



NOTE: This business plan sample was prepared by Newton Group Marketing. Although based on actual plan, company name, financials and other pertinent information have been modified for client privacy and protection. Any similarities with actual companies are purely coincidental.

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Executive Summary

Introduction

4 Game Inc. is a start-up social network game development company, based out of Calgary, Alberta. The company is launching its first flagship game, GameStart, which uniquely combines a popular social media game with (section removed for company privacy) gaming elements. It is launching GameStart on Facebook in June 2013, and is implementing a rigorous marketing plan to penetrate the market and gain viral success in this high growth market. Between years 2-4 management projects to gain 25,000, 100,000 and 500,000 users respectively, which translates into \$45.5 million revenue by 2016.

The Market

The Social Network Game Industry is a rapidly growing market. It's currently estimated to be a \$4 billion dollar industry in the US alone, which has experienced 409.9% annual growth over the past 5 years. Revenue for this industry is expected to increase 24.4% annually to \$11.6 billion over the next five years to 2016. Facebook dominates as the primary social media platform for social network games as 290 million people play games monthly and 20% of these users pay cash for in-game benefits. The major market participants in this area are Zynga Inc., Electronic Arts, Inc., Walt Disney Company and CrowdStar, Inc. These leaders hold large assets of active monthly players worldwide, possess majority market share and are seeing rapid revenue growth in this industry.

With its unique product which synthesis of highly popular gambling/gaming elements in the market, together with a strong marketing implementation plan, GameStart aims to gain market share of 0.009%, 0.034% and 0.172% of the Facebook game market between Years 2-4 respectively to achieve revenue projections.

Financial Considerations

The Company is seeking to obtain equity financing for the amount of \$250,000, in exchange for 20% stake in the company. The following is the revenue, expenses and profit projections for GameStart sales over the first 4 years of operations.

	Year 1	Year 2	Year 3	Year 4
SALES	\$0	\$2.2M	\$9.1M	\$45.5M
EXPENSES	\$152,800	\$1.0M	\$3.4M	\$16.2.0M
PROFIT	\$(152,800)	\$1.2M	\$5.6M	\$29.2M

This target is seen as attainable through the strong marketing plan, quality and viral nature of the product and the growing market that the company competes in. This business plan will discuss the tactics and strategies to generate the revenues as stated, and the implementation to successfully become a fun and exciting viral brand in the market.

1.0 Business of the Company

1.1 Business Summary & History

4 Game Inc. (4 Game) is a social network game development start-up company. The company develops browser-based products that incorporate a fun online game with (section removed for company privacy). Its games work both stand-alone and as application widgets on social networking websites Facebook and Google+. The company's first proposed flagship product, GameStart, is very fun and simple viral game catered to a widespread audience that uniquely incorporates (section removed for company privacy) elements for users.

4 Game is a Canadian company based out of Calgary, Alberta and is the holdings company of subsidiary company GameStart and domain GameStart.com.

1.2 Industry Overview

The Social Network Game Industry

The social network game development market in the US is a \$4 billion dollar industry, which saw rapid adoption over of the past years of a 409.9% annual growth between 2006-2011. Despite the recession, the Social Network Game Industry grew out of an increase in leisure time as the unemployed played social network games to fill their days. Facebook is the leading social network game platform with where 25% of Facebook users play games on Facebook; 290 million people play games monthly and 56 million play daily, and 20% of players pay cash for in-game benefits¹.

Strong Future Growth

Demand for social games is expected to experience strong growth over the next five years due to increasing number of Internet connections and rising disposable incomes. Revenue is predicted to increase 24.4% annually to \$11.3 billion in the five years to 2016 as:

- Social networking websites expand their user bases
- New markets embrace social gaming
- More smartphones are sold with social gaming options
- Disposable income rises²

Firms will capitalize on the increasing popularity of these games by charging more for virtual currency transactions to generate higher revenue, and with this strong adoption, many brands are now seeking to increase their awareness in this medium, creating greater advertisement revenue².

¹ AllFacebook.com. http://allfacebook.com/facebook-games-statistics_b19240

² IBISWorld, 2013

US Mobile Gaming Market

Sales in the mobile phone and tablet gaming market in the U.S. more than doubled between 2005 and 2010—reaching \$898 million—and sales are forecast to increase 82%, to \$1.6 billion, or 44 million units, by 2015. This rapid adoption will drive the mobile gaming market even further.

Smartphone sales in the US increased 538%—from 11.3 million units to 72 million units—between 2006 and 2011, and US tablet sales are forecast to more than triple between 2010 and 2015, from 10.3 million units to 44 million units. The number of mobile Internet subscribers in the US in 2011 is estimated at 40 million and is expected to hit 96 million in 2014. Approximately 25% of mobile internet subscribers (as of February 2011) are playing games. Each additional smartphone or tablet owner is likely to use it to play games, foreshadowing continued positive growth for mobile gaming in the next 4 years³.

Major Market Participants

This industry's product is an innovation on video gaming, where games are offered on social networks, are free play and offer virtual currency for purchase that enhance playability. The major participants in this industry are: Zynga Inc., Electronic Arts Inc., The Walt Disney Company and CrowdStar.

Zynga Inc. (Zynga)

As a publicly traded company, Zynga is the largest social network game developer in the world, with 240 million average monthly active users over 175 countries. Five of Zynga's games, CityVille, CastleVille, Zynga Poker, FarmVille, and Empires & Allies, are among the most widely used game applications on Facebook, and contribute to approximately 12% of Facebook's revenue⁴. The company was founded in 1997 and is based out of San Francisco, California. Zynga's 2011 revenues and net loss respectively were \$1.1401 Billion and \$404.3 Million⁵.

Electronic Arts, Inc.

The company's EA Interactive (EAI) division is focused on digital business including EA Mobile, Pogo and social gaming. It sells online social games via websites Pogo and Playfish, as well as mobile and Hasbro-licensed games such as *Monopoly*. Pogo is the #1 casual gaming destination across North America and Europe. Playfish is one of the world's largest and most respected social gaming companies with more than 150 million games installed and over 60 million monthly active players worldwide. EA Mobile is the leading mobile games publisher with 34% market share in the US. Its products are available in more than 30 countries⁶.

³ Mintel, The US Mobile Gaming Market, May 2013.

⁴ Facebook Inc. Q1 Report, 2014

⁵ Zynga.com Annual Report 2014

⁶ Electronic Arts Inc. <http://insideea.com/tag/ea-interactive/>

The Walt Disney Company

The Disney Interactive Media Group (DIMG) division purchased Playdom for \$763.2 million in 2010⁷, acquiring its well-known titles like Social City, Sorority Life, Market Street and Bola. Playdom engages an estimated 42 million active players each month, and makes up a large part of DIMG's strong digital gaming portfolio.

CrowdStar, Inc.

CrowdStar Inc., is a global leader in social gaming attracting tens of millions of users every month to play hits like It Girl, Mighty Pirates, Happy Aquarium, Happy Pets, Happy Island and Top Girl⁸. It was founded in 2008 and has recently acquired over \$35 million funding from investors including Time Warner, Intel Capital, YouWeb, The9, and NV Investments⁹. The company develops and markets Web based games and application under the name Happy Aquarium and Happy Island, has a community of over 50 million gamers and is based in Burlingame, California.

1.3 Current Situation of the Company

4 Game is a start-up company in the early funding and development stage. It is currently in the development stage of its first product "GameStart," with proposed product launch date January 1, 2013.

1.4 Goals and Objectives

The primary goal of 4 Game is to create a successful viral social game that reaches a competitive level of popularity. The Company quantifies this level by acquiring 25,000 active monthly users of GameStart within 12 months of product launch. Subsequently, the Company aims to continue to develop and launch 5 game products on Facebook and mobile platforms over the next 4 years of operations.

The objective is to obtain \$250,000 of equity investment funding to finance the marketing and development of GameStart. As a \$4 billion market and 290 million people active Facebook gamers, the Company aims to acquire market share of 0.009% or \$2.2 million revenue within 12 months of product launch.

1.5 Key Success Factors

The two key success factors for 4 Game is a viral product and effective marketing; a product that is unique and engaging to the majority of game-playing demographic Facebook users, and its ability to achieve a significant viral effect. These are achieved through:

⁷ <http://techcrunch.com/2010/07/27/playdom-acquired-by-disney-for-up-to-763-2-million>

⁸ Crunchbase Company Profile. <http://www.crunchbase.com/company/crowdstar>

⁹ <http://techcrunch.com/tag/crowdstar/>

- a) The Company's strong development team, with a track record of game development success
- b) A unique product that adds a interesting (section removed for company privacy) element, and a built-in game strategy which provides players a significant reward for sharing with friends
- c) An effective marketing strategy that creates sufficient brand awareness and drives active monthly users

Key Factors For Future Success

The key success factor to the ongoing future success of this company is to continually release new and interesting game products approximately every 8 months that generate a high level of interest and hype amongst new and existing users. A second key factor is to continue to attract and retain strong, experienced team for its development, marketing and management activities into the future.

1.6 Structure of the Company

4 Game is the parent corporation, which receives 80% revenue from Costa Rica-based gaming corporation, GameStart Inc.

2.0 Product Description

2.1 Detailed Description of Product

GameStart is a (section removed for company privacy) game available in two forms: Facebook play and tournament play through the website www.GameStart.com.

Facebook Platform Version

On Facebook, it is free to play where every player starts off with 10,000 credits. Through the choice as one of 6 business avatar characters, the objective of the game is to (section removed for company privacy).

2.2 Certification and Regulatory Standards Required

GameStart must adhere to Facebook's guidelines for game submission. GameStart will meet these specifications through the game creation development firm. The gaming element of GameStart (distributed through GameStart.com) is not available to US players, and paid gaming elements are not included in Facebook version of the game.

GameStart.com is owned by subsidiary online gaming corporation, GameStart Inc., based out of Costa Rica. All licensing, incorporation, health permits and insurance requirements for this firm will be completed by August 1, 2014. The trademarking of GameStart is currently in progress.

2.3 Customer Benefits Provided by Product

GameStart offers a fresh, 'new' and exciting (removed for company privacy) game to the Facebook game network. The popularity of existing (removed for company privacy) and the product's unique competitive element combine to create a heightened level of entertainment for users looking to 'kill time' during their day. It also transfers into a fun and unique (removed for company privacy) environment on GameStart.com.

3.0 Market

3.1 Target Market Profile

Primary Facebook-Version Market

The primary target market of the Facebook version of GameStart game is the 20% of game playing females over 40 years of age, that have paid cash for in-game benefits. This demographic represents the fastest growing segment, since these consumers easily started to participate in social games and become regular users¹⁰. Word of mouth and Facebook advertisement are the most effective mediums for this group as research has shown that 50% of this target market tries new games through word-of-mouth from friends, and 25% through social media sites¹¹. This target market lives primarily in Canada and the US.

Primary (removed) Version Market

As GameStart.com has a stronger (removed) element, the primary target market of this version is men aged 25-40, college-educated with an average annual income of \$70,000 who reside in Canada, Europe, Asia and other countries outside of the US. They are also technologically advanced, early adopters, and heavy wireless users^{12,13}. In addition, a large percentage of the site's initial users are expected to compose of 'flow over' users from the Facebook game players, as this market has existing GameStart brand awareness and brand preference.

3.2 Estimated Sales

The Company estimates to gain no revenues in Year 1, gain 25,000 monthly active users by the end of Year 2, 100,000 users by Year 2 and 500,000 users by the end of Year 3. This translates into net income of \$1.2M, \$5.6 and \$29.2M in Years 2, 3 and 4 respectively (see Figure below)¹⁴.

Year	Month Active Users	FB Market Share	Gross Profit	Net Income (Loss)
1	0	0.000%	\$0	(\$152,800)
2	25,000	0.009%	\$2,275,000	\$1,223,750
3	100,000	0.034%	\$9,100,000	\$5,648,000
4	500,000	0.172%	\$45,500,000	\$29,284,000

¹⁰ IBISWorld Industry Market Research Report, 2013

¹¹ Mintel, The US Mobile Gaming Market, May 2013

¹² (removed) industry research report, 2003

¹³ American Gaming Association's (AGA) 2008 State of the States: The AGA Survey of Casino Entertainment

¹⁴ See Financials (section 8) and 'Notes to Financials' sections of business plan

These figures are based on assumptions of being able to achieve these month active users, and management's ability to translate this customer base into equivalent industry-standard revenue from additional game credit and advertisement sources.

3.3 Rules of Purchase

The rules of purchase of this target market is that the game must be free to play (free Facebook credits provided), has sufficient challenge, entertainment and reward to continue consistent play and that additional game credit is priced competitively with similar social network games currently available. In other words, the quality of the game is critical in that it must contain the minimum threshold of credibility, challenge, uniqueness and shareability for the user to try and continue as a regular user.

4.0 Competition

4.1 Direct Competitors – Present and Future

Market Share's direct competitors are game developers including Zynga, Wooga and Playdom and (removed).

Facebook Game Developers

The primary strength of large companies such as Zynga and Wooga is that they possess enormous market share, brand awareness and existing customer base to leverage existing and future games off. They have large resources for future development capabilities, and have leveraged their first to market company history. One weakness is that their games are very similar in nature, and provide an opportunity for a unique game such as GameStart to enter the market by introducing (removed) strategies.

4.2 Indirect Competitors – Present and Future

The primary area of indirect competition is App-based mobile game play.

Console and App Games

Playstation and Nintendo consoles, as well as a wide variety of avatar-based games that are available on platforms other than social media (Facebook) platforms are indirect competitors to 4 Game as they provide people with entertainment that they revisit for consistent play in their free time. These consoles still make up the majority of

One disadvantage is that they cost money, whereas GameStart is available on Facebook for free. Facebook also provides the platform to play against others online, and include your friends (and win affiliate prize from) in your games. GameStart also adds the cognitive challenge, and free stock-purchasing education that differs from the entertainment offered through these channels.

4.3 Substitute Products & Services

Customers can obtain their entertainment through a wide range of online and offline activities, including solitaire, TV, movies or chat. The goal of GameStart is to become a significant entertainment activity during the day, with daily games and revisits to the game throughout the day. Any activities that replace this entertainment are a substitute.

4.4 Competitive Edge

(removed for privacy)

5.0 Marketing

5.1 Positioning

GameStart will be positioned by its product attributes. (section removed) The customer will see the game as a unique in that nothing like it currently exists.

5.2 Sales Strategy and Tactics

The core management team will implement a series of push tactics and direct sales marketing over the next 2 years to create interest and awareness of the game, drive users and acquire key advertisement and sponsorship contracts. The latter will develop as the game gains traction in the market and builds users over the upcoming months.

5.3 Advertising and Promotion Plans

The following is a brief description of the advertisement and promotional tools used to create customer awareness and drive monthly active users playing GameStart. In the first 12 months preceding product launch, each channel will focus on building excitement and engagement with customer on upcoming game launch. After the product is launched, the promotion plan will be to aggressively drive users of the game, and maintain high brand recall and playing frequency in users.

Create Relationship, Communicate With Target Market & Building Interest/Anticipation

Facebook Groups

The Company will create and market to existing groups through Facebook that are interested in (removed). The company will use this channel to communicate, build interest and create game awareness to target market and build strong customer base.

Result: Gain 5000 monthly active users over 12-month period

Cost: Negligible

SEO & Google Advertisement

Will optimize website and target searches (organic and paid search strategy) to attract target market interested in (removed) and related games. Will generate a strong email list through this tactic to build relationship, interest and motivate to trial product upon release.

Result: Gain 5000 monthly active users over 12-month period

Cost: \$3000 in Year 1, \$12,000 in Year 2

Motivate Product Trial On Facebook

Affiliate Marketing

Contact 'super-affiliate' organizations to aggressively drive active monthly users of GameStart

Result: 10,000 monthly active users over 12-month period

Cost: 30% revenue commission

Organic Growth Through Ongoing Tournaments, Communications & Sponsorships

Result: 2500 monthly active users over 12-month period

Cost: Negligible

Cross Game Marketing

Cross-market with various (removed) sites and games.

Result: 2500 monthly active users over 12-month period

Cost: Approximately 5% of net sales, or \$113,750 in Year 2

Upon the launch of the game, the Company will utilize super affiliates and cross game marketing to drive game trial users, as well as a host of promotional tournaments, which encourage increased play and word-of-mouth marketing amongst users.

5.5 Pricing Strategy

The company will use competition-based pricing for both GameStart Facebook and website version. Purchased extra game credit will cost the same as found in similar Zynga games, and tournament entrance price for the gaming site will follow a similar pricing strategy as found in (removed). Advertisement and sponsorship pricing will depend on the game's monthly active users, and will increase each quarter accordingly.

5.6 Channels of Distribution

The primary distribution channel will be Facebook. The channel will drive awareness, users and sales for the first 12 months, then the secondary channel will be the website, GameStart.com. The game will be available on Google+, and will expand to an app version on iPhone, iPad and Android platforms.

6.0 Organization

6.1 Owner Biography

Jonathan Lucas, CEO

As CEO, Jonathan's duties are to overseeing the overall vision and direction and strategy of the company.

Experience

Jonathan Lucus (BA, CFP, FMA) is currently an Executive Financial Consultant and principal of ABC Financial Association, is respected and known for his tax minimization and wealth accumulation strategies for Calgary's high net worth individuals, families, professionals, and corporations. Jonathan has worked with ABC Inc. since 1999. He holds a Bachelor of Arts degree in Economics and Philosophy from Simon Fraser University, is a Certified Financial Planner (CFP) designated through the Financial Planning Standards Council, and a Financial Management Advisor (FMA) through the Canadian Securities Institute.

Ryan H. Howe, COO & President

Ryan Howe is the Chief Operating Officer of 4 Game Inc. The primary strength he brings to the team is his expertise in the field of Strategic Financial Innovation, which he utilize to help guide 4 Game to success.

Experience

For the past year Ryan has worked as a Business Development Coordinator for Steve Jones at ABC Inc. in Richmond, British Columbia. He has helped Steve gain top 1% of sales within the company over the 12-month period. Prior to ABC Inc. he was involved in the conception and development of an investment fund business model, where his efforts lead to raising over one million dollars towards vision and development of the intellectual property of an investment fund technology. During this time, he enlisted the expertise of numerous industry professionals to support and implement the business model successfully.

Before his work with the investment fund Ryan helped build ABC.com, an investment growth resource which markets key investment information on thousands of small cap companies in numerous categories, including biotech, technology and mining.

Steve Monter, CTO

As Chief Technical Officer of 4 Game, Steve Monter will be responsible for executing all marketing efforts, as well as the technical, digital and website aspects involved.

Experience

Mr. Monter is a graduate of the University of British Columbia and earned a Bachelor of Arts Degree in the areas of economics and political science. He has 8 years of experience in the capital

markets and has been involved in many aspects of the industry; brokerage and public company arenas. Currently, Mr. Monter handles corporate development and investor awareness for a group of public mining companies (production and exploration) located in X, British Columbia. The ABC Group has six resource companies in its portfolio that have raised in excess of \$75 million for various exploration and development projects around the world. Over the years, Mr. Monter has built an impressive network of contacts on Europe and North America.

6.2 Ownership

The current company ownership of 4 Game Inc. is as follows:

40% Ryan Howe
40% Jonathan Lucas
20% Steve Monter

7.0 Key Risks

7.1 Description of Risks

1. New Company

4 Game is a new company and a new product. This creates significant risk if the company is unable to gain market traction with its product, create and maintain required users or adapt to any unforeseen technical problems associated with the product or release process. Additionally, as a start-up it is difficult to project accurate revenue projections, and any inability to adapt to unforeseen inaccuracies could negatively affect the company's success.

2. Relationship With Facebook

If the Company is unable to maintain a good relationship with Facebook, the business will suffer. A large majority of the revenue and players are through the Facebook platform, therefore any changes, limitations, terminations, creation of its own product or providing other competitors more favorably on behalf of Facebook can have a significantly negative impact on the company's success.

3. New and Rapidly Changing Industry

4 Game is entering a new and rapidly changing industry, which makes it difficult to evaluate the business and prospects. The growth of the social game industry and the level of demand and market acceptance of GameStart games are subject to a high degree of uncertainty. Future operating results will depend on numerous factors affecting the social game industry, many of which are beyond management's control, including:

- Continued worldwide growth in the adoption and use of Facebook and other social networks
- Changes in consumer demographics and public tastes and preferences
- The availability and popularity of other forms of entertainment
- The worldwide growth of personal computer, broadband Internet and mobile device users, and the rate of any such growth
- General economic conditions, particularly economic conditions adversely affecting discretionary consumer spending

Management's ability to plan for game development, distribution and promotional activities will be significantly affected by its ability to anticipate and adapt to relatively rapid changes in the tastes and preferences of our current and potential players. New and different types of entertainment may increase in popularity at the expense of social games. A decline in the popularity of social games in general, or our games in particular would harm our business and prospects.

4. Security Breaches

Security breaches, computer viruses and computer hacking attacks could harm our business and results of operations.

5. Loss of Management or Development Team

Any loss of key management or development team members during production and launch of 4 Game's first flagship product would have a very significant impact on the company and ability to meet revenue projections.

8.0 Financial Requirements and Cash Flow Projections

8.1 Type and Amount of Financing Required

Management is seeking to raise \$250,000 in equity financing in exchange for 20% ownership in 4 Game Holdings Ltd. The primary use of funds will be the development and marketing of GameStart through Years 1-4.

8.2 Pro-forma Income Statement

4 Game Inc.																
Pro-forma Income Statement																
													For Period Ending: May 31, 2013			
Period Starting:	June	July	August	September	October	November	December	January	February	March	April	May	Total Y1	Total Y2	Total Y3	Total Y4
Website Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,500,000	\$42,000,000	\$210,000,000
Social Media Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,400,000	\$33,600,000	\$168,000,000
Less: Website Payouts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,000	\$1,000,000	\$5,000,000
Less: Facebook Commission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000	\$300,000	\$1,500,000
Net Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,275,000	\$9,100,000	\$45,500,000
Gross Profit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,275,000	\$9,100,000	\$45,500,000
Expenses																
Management Wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,000	\$36,000	\$36,000
Network/Database Security Wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$10,000	\$60,000	\$60,000	\$60,000
Product Development Cost	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000	\$120,000	\$120,000	\$120,000
Utilities	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000	\$3,000	\$3,000	\$3,000
Google Adwords/SEO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$3,000	\$12,000	\$24,000	\$48,000
Affiliate Marketing Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$682,500	\$2,730,000	\$13,650,000
Cross Selling Game Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$113,750	\$455,000	\$2,275,000
Rent	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300	\$18,000	\$18,000	\$18,000
Licensing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,000	\$15,000	\$0	\$0	\$0
Monthly Website Upkeep	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$6,000	\$6,000	\$6,000
Total Expenses	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$16,775	\$33,275	\$152,800	\$1,051,250	\$3,452,000	\$16,216,000
Net Income (Loss)	(\$10,275)	(\$10,275)	(\$10,275)	(\$10,275)	(\$10,275)	(\$10,275)	(\$10,275)	(\$10,275)	(\$10,275)	(\$10,275)	(\$16,775)	(\$33,275)	(\$152,800)	\$1,223,750	\$5,648,000	\$29,284,000
Cumulative Net Income (Loss)	(\$10,275)	(\$20,550)	(\$30,825)	(\$41,100)	(\$51,375)	(\$61,650)	(\$71,925)	(\$82,200)	(\$92,475)	(\$102,750)	(\$119,525)	(\$152,800)	(\$152,800)	\$1,070,950	\$6,718,950	\$36,002,950

8.3 Pro-forma Cash Flow Statement

Cash Flow Statement Year 1

4 Game Inc.													
Pro-Forma Cash Flow Statement													
	For Year Ending: May 31, 2013												
Month:	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total Y1
Sales													
Website Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Website Payouts													
Social Media Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Facebook Commission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash In													
Previous Month Credit Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Out													
Management Wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Network/Database Security Wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$10,000
Product Development Cost	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000
Utilities	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Google Adwords/SEO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$3,000
Affiliate Marketing Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cross Selling Game Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Licensing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,000	\$15,000
Monthly Website Upkeep	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$1,500
Total Cash Payments	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$10,275	\$16,775	\$33,275	\$152,800
Cashflow Surplus/Deficit (-)	-\$10,275	-\$10,275	-\$10,275	-\$10,275	-\$10,275	-\$10,275	-\$10,275	-\$10,275	-\$10,275	-\$10,275	-\$16,775	-\$33,275	-\$152,800
Opening Cash Balance	\$20,000	\$9,725	-\$550	-\$10,825	-\$21,100	-\$31,375	-\$41,650	-\$51,925	-\$62,200	-\$72,475	-\$82,750	-\$99,525	\$20,000
Closing Cash Balance	\$9,725	-\$550	-\$10,825	-\$21,100	-\$31,375	-\$41,650	-\$51,925	-\$62,200	-\$72,475	-\$82,750	-\$99,525	-\$132,800	-\$132,800

Cash Flow Statement Year 2

4 Game Inc.													
Pro-Forma Cash Flow Statement													
For Year Ending:													May 31, 2014
Month:	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total Y2
Sales													
Website Sales	\$525,000	\$525,000	\$525,000	\$875,000	\$875,000	\$875,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$10,500,000
Less: Website Payouts	\$420,000	\$420,000	\$420,000	\$700,000	\$700,000	\$700,000	\$840,000	\$840,000	\$840,000	\$840,000	\$840,000	\$840,000	\$8,400,000
Social Media Sales	\$12,500	\$12,500	\$12,500	\$20,833	\$20,833	\$20,833	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$250,000
Less: Facebook Commission	\$3,750	\$3,750	\$3,750	\$6,250	\$6,250	\$6,250	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$75,000
Net Sales	\$113,750	\$113,750	\$113,750	\$189,583	\$189,583	\$189,583	\$227,500	\$227,500	\$227,500	\$227,500	\$227,500	\$227,500	\$2,275,000
Cash In													
Previous Month Credit Sales	\$0	\$113,750	\$113,750	\$113,750	\$189,583	\$189,583	\$189,583	\$227,500	\$227,500	\$227,500	\$227,500	\$227,500	\$2,047,500
Total Cash Receipts	\$0	\$113,750	\$113,750	\$113,750	\$189,583	\$189,583	\$189,583	\$227,500	\$227,500	\$227,500	\$227,500	\$227,500	\$2,047,500
Cash Out													
Management Wages	\$0	\$0	\$0	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$36,000
Network/Database Security Wages	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
Product Development Cost	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000
Utilities	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Google Adwords/SEO	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Affiliate Marketing Costs	\$34,125	\$34,125	\$34,125	\$56,875	\$56,875	\$56,875	\$68,250	\$68,250	\$68,250	\$68,250	\$68,250	\$68,250	\$682,500
Cross Selling Game Expense	\$5,688	\$5,688	\$5,688	\$9,479	\$9,479	\$9,479	\$11,375	\$11,375	\$11,375	\$11,375	\$11,375	\$11,375	\$113,750
Rent	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Licensing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Website Upkeep	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$6,000
Total Cash Payments	\$57,563	\$57,563	\$59,063	\$88,104	\$88,104	\$89,604	\$101,375	\$101,375	\$102,875	\$101,375	\$101,375	\$102,875	\$1,051,250
Cashflow Surplus/Deficit (-)	-\$57,563	\$56,188	\$54,688	\$25,646	\$101,479	\$99,979	\$88,208	\$126,125	\$124,625	\$126,125	\$126,125	\$124,625	\$996,250
Opening Cash Balance	-\$132,800	-\$190,363	-\$134,175	-\$79,488	-\$53,842	\$47,638	\$147,617	\$235,825	\$361,950	\$486,575	\$612,700	\$738,825	-\$132,800
Closing Cash Balance	-\$190,363	-\$134,175	-\$79,488	-\$53,842	\$47,638	\$147,617	\$235,825	\$361,950	\$486,575	\$612,700	\$738,825	\$863,450	\$863,450

Cash Flow Statement Year 3

4 Game Inc.													
Pro-Forma Cash Flow Statement													
For Year Ending:													Total
May 31, 2015													Y3
Month:	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Sales													
Website Sales	\$2,100,000	\$2,100,000	\$2,100,000	\$3,500,000	\$3,500,000	\$3,500,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$42,000,000
Less: Website Payouts	\$1,680,000	\$1,680,000	\$1,680,000	\$2,800,000	\$2,800,000	\$2,800,000	\$3,360,000	\$3,360,000	\$3,360,000	\$3,360,000	\$3,360,000	\$3,360,000	\$33,600,000
Social Media Sales	\$50,000	\$50,000	\$50,000	\$83,333	\$83,333	\$83,333	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$1,000,000
Less: Facebook Commission	\$15,000	\$15,000	\$15,000	\$25,000	\$25,000	\$25,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$300,000
Net Sales	\$455,000	\$455,000	\$455,000	\$758,333	\$758,333	\$758,333	\$910,000	\$910,000	\$910,000	\$910,000	\$910,000	\$910,000	\$9,100,000
Cash In													
Previous Month Credit Sales	\$227,500	\$455,000	\$455,000	\$455,000	\$758,333	\$758,333	\$758,333	\$910,000	\$910,000	\$910,000	\$910,000	\$910,000	\$8,417,500
Total Cash Receipts	\$227,500	\$455,000	\$455,000	\$455,000	\$758,333	\$758,333	\$758,333	\$910,000	\$910,000	\$910,000	\$910,000	\$910,000	\$8,417,500
Cash Out													
Management Wages	\$0	\$0	\$0	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$36,000
Network/Database Security Wages	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
Product Development Cost	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000
Utilities	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Google Adwords/SEO	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
Affiliate Marketing Costs	\$136,500	\$136,500	\$136,500	\$227,500	\$227,500	\$227,500	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000	\$2,730,000
Cross Selling Game Expense	\$22,750	\$22,750	\$22,750	\$37,917	\$37,917	\$37,917	\$45,500	\$45,500	\$45,500	\$45,500	\$45,500	\$45,500	\$455,000
Rent	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Licensing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Website Upkeep	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$6,000
Total Cash Payments	\$178,000	\$178,000	\$179,500	\$288,167	\$288,167	\$289,667	\$341,250	\$341,250	\$342,750	\$341,250	\$341,250	\$342,750	\$3,452,000
Cashflow Surplus/Deficit (-)	\$49,500	\$277,000	\$275,500	\$166,833	\$470,167	\$468,667	\$417,083	\$568,750	\$567,250	\$568,750	\$568,750	\$567,250	\$4,965,500
Opening Cash Balance	\$863,450	\$912,950	\$1,189,950	\$1,465,450	\$1,632,283	\$2,102,450	\$2,571,117	\$2,988,200	\$3,556,950	\$4,124,200	\$4,692,950	\$5,261,700	\$863,450
Closing Cash Balance	\$912,950	#####	\$1,465,450	\$1,632,283	\$2,102,450	\$2,571,117	\$2,988,200	\$3,556,950	\$4,124,200	\$4,692,950	\$5,261,700	\$5,828,950	\$5,828,950

Cash Flow Statement Year 4

4 Game Inc.													
Pro-Forma Cash Flow Statement													
For Year Ending: May 31, 2016													
Month:	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
													Y4
Sales													
Website Sales	\$10,500,000	\$10,500,000	\$10,500,000	\$17,500,000	\$17,500,000	\$17,500,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$210,000,000
Less: Website Payouts	\$8,400,000	\$8,400,000	\$8,400,000	\$14,000,000	\$14,000,000	\$14,000,000	\$16,800,000	\$16,800,000	\$16,800,000	\$16,800,000	\$16,800,000	\$16,800,000	\$168,000,000
Social Media Sales	\$250,000	\$250,000	\$250,000	\$416,667	\$416,667	\$416,667	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$5,000,000
Less: Facebook Commission	\$75,000	\$75,000	\$75,000	\$125,000	\$125,000	\$125,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$1,500,000
Net Sales	\$2,275,000	\$2,275,000	\$2,275,000	\$3,791,667	\$3,791,667	\$3,791,667	\$4,550,000	\$4,550,000	\$4,550,000	\$4,550,000	\$4,550,000	\$4,550,000	\$45,500,000
Cash In													
Previous Month Credit Sales	\$910,000	\$2,275,000	\$2,275,000	\$2,275,000	\$3,791,667	\$3,791,667	\$3,791,667	\$4,550,000	\$4,550,000	\$4,550,000	\$4,550,000	\$4,550,000	\$41,860,000
Total Cash Receipts	\$910,000	\$2,275,000	\$2,275,000	\$2,275,000	\$3,791,667	\$3,791,667	\$3,791,667	\$4,550,000	\$4,550,000	\$4,550,000	\$4,550,000	\$4,550,000	\$41,860,000
Cash Out													
Management Wages	\$0	\$0	\$0	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$36,000
Network/Database Security Wages	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
Product Development Cost	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000
Utilities	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Google Adwords/SEO	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$48,000
Affiliate Marketing Costs	\$682,500	\$682,500	\$682,500	\$1,137,500	\$1,137,500	\$1,137,500	\$1,365,000	\$1,365,000	\$1,365,000	\$1,365,000	\$1,365,000	\$1,365,000	\$13,650,000
Cross Selling Game Expense	\$113,750	\$113,750	\$113,750	\$189,583	\$189,583	\$189,583	\$227,500	\$227,500	\$227,500	\$227,500	\$227,500	\$227,500	\$2,275,000
Rent	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Licensing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Website Upkeep	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$6,000
Total Cash Payments	\$817,000	\$817,000	\$818,500	\$1,351,833	\$1,351,833	\$1,353,333	\$1,617,250	\$1,617,250	\$1,618,750	\$1,617,250	\$1,617,250	\$1,618,750	\$16,216,000
Cashflow Surplus/Deficit (-)	\$93,000	\$1,458,000	\$1,456,500	\$923,167	\$2,439,833	\$2,438,333	\$2,174,417	\$2,932,750	\$2,931,250	\$2,932,750	\$2,932,750	\$2,931,250	\$25,644,000
Opening Cash Balance	\$863,450	\$956,450	\$2,414,450	\$3,870,950	\$4,794,117	\$7,233,950	\$9,672,283	\$11,846,700	\$14,779,450	\$17,710,700	\$20,643,450	\$23,576,200	\$863,450
Closing Cash Balance	\$956,450	\$2,414,450	\$3,870,950	\$4,794,117	\$7,233,950	\$9,672,283	\$11,846,700	\$14,779,450	\$17,710,700	\$20,643,450	\$23,576,200	\$26,507,450	\$26,507,450

8.4 Assumptions To Financial Documents

Financials are based on pro-forma projections, and are subject to significant variation. The following are assumptions to financial documents:

- Facebook GameStart game will acquire 25,000 monthly active users in Y2, 100,000 users in Y3 and 500,000 users in Y4.
- In Years 1-4 estimated that 15% of these users will be acquired in Q1, 25% in Q2, 30% in Q3 and 30% in Q4, due to estimated viral nature of growth
- Average amount spent per user on GameStart.com monthly is \$35/month. Calculated as 50% less than median monthly amount spent on (removed) per person in Canada, or 50% of the normal (removed) due to unfamiliarity of new game
- Estimated of Facebook players, 20% will purchase at the amount of approximately \$50/year of enhanced game credits (based on released statistics by Facebook Inc.)
- 30-day time period for receiving cash payment from Facebook and credit card companies, reflected in pro-forma cash flow statements