

<b>SINGLE ONE-TIME COSTS</b>						
<b>Startup(one-time) costs:</b>	<b>Value</b>					
Professional costs (legal and accounting)	\$ 8,000					
Software Developer for 3 mos.	\$ 16,667					
Web-site Developer for 3 mos.	\$ 16,667					
Graphic Artist for 3 mos.	\$ 13,333					
Labourer for 3 mos.	\$ 10,000					
Machine cost (expected average - see below)	\$ 76,750					
<b>Total one-time costs:</b>	<b>\$ 141,417</b>					
<b>Manufacturing(one-time) cost:</b>	<b>Min. cost</b>	<b>Max. cost</b>				
1 Web-server	\$ 5,000	\$ 10,000				
1 Server	\$ 15,000	\$ 35,000				
1 200 GB RAID or Optical Drive	\$ 20,000	\$ 30,000				
1-10 Kodak industrial CD-writers	\$ 3,000	\$ 30,000				
5-10 CD-ROM readers	\$ 500	\$ 5,000				
Cost of CDs (expected to be supplied)	\$ -	\$ -				
<b>Total machine cost:</b>	<b>\$ 43,500</b>	<b>\$ 110,000</b>				
<b>Admin. &amp; Miscellaneous costs(per year):</b>	<b>Value</b>					
Rent						
Utilities						
Insurance						
Supplies						
Others						
<b>Total admin costs:</b>	<b>\$ 100,000</b>					
<b>Total Fixed costs(3 yr. depreciation):</b>	<b>Predicted</b>					
Year 1	\$ 147,139					
Year 2	\$ 147,139					
Year 3	\$ 147,139					
<b>Total fixed(over 3 years):</b>	<b>\$ 441,417</b>					
<b>YEARLY VARIABLE EXPENDITURES</b>						
<b>Labour costs(per year):</b>	<b>Salary</b>					
Marketer/Accountant	\$ 40,000					
Manufacturing manager	\$ 40,000					
Labourer/Distributor	\$ 30,000					
Web-site maintainer	\$ 40,000					
Tech-support(shared with manu/web person)	\$ -					
<b>Total Labour cost:</b>	<b>\$ 150,000</b>					
<b>Marketing costs(yearly):</b>	<b>Year1</b>	<b>Year2</b>	<b>Year3</b>			
Television						
WWW						
Magazines						
Trade shows						
Other						
<b>Total yearly marketing costs:</b>	<b>\$ 100,000</b>	<b>\$ 200,000</b>	<b>\$ 500,000</b>			
<b>PRODUCT MANUFACTURING COST</b>						
<b>CD Costs:</b>	<b>Exp. cost</b>	<b>Min. cost</b>	<b>Max. cost</b>			
Blank CD-R	\$ 2.00	\$ 2.00	\$ 3.00			
CD Booklet, label, insert	\$ 1.00	\$ 1.00	\$ 2.00			
Royalties & Payments	\$ 10.00	\$ 6.50	\$ 15.00			
Other(Defects, packaging, shipping)	\$ 0.50	\$ 0.25	\$ 2.00			
<b>Total cost per CD:</b>	<b>\$ 13.50</b>	<b>\$ 9.75</b>	<b>\$ 22.00</b>			
<b>Total Variable Costs</b>	<b>Units</b>	<b>Materials</b>	<b>Other</b>	<b>Total</b>		
Year 1 - 50,000 CDs	50,000	\$ 675,000	\$ 250,000	\$ 925,000		
Year 2 - 100,000 CDs	100,000	\$ 1,350,000	\$ 350,000	\$ 1,700,000		
Year 3 - 250,000 CDs	250,000	\$ 3,375,000	\$ 650,000	\$ 4,025,000		
<b>FINANCIAL PROJECTIONS</b>						
<b>Revenue(per year):</b>	<b>Units</b>	<b>Unit Price</b>	<b>Unit Cost</b>	<b>Total costs</b>	<b>Margin</b>	
1 million in sales	50,000	\$ 20.00	\$ 13.50	\$ 675,000	\$ 325,000	
2 million in sales	100,000	\$ 20.00	\$ 13.50	\$ 1,350,000	\$ 650,000	
5 million in sales	250,000	\$ 20.00	\$ 13.50	\$ 3,375,000	\$ 1,625,000	
10 million in sales	500,000	\$ 20.00	\$ 13.50	\$ 6,750,000	\$ 3,250,000	
<b>Total capital consumed</b>	<b>Fixed</b>	<b>Variable</b>	<b>Total</b>		<b>Revenues</b>	
Year 1	\$ 147,139	\$ 925,000	\$ 1,072,139		\$ 1,000,000	
Year 2	\$ 147,139	\$ 1,700,000	\$ 1,847,139		\$ 2,000,000	
Year 3	\$ 147,139	\$ 4,025,000	\$ 4,172,139		\$ 5,000,000	
<b>Projected Profit/Loss</b>	<b>Units</b>	<b>Unit Price</b>	<b>Revenue</b>	<b>Unit Cost</b>	<b>Costs</b>	<b>Profit/Loss</b>
Year 1	50,000	\$ 20.00	\$ 1,000,000	\$ 13.50	\$ 1,072,139	\$ (72,139)
Year 2	100,000	\$ 20.00	\$ 2,000,000	\$ 13.50	\$ 1,847,139	\$ 152,861
Year 3	250,000	\$ 20.00	\$ 5,000,000	\$ 13.50	\$ 4,172,139	\$ 827,861
<b>Note:</b>						
As production reaches 100,000-250,000						
more labourers will be needed to						
support the production process						
New hardware will be necessary and so						
will extra storage space						