
NATURE'S CARE INC.

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Exhibits

Financial Exhibits

EXECUTIVE SUMMARY: Nature's Care, Inc.

Hygiene and personal health care are now top priority for most of the citizens in developed nations. The wealthy class in developing nations is also following the similar behavior. Nature's Care takes advantage of this opportunity by providing a one-of-a-kind product -- all-natural, **"Anti-bacterial" towels**. Currently, there are very few brands of Cotton towels that offer this benefit. These towels are coated with chemicals to make them antibacterial. These chemicals fade away with repeated washings. However, the **"Anti-bacterial"** benefit in Nature's Care's towels is inherent in the raw material of this product – **'Bamboo Fiber'**. In fact, our product provides **3.4 times** more antibacterial protection in comparison with other cotton towels available in the market. Further, our towels retain this property even after repeated washings. In addition, Nature Care's Towels offer **60% higher** water absorption , **20% faster** dry rate, **30% more** color fastness to light(refer Exhibit no 1).

Nature's Care is committed to providing its customers with nothing but the best products. Our **"Anti-bacterial" towels** for 'Kids' will protect newly born children, kids from bacterial infections and skin rashes leaving every mother satisfied. These **"Anti-bacterial" towels** will deliver equal protection for young and elders who are more susceptible to bacterial infections

The hotel industry itself is geared towards economic growth. In the United States alone, the number of hotel overnight sales over the period 1991-2000 was 93% correlated

to GDP growth. The total worldwide hotel capacity is currently estimated at approximately 18.4 million rooms, with a growth rate of roughly 3% over the last five years. In the Philippines, the performance of the hotel industry is directly related to the tourism industry, which had growth of 9.4% in 2006. Currently, the country has an estimated 28,738 hotel rooms with almost half of this in the National Capital Region. As our towels are made with the highest quality bamboo fiber that offers **superior “Antibacterial”** protection along with **enhanced softness/absorption and durability**, they will surely make every hotel guest feel luxurious and pampered. Thus we will offer our Towels to Hotels that cater to luxury segment.

Hospitals are the another segment where Nature’s Care towel will offer comfort ‘n’ care to patients as our towels have **more softness/absorption, higher drying rate** along with **“anti-bacterial”** property. The healthcare industry has been experiencing rising costs, expanding market demand, and increasing customer dissatisfaction. There is a large population of aging patients demanding more services and pharmaceuticals. One of the factors that will spell the success of healthcare providers given this environment is the providers’ ability to deliver superior customer service. The goal is for the Philippines to be the “new hub of wellness and medical care in Asia.” There are also an increasing number of hospitals offering hotel-like services like the Asian Hospital and Medical Centre. These global and local scenarios are potential sources of revenue for Nature’s Care towels. We intend to supply the Philippine local market—hotels, hospitals and consumers with the US hotel market as our next market in mind as an expansion strategy. We will do this by focusing on hotels in the Philippines that belong to international chains. We will leverage on our relationship with the chains’ local affiliates

to enter the US hotel market, and eventually, the US hospital and consumer markets as well. We plan a market penetration of 10% increasing it to 14% (refer financial exhibit no: 2,3).

Nature's Care will offer the best quality and business results because of well-rounded management team composed of people from different fields. With a degree in textile technology and six years of work experience in the one of the leading Global Towel Plants, the company's CEO will be instrumental in shaping up the business. The biggest strength for Nature's Care is the 'process parameters' that it has, which will offer unique quality to towels that cannot be replicated easily by the competitors. The company president with additional responsibility of VP Finance holds a Master's Degree in Computer Application. The Vice President for Marketing has almost four years work experience in Marketing Team of Colgate-Palmolive Philippines. The Vice President for Operations has six years of work experience on shop floor and the VP for Human Resources is a lawyer who has been working in the legal industry for 2 years.

This project will require US\$4,000,000 in capitalization in the form of debt and equity. Bank loans worth US\$2 million will be taken while the prospective venture capitalist will contribute US\$2 million in exchange for a 50% share of the company. The project will yield an NPV of US\$39 million and IRR of 49% using 24% hurdle rate (refer financial exhibit no : 4,5,6,7,8,9). On the first year, the project will earn a net income of US\$36 million from sales revenue of US\$357 million, with a potential to earn a net income of US\$51million from sales revenue of US\$500 million on the fifth year. The Net Profit as % age of sales comes out to be 10%.

VISION

We will be one company committed to continuously providing customer value, worker dignity, shareholder satisfaction and society welfare.

MISSION STATEMENT

We will be a leading textile company, in terms of sales, by providing towels to the domestic market.

We will continuously provide our consumers products of latest trends and high quality.

We will improve the quality of life of our employees by continuously providing reasonable compensation and benefits and adequate training.

We will be good corporate citizens by continuously providing livelihood to satisfy the basic needs of people. We will continuously develop our sense of responsibility and exercise good values.

CORPORATE GOAL

Product Differentiation and Superior Quality

Nature's Care: Anti Bacterial Bamboo Towel

Nature's Care is targeting the luxury segment consumers. We intend to sell our product to the high-end chains of luxury hotels and hospitals as well as to consumers belonging to the higher socio-economic classes. Our global market size estimation is based on the number of rooms available in the leading hotel chains that have presence in US, Europe & Japan. However, we have decided to conduct a pilot test of the launch of our product here in the Philippines. As such, we will also be targeting luxury hotels and hospitals as well as the high-end consumer segment in the Philippines. Thus, we have included the size of the upper socio-economic classes in the Philippines. In total, our market size totals 105 million towel sets per year.

Hygiene and personal health care are now top priority for most of the citizens in developed nations. The wealthy class in developing nations is also following the similar behavior. This can be figured out from the rise in popularity of services such as health gyms, spas and organic products in recent years. There is an increase in spending on health care in the developed nations; for instance, the US spends approx 4200 USD per capita on health care. The anti-bacterial products such as soaps, gels, napkins etc have occupied 10% of the market share in the respective family of products. The anti-bacterial drugs have a global market of 624 million USD.

Nature's Care takes advantage of this opportunity by providing a one-of-a-kind product -- all-natural, "**Anti-bacterial**" towels. Currently, there are very few brands of cotton towels that offer this benefit. The cotton towels with antibacterial properties are coated with chemicals to make them antibacterial. These chemicals fade away with

repeated washings. However, the **“Anti-bacterial”** benefit in Nature’s Care’s towels is inherent in the raw material of this product – **‘Bamboo Fiber’**. In fact, our product provides **3.4 times** more antibacterial protection in comparison with other cotton towels available in the market. Further, our towels retain this property even after repeated washings. In addition, Nature Care’s Towels offer **60% higher** water absorption , **20% faster** dry rate, and **30% more** color fastness to light(Exhibit no 1).

Nature’s Care is committed to providing its customers with nothing but the best products. Our **“Anti-bacterial” towels** will ensure that newborn babies and kids will be protected from bacterial infections and skin rashes leaving every mother satisfied. These **“Antibacterial” towels** will deliver equal protection for adults and elders who are more susceptible to bacterial infections.

The hotel industry itself is geared towards economic growth. In the United States alone, the number of hotel overnight sales over the period 1991-2000 was 93% correlated to GDP growth. The total worldwide hotel capacity is currently estimated at approximately 18.4 million rooms, with a growth rate of roughly 3% over the last five years. In the Philippines, the performance of the hotel industry is directly related to the tourism industry, which had growth of 9.4% in 2006. Currently, the country has an estimated 28,738 hotel rooms with almost half of this in the National Capital Region. As our towels are made with the highest quality bamboo fiber that offers **superior “Antibacterial”** protection along with **enhanced softness/absorption and durability**, they will surely make every hotel guest feel luxurious and pampered. Thus we will offer our towels to hotels that cater to the luxury segment.

Hospitals are the another segment where Nature's Care towel will offer comfort and care to patients as our towels have **more softness/absorption, higher drying rate** along with its **“anti-bacterial”** properties. The healthcare industry has been experiencing rising costs, expanding market demand, and increasing customer dissatisfaction. There is a large population of aging patients demanding more services and pharmaceuticals. One of the factors that will spell the success of healthcare providers given this environment is the providers' ability to deliver superior customer service. The goal is for the Philippines to be the “new hub of wellness and medical care in Asia.” There is also an increasing number of hospitals offering hotel-like services like the Asian Hospital and Medical Centre. These global and local scenarios are potential sources of revenue for Nature's Care towels. We intend to supply the Philippine local market—consumer, hospitals, and hotels with the US hotel market as our next market in mind as an expansion strategy. We will do this by focusing on hotels in the Philippines that belong to international chains. We will leverage on our relationship with the chains' local affiliates to enter the US hotel market, and eventually, the US hospital and consumer markets as well. We plan a market penetration of 10% increasing it to 14% (Financial Exhibit 2 & 3).

In the Philippines, most brands of towels being offered in the market are positioned to propose either softness or water absorbency thus, providing for little differentiation and uniqueness amongst brands. As such, the primary objective of the group is to create a brand that will enhance these two benefits but more importantly, provide for a primary benefit deemed to be relevant to today's consumers – antibacterial protection. These three

benefits are then intended to support a unique selling proposition that will serve to be the brand's key differentiating factor.

Product Differentiation

Given the competitive landscape, most brands of towels in the market are either positioned to offer the benefits of softness or water-absorbency. Except for a few niche brands such as Bloomsfields, there is not much differentiation. As such, these are benefits which consumers deem to be basic and expected when it comes to purchasing a towel.

As such, there is clearly an opportunity for the entry of a new brand of towel in the market – a brand that offers the primary benefit of natural antibacterial protection along with superior softness, absorption, and extra durability.

This combination of benefits is due to the uniqueness of its raw material – bamboo fiber. The use of bamboo as a raw material is very much in line with the current overall lifestyle trend of health and wellness harping on the preference for what is all-natural or organic. Apart from ensuring delivery of the basic benefits of super-softness and super-absorbency, the inherent qualities of bamboo provide for a unique range of benefits primarily that of being antibacterial. This benefit is a result of the fact that bamboo fibers have natural anti-bacterial properties vis-à-vis textiles which are coated with chemical (synthetic) antimicrobial properties thus, allowing for the possibility of causing skin allergy.

Thus, adding this third dimension of the antibacterial benefit is a strong link to the expected benefits of super softness and super absorbency. More importantly, this new benefit brings the dimension of benefits full circle by creating a strong and differentiated

positioning of being the first and only brand of towel in the market which offers natural antibacterial protection.

Competitive Advantage

The competitive advantage of the product is the fact that it has the first-mover advantage of offering a line of bath towels that is differentiated due to its all-natural antibacterial properties. In addition, it provides for consumers' basic expectations of superior softness and superior absorbency. More importantly, these towels are priced competitively.

Although the popularity of bamboo fiber as a raw material in textiles and garments has been increasing, the Philippines and the rest of the Asia-Pacific Region have yet to be aware of the potential uses of bamboo. As such, the competitive advantage of the group's company is the fact that it has the first-mover advantage of offering of a line of bath towels that is differentiated due to its unique properties of being antibacterial in addition to the fact that it provides for consumers' basic expectations of superior softness and superior absorbency. More importantly, these towels are priced competitively.

Industry Analysis

The textile industry is one of the fastest growing areas in the Philippines. Given the fact that Philippines produces only 3% of its cotton requirements there is a big scope for non-cotton producers to have installed capacities. These non-cotton producers are in the form

of manmade textiles like polyester and nylon and natural fibers like bamboo fiber and coconut and pineapple yarn.

Trade Opportunities & Recent Developments

Philippine-made apparel has penetrated the high-end market and has been proudly displayed in prestigious department stores and retail outlets all over the world.

The Philippines is the first Asian country to implement social responsibility in manufacturing. This is being ensured through the GTEB's Reaccreditations Program. Under this program, garment exporters are mandated to follow internationally accepted social and a labor standard in manufacturing to meet the demands of the market for "clean clothes" (free from child labor, thrive in humane and ethical work conditions, allows freedom of association, etc.).

Investment Opportunities: Incentives offered to investors include: income tax holidays; additional deduction for incremental labor expenses during the first five years from registration; tax and duty exemption from taxes and duties on imported spare parts; unrestricted use of consigned equipment; employment of foreign nationals; and tax credit for imported raw materials used for the exported products.

Industry Structure

The textile industry is composed of the following establishment -:

1. *Integrated Manufacturer:* These manufacturers are involve din all facets of production, form sourcing of raw materials to delivery of finished goods.

2. *Subcontractor*: These establishments are smaller producers who concentrate on specialized processes or products.

The manufactures can also be classified as having two types of value chain-:

1. *Producer Driven Value Chain*: These producers cover product design, sourcing of raw material, provision of technology and distribution of its final products in various markets.
2. *Buyer Driven Value Chain*: These producers do not cover product design. The manufacturers are provided with the fabric and other raw material required by the buyers themselves through their accredited suppliers network.

PEST Analysis

Political Scenario

Today, The Philippines has had a remarkable comeback from the Asian Banking Crisis. It is one of the strongest growing countries with a GDP growth of 4.8% in the 3rd quarter of 2006.

Economic Scenario

In terms of exchange rate, the Philippine peso is continuing to perform better versus the dollar. In the third quarter of this year, the peso appreciated by 1.82 percent to average P51.353 in the third quarter from P52.289 in the previous quarter. This was brought about by strong economic growth as well as the government's relatively high dollar reserves

and sustained inflows from OFW remittances, earnings from exports, and foreign portfolio and direct investments.

Social & Cultural Trends

Towels are less risky since consumers don't have many changes in their demands for towels.

Importance of the Industry to the Philippine Economy: Top 2 export winner

The industry continues to be the country's second biggest foreign exchange earner, next to electronics and semiconductors. It has contributed an average of seven percent (7%) to the country's total export earnings for the past three years (2001- 2003).

Key Success Factors

The ability of textile industry to succeed lies in its ability to reduce costs in the supply chain process, adopt common compliance standards, shorten turnaround time produce zero defects in a product, deliver products on time and ensure point of sale service reliability. These desirables can be achieved by the following-:

1. **Quality:** The Company should try to maintain a certain level of quality to effectively compete with other manufacturers. The quality assurance process should start from the materials used and last until the construction of the finished product.

2. **Pricing/Cost:** Margins in this business are very tight due to the increasing competition from countries like China and ASEAN countries. As a manufacturer we have to look for economies of scale in our processes.
3. **Value Added:** The Company should be able to provide value addition in the form of new fabric which gives more utility to the consumer in durability of the product.
4. **Delivery:** Compliance with delivery schedules should be an essential feature of our manufacturing process.
5. **Labor Productivity:** Textiles is a highly labor intensive industry, labor productivity is important to compete effectively. This can be achieved by having a proper motivated work force
6. **Quality of Management:** The quality of management should be such that it leads to effective utilization of the resources at hand.

Target Markets

From the Primary Target Market for towels, we have segregated them on the basis of purchaser in terms of:-

1. Business to Business Customer- This includes hotels and hospitals.
2. Business to Consumer – This includes the end customer who is buying from retail stores and specialty stores

Now both of these segments have different needs. The hotels are looking towards the extra durability and extra softness qualities of the bamboo towel .While hospitals are more interested in the anti-bacterial features of bamboo fiber towels.

Gap Analysis

Cotton towels have been able to satisfy the basic needs of the consumer. One reason for that can be the fact that there had been no availability of substitutes and there has been no product innovation in this segment. Thus, the new bamboo fiber towels will enhance the customer experience in terms of getting more value for money and getting longer-lasting towels. In addition, the antibacterial qualities of bamboo fiber towels provides for a differentiated benefit for consumers.

Competition

The group relied on interviews with an industry expert from the Philippine Textile Mills Corporation, visits to the various distribution outlets to learn about the various offerings on the supply side, and consumer surveys to establish demand.

For the business segment, the scope was limited to the top two manufacturers of towels in the Philippines since they are the primary suppliers to hotels, clubs, and resorts. For the consumer segment, although there are a multitude of towel brands available in the market, in terms of price, the scope of the analysis was narrowed to the mid-tiered and premium-tiered segment.

Basically, the supplies of towels in the Philippines are of two kinds – imported and locally manufactured. For the business segment, some hotels and resorts source their towels from local manufacturers whereas others are constrained by agreements with their regional or global counterparts thus, sourcing their towels from foreign countries.

4Ps Of Bamboo Towels

Product

As earlier mentioned, the group will be targeting three primary segments – hotels and hospitals from the business segment and end-consumers. Towels will be wrapped by a band carrying the brand name in addition to the Nature's Care sticker.

For the end-consumers, the value proposition is:

For mothers who strive to give their family, especially their children the best care possible, Nature's Care Antibacterial Towels is the only towel that provides natural antibacterial protection from allergies and fungi, along with the benefits of superior softness and superior absorption.

The insight behind this is the fact that mothers want to pamper and give their families the best care possible because this is a reflection of them as wives and as moms. Thus, even when bathing, they want to provide their families with the best bathing essentials.

Studies in Japan proved that even after 50 washings, the inherent qualities of being antibacterial are still very effective and strong. Tests also revealed that almost 70% elimination rate was achieved after bacteria was incubated in the bamboo towels.

For hotels, one of the things travelers expect is the luxury and comfort of being pampered. Sheets, blankets, pillows, and towels are not just soft goods in a guestroom; they are the ambassador to the hotel.¹ Thus, hotels focus on providing luxury bed and bath items with the objective of making guests feel at home. More importantly, due to numerous washings, durability is also a requirement. This is not a cause for concern

¹ http://www.hotel-online.com/SpecialReports1998/Nov98_Linens.html

primarily because apart from the fact that these towels are thicker, one of the inherent attributes of Nature's Care towels is its tensile strength in comparison to cotton-made textiles.

For hospitals, their primary concern is the health of their patients thus, making the antibacterial benefit relevant to them.

The value proposition for hotels and hospitals is:

For luxury hotels and high-end hospitals that want to provide their customers and patients with the best care and service possible, Nature's Care Antibacterial Towels is the only towel that provides natural antibacterial protection from allergies and fungi, along with the benefits of superior softness and extra durability.

Price

For the end-consumer segment, the pricing objective is to induce trial as well as to heighten the perceived value of the product's unique antibacterial benefits. On the average, Nature's Care towels will be priced at a premium (30%-40%) versus Rustan's fastest-selling brand, Wamsutta.

Place

Distribution Channels

For both the consumer and business segments, distribution will be done primarily through sales agents who are company employees. They will introduce the products to the interested establishments and tap new ones. They will also coordinate with the logistics team to ensure that deliveries are made. Each member of the sales force is required to brief the buyers/purchasers regarding the product, fill up the necessary forms

and implement the necessary protocol such as the registration of the bar codes in the system and registration of Nature's Care as a new vendor in addition to ensuring that volume orders are made.

End-consumer

For the consumer segment, the distribution channel will be via institutional retailers such as department stores (e.g. Rustan's, SM), and home specialty stores. The first step in making these retailers aware of the Nature's Care launch is by distributing samples to the purchasers of these stores along with trade brochures that contain pertinent information such as the description of the products along with its key characteristics and benefits. Second, a return visit should then be made to ensure that a first volume order is made. Third, when the goods are delivered, another visit should be done to ensure proper shelf space allocation and display.

Business Consumers

For hotels and hospitals, salespeople will be given the task of covering different regions throughout the country.

Promotion

Point-of-Sale Materials

Point-of-Sale materials will be required for both the consumer and business segments. For the consumer segment, catalogues will be made showcasing the unique antibacterial benefit of Nature's Care along with information on the company. These catalogues will be displayed near the shelf displays of Nature's Care for consumers to pick up and take home with them. The buyers, on the other hand, will be given trade

brochures which will include pertinent product information apart from a short summary on the company followed by the brand's benefits and unique selling proposition vis-à-vis competition, product description, bar codes, and the like. Attractive and eye-catching shelf cards will also be designed and printed to communicate the unique benefits of the brand.

In the same way, for hotels and hospitals, trade brochures will be given to the purchasers. This will include pertinent product information apart from a short summary on the company followed by the brand's benefits and unique antibacterial benefit of Nature's Care. Mini brochures will be designed and displayed in hotels and hospitals to highlight the product's unique benefit of antibacterial protection.

Sampling

The sampling objective is to create advertising via word-of-mouth. Main strategy to achieve this objective is by sending free samples along with a catalogue to key people in the media and entertainment scene such as celebrities, talk show hosts, socialites, magazine writers, politicians, and the like. The aim is for them to use the towels and experience its unique benefits vis-à-vis other brands thus, giving them the usage experience which they can talk about to their friends or in their magazines and/ print columns.

Advertising

In relation to the above, the recommendation is for the company to engage in print advertising specifically in magazines because these have a well-defined target market. The intent is to advertise in home and housekeeping magazines as well as in the Home section of fashion magazines.

Below-the-Line

Below-the-line advertising will include sponsorship of events such as movie premieres, bridal events, giving of giveaways in television stations for free promotion (e.g Lifestyle channel), and the like as a means of tapping the target market. Catalogues and gift prizes will given away during these events.

Consumer Sales Promotions

Based on interviews conducted, consumers normally purchase towels every six months with the peak seasons being summer and the holidays. As such, to drive volume, sales promotions in the form of a bundle pack of 3 towels (bath, hand, and face) will be sold together thus, giving the consumer a 15% discount on her purchase or by giving away a free towel. This will be implemented during the period when sales are slow - Quarters 1 and 3.

Hotel Conventions

To increase purchases of hotels, the company will join conventions/conferences to increase its scope thereby tapping regional as well as global hotels.

Manufacturing Process:

The process of converting bamboo basically starts with the conversion of three to four-year old green bamboo to thick pulp through a hydrolysis-alkalization process. The resulting thick pulp is then processed to fine pulp, which is then converted to bamboo fiber via wet spinning process, and then spun into bamboo yarn. We will use this bamboo yarn and its blend with cotton to weave Nature's Care Towels. The content

of bamboo fiber in blended yarns influences the anti-bacterial behavior of the final product. The higher the bamboo content the better the anti-bacterial properties. Commonly we suggest maintaining 70% bamboo fiber in blended yarn to reach a satisfying anti-bacteria effect.

Bamboo fabric weaving:

To meet weaving requirement on tensile strength and to have excellent efficiency we recommend using bamboo yarn with a twist coefficient in the range of 350 to 410 turns per meter. This ensures to reduce floss on yarn surface and it helps to also improve yarn tensile strength. As bamboo yarn's moisture regain rate and elongation is relatively high, you should maintain even and relatively low tension during the process of warping and sizing of the yarn. When weaving high-count high-density woven fabrics with fine yarns, we recommend choosing arc process flow in warping; controlling each sections elongation in sizing, and maintaining low tension in both warping and sizing. In this way, it helps avoiding broken ends caused by increased elongation in weaving. For single yarn weaving, you should choose a suitable sizing agent. Bamboo fibers are hydrophilic fibers. They are easy to be sized. So it is better to choose denatured starch as main component of sizing agent. In order to decrease hairiness, we recommend choosing some acrylic acid as part of sizing agent rather than PVA. Acrylic acid can improve yarn softness and makes it easy dividing the yarn. Careful: do not add too much acrylic acid as excess of acrylic acid will cause humidity absorbance and viscosity regain. Bamboo fiber is sensitive to moisture regain. We recommend that you keep a medium moisture regain rate. Bamboo fibers are breakable when moisture regain is too low. However bamboo fibers tensile

strength also decrease dramatically when moisture regain rate is too high. The suitable moisture regain rate is 8-9%. Additionally please make sure to maintain a medium speed when sizing. You should maintain lower tensions when weaving. We recommend weaving at relative humidity: 65-75%. You can adopt lower relative humidity when yarn's moisture regain rate is high.

Value Chain of Production



WARPING:

Warping is the process in which individual yarns are put together to form a beam. Beam is the basic building block for weaving the towel.

SIZING: Sizing is the process of adding size material to the yarn. This is done to reduce hairiness and increase yarn strength. This process is necessary to facilitate the weaving process.



WEAVING:

It is the process in which yarns in the forms of warp and weft are woven to form a ground base. Simultaneously, yarn from the pile beams is added to raise piles on the ground base



DYEING: Bleaching is the process to remove size materials from the fabric. Then fabric is put in dyeing process where it is colored to different shades.



RF DRYER:

Stenter squeezes the water and then RF dryer to dry the fabric after dyeing to evaporate the water.

GREY FOLDING: In this section, trained/skilled workers observe the fabric visually for the fabric defects. The defects are removed and then fabric is sent to next section.



HEMMING & CUTTING:

In this section the towels are cut to pieces and stitched from sides.

FINISHING: Towels are finally labeled and packed in various assortments. After 100% inspection these colorful towels gets shipped to you to make your bathroom, a place to be and bathing, a pleasure.

Financial Statements

Assumptions

Nature’s Care, Inc. plans to have a pilot phase in the Philippines targeting the end-consumer and high-end hotel and hospital markets then subsequently expand to the US market on the first year of operations.

The team assumed the following sales and growth projections based on the US and Philippine markets for high-end hospitals and hotels and end consumers:

Year of Operation	Production of Towels (Tons/day)*	Market Penetration we Target (%)
1	25.92	10%
2	31.10	12%
3	33.70	13%
4	38.88	15%
5	36.29	14%

Capitalization:

The company will use a combination of 50% debt and 50% equity as a start-up capital. This project will require US\$4,000,000 in capitalization in the form of debt and equity. Bank loans worth US\$2 million will be taken while the prospective venture capitalist will contribute US\$2 million in exchange for a 50% share of the company.

Current Funding:

The funds will be used to invest in leasehold improvements, furniture and fixture, and factory equipment, all considered to be fixed assets of the firm.

The initial funding requirement is high considering the capital intensive nature of the business especially with regard to putting up the plant and acquiring the factory equipment.

Future Requirement:

By the end of the first year of operations, the company will need a short-term loan of ₱8,000,000 to finance the working capital requirements of the company in the second year. This shall be paid within the second year itself.

Annexed Data:

The following exhibits show the related financial information for the company:

Financial Exhibit 2-Calculation of Potential of Towels in the Philippines for Consumer Market

Financial Exhibit 3-Market Potential for Towels in the Niche Segment

Financial Exhibit 4-Production Planning and Project Cost

Financial Exhibit 5-Cost Components

Financial Exhibit 6- Income Statement

Financial Exhibit 7-Balance Sheet

Financial Exhibit 8-Statement of Cash Flows

Financial Exhibit 9-NPV and IRR Calculations

The financial projections are based on the sales growth shown above. Whereas the percentage of sales method shows fixed assets growing at the same rate as sales revenue, the projections shown in the exhibits are based on the sales growth during the expansion phase.

Summary of Assumptions:

Sales Volume & Selling Price – based on exhibits 2 and 3, the proponents assumed that each purchase consists of 3 pieces of towels—bath, hand, and, face, each costing ₱900, ₱600, ₱200, respectively

Sales Staff Remuneration – the proponents assumed 4% of the selling price as labor cost that forms part of cost of goods sold; whereas, selling costs forming part of the operating expenses are assumed at 5%

Raw Materials – the raw material bamboo yarn shall be imported from China and locally sourced from Indophil; the raw material is 55% of the selling price

Other Product Costs– various direct and overhead costs are assumed at the following percentage of costs: power-10%, packing-4%, stores and spares-1%

Depreciation – the straight line depreciation was used in computing the depreciation expense; useful life was assumed at five years

Lease-a lease of ₱3,000,000 was used to reflect the annual lease of a land and building at the Economic Processing Zone Authority (EPZA) in Carmelray, Laguna; the rent in the said area was availed of to avail of tax breaks for exporting and start-up companies

Tax Rate – tax rate of 35% was used in computing the tax expenses

Inventories, Accounts Receivable and Payables – the company will use a policy of maintaining two months worth of inventories, accounts receivable, accounts payable; inventories will be funded wholly by trade credit.

Exit Strategies

In time the business will expand further and there are plans to move into more markets both local, within Philippines as well as international. It will become increasingly difficult for the proponents to maintain efficient operational control. Further high investments need to be made and eventually debts will also increase which will result in increasing the financial leverage. This will increase the risk. Therefore few alternatives that they could use as exit strategies are:

- Private sale of majority interest to textile machinery manufacturer: Any leading machinery producer would benefit enormously from adding NATURE'S CARE Inc. service to its assets.
- The Company changing into Public Ltd: The initial investors get to maintain control of the business by deciding how many shares will be offered to the public and how many will be distributed among themselves. This is a source of additional funding into the business at a relatively lower cost and much lower risk than debt.
- Amalgamation with an existing player in the industry for achieving economies of scale and maximization of shareholder's value for both companies.

Exhibit 1: Physical Parameters of Bamboo fiber as compared with Cotton

Testing Item		Measure	Cotton 100%	Bamboo100%	comparison	Testing method
Antibacterial	Sterilization	Log	4.4	1.3	3.4 Times Up	JAFET Method
Activity	Reduction		7.1	1.3	5.5 Times Up	
Electrostatic Propensity		Volt	(cotton)190	(cotton)15	12 Times Up	B Method
			(wool)680	(wool)290		
Water Absorption		%	74.2	115.7	60%Up	Tumble Jar Dynamic Test
Drying Rate		g/202.5cm ²	27.32	32.58	20%Up	B Method
Breaking Strength		%	50	65	30%Up	Gas Detection Tube M.
Bursting Strength		N	(warp)827.1	(warp)833.4	15%	C.R.E, Grab Method
			(weft)490.8	(weft)559.8		
Abrasion Resistance		kgs/cm ²	7.6	8.0	--	Diaphragm Method
Colorfastness To Light		Times	15000	Above20,000	30%Up	Martindale Method
Colorfastness To Washing		Grade	4-5	4-5	--	A-1 Method
Colorfastness To Rubbing		Grade	4-5	4-5	--	A-1 Method
Colorfastness To Perspiration		Grade	4	4	--	A-1 Method

<http://www.tenbro.com/en/reobt3.asp>

Exhibit No 2: SWOT Analysis – Bamboo Towel Vs. Cotton Towel

<p><u>Strengths</u></p> <ul style="list-style-type: none">• Attributes like , Anti-bacterial ,extra softness, more durability , Anti UV, color fastness etc	<p><u>Weakness</u></p> <ul style="list-style-type: none">• Inability for Product differentiation• Limited suppliers• More expensive than cotton
<p><u>Opportunities</u></p> <ul style="list-style-type: none">• Rising gap in the demand- supply of cotton.• Growth of Hotel & resort industry, Promotion of retirement homes and resorts by the Government.• Medical Tourism	<p><u>Threats</u></p> <ul style="list-style-type: none">• Competition by increased yield of cotton per hectare.• New fibers being developed as a substitute for cotton.• Competition by International players

Exhibit No 3: Overall Porter's 5 Forces Analysis : ATTRACTIVE

<u>LOW</u>	Threat of Potential Entrants	<u>HIGH</u>
	-Heavy capital requirement	
Suppliers	Industry Rivals	Buyers(B2B,B2C)
-Supplier concentration -Substitute Inputs	-Local rival -Foreign rivals <u>LOW</u>	-Buyer volumes -Price sensitive
<u>LOW</u>	Substitutes	<u>HIGH</u>
	-Cotton -New synthetic fibres -Other Natural Fibres	

Financial Exhibit 1: Assumptions

1. We assume 4 members per family and all members use different towel.
2. Sets of towels per family comprise 1 set of Towel contains 1 Bath, 1 Hand, 1 hand wash.
3. Frequency of Purchase comes from survey of sample of 100 people.

Financial Exhibit 2: Calculation of Potential Towels in Philippines for Consumer Markets

No of Families in Philippines in A & B Category	6,764,189
Sets of Towels per family	4
Frequency of Purchase	2.8
Total Market Size(no of sets)	75,758,914
Hence	
Total Bath Towels(pieces)	75,758,914
Total Hand Towels(pieces)	75,758,914
Total Face Towels(pieces)	75,758,914

Financial Exhibit 3: Market Potential – Towels for niche segment

Towel Types	Deamand in Philipines by consumers (pieces/year)	Demand in Philipines Hotels & Hospitals (pieces/year)	Demand in US Hotels (pieces/year)	Total Demand of Towels (pieces/year)	Weight/Unit Towel (gms)	Total Demand of Towels (Grams/year)
Bath Towel	75,758,914	68,952	29,294,760	105,122,625	600	63,073,575,050
Hand Towel	75,758,914	68,952	29,294,760	105,122,625	250	26,280,656,271
Face Towel	75,758,914	68,952	29,294,760	105,122,625	50	5,256,131,254
MARKET POTENTIAL						94,610 Tons Per Year

Year of Operation	Production of Towels (Tons/day)*	Market Penetration we Target (%)
1	25.92	10%
2	31.10	12%
3	33.70	13%
4	38.88	15%
5	36.29	14%
6	38.88	15%

Note : * at Capacity Utilization of 85% of Plant Capacity

Exhibit No: 4.1

PRODUCTION PLAN AND PROJECT COST

Year of Operation	1
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Estimated Demand 25.92 tons per day at 85% capacity

Process	Production of Towels (Tons/day) at 100% capacity	Wastage in the Process %age	Production of Towels (Tons/year) at 100% capacity	Production of Towels (Tons/year) at 85% capacity	Capacity of Machine Tons/day	Number of Machines	Number of Machines to be Purchased	Cost per Machine in million pesos	Total Cost of Machine in million pesos
Preparatory	36.70	1%	13,395.73	11,386.37	15	2.45	3.00	10.00	30.00
Sizing	36.33	1%	13,261.77	11,272.50	15	2.42	3.00	12.00	36.00
Weaving	35.97	2%	13,129.15	11,159.78	1.4	25.69	26.00	1.00	26.00
Dyeing	34.17	6%	12,472.69	10,601.79	6	5.70	6.00	4.00	24.00
RF Dryer	31.44	0%	11,474.88	9,753.65	15	2.10	2.00	0.50	1.00
Greigh Folding	31.44	0%	11,474.88	9,753.65	15	2.10	2.00	1.00	2.00
Hemming	31.44	2%	11,474.88	9,753.65	12	2.62	3.00	0.50	1.50
Packing	30.49		11,130.63	9,461.04					

Sets of Towels to be produced per year 10,512,262.51

The Towels will be produced in sets. One set of Towel will contain : 1 Bath Towel, 1 Hand Towel, 1 Face Towel. The net weight of One Set of Towel will be 900gms

Total Cost of Machinery	120.50
Humidification Plan	1.00
Utility Machines	1.00
Total Investment in Factory Equipment	122.50

Exhibit No: 4.2

PRODUCTION PLAN AND PROJECT COST

Year of Operation	2
Estimated Demand	31.10 tons per day at 85% capacity

Process	Production of Towels (Tons/day) at 100% capacity	Wastage in the Process %age	Production of Towels (Tons/year) at 100% capacity	Production of Towels (Tons/year) at 85% capacity	Capacity of Machine Tons/day	Number of Machines	Number of Machines to be Purchased	Cost per Machine in million pesos	Total Cost of Machine in million pesos
Preparatory	44.04	1%	16,074.87	13,663.64	15	2.94	3.00	10.00	30.00
Sizing	43.60	1%	15,914.12	13,527.00	15	2.91	3.00	12.00	36.00
Weaving	43.16	2%	15,754.98	13,391.73	1.4	30.83	31.00	1.00	31.00
Dyeing	41.01	6%	14,967.23	12,722.15	6	6.83	7.00	4.00	28.00
RF Dryer	37.73	0%	13,769.85	11,704.37	15	2.52	3.00	0.50	1.50
Greigh Folding	37.73	0%	13,769.85	11,704.37	15	2.52	3.00	1.00	3.00
Hemming	37.73	2%	13,769.85	11,704.37	12	3.14	3.00	0.50	1.50
Packing	36.59		13,356.76	11,353.24					

Sets of Towels to be produced per year 12,614,715.01

The Towels will be produced in sets. One set of Towel will contain : 1 Bath Towel, 1 Hand Towel, 1 Face Towel. The net weight of One Set of Towel will be 900gms

Total Cost of Machinery	131.00
Humidification Plan	1.00
Utility Machines	1.00
Total Investment in Factory Equipment	133.00

Exhibit No: 4.3

PRODUCTION PLAN AND PROJECT COST

Year of Operation **3**

Estimated Demand 33.70 tons per day at 85% capacity

Process	Production of Towels (Tons/day) at 100% capacity	Wastage in the Process %age	Production of Towels (Tons/year) at 100% capacity	Production of Towels (Tons/year) at 85% capacity	Capacity of Machine Tons/day	Number of Machines	Number of Machines to be Purchased	Cost per Machine in million pesos	Total Cost of Machine in million pesos
Preparatory	47.71	1%	17,414.44	14,802.28	15	3.18	4.00	10.00	40.00
Sizing	47.23	1%	17,240.30	14,654.25	15	3.15	4.00	12.00	48.00
Weaving	46.76	2%	17,067.90	14,507.71	1.4	33.40	34.00	1.00	34.00
Dyeing	44.42	6%	16,214.50	13,782.33	6	7.40	8.00	4.00	32.00
RF Dryer	40.87	0%	14,917.34	12,679.74	15	2.72	3.00	0.50	1.50
Greigh Folding	40.87	0%	14,917.34	12,679.74	15	2.72	3.00	1.00	3.00
Hemming	40.87	2%	14,917.34	12,679.74	12	3.41	4.00	0.50	2.00
Packing	39.64		14,469.82	12,299.35					

Sets of Towels to be produced per year 13,665,941.26

Total Cost of Machinery	160.50
Humidification Plan	1.00
Utility Machines	1.00
Total Investment in Factory Equipment	162.50

Exhibit No: 4.4

PRODUCTION PLAN AND PROJECT COST

Year of Operation 4

Estimated Demand 38.88 tons per day at 85% capacity

Process	Production of Towels (Tons/day) at 100% capacity	Wastage in the Process %age	Production of Towels (Tons/year) at 100% capacity	Production of Towels (Tons/year) at 85% capacity	Capacity of Machine Tons/day	Number of Machines	Number of Machines to be Purchased	Cost per Machine in million pesos	Total Cost of Machine in million pesos
Preparatory	55.05	1%	20,093.59	17,079.55	15	3.67	4.00	10.00	40.00
Sizing	54.50	1%	19,892.65	16,908.75	15	3.63	4.00	12.00	48.00
Weaving	53.96	2%	19,693.73	16,739.67	1.4	38.54	39.00	1.00	39.00
Dyeing	51.26	6%	18,709.04	15,902.68	6	8.54	9.00	4.00	36.00
RF Dryer	47.16	0%	17,212.32	14,630.47	15	3.14	3.00	0.50	1.50
Greigh Folding	47.16	0%	17,212.32	14,630.47	15	3.14	3.00	1.00	3.00
Hemming	47.16	2%	17,212.32	14,630.47	12	3.93	4.00	0.50	2.00
Packing	45.74		16,695.95	14,191.55					

Sets of Towels to be produced per year 15,768,393.76

The Towels will be produced in sets. One set of Towel will contain : 1 Bath Towel, 1 Hand Towel, 1 Face Towel. The net weight of One Set of Towel will be 900gms

Total Cost of Machinery	169.50
Humidification Plan	1.00
Utility Machines	1.00
Total Investment in Factory Equipment	171.50

Exhibit No: 4.5

PRODUCTION PLAN AND PROJECT COST

Year of Operation **5**

Estimated Demand 36.29 tons per day at 85% capacity

machines should be retained despite decrease in capacity

Process	Production of Towels (Tons/day) at 100% capacity	Wastage in the Process %age	Production of Towels (Tons/year) at 100% capacity	Production of Towels (Tons/year) at 85% capacity	Capacity of Machine Tons/day	Number of Machines	Number of Machines to be Purchased	Cost per Machine in million pesos	Total Cost of Machine in million pesos
Preparatory	51.38	1%	18,754.02	15,940.91	15	3.43	4.00	10.00	40.00
Sizing	50.87	1%	18,566.47	15,781.50	15	3.39	4.00	12.00	48.00
Weaving	50.36	2%	18,380.81	15,623.69	1.4	35.97	39.00	1.00	39.00
Dyeing	47.84	6%	17,461.77	14,842.50	6	7.97	9.00	4.00	36.00
RF Dryer	44.01	0%	16,064.83	13,655.10	15	2.93	3.00	0.50	1.50
Greigh Folding	44.01	0%	16,064.83	13,655.10	15	2.93	3.00	1.00	3.00
Hemming	44.01	2%	16,064.83	13,655.10	12	3.67	4.00	0.50	2.00
Packing	42.69		15,582.88	13,245.45					

Sets of Towels to be produced per year 14,717,167.51

The Towels will be produced in sets. One set of Towel will contain :
1 Bath Towel, 1 Hand Towel, 1 Face Towel. The net weight of One Set of Towel will be 900gms

Total Cost of Machinery	169.50
Humidification Plan	1.00
Utility Machines	1.00
Total Investment in Factory Equipment	171.50

Exhibit No: 4.6

PRODUCTION PLAN AND PROJECT COST

Year of Operation	Total Machinery Cost (million pesos)	Incremental Investment (million pesos)	Depreciation (million pesos)	Accumulated Depreciation (million pesos)	Accumulated Depreciation (pesos)	Others	Total Accumulated Depreciation (pesos)	Depreciation
1	122.50		24.5	24.5	24,500,000	800,000	25,300,000	25,300,000
2	133.00	10.50	26.6	51.1	51,100,000	800,000	52,700,000	27,400,000
3	162.50	29.50	32.5	83.6	83,600,000	800,000	86,000,000	33,300,000
4	171.50	9.00	34.3	117.9	117,900,000	800,000	121,100,000	35,100,000
5	171.50	0.00	34.3	152.2	152,200,000	800,000	156,200,000	35,100,000
			152.2					

Year of Operation	Total Machinery Cost(pesos)
1	122,500,000
2	133,000,000
3	162,500,000
4	171,500,000
5	171,500,000

Exhibit No: 5

Year of Operations		1	2	3	4	5
Units(sets) of Towel Produced		10,512,263	12,614,715	13,665,941	15,768,394	14,717,168
Sales Revenue(peso)		17,870,847,100	21,445,015,500	23,232,099,700	26,806,269,800	25,019,185,600
Costs of Sales		13,224,426,854	15,869,311,470	17,191,753,778	19,836,639,652	18,514,197,344
Price	1700	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Price of Towels : 1 Bath Towel = 900 Peso 1 Hand Towel = 600 Peso 1 Face Towel = 200 Peso </div>				
Raw Material	935					
Power	170					
Packing	68					
Stores and Spares	17					
Daily Labour	68					
Total Cost	1258					
Gross Margin		4,646,420,246	5,575,704,030	6,040,345,922	6,969,630,148	6,504,988,256
Lease		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Depreciation		25,300,000	27,400,000	33,300,000	35,100,000	35,100,000
Wages/Salary		536,125,413	643,350,465	696,962,991	804,188,094	750,575,568
Admin Expenses*	2%	357,416,942	428,900,310	464,641,994	536,125,396	500,383,712
Selling Exp*	5%	893,542,355	1,072,250,775	1,161,604,985	1,340,313,490	1,250,959,280
Org Costs		75,000				
OPEX		1,815,459,710	2,174,901,550	2,359,509,970	2,718,726,980	2,540,018,560
Operating Income		2,830,960,536	3,400,802,480	3,680,835,952	4,250,903,168	3,964,969,696
Interest Expenses		15,000,000	12,000,000	9,000,000	6,000,000	3,000,000
Net Income		2,815,960,536	3,388,802,480	3,671,835,952	4,244,903,168	3,961,969,696
Net Income After Tax		1,830,374,348	2,202,721,612	2,386,693,369	2,759,187,059	2,575,280,302
Salary*	7%	1,250,959,297	1,501,151,085	1,626,246,979	1,876,438,886	1,751,342,992
Daily Labour		714,833,884	857,800,620	929,283,988	1,072,250,792	1,000,767,424
Wafe Exp		536,125,413	643,350,465	696,962,991	804,188,094	750,575,568
Int Exp (15%)						
Loan	100,000,000.00					
Annual Payment			20,000,000	20,000,000	20,000,000	20,000,000
		100,000,000	80,000,000	60,000,000	40,000,000	20,000,000
		15,000,000	12,000,000	9,000,000	6,000,000	3,000,000

* percentage of Price of Towel

Exhibit No: 6

NATURE'S CARE
STATEMENTS OF INCOME
(Amounts in Philippines Pesos)

	Year 1	Year 2	Year 3	Year 4	Year 5
SALES REVENUES	P 17,870,847,100	P 21,445,015,500	P 23,232,099,700	P 26,806,269,800	P 25,019,185,600
Cost of goods sold	<u>13,224,426,854</u>	<u>15,869,311,470</u>	<u>17,191,753,778</u>	<u>19,836,639,652</u>	<u>18,514,197,344</u>
Gross Profit	<u>4,646,420,246</u>	<u>5,575,704,030</u>	<u>6,040,345,922</u>	<u>6,969,630,148</u>	<u>6,504,988,256</u>
OPERATING EXPENSES					
Lease	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Depreciation	25,300,000	27,400,000	33,300,000	35,100,000	35,100,000
Salaries, Wages, and Benefits	536,125,413	643,350,465	696,962,991	804,188,094	750,575,568
Selling Expenses	893,542,355	1,072,250,775	1,161,604,985	1,340,313,490	1,250,959,280
Administrative Expenses	357,416,942	428,900,310	464,641,994	536,125,396	500,383,712
Organization Costs	75,000	-	-	-	-
	<u>1,815,459,710</u>	<u>2,174,901,550</u>	<u>2,359,509,970</u>	<u>2,718,726,980</u>	<u>2,540,018,560</u>
Operating Income	2,830,960,536	3,400,802,480	3,680,835,952	4,250,903,168	3,964,969,696
Interest Expenses	<u>15,000,000</u>	<u>12,000,000</u>	<u>9,000,000</u>	<u>6,000,000</u>	<u>3,000,000</u>
INCOME BEFORE TAX	<u>2,815,960,536</u>	<u>3,388,802,480</u>	<u>3,671,835,952</u>	<u>4,244,903,168</u>	<u>3,961,969,696</u>
INCOME TAX	<u>985,586,188</u>	<u>1,186,080,868</u>	<u>1,285,142,583</u>	<u>1,485,716,109</u>	<u>1,386,689,394</u>
NET INCOME	<u>P 1,830,374,348</u>	<u>P 2,202,721,612</u>	<u>P 2,386,693,369</u>	<u>P 2,759,187,059</u>	<u>P 2,575,280,302</u>
WS	1,830,374,348.000	2,202,721,612.000	2,386,693,369.000	2,759,187,059.000	2,575,280,302.000
Check	0.400	-	(0.200)	0.200	0.400
Revenues-USD*	357,416,942.00	428,900,310.00	464,641,994.00	536,125,396.00	500,383,712.00
NI-USD*	36,607,486.97	44,054,432.24	47,733,867.38	55,183,741.18	51,505,606.05

*1 USD = 50 Peso

Exhibit No: 7

**NATURE'S CARE
BALANCE SHEETS**
(Amounts in Philippines Pesos)

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and cash equivalents	P 73,500,000	P 87,040	P 1,801,668,801	P 3,974,456,619	P 6,349,782,393	P 9,131,903,246
Trade and other receivable	-	2,937,673,496	3,525,208,027	3,818,975,293	4,406,510,104	4,112,742,838
Inventories - net	<u>2,204,071,142</u>	<u>2,644,885,245</u>	<u>2,865,292,296</u>	<u>3,306,106,609</u>	<u>3,085,699,557</u>	<u>3,306,106,609</u>
Total Current Assets	<u>2,277,571,142</u>	<u>5,582,645,781</u>	<u>8,192,169,125</u>	<u>11,099,538,521</u>	<u>13,841,992,054</u>	<u>16,550,752,693</u>
NON-CURRENT ASSETS						
Property, Plant and equipment						
Leasehold Improvem en	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Furniture and Fixtures	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Factory Equipment	122,500,000	122,500,000	133,000,000	162,500,000	171,500,000	171,500,000
Accumulated Deprecia	<u>-</u>	<u>25,300,000</u>	<u>52,700,000</u>	<u>86,000,000</u>	<u>121,100,000</u>	<u>156,200,000</u>
	<u>126,500,000</u>	<u>101,200,000</u>	<u>84,300,000</u>	<u>80,500,000</u>	<u>54,400,000</u>	<u>19,300,000</u>
TOTAL ASSETS	<u>P 2,404,071,142</u>	<u>P 5,683,845,781</u>	<u>P 8,276,469,125</u>	<u>P 11,180,038,521</u>	<u>P 13,896,392,054</u>	<u>P 16,570,052,693</u>
ABILITIES AND EQUIT						
CURRENT LIABILITIES						
Accounts Payable	P 1,631,012,645	P 1,957,215,081	P 2,120,316,299	P 2,446,518,890	P 2,283,417,672	P 2,446,518,890
Short-term Loans		P 8,000,000				
Accrued Expenses	573,058,497	687,670,164	744,975,997	859,587,718	802,281,885	859,587,718
Current Portion of Long-term Debt		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Interest Payable		15,000,000	12,000,000	9,000,000	6,000,000	3,000,000
Income Tax payable	<u>-</u>	<u>985,586,188</u>	<u>1,186,080,868</u>	<u>1,285,142,583</u>	<u>1,485,716,109</u>	<u>1,386,689,394</u>
	<u>2,204,071,142</u>	<u>3,673,471,433</u>	<u>4,083,373,164</u>	<u>4,620,249,192</u>	<u>4,597,415,666</u>	<u>4,715,796,002</u>
NON-CURRENT LIABILITIES						
Interest-bearing loans and	<u>100,000,000</u>	<u>80,000,000</u>	<u>60,000,000</u>	<u>40,000,000</u>	<u>20,000,000</u>	<u>-</u>
Total Liabilities	<u>2,304,071,142</u>	<u>3,753,471,433</u>	<u>4,143,373,164</u>	<u>4,660,249,192</u>	<u>4,617,415,666</u>	<u>4,715,796,002</u>
EQUITY (CAPITAL DEFICIENCY)						
Capital stock	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Retained Earnings, balanc	-	-	1,830,374,348	4,033,095,960	6,419,789,329	9,178,976,388
Net Income	<u>-</u>	<u>1,830,374,348</u>	<u>2,202,721,612</u>	<u>2,386,693,369</u>	<u>2,759,187,059</u>	<u>2,575,280,302</u>
Retained Earnings, balanc	<u>-</u>	<u>1,830,374,348</u>	<u>4,033,095,960</u>	<u>6,419,789,329</u>	<u>9,178,976,388</u>	<u>11,754,256,691</u>
Total Equity	<u>100,000,000</u>	<u>1,930,374,348</u>	<u>4,133,095,960</u>	<u>6,519,789,329</u>	<u>9,278,976,388</u>	<u>11,854,256,691</u>
TOTAL LIABILITIES AND	<u>P 2,404,071,142</u>	<u>P 5,683,845,781</u>	<u>P 8,276,469,125</u>	<u>P 11,180,038,521</u>	<u>P 13,896,392,055</u>	<u>P 16,570,052,693</u>
	-	(0)	(0)	(0)	(0)	(0)

Exhibit No: 8

NATURE'S CARE
STATEMENT OF CASH FLOWS
(Amounts in Philippines Pesos)

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Income	P 1,830,374,348	P 2,202,721,612	P 2,386,693,369	P 2,759,187,059	P 2,575,280,302	P 2,575,280,302
Adjustment for Depreciation	<u>25,300,000</u>	<u>27,400,000</u>	<u>33,300,000</u>	<u>35,100,000</u>	<u>35,100,000</u>	<u>35,100,000</u>
Operating income before working capital changes	1,855,674,348	2,230,121,612	2,419,993,369	2,794,287,059	2,610,380,302	2,610,380,302
Decrease (Increase) in Accounts Receivable	(2,937,673,496)	(587,534,532)	(293,767,266)	(587,534,811)	293,767,266	293,767,266
Decrease (Increase) in Inventory	(440,814,103)	(220,407,051)	(440,814,312)	220,407,051	(220,407,051)	(220,407,051)
Increase (decrease) in Accounts Payable	326,202,436	163,101,218	326,202,591	(163,101,218)	163,101,218	163,101,218
Increase (decrease) in Accrued Expenses	114,611,667	57,305,833	114,611,721	(57,305,833)	57,305,833	57,305,833
Increase (decrease) in Current Portion of Long-term Debt	20,000,000	-	-	-	-	-
Increase (decrease) in Interest Payable	15,000,000	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Increase (decrease) in Income Tax Payable	<u>985,586,188</u>	<u>200,494,680</u>	<u>99,061,715</u>	<u>200,573,526</u>	<u>(99,026,715)</u>	<u>(99,026,715)</u>
	<u>(61,412,960)</u>	<u>1,840,081,761</u>	<u>2,222,287,818</u>	<u>2,404,325,774</u>	<u>2,802,120,853</u>	<u>2,802,120,853</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of property and equipment	(126,500,000)	-	(10,500,000)	(29,500,000)	(9,000,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Short-term Loan	8,000,000	-	-	-	-	-
Payment of Short-term Loan	-	(8,000,000)	-	-	-	-
Proceeds from Long-term Loan	100,000,000	-	-	-	-	-
Payment of Long-term Loan	-	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Proceeds from issuing common stock	<u>100,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>200,000,000</u>	<u>(12,000,000)</u>	<u>(28,000,000)</u>	<u>(20,000,000)</u>	<u>(20,000,000)</u>	<u>(20,000,000)</u>
NET INCREASE (DECREASE)	<u>P 73,500,000</u>	<u>(P 73,412,960)</u>	<u>P 1,801,581,761</u>	<u>P 2,172,787,818</u>	<u>P 2,375,325,774</u>	<u>P 2,782,120,853</u>
IN CASH FROM ACTIVITIES						
CASH AT BEGINNING OF YEAR	73,500,000	87,040	1,801,668,801	1,801,668,801	3,974,456,619	6,349,782,393
CASH AT END OF YEAR	<u>P 73,500,000</u>	<u>P 87,040</u>	<u>P 1,801,668,801</u>	<u>P 3,974,456,619</u>	<u>P 6,349,782,393</u>	<u>P 9,131,903,246</u>
Actual	73,500,000	87,040	1,801,668,801	3,974,456,619	6,349,782,393	9,131,903,246
Diff	-	<u>P 0</u>	<u>P 0</u>	<u>P 0</u>	<u>P 0</u>	<u>P 0</u>

Exhibit No: 9

Appraisal of the Nature's Care Project

Year of Operation	0	1	2	3	4	5
CFO		(61,412,960)	1,840,081,761	2,222,287,818	2,404,325,774	2,802,120,853
Depreciation		25,300,000.00	27,400,000.00	33,300,000.00	35,100,000.00	35,100,000.00
		(36,112,960)	1,867,481,761	2,255,587,818	2,439,425,774	2,837,220,853
Capex	(126,500,000)					
Working Capital	(2,277,571,142)					
	(2,404,071,142)	(36,112,960)	1,867,481,761	2,255,587,818	2,439,425,774	2,837,220,853
NPV	1,963,986,559					
IRR	49%					
Hurdle Rate	24%					
Spread	25%					
NPV-US\$*	39,279,731.17					
* 1 USD = 50 Peso						