

Confidential

Halstrom Pictures



Business Plan

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Executive Summary

Halstrom Pictures is a company with vision that writes, directs, and produces high quality films. We have the potential to branch out into new countries as the company grows. However, we will need additional funding and compliance with governments to accomplish this plan.

With funding and government clearance of our company to operate internationally we will spread our vision of producing films that tell true and inspiring stories. We will create jobs in each country we expand to. We believe that our experience and quality of productions is a key factor of success for our company. We will emulate the company culture, processes, and procedures in the Canada, Thailand, and many other countries around the world supporting

Objectives

Short Term:

1. Continue to build up production business in the US.
2. Produce two current film ideas.
3. Finish establishing operations in Mexico.

Long Term:

1. Expand operations to the Canada, Thailand, Hong Kong, Mainland China, Japan, Europe, New Zealand, and the Philippines.
2. Setup film distribution division.
3. Maintain a profit, to reinvest into business and further expansion.

Keys to Success

Quality:

- The quality of films we produce are of great importance. Products speak for how a company operates and performs. Our high quality of writing, directing, and production will allow us to have a good reputation with film publishing firms and a positive brand recognition.
- Product quality/creative satisfaction. All productions must meet the complete satisfaction of our internal quality and creative experts, regardless of genre. Employees must be trained to anticipate industry needs and the company's ability to meet these needs. No project is too small to ignore the importance of quality and internal satisfaction.

International Expansion:

- Taking our experience and quality productions to new regions of the world is a key factor of success for our company. We will emulate the company culture, processes, and procedures in the Canada, Thailand, Hong Kong, Mainland China, Japan, Europe, New Zealand, and the Philippines.
- Setting up our company legally in all countries will be another key success factor. Each market will be different and it will be crucial to establish a firm foundation to build our company upon in each area we expand into.

Mission

While Halstrom Pictures operates as a production company, it creates visionary pieces of art that take the viewer on a journey to another world. People will be educated through the eyes of those that are indigenous to the world we film.

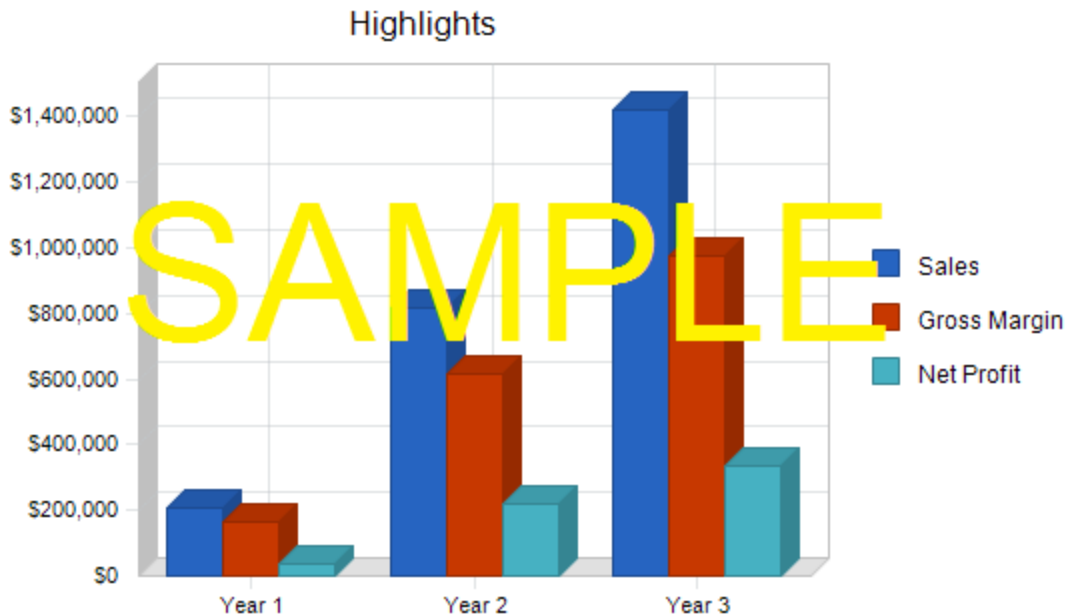
Mission Statement:

Our mission is to capture the many worlds around us, in physical form and visionary form, through quality film by writing, directing, producing, and distributing visual art. We strive to bring truth and knowledge to the world through artistic story-telling and will continue to expand our efforts globally to incorporate resources that the entire world has to offer.

Vision Statement:

We envision opportunity for all to create and learn using the environments around them.

Chart: Highlights



Company Summary

Halstrom Pictures produces quality film of its own creation and for clients. With years of success the company is poised to expand internationally.

Halstrom Pictures started in Los Angeles, California on October 2008. It is a privately owned, corporation. Before Halstrom Pictures was incorporated Bill Halstrom was a sole proprietor and trader under his own name and has over 10 years of experience in the film production industry, taking on many roles over the years from writing, directing, and producing.

SWOT Analysis Summary:

Strengths- Creativity and idea generation and quality of products through writing, directing, and producing processes.

Weaknesses- Distributing our products and marketing.

Opportunities- Creation of in-house distribution and new media distribution channels, international expansion, and telling unique stories that have not been told yet.

Threats- Competition and the low barrier of entry into the market, as well as government restrictions on international expansion.

Company Ownership

Halstrom Pictures is a privately-held and privately owned corporation, which is owned in majority by its founder and president, Bill Halstrom. We are open to taking on some investors and will pay investors in stock ownership of the company.

Company Locations and Facilities

All equipment and office management space is held within a small 750 square foot office in Los Angeles, California.

We are currently looking for bigger office space, and have priced several. Needed space is 1,000-1,500 sq. ft. In these areas, price per square foot runs \$2-\$2.80, or approximately \$2,000-\$4,200 per month for rent. Many of these locations include utilities.

Products and Services

As stated in the Company Summary section, Halstrom Pictures produces quality film of its own creation and for clients.

Product and Service Description

Services include:

- Developing film ideas and original Intellectual Property.
- Writing scripts and reviewing/revising client scripts.
- Directing and editing films.
- Post-Production for films.

Products include:

- Completed films based on our own ideas.

Competitive Comparison

We stand apart from our competition in quality and creativity.

Silver Spoon Pictures:

Silver Spoon Pictures was first established in 2004 under the original name Silver Screen Productions before registering as a business, Silver Screen Pictures in 2006. The company still currently operates out of the US and work predominately in Music Videos and documentary Production. Their first major international production was the 27 minute documentary "Not A Participant", 2009, which featured Indigenous artist Vernon Ah Kee and his journey to represent Art. The film premiered in Utah, USA at the Slamdance Film Festival.

Rebel Films:

Born from a union of remote bush experience and the edgy world of film and entertainment Rebel Films has emerged as a key player in the Australian television industry. Established in 1998 by writer/director David Batty and producer Jeni McMahon, Rebel Films produces innovative television for audiences throughout Australia and the international arena.

Rebel Films' mission is to deliver fresh, energetic and entertaining documentaries that celebrate the human spirit. With shameless enthusiasm and a warm sense of humor this irrepressible production team brings to the screen stories and characters that surprise, inspire and continually delight. This is keen spirit, raw and off the edge filmmaking at its best.

After seven years based in Broome, Rebel Films are now based in Melbourne and have established a position in the industry as an innovative, resourceful and efficient company producing high quality, sought after broadcast content.

360 Films:

360 Degree Films is a media production company. We tell stories that matter across multi-platform environments. Our screen content extends to all corners of the globe. It's insightful, entertaining and will empower and inspire people to see the world differently. Principal Sally Ingleton has been a major player in the the industry for the past 25 years. Her award winning documentaries cover many genres including nature, science, environment, social issues and the arts. In the past 5 years Sally has been commissioned by the following broadcasters: ABC,BBC, National Geographic, Arte France, France TV, ITV, SBS, RTBF, RTE, SVT, YLE, TSR, DR and AVRO.

Sales Literature

Halstrom Pictures relies heavily on pitching ideas to third-party distributors, such as Billy's Road Show, who buy the rights to films and market the films for Halstrom Pictures.

We will also develop "eye-grabbing" marketing literature through various marketing companies, such as L&R Productions. Our marketing literature includes door hangers, company capability brochures, point-of-service handouts, and annual reports.

Fulfillment

Fulfillment is handled by third-party distributors, who offer our films through retail stores, digital distribution, etc.

We will also partner with various distribution companies that will buy the rights to our films, such as Warner Bros. We will also target smaller distribution companies that will help us get our films out to the community and that can start training us on distribution methods so one day we can open our own distribution division.

Technology

We use both Windows and Macintosh technology in our company. Windows and Office products are used mainly for all databases, word processing, and accounting needs. Macintosh products are used primarily for video editing, and loading video onto our website. We also have all the necessary components for a digital video production center, including cameras, mini-disc recorders, microphones, and lights; such as: Sony DXC-D50 Studio Cameras mounted on Vinten pro-ped pedestals, For-A VPS 700 video switcher, Sony 23" LCD monitors plus 2 x JVC 17" CRT monitors for program and preview outputs, Deko video graphics system, Soundtech Alice Series A audio mixing desk, Audio-Technica boundary microphone, Genelec 8030A active monitors, Onkyo TX-SR703E master amplifier, JBL full surround speaker system, Yamaha MG12 audio mixer, Strand 300 Series lighting console with a 48 channel lighting grid, Strand Coda 500, Strand SL 15/32 profile spotlights, Strand Studio 2kW fresnels, Adtec Edje2100 real-time MPEG-2 encoder, Digital Rapids real-time encoding system, and Kramer VP-23 presentation switcher.

All other items can be rented per project at a low cost.

Future Products and Services

Within the next five years, we will add an in-house distribution division. We will distribute our own films through retail stores and digital media. To accomplish this we will create a press kit that specifically outlines the kind of films you intend to distribute, your marketing and recoupment strategies, your preferred media platforms, and your industry contacts, if any. The press kit should also include mock one-sheet movie posters, and a mock distribution game plan for a single project, if you have not already bought and distributed a film. Investors want to see that you have solid knowledge of how to make money in the film business. We will then contact the various media outlets you wish to work with: theaters, online, etc. Send your press kit and make them aware of the kinds of films you will be offering.

Market Analysis Summary

Companies in this industry produce motion pictures and TV shows on film or video (including DVD and Blu-ray) for cinema release or TV broadcasting. This industry also includes services like casting and post-production activities, such as film editing, animation, special effects, titling and sub-titling. This industry excludes film and video productions undertaken by in-house production facilities owned by TV stations.

Top-Grossing Genres 1995 to 2012

	Movies	Total Gross	Average Gross	Market Share
1 Comedy	1,751	\$44,792,158,044	\$25,580,901	23.48%
2 Adventure	521	\$38,199,674,469	\$73,319,913	20.03%
3 Drama	3,132	\$33,621,012,632	\$10,734,678	17.63%
4 Action	570	\$32,066,637,809	\$56,257,259	16.81%
5 Thriller/Suspense	561	\$15,495,734,985	\$27,621,631	8.12%
6 Romantic Comedy	403	\$11,286,883,357	\$28,007,155	5.92%
7 Horror	329	\$9,093,205,812	\$27,638,923	4.77%
8 Documentary	1,076	\$2,063,950,710	\$1,918,170	1.08%
9 Musical	113	\$1,865,013,970	\$16,504,548	0.98%
10 Black Comedy	85	\$781,440,299	\$9,193,415	0.41%

Market Segmentation

The documentary market segment requires the most creative and artistic style. A documentary is any video or film that informs viewers about a topic or issue. Many documentary films provide us with educational information. Others just describe certain people. Many people think making a documentary is easy. However, making a documentary is not as easy as it seems.

Target Market Segment Strategy

Our strategy is to not only continue to partner with third-party distributors but we will hire a sales force to market and sell our films for us. We will develop, distribute, and market our own Intellectual Property. A sales team can bring in sales and profits while our management team focuses on strategy. We need time to plan and grow our business. Harvard research shows that, across a range of industries, there is a direct and consistent correlation between the calibre of the sales force and organizational growth.

Market Growth

Major production and distribution companies within the market have been cautious in the past are now becoming very active. Specialty-film studio Fox Searchlight, for instance, which in recent years had bought one or even no films at Sundance, acquired rights to three pictures. That includes worldwide rights to "Martha Marcy May Marlene," a drama about a woman who escapes a cult that stars Elizabeth Olsen.

When Focus Features acquired the rights to "Pariah," a coming-of-age drama directed by Dee Rees, a protégé of Spike Lee, on Friday, it meant that nearly every major specialty player (the list also includes Lions gate, Roadside Attractions, IFC, Sony Pictures Classics and Magnolia Pictures) had made a buy here. Only Summit Entertainment had not made a purchase at this year's festival.

Attendees at Sundance had numerous explanations for the rebound in the market after more than two years in the dumps, from a groundswell of well-regarded debut filmmakers, to emboldened buyers to movies made at a lower cost, which entails fewer investors slowing down sales negotiations.

Market Needs

There is no end to the demand for quality original concepts made into film. With major production and distribution companies having trouble producing original content with minimal risk they are turning to more independent companies to full demand.

In conducting market research on documentaries many industry experts ran into a major problem: the data was not comprehensively organized or investigated. After talking with various professors at Northwestern University, with research companies like Nielson Media Research, movie rental companies like Netflix and Blockbuster and finally with film companies like Sony, Fox Entertainment and Warner Brothers, experts came to the unfortunate conclusion that film companies had spent too much time searching for data that just wasn't in existence. There is a need for more researched and authentic documentaries within the industry.

Market Trends

Due to the recent technological breakthroughs in computer hardware and software, digital film and editing tools have become easier to acquire, thus making the barrier for entry into the market much lower. The number of production companies has hit a record high with the average tenure within the industry decreasing as more of these companies close down.

Traditionally, an "independent" film has been defined as financed primarily from sources outside the six major U.S. studios. But in an era of entertainment conglomerates, as scholar John Berra writes in his 2008 book *Declarations of Independence*, "Serious debate arises about what constitutes an independent feature film, as the economic background of a motion picture and its cultural content and commercial aspirations can be wildly divergent." The distinctions become even stickier when we consider MGM, one of film history's great majors, acquisition by independent entertainment company Spyglass in October 2010. And yet even before this historic acquisition, how independent is a film production that emerges from the specialty arm of a major studio anyway? Despite questions of definition, the term "independent" remains in frequent use in the Hollywood industry to reference both economics and content; i.e., features and programs with lower budgets and unconventional treatments compared to typical studio-sponsored ones. Indeed, the major studios continue to look to the independent productions for innovative ideas and bankable new trends, paying close attention to which strategies and risks they take ultimately pay off.

Service Business Analysis

The amount of firms that direct, write, revise, and produce content for clients has increased over the past decade as technology has decreased the overall cost of producing a film. Production companies still see lucrative returns from producing the Intellectual Property of clients, but it is not as lucrative as producing original Intellectual Property created by the production company.

Main Competitors

Independent Companies:

Strengths: Nationwide, dozens of independently owned production companies produce video scrapbooks. Most are your neighbors, businesses you want to trust.

Weaknesses: Quality is inconsistent and depends entirely upon the owner's ability. If you're not a close friend or family member, you may not get the product you really want or thought you ordered. Due to time constraints and the need for revenue, many of these smaller companies will put video scrapbooks on the back burner for bigger projects, such as weddings.

Strategy and Implementation Summary

Halstrom Pictures will establish a distribution division and open operations in over eight new locations across the world. We have identified our international expansion process as a business development strategy and have based it on sound business research. Our strategic vision is spreading our culture and mission throughout the world.

Competitive Edge

Halstrom Pictures will retain its competitive edge by implementing the same processes and company culture that have proven successful over the past few years. We have been able to successfully execute the three main stages of the production process.

Stage 1: Pre-Production

The first stage of a successful production is planning. It is important to plan thoroughly by identifying clearly your production aims, style, key messages and target audience. This planning stage is a two way process between what you tell us about your market and aims and what we can suggest to you in order to formulate effective and creative video treatments.

Stage 2: Production

We have the means to produce stunning video and DVD. Working with a range of professional formats from broadcast standard kit to the Sony DV-cam range.

Stage 3: Post-Production

Our post-production facilities offer choices in both on & off line non-linear editing. Non-linear editing means that each and every aspect of Production from video scenes, audio, images, text, or graphics can be mixed, cropped, merged, changed or deleted as we wish.

Sales Strategy

We will continue to use third-party distributors to market and sale our films but will also employ a sales team dedicated to sale our films as well as our writing, directing, and producing services.

We will hire a sales force to market and sell our films for us. We will develop, distribute, and market our own Intellectual Property. A sales team can bring in sales and profits while our management team focuses on strategy

Sales Forecast

Yearly sales forecasts are shown below and the initial year's monthly forecast is shown in the appendix.

Strategic Alliances

We will strike up strategic alliances with sales and marketing companies such as Billy's Road Show. They may choose to buy the rights and market the films themselves.

We may also create a strategic alliance with other film companies and production companies such as Six Sigma Films. We believe that in this age of globalization, collaboration and strategic alliances are essential to success. It is important that these alliances transcend state and national boundaries.

Marketing Strategy

We intend to maintain an extensive marketing campaign that will ensure maximum visibility for the business's developed films among its targeted market.

1. Build relationships with primary target customers (distributors).
2. Establish connections with entertainment advertising agencies and marketing firms.
3. Emphasize service and quality while building a referral basis.
4. Emphasize service while building relationships.
5. Focus on small market segment.
6. Implement international business plans.

Positioning Statement

We are positioning ourselves as a serious production company that tells the real story of what goes on in the world. With no hidden agenda we can produce quality, truthful, and powerful films. We must become more visible to accomplish our market position. Halstrom Pictures will use direct advertising campaigns that will be of significant importance to the company. Timely coverage of our company's intellectual properties will be further directed through ongoing press relations, news releases and feature stories targeted at key professional communities and other media outlets. Publicity activities will be designed to generate ongoing coverage about our company in targeted media by providing writers and editors with newsworthy releases, features, stories, briefs, and visual material for their columns and stories.

Pricing Strategy

Each film will cost \$500,000 to \$5,000,000 depending on the scope of the project. Our small projects that last a few months may cost \$500,000 to produce, while multi-year projects can cost around \$5,000,000 to fully produce. We produce films that tell compelling stories and spread true information and documentation to its viewers. The scope of the project varies so the price will vary as well.

Promotion Strategy

We will limit promotions as it will decrease our brand's value. At this time we do not offer any promotions for our products or services.

We understand that promotions may have to happen in the future and if that day comes we plan to do some more media promotions because movie distributors spend about \$4 billion a year to buy paid advertising (30-second TV commercials, newspaper ads, etc.) and over half that total is placed on broadcast and cable TV (where our films are sometimes shown), which are the main vehicles for advertising films to audiences. TV is effective because it is an audio-visual medium – like film – and can deliver a vast audience quickly.

Distribution Strategy

We will continue to distribute our products through third-party distributors but within five years we will have our own distribution department.

Halstrom Pictures believes it can successfully distribute the films we produce. We believe that the distributor must ensure that enough film prints are struck to service all contracted exhibitors on the contract-based opening day, ensure their physical delivery to the theater by the opening day, monitor exhibitors to make sure the film is in fact shown in the particular theatre with the minimum number of seats and show times, and ensure the prints' return to the distributor's office or other storage resource also on the contract-based return date. In practical terms, this includes the physical production of film prints and their shipping around the world (a

process that is beginning to be replaced by digital distribution) as well as the creation of posters, newspaper and magazine advertisements, television commercials, trailers, and other types of ads.

Milestones

Part of the business's success will be based on planned tasks and timely completion of those steps. The table below lists steps, timeline and estimated budgets.

Management Summary

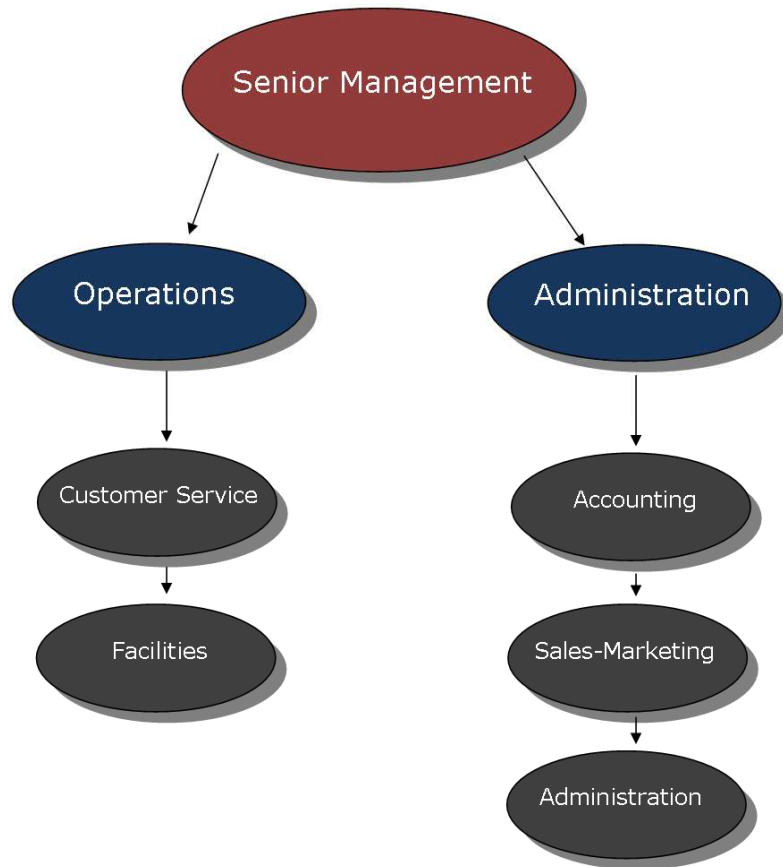
Halstrom Pictures is owned and operated by its founder, Bill Halstrom. It is a small company with immediate plans for hiring three or four more employees. Each employee's responsibilities will be outlined in our business system "Operations Manual."

As we grow internationally, we will evaluate which positions need to be filled first. Long term growth includes plans for an Operations Manager, who will report to the President and handle all accounting and marketing responsibilities. Three managers will answer to the Ops Mgr, one per division. Each manager will be primarily responsible for accounting and marketing within his/her division, and will handle all hiring/training needs.

We currently receive a great deal of advice from outside sources, such as our accountant and attorney; however, we follow the advice which meets our goals and needs.

Organizational Structure

As a new company, our divisions and departments are inter-related and handled for the most part by Bill Halstrom. With time and revenue, we will expand to accommodate several departments: sales & marketing, service and administration, product development, and finance. Each division manager will fill these departments according to specific needs and the company's business system operations manual.



Management Team

Bill Halstrom, founder, owns 60% of the company, has been in the film industry for over a decade and has combined all of his experience in one effort as Halstrom Pictures.

Robert Halstrom, director, owns 20% of the company; has directed over 2 films and is learned extensively from Bill Halstrom in successful approaches within the industry.

Brittani McArthur, director, owns 20% of the company; has directed over 2 films and is learned extensively from Bill Halstrom in successful approaches within the industry.

Management Team Gaps

We believe we have strong leadership for developing the concept behind Halstrom Pictures. At present, our weakest area is in accounting. We are currently taking an accounting course produced by "Great Courses on Tape," focusing on finance and accounting. Additionally, we have hired a qualified management counselor, and QuickBooks advisor.

We also need to hire division managers with a well-rounded management background, including human resources, accounting, benchmarking and goal-setting abilities.

Personnel Plan

Details of production staffing are presented in the Personnel Table, below and in the appendix.

We assume hiring employees on hourly pay the first year, and adding a few salaried management positions with benefits the second year. Our management salaries (marketing manager, president, operations manager) as shown below include taxable benefits. Payroll taxes for all employees are shown in the Profit and Loss.

Financial Plan

The most important element in the financial plan is the critical need for additional capital to assist in business operations through the remaining expansion process, and to maintain a positive cash balance for the first fiscal quarters. We do not anticipate any changes to our financial plan through accounts receivables or inventory, as our company operates upon the "payment upon receipt" principal for all goods, and our inventory cycle does not meet the standard criteria.

Important Assumptions

The financial plan depends on important assumptions, most of which are shown in the following table. The key underlying assumptions are:

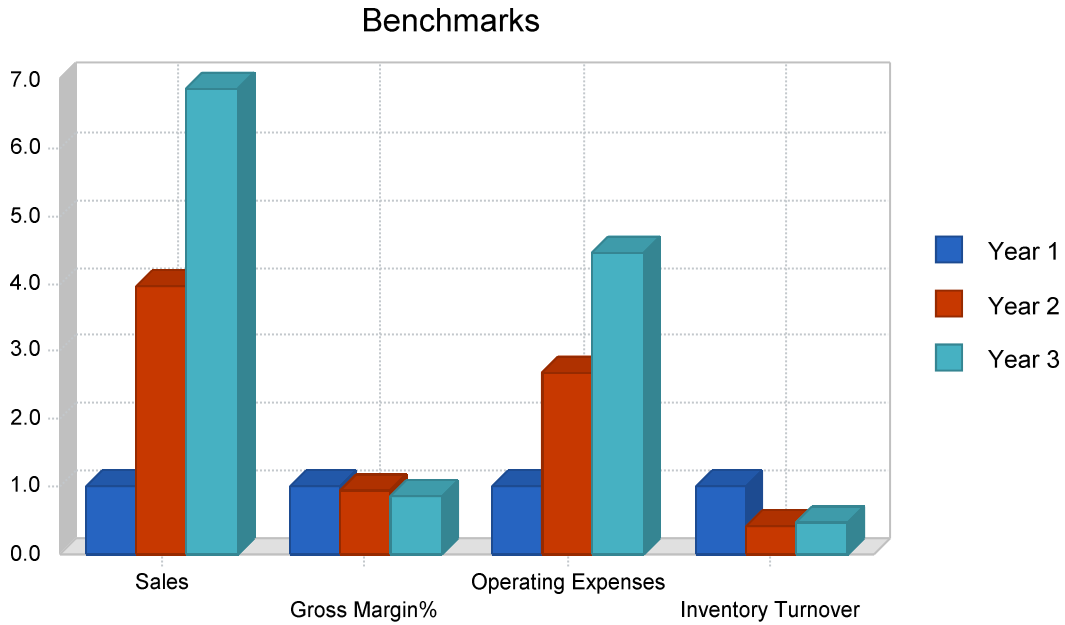
We assume access to equity capital and financing sufficient to follow and maintain our financial plan as shown in the tables. We anticipate our financing to hold higher long-term interest than our current loan against stock. We assume that as our company grows, we will be able to utilize a larger credit line, decreasing our expenses in cash. Likewise, our short-term credit line will be available with a lower short-term interest rate, making more cash available.

Key Financial Indicators

The benchmark chart shows the nature of our company. We estimate consistent turns on inventory, as our inventory is available for resale on a constant basis. Our Gross Margin increases with increased sales, but as we have a very low direct cost of sales, this number will only increase fractionally compared to sales.

Sales and Operating Expenses are our closest measurements in this forecast. While sales increase dramatically, operating expenses increase with new operations, additional employees and taxes. However, by maximizing the number of employees within each international expansion, we are also maximizing our location and limiting further expenses that additional expansion would incur. We are also able to save drastically on advertising expenses, which would naturally increase with each new location.

Chart: Benchmarks



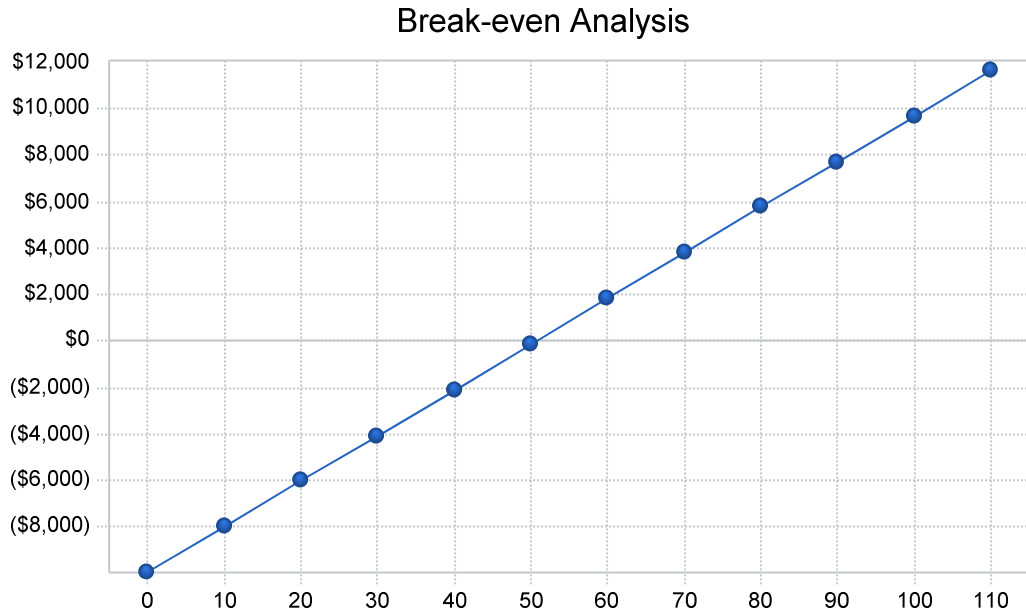
Break-even Analysis

We assume running costs which include rent, utilities, office expenses, and an average of travel, advertising and miscellaneous costs. Miscellaneous costs are equal to quarterly costs such as business cards, brochures, bulk tape supplies and occasional equipment rental. Payroll increases every other month as we add new employees.

Table: Break-even Analysis

Break-even Analysis	
Monthly Units Break-even	51
Monthly Revenue Break-even	\$10,303
Assumptions:	
Average Per-Unit Revenue	\$203.45
Average Per-Unit Variable Cost	\$7.06
Estimated Monthly Fixed Cost	\$9,946

Chart: Break-even Analysis



Projected Profit and Loss

Profit and Loss projects look very good, with the usual start-up loss limited to the first two months. The monthly projections for the first year are included in the appendix.

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
Sales	\$206,300	\$814,116	\$1,421,860
Direct Cost of Sales	\$7,155	\$32,770	\$59,450
Production Payroll	\$33,000	\$166,500	\$385,000
Other	\$0	\$0	\$0
Total Cost of Sales	\$40,155	\$199,270	\$444,450
Gross Margin	\$166,145	\$614,846	\$977,410
Gross Margin %	80.54%	75.52%	68.74%
Operating Expenses			
Sales and Marketing Expenses			
Sales and Marketing Payroll	\$7,998	\$78,400	\$85,000
Advertising/Promotion	\$20,000	\$20,000	\$30,000
Travel	\$6,500	\$10,000	\$8,000
Miscellaneous	\$9,500	\$7,500	\$10,000
Total Sales and Marketing Expenses	\$43,998	\$115,900	\$133,000
Sales and Marketing %	21.33%	14.24%	9.35%
General and Administrative Expenses			
General and Administrative Payroll	\$25,800	\$75,000	\$125,000
Sales and Marketing and Other Expenses	\$0	\$0	\$0
Depreciation	\$0	\$0	\$0
Leased Equipment	\$0	\$0	\$0
Utilities	\$1,260	\$3,600	\$6,000
Insurance	\$1,040	\$2,880	\$4,800
Rent	\$9,750	\$27,000	\$45,000
Payroll Taxes	\$0	\$0	\$0
Other General and Administrative Expenses	\$0	\$0	\$0
Total General and Administrative Expenses	\$37,850	\$108,480	\$180,800
General and Administrative %	18.35%	13.32%	12.72%
Other Expenses:			
Other Payroll	\$37,500	\$97,750	\$217,250
Consultants	\$0	\$0	\$0
Contract/Consultants	\$0	\$0	\$0
Total Other Expenses	\$37,500	\$97,750	\$217,250
Other %	18.18%	12.01%	15.28%
Total Operating Expenses	\$119,348	\$322,130	\$531,050
Profit Before Interest and Taxes	\$46,797	\$292,716	\$446,360
EBITDA	\$46,797	\$292,716	\$446,360
Interest Expense	\$423	\$141	\$0
Taxes Incurred	\$11,488	\$73,144	\$113,450
Net Profit	\$34,886	\$219,431	\$332,910
Net Profit/Sales	16.91%	26.95%	23.41%

Chart: Profit Monthly

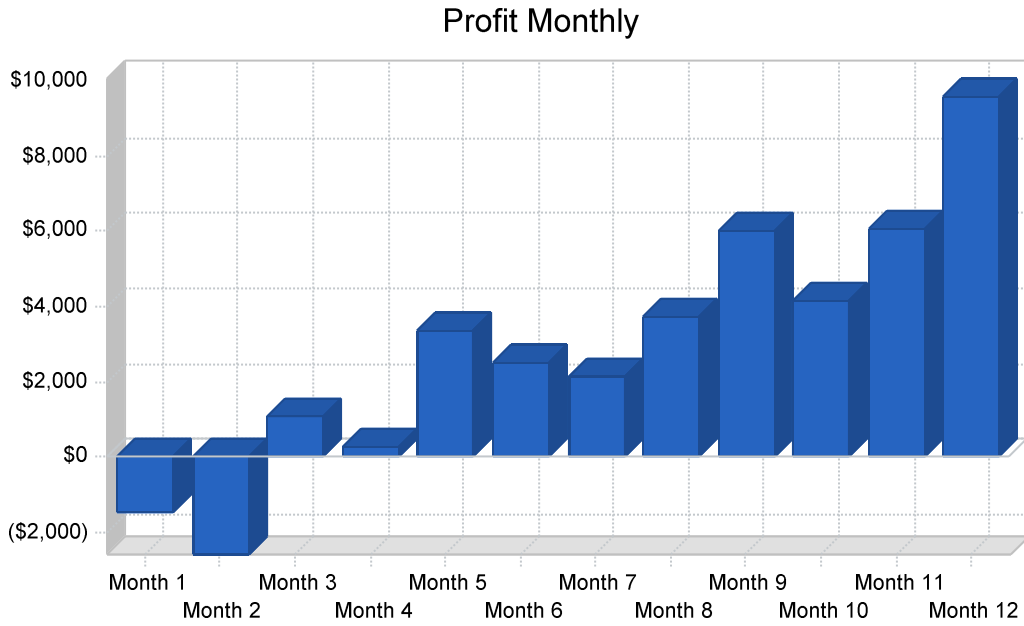
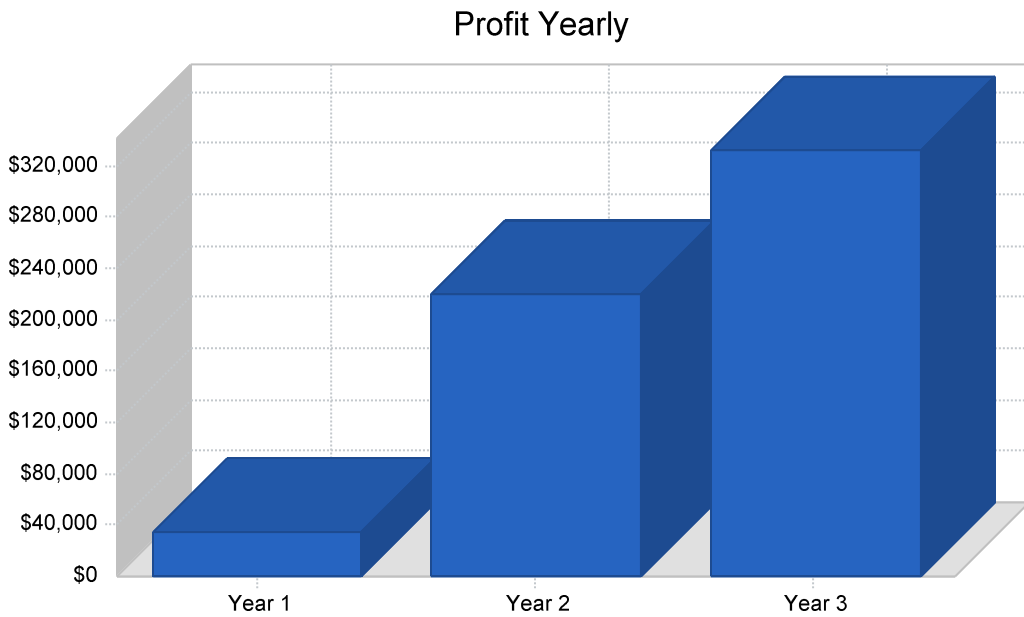


Chart: Profit Yearly



Projected Cash Flow

Cash flow projections are good, as shown in the annual table below, and the monthly table in the appendix. There are only two months of negative cash flow the foreseen the first year, and the all-important cash balance shows steady increases.

Chart: Cash

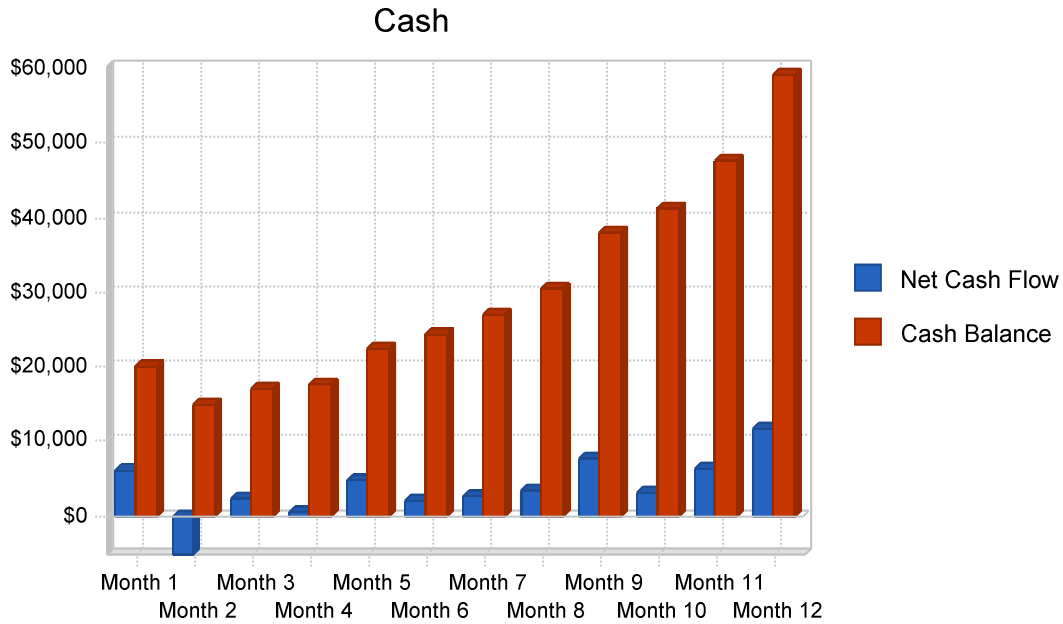


Table: Cash Flow

<i>Pro Forma Cash Flow</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
Cash Received			
Cash Sales	\$206,300	\$814,116	\$1,421,860
Subtotal Cash from Operations	\$206,300	\$814,116	\$1,421,860
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$5,000	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$211,300	\$814,116	\$1,421,860
Expenditures			
Expenditures from Operations			
Cash Spending	\$104,298	\$417,650	\$812,250
Bill Payments	\$59,036	\$189,141	\$264,923
Subtotal Spent on Operations	\$163,334	\$606,791	\$1,077,173
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$2,830	\$2,170	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$166,164	\$608,961	\$1,077,173
Net Cash Flow	\$45,136	\$205,155	\$344,687
Cash Balance	\$59,236	\$264,391	\$609,079

Projected Balance Sheet

The balance sheet below shows steady increase in net worth over the life of the plan.

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
Assets			
Cash	\$59,236	\$264,391	\$609,079
Inventory	\$1,480	\$19,672	\$14,136
Other Current Assets	\$500	\$500	\$500
Total Current Assets	\$61,216	\$284,563	\$623,715
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$61,216	\$284,563	\$623,715
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$9,960	\$16,046	\$22,287
Current Borrowing	\$2,170	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$12,130	\$16,046	\$22,287
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$12,130	\$16,046	\$22,287
Paid-in Capital	\$15,000	\$15,000	\$15,000
Retained Earnings	(\$800)	\$34,086	\$253,517
Earnings	\$34,886	\$219,431	\$332,910
Total Capital	\$49,086	\$268,517	\$601,427
Total Liabilities and Capital	\$61,216	\$284,563	\$623,715
Net Worth	\$49,086	\$268,517	\$601,427

Business Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 7812, Motion Picture and Video Production, are shown for comparison.

Table: Ratios

<i>Ratio Analysis</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Industry Profile</i>
Sales Growth	n.a.	294.63%	74.65%	14.20%
Percent of Total Assets				
Inventory	2.42%	6.91%	2.27%	3.40%
Other Current Assets	0.82%	0.18%	0.08%	46.90%
Total Current Assets	100.00%	100.00%	100.00%	68.40%
Long-term Assets	0.00%	0.00%	0.00%	31.60%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	19.82%	5.64%	3.57%	41.60%
Long-term Liabilities	0.00%	0.00%	0.00%	17.20%
Total Liabilities	19.82%	5.64%	3.57%	58.80%
Net Worth	80.18%	94.36%	96.43%	41.20%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	80.54%	75.52%	68.74%	0.00%
Selling, General & Administrative Expenses	63.71%	46.92%	43.99%	74.80%
Advertising Expenses	9.69%	2.46%	2.11%	1.60%
Profit Before Interest and Taxes	22.68%	35.96%	31.39%	1.60%
Main Ratios				
Current	5.05	17.73	27.98	1.67
Quick	4.92	16.51	27.35	1.12
Total Debt to Total Assets	19.82%	5.64%	3.57%	58.80%
Pre-tax Return on Net Worth	94.48%	108.96%	74.22%	1.80%
Pre-tax Return on Assets	75.76%	102.82%	71.56%	4.50%
Additional Ratios				
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	
Net Profit Margin	16.91%	26.95%	23.41%	n.a
Return on Equity	71.07%	81.72%	55.35%	n.a
Activity Ratios				
Inventory Turnover	7.63	3.1	3.52	n.a
Accounts Payable Turnover	6.89	12.17	12.17	n.a
Payment Days	27	24	26	n.a
Total Asset Turnover	3.37	2.86	2.28	n.a
Debt Ratios				
Debt to Net Worth	0.25	0.06	0.04	n.a
Current Liab. to Liab.	1	1	1	n.a

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Liquidity Ratios				
Net Working Capital	\$49,086	\$268,517	\$601,427	n.a
Interest Coverage	110.63	2,075.26	0	n.a

Additional Ratios				
Assets to Sales	0.3	0.35	0.44	n.a
Current Debt/Total Assets	20%	6%	4%	n.a
Acid Test	4.92	16.51	27.35	n.a
Sales/Net Worth	4.2	3.03	2.36	n.a
Dividend Payout	0	0	0	n.a