

| | |
|---|--------------------|
| Start-up Expenses | |
| Legal | \$144,300 |
| Consultants | \$0 |
| Insurance | \$25,100 |
| Rent | \$34,400 |
| Research and Development | \$10,000 |
| Expensed Equipment | \$52,200 |
| Signs | \$3,400 |
| TOTAL START-UP EXPENSES | \$269,400 |
| Start-up Assets | \$244,400 |
| Cash Required | \$181,000 |
| Start-up Inventory | \$35,100 |
| Other Current Assets | \$251,000 |
| Long-term Assets | \$211,300 |
| TOTAL ASSETS | \$922,800 |
| Total Requirements | \$1,192,200 |
| START-UP FUNDING | |
| Start-up Expenses to Fund | \$269,400 |
| Start-up Assets to Fund | \$922,800 |
| TOTAL FUNDING REQUIRED | \$1,192,200 |
| Assets | |
| Non-cash Assets from Start-up | \$1,202,300 |
| Cash Requirements from Start-up | \$144,300 |
| Additional Cash Raised | \$50,000 |
| Cash Balance on Starting Date | \$34,300 |
| TOTAL ASSETS | \$1,430,900 |
| Liabilities and Capital | |
| Liabilities | \$18,440 |
| Current Borrowing | \$0 |
| Long-term Liabilities | \$0 |
| Accounts Payable (Outstanding Bills) | \$61,100 |
| Other Current Liabilities (interest-free) | \$0 |
| TOTAL LIABILITIES | \$79,540 |
| Capital | |
| Planned Investment | \$1,192,200 |
| Investor 1 | \$0 |
| Investor 2 | \$0 |
| Other | \$0 |
| Additional Investment Requirement | \$0 |
| TOTAL PLANNED INVESTMENT | \$1,192,200 |
| Loss at Start-up (Start-up Expenses) | \$159,160 |
| TOTAL CAPITAL | \$1,351,360 |

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|--------------------------------------|--------------------|
| TOTAL CAPITAL AND LIABILITIES | \$1,430,900 |
| Total Funding | \$1,192,200 |

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|----------------------------|---------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Market Analysis | | | | | | | |
| Potential Customers | Growth | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | CAGR |
| Individuals | 30% | 44,200 | 53,040 | 63,648 | 76,378 | 91,653 | 10.00% |
| Families | 28% | 34,200 | 41,040 | 49,248 | 59,098 | 70,917 | 10.00% |
| Textile Stores | 24% | 24,430 | 29,316 | 35,179 | 42,215 | 50,658 | 10.00% |
| Hotels & Motels | 18% | 22,210 | 26,652 | 31,982 | 38,379 | 46,055 | 11.00% |
| Total | 100% | 125,040 | 150,048 | 180,058 | 216,069 | 259,283 | 10% |

| | | | |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| Sales Forecast | | | |
| Unit Sales | Year 1 | Year 2 | Year 3 |
| Fabric for Dailywears | 15,500 | 16,430 | 17,416 |
| Fabric for Home Accessories | 16,500 | 17,490 | 18,539 |
| Fabric for Sportswear | 14,000 | 14,840 | 15,730 |
| Upholstery Fabric | 13,500 | 14,310 | 15,169 |
| TOTAL UNIT SALES | 59,500 | 63,070 | 66,854 |
| Unit Prices | Year 1 | Year 2 | Year 3 |
| Fabric for Dailywears | \$75.00 | \$87.00 | \$100.92 |
| Fabric for Home Accessories | \$80.00 | \$92.80 | \$107.65 |
| Fabric for Sportswear | \$55.00 | \$63.80 | \$74.01 |
| Upholstery Fabric | \$60.00 | \$69.60 | \$80.74 |
| Sales | | | |
| Fabric for Dailywears | \$1,162,500.00 | \$1,429,410.00 | \$1,757,602.54 |
| Fabric for Home Accessories | \$1,320,000.00 | \$1,623,072.00 | \$1,995,729.33 |
| Fabric for Sportswear | \$770,000.00 | \$946,792.00 | \$1,164,175.44 |
| Upholstery Fabric | \$810,000.00 | \$995,976.00 | \$1,224,652.09 |
| TOTAL SALES | \$4,062,500.00 | \$4,995,250.00 | \$6,142,159.40 |
| Direct Unit Costs | Year 1 | Year 2 | Year 3 |
| Fabric for Dailywears | \$20.00 | \$22.00 | \$23.10 |
| Fabric for Home Accessories | \$25.00 | \$27.50 | \$28.88 |
| Fabric for Sportswear | \$14.00 | \$15.40 | \$16.17 |
| Upholstery Fabric | \$18.00 | \$19.80 | \$20.79 |
| Direct Cost of Sales | | | |
| Fabric for Dailywears | \$310,000.00 | \$361,460.00 | \$402,304.98 |

| | | | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
| Fabric for Home Accessories | \$412,500.00 | \$480,975.00 | \$535,325.18 |
| Fabric for Sportswear | \$196,000.00 | \$228,536.00 | \$254,360.57 |
| Upholstery Fabric | \$243,000.00 | \$283,338.00 | \$315,355.19 |
| Subtotal Direct Cost of Sales | \$1,161,500.00 | \$1,354,309.00 | \$1,507,345.92 |

7.2 Average Salary of Employees

| Personnel Plan | | | |
|-----------------------|------------------|------------------|------------------|
| | Year 1 | Year 2 | Year 3 |
| Sales Manager | \$31,500 | \$34,650 | \$38,115 |
| Operations Manager | \$31,500 | \$34,650 | \$38,115 |
| Textile Engineers | \$55,400 | \$60,940 | \$67,034 |
| Technical Assistants | \$164,500 | \$180,950 | \$199,045 |
| Store Operator | \$22,450 | \$24,695 | \$27,165 |
| Accountant | \$22,450 | \$24,695 | \$27,165 |
| Web Developer | \$22,450 | \$24,695 | \$27,165 |
| Graphic Designers | \$42,400 | \$46,640 | \$51,304 |
| Total Salaries | \$392,650 | \$431,915 | \$475,107 |

8.1 Important Assumptions

| General Assumptions | | | |
|----------------------------|---------------|---------------|---------------|
| | Year 1 | Year 2 | Year 3 |
| Plan Month | 1 | 2 | 3 |
| Current Interest Rate | 8.12% | 8.20% | 8.26% |
| Long-term Interest Rate | 8.40% | 8.44% | 8.47% |
| Tax Rate | 24.03% | 24.21% | 24.60% |
| Other | 0 | 0 | 0 |

8.2 Break-even Analysis

| Break-Even Analysis | |
|--------------------------------|-----------|
| Monthly Units Break-even | 5340 |
| Monthly Revenue Break-even | \$132,500 |
| Assumptions: | |
| Average Per-Unit Revenue | \$231.00 |
| Average Per-Unit Variable Cost | \$0.62 |
| Estimated Monthly Fixed Cost | \$163,800 |

8.3 Projected Profit and Loss

Pro Forma Profit And Loss

| | Year 1 | Year 2 | Year 3 |
|--|--------------------|--------------------|--------------------|
| Sales | \$4,062,500 | \$4,995,250 | \$6,142,159 |
| Direct Cost of Sales | \$1,161,500 | \$1,354,309 | \$1,507,346 |
| Other | \$0 | \$0 | \$0 |
| TOTAL COST OF SALES | \$1,161,500 | \$1,354,309 | \$1,507,346 |
| Gross Margin | \$2,901,000 | \$3,640,941 | \$4,634,813 |
| Gross Margin % | 71.41% | 72.89% | 75.46% |
| Expenses | | | |
| Payroll | \$392,650 | \$431,915 | \$475,107 |
| Sales and Marketing and Other Expenses | \$145,000 | \$148,000 | \$156,000 |
| Depreciation | \$2,300 | \$2,350 | \$2,500 |
| Leased Equipment | \$0 | \$0 | \$0 |
| Utilities | \$2,900 | \$3,000 | \$3,100 |
| Insurance | \$2,100 | \$2,100 | \$2,100 |
| Rent | \$2,900 | \$3,000 | \$3,200 |
| Payroll Taxes | \$24,000 | \$25,000 | \$27,000 |
| Other | \$0 | \$0 | \$0 |
| Total Operating Expenses | \$571,850 | \$615,365 | \$669,007 |
| Profit Before Interest and Taxes | \$2,329,150 | \$3,025,576 | \$3,965,807 |
| EBITDA | \$2,329,150 | \$3,025,576 | \$3,965,807 |
| Interest Expense | \$0 | \$0 | \$0 |
| Taxes Incurred | \$465,830 | \$605,115 | \$793,161 |
| Net Profit | \$1,863,320 | \$2,420,461 | \$3,172,646 |
| Net Profit/Sales | 45.87% | 48.46% | 51.65% |

| Pro Forma Cash Flow | | | |
|---------------------------------------|-----------------|-----------------|-----------------|
| | Year 1 | Year 2 | Year 3 |
| Cash Received | | | |
| Cash from Operations | | | |
| Cash Sales | \$51,000 | \$55,080 | \$59,486 |
| Cash from Receivables | \$22,000 | \$23,760 | \$25,661 |
| SUBTOTAL CASH FROM OPERATIONS | \$73,000 | \$79,570 | \$85,936 |
| Additional Cash Received | | | |
| Sales Tax, VAT, HST/GST Received | \$0 | \$0 | \$0 |
| New Current Borrowing | \$0 | \$0 | \$0 |
| New Other Liabilities (interest-free) | \$0 | \$0 | \$0 |
| New Long-term Liabilities | \$0 | \$0 | \$0 |
| Sales of Other Current Assets | \$0 | \$0 | \$0 |

| | | | |
|---|-----------------|-----------------|-----------------|
| Sales of Long-term Assets | \$0 | \$0 | \$0 |
| New Investment Received | \$0 | \$0 | \$0 |
| SUBTOTAL CASH RECEIVED | \$74,000 | \$79,000 | \$85,000 |
| Expenditures | Year 1 | Year 2 | Year 3 |
| Expenditures from Operations | | | |
| Cash Spending | \$42,000 | \$42,000 | \$45,000 |
| Bill Payments | \$27,000 | \$28,000 | \$31,000 |
| SUBTOTAL SPENT ON OPERATIONS | \$69,000 | \$70,000 | \$76,000 |
| Additional Cash Spent | | | |
| Sales Tax, VAT, HST/GST Paid Out | \$0 | \$0 | \$0 |
| Principal Repayment of Current Borrowing | \$0 | \$0 | \$0 |
| Other Liabilities Principal Repayment | \$0 | \$0 | \$0 |
| Long-term Liabilities Principal Repayment | \$0 | \$0 | \$0 |
| Purchase Other Current Assets | \$0 | \$0 | \$0 |
| Purchase Long-term Assets | \$0 | \$0 | \$0 |
| Dividends | \$0 | \$0 | \$0 |
| SUBTOTAL CASH SPENT | \$69,000 | \$74,520 | \$80,482 |
| Net Cash Flow | \$21,000 | \$23,000 | \$25,000 |
| Cash Balance | \$27,000 | \$30,000 | \$33,000 |

8.5 Projected Balance Sheet

| Pro Forma Balance Sheet | | | |
|--------------------------------|------------------|------------------|------------------|
| Assets | Year 1 | Year 2 | Year 3 |
| Current Assets | | | |
| Cash | \$275,000 | \$308,000 | \$338,800 |
| Accounts Receivable | \$24,000 | \$26,880 | \$30,213 |
| Inventory | \$4,300 | \$4,816 | \$4,900 |
| Other Current Assets | \$1,000 | \$1,000 | \$1,000 |
| TOTAL CURRENT ASSETS | \$282,000 | \$315,840 | \$355,004 |
| Long-term Assets | | | |
| Long-term Assets | \$10,000 | \$10,000 | \$10,000 |
| Accumulated Depreciation | \$19,400 | \$21,728 | \$24,444 |
| TOTAL LONG-TERM ASSETS | \$24,400 | \$27,328 | \$30,744 |
| TOTAL ASSETS | \$294,000 | \$329,280 | \$370,440 |
| Liabilities and Capital | Year 4 | Year 5 | Year 6 |
| Current Liabilities | | | |
| Accounts Payable | \$18,700 | \$20,944 | \$23,541 |
| Current Borrowing | \$0 | \$0 | \$0 |

| | | | |
|--------------------------------------|------------------|------------------|------------------|
| Other Current Liabilities | \$0 | \$0 | \$0 |
| SUBTOTAL CURRENT LIABILITIES | \$19,000 | \$21,280 | \$23,919 |
| Long-term Liabilities | \$0 | \$0 | \$0 |
| TOTAL LIABILITIES | \$15,000 | \$16,800 | \$18,883 |
| Paid-in Capital | \$30,000 | \$30,000 | \$31,000 |
| Retained Earnings | \$53,000 | \$57,770 | \$63,547 |
| Earnings | \$193,400 | \$210,806 | \$231,887 |
| TOTAL CAPITAL | \$285,000 | \$310,650 | \$341,715 |
| TOTAL LIABILITIES AND CAPITAL | \$300,000 | \$329,280 | \$370,440 |
| Net Worth | \$293,400 | \$319,806 | \$351,787 |

8.6 Business Ratios

| Ratio Analysis | | | | |
|--|----------------|----------------|----------------|-------------------------|
| | Year 1 | Year 2 | Year 3 | INDUSTRY PROFILE |
| Sales Growth | 7.25% | 8.03% | 8.90% | 3.00% |
| Percent of Total Assets | | | | |
| Accounts Receivable | 9.21% | 10.20% | 11.31% | 9.80% |
| Inventory | 5.39% | 5.97% | 6.62% | 9.90% |
| Other Current Assets | 2.11% | 2.34% | 2.59% | 2.40% |
| Total Current Assets | 149.80% | 151.00% | 152.00% | 158.00% |
| Long-term Assets | 11.55% | 11.60% | 11.64% | 12.00% |
| TOTAL ASSETS | 100.00% | 100.00% | 100.00% | 100.00% |
| Current Liabilities | 4.90% | 4.94% | 4.98% | 4.34% |
| Long-term Liabilities | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Liabilities | 7.59% | 7.65% | 7.72% | 7.38% |
| NET WORTH | 100.45% | 101.25% | 102.19% | 110.00% |
| Percent of Sales | | | | |
| Sales | 100.00% | 100.00% | 100.00% | 100.00% |
| Gross Margin | 94.60% | 97.15% | 99.87% | 99.00% |
| Selling, General & Administrative Expenses | 93.56% | 96.09% | 98.78% | 97.80% |
| Advertising Expenses | 1.52% | 1.56% | 1.60% | 1.40% |
| Profit Before Interest and Taxes | 41.50% | 42.62% | 43.81% | 33.90% |
| Main Ratios | | | | |
| Current | 34 | 35 | 36 | 32 |
| Quick | 33 | 33.8 | 34.645 | 33 |
| Total Debt to Total Assets | 0.18% | 0.18% | 0.17% | 0.40% |
| Pre-tax Return on Net Worth | 74.08% | 74.89% | 75.00% | 75.00% |
| Pre-tax Return on Assets | 96.30% | 101.12% | 106.17% | 111.30% |

| | | | | |
|------------------------------|-----------|-----------|-----------|------|
| Additional Ratios | Year 1 | Year 2 | Year 3 | |
| Net Profit Margin | 33.56% | 34.60% | 35.67% | N.A. |
| Return on Equity | 55.80% | 57.53% | 59.31% | N.A. |
| Activity Ratios | | | | |
| Accounts Receivable Turnover | 7.7 | 7.8 | 7.8 | N.A. |
| Collection Days | 100 | 100 | 100 | N.A. |
| Inventory Turnover | 32.4 | 34.02 | 35 | N.A. |
| Accounts Payable Turnover | 15.6 | 16 | 16.3 | N.A. |
| Payment Days | 27 | 27 | 27 | N.A. |
| Total Asset Turnover | 2.5 | 2.5 | 2.6 | N.A. |
| Debt Ratios | | | | |
| Debt to Net Worth | -0.04 | -0.03 | -0.04 | N.A. |
| Current Liab. to Liab. | 1 | 1 | 1 | N.A. |
| Liquidity Ratios | | | | |
| Net Working Capital | \$244,000 | \$257,664 | \$272,093 | N.A. |
| Interest Coverage | 0 | 0 | 0 | N.A. |
| Additional Ratios | | | | |
| Assets to Sales | 0.85 | 0.87 | 0.89 | N.A. |
| Current Debt/Total Assets | 1% | 0% | 0% | N.A. |
| Acid Test | 29 | 29.12 | 29.16 | N.A. |
| Sales/Net Worth | 2.1 | 2.2 | 2.2 | N.A. |
| Dividend Payout | 0 | 0 | 0 | N.A. |