

Exhibit A

CURRENT SITUATION ANALYSIS

Where have we been?

Foresight Medical launched a novel device called Widget to the general surgery market in 2002. The Widget entered its market on the wave of new least invasive surgical techniques that improved patient outcomes including pain reduction, reduced length of hospital stay and less expensive overall cost. Physicians also benefited from shorter procedure times, increased reimbursement and substantial ease of use value. Unit sales rose steadily from 2002 to 2003 reaching 18,000 annually by December of that year. In Q1 of 2004 Foresight's sole distributor declared bankruptcy throwing Foresight's market plans into crisis mode. Rapid two year unit growth flattened immediately and during the remainder of 2004 and no new unit sales growth occurred during the year. For legal reasons, Foresight was unable to cancel its distribution agreement and was forced to continue to accept the status quo while its distributor dealt with chapter 11 proceedings. These proceedings have continued through Q4 2005. However, the distributor is emerging from bankruptcy and will be aggressively selling Foresight's Widget beginning in Q1, 2006.

Where are we now?

As of Q1 2006, Widget unit sales are 18,500 annually. The distributor has exited bankruptcy and is now well funded by its new owner. The new owner has committed a significant budget for sales and marketing of Widget over the next 3 years. Widget's US market potential spans five surgical procedures yielding 600,000 total annual surgeries. Outside US (OUS) procedure opportunities are equivalent to the US market but will take time to penetrate. It is estimated that approximately 10% of the US market for Widget is currently penetrated. Foresight's competitor, AMED sold 40,000 units in 2005. As such, Widget holds 33% US share to AMED's 67% US share. However, Widget is feature rich vs. AMED and Foresight believes, once a full marketing and sales plan are launched, it will surpass AMED in the market. The initiation of OUS marketing and sales by Foresight will enhance top and bottom line results during 2006.

Product/Service Line Name

Title: Widget

History: [2002 – 2005]

Year	2002	2003	2004	2005
Revenue	600,000	1,818,000	1,887,000	1,887,000
Units	6,000	18,000	18,500	18,500
ASP	100	101	102	102

Discussion

Revenue and unit sales flattened during the distributor’s legal difficulty period. One good sign, however, is the increase in ASP being experienced. Foreight marketing raised pricing to the distributor and the distributor passed the slight price increase on to end-users. The fact that unit sales remained constant signals that some future price increases may be possible.

Profit Contribution	450,000	1,363,500	1,415,250	1,415,250
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Discussion

Widget has contributed a healthy 75% GM since sales began in 2002. However, by Q3 2006 Foresight expects to increase its GM to 80% based on manufacturing improvements. The long term potential for growth in GM is positive for Widget.

Product/Service Line Name: **Widget**

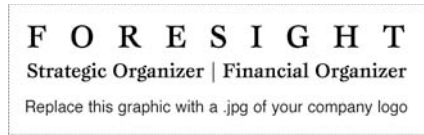
Exhibit B

CURRENT SITUATION ANALYSIS

Product Line Name	Sales in Millions	Product Contribution (Gross Margin)	Market Share and Rank	Market Size	Market Growth	Market Position (1)	Who is the Customer (2)	Why Customer Buys (3)	Where Purchased (4)	Method of Sale (5)	Potential for Increased Profit Contribution
Widget	2.3	75%	33% (#2)	60M	20%	E	Surgeon	Features	Hospital	C	+

Discussion

Exhibit B demonstrates that Widget has established a stable position in the wound protection/retraction market. Gross margins at 75% are high and market research identifies that only 10% of the potential US market for wound protection/retraction products has been captured. Further, the wound protection/retraction market is growing at 20% CAGR based on the transition of a number of “open” surgical procedures to less invasive approaches. In its growing market, with better feature advantages, Widget is positioned to increase market share and overtake AMED’s competitive product for number 1 market share position. Widget holds second position in the market to AMED’s competitive product as of Q1 2006. Now that Foresight’s distributor is reorganized and focused, sales growth should be enhanced, not inhibited as has been the case in the previous 8 quarters. Foresight’s distributor is a surgeon focused selling organization with strong ties to hospital purchasing, further strengthening the Widget’s sales growth position. Recently, Foresight’s engineering group announced a breakthrough in the creation of a new production mold for Widget. The new production mold will decrease the raw material needed to produce Widget and also reduce production time. Engineering predicts a 50% decrease in cost to manufacture will be accomplished by Q3 2006. This positions Widget as “low cost producer” vs the AMED competitive product. Combined with better user features, we expect to capture market share and overtake AMED by Q3 2007.



Product/Service Line Name: **Widget**

Exhibit C

ENVIRONMENTAL ANALYSIS

	Economic	Regulatory	Technological
Is your product/service line significantly affected by these categories [Yes or No]	No	No	No
Describe the impact of the affect [Low, Medium or High]	Low	Low	Low

Discussion

Widget is a product that enables the reduction of cost in a number of surgical specialties. As such, it is not anticipated that economic changes will affect Widget sales. In regulatory terms, Widget is classified as a class III medical device. However, Widget was approved under the 510K regulatory pathway – a less expensive and less rigorous path to marketing approval. Widget product improvements or other adjustments should not affect sales of Widget. Widget delivers the capacity for the average surgeon to complete complex surgical procedures. Widget is patented and its patent protection will run until the year 2025.

However, it was learned recently that Foresight’s legal department failed to renew patent retention payments in Europe and Japan. These patent protections must be renewed or place Widget in a vulnerable position to AMED in these markets. AMED or other prospective competition may usurp our patent positions if we do not act quickly.

Product/Service Line Name: **Widget**

Exhibit D

INDUSTRY ANALYSIS—STRUCTURE

Market Size	Growth Rate [+ or -]	# of Competitors	Entry/Exit Barriers High/Low	Market Profitability—GP>50% [Yes or No]
60,000,000	+25 CAGR	1	High	Yes

Key Competitors	Estimated Revenue	Market Share	Share Position	Distribution Method
1. AMED	3,200,000	67%	#1	Direct Sales Force

Discussion

As of Q1 2006 the market for Widget is large and growing at +25% CAGR. Further, Widget faces only one competitor on the market at this point. The barrier to entry to the wound closure market has a high barrier to entry based on the depth of patent protection around Widget. In fact, Foresight now believes that AMED’s product design may infringe on Foresight’s patents. Other companies has contacted Foresight with interest in acquiring the intellectual property around Widget. These are significant healthcare market companies and Foresight believes it is well positioned to sell Widget or continue to market Widget while initiating patent infringement proceedings against AMED. It appears that the wound closure market will continue to grow in revenue and no reduction in GM is forecast. Barrier to entry vs. Widget is high due to patent protection.

While AMED currently holds #1 market share three issues weaken their ability to stay on top.

1. Low price vs. feature value for Foresight.
2. Foresight will become low cost producer as of Q3 2006.
3. Foresight’s distributor is now unencumbered and well positioned to increase sales.

Product/Service Line Name: **Widget**

Exhibit E

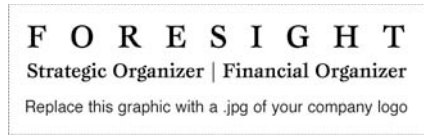
INDUSTRY ANALYSIS—COMPETITION

Primary Competitors Name	Apparent Strategy	Vulnerable to Attack [Yes or No]	Are We Vulnerable [Yes or No]
1. AMED	Low Price	Yes	Yes

Discussion

From a competitive perspective, AMED attracts sales in the field by offering a product >25% less expensive than Widget. Further, AMED has been successful in closing new accounts over the past two years while Foresight’s distributor was encumbered with legal and financial problems. Over the past two years AMED’s unit sales have grown to 40,000 annually but at an ASP of \$80 each. Foresight’s unit sales over the same period are 18,500 units at \$102 per unit. However, market sources have advised Foresight that Widget is easier to use for surgeons and take less time to deploy. This anecdotal feedback was confirmed by three geographically diverse focus groups held among groups of surgeons in Q4 2005.

On this basis, Foresight believes AMED’s current installed business is vulnerable on the issue of physician use and satisfaction. AMED is also vulnerable on the issue of prospective patent infringement vs Widget. Counter to this vulnerability, Foresight’s legal department neglected to pay patent use fees in Europe and Japan. As such, Widget has become vulnerable in markets outside the US. The vulnerabilities tagging Foresight are: (1) possible patent control by AMED in Europe and Japan (2) price pressure in cost conscious US and OUS markets. In Foresight’s favor is the fact that it will soon be the low cost producer of Widget product technology. If it chooses, Widget can reduce prices to gain share from AMED based on better product performance. It would be difficult for AMED to respond, further lowering their already lower margins.



Product/Service Line Name: **Widget**

Exhibit F

INTERNAL ANALYSIS

	Supportive Culture	Positive Cost Position	Positive Price Position	Positive Quality Position	Meet Customer Needs	Capable Sales Force	Right Distribution Channel
Yes or No	Yes	Yes	No	Yes	Yes	Yes*	Yes**

Discussion

Foresight is a highly competitive organization and supports the Widget product aggressively. By Q3, 2006 Widget will surpass AMED in low cost provide status adding price flexibility as a strategy is necessary. At this time Widget is >25% higher in ASP than AMED in the US market. This fact has negatively affected Foresight’s initial approach to the conversion of AMED accounts. Purchasing has blocked our Representative’s efforts recently. However, Widget’s positive quality profile usually resolves the price:conversion reticence once physicians physically get to compare products. Physician customer needs are met by Widget and the distributor is now in a position to put marketing dollars behind Widget and more Representative sales support on the street in target markets.

Foresight believes its distribution sales force is effective and superior to AMED’s direct sales organization. This belief is based on the fact that AMED Representatives are required to sell 8 separate product lines and they often do not emphasise wound protection products.

In summary, our internal analysis is positive in terms of support for the Widget product.

*Foresight’s distributor sales force is experienced and focused. Most Reps carry only three product lines and Widget’s commission program for 2006 highly incentivizes new and converted sales. ** There has been discussion at Foresight of hiring a

direct sales force for Widget. The argument in favor underscores the large market upside, high margins and that commissions can be paid out of rapid growth. There is merit to this argument and that issue will be discussed in the strategy section to follow.

Product/Service Line Name: **Widget**

Exhibit G

SWOT ANALYSIS

Strengths	Weakness
Low Cost Manufacturer Unmatched Feature Set for Surgeons Experienced Distributor Sales Organization Patent Position	Higher Price Position Lack of OUS Patent Protection Lack of OUS Sales Second Place Market Share Position

Opportunities	Threats
90% of Current Market Unconverted 25% CAGR for Target Market OUS Market Share Capture	Prospective Loss of European/Japan Patent Protection Additional Distributor Financial Problems New Manufacturing Process Snafus

Discussion

Foresight’s strengths are formidable. Low cost producer, better feature set, patent protection in the largest market and an experienced distributor sales organization combine to create power in the wound market for Foresight. However, Foresight’s mistake of failing to protect European and Japan based patents creates a weakness and vulnerability. Opportunities for rapid top and bottom line growth are significant for Widget and non-US markets offer another revenue upside.

Of significant threat however is the prospect that AMED has seized patent control in Europe and Japan. Rapid growth in those markets could fuel their financial ability to accomplish product re-designs or all out market blitzes while the wound market is hot. While we consider this unlikely due to focus issues, we must watch AMED’s market activity closely. One last consideration in terms of threats

is the changeover from our current successful manufacturing operation for Widget to the new single mold operation. Failure to successfully accomplish the changeover will affect our market position. As such, we will make contingency plans during Q2.

Product/Service Line Name: **Widget**

Exhibit H

SWOT DISCUSSION

Goal: Revenue By = 2008

Under each heading summarize your assessments effect on Foresight’s Revenue Goal of \$30M (US/OUS) by 2008.

Rank*		
1	Strength	Aggressive Patent Protection and Marketing combined. Rank #1
3	Weakness	Loss of patent control in key Euro/Japan Markets could be a deterrent. Rank# 3
2	Opportunities	The burgeoning size of the growing, under-converted market. Rank #2
4	Threats	Important patent, manufacturing and distribution threats are a concern. Rank #4

*Force Rank 1-4 Which category most significant affects our ability to reach \$30M Revenue by 2008

Discussion

The key issue for Foresight to control the wound market is aggressive protection and management of patents. AMED (67% share position) is vulnerable to attack on this issue. Further, aggressive marketing and sales by our renewed distributor will capture burgeoning growth in unit and revenues as the market expands. Successful protection of the Foresight patent portfolio around Widget can cripple AMED and leave control of the market with Foresight. However, Foresight must move quickly to protect its European and Japan patents. It is possible no competitor is aware of the lapse in our use patents. We believe our distribution troubles are over and weaknesses shored up vs. 2004-2005.

Product/Service Line Name: **Widget**

Exhibit I (1 of 4)

STRATEGIC OPTIONS

Rank*	Options to Build on Strengths
4 - Low Cost Manufacturer	Price competition program vs. AMED
3 - Unmatched Feature Set	Feature Marketing Promotion – Value Proposition Development vs. AMED
2 - Experienced Distributors	Create incremental new account and AMED conversion commission promotions
1 - Patent Position	Strategize and Initiate patent protection process

*Rank your option Sections: Best – Least Best by Number 1=Best, 2=Next Best, etc.

Discussion

Going on the offensive on patent protection vs. AMED is the most important strategic option. The potential of losing their product or a settlement for required to pay back royalties will create discomfort major at AMED. Combine that discomfort with aggressive field selling incentives (conversion bonuses and commission bonuses for growth), a strong value proposition toolkit for distributors and a price match conversion program at existing AMED accounts will move them to a defensive posture. Our distribution issues over two years and lack of aggressive marketing/sales tactics will surprise AMED.

Product/Service Line Name: **Widget**

Exhibit I (2 of 4)

STRATEGIC OPTIONS

Rank*	Options to Shore Up Weakness
1 - Higher Price Position	Match AMED to convert, then raise price over time – drive high margin volume
2 - Euro/Japan Patent Problems	Immediately reinstate use patent payments and determine if protection was lost
3 - No OUS Sales	Study OUS distribution options and create a strategy for a Q3 2006 Euro Pilot launch
4 - 2 nd Place Market Position	Develop and execute aggressive legal, sales and marketing tactics for 2006

*Rank your option Sections: Best – Least Best by Number 1=Best, 2=Next Best, etc.

Discussion

Widget is currently priced 25% higher than the AMED product. This fact creates head to head and conversion/switch issues at competitive accounts – particularly high volume cost conscious facilities. Feature advantage selling vs. price created relatively minor positive results in 2005. Marketing recommends an aggressive conversion/switch campaign aimed at high volume targets owned by AMED. Simultaneously, new account conversions and converted accounts will be rewarded via sales commission incentives. The exact strategic tactics will be developed during the operations planning period.

Immediate action must be taken by patent counsel to cover and support use patents in Europe and Japan. This oversight could have significant downside consequences if not resolved within days.

Foresight's US only sales strategy was successful in Widget's early launch years. However, with acceptance of the product category secured and expanding, Foresight must move into OUS markets that are of equal size to US markets, all totaled. A Euro/Japan distribution task force will be launched in Q1, 2006 to set timelines and initiate the process.

Marketing anticipates it can overtake AMED as market share leader 10 months from the start of 2006 if all requested resources are provided. The current #2 market share position is unacceptable and the upside too great not to shore up our weakness and take advantage of this opportunity.

Product/Service Line Name: **Widget**

Exhibit I (3 of 4)

STRATEGIC OPTIONS

Rank*	Options to Seize Worthwhile Opportunities
1 - 90% US Market Un-converted	Launch legal, marketing and sales and manufacturing initiatives as discussed
2 - 25% CAGR Target market	Focus maximum requested resources to convert expanding procedures in accounts
3 - OUS Markets Un-Converted	Strategize and launch Widget in stages in key OUS Markets

*Rank your option Sections: Best – Least Best by Number 1=Best, 2=Next Best, etc.

Discussion

The opportunities are, effectively, to capture the market from AMED and to control the market going forward. Unconverted US market and untested OUS markets plus a CAGR of 25% for procedures that are applicable to Widget make for a strong opportunity.

As such, Foresight will launch its legal protection of Widget patents. Patent counsel for Foresight will file suit early in January 2006. AMED will be notified first in an attempt to arrive at a settlement but filing and legal action will begin to ensure no further time is lost.

Foresight marketing has proposed an integrated marketing plan for 2006 focused on (1) creating value proposition collateral that will promote the ease of use differentiation vs. AMED. (2) Advertising in four key physician journals will support the differentiation theme and physician value over the entire 2006 calendar year. (3) Marketing has created conversion of AMED account incentives and will distribute a complete tool kit identifying accounts that are conversion targets and providing special conversion pricing to entice reticent accounts. (4) A second incentive has been devised for the conversion of new accounts in the form of a competitive contest among representatives in divisions, regions and the country. The cost of this program is funded by profits from new accounts. (see

financial summary addendum). (5) Thought leader physicians have been engaged to write white papers extolling the clinical value of Widget in expanding market procedures. These white papers will be released as they are published during the year. Results from Foresight's ongoing clinical registry will be reported in these papers. The physicians will also present registry findings at the ACS meeting in Stockholm in May.

A task force has been created to report on the best strategy to begin distribution in OUS markets. The task force will report its recommendations at the senior executive meeting February 1st in Phoenix.

Product/Service Line Name: **Widget**

Exhibit I (4 of 4)

STRATEGIC OPTIONS

Rank*	Options to Defend Against Business Threats
1 - Patent Protection	Legal effort must be levied to protect the franchise, current and future
2 - Distributor Financial Issues	Monitor distributor financial status, by agreement addendum
3 - Protect against Mfg. Snafus	Build significant safety stock during mfg. changeover to counter problems/supply issues

*Rank your option Sections: Best – Least Best by Number 1=Best, 2=Next Best, etc.

Discussion

The major threat to Foresight’s business is (1) payment for use fees in Europe and Japan (2) a non-effort to protect patent rights in the US could lead significant loss of market share and profitability for Foresight. Therefore, the primary strategic option to defend against threats is attention to patent management and protection.

The second major threat to Widget’s future is the problem with its sole and perpetual distributor. The distributor filed for chapter 11 protection in 2003. As a result, sales of Widget for the years 2004-2005 were severely curtailed and market share was lost to AMED. However, the distributor has emerged from bankruptcy and as a result of new investment, has rebuilt its marketing and selling organization. Renewed growth is projected based on the chapter 11 resolution. Regardless, Foresight must assert its rights to ensure that the distributor remains solvent. As such, Foresight, by agreement, will forward quarterly audited financial information to Foresight for review. In the event financial difficulties arise, Foresight will be prepared and by agreement, can seek new distribution. The terms of this arrangement are included in an agreement signed by the parties during December 2005.

The third major threat is unforeseen problems with the change-over to single mold manufacturing in Q3, 2006. Previous similar manufacturing changes have proven to be difficult. In order to protect existing Widget accounts that demand a continuous supply be available, Foresight will increase manufacturing in Q1 & Q2 2006 to build inventory to stock as a protection against supply problems during the change-over.

Product/Service Line Name: **Widget**

Exhibit J

KEY STRATEGIC OPTIONS

Rank	Strategic Options Selected	Internal Departments Impacted	Minor/Medium/Major Impact
1	Initiate Patent Protection Process	Legal, Marketing, Executive	Major, Minor, Minor
2	AMED Account Price Strategy	Marketing, Sales, Customer Service	Major, Major, Major
3	New Account Comm/Sales Comntest	Marketing, Sales, Customer Service	Major, Major, Major
4	Initiate OUS Marketing/Sales	Executive, Marketing, Sales, CS, Reg Clinical, Legal,	All Major

Discussion

The top 4 strategic options for Widget are listed in the chart above. These strategic options will ultimately yield \$30M in revenues of Widget in US and OUS markets by 2008. As such, Foresight will meet its strategic revenue goal.

Product/Service Line Name: **Widget**

Exhibit K

GOALS AND OBJECTIVES

Goal and Objective	
1] \$30M Annual Revenue by 2008	15X Revenue Growth in US/OUS Markets over 3 years
2] \$24M Annual GP by 2008	15X GP Contribution Growth US/OUS over 3 years
3] #1 Market Share by 2007	US/OUS market positions attained over 2006 – 2007
4] Launch Widget 2 by 2008	Engineer, build, trail and launch 2 nd generation Widget by Q4 2008

Discussion

Each of the goals/objectives is attainable via focused and dilligent execution of the strategies determined in Exhibits A – J. Progress against these goals and objectives and the applicability of the strategic plan must be re-visited in December, annually. Each of the goals and objectives listed above and several additions will become the focus for development of Foresight’s budget and operating plan during 2006. Individual performace goals will be set following the completion of the budget/operation plan.

Foresight

Five Year Proforma Balance Sheet

	Proforma 2005	2006												Proforma 2006
		Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	
Current Assets														
Cash	500	422	458	493	528	563	599	634	670	705	741	776	812	
Accounts Receivable	200	261	261	261	261	261	261	261	261	261	261	261	261	
Inventory	100	348	348	348	348	348	348	348	348	348	348	348	348	
Prepaid Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Assets	800	1,031	1,066	1,101	1,136	1,172	1,207	1,243	1,278	1,313	1,349	1,384	1,420	
Plant, Property & Equipment														
Gross Capital Additions	-	8	17	25	33	42	50	58	67	75	83	92	100	
Gross Depreciation	-	0	0	0	0	1	1	1	1	2	2	3	3	
Net PP&E	-	8	17	25	33	41	49	57	65	73	81	89	97	
Other Assets														
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Assets	800	1,039	1,082	1,126	1,169	1,213	1,256	1,300	1,343	1,387	1,430	1,474	1,517	
Current Liabilities														
Accounts Payable	-	196	196	196	196	196	196	196	196	196	196	196	196	
LOC/Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current Portion LTD	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accrued Liabilities & Other Current Liab.	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	-	196	196	196	196	196	196	196	196	196	196	196	196	
Long-Term Liabilities														
Long-Term portion LTD	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Long-term Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	
Shareholder Equity														
Convertible Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	
Common Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	
Initial Paid-In Capital	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
New Paid-In Capital	1,000	-	-	-	-	-	-	-	-	-	-	-	-	
Retained Earnings	-	-	43	87	130	174	217	261	304	348	391	435	478	
Current Earnings	-	43	43	43	43	43	43	43	43	43	43	43	43	
Total Shareholder Equity	1,000	1,043	1,087	1,130	1,174	1,217	1,261	1,304	1,348	1,391	1,435	1,478	1,521	
Total Liabilities and Shareholder Equity	1,000	1,239	1,282	1,326	1,369	1,413	1,456	1,500	1,543	1,587	1,630	1,674	1,717	

Foresight

	Proforma Q1	2007 Q2	-----> Q3	Q4	Proforma 2007	Proforma 2008	Proforma 2009	Proforma 2010
Current Assets								
Cash	83	628	1,173	1,718	1,718	4,720	12,888	31,817
Accounts Receivable	1,052	1,052	1,052	1,052	1,052	3,152	8,003	14,249
Inventory	1,402	1,402	1,402	1,402	1,402	4,203	10,670	18,999
Prepaid Assets	-	-	-	-	-	-	-	-
Total Current Assets	2,537	3,081	3,626	4,172	4,172	12,075	31,561	65,064
Plant, Property & Equipment								
Gross Capital Additions	125	150	175	200	200	300	400	500
Gross Depreciation	5	7	9	11	11	26	46	71
Net PP&E	120	143	166	189	189	274	354	429
Other Assets								
Intangible Assets	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Other Assets	-	-	-	-	-	-	-	-
Total Assets	2,657	3,225	3,793	4,361	4,361	12,349	31,915	65,493
Current Liabilities								
Accounts Payable	768	768	768	768	768	2,364	6,002	10,687
LOC/Notes Payable	-	-	-	-	-	-	-	-
Current Portion LTD	-	-	-	-	-	300	-	-
Accrued Liabilities & Other Current Liab.	-	-	-	-	-	-	-	-
Total Current Liabilities	768	768	768	768	768	2,664	6,002	10,687
Long-Term Liabilities								
Long-Term portion LTD	-	-	-	-	-	(300)	(300)	(300)
Other	-	-	-	-	-	-	-	-
Total Long-term Liabilities	-	-	-	-	-	(300)	(300)	(300)
Shareholder Equity								
Convertible Preferred Stock	-	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-	-
Initial Paid-In Capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New Paid-In Capital	-	-	-	-	-	-	-	-
Retained Earnings	521	1,089	1,657	2,225	521	2,793	9,185	25,413
Current Earnings	568	568	568	568	2,271	6,392	16,228	28,894
Total Shareholder Equity	2,089	2,657	3,225	3,793	3,793	10,185	26,413	55,306
Total Liabilities and Shareholder Equity	2,857	3,425	3,993	4,561	4,561	12,549	32,115	65,693

Foresight

Five Year Proforma Income Statement (\$000)

	Actual 2005	2006 ----->												Proforma 2006
		Proforma Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	
Revenue														
Widget	1,877	174	174	174	174	174	174	174	174	174	174	174	174	2,086
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	1,877	174	174	174	174	174	174	174	174	174	174	174	174	2,086
Cost of Goods Sold	<u>469</u>	43	43	43	43	43	43	43	43	43	43	43	43	521
Gross Margin	1,408	130	130	130	130	130	130	130	130	130	130	130	130	1,564
% GM	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Selling & Marketing	540	52	52	52	52	52	52	52	52	52	52	52	52	626
General & Administrative	180	17	17	17	17	17	17	17	17	17	17	17	17	209
Research & Development	<u>180</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>209</u>
Total Expenses	<u>900</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>1,043</u>
Operating Income	508	43	43	43	43	43	43	43	43	43	43	43	43	521
% Op. Income	27.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%

Foresight

Five Year Proforma Income Statement (\$)

	Proforma Q1	2007 Q2	-----> Q3	Q4	Proforma 2007	Proforma 2008	Proforma 2009	Proforma 2010
Revenue								
Widget	2,103	2,103	2,103	2,103	8,413	25,568	64,911	115,574
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	2,103	2,103	2,103	2,103	8,413	25,568	64,911	115,574
Cost of Goods Sold	484	484	484	484	1,935	5,114	12,982	23,115
Gross Margin	1,619	1,619	1,619	1,619	6,478	20,455	51,929	92,459
% GM	77.0%	77.0%	77.0%	77.0%	77.0%	80.0%	80.0%	80.0%
Selling & Marketing	631	631	631	631	2,524	7,671	19,473	34,672
General & Administrative	210	210	210	210	841	2,557	6,491	11,557
Research & Development	<u>210</u>	<u>210</u>	<u>210</u>	<u>210</u>	<u>841</u>	<u>3,835</u>	<u>9,737</u>	<u>17,336</u>
Total Expenses	<u>1,052</u>	<u>1,052</u>	<u>1,052</u>	<u>1,052</u>	<u>4,206</u>	<u>14,063</u>	<u>35,701</u>	<u>63,566</u>
Operating Income	568	568	568	568	2,271	6,392	16,228	28,894
% Op. Income	27.0%	27.0%	27.0%	27.0%	27.0%	25.0%	25.0%	25.0%

Foresight

Five Year Proforma Cash Flow

	Proforma	2006											Proforma 2006
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	
Operating Income	43	43	43	43	43	43	43	43	43	43	43	43	521
Depreciation/Amortization	0	0	0	0	0	0	0	0	0	0	0	1	3
Changes in Working Capital													
Accounts Receivable	(61)	-	-	-	-	-	-	-	-	-	-	-	(61)
Inventory	(248)	-	-	-	-	-	-	-	-	-	-	-	(248)
Other Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets & Non-Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable	196	-	-	-	-	-	-	-	-	-	-	-	196
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Change in WC	(113)	-	-	-	-	-	-	-	-	-	-	-	(113)
Capital Additions	8	8	8	8	8	8	8	8	8	8	8	8	100
Change in Other LT Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Financing Activities													
Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Proceeds from Financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Cash during Period	(78)	35	35	35	35	35	35	35	36	35	36	36	312
Cummulative Cash Flow	(78)	(42)	(7)	28	63	99	134	170	205	241	276	312	312

Foresight

	Proforma	2007			Proforma	Proforma	Proforma	Proforma
	Q1	Q2	Q3	Q4				
Operating Income	568	568	568	568	2,271	6,392	16,228	28,894
Depreciation/Amortization	2	2	2	3	8	15	20	25
Changes in Working Capital								
Accounts Receivable	(791)	-	-	-	(791)	(2,101)	(4,850)	(6,246)
Inventory	(1,055)	-	-	-	(1,055)	(2,801)	(6,467)	(8,328)
Other Current Assets	-	-	-	-	-	-	-	-
Other Assets & Non-Current Assets	-	-	-	-	-	-	-	-
Accounts Payable	572	-	-	-	572	1,597	3,638	4,685
Notes Payable	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-
Net Change in WC	(1,273)	-	-	-	(1,273)	(3,305)	(7,680)	(9,890)
Capital Additions	25	25	25	25	100	100	100	100
Change in Other LT Liabilities	-	-	-	-	-	-	-	-
Financing Activities								
Long-Term Debt	-	-	-	-	-	-	(300)	-
Paid-In Capital	-	-	-	-	-	-	-	-
Net Proceeds from Financing	-	-	-	-	-	-	(300)	-
Change in Cash during Period	(729)	545	545	545	906	3,002	8,168	18,929
Cummulative Cash Flow	(417)	128	673	1,218	1,218	4,220	12,388	31,317

Foresight

Net Present Value over 5 Yr Pro Forma (NPV)

(\$M)	Discount Rate				
	<u>15%</u>	<u>20%</u>	<u>25%</u>	<u>30%</u>	<u>35%</u>
Pre-Tax NPV	\$29,017	\$24,149	\$20,258	\$17,118	\$14,560

Internal Rate of Return (IRR)

IRR (%)	198.1%
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Balance Sheet Returns

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Return on Equity (ROE (%))	-47.9%	127.1%	539.2%	1522.8%	2789.4%
Return on Assets (ROA(%))	-26.1%	-14.0%	-16.2%	-14.7%	-14.2%
(Asset Base excludes cash of)	812	1,718	4,720	12,888	31,817

Payback Period

Payback period (years)	2
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