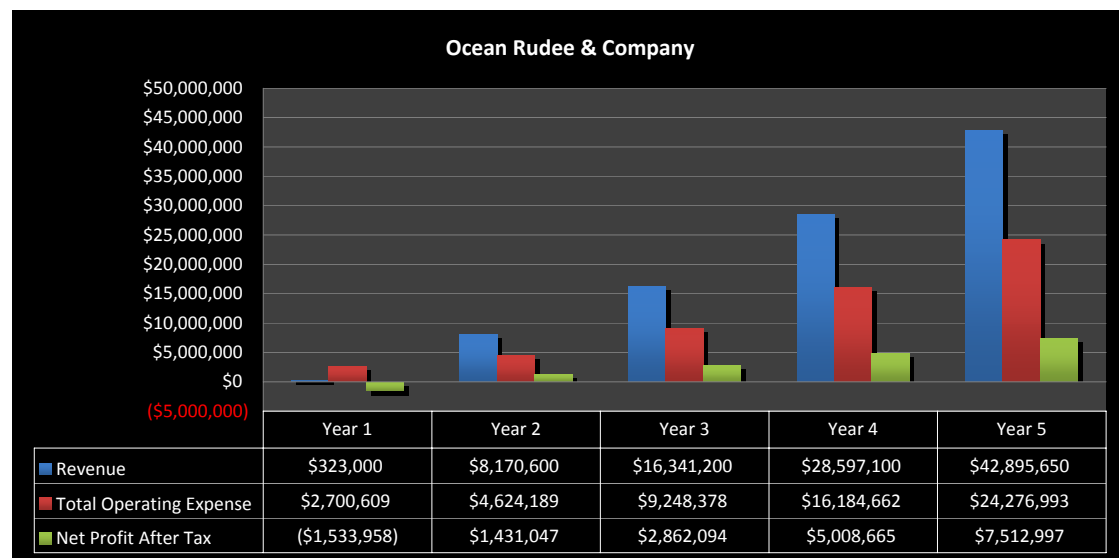


Ocean Rudee and Company
Pro Forma Income Statement and Cash Budget
-- Yearly --

		Year 1	Year 2	Year 3	Year 4	Year 5
INCOME STATEMENT						
1	Revenue	\$323,000	\$8,170,600	\$16,341,200	\$28,597,100	\$42,895,650
2	Cost of Good Sold	\$19,200	\$1,310,400	\$2,620,800	\$4,586,400	\$6,879,600
3	Gross Profit	\$303,800	\$6,860,200	\$13,720,400	\$24,010,700	\$36,016,050
4	Selling, General & Administrative Expense	\$1,487,298	\$2,379,122	\$4,758,244	\$8,326,928	\$12,490,392
5	A/V Studio & Office Set-up	\$282,000	\$0	\$0	\$0	\$0
6	Office Rent and Supply	\$439,296	\$297,806	\$595,612	\$1,042,321	\$1,563,482
7	Contingency @ 10%	\$245,801	\$440,235	\$880,471	\$1,540,824	\$2,311,236
8	Staffing Expense	\$480,201	\$838,081	\$1,676,162	\$2,933,283	\$4,399,925
9	Advertising & Merchandising Expense	\$40,000	\$803,000	\$1,606,000	\$2,810,500	\$4,215,750
10	Others	\$0	\$0	\$0	\$0	\$0
11	R&D Expense	\$1,213,312	\$2,245,067	\$4,490,134	\$7,857,734	\$11,786,601
12	Depreciation	\$0	\$0	\$0	\$0	\$0
13	Total Operating Expense	\$2,700,609	\$4,624,189	\$9,248,378	\$16,184,662	\$24,276,993
14	Operating Profit	(\$2,396,809)	\$2,236,011	\$4,472,022	\$7,826,038	\$11,739,057
15	Other Income (Expense)	\$0	\$0	\$0	\$0	\$0
16	Net Profit Before Tax	(\$2,396,809)	\$2,236,011	\$4,472,022	\$7,826,038	\$11,739,057
17	Less Income Tax (36%)	(\$862,851)	\$804,964	\$1,609,928	\$2,817,374	\$4,226,061
18	Net Profit After Tax	(\$1,533,958)	\$1,431,047	\$2,862,094	\$5,008,665	\$7,512,997



	Year 1	Year 2	Year 3	Year 4	Year 5	
CASH BUDGET						
19	Cash Balance Beginning	\$0	\$1,103,191	\$3,339,202	\$6,259,183	\$11,267,848
20	Plus Cash Receipts from Operations					
21	Net Cash Sales	\$323,000	\$8,170,600	\$16,341,200	\$28,597,100	\$42,895,650
22	Net Accounts Receivable	\$0	\$0	\$0	\$0	\$0
23	Other Income	\$0	\$0	\$0	\$0	\$0
24	Total Cash Available Before Funding	\$323,000	\$9,273,791	\$19,680,402	\$34,856,283	\$54,163,498
25	Less Cash Disbursements from Operations					
26	Cost of Goods Sold (A/P)	\$19,200	\$1,310,400	\$2,620,800	\$4,586,400	\$6,879,600
27	Selling, General & Administrative Expense	\$1,487,298	\$2,379,122	\$4,758,244	\$8,326,928	\$12,490,392
28	R&D Expense	\$1,213,312	\$2,245,067	\$4,490,134	\$7,857,734	\$11,786,601
29	Taxes	\$0	\$0	\$1,552,040	\$2,817,374	\$4,226,061
30	Inventory	\$0	\$0	\$0	\$0	\$0
31	Fixed Assets	\$0	\$0	\$0	\$0	\$0
32	Net Other Cash Disbursement	\$0	\$0	\$0	\$0	\$0
33	Total Disbursements Before Funding	\$2,719,809	\$5,934,589	\$13,421,219	\$23,588,435	\$35,382,653
34	Cash Surplus (Deficit) Before Funding	(\$2,396,809)	\$3,339,202	\$6,259,183	\$11,267,848	\$18,780,844
35	Funding	\$3,500,000	\$0	\$0	\$0	\$0
36	Cash Balance Ending	\$1,103,191	\$3,339,202	\$6,259,183	\$11,267,848	\$18,780,844

Time	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
CF	(\$1,000,000)	(1,396,809)	2,236,011	2,919,981	5,008,665	7,512,997

Exit EBITDA	\$11,739,057
EBITDA Multiple	7.0
Discount	30%
Investment	\$3,500,000
Ownership	40%
Return	6.6
IRR	46%

		Year 1				Year 2			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
INCOME STATEMENT									
1	Revenue	\$1,300	\$3,900	\$3,900	\$313,900	\$648,900	\$1,938,900	\$2,628,900	\$2,953,900
2	Cost of Good Sold	\$0	\$0	\$0	\$19,200	\$57,600	\$172,800	\$480,000	\$600,000
3	Gross Profit	\$1,300	\$3,900	\$3,900	\$294,700	\$591,300	\$1,766,100	\$2,148,900	\$2,353,900
4	Selling, General & Administrative Expense	\$555,621	\$248,541	\$330,032	\$353,104	\$418,539	\$629,717	\$664,433	\$666,433
5	A/V Studio & Office Set-up	\$282,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Office Rent and Supply	\$144,372	\$108,308	\$98,308	\$88,308	\$81,776	\$72,010	\$72,010	\$72,010
7	Contingency @ 10%	\$58,849	\$39,633	\$91,012	\$56,307	\$88,274	\$109,217	\$120,372	\$122,372
8	Staffing Expense	\$60,400	\$90,600	\$130,712	\$198,489	\$198,489	\$198,489	\$220,551	\$220,551
9	Advertising & Merchandising Expense	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000	\$250,000	\$251,500	\$251,500
10	Others	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	R&D Expense	\$91,718	\$187,424	\$671,096	\$263,074	\$542,874	\$542,874	\$579,659	\$579,659
12	Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Total Operating Expense	\$647,339	\$435,964	\$1,001,128	\$616,178	\$961,413	\$1,172,591	\$1,244,093	\$1,246,093
14	Operating Profit	(\$646,039)	(\$432,064)	(\$997,228)	(\$321,478)	(\$370,113)	\$593,509	\$904,807	\$1,107,807
15	Other Income (Expense)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Net Profit Before Tax	(\$646,039)	(\$432,064)	(\$997,228)	(\$321,478)	(\$370,113)	\$593,509	\$904,807	\$1,107,807
17	Less Income Tax (36%)	(\$232,574)	(\$155,543)	(\$359,002)	(\$115,732)	(\$133,241)	\$213,663	\$325,731	\$398,811
18	Net Profit After Tax	(\$413,465)	(\$276,521)	(\$638,226)	(\$205,746)	(\$236,872)	\$379,846	\$579,077	\$708,997
CASH BUDGET									
19	Cash Balance Beginning	\$0	\$353,961	\$1,171,897	\$1,424,669	\$1,103,191	\$733,077	\$1,326,587	\$2,231,394
20	Plus Cash Receipts from Operations								
21	Net Cash Sales	\$1,300	\$3,900	\$3,900	\$313,900	\$648,900	\$1,938,900	\$2,628,900	\$2,953,900
22	Net Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Total Cash Available Before Funding	\$1,300	\$357,861	\$1,175,797	\$1,738,569	\$1,752,091	\$2,671,977	\$3,955,487	\$5,185,294
25	Less Cash Disbursements from Operations								
26	Cost of Goods Sold (A/P)	\$0	\$0	\$0	\$19,200	\$57,600	\$172,800	\$480,000	\$600,000
27	Selling, General & Administrative Expense	\$555,621	\$248,541	\$330,032	\$353,104	\$418,539	\$629,717	\$664,433	\$666,433
28	R&D Expense	\$91,718	\$187,424	\$671,096	\$263,074	\$542,874	\$542,874	\$579,659	\$579,659
29	Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30	Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32	Net Other Cash Disbursement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Total Disbursements Before Funding	\$647,339	\$435,964	\$1,001,128	\$635,378	\$1,019,013	\$1,345,391	\$1,724,093	\$1,846,093
34	Cash Surplus (Deficit) Before Funding	(\$646,039)	(\$78,103)	\$174,669	\$1,103,191	\$733,077	\$1,326,587	\$2,231,394	\$3,339,202
35	Funding	\$1,000,000	\$1,250,000	\$1,250,000					
36	Cash Balance Ending	\$353,961	\$1,171,897	\$1,424,669	\$1,103,191	\$733,077	\$1,326,587	\$2,231,394	\$3,339,202
Time									
	Year 0	Year 1	Year 2						
CF	(\$1,000,000)	(\$1,396,809)	\$2,236,011						

INCOME - Estimated	Q1/Y1	Q2/Y1	Q3/Y1	Q4/Y1	YTD Total	Q1/Y2	Q2/Y2	Q3/Y2	Q4/Y2	YTD Total	Total Months 1-24
REVENUE											
Sponsorship Revenue	\$0	\$0	\$0	\$250,000	\$250,000	\$500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$5,750,000	\$6,000,000
OR&CO Product Sales	\$0	\$0	\$0	\$40,000	\$40,000	\$120,000	\$360,000	\$1,000,000	\$1,250,000	\$4,620,000	\$4,660,000
Brand Licensing Royalties @ 5%	\$0	\$0	\$0	\$20,000	\$20,000	\$25,000	\$75,000	\$125,000	\$200,000	\$425,000	\$445,000
A/V Production Services	\$1,300	\$3,900	\$3,900	\$3,900	\$13,000	\$3,900	\$3,900	\$3,900	\$3,900	\$15,600	\$28,600
TOTAL GROSS REVENUE	\$1,300	\$3,900	\$3,900	\$313,900	\$323,000	\$648,900	\$1,938,900	\$2,628,900	\$2,953,900	\$8,170,600	\$8,493,600
<Cost of Goods Sold>	\$0	\$0	\$0	(\$16,000)	(\$16,000)	(\$48,000)	(\$144,000)	(\$400,000)	(\$500,000)	(\$1,092,000)	(\$1,108,000)
GROSS PROFIT - Est.	\$1,300	\$3,900	\$3,900	\$297,900	\$307,000	\$600,900	\$1,794,900	\$2,228,900	\$2,453,900	\$7,078,600	\$7,385,600

EXPENSES - Estimated

A/V & Graphics Production

Salaries & Wages	\$59,813	\$115,920	\$324,320	\$172,800	\$672,853	\$332,800	\$332,800	\$349,180	\$349,180	\$1,363,960	\$2,036,813
Employee Benefits	\$10,766	\$20,866	\$58,378	\$31,104	\$121,114	\$59,904	\$59,904	\$62,852	\$62,852	\$245,513	\$366,626
Payroll Taxes	\$8,972	\$17,388	\$48,648	\$25,920	\$100,928	\$49,920	\$49,920	\$52,377	\$52,377	\$204,594	\$305,522
Production Supplies	\$2,167	\$3,250	\$3,250	\$3,250	\$11,917	\$3,250	\$3,250	\$3,250	\$3,250	\$13,000	\$24,917
ORITK R&D	\$10,000	\$15,000	\$15,000	\$15,000	\$55,000	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000	\$115,000
ORITK Content Development	\$0	\$15,000	\$150,000	\$15,000	\$180,000	\$30,000	\$30,000	\$45,000	\$45,000	\$150,000	\$330,000
Initial Rights/Permissions	\$0	\$0	\$71,500	\$0	\$71,500	\$52,000	\$52,000	\$52,000	\$52,000	\$208,000	\$279,500

MarComm/Dist & Admin.

Salaries & Wages	\$45,413	\$68,120	\$98,280	\$149,240	\$361,053	\$149,240	\$149,240	\$165,828	\$165,828	\$630,136	\$991,189
Employee Benefits	\$8,174	\$12,262	\$17,690	\$26,863	\$64,990	\$26,863	\$26,863	\$29,849	\$29,849	\$113,424	\$178,414
Payroll Taxes	\$6,812	\$10,218	\$14,742	\$22,386	\$54,158	\$22,386	\$22,386	\$24,874	\$24,874	\$94,520	\$148,678
Digital Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$3,000	\$3,000
Marketing/Advertising	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000	\$50,000	\$250,000	\$250,000	\$250,000	\$800,000	\$840,000

Operations & Related Expense

A/V Studio & Office Set-up	\$282,000	\$0	\$0	\$0	\$282,000	\$0	\$0	\$0	\$0	\$0	\$282,000
Office Rent (incl. Utilities)	\$11,872	\$11,808	\$11,808	\$11,808	\$47,296	\$12,276	\$12,510	\$12,510	\$12,510	\$49,806	\$97,102
Legal	\$30,000	\$12,000	\$12,000	\$12,000	\$66,000	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000	\$86,000
Telephone/ISP/Web Hosting	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000	\$12,000
Office Supplies/Shipping	\$20,000	\$2,000	\$2,000	\$2,000	\$26,000	\$2,000	\$2,000	\$2,000	\$2,000	\$8,000	\$34,000
Travel/Entertainment	\$20,000	\$20,000	\$20,000	\$20,000	\$80,000	\$20,000	\$20,000	\$20,000	\$20,000	\$80,000	\$160,000
Web Site Development	\$50,000	\$50,000	\$40,000	\$30,000	\$170,000	\$30,000	\$20,000	\$20,000	\$20,000	\$90,000	\$260,000
Rights/Permissions	\$0	\$0	\$0	\$3,200	\$3,200	\$9,600	\$28,800	\$80,000	\$100,000	\$218,400	\$221,600
ORITK Ongoing @ 8%	\$0	\$0	\$0	\$3,200	\$3,200	\$9,600	\$28,800	\$80,000	\$100,000	\$218,400	\$221,600
Insurance	\$6,500	\$6,500	\$6,500	\$6,500	\$26,000	\$6,500	\$6,500	\$6,500	\$6,500	\$26,000	\$52,000
Maintenance	\$4,500	\$4,500	\$4,500	\$4,500	\$18,000	\$4,500	\$4,500	\$4,500	\$4,500	\$18,000	\$36,000
Contingency @ 10%	\$58,849	\$39,633	\$91,012	\$56,307	\$245,801	\$88,274	\$109,217	\$120,372	\$122,372	\$440,235	\$686,036
TOTAL EXPENSE - Est.	\$647,339	\$435,964	\$1,001,128	\$619,378	\$2,703,809	\$971,013	\$1,201,391	\$1,324,093	\$1,346,093	\$4,842,589	\$7,546,398

Investment Requirements	Q1/Y1	Q2/Y1	Q3/Y1	Q4/Y1	YTD Total	Q1/Y2	Q2/Y2	Q3/Y2	Q4/Y2	YTD Total	Total Months 1-24
Gross Profit - Estimated	\$1,300	\$3,900	\$3,900	\$297,900	\$307,000	\$600,900	\$1,794,900	\$2,228,900	\$2,453,900	\$7,078,600	\$7,385,600
Total Estimated Expense	\$647,339	\$435,964	\$1,001,128	\$619,378	\$2,703,809	\$971,013	\$1,201,391	\$1,324,093	\$1,346,093	\$4,842,589	\$7,546,398
Estimated Net Profit/(<Loss>)	(\$646,039)	(\$432,064)	(\$997,228)	(\$321,478)	(\$2,396,809)	(\$370,113)	\$593,509	\$904,807	\$1,107,807	\$2,236,011	(\$160,798)
Quarterly Cash Required	(\$646,039)	(\$78,103)	(\$75,331)	\$353,191	N/A	\$733,077	\$1,326,587	\$2,231,394	\$3,339,202	N/A	N/A
Investment Income	\$1,000,000	\$1,000,000	\$750,000	\$750,000	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$3,500,000
Cash Reserves	\$353,961	\$921,897	\$674,669	\$1,103,191	\$1,103,191	\$733,077	\$1,326,587	\$2,231,394	\$3,339,202	\$3,339,202	\$3,339,202

INCOME - Estimated	
REVENUE	
Sponsorship Revenue	Sponsorship Revenues will be received from major US or Internationally-based corporations. These fees will be paid to OR&CO for a combination of advertising, marketing, and public relations benefits gained by select sponsors for their support and association with OR&CO in the global marketplace. The value of these fees will be calculated based upon actual media visibility (Gross Impressions and Ratings), associative and/or relationship values, good-will, increased brand awareness, improved image positioning and related intangibles that will provide OR&CO sponsors with positive long-term marketing and direct sales-oriented results.
OR&CO Product Sales	OR&CO Product Sales Revenue will be generated from the wholesale and retail sale of consumer goods manufactured directly by OR&CO within the national and International marketplace, i.e. - audio CD's and video/DVD's, ORITK book products, iTunes and/or related digital content downloads, educational products, OR&CO lifestyle products, etc.
Brand Licensing Royalties @ 5%	Brand Licensing Revenues will be received from various licensees who manufacture, distribute and sell their own lines of 'Officially Licensed' OR&CO merchandise/products and pay a royalty to OR&CO based upon their Gross Sales Volume.
AV Production Services	AV Production Revenues will be received from various commercial clients who hire OR&CO to produce Audio/Video production projects on an hourly basis. Projected rates to be charged by OR&CO will range from \$85 to \$225 per hour.
TOTAL GROSS REVENUE	Total Gross Value of all sources of OR&CO Revenue
<Cost of Goods Sold>	COG - Calculated on the basis of a 40% multiplier of Estimated OR&CO Product Sales
GROSS PROFIT - Est.	Total Gross Revenue <less> COG
EXPENSES - Estimated	
A/V & Graphics Production	
Salaries & Wages	All salaried and hourly wages paid for A/V Production and Graphics personnel
Employee Benefits	An 18% multiplier of 'Salary and Wage' expense to create an allowance for Health, Medical and related Employee Benefits
Payroll Taxes	A 15% multiplier of 'Salary and Wage' expense to cover State and Federal Taxes
Production Supplies	An allowance for Production Supplies that are not part of COG
ORITK R&D	ORITK R&D will provide an ongoing allocation for necessary product development, prototyping, testing, and product evaluation expense
ORITK Content Development	Content Development expenses for ORITK products that will be manufactured and distributed directly by OR&CO
Initial Rights/Permissions	Royalties to be paid to book publishers as 'upfront' payments on a negotiated basis for various exclusive and/or non-exclusive reproduction and broadcast rights
MarComm/Dist & Admin.	
Salaries & Wages	All salaried and hourly wages paid for MarComm and Distribution personnel
Employee Benefits	An 18% multiplier of 'Salary and Wage' expense to create an allowance for Health, Medical and related Employee Benefits
Payroll Taxes	A 15% multiplier of 'Salary and Wage' expense to cover State and Federal Taxes
Digital Distribution	Fees paid to companies for the digital distribution of OR&CO programming content
Marketing/Advertising	Expenses paid for advertising and marketing services in support of OR&CO programming content
Operations & Related Expense	
A/V Studio & Office Set-up	One-time payment for A/V Production Studio, Office Facility, Computer Systems Set-up and Tenant Improvements
Office Rent (incl. Utilities)	Lease expense for central office facility at \$1.35 per square foot including utilities
Legal	Legal and Professional Fees for copyright, trademark, contract and related legal and/or professional services
Telephone/ISP/Web Hosting	Monthly expense allocation for telephone, Internet, and web hosting services
Office Supplies/Shipping	Office Supplies and Equipment allowance for administrative supplies
Travel/Entertainment	Travel and Entertainment allowance for required travel and client relations in support of OR&CO programming content and licensed products
Web Site Development	Expense allocation for the upgrade and re-model of company website in order to better serve the marketing and distribution needs of OR&CO
Rights/Permissions ORITK Ongoing @ 8%	Ongoing Royalties to be paid to book publishers at an estimated 8% of Gross OR&CO Product Sales for various exclusive and/or non-exclusive reproduction rights
Insurance	Required Business Liability, E&O, and related insurance costs including 'Key Person' coverage on Paul Ennis w/investor as beneficiary
Maintenance	Maintenance allocation for required equipment and facilities upkeep
Contingency @ 10%	A 10% multiplier for a Contingency Fund to cover unexpected and/or unanticipated costs
TOTAL EXPENSE - Est.	Total of all estimated expense categories
Investment Requirements	
Gross Profit - Estimated	Total Gross Revenue <less> COG
Total Estimated Expense	Total of all estimated expense categories
Estimated Net Profit<Loss>	Total Gross Profit <less> Total Estimated Expense
Quarterly Cash Required	Amount of cash that will be required to meet current quarterly operating expenses
Investment Income	Amount of investment funds that will be required to cover the negative cash position that may result from business activities
Cash Reserves	Amount of cash that remains at the end of each period that will be carried over into the next period if available