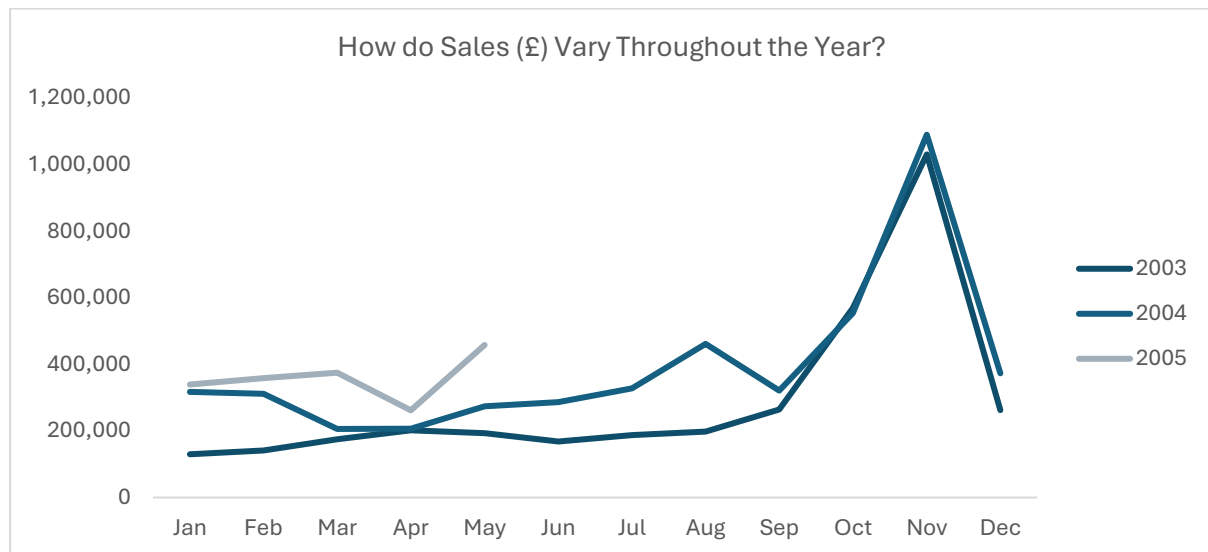
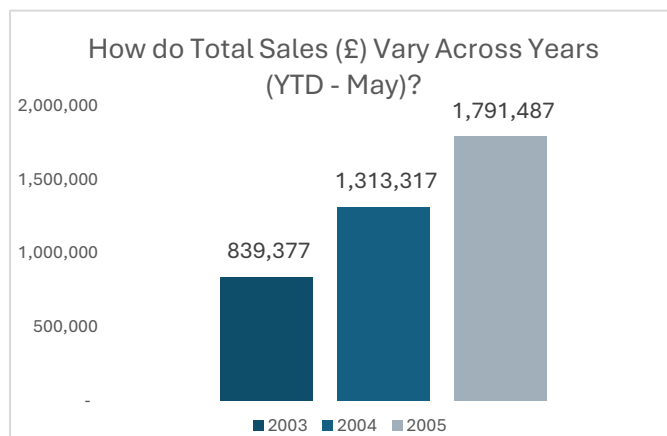


## Overall performance and projections

Between 2003 and 2004 a 34.3% increase in total annual sales was seen (~£3.51 million versus ~£4.72 million respectively).

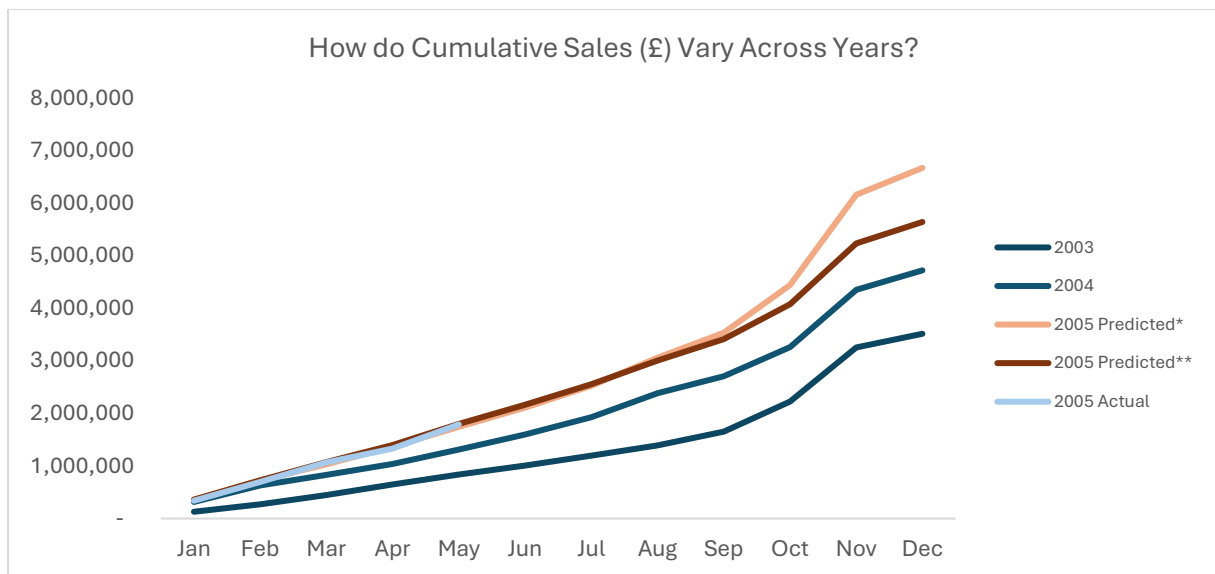


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	130K	141K	175K	202K	193K	168K	188K	198K	264K	568K	1,030K	262K
2004	317K	311K	206K	206K	273K	287K	327K	462K	321K	553K	1,089K	373K
2005	340K	358K	374K	262K	458K							



When assessing the year-to-date (YTD - Jan-May) sales seen so far, 2005 (£1.79 million) has increased by ~36.4% versus 2004 (£1.31 million), which in turn was 56.5% higher than 2003 (£0.84 million).

This shows that although the upward trend continues, growth in sales is slowing relatively.

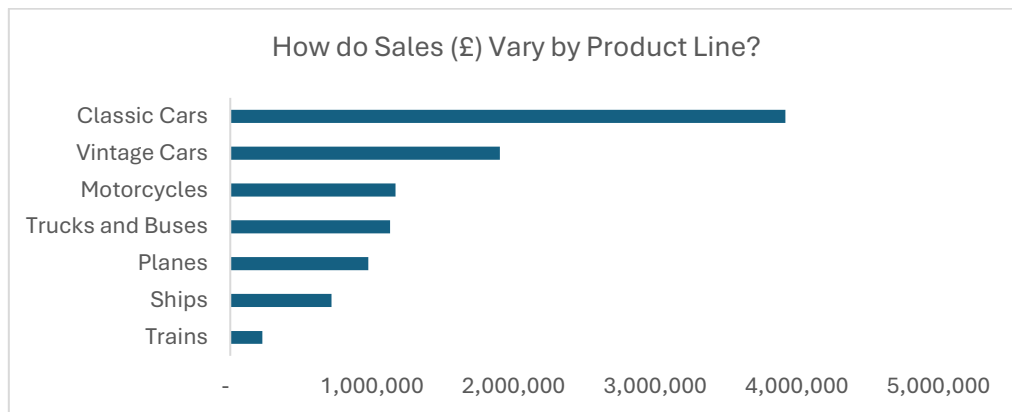


When looking at forecasted sales for the remainder of 2005 it is estimated that total sales will increase between 19.49%\*\* (to 5.65 million) and 41.2%\* (6.67 million) when compared to 2004 (see table 1 in appendix). This suggests there is potential for 2005 to exceed 2004's growth rate if the higher forecast holds, however, with year-to-date growth already slowing and signals of operational disruptions occurring, this outcome is not guaranteed

\*method 1 involved a simple linear regression (utilising dummy variables for ongoing time, and for each month - to account for both increases over time as a whole as well as throughout the year), that although overall was statistically significant ( $P < 0.001$ ), for some months was not. This should be taken as a **rough** indicator only (please see table 2 in the appendix for details).

\*\*method 2 involves taking an average between 2003 and 2004 for each month, and multiplying that average by the difference in scale between Jan-May totalled for 2005 versus the previous 2003/2004 average

## Product Line Performance



Product Line	Total Sales (£)	Proportion
Classic Cars	3,919,616	39.07%
Vintage Cars	1,903,151	18.97%
Motorcycles	1,166,388	11.63%
Trucks and Buses	1,127,790	11.24%
Planes	975,004	9.72%
Ships	714,437	7.12%
Trains	226,243	2.26%

The majority of total sales between January 2003 and May 2005 has been generated through the Classic Cars product line (£3.92million, 39.05% of total), followed by the Vintage Cars line (£1.9million, 18.97% of total), and the Motorcycles line (£1.17million, 11.63% of total).

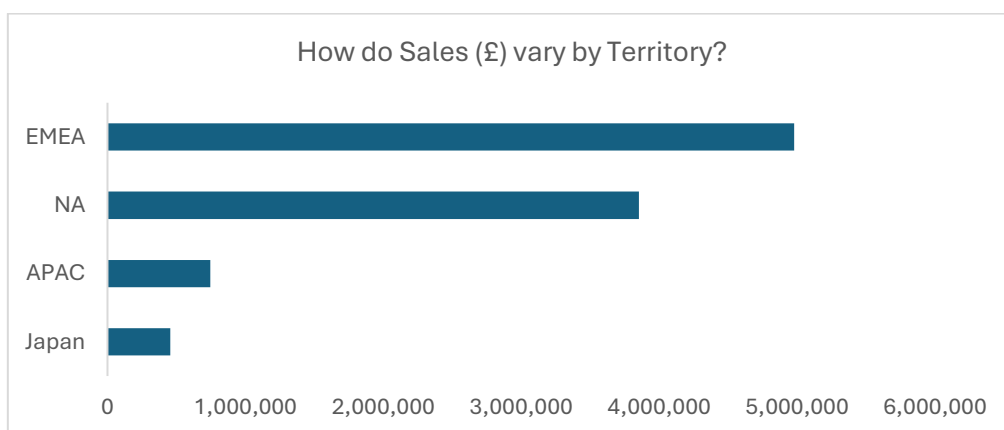
Product Line	Mean CVI	
Trains	1.31	At the other end, the product line that contributes the least is Trains (£226k, 2.26% of total sales). However, when looking at Customer Value Index (CVI - calculated as each customer's total sales divided by the average across all customers – which identifies high spenders regardless of volume), the mean CVI for this product line is the highest – meaning that customers who purchase Trains products tend to spend more than the average customer. This could represent a niche, limited order volume area for targeted strategic growth.
Trucks and Buses	1.22	
Motorcycles	1.22	
Ships	1.13	
Planes	1.05	
Classic Cars	1.02	
Vintage Cars	1.01	

## Demographic Performance

Between 2003 and 2004, the number of active customers grew by 21.7% (from 69 to 84). Of the 2004 customer base, 61 were returning and 23 were new, resulting in a retention rate of 88.4% (though note that the remaining 8 customers were seen again in 2005)

Customers	2003	2004	2005
Total	69	84	40
New	69	23	
Lost		-8	-44
Returned		61	40

As of May 2005 the total number of customers has fallen to 40 (a ~52% decrease) however when adjusting for YTD activity, customer engagement is actually higher than previous years (35 in 2004 and 26 in 2003) – suggesting stronger early-year engagement, but highlighting a requirement to source new customers.



Territory	Total Spend	Mean Spend (£)	Mean CVI	Customers
EMEA	4,979,272	113,165	1.038	44
NA	3,852,061	101,370	0.930	38
APAC	746,122	124,354	1.140	6
Japan	455,173	113,793	1.043	4

EMEA is responsible for the highest total income (with £4.98 million - representing 49.6% of the total), with 44 unique customers, followed by NA (with £3.85 million - representing 38.4%) with 38 unique customers.

However, the mean CVI of APAC (1.14) and Japan (1.043) are modestly higher than EMEA (1.038) and NA (0.93) – which may represent niche areas for lower volume but high value growth. Though please note, that due to the low number of customers in APAC (6) and Japan (4), it would be prudent to treat these insights cautiously as they may be more sensitive to outliers.

## **Conclusion and recommendations**

The business has demonstrated positive growth between 2003 and 2005, particularly when looking at year-to-date (YTD - May) performance.

While revenue is concentrated in Classic and Vintage Car product lines, analysis of customer value index (CVI) suggest there are opportunities for targeted growth in low volume but relatively high spending customers.

There is a parallel trend at regional level – with most revenue coming from EMEA and NA territories, and opportunities potentially being present with low-in-number but high spending customers from within Japan and APAC.

Therefore, the following recommendations are proposed:

- Continue investing in Classic and Vintage car product lines
- Explore growth in high-CVI segments such as train product customers, and those from APAC or Japan territories

## Appendix

Table 1 Accumulative Sales Predictions

	2003	2004	2005 Predicted*	2005 Predicted**	2005 Actual
Jan	129,754	316,577	361,482	359,642	339,543
Feb	270,590	627,997	727,762	727,473	697,730
Mar	445,095	833,731	1,035,716	1,076,657	1,071,992
Apr	646,704	1,039,879	1,365,958	1,397,471	1,333,626
May	839,377	1,313,317	1,743,460	1,803,146	1,791,487
Jun	1,007,460	1,599,991	2,111,766	2,168,910	
Jul	1,195,192	1,927,136	2,528,762	2,556,593	
Aug	1,393,001	2,388,637	3,062,735	3,008,353	
Sep	1,656,974	2,709,388	3,536,301	3,414,679	
Oct	2,225,265	3,262,312	4,444,370	4,081,111	
Nov	3,255,103	4,351,360	6,160,448	5,238,238	
Dec	3,516,980	4,724,163	6,674,472	5,645,121	

Table 2 Regression Analytics

<i>Regression Statistics</i>	
Multiple R	0.984
R Square	0.967
Adjusted R Square	0.943
Standard Error	54354
Observations	29

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	12	1E+12	1E+11	39.65	#####
Residual	16	5E+10	3E+09		
Total	28	1E+12			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	170813.90	44380	3.849	0.001	76732	3E+05	76732	3E+05
t	8140.31	1232.8	6.603	6E-06	5527	10754	5527	10754
Jan	-14679.84	50000	-0.29	0.773	#####	91315	#####	91315
Feb	-14631.00	49863	-0.29	0.773	#####	91074	#####	91074
Mar	-41418.15	49756	-0.83	0.417	#####	64060	#####	64060
Apr	-77928.61	49680	-1.57	0.136	#####	27388	#####	27388
May	-1208.39	49634	-0.02	0.981	#####	1E+05	#####	1E+05
Jun	-41119.28	54855	-0.75	0.464	#####	75169	#####	75169
Jul	-19200.00	54703	-0.35	0.73	#####	96764	#####	96764
Aug	44876.98	54577	0.822	0.423	#####	2E+05	#####	2E+05
Sep	-556.48	54480	-0.01	0.992	#####	1E+05	#####	1E+05
Oct	259548.68	54410	4.77	2E-04	1E+05	4E+05	1E+05	4E+05
Nov	750243.59	54368	13.8	3E-10	6E+05	9E+05	6E+05	9E+05

Table 3 - Top 15 Total Sales by Customer

Customers	Total Sales	CVI	Months active	Territory
Euro Shopping Channel	912,294	8.37	11	EMEA
Mini Gifts Distributors Ltd.	654,858	6.01	9	NA
Australian Collectors, Co.	200,995	1.84	4	APAC
Muscle Machine Inc	197,737	1.81	3	NA
La Rochelle Gifts	180,125	1.65	4	EMEA
Dragon Souvenirs, Ltd.	172,990	1.59	5	Japan
Land of Toys Inc.	164,069	1.50	4	NA
The Sharp Gifts Warehouse	160,010	1.47	3	NA
AV Stores, Co.	157,808	1.45	3	EMEA
Anna's Decorations, Ltd	153,996	1.41	4	APAC
Souvenirs And Things Co.	151,571	1.39	3	APAC
Corporate Gift Ideas Co.	149,883	1.37	2	NA
Salzburg Collectables	149,799	1.37	4	EMEA

Danish Wholesale Imports	145,042	1.33	4	EMEA
Saveley & Henriot, Co.	142,874	1.31	3	EMEA

Table 4 LTV analysis – top 15 customers by sales

Customer	months_active	total_sales	avg_sales_per_month
Euro Shopping Channel	11	912294.11	82936
Mini Gifts Distributors Ltd.	9	654858.06	72762
Dragon Souveniers, Ltd.	5	172989.68	34598
Reims Collectables	5	135042.94	27009
Australian Collectors, Co.	4	200995.41	50249
La Rochelle Gifts	4	180124.9	45031
Land of Toys Inc.	4	164069.44	41017
Anna's Decorations, Ltd	4	153996.13	38499
Salzburg Collectables	4	149798.63	37450
Danish Wholesale Imports	4	145041.6	36260
Diecast Classics Inc.	4	122138.14	30535
Technics Stores Inc.	4	120783.07	30196
Tokyo Collectables, Ltd	4	120562.74	30141
Handji Gifts& Co	4	115498.73	28875
Blauer See Auto, Co.	4	85171.59	21293