



A MESSAGE FROM THE PRESIDENT AND FOUNDER

Thank you for your inquiry about our unique Sports Traders Business Opportunities. We take this business very seriously, and will take personal care in the training and development of your Sports Traders Store.

We are not only the Buying Group Head Office and Training Centre for Sports Traders, but we are also operators of one of the largest, most successful new and used sports stores in Canada. Our Victoria flagship store is over 20,000 sq.ft., carrying over 1.5 Million dollars worth of merchandise and is where this whole concept was conceived.

We founded this operation in 1984, and we will pass on all of our many years of experience in this business in your training programs.

Sports Traders initially started out as a Franchisor, franchising Sports Traders stores in Canada in 1987. In recent years, our Franchisees requested a change in the structure of the entire franchise operation; to a member-run buying group, reducing the administration of a cumbersome franchise head office. The proposal was well accepted by ourselves and all the franchisee members and we created the members-run, Sports Traders Buying Group called **STG GROUP**.

Traders International Franchise Management Inc., became the 'training' entity only, to which you will be trained exactly as per past franchises. After the training, you are invited to join the Member-run, STG Group and it's full national buying power, with an association fee of \$200. plus GST per month for the first year, then \$100 / month for the duration of membership with full voting rights and 30 day release capability. There are no other on-going fees.

Because we have a successful proven system of success in the sports industry, it makes sense to associate yourself with Sports Traders and it's total training package, to fulfill your dreams of risk-reduced self-employment and business independence.

The larger we grow, the more benefits and advantages the Sports marketplace offers our group. Our members are independent business people, joining together to make this organization a friendly, family like endeavour, and still maintain that independent attitude.

Please feel free to call me personally with any questions you may have.

Allan S. Mellett, Pres.
Traders International Inc.



Sports Traders is not a Franchise

This presentation is not a franchise offering. Traders International Franchise Management Inc. is a training corporation offering full and partial training programs to establish Sports Traders concept stores.

- ◆ The Training fee is a one time fee based on depth of training required to complete the training.
- ◆ Successful trainees are not obligated to join the Sports Traders buying group.
- ◆ The Sports Traders Buying Group, is a member-run organization requiring a monthly membership fee of \$100.00 per month, plus G.S.T. Made payable to the Group and the signing of a Basic Membership Agreement with a 30 day cancellation clause. (Copy Attached)
- ◆ The first year buying group dues are \$200 per month (\$2400/per year)

What is Sports Traders?

Sports Traders is an exciting business concept that provides an affordable alternative to the high cost of new sporting and recreational equipment. Sports Traders has developed and refined a very successful retail business that offers quality new and used goods that are priced lower than normal retail.

The concept of “trading-in and trading-up” sporting goods and equipment has become very popular in the past few years, especially in light of the increased awareness and concern about our environment – both physical and economic. Sports Traders offers trade-in features that are quite diversified and unique: Sports Traders’ customers may sell, trade-in or consign any of their acceptable used sporting and recreational goods in our stores. They may in turn purchase new or used goods and accept a trade-in value towards the cost of the goods. The ability to trade-in used goods, combined with the option to purchase new and/or used, opens the door to tremendous profit potential!

As a Sports Traders Group Member, you will work with a company that has spent years developing a successful business format. The new and used concept of sporting goods and recreational equipment has proven tremendously successful and we will provide you with expert advice, training and guidance in the start-up of your Sports Traders business.

You will build on the name and reputation of Sports Traders in launching your business. Rather than face an initial period of uncertainty during which you must try to establish your presence in the market, you will be able to offer products and services that have gained widespread acceptance and are supported by existing members.

We will train you in all aspects of this business. The training is all-inclusive and takes place at our Sports Traders Head Office in Victoria. This initial training takes approximately five (5) days with accommodation paid for by Head Office. You are provided with assistance until you are confident and knowledgeable in all aspects of your new business.

While this doesn’t eliminate the need for hard work and good management skills on your part, it does mean that you won’t have to learn by trial and error. A business strategy that has proven successful in the past greatly enhances your capacity for success!



Corporate Philosophy

To operate a Sports Traders Store in an ethical and businesslike manner and to become a good corporate citizen by community involvement.

Legal

A common question asked by entrepreneurs starting a business is whether they should start out as a proprietorship, a partnership or a corporation.

A proprietorship is a business owned by one person (the “sole proprietor”) and is the simplest form of business structure. A business owned by more than one person is a partnership. Each partner is personally responsible for the debts of the business (except in special partnerships called limited partnerships), and any partner can create a binding obligation of the business.

A corporation, or limited company, is owned by shareholders and managed by directors and officers. It is possible, and very common, for one person to be the sole shareholder, director and officer. The most common benefits of incorporating include:

- Liability of shareholders is limited
- Lower tax rates and greater flexibility for tax planning
- Greater access to capital
- Perpetual existence

Call your accountant and a lawyer to discuss your options.

Training

A comprehensive training schedule is provided by Traders International at the Sports Traders Flagship Store in Victoria. The depth of training will depend on you and your familiarity with your new business, but basically we address all aspects of store management, including accounting, advertising, equipment repairs, product knowledge, maintenance, small business management and employee motivational techniques.

Head Office provides complete and first-rate training for each new Sports Traders Group Member.

All Sports Traders Group Members Spend Up To A Week, Training At Sports Traders Victoria Flagship Store



SPORTS TRADERS VICTORIA

- **Canada's Finest Training Facility:** A 20,000 square foot full range Sporting Goods Mega Store and host to Sports Traders members in training. Western Canada's largest and most diversified retail operation of its kind in downtown Victoria.
- **Million Dollar Inventory:** Our huge inventory will provide you with complete product knowledge for sports merchandising and display.
- **Personalized Training:** Hands-on training on all aspects of Sports Traders' business. Our Professional Service Department: Will show you step-by-step the how to's of sports servicing and repair, a lucrative aspect of a Sports Traders Store.

Management of Your Sports Traders Store

We recommend that Sports Traders stores be owner-operated—the owner of the store will act as the purchaser of the merchandise, negotiate trade-ins, purchases of used merchandise, and sell these items on the sales floor. During your training period, you will receive instruction for a basic accounting system to simplify the bookkeeping/posting procedures. The store owner is responsible for the immediate hiring of part-time employees, if family members are not available to assist. A thorough training program at Head Office in Victoria, will provide you with a comprehensive education and hands-on experience in all aspects of store operations that will leave you confident and ready to manage your new Sports Traders Store!

Operations Manual

The Sports Traders Operations Manual is a fact-filled catalogue that addresses every aspect of this business. It will be a useful companion and source of information in the operation of your store and is provided to all Sports Traders Group Members.

The Operations Manual lists all equipment, supplies and materials required for your new store. In addition, business forms, advertising mats, yellow page ad mats, business cards, Trader Buck coupons and the Sports Traders logos are provided and ready to be used in a printing order. These layouts and logos are included in the Starter Package provided by Head Office. In addition, Head Office has negotiated discounts for other essential products for your new Sports Traders store, such as price tags, signage, fixtures, cash registers, etc.



Exclusivity of Territory and Expansion

A Sports Traders store has a protected territory. It has jurisdiction to expand within this territory with the expansion of existing stores and the development of branch stores. As well, it should be noted that stores are available in other territories (at a reduced rate) to a member who wishes to increase their number of stores. The ease of new store openings allows you to consider becoming a multiple store owner!

The Four P's – Product, Promotion, Pricing and Profit

Our unique programs in product mix, marketing and in-store promotions are setting industry standards. For example, to entice customers to regularly return to Sports Traders, we have developed "Trader Bucks". A prescribed amount of these coupons are given with every purchase and may be redeemed through additional purchases in your store encouraging repeat business.

As a Sports Traders Group Member, your acquisition of used inventory will play a significant role in your operation. For new product purchases, you have access to Head Office negotiated supplier discounts and favorable credit terms. Suppliers submit their product and pricing guarantees to Head Office so that they can supply our chain with their products. All major brand names are included in the large selection of suppliers available to Group Members.

As a Sports Traders Group Member, you deal directly with the suppliers and manufacturers. All invoices and shipments are sent directly to you and any credit lines and other such responsibilities are handled by you. This allows you to develop a relationship with your suppliers and negotiate terms on your own behalf as well as taking advantage of nationally negotiated discounts. This autonomy also means that your credit and payment history are not affected by other stores.

We give you complete training in print and media advertising techniques, in-store promotions, merchandising ideas and displays, public relations and sponsorships. We will show you how to display your products effectively to invite sales and trades. With certain products, we'll show you how to "stack-em high and watch-em buy" and offer advice on prime retail selling spaces.

We will also show you a fool-proof formula for pricing from cost to get a retail selling price that will be acceptable to customers and still provide a good profit. Buying right is the key to success and profit in this business, and you have the best buyers in the market that will show you how to buy effectively. These buyers will work hard to negotiate tremendous deals and terms for you. Watch your profits grow!

Our accounting system is simple, concise and time saving for your Sports Traders store. Procedures for preparing financial statements, income tax return and payroll as well as inventory and payables management will be fully explained prior to the opening of your new Sports Traders store.



The Sports Traders System Includes:

- ◆ Assistance with development of business plan.
- ◆ Site selection and lease negotiation expertise.
- ◆ Retail store design and layout expertise.

- ◆ **Head Office training includes:**
- ◆ Small business management and basic bookkeeping.
- ◆ Sales and motivational techniques.
- ◆ Employee training.
- ◆ Store security systems introduction.
- ◆ Information on sports products and the sports marketplace, including tips on the buying, trading and consignment of used sports equipment.
- ◆ Product repair techniques.
- ◆ Advertising
- ◆ Merchandising

- ◆ Exclusive use of logos.
- ◆ On-site start-up assistance.
- ◆ Preferred Supplier Catalogue.
- ◆ Instant access to pre-negotiated Buying Group deals.

Sports Traders Group Member Assistance

Having opened several locations, we have experience in finding suitable locations. We look for locations with low overhead, high traffic, easy access and ample parking. We will assist you in negotiating your lease agreement for your new store and in the purchase of your store fixtures and counters. We then analyze each location and recommend the stock levels for peak efficiency. You will travel to Victoria for training and then we will attend at your store the week prior to opening to assist you in set-up of your inventory and displays. We will be by your side until you are comfortable and confident to run your store.

Assistance aside, as a Sports Traders Group Member, you still enjoy the independence of business ownership:

- You own all of your business assets;
- You hold the lease on your premises and all leased equipment and vehicles;
- You may sell and market your products in any manner that you wish, within the realm of proper business ethics
- Your store hours, amount of stock, profit margins, personal financing and staffing are at your discretion.
- You may leave the group at any time.

Basically, you run your store comfortable in the knowledge that we are available for advice and assistance at all times..



Diversification...Your Key to Success

Sporting goods is one of the most rapidly expanding and changing industries in Canada. The increased level of awareness of the effects of health and lifestyle and a growing interest in fitness generally account for this growth. Combine this increased awareness with the trend towards recycling and consumer commitment to stretching the value of the dollar, and you see why the Sports Traders concept has experienced such phenomenal success!

Retail "warehouse shopping" sporting goods stores are not in direct competition with the Sports Traders retail concept. We offer personalized and wide-ranging service and the concept of new and used sets us apart.

Everyone visits Sports Traders looking for deals on various kinds of sporting equipment. However, Sports Traders will tend to focus on children's and young adult's sports and clothing. This market has the highest turnover of size changes, as well as the greatest ability to upgrade. Specialty, high tech or custom built sports equipment is best suited for the professionals and accounts for less than 10% of the market.

However, keep in mind that to successfully become established in this business, you must research and analyze the population in the location you are considering. Look at existing stores in that location that are successful specializing in just one or two products, and imagine the profits that can be achieved if you handle all of these products!

The following is an approved list of products that fall into suitable categories for a new Sports Traders store. By diversifying into all fields, you can protect yourself against potentially slow months and create a steady cash flow year-round.

Archery *Backpacking *Baseball *Basketball *Bicycles *Bike Parts *Billiards *Boxing
*Broom ball *Camping *Canoes *Curling *Darts *Figure Skating *Fishing *Fitness
Equipment *Footwear *Golf *Helmet *Hiking *Hockey *Ice Skates* In-line Skates *Karate
*Lacrosse *Motor Bikes *Outboard Motors *Roller Hockey *Scuba *Skateboards *Skiing
*Snowboarding *Team Uniforms *Tennis *Tents *Tricycles *Trophies *Volleyball *Water
Sports *Weight Sets*

Please note that this list represents only a broad overview of the areas that you may choose to specialize in with your new Sports Traders store.



Advantages to the Sports Traders Concept...

- ◆ **No Slow Season:** Different sports follow the seasons of the year.
- ◆ **Flexibility – Local Economic Conditions/Demographics:** Ability to diversity into many fields, and eliminate unprofitable areas. With the ability to flex your used and new stock levels: “lean to new” in some years, or “lean to used” in others – you have complete flexibility.
- ◆ **Independence:** You have complete freedom regarding the management of your Sports Traders store, assuming of course, that it is within the boundaries of approved business ethics and the Traders International’s Corporate Philosophy. You may design the store using corporate colour choices, and use any reasonable fixturing at your disposal. Financing, suppliers, stationery, silk-screen, printing and clothing companies are chosen at your discretion.
- ◆ **Trade-Ins:** Derived from a sale of another product, you will land a used good at a very low cost. This feature makes you very unique in the marketplace, allows you to attract a sale, and acquire a product for resale and makes you very desirable to young families – your best customer. Your customers have the advantage of “trading-in or trading-up” with merchandise throughout every season of the year.
- ◆ **Service Work:** Repairs provide major income on a year-round basis. Some of the services that you may choose to provide could include: golf repair, bicycle repair, ski repairs and tuning, hockey equipment repair, skate sharpening, tennis racquet re-stringing and leather repairs.
- ◆ **Diversified Customer Base:** Our marketing is demographically targeted to the beginner or intermediate recreational sports enthusiast, children and adult. They will buy products with confidence that they may trade-in or sell their purchase at any time. As a Group Member, this is your biggest advantage over the standard sporting goods competitor in the local community! While your customer base is essentially comprised of young families, you will be able to broaden and expand to other customers who will eventually come to you first before they shop elsewhere. Follow our exclusive image building and advertising formats and watch your customer base broaden!
- ◆ **Cash Flexibility:** We’ll show you how to obtain thousands of dollars worth of stock with little to no cash outlay, by way of trades and consignments.



- ◆ **Group Volume Buying:** Every Sports Traders Store automatically becomes a member of our Sports Traders Buying Group. Our policy is volume buying of popular, fast selling products at considerably less cost than buying independently. Please note however, that any discounts negotiated by Head Office are available to you while usually financially advantageous, they are not obligatory. A comprehensive catalogue, listing all your suppliers in the sporting goods industry, also comes with this package.
- ◆ **Training:** We offer complete training at our Sports Traders Flagship Store in Victoria. During your training period, we will direct you in all aspects of your business and provide complete product knowledge of any products may handle. Following your training, we are always available for support and advice.

Our Success Strategy: Every Sports Traders Store Requires...

- ◆ **Effort:** As with any new business, a 150% effort is required for the first few years. Generally, if your Sports Traders store is operated "lean & mean" for the first year, you can expect to be financially rewarded in subsequent years.
- ◆ **Commitment:** It should be understood that a new store requires a total commitment of time, effort and money in its early years and will require effort on behalf of its principals beyond that which would normally be expected from a structured employment situation. Successful entrepreneurs have to take chances occasionally. As with any business, commitments will be required by your bank, your suppliers and others that you will deal with. Millions of successful independent business owners do this everyday. Remember that you are following a proven business strategy, which greatly reduces the extent of your risk.
- ◆ **A Slow and Steady Approach:** Initially, you cannot expect a tremendously high sales volume, establishing a new business in any town or city takes time, effort and money. We'll show you how to do this using a slow and steady method, that will not cause financial hardship.

*It should be noted that although a business background is helpful, it is not essential. We will provide complete training.

Above all, Sports Traders Members should be success-oriented, hard-working, independent and self-motivated.



BUSINESS PLAN OUTLINE

Unless you can start-up the business entirely with your own finances, you will need to consider how you are going to finance it. To support a bank loan application, a well-organized financing proposal that clearly demonstrates your financing needs and the expected performance of your store operation must be prepared. We would be pleased to help you prepare this proposal.

For bank financing, the following are some options available to credit worthy applicants:

- ◆ **Small Business Loans:** To finance equipment, fixtures and leaseholds.
- ◆ **Operating Loans:** To finance day-to-day business operations, inventory purchases, etc. An average Sports Traders store (based on size), requires operating capital of approximately a \$150,000 line of credit.
- ◆ **Business Improvement** You can use a Business Improvement Loan of approximately \$100,000 to finance assets or improvements that are necessary in the operation of your business:
 - ◆ Equipment: including purchases, installation and modernization costs.
 - ◆ Improvements: the cost of building, renovating, modernizing or extending new, existing or leased premises.
 - ◆ Land and Premises: acquisition costs.

A line of credit for operating your business can be arranged with your bank. Remember that an increased line of credit allows an increased product line for your store. The Sports Traders store is ideal for entrepreneurs who wish to start small or start big; depending upon personal financial abilities.

As an example, consider an average store with 2,500 square feet, and a line of credit of \$150,000. We would suggest a total financing package of approximately \$200,000 to \$250,000.

- ◆ \$75,000 initial stock
- ◆ \$50,000 leasehold improvements, fixtures, signs
- ◆ Training fee \$29,000. Plus G.S.T.
- ◆ \$150,000 Operating Capital



ANNUAL PRO FORMA (Canadian Funds)

	1	2	3
Sales (1)	\$350,000	\$400,000	\$500,000
Cost of Goods Sold (55%)	192,500	220,000	275,000
Gross Profit	\$157,500	\$180,000	\$225,000
Expenses			
Rent	\$35,000	\$35,000	\$35,000
Salaries	42,000	48,000	60,000
Group Fees	1,200	1,200	1,200
Phone/Fax	3,000	4,000	5,000
Accounting	2,000	3,000	4,000
Advertising	17,500	20,000	25,000
Insurance	2,000	3,000	4,000
Office/Printing	3,000	4,000	5,000
Gas/Auto	3,000	4,000	5,000
Miscellaneous	5,000	5,000	10,000
Total Expenses	\$115,900	\$128,400	\$155,400
Operating Cash Flow	\$41,600	\$51,600	\$69,600

Notes:

- (1) Sales: Calculated on basis of a targeted inventory ration of 75% new to 25% used.
- (2) Rent: 2,500 Square feet @ \$12-15/square foot
- (3) Salaries: 12% of gross sales
- (4) Group Fees: \$1200 per annum

Disclosure:

The above operating cash flow is presented only as a guide and indicates projected results per location based on experience to date by Sports Traders. It does not include debt service, depreciation or income tax. Results may vary significantly based on several factors, including the size of the local market, financing structures, level of enthusiasm of the Group member, its staff and promotional efforts.



Example of Start-up Expenses

The Following figures are in Canadian funds and are conservative minimum estimates provided for illustrative purposes only:

EQUIPMENT

Computerized Cash-P.O.S. System	\$5,000.00
Fax Machine	\$300.00
Office Supplies, Calculator, Desk, Chair, Phone	\$1,000.00
Repair Shop Tools	\$500.00
Security System	\$500.00
Signs, Indoor & Outdoor	\$3,000.00
Skate Sharpener	\$7,700.00
Computers, Printers, Software	<u>\$5,000.00</u>
TOTAL EQUIPMENT	<u>\$23,000.00</u>

LEASEHOLD IMPROVEMENTS

Carpet, Linoleum and Trims	\$3,000.00
Cash Counters	\$1,000.00
Change Rooms and Storage Rooms	\$500.00
Fixtures: Showcases, Bins, Shelving, Pricing Guns, etc.	\$4,000.00
Paints, Brushes, Trays, Rollers	\$500.00
Slatwall	<u>\$3,000.00</u>
TOTAL LEASEHOLD IMPROVEMENTS	<u>\$12,000.00</u>

ESTIMATED AVERAGE LEASEHOLDS &- CAPITAL COST REQUIREMENTS	<u>\$35,000.00</u>
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SPORTS TRADERS CASH FLOW PROJECTIONS Sales Volume A \$350,000



REVENUE	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES	24,500	22,155	24,500	25,655	21,000	22,155	29,155	31,500	35,000	30,345	26,880	57,155	350,000
COST OF SALES	14,700	13,293	14,700	15,393	12,600	13,293	17,493	18,900	21,000	18,207	16,128	34,293	210,000
GROSS PROFIT	9,800	8,862	9,800	10,262	8,400	8,862	11,662	12,600	14,000	12,138	10,752	22,862	140,000
EXPENSES													
RENT	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	37,500
UTILITIES	250	250	250	250	250	250	250	250	250	250	250	250	2,400
ROYALTIES	0	0	0	0	0	0	250	250	250	250	250	250	1,500
CREDIT CARD SALES	245	221	245	256	210	221	291	315	350	303	268	571	3,500
WAGES	980	886	980	1,026	840	886	1,166	1,260	1,400	1,214	1,075	2,286	14,000
ADVERTISING	1,470	1,329	1,470	1,539	1,260	1,329	1,749	1,890	2,100	1,821	1,613	3,429	21,000
ACCOUNTING	135	122	135	141	116	122	160	173	193	167	148	314	1,925
INSURANCE	83	83	83	83	83	83	83	83	83	83	83	83	1,000
OFFICE/PRINTING	150	150	150	150	150	150	150	150	150	150	150	150	1,800
MISCELLANEOUS	208	208	208	208	208	208	208	208	208	208	208	208	2,500
TOTAL EXPENSES	\$6,646	\$6,374	\$6,646	\$6,778	\$6,242	\$6,374	\$7,432	\$7,704	\$8,109	\$7,571	\$7,170	\$10,666	\$87,125
CASH SURPLUS	3,154	2,488	3,154	3,484	2,158	2,488	4,230	4,896	5,891	4,567	3,582	12,196	52,875

Sales Volume B \$475,000

REVENUE	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES	33,250	30,068	33,250	34,818	28,500	30,068	39,568	42,750	47,500	41,183	36,480	77,568	475,000
COST OF SALES	19,950	18,041	19,950	20,891	17,100	18,041	23,741	25,650	28,500	24,710	21,888	46,541	285,000
GROSS PROFIT	13,300	12,027	13,300	13,927	11,400	12,027	15,827	17,100	19,000	16,473	14,592	31,027	190,000
EXPENSES													
RENT	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	37,500
UTILITIES	250	250	250	250	250	250	250	250	250	250	250	250	2,400
ROYALTIES	500	500	500	500	500	500	500	500	500	500	500	500	6,000
CREDIT CARD SALES	333	301	333	348	285	301	396	428	475	412	365	776	4,750
WAGES	1,330	1,203	1,330	1,393	1,140	1,203	1,583	1,710	1,900	1,647	1,459	3,103	19,000
ADVERTISING	1,995	1,804	1,995	2,089	1,710	1,804	2,374	2,565	2,850	2,471	2,189	4,654	28,500
ACCOUNTING	183	165	183	191	157	165	218	235	261	227	201	427	2,613
INSURANCE	100	100	100	100	100	100	100	100	100	100	100	100	1,200
OFFICE/PRINTING	167	167	167	167	167	167	167	167	167	167	167	167	2,000
MISCELLANEOUS	208	208	208	208	208	208	208	208	208	208	208	208	2,500
TOTAL EXPENSES	\$8,191	\$7,823	\$8,191	\$8,371	\$7,642	\$7,823	\$8,921	\$9,288	\$9,836	\$9,107	\$8,564	\$13,310	\$106,463
CASH SURPLUS	5,109	4,204	5,109	5,556	3,758	4,204	6,906	7,812	9,164	7,366	6,028	17,717	83,537

Sales Volume C \$600,000

REVENUE	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES	42,000	37,980	42,000	43,980	36,000	37,980	49,980	54,000	60,000	52,020	46,080	97,980	600,000
COST OF SALES	25,200	22,788	25,200	26,388	21,600	22,788	29,988	32,400	36,000	31,212	27,648	58,788	360,000
GROSS PROFIT	16,800	15,192	16,800	17,592	14,400	15,192	19,992	21,600	24,000	20,808	18,432	39,192	240,000
EXPENSES													
RENT	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	37,500
UTILITIES	250	250	250	250	250	250	250	250	250	250	250	250	2,400
ROYALTIES	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
CREDIT CARD SALES	420	380	420	440	360	380	500	540	600	520	461	980	6,000
WAGES	1,680	1,519	1,680	1,759	1,440	1,519	1,999	2,160	2,400	2,081	1,843	3,919	24,000
ADVERTISING	2,520	2,279	2,520	2,639	2,160	2,279	2,999	3,240	3,600	3,121	2,765	5,879	36,000
ACCOUNTING	231	209	231	242	198	209	275	297	330	286	253	539	3,300
INSURANCE	117	117	117	117	117	117	117	117	117	117	117	117	1,400
OFFICE/PRINTING	183	183	183	183	183	183	183	183	183	183	183	183	2,200
MISCELLANEOUS	208	208	208	208	208	208	208	208	208	208	208	208	2,500
TOTAL EXPENSES	\$9,734	\$9,270	\$9,734	\$9,963	\$9,041	\$9,270	\$10,656	\$11,120	\$11,813	\$10,891	\$10,205	\$16,200	\$127,300
CASH SURPLUS	7,066	5,922	7,066	7,629	5,359	5,922	9,336	10,480	12,187	9,917	8,227	22,992	112,700



DISCLOSURE STATEMENT

AUTHORIZED AGENT

The only authorized trading representative duly authorized to sell and represent this offering is Allan S. Mellett, President, Traders International, Inc., 508 Discovery St, Victoria, BC, V8T 1G8.

SPECULATIVE RISKS

There is no assurance that this store will ever make a profit. Estimated sales and expense figures provided, are for demonstration purposes only, and we make no guarantees, warranties, or representations that these figures will be achieved.

COMMITMENTS

It should be understood that a new store requires total commitment of time, effort and money in it's infant years, and may require additional hours of work and effort on behalf of it's principals, beyond that would normally be expected from a structured employment situation. It may also be necessary to fluctuate your income from time to time to accommodate the sales and income of your new business.

SPORTS TRADERS, AND TRADERS INTERNATIONAL AND STG GROUP (Hereafter called The Group)

- ◆ The Group cannot guarantee that you will be set-up on open account with all the supply sources you wish to be supplied with.
- ◆ The Group cannot control the credit requirements and shipping ability of any supplier, and cannot guarantee all shipments and invoicing will be correct.
- ◆ The Group cannot guarantee specific lines of credit attainable from any financial institution, and suggest proper financing be in place before continuing.
- ◆ This is not a franchise offering.
- ◆ No contract is required on the training programs.
- ◆ A Training Agreement is created, outlining your specific training program.
- ◆ A non-obligatory invitation is extended to this applicant to join the sports traders buying group upon completion of training.
- ◆ The STG Group requires a Basic Membership Agreement be signed (copy attached), and a monthly membership fee. This agreement and membership may be cancelled with 30 day notice.
- ◆ Use of the name Sports Traders is granted to the STG Group members only.