



Lynn Kamiko
792 Huntingwalk Court
Darlington Heights, BC V7D 1P2
(604) 555-1211

Jean Hillings
Royal Bank
125 Main Street
Vancouver, British Columbia
V9F 3O8

Dear Ms. Hillings:

Kamiko Fine Foods Inc. was formed in Vancouver, British Columbia as a start-up wholesaling company specializing in importing high-quality Japanese foods and repackaging them for sale in North America. The business was established to offer authentic Japanese food to specialty food retailers who are anxious to capitalize on the growing Asian population in the Vancouver area as well as to an ever-increasing market of urban professionals who enjoy eating more adventurous specialty ethnic foods.

As president and sole owner of Kamiko Fine Foods Inc., I bring ten years experience working in my family's business in Japan to the company. I have forged long-term business relationships with three major Japanese food exporters, all of whom guarantee Kamiko Fine Foods Inc. excellent prices.

I financed our start-up period with \$38,000 in personal savings. We ended our first year with \$300,000 in gross sales. I am now seeking an operating line of \$60,000 to finance our growth and expect to have revenues of \$450,000 in our second year.

Sincerely,

Lynn Kamiko
President
Kamiko Fine Foods Inc.



Business Plan

Lynn Kamiko
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Executive Summary

Kamiko Fine Foods Inc., located in Vancouver, British Columbia, is a wholesaling company specializing in importing high-quality Japanese foods and repackaging them for sale to specialty food retailers. The business was established to offer authentic Japanese foods to the growing Asian population in the Vancouver area as well as to an ever-increasing market of urban professionals who enjoy eating more adventurous specialty ethnic foods.

Research indicates that the International Foods industry in Canada has annual sales of \$180 million and is growing at an average rate of 30 per cent per year. The Vancouver market alone is estimated to be worth \$14 million. In fact, the Japanese population in Vancouver — the end user of Kamiko Fine Foods' products — is growing at 8 per cent per year and an estimated 36 per cent of this population purchase high-quality Japanese food products on a monthly basis. In the general population, 29 per cent of people purchase specialty ethnic foods on a monthly basis. According to the Association of Canadian Food Distributors, ethnic food in general and Japanese food specifically are poised for substantial growth in British Columbia and a total of ten Japanese restaurants were opened in the greater Vancouver area in 1996-1997. We have reached revenues of \$300,000 in our first year and project revenues of \$450,000 in our second.

As president and sole owner of Kamiko Fine Foods Inc., I bring my ten years experience working in my family's business in Japan to the company. I have forged long-term business relationships with three major Japanese food exporters, all of whom guarantee Kamiko Fine Foods Inc. excellent prices. In addition, I have been using the services of J. Sango who is based in Japan and acts as a purchasing agent for the company. The company also uses the services of a sales agent, a part-time bookkeeper and a part-time delivery person.

There are three direct competitors for our share of the market. Although all three seem to be thriving, there are a number of fronts on which we are competing. Price is the strongest factor: all three competitors sell their products at higher prices than Kamiko Fine Foods. Our strong relationships with major Japanese exporters allow us to sell our products at a price comparable to or lower than the competition. In addition, the three competitors have focused primarily on marketing to the Japanese buyer. Kamiko fully exploits the potential market made up of non-Asian urban

professionals – achieved through attractive packaging and an extensive local brand awareness campaign.

In order to support our retail customers, Kamiko Fine Foods products are advertised and promoted in a number of ways, including:

- ❖ Sponsorship of a Japanese cooking show on community access television
- ❖ Free sample booths in retail outlets
- ❖ A company Web site, which raises awareness of our products
- ❖ Printed coupons in community newspapers
- ❖ Distribution of flyers at gourmet stores
- ❖ Media relations

In addition to the staff outlined above, I have assembled a board of advisors who add strategic advice and direction. The board consists of Louis Marton, Senior Manager of Chesterton Distributing; Bryce Anderson, president of Key Connections Communications Inc.; Michelle Denison, president of Denison Publishing Ltd. and Ingrid Huxtable, a corporate lawyer and founding partner Huxtable, Grenobl , Rigby and Associates.

I am seeking an operating line of \$60,000 to finance our growth in year two. I have invested \$23,000 in the previous years in packaging, design, product and market research and have invested an additional \$15,000 towards working capital requirements at the outset.

The Team

Management Team Profiles & Ownership Structure

Kamiko Fine Foods Inc. was formed in Vancouver, British Columbia. As president, I own 100% of the company's shares.

Title: President

Name: Lynn Kamiko

Job Description:

- ❖ Responsible for guiding the company in a profitable direction
- ❖ Oversee all aspects of the business, from sales and marketing to human resources and accounting
- ❖ All employees report directly to the president

Qualifications:

- ❖ Business degree from the University of Tokyo
- ❖ 10 years experience in sales and marketing at family business in Japan
- ❖ Excellent financial and management skills
- ❖ Strong understanding of Japanese cuisine

Salary: \$54,000

Advisors

❖ Louis Marton. Senior Manager, Chesterton Distributing.

Louis Marton is the senior manager responsible for wholesale services for Chesterton Distributing, a leader in supplying produce to Vancouver restaurants. In addition to managing a staff of 20, Louis is a board member of The Association of Canadian Food Distributors.

❖ Bryce Anderson. President, Key Connections Communications Inc.

Bryce Anderson is president of Key Connections Communications Inc. Key Connections provides public relations and creative communications to many multinational firms including IBM, Toshiba and Sony.

❖ **Michelle Denison. President, Denison Publishing Ltd.**

Michelle Denison is one of the co-founders of Denison Publishing Ltd. She sits on the board of Child's Play Magazine, Destination Everywhere Publications and Canadian Gardening Enterprises. Michelle was named one of Biz New's Top 50 Under 50 in 1997.

❖ **Ingrid Huxtable. Founding Partner, Huxtable, Grenoble , Rigby and Associates.**

Ingrid Huxtable is a corporate lawyer and one of the founding partners in the respected Vancouver law firm, Huxtable, Grenoble, Rigby and Associates. Ms. Huxtable is a sought after speaker on the topic of legal issues for small business and is a regular contributor to Law and Business Magazine.

Please note: all advisors participate on a voluntary basis and no fee is charged for their business advice.

Professional Services

My ten years experience working in my family's business in Japan has given me an opportunity to establish long-term business relationships with Japanese exporters, purchasing agents and key outside advisors all of whom contribute years of experience and free support. My network both in Japan and in North America is vast and proves to be a valuable asset. I have hired a part-time bookkeeper who is responsible for preparing the financial statements for Kamiko Fine Foods Inc.

Human Resources

As president, I am responsible for guiding the overall direction of the company, overseeing sales, marketing, human resource issues and accounting. I am also responsible for attending the International Food Show in November and will overseeing all marketing initiatives.

I have secured the services of J. Sango who is based in Japan and acts as our part time purchasing agent for the company, negotiating rates and managing relationships. He is uniquely responsible for quality control on-site in Japan, and inspects the products before they are shipped to Canada. His salary in Canadian dollars will be \$15,000. He is a resident of Japan and has 12 years experience in purchasing.

I have secured a sales agent who is paid - 10% commission on gross sales. He has over five years experience in sales.

A part-time bookkeeper is responsible for processing customer orders, managing payables, receivables and generally overseeing the books.

A part-time delivery person with previous experience, a valid driver's license and a clean driving record is paid \$8,000 per year.

I hired temporary help for giving out free samples in booths in retail outlets. These positions are filled on an as needed basis and paid at minimum wage.

Compensation

Purchasing Agent (Japan)	\$15,000
Sales Agent (Canada)	10% Commission on sales
Bookkeeper Part-time position	\$ 3,600
Delivery person Part-time position	\$10,000

The Business Environment

Business Summary & History

Kamiko Fine Foods Inc. was formed in Vancouver, British Columbia. It is a wholesaling company specializing in importing high-quality Japanese foods and repackaging them for sale to specialty food retailers. The business was established to offer authentic Japanese food to the growing Asian population in the Vancouver area as well as to an ever-increasing market of urban professionals who enjoy eating more adventurous specialty ethnic foods.

Business relationships with three major Japanese food exporters have been established, a purchasing agent, a part-time bookkeeper and a part-time delivery person have been hired and an advisory board has been assembled. I have invested \$23,000 to finance packaging, design, product and market research and \$15,000 in working capital requirements.

Industry Overview

The International Foods industry in Canada has annual sales of \$180 million and is growing at an annual rate of approximately 30 per cent. The gross profit margins in the food wholesale industry are typically between 30 and 40 per cent.

Sectors within industry

- ❖ Manufacturers who sell to importers
- ❖ Distributors who sell products to wholesalers
- ❖ Wholesalers who sell to retailers
- ❖ Retailers who sell directly to the consumer
- ❖ Restaurants who sell to the consumer

Seasonal factors

Although certain sectors of the International Foods industry must contend with seasonal challenges, our company, Kamiko Fine Foods Inc. is relatively safe from such seasonal fluctuations in

production since the majority of its products are rice and soy based. Rice and soy products can be grown throughout the year and are easy to acquire.

Consumer trends

Consumer trends bode well for the international foods industry as Canada's population continues to become more ethnically diverse. In Vancouver, where the company is based, the Japanese population is growing at 8 per cent per year and an estimated 36 per cent of the local Japanese population purchase high-quality Japanese food products on a monthly basis. In the general population, 29 per cent of people purchase specialty ethnic foods on a monthly basis. Recent market research indicates that ethnic food in general and Japanese food specifically are poised for substantial growth in British Columbia and a total of ten Japanese restaurants were opened in 1996-1997.

In addition, the 90s have seen a trend toward healthy, low-fat cooking with an emphasis on vegetarian cuisine. Since Japanese cuisine has always been low-fat, Kamiko Fine Foods products are marketed to maximize the public's interest in healthy eating.

Position in the Industry

Our company acts as a wholesaler, dedicated to importing high-quality Japanese delicacies, repackaging them for sale to specialty food retailers. Unlike competition that sells mass market items to large grocery store chains, Kamiko focuses on selling products to higher-end boutique food stores. Currently, of the 26 Canadian companies that import food from Japan, only three import so-called luxury items. Of these three companies, two are based in Toronto; all three company's products are sold at a higher price point than our products, which gives us a significant niche in the retailing of high-quality yet reasonably priced food items. Also, since the direct competition is based primarily in Eastern Canada, we benefit from the lack of local competition.

Legal issues

We have registered the Kamiko Fine Foods name and intend to do the same for our best-selling product names.

Barriers to entry

The largest barrier facing potential competitors entering into our market is the difficulty and expense of establishing good relationships with suppliers in the Far East. My years of experience in the Japanese market have enabled me to develop solid relationships built on trust and a 10-year track record. It would take years and many thousands of dollars in travel costs for a potential competitor of ours to match our network among Japanese suppliers.

We use a computer-based inventory control software system designed for wholesalers. This is an advantage over a number of smaller food importers who continue to use more archaic and cumbersome hand-written inventory systems. By keeping track of inventory electronically, we are able to monitor when products were received as well as their “best before” dates. This results in a lower spoilage rate. In addition, this system allows us to track popular items, which are used in the development of additional product lines. The company also uses a fax machine as a rapid and efficient way of dispatching orders to overseas suppliers.

Marketing Plan

The Target Market

Our target market is high-end specialty boutique food stores. Specialty retailers compete by selling unique products which are *not* available at large grocery chains. People choose to shop at specialty stores for a unique experience. Therefore our target market looks for suppliers, like Kamiko, who supply unique products that can't be found on the grocery store shelf.

The end-user of Kamiko's products can be categorized into two groups. The first is urban professionals between the ages of 25 and 50, living in the greater Vancouver area with a salary of greater than \$30,000 per year who enjoy eating more adventurous ethnic foods and prefer to shop in gourmet or specialty food stores. The second is immigrants from Pacific Rim countries who are living in the Vancouver area and demand authentic, superior quality Japanese food products.

The Vancouver retail market for gourmet ethnic foods is estimated to be \$14 million and sales have grown at an average annual rate of 7 per cent over the last five years. This translates into more than nine million units of product being sold per year in the greater Vancouver area.

Industry trends

Canada's population continues to become more and more ethnically diverse. With an aging, baby boomer population with significant disposable income, projections for specialty food sales are positioned for continued growth. In addition, there has been a significant movement in the industry toward the production of low-fat and vegetarian foods that suit today's healthier eating habits.

The competition

Currently, we have very little direct competition as there are no other Japanese food wholesalers that sell exclusively to specialty retailers. All of our competition is indirect in the form of wholesalers who sell predominantly to grocery store chains. They do not compete directly for business at the specialty stores but they do compete indirectly for the end Japanese food consumer. Market research shows that these generic brands currently account for 86 per cent of the ethnic food

market. There are 26 Canadian companies that import food from Japan, however only three import so-called luxury items.

Services/Products

Our strategy is to sell our authentic Japanese products to high-end specialty food retailers who cater to the tastes of upwardly mobile urban Vancouverites. We have positioned ourselves as a specialty brand and *not* a generic or discount brand. We make our products available to high-end boutique food stores only. Considering the trend towards healthy, low-fat cooking in North American society, our gourmet products are marketed as low-fat healthy eating.

Pricing Strategy

Due to our strong network of exporters in Japan, we are able to receive, and profitably sell, our products at a price comparable to wholesalers who supply the grocery chains' generic brands. Our prices are set in such a way that, in specialty and gourmet retail locations, Kamiko products are comparable to generic brands sold at large grocery stores.

Pricing Profile†

Item	Price†	Our cost **
Soya Sauce	\$39.99/case of 10 bottles	\$26.00
Teriyaki Sauce	\$37.99/case of 10 bottles	\$23.59
Rice Noodles	\$29.75/ 25 x 250 g package	\$20.45
Rice Cakes	\$49.80/20 x 250 g package	\$26.90
Spices	\$149.50/50 x 50 g bottles	\$93.70

† prices subject to change

** 'Our cost' includes all costs associated with purchasing supplies including shipping, financing charges etc.

Sales/Distribution Plan

Kamiko Fine Foods Inc. has contracts with one chain of health food stores and several specialty food shops. The company has purchased a used van – at an estimated cost of \$5,000 – for deliveries. We have employed a sales agent and a part-time delivery driver.

Credit terms

After we do a credit check, customers will be given a payment term to be distributed evenly between 30, 60 and 90 days. Because of the nature of the product, there is no return policy.

Advertising and Promotions Plan

In order to support our retail customers, Kamiko Fine Foods products are advertised and promoted in a number of ways:

- ❖ Sponsorship of a Japanese cooking show on community access television -- \$1,000 annually
- ❖ Free sample booths in retail outlets 10 times per year -- \$ 150/per location/per day -- \$1,500 annually
- ❖ Company Web site, created last year, raises awareness of our products and refers interested parties to local retailers -- \$600 per year
- ❖ Coupons in community newspapers quarterly -- \$200/ insertion x 4 = \$800 annually
- ❖ Distribution of introductory flyers at gourmet stores to promote our new products -- \$300/1000 copies = \$300 for each product or product group launch

Publicity

In addition, Kamiko solicits press coverage from local newspapers. We write and distribute press releases to all local newspapers in the hope of being covered as a local news item. Many of the local newspapers do weekly features on Vancouver entrepreneurs and since there is intense local interest in entrepreneurs from Pacific Rim countries, Kamiko Fine Foods makes a fitting profile. One of the company's advisory board members works with the local media and recommends our story regularly. Our advertising and promotional plan generated annual sales of \$300,000 in our first year.

Given the success of this program, we will continue with a similar marketing strategy in the current year.

Collateral Marketing material

Kamiko Fine Foods has produced business cards and glossy four colour pamphlets outlining available products. The initial 500 copy print run cost \$2,000 (including design). Based on initial response from retailers, we have not opted to print a second run but continue to distribute introductory flyers to launch new products

Additional forms of promotion

In addition to having employed a sales representative, who is paid a 10% commission on gross sales, we will attend the Annual International Food Show in November as a way to expose our products to a broader potential market. The cost of exhibiting at the Food Show is estimated at \$5,000.

Operations

Stage of Development

To date, I have invested \$38,000 in packaging design, product, market research and other working capital requirements. The price commitments I have secured from three major Japanese exporters as well as contracts with one health food chain and several specialty foods shops continue to operate effectively.

In order to get our products to market, the following steps must take place:

- ❖ Place orders with exporters in Japan
- ❖ Arrange for international payment for goods
- ❖ Coordinate delivery of products to Kamiko warehouse facility
- ❖ Repackage products with Kamiko labels
- ❖ Negotiate sales orders with local retailers
- ❖ Process customer orders
- ❖ Deliver orders
- ❖ Invoice for orders
- ❖ Implement advertising and promotional plan

Risks

The following events could pose problems to the distribution of Kamiko's products:

- ❖ Trade war or restrictive duties on food imports from Japan could threaten supply
- ❖ Loss of key supplier, which would result in paying higher rates for products
- ❖ Shipping problems would cause significant delays in fulfilling orders
- ❖ Drop in the Canadian Dollar will make buying Japanese products more expensive
- ❖ Change in government regulations around selling food products may force a change in package or product mix

To avoid these problems, we will:

- ❖ Use bank loan to finance day to day operations and inventory sufficient to fulfill contracts
- ❖ Further develop supplier network in Japan

- ❖ Seek out back up suppliers in other markets

Trade-mark issues

We have registered the Kamiko Fine Foods Inc. name and continue to do the same for our best-selling products.

Industry association membership

In an effort to network with other entrepreneurs, I am a member of :

- ❖ British Columbia Entrepreneurs Association
- ❖ The Association of Canadian Food Distributors

Suppliers

We have established strong relationships with three Japanese exporters and combined with my experience in our family business, I have been doing business with them for ten years:

- ❖ Nobue Distributors
- ❖ Mikio & Honbu Exporters
- ❖ Chisan Distributing

All three exporters have given us prices that are lower than those paid by other wholesalers. The terms for payment in full are 45 days plus a volume discount of 5 per cent for orders in excess of \$10,000 Canadian.

Quality Control

We have a quality control manager on contract in Japan who inspects the products *before* they are shipped to Canada. In the event of a problem, the quality control manager notifies the exporting company and obtains an exchange or credit. Once inspected, the products are shipped to Canada.

Production Process

Land & equipment requirements

Kamiko Fine Foods Inc. leases an 800 square foot warehouse space for \$12,000/annually (gross). The site is conveniently located near the airport to facilitate international shipments as well as visits from Japanese exporters. We also lease a fax machine, printer, copier and desktop computer for approximately \$500/month.

Inventory control

Kamiko Fine Foods uses a computer-based inventory control software system designed for wholesalers. The end result is a lower spoilage rate as well as the ability to track popular items. This is an advantage over a number of smaller food importers who continue to use more archaic and cumbersome hand-written inventory systems.

Time frame for production

It takes 3.5 weeks from the time our retail customers place an order, to the time the order is received. Factors that could negatively impact this time frame are supply shortages, trade embargoes, trade war or restrictive duties on food imports from Japan, loss of key suppliers, and shipping delays. To help offset these factors, Kamiko warehouses quantities of popular products, which also allow us to accommodate rush orders.

Contingency plans

In the event sales would become soft, we have put in place a contingency plan. We will introduce sake and Japanese beer which have proven to be popular during slumps in demand for our traditional, more healthy product line. In addition, I am willing to lay off our delivery person and do deliveries myself, if required.

Finance

Income Statement

Operating expenses amount to \$36,120 per month. Kamiko Fine Foods Inc. will generate \$450,000 in sales in its second year of operations. The gross profit is expected to remain at approximately 40%, yielding \$180,000 to cover administrative expenses. (see Appendix A)

Cash Flow Statement

After the first year as a start-up operation, the company broke even, from a cash flow perspective. We are expecting our sales volume to increase by 50% in the second year. Our monthly purchases will increase to accommodate the growth in sales. We will need a line of credit to support working capital requirements in the months leading to and following the summer, which will be our peak season. During that time, we will be able to pay down the line as cash flows permit.

There is a disparity between the terms we have from our suppliers and the terms we grant our customers, also necessitating use of the line of credit during our slower months. One of our goals will be to better match payment terms between our suppliers and customers.

(see Appendix B)

Balance Sheet

At the balance sheet date, Kamiko Fine Foods Inc. will be in a solid financial position. The inventory will be carefully managed to ensure that we have the right amount of inventory to fill customer orders and that we minimize product spoilage. We do not anticipate problems in the collection of accounts receivable. (see Appendix C)

Risks & Conclusions

In the next year, it is my goal to double our revenue as a wholesaling company specializing in importing high-quality Japanese food for sale to specialty retailers in North America. Since my business is based in Vancouver, I believe my chances for success are increased for a number of reasons:

- ❖ Statistics show that the international foods industry is growing at a rate of 30% per year.
- ❖ Although the growth of the Japanese population in British Columbia could slow down, the 8% increase over the last three years indicates a robust market.
- ❖ There is little direct competition supplying Japanese Food to specialty retailers.
- ❖ As a result of my ten years working in my family's business in Japan, I have cultivated long term business relationships with three major Japanese food experts. Therefore, even if our preferred supplier is unable to meet our needs, we have a deep pool of contacts to turn to.
- ❖ Our supply of product is contingent on shipping over long distances. However, we have minimized this risk by starting to keep an inventory of our most popular products.
- ❖ Our first year in business has proven to be successful.

In order to continue realizing my business goals, I am asking for an operating line of \$60,000 and I am willing to provide the assets of the business and a personal guarantee.

Appendix A

KAMIKO FINE FOODS INC.

INCOME STATEMENT - For the year ending December 31, 1999

Month	Jan 1	Feb 2	Mar 3	Apr 4	May 5	June 6	July 7	Aug 8	Sept 9	Oct 10	Nov 11	Dec 12	Total
Sales	\$ 25,000	\$ 25,000	\$ 30,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ 45,000	\$ 50,000	\$ 45,000	\$ 40,000	\$ 40,000	\$ 35,000	\$ 450,000
Cost of Sales													
Opening inventory	\$ 20,000	\$ 25,000	\$ 30,000	\$ 32,000	\$ 36,000	\$ 37,000	\$ 34,000	\$ 28,000	\$ 19,000	\$ 13,000	\$ 19,000	\$ 25,000	\$ 20,000
Purchases	20,000	20,000	20,000	25,000	25,000	21,000	21,000	21,000	21,000	30,000	30,000	27,000	\$ 281,000
	40,000	45,000	50,000	57,000	61,000	58,000	55,000	49,000	40,000	43,000	49,000	52,000	\$ 301,000
Ending inventory	(25,000)	(30,000)	(32,000)	(36,000)	(37,000)	(34,000)	(28,000)	(19,000)	(13,000)	(19,000)	(25,000)	(31,000)	(31,000)
	15,000	15,000	18,000	21,000	24,000	24,000	27,000	30,000	27,000	24,000	24,000	21,000	270,000
Gross Profit	10,000	10,000	12,000	14,000	16,000	16,000	18,000	20,000	18,000	16,000	16,000	14,000	180,000
as a %	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Expenses													
Salaries	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	54,000
Purchasing agent	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000
Delivery wages	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Sales commissions	2,500	2,500	3,000	3,500	4,000	4,000	4,500	5,000	4,500	4,000	4,000	3,500	45,000
Other wages	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Benefits	267	267	267	267	267	267	267	267	267	267	267	267	3,200
Rent & equipment leases	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Promotion	1,822	233	233	233	433	233	283	83	233	5,233	433	233	9,689
Delivery expenses	175	175	175	175	175	175	175	175	175	175	175	175	2,100
General and office expenses	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Telephone and utilities	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Insurance	75	75	75	75	75	75	75	75	75	75	75	75	900
Depreciation and amortization	588	588	588	588	588	588	588	588	588	588	588	588	7,050
Interest	83	213	285	342	388	396	367	310	229	190	208	233	3,244
	14,110	12,521	13,021	13,521	14,221	14,021	14,571	14,871	14,521	19,021	14,221	13,521	172,139
Net Income before income taxes	(4,110)	(2,521)	(1,021)	479	1,779	1,979	3,429	5,129	3,479	(3,021)	1,779	479	7,861
Income taxes	(945)	(580)	(235)	110	409	455	789	1,180	800	(695)	409	110	1,808
Net Income	\$ (3,165)	\$ (1,941)	\$ (786)	\$ 369	\$ 1,370	\$ 1,524	\$ 2,640	\$ 3,949	\$ 2,679	\$ (2,326)	\$ 1,370	\$ 369	\$ 6,053

Appendix B

KAMIKO FINE FOODS INC.

CASH FLOW - For the year ending December 31, 1999

	Jan 1	Feb 2	Mar 3	Apr 4	May 5	June 6	July 7	Aug 8	Sept 9	Oct 10	Nov 11	Dec 12	Total
Inflows													
Collection of accounts receivable	18,250	21,500	26,400	29,700	34,650	37,950	41,250	44,550	46,200	44,550	41,250	37,950	424,200
Bank operating loan	<u>20,000</u>	<u>11,000</u>	<u>6,500</u>	<u>7,000</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>3,000</u>	<u>3,000</u>	<u>56,000</u>
	<u>38,250</u>	<u>32,500</u>	<u>32,900</u>	<u>36,700</u>	<u>38,650</u>	<u>37,950</u>	<u>41,250</u>	<u>44,550</u>	<u>46,200</u>	<u>46,050</u>	<u>44,250</u>	<u>40,950</u>	<u>480,200</u>
Outflows													
Repayment of bank loan		-	-	-	-	2,000	5,000	8,500	11,000	-	-	-	26,500
Payment of accounts payable	24,000	20,000	20,000	23,750	25,000	22,000	21,000	21,000	21,000	27,750	30,000	27,750	283,250
Monthly expenses (excl. dep'n)	<u>13,522</u>	<u>11,933</u>	<u>12,433</u>	<u>12,933</u>	<u>13,633</u>	<u>13,433</u>	<u>13,983</u>	<u>14,283</u>	<u>13,933</u>	<u>18,433</u>	<u>13,633</u>	<u>12,933</u>	<u>165,089</u>
	<u>37,522</u>	<u>31,933</u>	<u>32,433</u>	<u>36,683</u>	<u>38,633</u>	<u>37,433</u>	<u>39,983</u>	<u>43,783</u>	<u>45,933</u>	<u>46,183</u>	<u>43,633</u>	<u>40,683</u>	<u>474,839</u>
Increase (Decrease) in cash	<u>728</u>	<u>567</u>	<u>467</u>	<u>17</u>	<u>17</u>	<u>517</u>	<u>1,267</u>	<u>767</u>	<u>267</u>	<u>(133)</u>	<u>617</u>	<u>267</u>	<u>-</u>
Cash, Beginning	411	1,139	1,705	2,172	2,189	2,205	2,722	3,989	4,755	5,022	4,889	5,505	5,772
Cash, Ending	<u>\$ 1,139</u>	<u>\$ 1,705</u>	<u>\$ 2,172</u>	<u>\$ 2,189</u>	<u>\$ 2,205</u>	<u>\$ 2,722</u>	<u>\$ 3,989</u>	<u>\$ 4,755</u>	<u>\$ 5,022</u>	<u>\$ 4,889</u>	<u>\$ 5,505</u>	<u>\$ 5,772</u>	<u>\$ 5,772</u>

KAMIKO FINE FOODS INC.

Schedule detailing cash flow statement calculations

	Jan 1	Feb 2	Mar 3	Apr 4	May 5	June 6	July 7	Aug 8	Sept 9	Oct 10	Nov 11	Dec 12	Total
Loan Balance and Interest chart													
Opening balance	-	20,000	31,000	37,500	44,500	48,500	46,500	41,500	33,000	22,000	23,500	26,500	-
Advance	20,000	11,000	6,500	7,000	4,000	-	-	-	-	1,500	3,000	3,000	56,000
Repayment	-	-	-	-	-	(2,000)	(5,000)	(8,500)	(11,000)	-	-	-	(26,500)
Ending balance	20,000	31,000	37,500	44,500	48,500	46,500	41,500	33,000	22,000	23,500	26,500	29,500	<u>\$ 29,500</u>
Interest on average balance @ 10%	83	213	285	342	388	396	367	310	229	190	208	233	
Accounts Receivable													
Balance, beginning	15,000	21,750	25,250	28,850	34,150	39,500	41,550	45,300	50,750	49,550	45,000	43,750	
Sales, net	25,000	25,000	30,000	35,000	40,000	40,000	45,000	50,000	45,000	40,000	40,000	35,000	
Collections	(18,250)	(21,500)	(26,400)	(29,700)	(34,650)	(37,950)	(41,250)	(44,550)	(46,200)	(44,550)	(41,250)	(37,950)	
Balance, ending	<u>\$ 21,750</u>	<u>\$ 25,250</u>	<u>\$ 28,850</u>	<u>\$ 34,150</u>	<u>\$ 39,500</u>	<u>\$ 41,550</u>	<u>\$ 45,300</u>	<u>\$ 50,750</u>	<u>\$ 49,550</u>	<u>\$ 45,000</u>	<u>\$ 43,750</u>	<u>\$ 40,800</u>	
Collection of accounts receivable													
Assuming collection of net sales as follows													
	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 30,000</u>	<u>\$ 35,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 45,000</u>	<u>\$ 50,000</u>	<u>\$ 45,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 35,000</u>	
Collection 33% in 0-30 days	8,250	8,250	9,900	11,550	13,200	13,200	14,850	16,500	14,850	13,200	13,200	11,550	
Collection 33% in 30-60 days	5,000	8,250	8,250	9,900	11,550	13,200	13,200	14,850	16,500	14,850	13,200	13,200	
Collection 33% in 60-90 days	5,000	5,000	8,250	8,250	9,900	11,550	13,200	13,200	14,850	16,500	14,850	13,200	
	<u>\$ 18,250</u>	<u>\$ 21,500</u>	<u>\$ 26,400</u>	<u>\$ 29,700</u>	<u>\$ 34,650</u>	<u>\$ 37,950</u>	<u>\$ 41,250</u>	<u>\$ 44,550</u>	<u>\$ 46,200</u>	<u>\$ 44,550</u>	<u>\$ 41,250</u>	<u>\$ 37,950</u>	
Accounts payable													
Balance, Beginning	\$ 9,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 6,250	\$ 6,250	\$ 5,250	\$ 5,250	\$ 5,250	\$ 5,250	\$ 7,500	\$ 7,500	
Purchases	20,000	20,000	20,000	25,000	25,000	21,000	21,000	21,000	21,000	30,000	30,000	27,000	
Payments	(24,000)	(20,000)	(20,000)	(23,750)	(25,000)	(22,000)	(21,000)	(21,000)	(21,000)	(27,750)	(30,000)	(27,750)	
Balance, ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 6,250</u>	<u>\$ 6,250</u>	<u>\$ 5,250</u>	<u>\$ 5,250</u>	<u>\$ 5,250</u>	<u>\$ 5,250</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 6,750</u>	
Payment of expenses													
Purchases	20,000	20,000	20,000	25,000	25,000	21,000	21,000	21,000	21,000	30,000	30,000	27,000	
Payment 75% in the month	15,000	15,000	15,000	18,750	18,750	15,750	15,750	15,750	15,750	22,500	22,500	20,250	
Payment 25% in the following month	9,000	5,000	5,000	5,000	6,250	6,250	5,250	5,250	5,250	5,250	7,500	7,500	
	<u>\$ 24,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 23,750</u>	<u>\$ 25,000</u>	<u>\$ 22,000</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 27,750</u>	<u>\$ 30,000</u>	<u>\$ 27,750</u>	
Promotion/Marketing initiatives													
Sample booths	150	150	150	150	150	150			150	150	150	150	1,500
Japanese cooking show	83	83	83	83	83	83	83	83	83	83	83	83	1,000
Printed flyers/website/opening ads	1,389												
Coupons (quarterly)	200				200		200				200		800
International food show	-	-	-	-	-	-	-	-	-	5,000	-	-	5,000
	<u>1,822</u>	<u>233</u>	<u>233</u>	<u>233</u>	<u>433</u>	<u>233</u>	<u>283</u>	<u>83</u>	<u>233</u>	<u>5,233</u>	<u>433</u>	<u>233</u>	<u>8,300</u>

Appendix C

KAMIKO FINE FOODS INC.

BALANCE SHEET - As at December 31, 1999

ASSETS

Current Assets

Cash	\$ 5,772
Accounts receivable	40,800
Inventory	<u>31,000</u>
	<u>77,572</u>

Fixed Assets

Delivery vehicle	5,000
Product development costs	<u>15,000</u>
	20,000
Less: Accumulated depreciation	<u>(14,550)</u>
	<u>5,450</u>

Total Assets \$ 83,022

Liabilities

Current Liabilities

Bank loan	29,500
Accounts payable	6,750
Income taxes payable	<u>1,808</u>
	<u>38,058</u>

Long Term Liabilities

Shareholder loan	<u>38,000</u>
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Shareholder's Equity

Capital Stock	100
Retained Earnings	
Balance, Beginning of the year	811
Net income	<u>6,053</u>
Balance, End of year	<u>6,864</u>
	<u>6,964</u>

Total Liabilities and Shareholder Equity \$ 83,022