

NewCo Ltd.

Profit & Loss

	Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
	Q1	Q2	Q3	Q4	Year 1	Year 2	Year 3	Year 4	Year 5	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
1 Unit Sales	0	0	0	0	0	25	98	295	380	From Sales Summary
2										
3 Sales Revenue	0	0	0	0	0	759	2,754	7,772	9,897	From Sales Summary
6										
7 Turnover	0	0	0	0	0	759	2,754	7,772	9,897	From Sales Summary
8										
9 Cost of Sales	19	24	29	39	112	515	1,607	4,399	5,722	From Cost of Sales
10										
11 Gross Margin	-19	-24	-29	-39	-112	245	1,147	3,373	4,175	
12										
13 Operating Expenses										
14 G&A	53	41	41	61	197	289	342	474	594	From G&A
15 Sales & Marketing	19	19	34	44	117	219	318	431	595	From S&M
16 R&D	43	53	48	48	192	276	286	360	370	From R&D
17 Capex	21	2	17	20	60	86	89	107	122	From Capex
18										
19 Total Expenses	136	115	140	173	566	870	1,035	1,373	1,681	
20										
21 Operating Profit/(Loss)	-156	-140	-170	-213	-677	-625	112	2,000	2,494	

22										
23										
24										
25					5	10	14	21	29	
26					653	28	140	1,897	3,643	
27										
28					-	-	363%	282%	127%	
29					-	32%	42%	43%	42%	
30					-	36%	10%	5%	4%	

NewCo Ltd.

Cash Flow

	Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
	Q1 \$000's	Q2 \$000's	Q3 \$000's	Q4 \$000's						
1 Operating Profit/Loss	-156	-140	-170	-213	-677	-625	112	2,000	2,494	From P&L 21
2										
3 Corporation Tax										
4 Loss to carry forward	0				-677	-1,302	-1,190	0	0	D10 = any historic losses
5 Taxable Profit					0	0	0	810	2,494	
6 Taxation Paid					0	0	0	243	748	30% Corporation Tax
7										
8 Cash Outflow before Financing	-156	-140	-170	-213	-677	-625	112	1,757	1,746	
9										
10 Other Income										
11 Grants					0					
12										
13 Financing										
14 Equity Investment	1,400				1,400					
15 Fundraising costs	70	0	0	0	70	0	0	0	0	5% of Investment
16										
17 Loans										
18 loan capital received					0					
19 loan capital repaid					0					
20 Net debt	0	0	0	0	0	0	0	0	0	
21 Interest paid	0	0	0	0	0	0	0	0	0	7.50% of Net debt p.a.
22										
23 Net Cash Inflow from Financing	1,330	0	0	0	1,330	0	0	0	0	
24										
25 Change in Cash Balance	1,174	-140	-170	-213	653	-625	112	1,757	1,746	
26 Balance brought forward	0	1,174	1,035	865	0	653	28	140	1,897	D32 = any historic balance
27										
28 Cash Balance	1,174	1,035	865	653	653	28	140	1,897	3,643	

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Valuation

Free Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5	Terminal
	£,000	£,000	£,000	£,000	£,000	£,000
Operating Profit/Loss	-	-	112	2,000	2,494	14,253

Assumptions

from P&L

WACC

Risk Free rate	5%
beta	1.5
tax rate	30%
risk premium	10%
debt proportion	0%
equity proportion	100%
Cost of debt	0.0%
Cost of equity	20.0%
Discount Rate (WACC)	20.0%

Bank Base Rate
stability (>1 is more unstable)
Corporation Tax rate
Risk uplift

Proportion of required cash as equity

Your discount rate

Terminal Value

Long term growth rate	3%
Terminal value	14,253

sustainable growth inperuity

Enterprise Values

	today	Year 2	Year 3	Year 4	Year 5
Value	6,805	8,166	9,799	11,647	11,976
growth	-	20%	20%	19%	3%
RoI	-	1.20	1.44	1.71	1.76

Initial Investment Price

Investment requirement	1,400
Return required	4 times investment by year 5
Value required	5,600

Year 1 equity investment required
expected return rate required

Range of Equity Cost of Investment

21% of equity is the current value of the investment required
47% of equity is the proportion required to allow investor to make desired return by year 5

NewCo Ltd.

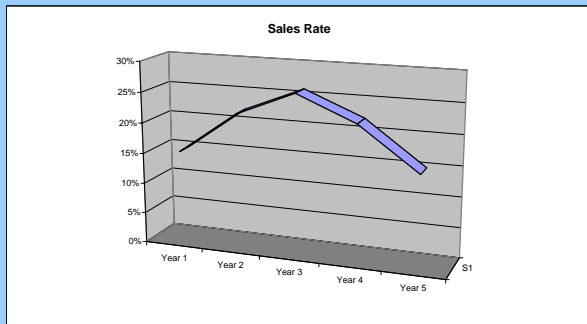
Sales Summary

		Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
		Q1	Q2	Q3	Q4	\$000's	\$000's	\$000's	\$000's	\$000's	
		\$000's	\$000's	\$000's	\$000's						
1	Unit Sales										
2	Baby Food	0	0	0	0	0	25	37	44	37	
3	Soup	0	0	0	0	0	0	61	89	105	
4	Preserves	0	0	0	0	0	0	0	162	238	
5											
6	Total Unit Sales	0	0	0	0	0	25	98	295	380	
7											
8	Sales Revenue										
9	Baby Food	0	0	0	0	0	759	1,114	1,316	1,114	£ 30,000 per unit sale
10	Soup	0	0	0	0	0	0	1,640	2,406	2,843	£ 27,000 per unit sale
11	Preserves	0	0	0	0	0	0	0	4,050	5,940	£ 25,000 per unit sale
12	Total	0	0	0	0	0	759	2,754	7,772	9,897	
17											
18	Total Revenue	0	0	0	0	0	759	2,754	7,772	9,897	

		Product 1	Product 2	Product 3
		Name: Baby Food	Soup	Preserves
23	Sales uptake			
24	Total Market Size	1,000	3,000	10,000
25	Aware %	50%	50%	40%
26	Interest %	50%	40%	40%
27	Decide %	75%	75%	75%
28	Achieve %	90%	90%	90%
29	Total Sales	169	405	1,080

		Year 2	Year 3	Year 4
30	Product Launch Date			

		Year 1	Year 2	Year 3	Year 4	Year 5	total
34	Sales Penetration Rate	15%	22%	26%	22%	15%	100%
37	Baby Food	25	37	44	37	25	169
38	Soup	61	89	105	89	61	405
39	Preserves	162	238	281	238	162	1,080



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Cost of Sales

	Year 1				Year 1 \$000's	Year 2 \$000's	Year 3 \$000's	Year 4 \$000's	Year 5 \$000's	Assumptions
	Q1 \$000's	Q2 \$000's	Q3 \$000's	Q4 \$000's						
1 Build Costs										
2 Baby Food	0	0	0	0	0	253	371	439	371	£ 10,000 per unit sale
3 Soup	0	0	0	0	0	0	608	891	1,053	£ 10,000 per unit sale
4 Preserves	0	0	0	0	0	0	0	1,620	2,376	£ 10,000 per unit sale
5										
6 Installation/delivery										
7 Baby Food	0	0	0	0	0	51	74	88	74	£ 2,000 per unit sale
8 Soup	0	0	0	0	0	0	122	178	211	£ 2,000 per unit sale
9 Preserves	0	0	0	0	0	0	0	324	475	£ 2,000 per unit sale
10 Total	0	0	0	0	0	304	1,175	3,540	4,560	
11										
12 Manufacturing Dept.	19	24	29	39	112	177	308	510	716	
13										
14 Warranty Costs	0	0	0	0	0	15	55	155	198	2% of sales revenue
15										
16 Royalties	0	0	0	0	0	19	69	194	247	2.50% of total revenue
17										
18 Total Cost of Sales	19	24	29	39	112	515	1,607	4,399	5,722	
19										
20 Revenue	0	0	0	0	0	759	2,754	7,772	9,897	
21 Gross Margin	-19	-24	-29	-39	-112	245	1,147	3,373	4,175	
22 Gross Margin (%)						32%	42%	43%	42%	

NewCo Ltd.

Manufacturing

	Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
	Q1 \$000's	Q2 \$000's	Q3 \$000's	Q4 \$000's						
1 Staff Costs										
2 Headcount	1	1	1	1	1	2	4	7	11	From Headcount
3 Salaries	15	15	15	15	60	90	160	250	380	From Salaries
4 NI	2	2	2	2	7	10	18	28	42	11% of salaries
5 Pension	1	1	1	1	5	7	12	19	29	7.50% of salaries
6 Life Insurance	0	0	0	0	1	5	10	15	23	£ 15 per £1k of 4 times salary
7 Private health insurance	0	0	0	0	2	4	7	13	20	£ 1,800 per employee per year
8 Recruitment costs	0	0	0	0	0	5	10	15	20	£ 5,000 recruitment cost
9 Total	18	18	18	18	74	121	216	339	513	
10 Travel & Subsistence										
11 Travel	1	1	1	1	2	4	8	14	22	£ 2,000 per employee per year
12 Subsistence	0	0	0	0	1	2	4	7	11	£ 1,000 per employee per year
13 Total	1	1	1	1	3	6	12	21	33	
14 General										
15										
16										
17 Systems Development	0	0	5	10	15	20	30	50	50	
18 Quality Control	0	0	0	0	0	10	20	40	50	
19 Production Tech. Development	0	5	5	5	15	10	20	40	50	
20 Production Consultants	0	0	0	5	5	10	10	20	20	
21 Total	0	5	10	20	35	50	80	150	170	
22										
23 Total Operations	19	24	29	39	112	177	308	510	716	

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Sales and Marketing

		Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
		Q1	Q2	Q3	Q4	\$000's	\$000's	\$000's	\$000's	\$000's	
		\$000's	\$000's	\$000's	\$000's						
1	Staff Costs										
2	Headcount	1	1	1	1	1	2	4	6	9	From Headcount
3	Salaries	15	15	15	15	60	100	160	235	335	From Salaries
4	NI	2	2	2	2	7	11	18	26	37	11% of salaries
5	Pension	1	1	1	1	5	8	12	18	25	7.50% of salaries
6	Life Insurance	0	0	0	0	1	6	10	14	20	£ 15 per £1k of 4 times salary
7	Private health insurance	0	0	0	0	2	4	7	11	16	£ 1,800 per employee per year
8	Recruitment costs	0	0	0	0	0	5	10	10	15	£ 5,000 recruitment cost
9	Total	18	18	18	18	74	133	216	313	448	
10											
11	Travel & Subsistence										
12	Travel	1	1	1	1	2	4	8	12	18	£ 2,000 per employee per year
13	Subsistence	0	0	0	0	1	2	4	6	9	£ 1,000 per employee per year
14	Total	1	1	1	1	3	6	12	18	27	
15											
16	Marketing										
17	General inc. Internet			5	5	10	10	20	30	40	
18	Product			10	10	20	50	50	50	50	
19	Exhibitions				10	10	20	20	20	30	
20	Total	0	0	15	25	40	80	90	100	120	
21											
22	Sales										
23	Commissions	0	0	0	0	0	0	0	0	0	0.00% of sales revenue
24	Total	0	0	0	0	0	0	0	0	0	
25											
26	Total Sales & Marketing	19	19	34	44	117	219	318	431	595	

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Research & Development

		Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
		Q1	Q2	Q3	Q4	\$000's	\$000's	\$000's	\$000's	\$000's	
		\$000's	\$000's	\$000's	\$000's						
1	Staff Costs										
2	Headcount	2	2	2	2	2	3	3	4	4	From Headcount
3	Salaries	25	25	25	25	100	135	135	170	170	From Salaries
4	NI	3	3	3	3	11	15	15	19	19	11% of salaries
5	Pension	2	2	2	2	8	10	10	13	13	7.50% of salaries
6	Life Insurance	0	0	0	0	2	8	8	10	10	£ 15 per £1k of 4 times salary
7	Private health insurance	1	1	1	1	4	5	5	7	7	£ 1,800 per employee per year
8	Recruitment costs	0	0	0	0	0	5	0	5	0	£ 5,000 recruitment cost
9	Total	31	31	31	31	124	178	173	224	219	
10											
11	Travel & Subsistence										
12	Travel	1	1	1	1	4	6	6	8	8	£ 2,000 per employee per year
13	Subsistence	1	1	1	1	2	3	3	4	4	£ 1,000 per employee per year
14	Total	2	2	2	2	6	9	9	12	12	
15											
16	Project costs										
17	projects	10	10	10	10	40	50	50	60	70	
18	Advisory panel		5			5	5	10	10	15	
19	Consultancy					0	10	10	20	20	
20	Trials		5	5	5	15	20	30	30	30	
21	Total	10	20	15	15	60	85	100	120	135	
22											
23	Technical										
24	Consumables	1	1	1	1	2	3	3	4	4	£ 1,000 per employee per year
25	Subscriptions	0	0	0	0	0	0	0	0	0	£ 50 per employee per year
26	Total	1	1	1	1	2	3	3	4	4	
27											
28	Total Research & Development	43	53	48	48	192	276	286	360	370	

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General & Administrative

	Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
	Q1	Q2	Q3	Q4						
1 Staff Costs										
2 Headcount	1	1	1	1	1	3	3	4	5	From Headcount
3 Salaries	23	23	23	23	91	130	145	205	240	From Salaries
4 NI	3	3	3	3	10	14	16	23	26	11% of salaries
5 Pension	2	2	2	2	9	13	15	21	24	10.00% of salaries
6 Life Insurance	0	0	0	0	1	8	9	12	14	£ 15 per £1k of 4 times salary
7 Private health insurance	1	1	1	1	2	5	5	7	9	£ 1,800 per employee per year
8 Recruitment costs	0	0	0	0	0	7	3	5	5	£ 5,000 recruitment cost
9 Total	28	28	28	28	114	176	192	273	319	
10 Travel & Subsistence										
12 Travel	1	1	1	1	2	5	6	8	10	£ 2,000 per employee per year
13 Subsistence	0	0	0	0	1	3	3	4	5	£ 1,000 per employee per year
14 Total	1	1	1	1	4	8	9	12	15	
16 Insurances										
17 Keyman	3				3	3	3	3	3	
18 Commercial	5				5	5	10	10	15	
19 Directors	2				2	2	2	2	2	
20 Public liability	2				2	2	5	5	10	
21 Total	12	0	0	0	12	12	20	20	30	
23 Office Costs										
24 Stationary	0	0	0	0	0	0	0	0	0	£ 200 per employee per year
25 Postage	0	0	0	0	0	0	0	0	0	£ 50 per employee per year
26 Telecoms	0	0	0	0	1	1	1	1	1	£ 500 per employee per year
27 IT	0	0	0	0	1	1	1	1	1	£ 500 per employee per year
28 Equipment	0	0	0	0	0	0	0	0	0	£ 100 per employee per year
29 Sundry	0	0	0	0	0	0	0	0	0	£ 250 per employee per year
30 Total	0	0	0	0	2	2	2	2	2	
32 General Expenses										
34 Board costs	1	1	1	1	4	4	4	8	8	
35 Consultants				10	10	10	15	15	20	
36 Legal Fees	2	2	2	2	8	10	10	15	15	
37 Auditors/Accountants				5	5	5	5	5	5	
38 Corporate PR/IP	2	2	2	2	8	10	10	10	15	
39 Patent Fees & Expences				5	5	5	5	10	20	
40 Total	5	5	5	25	40	44	49	63	83	
42 Facilities	7	7	7	7	26	48	70	105	145	From Facilities
44 Total General & Administrative	53	41	41	61	197	289	342	474	594	

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Headcount

		Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
		Q1	Q2	Q3	Q4						
1	General & Administrative										
2	CEO	1	1	1	1	1	1	1	1	1	
3	CFO	0	0	0	0	0	0	0	1	1	
4	Book Keeper	0.2	0.2	0.2	0.2	0.2	0.5	1	1	1	
5	Administrator	0	0	0	0	0	1	1	1	1	
6	CEO's PA	0	0	0	0	0	0	0	0	1	
7	Total	1.2	1.2	1.2	1.2	1.2	2.5	3	4	5	
8	Sales & Marketing										
9	Marketing Director	1	1	1	1	1	1	1	1	1	
10	Sales Manager	0	0	0	0	0	1	1	2	3	
11	Sales Persons	0	0	0	0	0	0	1	2	3	
12	Sales Administrator	0	0	0	0	0	0	1	1	2	
13	Total	1	1	1	1	1	2	4	6	9	
14	Research & Development										
15	Technical Director	1	1	1	1	1	1	1	1	1	
16	Senior Design Engineers	1	1	1	1	1	1	1	1	1	
17	Design Engineers	0	0	0	0	0	1	1	2	2	
18	Total	2	2	2	2	2	3	3	4	4	
19	Manufacturing										
20	Director of Operations	1	1	1	1	1	1	1	1	1	
21	Quality Manager	0	0	0	0	0	0	1	1	2	
22	Engineers	0	0	0	0	0	1	2	5	8	
23	Total	1	1	1	1	1	2	4	7	11	
24											
25	Headcount Total	5.2	5.2	5.2	5.2	5.2	9.5	14	21	29	

NewCo Ltd.

Salaries

		Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
		Q1	Q2	Q3	Q4	\$000's	\$000's	\$000's	\$000's	\$000's	£k per year
		\$000's	\$000's	\$000's	\$000's						
1	General & Adminstrative										
2	CEO	21	21	21	21	85	85	85	85	85	85
3	CFO	0	0	0	0	0	0	0	60	60	60
4	Book Keeper	2	2	2	2	6	15	30	30	30	30
5	Administrator	0	0	0	0	0	30	30	30	30	30
6	CEO's PA	0	0	0	0	0	0	0	0	35	35
7	Total	23	23	23	23	91	130	145	205	240	
8	Sales & Marketing										
9	Marketing Director	15	15	15	15	60	60	60	60	60	60
10	Sales Manager	0	0	0	0	0	40	40	80	120	40
11	Sales Persons	0	0	0	0	0	0	35	70	105	35
12	Sales Administrator	0	0	0	0	0	0	25	25	50	25
13	Total	15	15	15	15	60	100	160	235	335	
14	Research & Development										
15	Technical Director	15	15	15	15	60	60	60	60	60	60
16	Senior Design Engineers	10	10	10	10	40	40	40	40	40	40
17	Design Engineers	0	0	0	0	0	35	35	70	70	35
18	Total	25	25	25	25	100	135	135	170	170	
19	Manufacturing										
20	Director of Operations	15	15	15	15	60	60	60	60	60	60
21	Quality Manager	0	0	0	0	0	0	40	40	80	40
22	Engineers	0	0	0	0	0	30	60	150	240	30
23	Total	15	15	15	15	60	90	160	250	380	
24											
25	Salaries Total	78	78	78	78	311	455	600	860	1,125	

NewCo Ltd.

Capital Expenditure

		Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
		Q1	Q2	Q3	Q4	\$000's	\$000's	\$000's	\$000's	\$000's	
		\$000's	\$000's	\$000's	\$000's						
1	Cost of Goods										
2	Tooling				5	5	20	20	20	20	
3	Total	0	0	0	5	5	20	20	20	20	
4	Manufacturing										
5	Test Equipment					0	5	5	10	10	
6	QC Equipment					0	2	2	5	5	
7	Total	0	0	0	0	0	7	7	15	15	
8	General & Administrative										
9	IT Hardware	5				5	5	5	5	5	
10	IT Software	2				2	2	2	2	2	
11	Networking	5				5	5	5	5	5	
12	Miscellaneous	2	2	2	2	8	10	10	15	20	
13	Total	14	2	2	2	20	22	22	27	32	
14	Sales & Marketing										
15	IT Hardware				3	3	5	5	5	5	
16	Car lease					0					
17	Exhibition Equipment				10	10	10	10	15	20	
18	Total	0	0	0	13	13	15	15	20	25	
19	Research & Development										
20	IT Hardware	2				2	2	5	5	5	
21	Development Software	5				5	5	5	5	10	
22	Development Equipment			10		10	10	10	10	10	
23	Test Equipment			5		5	5	5	5	5	
24	Total	7	0	15	0	22	22	25	25	30	
25											
26	Capex Total	21	2	17	20	60	86	89	107	122	

NewCo Ltd.

Facilities

		Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	
		Q1	Q2	Q3	Q4	\$000's	\$000's	\$000's	\$000's	\$000's	Assumptions
		\$000's	\$000's	\$000's	\$000's						
1	Facilities										
2											
3	Option 1										
4	Managed Offices (cost per desk)	7	7	7	7	26	48	70	105	145	
5											
6	Option 2										
7	Rent					0					
8	Deposits					0					
9	Rates					0					
10	Electricity					0					
11	Water & Waste					0					
12	Gas					0					
13	Maintenance					0					
14	Security					0					
15											
16	Total Facilities	7	7	7	7	26	48	70	105	145	

£ 5,000 per employee per year
set to 0 if using option 2 below