

▶ **1-Company info**

LEGAL NAME ▶ Doors To The World, Inc.
TRADING NAME ▶ Doors To The World, Inc.
ADDRESS ▶ 2020 Sommerhill Drive
Suite N° 203
New Barton, ON N2O 1T1

PHONE ▶ (514) 555-2020
E-MAIL ▶ info@doorstotheworld.com

FAX ▶ (519) 555-1010

FORM OF COMPANY ▶ Corporation

DATE COMPANY STARTED ▶ February 1986

LAST FISCAL YEAR END ▶ October 2003

LAST INTERIM STATEMENT ▶ ---

INDUSTRY SECTOR ▶ Construction

NAICS CODE ▶ 321911

% OF SALES THAT
GO TO EXPORT ▶ 10%

▶ **2-Sales**

SALES ACTIVITIES	HISTORICAL			PROJECTED		
	Oct-01	Oct-02	Oct-03	Oct-04	Oct-05	Oct-06
French Doors	\$571,900	\$625,300	\$789,000	\$863,000	\$932,000	\$1,007,000
Panel doors	275,400	225,000	218,900	180,000	194,000	210,000
Windows	74,100	83,000	114,300	130,000	140,000	151,000
New door model				75,000	94,000	127,000
TOTAL SALES (\$)	\$921,400	\$933,300	\$1,122,200	\$1,248,000	\$1,360,000	\$1,495,000
SALES ACTIVITIES (%)						
French Doors	62.1%	67.0%	70.3%	69.2%	68.5%	67.4%
Panel doors	29.9%	24.1%	19.5%	14.4%	14.3%	14.0%
Windows	8.0%	8.9%	10.2%	10.4%	10.3%	10.1%
New door model	0.0%	0.0%	0.0%	6.0%	6.9%	8.5%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

▼ **ASSUMPTIONS REGARDING SALES**

Sales will follow the eplanned expansion activities (distribution in other provinces and New England)

For both years, sales will not materialize until 6 months in the fiscal year (time to establish working relationships with distributors, etc.)

New products will be lanuched October of next year

Projections suppose same price positioning and product quality (mid to high end)

▶ **3-Cost of Sales**

	HISTORICAL			PROJECTED		
	Oct-01	Oct-02	Oct-03	Oct-04	Oct-05	Oct-06
Opening Inventory	\$173,700	\$147,500	\$227,100	\$212,400	\$270,000	\$290,000
Material Purchases	491,900	576,900	611,700	670,000	710,000	778,000
Freight & Duty	18,600	20,300	22,700	25,000	35,000	38,000
Other				3,000	3,000	3,000
Closing Inventory (-)	147,500	227,100	212,400	270,000	290,000	270,000
<i>Total Material Costs</i>	<i>\$536,700</i>	<i>\$517,600</i>	<i>\$649,100</i>	<i>\$640,400</i>	<i>\$728,000</i>	<i>\$839,000</i>
Direct Labour Wages	80,800	100,400	120,900	150,000	158,000	166,000
Repairs & Maintenance	4,800	1,000	1,700	2,500	3,000	3,000
Services / utilities	6,400	6,100	6,800	7,000	8,000	9,000
Depreciation	20,200	12,200	10,700	12,000	13,000	14,000
Overhead	18,400	21,200	28,800	32,000	35,000	37,000
Realty Taxes	12,000	19,200	26,300	33,000	36,000	39,000
TOTAL COST OF SALES (\$)	\$679,300	\$677,700	\$844,300	\$876,900	\$981,000	\$1,107,000

COST OF SALES (%)

Opening Inventory	25.6%	21.8%	26.9%	24.2%	27.5%	26.2%
Material Purchases	72.4%	85.1%	72.5%	76.4%	72.4%	70.3%
Freight & Duty	2.7%	3.0%	2.7%	2.9%	3.6%	3.4%
Other	0.0%	0.0%	0.0%	0.3%	0.3%	0.3%
Closing Inventory (-)	21.7%	33.5%	25.2%	30.8%	29.6%	24.4%
<i>Total Material Costs</i>	<i>79.0%</i>	<i>76.4%</i>	<i>76.9%</i>	<i>73.0%</i>	<i>74.2%</i>	<i>75.8%</i>
Direct Labour Wages	11.9%	14.8%	14.3%	17.1%	16.1%	15.0%
Repairs & Maintenance	0.7%	0.1%	0.2%	0.3%	0.3%	0.3%
Services / utilities	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%
Depreciation	3.0%	1.8%	1.3%	1.4%	1.3%	1.3%
Overhead	2.7%	3.1%	3.4%	3.6%	3.6%	3.3%
Realty Taxes	1.8%	2.8%	3.1%	3.8%	3.7%	3.5%
TOTAL COST OF SALES (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

▼ **ASSUMPTIONS REGARDING COST OF SALES**

Input material costs are expected to remain fairly constant over the forecast period.

The addition of new employees is taken into account both in current year and in projection year 1.

▶ 4-Expenses

	HISTORICAL			PROJECTED		
	Oct-01	Oct-02	Oct-03	Oct-04	Oct-05	Oct-06
Selling Salaries	\$38,200	\$46,900	\$52,400	\$58,500	\$60,000	\$63,000
Traveling						
Advertising	9,800	3,500	4,800	6,600	7,500	12,000
Shipping & Delivery	27,400	22,400	27,100	32,800	35,000	38,000
Depreciation						
Other	8,000	6,000	6,900	7,000	8,500	9,500
<i>Total Sales Expenses (\$)</i>	<i>\$83,400</i>	<i>\$78,800</i>	<i>\$91,200</i>	<i>\$104,900</i>	<i>\$111,000</i>	<i>\$122,500</i>
Management Salaries	32,000	30,000	35,000	38,000	42,000	45,000
Office Salaries	34,400	38,100	41,400	44,000	46,000	48,000
Professional Fees	9,900	4,300	4,900	5,200	5,700	6,300
Telecommunication	7,000	9,300	9,100	9,300	8,500	9,500
Depreciation						
Office Expenses	12,600	13,700	17,100	19,200	22,500	24,000
Insurance & Taxes						
Bank Charges	14,300	18,500	16,100	17,500	18,500	17,000
Interest on L.T.D.	29,500	27,700	22,600	20,000	18,000	16,000
Bad Debts	8,700	2,700	4,200	5,000	6,000	8,000
Other						
<i>Total Admin. Expenses (\$)</i>	<i>\$148,400</i>	<i>\$144,300</i>	<i>\$150,400</i>	<i>\$158,200</i>	<i>\$167,200</i>	<i>\$173,800</i>
<i>Research & Development (\$)</i>				\$25,000		
TOTAL EXPENSES (\$)	\$231,800	\$223,100	\$241,600	\$288,100	\$278,200	\$296,300

EXPENSES (%)

Selling Salaries	16.5%	21.0%	21.7%	20.3%	21.6%	21.3%
Traveling						
Advertising	4.2%	1.6%	2.0%	2.3%	2.7%	4.0%
Shipping & Delivery	11.8%	10.0%	11.2%	11.4%	12.6%	12.8%
Depreciation						
Other	3.5%	2.7%	2.9%	2.4%	3.1%	3.2%
<i>Total Sales Expenses (%)</i>	36.0%	35.3%	37.7%	36.4%	39.9%	41.3%
Management Salaries	13.8%	13.4%	14.5%	13.2%	15.1%	15.2%
Office Salaries	14.8%	17.1%	17.1%	15.3%	16.5%	16.2%
Professional Fees	4.3%	1.9%	2.0%	1.8%	2.0%	2.1%
Telecommunication	3.0%	4.2%	3.8%	3.2%	3.1%	3.2%
Depreciation						
Office Expenses	5.4%	6.1%	7.1%	6.7%	8.1%	8.1%
Insurance & Taxes						
Bank Charges	6.2%	8.3%	6.7%	6.1%	6.6%	5.7%
Interest on L.T.D.	12.7%	12.4%	9.4%	6.9%	6.5%	5.4%
Bad Debts	3.8%	1.2%	1.7%	1.7%	2.2%	2.7%
Other						
<i>Total Admin Expenses (%)</i>	64.0%	64.7%	62.3%	54.9%	60.1%	58.7%
<i>Research & Development (%)</i>				8.7%		
TOTAL EXPENSES (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

▼ ASSUMPTIONS REGARDING EXPENSES

► 5-Income Statement

	HISTORICAL			PROJECTED		
	Oct-01	Oct-02	Oct-03	Oct-04	Oct-05	Oct-06
Total Sales	\$921,400	\$933,300	\$1,122,200	\$1,248,000	\$1,360,000	\$1,495,000
Total Cost of Sales	679,300	677,700	844,300	876,900	981,000	1,107,000
<i>Gross Profit</i>	\$242,100	\$255,600	\$277,900	\$371,100	\$379,000	\$388,000
Sales Expenses	\$83,400	\$78,800	\$91,200	\$104,900	\$111,000	\$122,500
Admin Expenses	148,400	144,300	150,400	158,200	167,200	173,800
R&D				25,000		
<i>Total Expenses</i>	\$231,800	\$223,100	\$241,600	\$288,100	\$278,200	\$296,300
OPERATING PROFIT	\$10,300	\$32,500	\$36,300	\$83,000	\$100,800	\$91,700
Other Income						
Non Operating Items						
<i>Profit Before Taxes</i>	\$10,300	\$32,500	\$36,300	\$83,000	\$100,800	\$91,700
Current Income Tax						
Deferred Taxes						
<i>Net Profit</i>	\$10,300	\$32,500	\$36,300	\$83,000	\$100,800	\$91,700
Depreciation						
<i>Non-Cash Items</i>						
Dividends						
CASH FLOW FROM OPERATIONS	\$10,300	\$32,500	\$36,300	\$83,000	\$100,800	\$91,700

▼ NOTES TO INCOME STATEMENT

► 6-Balance Sheet

2003

ASSETS

Cash	\$2,800
Accounts Receivable -- Trade	127,600
Accounts Receivable -- Other	1,300
Inventory	147,600
Prepaid Expenses	2,300
Other	
<i>Current Assets</i>	<i>\$281,600</i>
Land	\$248,600
Building	
Furniture & Fixtures	15,800
Equipment & Machinery	19,800
Other	\$15,000
<i>Net Fixed Assets</i>	<i>\$299,200</i>
Research & Development	
Other Assets	2,100
<i>Other Assets</i>	<i>\$2,100</i>
TOTAL ASSETS	\$582,900

LIABILITIES

Bank Loan	\$110,000
Accounts Payable	69,200
Accruals	9,200
Current Portion of L.T.D.	32,900
Income Taxes Payable	2,700
Other	
<i>Current Liabilities</i>	<i>\$224,000</i>
Term Debt	\$196,600
Shareholders' Advances	64,100
Other	
<i>Long-Term Liabilities</i>	<i>260,700</i>
Common Shares	\$60,000
Preferred Shares	
Retained Earnings	38,200
Contributed Surplus	
TOTAL SHAREHOLDERS' EQUITY	98,200
LIABILITIES + S/H EQUITY	\$582,900

BALANCE SHEET (CON'T)

2004

ASSETS

Cash	\$3,100
Accounts Receivable -- Trade	140,400
Accounts Receivable -- Other	1,400
Inventory	162,400
Prepaid Expenses	2,500
Other	
<i>Current Assets</i>	<i>\$309,800</i>
Land	\$273,500
Building	
Furniture & Fixtures	17,400
Equipment & Machinery	21,800
Other	\$16,500
<i>Net Fixed Assets</i>	<i>\$329,200</i>
Research & Development	
Other Assets	2,300
<i>Other Assets</i>	<i>\$2,300</i>
TOTAL ASSETS	<u>\$641,300</u>

LIABILITIES

Bank Loan	\$160,000
Accounts Payable	76,100
Accruals	10,100
Current Portion of L.T.D.	36,200
Income Taxes Payable	3,000
Other	
<i>Current Liabilities</i>	<i>\$285,400</i>
Term Debt	\$216,300
Shareholders' Advances	70,500
Other	
<i>Long-Term Liabilities</i>	<i>286,800</i>
Common Shares	\$66,000
Preferred Shares	
Retained Earnings	3,100
Contributed Surplus	
TOTAL SHAREHOLDERS' EQUITY	<i>69,100</i>
LIABILITIES + S/H EQUITY	<u>\$641,300</u>

▼ NOTES TO BALANCE SHEET

► 7-Projected Cash Flow

2004

	Jan	Feb	Mar	Apr	May	Jun
Collection of Sales	\$113,900	\$102,700	\$99,800	\$99,500	\$97,000	\$115,000
Loans/Investments				200,000		
Sale of Assets						
Other						
<i>Total Source</i>	<i>\$113,900</i>	<i>\$102,700</i>	<i>\$99,800</i>	<i>\$299,500</i>	<i>\$97,000</i>	<i>\$115,000</i>
Purchases Payment	\$47,200	\$44,600	\$44,500	\$44,700	\$53,000	\$58,000
Direct Labour Wages	13,900	13,900	13,900	13,900	13,900	13,900
Repairs & Maintenance						
Utilities & Taxes						
Sales Expenses	6,100	6,100	6,400	6,400	6,100	6,100
Administrative Expenses	12,000	12,000	12,000	12,000	12,000	12,000
Interest	4,100	3,600	3,600	3,700	3,700	3,700
Repayment of the Debt	3,800	3,800	3,800	3,800	4,200	4,200
Other	5,300	5,300	10,300	10,300		
<i>Total Application</i>	<i>\$92,400</i>	<i>\$89,300</i>	<i>\$94,500</i>	<i>\$94,800</i>	<i>\$92,900</i>	<i>\$97,900</i>
Surplus/ (Deficit)	\$21,500	\$13,400	\$5,300	\$204,700	\$4,100	\$17,100
Opening Cash Position	-142,300	-120,800	-107,400	-102,100	102,600	106,700
CASH / LOAN REQUIRED	-\$120,800	-\$107,400	-\$102,100	\$102,600	\$106,700	\$123,800

Collection of Sales	\$99,800	\$110,000	\$102,000	\$120,000	\$125,000	\$102,000
Loans/Investments						
Sale of Assets						
Other						
<i>Total Source</i>	<i>99,800</i>	<i>110,000</i>	<i>102,000</i>	<i>120,000</i>	<i>125,000</i>	<i>102,000</i>
Purchases Payment	46,500	55,000	50,000	53,000	52,000	58,000
Direct Labour Wages	14,500	14,500	14,500	14,500	14,500	14,500
Repairs & Maintenance	3,000		3,000	3,000		
Utilities & Taxes	5,000					6,000
Sales Expenses	6,000	6,100	6,400	6,400	6,400	6,400
Administrative Expenses	12,000	12,000	12,000	12,000	12,000	12,500
Interest	3,700	3,700	3,700	3,700	3,700	3,700
Repayment of the Debt	4,200	4,200	4,200	4,200	4,200	4,200
Other	2,500					
<i>Total Application</i>	<i>97,400</i>	<i>95,500</i>	<i>93,800</i>	<i>96,800</i>	<i>92,800</i>	<i>105,300</i>
Surplus/ (Deficit)	2,400	14,500	8,200	23,200	32,200	-3,300
Opening Cash Position	123,800	126,200	140,700	148,900	172,100	204,300
CASH / LOAN REQUIRED	\$126,200	\$140,700	\$148,900	\$172,100	\$204,300	\$201,000

CASH FLOW (CON'T)

2005	Jan	Feb	Mar	Apr	May	Jun
Collection of Sales	\$125,300	\$113,000	\$109,800	\$109,500	\$106,700	\$126,500
Loans/Investments						
Sale of Assets						
Other						
<i>Total Source</i>	<i>\$125,300</i>	<i>\$113,000</i>	<i>\$109,800</i>	<i>\$109,500</i>	<i>\$106,700</i>	<i>\$126,500</i>
Purchases Payment	\$51,200	\$60,500	\$55,000	\$58,300	\$57,200	\$63,800
Direct Labour Wages	14,500	14,500	14,500	14,500	14,500	14,500
Repairs & Maintenance	3,300		3,300	3,300		
Utilities & Taxes	5,500					6,600
Sales Expenses	6,600	6,700	7,000	7,000	7,000	7,000
Administrative Expenses	12,500	12,500	12,500	12,500	12,500	12,500
Interest	3,700	3,700	3,700	3,700	3,700	3,700
Repayment of the Debt	4,200	4,200	4,200	4,200	4,200	4,200
Other						
<i>Total Application</i>	<i>\$101,500</i>	<i>\$102,100</i>	<i>\$100,200</i>	<i>\$103,500</i>	<i>\$99,100</i>	<i>\$112,300</i>
Surplus/ (Deficit)	\$23,800	\$10,900	\$9,600	\$6,000	\$7,600	\$14,200
Opening Cash Position	201,000	224,800	235,700	245,300	251,300	258,900
CASH / LOAN REQUIRED	\$224,800	\$235,700	\$245,300	\$251,300	\$258,900	\$273,100

2005 (con't)	Jul	Aug	Sept	Oct	Nov	Dec
Collection of Sales	\$109,500	\$121,000	\$112,000	\$132,000	\$130,000	\$120,000
Loans/Investments						
Sale of Assets						
Other						
<i>Total Source</i>	<i>\$109,500</i>	<i>\$121,000</i>	<i>\$112,000</i>	<i>\$132,000</i>	<i>\$130,000</i>	<i>\$120,000</i>
Purchases Payment	\$51,000	\$60,500	\$55,000	\$58,300	\$57,200	\$63,800
Direct Labour Wages	14,500	14,500	14,500	14,500	14,500	14,500
Repairs & Maintenance	3,300		3,300	3,300		
Utilities & Taxes	5,500					6,600
Sales Expenses	6,600	6,710	7,040	7,040	7,040	7,040
Administrative Expenses	12,500	12,500	12,500	12,500	12,500	13,000
Interest	3,700	3,700	3,700	3,700	3,700	3,700
Repayment of the Debt	4,200	4,200	4,200	4,200	4,200	4,200
Other	2,400					
<i>Total Application</i>	<i>\$103,700</i>	<i>\$102,110</i>	<i>\$100,240</i>	<i>\$103,540</i>	<i>\$99,140</i>	<i>\$112,840</i>
Surplus/ (Deficit)	\$5,800	\$18,890	\$11,760	\$28,460	\$30,860	\$7,160
Opening Cash Position	273,100	278,900	297,790	309,550	338,010	368,870
CASH / LOAN REQUIRED	\$278,900	\$297,790	\$309,550	\$338,010	\$368,870	\$376,030

▼ NOTES TO BALANCE CASH FLOW

▶ **8-Financial Requirements**

	2003	2004
Land	\$150,000	
Building		
Equipment & Machinery	50,000	
Furniture & Fixtures		
Research & Development		
<i>Total Assets</i>	<i>\$200,000</i>	
Working Capital		
<i>Total Others</i>		

Existing Loan 1

Creditor ▶ Savings Bank of Canada
Purpose ▶ Equipment
Type ▶ Term Loan

Collateral ▶ Millwork equipment, letter of credit
Outstanding ▶ \$150,000
Maturity Date ▶ March, 2005
Interest Rate ▶ 8.90%

Repayment ▶ Monthly ▶ *Blended + Interest*

▼ **NOTES REGARDING FINANCIAL REQUIREMENTS**

The loan is needed in order to meet our sales objectives for year 2.

▶ **9-Performance Indicators**

	HISTORICAL	
	Oct-01	Oct-02
Current Ratio	1.26	1.09
Age of Accounts Receivable	50.36	54.70
Inventory Turnover (times)	4.60	4.17
Interest Coverage	0.35	1.17
Total Debt to Equity (%)	2.34	3.43
Return on Investment (%)	-	
Return on Assets (%)	1.77	5.07
Asset Turnover (times)	1.58	1.46
Cash Flow Coverage	2.86	0.85

▼ **NOTES REGARDING PERFORMANCE INDICATORS**

► **10-Personal Status**

DIRECTOR / BACKER N° 1

LAST NAME ▶ Wright
 FIRST NAME & INITIALS ▶ Johnathan W.
 ADDRESS ▶ 102 Elm Drive
New Barton, ON N2O 3T3

 TELEPHONE: WORK ▶ 519-555-5020 HOME ▶ 519-555-2003 DATE OF BIRTH ▶ 12/13/1962
 E-MAIL ▶ jwright@doorstotheworld.com
 PRESENT EMPLOYER ▶ Doors to the World PREVIOUS EMPLOYER ▶ _____ (if less than 3 years at present one)
 EMPLOYER'S TELEPHONE ▶ Same TELEPHONE ▶ _____
 HOW LONG IN CURRENT JOB? ▶ 15 years HOW LONG? ▶ _____
 SALARY ▶ \$ 58,000 SALARY ▶ _____

FAMILY

YOUR STATUS ▶ Married
 N° OF DEPENDENTS ▶ 2 (excluding spouse)
 SPOUSE'S LAST NAME ▶ Wright SPOUSE'S EMPLOYER ▶ Monitel Communications
 FIRST NAME ▶ Mary TELEPHONE ▶ 519-555-9928
 DATE OF BIRTH ▶ 7/1/1963 HOW LONG? ▶ 9 years
 OCCUPATION ▶ VP Finances SALARY ▶ \$ 67,000

FINANCIAL STATUS

SOURCE OF INCOME	ANNUAL AMOUNT	COMMENTS
Employment	\$125,000	
2030293 Canada Inc.	\$15,000	
	\$140,000	

ASSETS

Cash	\$6,000
RRSP	85,000
Life Insurance (cash value)	500,000
Real Estate (present value)	230,000
Automobiles	32,000
Stocks, bonds, etc. (\$ value)	8,000
Household & Personal Effects	5,000

Total Assets \$866,000

LIABILITIES

Bank Loans (owing)	\$25,000
Credit Cards	2,500
Mortgages, etc.	180,000
Total Liabilities	\$207,500

NET WORTH \$658,500

DIRECTOR / BACKER N° 2

LAST NAME ▶ Wright

FIRST NAME & INITIALS ▶ David

ADDRESS ▶ 2203 Lakeside Street

New Barton, ON N2O 2T0

TELEPHONE: WORK ▶ 519-555-5020 HOME 519-555-2293 DATE OF BIRTH ▶ 10/13/1965

E-MAIL ▶ dwright@doorstotheworld.com

PRESENT EMPLOYER ▶ Doors to the World

PREVIOUS EMPLOYER ▶ _____ (if less than 3 years at present one)

EMPLOYER'S TELEPHONE ▶ Same

TELEPHONE ▶ _____

HOW LONG IN CURRENT JOB? ▶ 12 years

HOW LONG? ▶ _____

SALARY ▶ 47,000 \$

SALARY ▶ _____

FAMILY

YOUR STATUS ▶ Single

N° OF DEPENDENTS ▶ 0 (excluding spouse)

SPOUSE'S LAST NAME ▶ _____

SPOUSE'S EMPLOYER ▶ _____

FIRST NAME ▶ _____

TELEPHONE ▶ _____

DATE OF BIRTH ▶ _____

HOW LONG? ▶ _____

OCCUPATION ▶ _____

SALARY ▶ _____

FINANCIAL STATUS

SOURCE OF INCOME	ANNUAL AMOUNT	COMMENTS
Employment	\$47,000	
	\$47,000	

ASSETS

LIABILITIES

Cash	\$3,000	Bank Loans (owing)	\$5,000
RRSP	60,000	Credit Cards	6,000
Life Insurance (cash value)	500,000	Mortgages, etc.	150,000
Real Estate (present value)	180,000		
Automobiles	6,000		
Stocks, bonds, etc. (\$ value)		Total Liabilities	\$161,000
Household & Personal Effects	6,000		
Total Assets	\$755,000	NET WORTH	\$594,000