

Hamlin Engineering Limited

Investor Information

Vancouver BC

May 2017

This information package includes "forward-looking statements and projections." Although Hamlin Engineering Limited believes that the projections reflected are reasonable at this time, it can give no assurances that these projections will prove to have been correct.

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Investment Overview

Investment Analysis

The Investment Analysis shows an initial \$279,000 investment by the investor for a 15% equity in the company, yearly dividend payments based on 40% of net profits calculated monthly and paid to shareholders based on equity in the company, an exit assumption for the investor after the end of the third year and an estimated valuation of the 15% investor equity totalling \$2,804,250. The income stream to the investor over the three years shows the investment at the start, dividends paid at the end of Years One, Two and Three and a payout for the 15% ownership of shares at the end of Year Three. The Net Present Value of revenues to the investor over the period is \$2,387,399 with an Internal Rate of Return of 133% (including dividends).

Assumptions

Discount Rate: 5%

Valuation Earnings Multiple: 8.3

Valuation Sales Multiple: 0.58

Investor Valuation is based on the average of the Earnings and Sales Valuations and the percentage of company equity (15%)

Investment Offering

The Investment Offering is based on a \$279,000 investment and an investor exit after the 36th month. On exit, the payout to the investor based on the company's valuation and the investor's equity is \$2,804,250 which has an IRR of 115.81% (not including dividends).

Specifics

Number of outstanding shares: 9,412

Founder's shares: 8,000 (80% equity)

Investor shares: 1,412 (15% equity)

Share price in Year One: \$197.63

Share price after 36 months: \$1,986.34

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Table: Investment Analysis

Investment Analysis	Start	Year 1	Year 2	Year 3
Initial Investment				
Investment	\$279,000	\$0	\$0	\$0
Dividends	\$0	\$22,628	\$145,945	\$242,437
Ending Valuation	\$0	\$0	\$0	\$2,804,250
Combination as Income Stream	(\$279,000)	\$22,628	\$145,945	\$3,046,687
Percent Equity Acquired	15%			
Net Present Value (NPV)	\$2,387,399			
Internal Rate of Return (IRR)	133%			
Assumptions				
Discount Rate	5.00%			
Valuation Earnings Multiple		8.30	8.30	8.30
Valuation Sales Multiple		0.58	0.58	0.58
Investment (calculated)	\$479,000	\$0	\$0	\$0
Dividends		\$150,852	\$972,965	\$1,616,247
Calculated Earnings-based Valuation		\$2,370,000	\$20,190,000	\$33,540,000
Calculated Sales-based Valuation		\$860,000	\$2,570,000	\$3,850,000
Calculated Average Valuation		\$1,615,000	\$11,380,000	\$18,695,000

Table: Investment Offering

Investment Offering	Seed	Exit
Proposed Year:	1	4
Valuation, Investment, Shares		
Investment Amount	\$279,000	
Equity Share Offering Percentage	15.00%	
Valuation	\$1,860,000	\$18,695,000
Investor Exit Payout	\$2,804,250	
Investor Years Until Exit	3	
Investor IRR	115.81%	
Share Ownership		
	Year 1	Year 4
Founders' Shares	8,000	8,000
Investor Shares Issued	1,412	
Price per share	\$197.63	\$1,986.34
Year 1 Investors' Shares	1,412	1,412
Total Shares Outstanding	9,412	9,412
Equity Ownership Percentage		
	Year 1	Year 4
Founders' Equity	85.00%	85.00%
Year 1 Investors' Equity	15.00%	15.00%
Total Equity	100.00%	100.00%
Investors' Equity	15.00%	15.00%
Founders' & Employees' Equity	85.00%	85.00%

Executive Summary

Introduction

Hamlin Engineering will provide innovative approaches to geological engineering services throughout Western Canada. The company will use its personnel' s quality reputation to secure long-term contracts based on excellent service and cost-effectiveness. Hamlin Engineering believes they can service their target business base better than larger firms by providing more personalized service as well as offer superior service packages at a more reasonable cost than competitors of equal size.

The Company

Hamlin Engineering Limited will be a British Columbia corporation headquartered in Vancouver British Columbia with 85% of corporate shares owned by Jack Robertson and the remaining 15% of shares held by an investor who will assist with the initial funding of the company's startup. Mr Robertson plans to bring together a highly respected group of geologists, hydrologists, engineers and graphic art specialists who combined, have over 60 years of experience in the industry. Hamlin Engineering will offer comprehensive geo-engineering services to a diverse set of clients, the services provided will fall into two main categories; geotechnical engineering services and construction monitoring and laboratory testing. The two services include surface and groundwater evaluation, slope stability analysis, bluff studies, laboratory analysis of soils/rocks/groundwater, load testing and settlement analysis. Each project will be customized to the client and its scope, length, depth, reach and cost will be unique.

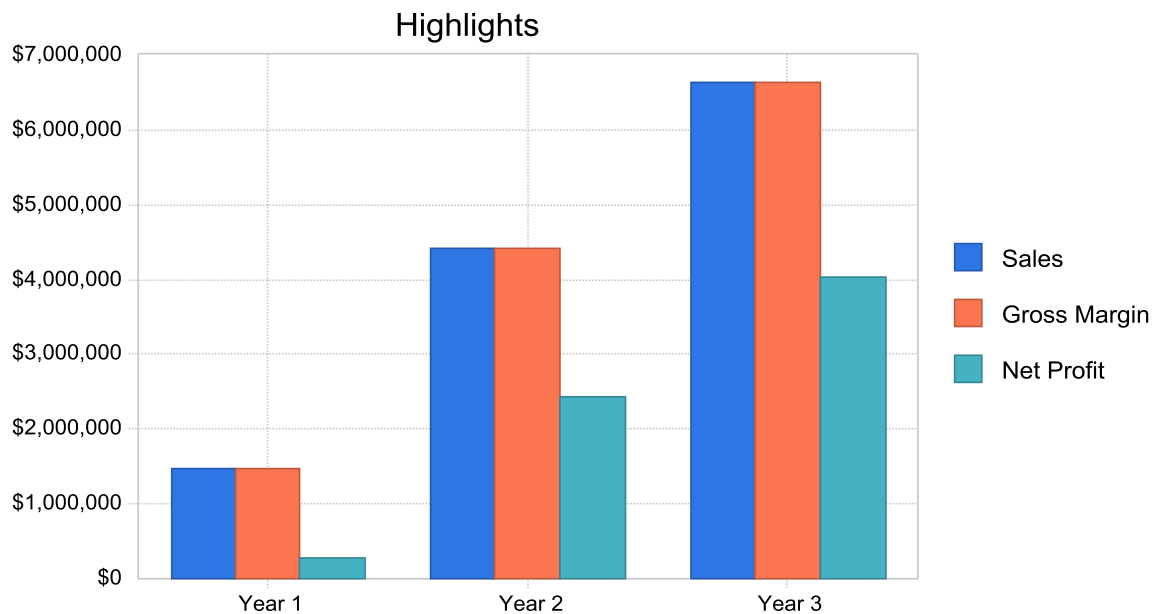
The Market

There are plenty of opportunities within this sector; especially since recent local and federal regulations have required companies to carry out geotechnical studies and monitoring before construction, the geoengineering industry has been growing at a swift rate for the past twenty years. The geotechnical consulting business ranges from major international name-brand firms to private individual smaller companies.

Funding Considerations

The company requires \$479,000 to establish itself; this amount will be funded through a \$200,000 personal investment from Jack Robertson and a \$279,000 investment from a private investor who will receive a 15% equity in the company and share in the issued dividends by the company based on equity.

Chart: Highlights



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Table: Startup

Startup	
Requirements	
Startup Expenses	
Legal	\$5,000
Printing	\$5,000
IT Costs	\$10,000
Licenses/Fees	\$2,000
Insurance Prepaid Year One	\$4,000
Website	\$3,000
Total Startup Expenses	\$29,000
Startup Assets	
Cash Required	\$250,000
Long-term Assets	\$200,000
Total Assets	\$450,000
Total Requirements	\$479,000

Table: Startup Funding

Startup Funding	
Startup Expenses to Fund	\$29,000
Startup Assets to Fund	\$450,000
Total Funding Required	\$479,000
Assets	
Non-cash Assets from Startup	\$200,000
Cash Requirements from Startup	\$250,000
Cash Balance on Starting Date	\$250,000
Total Assets	\$450,000
Liabilities and Capital	
Total Liabilities	\$0
Capital	
Planned Investment	
Jack Robertson	\$200,000
Investor	\$279,000
Total Planned Investment	\$479,000
Loss at Startup (Startup Expenses)	(\$29,000)
Total Capital	\$450,000
Total Capital and Liabilities	\$450,000
Total Funding	\$479,000

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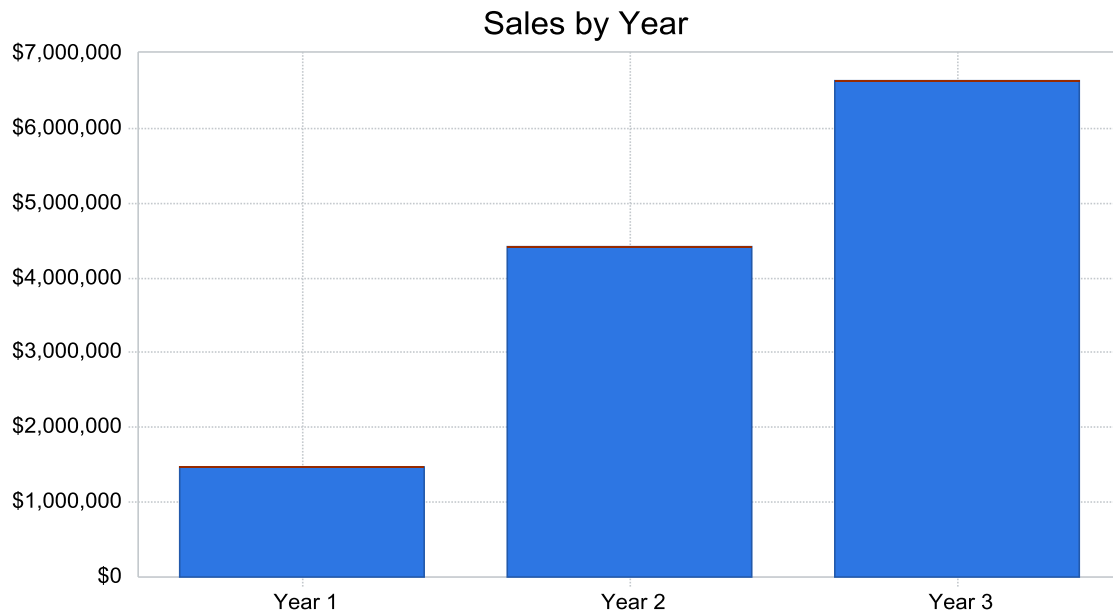
Table: Personnel

Personnel Plan			
	Year 1	Year 2	Year 3
Manager Senior/Engineer	\$144,000	\$145,440	\$146,894
Office Manager	\$50,400	\$50,904	\$51,413
Bookkeeper	\$42,000	\$42,420	\$42,844
Receptionist	\$25,200	\$25,452	\$25,707
General Administration Staff	\$25,200	\$25,452	\$25,707
Senior Engineer	\$132,000	\$133,320	\$134,653
Senior Engineer	\$132,000	\$133,320	\$134,653
Engineer	\$96,000	\$96,960	\$97,930
Engineer	\$96,000	\$96,960	\$97,930
Total People	9	9	9
Total Payroll	\$742,800	\$750,228	\$757,730

Table: Sales Forecast

Sales Forecast			
	Year 1	Year 2	Year 3
Sales			
Sales	\$1,476,000	\$4,428,000	\$6,642,000
Total Sales	\$1,476,000	\$4,428,000	\$6,642,000

Chart: Sales by Year



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Table: Profit and Loss

Pro Forma Profit and Loss			
	Year 1	Year 2	Year 3
Sales	\$1,476,000	\$4,428,000	\$6,642,000
Gross Margin	\$1,476,000	\$4,428,000	\$6,642,000
Gross Margin %	100.00%	100.00%	100.00%
Expenses			
Payroll	\$742,800	\$750,228	\$757,730
Marketing/Promotion	\$12,000	\$12,000	\$12,000
Rent	\$96,000	\$96,000	\$96,000
Office Overhead	\$12,000	\$12,240	\$12,485
Professional Fees	\$24,000	\$24,480	\$24,970
Insurance	\$72,000	\$73,440	\$74,909
Payroll Taxes	\$126,276	\$127,539	\$128,814
Total Operating Expenses	\$1,085,076	\$1,095,927	\$1,106,908
Profit Before Interest and Taxes	\$390,924	\$3,332,073	\$5,535,092
EBITDA	\$390,924	\$3,332,073	\$5,535,092
Taxes Incurred	\$105,549	\$899,660	\$1,494,475
Net Profit	\$285,375	\$2,432,413	\$4,040,617
Net Profit/Sales	19.33%	54.93%	60.83%

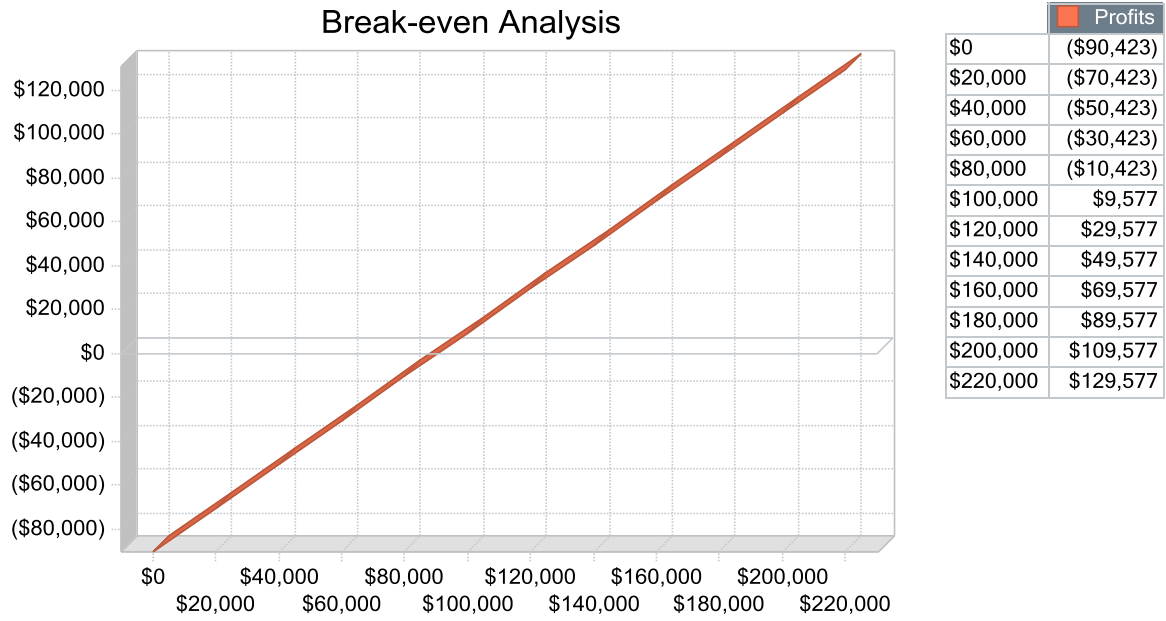
Chart: Profit Yearly



Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	\$90,423
Estimated Monthly Fixed Cost	\$90,423

Chart: Break-even Analysis



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Table: Cash Flow

Pro Forma Cash Flow			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$442,800	\$1,328,400	\$1,992,600
Cash from Receivables	\$891,100	\$2,815,400	\$4,436,250
Subtotal Cash Received	\$1,333,900	\$4,143,800	\$6,428,850
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$742,800	\$750,228	\$757,730
Bill Payments	\$389,044	\$1,201,782	\$1,794,477
Subtotal Spent on Operations	\$1,131,844	\$1,952,010	\$2,552,208
Additional Cash Spent			
Dividends	\$150,852	\$972,965	\$1,616,247
Subtotal Cash Spent	\$1,282,696	\$2,924,976	\$4,168,455
Net Cash Flow	\$51,204	\$1,218,824	\$2,260,395
Cash Balance	\$301,204	\$1,520,029	\$3,780,424

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$301,204	\$1,520,029	\$3,780,424
Accounts Receivable	\$142,100	\$426,300	\$639,450
Total Current Assets	\$443,304	\$1,946,329	\$4,419,874
Long-term Assets			
Long-term Assets	\$200,000	\$200,000	\$200,000
Total Long-term Assets	\$200,000	\$200,000	\$200,000
Total Assets	\$643,304	\$2,146,329	\$4,619,874
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	\$58,782	\$102,358	\$151,533
Subtotal Current Liabilities	\$58,782	\$102,358	\$151,533
Total Liabilities	\$58,782	\$102,358	\$151,533
Paid-in Capital	\$479,000	\$479,000	\$479,000
Retained Earnings	(\$179,852)	(\$867,443)	(\$51,276)
Earnings	\$285,375	\$2,432,413	\$4,040,617
Total Capital	\$584,523	\$2,043,971	\$4,468,341
Total Liabilities and Capital	\$643,304	\$2,146,329	\$4,619,874
Net Worth	\$584,523	\$2,043,971	\$4,468,341

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Table: Ratios

Ratio Analysis			
	Year 1	Year 2	Year 3
Sales Growth	n.a.	200.00%	50.00%
Percent of Total Assets			
Accounts Receivable	22.09%	19.86%	13.84%
Total Current Assets	68.91%	90.68%	95.67%
Long-term Assets	31.09%	9.32%	4.33%
Total Assets	100.00%	100.00%	100.00%
Current Liabilities			
Total Liabilities	9.14%	4.77%	3.28%
Net Worth	90.86%	95.23%	96.72%
Percent of Sales			
Sales	100.00%	100.00%	100.00%
Gross Margin	100.00%	100.00%	100.00%
Selling, General & Administrative Expenses	80.67%	45.07%	39.17%
Advertising Expenses	0.81%	0.27%	0.18%
Profit Before Interest and Taxes	26.49%	75.25%	83.33%
Main Ratios			
Current	7.54	19.01	29.17
Quick	7.54	19.01	29.17
Total Debt to Total Assets	9.14%	4.77%	3.28%
Pre-tax Return on Net Worth	66.88%	163.02%	123.87%
Pre-tax Return on Assets	60.77%	155.25%	119.81%
Additional Ratios			
	Year 1	Year 2	Year 3
Net Profit Margin	19.33%	54.93%	60.83%
Return on Equity	48.82%	119.00%	90.43%
Activity Ratios			
Accounts Receivable Turnover	7.27	7.27	7.27
Collection Days	29	33	42
Accounts Payable Turnover	7.62	12.17	12.17
Payment Days	27	24	25
Total Asset Turnover	2.29	2.06	1.44
Debt Ratios			
Debt to Net Worth	0.10	0.05	0.03
Current Liab. to Liab.	1.00	1.00	1.00
Liquidity Ratios			
Net Working Capital	\$384,523	\$1,843,971	\$4,268,341
Interest Coverage	0.00	0.00	0.00
Additional Ratios			
Assets to Sales	0.44	0.48	0.70
Current Debt/Total Assets	9%	5%	3%
Acid Test	5.12	14.85	24.95
Sales/Net Worth	2.53	2.17	1.49
Dividend Payout	0.53	0.40	0.40

Benchmarks

This chart shows changes on a year to year basis rather than gross amounts. It uses indicator values that are set to compare changes with the base year showing up as 1.00 and all other years showing up as multiples from the base.

Chart: Benchmarks

