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Business Plan Highlights:

- ◆ Premier provider of remote video surveillance, utilizing digital technology
- ◆ Exploits heightened public sensitivity to existing security vulnerabilities
- ◆ Targets U.S. demand of \$13B, by 2010, and worldwide demand of \$28B
- ◆ Highly seasoned management team, supported by top advisors & staff

Remote Systems, Inc.

*Premier Provider of Digital Security Surveillance
For The U.S. Private and Public Sectors*

Seeks Investor Contributions
In The Amount Of

\$10,000,000

April 1, 2006

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Remote Systems, Inc.

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Executive Summary

Tragic events in the U.S., and elsewhere, have heightened global awareness of the need for early-warning security systems to deal with foreign terrorism, domestic crime, and natural disasters. This pandemic need has given rise to a global security industry, totaling \$185 billion, with one-third of this demand generated in the U.S. Contracted security guards account for 40% of all service expenditures, but this is prohibitively expensive for small businesses or individuals seeking round-the-clock security coverage. While most security monitoring services rely on analog-based, closed circuit TV, this solution has become a legacy system, in the face of new digital products and IP technology, capable of capturing, communicating, and evaluating a wide array of sensory signals emanating from anywhere in the world. Remote Systems intends to exploit the intersection of these exploding markets, by providing the private and public sectors state-of-the-art, remote surveillance that is interactive, economical, comprehensive, and scalable. In 2006, the projected U.S. demand for digital video surveillance is \$2.3 billion, but by 2010, this figure will reach \$13.1 billion, reflecting annual growth of 55%. Keys to success include establishing commercial presence, optimizing operating processes, marketing company offerings, and promoting research and development. The company is led by seasoned experts, who are supported by an array of top advisors.

Company. Remote Systems, Inc., will be the premier provider of remote digital video surveillance, for businesses, residences, and public agencies in the U.S. It will be a North Carolina C corporation, with headquarters and principal operating facilities, located in Raleigh, NC, within the famed Research Triangle Park.

Services and Products. The company will provide remote surveillance of private and public premises, utilizing existing digital and IP technology, in conjunction with high-speed cable and phone connections. It offers video and GPS monitoring subscriptions, security consulting services, equipment sales, and installation.

Market. Within the \$66 billion U.S. security industry, digital video surveillance represents the fastest growing sector, with an average annual growth rate of 55%. In 2006, the U.S. market for the types of surveillance services that Remote offers will be \$2.3 billion — by 2010, this figure is anticipated to reach \$13.1 billion.

Industry. Existing providers of remote surveillance cater to high-end corporate clients or focus on niche security products, but by offering a wide selection of affordable service plans and digital equipment to a broad base of businesses, consumers, and public agencies, Remote plans to quickly dominate competition.

Strategy. Strategies for success include: establishing commercial capacity, by October 1, 2006; optimizing operating processes to assure net profitability and customer satisfaction; conducting effective marketing to maximize company revenues; and promoting robust research and development to ensure long-term growth.

Implementation. The operating plan will utilize a six-month pre-operating period to finalize software development and establish a commercial capacity, capable of serving a broad range of clients, nationwide. The marketing plan will rely upon multi-channel advertising and major strategic alliances to generate revenues.

Management. The company will be led by its founder, a seasoned security industry executive and prior deputy sheriff for San Diego County. He will be supported by a high-caliber management team, well-chosen Board of Advisors, network of strategic supply partners, and a well-qualified staff of security professionals.

Risk Assessment. Remote is poised to exploit the tremendous private and public sector demand that exists in the U.S. and worldwide, for affordable, remote surveillance that utilizes digital technology. Key success factors, along with critical risk factors, have been evaluated — business success is highly achievable.

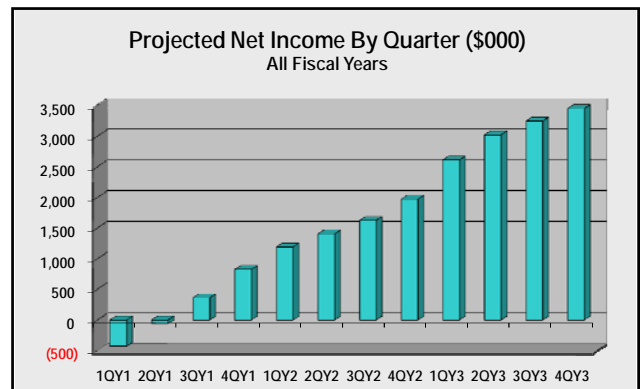
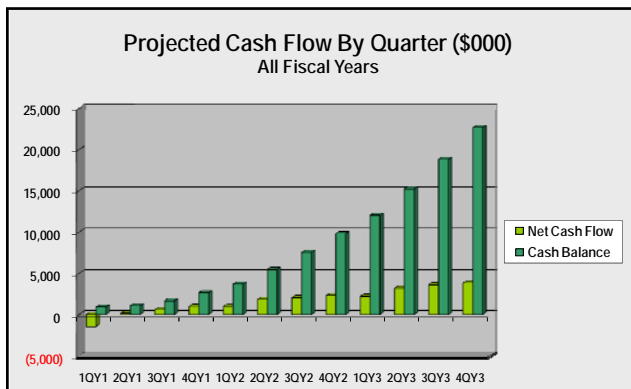
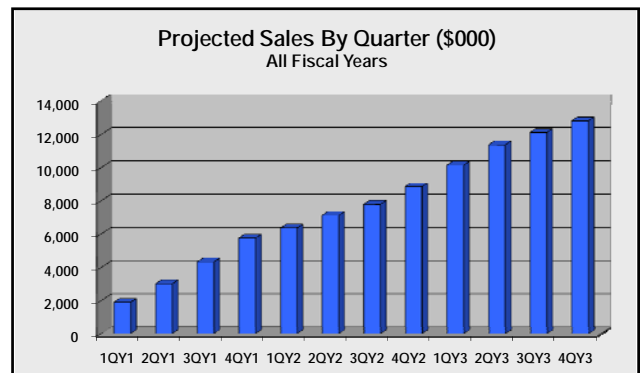
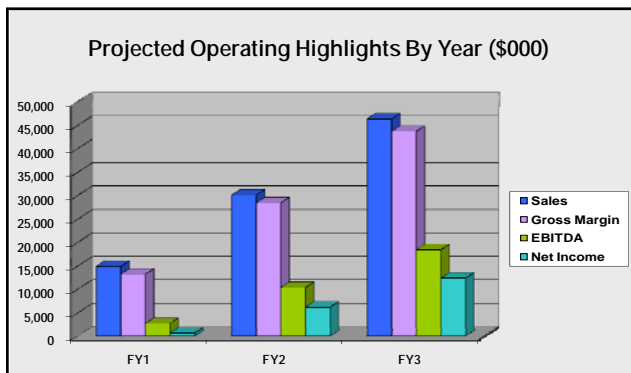
Financial Summary

Remote Systems, Inc., is seeking investor contributions, totaling \$10,000,000 by April 1, 2006. This cash infusion will result in dramatic revenue and income growth over the 3-year planning period and position the company for global expansion, as an industry leader in remote surveillance.

Capitalization Plan. Remote proposes to pursue its strategic goals, by obtaining investor contributions, totaling \$10,000,000, by April 1, 2006. These funds will be used to cover working capital requirements, totaling \$0.4 million, plus capital expenditures requirements, totaling \$8.7 million, relating to property, plant & equipment and pre-operating costs classified as deferred charges, and to establish reserves of \$0.9 million.

Projected Operating Results. Sales are projected to increase, from \$14.9 million in FY1, to \$46.4 million in FY3. Net income is projected to increase, from \$0.7 million in FY1, to \$12.3 million in FY3. Net income, as a percentage of sales, ranges from 5% to 27%; return on total investment ranges, from 7% to 123%. A minimum cash balance of \$0.8 million occurs in Month 2, FY1; ending FY3 cash balance reaches \$22.7 million.

Projected Operating Highlights (\$000)															
Operations: 10/1/06	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FY1	FY2	FY3
Sales	588	581	721	788	1,086	1,113	1,307	1,384	1,623	1,703	1,948	2,082	14,924	30,073	46,368
Gross Margin	393	476	609	683	940	998	1,157	1,254	1,473	1,559	1,784	1,919	13,245	28,422	43,744
Operating Expenses	510	506	598	663	796	808	930	966	1,071	1,146	1,257	1,321	10,572	18,058	25,285
EBITDA	(117)	(30)	11	20	144	190	227	288	402	413	527	598	2,673	10,364	18,459
Income Before Taxes	(263)	(176)	(136)	(126)	(2)	44	81	142	255	267	381	452	919	8,259	16,449
Net Income	(197)	(132)	(102)	(94)	(1)	33	61	106	191	200	286	339	690	6,194	12,334
Percentages:															
Gross Margin/Sales	67%	82%	84%	87%	87%	90%	89%	91%	91%	92%	92%	92%	89%	95%	94%
EBITDA/Sales	-20%	-5%	2%	3%	13%	17%	17%	21%	25%	24%	27%	29%	18%	34%	40%
Net Income/Sales	-34%	-23%	-14%	-12%	0%	3%	5%	8%	12%	12%	15%	16%	5%	21%	27%
Return On Investment													7%	62%	123%
Net Cash Flow	(1,317)	(188)	82	(4)	41	110	146	185	253	265	345	404	322	7,150	12,833
Cash Balance - Ending	1,029	841	923	919	960	1,070	1,216	1,401	1,654	1,919	2,264	2,668	2,668	9,818	22,651



Company

Remote Systems, Inc., will be the premier provider of remote video surveillance, for businesses, residences, and public agencies, in the U.S. It will be a North Carolina C corporation, with headquarters and operating facilities, located in Raleigh, NC, within the famed Research Triangle Park.

Mission-Vision. The company's three-year mission is to become the premier U.S. provider of digital-based, remote surveillance for the private and public sectors. By melding existing technology, with proprietary software designed to detect local changes in video, audio, and other sensory input, and then communicate these changes to remote, monitoring locations for security evaluation, Remote Systems will provide low-cost, round-the-clock protection against a wide range of human and other physical threats affecting businesses, residences and public premises. The long-term vision is to leverage inaugural success in the U.S., by offering remote monitoring services, security consulting, and digital equipment to consumers, worldwide.

Business Opportunity. Tragic events in the U.S., and elsewhere, have sharpened global awareness of the need for early-warning security systems to deal with foreign terrorism, domestic crime, and natural disasters. Pandemic need for greater scrutiny of our environments has given rise to a global security industry, totaling \$185 billion, with one-third of this demand generated in the U.S.¹ Contracted security guards account for 40% of all service expenditures,² but this is a prohibitively expensive solution for businesses or individuals seeking omni-present security coverage — moreover, the analog-based, closed circuit TV products that form the backbone of most onsite or remote monitoring services have become legacy systems, in the face of new digital products and IP technology, capable of capturing, communicating and evaluating a wide array of sensory signals, emanating from anywhere in the world.³ Remote Systems intends to exploit the intersection of these exploding markets, by providing private and public sector consumers with state-of-the-art security monitoring that is economical, comprehensive, and scalable. In 2006, the projected U.S. demand for digital video surveillance is \$2.3 billion — by 2010, this figure is expected to reach \$13.1 billion, reflecting annual growth of 55%.⁴ Existing providers cater to high-end corporate clients or focus on niche security products, but by offering a wide selection of highly affordable service plans and digital equipment to a broad base of businesses, homeowners, and public agencies, Remote intends to quickly dominate competition. Keys to success include establishing commercial presence, optimizing key operating processes, effectively marketing company offerings, and promoting robust research and development of new services and markets. To achieve its objectives, Remote Systems is seeking \$10,000,000 in investor contributions, by April 1, 2006.

Legal Entity and Ownership. The company intends to incorporate in North Carolina, as a C corporation, under the name, Remote Systems, Inc., doing business as Remote Systems. Its founder, Mr. Ralph Player, holds 100% ownership interest and will actively manage company operations.

History. Mr. Player possesses 15 years of security industry experience, involving executive-level responsibility in a security management firm and street-level experience, as a sworn police officer. His financial advisor, Mr. James Miller, is an experienced intermediary and will act as a business development consultant. Substantial preliminary activities that have already occurred, include feasibility studies, strategic planning, market research, and key consultant retention.

Location and Facilities. Remote intends to locate its headquarters and principal Video Monitoring Center in Raleigh, NC, within the Research Triangle Park. This unique research and development community is home to some of the most leading-edge, technological companies in the world.

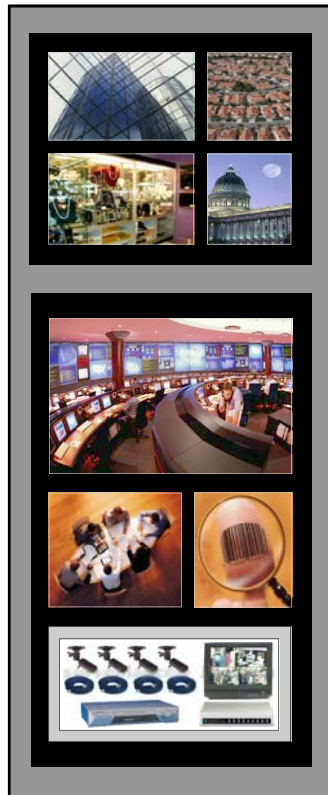
Financial History			
Inception To Business Plan Start-Up			
	Actual 2004	Forecasted 12/31/05	Forecasted 03/31/06
ASSETS:			
Cash			100,000
Property, Plant & Equipment	1,500	2,500	2,800
Deferred Charges	1,350	3,800	11,700
Total Assets	2,850	6,300	114,500
LIABILITIES:			
Long-Term Notes Payable			100,000
Total Liabilities	0	0	100,000
EQUITY:			
Paid-In Capital	2,850	6,300	14,500
Retained Earnings		0	0
Total Equity	2,850	6,300	14,500
Total Liabilities & Equity	2,850	6,300	114,500

Services and Products

The company will provide remote surveillance of private and public premises, utilizing existing digital and IP technology, along with high-speed cable and phone connections. It offers video and GPS monitoring subscriptions, security consulting services, and equipment sales and installation.



Business Summary. Remote Systems will be the premier provider of remote surveillance in the U.S. and around the world. Leveraging digital technology and equipment that utilizes cable or telephone connections, the company will offer interactive, remote surveillance of business, residential, and government premises. Round-the-clock security evaluations of video, audio, motion, temperature or other digital sensory input will be performed, which are then communicated to end clients or to emergency responders. In addition to protective services, including monitoring and GPS tracking, Remote will offer security consulting services and coordinate digital equipment sales and installation. Revenues will arise from monthly monitoring subscriptions, consulting fees, and vendor referral fees on equipment sales and installa-



DIGITAL VIDEO SURVEILLANCE

October 1, 2006

Following six months of preparation, Remote will offer remote digital video surveillance, for U.S. private and public sector clients, utilizing onsite digital equipment, IP technology, and high-speed cable or telephone connections:

- ◆ *Business:* Any size firm, retail or industrial, internal or external premises.
- ◆ *Residential:* Single detached or multi-unit, individual or gated complexes.
- ◆ *Government:* Homeland Security risks, public buildings, airports, schools.

Monitoring Subscriptions

- ◆ *Remote Surveillance:* 3 levels of video surveillance & interactive audio communication.
- ◆ *GPS Tracking:* Satellite tracking of business assets, personal property, individuals or pets.

Consulting Services

The company will also offer a wide range of security consulting services — clients can opt for an annual Flex Plan or for project-based support.

Equipment Sales & Installation

Leveraging a network of strategic alliances, Remote will earn referral fees on sales of cameras, DVRs, servers, and related onsite installation.

AVG. UNIT REVENUE

Monthly Subscriptions

Surveillance: \$159-349

GPS Tracking: \$19

Consulting Fees

Flex Plan: \$12K/Yr.

Projects: \$50K/Project

Vendor Referrals

Video Equip: \$400/Unit

GPS Equip: \$100/Unit

Competitive Comparison. Existing competitors cater to high-end corporate clients, rely on legacy systems, or focus on product sales. Remote will merge proprietary software with high-end technology to provide a full range of protective service and security consultancy solutions, for the entire spectrum of feasible end users.

Sourcing and Fulfillment. Remote will establish an industry benchmark for operating excellence, by relying on the finest security technology experts available and by forging a network of strategic supply alliances.

Future Development. The company will promote robust development of new services, products, and markets, on an international scale. The same technological capabilities that allow Remote to provide digital remote surveillance of U.S. facilities or installations can be applied to a host of similar applications, worldwide.

Market

Within the \$66 billion U.S. security industry, digital video surveillance represents the fastest growing sector, with average annual growth of 55%. In 2006, the U.S. market for the types of services that Remote offers will be \$2.3 billion — by 2010, this figure is anticipated to reach \$13.1 billion.

General Analysis. Global expenditures to combat an expanding kaleidoscope of human and natural security threats is projected to reach \$185 billion in 2006, including \$120 billion on security services and \$65 billion on security products. U.S. private and public sectors will account for \$66 billion in expenditures, or approximately one-third of world demand.⁵ Remote video surveillance is the fastest growing sector of the security industry,⁶ but within this sector, a huge migration is underway, from legacy systems, which rely on analog-based, closed circuit TV monitoring, to digital-based systems that rely on IP networking technology.

Market Segmentation and Target Market Needs.

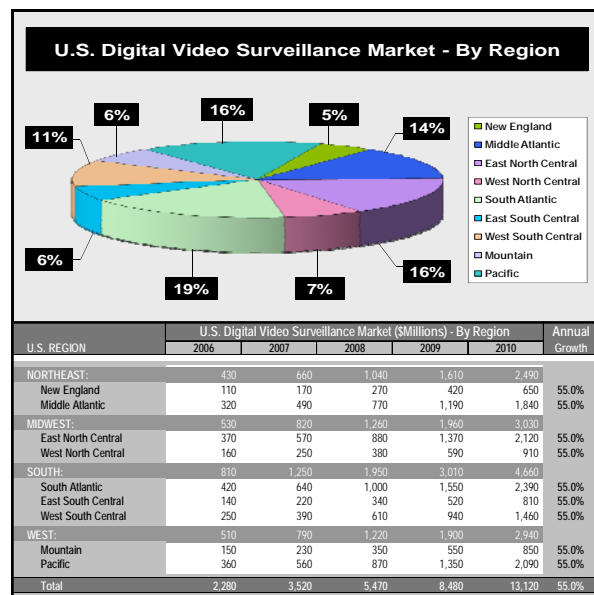
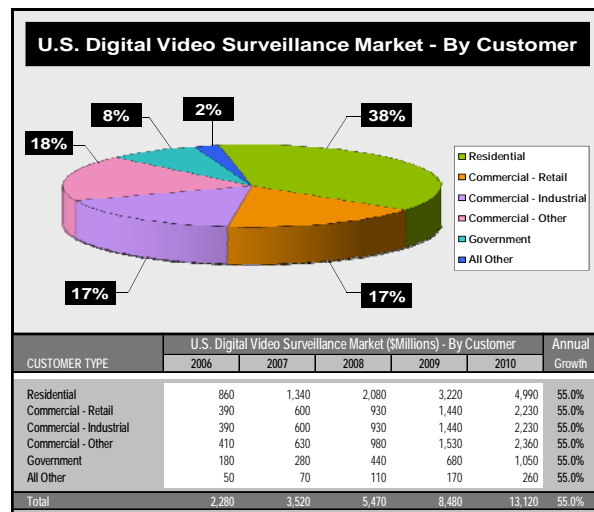
Remote will initially target U.S. private and public sector markets for remote digital video surveillance, but will then expand coverage to high-demand markets, worldwide.

Digital Video Surveillance Market - By Customer: By 2003, the global demand for digital video surveillance had expanded to \$1.3 billion, and was projected to reach \$7.4 billion, by 2007, reflecting an average annual growth rate of 55%.⁷ Applying interpolation and extrapolation of these figures, and utilizing the fact that the U.S. represents 47% of global demand, suggests that U.S. demand for digital video surveillance will be \$2.3 billion, in 2006, reaching \$13.1 billion, by 2010. This broadly defined market is comprised of three major categories of customers: **Commercial** (52%), **Residential** (38%), and **Government & Other** (10%).⁸

Digital Video Surveillance Market - By U.S. Region: This broad national market can be segmented, across 9 distinct regions,⁹ defined by the U.S. Census Bureau, as follows — **South Atlantic** (19%), **Pacific** (16%), **East North Central** (16%), **Middle Atlantic** (14%), **West South Central** (11%) & **4 Other Regions** (24%).

Market Drivers. Business sector demand will be fueled, by replacement of private, contracted security guards, which currently represent 40% of all U.S. security service expenditures, with remote, digital surveillance solutions.¹⁰ Families and individuals, concerned with residential safety, will support a projected increase in market penetration of home IP networking, from 18% to 31%, by 2009.¹¹ Public sector demand will be driven by pervasive and well-publicized Homeland Security needs and by the fact that a growing number of U.S. municipalities, with rapidly dwindling resources, are now legislatively mandating third party confirmation of potential threats, prior to live emergency responses.¹²

Market Growth and Trends. The phenomenal growth of public and private sector reliance on remote, digital-based surveillance is not restricted to the U.S. — the estimated global demand for these services is projected to be \$28 billion, by 2010.¹³ Visionaries that can satisfy this pandemic demand are poised to succeed.



Existing providers cater to high-end corporate clients or focus on niche security products, but by offering a wide selection of highly affordable service plans and digital equipment to a broad base of businesses, homeowners, and public agencies, Remote plans to quickly dominate competition.

General Characteristics. In 2002, an estimated 23,000 investigative and security service firms were employed in the U.S., generating \$31.2 billion in revenues¹⁴ — about 40% of these expenditures were related to the hiring or contracting of physical security guards, with remaining costs spread among a host of investigative and security services. By 2006, the U.S. security services industry is projected to expand to \$43 billion, with approximately \$15 billion related to security system services,¹⁵ including firms that offer fire or other alarm systems, and a growing number of techno-centric providers that offer electronic remote monitoring.

Emerging Trends. Following the tragic events of 9/11, the U.S. security industry has received huge impetus, from the Homeland Security Act of 2002,¹⁶ state and municipal legislative changes, and heightened public awareness of vulnerabilities that affect businesses, consumers, and governments. Greater reliance on technology, particularly involving digital and networking solutions, has created a high-demand environment.

KEY COMPETITORS	CATEGORY STRENGTHS	CATEGORY WEAKNESSES
<p><u>REMOTE SURVEILLANCE</u></p> <p><i>Many dozens of providers, ranging from large to small:</i></p>	<ul style="list-style-type: none"> • Offers economic alternative to use of onsite security guards. 	<ul style="list-style-type: none"> • Many firms limited to alarm monitoring or legacy CCTV.
<p>ADT Security Services Boca Raton, FL</p> <p>Westec Interactive Irvine, CA</p> <p>Protection One, Inc. Lawrence, KS</p> <p>Monitronics International Dallas, TX</p>	<ul style="list-style-type: none"> • 8 million customers, with 200 offices; wide range of services. • Pioneer in interactive security and video remote monitoring. • Specialist in firm alarm monitoring, with 1 million customers. • 4th largest security alarm company in U.S.; 500,00 customers. 	<ul style="list-style-type: none"> • Focus on alarms and access controls, not video monitoring. • Focus on high-end corporate clients, not smaller end users. • Little active presence, in field of remote video surveillance. • 2-way interactive audio, but little or no use of remote video.
<p><u>GPS MONITORING</u></p> <p><i>Rapidly growing industry, with hundreds of product providers:</i></p>	<ul style="list-style-type: none"> • Allows tracking of key assets, individuals or pets, via satellite. 	<ul style="list-style-type: none"> • Very few third party monitoring services; focus is on products.
<p>Security Intelligence Tech.</p> <p>Advanced Tracking Tech.</p>	<ul style="list-style-type: none"> • Offers turnkey home business. • Offers vehicle tracking products. 	<ul style="list-style-type: none"> • Not a remote surveillance firm. • No monitoring services offered.
<p><u>SECURITY CONSULTING</u></p> <p><i>Highly fragmented industry, with thousands of participants:</i></p>	<ul style="list-style-type: none"> • Many niche providers, with specialized expertise and focus. 	<ul style="list-style-type: none"> • Usually limited to narrow field, not a full spectrum of services.
<p>ICF Consulting</p> <p>Maven Security Consulting</p>	<ul style="list-style-type: none"> • Specialty: homeland security. • Specialty: web applications. 	<ul style="list-style-type: none"> • Advisors; no real surveillance. • Limited to web vulnerabilities.

Competitive Edge. Existing providers of remote surveillance generally target high-end corporate or other deep-pocket clients — many continue to rely on analog-based, legacy systems or limit themselves to the sale of niche products. Remote will dominate competition, by offering a wide selection of highly affordable service plans and the latest equipment to a broad base of businesses, homeowners and public agencies.

Strategy

Strategies for success include: establishing commercial capacity, by October 1, 2006; optimizing operating processes to assure net profitability and customer satisfaction; conducting effective marketing to maximize revenues; and promoting robust research and development to ensure growth.

Strategic Objectives. The company's three-year mission is to become the premier U.S. provider of digital-based, remote surveillance for the private and public sectors. Strategies for success include: (1) completing pre-operating tasks, necessary to establish full commercial capacity, by October 1, 2006; (2) optimizing key operating processes to ensure customer satisfaction and net profitability; (3) aggressively marketing company offerings to exploit competitive edge and maximize company revenues; and (4) promoting robust research and development of new services and expanded markets to position for long-term business growth.

- **Establish Commercial Capacity:** Commercial presence will be established, by completing six months of pre-operating tasks, designed to effectively implement the company's business model. Critical steps include: (a) finalizing early-stage preparatory efforts, involving feasibility studies, strategic planning, key management selection, consultant retention, and entity formation; (b) hiring software engineers to develop proprietary software that can utilize digital and IP network technology, along with high-speed cable and telephone connections, to permit remote security evaluations of video, audio, motion, temperature or other digital sensory input; (c) licensing call center software to create two-way, interactive voice communication with end clients; (d) negotiating and moving into suitable commercial space, located in Raleigh, NC, in or near the Research Triangle Park; (e) hiring and training personnel, acquiring necessary data servers, purchasing and installing furniture, fixtures and equipment, and completing all other infrastructure, necessary to establish a state-of-the-art Video Monitoring Center; (f) developing early marketing initiatives and forging critical strategic alliances across the supply chain; and (g) completing all other tasks, necessary to ensure commercial operations, by October 1, 2006.
- **Optimize Operating Processes:** Customer satisfaction and profitability will be assured, by optimizing key operating processes. This will involve: (a) minimizing labor costs, by maximizing the number of cameras that a technician can effectively monitor; (b) outsourcing equipment sales and installation to reputable vendors or contractors, utilizing drop shipments to eliminate warehousing, and conducting follow-on surveys to ensure client satisfaction; (c) confirming that camera set-ups protect individual rights of privacy; and (d) performing periodic evaluations to promote continual quality improvement.
- **Conduct Effective Marketing:** Revenues will be maximized, by effectively marketing the company's offerings and competitive advantages. Steps will include: (a) retaining a publicist to conduct a nationwide, multi-channel marketing campaign, involving TV, radio, print and web-based advertising; and (b) forging strategic alliances with businesses, consumers, police associations, and local political groups.
- **Promote Research & Development:** Long-term success will depend upon robust research and development that is focused on: (a) enlarging monitoring services to include in-transit freight surveillance and other high-value applications; (b) exploiting cross-marketing or other synergistic business opportunities; and (c) expanding remote surveillance services, from the U.S., to other key markets, worldwide.

MEASURES OF SUCCESS				
TIME HORIZON	Establish Commercial Capacity	Optimize Operating Processes	Conduct Effective Marketing	Research & Develop Services and Markets
Short-Term FY1	Implement Model Full Operations 10/1/06	Define Processes Net Income = \$0.7M	Multi-Channel Campaign Sales = \$15M	N. American Markets Enlarge Services
Long-Term FY3	Add Monitoring Centers Global Network	Quality Improvement Net Income = \$12M	Strategic Alliances Sales = \$46M	Business Opportunities Worldwide Expansion

Management

The company will be led by its founder, a seasoned security industry executive and prior deputy sheriff for San Diego County. He will be supported by a top-caliber management team, well-chosen Board of Advisors, a network of strategic supply partners, and a staff of security experts.

Management Team. Key positions include President & CEO, which is filled, and 5 other management positions, which remain unfilled — CTO; CFO; VP, Sales & Marketing; Director, Consulting; Director, Administration & HR. This team will be supported by a Board of Advisors, outsourcing partners, and well qualified staff.

Ralph Player

Founder, President and Chief Executive Officer, Remote Systems, Inc.

Over 15 years of executive management and public service experience, including 10 years in the security industry and 5 years as a deputy sheriff and police officer. Seasoned manager, with experience in central bank vault operations, corporate video monitoring, private security, and camera operations design. Holds B.A. degree, Criminology, UCLA.

Board of Advisors. The company will maintain a Board of Advisors, comprised of senior executives, drawn from a cross-section of relevant industries in the private and public sectors. Initial advisors will include:

- **Business Development Consultant — James Miller:** Over 20 years experience, in corporate finance, corporate development and investment banking, involving public and private companies, worldwide.
- **Technical Advisor — Barry Technical:** Formerly, CEO of Digital Surveillance, a pioneering firm in the fields of interactive security and remote video surveillance, catering to high-end corporate clients.

Key Positions. The position of President & CEO will be filled, by the founder of the company; five other management positions remain unfilled, but an active recruiting search for suitable candidates is underway:

- **President & CEO:** Provide mission, vision, strategic objectives and leadership toward company goals.
- **Chief Technology Officer:** Execute technology strategies & manage outsourced technology vendors.
- **Chief Financial Officer:** Ensure adequacy of financial management controls and reporting systems.
- **Vice President, Sales & Marketing:** Promote company offerings and manage sales & marketing team.
- **Director, Consulting:** Manage security consulting engagements & train qualified security consultants.
- **Director, Admin. & HR:** Coordinate office administration, employee hiring and regulatory compliance.

Outsourcing Partners. The company will cultivate and maintain a broad network of strategic alliances, involving equipment vendors, installation contractors, and security consultants, to assure that Remote is positioned to offer the finest in digital cameras, DVRs, servers, equipment installation, and security expertise.

Personnel Plan. The company will manage the pre-operating period with 27 full-time equivalent positions, including the 6-member Management Team, 17 other General & Administrative positions, and 4 Sales Representatives. During the three-year operating horizon, other positions will be added, as required. By the end of FY3, the company expects to support 140 FTE positions, including 98 G&A and 42 Sales Rep positions.

Personnel Plan															
Operations: 10/1/06	1QY1	2QY1	3QY1	4QY1	1QY2	2QY2	3QY2	4QY2	1QY3	2QY3	3QY3	4QY3	FY1	FY2	FY3
Personnel Count															
Production	9	13	18	23	25	28	29	34	36	37	42	48	23	34	48
Sales & Marketing	7	8	9	10	14	16	19	19	28	34	40	42	10	19	42
General & Administrative	24	25	25	26	27	27	29	29	29	30	32	33	26	29	33
Payroll Count	40	46	52	59	66	71	77	82	93	101	114	123	59	82	123
Total Personnel	40	46	52	59	66	71	77	82	93	101	114	123	59	82	123
Labor Costs (\$000)															
Production	79	109	150	191	238	268	280	335	405	419	476	548	529	1,121	1,848
Sales & Marketing	146	205	273	346	427	481	540	588	772	894	996	1,050	970	2,036	3,712
General & Administrative	433	444	444	454	510	510	533	533	592	606	630	643	1,775	2,086	2,471
Payroll	658	758	867	991	1,175	1,259	1,353	1,456	1,769	1,919	2,102	2,241	3,274	5,243	8,031
Payroll Burden	197	227	260	297	352	377	406	437	531	575	631	672	981	1,572	2,409
Total Labor Costs	855	985	1,127	1,288	1,527	1,636	1,759	1,893	2,300	2,494	2,733	2,913	4,255	6,815	10,440

Remote is poised to exploit the huge private and public sector demand that exists, in the U.S. and worldwide, for remote surveillance that leverages state-of-the-art technology. Key success factors, along with critical risk factors, have been fully evaluated — business success is highly achievable.

General Economic Outlook. Despite perceived slowdown in the U.S. economy, the country appears headed toward some form of long-term, sustainable growth. Recent spurts in corporate earnings and measurable relief in financial markets are positive signs, but larger-than-anticipated federal deficits, uncertainty of a post-war Iraq, and energy disruptions are still weighing on the economy. One bright spot in the economy continues to be the security industry, which is anticipated to reach \$66 billion, by 2006. Video surveillance is now the fastest growing sector of the security industry, with digital-based solutions leading the way — from 2003 through 2007, digital video surveillance is expected to grow at an average annual rate of 55%. Driven by Homeland Security needs and heightened public awareness of security vulnerabilities, relating to foreign terrorism, domestic crime, and natural disasters, this niche industry is set to explode. Visionaries that can offer state-of-the-art, remote surveillance services, on a grand scale, are likely to be lucrative beneficiaries.

Key Success Factors. The company assumes that the existence of the following factors or assumptions would positively influence business success, and that these factors or assumptions will, in fact, **occur**:

- *Establishment of commercial capacity is achievable.* Proven technology exists and proprietary software development is feasible; funding can be attainable, based on reasonable planning projections.
- *Targeted markets support high, sustainable demand for company offerings.* U.S. private and public sector markets for digital video surveillance are documented and will reach \$13 billion, by 2010.
- *Contemplated marketing channels and strategies will unleash market demand.* A comprehensive multi-channel marketing campaign, in conjunction with broad strategic alliances, will generate sales.
- *Company offerings demonstrate long-term, competitive advantages.* First-to-market advantage, rapid company expansion, intensive marketing & seasoned management will dominate competition.

Critical Risk Factors. The company assumes that the existence of the following factors or assumptions would seriously threaten business success, but that these factors or assumptions will, in fact, **not occur**:

- *Qualified, investor-based financing commitments are not forthcoming in the amounts sought.*
- *A dominant, deep-pocket competitor enters the market, greatly reducing available market share.*
- *Unanticipated legislative changes in privacy laws adversely impact remote digital surveillance.*

Contingency Plan		
Contingent Event	Likely Consequence	Management Response
Sources of financing cannot be obtained, in the amounts sought.	Deferral of cash-intensive initiatives; slower income growth.	Reduce scale of venture; pursue business plan, in modified form.
Deep-pocket market entrant seeks market share dominance.	Loss of market share; lower revenue, net income and cash flow.	Focus on marketable distinctions & alliances; R&D new offerings.
Development of commercial capacity involves unexpected delay.	Project hiatus; deferral of sales, cash and income projections.	Create core capacity; push high-margin activities; R&D solution.
Ineffective marketing channels fail to create consumer demand.	Reduced revenue, net income and cash flow expectations.	Re-evaluate market needs & adjust message; cultivate alliances.
Legislative changes severely limit market for pervasive surveillance.	Reduced revenue & income expectation; loss of market share.	Focus on applications that do not encroach on privacy expectation.

Capitalization Plan

Remote Systems is seeking investor contributions, totaling \$10,000,000, by April 1, 2006, to cover identifiable working capital and capital expenditure requirements, totaling \$9,150,000, and to create cash reserves, totaling \$850,000. Exit strategies exist and later-round funding may occur.

Start-Up Condition. Start-up requirements for the company are anticipated to total \$10,115K, including initial cash of \$10,100K, property, plant & equipment totaling \$3K, and various organization costs, classified as deferred charges, totaling \$12K. Initial resources total \$115K, including long-term, convertible debt, totaling \$100K, and initial owner investments, totaling \$15K, resulting in a net resource shortfall of \$10,000K.

Capitalization Plan. Remote Systems proposes to cover its initial net shortfall, by obtaining investor contributions, totaling \$10,000,000, by April 1, 2006. These funds will be used to cover identifiable working capital requirements, totaling \$425K, including labor & burden, advertising & promotion, and other G&A expenses, and to cover capital expenditures requirements, totaling \$8,725K, relating to property, plant & equipment and pre-operating costs classified as deferred charges, and to create contingent cash reserves totaling \$850K.

CAPITALIZATION PLAN (\$000)			
REQUIREMENTS		RESOURCES	
YTD Expenses Thru 3/31/06:		Loans:	
Cost of Sales	0.0	Accounts Payable	0.0
Operating Expenses	0.0	Other Current Liabilities	0.0
Less: Sales	0.0	Short-Term Loans	0.0
		Long-Term Loans	100.0
YTD Loss (Gain)	0.0	Total Loans	100.0
Start-Up Assets:		Investments (% Ownership):	
Cash	10,100.0	R. Player (100%)	14.5
Accounts Receivable	0.0		
Inventory	0.0		
Other Assets	0.0		
Property, Plant & Equipment	2.8		
Deferred Charges	11.7		
Accum. Deprec. & Amort.	0.0		
Total Start-Up Assets	10,114.5	Investor	10,000.0
		Total Investments	10,014.5
TOTAL REQUIREMENTS	10,114.5	TOTAL RESOURCES	10,114.5
BUSINESS PLAN START DATE: APRIL 1, 2006			
Total Resources Available	10,114.5	Start-Up ASSETS	10,114.5
Less: Assets Purchased	10,114.5	Start-Up LIABILITIES	100.0
Start-Up Loss (Gain)	0.0	Start-Up EQUITY	10,014.5

USE OF PROCEEDS	
Working Capital:	
Labor and Burden	150.0
Advertising & Promotion	238.0
Other G&A Expenses	37.0
Contingency Fund	500.0
Total Working Capital	925.0
Capital Expenditures:	
Property, Plant & Equip.	2,096.0
Deferred Charges	6,629.0
Contingency Fund	350.0
Total Capital Expenditures	9,075.0
TOTAL USES	10,000.0

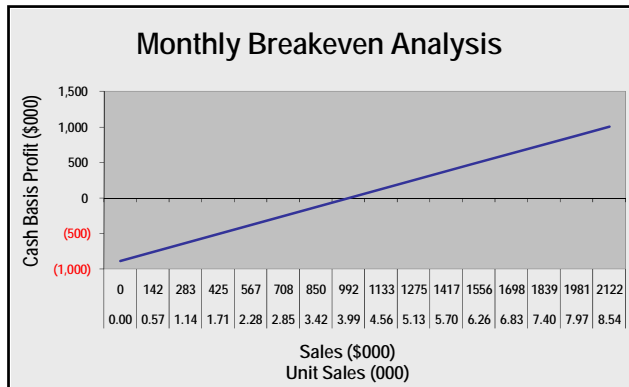
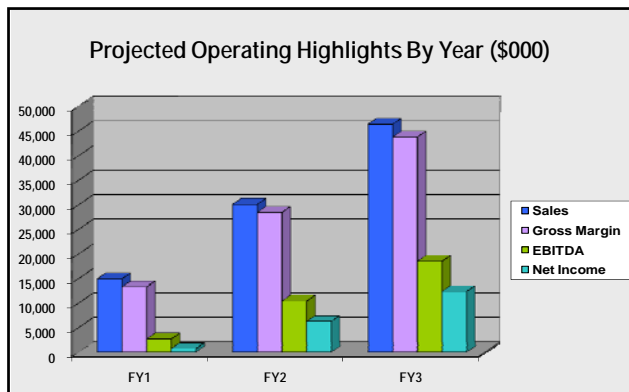
RETURN ON TOTAL INVESTMENT	
Fiscal Year 1	7%
Fiscal Year 2	62%
Fiscal Year 3	123%

Exit Strategy and Possible Later-Round Financing. The company's competitive advantages are expected to result in broad target market acceptance. The most probable investor exit strategies include strategic acquisition of the company, management buyout or initial public offering. If business expansion occurs or synergistic business opportunities arise, then Remote may seek later-round funding of \$15 to \$25 million.

Business Projections

Forecasted sales for FY1 are \$14.9 million, increasing to \$46.4 million in FY3. Projected FY1 net income is \$0.7 million, increasing to \$12.3 million in FY3. During this period, net income, as a percentage of sales, ranges from 5% to 27%; return on total investment ranges, from 7% to 123%.

Projected Operating Highlights (\$000)																
Operations:	10/1/06	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FY1	FY2	FY3
Sales		588	581	721	788	1,086	1,113	1,307	1,384	1,623	1,703	1,948	2,082	14,924	30,073	46,368
Gross Margin		393	476	609	683	940	998	1,157	1,254	1,473	1,559	1,784	1,919	13,245	28,422	43,744
Operating Expenses		510	506	598	663	796	808	930	966	1,071	1,146	1,257	1,321	10,572	18,058	25,285
EBITDA		(117)	(30)	11	20	144	190	227	288	402	413	527	598	2,673	10,364	18,459
Income Before Taxes		(263)	(176)	(136)	(126)	(2)	44	81	142	255	267	381	452	919	8,259	16,449
Net Income		(197)	(132)	(102)	(94)	(1)	33	61	106	191	200	286	339	690	6,194	12,334
Percentages:																
Gross Margin/Sales		67%	82%	84%	87%	87%	90%	89%	91%	91%	92%	92%	92%	89%	95%	94%
EBITDA/Sales		-20%	-5%	2%	3%	13%	17%	17%	21%	25%	24%	27%	29%	18%	34%	40%
Net Income/Sales		-34%	-23%	-14%	-12%	0%	3%	5%	8%	12%	12%	15%	16%	5%	21%	27%
Return On Investment														7%	62%	123%
Net Cash Flow		(1,317)	(188)	82	(4)	41	110	146	185	253	265	345	404	322	7,150	12,833
Cash Balance - Ending		1,029	841	923	919	960	1,070	1,216	1,401	1,654	1,919	2,264	2,668	2,668	9,818	22,651



Sensitivity Analysis For FY1

	% Effect On:	
	Net Income	Cash Balance
If Sales Are:		
1% Higher Than Projected	13.4%	3.5%
1% Lower Than Projected	-13.4%	-3.5%
If Operating Expenses Are:		
1% Higher Than Projected	-10.7%	-2.8%
1% Lower Than Projected	10.7%	2.8%

Financial Indicators

	FY1	FY2	FY3
Profitability %'s:			
Gross Margin	89%	95%	94%
Net Profit Margin	5%	21%	27%
Return on Assets	6%	34%	40%
Return on Equity	6%	37%	42%
Return On Investment	7%	62%	123%
Activity Ratios:			
Accounts Receivable Turnover	0.08	0.08	0.08
Collection Days	30.00	30.00	30.00
Inventory Turnover	12.00	12.00	12.00
Accounts Payable Turnover	12.00	12.00	12.00
Asset Turnover	1.26	1.63	1.49
Debt Ratios:			
Debt To Equity	0.11	0.09	0.06
Short-Term Liabilities To Liabilities	0.91	0.94	1.00
Liquidity Indicators:			
Current Ratio	4.66	8.89	14.69
Quick Ratio	4.56	8.83	14.65
Net Working Capital (\$000)	3809	11558	25257
Interest Coverage Ratio	93.20	826.90	3290.80
Additional Indicators:			
Assets to Sales Ratio	0.79	0.61	0.67
Debt To Assets Ratio	10%	8%	6%
Current Debt To Total Assets Ratio	9%	8%	6%
Acid Test	2.56	6.70	12.28
Sales To Equity Ratio	1.39	1.78	1.59
Dividend Payout %	0%	0%	0%

Benchmark Analysis (FY1 = 1.00)

	FY1	FY2	FY3
Sales	1.0	2.0	3.1
Cost of Sales	1.0	1.0	1.6
Gross Margin	1.0	2.2	3.3
Operating Expenses:	1.0	1.7	2.4
Sales & Marketing	1.0	1.8	2.6
Gen. & Administrative	1.0	1.5	2.1
EBITDA	1.0	3.9	6.9
Net Income	1.0	9.0	17.9

Sales

Forecasted sales for FY1 through FY3 are \$14.9 million, \$30.1 million and \$46.4 million, respectively. Revenues derive from monthly subscription fees earned on video and GPS monitoring services, fees for security consultancy, and revenues earned on equipment sales or vendor referrals.

Forecasted Sales and Cost of Sales (\$000)															
Operations: 10/1/06	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FY1	FY2	FY3
Unit Volume (1):															
Subscriptions:															
Video Plan I	170	210	290	360	500	600	700	800	925	1,025	1,125	1,250	7,955	20,100	31,550
Video Plan II	250	340	500	600	785	950	1,100	1,200	1,325	1,425	1,550	1,700	11,725	25,550	37,550
Video Plan III	425	690	875	1,050	1,275	1,400	1,650	1,850	2,100	2,300	2,575	2,800	18,990	38,750	51,900
GPS Monitoring	150	200	260	350	500	575	650	775	900	1,000	1,100	1,200	7,660	18,050	27,900
Consulting:															
Flex Plan	0	1	2	2	3	3	4	4	5	6	7	7	44	116	229
Project-Based	0	1	1	1	2	2	2	2	3	3	4	4	25	67	19
Equipment:															
Router	845	395	425	345	550	390	500	400	500	400	500	500	5,750	2,650	3,100
GPS Unit	150	50	60	90	150	75	75	125	125	100	100	100	1,200	600	1,000
Total Unit Sales	1,990	1,887	2,413	2,798	3,765	3,995	4,681	5,156	5,883	6,259	6,961	7,561	53,349	105,883	153,248
Unit Price (\$/Unit) (2):															
Subscriptions:															
Video Plan I	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159
Video Plan II	229	229	229	229	229	229	229	229	229	229	229	229	229	229	229
Video Plan III	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349
GPS Monitoring	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Consulting:															
Flex Plan	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Project-Based	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Equipment:															
Router	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
GPS Unit	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Forecasted Sales (\$000) (3):															
Subscriptions:															
Video Plan I	27	33	46	57	80	95	111	127	147	163	179	199	1,264	3,398	5,648
Video Plan II	57	78	115	137	180	218	252	275	303	326	355	389	2,685	6,107	9,350
Video Plan III	148	241	305	366	445	489	576	646	733	803	899	977	6,628	13,912	19,152
GPS Monitoring	3	4	5	7	10	11	12	15	17	19	21	23	147	343	530
Consulting:															
Flex Plan	0	12	24	24	36	36	48	48	60	72	84	84	528	1,508	3,206
Project-Based	0	50	50	50	100	100	100	100	150	150	200	200	1,250	3,685	6,780
Equipment:															
Router	338	158	170	138	220	156	200	160	200	160	200	200	2,300	1,060	1,550
GPS Unit	15	5	6	9	15	8	8	13	13	10	10	10	122	60	152
Total Sales	588	581	721	788	1,086	1,113	1,307	1,384	1,623	1,703	1,948	2,082	14,924	30,073	46,368
Unit COS (\$/Unit):															
Equipment:															
Router	200	200	200	200	200	200	200	200	200	200	200	200			
Forecasted COS (\$000):															
Equipment:															
Router	169	79	85	69	110	78	100	80	100	80	100	100	1,150	530	776
Total Cost of Sales	169	79	85	69	110	78	100	80	100	80	100	100	1,150	530	776

NOTES: (1) UNIT VOLUME: Remote Sylems, Inc., benefits from eight revenue streams, which are all projected to become recognizable, on October 1, 2006, following a six-month pre-operating period, beginning April 1, 2006.

Four revenue streams arise from sales of monthly subscriptions, relating to varying levels of remote, video monitoring services; two revenue streams arise from consulting fees earned on security consulting, provided under a Flex Plan or on a project basis; and two revenue streams arise from direct sales or referral fees earned on equipment sales or referrals to third party vendors, arising from remote monitoring or consulting activities.

SUBSCRIPTIONS: Metric = monthly subscribers, and reflects the following services --
 VIDEO PLAN I: Defined number of video tours of the facility, during closed hours.
 VIDEO PLAN II: Full-time video monitoring of the facility, during closed hours.
 VIDEO PLAN III: 24/7 video monitoring coverage of the facility.
 GPS Monitoring: Global position satellite tracking of assets, people or pets.

CONSULTING: Metric = number of new consulting clients, and reflects the following services --
 FLEX PLAN: Seasoned security manager is seconded to client organization, as needed.
 PROJECT-BASED: Traditional consulting engagement, on a project-by-project basis.

EQUIPMENT - ALL TYPES: Metric = units of equipment sold or installed.

(2) UNIT PRICE - ALL STREAMS: Reflects weighted average price, based on Remote Systems feasibility study.

(3) FORECASTED SALES - ALL STREAMS: Unit Volume x Unit Price.

(4) UNIT COST OF SALES - ROUTERS: Reflects wholesale cost of routers.

(5) FORECASTED COST OF SALES - ROUTERS: Unit Volume x Unit Cost of Sales.

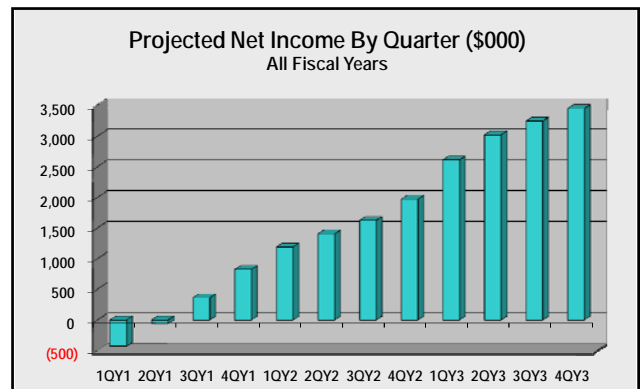
Net Income

Following a 6-month pre-operating period, projected net income is positive, beginning in Month 6, and increases from \$0.7 million in FY1, to \$12.3 million in FY3. Gross margin, as a percentage of sales, ranges from 89% to 95%, and net income, as a percent of sales, ranges from 5% to 27%.

Projected Income Statement (\$000)																
Operations: 10/1/06	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FY1	FY2	FY3	
Sales	588	581	721	788	1,086	1,113	1,307	1,384	1,623	1,703	1,948	2,082	14,924	30,073	46,368	
Direct Cost of Sales	169	79	85	69	110	78	100	80	100	80	100	100	1,150	530	776	
Production Labor	26	26	27	36	36	37	50	50	50	64	64	63	529	1,121	1,848	
Total Cost of Sales	195	105	112	105	146	115	150	130	150	144	164	163	1,679	1,651	2,624	
Gross Margin	393	476	609	683	940	998	1,157	1,254	1,473	1,559	1,784	1,919	13,245	28,422	43,744	
Gross Margin/Sales %	67%	82%	84%	87%	87%	90%	89%	91%	91%	92%	92%	92%	89%	95%	94%	
Operating Expenses:																
Sales & Marketing Labor (1)	49	49	48	68	68	69	91	91	91	115	115	116	970	2,036	3,712	
Advertising & Promotion (2)	206	203	288	315	434	445	523	554	649	681	779	833	5,910	10,526	13,910	
Sales & Marketing	255	252	336	383	502	514	614	645	740	796	894	949	6,880	12,562	17,622	
Sales & Marketing/Sales %	43%	43%	47%	49%	46%	46%	47%	47%	46%	47%	46%	46%	46%	42%	38%	
General & Admin. Labor	144	144	145	148	148	148	148	148	148	151	151	152	1,775	2,086	2,471	
Payroll Burden (3)	66	66	65	76	76	75	87	87	86	99	99	99	981	1,572	2,409	
Rent & Utilities (4)	10	10	10	10	10	10	10	10	10	10	10	10	120	240	360	
Insurance				1				1					3	5	7	
Office Expense	2	1	2	1	2	1	2	1	2	1	2	1	18	24	30	
Communications	3	3	3	3	3	3	3	3	3	3	3	3	36	48	60	
Professional Services	1	1	1	2	1	1	1	2	1	1	1	2	15	17	8	
Travel & Entertainment (5)	29	29	36	39	54	56	65	69	81	85	97	104	744	1,504	2,318	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gen. & Administrative	255	254	262	280	294	294	316	321	331	350	363	372	3,692	5,496	7,663	
Gen. & Admin./Sales %	43%	44%	36%	36%	27%	26%	24%	23%	20%	21%	19%	18%	25%	18%	17%	
Total Operating Expenses	510	506	598	663	796	808	930	966	1,071	1,146	1,257	1,321	10,572	18,058	25,285	
EBITDA	(117)	(30)	11	20	144	190	227	288	402	413	527	598	2,673	10,364	18,459	
EBITDA/Sales %	-20%	-5%	2%	3%	13%	17%	17%	21%	25%	24%	27%	29%	18%	34%	40%	
Depreciation & Amortization (6)	145	145	146	145	145	146	145	145	146	145	145	146	1,744	2,095	2,005	
Interest Expense (7)	1	1	1	1	1	0	1	1	1	1	1	0	10	10	5	
Income Before Taxes	(263)	(176)	(136)	(126)	(2)	44	81	142	255	267	381	452	919	8,259	16,449	
Tax Expense (8)	(66)	(44)	(34)	(32)	(1)	11	20	36	64	67	95	113	229	2,065	4,115	
NET INCOME	(197)	(132)	(102)	(94)	(1)	33	61	106	191	200	286	339	690	6,194	12,334	
Net Income/Sales %	-34%	-23%	-14%	-12%	0%	3%	5%	8%	12%	12%	15%	16%	5%	21%	27%	

- NOTES: (1) Includes base salary, plus a weighted average commission structure, estimated to be 4.5% of gross sales.
 (2) Reflects national marketing campaign, including TV, radio, print & web-based advertising, plus extensive customer networking.
 (3) Assumes 30% payroll burden rate, covering federal and state statutory burdens, plus employee vacation and medical benefits.
 (4) Reflects rent & utilities, associated with administrative headquarters and Video Monitoring Center, located in Carlsbad, CA.
 (5) Reflects travel & entertainment costs, associated with nationwide rollout to business, residential and public sector clients.
 (6) Reflects depreciation and amortization of 5-year (\$1,000K) and 7-year (\$80K) class assets acquired after September 30, 2006, plus D&A of 5-year (\$2,000K) and 7-year class assets (\$40K), acquired from April 1 thru September 30, 2006; plus 5-year straightline D&A of expenditures, classified as Deferred Charges (\$6,679K), from April 1 thru September 30, 2006; plus D&A of 5-year class assets (\$3K), existing at March 31, 2006; plus 5-year straightline D&A of start-up costs, classified as Deferred Charges (\$12K), as of March 31, 2006.
 (7) Represents interest on convertible debt, relating to 3-year promissory notes, in the aggregate amount of \$100,000, bearing 10% interest, reflecting loans from R. Player (50%) and J. Miller (50%).
 (8) Assumes cumulative, effective federal and state income tax rate of 25%.

Pre-Operating Expenditures, Net of Sales (\$000)							
Start-Up: 4/1/06	Apr	May	Jun	Jul	Aug	Sep	6 Mo
Pre-Op Sales	0	0	0	0	0	0	0
Production Labor	4	4	3	21	21	22	75
Total Cost of Sales	4	4	3	21	21	22	75
Pre-Op Gross Margin	(4)	(4)	(3)	(21)	(21)	(22)	(75)
Gross Margin/Sales %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pre-Op Expenditures:							
Sales & Marketing Labor	9	9	8	12	12	11	61
General & Admin. Labor	112	112	111	122	122	121	700
Payroll Burden	37	37	38	46	46	47	251
Advertising & Promotion	333	333	334	1,000	1,000	1,000	4,000
Rent & Utilities	10	10	10	10	10	10	60
Professional Services	1,050	51	50	51	50	51	1,303
Travel & Entertainment	25	25	25	25	25	25	150
Other	6	5	4	6	5	3	29
Total Pre-Op Expenditures	1,582	582	580	1,272	1,270	1,268	6,554
Net Pre-Op Expenditures	1,586	586	583	1,293	1,291	1,290	6,629



Cash Flow

Early net cash flow deficits occur, due to variations in key cash determinants and early losses, as revenue capacity develops. However, ending cash balance for FY1 is \$2.7 million, rising to \$22.7 million, by year end FY3. The minimum cash balance is \$0.8 million, occurring in Month 2 of FY1.

Projected Cash Flow Statement (\$000)

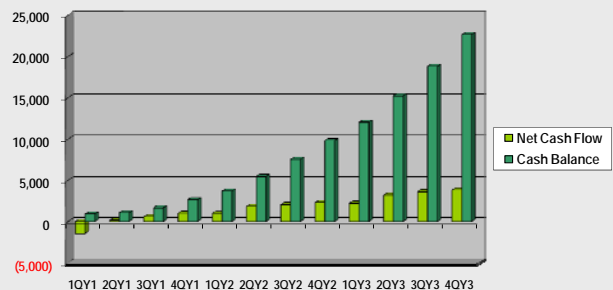
Operations: 10/1/06	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FY1	FY2	FY3
Net Income	(197)	(132)	(102)	(94)	(1)	33	61	106	191	200	286	339	690	6,194	12,334
Plus:															
Depreciation & Amort.	145	145	146	145	145	146	145	145	146	145	145	146	1,744	2,095	2,005
Increase (Decrease) In:															
Accounts Payable (1)	(508)	(298)	184	(4)	236	(74)	156	(9)	175	(20)	179	53	70	424	380
Other Current Liabilities													0	0	0
Short-Term Notes													0	0	0
Long-Term Notes													0	0	(100)
Paid-In Capital													0	0	0
Sources of Cash	(363)	(153)	330	141	381	72	301	136	321	125	324	199	1,814	2,519	2,285
Less:															
Increase (Decrease) In:															
Accounts Receivable (2)	588	(7)	140	67	298	27	194	77	239	80	245	134	2,082	1,043	1,251
Inventory (3)	169	(90)	6	(16)	41	(32)	22	(20)	20	(20)	20	0	100	(20)	(5)
Other Assets													0	0	0
Prop., Plant & Equip. (4)	0	0	0	0	0	0	0	0	0	0	0	0	0	540	540
Deferred Charges													0	0	0
Dividends													0	0	0
Uses of Cash	757	(97)	146	51	339	(5)	216	57	259	60	265	134	2,182	1,563	1,786
Net Cash Flow	(1,317)	(188)	82	(4)	41	110	146	185	253	265	345	404	322	7,150	12,833
Cash Balance - Beginning	2,346	1,029	841	923	919	960	1,070	1,216	1,401	1,654	1,919	2,264	2,346	2,668	9,818
Cash Balance - Ending	1,029	841	923	919	960	1,070	1,216	1,401	1,654	1,919	2,264	2,668	2,668	9,818	22,651

NOTES: (1) Reflects monthly changes in account balances, as presented in the Financial History and Projected Balance Sheet.
 (2) Reflects monthly changes in account balances, as presented in the Financial History and Projected Balance Sheet.
 (3) Reflects monthly changes in account balances, as presented in the Financial History and Projected Balance Sheet.
 (4) Reflects acquisition of data & monitoring center equipment (\$1,000K) and furniture, fixtures & equipment (\$80K).

Projected Cash Flow: Pre-Operating Period (\$000)

Start-Up: 4/1/06	Apr	May	Jun	Jul	Aug	Sep	6 Mo
Pre-Operating Net Income	0	0	0	0	0	0	0
Plus:							
Depreciation & Amort.	0	0	0	0	0	0	0
Increase (Decrease) In:							
Accounts Payable	1,273	(900)	(1)	602	(2)	(1)	971
Sources of Cash	1,273	(900)	(1)	602	(2)	(1)	971
Less:							
Increase (Decrease) In:							
Prop., Plant & Equip.	91	1	1,001	1	1	1,001	2,096
Deferred Charges	1,586	586	583	1,293	1,291	1,290	6,629
Uses of Cash	1,677	587	1,584	1,294	1,292	2,291	8,725
Net Cash Flow	(404)	(1,487)	(1,585)	(692)	(1,294)	(2,292)	(7,754)
Cash Balance - Beginning	10,100	9,696	8,209	6,624	5,932	4,638	10,100
Cash Balance - Ending	9,696	8,209	6,624	5,932	4,638	2,346	2,346

Projected Cash Flow By Quarter (\$000) All Fiscal Years



Balance Sheet

Total assets for FY1 through FY3 are projected to be \$11.8 million, \$18.5 million and \$31.1 million, respectively. Working capital does not fall below \$1.3 million in Month 1 of the operating period. The debt-to-equity ratio nominally ranges, from 0.09 to 0.07, primarily reflecting payables activity.

Projected Balance Sheet (\$000)															
Operations: 10/1/06	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FY1	FY2	FY3
ASSETS															
Cash	1,029	841	923	919	960	1,070	1,216	1,401	1,654	1,919	2,264	2,668	2,668	9,818	22,651
Accounts Receivables (1)	588	581	721	788	1,086	1,113	1,307	1,384	1,623	1,703	1,948	2,082	2,082	3,125	4,376
Inventory (2)	169	79	85	69	110	78	100	80	100	80	100	100	100	80	75
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Assets	1,786	1,501	1,729	1,776	2,156	2,261	2,623	2,865	3,377	3,702	4,312	4,850	4,850	13,023	27,102
Property, Plant & Equipment	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,639	3,179
Deferred Charges	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641
Less: Depreciation & Amort.	145	290	436	581	726	872	1,017	1,162	1,308	1,453	1,598	1,744	1,744	3,839	5,844
Long-Term Assets	8,595	8,450	8,304	8,159	8,014	7,868	7,723	7,578	7,432	7,287	7,142	6,996	6,996	5,441	3,976
Total Assets	10,381	9,951	10,033	9,935	10,170	10,129	10,346	10,443	10,809	10,989	11,454	11,846	11,846	18,464	31,078
LIABILITIES															
Accounts Payable (3)	463	165	349	345	581	507	663	654	829	809	988	1,041	1,041	1,465	1,845
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Short-Term Notes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Liabilities	463	165	349	345	581	507	663	654	829	809	988	1,041	1,041	1,465	1,845
Long-Term Notes Payable	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0
Long-Term Liabilities	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0
Total Liabilities	563	265	449	445	681	607	763	754	929	909	1,088	1,141	1,141	1,565	1,845
EQUITY															
Paid-In Capital (4)	10,015	10,015	10,015	10,015	10,015	10,015	10,015	10,015	10,015	10,015	10,015	10,015	10,015	10,015	10,015
Retained Earnings	(197)	(329)	(431)	(525)	(526)	(493)	(432)	(326)	(135)	65	351	690	690	6,884	19,218
Total Equity	9,818	9,686	9,584	9,490	9,489	9,522	9,583	9,689	9,880	10,080	10,366	10,705	10,705	16,899	29,233
Total Liabilities & Equity	10,381	9,951	10,033	9,935	10,170	10,129	10,346	10,443	10,809	10,989	11,454	11,846	11,846	18,464	31,078

NOTES: (1) Percentage of sales on credit assumed to be 100%, subject to 30-day collection period.
(2) Reflects Cost of Sales (Routers only) x 12 months, divided by 12.0 inventory turns, reflecting one month of stock.
(3) Estimated balances, assuming 10% of expenses paid in cash and an average 30-day payment period.
(4) Reflects original owner investments of \$14,000, plus paid-in capital of new investors, totaling \$10,000,000, on April 1, 2006.

Balance Sheet: Pre-Operating Period (\$000)							
Start-Up: 4/1/06	Apr	May	Jun	Jul	Aug	Sep	6 Mo
ASSETS							
Cash	9,696	8,209	6,624	5,932	4,638	2,346	2,346
Current Assets	9,696	8,209	6,624	5,932	4,638	2,346	2,346
Property, Plant & Equipment	94	95	1,096	1,097	1,098	2,099	2,099
Deferred Charges	1,598	2,184	2,767	4,060	5,351	6,641	6,641
Long-Term Assets	1,692	2,279	3,863	5,157	6,449	8,740	8,740
Total Assets	11,388	10,488	10,487	11,089	11,087	11,086	11,086
LIABILITIES							
Accounts Payable	1,273	373	372	974	972	971	971
Current Liabilities	1,273	373	372	974	972	971	971
Long-Term Notes Payable	100	100	100	100	100	100	100
Long-Term Liabilities	100	100	100	100	100	100	100
Total Liabilities	1,373	473	472	1,074	1,072	1,071	1,071
EQUITY							
Paid-In Capital	10,015	10,015	10,015	10,015	10,015	10,015	10,015
Total Equity	10,015	10,015	10,015	10,015	10,015	10,015	10,015
Total Liabilities & Equity	11,388	10,488	10,487	11,089	11,087	11,086	11,086

Management Representation. The financial projections included in this business plan represent, to the best of management's knowledge and belief, the results of operations, cash flow, and account balances, which would likely occur, assuming Remote Systems, Inc., were to obtain investor contributions, totaling \$10,000,000, by April 1, 2006, in support of operations commencing October 1, 2006. Management further represents that the assumptions underlying these financial projections are reasonable and that the projections were prepared in conformity with generally accepted accounting principles, but that they were not compiled, nor examined, by an independent public accountant and should not be evaluated in that context.

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