

# Packaging for Success

An exclusive event for business leaders

## **BUILDING VALUE**

Building Value Symposium 2007

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STIRLING MERCANTILE  
CORPORATION

Please turn off cell phones and pagers.

# About Stirling Mercantile

## Sectors

- Mid market financings
- Early-stage VC financings
- Mergers and acquisitions
- Valuations and fairness opinions
- Public market advisory services



# About Stirling Mercantile

<p>June 2004</p> <p><b>AVATAR Petroleum Inc.</b></p> <p>Has amalgamated with</p> <p>Quest Investment Corporation, Venergy Resource Corporation and Anasco Capital Corp.</p> <p>Stirling Mercantile Corporation provided financial assistance to Quest Investment Corporation in the Independent Committee of the Board of Directors</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2005</p> <p><b>CELERES</b></p> <p>Seed Financing of Common Equity plus Matching Warrants</p> <p>Provided by</p> <p><b>Advantage</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>June 2005</p> <p><b>BlueStar</b></p> <p>\$2,000,000 Subordinated Debt with Warrants</p> <p>Provided by</p> <p><b>Gibbitt Capital Corporation</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>August 2005</p> <p><b>BlueStar</b></p> <p>\$25,000,000 Revolving Line of Credit</p> <p>Provided by</p> <p><b>FINOVA</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>April 2007</p> <p><b>CRYOPAT</b></p> <p>\$3,000,000 Common Equity</p> <p>Provided by</p> <p><b>Claridge SRI Investments</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>January 2008</p> <p><b>efgroup</b></p> <p>US\$2,960,000 Debt Restructuring</p> <p>The undersigned advised the transaction and supervised the restructuring</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>July 2008</p> <p><b>efgroup</b></p> <p>\$3,500,000 Common Equity</p> <p>The undersigned acted as financial advisor to the company</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>June 2008</p> <p><b>GALEFORCE</b></p> <p>\$2,800,000 Series A Equity Financing</p> <p>Provided by</p> <p><b>TALLEY VENTURES WEST</b></p> <p>The undersigned acted as exclusive advisor to the company</p> <p>STIRLING MERCANTILE CORPORATION</p>
<p>November 2004</p> <p><b>ISOTIS Orthobiologics</b></p> <p>created through the acquisition by Isotis, S.A. of</p> <p><b>gen.sci</b></p> <p>The undersigned acted as exclusive advisors to GenSci for the 50% Minority Investment</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>November 2004</p> <p><b>Clonidine Canada's Ltd.</b></p> <p>\$10,750,000 Management Buy-Out</p> <p>Financing provided by the vendor and</p> <p><b>Bank of Montreal</b></p> <p>The undersigned acted as exclusive advisor to the management group and issued the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>July 2005</p> <p><b>Redstone</b></p> <p>MidMarket Lender Company</p> <p>\$7,000,000 Asset Based Loan</p> <p>Provided by</p> <p><b>CONGRESS FINANCIAL</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2005</p> <p><b>Matanza Holdings Inc.</b></p> <p>has purchased a 50% equity interest in</p> <p><b>Yveex Laboratories Inc.</b></p> <p>The undersigned acted as exclusive advisor to Matanza Holdings in obtaining and negotiating the acquisition of the company in 2005</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>July 2005</p> <p><b>MEDICARD</b></p> <p>Medicaid Finance Inc.</p> <p>\$5,000,000 Secured Revolving Line of Credit</p> <p>Provided by</p> <p><b>Bank of Montreal</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>September 2005</p> <p><b>MEDICARD</b></p> <p>Medicaid Finance Inc.</p> <p>\$400,000 Senior Secured Term Notes</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2006</p> <p><b>IT-CSI</b></p> <p>ITCS International Master Safety Software Inc.</p> <p>\$2,000,000 Subordinated Debt and Equity</p> <p>Provided by</p> <p><b>MERCANTILE</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2006</p> <p><b>PRIME PLAY</b></p> <p>\$1,300,000 Subordinated Debt with Warrants</p> <p>Provided by</p> <p><b>RBC Royal Bank</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>
<p>October 2005</p> <p><b>SHARP</b></p> <p>Sharp Plastics Manufacturing Ltd.</p> <p>has been acquired by</p> <p><b>COMPTON</b></p> <p>Compton International Ltd.</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>February 2006</p> <p><b>Tantus</b></p> <p>Common Equity</p> <p>Through a Group of Private Investors</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>November 2006</p> <p><b>THE ZONE</b></p> <p>The Zone Entertainment Group, Inc.</p> <p>\$1,000,000 Senior Debt and Working Capital Facility</p> <p>Provided by</p> <p><b>RBC Royal Bank</b></p> <p>\$1,724,611 Equipment Financing</p> <p>Provided by</p> <p><b>efgroup</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>November 2006</p> <p><b>LATITUDE</b></p> <p>Latitude Multimedia Inc.</p> <p>has sold to</p> <p><b>unity wireless</b></p> <p>R. &amp; A. share exchange transaction</p> <p>The undersigned acted as exclusive advisor to Latitude, and supervised and closed the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>November 2006</p> <p><b>Uniserve</b></p> <p>Universe Communications Corporation</p> <p>\$3,400,000 Term Notes and Common Equity</p> <p>Provided by</p> <p>A Group of Investors led by Michael Seltzer including</p> <p><b>Gibbitt Capital Corporation</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>December 2007</p> <p><b>unity wireless</b></p> <p>US\$926,537 Private Placement, Common Shares and Warrants</p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>July 2008</p> <p><b>DIGITAL</b></p> <p>\$4,400,000 Subordinated debt and warrants and trade finance facility</p> <p>Provided by</p> <p><b>FINANCIAL</b></p> <p><b>ENSIS</b></p> <p><b>RBC Royal Bank</b></p> <p>The undersigned acted as exclusive advisor to the company and issued the financing from the transaction</p> <p>STIRLING MERCANTILE CORPORATION</p>	<p>June 2008</p> <p><b>metrbridge</b></p> <p>\$1,000,000 Seed Financing of Common Equity</p> <p>Provided by a group of investors led by</p> <p><b>Advantage</b></p> <p>The undersigned acted as advisor to the company</p> <p>STIRLING MERCANTILE CORPORATION</p>





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CORPORATION

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## Corporate Finance

Quality advisory services  
More than just money

Stirling Mercantile Corporation

### Welcome

The partners of Stirling Mercantile Corp have extensive knowledge and contacts in the senior debt, growth capital and equity markets and bring this experience to bear in assisting growing companies with their financial plans and funding requirements.

We hope you find this site resourceful.

### Sectors

- Mid market financings
- Mergers and acquisitions
- Early-stage VC financings
- Valuations
- Public market advisory services

### Recent News



Stirling client Celeres Systems Inc. closes seed round with first investment by the Venture Fund of BC Advantage Funds [More...](#)



Stirling raises \$3.4 million of debt and equity for Uniserve Communications Corporation's expansion plans [More...](#)



Stirling client GaleForce Solutions Inc. receives \$2.8 million first round equity financing from Ventures West and Yaletown Ventures. [More...](#)

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# Obligatory Checklist

- Business plan (management's plans)
- Confidential Information Memorandum (details of the company for sale)
- CIM Executive Summary
- 3 to 5 years of financials plus a one page commentary
- Due diligence folder/binder



# Due Diligence Folder/Binder

A great example of a due dilly map, made available in the root of the folder or binder

Updated 20-Dec-06  
Last Update 13-Dec-06

Added or Updated Since Last Update  
On FTP Site - Black Text  
To be provided - Red Text

## Corporate

CDN Corp. Documents  
Articles of Incorporation  
Bylaws  
Board Meeting Minutes  
Board Resolutions  
Shareholder Resolutions  
Filings  
Industry Canada  
Provincial  
Taxation  
US Corp. Documents  
Articles of Incorporation  
Bylaws  
Board Meeting Minutes & Resolutions  
Various  
Business Plan  
Capitalization Table  
Insurance Policy  
SRED Claims

## Financial

Financial Projections  
Financial Statements  
Statements-200610  
Consolidation-200610  
Trial Balance-200610  
A/P  
Directory of Suppliers  
Debt  
Debt Summary  
Interest Calculations  
Prommissory Notes  
Convertible Loan Agreement  
Convertible Notes  
Funding Prentation

## HR

Employment Contracts  
Key employee resumes  
Stock Option Plan, agreements  
Advisor  
Contractor  
Employee  
Various HR Items  
Benefits Plan  
Org Chart  
Salary Summary

## Market

Competition  
Competitive matrix  
Market research

## Agreements

Consulting Contracts  
Stirling Mercantile Corporation  
Partner Validation Agreement  
Office Lease  
NDA & Proprietary Rights Agreements

## Product

Development Process  
Release  
Busdev Roadmap  
Release plan  
Specifications  
Whitepaper  
MRD's  
PRD's  
Feature Spec  
Countering Network Failures  
Intellectual Property  
IPR Identification  
3rd Party IPR Validation  
IPR Protection Strategy



# Think Like A Buyer

- Strategic
  - Market share, keep away from competitor
- Financial
  - Earnings, valuation multiples, accretive value to a stock price
- Entrepreneur
  - Lifestyle



# Think Like A Buyer

Spend money to...  
... make money, or  
... save money



# What Motivates Buyers?

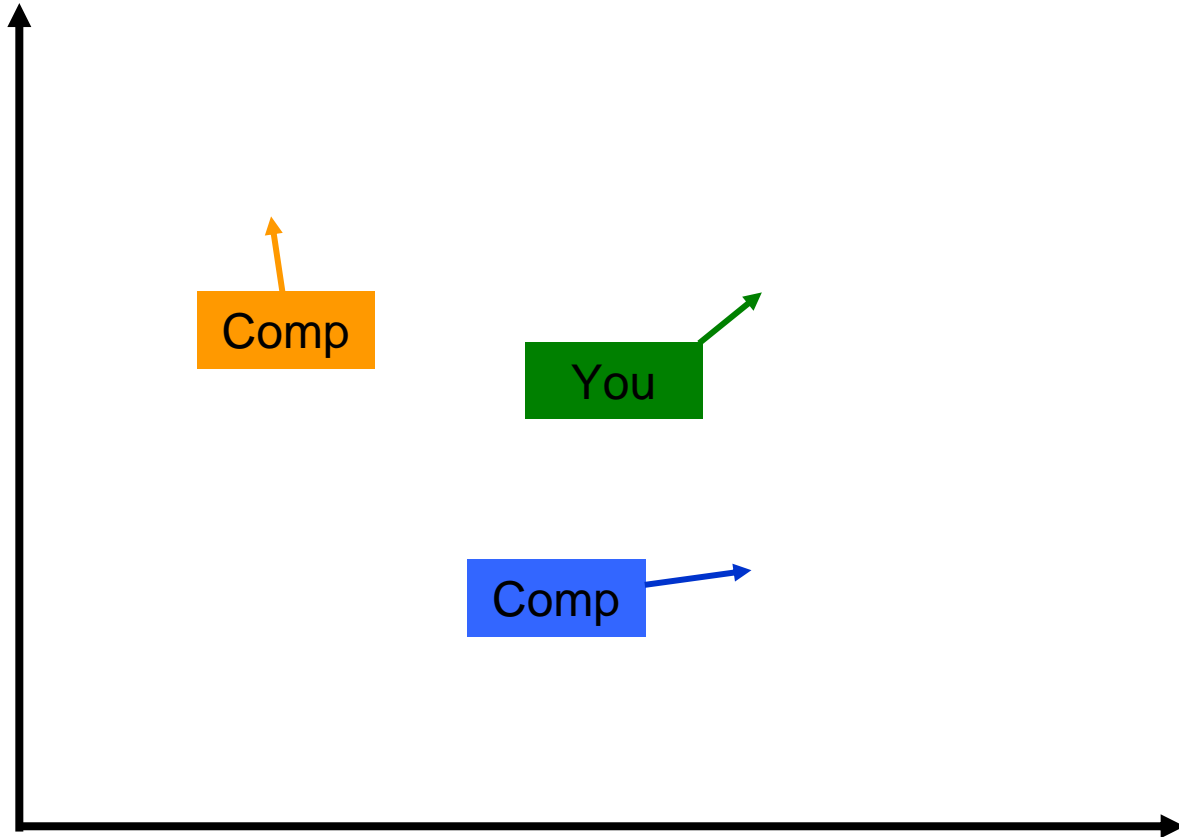
**R.O.I.**

lifestyle



# Position

Value to  
Customer



Sales Unit  
Volume



# Presentation

- A picture tells a thousand words, but...
- Don't spend time on graphics and eye-candy
- Docs in PDF, available for download from your site



# Keep It Concise

- Ask yourself if each paragraph helps to explain why this company has value
- Use grade 8 English, don't put yourself in a position to have to explain jargon or technical terms



# Executive Summary

- Start with a simple description of the value (not the price) to a buyer
- Summarize each section in a short paragraph
- Keep it about 2 pages – just enough to stimulate questions of interest
- Include best contact info, especially if confidential process



# Executive Summary

- Make sure you clearly state the deal
  - Financial example*
    - We are selling this company for \$XXX which represents a revenue multiple of X and an EBITDA multiple of Y
- Restate the Reason to Buy
  - This acquisition would do well for a company looking for [strategic/financial/lifestyle benefit]



# Thank you

A copy of this presentation is available at:

[www.stirlingmercantile.com/speakers.htm](http://www.stirlingmercantile.com/speakers.htm)

