



**Xtreme**  
***Products Inc.***

## **Business Plan**

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## 1.0 Executive Summary

Xtreme Products, Inc. (also referred to as “the Company”) is a Las Vegas, Nevada-based company which is developing revolutionary, green electric powered land and watercraft. Under the logo “Xtreme Green”, these green powered products will include Xtreme sports products such as jet boards, motor scooters, go carts, jet skis, ATVs, and snowmobiles. They will also include everyday products such as light trucks, people movers, taxi cabs, golf carts and golf “cars”.

Designed with proprietary energy management systems and electric propulsion systems, these products will be patented and will have all the power and ability of gas powered engines, but without the particulate pollution or noise pollution! Xtreme Green products will become the new wave and standard in Xtreme sports and everyday electric powered living.

The first entry in the new Xtreme Green line of products will be a new personal water craft. Why design an electric PWC when gas PWC is already so efficient? Right... Not quite! Compared to your run-of-the-mill PWC, the Xtreme Green Jetboard, (XGJ) is about presenting thrill-seeking enthusiasts with a powerful personal water craft offering riders the exhilarating experience of jet surfing and jet skiing anywhere, anytime. The Xtreme Green JetBoard, (XGJ) as it is called, will turn extreme water sports on its head, as snowboarding did to winter sports. The advent of the environmental restrictions, tougher emission standards and requirements, coupled with several states and even countries now restricting various lakes and water ways, the day of the next generation of electric powered water craft is upon us.



The Xtreme Green Jetboard combines extreme power with its patent-pending:” Electric Propulsion System”, “Electric Storage System”, and “Energy Management System”. Each of these components combined with an innovative hull design and a flexible handle that features, will allow for riders of all skill levels. The specially designed battery packs allow long riding periods, and a quick and easy disconnect system to change batteries this insuring multiple hours of enjoyment. You the rider turn the switch on, and use your finger tip throttle control and go. No more starting problems, no more carrying gas cans and no

restrictions ... launch and go.

The Company is currently completing design and will begin production of an electric powered Xtreme Green Jetboard in the first quarter of 2008. This electric board will further open the market for riders into environmentally protected lakes and rivers that do not allow gas engines. The Company also will produce or license associated products such as sunglasses, wetsuits, bathing suits, shirts, hats, and backpacks.





There already has been significant interest worldwide for the Xtreme Green Jetboard. The Company has received more than \$37 million in international purchase orders, and these orders do not require EPA certification and can be shipped later this fall with an additional infusion of capital. Overall, the demand for boating products will reach an estimated \$16.7 billion by 2009, with powerboats, personal watercraft, and sailboats accounting for \$10 billion of this total.<sup>1</sup> The personal watercraft segment, which already is valued at more than \$760 million per year,<sup>2</sup> could garner a significantly larger share the industry with the release of

a product such as the Xtreme Green Jetboard. The Xtreme Green Jetboard offers a thrilling ride, reaching speeds of up to 30 mph, a pace not attainable by any competitors in the market. Bombardier's Sea-Doo currently holds around 44% of the PWC market, followed by Yamaha's Wave Runner.<sup>3</sup> The innovative natures of the Xtreme Green Jetboard will help distinguish it in this market, which is wide open for new entrants with a competitive edge. Adding to the innovative nature of the board is the revolutionary use of a proprietary and patented electric power system that will enter personal watercraft into the "environmentally safe" market. The Company's outsource manufacturing and lean corporate structure will allow it to undercut the competition's pricing while bringing to market a product unlike any other.



Xtreme Products will implement the diffusion theory of innovation, which has consistently proven successful when introducing new and innovative products to the market. It will focus on the following five stages: knowledge, persuasion, decision, implementation, and confirmation. This strategy will attract rental locations and distributors who will then advertise the product to the public, informing them of the benefits and entertainment that the product will provide. This will aid the end user's decision to purchase the Xtreme Green Jetboard and

satisfaction will be confirmed upon initial use. Further, Xtreme Products has developed a comprehensive publicity Green campaign to reach prospective customers and maximize brand awareness, thereby solidifying positive brand recognition within the industry.

Xtreme Products will follow the introduction during 2008 of the Xtreme Green Jetboard with child and adult versions of electric powered ATVs that will be safe, easy and exciting to use. The design of the ATV will make it safer for children and will be available in street and off road versions. The Company will also look at introducing 3 or 4 additional Xtreme Green items over the next 24 months.



The two key individuals in the management of the Company will be

<sup>1</sup> Funoutdoors.com. "Recreational boating demand to reach \$16.7 billion in 2009." Feb. 6, 2006. Obtained at: <http://www.funoutdoors.com/node/view/1201>

<sup>2</sup> Personal Watercraft Industry Association. "Get the facts about today's personal watercraft." Obtained at: <http://www.pwia.org/faq/pw-qa.aspx>

<sup>3</sup> Powersports Business. *2006 Powersports Market Data Book*. Obtained at: <http://www.powersportsbusiness.com/output.cfm?id=1153531>

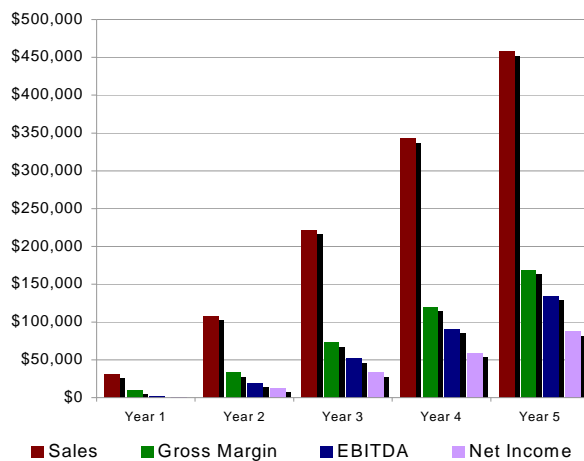
Sandy Leavitt and Neil Roth. These two successful entrepreneurs have shared expertise running all aspects of the Company, and both possess individual strengths that complement each other.

## 1.1 Objectives

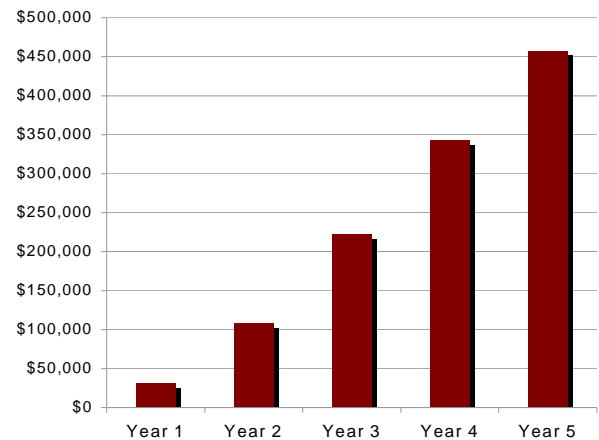
The following table and graphs illustrate the financial goals of the Company over the next five years. It should be noted that Year 1 refers to the last six months of 2007 and the first six months of 2008; Year 2 refers to the last six months of 2008 and the first six months of 2009; and so forth through Year 5. All financial references throughout the remainder of this document are based on this model.

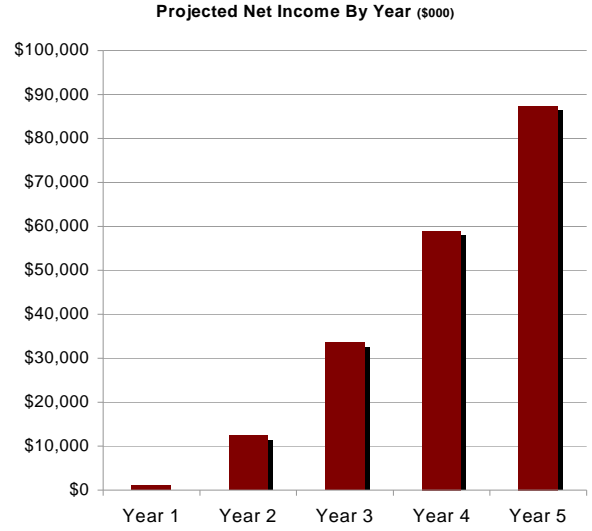
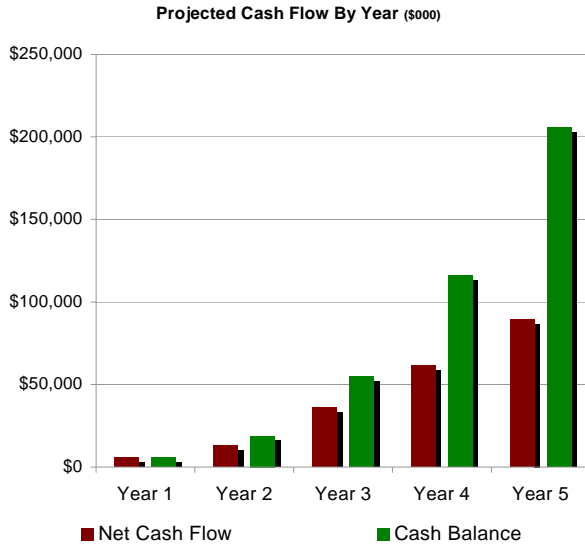
Financial Highlights (\$000)																	
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	0	0	0	0	2178	2178	2233	3127	4020	4963	5956	6501	31155	108000	222261	342783	457826
Gross Margin	0	0	0	0	712	712	700	980	1260	1556	1867	2038	9824	33090	73103	119974	169301
Operating Expenses	142	142	142	142	335	335	613	826	1039	1263	1499	1629	8108	14047	21475	29225	34849
EBITDA	(141)	(141)	(141)	(141)	379	379	93	160	227	299	374	415	1762	19114	51698	90820	134523
Net Income	(142)	(142)	(142)	(142)	377	245	56	100	144	190	239	266	1049	12378	33558	58987	87394
Gross Margin/Sales	0%	0%	0%	0%	33%	33%	31%	31%	31%	31%	31%	31%	32%	31%	33%	35%	37%
EBITDA/Sales	0%	0%	0%	0%	17%	17%	4%	5%	6%	6%	6%	6%	6%	18%	23%	26%	29%
Net Income/Sales	0%	0%	0%	0%	17%	11%	3%	3%	4%	4%	4%	4%	3%	11%	15%	17%	19%
Net Cash Flow	2881	(141)	(141)	(141)	821	282	126	333	376	435	497	410	5739	13084	35859	61356	89554
Cash Balance - Ending	2881	2740	2600	2459	3280	3562	3688	4021	4397	4832	5329	5739	5739	18824	54683	116039	205593

Projected Operating Highlights By Year (\$000)



Projected Sales By Year (\$000)





## 1.2 Mission

The Company's mission statement is as follows:

“Xtreme Products, Inc. is a research and development company targeting rapid growth markets and specifically two major areas with huge financial return potential: the recreational industry and power generation. The Company has initially developed Green products that will storm the recreational PWC marketplace like the snowboard did for snow skiing. Xtreme Products' executive management has focused on the manufacturing, marketing, and development of new products. Vertical and horizontal diversification, innovative products, and market penetration are emphasized. The goal is long term growth and large returns for shareholders.”

## 1.3 Company Ownership

Xtreme Products is incorporated in the state of Nevada. The Company is concurrently owned by Sanford Leavitt (48.8%), Neil Roth (10.1%), Greg Hoggatt (10.0%), and Alex Chen (15.5%).

## 1.4 Company Location

Xtreme Products is located in Las Vegas, Nevada.

## 2.0 Products and Services

Xtreme Products, unlike any other company competing in this space, is first and foremost an engineering and design company. The Company's most valuable asset is the intellectual capital that underpins all of its pending patents and processes. Secondly, Xtreme Products is a marketing and distribution company with strategic corporate associates in the manufacturing, database technology, interactive channel, and marketing services sectors. The Xtreme Green Jetboard engines will be utilized not only in the Xtreme Green Jetboard, but in a wide variety of land and watercraft.

Xtreme Products has developed a new personal watercraft (PWC), the Xtreme Green Jetboard, which is the first product based on the Company's patent-pending electric motor power plant. The Xtreme Green Jetboard is a stunning new personal watercraft that will forever revolutionize water recreation sports. Measuring 90-inches long by 28-inches wide, the Xtreme Green Jetboard weighs 170 pounds. It has a max speed of 30 mph and the self contained lithium battery packs will run the Xtreme Green Jetboard for approximately two continuous hours.

The Company is completing the design, testing and production capabilities for the introduction of the first electric Xtreme Green Jetboard. This totally Green machine will allow the introduction of the PWC to lakes and areas that no longer allow gas engines of any type on their water surfaces. This not only expands the market possibilities in the U.S., but also in many parts of the world including the Caribbean and parts of Australia, etc., that have outlawed the usage of gas engines in wildlife areas.

Highlights of the Xtreme Green Jetboard are as follows:

- ✓ Ergonomically designed and tested handle/steering control package
- ✓ Flow-thru water-coolant system
- ✓ Euro CE compliance and marked
- ✓ State-of-the-art ignition system



### **The ergonomically and streamlined hulls.**



### **The newly designed and proprietary jetpump.**

## 2.1 Product Description

The Xtreme Green Jetboard is a jet-powered personal watercraft that redefines extreme water sports with jet surfing and jet skiing, delivering to riders of all skill levels the exhilarating experience of surfing anywhere, anytime. The result is a powerful, got-to-have-it thrill for water sports enthusiasts and adrenalin-craving stunt riders. As such, this product will propel extreme water sports into an entirely new direction. The real breakthrough is the engineering, which turns personal water sports upside down by being the first motorized recreational and competitive vehicle that brings the thrill and challenge of snowboarding and other extreme sports to water. The Xtreme Green Jetboard also allows less extreme-oriented customers the chance to enjoy an exciting leisure sport. The appeal to both thrill and leisure seekers creates a huge potential customer base of both competitive and noncompetitive Xtreme Green Jetboarders. The Xtreme Green Jetboard is further detailed below:

Xtreme Green Jetboard Features at a Glance			
	Feature	Advantage	Benefit
Engine	Electric powered by self-contained lithium battery packs.	More power Better performance Fewer moving parts Lower overall weight	Cost savings Longer wear Easy to carry and transport
Hull	Innovative Design Non-skid deck Watertight hatch Both automatic and electric sump	Less drag on water Firm grip Less water in engine The jet pump works as a siphon while in use, and an electric bilge pumps out water as it accumulates when the craft is not in motion.	Smooth turns Lean into turns Reduced parts corrosion
Parabolic hull design offers greater stability when carving turns at slower speeds. There's no need for skegs protruding up to 18" below the board, making Xtreme Green Jetboard safer and reducing maintenance requirements.			
Control Handle	Soft/Flexible handle leash Electric start Safety switch Throttle control  Handle-to-jet maneuverability	Light weight  Simple-to-use Shuts off engine Finger trigger Improves stability in all water conditions Better feel makes handling easier	Easy to handle  No key required Stops after dismount Consistent control Enhances ride and extreme performance Enables carving at high and low speeds
The well-designed, flexible Xtreme Green Jetboard hand control gives riders complete freedom and superior handling for both recreational and extreme jet surfing.			

## 2.2 Associated Product Lines

There are many revenue streams that the management of Xtreme Products has identified above and beyond the Xtreme Green Jetboard. The Company will produce a full complement of Xtreme Green Jetboard-branded apparel and accessories (to be sold online and through retail locations) including:

- ✓ Sunglasses
- ✓ Wetsuits
- ✓ Bathing suits/beach apparel
- ✓ Golf shirts
- ✓ Backpacks
- ✓ Hats
- ✓ Other lifestyle accessories

### 3.0 Market Analysis Summary

Xtreme Products has received numerous purchase orders in addition to thousands of requests from interested individuals and power-sports and marine dealers seeking to purchase or distribute the Xtreme Green Jetboard. Xtreme Products receives e-mails and phone calls daily from enthusiasts from all over the world seeking to purchase the Xtreme Green Jetboard or create some type of business relationship. The Company has already received more than \$37 million in international purchase orders. These orders will be the first to be shipped prior to the Company completing its certification. The Company has a blanket order in excess of \$30 million dollars for electric boards to be shipped over the next two-three years.



The U.S. demand for recreational boating products is expected to reach \$16.7 billion by 2009, according to a report by the Freedonia Group, with the industry increasing 4.8% annually. Sales of powerboats, personal watercraft, sailboats, and other boats will reach \$10 billion in 2009.<sup>4</sup> Internationally, the demand for recreational boating and watercraft products varies by individual country, but remains steady. The British Marine Federation published a report in 2004 on the European boating market, which indicated that the European market for recreational boating products is large, with approximately \$16.7 billion in sales in

2003. Furthermore, the report states that the “big four” countries – Germany, France, Italy, and the UK – account for two-thirds of retail spending and 63% of industry revenues in Europe.<sup>5</sup> In Canada, total spending for boating products (both powered and non-powered) was \$386 million in 2004. Similarly, many Australians enjoy recreational boating and the use of personal watercraft. In 2003, Australia imported close to \$105 million of recreational boating products; U.S. exports accounted for \$29 million of that total.<sup>6</sup>

In 2005, approximately 80,200 personal watercrafts (PWCs) were sold in the United States, according to the National Marine Manufacturers Association (NMMA). With an average sales price of \$9,495, this figure creates a total retail value of \$761.5 million. In addition, the NMMA reported that nearly 1.55 million PWCs were in use in the U.S. that year.<sup>7</sup> The Company firmly believes the Xtreme Green Jetboard will become the next “must own” watercraft in this industry, creating solid sales growth for the product well into the future. Analysts expect the PWC market to experience a significant growth cycle during the next decade as older models are replaced with cleaner-burning, higher-powered models

<sup>4</sup> Funoutdoors.com. “Recreational boating demand to reach \$16.7 billion in 2009.” Feb. 6, 2006. Obtained at: <http://www.funoutdoors.com/node/view/1201>

<sup>5</sup> It should be noted that this data represents the boating industry as a whole in Europe; specific data regarding personal watercraft is not available.

<sup>6</sup> Maine International Trade Center. *The International Boating Market*. May 2005. Obtained at: [http://www.mitc.com/PDF\\_and\\_Microsoft\\_Office\\_Files/Maine-InternationalBoatingMarket1.pdf](http://www.mitc.com/PDF_and_Microsoft_Office_Files/Maine-InternationalBoatingMarket1.pdf).

<sup>7</sup> Personal Watercraft Industry Association. “Get the facts about today’s personal watercraft.” Obtained at: <http://www.pwia.org/faq/pw-qa.aspx>

retailing for more than \$10,000. On top of the market as it exists today, the development of this Green, environmentally safe personal watercraft will dramatically expand the market into areas and countries that do not allow gas-powered engines any longer.

Sales of personal watercrafts had been slumping in recent years, from a high of around 200,000 in 1995.<sup>8</sup> This was due, in part, to legislation that banned PWCs from 21 national parks in 2000. As of February 2007, 13 of the national parks have reinstated PWC access and others are in the process of completing environmental studies on PWC use,<sup>9</sup> a sign that overall acceptance of the vehicles will rise. Additionally, the entry of the electric Xtreme Green Jetboard will increase the visibility of environmentally friendly personal watercraft, and as such will incite legislators to lift restrictions on the remaining parks.

In addition, Company research has shown the power-sports industry, which includes all-terrain vehicles, snowmobiles, and motorcycles, has doubled since 1991 to approximately \$12 billion. This market segment is expected to continue to grow by 13% annually.

### 3.1 Market Segmentation

According to the NMMA, more than 72 million people participate in boating each year, and a U.S.D.A. Forest Service report found that 20 million Americans enjoy PWCs each year (which includes 9.8% of the population older than 16).<sup>10</sup> NMMA also reports that the median age for PWC owners is 37, significantly lower than the median for all boat buyers, which is 48. Other PWC owner statistics include:<sup>11</sup>

- ✓ Medium income is \$68,000
- ✓ 53% have children 18 and younger
- ✓ 73% are married
- ✓ 53% hold managerial, professional, or executive positions
- ✓ Only 2% are retired

### 3.2 Market Needs

Personal watercrafts are currently used for both leisure riding and competitive racing. PWCs are very popular and are generally classified as recreational boats under 12 feet in length, powered by a small, inboard, water-cooled engine and a jet-pump mechanism. Personal watercraft differ from other recreational boating craft in that they are much smaller in size, generally lower in cost, easier to store, less expensive to maintain, and are used more as a source of entertainment rather than for basic transportation or other functions, such as fishing.

The Company estimates that the overall marine recreation market has increased from a \$27.8 billion market in 2000 to more than a \$32 billion market in 2004. This significant increase in boating translates into a huge target market of people who enjoy recreational boating and water activities. This group usually own more than one watercraft with many owning several personal watercrafts.

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<sup>8</sup> NMMA. *Boating 1997*. Obtained at: <http://www.nmma.org/facts/archive/boatingstats/statistic972.html#annual>

<sup>9</sup> PWIA. "National parks reopening to PWC." Obtained at: <http://www.pwia.org/news/article/184.aspx>

<sup>10</sup> U.S.D.A. Forest Service. "America's Participation In Outdoor, Recreation: Results from NSRE 2000." Obtained at: <http://www.srs.fs.usda.gov/trends/Nsre/Round1t4rptuw.pdf>

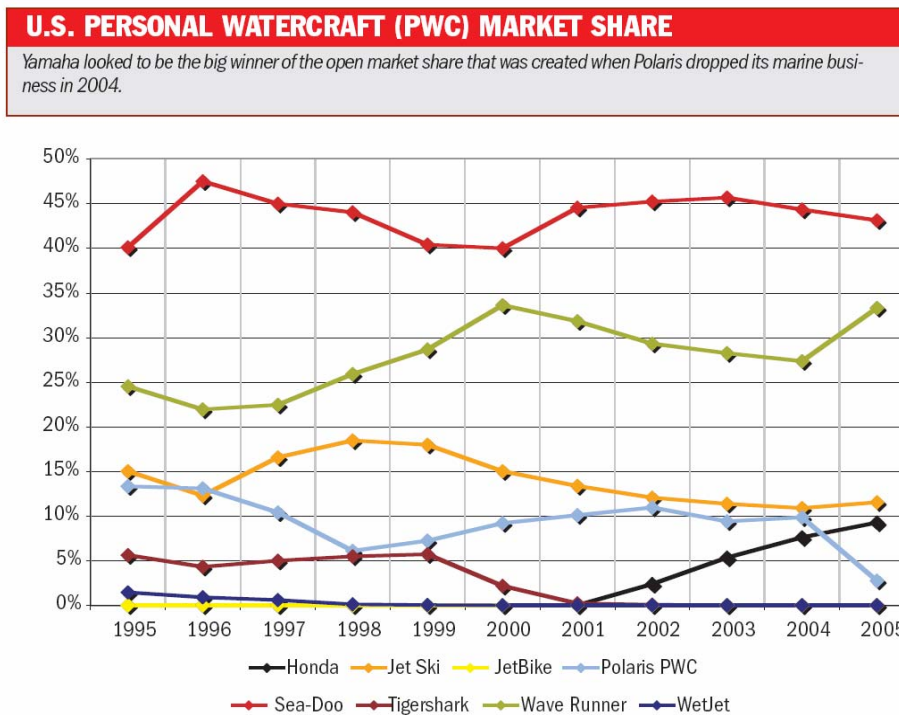
<sup>11</sup> NMMA. "Challenges and opportunities: Demographics." Obtained at: <http://www.nmma.org/facts/boatingstats/challenges/demo.asp>

### 3.3 Industry Analysis

Xtreme Products operates in a sector of the \$9.46 billion *Boatbuilding and Repairing* industry (Standard Industrial Classification 3732). According to Dun & Bradstreet, there are 64,475 establishments in this industry, with the average national firm attaining \$2.9 million in annual sales. The average Las Vegas-area business, of which there are 16, averages seven employees and \$300,000 in annual sales. Xtreme Products will more specifically operate in the industry subset *Jet Skis* (SIC 3732-0104), which is measured on a national scale. The average of the 34 establishments in this category has 37 employees and generates \$7.6 million in annual revenue.<sup>12</sup>

### 3.4 Competitive Comparison

There are currently four major players in the PWC industry that control approximately 90% of the market. None of these players have developed a Green personal watercraft to date. Bombardier's Sea-Doo continues to dominate the market, followed by Yamaha's Wave Runner and Kawasaki's Jet Ski. Honda recently entered this market (2002) because of the increase in demand and relatively low competition. Companies at the top also have benefited from Polaris' discontinuation of its PWC model in 2004, which had controlled about 9% of the market. Analysts estimate that the PWC market is at the very beginning of an upswing because of both natural market growth and a product replacement cycle. This represents a tremendous opportunity for Xtreme Products and the revolutionary Xtreme Green Jetboard. The following graph illustrates the market share of the PWC market, as reported by *Powersports Business*.<sup>13</sup>



<sup>12</sup> Dun & Bradstreet, Industry Data for SIC 3732-0000 and SIC 3732-0104; obtained June 2007

<sup>13</sup> Powersports Business. *2006 Powersports Market Data Book*. Obtained at: <http://www.powersportsbusiness.com/output.cfm?id=1153531>

It is important to note that the Company's entry with the electric Xtreme Green Jetboard will be the first PWC of its type that will give a consumer a "thrill" ride at speeds more than 25 mph. This will create a whole new market within the PWC market.

Manufacturers such as Kawasaki are clearly interested in penetrating this sector with a product similar to the Xtreme Green Jetboard. The Company's product launch and the ensuing consumer demand could make such a strategy all the more desirable. With their brand equity, engineering/R&D budgets, distribution and service channel, and manufacturing infrastructure, they could potentially enjoy a serious competitive advantage.

However, Xtreme Products' nearly 100% reliance on quality outsource manufacturing associates affords it a nimbleness that large manufacturers cannot replicate. Additionally, competitors' fixed costs will demand they price their products high. The Company's go-to-market pricing strategy and production efficiencies will allow it to begin offering deep discounts upon launch with a \$7,999 per unit price – as much as 33% lower than the competition – while still maintaining significantly wide profit margins against cost of goods and overhead.

## 4.0 Strategy and Implementation Summary

The Company will introduce its innovative and unique product to the marketplace through the implementation of a strong and inclusive marketing plan that utilizes both direct and indirect methods of advertising. To increase awareness, Xtreme Products has outlined a series of incentives to give to resorts and cruise lines to offer to their patrons; this strategy will seek to attract thrill-seekers during their vacations with the hopes that upon the return of their vacation, consumers will seek to purchase the Xtreme Green Jetboard. The Company’s marketing strategy can be better understood by looking at the implementation of the “Four Ps” of marketing – product, price, promotion, and place:

<b>Marketing Mix</b>	<b>CUSTOMERS</b>	<b>RATIONALE FOR MARKETING PROGRAM</b>
 <b>Product Strategy</b>	Innovative Xtreme Green Jetboard, a personal watercraft allowing riders to surf anywhere, at anytime.	Supply sports product to surf enthusiasts.
 <b>Price Strategy</b>	Remain affordable, while yielding cost saving differential.	Prices set to convey value and significance.
 <b>Promotion Strategy</b>	Representatives, Internet, partnerships, TV, trade shows, sponsorships, print, international sales.	Increase awareness of the Company’s services to potential customers.
 <b>Place Strategy</b>	Headquartered in Las Vegas, Nevada; nationwide distribution through website.	Provide necessary service to sports enthusiasts nationwide.

## 4.1 Competitive Edge

Xtreme Products has a considerable number of advantages in its industry. The following briefly lists each advantage:

- ✓ Jet powered
- ✓ No other type of recreational watercraft available on the market today
- ✓ Ergonomically designed
- ✓ Three-year limited engine warranty
- ✓ Holds two gallons of fuel
- ✓ Unique distribution model
- ✓ Comprehensive advertising methods
- ✓ Breakthrough engineering

- ✓ State of the art ignition system
- ✓ Expected to be fully EPA tested with approved engine emissions
- ✓ Large customer base due to the desirability of the above features

## 4.2 Marketing Strategy

Xtreme Products will follow a creative marketing plan that will allow the Company to focus directly on its target market while using its advertising dollars conservatively. The primary focus of the marketing strategy is to grow the Company's client base. The Company will engage in the following marketing tactics:

### **Tradeshows:**

- The Company will attend trade boat shows throughout the United States and internationally to increase awareness of its product to prospective customers and to simultaneously establish industry connections and contacts.

### **Sponsorships:**

- The Company will sponsor racing events in order to increase brand recognition and awareness with the goal of increasing its customer base and yearly revenue.

### **Media:**

- Xtreme Products will advertise in trade publications and magazines including, *Outside Magazine*, *Surf*, *Sporting News*, *Sporting Goods Dealer*, *The Outdoor Network*, and *The Sporting News*. These ads will include a picture of the Company's product and all necessary contact information. As the Company increases its production to cover its demand requirements, an international racing circuit will be established that will generate coverage by ESPN and other television and cable providers.

### **Representatives:**

- The Company will recruit a large base of U.S. rental representatives on a geographical basis. After these representatives invest money in their area, they will be entitled to set up rental associates that will be able to lease Xtreme Green Jetboards directly from the Company, paying the retaining representative a commission on each leased board. This will establish a greater awareness of the Company and its products as well as increase its customer base.
- Xtreme Products has already created an International Representative program. This will enable representatives to purchase rights to a section of a country for a fee, based on the size of the country; this will allow them the ability to purchase a minimum amount of Xtreme Green Jetboards on an annual basis. The Company will set up websites that accessed on the Company's main website. Both U.S. and International Representative Teams will also distribute Company videos, brochures, DVDs, and CDs in order to successfully market to its customers.

### **Partnerships:**

- The Company will seek to form partnerships with producers and distributors to request placements of the Xtreme Green Jetboard product in movies and television shows. This kind of product exposure will prove to be a significant selling point and will augment sales significantly.

As the Company expands, it will reevaluate its marketing strategy to accommodate regional consumer dynamics – the variants each region has in social, economic, and buying trends. At the corporate level, an Internet-based and direct marketing strategy will continue to create awareness (see *4.2.1 Internet Strategy*).

#### 4.2.1 Internet Strategy

The Company will operate with an Internet strategy to make its products known to a national audience. The site will be professionally designed, easily navigable, and will have a shopping cart feature allowing users to purchase the Company's products from the convenience of their homes or offices. The site will be search engine optimized and the Company will additionally utilize Cost-Per-Click (CPC) marketing with Google AdWords and Yahoo!.



## 5.0 Management Summary

### Sandy Leavitt, Chairman and Chief Executive Officer

Sandy Leavitt has over 30 years experience in manufacturing and marketing of automotive related parts. He has held the position of president for a number of corporations in this field, and has developed strong and enduring relationships with Associate companies in the Far East. Mr. Leavitt has pioneered joint ventures and established global distribution channels which have enabled worldwide sales to the automotive groups from the low cost producing nations. Mr. Leavitt's extensive experience in sales, manufacturing, and distribution has enabled the Company to develop a comprehensive plan and control of these processes.

### Neil Roth, President and Chief Officer of Operations

Neil Roth has over 35 years of experience in the consumer products industry and corporate management of large corporations. His experience includes top executive positions at Eckerd Drugs, Revco, Thrifty Drugs, Caldor's, and Lionel Kiddie City among others. He was the youngest executive ever to be named President of a drug chain with over \$100 million in volume when he became President of Carl's Drugs in New York at the age of 31. Mr. Roth consistently had double-digit growth in sales and profits at all of the companies in which he served as the top executive. For the past ten years, Mr. Roth has been a highly sought after marketing consultant as well as president of a medical diagnostics company. His top level administrative experience in these multi-billion dollar companies gives him the background to set up and run the Company's administrative needs. The marketing and sales experience will allow him to create and manage, along with Mr. Leavitt, the marketing plan of the Company.

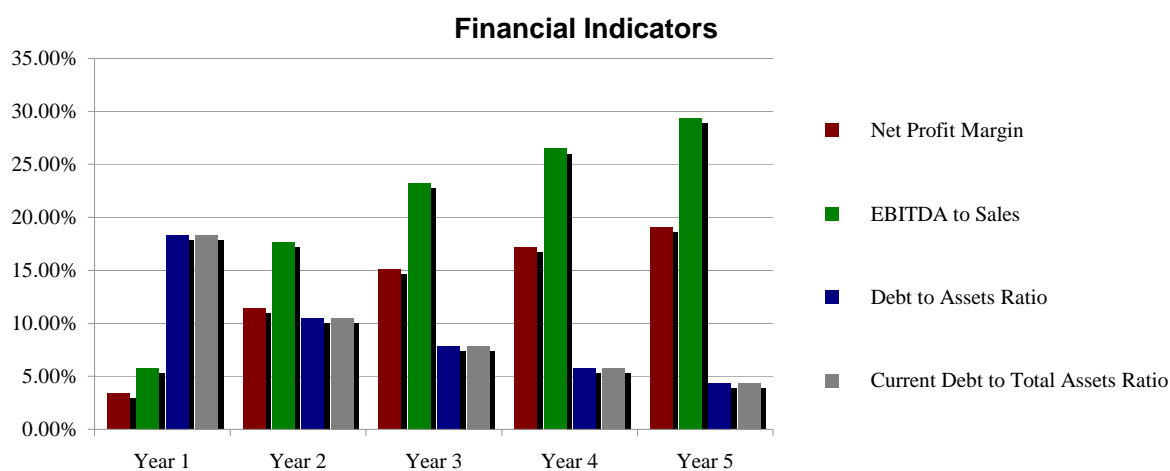
## 5.1 Personnel Plan

Personnel					
	Year 1	Year 2	Year 3	Year 4	Year 5
Personnel Count					
Managers	4	4	5	5	6
Employees	10	36	64	72	77
<b>Total Personnel</b>	<b>14</b>	<b>40</b>	<b>69</b>	<b>77</b>	<b>83</b>
Personnel Wage					
Managers	\$100,000	\$105,000	\$110,250	\$115,763	\$121,551
Employees	\$33,280	\$34,944	\$36,691	\$38,526	\$40,452
Personnel Costs					
Managers	\$400,000	\$420,000	\$551,250	\$578,813	\$729,304
Employees	\$332,800	\$1,257,984	\$2,348,237	\$2,773,855	\$3,114,808
<b>Total Payroll</b>	<b>\$732,800</b>	<b>\$1,677,984</b>	<b>\$2,899,487</b>	<b>\$3,352,667</b>	<b>\$3,844,111</b>

## 6.0 Financial Plan

The financial plan below spells out the use of funds, net sales, and profits from increased sales. Certain assumptions were made. As with any long-range projection, accuracy is based on reasonable estimates of return on investment and past performance. The Company believes the following numbers are attainable and reasonable. However, actual results will vary.

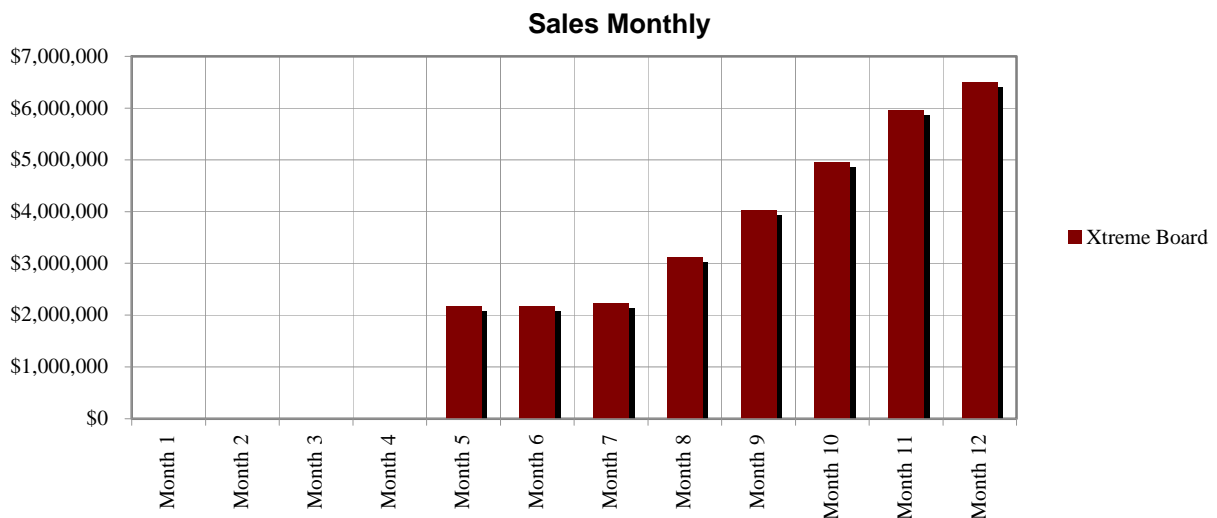
Financial Indicators					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Profitability %'s:</b>					
Gross Margin	31.53%	30.64%	32.89%	35.00%	36.98%
Net Profit Margin	3.37%	11.46%	15.10%	17.21%	19.09%
EBITDA to Sales	5.83%	17.70%	23.26%	26.49%	29.38%
Return on Assets	11.67%	56.17%	58.00%	49.49%	41.88%
Return on Equity	14.28%	62.76%	62.98%	52.54%	43.77%
<b>Activity Ratios:</b>					
Accounts Payable Turnover	12.97	32.35	32.56	32.23	31.92
Asset Turnover	3.47	4.90	3.84	2.88	2.19
<b>Leverage Ratios:</b>					
Debt to Equity	0.22	0.12	0.09	0.06	0.05
Debt to Assets Ratio	18.30%	10.51%	7.92%	5.80%	4.33%
Interest Coverage Ratio	N/A	N/A	N/A	N/A	N/A
<b>Liquidity Ratios:</b>					
Current Ratio	4.70	8.99	12.37	17.07	22.97
Current Debt to Total Assets Ratio	18.30%	10.51%	7.92%	5.80%	4.33%
<b>Additional Indicators:</b>					
Sales to Equity Ratio	4.24	5.48	4.17	3.05	2.29

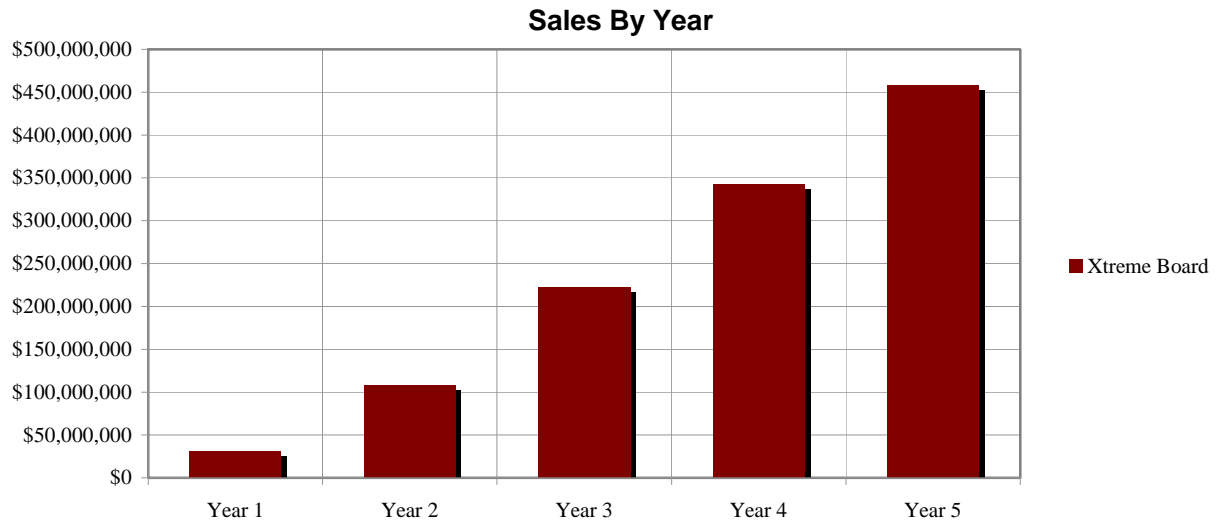


## 6.1 Sales Forecast

Sales forecast data is presented in the table and charts below. The total sales come from unit sales multiplied by the unit price. The direct cost of sales is derived from unit sales multiplied by the direct unit cost.

Sales Forecast					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Unit Sales</b>					
Xtreme Board	4,650	15,652	31,304	46,957	61,043
<b>Total Unit Sales</b>	<b>4,650</b>	<b>15,652</b>	<b>31,304</b>	<b>46,957</b>	<b>61,043</b>
<b>Unit Price</b>					
Xtreme Board	\$6,700.00	\$6,900.00	\$7,100.00	\$7,300.00	\$7,500.00
<b>Sales</b>					
Xtreme Board	\$31,155,000	\$108,000,000	\$222,260,870	\$342,782,609	\$457,826,087
<b>Total Sales</b>	<b>\$31,155,000</b>	<b>\$108,000,000</b>	<b>\$222,260,870</b>	<b>\$342,782,609</b>	<b>\$457,826,087</b>
<b>Direct Unit Costs</b>					
Xtreme Board	\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00
<b>Direct Cost of Sales</b>					
Xtreme Board	\$20,925,000	\$70,434,783	\$140,869,565	\$211,304,348	\$274,695,652
<b>Subtotal Direct Cost of Sales</b>	<b>\$20,925,000</b>	<b>\$70,434,783</b>	<b>\$140,869,565</b>	<b>\$211,304,348</b>	<b>\$274,695,652</b>

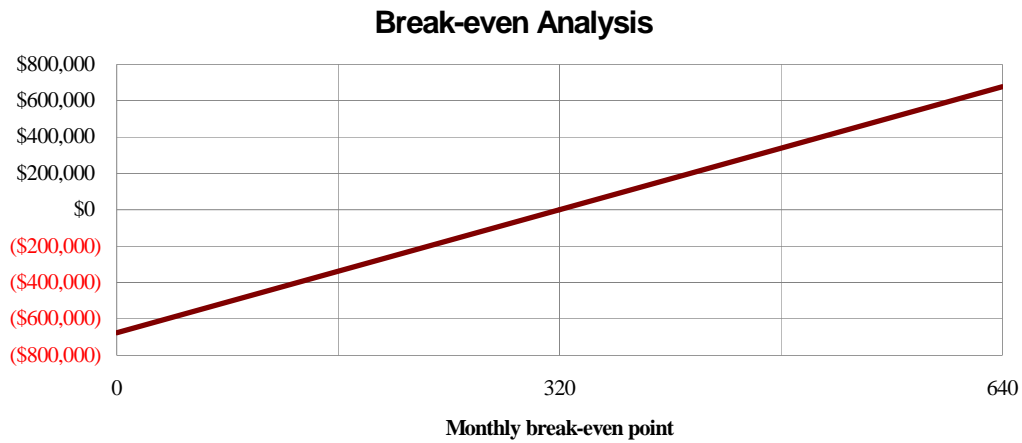




## 6.2 Break-even Analysis

The following break-even analysis is the *average* monthly break-even point after the new incurred interest expense AND the new expenditures in marketing and fixed costs. It states that the Company must achieve average sales of \$2,142,662 per month to break even. It is important that the Company point out that this is an average from the first year projection. The fixed costs will not grow to this point unless sales grow accordingly.

Break-even Analysis	
Monthly Units Break-even	320
Monthly Revenue Break-even	\$2,142,662
Assumptions:	
Average Per-Unit Revenue	\$6,700.00
Average Per-Unit Variable Cost	\$4,587.31
Estimated Monthly Fixed Cost	\$675,638



### 6.3 Projected Profit and Loss

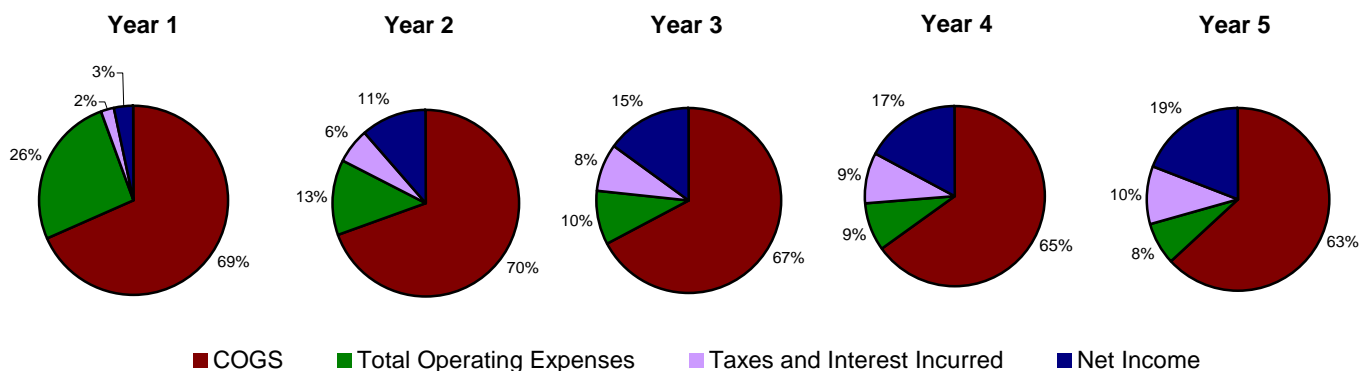
The projected profit and loss for the Company shows substantial growth even though additional marketing, operating, and interest expenses are incurred. It should be noted that sales subtracted by direct cost of sales equals the Company's gross margin. Additionally, the profit before interest and taxes is reached when operating expenses are subtracted from the gross margin. Finally, the Company's net profit is calculated by subtracting interest expense and taxes incurred from the amount representing the profit before interest and taxes.

<b>Pro Forma Profit and Loss</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$31,155,000	\$108,000,000	\$222,260,870	\$342,782,609	\$457,826,087
Direct Cost of Sales	\$20,925,000	\$70,434,783	\$140,869,565	\$211,304,348	\$274,695,652
Sales Commissions	\$406,000	\$4,475,000	\$8,288,478	\$11,504,641	\$13,829,209
Total Cost of Sales	\$21,331,000	\$74,909,783	\$149,158,043	\$222,808,989	\$288,524,861
Gross Margin	\$9,824,000	\$33,090,217	\$73,102,826	\$119,973,620	\$169,301,226
Gross Margin %	31.53%	30.64%	32.89%	35.00%	36.98%
<b>Expenses</b>					
General & Admin	\$1,874,280	\$2,432,659	\$3,648,989	\$5,108,584	\$6,130,301
Licensing Fees	\$132,000	\$191,000	\$286,500	\$401,100	\$481,320
Marketing Expense	\$1,480,000	\$4,306,500	\$6,459,750	\$9,043,650	\$10,852,380
Legal & Accounting	\$450,000	\$300,000	\$450,000	\$630,000	\$756,000
Credit Cost	\$1,077,000	\$2,136,000	\$3,204,000	\$4,485,600	\$5,382,720
Insurance	\$641,000	\$540,000	\$810,000	\$1,134,000	\$1,360,800
Royalties	\$409,000	\$772,500	\$1,158,750	\$1,622,250	\$1,946,700
Other	\$1,103,000	\$1,368,000	\$2,052,000	\$2,872,800	\$3,447,360
Amortization	\$53,000	\$35,000	\$35,000	\$35,000	\$35,000
Depreciation	\$45,661	\$36,081	\$36,000	\$36,000	\$36,000
Payroll Taxes	\$109,920	\$251,698	\$434,923	\$502,900	\$576,617
Total Personnel	\$732,800	\$1,677,984	\$2,899,487	\$3,352,667	\$3,844,111
<b>Total Operating Expenses</b>	<b>\$8,107,661</b>	<b>\$14,047,421</b>	<b>\$21,475,399</b>	<b>\$29,224,552</b>	<b>\$34,849,309</b>
Profit Before Interest and Taxes	\$1,716,339	\$19,042,796	\$51,627,427	\$90,749,068	\$134,451,916
EBITDA	\$1,815,000	\$19,113,877	\$51,698,427	\$90,820,068	\$134,522,916
Interest Expense	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$667,714	\$6,664,979	\$18,069,600	\$31,762,174	\$47,058,171
Net Profit	\$1,048,625	\$12,377,817	\$33,557,828	\$58,986,894	\$87,393,746
Net Profit/Sales	3.37%	11.46%	15.10%	17.21%	19.09%

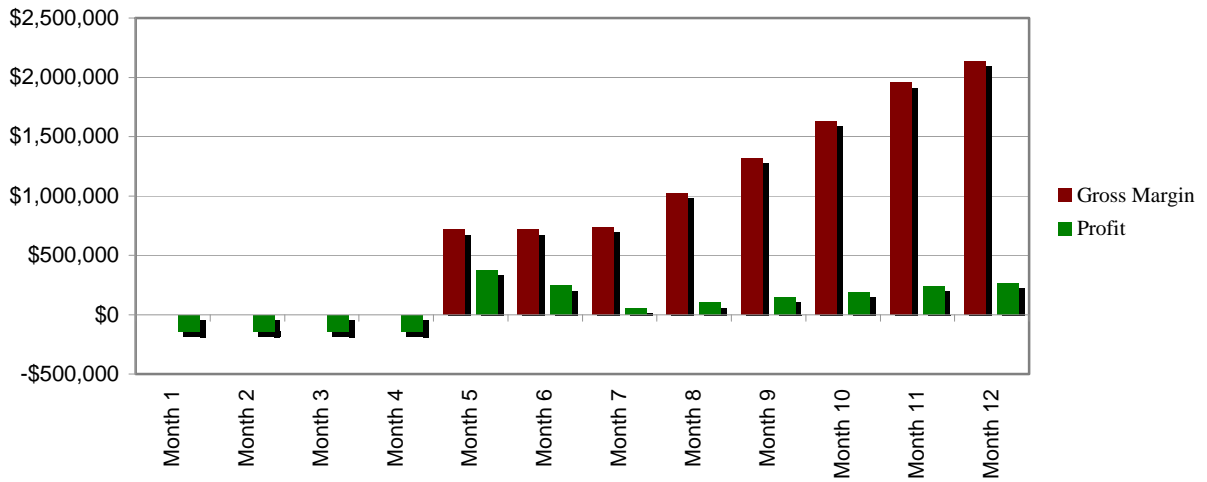
The following chart illustrates the gross revenue, cost of goods sold (COGS), gross profit, operating expenses, and operating income based on the fiscal years of the Company as they will be reported:

Financial Overview			
	2007	2008	2009
Units	650	8000	24000
<b>Gross Revenue</b>	<b>\$4,355,000</b>	<b>\$53,600,000</b>	<b>\$160,800,000</b>
<b>Cost of Goods Sold</b>	<b>\$2,925,000</b>	<b>\$36,000,000</b>	<b>\$108,000,000</b>
<b>Gross Profit</b>	<b>\$1,430,000</b>	<b>\$17,600,000</b>	<b>\$52,800,000</b>
<b>Operating Expenses:</b>			
General & Admin	\$552,000	\$2,265,000	\$4,530,000
Sales Commissions	\$6,000	\$400,000	\$8,550,000
Licensing Fees	\$50,000	\$82,000	\$300,000
Marketing Expense	\$117,000	\$1,363,000	\$7,250,000
Legal & Accounting	\$150,000	\$300,000	\$300,000
Credit Costs	\$5,000	\$1,072,000	\$3,200,000
Insurance	\$161,000	\$540,000	\$540,000
Royalties	\$75,000	\$334,000	\$1,211,000
Other	\$461,000	\$842,000	\$1,894,000
Amortization	\$18,000	\$35,000	\$35,000
Depreciation	\$19,000	\$36,161	\$36,000
<b>Total Expenses</b>	<b>\$1,214,000</b>	<b>\$7,269,000</b>	<b>\$27,846,000</b>
<b>Operating Income</b>	<b>\$216,000</b>	<b>\$10,331,000</b>	<b>\$24,954,000</b>

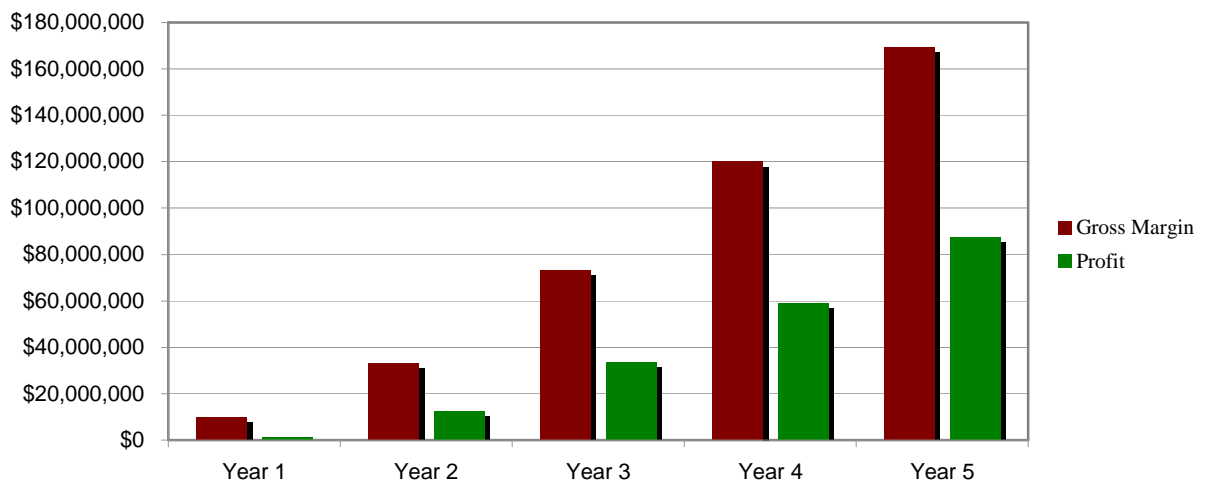
The following charts illustrate how revenue is allocated among cost of goods sold (COGS), total operating expenses, taxes and interest, and net income over time.



Gross Margin & Profit Monthly

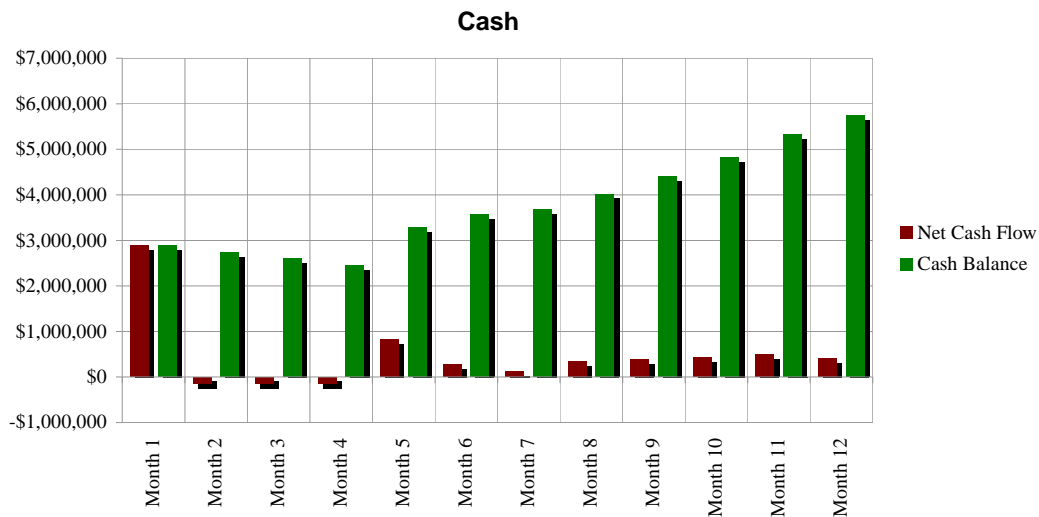


Gross Margin & Profit Yearly



## 6.4 Projected Cash Flow

The important factor in the cash flow analysis is that the Company never runs out of cash while in periods of non-profitability. The cash flow supports the Company's operations adequately and allows the Company to expand through more aggressive marketing.



<b>Pro Forma Cash Flow</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cash Received</b>					
Cash Sales	\$31,155,000	\$108,000,000	\$222,260,870	\$342,782,609	\$457,826,087
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$5,000,000	\$0	\$0	\$0	\$0
<b>Subtotal Cash Received</b>	<b>\$36,155,000</b>	<b>\$108,000,000</b>	<b>\$222,260,870</b>	<b>\$342,782,609</b>	<b>\$457,826,087</b>
<b>Expenditures</b>					
<b>Expenditures from Operations</b>					
Cash Spending	\$732,800	\$1,677,984	\$2,899,487	\$3,352,667	\$3,844,111
Bill Payments	\$27,682,930	\$93,237,560	\$183,502,528	\$278,073,471	\$364,428,102
<b>Subtotal Spent on Operations</b>	<b>\$28,415,730</b>	<b>\$94,915,544</b>	<b>\$186,402,015</b>	<b>\$281,426,138</b>	<b>\$368,272,214</b>
<b>Additional Cash Spent</b>					
Long-term Liabilities Principal	\$0	\$0	\$0	\$0	\$0
Purchase Inventory	\$2,000,000	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Cash Spent</b>	<b>\$30,415,730</b>	<b>\$94,915,544</b>	<b>\$186,402,015</b>	<b>\$281,426,138</b>	<b>\$368,272,214</b>
Net Cash Flow	\$5,739,270	\$13,084,456	\$35,858,855	\$61,356,471	\$89,553,873
Cash Balance	\$5,739,270	\$18,823,726	\$54,682,581	\$116,039,052	\$205,592,925

## 6.5 Projected Balance Sheet

<b>Pro Forma Balance Sheet</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$5,739,270	\$18,823,726	\$54,682,581	\$116,039,052	\$205,592,925
Inventory	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>Total Current Assets</b>	<b>\$7,739,270</b>	<b>\$20,823,726</b>	<b>\$56,682,581</b>	<b>\$118,039,052</b>	<b>\$207,592,925</b>
<b>Long-term Assets</b>					
Long-term Assets	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938
Accumulated Depreciation	\$45,661	\$81,742	\$117,742	\$153,742	\$189,742
<b>Total Long-term Assets</b>	<b>\$1,249,277</b>	<b>\$1,213,197</b>	<b>\$1,177,197</b>	<b>\$1,141,197</b>	<b>\$1,105,197</b>
<b>Total Assets</b>	<b>\$8,988,547</b>	<b>\$22,036,923</b>	<b>\$57,859,778</b>	<b>\$119,180,248</b>	<b>\$208,698,122</b>
<b>Liabilities and Capital</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$1,644,984	\$2,315,543	\$4,580,570	\$6,914,146	\$9,038,274
<b>Subtotal Current Liabilities</b>	<b>\$1,644,984</b>	<b>\$2,315,543</b>	<b>\$4,580,570</b>	<b>\$6,914,146</b>	<b>\$9,038,274</b>
<b>Long-term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$1,644,984</b>	<b>\$2,315,543</b>	<b>\$4,580,570</b>	<b>\$6,914,146</b>	<b>\$9,038,274</b>
<b>Capital</b>					
Paid-in Capital	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Retained Earnings	\$1,294,938	\$2,343,563	\$14,721,380	\$48,279,208	\$107,266,102
Earnings	\$1,048,625	\$12,377,817	\$33,557,828	\$58,986,894	\$87,393,746
<b>Total Capital</b>	<b>\$7,343,563</b>	<b>\$19,721,380</b>	<b>\$53,279,208</b>	<b>\$112,266,102</b>	<b>\$199,659,848</b>
<b>Total Liabilities and Capital</b>	<b>\$8,988,547</b>	<b>\$22,036,923</b>	<b>\$57,859,778</b>	<b>\$119,180,248</b>	<b>\$208,698,122</b>
<b>Net Worth</b>	<b>\$7,343,563</b>	<b>\$19,721,380</b>	<b>\$53,279,208</b>	<b>\$112,266,102</b>	<b>\$199,659,848</b>

## 6.6 Sensitivity Analysis

The sensitivity analysis provides a crucial “what if” scenario. The best case and worse case tables below are based on factors assuming that sales are 15% higher or lower than figures projected earlier in this business plan.

<b>Best Case Scenario (Sales Increase by 15%)</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$35,828,250	\$124,200,000	\$255,600,000	\$394,200,000	\$526,500,000
COGS	\$24,530,650	\$86,146,250	\$171,531,750	\$256,230,338	\$331,803,591
GM	\$11,297,600	\$38,053,750	\$84,068,250	\$137,969,663	\$194,696,409
Gm%	31.53%	30.64%	32.89%	35.00%	36.98%
O/E	\$8,107,661	\$14,047,421	\$21,475,399	\$29,224,552	\$34,849,309
Net Profit	\$1,874,544	\$15,604,114	\$40,685,353	\$70,684,322	\$103,900,615
Cash Flow	\$7,391,418	\$18,325,053	\$47,375,959	\$80,176,602	\$116,016,204
Cash Balance	\$7,391,418	\$25,716,470	\$73,092,430	\$153,269,032	\$269,285,235
Net Profit/Sales	5.23%	12.56%	15.92%	17.93%	19.73%

<b>Worst Case Scenario (Sales Decrease by 15%)</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$27,091,304	\$93,913,043	\$193,270,321	\$298,071,834	\$398,109,641
COGS	\$18,548,696	\$65,138,941	\$129,702,647	\$193,746,947	\$250,891,184
GM	\$8,542,609	\$28,774,102	\$63,567,675	\$104,324,887	\$147,218,457
Gm%	31.53%	30.64%	32.89%	35.00%	36.98%
O/E	\$8,107,661	\$14,047,421	\$21,475,399	\$29,224,552	\$34,849,309
Net Profit	\$82,127	\$9,572,343	\$27,359,980	\$48,815,218	\$73,039,946
Cash Flow	\$4,302,619	\$8,527,416	\$25,843,982	\$44,991,139	\$66,543,151
Cash Balance	\$4,302,619	\$12,830,035	\$38,674,017	\$83,665,157	\$150,208,308
Net Profit/Sales	0.30%	10.19%	14.16%	16.38%	18.35%

Appendix

Sales Forecast												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Unit Sales												
Xtreme Board	0	0	0	0	325	325	333	467	600	741	889	970
<b>Total Unit Sales</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>325</b>	<b>325</b>	<b>333</b>	<b>467</b>	<b>600</b>	<b>741</b>	<b>889</b>	<b>970</b>
Unit Price												
Xtreme Board	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700
Sales												
Xtreme Board	\$0	\$0	\$0	\$0	\$2,177,500	\$2,177,500	\$2,233,333	\$3,126,667	\$4,020,000	\$4,962,963	\$5,955,556	\$6,501,481
<b>Total Sales</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,177,500</b>	<b>\$2,177,500</b>	<b>\$2,233,333</b>	<b>\$3,126,667</b>	<b>\$4,020,000</b>	<b>\$4,962,963</b>	<b>\$5,955,556</b>	<b>\$6,501,481</b>
Direct Unit Costs												
Xtreme Board	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Direct Cost of Sales												
Xtreme Board	\$0	\$0	\$0	\$0	\$1,462,500	\$1,462,500	\$1,500,000	\$2,100,000	\$2,700,000	\$3,333,333	\$4,000,000	\$4,366,667
<b>Subtotal Direct Cost of Sales</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,462,500</b>	<b>\$1,462,500</b>	<b>\$1,500,000</b>	<b>\$2,100,000</b>	<b>\$2,700,000</b>	<b>\$3,333,333</b>	<b>\$4,000,000</b>	<b>\$4,366,667</b>

Personnel												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Personnel Count</b>												
Managers	4	4	4	4	4	4	4	4	4	4	4	4
Employees	10	10	10	10	10	10	10	10	10	10	10	10
<b>Total Personnel</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Personnel Wage</b>												
Managers	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333
Employees	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773
<b>Personnel Costs</b>												
Managers	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333
Employees	\$27,733	\$27,733	\$27,733	\$27,733	\$27,733	\$27,733	\$27,733	\$27,733	\$27,733	\$27,733	\$27,733	\$27,733
<b>Total Payroll</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>	<b>\$61,067</b>

Profit and Loss												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	\$0	\$0	\$0	\$0	\$2,177,500	\$2,177,500	\$2,233,333	\$3,126,667	\$4,020,000	\$4,962,963	\$5,955,556	\$6,501,481
Direct Cost of Sales	\$0	\$0	\$0	\$0	\$1,462,500	\$1,462,500	\$1,500,000	\$2,100,000	\$2,700,000	\$3,333,333	\$4,000,000	\$4,366,667
Total Cost of Sales	\$0	\$0	\$0	\$0	\$1,465,500	\$1,465,500	\$1,533,333	\$2,146,667	\$2,760,000	\$3,407,407	\$4,088,889	\$4,463,704
Gross Margin	\$0	\$0	\$0	\$0	\$712,000	\$712,000	\$700,000	\$980,000	\$1,260,000	\$1,555,556	\$1,866,667	\$2,037,778
Gross Margin %	N/A	N/A	N/A	N/A	32.70%	32.70%	31.34%	31.34%	31.34%	31.34%	31.34%	31.34%
Expenses												
General & Admin	\$5,107	\$5,107	\$5,107	\$5,107	\$5,107	\$5,107	\$153,637	\$215,091	\$276,546	\$341,415	\$409,698	\$447,253
Licensing Fees	\$0	\$0	\$0	\$0	\$25,000	\$25,000	\$6,833	\$9,567	\$12,300	\$15,185	\$18,222	\$19,893
Marketing Expense	\$19,500	\$19,500	\$19,500	\$19,500	\$19,500	\$19,500	\$113,583	\$159,017	\$204,450	\$252,407	\$302,889	\$330,654
Legal & Accounting	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$35,000	\$45,000	\$55,556	\$66,667	\$72,778
Credit Cost	\$833	\$833	\$833	\$833	\$833	\$833	\$89,333	\$125,067	\$160,800	\$198,519	\$238,222	\$260,059
Insurance	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$45,000	\$63,000	\$81,000	\$100,000	\$120,000	\$131,000
Royalties	\$0	\$0	\$0	\$0	\$37,500	\$37,500	\$27,833	\$38,967	\$50,100	\$61,852	\$74,222	\$81,026
Other	\$0	\$0	\$0	\$0	\$130,500	\$130,500	\$70,167	\$98,233	\$126,300	\$155,926	\$187,111	\$204,263
Amortization	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833
Depreciation	\$1,583	\$1,583	\$1,583	\$1,583	\$1,583	\$1,583	\$6,027	\$6,027	\$6,027	\$6,027	\$6,027	\$6,027
Payroll Taxes	\$9,160	\$9,160	\$9,160	\$9,160	\$9,160	\$9,160	\$9,160	\$9,160	\$9,160	\$9,160	\$9,160	\$9,160
Total Personnel	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067
<b>Total Operating Expenses</b>	<b>\$142,083</b>	<b>\$142,083</b>	<b>\$142,083</b>	<b>\$142,083</b>	<b>\$335,083</b>	<b>\$335,083</b>	<b>\$613,473</b>	<b>\$826,028</b>	<b>\$1,038,583</b>	<b>\$1,262,946</b>	<b>\$1,499,118</b>	<b>\$1,629,012</b>
Profit Before Interest and Taxes	(\$142,083)	(\$142,083)	(\$142,083)	(\$142,083)	\$376,917	\$376,917	\$86,527	\$153,972	\$221,417	\$292,609	\$367,549	\$408,765
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$131,921	\$30,284	\$53,890	\$77,496	\$102,413	\$128,642	\$143,068
Net Profit	(\$142,083)	(\$142,083)	(\$142,083)	(\$142,083)	\$376,917	\$244,996	\$56,242	\$100,082	\$143,921	\$190,196	\$238,907	\$265,697
Net Profit/Sales	N/A	N/A	N/A	N/A	17.31%	11.25%	2.52%	3.20%	3.58%	3.83%	4.01%	4.09%

Cash Flow												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Additional Cash Received</b>												
Cash Sales	\$0	\$0	\$0	\$0	\$2,177,500	\$2,177,500	\$2,233,333	\$3,126,667	\$4,020,000	\$4,962,963	\$5,955,556	\$6,501,481
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Cash Received</b>	\$5,000,000	\$0	\$0	\$0	\$2,177,500	\$2,177,500	\$2,233,333	\$3,126,667	\$4,020,000	\$4,962,963	\$5,955,556	\$6,501,481
<b>Cash Spending</b>												
Cash Spending	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067	\$61,067
Bill Payments	\$58,251	\$79,433	\$79,433	\$79,433	\$1,295,667	\$1,834,675	\$2,045,959	\$2,732,960	\$3,582,454	\$4,466,557	\$5,397,853	\$6,030,254
<b>Additional Cash Spent</b>												
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Inventory	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cash Spent</b>	\$2,119,318	\$140,500	\$140,500	\$140,500	\$1,356,733	\$1,895,742	\$2,107,026	\$2,794,026	\$3,643,520	\$4,527,623	\$5,458,920	\$6,091,321
<b>Net Cash Flow</b>	\$2,880,682	(\$140,500)	(\$140,500)	(\$140,500)	\$820,767	\$281,758	\$126,307	\$332,640	\$376,480	\$435,340	\$496,635	\$410,160
<b>Cash Balance</b>	\$2,880,682	\$2,740,182	\$2,599,682	\$2,459,182	\$3,279,949	\$3,561,707	\$3,688,014	\$4,020,654	\$4,397,134	\$4,832,474	\$5,329,109	\$5,739,270

Balance Sheet												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Current Assets</b>												
Cash	\$2,880,682	\$2,740,182	\$2,599,682	\$2,459,182	\$3,279,949	\$3,561,707	\$3,688,014	\$4,020,654	\$4,397,134	\$4,832,474	\$5,329,109	\$5,739,270
Inventory	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>Total Current Assets</b>	<b>\$4,880,682</b>	<b>\$4,740,182</b>	<b>\$4,599,682</b>	<b>\$4,459,182</b>	<b>\$5,279,949</b>	<b>\$5,561,707</b>	<b>\$5,688,014</b>	<b>\$6,020,654</b>	<b>\$6,397,134</b>	<b>\$6,832,474</b>	<b>\$7,329,109</b>	<b>\$7,739,270</b>
<b>Long-term Assets</b>												
Accumulated Depreciation	\$1,583	\$3,167	\$4,750	\$6,333	\$7,917	\$9,500	\$15,527	\$21,554	\$27,581	\$33,607	\$39,634	\$45,661
<b>Total Long-term Assets</b>	<b>\$1,293,355</b>	<b>\$1,291,771</b>	<b>\$1,290,188</b>	<b>\$1,288,605</b>	<b>\$1,287,021</b>	<b>\$1,285,438</b>	<b>\$1,279,411</b>	<b>\$1,273,384</b>	<b>\$1,267,358</b>	<b>\$1,261,331</b>	<b>\$1,255,304</b>	<b>\$1,249,277</b>
<b>Total Assets</b>	<b>\$6,174,037</b>	<b>\$6,031,954</b>	<b>\$5,889,870</b>	<b>\$5,747,787</b>	<b>\$6,566,970</b>	<b>\$6,847,145</b>	<b>\$6,967,425</b>	<b>\$7,294,039</b>	<b>\$7,664,492</b>	<b>\$8,093,805</b>	<b>\$8,584,413</b>	<b>\$8,988,547</b>
<b>Current Liabilities</b>												
Accounts Payable	\$21,182	\$21,182	\$21,182	\$21,182	\$463,449	\$498,628	\$562,666	\$789,198	\$1,015,729	\$1,254,846	\$1,506,548	\$1,644,984
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$21,182</b>	<b>\$21,182</b>	<b>\$21,182</b>	<b>\$21,182</b>	<b>\$463,449</b>	<b>\$498,628</b>	<b>\$562,666</b>	<b>\$789,198</b>	<b>\$1,015,729</b>	<b>\$1,254,846</b>	<b>\$1,506,548</b>	<b>\$1,644,984</b>
<b>Long-term Liabilities</b>												
<b>Total Liabilities</b>	<b>\$21,182</b>	<b>\$21,182</b>	<b>\$21,182</b>	<b>\$21,182</b>	<b>\$463,449</b>	<b>\$498,628</b>	<b>\$562,666</b>	<b>\$789,198</b>	<b>\$1,015,729</b>	<b>\$1,254,846</b>	<b>\$1,506,548</b>	<b>\$1,644,984</b>
<b>Equity</b>												
Paid-in Capital	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Retained Earnings	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938	\$1,294,938
Earnings	(\$142,083)	(\$284,167)	(\$426,250)	(\$568,333)	(\$191,417)	\$53,579	\$109,821	\$209,903	\$353,824	\$544,020	\$782,927	\$1,048,625
<b>Total Capital</b>	<b>\$6,152,855</b>	<b>\$6,010,771</b>	<b>\$5,868,688</b>	<b>\$5,726,605</b>	<b>\$6,103,521</b>	<b>\$6,348,517</b>	<b>\$6,404,759</b>	<b>\$6,504,841</b>	<b>\$6,648,762</b>	<b>\$6,838,958</b>	<b>\$7,077,865</b>	<b>\$7,343,563</b>
<b>Total Liabilities and Capital</b>	<b>\$6,174,037</b>	<b>\$6,031,954</b>	<b>\$5,889,870</b>	<b>\$5,747,787</b>	<b>\$6,566,970</b>	<b>\$6,847,145</b>	<b>\$6,967,425</b>	<b>\$7,294,039</b>	<b>\$7,664,492</b>	<b>\$8,093,805</b>	<b>\$8,584,413</b>	<b>\$8,988,547</b>
<b>Net Worth</b>	<b>\$6,152,855</b>	<b>\$6,010,771</b>	<b>\$5,868,688</b>	<b>\$5,726,605</b>	<b>\$6,103,521</b>	<b>\$6,348,517</b>	<b>\$6,404,759</b>	<b>\$6,504,841</b>	<b>\$6,648,762</b>	<b>\$6,838,958</b>	<b>\$7,077,865</b>	<b>\$7,343,563</b>