

Prometheus Equity Partners

Business Opportunity: Microcaps

1.1 Product Price/Cost Data

	Sales Cost/ Price	Royalty (%)
Licensee NSV Product	\$8,500,000	3.0%

2.1 Expense Data

Project: no of pys	1.5	
Project: loaded avg py rate	\$150,000	
Project: pys	\$225,000	
Patent Expense %	10%	of Lic Inc or
Overhead	10%	of Loading
Annual Lab/Office Expense	\$25,000	
Annual Marketing	5%	of Sales or
		\$15,000

3.1 Projections

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6-10	Total	% Income
Unit Licensee Sales	0	0	1	2	4	5	12	
Licensee Sales	0	0	8,500,000	17,000,000	34,000,000	42,500,000	102,000,000	
License Income	0	0	255,000	510,000	1,020,000	1,275,000	3,060,000	100.0%
Patent Expenses	3,500	9,500	35,000				48,000	1.6%
Gross Margin	-3,500	-9,500	220,000	510,000	1,020,000	1,275,000	3,012,000	98.4%
Operating Expenses								
Salaries	225,000	225,000					450,000	14.7%
Overhead	22,500	22,500					45,000	1.5%
Lab/Office Expenses	25,000	25,000					25,000	0.8%
Marketing	5,000	5,000	12,750				22,750	0.7%
Total Operating Expenses	277,500	277,500	12,750	0	0	0	567,750	18.6%
Net Op Income Before Interest/Tax	-281,000	-287,000	207,250	510,000	1,020,000	1,275,000	2,444,250	79.9%
Cumulative Earnings	-281,000	-568,000	-360,750	149,250	1,169,250	2,444,250		

4.1 Profitability Standards

PrometheusI Return/Share %	100%
Prometheus Inv Share %	100%

ROI discounted for Cost of Casl	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6-10	Total
Investment (Seed)	25,000	0	0	0	0	0	0	25,000
Net Income Before Tax	0	281,000	287,000	207,250	510,000	1,020,000	1,275,000	2,444,250
Net Cash Flow	25,000	281,000	287,000	207,250	510,000	1,020,000	1,275,000	2,469,250
NPV Factor	0.2500	0.8000	0.6400	0.5120	0.4096	0.3277	0.0352	0.2866
NPV Cash Flow	25,000	224,800	183,680	106,112	208,896	334,234	179,770	
Cumulative NPV Cash Flow	25,000	199,800	383,480	277,368	68,472	265,762	445,531	
Avg Annual ROI	280%	(Cummulative Cash/Total Investment)(Average NPV factor)/ No of years						

Internal rate of return	48%	(Adjust IRR until NPV is approx = 0)
NPV of cash flows at IRR	\$275,099	
PV of investment stream	\$25,000	

Internal Rate of Return Ammortization Model	47%	(Adjust IRR until final year investment is approx. 0)			
	Year	Investment	Cash Flow	Interest	Retire Principal
	0	25000			
	1	244250	281000	11750	269250
	2	646048	287000	114798	401798
	3	742440	207250	303642	96392
	4	581387	510000	348947	161053
	5	165362	1020000	273252	746748
	6	1263082	1020000	77720	1097720
	7	2876730	1020000	593648	1613648
	8	5248794	1020000	1352063	2372063
	9	8735726	1020000	2466933	3486933
	10	13861518	1020000	4105791	5125791

Instructions

- 1) Enter Product Price/Cost and Royalty Data
- 2) Adjust Expense Data If Required
- 3) Enter Unit Sales Projection
- 4) Enter IRR in cell B56 until NPV of cash flows = 0
- 5) Enter IRR in cell B60 until final investment sum = 0