

Packaging for Success

Building Value Conference 2006

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STIRLING MERCANTILE
CORPORATION

Please turn off cell phones and pagers.

About Stirling Mercantile

Sectors

- Mid market financings
- Early-stage VC financings
- Mergers and acquisitions
- Valuations
- Public market advisory services



About Stirling Mercantile

<p>June 2004</p> <p>AVATAR Petroleum Inc.</p> <p>Has amalgamated with</p> <p>Quest Investment Corporation, Victory Resource Corporation and Anapaho Capital Corp.</p> <p>Stirling Mercantile Corporation provided financial advice and prepared a Series A Equity for the Independent Committee of the Board of Directors</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2005</p> <p>CELERIS</p> <p>Seed Financing of Common Equity plus Matching Warrants</p> <p>Provided by</p> <p>Advantage</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>June 2005</p> <p>BlueStar</p> <p>\$2,000,000 Subordinated Debt with Warrants</p> <p>Provided by</p> <p>Gibbitt Capital Corporation</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>August 2005</p> <p>BlueStar</p> <p>\$25,000,000 Revolving Line of Credit</p> <p>Provided by</p> <p>FINOVA</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>April 2005</p> <p>cryopal</p> <p>\$3,000,000 Common Equity</p> <p>Provided by</p> <p>Claridge SRI Investments</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>January 2006</p> <p>US\$2,960,000 Debt Restructuring</p> <p>The undersigned advised the borrower and supervised the restructuring</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>July 2005</p> <p>efigroup</p> <p>\$3,500,000 Common Equity</p> <p>The undersigned acted as financial advisor to the company</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>June 2004</p> <p>GALEFORCE</p> <p>\$2,800,000 Series A Equity Financing</p> <p>Provided by</p> <p>TALLEY & HESTER PARTNERS and WV VENTURES WEST</p> <p>The undersigned acted as exclusive advisor to the company</p> <p>STIRLING MERCANTILE CORPORATION</p>
<p>November 2004</p> <p>ISOTIS OrthoBiologics</p> <p>raised through the acquisition by SciCo S.A. of</p> <p>gen.sci</p> <p>The undersigned acted as exclusive advisor to GenSci for the IPO financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>November 2004</p> <p>Channing-Dunnell's Ltd.</p> <p>\$10,750,000 Management Buy-Out</p> <p>Financing provided by the vendor and</p> <p>Bank of Montreal</p> <p>The undersigned acted as exclusive advisor to the management group and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>July 2005</p> <p>Redstone</p> <p>MidMarket Lender Company</p> <p>\$7,000,000 Asset Based Loan</p> <p>Provided by</p> <p>CONGRESS FINANCIAL</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2005</p> <p>Matanza Holdings Inc.</p> <p>has purchased a 50% equity interest in</p> <p>Xerox Laboratories Inc.</p> <p>The undersigned acted as exclusive advisor to Matanza Holdings in advising and negotiating the purchase of the company in 2005</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>July 2005</p> <p>MEDICARD</p> <p>Medicaid Finance Inc.</p> <p>\$5,000,000 Secured Revolving Line of Credit</p> <p>Provided by</p> <p>Bank of Montreal</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>September 2005</p> <p>MEDICARD</p> <p>Medicaid Finance Inc.</p> <p>\$400,000 Senior Secured Term Notes</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2006</p> <p>IT-CSI</p> <p>ITCS International Marine Safety Systems Inc.</p> <p>\$2,000,000 Subordinated Debt and Equity</p> <p>Provided by</p> <p>MERCANTILE</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2006</p> <p>PRIME PLAY</p> <p>\$1,300,000 Subordinated Debt with Warrants</p> <p>Provided by</p> <p>RBC Royal Bank</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>
<p>October 2005</p> <p>SHARP</p> <p>Sharp Electric Manufacturing Ltd.</p> <p>has been acquired by</p> <p>COMPTON</p> <p>Company International Ltd.</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2006</p> <p>Tantus</p> <p>Common Equity Through a Group of Private Investors</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>November 2005</p> <p>LANE & FOSTER</p> <p>The Lane Environmental Group, Inc.</p> <p>\$1,000,000 Senior Debt and Working Capital Facility</p> <p>Provided by</p> <p>RBC Royal Bank</p> <p>\$1,724,611 Equipment Financing</p> <p>Provided by</p> <p>Bank of Montreal</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>November 2005</p> <p>LATRYTECH</p> <p>Latrytech Laser Solutions Inc.</p> <p>has sold to</p> <p>unity wireless</p> <p>in a share exchange transaction</p> <p>The undersigned acted as exclusive advisor to Latrytech, and supervised and issued the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>November 2005</p> <p>Uniserve</p> <p>Uniserve of Investment Corporation</p> <p>\$3,400,000 Term Notes and Common Equity</p> <p>Provided by</p> <p>A Group of Investors led by Michael Sachs including</p> <p>Gibbitt Capital Corporation</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>December 2005</p> <p>unity wireless</p> <p>US\$926,537 Private Placement, Common Shares and Warrants</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>		





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Corporate Finance

Quality advisory services
More than just money

Stirling Mercantile Corporation

Welcome

The partners of Stirling Mercantile Corp have extensive knowledge and contacts in the senior debt, growth capital and equity markets and bring this experience to bear in assisting growing companies with their financial plans and funding requirements.

We hope you find this site resourceful.

Sectors

- Mid market financings
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Recent News



Stirling client Celeres Systems Inc. closes seed round with first investment by the Venture Fund of BC Advantage Funds [More...](#)



Stirling raises \$3.4 million of debt and equity for Uniserve Communications Corporation's expansion plans [More...](#)



Stirling client GaleForce Solutions Inc. receives \$2.8 million first round equity financing from Ventures West and Yaletown Ventures. [More...](#)



Checklist

- Business plan (management's plans)
- Confidential Information Memorandum (details of the company for sale)
- CIM Executive Summary
- 3 years of financials and 5 years of ProForma with a one page commentary
- Due diligence folder/binder



Business Plan

- Executive Summary
- Product or Service Description
- Industry and Opportunities
- Marketing and Sales Plans
- Competition, Competitive Advantages
- Management and Board Members
- Financials and ProFormas



CIM

- Business Plan sections, plus:
- Sale process and timing
 - Letter of Intent
 - Due Diligence inspection
 - Binding Offer to purchase
 - Close
- Details of sale
 - Assets or shares
 - Management and employees



Pro-Formas

Projected Income Statement Analysis					
(\$000's)					
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
New Sales of 100 seat licenses	78	300	900	2,622	5,070
Cumulative Sales	78	300	900	2,622	5,070
<i>Growth</i>		385%	300%	291%	193%
Revenues					
Product Sales	117 22%	450 20%	1,350 20%	3,933 20%	7,605 19%
Hardware and install	390 72%	1,500 68%	4,500 66%	13,110 65%	25,350 62%
Monthly Maintenance	36 7%	260 12%	953 14%	2,995 15%	7,732 19%
Gross Revenues	<u>543 100%</u>	<u>2,210 100%</u>	<u>6,803 100%</u>	<u>20,038 100%</u>	<u>40,687 100%</u>
<i>Growth</i>		407%	308%	295%	203%
Direct Operating Expenses					
Direct sales commissions	12 2%	45 2%	135 2%	393 2%	761 2%
Partner selling costs and commissions	35 6%	135 6%	405 6%	1,180 6%	2,282 6%
Total	<u>203 37%</u>	<u>780 35%</u>	<u>2,340 34%</u>	<u>6,817 34%</u>	<u>13,182 32%</u>
Gross Profit	<u>341 63%</u>	<u>1,430 65%</u>	<u>4,463 66%</u>	<u>13,221 66%</u>	<u>27,505 68%</u>
<i>Growth</i>		420%	312%	296%	208%
Selling, General and Administrative					
General & administration	168 31%	265 12%	680 10%	1,603 8%	3,255 8%
Research & development	525 97%	553 25%	1,701 25%	4,008 20%	6,103 15%
Selling, marketing and partnerships	275 51%	635 29%	1,701 25%	4,008 20%	8,137 20%
Grants (expense recoveries)	0 0%	0 0%	0 0%	0 0%	0 0%
Total	<u>968 178%</u>	<u>1,452 66%</u>	<u>4,082 60%</u>	<u>9,618 48%</u>	<u>17,496 43%</u>
<i>Growth</i>		150%	281%	236%	182%
EBITDA	<u>-628 -115%</u>	<u>-22 -1%</u>	<u>381 6%</u>	<u>3,602 18%</u>	<u>10,010 25%</u>
<i>Growth</i>		4%	-1708%	945%	278%



Due Dilly Binder

- All material contracts
- Details of financials
 - Inventory and valuable assets
 - HR tables and analysis
 - Comments on liabilities or notes to the Financials
- Don't leave out anything salient



Executive Summary

- “Put it at the beginning but write it at the end”
- Start with John’s Perfect Pitch
- Summarize each section in a short paragraph
- Keep it about 2 pages – just enough to stimulate questions of interest



Keep It Concise

- Ask yourself if each paragraph helps to explain why this company has value
- Use grade 8 English, and test it



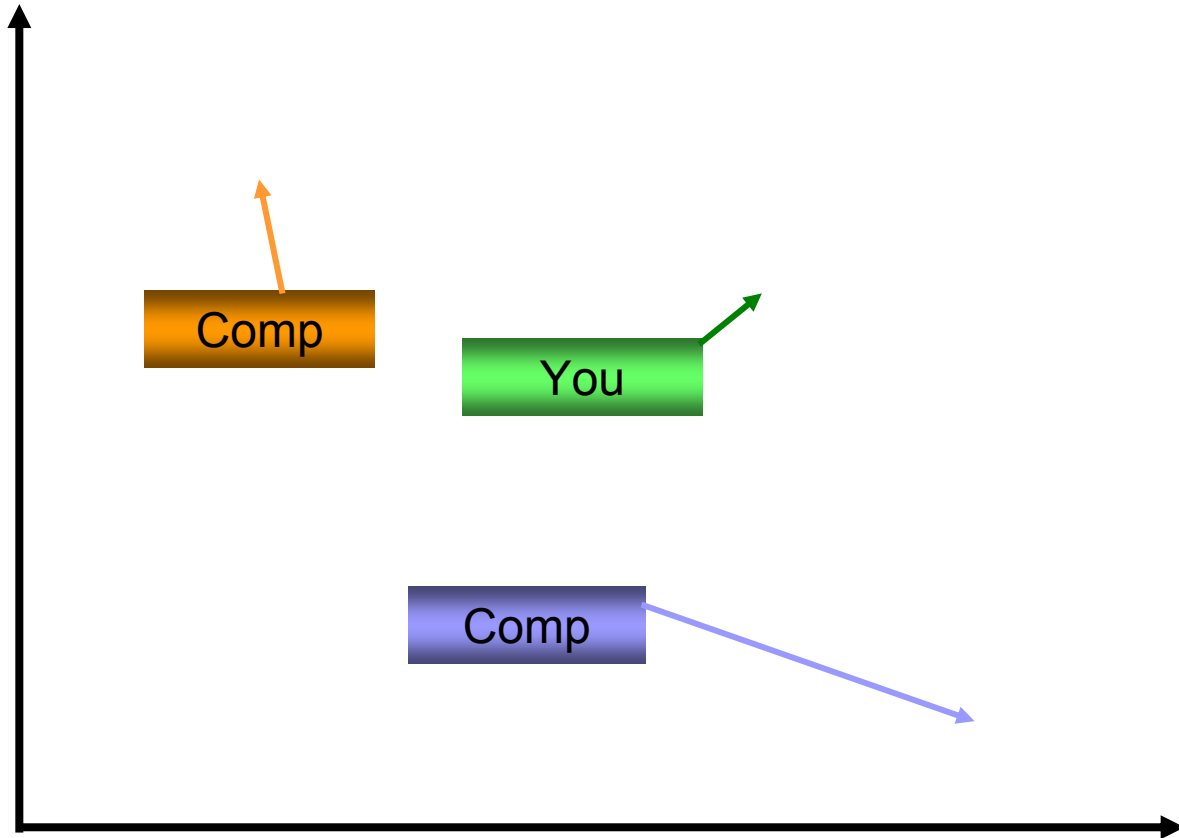
Presentation

- A picture tells a thousand words, but...
- ...don't spend time or money on graphics and eye-candy
- Docs in PDF, available for download from your site



Position

Value to
Customer



Sales Unit
Volume



Avoid

- Saying sales will improve dramatically after the sale
- Reducing inventory
- Running up debt ratios



Think Like A Buyer

Strategic
- Market share

Financial
- Earnings

Entrepreneur
- Growth or lifestyle



Think Like A Buyer

Spend money to...

... make money, or

... save money



What Motivates Buyers?

R.O.I.



Summary

- Be detailed *and* concise
- Deal with your demons, don't hide them
- Think like a buyer – focus on R.O.I.



Thank you

A copy of this presentation is available at:

www.stirlingmercantile.com/speakers.htm

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