

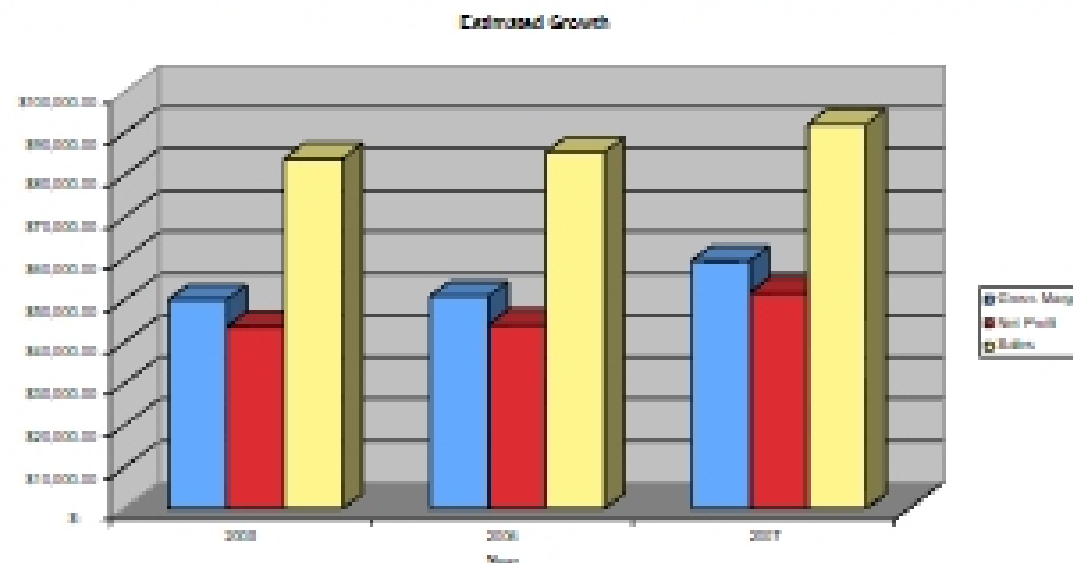
## 1.0 Executive Summary

MFJ Enterprises will develop a screwdriver antenna controller with memory for amateur radio operators. The controller will allow the operator to save the locations of highly used frequencies to memory. This will allow the operator to quickly retune the screwdriver antenna with less of a distraction while driving in a vehicle.

Due to the consumer demand for a memory screwdriver controller our product will sell very easily. A prototype of the memory screwdriver controller has been developed. After rigorous testing, the controller will go into mass production. The controller will then be available directly from MFJ or from one of the many dealers.

The second and third years of operation will include development of more automated screwdriver controller. This additional line of controllers will require less interaction from the operation since the tuning process does not require user intervention. MFJ will attend tradeshows and swap-meets to promote and sell the line of controllers. Ads will also be placed in communication magazines to further promote the product. The additional sales generated by the newer line of controllers all allow increase the net profits earned by the company.

For the first two years assuming 840 units are sold, our estimates that those sales will lead to a net profit of approximately \$44,000 for both years. The third year we estimate selling 900 units, leading to a net profit of \$52,000. The second and third year will have addition sales of the advance line of controllers which will complement the sales of the memory controller.



MFJ Enterprises is dedicated to creating high quality products for amateur radio operators. Our mission is to “make quality affordable”. We strive to provide advanced products at affordable prices.

The keys to success over the next three years include:

- Finalizing design and starting mass production of screwdriver controller with memory.
- Securing channels with dealers to market and sell controller
- Developing more advanced controllers to complement the existing current product line.
- Acquiring a market share of at least 560 units a year to ensure the company breaks even with the controller product line.

## **7.0 Financial Plan**

MFJ Enterprises Inc. is a well established company with a steady incoming cash flow. The company has approximately 500 hundred products offered for sale. Storage of finished products becomes a great issue with these numbers. The company maintains a minimum number of less popular items in stock to accommodate the items that are in great demand. Sufficient supplies of parts and raw materials are kept on hand to produce items upon receiving orders if items are not in stock. This strategy helps the company maintain a low overhead.

Amateur radio experiences seasonal trends much like other sales and production markets. Increases are expected each year for Christmas. The spring and summer months bring increased sales to the market. These increases are credited to warm weather vacation times being taken advantage of. Antennas and related accessories see the greatest increase at this time.

### **7.1 Important Assumptions**

The financial assumptions for the Antenna Controller and MFJ Enterprises are listed below. These assumptions are for the antenna controller only and not made according to the other products being offered for sale.

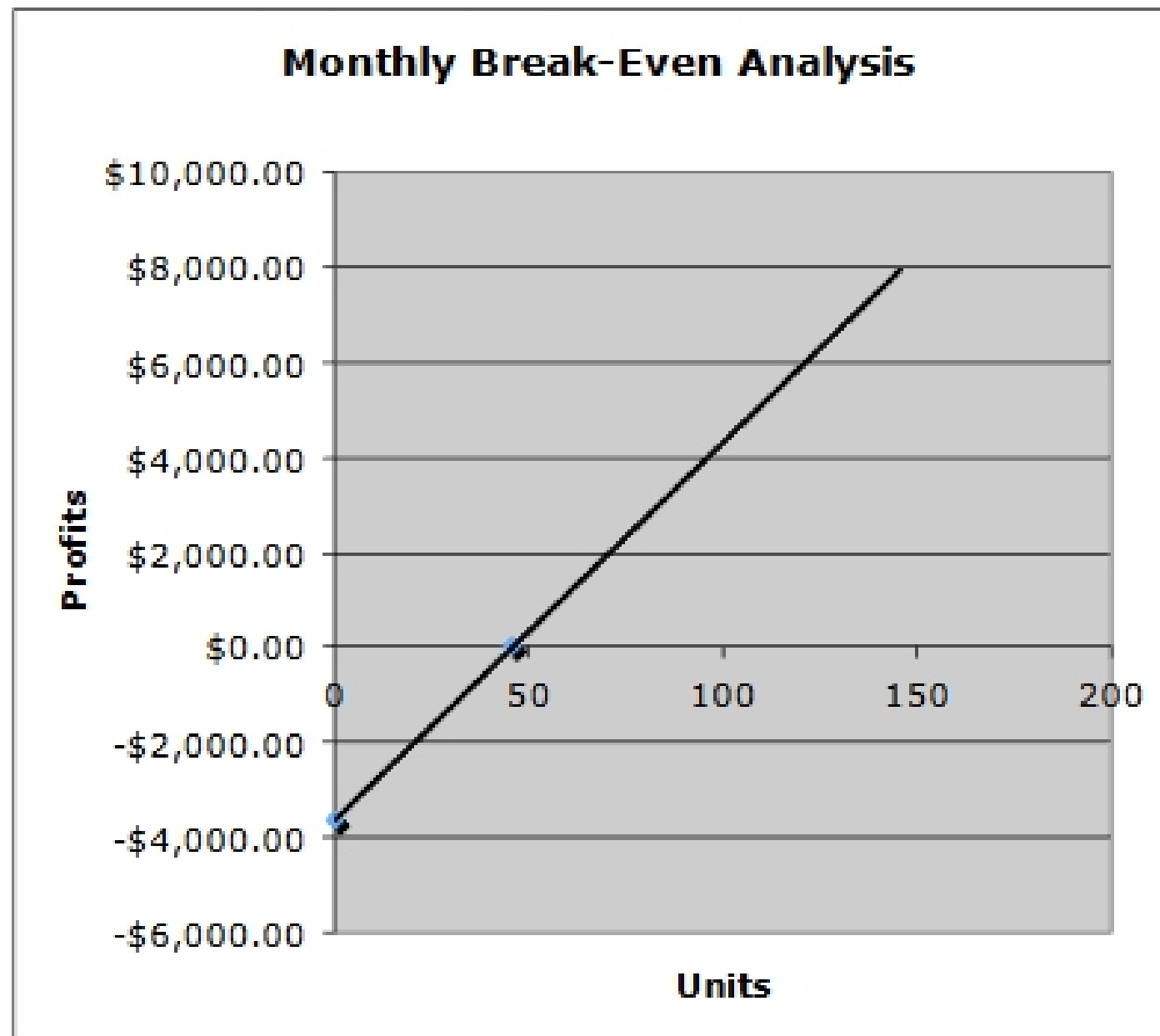
1. Antenna controller sales will start off heavily due to the heavy advertising strategy implemented by MFJ Enterprises in amateur radio magazines.
2. Sales of the antenna controller will remain high as predicted due to the demand for screwdriver antenna in the market today.
3. The company will continue to advertise the antenna controller heavily for the first 3 years.
4. We assume that the controller contributes 0.5% of the payroll listed in the personnel plan.

### **7.2 Key Financial Indicators**

Antenna controller sales will be closely monitored to update sales predictions and to maintain inventory accordingly. Any decline in sales will be researched to find any and all probable causes. Actions will then be taken as deemed necessary by the MFJ Enterprises Management team. Sales of screwdriver antennas will be closely monitored and used as a secondary indicator to antenna controller trends.

### **7.3 Breakeven Analysis**

The following table and chart summarize the break-even analysis. With an estimated monthly cost of \$1800 per month, we must sell a minimum of 46 units or have sales of \$3646 dollars.



<b>Startup Assumptions:</b>	
Average Revenue per controller	\$79.00
Average cost per controller	\$40.00
<b>Break-Even Analysis Assumptions:</b>	
Expected Number of Units Sold (First Year)	825
Expected Monthly Break-Even Point (Units)	46
Expected Monthly Break-Even Point (Sales)	\$3646.00

#### 7.4 Projected Profit and Loss

The table below gives a detailed summary of our expected profits and losses for the three upcoming fiscal years.

<b>Profit and Loss</b>				
	2005	2006	2007	
Sales	\$83,954.50	\$ 85,382.50	\$ 92,225.50	
Direct costs of goods	\$33,000.00	\$ 33,600.00	\$ 32,000.00	
Production payroll	\$ 800.00	\$ 812.00	\$ 824.18	
Cost of goods sold	\$33,800.00	\$ 34,412.00	\$ 32,824.18	