

APPENDIX A - FORECASTING MODEL

Summary P&L						
C\$ - M	Assumption	2001A	2002A	2003E	2004E	CAGR
Sales						
Sales - Company Stores		213,677	266,209	303,206	334,624	8%
Franchise Royalties		9,445	14,963	22,615	32,128	29%
Support Sales		77,516	114,137	169,507	239,445	28%
Total Sales		300,638	395,309	495,328	606,197	15%
COGS						
Sales - Company Stores		181,469	217,418	245,065	270,026	7%
Franchise Expenses		3,643	4,896	6,771	9,780	26%
Support Sales		65,512	94,631	138,413	194,058	27%
Total COGS		250,624	316,945	390,249	473,864	14%
Gross Profit		50,014	78,364	105,079	132,333	19%
Margins per channel						
Sales - Company Stores		15%	15%	19%	19%	
Franchise Royalties		61%	67%	70%	70%	
Support Sales		15%	17%	18%	19%	
Overall Gross Margin		17%	20%	21%	22%	
Other Expenses						
SG&A		20061	27562	33,959	40,918	14%
SG&A as % Sales		7%	7%	7%	7%	
		29,953	50,802	71,120	91,415	
EBTDA Margin		10%	13%	14%	15%	
D&A		-6458	-7959	-10,121	-12,081	15%
Interest (Income)		-1698	-2408	-1,395	-1,400	
JV Income (Loss)		-600	-602	-198	450	
Minority Interest		-717	-1147	-1,183	-850	
Profit before Tax		24,476	44,104	61,211	79,884	
Tax		-9,058	-16,168	-22,991	-30,527	24%
Net income		14,713	26,378	37,512	49,807	24%

CAPEX Requirements					
C\$ - M	Assumption	2001A	2002A	2003E	2004E
Number of store				62	100
Building	800			49,600	80,000
Furniture	625			38,750	62,500
# Hot Doughnut Machines				10	12
Hot Doughnut Machines Cost	2			20	24
Capex		24,214	42,196	88,370	142,524

Balance Sheet				
C\$ - M	2001A	2002A	2003E	2004E
Assets				
Cash	25,129	37,196	16,864	-89,382
Receivables	24,733	38682.0	48,854	59,789
Inventory	12,031	16159.0	21,384	27,263
Other ST Assets	5718	9732.0	15,457	26,023
Short Term Assets	67611.0	101769.0	102,558	23,694
PP&E	78340	112577.0	190,826	321,269
Other Assets	35% 25542	41030.0	66,789	112,444
Long Term Assets	103882	153607	257,615	433,713
Total Assets	171493.0	255376.0	360,173	457,407
Liabilities				
Accounts Payable	14697	21202.0	28,868	38,948
Accrued Liabilities	19904	26729.0	35,283	45,439
Other ST Liabilities	3567	4602.0	5,346	6,491
Total Current Liabilities	38168	52533.0	69,496	90,878
Long Term Debt	0	3912.0	2,504	2,504
Other LT Liabilities	4% 6529	8773.0	12,606	16,009
Minority Interest	1117	2491.0	2,491	2,491
Total LT Liabilities	7646	15176.0	17,601	21,004
Equity	125679	187667.0	273,076	345,525
Total Equity	125679	187667	273,076	345,525
Total Liabilities and Equity	171493	255376	360,173	457,407
<i>Check</i>	-	-	0	0

Cash flow statement

C\$ - M	2001A	2002A	2003E	2004E
net income	14,713	26,378	37,512	49,807
D&A	6,458	7,959	10,121	12,081
Change in WC	0	-21,056	-20,378	-26,235
non cash items	0	0	0	0
Cash flow from operations	21,171	13,281	27,255	35,653
investments	24,214	42,196	88,370	142,524
Cash from investments	24,214	42,196	88,370	142,524
Debt issued		4,643		
Debt repaid	-3,600		782	626
Equity issued				
Revolving	-15,775	345	40,000	
Proceeds from stock Offering	65,637	17,202		
Other items	-238	8,741		
Dividends	-7,005			
Cash flow from financing	39,019	30,931	40,782	626
Total cash flow	35,976	2,016	-20,332	-106,245
BoP cash	3,183	25,129	37,196	16,864
Change	21,946	12,067	-20,332	-106,245
EoP cash	25,129	37,196	16,864	-89,382

Schedules

Working Capital

C\$ - M		2001A	2002A	2003E	2004E
Total Sales		300,638	395,309	495,328	606,197
Total COGS		250,624	316,945	390,249	473,864
Receivables		24,733	38,682	48,854	59,789
<i>DSO (Days of sales)</i>	36	30	36	36	36
Inventory		12,031	16,159	21,384	27,263
<i>Days of cogs</i>	20	18	19	20	21
Other ST Assets		5,718	9,732	15,457	26,023
Other ST as % LT Assets	6%	6%	6%	6%	6%
Accounts Payable		14,697	21,202	28,868	38,948
<i>Payables Days of Cogs</i>		21	24	27	30
Accrued Liabilities		19,904	26,729	35,283	45,439
<i>% Current Liabilities</i>		29	31	33	35
Other ST Liabilities		3,567	4,602	5,346	6,491
<i>Days of COGS</i>	5	5	5	5	5
Working Capital		38,915	59,971	80,349	106,584
Change in WC			21,056	20,378	26,235

PP&E SCHEDULE

C\$ - M	2001A	2002A	2003E	2004E
BoP PP&E	60,584	78,340	112,577	190,826
Capex	24,214	42,196	88,370	142,524
D&A	-6,458	-7,959	-10,121	-12,081
EoP PP&E	78,340	112,577	190,826	321,269

Debt Schedule

C\$ - M	2001A	2002A	2003E	2004E
BoP Debt	0	0	3,912	3,130
Debt Repaid	20.0%	0	782	626
EoP Debt		0	3,912	2,504
Interest	4.0%		-156	-125
Short term Portion			626	0
Long Term Portion			2,504	2,504
Cash BOP		25,129	37,196	16,864
Cash EOP		37,196	16,864	-89,382
Interest (Revolver)	5%		0	0
Interest (Cash)	1%		169	0
Total Interest			12	-125