



VALUATIONS
UNLIMITED INC.

Premier Valuation

ABC Ltd.

Prepared for the Exclusive Use of:

John & Sally Smith

Date: March 5, 2009

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Sample

February, 2009

Mr. & Mrs. John Smith,
Anystreet, Anytown,
Any Province

Dear Mr. & Mrs. Smith:

We have been asked to provide an Opinion of Value of fair market value on ABC Ltd. as of December 31, 2008 for the purpose of selling the business.

The definition of fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under a compulsion to buy or to sell and both having reasonable knowledge of all relevant facts.

In providing our opinion, we have made the following assumptions:

1. We have relied upon and assumed, without verification, the accuracy and completeness of all financial and other information provided to us;
2. The various estimates of value presented herein apply to this opinion only and may not be used out of this context;
3. There are no regulations of any government entity that control or restrict the operations of the business;
4. There are no hidden or unexpected business conditions that would adversely affect our opinion.

Based on our review of the information provided, we are of the opinion a reasonable range of value for ABC Ltd. as of December 31, 2008 is between:

\$370,000 and \$450,000

Our opinion of value is subject to the restrictions, assumptions and limited conditions set forth in this report.

Valuations Unlimited

Per: _____

Note: This report is to be read in conjunction with the following documents.

INTRODUCTION:

Pursuant to your request for a written Letter of Opinion of Value to assess your business for the purpose of providing our opinion of the fair market value of the business known as **ABC Ltd.** at **December 31, 2008**, we present the following:

For the purpose of this opinion, "fair market value" is the amount at which property would change hands between a willing seller and a willing buyer when neither is under compulsion and when both have reasonable knowledge of the relevant facts. All values expressed herein are in Canadian Dollars.

RESTRICTIONS:

This report is not intended for general circulation, nor is it to be reproduced or used in any way other than as outlined herein. Our prior permission is required in each instance of reproduction or duplication, in whole or in part.

We do not assume any responsibility for losses occasioned to the Owners, as they are involved in this report, or to any reader of this report.

This report must be viewed as our independent opinion based on the information, explanations and material, which we have obtained from the shareholders.

Submission of this report does not imply an obligation on the part of VALUATIONS UNLIMITED INC. or its employees or agents to provide court testimony or to provide testimony before any arbitration body, without making prior written arrangements with us.

We reserve the right, but will be under no obligation, to review all calculations included or referred to herein and, if we consider it necessary, to revise our opinion of value and any other conclusions and recommendations in light of any information existing at the date of this report, which is made known to us after such date.

The financial statements referred to and included in our report were prepared by **Smith & Smith**, Chartered Accountants for the years December 31, 2006 to 2008. Said financial statements were prepared, based on information provided by management. Any financial proforma or projections presented herein were not audited or reviewed by third parties.

Should an audit subsequently be performed, any resulting adjustments could materially alter our opinion and comments on this business operation.

VALUATIONS UNLIMITED INC. and its employees have no present or contemplated investment in the business, and VALUATIONS UNLIMITED INC.'s business fees for this engagement are not contingent upon our findings or upon any other events.

ASSUMPTIONS AND LIMITING CONDITIONS:

This business analysis is subject to the following assumptions and limiting conditions:

- 1) Information, estimates and opinions contained in this report have been obtained from sources considered reliable. However, VALUATIONS UNLIMITED INC. has not independently verified such information and, therefore, assumes no liability for such sources;
- 2) All facts and data set forth in this report are true and accurate to the best of our knowledge and belief. We have not knowingly withheld or omitted anything from the report which might affect our opinions, conclusions, recommendations or estimate of value;

- 3) This report has been copyrighted by VALUATIONS UNLIMITED INC. and possession of this report, or a copy thereof, does not carry with it the right of publication of all or any part, nor may it be used for any purpose without the prior express written consent of VALUATIONS UNLIMITED INC., and in any event only with proper authorization;
- 4) No information concerning the contents of this report shall be conveyed to any third party, or to the public through any means without the express written consent of VALUATIONS UNLIMITED INC.;
- 5) No investigation of titles to property or any claims concerning ownership of property by any individuals or company has been undertaken. Unless otherwise stated in this report, title has been assumed to be clear and free of encumbrances and as provided to VALUATIONS UNLIMITED INC.;
- 6) Unless otherwise provided for in writing and agreed to by both parties in advance, the extent of any liability for the completeness or accuracy of the data, opinions, comments, observations, recommendations or conclusions shall not exceed the amount paid to VALUATIONS UNLIMITED INC. for professional fees and, then, only to the party for whom this report was originally prepared;
- 7) The estimates of value presented in this report apply to this analysis only and may not be used out of the context presented herein. Any other use of this report may lead the user to an incorrect conclusion for which VALUATIONS UNLIMITED INC. assumes no responsibility;
- 8) The estimate of "Fair market value" reached in this report is based on the definition of "Fair market value" as stated herein. An actual transaction of all or part of the equity may be concluded at a higher value or lower value depending on the circumstances surrounding the transaction and/or the motivations and knowledge of both the buyers and sellers at the time. VALUATIONS UNLIMITED INC. makes no guarantees as to what values individual buyers and sellers may reach in an actual transaction involving all or any part of the equity;
- 9) It should be specifically noted that this analysis assumes the business will be competently managed and maintained by financially sound owners over the expected period of ownership. Our engagement entails a limited evaluation of management's effectiveness; however, we are not responsible for future marketing efforts and other management or ownership actions upon which actual results will depend;
- 10) No opinion is intended to be expressed for matters which require legal, income tax or other specialized expertise, investigation or knowledge;
- 11) It is assumed that there were no regulations of any government entity, which controlled or restricted the use of the underlying assets, unless specifically referred to in this report. It was also assumed that underlying assets were not operated in violation of any applicable government regulations, codes, ordinances or statutes;
- 12) This report contains prospective financial information, estimates or opinions, which represent our view about reasonable expectations at a particular point in time. Such information, estimates or opinions have not been offered as predications or as assurances that a particular level of income or profit will be achieved or that specific events will occur;
- 13) We have assumed that there were no hidden or unexpected business conditions which would adversely affect the opinions, comments, observations, recommendations and conclusions expressed herein; and

- 14) Hazardous substances, if present, can introduce an actual or potential liability, which will adversely affect the marketability and value of a business. Such liability may be in the form of immediate recognition of existing hazardous conditions or future liability, which could stem from release of currently non-hazardous contaminants. In the development of our opinions, comments, observations, recommendations and conclusions no consideration has been given to such liability or its impact. We have not taken into account any and all future environmental considerations and associated potential liability.

Sample

ABC Ltd.
Business Summary

Owners	Percentage
John Smith	50%
Sally Smith	50%

Address:	Anytown, Anywhere
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Type of Business:	Service
Services:	Direct Mail Services

BUSINESS OVERVIEW

History of Company

The company has been doing business as **ABC Ltd.** for approximately 11 years and continues to do business under that trade name as of the date of this valuation.

The company's primary business is direct mail services to small business' and advertising agencies.

According to the owners, the fact that they provide a wide range of services helps them to stand out above their competition.

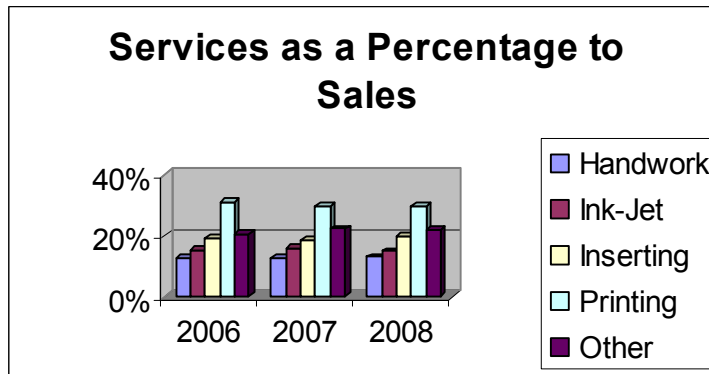
SERVICES PROVIDED

Types of services include:

- Inkjet envelopes or direct impression
- Inserting: automated and manual
- Folding: automated and manual
- Labeling
- Polybagging
- First Class mail

- Addressed/Unaddressed Admail and Publication mail
- Photocopying, Collating, Stapling, Cerlox Binding and Printing
- Laser printing
- Fulfillment services

A breakdown of services are shown in the graph below:



The company is a full service facility that provides a wide range of direct mailing services. These include automated folding and stapling, inserting, labeling, ink jetting, poly bagging, laser printing and photocopying 1st class, 2nd class and 3rd class mail preparations for both Canada and the United States.

Customers use ABC's services to mass mail direct marketing materials for promotional products and services. As well, the company has the capability of providing graphic design and consulting services to assist their client in maximizing their marketing materials.

Market studies have shown ABC's services are growing as companies are attempting to reach out to more of the market in a cost efficient way.

MARKET SERVED

ABC Ltd. services primarily Anytown, Anywhere which has approximately 1500 small businesses and advertising agencies, of which ABC Ltd. estimates it has 25% of the overall market. For the most part, these are small businesses in the start up to growing stage.

MARKETING AND PROMOTION

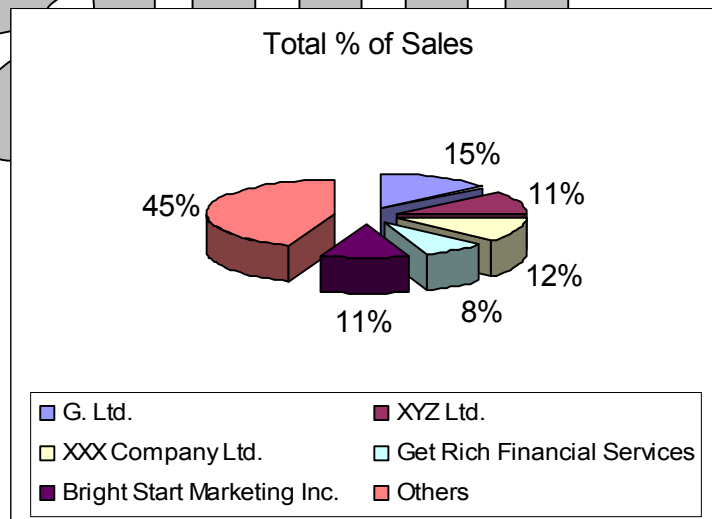
ABC has a Marketing plan and is updated annually. Typically the company advertises through networking, tradeshow and product demonstrations.

CUSTOMERS

The top five customers of ABC Ltd. are:

- G. Ltd.
- XYZ Ltd.
- XXX Company Ltd.
- Get Rich Financial Services
- Bright Start Marketing Inc.

The following graph demonstrates the percentage of sales each represent to ABC Ltd.



COMPETITIVE ENVIRONMENT

Most of the direct mail advertising industry is a shared market that no company dominates.

The following table lists the competitors of ABC Ltd. from largest to smallest.

Name	Location	Size
Competitor A	Anytown, Anywhere	Large
Competitor B	Anytown, Anywhere	Large
Competitor C	Anytown, Anywhere	Medium
Competitor D	Anytown, Anywhere	Small
Competitor E	Anytown, Anywhere	Small

SUPPLIERS

There are approximately 20 potential product suppliers to the Company of which they deal with approximately 15 at any given time. The Company orders its products in quantities considered necessary to its projected sales and to maximize the opportunity for quantity discount pricing. Terms are net 30 days and the Company's accounts payable are current.

HUMAN RESOURCES

ABC currently has fifteen employees on its roster. At the time of this valuation, there were ten full time and five part time employees and is a non-union shop. Of the fifteen employees, there are two who are required to have printing skills.

DESCRIPTION OF FACILITIES

The company leases 5000 square feet of space in an industrial park that is close to the areas highway system. The lease is based on \$5.50 per square foot which is typical for this location and will expire in 2010 with a five year renewal option.

EQUIPMENT

Please refer to the detailed equipment list attached.

FINANCIAL ANALYSIS

The financial analysis is outlined on the following pages.

Sample

ASSET VALUATION OF OUTSTANDING SHARES

The asset valuation approach is generally useful for asset intensive businesses and holding companies. This valuation approach is usually not as useful when appraising businesses with few assets, on-going businesses with large intangible assets and service businesses.

The adjusted book value method consists of a review of every item on the balance sheet. Each item is reviewed to see if it needs to be adjusted to fair market value. Sometimes appraisals on individual assets must be obtained from real estate or machinery & equipment appraisers to accurately apply this method. The adjusted book value method typically does not take into consideration any intangible value that the company may have.

Some of the adjustments include the removal of cash and investments as they do not typically transfer with the sale of a business and will remain the property of the seller. As well, land and buildings are removed from the Pro Forma Balance sheet in order for the true valuation of the business to be determined. It is also assumed that all shareholder and inter company loans be paid off at the time of sale.

The spreadsheet on page 14 is the actual Balance Sheets recorded from the companies financial statements.

The spreadsheet on page 15 is the adjusted Balance Sheet known as the Proforma.

BALANCE SHEET

As At December 31

	2008	2007	2006
ASSETS			
Current			
Bank	10,000	16,914	13,139
Accounts receivables	75,190	85,269	68,199
Prepaid expenses	18,870	16,627	15,912
Total Current Assets	<u>104,060</u>	<u>118,810</u>	<u>97,250</u>
Capital Assets			
Processing equipment	450,000	450,000	450,000
Computer equipment	100,000	100,000	100,000
Less Accumulated Amortization	(259,160)	(236,145)	(215,960)
Total Capital Assets	<u>290,840</u>	<u>313,855</u>	<u>334,040</u>
TOTAL ASSETS	<u>394,900</u>	<u>432,665</u>	<u>431,290</u>
LIABILITIES & EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	125,130	155,145	119,125
Income taxes payable	1,416	3,950	-
Total current liabilities	<u>126,546</u>	<u>159,095</u>	<u>119,125</u>
Due to related parties			
Advances from shareholders	100,000	100,000	100,000
Total due to related parties	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Current Liabilities	<u>226,546</u>	<u>259,095</u>	<u>219,125</u>
TOTAL LIABILITIES	<u>226,546</u>	<u>259,095</u>	<u>219,125</u>
SHAREHOLDERS' EQUITY			
Share capital			
Common shares	100	100	100
Retained earnings	168,254	173,470	212,065
TOTAL SHAREHOLDERS' EQUITY	<u>168,354</u>	<u>173,570</u>	<u>212,165</u>
TOTAL LIABILITIES & EQUITY	<u>394,900</u>	<u>432,665</u>	<u>431,290</u>

PROFORMA BALANCE SHEET

ABC Ltd.
Balance Sheet
(All Figures in \$CDN)

	Actual	<i>Adjustments</i>	Pro Forma
	<u>Dec. 31, 2008</u>		<u>for Valuation</u>
ASSETS			
Current			
Bank	10,000	(10,000)	-
Accounts receivables	75,190	(190)	75,000
Prepaid expenses	18,870	130	19,000
Total Current Assets	<u>104,060</u>	<u>(10,060)</u>	<u>94,000</u>
Capital Assets			
Processing equipment	450,000	-	450,000
Computer equipment	100,000	-	100,000
Less Accumulated Amortization	(259,160)	160	(259,000)
Total Capital Assets	<u>290,840</u>	<u>160</u>	<u>291,000</u>
TOTAL ASSETS	<u><u>394,900</u></u>	<u><u>(9,900)</u></u>	<u><u>385,000</u></u>
LIABILITIES & EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	125,130	(130)	125,000
Income taxes payable	1,416	(416)	1,000
Total current liabilities	<u>126,546</u>	<u>(546)</u>	<u>126,000</u>
Due to related parties			
Advances from shareholders	100,000	(100,000)	-
Total due to related parties	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>226,546</u></u>	<u><u>(100,546)</u></u>	<u><u>126,000</u></u>
NET BOOK VALUE			
Share capital			
Common shares	100	(100)	-
Retained earnings	168,254	90,746	259,000
TOTAL NET BOOK VALUE	<u>168,354</u>	<u>90,646</u>	<u>259,000</u>
TOTAL LIABILITIES & EQUITY	<u><u>394,900</u></u>	<u><u>(9,900)</u></u>	<u><u>385,000</u></u>

NOTE: The Pro Forma Balance Sheet is prepared on the assumption that any excess cash is withdrawn and all shareholder and related party accounts are settled prior to closing.

PRE-TAX RESTATED CASH FLOW PROFITS

For The Year Ended December 31, 2008

Profit Before Taxes	130,094
Add Back:	
Owners' Compensation	125,000
Depreciation	23,015
Vehicle Expense	15,000
TOTAL ADD BACKS	<u>163,015</u>
PROFIT PLUS ADD BACKS	293,109
Deduct:	
Normalized Management Compensation	95,000
Economic Depreciation	<u>15,650</u>
TOTAL DEDUCTIONS	<u>110,650</u>
CASH FLOW PROFITS after Normalized Management Salaries and Economic Depreciation but before Income Taxes	<u>182,459</u>

sample

Asset Valuation of Outstanding Shares

ABC Ltd.

As at December 31, 2008

Accounts Receivable to be calculated on closing, Estimated	75,000
Other Current Assets	19,000
Equipment, Furniture and Fixtures	291,000
Goodwill	182,459
TOTAL ASSET VALUE:	<u>567,459</u>
Less: Liabilities	126,000
TOTAL VALUE OF ALL ISSUED AND OUTSTANDING SHARES:	<u><u>441,459</u></u>
Having a Proforma Book Value of 259,000	

sample

The Asset Valuation of Shares is:

**High	\$450,000
**Low	\$425,000

**High and low are based on the market value ranges of the equipment, furniture and fixtures

MARKET VALUATION METHOD

Data for this method was obtained from The Institute of Business Appraisers, Inc. (IBA) market database.

A search for data in Standard Industrial Classification (SIC) code 7331 was requested and received from The Institute of Business Appraisers (IBA) database. The following shows the modified report.

SIC CODE: 7331

Business Type	Annual Gross \$000's	Discret. Earnings \$000's	Owner's Comp. \$000's	Sale Price \$000's	Price/ Gross	Price/ Earnings
Direct mail	330	90		130	0.39	1.44
Mail order	796	146		449	0.56	3.08
Coupon Advertising	257	92		50	0.19	0.54
Pack/ship service	130	40		75	0.58	1.88
Direct Mail Adyert	259	21		100	0.39	4.76
Direct Mail	253	91		200	0.79	2.2
Postal/Mailbox/Misc	673	88		135	0.2	1.53
Direct Mailing	445	142		260	0.58	1.83
Direct Mail/Printing	622	166		358	0.58	2.16
Advertising	336	86		83	0.25	0.97
Direct Mailing	407	75		125	0.31	1.67
Direct Mailing	446	142		260	0.58	1.83
Advertising Direct Mailing	446	142	93	260	0.58	1.83
Advertising Direct Mailing	407	75	18	125	0.31	1.67

As shown there are several companies included in this database. It is expected that companies within a size factor of five of the subject company can be used to determine an indication of value for the subject company.

The median for the Price / Gross Sales was calculated. The median was selected for use as it tends to minimize the effects of outliers that may be included in the average. The Price / Sales ratio is typically a much better indication of value than the Price / Earnings ratio. This is because business brokers who have submitted this information to the IBA all have different understandings of what should be included in earnings. The spreadsheet below, is the information provided outlining the Profit and Loss information for the past three years. Page 20, further explains the calculation.

	2008	2008 %	2007	2007 %	2006	2006 %
TOTAL REVENUE	850,350	100.00	\$15,325	100.00	795,650	100.00
TOTAL COST OF SALES	442,182	52.00	415,816	51.00	429,651	54.00
GROSS PROFIT	408,168	48.00	399,509	49.00	365,999	46.00
OPERATING EXPENSES						
TOTAL OPERATING EXPENSES	130,059	15.29	135,579	16.63	121,890	15.32
Operating Income	278,109	32.71	263,930	32.37	244,109	30.68
Officers Compensation						
Management salaries	125,000	14.70	125,000	15.33	125,000	15.71
Total Officers Compensation	125,000	14.70	125,000	15.33	125,000	15.71
Operating EBITDA	153,109	18.01	138,930	17.04	119,109	14.97
Depreciation and Amortization						
Depreciation	23,015	2.71	20,185	2.48	18,053	2.27
Amortization						
Total Depreciation and Amortization	23,015	2.71	20,185	2.48	18,053	2.27
Operating Income/(Loss) EBIT	130,094	15.30	118,745	14.56	101,056	12.70

PRICE / GROSS SALES MULTIPLE METHOD

Forecasted Sales	850,350
Price / Gross Sales Multiple	<u>0.48</u>
Gross Value	403,916

Adjustments:

The information shown in the table from the various databases was obtained primarily from business brokers. The businesses are typically sold as asset only sales. The purpose of this appraisal however is to value the stock and not only the value of the assets of the company. Accordingly, the value generated using this method must be adjusted for the assets and liabilities included in the corporation that would not transfer in a normal asset sale:

Add: Assets not Typically Included in Asset Sales:
from Adjusted Book Value Method

Accounts Receivable	75,000
Notes Receivable	-
Prepaid Insurance	19,000
Total Added to Value Obtained Using Multiple	<u>94,000</u>

Less: Liabilities not Typically Transferred in Asset Sales:
from Adjusted Book Value Method

All Liabilities	<u>(126,000)</u>
Total Subtracted from Value Obtained Using Multiple	<u>(126,000)</u>

Estimated Value - Price / Gross Sales Multiple Method 371,916

Estimated Value - Price / Gross Sales Multiple Method - Rounded 370,000

Using the Market Valuation Method, the estimated value of ABC Ltd. is approximately \$370,000.

EQUIPMENT LIST

ITEM	MANUFACTURER	MODEL	AGE	HOURS USED AVERAGE WEEK	ORIGINAL COST "APPROX"	ESTIMATED VALUE APPROX. USED	ESTIMATED COST REPLACEMENT NEW
Printer	Xerox	Super	5 yrs	30	\$1,500.00	\$500.00	\$2,500.00
Printer	Heidelberg		10 yrs	15	\$50,000.00	\$35,000.00	\$75,000.00
Stacking Machine			8 yrs	40	\$45,000.00	\$32,000.00	\$60,000.00

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