

JEP Consulting Ltd.

Business Plan

John Hatzis	971000
Elad Biedermann	970643
Puneet Hegde	970461

Business Administration

24 January 2005

Contents

- I. Introduction**
- II. Company Description**
- III. Investment Cost , Salaries & Finance Calculations**
- IV. Planned Projects**
- V. Forecast**
- VI. Summary**
- VII. References**
- VIII. Articles of Incorporation**

I - Introduction

The following is a business plan for the founding of an engineering consultant company, JEP Consulting Ltd. based in Athens, Greece. Greece is experiencing a period of dynamic growth and has one of the fastest growing economies in the European Union, with over 3% growth annually. This expansion has translated in massive construction projects, that are not just limited to works related to the Olympic Games, but other public and private projects as well. The Greek government plans to continue this expansion well into the future, under taking such projects as:

- Building new highways
- Revamping the entire Greek railway system
- Constructing new power plants
- Introducing Natural Gas to the entire country
- Many other projects, private and public

This creates an environment where there is high demand for engineering design and construction. JEP consulting Ltd. plans to take advantage of this situation and provide consulting engineering services in Greece. Our company plans to undertake projects abroad as well especially in areas of fast growth such as Eastern Europe and North Africa.

The data for the business plan was gleaned from actual projects and subsequent payments made to Consen Ltd. also based in Athens. In this business plan, we will present the company description and scope of operations, initial investment costs and salaries to be paid, finance calculations, projects the company will undertake, a ten-year company forecast, and as an appendix, the articles of incorporation.

II - Company Description

JEP Consulting Ltd. will offer the services of consulting engineering. The company will have offices in Athens, at Agia Paraskevi. The company will hold a Grade E license for electromechanical installations, which will permit the company to undertake any projects, including the largest public projects.

The company will be able to undertake both private and public projects and be fully qualified to design and plan any electromechanical installation, industrial or building. All works will be carried out in compliance with European Standards and internationally accepted codes, thus offering services of the highest quality.

Our company will be free to undertake projects both in Greece and abroad. Founders of JEP Consulting Ltd are engineers with broad experience in their respective field, capable of providing optimized solutions in order to meet client requirements. All members and associates are trained and experienced in working under ISO 9000 performing functions of Quality Control at all levels.

JEP Consulting Ltd will be able to offer services ranging from providing consulting services for Mechanical and Electrical Engineering Projects, to Detail Engineering Project Management, Project Control, Installation Supervision, and Commissioning. We also provide services in Construction Supervision in buildings and development projects. Examples of such projects are:

- **Large Scale Projects**
 - Road and Railway Construction Projects
 - Airports
 - Industrial Projects
 - Energy Conservation Projects
- **Development Projects - Buildings**
 - Housing Complexes
 - Shopping Centers
 - Office Blocks – Banks
- **Project Management and Control**
 - Project Planning, Scheduling and Control
 - Engineering Activities Coordination
 - Establishment and Monitoring of Time Schedule
 - Project Execution Procedures
 - Procedure for Project Delivery and Acceptance
 - Cost Estimation and Control
- **Detail Engineering / Shop Drawings**
 - Basic Design
 - Engineering of Mechanical Installations
 - Engineering of Electrical Installations
 - Review and Monitoring of Electromechanical Designs
 - Control Systems Engineering
- **Quality Assurance and Control**
 - Quality Assurance Planning
 - Quality Control Procedures, specific to projects
- **Construction Management and Supervision**
 - Construction Planning
 - Construction Supervision
 - Quality Control
- **Facility Management**
 - Facility Operations and Maintenance Plans
 - Program Operations
 - Electrical and Mechanical Equipment Maintenance Procedures

III – Investment Cost, Salaries & Finance Calculations

For our planned operations, we will require an office space estimated at 200m². The running costs, to include utility and telephone costs, for such a facility can be seen in the table below at current market prices for Athens.

1,600	€/Month	Size	200	m ²
500	€/Month	Specific Rent	8.00	€/m ² /Month
200	€/Month	Specific Costs	2.50	€/m ² /Month
200	€/Month			
500	€/Month			

As a startup engineering consultant company, we will require certain equipment typical to be able to undertake projects. This is mostly standard office equipment, and breakdown of these and their associated costs is shown below. Also included are the corresponding depreciation periods and costs for each article. This represents the legal depreciation period and the estimated frequency these articles will be replaced. All cost calculations take the net cost without VAT, as this is a business expense and, consequently, refundable.

12	1.000 €	12.000 €	10.345 €	1.655 €	3	3.448 €
1	2.000 €	2.000 €	1.724 €	276 €	3	575 €
2	350 €	700 €	603 €	97 €	3	201 €
2	4.000 €	8.000 €	6.897 €	1.103 €	3	2.299 €
1	4.000 €	4.000 €	3.448 €	552 €	3	1.149 €
1	320 €	320 €	276 €	44 €	10	28 €
12	200 €	2.400 €	2.069 €	331 €	10	207 €
12	70 €	840 €	724 €	116 €	10	72 €
4	100 €	400 €	345 €	55 €	10	34 €
1	500 €	500 €	431 €	69 €	10	43 €
1	400 €	400 €	345 €	55 €	10	34 €
10	50 €	500 €	431 €	69 €	10	43 €
6	85 €	510 €	440 €	70 €	10	44 €
1	200 €	200 €	172 €	28 €	10	17 €
1	250 €	250 €	216 €	34 €	10	22 €
	5.000 €	5.000 €	4.310 €	690 €	10	431 €
	4.200 €	4.200 €	3.621 €	579 €		

Further required equipment for engineering consultants are software licenses. A list of the minimum required software is shown below. These software include standard office software, and specialized engineering software to assist with engineering drawings and

calculations. A depreciation period of three years is calculated for the software, which also represents how often newer versions will have to be acquired. The below table also includes the total depreciation costs for all required equipment.

AutoCAD	10	3,000 €	30,000 €	25,862 €	4,138 €	3	8,621 €
4M Software Suite							
IDEA	2	1,525 €	3,050 €	2,629 €	421 €	3	876 €
FINE-HVAC	5	1,220 €	6,100 €	5,259 €	841 €	3	1,753 €
FINE-ELEC	5	720 €	3,600 €	3,103 €	497 €	3	1,034 €
STEEL	2	2,200 €	4,400 €	3,793 €	607 €	3	1,264 €
STRAD	2	2,120 €	4,240 €	3,655 €	585 €	3	1,218 €
Windows Server 2003	12	1,200 €	14,400 €	12,414 €	1,986 €	3	4,138 €
IBM X-Series Server	1	2,115 €	2,115 €	1,823 €	292 €	3	608 €
Microsoft Office	12	410 €	4,920 €	4,241 €	679 €	3	1,414 €

The following table outlines the total depreciation costs for the company's equipment.

	85,797 €
	13,379 €
	29,575 €

The total costs and required investment therefore, are:

	36,397 €
	62,780 €
	50,000 €
	149,177 €
	50,000 €
	99,177 €

In order to operate effectively, JEP Consultants Ltd will need an additional staff of three engineers, four CAD technicians, and two secretaries. The planned staff and their corresponding salaries are outlined in the following chart:

Partners	3	3,000 €
Retirement Insurance	19.5%	293 €
Health Insurance	14%	210 €
Unemployment Insurance	5%	75 €
Taxes	25%	150 €
Engineers	3	2,200 €
Retirement Insurance	19.5%	215 €
Health Insurance	14%	154 €
Unemployment Insurance	5%	55 €
Taxes	25%	550 €
CAD Techs	4	1,500 €
Retirement Insurance	19.5%	146 €
Health Insurance	14%	105 €
Unemployment Insurance	5%	38 €
Taxes	25%	375 €
Secretaries	2	1,000 €
Retirement Insurance	19.5%	98 €
Health Insurance	14%	70 €
Unemployment Insurance	5%	25 €
Taxes	25%	250 €

For the necessary funds to start operating the company, a loan of 99,177€, as outlined above, is required. The repayment schedule for a five-year loan with 5% interest rate and falling annuity calculation is shown below.

Year	1	2	3	4	5
	99.177 €	79.341 €	59.506 €	39.671 €	19.835 €
	5%	5%	5%	5%	5%
	4.959 €	3.967 €	2.975 €	1.984 €	992 €
	19.835 €	19.835 €	19.835 €	19.835 €	19.835 €

IV – Planned Projects

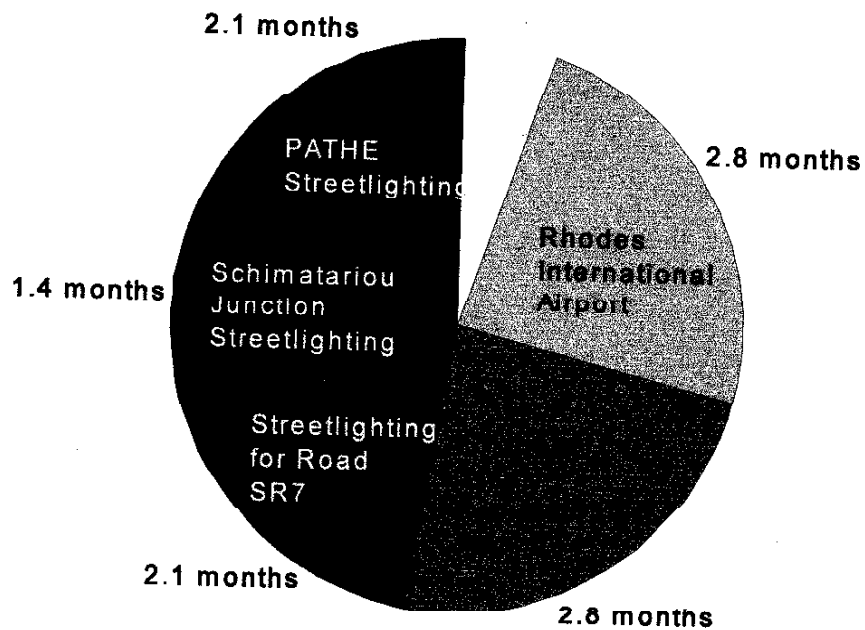
The company plans to undertake projects in its field of operation, primarily in Greece. A typical annual project workload was obtained from Consen Ltd., a consulting engineering firm operating in Athens, to estimate income. The project analysis and consequent income was based on several assumptions:

1. This workload is typical and repeats annually
2. Time required for project completion is calculated with the company working only on one project at a time, with all the company's resources devoted to the running project
3. Project completion time is calculated without overtime, assuming eight hours per day, 22 workdays per month using the manpower mentioned above
4. The actual time required for Consen Ltd. to complete the projects is shown under working conditions of 250 hours per month. This was adjusted to the working conditions outlined in point three
5. Project complexity of 1-3 was assigned to each project, with 1 being the simplest and 3 being the most complex project. This parameter was used to calculate several individual parameters of project costs

	Project A	Project B	Project C	Project D	Project E	Total
	1,852,177 €	806,485 €	1,882,863 €	9,612,040 €	558,365 €	14,711,930 €
	1	1	2	3	2	
	115,882 €	60,569 €	134,612 €	458,984 €	60,760 €	830,807 €
	1.6 Months	1.0 Months	1.5 Months	2.0 Months	2.0 Months	8 Months
	375 hours	250 hours	375 hours	500 hours	500 hours	2000 hours
	2.1 Months	1.4 Months	2.1 Months	2.8 Months	2.8 Months	11.4 Months

The above projects need 11.4 months work for completion. This, however, corresponds to one year's workload. The remaining 0.6 months is considered dead time. In reality, the projects would most likely run concurrently, and this workload would be evenly spread throughout a year. This can be seen in the following chart.

Division of the Year's Workload



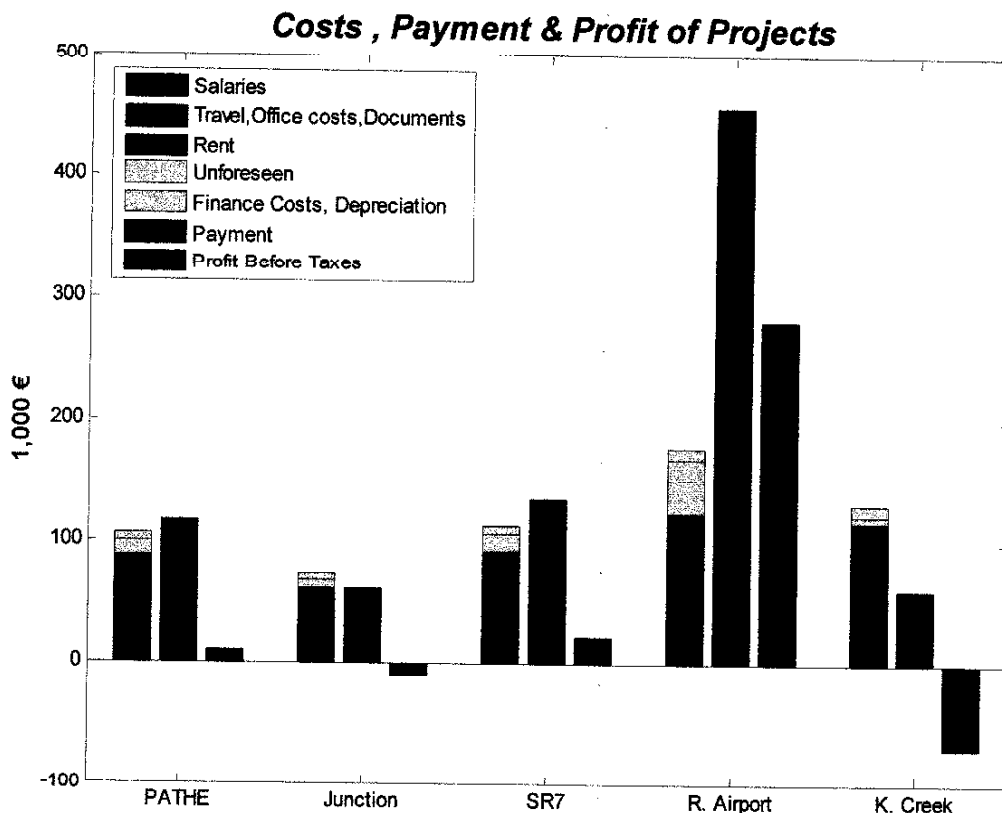
Internal cost calculation for the projects is presented below with the following parameters:

- The office costs related to dead time were evenly spread among the five projects
- Travel costs were calculated by multiplying the number of persons required per trip, by frequency and by estimated travel costs per person.
- Consumables and required technical documents were directly proportional to project complexity
- Unforeseen costs were taken with a conservative 10% of the total project payment

These are outlined for all projects in the following chart:

	75,485 €	50,323 €	75,485 €	100,647 €	100,647 €	402,587 €
	4,509 €	4,509 €	4,509 €	4,509 €	4,500 €	28,543 €
	1	1	2	2	1	
	100 €	100 €	1,000 €	1,200 €	50 €	
	2	4	1	1	4	
	426 €	588 €	4,261 €	6,818 €	568 €	12,042 €
	256 €	170 €	256 €	341 €	341 €	1,354 €
	85 €	57 €	85 €	114 €	114 €	455 €
	213 €	142 €	420 €	852 €	568 €	2,302 €
	200 €	200 €	400 €	600 €	400 €	1,800 €
	6,774 €	4,643 €	6,774 €	8,905 €	8,905 €	38,000 €
	11,088.16	8,058.87	13,461.23	45,898.41	6,078.02	69,090.69 €
	933 €	640 €	933 €	1,227 €	1,227 €	4,869 €
	5,585 €	3,815 €	5,585 €	7,315 €	7,315 €	28,775 €
Total Costs per Project	99,538 €	66,670 €	105,658 €	168,684 €	122,127 €	582,676 €
Total Costs per Project with Financial Costs and Depreciation	106,034 €	71,124 €	112,156 €	177,226 €	130,689 €	697,209 €

The internal costs, project payment, and corresponding project profit are summarized in the chart below.



Based on the total annual cost corresponding to the above projects, the following figures are obtained:

Internal Costs	Per Day	2,262 €
	Per Hour	283 €
Average Price to Customer	Per Day	3,147 €
	Per Hour	393 €

These cost figures correspond to the first year, and will decline slightly as the financial costs decrease with the repayment of the loan. The average price to customer was calculated with the income outlined above, but can be adjusted according to project bidding requirements. These figures will be the base estimate for future project bidding.

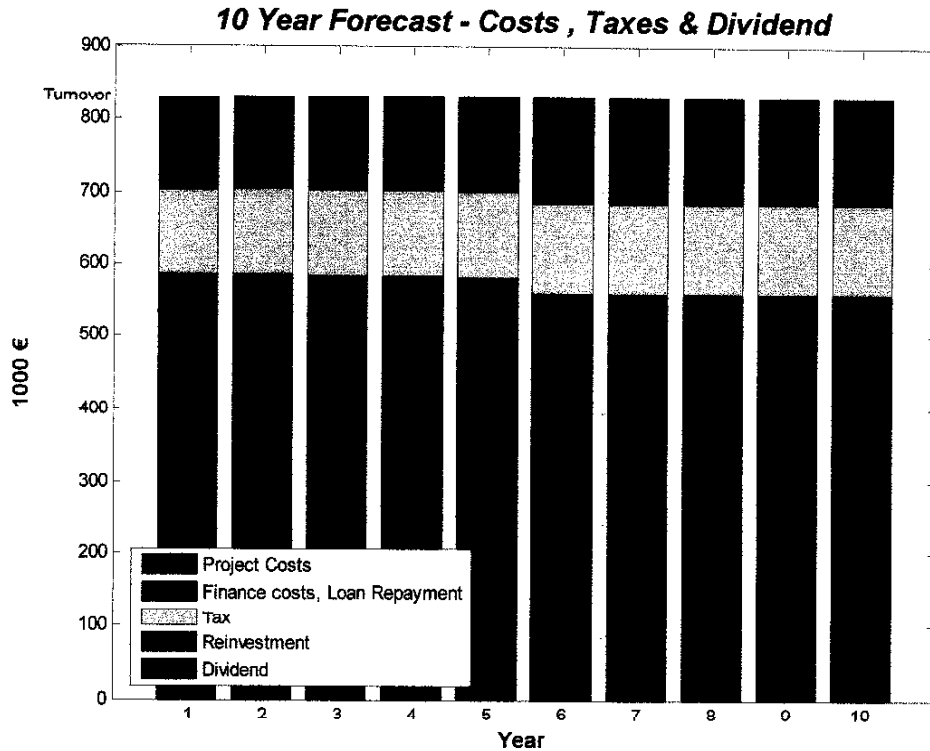
V – Forecast

A ten-year forecast was performed as follows:

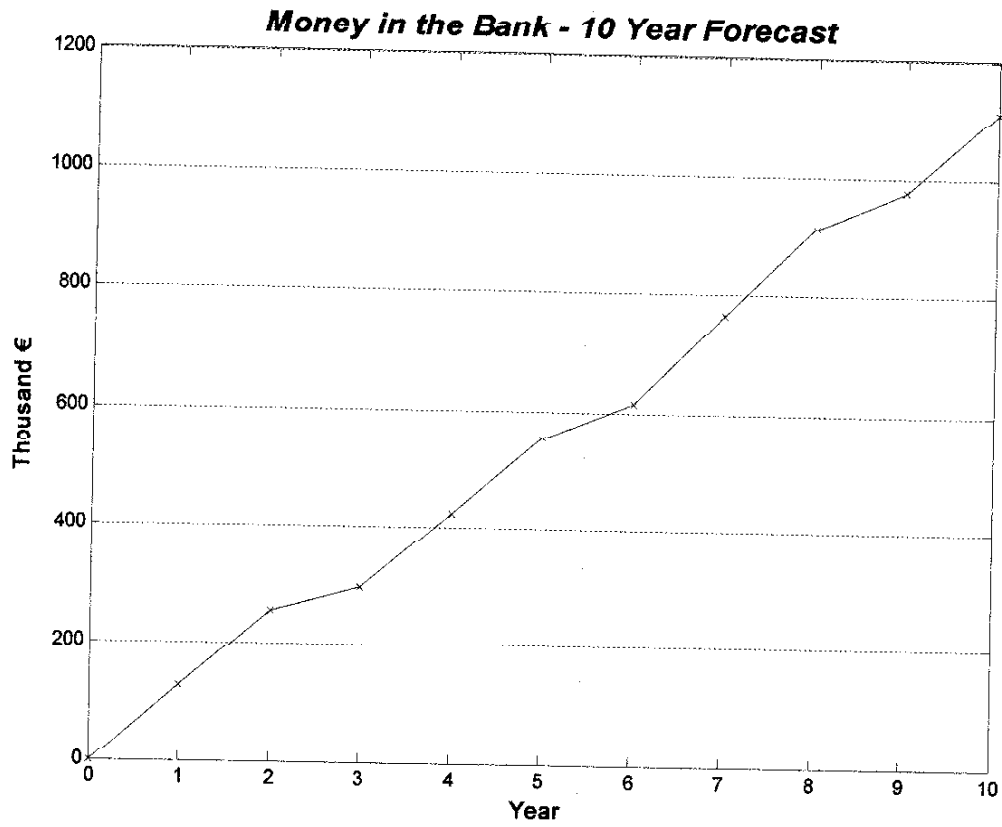
- The workload shown repeats annually
- Reinvestment is performed in accordance with the depreciation period – after an article has been depreciated, it will be replaced. Therefore, depreciation costs remain constant throughout the ten years.
- Income tax was calculated as 50%
- Depreciation costs are added to the after-tax profit and the funds are utilized to repay the loan and reinvest according to the depreciation schedule.
- Remaining dividend accumulates in the bank. This assumes no expansion.

830,807 €	830,807 €	830,807 €	830,807 €	830,807 €	830,807 €	830,807 €	830,807 €	830,807 €	830,807 €
29,575 €	29,575 €	29,575 €	29,575 €	29,575 €	29,575 €	29,575 €	29,575 €	29,575 €	29,575 €
562,675 €	562,675 €	562,675 €	562,675 €	562,675 €	562,675 €	562,675 €	562,675 €	562,675 €	562,675 €
4,959 €	3,967 €	2,975 €	1,984 €	992 €	0 €	0 €	0 €	0 €	0 €
233,598 €	234,590 €	235,582 €	236,574 €	237,565 €	238,557 €	238,557 €	238,557 €	238,557 €	238,557 €
116,799 €	117,295 €	117,791 €	118,287 €	118,783 €	119,279 €	119,279 €	119,279 €	119,279 €	119,279 €
116,799 €	117,295 €	117,791 €	118,287 €	118,783 €	119,279 €	119,279 €	119,279 €	119,279 €	119,279 €
146,374 €	146,870 €	147,366 €	147,862 €	148,358 €	148,854 €	148,854 €	148,854 €	148,854 €	148,854 €
0 €	0 €	85,797 €	0 €	0 €	85,797 €	0 €	0 €	85,797 €	13,379 €
19,835 €	19,835 €	19,835 €	19,835 €	19,835 €	0 €	0 €	0 €	0 €	0 €
126,539 €	127,035 €	41,733 €	128,026 €	128,522 €	63,056 €	148,854 €	148,854 €	63,056 €	135,474 €
126,539 €	253,574 €	295,307 €	423,333 €	551,858 €	614,912 €	763,765 €	912,619 €	975,675 €	1,111,149 €

The following chart summarizes the above table.



The accumulation of dividend is shown as follows.



The years in which reinvestment takes place can be clearly seen, as the growth slightly decreases at those points.

VI - Summary

The business plan that is presented here represents conservative estimates in entering this sector. The internal costs calculated here will be used to determine the feasibility of future projects.

The most important factor to ensure profitability is a good estimation of the required time for project completion. This is required to calculate the company's costs for the initial bid. If it is overestimated, the company runs the risk of being too expensive. If it is underestimated, the company runs the risk of miscalculating its costs and losing money. This is apparent in the Kokinara Creek Recreational Area project. With a good time estimate, as demonstrated by Rhodes International Airport project shown, the company can turn in a hefty profit.

Certain requirements have to be fulfilled, such as having a qualified staff and bidding for a workload similar or greater to the one presented here. With these criteria satisfied, this can be a quite prosperous activity.

VII - References

- IKEA, <http://www.ikea.com>
- Autodesk <http://www.autodesk.com>
- Consen Ltd., 22 Chalandriou, 15143 Agia Paraskevi, Athens, Greece
- Special thanks to Mr. Kostas Gekopoulos, owner of Consen Ltd.

**The Articles of Incorporation of
JEP CONSULTING LTD.**

We, the undersigned, persons acting as incorporators under the EU Business Corporation Act, adopt the following Articles of Incorporation for such Corporation:

Article I

The name of the corporation is

JEP Consulting Ltd.

Article II

The purpose for which the corporation is organized is to engage in Engineering Consultancy Services for public and private civil works around the world. The corporation shall further have unlimited power to engage in and do any lawful act concerning any and all lawful business for which corporations may be organized under the EU Business Corporation Act and any amendments thereto.

Article III

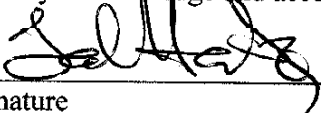
The address of the corporation's initial registered office shall be:

144 Lcoforos Mesogion
15143 Agia Paraskevi
Athens, Greece

The corporation's initial registered agent at such address shall be:

John Hatzis

I hereby acknowledge and accept appointment as corporation registered agent:



Signature

Article IV

The identity as well as the addresses of each incorporator is listed:
The names and addresses of the incorporators are:

John Hatzis
14 Düsseldorferstraße
52428 Jülich
Germany

Elad Biedermann
72 Doverack
41836 Hückelhoven
Germany

Puneet Hegde
24 Südstraße
52351 Düren

Article V

The initial financing of the business is as follows.

Total Investment	149,177 €
Self Capital	50,000 €
Loan	99,177 €

At start-up, the company is equally invested in and owned by the three aforementioned partners.

Article VI

Board of directors and partners in business
Number: 3

Names	Responsibility
John Hatzis	Director of Engineering and Business Development
Elad Biedermann	Director of Planning and Finance
Puneet Hegde	Director of Marketing and Quality Control

Membership to the Board will be by nomination of present board of Directors.

It is required that a minimum two directors should be present while taking any policy decision or decision involving high finances, above 15000€, with the information disseminated to all directors. The Board of Directors will meet at least monthly. A general meeting may be called for as and when required, by any of the directors.

Article VII

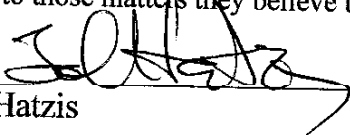
It is especially provided that in the event of liquidation or winding-up of the corporation, all its remaining assets after payment of its liabilities shall be distributed in accordance to the percent ownership of the company among the partners. Partners have a liability towards the organization limited to the extent of their own investment.

In witness whereof, we, John Hatzis, Elad Biedermann, Puneet Hegde have executed these

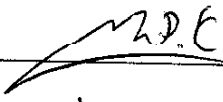
Articles of Incorporation in duplicate this 24th day of January 2005, and say:

That they are all incorporators herein; that they have read the above and foregoing Articles of

Incorporation; know the contents thereof and that the same is true to the best of their knowledge and belief, excepting as to matters herein alleged upon information and belief and as to those matters they believe to be true.



John Hatzis



Elad Biedermann



Puneet Hegde