

November 14, 2011

SN CAPITAL, a subsidiary of SN VALUATION

Analyst: Sung Nam

Craftmade International Inc (CRFT)

Market Price:	\$2.07	EBITDA/Share:	\$0.21	Net Asset/Share:	\$3.37
DCF: EV/EBITDA Terminal Value	-217.735%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		14.121%	
Current Net Tangible Asset	-2.232%	EVA Analysis:		1.288%	

Overview

The company recently received an all cash offer from Litex Industries at \$4.25, when the market price was \$2.07, or a 105% premium. It looks like the acquisition will go through. We noticed that Litex may have made aggressive forecasts for growth.

We have provided the estimated values for the company based on a 20% growth rate and 28% gross margin, to a 5% growth rate and 20% gross margin, which is in-line with the historical performance.

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Company description not available.

Company Name: Craftmade International Inc Ticker Symbol: CRFT Last Price: \$2.07 Net Cash/Share: -\$6.40 Net Cash to Last Price: -309.26% Shares Outstanding: 5,750,000 Industry: Electronics Distribution Sector: Technology		Market Capitalization: \$24,110,000.00 Total Debt: \$36,810,000.00 Total Cash: \$0.00 Net Cash/(Debt): -\$36,810,000.00 Enterprise Value: \$60,920,000.00 Current EV/Share: \$10.59 EBITDA: \$1,210,000.00 EV/EBITDA Multiple: 50.35		Income Statement Revenue: \$126,960,000.00 100.0% Cost of Goods Sold: \$94,740,000.00 74.6% Gross Profit: \$32,220,000.00 25.4% EBITDA: \$1,210,000.00 1.0% Net Income: -\$9,580,000.00 -7.5%		
Institutional Ownership: #VALUE! Mutual Fund Ownership: #VALUE! Insider Ownership: #VALUE! Retail Ownership: #VALUE! Float: #VALUE!		DCF: EV/EBITDA Terminal Value Sum of Present Value of Cash flow \$44,609,016.44 Implied TV from EV/EBITDA \$75,297,621.06		Balance Sheet Cash: \$0.00 Short Term Investment: \$0.00 A/R: \$23,650,000.00 PP&E: \$18,890,000.00 Assets: \$75,470,000.00 A/P: \$5,620,000.00 Deferred Tax: \$1,010,000.00 Other Liabilities: \$5,280,000.00 Short term Debt: \$890,000.00 Long Term Debt: \$35,920,000.00 Liabilities: \$48,720,000.00 Retained Earnings: \$42,300,000.00 Paid-In Capital: \$22,480,000.00 Treasury Stock: -\$38,130,000.00 Stockholder's Equity: \$26,750,000.00		
Technicals 52 week low: \$0.89 Today from 52 week low: 132.58% 52 week high: \$3.75 Today from 52 week high: 81.16% 50 day Moving Average: NA 200 day Moving Average: NA		Enterprise Value \$119,906,637.50 Cash at Year 5: \$57,116,864.94 Debt at Year 5: \$36,810,000.00 Equity Value Year 5: \$140,213,502.45 Equity/Share at Year 5: \$24.38 Annualized Return: 63.77%		Retained Earnings: \$42,300,000.00 Paid-In Capital: \$22,480,000.00 Treasury Stock: -\$38,130,000.00 Stockholder's Equity: \$26,750,000.00		
Profitability Margins Debt to Equity: 137.61% Return on Assets: -12.69% Return on Capital: -15.07% Return on Equity: -35.81%		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value Sum of FCFF \$44,609,016.44 Year 5 Net Tangible Assets excluding cash and debt \$49,249,799.48		Cash Flow Net Income: -9,340,000.00 Depreciation/Amortization: 1,150,000.00 Change in Working capital: -6,720,000.00 Cash from Operating Activities: -5,850,000.00 Capital Expenditures: -520,000.00 Cash from Investing Activities: -790,000.00 Total Cash Dividends Paid: 0.00 Issuance (Retirement) of Stock: 0.00 Issuance (Retirement) of Debt: 6,820,000.00 Cash from Financing Activities: 6,470,000.00		
Analyst/Consensus Analyst Sales Growth FY1: Error Analyst Sales Growth FY2: Error SN Valuation Estimate FY1: -15.00% SN Valuation Estimate FY2: 20.00% Analyst Earnings Estimate FY1: Error Analyst Earnings Estimate FY2: Error SN Valuation Earnings Est. FY1: \$0.09 SN Valuation Earnings Est. FY2: \$1.32		EVA EVA today: \$88,131,672.76 EVA in 5 Years: \$154,547,649.48 EVA/Share: \$26.88 Annualized return 11.89%		Current Net Tangible Asset Net Tangible Asset/Share: \$3.37 Net Tangible Asset/Share in Year 5: \$12.10 Annualized return 29.09%		
Multiples Market Value to Book: 0.90 EV to Book: 2.28 P/E Ratio: -2.52 Trailing P/E Ratio: N/A Forward P/E Ratio: N/A		Current Equity Price: \$2.07 Selling at Discount? Discount				
Competitors Average EV to EBITDA: 7.00 Company EV to EBITDA: 50.35 Average EV to EBIT: 7.00 Company EV to EBIT: -6.98						

SN VALUATION

LBO Analysis

Discounted Cash Flow

WACC Terminal Value:	-
EV/EBITDA Terminal Value:	\$24.38
Net Tangible Asset Terminal Value:	\$19.85
EVA:	\$26.88
Net Tangible Asset/Market Price:	\$12.10
Average:	\$20.80

Intrinsic Price in 5 Years:

Intrinsic Price in 5 Years:	20.80
Market Price:	2.07
LBO Price:	4.25
Premium to Market Price:	105.31%
LBO Price Annualized Return:	37.39%
Implied IRR (Market Price):	58.65%

Current Evaluation				Exit Evaluation			
Current Market Price:	2.07	LBO Price:	4.25	Exit Price:	20.80	Exit Price:	12.09
Outstanding Shares:	5,750,000	Outstanding Shares:	5,750,000	Outstanding Shares:	5,750,000	Outstanding Shares:	5,750,000
Market Capitalization:	11,902,500	Market Capitalization:	24,437,500	Market Capitalization:	119,620,874	Market Capitalization:	69,498,349
Available Cash:	0	Available Cash:	0	Available Cash:	31,010,728	Available Cash:	31,010,728
Debt:	36,810,000	Debt:	36,810,000	Debt:	36,810,000	Debt:	36,810,000
Net Cash:	(36,810,000)	Net Cash:	(36,810,000)	Net Cash:	(5,799,272)	Net Cash:	(5,799,272)
Enterprise Value:	(24,907,500)	Enterprise Value:	61,247,500	Enterprise Value:	125,420,146	Enterprise Value:	75,297,621
Original EV/EBIT:	(6.98)	EV/EBIT:	(7.02)	EV/EBIT at 5 Years:	7.50	EV/EBIT at 5 Years:	4.50
Original EV/EBITDA:	50.35	EV/EBITDA:	(8.08)	EV/EBITDA at 5 Years:	11.98	EV/EBITDA at 5 Years:	4.07
Competitor Average EV/EBIT:	7.00						
Competitor Average EV/EBITDA:	7.00						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	4.25	4.25	5.84	8.02	11.02	15.14	20.80
Shares Outstanding:	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000
Market Capitalization:	24,437,500	24,437,500	33,574,288	46,127,175	63,373,383	87,067,672	119,620,874
Available Cash:	0	0	177,048	4,246,740	11,699,753	20,545,793	31,010,728
Debt:	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000
Net Cash:	-36,810,000	-36,810,000	-36,632,952	-32,563,260	-25,110,247	-16,264,207	-5,799,272
Enterprise Value:	61,247,500	61,247,500	70,207,241	78,690,435	88,483,630	103,331,879	125,420,146
EBIT	-8,730,000	-8,730,000	2,311,521	7,953,794	12,666,965	14,533,224	16,732,805
EV/EBIT:	-7.02	-7.02	30.37	9.89	6.99	7.11	7.50
EBITDA	-7,580,000	-7,580,000	3,237,480	9,064,944	13,985,914	16,083,801	18,496,371
EV/EBITDA:	-8.08	-8.08	21.69	8.68	6.33	6.42	6.78

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	4.25	4.25	-9.19	-15.37	-19.82	-20.56	-21.42
Shares Outstanding:	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000
Market Capitalization:	24,437,500	24,437,500	-52,850,009	-88,365,090	-113,978,508	-118,225,678	-123,192,451
Available Cash:	0	0	177,048	4,246,740	11,699,753	20,545,793	31,010,728
Debt:	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000
Net Cash:	-36,810,000	-36,810,000	-36,632,952	-32,563,260	-25,110,247	-16,264,207	-5,799,272
Enterprise Value:	61,247,500	61,247,500	-16,217,057	-55,801,830	-88,868,261	-101,961,471	-117,393,179
EBIT	-8,730,000	-8,730,000	2,311,521	7,953,794	12,666,965	14,533,224	16,732,805
EV/EBIT:	-7.02	-7.02	-7.02	-7.02	-7.02	-7.02	-7.02
EBITDA	-7,580,000	-7,580,000	3,237,480	9,064,944	13,985,914	16,083,801	18,496,371
EV/EBITDA:	-8.08	-8.08	-5.01	-6.16	-6.35	-6.34	-6.35

				Weighting	
LBO Price	4.25	Equity Partners:	24,437,500	100.00%	Annualized Return for Equity Partners: 23.25%
Shares Outstanding	5,750,000	Debt Partners:	0	0.00%	
Market Capitalization	24,437,500	Total Funds for LBO:	24,437,500	100.00%	

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	24.44	Beginning Enterprise Value	61.25	Current Market Price	\$2.07	Starting Debt	35.92
Year 5 Book Value	48.78	Year 5 Enterprise Value	75.30	Year 5 Market Price	\$12.09	Debt Repayment	0.00
Annualized Return	14.82%	Annualized Return	4.22%	Annualized Return	42.32%	Year 5 Ending Debt	35.92
						% of Starting Debt	100.00%

	Historical				Forecasted				
	12 months ending 2008-06-30	12 months ending 2009-06-30	12 months ending 2010-06-30	12 months ending 2011-06-30	2011	2012	2013	2014	2015
Revenue	137.59	149.69	153.92	126.96	107.92	129.50	155.40	178.71	205.52
COGS	102.68	117.47	124.29	100.64	84.17	95.83	111.89	128.67	147.97
Gross margin	34.91	32.22	29.63	26.32	23.74	33.67	43.51	50.04	57.54
SG&A	28.12	30.34	26.07	25.12	20.50	24.60	29.53	33.95	39.05
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.95	1.34	1.19	1.15	0.93	1.11	1.32	1.55	1.76
Unusual expense	0.00	0.00	0.00	9.04	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Income	5.93	0.80	2.65	-8.73	2.31	7.95	12.67	14.53	16.73
Interest income/(expense)	-1.49	-1.44	-1.76	-1.92	-3.25	-3.64	-3.83	-4.00	-4.18
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.14	-0.14	0.00	-0.67	-0.35	-0.46	-0.56	-0.64	-0.74
Income before tax	4.58	-0.78	0.89	-11.32	-0.59	4.77	9.40	11.17	13.29
Tax	1.18	-0.41	0.06	-1.98	-0.18	1.43	2.82	3.35	3.99
Income after tax	3.40	-0.37	0.83	-9.34	-0.41	3.34	6.58	7.82	9.30
Minority Interest	-1.29	-0.72	-0.77	-0.24	-0.34	-0.38	-0.45	-0.52	-0.60
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	2.11	-1.09	0.06	-9.58	-0.75	2.96	6.13	7.30	8.70
*Figures are in millions (\$)									
Revenue Growth	N/A	8.79%	2.83%	-17.52%	-15.00%	20.00%	20.00%	15.00%	15.00%
Tax Rate	25.76%	52.56%	6.74%	17.49%	30.00%	30.00%	30.00%	30.00%	30.00%
Debt Interest Rate					5.00%	6.00%	6.50%	7.00%	7.50%
Margins									
COGS	74.63%	78.48%	80.75%	79.27%	78.00%	74.00%	72.00%	72.00%	72.00%
Gross margin	25.37%	21.52%	19.25%	20.73%	22.00%	26.00%	28.00%	28.00%	28.00%
SG&A	20.44%	20.27%	16.94%	19.79%	19.00%	19.00%	19.00%	19.00%	19.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest expense/(income)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	0.00%	7.12%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income	4.31%	0.53%	1.72%	-6.88%	2.14%	6.14%	8.15%	8.13%	8.14%
Interest income/(expense)	-1.08%	-1.00%	-1.14%	-1.51%	-1.35%	-1.38%	-1.38%	-1.38%	-1.38%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.10%	-0.09%	0.00%	-0.53%	-0.33%	-0.35%	-0.36%	-0.36%	-0.36%
Income before tax	3.33%	-0.52%	0.58%	-8.92%	-0.55%	3.68%	6.05%	6.25%	6.46%
Tax	0.86%	-0.27%	0.04%	-1.56%	-0.95%	-1.03%	-1.06%	-1.04%	-1.05%
Income after tax	2.47%	-0.25%	0.54%	-7.36%	-0.38%	3.09%	6.10%	7.24%	8.62%
Minority Interest	-0.94%	-0.48%	-0.50%	-0.19%	-0.31%	-0.29%	-0.29%	-0.29%	-0.29%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	1.53%	-0.73%	0.04%	-7.55%	-0.69%	2.28%	3.95%	4.08%	4.23%

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LBO Adjusted Proforma Cash Flow

	12 months ending 2011-06-30	2011	2012	2013	2014	2015
Net Income	-9.34	(0.75)	2.96	6.13	7.30	8.70
Depreciation	1.15	0.93	1.11	1.32	1.55	1.76
Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-1.59	0.00	0.00	0.00	0.00	0.00
Non Cash Items	10.65	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-6.72	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	4.47	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	-6.95	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	-0.68	0.00	0.00	0.00	0.00	0.00
Accounts Payable	-4.78	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	-5.85	0.18	4.07	7.45	8.85	10.46
Capital Expenditures	-0.52	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	-0.28	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-0.80	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	-0.35	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Debt	6.82	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	6.47	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	0.00	0.00	0.18	4.25	11.70	20.55
Net Change in Cash	-0.17	0.18	4.07	7.45	8.85	10.46
Ending Cash Balance	-0.17	0.18	4.25	11.70	20.55	31.01

Depreciation to Sales	0.91%	0.86%	0.86%	0.85%	0.87%	0.86%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	18.63%	21.92%	18.26%	15.22%	13.23%	11.51%

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LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-0.17	0.18	4.07	7.45	8.85	10.46
Debt Repayment						
Outstanding Debt	35.92	35.92	35.92	35.92	35.92	35.92
Ending Debt	35.92	35.92	35.92	35.92	35.92	35.92
Forward Libor Curve		4.00%	4.50%	5.00%	5.50%	6.00%
Spread		1.00%	1.50%	1.50%	1.50%	1.50%
Interest Rate		5.00%	6.00%	6.50%	7.00%	7.50%
Interest Expense		1.80	2.16	2.33	2.51	2.69
EBITDA		2.31	7.95	12.67	14.53	16.73
EBITDA/Interest Expense Coverage		1.29	3.69	5.43	5.78	6.21

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					A
A-			A-	A-	
BBB					
BB+		BB+			
BB					
B+					
B					
B-					
CCC	CCC				
CC					
C					
D					

*Source: NYU; Professor Damodaran

SN VALUATION

LBO Analysis

Discounted Cash Flow

WACC Terminal Value:	-
EV/EBITDA Terminal Value:	(\$4.68)
Net Tangible Asset Terminal Value:	\$4.01
EVA:	\$16.34
Net Tangible Asset/Market Price:	\$3.01
Average:	\$4.67

Intrinsic Price in 5 Years:

Intrinsic Price in 5 Years:	4.67
Market Price:	2.07
LBO Price:	4.25
Premium to Market Price:	105.31%
LBO Price Annualized Return:	1.90%
Implied IRR (Market Price):	17.67%

Current Evaluation				Exit Evaluation			
Current Market Price:	2.07	LBO Price:	4.25	Exit Price:	4.67	Exit Price:	-7.62
Outstanding Shares:	5,750,000	Outstanding Shares:	5,750,000	Outstanding Shares:	5,750,000	Outstanding Shares:	5,750,000
Market Capitalization:	11,902,500	Market Capitalization:	24,437,500	Market Capitalization:	26,849,151	Market Capitalization:	(43,788,072)
Available Cash:	0	Available Cash:	0	Available Cash:	(7,815,560)	Available Cash:	(7,815,560)
Debt:	36,810,000	Debt:	36,810,000	Debt:	36,810,000	Debt:	36,810,000
Net Cash:	(36,810,000)	Net Cash:	(36,810,000)	Net Cash:	(44,625,560)	Net Cash:	(44,625,560)
Enterprise Value:	(24,907,500)	Enterprise Value:	61,247,500	Enterprise Value:	71,474,711	Enterprise Value:	837,488
Original EV/EBIT:	(6.98)	EV/EBIT:	(7.02)	EV/EBIT at 5 Years:	384.05	EV/EBIT at 5 Years:	4.50
Original EV/EBITDA:	50.35	EV/EBITDA:	(8.08)	EV/EBITDA at 5 Years:	(41.42)	EV/EBITDA at 5 Years:	0.64
Competitor Average EV/EBIT:	7.00						
Competitor Average EV/EBITDA:	7.00						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	4.25	4.25	4.33	4.41	4.50	4.58	4.67
Shares Outstanding:	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000
Market Capitalization:	24,437,500	24,437,500	24,901,845	25,375,014	25,849,173	26,348,494	26,849,151
Available Cash:	0	0	-1,333,776	-2,850,591	-4,435,026	-6,090,103	-7,815,560
Debt:	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000
Net Cash:	-36,810,000	-36,810,000	-38,143,776	-39,660,591	-41,245,026	-42,900,103	-44,625,560
Enterprise Value:	61,247,500	61,247,500	63,045,622	65,035,605	67,102,200	69,248,598	71,474,711
EBIT	-8,730,000	-8,730,000	153,201	160,861	179,954	165,334	186,108
EV/EBIT:	-7.02	-7.02	411.52	404.30	372.89	418.84	384.05
EBITDA	-7,580,000	-7,580,000	1,079,160	1,133,118	1,189,774	1,249,263	1,311,726
EV/EBITDA:	-8.08	-8.08	58.42	57.40	56.40	55.43	54.49

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	4.25	4.25	-6.82	-7.09	-7.39	-7.66	-7.99
Shares Outstanding:	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000
Market Capitalization:	24,437,500	24,437,500	-39,218,599	-40,789,155	-42,507,536	-44,060,044	-45,931,250
Available Cash:	0	0	-1,333,776	-2,850,591	-4,435,026	-6,090,103	-7,815,560
Debt:	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000	36,810,000
Net Cash:	-36,810,000	-36,810,000	-38,143,776	-39,660,591	-41,245,026	-42,900,103	-44,625,560
Enterprise Value:	61,247,500	61,247,500	-1,074,823	-1,128,564	-1,262,510	-1,159,940	-1,305,690
EBIT	-8,730,000	-8,730,000	153,201	160,861	179,954	165,334	186,108
EV/EBIT:	-7.02	-7.02	-7.02	-7.02	-7.02	-7.02	-7.02
EBITDA	-7,580,000	-7,580,000	1,079,160	1,133,118	1,189,774	1,249,263	1,311,726
EV/EBITDA:	-8.08	-8.08	-1.00	-1.00	-1.06	-0.93	-1.00

			Weighting	
LBO Price	4.25	Equity Partners:	24,437,500	100.00%
Shares Outstanding	5,750,000	Debt Partners:	0	0.00%
Market Capitalization	24,437,500	Total Funds for LBO:	24,437,500	100.00%
				Annualized Return for Equity Partners: -212.37%

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	24.44	Beginning Enterprise Value	61.25	Current Market Price	\$2.07	Starting Debt	35.92
Year 5 Book Value	11.50	Year 5 Enterprise Value	0.84	Year 5 Market Price	-\$7.62	Debt Repayment	0.00
Annualized Return	-13.99%	Annualized Return	-57.62%	Annualized Return	-229.76%	Year 5 Ending Debt	35.92
						% of Starting Debt	100.00%

	Historical				Forecasted				
	12 months ending 2008-06-30	12 months ending 2009-06-30	12 months ending 2010-06-30	12 months ending 2011-06-30	2011	2012	2013	2014	2015
Revenue	137.59	149.69	153.92	126.96	107.92	113.31	118.98	124.93	131.17
COGS	102.68	117.47	124.29	100.64	86.33	90.65	95.18	99.94	104.94
Gross margin	34.91	32.22	29.63	26.32	21.58	22.66	23.80	24.99	26.23
SG&A	28.12	30.34	26.07	25.12	20.50	21.53	22.61	23.74	24.92
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.95	1.34	1.19	1.15	0.93	0.97	1.01	1.08	1.13
Unusual expense	0.00	0.00	0.00	9.04	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Income	5.93	0.80	2.65	-8.73	0.15	0.16	0.18	0.17	0.19
Interest income/(expense)	-1.49	-1.44	-1.76	-1.92	-3.25	-3.64	-3.83	-4.00	-4.18
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.14	-0.14	0.00	-0.67	-0.35	-0.40	-0.43	-0.45	-0.47
Income before tax	4.58	-0.78	0.89	-11.32	-2.75	-3.08	-3.22	-3.39	-3.53
Tax	1.18	-0.41	0.06	-1.98	-0.82	-0.92	-0.96	-1.02	-1.06
Income after tax	3.40	-0.37	0.83	-9.34	-1.92	-2.16	-2.25	-2.37	-2.47
Minority Interest	-1.29	-0.72	-0.77	-0.24	-0.34	-0.33	-0.34	-0.37	-0.38
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	2.11	-1.09	0.06	-9.58	-2.26	-2.49	-2.59	-2.74	-2.85
*Figures are in millions (\$)									
Revenue Growth	N/A	8.79%	2.83%	-17.52%	-15.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	25.76%	52.56%	6.74%	17.49%	30.00%	30.00%	30.00%	30.00%	30.00%
Debt Interest Rate					5.00%	6.00%	6.50%	7.00%	7.50%
Margins									
COGS	74.63%	78.48%	80.75%	79.27%	80.00%	80.00%	80.00%	80.00%	80.00%
Gross margin	25.37%	21.52%	19.25%	20.73%	20.00%	20.00%	20.00%	20.00%	20.00%
SG&A	20.44%	20.27%	16.94%	19.79%	19.00%	19.00%	19.00%	19.00%	19.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest expense/(income)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	0.00%	7.12%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income	4.31%	0.53%	1.72%	-6.88%	0.14%	0.14%	0.15%	0.13%	0.14%
Interest income/(expense)	-1.08%	-1.00%	-1.14%	-1.51%	-1.35%	-1.38%	-1.38%	-1.38%	-1.38%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.10%	-0.09%	0.00%	-0.53%	-0.33%	-0.35%	-0.36%	-0.36%	-0.36%
Income before tax	3.33%	-0.52%	0.58%	-8.92%	-2.55%	-2.72%	-2.70%	-2.71%	-2.69%
Tax	0.86%	-0.27%	0.04%	-1.56%	-0.95%	-1.03%	-1.06%	-1.04%	-1.05%
Income after tax	2.47%	-0.25%	0.54%	-7.36%	-1.78%	-2.00%	-2.09%	-2.20%	-2.29%
Minority Interest	-0.94%	-0.48%	-0.50%	-0.19%	-0.31%	-0.29%	-0.29%	-0.29%	-0.29%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	1.53%	-0.73%	0.04%	-7.55%	-2.09%	-2.20%	-2.18%	-2.19%	-2.17%

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2011-06-30	2011	2012	2013	2014	2015
Net Income	-9.34	(2.26)	(2.49)	(2.59)	(2.74)	(2.85)
Depreciation	1.15	0.93	0.97	1.01	1.08	1.13
Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-1.59	0.00	0.00	0.00	0.00	0.00
Non Cash Items	10.65	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-6.72	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	4.47	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	-6.95	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	-0.68	0.00	0.00	0.00	0.00	0.00
Accounts Payable	-4.78	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	-5.85	(1.33)	(1.52)	(1.58)	(1.66)	(1.73)
Capital Expenditures	-0.52	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	-0.28	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-0.80	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	-0.35	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Debt	6.82	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	6.47	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	0.00	0.00	(1.33)	(2.85)	(4.44)	(6.09)
Net Change in Cash	-0.17	(1.33)	(1.52)	(1.58)	(1.66)	(1.73)
Ending Cash Balance	-0.17	(1.33)	(2.85)	(4.44)	(6.09)	(7.82)

Depreciation to Sales	0.91%	0.86%	0.86%	0.85%	0.87%	0.86%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	18.63%	21.92%	20.87%	19.88%	18.93%	18.03%

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-0.17	-1.33	-1.52	-1.58	-1.66	-1.73
Debt Repayment						
Outstanding Debt	35.92	35.92	35.92	35.92	35.92	35.92
Ending Debt	35.92	35.92	35.92	35.92	35.92	35.92
Forward Libor Curve		4.00%	4.50%	5.00%	5.50%	6.00%
Spread		1.00%	1.50%	1.50%	1.50%	1.50%
Interest Rate		5.00%	6.00%	6.50%	7.00%	7.50%
Interest Expense		1.80	2.16	2.33	2.51	2.69
EBITDA		0.15	0.16	0.18	0.17	0.19
EBITDA/Interest Expense Coverage		0.09	0.07	0.08	0.07	0.07

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D	D	D	D	D	D

*Source: NYU; Professor Damodaran