

Business Plan - EXAMPLE

Strictly Private & Confidential

-- for internal use only --

Confidentiality

This document is only to be issued following the receipt of the Non Disclosure Agreement (NDA). This document may not be disclosed to any third party without the prior written authorisation by "Company A" Limited. This document may only be disclosed to your officers and professional advisers on condition that they too agree to be bound by the terms of the NDA.

Basis of Information Memorandum

This document has been prepared to provide a guide to the Business implementing its growth strategies and the detail has been checked and approved by the Directors of the Business. However the Directors of the Business are not making any Representation or Warranty as to the fairness accuracy or completeness of the contents of this document.

Potential acquirers, investors or lenders must conduct their own reviews and satisfy themselves in terms of the Business and its prospects for the future. The Directors accept no liability for any loss or damage whatsoever which may occur as a result of reliance on the information in this document.

Questions and requests for further information regarding the Business should be made in strictest confidence to:

Joe Bloggs
Managing Director
"Company A" Limited

"Company A" Limited
Business Plan

Section	Description	Page
A	Executive Summary	4
B	Background	5
C	The Organisational Business Model	6
D	Intellectual Property and trademarks	7
E	The Target Market – Hosting Services	7
F	Sales and Marketing	11
G	Competition	14
H	The Directors & Management Team	16
I	Financial Information	17
	Appendix A – 5 Year Financial Forecast	18
	Appendix B – Vertical Sector Growth Drivers	27

A. EXECUTIVE SUMMARY

"Company A" Limited is a middle tier hosting company with a focus on high levels of technical and customer support based in Marlow, Buckinghamshire. It is managed by its two founding directors and has an annual turnover of just under £1m, a customer base of around 600 customers and a team of 10 employees. It is growing its revenue slightly above the industry average and exceeds industry best practice KPIs. The company is a Microsoft Certified Partner.

The Hosting market in the UK is set to grow by 11.5% CAGR over the next 5 years from a base of £746m in 2008. This growth being driven to by factors that fit well with the economic climate – cost reduction, increased efficiency, scalability and flexibility. In addition, the Hosting market is populated with a wide range of similar product offerings often only differentiated by relatively small technical variables. Being competitive in this market relies on adding value by additional or peripheral services such as consultancy and high levels of technical service support

The opportunity for "Company A" lies in providing value-added services that deliver cost reduction, increased efficiency, scalability and flexibility.

"Company A" has a product range to compete with the best providers with ready-to-go server systems through to highly complex solutions. It is the leading supplier of Filemaker database hosting in the UK and is a Microsoft Certified Partner. In addition "Company A" already positions itself in the market as a providing significant added value through its service levels. It provides a superior level of hand-holding and technical support that differentiates itself from other hosting providers.

"Company A" is well positioned to convert this opportunity into significant growth with its existing product range and high service levels but has identified a need to increase its market visibility. It has therefore created a plan to develop its sales and marketing structure which will capitalise on this opportunity and double its revenue over the next three years. Core to this plan is investment in three target growth areas with low cost of sale that provide low risk and potential high return. This will increase its currently low visibility with its customers and in the market place, develop new sales channels and increase large customer sales.

With 75% of revenue currently generated through solid and predictable monthly recurring business, and cash providing 4x cover of its monthly overheads the company is in a stable financial position. It is able to support its growth plans with its current borrowing and does not anticipate any need for further loan or equity finance.

B) BACKGROUND

"Company A" Limited ("The Company") is a middle tier hosting company based in XXX, UK with an annual turnover of £xxm in the full year to July 2008. It was established X years ago to provide web-development and hosting services and is now 100% focused on providing hosted services - internet hosting, back-up and email services – from its secure data centre in the UK.

The company is the leading supplier of XXX hosting solutions and is a Microsoft Gold Certified Partner. It offers simple Ready-To-Go-Systems and built to order Complex Hosted Systems as well as the ability to host customer hardware in its secure data centre. It also offers Domain Management for its clients.

The Company has a client base of around 600 small, medium and large businesses operating both internationally and in the UK that include Abacus Media, Prestige Property, WorldZone /Daily Telegraph, Kodak Dental Systems and Sifex.

Clients are served by XX staff who provide a 24/7 managed service environment and a range of expertise that includes Linux, MySQL Server, Cisco & Jupiter Networks, HP and Dell storage, IIS and Apache Servers, SAP, PHP, Ajax and .NET.

The Company is run by Managing Director Joe Bloggs who has over 20 years of IT industry experience, and Josephine Bloggs who has guided the growth of the company as Financial and Administrative Director.

To date the company has been funded by a mixture of loan and equity finance secured by the current directors of the company.

The company is in a stable financial position with good recurring business but has yet to reach its full market potential. With the experience of the current directors and operations team and the recruitment of experienced sales and marketing personnel it has developed a growth plan that will see its revenue double over the next three years to around £XXm.

C) THE ORGANISATION BUSINESS MODEL

"Company A" offers a complete range of managed hosting services - from domain names, through ready-to-go server systems, to highly complex solutions specifically designed and engineered to meet the most demanding business needs. Core services include:

- Domain Management - acquisition, management and hosting of internet domains.
- Ready-To-Go-Systems - a range of fixed price Virtual Private Server systems that can be live within one working day of a purchase, as well as pre-priced dedicated server systems.
- Complex Hosted Systems - a build to order service that utilises all of our technical experience to cost effectively create more complex hosting environments for customers with specific technical or commercial needs. This can include system deployments across multiple data centres.
- FileMaker Services - a complete portfolio of hosting solutions for users of the FileMaker database technology.
- Co-Location - making our data centre facilities available to customers who wish to own their hardware but have it deployed in a securely 24x7 managed environment.

"Company A" positions itself in the market as a providing significant added value through its service levels. It does not aim to compete on price with its larger competitors but instead provides a superior level of hand-holding and technical support that differentiates itself from other hosting providers. It is from this added value that it gains a sustainable competitive advantage over other mid-size and large competitors.

The Operational delivery of "Company A" services is driven by an established team of 5 technical staff including an experienced operations manager. This team supplies a 24x7 managed service environment. Technical support is provided by 'real people' on a 24 hour basis sharing a common technical management platform. Operations are managed within "Company A"'s secure data centre in the UK.

"Company A"'s customer list numbers over 600 made up of a mix of small, medium and large businesses operating internationally as well as within the UK. Existing hosting contracts are split between 3 large very profitable customers that will account for around 25% of sales in 2008/9 and medium and small customers that will account for the remaining 75% of sales.

85% of Sales revenue is generated predominantly from core hosting services and fees collected by monthly direct debits. Other services accounting for the remaining 15% of sales (including domain names, one of set up charges and one-off hardware and software re-sales) are invoiced upon delivery on standard 30-day terms.

75% of sales are currently generated through solid and predictable recurring repeat business. The remaining 25% of sales is generated through new business sales. The "Company A" web-site, which has recently been re-designed to focus on core business offerings and ready-to-go solutions, acts as a sales channel and generates around 15% of new business annually. New business sales from existing customer referrals account for the remaining 10% of sales. Where new proposals for larger customers are required the Managing Director is responsible for the sales process and for developing client proposals.

D) INTELLECTUAL PROPERTY AND TRADEMARKS

At present "Company A" does not have any protectable intellectual property, trademarks or exclusive agreements in place.

E) THE TARGET MARKET – Hosting Services

Current Global Market

The global market for hosting services¹ was \$21,746.0 million in 2007.

Of the Global market the Banking, Financial Services & Insurance (BFSI) sector was the biggest spender on hosting services with \$4,758.9 million or 21.9 percent of the market in 2007. Manufacturing and services sectors spent \$3,960.4 million and \$2,261.2 million, accounting for 18.2 percent and 10.4 percent of the total market, respectively.

Hosting Services Market Size by Vertical (2007)

Vertical Market	Size (\$ million)
BFSI	4,758.9
Manufacturing	3,960.4
Services	2,261.2
Government	1,973.7
Communications	1,973.7
Retail	1,359.7
Education	1,109.3
Healthcare	927.8
Wholesale	745.6
Transport	657.9
Utilities	636.0
Media	482.5
Construction	239.0
Oil & Gas	219.3
Mining	177.6
Entertainment	153.5
Agriculture	109.7
Total	21,746.0

Source: TechNavio Analysis

Current EMEA & UK Market

At \$6,750.2 million, EMEA was the second largest market in 2007 and accounted 31 percent of the global market. In 2007, UK was the largest hosting services market in EMEA accounting for 19.7 percent (\$1,333.1m or £746m²).

¹ Hosting services are offered in various models such as shared hosting, dedicated hosting, managed hosting

² Exchange Rate used : £1 = \$1.78607

The UK Hosting and Internet Services Market

The UK hosting market for core packages such as dedicated, co-location and virtual private hosting is well populated with large companies and is a price competitive market. From competitor research it seems clear that there is no easy or accepted categorisation of companies within the internet services market. Companies describe the nature of their business in a variety of ways and, whilst this categorisation of their services may differ, there is often overlap in types of services offered. Samples of the descriptions are as follows:

- Website Hosting
- Website Development Software.
- Internet Solutions
- Internet Services
- Internet Services Provider
- Web Design And Hosting
- Internet and Computer Consultants and Internet Services.
- Resellers of Computer Equipment and Internet Service.
- Web Site Development Management and Hosting.
- Computer Related Activities

Within these descriptions the overlap of services can include:

- Internet Access
- Personal Web-site Hosting
- Business Web-site Hosting
- Application Service Provision
- Email
- Data services
- Domain Name Registration
- Consultancy
- Hosting Management Services
- Hardware sales
- Web-site design

Some basic distinctions can be drawn between companies by a review of their web-sites. Whilst hosting companies use similar technology to deliver hosting services the market focus can vary. At a product level one such distinction is between consumer and business services. Within the business services sector a further one is between non-managed and managed services.

Despite these distinctions it is often the case that mid-size and large companies compete across these categories. Mid-size and small companies therefore may often find themselves competing with larger companies able to secure significant economies of scale. Being competitive may therefore relies on adding value by additional or peripheral services such as consultancy and high levels of technical service support.

Over the past few years the hosting and data centre market has seen consolidation and it is anticipated that this will continue.

Market Growth

According to Technavio, the global market for hosting services³ is forecast to grow from \$21,746.0 million in 2007 to \$31,294.0 million in 2010, growing at a CAGR of 12.9 percent over the forecast period.

The EMEA market is estimated to reach \$9,357.1 million in 2010, growing at a CAGR of 11.5 percent.⁴ The UK can realistically expect to grow in line with this and grow to around \$1,850m by 2010

Drivers of Market growth

The Technavio report identifies the key drivers of growth in the hosting market are:

- green IT initiatives
- reducing energy cost
- increasing willingness to outsource management of both public facing websites and internal infrastructure

Further drivers include:

- interest in flexible service options
- data centre power and cooling requirements
- growth of eCommerce

For the largest five vertical markets there are a number of common drivers – cost reduction, efficiency, scalability and flexibility.

Cost reduction is being sought by migrating customers to low-cost channels like e-services or CRM, offering pay-as-you-go functionality, reducing up front expenditure/investment and lower training costs.

The benefits of increasing efficiency through hosting are seen as reducing the wastage of time, expense and business disruption, improved resilience, availability of expert staff, fast implementation, and lower maintenance.

Scalability and flexibility benefits are seen as stemming from the choice of different technologies and architectures, instant upgrades, accessibility anywhere any time, reduced incremental costs of new solutions, and ease of switching.

Market Opportunity - Potential Growth Opportunities for Rapid Host

Operationally focused solutions such as CRM, ERP, Exchange and Collaboration provided as managed applications give opportunities for cost-reduction, scalability at flexibility. In providing turn-key solutions, a resilient hosting environment and the availability of expert staff through end user service support efficiency gains can also be made.

Technically focused solutions such as Virtual Private Hosting also provide clear opportunities for cost reduction, Scalability and Flexibility and have a very good future market potential.

A detailed breakdown of the vertical sector drivers and potential matching of hosted services to meet that demand is at Appendix B.

³ Hosting services are offered in various models such as shared hosting, dedicated hosting, managed hosting

⁴ Technavio Insights – Hosting Services Technology Report – July 2008

Impact of global economic downturn on Market Opportunity

"Company A" has already seen fewer enquiries and orders for new business over the past 3 months compared with the same period last year and fully recognises the impact that economic downturn will have on the hosting market through increased energy costs and customer focus on cost-reduction. In anticipation of this the company is focused on keeping operating costs to a sustainable level.

"Company A" has assumed a CAGR growth rate of 10% in the UK hosting market over the next 5 years which is below that suggested by the latest industry research (2008⁵) of 11.5%. It has also written in a cumulative attrition rate into its revenue estimates through to early 2010 equivalent to about 1.25% (one and one quarter percent) of forecasted revenue. In addition it has accounted for bad debts at 0.5% (one half of one percent) of total forecasted sales revenue.

Market opportunities highlighted above coincide substantially with the potential impact on the market of a downturn – price sensitivity and the seeking for alternative and flexible solutions that allow customers to scale up and down as required. The downturn therefore go to emphasise these opportunities and is likely to increase competitiveness in these areas. With this in mind the provision of additional value to existing and potential customers through low-cost/no-cost services such as cost management packages, disaster recovery and off-site back up will help to improve competitive positioning.

⁵ Technavio Insights – Hosting Services Technology Report – July 2008

F) SALES AND MARKETING

Sales and Marketing Strategy - 2007/8

To date the company sales and marketing strategy has been developed and actioned by the Managing Director. The business relies substantially on repeat business and a limited amount of marketing activity has been undertaken. On-line visibility is provided by the corporate web-site [www."Company A".co.uk](http://www.) but little on-line advertising has been put in place. Some hard mailings in 2007 were undertaken but business has in the past been generated largely through a few partners and customer referrals.

With its limited sales capacity the company has seen limited growth in 2007/8 as a result of the focus by the Managing Director on acquisition negotiations. As such the company has a limited new business pipeline. However, "Company A" has significant potential to increase revenue by actively marketing its services.

Sales and Marketing Strategy – 2008-2013

A new sales and marketing strategy has been put in place to focus on developing three target growth areas with low cost of sale that provide low risk and potential high return:

- 1) Upselling and Price Rises for existing customers
- 2) Direct Sales – Large customers
- 3) Hardware and ISV sales channels

The company has taken steps to overcome the previous limitations of its structure by recruiting extra sales and marketing resource. "Company A" has engaged a marketing consultant who will provide weekly input into the development and implementation of "Company A"'s new marketing strategy. In addition, "Company A" is in the process of appointing an experienced Interim Sales Manager to develop Direct Sales and Hardware and ISV channels and build a clear sales pipeline for the business. The sales Manager will be supported by the Managing Director. This position will be recruited as a full-time permanent position within the next XX months.

1) Upselling and Price Rises for existing customers

"Company A" customers do not use all the services available to them and there is a significant opportunity to add an estimated XX% revenue over a full year starting in XX by upselling existing services. This is a low cost of sale process that requires minimal investment. "Company A"'s customer base has not seen any price rises over the past X years. Whilst it is anticipated that some customers will leave it is estimated that the net effect of price rises will be 10% growth in revenue in 2008/9.

2) Direct Sales – Large customers

A large customer is classified as one that spends in the region of £XXk per month on hosting and internet services. "Company A"'s largest customers are its most profitable. The high service levels offered by "Company A" position the company well in this market. The Sales Cycle (from "prospect" to "invoice") for large customers is estimated at X months based on previous sales in this area. One of "Company A"'s customers is already in the process of upgrading its level of service that will increase it from a medium to a large customer. This will bring the number of large customers to 3.

3) Hardware and ISV sales channels

Hardware resellers and ISVs require hosting solutions. Securing partners in this area will provide "Company A" with a low cost and low risk route to market. It is also seeking other partners offering managed applications in the B2B space.

The Buying Process

This relies on an assessment by the buyer at some level of the technical variables within that product offering. The technical knowledge of the buyer (or their agent) is a factor in the buying process. There is clearly a wide variety of buyer technical knowledge in the business market ranging from the technically illiterate where the needs of the buyer are not clearly understood by the buyer to the IT expert who works from a clear specification requirement.

With many smaller and medium sized businesses that require an internet presence unable to afford internal IT expertise the ability to communicate a relevant offering in lay terms with hand-holding through the process is recognised by "Company A" as important. "Company A" aims to address this with its high levels of technical support.

To address the wide range of product offerings and companies in the sector a number of "Independent" hosting rankings are maintained. These try to cut through the complexity and frequently changing market offerings to provide a hierarchy of providers in various product areas as well as a simple ranking of top providers. This goes some way to giving the inexperienced buyer a reference point in this fast changing market.

Marketing - Immediate Action Plan

The focus of the immediate action plan is to increase market awareness of "Company A" services to existing and potential customers and facilitate sales activity in the three target growth areas.

- Business As Usual - continue with inbound sales handling (Current MD)
- Adwords - directed to new web-site
- Customer Audit:
 - o facilitating a price rise decision
 - o looking for up-sell opportunities
 - o helping determine vertical focus areas
- Partners: Hardware and Software Resellers - potential for new sales channel & helping with vertical/technical focus areas
- Customer Panel - improved customer communication channel
- Hyper-V - option for lower cost VPS server offer
- Direct Selling - investigate/plan for specific vertical sectors

Sales – Targets by growth area

Based on the above marketing strategy and taking into account UK market growth estimates the following sales targets have been identified:

Targeted New Business Sales	2008/9	2009/10	2010/11
Existing Customers & Organic Growth			
Upsell and Price Increases			
Large Customers			
Hardware and Software Resales			
Total			

Sales Action Plan

Existing Customer Base.

"Company A" will be using its knowledge of its customers and the services that "Company A" provides to identify gaps between the two. It is planned that "Company A" will identify key services that are straightforward to implement and during the course of year and approach its customers through a mixture of email, post and telephone selling.

Upselling and Price Increases.

"Company A" will look carefully at areas of the product portfolio that can be safely increased in price, and implement these prices over the year ahead. It is anticipated that with such increases low or no cost added value will be provided e.g. free remote backup service. In addition a section of "Company A"'s customers are likely to be suitable targets for up-selling e.g. additional hosting space, or migration from Shared Hosting to Virtual Private Server Hosting. These customers will be identified and approached through email and phone sales activity.

New Large Customer Sales

"Company A" has provided a level of service that has attracted two high value customers. It already has one further customer whose revenue stream is forecast to become very significant over the year ahead and another organisation which represents another high value integration opportunity if the organisation's plans proceed as expected. These leads have come entirely through recommendation or customer's own growth but "Company A" realises that this is not a reliable source of new high value sales. Therefore "Company A" has identified a major IT hardware reseller with its own sizeable sales team with a very significant customer base. It is anticipated that through this relationship new mutually beneficial opportunities will emerge. In addition

Reseller and ISV's

"Company A" has found it difficult in the past to establish a suitable, efficient, successful sales team. However we can deliver excellent, flexible solutions that can derive revenue for ourselves and others. Therefore, initially using an interim sales resource, "Company A" will seek out a number of suitable organisations whose customer base would be suitable users of our hosted services. "Company A" already have a small number of such relationships and will use this knowledge to grow new ones. After initial research identifying companies, ideally in the Thames Valley, "Company A" will approach these by telephone with the objective of deriving new recurring business for both the partners and "Company A".

G) COMPETITION

The Hosting market is populated with a wide range of similar product offerings that are often only differentiated by relatively small technical variables. In this sense "Company A" competes with a broad range of hosting providers for its core services.

"Company A" adds most value to its customers through technical expertise and support. It is this – rather than price - on which it bases its service differentiation.

a) Financial Data

An overview of the financial Data for UK Internet Service Providers⁶ shows "Company A" growing its turnover in line with the industry average in 2005 and 2006 and slightly above the industry average in 2007. It is also performing well in line with best practice estimates⁷:

	Gross Profit %	Operating Profit %	PBIT %	PBT %
Best Practice				
"Company A"				
Variance				

"Company A" shows a better than industry average gross and operating profit. However, despite the fact that the industry averages exclude unusually high or low figures (i.e. plus or minus two standard deviations from the mean) they include multinational companies with a diverse product set (e.g. BT). Therefore care must be taken in viewing this as anything other than a general indicator. A review of some of its immediate competitors listed in this report shows the following:

	Turnover 2007 (£m)	Gross Profit %	Operating Profit %
"Company A"			
UK2.net			
Easyspace			
Fasthosts (parent is 1&1)			
Rackspace			

Results seem to indicate the ability of hosting solution providers to maintain margins within the market whilst scaling up.

b) Web-based data

On a simple Google search for the "Company A" product range it is clear that large, medium and small companies (including resellers) provide competition for "Company A". It is also clear that from a simple price comparison "Company A" pricing is comparatively high for similar generic offerings based on its higher service levels.

Perhaps because of the similar technological structure of hosting companies, and the struggle to differentiate, the definition of a product may vary substantially from one provider to another. For example, whilst a "Dedicated Server" product can be compared at a top level the number of variables in server specification and service that delivers this type of product allows companies to differentiate their offer.

⁶ Data Source: UK Internet Service Providers August 2008 - XXX

⁷ Best Practice - Calculated using the data for companies that are both financially strong and have been consistently profitable over previous years. Irregardless of size some companies are quite simply better managed or better placed to take advantage of industry changes than others so these averages show the potential for firms within this sector.

Barriers to Entry for Competition

Barriers to entry for the Hosting market are relatively low on the sales side. In this area there are an increasing number of hosting reseller packages available to anyone wanting to offer hosting packages.

However, at the supply end of the hosting market where "Company A" has established itself, higher technical expertise and investment in a secure hosting infrastructure and customer acquisition would be necessary. With these taken into account a total investment in the order of £Xm-£Xm would meet the requirements of a mid-sized hosting company like "Company A". Speed to market for a new company in this area would be in the region of XX-XX months. For a company wishing to go further by establishing its own data centre the cost of market entry would be further increased and the timescale limited by constraint of power availability.

Customer Retention

Whilst there is a relatively low cost of switching for customers in financial terms the "hassle" factor of switching from one provider to another can be significant in preventing a change of supplier. Interruption of email, exchange and sales related services resulting in business interruption at some level can provide a significant deterrent.

Secure routes to market

Routes to market through sales channels or partners that offer services requiring independent hosting, is an established route to market for hosting companies. Exclusive deals in this area are possible but it is often through "preferred supplier" status that channels are secured.

Competitive Threat

Whilst there is a constant competitive threat in a market that is fluid and changing the forecast growth in the market would seem to indicate that "Company A" is well positioned to defend its position and capitalise on this growth potential. It seems more likely that any "threat" to the business will come from a competitor within the hosting services market which wishes to gain "Company A"'s high value customers or alternatively a company with an emerging application, product or technology who wishes to secure a launch platform and route to market.

Substitutes & Buyer Power

The most obvious substitute in this market is internal hosting. However, as we have seen from the growth forecast, companies are moving away from this to find more cost-effective and flexible solutions. Buyer power in the light of the economic downturn will increase as companies examine their cost base and look more closely at hosting alternatives.

H) THE DIRECTORS AND MANAGEMENT TEAM

The management team combines founder vision with market expertise.

Joe Bloggs – Managing Director

Jo has lead "Company A" since its formation. Bringing with him over XX years of experience in the IT industry, Jo has guided "Company A" from a web development business, through web development and hosting to now purely a hosted services organisation. Jo has been a strong technical leader in the "Company A" but with the introduction of an experienced technical team over the last 3 years this baton has been passed on.

Josephine Bloggs – Commercial Director

Sue has worked alongside Jo throughout "Company A"'s existence to create a disciplined approach to its accounting and administration. As with all "Company A"'s staff Sue has learnt the technicalities of the core services that "Company A" provides, from a customer's perspective. This has allowed "Company A" to ensure its approachability, without forgetting the necessity for sound cash management. Sue holds a BA in Natural Sciences from Cambridge University.

Having established and grown the business from scratch through their technical and operational experience, and built a team to deliver a high level of customer service, the Directors are committed to capitalize on the market opportunities facing "Company A" and grow the business to its next stage.

An additional key member of the team is Operations Manager XXX XXX. X comes from a development background and has X years of operational delivery within a hosting environment. He has a broad range of experience in the technologies employed by "Company A" and a good understanding of the company's customer base and their needs. He has proven himself well capable of responsible for the operational management of the company in periodic absence of the directors.

Professional Services Team

"Company A" has established relationships with local professional accounting and legal firms.

Directors Remuneration

The Two directors of the company receive £XX each in gross salary. No other benefits are provided.

1) FINANCIAL INFORMATION

Financial results to date are as follows:

Year End 31 July	2006	2007	2008
	£ '000	£ '000	£ '000
Turnover			
Cost Of Sale			
Gross Profit			
Fixed / Administrative expenses			
Operating (Loss) / Profit Total			

Funding of Growth Plans

"Company A"'s cash position at the end of September 2008 is £175k. It is able to support its growth plans with its current borrowing and does not anticipate any need for further loan or equity finance.

Funding to date

"Company A" have been funded to date from equity investment of £1,700 by the two directors of the company and loan finance.

The company has two bank loans in place. The details of the loans are as follows:

Loan 1 - 7.00% (base plus 2%) on a loan of £XX outstanding (of original £XX X year loan) - monthly payments currently of £XX Last payment due Dec XX.

Loan 2 - 7.125% (base plus 2.125%) on a loan of £XX outstanding (of original £XX X year loan) - monthly payments of £XX. Final payment of £XX on XX XX XXXX.

The directors have given personal guarantees by way of deed of priority over their private residence in favour of the company's bankers in order to provide loan security.

Other Contractual Commitments

The Company has a lease commitment of around £31k that expires by middle of 2010.

Shareholding

Shareholder	Share Class	Shares	Shareholding %
Jo Bloggs			
Josephine Bloggs			
Total A Ordinary Shares			

By virtue of their owning XX% each of the ordinary share capital, Jo and Josephine Bloggs control the company jointly. No approved or unapproved share option scheme is in place.

The Company has in the past operated a subsidiary company – Shared Knowledge Systems Limited. On XX, the assets and liabilities of the subsidiary undertaking were transferred to "Company A" Limited. This generated a loss of £XX.

A full 5 year financial forecast is at Appendix A.

Appendix A – 5 Year Financial Forecast

Years ending Jul	2007-08	2008-09	2009-10	2010-11	Remarks
	Act/Est	Proj	Proj	Proj	
	£000	£000	£000	£000	
Sales	932	1,172	1,523	1,858	3-yr change is 99%
Gross profit	500	698	946	1,154	3-yr change is 131%
Overheads	<u>276</u>	<u>564</u>	<u>651</u>	<u>716</u>	3-yr change is 160%
Trading profit	224	134	295	438	3-yr change is 96%
Pre-tax profits	2	13	180	344	3-yr change is 13889%
Net cashflow	N/A	45	252	354	2-yr change is 687%
Closing net cash position	197	242	493	847	3-yr change is 331%
Net assets & cap. employed	152	150	266	497	3-yr change is 228%
These ratios are based on a combination of monthly/quarterly/annual values					
Peak debt as % net assets					
Lowest current asset ratio (times)					
		0.8	1.2	1.6	
Peak sales/capital employed (times)					
		11.1	7.8	5.1	
Trading profit as % capital employed					
		89	111	88	
Gross profit margin (as % sales)					
		60	62	62	
Net profit before tax (as % sales)					
		1.1	11.8	18.5	

12 Months to end Jul	2007- 2008 Year	2008 Aug	2008 Sep	2008 Oct	2008 Nov	2008 Dec	2009 Jan	2009 Feb	2009 Mar	2009 Apr	2009 May	2009 Jun	2009 Jul	2008- 2009 Year	As % Sales	% Chge in Year
PROFIT & LOSS ACCOUNTS	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Sales:																
- Existing Products and Demand Growth	931.8	80.2	81.6	72.2	78.3	80.1	72.8	73.5	87.6	82.2	74.1	103.7	60.6	947.0	81	2
- Upselling and Price Increases					5.0	10.0	15.0	15.1	16.5	16.0	15.2	18.1	13.8	124.8	11	
- New Large Customer Sales				0.6	1.1	1.7	2.2	2.8	3.0	10.0	10.0	10.0	10.0	70.0	6	
- Reseller and ISV Sales	-								3.3	3.9	4.4	5.0	5.5	30.3	3	
Total sales	931.8	80.2	81.6	72.8	84.4	91.8	90.1	91.4	137.4	112.0	103.7	136.8	89.9	1,172.1	100	26
Cost of sales:																
-Other direct	432.2	37.6	38.7	34.9	38.1	39.4	36.5	37.3	44.0	42.1	38.9	52.5	33.8	473.7	40	10
Cost of sales	432.2	37.6	38.7	34.9	38.1	39.4	36.5	37.3	44.0	42.1	38.9	52.5	33.8	473.7	40	10
Gross profit	499.6	42.6	42.9	37.8	46.3	52.4	53.5	54.1	93.4	70.0	64.8	84.3	56.2	698.4	60	40
Overhead costs:																
-Operational	76.4	13.6	13.6	13.6	13.6	13.6	13.6	13.6	16.3	16.3	16.3	16.3	16.3	176.8	15	131
-Selling & distribution	20.7	3.7	4.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	95.7	8	363
-Management/admin staff	85.3	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	190.8	16	124
-Research & development	5.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	5.5	0	-0
-Administration	28.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	28.4	2	
-Establishment & general	59.3	4.9	7.4	4.9	4.9	4.9	4.9	4.9	9.9	4.9	4.9	4.9	4.9	66.8	6	13
Total overhead costs	275.7	41.0	44.5	46.0	46.0	46.0	46.0	46.0	53.7	48.7	48.7	48.7	48.7	564.1	48	105
Trading profit	223.9	1.6	(1.6)	(8.2)	0.3	6.4	7.5	8.1	39.7	21.3	16.1	35.5	7.4	134.3	11	-40
Less: Bad debts		0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.7	0.6	0.5	0.7	0.4	5.9	1	
Less: Depreciation	65.5	9.5	9.6	9.6	9.7	9.7	9.8	9.8	9.9	9.9	10.0	10.0	10.1	117.6	10	79
Operating Profit	158.4	(8.3)	(11.5)	(18.1)	(9.8)	(3.7)	(2.7)	(2.2)	29.2	10.8	5.6	24.8	(3.1)	10.9	1	-93
Less: Interest payable	7.4	0.6	0.5	0.7	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	5.3	0	-29
Less: Intangible asset writedowns	157.5															-100
Plus: Interest receivable	7.3	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.7	0.8	6.9	1	-5
Plus: Miscellaneous income	1.6															-100
Net profit before tax	2.5	(8.2)	(11.4)	(18.2)	(9.8)	(3.7)	(2.7)	(2.1)	29.3	11.0	5.9	25.2	(2.6)	12.6	1	411
Corporation tax		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	3.8	0	
Profit after tax	2.5	(8.5)	(11.7)	(18.5)	(10.1)	(4.0)	(3.0)	(2.4)	29.0	10.7	5.5	24.9	(3.0)	8.8	1	258
Dividends declared	10.0												10.0	10.0	1	
Transferred to reserves	(7.5)	(8.5)	(11.7)	(18.5)	(10.1)	(4.0)	(3.0)	(2.4)	29.0	10.7	5.5	24.9	(13.0)	(1.2)	-0	

12 Months to end Jul	2008 July	2008 Aug	2008 Sep	2008 Oct	2008 Nov	2008 Dec	2009 Jan	2009 Feb	2009 Mar	2009 Apr	2009 May	2009 Jun	2009 Jul	08-09 Year
CASHFLOW PROJECTIONS		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cash Inflows</u>														
Total trade debtor receipts (Note 1)		64.3	125.6	88.4	89.3	98.9	104.9	105.5	117.5	146.6	130.8	131.9	143.7	1,347.3
Interest received		<u>0.7</u>	<u>0.6</u>	<u>0.6</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>6.9</u>
Total cash inflow		65.0	126.2	89.0	89.7	99.3	105.4	106.0	118.0	147.2	131.4	132.7	144.5	1,354.2
<u>Cash Outflows</u>														
Materials/goods creditor payments (Note 3)		40.1	40.1											80.3
Total direct cost payments (Note 4)			37.6	38.7	34.9	38.1	39.4	36.5	37.3	44.0	42.1	38.9	52.5	440.0
Total overhead payments (Note 5)		17.7	41.0	46.9	46.0	46.0	46.0	46.0	47.6	53.7	48.7	48.7	48.7	537.1
Corporation tax payments		4.4												4.4
Total capital expend. payments (Note 6)			2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	21.5
Operating lease & HP payments														
Longterm debt repayments		2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	29.6
VAT paid on o/h expense, capex etc. inputs		8.9	9.7	8.6	9.2	9.4	8.9	9.1	11.1	9.9	9.3	11.7	8.4	114.4
VAT paid to State				32.0			16.1			26.5			30.4	105.0
Opening PAYE etc. paid		12.0												12.0
Changes in accruals		(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)	(40.2)
Interest paid		<u>0.6</u>	<u>0.5</u>	<u>0.7</u>	<u>0.5</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.3</u>	<u>0.3</u>	<u>5.3</u>
Total cash outflow		82.9	130.0	127.9	91.6	95.0	111.9	93.1	97.5	135.5	101.5	100.7	141.5	1,309.2
Net cashflow		(17.9)	(3.9)	(39.0)	(1.9)	4.3	(6.5)	12.9	20.5	11.7	29.9	31.9	2.9	45.0
	Opening													
Closing net cash balances (overdraft)	196.5	178.6	174.7	135.7	133.8	138.1	131.6	144.5	165.1	176.8	206.7	238.6	241.5	241.5

12 Months to end Jul	2008 Jul	2008 Aug	2008 Sep	2008 Oct	2008 Nov	2008 Dec	2009 Jan	2009 Feb	2009 Mar	2009 Apr	2009 May	2009 Jun	2009 Jul
BALANCE SHEETS	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fixed assets @ cost	401.5	403.5	405.4	407.4	409.3	411.3	413.2	415.2	417.1	419.1	421.0	423.0	424.9
Accumulated depreciation	<u>217.2</u>	<u>226.7</u>	<u>236.3</u>	<u>245.9</u>	<u>255.5</u>	<u>265.2</u>	<u>275.0</u>	<u>284.8</u>	<u>294.7</u>	<u>304.6</u>	<u>314.6</u>	<u>324.7</u>	<u>334.8</u>
Fixed assets @ WDV	184.3	176.8	169.2	161.5	153.8	146.0	138.2	130.3	122.4	114.4	106.4	98.3	90.2
Intangible assets @ WDV													
Current assets:													
Trade debtors	91.1	120.6	90.4	87.1	96.4	104.9	105.3	106.7	149.8	134.2	124.7	152.7	114.1
Prepayments	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8
Cash at bank	196.5	<u>178.6</u>	<u>174.7</u>	<u>135.7</u>	<u>133.8</u>	<u>138.1</u>	<u>131.6</u>	<u>144.5</u>	<u>165.1</u>	<u>176.8</u>	<u>206.7</u>	<u>238.6</u>	<u>241.5</u>
Total current assets	325.4	336.9	302.9	260.6	268.1	280.8	274.7	289.0	352.7	348.8	369.1	429.1	393.5
Creditors - within one year:													
Trade & sundry creditors	80.3	89.2	53.7	47.4	50.6	51.9	49.0	49.8	61.5	54.6	51.4	65.0	46.3
Other creditors:													
Capex creditors		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
PAYE etc	12.0	11.8	11.8	13.4	13.4	13.4	13.4	13.4	14.5	14.5	14.5	14.5	14.5
VAT due to State	22.5	27.5	32.0	4.0	9.5	16.1	6.8	13.6	26.5	9.6	18.3	30.4	7.2
Corporation tax	4.4	0.3	0.6	0.9	1.3	1.6	1.9	2.2	2.5	2.8	3.1	3.5	3.8
Dividends													10.0
Accruals	155.9	159.3	162.6	166.0	169.3	172.7	176.0	179.4	182.7	186.1	189.4	192.8	196.1
Longterm creditors-within 1 year:													
Longterm debt		80.5	78.1	75.6	73.1	70.7	68.2	65.8	63.3	60.8	58.4	55.9	53.4
Total current liabilities	275.1	370.6	340.7	309.3	319.2	328.2	317.3	326.1	352.9	330.3	337.1	364.0	333.2
Net current assets	50.3	(33.7)	(37.8)	(48.7)	(51.1)	(47.4)	(42.5)	(37.1)	(0.2)	18.5	32.0	65.0	60.2
Total assets less curr liabilities	234.5	143.1	131.3	112.8	102.7	98.7	95.7	93.3	122.2	132.9	138.4	163.4	150.4
Creditors - after one year:													
Longterm debt	83.0												
Net assets	<u>151.5</u>	<u>143.1</u>	<u>131.3</u>	<u>112.8</u>	<u>102.7</u>	<u>98.7</u>	<u>95.7</u>	<u>93.3</u>	<u>122.2</u>	<u>132.9</u>	<u>138.4</u>	<u>163.4</u>	<u>150.4</u>
Share capital & premium account	66.6	66.6	66.6	66.6	66.6	66.6	66.6	66.6	66.6	66.6	66.6	66.6	66.6
Reserves	84.9	<u>76.4</u>	<u>64.6</u>	<u>46.1</u>	<u>36.0</u>	<u>31.9</u>	<u>29.0</u>	<u>26.5</u>	<u>55.5</u>	<u>66.2</u>	<u>71.7</u>	<u>96.6</u>	<u>83.7</u>
Shareholders' funds	<u>151.5</u>	<u>143.0</u>	<u>131.2</u>	<u>112.7</u>	<u>102.6</u>	<u>98.5</u>	<u>95.6</u>	<u>93.1</u>	<u>122.1</u>	<u>132.8</u>	<u>138.3</u>	<u>163.2</u>	<u>150.3</u>

12 Months to end Jul	2008 Aug	2008 Sep	2008 Oct	2008 Nov	2008 Dec	2009 Jan	2009 Feb	2009 Mar	2009 Apr	2009 May	2009 Jun	2009 Jul	Year 2008-9
<u>PERFORMANCE REVIEW</u>													
(Annual averages where appropriate)													
Net borrowings (cash surplus) as percentage of shareholders' funds	-69	-74	-53	-59	-68	-66	-85	-83	-87	-107	-112	-125	-125
Current asset ratio (times)	0.9	0.9	0.8	0.8	0.9	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.2
Trade debtors (days annualised sales)	46	34	36	35	35	36	35	33	36	37	34	39	36
Creditors (days annualised costs)	35	20	18	18	18	18	18	19	18	18	20	17	20
As % sales:													
-Gross profit	53.1	52.6	52.0	54.9	57.1	59.4	59.2	68.0	62.5	62.5	61.6	62.5	59.6
-Research & development	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.3	0.4	0.4	0.3	0.5	0.5
-Selling/distribution expenses	4.6	5.8	12.0	10.3	9.5	9.7	9.5	6.3	7.8	8.4	6.4	9.7	8.2
-Trading profit	2.0	(1.9)	(11.2)	0.3	7.0	8.4	8.9	28.9	19.0	15.5	26.0	8.3	11.5
-Net profit before tax	(10.3)	(14.0)	(25.0)	(11.6)	(4.0)	(3.0)	(2.3)	21.3	9.8	5.6	18.4	(2.9)	1.1
Gross profit breakdown (£000):													
- Existing Products and Demand Growth	42.6	42.9	37.6	42.9	45.8	43.3	43.5	59.5	51.3	46.3	63.9	37.8	557.6
- Upselling and Price Increases				2.7	5.7	8.9	8.9	11.2	10.0	9.5	11.2	8.6	76.9
- New Large Customer Sales								20.4	6.2	6.2	6.2	6.2	45.3
- Reseller and ISV Sales			0.3	0.6	0.9	1.3	1.6	2.2	2.4	2.7	3.0	3.4	18.6
Overall gross profit (£000)	42.6	42.9	37.8	46.3	52.4	53.5	54.1	93.4	70.0	64.8	84.3	56.2	698.4
Gross profit as % sales:													
- Existing Products and Demand Growth	53.1	52.6	52.0	54.9	57.1	59.4	59.2	68.0	62.5	62.5	61.6	62.5	58.9
- Upselling and Price Increases				54.9	57.1	59.4	59.2	68.0	62.5	62.5	61.6	62.5	61.6
- New Large Customer Sales								68.0	62.5	62.5	61.6	62.5	64.7
- Reseller and ISV Sales			52.0	54.9	57.1	59.4	59.2	68.0	62.5	62.5	61.6	62.5	61.6
Average number of employees (Persons)	10.0	10.0	11.0	11.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0	11.3
Annualised sales per employee (£000)	96.2	97.9	79.4	92.0	100.1	98.3	99.7	137.4	112.0	103.7	136.8	89.9	103.6

Years ending Jul	08-09 1 Qtr	08-09 2 Qtr	08-09 3 Qtr	08-09 4 Qtr	09-10 1 Qtr	09-10 2 Qtr	09-10 3 Qtr	09-10 4 Qtr	10-11 1 Qtr	10-11 2 Qtr	10-11 3 Qtr	10-11 4 Qtr	08-09 Year	09-10 Year	10-11 Year	11-12 Year	12-13 Year
PROFIT & LOSS ACCOUNTS	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Sales	235	266	341	330	349	327	431	416	431	407	518	502	1,172	1,523	1,858	2,044	2,248
Cost of sales	111	114	123	125	132	124	163	158	163	154	196	190	474	577	704	774	852
Gross profit	123	152	218	205	217	203	268	258	267	253	322	312	698	946	1,154	1,270	1,396
Overhead costs	132	138	148	146	159	154	165	173	175	170	181	190	564	651	716	752	789
Trading profit	-8	14	69	59	58	49	103	85	92	83	141	122	134	295	438	518	607
Less: Bad debts	1	1	2	2	2	2	2	2	2	2	3	3	6	8	9	12	14
Less: Depreciation	29	29	30	30	28	29	30	31	26	26	28	28	118	118	109	120	134
Operating profit	-38	-16	38	27	28	18	71	52	64	54	111	92	11	169	320	386	459
Less: Interest payable	2	1	1	1	1	1	1	1	1	0	0	0	5	3	2	1	0
Plus: Interest receivable	2	1	2	2	3	3	4	4	5	6	7	8	7	14	25	40	54
Net profit before tax	-38	-16	38	28	29	21	74	56	69	59	117	99	13	180	344	424	513
Corporation tax	1	1	1	1	-	-	-	54	-	-	-	103	4	54	103	127	154
Profit after tax	-39	-17	37	28	29	21	74	2	69	59	117	-4	9	126	241	297	359
Dividends declared	-	-	-	10	-	-	-	10	-	-	-	10	10	10	10	10	10
Transferred to reserves	-39	-17	37	18	29	21	74	-8	69	59	117	-14	-1	116	231	287	349

Years ending Jul	08-09 1 Qtr	08-09 2 Qtr	08-09 3 Qtr	08-09 4 Qtr	09-10 1 Qtr	09-10 2 Qtr	09-10 3 Qtr	09-10 4 Qtr	10-11 1 Qtr	10-11 2 Qtr	10-11 3 Qtr	10-11 4 Qtr	09-10 Year	10-11 Year	11-12 Year	12-13 Year
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CASHFLOW STATEMENTS																
Net cash inflow from operating activities	-45	9	58	77	70	68	94	103	99	101	129	140	335	469	491	582
Returns on investments & servicing of finance:																
Interest received	2	1	2	2	3	3	4	4	5	6	7	8	14	25	40	54
Interest paid	-2	-1	-1	-1	-1	-1	-1	-1	-1	-0	-0	-0	-3	-2	-1	-0
Dividends paid															-33	-10
Net cash inflow from returns on investments & servicing of finance	0	0	0	1	2	2	3	4	5	5	6	7	11	24	5	44
Taxation:																
Corporation tax paid	-4					-4				-54			-4	-54	-103	-127
Tax paid	-4					-4				-54			-4	-54	-103	-127
Investing activities:																
Purchases of fixed assets	-4	-6	-6	-6	-28	-8	-28	-8	-28	-8	-28	-8	-70	-70	-61	-70
Net cash outflow from investing activities	-4	-6	-6	-6	-28	-8	-28	-8	-28	-8	-28	-8	-70	-70	-61	-70
Net cash inflow before financing	-53	3	53	72	44	59	69	100	76	45	108	140	272	369	332	429
Financing:																
Repayments of long-term loans & debt	-7	-7	-7	-7	-7	-6	-4	-4	-4	-4	-4	-4	-21	-14	-10	-8
Net cash inflow from financing	-7	-7	-7	-7	-7	-6	-4	-4	-4	-4	-4	-4	-21	-14	-10	-8
Increase (decrease) in cash	-61	-4	45	65	37	53	66	96	73	41	104	136	252	354	322	420
Closing net cash balance (deficit)	136	132	177	242	279	331	397	493	566	607	711	847	493	847	1,169	1,589
Operating profit	-38	-16	38	27	28	18	71	52	64	54	111	92	169	320	386	459
Depreciation	29	29	30	30	28	29	30	31	26	26	28	28	118	109	120	134
Increase in debtors	4	-18	-29	20	-24	9	-41	6	-6	9	-44	6	-50	-34	-20	-22
Increase in creditors	-33	2	6	-8	3	-2	9	0	1	-2	9	0	10	8	5	5
Other adjustments:																
Revenue grants (eliminates double counting)																
Prepayments & accruals	10	10	10	10	15	15	15	15	14	14	14	14	59	56		
PAYE etc	1		1													
VAT	-18	3	3	-2	20	-0	11	-1	-0	-0	12	-1	29	10	0	6
Net cash inflow from operating activities	-45	9	58	77	70	68	94	103	99	101	129	140	335	469	491	582

Years ending Jul	08-09 1 Qtr	08-09 2 Qtr	08-09 3 Qtr	08-09 4 Qtr	09-10 1 Qtr	09-10 2 Qtr	09-10 3 Qtr	09-10 4 Qtr	10-11 1 Qtr	10-11 2 Qtr	10-11 3 Qtr	10-11 4 Qtr	07-08 Year	08-09 Year	09-10 Year	10-11 Year	11-12 Year	12-13 Year
BALANCE SHEETS	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fixed assets @ cost	407	413	419	425	452	460	487	495	522	530	557	565	402	425	495	565	635	705
Accumulated depreciation	<u>246</u>	<u>275</u>	<u>305</u>	<u>335</u>	<u>363</u>	<u>392</u>	<u>422</u>	<u>453</u>	<u>479</u>	<u>506</u>	<u>534</u>	<u>562</u>	<u>217</u>	<u>335</u>	<u>453</u>	<u>562</u>	<u>682</u>	<u>816</u>
Fixed assets @ WDV	161	138	114	90	89	68	65	42	43	24	24	3	184	90	42	3	-47	-111
Intangible assets @ WDV																		
Trade debtors	87	105	134	114	138	129	170	164	170	161	204	198	91	114	164	198	218	240
Prepayments	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38
Cash at bank	<u>136</u>	<u>132</u>	<u>177</u>	<u>242</u>	<u>279</u>	<u>331</u>	<u>397</u>	<u>493</u>	<u>566</u>	<u>607</u>	<u>711</u>	<u>847</u>	<u>197</u>	<u>242</u>	<u>493</u>	<u>847</u>	<u>1,169</u>	<u>1,589</u>
Total current assets	261	275	349	393	454	498	605	695	774	806	954	1,083	325	393	695	1,083	1,425	1,867
Creditors - within one year:																		
Trade & sundry creditors	47	49	55	46	50	47	56	56	58	55	64	65	80	46	56	65	70	75
Other creditors:																		
Capex creditors	2	2	2	2	2	2	2	2	2	2	2	2		2	2	2	11	11
PAYE etc	13	13	14	14	14	14	14	14	14	14	14	14	12	14	14	14	14	14
VAT due to State	4	7	10	7	27	27	37	36	36	36	47	46	23	7	36	46	46	52
Corporation tax	1	2	3	4	4			54	54			103	4	4	54	103	127	154
Dividends				10	10	10	10	20	20	20	20	30		10	20	30	7	7
Accruals	166	176	186	196	211	225	240	255	269	283	297	311	156	196	255	311	311	311
Longterm debt	76	68	61	53	46	40	36	33	29	25	22	18		53	33	18	8	-0
Total current liabilities	309	317	330	333	364	366	396	471	482	436	467	590	275	333	471	590	594	623
Net current assets	-49	-43	18	60	90	132	209	224	292	370	487	494	50	60	224	494	831	1,243
Total assets less curr liabilities	113	96	133	150	180	201	274	266	335	394	511	497	235	150	266	497	784	1,133
Creditors - after one year:																		
Longterm debt													83					
Net assets	<u>113</u>	<u>96</u>	<u>133</u>	<u>150</u>	<u>180</u>	<u>201</u>	<u>274</u>	<u>266</u>	<u>335</u>	<u>394</u>	<u>511</u>	<u>497</u>	<u>152</u>	<u>150</u>	<u>266</u>	<u>497</u>	<u>784</u>	<u>1,133</u>
Share capital & premium account	67	67	67	67	67	67	67	67	67	67	67	67	67	67	67	67	67	67
Reserves	<u>46</u>	<u>29</u>	<u>66</u>	<u>84</u>	<u>113</u>	<u>134</u>	<u>207</u>	<u>199</u>	<u>268</u>	<u>327</u>	<u>444</u>	<u>430</u>	<u>85</u>	<u>84</u>	<u>199</u>	<u>430</u>	<u>717</u>	<u>1,066</u>
Shareholders' funds	<u>113</u>	<u>96</u>	<u>133</u>	<u>150</u>	<u>180</u>	<u>200</u>	<u>274</u>	<u>266</u>	<u>335</u>	<u>394</u>	<u>511</u>	<u>496</u>	<u>152</u>	<u>150</u>	<u>266</u>	<u>496</u>	<u>783</u>	<u>1,132</u>

Years ending Jul	08-09 1 Qtr	08-09 2 Qtr	08-09 3 Qtr	08-09 4 Qtr	09-10 1 Qtr	09-10 2 Qtr	09-10 3 Qtr	09-10 4 Qtr	10-11 1 Qtr	10-11 2 Qtr	10-11 3 Qtr	10-11 4 Qtr	08-09 Year	09-10 Year	10-11 Year	11-12 Year	12-13 Year
PERFORMANCE REVIEW																	
As % total sales:																	
-Gross profit	52.6	57.2	63.8	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	59.6	62.1	62.1	62.1	62.1
-Trading profit	(3.5)	5.4	20.3	17.9	16.5	14.9	23.9	20.4	21.4	20.3	27.2	24.4	11.5	19.4	23.6	25.3	27.0
-Net profit before tax	(16.1)	(6.1)	11.2	8.6	8.4	6.3	17.1	13.4	15.9	14.6	22.5	19.7	1.1	11.8	18.5	20.8	22.8
-Research & development	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.4	0.3	na	na
-Selling/distrib expenses	7.3	9.8	7.7	7.9	7.5	8.0	6.1	6.3	6.1	6.4	5.1	5.2	8.2	6.9	5.6	na	na
Projected sales as % breakeven	94	110	147	140	136	132	163	149	153	148	178	165	124	145	161	169	177
Number of employees	11	11	12	12	11	11	14	14	13	12	15	15	12	14	15	15	17
Changes over previous year (%):																	
-Sales	-	-	-	-	49	23	27	26	23	25	20	21	26	30	22	10	10
-Net profit before tax	-	-	-	-	na	na	93	96	133	186	58	77	411	1,329	91	23	21
-Retained earnings	-	-	-	-	na	na	98	na	133	186	58	na	na	na	99	24	22
-Shareholders' funds	-	-	-	-	59	110	106	77	86	97	86	87	-1	77	87	58	45
-Earnings per share	-	-	-	-	-	-	-	-	-	-	-	-	258	1,329	91	23	21
Trading profit/capital employed (% pa)	na	59.7	208.0	157.1	128.4	97.4	150.7	127.7	110.2	83.8	110.4	98.5	89.3	110.8	88.2	66.1	53.6
Operating profit/capital employed (% pa)	na	na	113.7	72.6	61.7	36.8	103.1	78.1	76.4	54.8	86.6	73.7	7.2	63.4	64.4	49.2	40.5
Return on shareholders' funds (% pa)	(137.8)	(71.6)	112.1	73.2	65.5	41.4	107.4	2.9	82.1	60.3	91.4	(3.3)	5.8	47.3	48.4	37.9	31.7
Annual sales/capital employed (times)	8.3	11.1	10.3	8.8	7.8	6.5	6.3	6.3	5.1	4.1	4.1	4.0	7.8	5.7	3.7	2.6	2.0
Annual sales/fixed assets (times)	5.8	7.7	11.9	14.7	15.6	19.2	26.5	39.8	39.9	67.5	87.2	666.7	13.0	36.5	616.8	na	na
Current asset ratio (times)	0.8	0.9	1.1	1.2	1.2	1.4	1.5	1.5	1.6	1.8	2.0	1.8	1.2	1.5	1.8	2.4	3.0
Trade debtor days	34	36	36	32	36	36	36	36	36	36	36	36	36	39	39	39	39
Stock days																	
Trade creditor days	18	18	18	16	16	16	16	16	16	16	16	16	16	17	17	17	17
Cumulative issued shares (000s)	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170
Net assets per share (£)	0.66	0.56	0.78	0.88	1.06	1.18	1.61	1.57	1.97	2.32	3.00	2.92	0.88	1.57	2.92	4.61	6.66
Earnings per share (£)	-	-	-	-	-	-	-	-	-	-	-	-	0.05	0.74	1.41	1.75	2.11
Dividend per share (£)	-	-	-	-	-	-	-	-	-	-	-	-	0.06	0.06	0.06	0.06	0.06
Dividend cover (times)	-	-	-	-	-	-	-	-	-	-	-	-	0.9	12.6	24.1	29.7	35.9

Appendix B – Vertical Sector Growth Drivers

Vertical Sector	Vertical Sector Growth Drivers	Potential Growth Services
<u>Banking, Financial Services and Insurance</u>	Regulation requiring significant IT investments Increased efficiency by migrating customers to low-cost channels like e-banking and web-based CRM Improved resilience and lower operational risk with a stable, flexible, and scalable IT infrastructure Lower transaction costs through economies of scale Flexibility to embrace new innovative solutions Reallocate time and talent to focus on business rather than IT	Web-based client-facing applications such as call centre and customer relationship applications (CRM)
Manufacturing	Cost reduction, fees based on a specific functionality and capacity to use depending on individual requirements Higher business value benefits, faster and at reduced costs than a purchased solution Reducing the wastage of time, expense and business disruption associated with in-house applications No upfront expenditure on licenses, maintenance contracts and new staff Scalability Availability of industry-specific functionality that best meets a company's needs Availability of expert staff to address issues Advantage of security and risk-mitigation capabilities	Enterprise Resource Planning (ERP) Manufacturing Execution Systems (MES) Supply Chain Management (SCM)
Services	Pay only for the functions used (Pay-As-You-Go) Reduced training Costs Access to the latest technology without IT Investment Increase efficiency and cost savings Access to applications for a fraction of the cost Quick implementation process and lower maintenance responsibilities Instantaneous upgrades based on necessity for software products Unprecedented reach and flexibility to access from anywhere, anytime	Hosted solutions - using the internet as an application platform
Government	Choice of different technologies and architectures Reduce the incremental cost for implementation of new solutions as well as the time needed for design and development Improved cost efficiencies for improved ROI Provides a lower-cost option that eliminates traditional investment, setup, and maintenance hurdles Designed to meet the requirements, budgets and needs of individual agency or a large organization Scalability & Flexibility Availability on a monthly subscription fee basis Access securely anytime, anywhere, from any computer with internet access Lower total cost of ownership	e-governance solutions
Communications	IT platforms to offer services that drive subscriber growth and profitability to meet the challenge of creating new revenue opportunities Tailored, industry-specific solutions to solve business challenges Cost effective solutions, with managed servers and updates IT platform to offer advanced services such as voice over IP, wireless and convergent services Complexity in upgrading legacy systems Ease of switching - Facility to switch solutions easily Efficient back up and security Anytime, anywhere accessibility	Web-based back-office applications such as billing, mediation, rating and subscriber management Web-based client-facing applications such as call centre and customer relationship applications (CRM)