

Principal Assumptions / Relationships Report

Demo Company
Multi-Year Scenario #1

	<i>Actual</i>					<i>Forecast</i>				
	12 Months 12/31/96	12 Months 12/31/97	12 Months 12/31/98	12 Months 12/31/99	3 Months 03/31/00	12 Months 12/31/00	12 Months 12/31/01	12 Months 12/31/02	12 Months 12/31/03	12 Months 12/31/04
1. Net Sales	\$31,286	\$33,859	\$32,699	\$39,040	\$8,500	\$46,614	\$55,657	\$66,454	\$79,346	\$94,739
% Change in Net Sales	NA	8.2%	(3.4)%	19.4%	NA	19.4%	19.4%	19.4%	19.4%	19.4%
2. Cost of Goods Sold	\$22,414	\$25,220	\$23,776	\$27,790	\$6,120	\$32,923	\$38,993	\$46,172	\$54,654	\$64,688
3. Gross Margin \$'s	\$8,872	\$8,639	\$8,923	\$11,250	\$2,380	\$13,691	\$16,664	\$20,282	\$24,692	\$30,051
4. Gross Margin %	28.4%	25.5%	27.3%	28.8%	28.0%	29.4%	29.9%	30.5%	31.1%	31.7%
5. Operating Expenses	\$4,052	\$4,278	\$4,304	\$4,655	\$1,175	\$5,500	\$6,501	\$7,689	\$9,093	\$10,753
% Change in Operating Expenses	NA	5.6%	0.6%	8.2%	NA	18.2%	18.2%	18.3%	18.3%	18.3%
Operating Expenses as % of Net Sales	13.0%	12.6%	13.2%	11.9%	13.8%	11.8%	11.7%	11.6%	11.5%	11.4%
6. Historical Interest Expense	\$363	\$1,456	\$1,789	\$2,142	\$391	\$0	\$0	\$0	\$0	\$0
7. Other Income (Expense)	\$(822)	\$(187)	\$177	\$310	\$150	\$310	\$310	\$310	\$310	\$310
8. Interest Rate on Borrowings	NA	NA	NA	NA	NA	9.0%	9.0%	9.0%	9.0%	9.0%
9. Interest Rate on Subordinated Debt	NA	NA	NA	NA	NA	12.0%	12.0%	12.0%	12.0%	12.0%
10. Income Tax										
Amount	\$1,484	\$201	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rate	40.8%	7.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11. Cash	\$3,120	\$551	\$765	\$650	\$669	\$650	\$650	\$650	\$650	\$650
12. Number of Days Sales in Accounts Receivable	54.2	62.2	63.5	63.0	65.5	63.0	63.0	63.0	63.0	63.0
13. Number of Days Cost of Goods Sold in Inventory	63.8	53.5	57.9	65.0	88.7	65.0	65.0	65.0	65.0	65.0
14. Other Current Assets	\$601	\$411	\$308	\$380	\$380	\$380	\$380	\$380	\$380	\$380
15. Intangibles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16. Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17. Other Assets	\$214	\$373	\$373	\$749	\$600	\$749	\$749	\$749	\$749	\$749
18. Current Maturities	\$653	\$5,049	\$1,744	\$2,327	\$2,327	\$2,327	\$2,327	\$2,327	\$2,327	\$2,327
19. Number of Days Cost of Goods Sold in Accounts Payable	28.4	31.1	24.0	30.0	31.0	30.0	30.0	30.0	30.0	30.0
20. Number of Days Operating Expenses in Accrued Expenses	221.4	213.4	163.3	165.0	170.0	165.0	165.0	165.0	165.0	165.0

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21. Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22. Other Current Obligations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23. Other Current Liabilities	\$415	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24. Term Loan	\$2,986	\$14,742	\$17,476	\$17,396	\$17,396	\$15,069	\$12,742	\$10,415	\$8,088	\$5,761
25. Subordinated Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26. Other Long Term Obligations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27. Other Liabilities	\$1,850	\$292	\$78	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28. Common Stock	\$5,239	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
29. Preferred Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30. Treasury Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31. Other Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32. Capital Expenditures (Net)	NA	\$2,128	\$1,818	\$3,210	\$532	\$3,210	\$3,210	\$3,210	\$3,210	\$3,210
33. Dividends										
Amount	\$0	\$12,656	\$362	\$1,905	\$610	\$2,709	\$3,552	\$4,620	\$5,971	\$7,665
% of Net Earnings	0.0%	502.8%	12.0%	40.0%	63.3%	40.0%	40.0%	40.0%	40.0%	40.0%
34. Depreciation (Net)	NA	\$1,176	\$1,224	\$1,592	\$531	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592
35. Retained Earnings:										
Beginning Balance		\$7,359	\$(2,780)	\$(135)	\$2,723	\$2,723	\$6,787	\$12,116	\$19,047	\$28,003
Net Earnings		2,517	3,007	4,763	964	6,773	8,881	11,551	14,927	19,163
Dividends		(12,656)	(362)	(1,905)	(610)	(2,709)	(3,552)	(4,620)	(5,971)	(7,665)
Other		0	0	0	0	0	0	0	0	0
Ending Balance		<u>\$7,359</u>	<u>\$(2,780)</u>	<u>\$(135)</u>	<u>\$2,723</u>	<u>\$6,787</u>	<u>\$12,116</u>	<u>\$19,047</u>	<u>\$28,003</u>	<u>\$39,501</u>
36. Common Shares Outstanding (Fully Diluted)	100	100	100	100	100	100	100	100	100	100