

Income Statement

LCH Systems

	Actual				Projected							
	Q1	Q2	Q3	YEAR 1 Q4	Q5	Q6	Q7	YEAR 2 Q8	Q9	Q10	Q11	YEAR 3 Q12
Beginning Cash Balance	\$ -	\$ 10,000	\$ 25,000	\$ 6,500	\$ 23,000	\$ 519,500	\$ 248,500	\$ 322,000	\$ 365,000	\$ 620,000	\$ 884,500	\$ 898,500
OPERATING INCOME AND EXPENSES												
Revenues	\$ -	\$ -	\$ 391,500	\$ 459,000	\$ 729,000	\$ 864,000	\$ 901,000	\$ 1,113,000	\$ 1,176,000	\$ 1,224,000	\$ 1,368,000	\$ 1,440,000
Rebates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Production	\$ -	\$ -	\$ (135,000)	\$ (157,500)	\$ (172,500)	\$ (225,000)	\$ (192,500)	\$ (210,000)	\$ (216,000)	\$ (229,500)	\$ (224,000)	\$ (240,000)
R&D	\$ (40,000)	\$ (100,000)	\$ (200,000)	\$ (200,000)	\$ (300,000)	\$ (300,000)	\$ (350,000)	\$ (350,000)	\$ (400,000)	\$ (400,000)	\$ (500,000)	\$ (500,000)
Quality	\$ -	\$ -	\$ (25,000)	\$ (35,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)
Admin and Mktg	\$ (25,000)	\$ (35,000)	\$ (50,000)	\$ (75,000)	\$ (150,000)	\$ (200,000)	\$ (225,000)	\$ (250,000)	\$ (275,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)
NET OPERATING CASH FLOW	\$ (65,000)	\$ (135,000)	\$ (18,500)	\$ (8,500)	\$ 46,500	\$ 79,000	\$ 73,500	\$ 243,000	\$ 255,000	\$ 264,500	\$ 314,000	\$ 370,000
INVESTING ACTIVITIES												
Fixed Plant & Equipment	\$ -	\$ (500,000)	\$ -	\$ -	\$ (750,000)	\$ (650,000)	\$ -	\$ (600,000)	\$ -	\$ -	\$ (300,000)	\$ -
TOTAL INVESTING ACTIVITY	\$ -	\$ (500,000)	\$ -	\$ -	\$ (750,000)	\$ (650,000)	\$ -	\$ (600,000)	\$ -	\$ -	\$ (300,000)	\$ -
FINANCING ACTIVITIES												
Increase in Common Stock	\$ 150,000	\$ 600,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payback Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New CD Investments	\$ (75,000)	\$ -	\$ -	\$ -	\$ (800,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdraw from CDs	\$ -	\$ 50,000	\$ -	\$ 25,000	\$ -	\$ 300,000	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -
Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FINANCING ACTIVITY	\$ 75,000	\$ 650,000	\$ -	\$ 25,000	\$ 1,200,000	\$ 300,000	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -
End of Period Cash Balance	\$ 10,000	\$ 25,000	\$ 6,500	\$ 23,000	\$ 519,500	\$ 248,500	\$ 322,000	\$ 365,000	\$ 620,000	\$ 884,500	\$ 898,500	\$ 1,268,500

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	Actual				Projected							
	Q1	Q2	Q3	YEAR 1 Q4	Q5	Q6	Q7	YEAR 2 Q8	Q9	Q10	Q11	YEAR 3 Q12
REVENUES	\$ -	\$ -	\$ 391,500	\$ 459,000	\$ 729,000	\$ 864,000	\$ 901,000	\$ 1,113,000	\$ 1,176,000	\$ 1,224,000	\$ 1,368,000	\$ 1,440,000
Rebates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Goods Sold	\$ -	\$ -	\$ 108,750	\$ 127,500	\$ 202,500	\$ 240,000	\$ 190,000	\$ 211,250	\$ 221,750	\$ 229,500	\$ 228,750	\$ 240,000
GROSS PROFIT	\$ -	\$ -	\$ 282,750	\$ 331,500	\$ 526,500	\$ 624,000	\$ 711,000	\$ 901,750	\$ 954,250	\$ 994,500	\$ 1,139,250	\$ 1,200,000
EXPENSES												
R&D	\$ 40,000	\$ 100,000	\$ 200,000	\$ 200,000	\$ 300,000	\$ 300,000	\$ 350,000	\$ 350,000	\$ 400,000	\$ 400,000	\$ 500,000	\$ 500,000
Quality	\$ -	\$ -	\$ 25,000	\$ 35,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Admin and Mktg	\$ 25,000	\$ 35,000	\$ 50,000	\$ 75,000	\$ 150,000	\$ 200,000	\$ 225,000	\$ 250,000	\$ 275,000	\$ 300,000	\$ 300,000	\$ 300,000
Depreciation	\$ -	\$ -	\$ 12,500	\$ 12,500	\$ 12,500	\$ 31,250	\$ 47,500	\$ 47,500	\$ 62,500	\$ 62,500	\$ 70,000	\$ 70,000
Other Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 65,000	\$ 135,000	\$ 287,500	\$ 322,500	\$ 522,500	\$ 591,250	\$ 682,500	\$ 707,500	\$ 767,500	\$ 792,500	\$ 900,000	\$ 900,000
TOTAL OPERATING PROFIT	\$ (65,000)	\$ (135,000)	\$ (4,750)	\$ 9,000	\$ 4,000	\$ 32,750	\$ 28,500	\$ 194,250	\$ 186,750	\$ 202,000	\$ 239,250	\$ 300,000
Earnings Before Int and Taxes (EBIT)	\$ (65,000)	\$ (135,000)	\$ (4,750)	\$ 9,000	\$ 4,000	\$ 32,750	\$ 28,500	\$ 194,250	\$ 186,750	\$ 202,000	\$ 239,250	\$ 300,000
Net Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Before Taxes	\$ (65,000)	\$ (135,000)	\$ (4,750)	\$ 9,000	\$ 4,000	\$ 32,750	\$ 28,500	\$ 194,250	\$ 186,750	\$ 202,000	\$ 239,250	\$ 300,000
Taxable Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME	\$ (65,000)	\$ (135,000)	\$ (4,750)	\$ 9,000	\$ 4,000	\$ 32,750	\$ 28,500	\$ 194,250	\$ 186,750	\$ 202,000	\$ 239,250	\$ 300,000
Shares Outstanding	15,000	75,000	75,000	75,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Earnings per Share	\$ (4.33)	\$ (1.80)	\$ (0.06)	\$ 0.12	\$ 0.01	\$ 0.12	\$ 0.10	\$ 0.71	\$ 0.68	\$ 0.73	\$ 0.87	\$ 1.09

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	<i>Actual</i>				<i>Projected</i>							
	Q1	Q2	Q3	YEAR 1 Q4	Q5	Q6	Q7	YEAR 2 Q8	Q9	Q10	Q11	YEAR 3 Q12
ASSETS												
Cash	\$ 10,000	\$ 25,000	\$ 6,500	\$ 23,000	\$ 519,500	\$ 248,500	\$ 322,000	\$ 365,000	\$ 620,000	\$ 884,500	\$ 898,500	\$ 1,268,500
3-Month CD	\$ 75,000	\$ 25,000	\$ 25,000	\$ -	\$ 800,000	\$ 500,000	\$ 500,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Finished Goods Inventory	\$ -	\$ -	\$ 26,250	\$ 56,250	\$ 26,250	\$ 11,250	\$ 13,750	\$ 12,500	\$ 6,750	\$ 6,750	\$ 2,000	\$ 2,000
Total ST Assets	\$ 85,000	\$ 50,000	\$ 57,750	\$ 79,250	\$ 1,345,750	\$ 759,750	\$ 835,750	\$ 477,500	\$ 726,750	\$ 991,250	\$ 1,000,500	\$ 1,370,500
Net Fixed Plant & Equipment	\$ -	\$ 500,000	\$ 487,500	\$ 475,000	\$ 1,212,500	\$ 1,831,250	\$ 1,783,750	\$ 2,336,250	\$ 2,273,750	\$ 2,211,250	\$ 2,441,250	\$ 2,371,250
TOTAL ASSETS	\$ 85,000	\$ 550,000	\$ 545,250	\$ 554,250	\$ 2,558,250	\$ 2,591,000	\$ 2,619,500	\$ 2,813,750	\$ 3,000,500	\$ 3,202,500	\$ 3,441,750	\$ 3,741,750
LIABILITIES												
Misc. ST Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conventional Bank Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common Stock	\$ 150,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000
Retained Earnings	\$ (65,000)	\$ (200,000)	\$ (204,750)	\$ (195,750)	\$ (191,750)	\$ (159,000)	\$ (130,500)	\$ 63,750	\$ 250,500	\$ 452,500	\$ 691,750	\$ 991,750
TOTAL EQUITY	\$ 85,000	\$ 550,000	\$ 545,250	\$ 554,250	\$ 2,558,250	\$ 2,591,000	\$ 2,619,500	\$ 2,813,750	\$ 3,000,500	\$ 3,202,500	\$ 3,441,750	\$ 3,741,750
TOTAL LIABILITIES AND EQUITY	\$ 85,000	\$ 550,000	\$ 545,250	\$ 554,250	\$ 2,558,250	\$ 2,591,000	\$ 2,619,500	\$ 2,813,750	\$ 3,000,500	\$ 3,202,500	\$ 3,441,750	\$ 3,741,750