



Sample Board Performance & Forecast Report - Megacorp Ltd - June 2007

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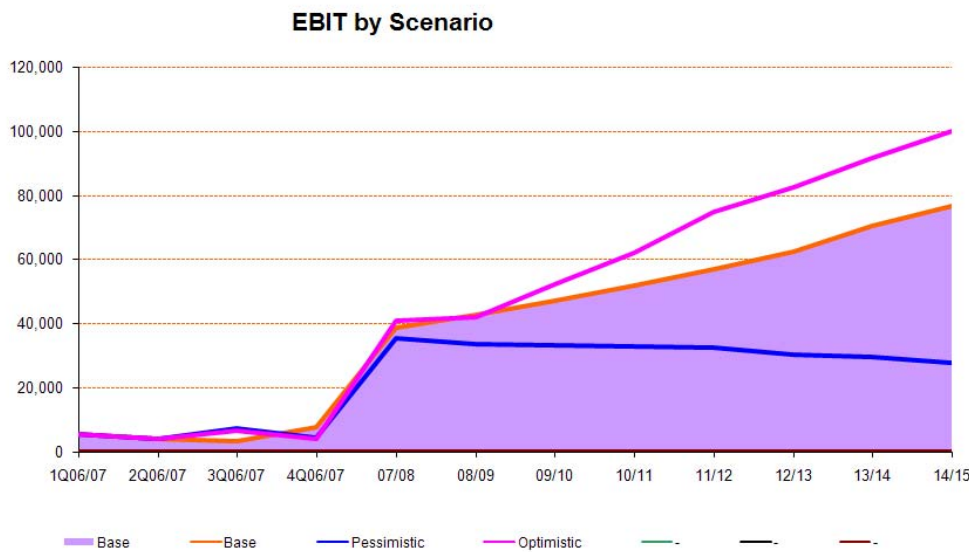
This is a fictional illustration of the type of Board Report can generate for larger organisations. The company described has no resemblance to any real company and the text in the report is for illustrative purposes and may not relate to the graphics.

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Executive Summary – Rolling Forecast

Our rolling forecast has been substantially amended. Based on the scenario analysis across our three divisions, forecasted consolidated EBIT is as follows:



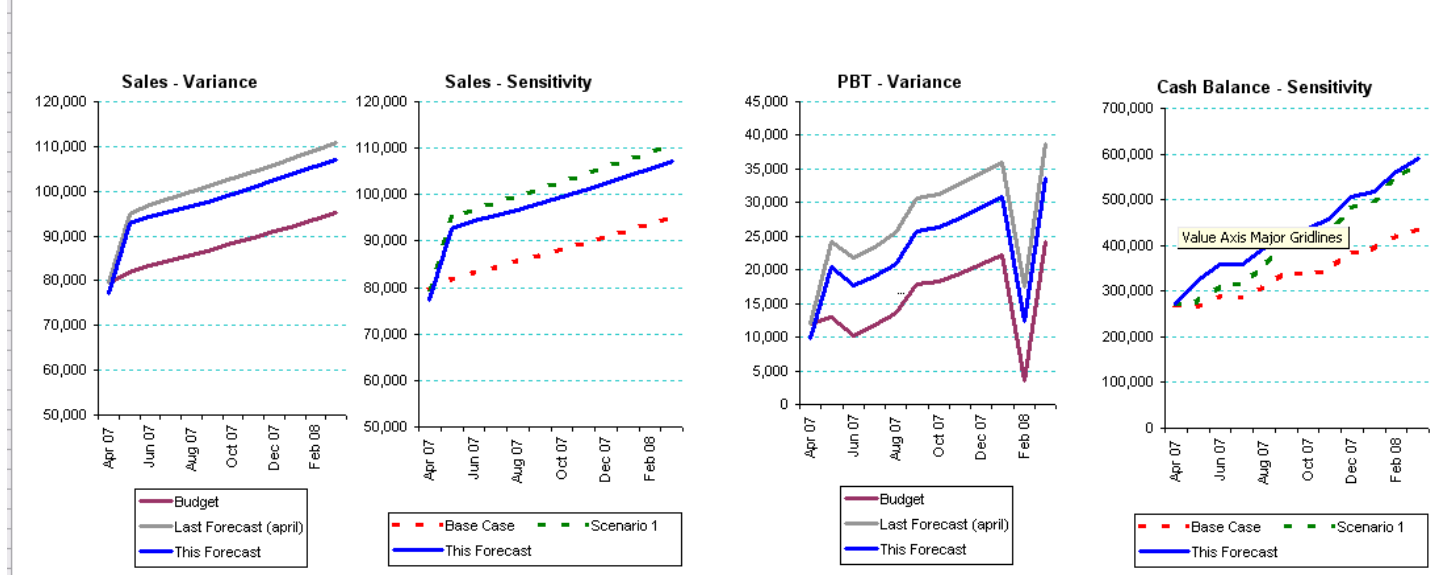
This is derived from the following three scenarios.

	Electronics	Fire Prevention Equipment	Investment Property
Optimistic Case	20% p.a. market growth of new generation safety products	Synergies from the acquisition of FireCo P/L are all realised.	Current boom in inner city commercial property values continues unabated.
Base Case	Continued stable growth with 2% per annum shaved from costs	Maintaining 45% domestic market share with market growth 3% per annum and price / cost reductions of 5%	Oversupply in key inner city areas stabilizes rents and property values.
Pessimistic Case	Success intrusion into domestic market of low cost imports.	Current price war escalates and reduced industry margins by up to 70%	Economic recession drives down land values.

Monthly Performance

Overall performance this month is as follows:

	Apr 07 Actual	May 07 Current	Jun 07 Forecast	Jul 07 Forecast	Aug 07 Forecast	Sep 07 Forecast	Oct 07 Forecast	Nov 07 Forecast	Dec 07 Forecast	Jan 08 Forecast	Feb 08 Forecast	Mar 08 Forecast	2008 Part Year
Total Sales	77,293	92,750	94,373	95,553	96,747	97,957	99,426	100,917	102,431	103,967	105,527	107,110	1,174,051
Gross Profit	60,293	84,123	85,946	87,126	88,321	89,530	90,999	92,491	94,004	95,541	97,100	98,283	1,063,758
Gross Margin %	78.0%	90.7%	91.1%	91.2%	91.3%	91.4%	91.5%	91.6%	91.8%	91.9%	92.0%	91.8%	90.6%
Direct Overheads	0	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)	(57,750)
Salaries	(26,170)	(34,580)	(34,580)	(32,713)	(32,713)	(32,713)	(32,713)	(32,713)	(32,713)	(32,713)	(32,713)	(32,713)	(389,746)
Indirect Overheads	(24,345)	(23,036)	(27,591)	(29,258)	(28,702)	(24,980)	(25,980)	(25,980)	(25,980)	(25,980)	(45,980)	(25,980)	(333,792)
Operating Profit (PBIT)	9,778	20,476	17,743	19,123	20,873	25,804	26,274	27,765	29,279	30,815	12,375	33,558	273,863
PBT - Budget	12,019	12,952	10,293	11,741	13,564	17,906	18,211	19,536	20,881	22,246	3,632	24,164	187,145
PBT - Last Forecast (april)	12,019	24,236	21,780	23,434	25,464	30,684	31,204	32,747	34,312	35,902	17,515	38,752	328,049
PBT - This Forecast	9,778	20,476	17,743	19,123	20,873	25,804	26,274	27,765	29,279	30,815	12,375	33,558	273,863
Variance to Budget	(2,241)	7,524	7,450	7,382	7,309	7,899	8,063	8,229	8,398	8,569	8,743	9,394	86,718
Closing Cash Balance		325,036	359,874	360,007	392,999	435,688	435,880	460,147	506,169	518,281	562,066	589,685	589,685



Key Issues – KPI's

Key Indicator	Period	Minimum	Maximum	Out of range?	Value
Sales	4Q06/07	45,000	60,000	FALSE	46,121
EBIT	4Q06/07	3,000	4,000	TRUE	4,316
Cost Of Sales	4Q06/07	(39,000)	(41,000)	TRUE	
Headcount	4Q06/07	150	180	FALSE	173

Electronics: Excellent month. Externals sales up 9.4% to \$62.89m, and EBITDA up 11.4% due to cost efficiencies for certain components. Continued market growth will allow continued profitability growth. A range of new safety products for the aviation sector was launched, with initial positive reaction from key clients.

Fire Prevention Equipment: Revenue in this segment was \$129m (up 11%) comprising a slight decline of 4.9% in the continuing business offset by the newly acquired subsidiary. Trading remained demanding and difficult making it challenging to reach our high growth targets. However, we are confident that an improving market, plus the “Efficiency Project” will allow steady Group growth in the coming 12-18 months

Variance to Budget

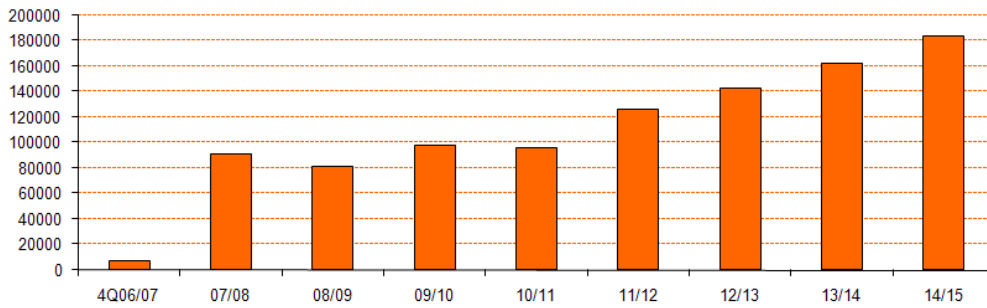
This is our current period and cumulative positions with highlighted variance against budget.

Profit and Loss Variance	3Q06/07			Variance				YTD			Variance			
	EndeavourForecast	savourActual	Live Model	vs. EndeavourActual	savourActual	Live Model	Live Model	EndeavourForecast	savourActual	Live Model	vs. EndeavourActual	savourActual	Live Model	Live Model
Sales	44,642	60,666	60,666	(16,024)	(26.4%)	(16,024)	(26.4%)	159,364	175,388	175,388	(16,024)	(9.1%)	(16,024)	(9.1%)
Cost of sales	(30,759)	(44,059)	(44,059)	13,300	(30.2%)	13,300	(30.2%)	(115,946)	(123,246)	(123,246)	13,300	(10.3%)	13,300	(10.3%)
GROSS PROFIT	13,884	16,607	16,607	(2,724)	(16.4%)	(2,724)	(16.4%)	43,419	46,142	46,142	(2,724)	(5.9%)	(2,724)	(5.9%)
Direct Overheads	0	0	0	0	n.m.	0	n.m.	0	0	0	0	n.m.	0	n.m.
CONTRIBUTION	13,884	16,607	16,607	(2,724)	(16.4%)	(2,724)	(16.4%)	43,419	46,142	46,142	(2,724)	(5.9%)	(2,724)	(5.9%)
Salaries	(2,746)	(2,791)	(2,791)	45	(1.6%)	45	(1.6%)	(8,165)	(8,210)	(8,210)	45	(0.6%)	45	(0.6%)
Indirect Overheads	(6,578)	(6,770)	(6,770)	192	(2.8%)	192	(2.8%)	(20,087)	(20,278)	(20,278)	192	(0.9%)	192	(0.9%)
EBITDA	4,559	7,046	7,046	(2,487)	(35.3%)	(2,487)	(35.3%)	15,166	17,653	17,653	(2,487)	(14.1%)	(2,487)	(14.1%)
Amortisation of Goodwill	(196)	0	0	(196)	n.m.	(196)	n.m.	(358)	(162)	(162)	(196)	120.8%	(196)	120.8%
Depreciation on Investments	28	228	228	(200)	(87.7%)	(200)	(87.7%)	483	683	683	(200)	(29.2%)	(200)	(29.2%)
Depreciation on Plant & Equip	(1,291)	0	0	(1,291)	n.m.	(1,291)	n.m.	(3,041)	(1,750)	(1,750)	(1,291)	73.8%	(1,291)	73.8%
OPERATING PROFIT	3,101	7,274	7,274	(4,173)	(57.4%)	(4,173)	(57.4%)	12,251	16,424	16,424	(4,173)	(25.4%)	(4,173)	(25.4%)
Profit / (Loss) on disposals	79	0	0	79	n.m.	79	n.m.	79	0	0	79	n.m.	79	n.m.
Exceptional items	0	0	0	0	n.m.	0	n.m.	0	0	0	0	n.m.	0	n.m.
Interest receivable	69	151	151	(82)	(54.2%)	(82)	(54.2%)	381	463	463	(82)	(17.7%)	(82)	(17.7%)
Overdraft interest payable	(28)	0	0	(28)	n.m.	(28)	n.m.	(28)	0	0	(28)	n.m.	(28)	n.m.
Loan interest payable	(228)	0	0	(228)	n.m.	(228)	n.m.	(228)	0	0	(228)	n.m.	(228)	n.m.
Administration fee on Tr. Debtors financing	(0)	0	0	(0)	n.m.	(0)	n.m.	(0)	0	0	(0)	n.m.	(0)	n.m.
Interest charge on Tr. Debtors financing	(0)	0	0	(0)	n.m.	(0)	n.m.	(0)	0	0	(0)	n.m.	(0)	n.m.
Other interest received or paid	0	0	0	0	n.m.	0	n.m.	0	0	0	0	n.m.	0	n.m.
Share of profit from associates	2	0	0	2	n.m.	2	n.m.	2	0	0	2	n.m.	2	n.m.
PROFIT BEFORE TAX	2,394	7,425	7,425	(4,431)	(59.7%)	(4,431)	(59.7%)	12,456	16,887	16,887	(4,431)	(26.2%)	(4,431)	(26.2%)
Tax payable	(817)	0	0	(817)	n.m.	(817)	n.m.	(817)	0	0	(817)	n.m.	(817)	n.m.
PROFIT AFTER TAX	2,177	7,425	7,425	(5,248)	(70.7%)	(5,248)	(70.7%)	11,639	16,887	16,887	(5,248)	(31.1%)	(5,248)	(31.1%)
Dividends declared	(559)	0	0	(559)	n.m.	(559)	n.m.	(559)	0	0	(559)	n.m.	(559)	n.m.
TRANSFER TO RESERVES	1,618	7,425	7,425	(5,807)	(78.2%)	(5,807)	(78.2%)	11,080	16,887	16,887	(5,807)	(34.4%)	(5,807)	(34.4%)

Cash Flow

Liquidity & Capital Resources: There was an increase in cash / equivalents of \$4.39m caused by several factors. Operating activities generated \$24.8m of net cash in-flows due largely to a decrease in suppliers through strategies implemented through “Efficiency Project”. This was offset by increase in the amount of cash used for investing activities – attributable to purchases of P, P & E. Also there was a \$5.4m cash outflow from financing activities mainly through repayment of borrowings.

Key cash flow aspects of our rolling forecast (base case) are as follows:



Consolidated Cash Balance	4Q06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Change consolidation settings	Current	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening cash on deposit	46,458	47,929	138,572	219,573	317,584	413,170	539,419	681,607	843,522
LESS opening overdraft	(5,119)	0	0	0	0	0	0	0	0
OPENING NET CASH BALANCE	41,339	47,929	138,572	219,573	317,584	413,170	539,419	681,607	843,522
Net cashflow (from below)	6,589	90,643	81,001	98,011	95,586	126,249	142,188	161,915	183,205
CLOSING NET CASH BALANCE	47,929	138,572	219,573	317,584	413,170	539,419	681,607	843,522	1,026,727

Capital Program

There was an increase in cash used to purchase P,P &E to \$13.4m (from \$8.4m).

Our major capital schemes include the following:

Scheme	Percentage Completion	Current Expenditure	Projected Expenditure	Expenditure Originally Forecast	Timescale
SA Factory Refurbishment	60%	\$12.3m	\$17.1m	\$18.2m	Completion Oct-07
Automatic Plant Shanghai	30%	\$26.1m	\$55.3m	\$49.6m	July-08

Financial Position

At 32%, the level of gearing in the group is within the 5-35% acceptable limits set by the directors. The acquisition of Fire Co was funded by \$1.9m cash and the issue of shares (623k @ \$3.03). The company bought back and cancelled 165k shares at an average cost of \$3.03 per share.

Forecast movements in working capital are as follows:

Movements in Working Capital	4Q06/07	07/08	08/09
Live Model	Current	Forecast	Forecast
Trade Debtors - opening	23,173	20,204	30,794
LESS: Trade Debtors - closing	(20,204)	(30,794)	(30,577)
Stock - opening	9,932	14,503	19,610
LESS: Stock - closing	(14,503)	(19,610)	(19,232)
Work in Progress - opening	17,132	5,140	3,426
LESS: Work in Progress - closing	(5,140)	(3,426)	(3,426)
Other Debtors - opening	12,007	11,114	8,995
LESS: Other Debtors - closing	(11,114)	(8,995)	(7,298)
GST due to company - opening	0	1,261	663
LESS: GST due to company - closing	(1,261)	(663)	(528)
Trade Creditors - closing	27,415	30,940	29,434
LESS: Trade Creditors - opening	(31,780)	(27,415)	(30,940)
Deferred Sales - closing	0	0	0
LESS: Deferred Sales - opening	0	0	0
GST owed by company - closing	0	0	0
LESS: GST owed by company - opening	0	0	0
Expense accruals - closing	0	0	0
LESS: Expense accruals - opening	0	0	0
Other Creditors <12mths - closing	13,067	11,856	10,768
LESS: Other Creditors <12mths - opening	(12,310)	(13,067)	(11,856)
Other Creditors >12mths - closing	7,743	5,000	5,050
LESS: Other Creditors >12mths - opening	(9,823)	(7,743)	(5,000)
NET MOVEMENT IN WORKING CAPITAL	4,334	(11,695)	(118)

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