

Web Logistics Network

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Business Plan

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1.0 Executive Summary

The fortunes of the transport and logistics industry are closely connected to the economic cycle. When economic activity is buoyant, demand for transport and logistics services is equally strong. Consumer and business demand for goods and services inevitably translates into higher demand for transport and logistics services. Thus, the slump in global economic growth that has occurred since the second half of 2008, and that has caused global trade volumes to plummet, is having a severe impact on the transport and logistics industry. However, the future of the transport and logistics service looks bright for the global economy especially for developing countries such as China, India, Brazil and Argentina.

Business/social network sites are defined as web-based services that allow individuals and businesses to,

- Construct a public or semi-public profile within a bounded system
- Locate information that is pertinent to their specific interest and needs
- Connect with other users for whom they share a connection
- View, obtain and traverse market information with those made by others within the system

While the Web Logistics Network (WLN) will be an integrated business and social network site, social networking features will be included as an enhanced service. The term "social network site" describes a phenomenon, the term "social networking sites" also appears in public discourse, and the two terms are often used interchangeably. "Networking" emphasizes relationship initiation, often between strangers. While networking will be an important aspect to members, it will not be the primary practice for many, nor will it differentiate from other tools available on the site.

A business network website is a socioeconomic website by which groups of like-minded businesspeople recognize, create, or act upon business opportunities, industry information and membership communication. A business network is a type of network whose reason for existing is business activity. Business activity can be defined by bids, offerings, information and other business solutions. There are several prominent business networking organizations that create models of networking activity that, when followed, allow the businessperson or organization to build new business relationships and generate business opportunities at the same time. A professional network service is an implementation of information technology in support of business networking.

Business networking can be conducted in a local business community, or on a larger scale via the Internet. Business networking websites have grown over recent years due to the Internet's ability to connect people from all over the world.

Company

One company that will share the online business networking success is Web Logistics Network (WLN). Owned and operated by Mr. Hilmi Armoush, WLN will maintain daily operation through superior service and a committed to excellence with the highest business standards. This level of excellence will be applied to every area of the business including memberships, sponsorships and businesses that will support the shipping and transport industry. Furthermore, all of these business relationships with customers, members and employees will rest on a foundation of integrity and trust.

Web Logistics Network will be a business/social community network focusing on the people and businesses that form the shipping and transportation industry. The website will be designed as a virtual HR system allowing for the business to function individually and it be supervised from different locations using online tools and KPI's. In addition, it will also depend highly on outsourcing specialized services whereby comparative advantage can be found for every function.

Web Logistics Network envisions a company that will be stretched across the globe with offices in specific countries that can provide a targeted service. WLN expects developers and customer service agents be located in India. The business strategy and quality management will be located in the USA and Jordan. The financial department will be located in Dubai and marketing and sales will be located in the United Kingdom. All other business services will be located in a country that will offer the best services at the lowest price. The Company's sole purpose is to create an

Web Logistics Network

environment that users will want to check out and rely on a daily basis. In addition, the WLN system will integrate several features under one banner for members to utilize.

Service

Web Logistics Network will be a free powerful integrated network service for stakeholders to discover, learn, understand, create, share and assimilate into their daily routine. It will be a shipping and ports portal facilitating free movement of cargo across borders. This service is the result of combining the tools and features from several different website under one banner. WLN will offer such features as offerings, bids, information and membership connection. The site will also improve stakeholders' supply chain administration with customer relation management. Furthermore, services offered will range from blogs to research information to real-time communication.

Sponsorship

Since user memberships will be free, the Company will need to generate revenue in order to maintain the business function for providing great service to members. One way the Company can accommodate this task is by making space available to corporations and businesses who wish to advertise. Businesses that advertise on the WLN network will be charged based on the size, location and impression of their advertisements. In addition, the Company will be able to extend the Company's merchant solutions offer to advertisers who choose to track their ad progress with WLN tracking features. Features will be available to all advertisers who choose to advertise on the website.

Targeted businesses will be organizations that have some level of involvement within the shipping and transport industry. They will stretch from shipping businesses to insurance companies to software and solution providers. The shipping and transportation industry is a multi-billion dollar industry with strong growth expected over the next fifteen to twenty years. As a result, more people and businesses will be required to organize daily logistics and service to meet industry requirements. The shipping and transportation industry will expand requiring more sources for information, research and communication.

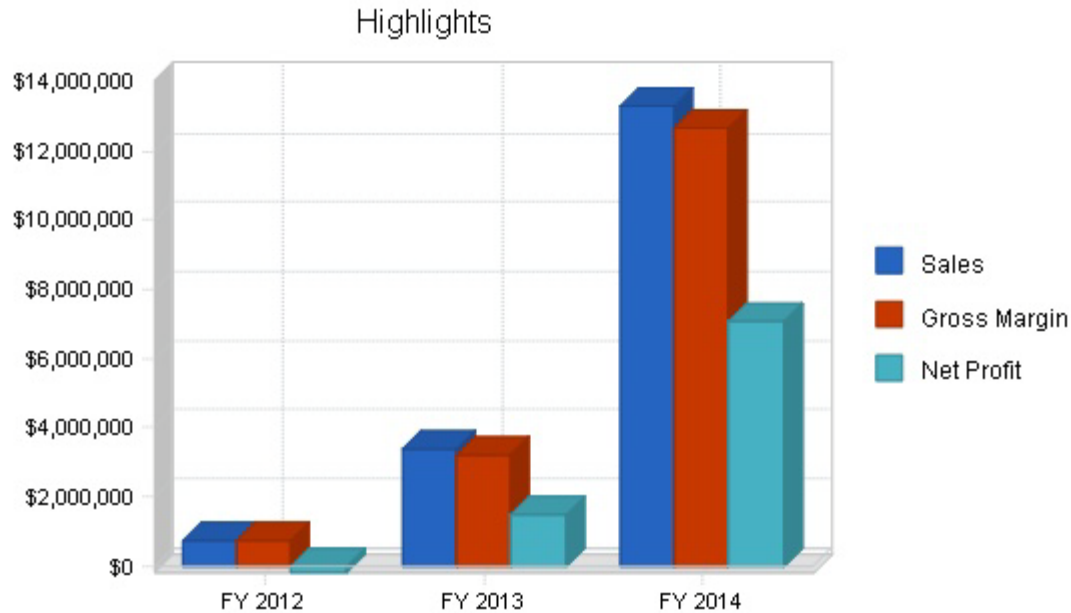
Management

The Company consisting of one principle has over 14 years experience in many commercial, legal, technical and operational functions in different segments within the shipping and transportation industry. There will be no other management figure, as Mr. Armoush will serve as the primary owner, manager and employee of the Company. He will integrate a staff that will stretch from India to Jordon and from the USA to the UK. The Company plans to register as an LLC sometime this year with great anticipation of securing sufficient working capital to launch the most insightful, powerful and intriguing business/social network www.weblogisticsnetwork.com.

Investment

It is the goal of Web Logistics Network to secure \$85,000 working capital in order to finance start up costs associated with creating and developing the site, purchasing software licenses and funding initial advertising costs. There will be no dividends paid, but a debt plan has been created to facilitate repayment. The repayment projection of investment funds will be over a ten-year period beginning with the first year of operation. The final repayment to investors will be in 2021.

Chart: Highlights



1.1 Objectives

Since Web Logistics will be highly goal oriented, the following objectives have been segmented based on their category. Segmenting objectives will be more effective when implementing during operations.

Business Objectives:

- Integrate modern technological and web-based solutions
- Provide a forum for offerings, bids, information and getting connected
- Improve stakeholders' supply chain management with customer relation management
- To become established as the leading service and information provider for shipping and transportation stakeholders

Financial Objectives:

- Generate consistent web revenue through two sources, Google AdSense and general ads
- Generate at least \$225,000 in advertising revenue the first year.
- To increase revenue by 42.28 percent in the second year
- To exceed monthly projected revenue
- To meet annual projected profits
- To maintain strong cash flow by meeting projected cash flow balances

Marketing Objectives:

- Create strong relationships with companies that will buy advertising space
- To maintain strong marketing efforts through a variety of free and fee based search engines
- To create word-of-mouth advertising through an innovative and well design website
- Create brand recognition

1.2 Mission

Web Logistics' mission is to integrate modern technological and web-based solutions to be tailored to meet industry stakeholders' needs. This will provide real-time interactions, which offers various communication solutions that will be used for the purpose of getting connected, obtaining bids and receiving information.

Web Logistics Network

Web Logistics will follow a differentiation strategy that will provide a strong integration of stakeholders' supply chain management with customer relation support for users. The website will be user friendly and offer the tools needed to improve efficiency and productivity.

1.3 Keys to Success

- **Visionary Leadership** – Mr. Armoush will increase efficiency by moving decision-making responsibility to the frontline. Efficiency is achieved with limited supervision. To make frontline responsibility effective, Mr. Armoush must give future workers the opportunity to develop quality decision-making skills and learn to trust them as the company grows.
- **Web-based Solutions** – aims to focus on communication, networking and information technologies which can be tailored for industry use.
- **A Marketing Platform** – Web Logistics will provide a platform where companies may advertise on the company website to ensure that complimentary companies receive adequate exposure while creating a consistent flow of revenue for the company.
- **Rich Knowledge** – Mr. Armoush offers a level of knowledge that is rich in the latest information for the industry's supply chains and various business needs for each segment.

2.0 Company Summary and Ownership

Web Logistics Network will be a start-up business located in Amman, Jordan. The Company will initially be registered as an LLC company in Dubai. This will allow WLN the ability to offer better terms and provide duty-free benefits and thereby supporting competitive advantages.

Mr. Armoush will be the sole owner of Web Logistics Network. He will build a company that will be a long-term enterprise offering dependable results, strong market share and improved capital markets. The plan is to secure enough capital to support initial start up costs and the first six months of operating expenses. Cash from revenue will support all further growth plans.

2.1 Start-up Summary

The Company founder, Mr. Hilmi Armoush, will handle day-to-day operations of the business and will work collaboratively to ensure that this business venture is a success. This collaboration will be based on several factors that will influence the business within selected countries.

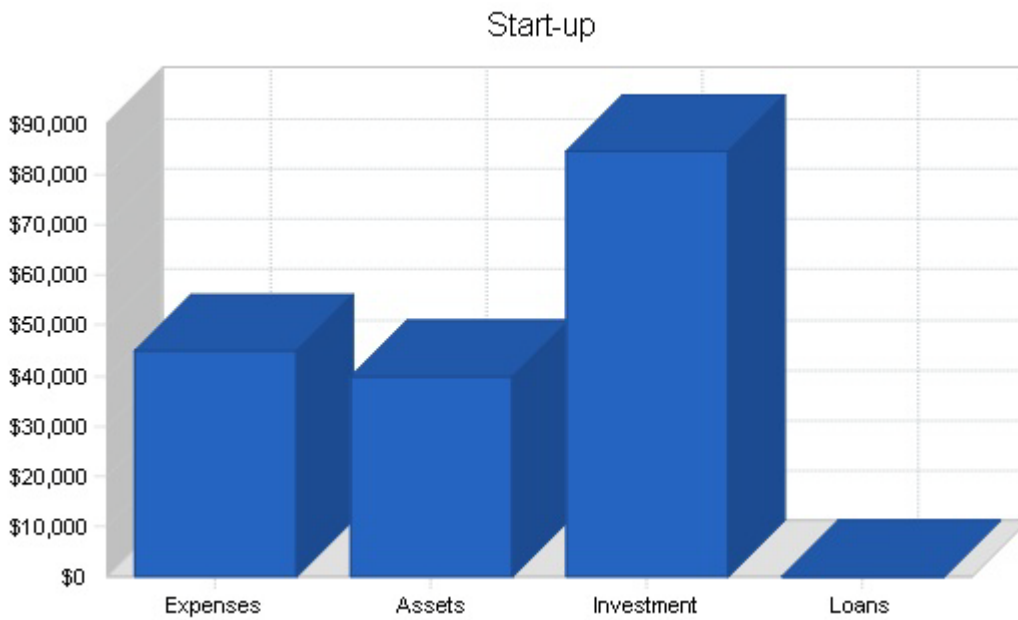
It is estimated that the start-up costs will be \$45,129 (including legal costs, advertising, and related expenses). An additional amount of \$39,871 will be required as start-up capital to help fund the first six year of operations. This is by in large critical as it will take a fully twelve months to properly create awareness and stimulate demand. The start-up costs are to be financed in equal portions by the owners' personal funds and by investment capital.

Table: Start-up

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Accounting/Legal	\$5,000
Insurance	\$250
Rent	\$1,000
Computer Software	\$5,531
Supplies	\$1,842
Software Licenses	\$3,000
Hosting/Servers	\$500
Office Renovation	\$10,256
Telephone Line	\$250
Computer Hardware	\$10,000
Advertising/Promotional Costs	\$3,000

Salaries	\$3,500
Meeting Expense	\$1,000
Total Start-up Expenses	\$45,129
Start-up Assets	
Cash Required	\$39,871
Other Current Assets	\$0
Long-term Assets	\$0
Total Assets	\$39,871
Total Requirements	\$85,000

Chart: Start-up



2.2 Company Locations and Facilities

Web Logistics' vision is to create virtual HR systems that will allow the Company to be functional and managed from different locations using online tools and key performance indicators. Furthermore, outsourcing specialized services will offer a comparative advantage that can be found for every function. Web Logistics Network will focus on following:

- Developers and Customer Services – India
- Business Strategy and Quality Management – USA and Jordan
- Finance – Dubai
- Marketing and Sales – UK

Initially, Web Logistics will be created as a virtual business structure that will offer reduced operating expenses while exploiting profits. However, as the business grows more aspects of the company will be included to ensure operations are consistently maintained.

2.3 Risk Management

Mr. Armoush understands the importance of assessing risk and, therefore, a comprehensive plan will be put into place to ensure Web Logistics Network and its contents, intellectual and physical properties are always protected by insurance and other protection factors.

Comprehensive Business Insurance - The Company's policy will carry a US\$5,000,000 commercial general liability with contents covered on a replacement cost basis. The policy will cover a variety of factors.

Intellectual Property - All logos, website pages, software created for Web Logistics Network will have registered trademarks and copy written property of Web Logistics.

Data Storage - The business will have on site data backed up 24 hours by external hard drives and tape drives. In addition, the server that hosts Web Logistics will also have the company's data backed on a daily basis and stored off site to ensure data is safely protected.

In addition to server being backed up by a hosting company, Web Logistics Network will also contract the services of StorIT Distribution.

StorIT provides full-spectrum Data Storage Infrastructure Solutions to customers in the SMB, SME, and Large Enterprise domains. Their consulting team offers additional value services including Business Need Assessment, Architecture and Proof of Design to optimize solutions to customer requirement.

StorIT will offer Web Logistics valuable and cost effective solutions to protect against the following:

- Natural disasters
- Human error
- Viruses
- Security breaches

Their services will ensure Web Logistics' business network is not left vulnerable to these elements while enabling rapid recovery of the data when needed. Their solutions range from offsite tape vaulting and archiving to server, laptop and PC data backup, email archive, and disaster recovery.

Liability to Employees – Mr. Armoush understands that as the company grows employees will be needed to properly operate the business. As a result, there is always a risk of a physical injury to employees. Although the risk is minimal being the nature of the business, adhering to all governmental regulations will add success to the business.

Loss From Bad Debts - All advertising agreements done with Web Logistics Network will require full payment upfront prior to the publishing of any advertisement. This is done to eliminate accounts receivables and always have at least a three-month cash flow.

Marketing Risks – Web Logistics will monitor its sales on a monthly basis, compare it to its projected sales forecast and make adjustments as needed. This business will also monitor competitor's prices and promotions to stay competitive.

3.0 Services

Web Logistics will offer a free powerful web portal for the shipping and transportation stakeholders on a global scale. The service will be a result of identifying areas that lack proper solutions to facilitate reliable and efficient movement of cargo across borders.

The intension is to create a new transport, shipping and ports portal that covers the international markets by building a powerful web-based platform that provides multiple innovative features and values to as many stakeholders as possible.

This portal aims to offer many valuable solutions for many transport companies and individuals to increase the marketing opportunities, networking solutions as well as industry-related information, at a value.

3.1 Service Description

The portal will provide communication, networking and information technologies, which can be tailored to meet the expectations of corporate and individual needs.

Communication

- Web Logistics' online communications will be more than a snazzy website and an e-newsletter. Combined it will be a slew of new web-based technologies for a community that is rapidly coming to think of online interactions as just as real as face-to-face interaction. In short, online communications today is about forming connections, creating community, and organizing action in previously unimaginable ways. Web Logistics Network will provide:
 - **E-Mail Tools** – WLN will include CRM tools, also known as e-mail tools, to be included as a way to deepen connections between different organization and individuals within the company website. They can be as simple as the address book in your e-mail program or free listservs like those offered by Yahoo! Groups, which allow a group to communicate with a whole group of people by sending just one e-mail.
 - **MSN Messenger** – will be included as a real time form of communication among members. MSN Messenger is an instant messaging client created by Microsoft that is designed to work with members Windows XP (up to Wave 3), Windows Vista, Windows 7, Windows Mobile, Windows CE, Xbox 360, Blackberry OS, iOS, Java ME, S60 on Symbian OS 9.x and Zune HD operating system. Each member will have the option of applying for an account online in order to utilize the service.
 - **Blogs** (short for Web Logs), are constantly updated personal online journals related to their authors' lives, interests, or obsessions. A blog for an organization can serve as an outlet to announce the latest report or event or other business related note. Members will be able to sign up for a blog when they request a membership from WLN. Blogs need to be updated frequently, which involves time commitment, especially if there is a lot of content. Members will need to maintain aggressive use in order to receive proper acknowledgment.
 - **Mobile Application** – The mobile application will provide members with the luxury of accessing the website via the iPhone and other smartphone communication devices while on the go. This application will be available as an "app" from the App Store or through other mobile software distribution platforms.
 - **Surveys** can be a great way to learn how businesses feel about an issue, what they think of events that are affecting the community, and what is important. Surveys are useful both for the information that they provide and for the connections they help forge. Survey Monkey is a great no- to low-cost option for creating and managing surveys.
 - **Podcasts** are audio downloads that are created; they are one of the clearest examples of just how easy it is for a business to create media online. For the truly ambitious, video podcasts, or vodcasts, is the next logical step. Just as with blogs, podcasts represent a significant investment in terms of the time it takes to create them and the need to have fresh, interesting content. That said they are cheap to produce and distribute, and offer the chance to reach a broad audience.
 - **Message Boards** are online discussions that foster community and allow for a free flow of ideas. Remember that creating a message board involves making choices about what kind of speech

Web Logistics Network

that is associated with your organization and its work, and a potentially significant time investment if moderating a board is important. Web Logistics Network will provide a venue for free board hosting for interested members.

Networking

- Business networking will be critical aspect of Web Logistics Network. The Company will benchmark several prominent business networking organizations that create models of networking activity that, when followed, allow the businessperson to build new business relationships and generate business opportunities at the same time.
- Web Logistics will benchmark with Facebook, LinkedIn, Twitter, Skype, MSN and Ryze.com. These sites support business networking on a cost-effective method of generating new business than advertising or public relations efforts. This is because business networking is a low-cost activity that involves more personal commitment than company money.
- The business network of Web Logistics will allow members to meet weekly or monthly with the purpose of exchanging business leads and referrals with fellow members. To complement this activity, members will be able to meet often outside this circle, on their own time through email, phone and in-person, and build their own one-to-one relationship with the fellow member.

Information

- **News** – All news sources will come from a variety of areas within the global economy. Seventy-five percent of the news articles available on the website will focus primarily on the shipping and transportation industry.
 - **World Economies** – Issues surrounding countries, their economies and their shipping and transportation infrastructure
 - **Stock Markets** – The website will focus on the financial markets and its impact on the shipping and transportation. Prices on commodities such as oil, wheat, corn and other raw materials will have an impact the industry.
- **Classified listings** – Classified ads will focus on sale of items, such as ships and other transportation vessels. A part section will also be a favorite among ship owners.
- **Special Links** – The website will have informative links that will focus on providing outside information. Links such as www.informa.com and www.commercialconsultation.com
- **Reports** – Weekly shipping and transportation reports

3.2 Technology

Since its inception in 1989, the World Wide Web has provided the world with instant information. Every industry has been affected by the Internet in one way or another. Furthermore, the Internet is evolving and continually improving the ways to reach out, connect and inform users to help improve their lives and their business.

Business/social networks, email and real-time communication has influence the user by providing information which can improve processes and stimulate sales. Business and individuals can better communicate with other businesses and individuals across town or on the other side of the planet. The Internet has put people together to support business function with satisfying a need.

4.0 Market Analysis Summary

Web Logistics Network will be focusing on growing and maintaining membership through software and hardware updates for the website as well as for new features. The Company will strive to make memberships accessible, informative, easy to use and free. The initial goal is to have a major impact global shipping and transportation market through the tools that will be available to members. In order to accomplish, the Company must create awareness of what the website will have to offer members. There are no direct competitors so attracting members will be simply creating awareness.

Web Logistics Network will target the global shipping and transport stakeholders. The majority of members will be from businesses and organizations. These businesses are segmented into three categories: brokers, agents and freight forwarders. Within each segment, there are CEO/CFO, administrative personnel and sales persons that will benefit from the company's website.

4.1 Market Segmentation

As stated previously, Web Logistics Network will target three separate segments that function and are involved in one or more aspects of the global shipping and transportation industry. They include the following:

- Freight Forwarders
- Ship Brokers
- Freight Agents

Freight Forwarders

A freight forwarder company specializes in the moving (or "forwarding") of freight, or cargo, from one place to another. For example, international freight forwarders ship goods internationally from country to country, and domestic freight forwarders, ship goods within a single country.

Ship Brokers

Shipbroking is an activity which forms part of the international shipping industry. Shipbrokers are specialist intermediaries between ship owners and the charterers who use ships to transport cargo, or between buyers and sellers of ships. Brokers must apply for a "Broker Authority" through the FMCSA, Federal Motor Carrier Safety Administration. They must also obtain the proper insurance and forms which can be immense amount of learning if you are unfamiliar with the industry.

Freight Agents

Agents still have the freedom to grow their business, but without the administrative headaches of paying the bills and maintaining the requirements of a "Broker Authority". Some agents make a very sizable income and see no need to become a broker.

As an agent, you should understand what is going on and who is responsible for what. A Freight broker has additional responsibilities and requirements set forth by the government.

4.2 Target Market Segment Strategy

There are thousands of freight companies in business worldwide, many of which are members of certain organizations. Such organizations include the IATA (International Air Transport Association), TIA (Transportation Intermediaries Association) the BIFA (British International Freight Association), or the FTA (Freight Transport Association) and various or other regional organizations. Web Logistics Network will target users that are in one way or another involved within the shipping and transportation industry. WLN will accomplish this by maximizing the vast demographic of users associated with tools and information found on multiple websites. This will make for an all "under-one-roof" attraction. Several marketing and advertising channels will be utilized to create awareness and stimulate demand.

4.2.1 Market Needs

As the global economic improves, globalization will expand with many brands seeking a global impression with consistent efficiency through effective supply chain management; third party logistics and an enhanced shipping and transportation process.

Since the transport industry is highly fragmented, integration of modern technological and web-based solutions tailored to meet industry stakeholders' needs which will provide real-time interactions yet provide various communication solutions for offerings, bids, information and linking people. Furthermore, it will improve customer relation management, which is becoming a necessity that many companies cannot afford to be without.

4.2.2 Market Trends

Market trends for the global shipping and transportation industry support improving technology, changing culture and enhancing processes. Each will play a major role in the direction of how the Web Logistics Network website will be tailored.

- **Policy** – The inherent scale and complexity of transportation systems, particularly when they span multiple jurisdictions, will require novel approaches in governance. The role and impact of government policy is commonly subject to cycles of increasing commitments followed by different forms of retrenchment (e.g. privatization) as regulations lead to unproductive practices and unintended consequences. In spite of deregulation, shipping and transportation is subject to many forms of regulations pertaining to safety, security and the environment. These regulations as well as the taxation of transport activities, add to the management complexity and the cost burden.
- **Demography and society** – Production growth is expected to endure in many parts of the world until the mid 21st century, a process which will be linked with demands in mobility and increased levels of consumption. Yet, in other parts of the world, such as in Western Europe, North America and Japan, the rapid aging of the population and more people in retirement age will be associated with changes in mobility and lower levels of consumption per capita.
- **Energy and environment** – Issues related to the availability of energy and raw materials, particularly fossil fuels, are likely to endure and become more acute. This will be reflected in higher energy prices and since each mode has a different elasticity, the comparative advantages of modal options will change towards the most energy efficient transport chains.
- **Technology** – Technological innovation is very difficult process to anticipate and its impacts even more complex to assess. For shipping and transportation, technological innovations either concern the management, the mode (or infrastructure) or the motion (engine). It is expected that information technologies (IT) are likely to transform mobility with an improved command of flows and supply chain management practices. This is commonly linked with a better utilization of existing assets and derived productivity gains.
- **Finance** – Transportation projects, due to their size and technological complexity, are getting increasingly capital intensive. In several cases, only the largest financial institutions, often in partnership with the public sector, can provide an adequate level of capitalization. The value of transportation assets and the revenue they generate are likely to be important factors behind their financing.

4.2.3 Market Growth

Economic growth and global trade have been significant vectors for the growth of mobility. As more economies experience rapid growth, the overall transport industry will benefit from an increase in demand. Each developing country that prospers increases the shipping and transportation industry by 10 – 15 percent. The following economies will contribute a greater transport growth over the next 25 – 50 years. This translates into more businesses seeking more sources of obtaining information and connection.

- **China – 8% GDP Growth**
 - China is the only superpower that makes the list of fastest growing countries in 2009. This second largest exporting country (Germany is no 1) has the world's largest population of 1.3 billion potential consumers. While the rich world is in recession and Chinese exports are taking a hit – China is relying on the growing demand for products from its own people. Thanks to the expanding middle class Chinese economy is as strong as ever.
- **Malawi - 8.3% GDP Growth**
 - This small southeast African country is one of the poorest in the world. For the last few years, it has had a democratic government that is rapidly increasing living conditions throughout the country. In addition to having large uranium deposits Malawi is mostly known as an exporter of tobacco, coffee, sugar and tea. After president Bingu WA Mutharika started, a fertilizer program

intended to boost crop production Malawi is doing better than ever. The program has radically improved agriculture and allows exporting of more goods – thus leaving Malawi unaffected from the global recession.

- Congo (Brazzaville) – 8.5% GDP Growth
 - This central African country gets most of its income from selling oil, gas and petroleum. Most people live in the capital Brazzaville or in one of the small cities along the countries one and only 332-mile (534 km) railway.
- Angola – 9.8% GDP Growth
 - Just like in the rest of the world – economy in Angola is actually slowing down. In 2005 and 2006, it boasted with economic growth of around 20%. Almost all of the country's economic growth comes from oil and Angola's ability to sell more of it every following year. Angola has increased its oil production so much that as of 2009 it is the largest supplier of oil to China.
- Qatar – 13.4% GDP Growth
 - It seems that being one of the richest countries in the world is not enough for Qatar. While being a poor country in the past, Qatar discovered huge reserves of oil and gas in the 1940-s, that completely transformed its economy.

Economic integration is likely to endure, which will favor more comprehensive and seamless regional transport systems. The relative price of transportation is also linked with the viability of several supply chains and the comparative advantages they extract value. As transportation costs are expected to rise on the medium term, namely due to fossil fuels, transport demand will be readjusted accordingly in volume but also in location.

The global transport industry is expected to expand and as it expands, more companies will rely on Web Logistics Network for all their news, updates, tools and contacts for a more efficient and prosperous future.

4.3 Service Business Analysis

As previously stated, there are no other complete websites targeting the company's stakeholders. However, there are sites that offer shipping and transportation news such as Lloyd's, Hellenic and IMO. Business news is usually viewed by stakeholders through Bloomberg, Wall Street Journal, CNN and the Financial Times. Others concentrate on listings as normal directory with limited information for local companies and individual markets similar to the yellow pages. Still, others concentrate on listing international ships and shipping companies for the purpose of ship information and credibility. This makes for a fragmented source of information.

At this time, there are no websites that allow stakeholders to connect and communicate. However, LinkedIn.com and Twitter.com are inviting more companies to participate but they are not industry-related domains whereby specialized features can be tailored and created.

4.3.1 Business Participants

The nature of the shipping and transportation business is that it is highly mature and fragmented industry, which lacks valuable solutions to facilitate reliable and efficient movement of cargo across borders. Participants in this industry range from forwarders to brokers to agents. Their level of responsibility advocates their function in the industry. Of course, this determines the type of information that is required to provide the service.

Like any business, there are certain barriers that affect the way business operates. Perhaps the lack of international knowledge of markets and regulations, networking structures and communication solutions are just a few of the barriers that plaque this industry. Web Logistics Network will bridge these barriers in order to improve the logistics of goods and services stretched across the globe.

4.3.2 Main Competitors

As stated previously, Web Logistics Network will not have any direct competitors. However, indirectly there are a few websites that offer one or two services that Web Logistics Network plans to incorporate into its website. The size and scope of the Web Logistics Network website will be far greater than anything that is currently available. With this said, the indirect competitors include the following:

- Shippingedu.com
- atsintlinc.com
- globaltinc.com/
- lloydlist.com
- hellenicshippingnews.com
- imo.org
- kkgloballc.com

5.0 Web Plan Summary

Since the business centers around web design platform, Web Logistics Network will put all resources into building and maintaining the network website. Furthermore, the Company will consistently seek ways of improving the website for its members. The features and tools offered will attract users to the website and the service and cost will keep them returning. The website will be designed to appeal to all businesses and individuals involved one way or another, in the transport and shipping industry. Web Logistics Network will sell space on the website to those companies that seek to advertise on a very powerful platform. Prices will be competitive, outlined in the pricing strategy section, and advertisers will be allowed to access advertising tracking features with a user name and password.

Users will be able to access all features once they have become members. They will be able to join for free and explore all Web Logistics Network has to offer. The website address will be included on all printed material as well as all search engines and referral sites that will be the advertising platform for the website. These sources will create awareness and broad appeal.

5.1 Website Marketing Strategy

Web Logistics Network will utilize the following online marketing program to appeal to the online transport community. Considering that 60 percent of internet users will not look beyond the first page of search results, it is critical to utilize Search Engine Optimization to elevate the website's rankings. Web Logistics Network will review the latest trends and effective online marketing techniques that will best position the company's website. The following comprehensive Search Engine Optimization (SEO) strategy will be incorporated to supplement the online marketing and promotional program:

- Publically introduce the website to the online community through directory registration
- Video Marketing
- Link Building via Social Media Channels (Facebook, LinkedIn and Twitter) to spread awareness
- Keyword/phrases
- Guest Blogging (CEO's to help extend network)
- Conversion Optimization – the process of turning more visitors into members
- Mobile Marketing – Smartphone's, apps, widgets, location-based marketing through social media, aggressive paid inclusion of pertinent pages
- Weekly/Monthly Maintenance
- Traffic monitoring
- Pay-per- Click/Pay-per-Hit Placements
- Email Marketing
- Content Marketing

Keyword Search Engine Optimization as the primary source of online advertising will benefit the company's network. Navigation Services / Search engines are one of the primary ways that Internet users find web sites; as a

result, a website with good search engine listings may see a dramatic increase in traffic. Search engine optimization means ensuring that web pages are accessible to search engines and focused in ways that help improve the chances they will be found. The search engines below are popular choices people start with when searching for websites:

- Google
- Yahoo
- Bing
- Ask.com
- Cuil
- AOL Search
- MSN Search
- Alta Vista
- Gigablast
- HotBot
- Excite
- Lycos
- Webcrawler
- Dogpile
- My Web Search
- Metacrawler
- Snap
- LookSmart
- Netscape Search

5.2 Development Requirements

The Web Logistics Network website will be fully integrated, interactive and comprehensive. Even though the website will be a powerful platform, it will be developed with limited technical resources. When the website is created, the web programmers must include the follow into this highly evolved website.

- Create web applications using primarily PHP Implement web interfaces using XHTML, CSS, and JavaScript
- Build report interfaces and data feeds
- Design software components
- Interface with other team members to incorporate their innovations and vice versa
- Provide code optimization recommendations
- Prototype and implement optimization techniques
- Benchmark existing code and enhancements
- Participate in design and code reviews.
- Identify and communicate best practices
- Design and implement extremely high-volume, fault-tolerant, scalable server systems
- Propose and test improvements to ad targeting, ranking, and delivery algorithms
- Design and manage backup infrastructure and architecture
- Configured servers and network
- Monitor site stability and performance
- Continue troubleshooting issues with software, applications and network
- Prioritize tasks and work independently yet interact well within a project-oriented team environment
- Solve problems quickly and automate processes
- Document current and future configuration processes and policies

6.0 Strategy and Implementation Summary

The key element of Web Logistics Network's strategy is to incorporate two strategies. The first strategy is to increase brand name awareness through marketing and advertising to stimulate user interest and drive memberships. Secondly, the Company wants to build strong brand awareness among advertisers and sponsors.

This will facilitate advertising revenue and help keep memberships free. Awareness regarding the websites tools and services will generate effectively and inexpensively specific segments that Web Logistics Network will target.

6.1 SWOT Analysis

The SWOT analysis provides the Company with an opportunity to examine the internal strengths and weaknesses for Web Logistics Network. It also allows the Company to examine the opportunities presented to Web Logistics Network as well as potential threats.

Web Logistics Network has a valuable inventory of strengths that will support its success. These strengths include years of experience, visionary leadership, and a clear vision of the market need. Strengths are valuable, but it is also important to realize the weaknesses Web Logistics Network must address. These weaknesses include ever-changing software applications and the license cost associated with keeping and maintain technological software.

Web Logistics Network's strengths will help it capitalize on emerging opportunities. These opportunities include, but are not limited to, an expanded shipping and transportation community and leveraging technical and online trends. Threats that Web Logistics Network should be aware of include, computer hackers and emerging competitors.

6.1.1 Strengths

- Visionary Leadership
- Powerful web-based solutions with state-of-the-art search and sourcing sections
- A one stop network, providing a strong informative and marketing platform for the transport community
- Rich knowledge in industry's supply chains and various business needs for each segment.

6.1.2 Weaknesses

- Unknown brand name
- Limited capital
- Minimal impressions

6.1.3 Opportunities

- Capitalize on a fragmented market
- Create value for the shipping and transportation industry
- Leverage latest technological and online trends to integrate with a particular need to create new value

6.1.4 Threats

- Computer hackers
- A double dip global recession
- Increase in global competition

6.2 Competitive Edge

Web Logistics Network will differentiate itself through website creativity. The website will be created in a way which will attract users to use it as their daily domain. As most companies and individuals in the industry use many online portals to obtain their information, Web Logistics Network will be able to combine all information portals under one site that will serve the needs of all members. Portals such as Baltic Exchange, Bimco, Lloyd's list, news, linkedin, voyage calculator, currency exchange and other future exchange markets will be available to members as sub-screens and sub-sections.

In addition, members will be able to tailor their own home page to meet their individual needs and needs of their business. This will ensure that the site is used on daily basis to access many other needed solutions without having to navigate through many screens.

6.3 Marketing Strategy

Web Logistics Network will position itself as an informative, interactive, social networking site. The website will serve English-speaking users around the world. However, Web Logistics Network will look at offering a website in more than just one language to support a broader global out reach. The initial stage of the program will target creating brand awareness. Since there are no websites with this level of power, it is important that Web Logistics Network create awareness. Web Logistics Network will use advertising as its main source of promotion, followed by word-of-mouth and technology type of conferences and trade shows. Ads placed on other sites will help build user awareness.

6.3.1 Pricing Strategy

Since Web Logistics Network will be a free network website, membership fees will not be the driving force behind revenue. However, revenue will be generated through sponsorships. The pricing strategy will be geared toward businesses interested in advertising on the website. Businesses may advertise on the website based on impression, location and size. Web Logistics Network advertising is sold on a cost-per-thousand impressions (CPM) basis. An impression is consumed every time an advertisement appears on the website.

The total price paid in a CPM campaign is calculated by multiplying the CPM rate by the number of CPM units. For example, one million impressions at \$5 CPM equal a \$5,000 total price.

$1,000,000 / 1,000 = 1,000$ units

$1,000 \text{ units} \times \$5 \text{ CPM} = \$5,000$ total price

Web Logistics CPM rates by ad size:

- 300x250 Medium Ad - \$2.05
- 728x90 Large Horizontal Ad - \$1.25
- 120 or 160x600 Large Vertical Ad - \$1.60

Sponsorship: \$15,000 = 1 million impressions. Web Logistics Network will work with the clients on creating specific **CPM** campaigns to target businesses and their needs. Each advertisement will be spread out evenly across the specified (30) day time frame.

Sign In Page Advertising

Advertising on the sign in page of Web Logistics Network are available in the following ad sizes.

- 300x250 Medium Ad - \$2.05
- 728x90 Large Horizontal Ad - \$1.25

Please add \$1.00 to current posted CPM rates.

Logout/Login Page

Advertising on the sign in page of Web Logistics are available in the following ad sizes.

- 728x90 Large Horizontal Ad - \$1.25

Please add \$0.50 to current posted CPM rates.

6.3.2 Sponsorships

Businesses and organizations that wish to advertise with WLN will find the tools to be innovative, aggressive and supportive. Tools such as tracking features that will allow advertisers to track their advertising progress and other merchant solutions will weigh heavily with potential advertisers. A simple administrative user name and password will be available to advertisers for their tracking features to be effective. Features will be available to all advertisers who choose to advertise on the website.

Targeted businesses will include the following.

- Shipping Businesses
- Logistics Businesses
- Educational Institutions
- Event Managers
- Banking Business
- Insurance Companies
- P&I Clubs
- Transport Departments
- Ports and Terminals
- Spare Part Manufactures
- Manufacture Products
- Software and Solution Providers
- NGO's

RSS Syndication

WLN will let other sites run specific Web Logistics Network content and articles that promote the uniqueness of the site. In addition, the Company can pull content from other sites that are content syndicated if they feel there are significant benefits that will increase member participation.

Sponsorship

Web Logistics Network will help sponsors earn popularity, promote brand loyalty and drive their message home to their targeted audience. Sponsors will also have the added benefit of having their company name promoted in all advertising medium chosen by this business, such as: print, radio, television, banners etc.

WLN will use traditional methods of trying to acquire sponsors by meeting potential clients, cold calling and writing solicited and unsolicited letters. The Company will also use the public tender venue as a way of attracting high profile sponsors. Mr. Armoush believes by having a competitive procurement, competition will be created; fear of loss and control will be minimized.

6.3.3 Major Sponsors

Major sponsors that will benefit from the company website will have a proven track record on generating broad interests among businesses and individuals. It is the Company's goal to build strong relationships with major corporations in the transport industry from around the world.

Large publicly traded corporations with substantial resources to allocate on advertising campaigns are the major players and sub sequential beneficiaries of the network advertising. Privately held entities will also embrace the Network's advertising but not with the same enthusiasm as public companies.

Top 10 Global Advertising Markets by Estimated 2010 Spending (ZenithOptimedia)

Country	Ad Expenditure (US\$ million)	Expected Growth Rate (%)
USA	194,063	7.63
Japan	43,875	5.35
UK	27,861	16.30
China	24,266	38.09
Germany	22,678	4.42
Russia	17,205	48.49
Brazil	14,223	31.78
France	13,486	4.49
Italy	12,319	8.86

Advertiser Total Estimated Spending Impressions (000)

AT&T ranked as the top online display advertiser in Q3 with 21.1 billion impressions, accounting for 1.6 percent of display ads. Scottrade ranked second with 14.9 billion impressions (1.2%), followed by Verizon with 14.6 billion impressions (1.1%).

Top 10 US Online Display Advertisers Q3 2010 Total US - Home/Work/University Locations Source: comScore Ad Metrix		
	Total Display Ad Impressions (MM)	Share of Display Ad Impressions
Total Internet	1,284,315	100.0%
AT&T Inc.	21,144	1.6%
Scottrade, Inc.	14,946	1.2%
Verizon Communications Inc.	14,561	1.1%
Experian Interactive	14,305	1.1%
Progressive Corporation	9,583	0.7%
Netflix, Inc.	9,564	0.7%
Apollo Group, Inc.	9,494	0.7%
IAC - InterActiveCorp	9,230	0.7%
eBay, Inc.	8,921	0.7%
Walt Disney Company	8,426	0.7%

Estimated spending reflects CPM-based advertising online, and excludes search-based advertising, paid fee services, performance-based campaigns, sponsorships, barter, partnership advertising, advertorials, promotions and e-mail. Impressions reported exclude house ads, which are ads that run on an advertiser's own or related site and co-branding relationships.

Top Advertising Companies: The following companies deal in providing advertising facilities to their clients. There are different types of advertising services given by the companies. Below is a list of 10 reputed advertising companies in the world, which are as follows:

- Ameredia
- Arnold Worldwide
- BBDO
- Doyle Dane Bernbach

- Goodby Silverstein & Partners
- N.W. Ayer & Son
- Ogilvy & Mather
- Saatchi and Saatchi
- Partnership Advertising
- Wieden+Kennedy

Web publishers or small home based business will also benefit from the online advertising phenomenon. These smaller entities are using their websites as a tool for large advertising firms to display their customer's advertisements in exchange for portion of the profits. This form of partnership has helped small business generate well-needed income.

6.3.4 Marketing Programs

As stated previously, Web Logistics Network will utilize several online marketing campaigns that will help create brand awareness and stimulate demand. Marketing campaigns will support both free and fee-based programs. Fee based programs will be segmented based on a paid-per-click or preset monthly/annual charge. Pay-per-click expense is only charged based on the number of clicks. A click is generated when a user clicks on the Web Logistics Network link and is directed to the company website. Prices are set based on rankings.

Fee-based Programs

- Business.com
- Google AdWords
- Richdir.com
- Yellowpages.com
- Hoovers.com
- ebusiness-directory.com
- Facebook.com

Free Programs

- LinkedIn.com
- Hotfrog.com
- Twitter.com
- Ask.com
- BizReferrals.com

6.4 Sales Strategy

Web Logistics Network will develop a conservative sales forecast to meet the expectations of the Company. Revenue will be based on two principles third-party advertising and WLN space advertising. The first principle will be based on third-party advertising affiliates such as Commission Junction & Google AdSense for the hosting of their advertising on the Web Logistics Network.

The second principle is to sell ad space on the business network to companies interested in targeting a specific demographic. Merchant features will provide businesses with a wide variety of statistics to ensure their message is being delivered to its intended audience.

6.4.1 Sales Forecast

Based on the following figures, revenue will start out slow as impressions build and demand grows. Traction will gain momentum into the second and third year of operation. Although membership will not generate revenue, it will help increase impressions and brand acceptance. This will contribute to a higher demand among advertisers. The first year of operation is projected to generate \$225,965. The Company expects to see large revenue for the second

Web Logistics Network

and third year at \$391,496 and \$515,141, respectively. The cost of goods/services sold is calculated at 5 percent (industry average) of sales. This will be administrative driven, as no products will be provided. Of course, the more revenue generated the higher cost of services projected.

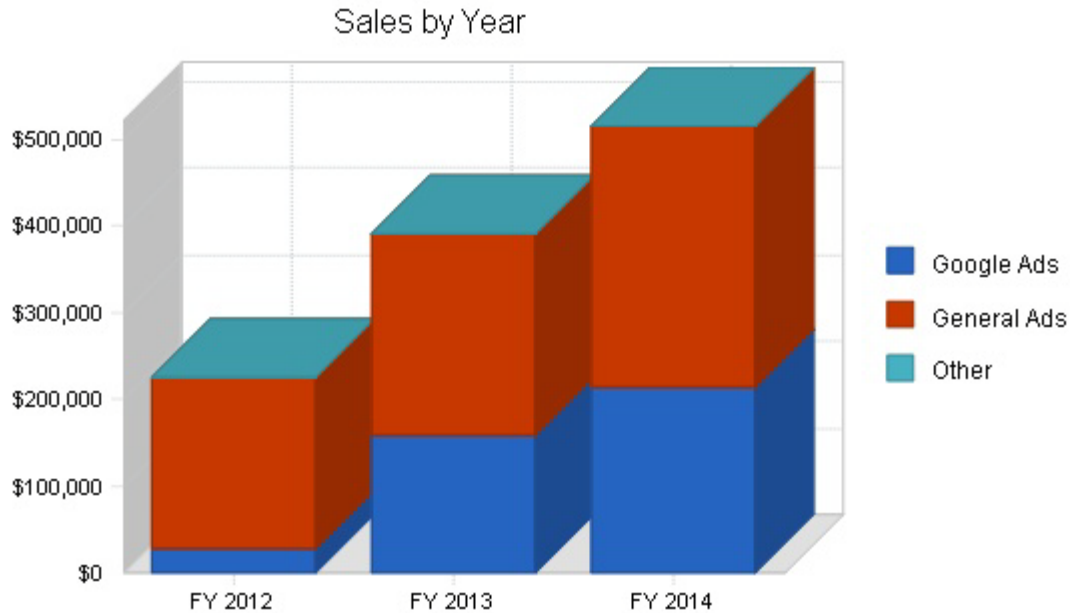
Table: Sales Forecast

<i>Sales Forecast</i>	FY 2012	FY 2013	FY 2014
Sales			
Google Ads	\$26,618	\$158,431	\$213,786
General Ads	\$199,347	\$233,065	\$301,355
Other	\$0	\$0	\$0
Total Sales	\$225,965	\$391,496	\$515,141
Direct Cost of Sales	FY 2012	FY 2013	FY 2014
Administrative Costs	\$11,298	\$19,575	\$25,757
Other	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$11,298	\$19,575	\$25,757

Chart: Sales Monthly



Chart: Sales by Year



7.0 Management Summary

The Company consisting of one principle officer with more than 14 years experience as a professional and entrepreneur will be involved in the daily operations. Furthermore, Mr. Armoush’s experience is related to many commercial, legal, technical and operational functions in the different segments within the transportation industry. The Company has not yet incorporated but is seeking a LLC formation later this year. Furthermore, Mr. Armoush anticipates securing sufficient working capital to launch the most insightful and powerful network in the shipping and transportation industry. No partners will be required yet.

Customers within different segments in the transport industry know Mr. Armoush for his unique practical and theoretical strategic methodologies in penetrating markets by exploring, developing, delivering and communicating innovative superior value.

Mr. Armoush has acquired an MBA in shipping and logistics from Middlesex University and Lloyd’s maritime academy. In addition, he has degrees in maritime economics and operations from Cambridge Academy of Transport and form London Institute for shipping and transport management.

7.1 Personnel Plan

Personnel will not be required, initially. However, as business grows so will the need to establish qualified personnel to support different areas of the Company. The table below outlines labor expense for the Company during the first three years.

Table: Personnel

<i>Personnel Plan</i>	FY 2012	FY 2013	FY 2014
Management	\$92,040	\$163,200	\$278,400
Employee	\$201,600	\$230,400	\$910,080
Other	\$0	\$0	\$0
Total Payroll	\$293,640	\$393,600	\$1,188,480

8.0 Financial Plan

The financial plan supports a host of financial reports that project a strong economic future for Web Logistics Network. In the following sections, Web Logistics Network will provide a detail look at the following tables:

- Start-up Funding
- Profit and Loss
- Cash Flow
- Balance Sheet
- Investment Offering
- Investment Analysis
- Use of Funds
- Payback

8.1 Start-up Funding

In order to properly fund the business, Mr. Armoush is seeking \$85,000 of investment financing. This will help support start-up expenses and cash, which will successfully carry the company through the first year's operations. In exchange for investment funding, Web Logistics Network will grant investment firms ownership within the Company. Web Logistics Network will grant investment firms 49 percent ownership in the Company based on the value of the investment. Ownership will not be granted in excess of 49 percent of the total value. Of course, individual negotiations will apply.

As the table suggests, total expenses and total assets combined will be the sum of \$39,871 and capital and liabilities combined will be the sum of \$39,871. Total funding amount of \$85,000 will be required to meet all start-up costs and expenses during start-up and through the first year.

Table: Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$45,129
Start-up Assets to Fund	\$39,871
Total Funding Required	\$85,000
Assets	
Non-cash Assets from Start-up	\$0
Cash Requirements from Start-up	\$39,871
Cash Balance on Starting Date	\$39,871
Total Assets	\$39,871
Liabilities and Capital	
Liabilities	
Total Liabilities	\$0
Capital	
Planned Investment	
Owner	\$0
Investor	\$85,000
Total Planned Investment	\$85,000
Loss at Start-up (Start-up Expenses)	(\$45,129)
Total Capital	\$39,871
Total Capital and Liabilities	\$39,871
Total Funding	\$85,000

8.2 Important Assumptions

It is worth noting that the below assumptions are projections based on current economic conditions.

- Web Logistics Network assumes \$85,000 to be secured through investment funding.
- Revenues are strictly a projection based on the number of potential corporate and private advertisers. Calculations are based on the number of impressions used to generate revenue.
- All long-term assets are straight-lined depreciated every six-months at a rate of 7-years.
- Vat and tax rates are estimated before deductions and overhead assumptions are included.

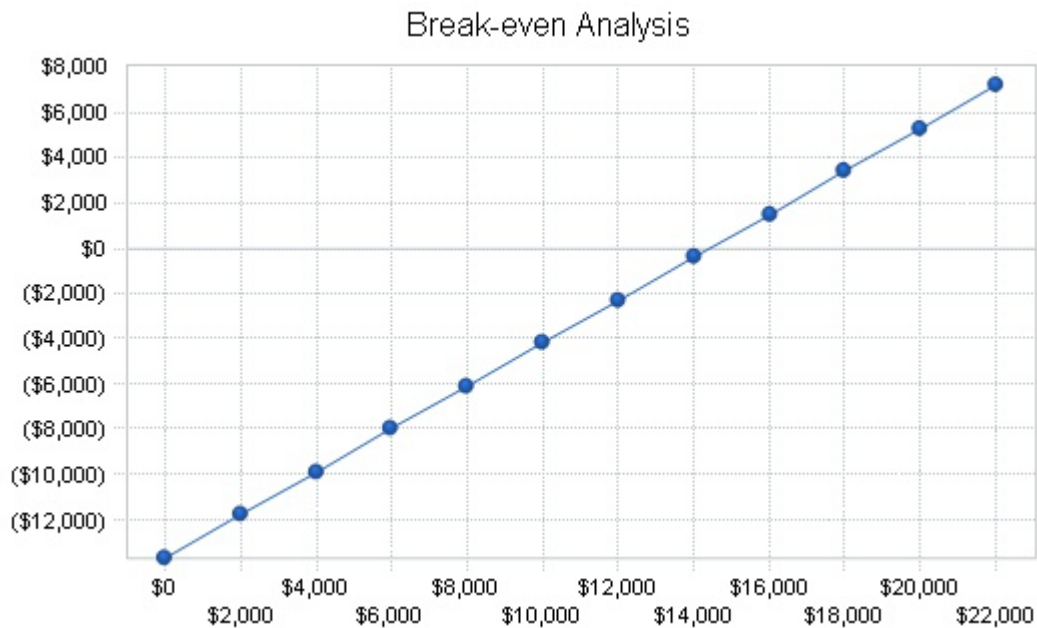
8.3 Break-even Analysis

The following table and chart illustrate the break-even analysis. Web Logistics Network estimates that fixed costs will be approximately \$13,717 per month, operating on average profit margin of 29.09% for all three years. Fixed costs include office lease, utilities, insurance, accounting, licenses, software/hardware updates and an estimation of other running costs. Variable costs will account for 5 percent of the business expenses. Of course, variable cost will increase as the company grows. As a result, WLN will need to sell \$14,439 worth of ads in order to break-even.

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$14,439
Assumptions:	
Average Percent Variable Cost	5%
Estimated Monthly Fixed Cost	\$13,717

Chart: Break-even Analysis



8.4 Projected Profit and Loss

2011 is not a full-year on the yearly P&L, therefore, the first full year of operation is half of 2011 and 2012. The first year of operations are challenging as with any other new company just starting out. Therefore, WLN is not projected to profit until the second year of operation. Highlights include a bottom line of better than 33 percent during the second year and thereafter. These numbers are an excellent indication that the investors, owners and partners will all prosper and grow with Web Logistics Network.

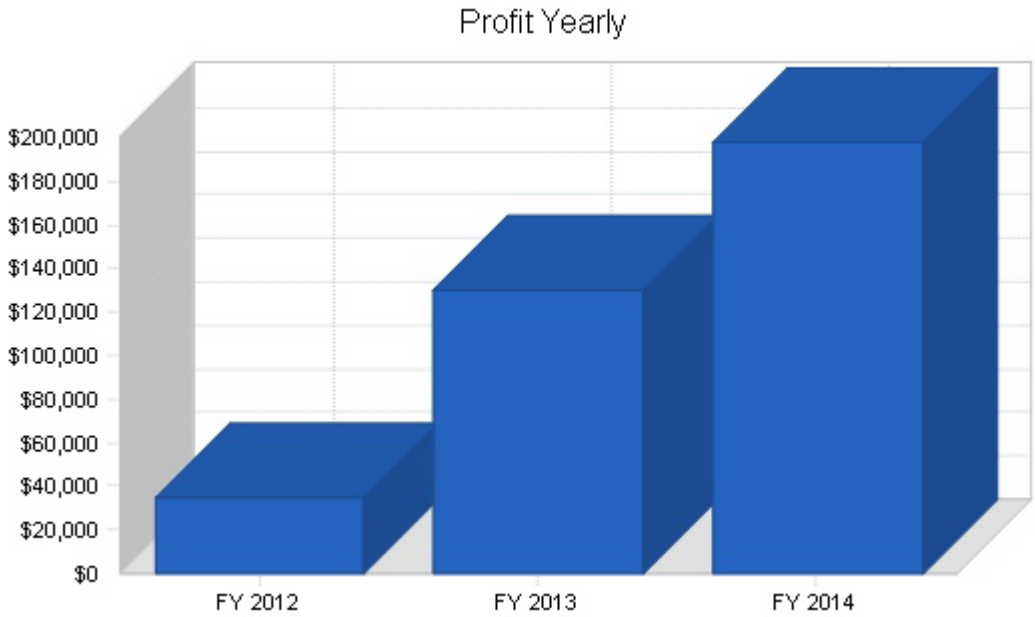
Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>	FY 2012	FY 2013	FY 2014
Sales	\$225,965	\$391,496	\$515,141
Direct Cost of Sales	\$11,298	\$19,575	\$25,757
Other Costs of Sales	\$0	\$0	\$0
Total Cost of Sales	\$11,298	\$19,575	\$25,757
Gross Margin	\$214,667	\$371,921	\$489,384
Gross Margin %	95.00%	95.00%	95.00%
Expenses			
Payroll	\$42,000	\$45,600	\$48,000
Marketing/Promotion	\$66,000	\$75,000	\$84,000
Depreciation	\$0	\$0	\$0
Rent	\$12,000	\$15,000	\$18,000
Utilities	\$0	\$0	\$0
Insurance	\$3,000	\$3,300	\$3,600
Payroll Taxes	\$0	\$0	\$0
Accounting/Legal Fees	\$1,800	\$1,800	\$2,100
Office Supplies	\$0	\$0	\$0
Computer Software	\$3,000	\$3,000	\$3,000
Software Licenses	\$0	\$0	\$0
Hosting/Servers	\$6,000	\$6,000	\$6,250
Office Equipment	\$1,500	\$1,500	\$1,800
Employee Benefits	\$10,000	\$10,000	\$12,500
Workers Compensation	\$0	\$0	\$0
Telephone	\$3,000	\$3,300	\$3,600
Fax/Data Line	\$0	\$0	\$0
Internet	\$2,200	\$2,400	\$2,600
P.O.S Rental	\$600	\$900	\$1,200
Car Allowance/Gas Mileage	\$0	\$0	\$0
Meetings	\$12,000	\$15,000	\$18,000
Petty Cash	\$0	\$1,200	\$0
Office Renovation	\$1,500	\$1,500	\$2,000
Maintenance & Upgrades	\$0	\$0	\$0
Total Operating Expenses	\$164,600	\$185,500	\$206,650
Profit Before Interest and Taxes	\$50,067	\$186,421	\$282,734
EBITDA	\$50,067	\$186,421	\$282,734
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$15,020	\$55,926	\$84,820
Net Profit	\$35,047	\$130,495	\$197,914
Net Profit/Sales	15.51%	33.33%	38.42%

Chart: Profit Monthly



Chart: Profit Yearly



8.5 Projected Cash Flow

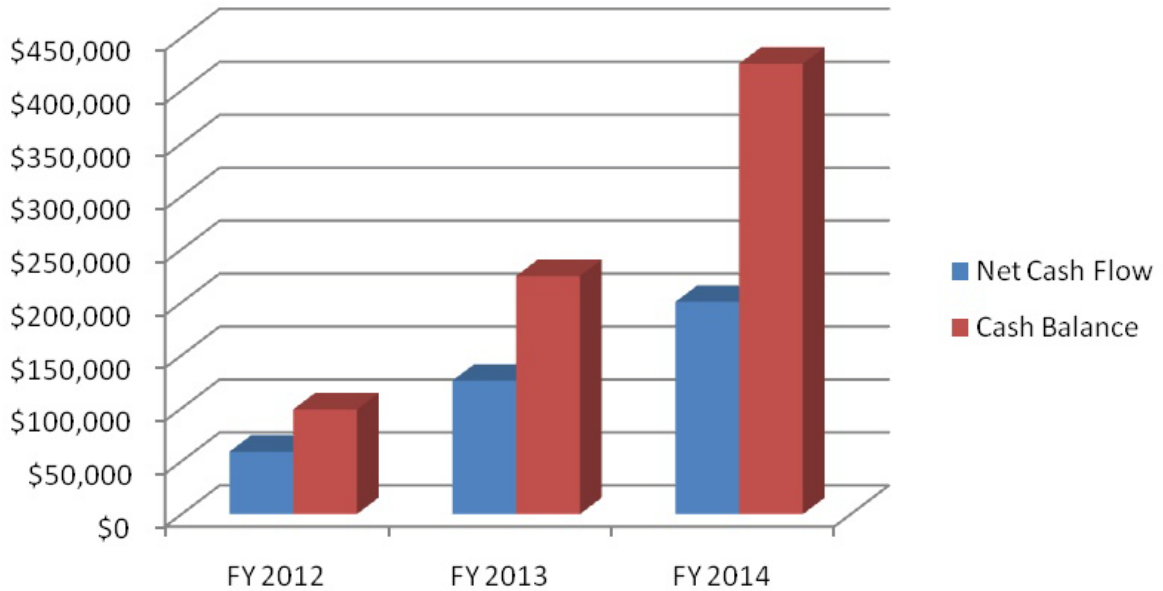
Cash flow projections are critical to the Company's success. The monthly cash flow is shown in the following illustration, with one bar representing the cash flow per month and the other representing the monthly balance. The annual cash flow figures are included here as Table 8.5. Detailed monthly numbers are included in the appendix.

Web Logistics Network

Table: Cash Flow

<i>Pro Forma Cash Flow</i>	FY 2012	FY 2013	FY 2014
Cash Received			
Cash from Operations			
Cash Sales	\$225,965	\$391,496	\$515,141
Subtotal Cash from Operations	\$225,965	\$391,496	\$515,141
Additional Cash Received			
Subtotal Cash Received	\$225,965	\$391,496	\$515,141
Expenditures			
Expenditures from Operations			
Cash Spending	\$42,000	\$45,600	\$48,000
Bill Payments	\$124,981	\$219,799	\$266,639
Subtotal Spent on Operations	\$166,981	\$265,399	\$314,639
Additional Cash Spent			
Subtotal Cash Spent	\$166,981	\$265,399	\$314,639
Net Cash Flow	\$58,984	\$126,097	\$200,502
Cash Balance	\$98,855	\$224,952	\$425,455

Chart: Annual Cash Flow



8.6 Projected Balance Sheet

The balance sheet is quite solid. Web Logistics Network does not project any real trouble meeting debt obligations-- as long as specific objectives can be achieved. The Company will experience a solid fifth year and beyond. Earnings will be an opportunity for WLN, initially the first year, but will grow from the second to the fifth year.

Web Logistics Network

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>	FY 2012	FY 2013	FY 2014
Assets			
Current Assets			
Cash	\$98,855	\$224,952	\$425,455
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$98,855	\$224,952	\$425,455
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$98,855	\$224,952	\$425,455
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$23,937	\$19,540	\$22,128
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$23,937	\$19,540	\$22,128
Long-term Liabilities			
Total Liabilities	\$0	\$0	\$0
Total Liabilities	\$23,937	\$19,540	\$22,128
Paid-in Capital			
Retained Earnings	\$85,000	\$85,000	\$85,000
Earnings	(\$45,129)	(\$10,082)	\$120,413
Total Capital	\$35,047	\$130,495	\$197,914
Total Capital	\$74,918	\$205,413	\$403,327
Total Liabilities and Capital	\$98,855	\$224,952	\$425,455
Net Worth	\$74,918	\$205,413	\$403,327

8.7 The Investment Offering

As stated previously, Web Logistics Network will be offering up to 49 percent ownership of the company to several outside investment firms in exchange for \$85,000 in investment capital. Investments are projected to be repaid in year ten but repayment maybe more aggressively pursued if the Company can meet expectations. Web Logistics Network will be created as a LLC (Limited Liability Company) in Dubai, and will be owned by its principal operator as well as various investment firms or individuals.

Table: Investment Offering

<i>Investment Offering</i>	<i>Seed</i>	<i>Round 1</i>	<i>Round 2</i>	<i>Exit</i>
Proposed Year:	1	2	3	7
Valuation, Investment, Shares				
Investment Amount	\$85,000	\$0	\$0	
Equity Share Offering Percentage	49.00%	0.00%	0.00%	
Valuation	\$173,469	\$0	\$0	\$405,000
Investor Exit Payout	\$198,450	\$0	\$0	
Investor Years Until Exit	6	5	4	
Investor IRR	15.18%	0.00%	0.00%	
Share Ownership				
Founders' Shares	Year 1 1,000	Year 2 1,000	Year 3 1,000	Year 7 1,000
Investor Shares Issued	961	0	0	
Price per share	\$88.47	\$0.00	\$0.00	\$206.55
Options Holders' Shares	0	0	0	0
Year 1 Investors' Shares	961	961	961	961
Total Shares Outstanding	1,961	1,961	1,961	1,961
Equity Ownership Percentage				
Founders' Equity	Year 1 51.00%	Year 2 51.00%	Year 3 51.00%	Year 7 51.00%
Option Holders' Equity	0.00%	0.00%	0.00%	0.00%

Web Logistics Network

Year 1 Investors' Equity	49.00%	49.00%	49.00%	49.00%
Year 2 Investors' Equity		0.00%	0.00%	0.00%
Year 3 Investors' Equity			0.00%	0.00%
Total Equity	100.00%	100.00%	100.00%	100.00%
Investors' Equity	49.00%	49.00%	49.00%	49.00%
Founders' & Employees' Equity	51.00%	51.00%	51.00%	51.00%

8.8 Valuation

Web Logistics Network anticipates the ending total valuation of the company at the time of sale in 2018 will be \$405,000. The investment analysis demonstrates the projected valuation of an outside investor's equity, with this in mind. For an initial outside investment of \$85,000, an investor will receive a buyout package valued at \$198,450 in 2018, an IRR of 15.18 percent. This forecast is based on the exit strategy, where the investor's Class A participating stock would be entitled to a double dip provision if sales exceed projected figures. Web Logistics Network believes that the company could be sold for two to three times EBITDA in year five, based on comparable deals in the online network/social industry.

Table: Investment Analysis

<i>Investment Analysis</i>	Start	FY 2012	FY 2013	FY 2014
Initial Investment				
Investment	\$85,000	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0
Ending Valuation	\$0	\$0	\$0	\$693,000
Combination as Income Stream	(\$85,000)	\$0	\$0	\$693,000
Percent Equity Acquired	35%			
Net Present Value (NPV)	\$396,056			
Internal Rate of Return (IRR)	101%			
Assumptions				
Discount Rate	10.00%			
Valuation Earnings Multiple		10	10	10
Valuation Sales Multiple		2	2	2
Investment (calculated)	\$85,000	\$0	\$0	\$0
Dividends		\$0	\$0	\$0
Calculated Earnings-based Valuation		\$350,000	\$1,300,000	\$1,980,000
Calculated Sales-based Valuation		\$450,000	\$780,000	\$1,030,000
Calculated Average Valuation		\$400,000	\$1,040,000	\$1,505,000

8.9 Use of Funds

The following table outlines the use of funds for the requested investment. The money will cover both start-up costs to begin creating a powerful logistics network as well as other business related expenses. In addition, capital will cover administrative and marketing costs of the first year. Web Logistics Network costs are associated with the related legal services to structure the operating agreement with each shareholder, the final software development costs, the sales and marketing expenses, and the licensing cost associated with third-party software usage.

Table: Use of Funds

<i>Use of Funds</i>	
Use	Amount
Office Renovation	\$10,000
Computer Hardware	\$5,000
Computer Software	\$10,000
Software Licenses	\$3,000
Office Equipment	\$5,000
Accounting/Legal Fees	\$5,000

Web Logistics Network

Advertising/Promotional Costs	\$3,000
Hosting/Servers	\$500
Management Salaries	\$1,000
Insurance	\$250
Telephone Lines	\$250
Meetings	\$1,000
Rent	\$1,000
Initial Capital	\$40,000
Total	\$85,000

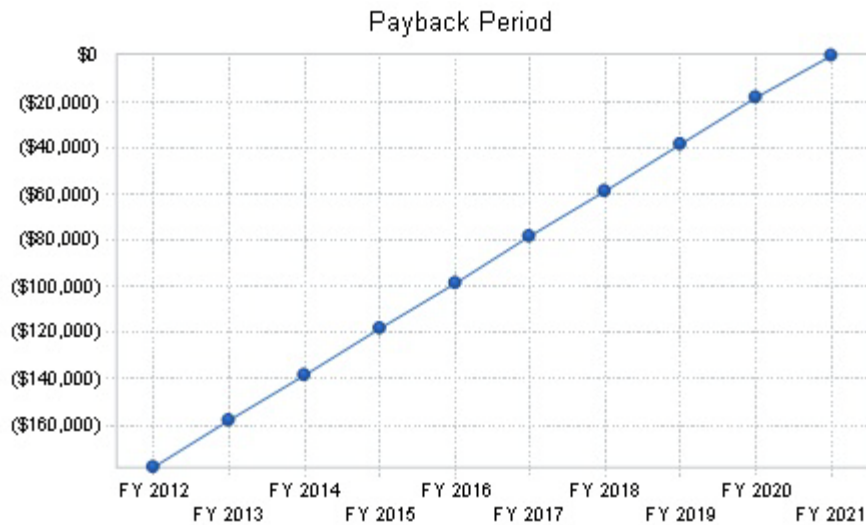
8.10 Payback

The initial outside investment of \$85,000 is scheduled to be repaid during the first fourth year of operations. The following table illustrates the details of the investment's profit yields for this period.

Table: Payback

<i>Payback</i>						
Projected Payback Calculation	Investment	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Investment	\$198,450					
Cash Returns by Year		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Combination as Income Stream	(\$198,450)	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Cumulative Net Cash Flow to Investors	(\$198,450)	(\$178,450)	(\$158,450)	(\$138,450)	(\$118,450)	(\$98,450)
Payback Period	10 years					

Chart: Payback Period



Appendix

Table: Sales Forecast

<i>Sales Forecast</i>		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2012	FY 2013	FY 2014
Sales																
Google Ads	0%	\$7	\$13	\$26	\$52	\$104	\$208	\$416	\$832	\$1,690	\$3,380	\$6,630	\$13,260	\$26,618	\$158,431	\$213,786
General Ads	0%	\$4,311	\$7,325	\$8,876	\$26,435	\$13,886	\$13,601	\$14,246	\$19,122	\$21,522	\$19,792	\$18,583	\$31,648	\$199,347	\$233,065	\$301,355
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales		\$4,318	\$7,338	\$8,902	\$26,487	\$13,990	\$13,809	\$14,662	\$19,954	\$23,212	\$23,172	\$25,213	\$44,908	\$225,965	\$391,496	\$515,141
Direct Cost of Sales																
Administrative Costs	5%	\$216	\$367	\$445	\$1,324	\$700	\$690	\$733	\$998	\$1,161	\$1,159	\$1,261	\$2,245	\$11,298	\$19,575	\$25,757
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales		\$216	\$367	\$445	\$1,324	\$700	\$690	\$733	\$998	\$1,161	\$1,159	\$1,261	\$2,245	\$11,298	\$19,575	\$25,757

Appendix

Table: Sales Forecast 2nd Year (Planned)

<i>Sales Forecast</i>		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2013	FY 2014
Sales															
Google Ads	0%	\$14,719	\$14,425	\$14,136	\$13,853	\$13,576	\$13,304	\$13,038	\$12,777	\$12,521	\$12,271	\$12,026	\$11,785	\$158,431	\$213,786
General Ads	0%	\$20,513	\$20,308	\$20,105	\$19,904	\$19,705	\$19,508	\$19,313	\$19,120	\$18,929	\$18,740	\$18,553	\$18,367	\$233,065	\$301,355
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales		\$35,232	\$34,733	\$34,241	\$33,757	\$33,281	\$32,812	\$32,351	\$31,897	\$31,450	\$31,011	\$30,579	\$30,152	\$391,496	\$515,141
Direct Cost of Sales															
Administrative Costs		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2013	FY 2014
Administrative Costs		\$1,762	\$1,737	\$1,712	\$1,688	\$1,664	\$1,641	\$1,618	\$1,595	\$1,573	\$1,551	\$1,529	\$1,508	\$19,575	\$25,757
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales		\$1,762	\$1,737	\$1,712	\$1,688	\$1,664	\$1,641	\$1,618	\$1,595	\$1,573	\$1,551	\$1,529	\$1,508	\$19,575	\$25,757

Appendix

Table: Personnel

<i>Personnel Plan</i>		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2012	FY 2013	FY 2014
Management	0%	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000	\$45,600	\$48,000
Employee	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000	\$45,600	\$48,000

Appendix

Table: Personnel 2nd Year (Planned)

<i>Personnel Plan</i>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2013	FY 2014
Management	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$45,600	\$48,000
Employee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$45,600	\$48,000

Appendix

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2012	FY 2013	FY 2014	
Sales	\$4,318	\$7,338	\$8,902	\$26,487	\$13,990	\$13,809	\$14,662	\$19,954	\$23,212	\$23,172	\$25,213	\$44,908	\$225,965	\$391,496	\$515,141	
Direct Cost of Sales	\$216	\$367	\$445	\$1,324	\$700	\$690	\$733	\$998	\$1,161	\$1,159	\$1,261	\$2,245	\$11,298	\$19,575	\$25,757	
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Cost of Sales	\$216	\$367	\$445	\$1,324	\$700	\$690	\$733	\$998	\$1,161	\$1,159	\$1,261	\$2,245	\$11,298	\$19,575	\$25,757	
Gross Margin	\$4,102	\$6,971	\$8,457	\$25,163	\$13,291	\$13,119	\$13,929	\$18,956	\$22,051	\$22,013	\$23,952	\$42,663	\$214,667	\$371,921	\$489,384	
Gross Margin %	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	
Expenses																
Payroll	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000	\$45,600	\$48,000	
Marketing/Promotion	\$3,000	\$3,000	\$5,000	\$5,000	\$5,000	\$10,000	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$66,000	\$75,000	\$84,000	
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Rent	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	\$15,000	\$18,000	
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Insurance	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000	\$3,300	\$3,600	
Payroll Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accounting/Legal Fees	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800	\$1,800	\$2,100	
Office Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Computer Software	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$1,000	\$3,000	\$3,000	\$3,000	
Software Licenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Hosting/Servers	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000	\$6,000	\$6,250	
Office Equipment	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$500	\$1,500	\$1,500	\$1,800	
Employee Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0	\$5,000	\$10,000	\$10,000	\$12,500	
Workers Compensation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Telephone	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000	\$3,300	\$3,600	
Fax/Data Line	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Internet	\$183	\$183	\$183	\$183	\$183	\$183	\$183	\$183	\$183	\$183	\$183	\$183	\$2,200	\$2,400	\$2,600	
P.O.S Rental	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600	\$900	\$1,200	
Car Allowance/Gas Mileage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Meetings	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	\$15,000	\$18,000	
Petty Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200	\$0	
Office Renovation	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$500	\$1,500	\$1,500	\$2,000	
Maintenance & Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Operating Expenses	\$9,883	\$9,883	\$11,883	\$13,883	\$11,883	\$16,883	\$21,883	\$13,883	\$11,883	\$11,883	\$11,883	\$18,883	\$164,600	\$185,500	\$206,650	
Profit Before Interest and Taxes	(\$5,781)	(\$2,912)	(\$3,426)	\$11,279	\$1,407	(\$3,765)	(\$7,954)	\$5,073	\$10,168	\$10,130	\$12,069	\$23,779	\$50,067	\$186,421	\$282,734	
EBITDA	(\$5,781)	(\$2,912)	(\$3,426)	\$11,279	\$1,407	(\$3,765)	(\$7,954)	\$5,073	\$10,168	\$10,130	\$12,069	\$23,779	\$50,067	\$186,421	\$282,734	
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes Incurred	(\$1,734)	(\$874)	(\$1,028)	\$3,384	\$422	(\$1,129)	(\$2,386)	\$1,522	\$3,050	\$3,039	\$3,621	\$7,134	\$15,020	\$55,926	\$84,820	
Net Profit	(\$4,047)	(\$2,039)	(\$2,399)	\$7,896	\$985	(\$2,635)	(\$5,568)	\$3,551	\$7,118	\$7,091	\$8,448	\$16,645	\$35,047	\$130,495	\$197,914	
Net Profit/Sales	-93.72%	-27.78%	-26.94%	29.81%	7.04%	-19.08%	-37.98%	17.80%	30.66%	30.60%	33.51%	37.07%	15.51%	33.33%	38.42%	

Appendix

Table: Profit and Loss 2nd Year (Planned)

<i>Pro Forma Profit and Loss</i>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2013	FY 2014
Sales	\$35,232	\$34,733	\$34,241	\$33,757	\$33,281	\$32,812	\$32,351	\$31,897	\$31,450	\$31,011	\$30,579	\$30,152	\$391,496	\$515,141
Direct Cost of Sales	\$1,762	\$1,737	\$1,712	\$1,688	\$1,664	\$1,641	\$1,618	\$1,595	\$1,573	\$1,551	\$1,529	\$1,508	\$19,575	\$25,757
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$1,762	\$1,737	\$1,712	\$1,688	\$1,664	\$1,641	\$1,618	\$1,595	\$1,573	\$1,551	\$1,529	\$1,508	\$19,575	\$25,757
Gross Margin	\$33,470	\$32,996	\$32,529	\$32,069	\$31,617	\$31,171	\$30,733	\$30,302	\$29,878	\$29,460	\$29,050	\$28,644	\$371,921	\$489,384
Gross Margin %	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Expenses														
Payroll	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$45,600	\$48,000
Marketing/Promotion	\$5,000	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$75,000	\$84,000
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000	\$18,000
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$3,300	\$3,600
Payroll Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounting/Legal Fees	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800	\$2,100
Office Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Computer Software	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$1,000	\$3,000	\$3,000
Software Licenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hosting/Servers	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000	\$6,250
Office Equipment	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$500	\$1,500	\$1,800
Employee Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0	\$5,000	\$10,000	\$12,500
Workers Compensation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$3,300	\$3,600
Fax/Data Line	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400	\$2,600
P.O.S Rental	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900	\$1,200
Car Allowance/Gas Mileage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Meetings	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000	\$18,000
Petty Cash	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	\$0
Office Renovation	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$500	\$1,500	\$2,000
Maintenance & Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$12,875	\$12,875	\$12,875	\$19,875	\$17,875	\$17,875	\$17,875	\$14,875	\$12,875	\$12,875	\$12,875	\$19,875	\$185,500	\$206,650
Profit Before Interest and Taxes	\$20,595	\$20,121	\$19,654	\$12,194	\$13,742	\$13,296	\$12,858	\$15,427	\$17,003	\$16,585	\$16,175	\$8,769	\$186,421	\$282,734
EBITDA	\$20,595	\$20,121	\$19,654	\$12,194	\$13,742	\$13,296	\$12,858	\$15,427	\$17,003	\$16,585	\$16,175	\$8,769	\$186,421	\$282,734
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$6,179	\$6,036	\$5,896	\$3,658	\$4,123	\$3,989	\$3,858	\$4,628	\$5,101	\$4,976	\$4,853	\$2,631	\$55,926	\$84,820
Net Profit	\$14,417	\$14,085	\$13,758	\$8,536	\$9,619	\$9,307	\$9,001	\$10,799	\$11,902	\$11,610	\$11,323	\$6,139	\$130,495	\$197,914
Net Profit/Sales	40.92%	40.55%	40.18%	25.29%	28.90%	28.37%	27.82%	33.86%	37.84%	37.44%	37.03%	20.36%	33.33%	38.42%

Appendix

Table: Cash Flow

<i>Pro Forma Cash Flow</i>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2012	FY 2013	FY 2014
Cash Received															
Cash from Operations															
Cash Sales	\$4,318	\$7,338	\$8,902	\$26,487	\$13,990	\$13,809	\$14,662	\$19,954	\$23,212	\$23,172	\$25,213	\$44,908	\$225,965	\$391,496	\$515,141
Subtotal Cash from Operations	\$4,318	\$7,338	\$8,902	\$26,487	\$13,990	\$13,809	\$14,662	\$19,954	\$23,212	\$23,172	\$25,213	\$44,908	\$225,965	\$391,496	\$515,141
Additional Cash Received															
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$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	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$4,318	\$7,338	\$8,902	\$26,487	\$13,990	\$13,809	\$14,662	\$19,954	\$23,212	\$23,172	\$25,213	\$44,908	\$225,965	\$391,496	\$515,141
Expenditures															
Expenditures from Operations															
Cash Spending	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000	\$45,600	\$48,000
Bill Payments	\$162	\$4,898	\$5,941	\$8,044	\$14,905	\$9,620	\$13,071	\$16,603	\$12,893	\$12,594	\$12,604	\$13,648	\$124,981	\$219,799	\$266,639
Subtotal Spent on Operations	\$3,662	\$8,398	\$9,441	\$11,544	\$18,405	\$13,120	\$16,571	\$20,103	\$16,393	\$16,094	\$16,104	\$17,148	\$166,981	\$265,399	\$314,639
Additional Cash Spent															
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$3,662	\$8,398	\$9,441	\$11,544	\$18,405	\$13,120	\$16,571	\$20,103	\$16,393	\$16,094	\$16,104	\$17,148	\$166,981	\$265,399	\$314,639
Net Cash Flow	\$656	(\$1,060)	(\$539)	\$14,943	(\$4,415)	\$689	(\$1,909)	(\$149)	\$6,819	\$7,078	\$9,109	\$27,760	\$58,984	\$126,097	\$200,502
Cash Balance	\$40,527	\$39,466	\$38,928	\$53,871	\$49,456	\$50,145	\$48,237	\$48,088	\$54,908	\$61,986	\$71,095	\$98,855	\$98,855	\$224,952	\$425,455

Appendix

Table: Cash Flow 2nd Year (Planned)

<i>Pro Forma Cash Flow</i>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2013	FY 2014
Cash Received														
Cash from Operations														
Cash Sales	\$35,232	\$34,733	\$34,241	\$33,757	\$33,281	\$32,812	\$32,351	\$31,897	\$31,450	\$31,011	\$30,579	\$30,152	\$391,496	\$515,141
Subtotal Cash from Operations	\$35,232	\$34,733	\$34,241	\$33,757	\$33,281	\$32,812	\$32,351	\$31,897	\$31,450	\$31,011	\$30,579	\$30,152	\$391,496	\$515,141
Additional Cash Received														
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$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	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$35,232	\$34,733	\$34,241	\$33,757	\$33,281	\$32,812	\$32,351	\$31,897	\$31,450	\$31,011	\$30,579	\$30,152	\$391,496	\$515,141
Expenditures														
Expenditures from Operations														
Cash Spending	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$45,600	\$48,000
Bill Payments	\$24,504	\$17,010	\$16,843	\$16,841	\$21,369	\$19,856	\$19,699	\$19,475	\$17,246	\$15,743	\$15,596	\$15,615	\$219,799	\$266,639
Subtotal Spent on Operations	\$28,304	\$20,810	\$20,643	\$20,641	\$25,169	\$23,656	\$23,499	\$23,275	\$21,046	\$19,543	\$19,396	\$19,415	\$265,399	\$314,639
Additional Cash Spent														
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$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	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$28,304	\$20,810	\$20,643	\$20,641	\$25,169	\$23,656	\$23,499	\$23,275	\$21,046	\$19,543	\$19,396	\$19,415	\$265,399	\$314,639
Net Cash Flow	\$6,928	\$13,923	\$13,598	\$13,116	\$8,112	\$9,156	\$8,852	\$8,622	\$10,404	\$11,468	\$11,183	\$10,737	\$126,097	\$200,502
Cash Balance	\$105,783	\$119,706	\$133,305	\$146,420	\$154,532	\$163,688	\$172,540	\$181,162	\$191,565	\$203,033	\$214,215	\$224,952	\$224,952	\$425,455

Appendix

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2012	FY 2013	FY 2014
Assets	Starting Balances															
Current Assets																
Cash	\$39,871	\$40,527	\$39,466	\$38,928	\$53,871	\$49,456	\$50,145	\$48,237	\$48,088	\$54,908	\$61,986	\$71,095	\$98,855	\$98,855	\$224,952	\$425,455
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$39,871	\$40,527	\$39,466	\$38,928	\$53,871	\$49,456	\$50,145	\$48,237	\$48,088	\$54,908	\$61,986	\$71,095	\$98,855	\$98,855	\$224,952	\$425,455
Long-term Assets																
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$39,871	\$40,527	\$39,466	\$38,928	\$53,871	\$49,456	\$50,145	\$48,237	\$48,088	\$54,908	\$61,986	\$71,095	\$98,855	\$98,855	\$224,952	\$425,455
Liabilities and Capital		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2012	FY 2013	FY 2014
Current Liabilities																
Accounts Payable	\$0	\$4,702	\$5,681	\$7,540	\$14,588	\$9,188	\$12,513	\$16,172	\$12,473	\$12,175	\$12,162	\$12,823	\$23,937	\$23,937	\$19,540	\$22,128
Current Borrowing	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$4,702	\$5,681	\$7,540	\$14,588	\$9,188	\$12,513	\$16,172	\$12,473	\$12,175	\$12,162	\$12,823	\$23,937	\$23,937	\$19,540	\$22,128
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$4,702	\$5,681	\$7,540	\$14,588	\$9,188	\$12,513	\$16,172	\$12,473	\$12,175	\$12,162	\$12,823	\$23,937	\$23,937	\$19,540	\$22,128
Paid-in Capital	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Retained Earnings	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$45,129)	(\$10,082)	\$120,413
Earnings	\$0	(\$4,047)	(\$6,085)	(\$8,484)	(\$588)	\$397	(\$2,239)	(\$7,807)	(\$4,256)	\$2,862	\$9,953	\$18,401	\$35,047	\$35,047	\$130,495	\$197,914
Total Capital	\$39,871	\$35,824	\$33,786	\$31,387	\$39,283	\$40,268	\$37,632	\$32,064	\$35,615	\$42,733	\$49,824	\$58,272	\$74,918	\$74,918	\$205,413	\$403,327
Total Liabilities and Capital	\$39,871	\$40,527	\$39,466	\$38,928	\$53,871	\$49,456	\$50,145	\$48,237	\$48,088	\$54,908	\$61,986	\$71,095	\$98,855	\$98,855	\$224,952	\$425,455
Net Worth	\$39,871	\$35,824	\$33,786	\$31,387	\$39,283	\$40,268	\$37,632	\$32,064	\$35,615	\$42,733	\$49,824	\$58,272	\$74,918	\$74,918	\$205,413	\$403,327

Appendix

Table: Balance Sheet 2nd Year (Planned)

<i>Pro Forma Balance Sheet</i>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2013	FY 2014
Assets														
Current Assets														
Cash	\$105,783	\$119,706	\$133,305	\$146,420	\$154,532	\$163,688	\$172,540	\$181,162	\$191,565	\$203,033	\$214,215	\$224,952	\$224,952	\$425,455
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$105,783	\$119,706	\$133,305	\$146,420	\$154,532	\$163,688	\$172,540	\$181,162	\$191,565	\$203,033	\$214,215	\$224,952	\$224,952	\$425,455
Long-term Assets														
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$105,783	\$119,706	\$133,305	\$146,420	\$154,532	\$163,688	\$172,540	\$181,162	\$191,565	\$203,033	\$214,215	\$224,952	\$224,952	\$425,455
Liabilities and Capital	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2013	FY 2014
Current Liabilities														
Accounts Payable	\$16,448	\$16,286	\$16,127	\$20,707	\$19,200	\$19,048	\$18,898	\$16,721	\$15,223	\$15,081	\$14,941	\$19,540	\$19,540	\$22,128
Current Borrowing	\$0	\$0	\$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	\$0	\$0
Subtotal Current Liabilities	\$16,448	\$16,286	\$16,127	\$20,707	\$19,200	\$19,048	\$18,898	\$16,721	\$15,223	\$15,081	\$14,941	\$19,540	\$19,540	\$22,128
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$16,448	\$16,286	\$16,127	\$20,707	\$19,200	\$19,048	\$18,898	\$16,721	\$15,223	\$15,081	\$14,941	\$19,540	\$19,540	\$22,128
Paid-in Capital	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Retained Earnings	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	(\$10,082)	\$120,413
Earnings	\$14,417	\$28,502	\$42,259	\$50,795	\$60,415	\$69,722	\$78,723	\$89,522	\$101,424	\$113,034	\$124,356	\$130,495	\$130,495	\$197,914
Total Capital	\$89,335	\$103,420	\$117,177	\$125,713	\$135,333	\$144,640	\$153,641	\$164,440	\$176,342	\$187,952	\$199,274	\$205,413	\$205,413	\$403,327
Total Liabilities and Capital	\$105,783	\$119,706	\$133,305	\$146,420	\$154,532	\$163,688	\$172,540	\$181,162	\$191,565	\$203,033	\$214,215	\$224,952	\$224,952	\$425,455
Net Worth	\$89,335	\$103,420	\$117,177	\$125,713	\$135,333	\$144,640	\$153,641	\$164,440	\$176,342	\$187,952	\$199,274	\$205,413	\$205,413	\$403,327

Appendix

Table: Payback

<i>Payback</i>											
Projected Payback Calculation											
	Investment	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Investment	\$198,450										
Cash Returns by Year		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$18,450
Combination as Income Stream	(\$198,450)	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$18,450
Cumulative Net Cash Flow to Investors	(\$198,450)	(\$178,450)	(\$158,450)	(\$138,450)	(\$118,450)	(\$98,450)	(\$78,450)	(\$58,450)	(\$38,450)	(\$18,450)	\$0
Payback Period	10 years										