1

"idea"

2

"missions"

3

"bottom lines"

Agenda

Situation Analysis

Issues & Objectives

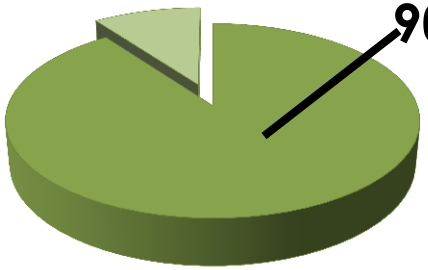
Proposals

Financial Justification

Conclusion

Urban Water Partners: Business Inspiration

90% of population have no access to city water supply



UWP

Provide affordable and clean water access to poor communities

DAWASCO

invest in pipeline

Licensed Private standpipes	Public Standpipe	Household Consumption
✓	✓	✗
Licensed tankers		Pushcarts
Vendors with filling station		Small scale vendors

Our Incentive System

Flat rate

- Ensure constant revenue (lower risk)
- Vendor pay contractual rate for operating with our water

Revenue Sharing

- We bear all installation & maintenance
- Control over end price
- Reap upside benefits when higher water sales are realized

80/20 Revenue sharing ratio

Year 1	Year 2	Year 3
50 filters	1,950 filters	1,000 filters

Confidence in demand for our clean water

Justify risks associated with expansion plan in terms of sales and costs in order to guarantee a return aligning with your expectations.

Our Distributors

Vendor Relations

Operational Risk from Vendors

- Vendor abusing/ misuse our filters
- Selling unfiltered water with UWP brand
- Risk of under-reporting revenue (potential revenue lost 10%-15%)

Exhibits Principal-Agent Conflict

Risk of Quality dilution in equipment, UWP brand & Lost Revenues

Strategic focus & continuous commitment to drive down the operational risks of the business.

Product's Long term Viability

WATER PURIFICATION TECHNOLOGIES ASSESSMENT	Slow Sand Filter	Iron Filter	Reverse Osmosis Filter
			
COST	$250-500	$800-1000	$400-800
BACTERIA REMOVAL	98-99.99%	Approx. 90%	90-99%
PRODUCTIVITY	6,660 liters/day	21,090 liters/day	288 liters/day
POWER NECESSARY	No	No	Yes
COMPLEXITY	Simple	Moderate	More Complex

Proposition on selecting lucrative opportunities presented from sub-Saharan market to strengthen company's future

Transition

Where we are

A social business in need of funding to commence operations In Dar es Salaam.

Having a distribution network to poor communities via independent vendors, but encountering principal-agent conflict.

Possesses an optimal economical & efficient filter solution to tap into other cities in Africa with inadequate water supply.

Revisiting Financial Forecast

Principal-Agent Conflicts

Long Term Market Expansion

Where we want to be

Successfully utilized funds obtained to meet our social & business missions, thereby delivering promised returns to our investors.

Established sustainable relations with vendors, with enhanced reliability and transparency in working together.

Established a foothold in securing vendors in other best sub-Saharan location,

Proposals

Revisiting Financial Forecast	*Principal Agent Conflict*	*Long Term Market Expansion*
I. Your Confidence	**II. Our Commitment**	**III. On A Continuum**

Revisiting Financial Forecast

I. Your Confidence

I. Your Confidence

Accelerating Expansion

Risks Associated

Sales Side

Costs Side

UWP Option Relative to Alternative Clean Water sources

	Cost (US$ / liter)	*Price Transparency*	*Quality Assurance*	*Convenience*
Bottled Water				
UWP-Filtered Water	***Best Clean Water Source Available to Urban Poor***			
Unbranded, Treated Water				
Charcoal-Boiled Water				

I. Your Confidence

Accelerating Expansion

Risks Associated

Sales Side

Costs Side

Our Forecasts

	2011	2012	2013
Liters Sold Per day	7,500	300,000	450,000

The Clean Water Market

Supply

200 Million Liters

Demand

450 Million Liters

With the competitiveness of our clean water offering and the Shortage in demand, our Sales forecasts are feasible targets.

=1.5 Mn Liters of Drinking water Shortage per day

I. Your Confidence

Accelerating Expansion

Risks Associated

Sales Side

	2011	2012	2013
Liters Sold	7,500	300,000	450,000

- ❑ Technician recruitment
- ❑ Filter units bought
- ❑ Quality monitoring
- ❑ Maintenance costs

Costs Side

Cost	Best	Base	Worse
Underreporting Rate	5%	10%	20%
Filter-related Loss (per filter)	100	100	200
PBP	1.08	2	2.78
NPV (in millions)	**$6.4**	**$4.76**	**$1.1**

Return to Your $200,000 investment:
1.08 times – 5.4 times initial investment

Principal Agent Conflict

II. Our Commitment

II. Our Commitment

The Principal-Agent Conflict: Reliance on Vendors as our Distributors

Principal-Agency Costs:

- Underreporting Revenues
- Filter Equipment Exploitation
- Informal Costs

1 Select	2 Evaluate	3 Maintain
Vendor Selection Criteria	Leveraging on technician network	Incentive Revenue Sharing Scheme

II. Our Commitment

The Principal-Agent Conflict: Reliance on Vendors as our Distributors

3 Year Focus

1

Vendor Selection Criteria

- Licensed to sell
- Business Etiquette

Deliver our Social Goals

2

Leveraging on technician network

- Screens vendors
- Quality Monitor

Inside Community Knowledge

3

Incentive Revenue Sharing Scheme

Reduce Revenue Underreporting

Incremental Reduction in Agency costs from Vendors=

$768,500

Long Term Market Expansion

III. On A Continuum

III. On A Continuum

2015 Expansion Plan: Roll out our slow-sand business to other African cities

WHERE? Criteria for City Selection

	COUNTRY (CITY)	% of Unconnected Households	Population Density (/km2)	Effectiveness of Public Utility	Income per Capita	Political Stability (10=least stable)
1	Ethiopia (Addis Ababa)	64% ✓	5,165 ✓	Low ✓	$350	5.1 ✓
2	Mozambique (Maputo)					
3	Zambia (Lusaka)					
4	Kenya (Nairobi)					
5	Namibia (Windhiek)					
6	Rep. of Congo (Kinshasa)					
7	Malawi (Blantyre)					

HOW?

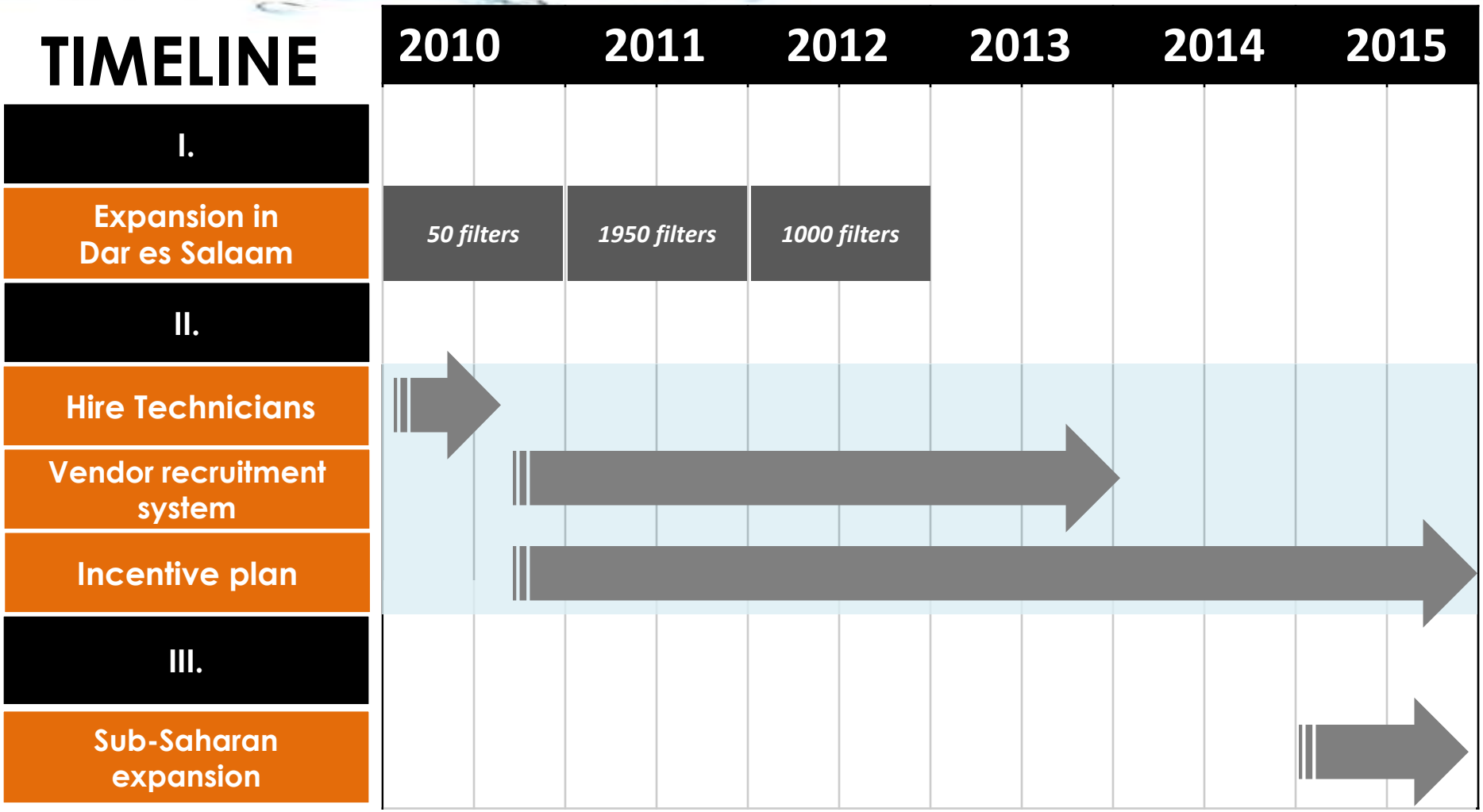
Leverage on our current Blue Future Filter supplier to supply slow-sand filters for vendors in Addis Ababa.

Pricing

- ❑ We will charge at a "locally" competitive prices
- ❑ City water to bottled water range from $0.0125-$0.5/liter
- ❑ **Maintain our $0.08/liter to make UWP water affordable**

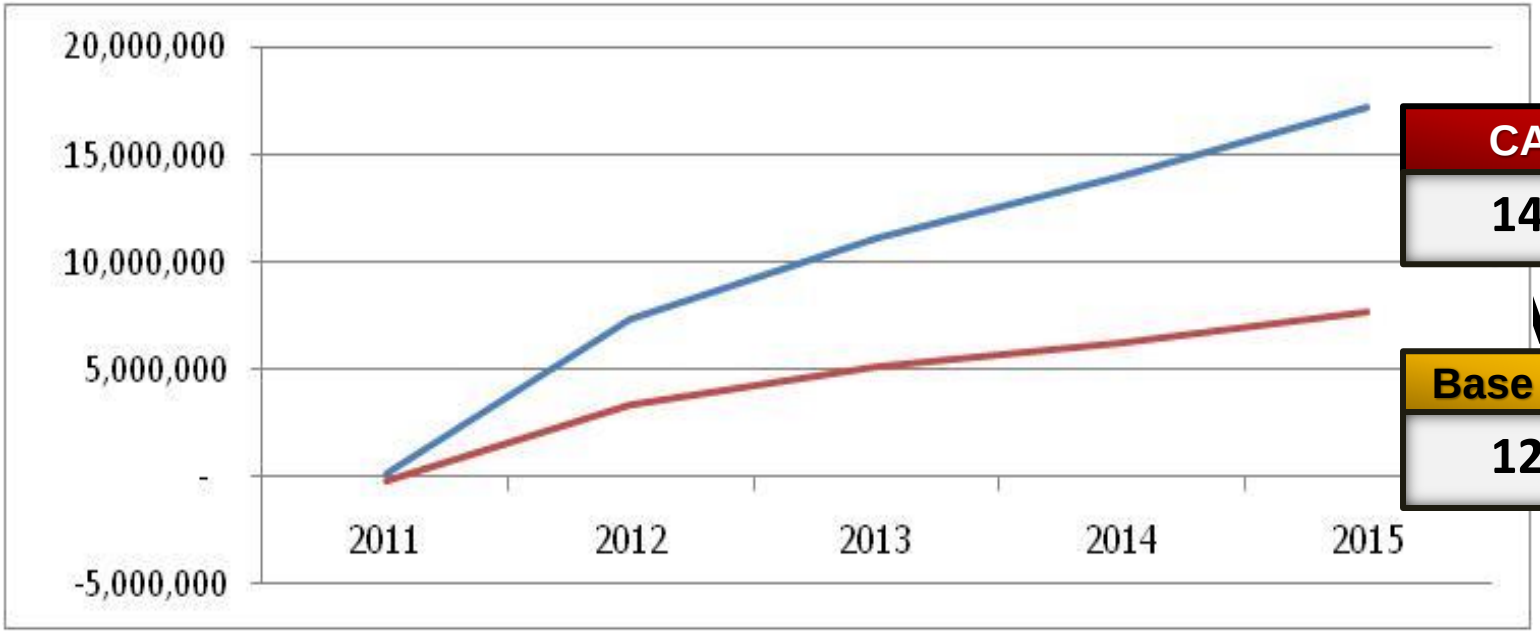
Timeline

TIMELINE



Revenue & Net Income Forecast

Revenue and Net Income Forecast (USD)



	2011	2012	2013	2014	2015
Total Sales	184,661	7,386,432	11,079,648	14,034,221	17,210,714
Total Net Income	- 141,923	3,360,431	5,135,149	6,272,520	7,651,614

Cost Estimation

CAPEX (Amount in USD)	
Slowsand filters	1,170,000
Motorcycles for technicians	582,500
Flatbed trucks	587500
Total	2,340,000
Expenses	
Technicians	807,600
Local management	1,661,000
Sales Staff	144,000
Filter test	1,398,800
Maintenance	1,345,000
Marketing Expenditures	155,000
Vehicle operating expenses	535,000
*Informal Cost of doing business	4,987,721
Risk from underreporting	4,208,324
Filter-related loss	1,345,000
Increased Fuel Cost	13,000
One time fee for Blue Futures	40,000
Total	16,640,445

Total Cost

USD 19 Million

Sources of Funds

Internally Generated Fund

Equity Funding

One-Year Loan

Cost Estimation

CAPEX (Amount in USD)	
Slowsand filters	1,170,000
Motorcycles for technicians	582,500
Flatbed trucks	587500
Total	2,340,000
Expenses	
Technicians	807,600
Local management	1,661,000
Sales Staff	144,000
Filter test	1,398,800
Maintenance	1,345,000
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Filter-related loss	1,345,000
Increased Fuel Cost	13,000
One time fee for Blue Futures	40,000
Total	16,640,445

NPV

USD 8.7 Million

PBP

2 Years

Conclusion

ISSUES

Revisiting Financial Forecast

Principal-Agent Conflict

Long Term Market Expansion

I. Your Confidence

- Revise the original plan to ensure investor's confidence in the accuracy of the forecast

II. Our Commitment

- Vendor Selection Criteria
- Leverage on technician network
- Incentive revenue sharing scheme

III. On A Continuum

- Expand into Addis Ababa (capital city of Ethiopia)

Slide Navigator

PRESENTATION:

- **Situation Analysis**
  - Urban Water Partners: Business Inspiration
  - Our Incentive System
  - Our Distributors
  - Product's Long term Viability
- **Transition**
- **Proposal 1**
  - Alternative Clean Water
  - Sales Side
  - Cost Side
- **Proposal 2**
  - Principal Agency Costs
  - 3 Year Focus
- **Proposal 3**
  - City Selection
- **Timeline**
- **Rev & NI Forecast**
- **Cost Estimation & Financing**
- **NPV & PBP**
- **Conclusion**

ANALYSIS:

- **SWOT**
- **Company's Objectives**
- **Tanzania Consumer Environment**
- **Geo-political Issues**
- **Operational Risks**
- **Macro-level Risks**
- **Business Model**
- **Sources of Water + Chain**
- **Manufacture by Blue Future**
- **Celebrity**

PROPOSAL 1:

- ***Can We Be Price Competitive? [1]***

PROPOSAL 2:

- **Details for Proposal 2 [2]**
- **Risk Analysis II**
- **Mobile Banking Payment Assessment [2]**

PROPOSAL 3:

- **Addis Ababa (Ethiopia) [3]**
- **Adv & Disadv - Slow Sand V.S. Rapid Sand Filter [3]**
- **Risk Analysis III**
- **Implementation 3**

Slide Navigator (FN)

FINANCIALS:

- Financial Position
- Revenue Breakdown
- Revenue Assumptions on FN Statement
- Cost Assumptions on FN Statement -1
- Cost Assumptions on FN Statement -2
- Scenario Analysis – NPV 3 Years
- Revenue Breakdown Assumptions 2
- Revenue Breakdown Assumptions 3
- Cost Breakdown Assumptions 3
- Unit Cost
- Break-Even Analysis
- Balance Sheet
- Income Statement
- Cash Flow Statements
- Valuation 3 Year – Base
- Valuation 3 Year – Best
- Valuation 3 Year – Worst
- Valuation 5 –year with Recom
- Return on Equity Investor

SWOT

STRENGTHS:

- Superior water purification technology

WEAKNESSES:

- Financially weak → Lack of funding
- Profit-sharing scheme dependent on vendor's motive

OPPORTUNITIES:

- 90% of population (low-mid income) relied on private vendors to get water
- Demand for clean water exceeds supply in African coutries

THREATS:

- Skepticism by investors
- Academic medical establishment does not trust & thinks of business as sth evil

Company's Objectives

1. **Public Health** – reduction in the prevalence of diarrhea in Children
2. **Profitability** – create a social business that generates revenue sufficient to cover operating costs, while financing future growth
3. **Community Building** – hire women to be company's technicians who maintain & service the filters & educate the community about clean water
4. **Environment** – reduce deforestation associated with boiling water using charcoal

Tanzania Consumer Environment

- **Tanzania**
  - Low per capita in come (annual): $US 440 , bottomw 10%
  - More politically stable nation in sub-saharan Africa
- **Dar es Salaam**
  - Population est. 2010 : 3 million people ; Growth @ 22%

Water Connections (Piped) → Mid-upper mid income households, industry , government institution.

Poor scattered in 55 settlements	Residential Households
- Rely on vendors for water supply	- Think DAWASO water unsafe to drink
→cheaper, unsafe to drink w/o treatment	- Boil water with charcoal if they can afford it to purify
→bottled water often unaffordable	
- Buy on an"on-the-go"basis (pay more/litre) & buy in smaller quantities	

Geo-political Issues

1. Corruption (120 out of 180 countries)
2. Bottom 10% of income per capita in the world
3. Water supply owned by state
4. Connections are essential
5. Many illegal competitors
6. Ease of doing business ranked out of 183:

2009	2010	2011
126	131	128

Operational Risks

- **Vendors**

  → Abusing/Misusing our filter equipment

  → Sell unfiltered as filtered UWP water : **Impact→ brand dilution, lower demand**

  → Underreporting revenue (could decrease revenue by 10-15%)

- **Technicians (local women)**

  →Might coorperate with vendors jeopardising our interests

  → They don't work → take advantage of transportation means

- **Informal Cost**

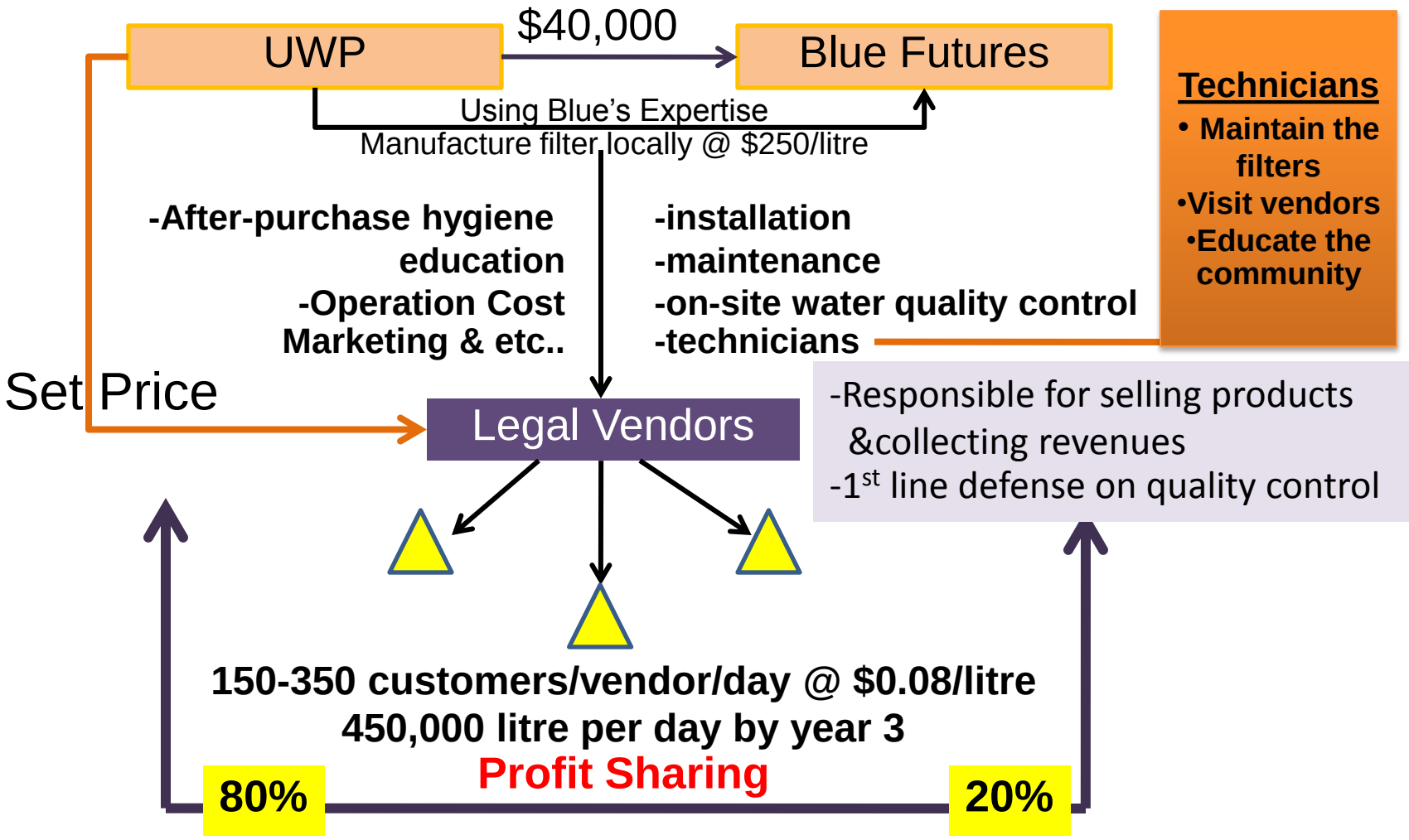
  →Engage with local officials

  →Hidden costs of 10-20% of revenue

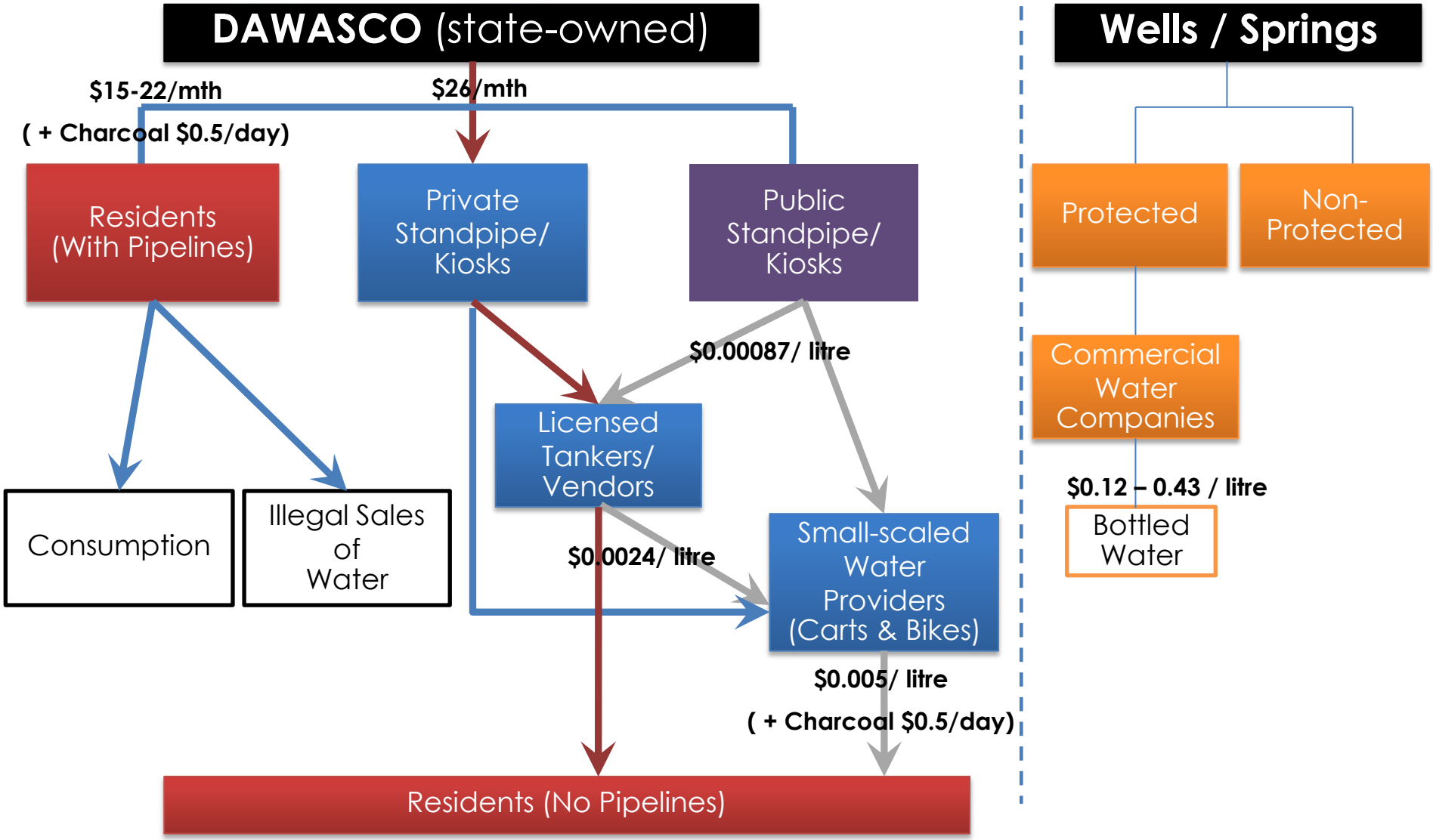
Macro-level Risks

- Increase in number of publicly owned kiosks
- Ranked 128th/183 most difficult in doing business
- Price regulation
- Development of water infrastructure → may put vendors our of business or change in business plan
- Competition from bottled water providers →Price war!!

Business Model



Sources of Water + Chain



Manufacture by Blue Future

- We partner with Blue Future Filter, a company that specializes in the manufacture and installation of slow sand filters in developing countries.
- We reply on them to do the manufacturing work for us.

Celebrity

- Halt marketing budget for celebrity ambassador

  WHY: Not an effective marketing

  1. The fact that we reply on B2B relationship, there is no need to use celebrity endorsement as a means of advertising.

  2. Limited financial resource - the need to build a strong distribution network is our priority

Can We Be Price Competitive? [1]

- Our price is set at $0.08 (considered to be in a competitive position)

  → Bottled water = $0.43 / litre

  → Boiled water in bags = $0.08 / litre

  → Normal water + Boil = $0.05 / litre + $0.5 charcoal cost per day

  + Our filtered water is cleaner than boiled water

- 1st Year Cost per unit = $ 0.13 → Loss making
- 2nd Year Cost per unit = $ 0.03 → Margin = $0.05 per unit

  → Ability to drive down the price to be even more competitive

Mobile Banking Payment Assessment [2]

- Efficient & economical
- Currently, in negotiation with an India company to develop a mobile banking application
- But, we do not believe that Tanzania market is ready to use this technology as a means of collecting cash
- **WHY:**

  1. People are not familiar with using mobile applications

  2. Infrastructure

  → hard to convince all vendors to subscribe for it
- Every method of payment available will not be able to solve the Underreporting issue.

  → It only helps to speed up the payment process.
- Most viable method → Technicians collect money from vendors

Details for Proposal 2 [2]

Addition to the original business model

- **Incentive Revenue Sharing System**

  → Vendors have to report litre sold on a daily basis

  → Revenue share vendors will get is based on their weekly cumulative litre sold

  → Technicians will be required to set thresholds by estimating potential demand for each vendor station

  → If certain threshold is met, vendors get certain share of revenues

Addis Ababa (Ethiopia) [3]

- Population = **3,384,569 people**
- Economic activities in Addis Ababa are diverse
- Access to water supply & sanitation in Ethiopia is among the lowest in Sub-Saharan Africa and the entire world
- **Water Demand:** 64% relying on public taps or yard taps
- **Water Supply:** In 2001 the government adopted a National Water Strategy → aims at:
  - Promoting the involvement of all stakeholders, including the private sector
  - Integrating water supply, sanitation and hygiene promotion activities.
  - More decentralized decision-making

- Private entrepreneurs also own or manage water points, "kiosks," latrines, pipelines, storage, tanks, and fillers. more than half of Nairobi, Kenya; and supply a third of families in Addis Ababa, Ethiopia

Adv & Disadv - Slow Sand V.S. Rapid Sand Filter [3]

SLOW SAND

ADVs:

- Cheapest (+low maintenance cost)
- Simplest
- Most efficient method
- Makes better use o the local skills & material available in developing countries
- Skilled supervision is not needed

DISAVDs:

- Low filtration rate

RAPID SAND

ADVs:

- Much higher flow rate
- Requires less quantity of sand

DISAVDs:

- Requires greater maintenance
- Ineffective against taste problems
- Skilled supervision is needed
- Requires on-going investments in costly flocculation reagents

Risk Analysis II

- Many vendors are interested in our incentive plan in which it might tolerate our revenues

  COUTERARGUMENT: - Vendors have limited supply of water because DAWASCO supplies water during limited hours.

Risk Analysis III

- Vendors not interested in implementing our filter technology and share revenues with us

  MITIGATION: - Send technicians team to educate vendors about the slow sand filter technology

  COUTERARGUMENT: - This business plan will provide vendors with higher revenue per litre since filtered water can be sold at a premium price.

  - Vendors bear no costs → all the costs are borne by us

Implementation 3

STAGE 1: - Do some market research to gain insight information about the industry and customer

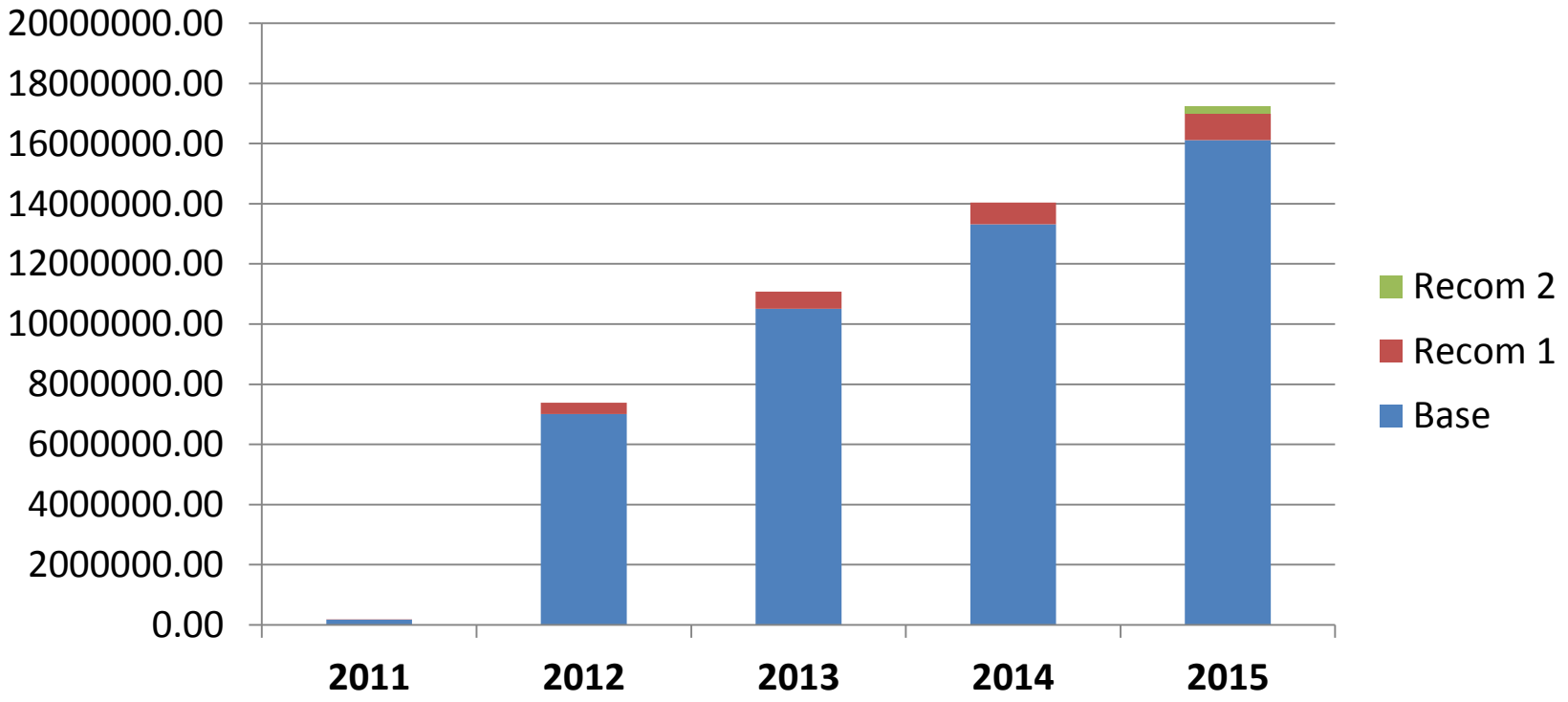
STAGE 2: - Plan for negotiation with vendors

STAGE 3: - Plan for negotiation with vendors

Financial Position

- A newly start-up company in need of external financing to fund its expansion
- Equity Funding of $200,000 in year 1
- One-Year loan of $1,000,000 in year 2
- Will be able to pay back its loan within the year after generating sufficient cash flow

Revenue Breakdown (in USD)



	2003	2004	2005	2006	2007	2008
Base Case	1,635,266	1,947,483	2,331,860	2,776,668	3,162,712	3,263,332
Recommendation 1	-	92,093	106,744	123,907	138,140	138,140
Recommendation 1 and 2	-	-	136,047	353,721	644,456	835,675

Revenue Assumptions on FN Statement

Revenue

Expected Filters Distributed	Year 0	Year 1	Year 2	Year 3
Additional filter (unit)		50	1950	1000
Total Unit Sold		50	2000	3000
Price/litre ($)		0.08		
Customers per vendors		150	people	
Each customer/household use		1	litre	
Demand per Day (Litre)		**7,500**	**300,000**	**450,000**
Demand per Year (Litre)		2,737,500	109,500,000	164,250,000

Arriving at Demand per Year

1. Expected Vendors reached (Filter Unit): 3000 by year 3
2. Price @ $0.08/litre
3. Customers per vendors: 150 people with 1 litre each

Cost Assumptions on FN Statement -1

Cost

Capital Investment ($)	Year 1	Year 2	Year 3	Year 4	Year 5
Slowsand filters					
Number installed	50	1950	1000	800	800
Cost of each filter	400	250	250	250	250
Total expenditure	**20,000**	**487,500**	**250,000**	**200,000**	**200,000**
Motorcycles for technicians					
Number	**3**	97	50	40	40
Cost per motorcycle	2500	2500	2500	2500	2500
Total expenditure	**7,500**	**242,500**	**125,000**	**100,000**	**100,000**
Flatbed trucks					
Number	1	20	9	8	8
Cost per truck	12,500	12,500	12,500	12,500	12,500
Total expenditure	**12,500**	**250,000**	**112,500**	**100,000**	**100,000**
Grand total expenditures	**40,000**	**980,000**	**487,500**	**400,000**	**400,000**

1. 1 motorcycle serves 20 vendors
2. 1 flatbed truck serves 100 vendors

Cost Assumptions on FN Statement -2

Operating Cost ($)	Year 1	Year 2	Year 3
Technicians			
Number of technicians	3	100	150
Monthly Salary	100	100	100
Annual Costs for Technicians	**3600**	**120000**	**180000**
Local Management Team			
Number of Local Mgnt	5	13	17
Monthly Salary	2000	2000	2000
Annual Costs for Local mgnt	**120,000**	**325,000**	**400,000**
Sales Staff			
Number of sales staff		20	20
Monthly Salary		150	150
Annual Costs for Sales Staff		**36000**	**36000**
Filter weekly test			
Cost per filter per week	2	2	2
Number of filter installed	50	2000	3000
Annual Cost for Filter test	**5200**	**208000**	**312000**
Maintenance Cost			
Maintenance fee per filter per year	100	100	100
Number of filter installed	50	2000	3000
Annual Cost for Maintenance	**5000**	**200000**	**300000**
Marketing Expenditures	**10,000**	**25,000**	**40,000**
Vehicle operating expenses	**2500**	**65000**	**110000**
***Informal Cost of doing business**	***15768***	***700800***	***1051200***
Risk from underreporting	14892	700800	1051200
Filter-related losses frm vendor abuse			
losses per filter per year	100	100	100
Number of filter installed	50	2000	3000
Annual Cost for Filter-related loss	**5000**	**200000**	**300000**
One time fee for Blue Futures	**40,000**		
Increased Fuel Cost	2600	2600	2600

-Technicians

-Local Mgnt

-Sales Staff

-Filter Test

-Maintenance

-Marketing

-Vehicle Related

-Informal

-Underreporting

-Vendor Abuses

-Blue future fees

-Fuel costs

Scenario Analysis – NPV 3 Years Cost of Capital 30%

Demand	Best	Base	Worse
Vendors Reached	3200	3000	2050
Customers Reached	150/vendor	150/vendor	150/vendor
Water Consumption/cust.	1 liter/day	1 liter/day	1 liter/day
Cost	**Best**	**Base**	**Worse**
Underreporting Rate (as % of revenue)	5%	10%	20%
Informal Cost	10%	15%	20%
Fuel Cost	$2080	$2600	$ 3328
Maintenance Cost	100/filter	100 / filter	200/filter
Filter-related Loss given Vendor's abuse	100/filter	100/filter	200/filter
PBP	1.08	2	2.78
NPV	**$6.4 million**	**$4.76million**	**$ 1.1 million**

Revenue Breakdown Assumptions 2

	Year 1	Year2	Year 3
Total Vendors	**50**	**2000**	**3000**
20%	10	400	600
50%	25	1000	1500
30%	15	600	900
Revenue Share Scheme			
82-18 (120 litre/day) (20%)	438,000	17,520,000	26,280,000
80-20 (150 litre/day) (50%)	1,368,750	54,750,000	82,125,000
78-22 (200 litre/day) (30%)	1,095,000	43,800,000	65,700,000
Total Demand per year	**2,901,750**	**116,070,000**	**174,105,000**

Cost Comparison

Risk from underreporting	15,696	738,643	1,107,965
New underreporting Cost	10,731	429,240	643,860

Revenue

Base Revenue	175,200	7,008,000	10,512,000
New Revenue	**184,661**	**7,386,432**	**11,079,648**

NPV comparison

Base	Incentive
$4.8 million	$6.57 million

Revenue Breakdown Assumptions 3

Ethiopia Expansion			2015
Population	3300000		
Private Sector	376,000		
Available Vendor	2,000		
Additional filter sold (unit)			50
Total Unit Sold			50
Price/litre ($) $0.0125 - $0.5		$0.08 per litre	0.08
Customers per vendors		190 people	
Each customer/household use		1 litre	
Demand per Day (Litre)			9500
Demand per Year (Litre)			3,467,500
TOTAL			**221,920**

Cost Breakdown Assumptions 3

Expansion to Ethiopia	
Capital Investment ($)	**Year 5**
Slowsand filters	
Number installed	50
Cost of each filter	250
Total expenditure	**12,500**
Motorcycles for technicians	
Number	3
Cost per motorcycle	2500
Total expenditure	**7,500**
Flatbed trucks	
Number	1
Cost per truck	12,500
Total expenditure	**12,500**
Grand total expenditures	**32,500**

Expansion to Ethiopia	
Operating Cost ($)	**Year 5**
Technicians	
Number of technicians	3
Monthly Salary	100
Annual Costs for Technicians	**3600**
Local Management Team	
Number of Local Mgnt	4
Monthly Salary	2000
Annual Costs for Local mgnt	**96,000**
Sales Staff	
Number of sales staff	0
Monthly Salary	150
Annual Costs for Sales Staff	**0**
Filter weekly test	
Cost per filter per week	2
Number of filter installed	50
Annual Cost for Filter test	**5200**
Maintenance Cost	
Maintenance fee per filter per year	50
Number of filter installed	50
Annual Cost for Maintenance	**2500**
Marketing Expenditures	**5,000**
Vehicle operating expenses	**2500**
***Informal Cost of doing business**	***19973***
Risk from underreporting	17754
Filter-related losses frm vendor abuse	
losses per filter per year	50
Number of filter installed	50
Annual Cost for Filter-related loss	**2500**
TOTAL	**155,026**

Unit Cost

		2011	2012	2013
Total Capex		40000	980000	487500
Total Expenses		327293	2816933	4086020
Demand per Year (Litre)		2,737,500	109,500,000	164,250,000
Unit Cost		**0.13**	**0.03**	**0.03**

Break-Even Analysis

Total Capex		40000	980000	487500
Total Expenses		327293	2816933	4086020
Demand per Year (Litre)		2,737,500	109,500,000	164,250,000

		2011	2012	2013
Fixed Cost		40,000	980,000	487,500
Var Cost / Unit		0.12	0.03	0.02
Price		0.08	0.08	0.08
Break-even Unit (Litre)		**(1,011,143)**	**18,056,335**	**8,843,832**

Balance Sheet

	2,010	2011	2012	2013	2014	2015
Assets:						
Cash	40,000	96,932	264,640	3,694,594	8,443,378	14,446,836
Account Receivable		55,398	2,215,930	3,323,894	4,210,266	5,163,214
Inventories	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total Current Assets	**40,000**	**152,331**	**2,480,570**	**7,018,488**	**12,653,644**	**19,610,050**
Properties, Plant & Equipment		34,667	878,333	1,165,333	1,311,500	1,404,333
Others						
Total asset	**40,000**	**186,997**	**3,358,903**	**8,183,822**	**13,965,144**	**21,014,384**
Liabilities:						
Account payable						
Short-Term Loan		-	-	-	-	-
Others						
Total Current Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Long Term loan		-	-			
Others						
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Shareholder's equity:						
Paid up capital	40,000	240,000	240,000	240,000	240,000	240,000
Retained earnings		- 53,003	3,118,903	7,943,822	13,725,144	20,774,384
Total shareholder's equity	**40,000**	**186,997**	**3,358,903**	**8,183,822**	**13,965,144**	**21,014,384**
Total Liabilities & Owner's Equity	**40,000**	**186,997**	**3,358,903**	**8,183,822**	**13,965,144**	**21,014,384**

Income Statement

	2010	2011	2012	2013	2014	2015
Total Sales	**0**	**184,661**	**7,386,432**	**11,079,648**	**14,034,221**	**17,210,714**
Gross margin	**0**	**184660.8**	**7386432**	**11079648**	**14034220.8**	**17210713.6**
Expenses:		321250.472				
Depreciation Expense		5333	136333	200500	253833	307167
Annual Costs for Technicians	0	3600	120000	180000	228000	276000
Annual Costs for Local mgnt	0	120000	325000	400000	408000	408000
Annual Costs for Sales Staff	0	0	36000	36000	36000	36000
Annual Cost for Filter test	0	5200	208000	312000	395200	478400
Annual Cost for Maintenance	0	5000	200000	300000	380000	460000
Marketing Expenditures	0	10000	25000	40000	40000	40000
Brand Embassadors	0	100000	100000	110796.48	0	0
Vehicle operating expenses	0	2500	65000	110000	143000	214500
*Informal Cost of doing business	0	16619.472	738643.2	1107964.8	1403422.08	1721071.36
Risk from underreporting	0	10731	429240	643860	1403422.08	1721071.36
Annual Cost for Filter-related loss	0	5000	200000	300000	380000	460000
Increased Fuel Cost		2600	2600	2600	2600	2600
One time fee for Blue Futures	0	40,000	0	0		
Total expenses	**0**	**326584**	**2585817**	**3743721**	**5073477**	**6279836**
EBIT	**0**	**-141923**	**4800615**	**7335926.72**	**8960743.307**	**10930877.81**
Interest expense		0	0	0	0	0
EBT	**0**	**-141923**	**4800615.467**	**7335926.72**	**8960743.307**	**10930877.81**
Tax		0	1440184.64	2200778.016	**2,688,223**	**3,279,263**
Net Income	**-**	**- 141,923**	**3,360,431**	**5,135,149**	**6,272,520**	**7,651,614**

Cash Flow Statements

	2010	2011	2012	2013
Operating Activities				
Cash collections from sales		122,640	4,958,160	9,460,800
Annual Costs for Technicians	0	3600	120000	180000
Annual Costs for Local mgnt	0	120000	325000	400000
Annual Costs for Sales Staff	0	0	36000	36000
Annual Cost for Filter test	0	5200	208000	312000
Annual Cost for Maintenance	0	5000	200000	300000
Marketing Expenditures	0	10000	25000	40000
Brand Embassadors	0	100000	100000	105120
Vehicle operating expenses	0	2500	65000	110000
*Informal Cost of doing business	0	15768	700800	1051200
Risk from underreporting	0	14892	700800	1051200
Annual Cost for Filter-related loss	0	5000	200000	300000
Increased Fuel Cost		2600	2600	2600
One time fee for Blue Futures	0	40,000	0	0
Cash paid for interest and taxes		-	1,256,540	1,927,014
Net cash increase (decrease) from operating activities		- 201,920	1,018,420	3,645,666
Investing Activities				
Purchase of equipment		40,000	980,000	487,500
Purchase of intangibles				
Net cash increase (decrease) from investing activities		**- 40,000**	**- 980,000**	**- 487,500**
Financing Activities				
Proceeds from issuing equity	40,000	200,000		
Proceeds from issuing debt			1,000,000	
Principal payments on long-term debt	-		1,000,000	
Net cash increase (decrease) from financing activities	**40,000**	**200,000**	**-**	**-**
Increase (decrease) in cash balance		**- 41,920**	**38,420**	**3,158,166**
Beginning cash balance (January 1, 2003)		40,000	- 1,920	36,500
Ending cash balance (December 31, 2003)	40,000	- 1,920	36,500	3,194,666

Valuation 3 Year - Base

Base Case

FCF Base 3 Years	2010	2011	2012	2013
EBIT	-	- 167,833	3,838,067	5,897,780
EBIT(1-T)	-	- 117,483	2,686,647	4,128,446
+ Depreciation	-	120,000	325,000	400,000
- Change in WC	40,000	52,560	2,049,840	1,051,200
- Capex		40,000	980,000	487,500
FCF	- 40,000	- 90,043	- 18,193	2,989,746
Terminal Value				10,891,218
FCF	- 40,000	- 90,043	- 18,193	13,880,964
		- 130,043	- 148,237	
NPV	฿4,767,780.89			

PBP: 2 years

Valuation 3 Year - Best

Best Case

FCF Best Case	2010	2011	2012	2013
EBIT	-	- 49,793	4,639,387	7,521,667
EBIT(1-T)	-	- 34,855	3,247,571	5,265,167
+ Depreciation	-	120,000	325,000	400,000
- Change in WC	40,000	52,560	2,049,840	1,261,440
- Capex		40,000	980,000	600,000
FCF	- 40,000	- 7,415	542,731	3,803,727
Terminal Value				13,856,433
FCF	- 40,000	- 7,415	542,731	17,660,160
		- 47,415		
NPV	฿6,395,188.36			

PBP: 1.08 years

Valuation 3 Year - Worst

FCF 3-year Worst	2010	2011	2012	2013
EBIT	-	- 118,857	1,209,039	2,139,297
EBIT(1-T)	-	- 83,200	846,327	1,497,508
+ Depreciation	-	120,000	325,000	400,000
- Change in WC	40,000	42,048	1,009,152	672,768
- Capex		40,000	592,500	400,000
FCF	- 40,000	- 45,248	- 430,325	824,740
Terminal Value				3,004,410
FCF	- 40,000	- 45,248	- 430,325	3,829,151
		- 85,248	- 515,573	
NPV	฿1,087,279.46			

PBP: 2.78 years

Valuation 5 –year with Recom

FCF 5 year with recom	2010	2011	2012	2013	2014	2015
EBIT	-	- 53,003	4,531,294	6,892,741	8,259,032	10,070,342
EBIT(1-T)	-	- 37,102	3,171,906	4,824,919	5,781,323	7,049,239
+ Depreciation	-	120,000	325,000	400,000	408,000	408,000
- Change in WC	40,000	55,398	2,160,531	1,107,965	886,372	952,948
- Capex		40,000	980,000	487,500	400,000	400,000
FCF	- 40,000	- 12,500	356,374	3,629,454	4,902,951	6,104,292
Terminal Value						22,237,062
FCF	- 40,000	- 12,500	356,374	3,629,454	4,902,951	28,341,354
		- 52,500	303,874			
NPV	฿8,586,977.99					

PBP: 2 years

Return on Equity Investor

Initial Investment
20% Ownership of $200,000

NPV range between $1.08 - $6.4 million

Return range from $217,000 - $1.28 million

% Return range from 8.7% - 540%
From 0.8 times – 5.4 times