FEASIBILITY STUDY

ICE PLANT, INC.
Bulacan
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Aftermath Resources, Inc. (ARI) was established with the objective to produce and provide Ice Blocks for retailers and major institutions operating in Marilao, Bulacan and contiguous municipalities.

Since its inception on January 2004, ARI has consistently kept abreast with the required standards set by its clienteles. Thus, ARI has maintained a strong customer base that has depended on the output of the Company.

Currently, ARI is producing an average of 400 of block ice per day sold at an average price of Php 155.00 per block. Current customers are local retailers and major institutions, including Vitarich Corporation, which has a standing arrangement with ARI where Vitarich acquires twenty (20%) percent of its block ice requirements from ARI's plant in Marilao, Bulacan.

To keep pace with the strong market demand for Block Ice, Aftermath Resources, Inc., has opted to increase its production capacity by acquiring new equipment and refurbishing existing machineries and equipment.

Capitalization for the acquisition of new equipment has been estimated at Php 10.8 Million. This includes acquisition of a new 25 Ton Energy Efficient Block Ice Plant, as well as costs for other related expenses to construct the new facility.

Based on projections, with the advent of an increase in capacity, ARI will be capable of increasing revenues, as well as increasing net income potentials.

Thus, increasing capitalization for the business is perceived as a feasible business option for ARI.
The objective of the feasibility study is primarily to determine the viability of expanding the production capacity of the existing Ice Plant Facility operated by Aftermath Resources, Inc. The feasibility study forms the basis of an important investment decision and in order to serve this objective, the document/study covers various aspects of project concept development, start-up, and production, finance and business management.
1. BRIEF OF THE COMPANY

Registered Name : Aftermath Resources, Inc.
Business Office : Kamagong cor. Vito Cruz Ext., San Antonio Village, Makati City, Philippines
Plant Location : Barangay Sta. Rosa I, Marilao, Bulacan
SEC Registration #: CS200400986
Date Registered : 22 January 2004

Aftermath Resources, Inc. (INC) is a legal corporation duly registered with the Securities and Exchange Corporation (SEC). The Company was formally registered on January 2004.

ARI produces Block Ice for both Local Retailers and Institutional Clients. Present daily average capacity is 400 ice blocks per day.

III. PROJECT PROFILE

Marilao, Bulacan
5. SALES TRENDS

Sales volume, as well as price rates per ice block vary based on season. As such, weather factor plays an important role, due to seasonal nature of the business. In summer, the demand for ice blocks increases, while after mid September the temperature starts changing & demand starts to fall. Thus, the plant reduces/increases the production and its prices according to the demand of ice blocks.

Graph below show a steady increase in sales volume starting March, which is the start of summer season. A minimal decrease in sales is then experienced starting June (rainy season). Sales volume for the ice plant then stabilizes by September up to December.

6. SALES PERFORMANCE

Since its initial operations during the 1st quarter of 2004, the company started with average sales of only 4,000 ice blocks per month. By end of 2004, sales rapidly increased by 300% selling 9,400 ice blocks for the month of December 2004.

For its second year of operations (2005), the Ice Plant barely increased its sales volume due to limited production capacity. By end of 2005, the Ice Plant sold a total of 107,971 blocks. This is almost the same volume of ice blocks sold for 2004.

By early 2006, Management opted to improve capacity by adding machinery and equipment as well as refurbishing existing equipment. During the last two quarters of 2006, sales averaged 11,400 blocks sold per day. It is estimated that the ice plant would be able to sell approximately 123,000 blocks by end of 2006.
ICE BLOCK PRODUCTION / SOLD (in ‘000)

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>7.4</td>
<td>4.6</td>
<td>8.9</td>
<td>12.8</td>
<td>13.3</td>
<td>12.3</td>
<td>8.9</td>
<td>9.5</td>
<td>11.4</td>
<td>11.4</td>
<td>11.4</td>
<td>11.4</td>
<td>123.6</td>
</tr>
<tr>
<td>2005</td>
<td>7.2</td>
<td>7.1</td>
<td>9.0</td>
<td>10.4</td>
<td>11.9</td>
<td>7.9</td>
<td>9.0</td>
<td>9.4</td>
<td>8.8</td>
<td>8.7</td>
<td>8.7</td>
<td>9.6</td>
<td>108.0</td>
</tr>
<tr>
<td>2004</td>
<td>3.7</td>
<td>4.4</td>
<td>11.3</td>
<td>12.4</td>
<td>10.5</td>
<td>9.3</td>
<td>9.2</td>
<td>8.7</td>
<td>9.3</td>
<td>10.9</td>
<td>9.4</td>
<td>9.4</td>
<td>108.6</td>
</tr>
</tbody>
</table>

*Projections

ICE BLOCK PRICES

To keep abreast with the seasonal trends of ice blocks, Management has opted to constantly modify its prices for ice blocks. Based on table below, figures indicates that since sales for ice blocks is relatively highest during summer, prices are reduced to maintain a competitive advantage against other suppliers.

The average price for 2004 was computed at Php 127 per ice block. An increase of 20% in prices was posted by 2005. However, average prices for 2006 increased at minimal levels only to ensure a competitive position/advantage with its existing institutional clients and retail buyers.

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Ave.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>164</td>
<td>157</td>
<td>163</td>
<td>148</td>
<td>148</td>
<td>149</td>
<td>151</td>
<td>153</td>
<td>156</td>
<td>156</td>
<td>156</td>
<td>156</td>
<td>155</td>
</tr>
<tr>
<td>2005</td>
<td>148</td>
<td>145</td>
<td>147</td>
<td>148</td>
<td>149</td>
<td>150</td>
<td>152</td>
<td>153</td>
<td>154</td>
<td>154</td>
<td>164</td>
<td>165</td>
<td>153</td>
</tr>
<tr>
<td>2004</td>
<td>133</td>
<td>131</td>
<td>125</td>
<td>127</td>
<td>125</td>
<td>120</td>
<td>121</td>
<td>121</td>
<td>124</td>
<td>124</td>
<td>136</td>
<td>142</td>
<td>127</td>
</tr>
</tbody>
</table>
IV. TECHNICAL ASPECT

1. BRIEF OF OPERATIONS

Place of Operations: Barangay Sta. Rosa I, Marilao, Bulacan

Production Capacity: 400 ice blocks per day

Number of Employees:
- Admin: 5
- Operations: 10

Standard Time of Operations:
- 1st Shift: 7:00AM – 7:00PM
- 2nd Shift: 7:00PM – 7:00AM
- Monday to Sunday
2. PRODUCTION PROCESS

Raw Material Requirements

The basic raw material required for producing ice blocks is water, common salt. These raw materials are readily available in the local market.

Replenishment needed during maintenance are ammonia gas and compressor oil.
Aftermath Resources, Inc.

Seeing the growing client base and as well as the high levels that ARI is experiencing out of its past and present business operations, Management is enthusiastic on increasing its production capacity.

ARI's present production capacity is 400 ice blocks per day. Figures for 2006 indicates that an annual production has reached 123,000 block ice. With additional equipment, Management is targeting an additional production capacity of 68,400 ice blocks per annum. This represents a 57% increase.

To achieve the said sales targets, new equipment shall be purchased and installed by early January 2007.

Negotiations have been undertaken with possible machinery suppliers and have provided necessary quotations based on the plans and targets of the company.

**NEW MAJOR EQUIPMENT TO BE ACQUIRED**

<table>
<thead>
<tr>
<th>Description</th>
<th>Qty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Grasso 412 ammonia compressor with Accessories</strong></td>
<td>1 set</td>
</tr>
<tr>
<td>2. Shell and Tube condenser</td>
<td>1 set</td>
</tr>
<tr>
<td>3. Accumulator</td>
<td>1 set</td>
</tr>
<tr>
<td>4. Oil Separator</td>
<td>1 set</td>
</tr>
<tr>
<td>5. Direct Driven Brine Agitator (7-hp)</td>
<td>1 set</td>
</tr>
<tr>
<td>6. Freezing Tank with 6mm side &amp; bottom plates</td>
<td>1 set</td>
</tr>
<tr>
<td>7. 125mm bottom insulation</td>
<td>1 set</td>
</tr>
<tr>
<td>8. Ice Can Filler</td>
<td>1 set</td>
</tr>
<tr>
<td>9. Ice Can Dumper</td>
<td>1 set</td>
</tr>
<tr>
<td>10. 136 kg. Ice Cans</td>
<td>456 pcs</td>
</tr>
<tr>
<td>11. Turbutlator Capacity Booster</td>
<td>1 set</td>
</tr>
<tr>
<td>12. 2-Ton motorized Trolley</td>
<td>1 set</td>
</tr>
<tr>
<td>13. Hoist Rail Guide</td>
<td>1 set</td>
</tr>
<tr>
<td>14. Ice Can lifter and Chain</td>
<td>1 set</td>
</tr>
</tbody>
</table>

Refer to attached Quotation Sheet from Supplier
Business/Marketing Strategies will be implemented by ARI’s Management Team that shall ensure an Operational and Business efficiency for the Company. Among the Strategies that shall be implemented are as follows:

1. Maintain existing client base of local retailers vis-à-vis providing competitively priced ice blocks;
2. Though ARI is already providing 20% of Vitarich Corporation’s ice block requirements for its dressing plant in Bulacan, ARI shall forge a contractual agreement with said institutional account to provide 100% of ice block requirements or an estimated 350-400 ice blocks per day for Vitarich Corporation. This represents a substantial increase in sales for ARI’s institutional account.
3. To note, though a substantial guaranteed increase in sales volume will be realized from ARI’s institutional account, projection posted in this study was set at the most conservative level. As such, increase volume of ice blocks to be sold from 350-400 blocks per day has been projected to an average of 550-600 block ice per day. This represents a 57% increase in sales volume by 1st quarter of 2007.

Based on these strategies, the following sales targets are perceived to be attainable by the Company.

<table>
<thead>
<tr>
<th>PROJECTIONS</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Blocks Sold</td>
<td>194,499</td>
<td>197,020</td>
<td>199,593</td>
<td>202,217</td>
<td>204,893</td>
</tr>
<tr>
<td>Price per Block</td>
<td>Php 162</td>
<td>Php 171</td>
<td>Php 179</td>
<td>Php 188</td>
<td>Php 197</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>Php 31.6M</td>
<td>Php 33.6M</td>
<td>Php 35.7M</td>
<td>Php 38.8M</td>
<td>Php 40.4M</td>
</tr>
</tbody>
</table>
Based on a 5-year financial projection, the envisioned production capacity improvement of Aftermath Resources, Inc. (ARI) can be expected to be a sound financial investment.

Efforts have been made to make assumptions that were modest, and have been based on the current industry’s performance.

1. Total Investment that would be required for the first year would amount to Php 10.8 Million. The amount represents total cost of acquisition for new equipment, as well as related expenses to build/construct the new ice plant component.

2. Expected revenues for the first five years are as follows:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Yr. 1</th>
<th>Yr 2</th>
<th>Yr. 3</th>
<th>Yr. 4</th>
<th>Yr. 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS SALES</strong></td>
<td>Php 31.6M</td>
<td>Php 33.6M</td>
<td>Php 35.7M</td>
<td>Php 38.8M</td>
<td>Php 40.4M</td>
</tr>
</tbody>
</table>

3. Expected Net Income (After Tax) for the first five years are as follows:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Yr. 1</th>
<th>Yr 2</th>
<th>Yr. 3</th>
<th>Yr. 4</th>
<th>Yr. 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income (After Tax)</strong></td>
<td>8.4M</td>
<td>8.9M</td>
<td>9.4M</td>
<td>9.9M</td>
<td>10.5M</td>
</tr>
</tbody>
</table>

4. Payback Period **1.81 years**

5. Internal Rate of Return (IRR) is **78 %**
**ATTACHMENTS**

- **FINANCIAL PROJECTIONS**
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- **Securities and Exchange Commission (SEC) Registration Certificate**
- **Location Map**
- **Quotation Sheet from Equipment Supplier**
Partial assistance was provided by Business Planners in the development of the Feasibility Study for [Redacted].

Business Planners specifically agree, represent and warrant that any information provided by the client will not be disclosed in the course of other professional obligations.

BUSINESS PLANNERS
Makati City, Philippines
December 2006

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