, 2006 for gross proceeds of C\$3,500,000 and net proceeds of C\$2,996,116 (US \$2,623,110), after direct expenses. Proceeds used to expand the Rent-A-Wreck brand in Canada, introduce U-Save into Canada, retire debt of Co., and expand its marketing and sales activities.