

FINANCIAL DATA AND PROJECTIONS

11.1 Capital Budget and Funding

Request

The capital budget of this project is projected to be \$17.7 million, including plant property, equipment and construction costs of \$14.0 million. The balance of the costs are design commercialization and start-up expenses. The estimated cost of the plant and equipment includes a contingency allocation of \$1.5 million, pending development of more specific plans. Details and timing over the two year period beginning in the first quarter of 1989 are provided in the Exhibits.

The company will seek funding assistance from senior governments to the extent of 50% of the capital budget, or approximately \$12 million to \$15 million, depending on which

costs qualify for funding assistance. The balance of the required funding will be sought from the private sector, but not to the exclusion of funding from other sources such as utility companies or established major firms

11.2 Sales Projections and Assumptions

The unit sales forecast is presented as part of the financial projections in Exhibits, both for the EXAR-1 in 1990 and 1991. The assembly forecast on the EXAR-1 is based on average monthly construction growing from 200 per month in the first quarter of 1991 to 400 per month in the second quarter of 1991. Sales are projected to peak to maximum facility output prior to the completion of the first factory and further provide an additional 3-5 year full production usage in advance.

Projected EXAR-1 Unit Sales and Resulting Sub-Market Shares

Year	Unit Sales Market Sales	BC Niche Mkt. 11,283	West Cda. 114,336	W&O	Total Canada 234,825
		<u>Total Canada 234,825</u>		<u>Total U.S. 8,000,000</u>	
1991	10,000	4.2%		1.0%	
1992	20,000	9.0%		0.25%	
1993	30,000	13.0%		0.4%	
1994	40,000	17.0%		0.5%	
1995	50,000	21.0%		0.6%	

As is obvious these numbers are insignificant when compared to the actual market and allow for a substantial growth.

U.S. New Car Sales by Market Segments 1987-1986 Calendar Years

Class/Model	1987	% Share of Segment	1986	% Share of Segment	Class/Model	1987	% Share of Segment	1986	% Share of Segment
Subcompact Regular					Intermediate Regular (Cont.)				
Chevette	16,967	1.5	74,389	5.6	Taurus	354,971	17.5	263,450	10.4
Jova	134,956	12.3	170,507	12.9	Sable	104,518	5.2	98,593	3.9
1000	4,826	0.4	18,329	1.4	Marquis	—	—	10,180	0.4
Escort	392,360	35.6	402,181	30.3	Caravelle	36,077	1.8	39,138	1.5
Lynx/Tracer	68,938	6.3	65,497	4.9	New Yorker (fwd)	50,479	2.5	58,445	2.3
Horizon	46,460	4.2	111,092	8.4	600 4-Dr.	34,949	1.7	37,424	1.4
Omni	37,726	3.4	97,634	7.4	Premier	192	0.0	—	—
Encore	—	—	14,575	1.1	Class Total	1,493,665	73.7	1,935,175	76.2
Alliance	24,770	2.3	51,039	3.9	Intermediate Specialty				
Sentra	119,678	10.8	52,602	4.0	Monte Carlo	63,577	3.1	111,247	4.4
Jolt	45,890	4.2	73,911	5.6	Grand Prix	15,940	0.8	37,701	1.5
Toyota FX16	44,853	4.1	7,281	0.5	Regal (rwd)	47,410	2.4	78,340	3.1
Civic	86,533	7.9	23,010	1.7	Regal W-Car	16,443	0.8	—	—
Class Total	1,023,957	93.0	1,162,047	87.7	Thunderbird	132,623	6.6	140,713	5.5
Subcompact Specialty					Cougar	110,722	5.5	114,270	4.5
Fiero	41,830	3.8	68,340	5.1	LeBaron GTS	30,939	1.5	66,992	2.6
Turismo	16,991	1.6	44,742	3.4	LeBaron J-car	87,802	4.3	822	0.0
Charger	18,032	1.6	50,196	3.8	Lancer	22,422	1.1	47,996	1.9
Class Total	76,853	7.0	163,278	12.3	Eagle	4,564	0.2	7,235	0.3
Total Subcompact	1,100,810	100.0	1,325,325	100.0	Class Total	532,442	26.3	605,316	23.8
Compact Regular					Total Intermediate	2,026,107	100.0	2,540,491	100.0
Cavalier	307,028	12.9	357,093	14.5	Full-Size				
Citation	—	—	1,052	0.0	Chevrolet	177,344	19.2	226,132	20.3
2000	79,014	3.3	104,216	4.2	Bonneville (fwd)	102,377	11.1	18,378	1.6
Firenza	17,626	0.7	34,113	1.4	Pontiac	10,077	1.1	62,184	5.6
Skyhawk	38,651	1.6	74,906	3.0	Oldsmobile 88	168,853	18.3	261,260	23.4
Tempo	219,296	9.2	265,382	10.8	LeSabre	141,126	15.3	132,406	11.9
Topaz	63,200	2.7	67,499	2.8	Crown Victoria	118,034	12.8	134,129	12.0
Reliant	105,919	4.4	130,043	5.3	Grand Marquis	116,482	12.6	123,096	11.0
Aries	99,039	4.1	108,051	4.4	Gran Fury	7,782	0.8	17,443	1.6
Accord	230,085	9.6	212,237	8.6	Fifth Avenue	58,270	6.3	106,105	9.5
Jetta	13,770	0.6	230	0.0	Diplomat	12,775	1.3	34,656	3.1
Class Total	1,174,628	49.1	1,354,822	55.0	New Yorker C-Car	8,581	0.9	—	—
Compact Specialty					Dynasty	3,092	0.3	—	—
Camaro	117,324	4.9	163,204	6.7	Total Full-Size	924,793	100.0	1,115,789	100.0
Corsica/Beretta	214,074	9.0	12,879	0.6	Luxury Regular				
Firebird	73,190	3.1	94,241	3.8	Oldsmobile 98	72,001	11.2	109,370	14.2
Grand Am	211,192	8.8	205,254	8.3	Electra	82,719	12.9	107,999	14.0
Calais	101,861	4.3	116,018	4.7	Cadillac (fwd)	146,174	22.8	163,910	21.2
Somerset	67,078	2.8	111,744	4.5	Cadillac (rwd)	57,313	9.0	71,296	9.2
Mustang	172,602	7.2	167,699	6.8	Lincoln	126,009	19.7	133,175	17.2
Capri	—	—	12,647	0.6	Class Total	484,216	75.6	585,750	75.8
Laser	4,308	0.2	27,762	1.1	Luxury Specialty				
Daytona	41,776	1.7	35,768	1.5	Corvette	25,437	4.0	33,027	4.3
600 2-Dr.	1,397	0.1	24,912	1.0	Toronado	16,667	2.6	16,762	2.2
LeBaron	54,746	2.3	93,762	3.8	Riviera	16,187	2.5	23,292	3.0
Sundance	75,883	3.2	20,340	0.8	Cimarron	12,295	1.9	23,435	3.0
Shadow	77,086	3.2	20,140	0.8	Seville	21,515	3.4	21,150	2.7
Mazda MX6	1,671	0.1	—	—	Eldorado	21,470	3.4	24,266	3.2
Class Total	1,214,188	50.9	1,106,370	45.0	Allante	2,517	0.4	—	—
Total Compact	2,388,816	100.0	2,461,192	100.0	Continental	12,909	2.0	20,629	2.7
Intermediate Regular					Mark	27,119	4.2	23,780	3.1
Celebrity	306,480	15.1	408,946	16.1	Class Total	156,116	24.4	186,341	24.2
6000	120,373	5.9	199,443	7.9	Total Luxury	640,332	100.0	772,091	100.0
Bonneville	443	0.0	33,355	1.3	TOTAL DOMESTIC	7,080,858	68.9	8,214,888	71.7
Ciera	244,607	12.1	329,930	13.0	TOTAL IMPORT	3,195,701	31.1	3,244,621	28.3
Supreme	92,779	4.6	191,937	7.6	GRAND TOTAL	10,276,559	100.0	11,459,509	100.0
Century	147,797	7.3	240,747	9.5					
LTD	—	—	23,587	0.9					

Note: Segmentation is determined by size, price and marketing intent. With some exceptions, once a car bearing that nameplate and platform is placed in a category, it remains in

the group as downsizing occurs unless significant changes are made in size or marketing intent. In general, specialty models are sportier, higher priced cars with separate nameplates.

Ward's Import Car Market Segmentation

	1987		1986			1987		1986						
	Units	% Tot.	Units	% Tot.		Units	% Tot.	Units	%					
MINICOMPACT														
Chevrolet Sprint	60,359	1.9	60,993	1.9	Saab 900S	14,350	0.4	15,151						
Yugo	48,813	1.5	35,959	1.1	Saab 900	9,838	0.3	13,869						
Ford Festiva	26,750	0.8	0	0.0	Volvo GL	7,511	0.2	8,689						
Subaru Justy	13,240	0.4	0	0.0	Volkswagen Quantum	6,655	0.2	11,779						
Total Regular	149,162	4.7	96,952	3.0	Peugeot 505 Gas	6,149	0.2	8,781						
Honda CRX	48,142	1.5	66,629	2.1	Peugeot 504 Turbo Diesel	149	0	1,545						
Volkswagen Cabrio	13,491	0.4	14,173	0.4	BMW 318i	18	0	907						
Total Specialty	61,633	1.9	80,802	2.5	Total Regular	208,678	6.5	254,073						
Total Minicompact	210,795	6.6	177,754	5.5	Volvo 740 Turbo	12,108	0.4	9,337						
					Saab 900 Turbo	9,120	0.3	8,627						
SUBCOMPACT														
Hyundai Excel	263,610	8.2	168,882	5.2	Total Specialty	21,228	0.7	17,964						
Toyota Corolla	119,447	3.7	152,177	4.7	Total Midsize	229,906	7.2	272,037						
Nissan Sentra*	116,267	3.6	158,892	4.9	LUXURY									
Toyota Tercel	100,590	3.1	76,914	2.4	Acura Legend	54,713	1.7	25,060						
Honda Civic*	86,577	2.7	146,162	4.5	Toyota Cressida	21,968	0.7	42,180						
Chevrolet Spectrum	76,852	2.4	99,370	3.1	Mercedes 420/560SEL	21,419	0.7	26,301						
Mazda 323	76,212	2.4	74,082	2.3	Audi 5000	17,794	0.6	30,662						
Subaru 2WD Hatch, Sed., Wag.	60,789	1.9	79,253	2.4	Mercedes 300E	16,365	0.5	22,780						
Subaru 4WD Wagon	56,468	1.8	48,800	1.5	BMW 325 2-Door	14,529	0.5	49,913						
Dodge Colt	41,787	1.3	48,249	1.5	Jaguar XJ6 4-Door	13,138	0.4	17,924						
Volkswagen Fox	40,176	1.3	0	0.0	Sterling 825 SL	13,004	0.4	0						
Plymouth Colt	37,580	1.2	45,094	1.4	BMW 325is 2-Door	11,899	0.4	0						
Pontiac LeMans	35,564	1.1	0	0.0	Mercedes 190 E 2.3	11,638	0.4	18,815						
Isuzu I-Mark	32,300	1.0	26,046	0.8	BMW 325 4-Door	9,937	0.3	4,402						
Mitsubishi Precis	20,658	0.6	0	0.0	BMW 528e 4-Door	9,405	0.3	15,880						
Mitsubishi Mirage	15,185	0.5	14,639	0.5	BMW 735i 4-Door	9,360	0.3	6,486						
Subaru 4WD Sedan	9,236	0.3	11,195	0.3	BMW 325i 4-Door	7,565	0.2	0						
Subaru 2WD 3-Door	8,165	0.3	7,243	0.2	Mercedes 300SEL/SDL	7,093	0.2	7,142						
Subaru 4WD 3-Door	6,376	0.2	4,789	0.1	Mazda 929	6,913	0.2	0						
Subaru 4WD Hatchback	3,689	0.1	3,873	0.1	Saab 9000 Turbo	6,859	0.2	9,603						
Total Regular	1,207,528	37.8	1,165,660	35.9	Mercedes 260E	6,217	0.2	859						
Honda Prelude	72,708	2.3	79,841	2.5	Mercedes 300D/300CD/300CS	5,094	0.2	4,335						
Nissan Pulsar NX	61,765	1.9	47,350	1.5	Merkur Scorpio	5,178	0.2	0						
Mazda RX7	38,345	1.2	56,203	1.7	Jaguar Vanden-Plas 4-Door	4,401	0.1	1,679						
Toyota MR2	15,847	0.5	27,841	0.9	Saab 9000 S	4,198	0.1	164						
Subaru 2WD XT Coupe	13,885	0.4	17,719	0.5	BMW 535is 4-Door	3,576	0.1	0						
Volkswagen Scirocco	6,940	0.2	10,828	0.3	Mercedes 190 E 2.6	3,174	0.1	177						
Subaru 4WD XT Coupe	4,016	0.1	6,228	0.2	BMW 535i 4-Door	2,971	0.1	7,377						
Alfa Romeo Spider	3,401	0.1	4,596	0.1	Volvo 760 Gas	2,932	0.1	981						
Total Specialty	216,907	6.8	250,606	7.7	Peugeot 505 Gas Turbo	2,920	0.1	4,010						
Total Subcompact	1,424,435	44.6	1,416,266	43.6	Mercedes 190D	2,056	0.1	1,703						
					Mercedes 300TE/TD/TDT	1,930	0.1	1,189						
					BMW 325es 2-Door	1,412	0	4,879						
					Sterling 825 S	1,167	0	0						
					BMW 325e 4-Door	700	0	1,721						
					Audi 90S	523	0	0						
					BMW L7 4-Door	246	0	456						
					Volvo 760 Turbo Diesel	109	0	2,150						
					BMW 524id	28	0	1,759						
					Total Regular	302,431	9.5	310,587						
					Mercedes 560SL	11,965	0.4	12,565						
					BMW 325i Convertible	11,428	0.4	0						
					Volvo 760 Gas Turbo	11,177	0.3	9,332						
					Merkur XR4Ti	9,123	0.3	14,315						
					Porsche 944	8,211	0.3	10,296						
					Porsche 911	6,354	0.2	6,700						
					Audi 5000 Quattro	4,565	0.1	3,189						
					Jaguar XJS 2-Door	3,618	0.1	4,592						
					Audi 5000 Turbo	3,587	0.1	6,256						
					Porsche 924S	2,975	0.1	3,096						
					Porsche 944 Turbo	2,588	0.1	6,215						
					Porsche 928	1,968	0.1	2,780						
					Mercedes 560SEC	1,885	0.1	2,246						
					Jaguar XJS-SC	1,762	0.1	269						
					Porsche 911 Turbo	1,536	0	1,384						
					BMW L6 2-Door	1,218	0	0						
					BMW M3 2-Door	1,121	0	0						
					Ferrari	797	0	672						
					Mercedes 190 16V	751	0	1,202						
					BMW 635CSi 4-Door	726	0	2,979						
					BMW M6 4-Door	587	0	0						
					Volvo 780	511	0	0						
					BMW 750iL 4-Door	422	0	0						
					BMW M5 4-Door	402	0	0						
					Mercedes Benz 300CE	331	0	0						
					BMW 325ix	289	0	0						
					Audi 90 Quattro	242	0	0						
					Audi Quattro Coupe	0	0.0	1						
					Total Specialty	90,139	2.8	88,089						
					Total Luxury	392,570	12.3	398,676	1.					
					TOTAL MARKET SEGMENTS	3,086,839	96.6	3,165,931	9					
					TOTAL MISCELLANEOUS†	108,862	3.4	78,690						
					GRAND TOTAL IMPORTS	3,195,701	100.0	3,244,621	10:					

Note: Segmentation based on overall car size, marketing intent and price. *Excludes U.S.-built cars. †Miscellaneous are models such as Subaru BRAT, Toyota Van, 4Runner SR-5 and Land Cruiser and VW Vanagon not normally considered to be passenger cars, but counted as cars by their importers, plus Toyota and Nissan Hawaii sales and tourist deliveries for

various makes for which no car line detail was available. It has been included only in comparison of total import sales with totals shown on accompanying pages. Source: Ward Automotive Yearbook.