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Children English Online Learning System New  
Market Expansion Business Plan



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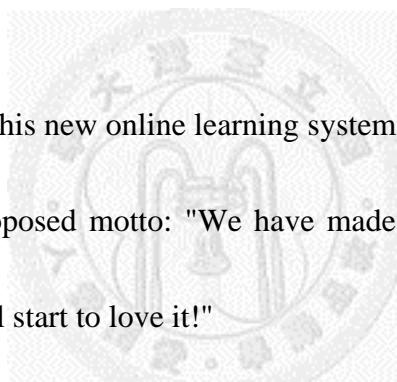
## 1.0 Executive Summary

Due to five decades of international trade development, especially ten years ago the network began to flourish; English gradually became the common language among different languages of national communication. Up to now, not only English has gradually become an international language, it is an indispensable language in the workplace or trade market. From year 2005, Taiwan's primary schools include English learning as a subject of second language. Government regulations that start from third grade, two English classes a week is a must. Because of the popularity of the English and the national education policy, it changes children's learning behavior. Many parents want their children to win at the starting point; they want their children exposed to English as early as possible. Most parents hope learning English just like learning native language and it could be fun and easy for their children. ABCmouse.tw is very different from those existing products on the market. It is the most comprehensive children's English learning site in the world, and it will put children on the path to an excellent ability to speak and understand English.

The eight key characteristics leading to the success and profitability of this new learning system will be:

- The curriculums in ABCmouse.tw website were designed to fit the law of infant learning the mother tongue. Listening is the first thing then speaking and reading is the last.
- This online learning system provides a learning environment through which the children can learn English at anytime and anywhere, as long as there is a computer. This website makes it easy and fun for children to learn English at home while developing excellent pronunciation and speaking skills.
- It provides English immersion environments that will help children to learn English directly and naturally, without having to memorize translations. The on-line courses are originally developed for American kids' early stage learning. When children are using the web, he/she is in a pure Americanize environment, just like those kids in America.
- This comprehensive online curriculum teaches young learners not only English but also reading, mathematics, art, music, science and social studies.
- This system has a unique Tickets and Rewards system. With this system, as children complete a learning activity, they will earn tickets. Children can use the tickets to shop for their avatars, rooms, fish tanks and hamster mazes from the ABCmouse.tw Shopping area. This Tickets and Rewards system will keep children's learning interest.

- Chinese translations are provided for English audio on all pages.
- It has a flexible payment choice. Unlike other learning products, it does not need to be purchased at once. It is subscription-based; members could un-subscript at any time. Subscription type could be monthly or yearly.
- Besides for home base users, it is also available for teachers and schools as teaching supplement. Teachers could use “lesson builder” to assign homework which are related to what the students have learned in school, so they can practice at home.



In short, the goal of this new online learning system is to be known to the parents and children by its proposed motto: "We have made learning fun and interesting and affordable; you will start to love it!"

Primary financial results anticipated during the first year of operations include:

Achieve 5000 subscriptions at the first year of operations, and increasing with 25% each year.

Revenues approaching 1.2 million NTD within the first seven months of operations, exceeding 15 million NTD by the end of the first year, 50 million The second year of operations, and nearly 70 million NTD in the third.

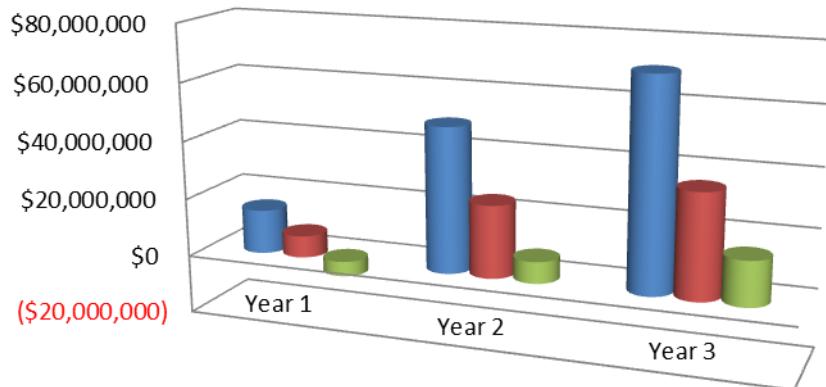
The accompanying chart1 Benchmark illustrates the growth and profit potential present.

A key element contributing to the success of this new online learning system will be its management and development team. Leading this team is Age of Learning, Inc. a U.S. company located in Glendale, California. Age of Learning, Inc. provides an online classroom for early learners with curriculum in preschool, pre-kindergarten, kindergarten, and early elementary school programs.

Age of Learning's award-winning website ABCmouse.com is used by English-speaking children in the U.S. and other countries to learn reading, mathematics, art, music, science and social studies, through thousands of carefully designed individual learning activities. The company has also collaborated with language-learning experts to create an incomparable children's English-as-a-Foreign-Language (EFL) online curriculum; it is this curriculum that is being made available to Taiwanese families through ABCmouse.tw English Learning Academy.

- Chart1: Benchmark

## Highlights



	Year 1	Year 2	Year 3
Sales	\$15,040,000	\$49,408,000	\$71,008,000
Gross Margin	\$7,440,800	\$24,624,800	\$35,424,800
Net Profit	(\$5,049,200)	\$7,318,120	\$15,144,120

### 1.1 Mission

Our mission is clear : “ABCmouse.tw will not only help children to be able to speak with excellent pronunciation but also give the confidence they will have in their life.”

ABCmouse.tw hopes all the children think learning is fun, joyful and enjoyable.

### 1.2 Objectives

The Goal for ABCmouse.tw in the first year would be increases in market share.

ABCmouse.tw aims to have 5,000 users by the first year of operations and with growth rate of 25% every year.

### 1.3 Keys to Success

In descending order of importance, the five critical keys to success for the proposed new online learning system are:

- **Employing an experienced, highly professional management team** that combines vision; passion; financial ability; solid knowledge of the educational business; familiarity with, and belief in, the utilization and benefits of the online learning system on-the-ground knowledge of the region and markets to be served; realization of the crucial importance of an organization's personnel to its success; and a total familiarity with, and commitment to, the overall mission and goals of the proposed new learning system.
- **Intelligent, progressive, and aggressive marketing** that identifies the online learning system as a different kind of player, one that is sharper and smarter, and with a higher level of professionalism and cost-effective than is the norm in the target region. Concentration on learning result, with professional, comprehensive, and well organized curriculums, the advantages offered by expert development team and well-designed learning methods and activities. All will form key pillars of the marketing strategy.
- **Maintaining flexibility that enables the online curriculums** to always respond and adapt to changing market conditions and opportunities,

- **Establishing a high level of operational quality control** that will ensure that the online curriculums are always available and sufficient while learners are using the system.
- **Identifying, developing, and quickly and cost-effectively exploiting opportunities** for new markets, new market concepts, and expanded sales potential.



## **2.0 Company Summary**

Age of Learning, Inc. provides an online classroom for early learners with curriculum in preschool, pre-kindergarten, kindergarten, and early elementary school programs.

The company owns and operates ABCmouse.com Early Learning Academy, a pioneering full online curriculum preschool through kindergarten educational website launched publicly in November 2010. Website provides parents and teachers with a safe engaging online environment that supplements and supports preschool, pre-kindergarten, kindergarten, and early elementary school programs in the subject areas of reading, mathematics, social studies, beginning science, art, and music. Its curriculum includes the alphabet, phonics, sight words, and children's books; numbers, shapes, patterns, and measurement activities; basic science and social studies; and drawing and coloring, tracing, paint-by-numbers, and children's songs. The company's solution also provides online books, educational games, puzzles and printable; and an album entitled the letter songs A to Z, which includes songs to help children learn the names and sounds of the letters of the alphabet and at the same time enhance their vocabulary. Age of Learning, Inc. was incorporated in 2007 and is based in Glendale, California.

The company spent 3 years and spent more than 10 million US dollars to develop ABCmouse.com. By now, there are approximately 200 thousand members in the states. The Business plans to penetrate Taiwan and China market in the summer of year 2012.

## **2.1 Start-up Summary**

Most of the planned start-up costs are apportioned to the following three areas:

1. Provision of a sufficient cash reserve to assure timely payment of the leasing or finance payments and operating costs of the business through at least the first six months of operations.
2. Marketing, advertising, and public relations costs, including costs of setting up the homepage and related internet marketing, as well as conventional print and broadcast advertising and public relations activities.
3. Administrative and legal costs incurred in setting up the business.

## **2.2 Company Location and Facilities**

The company will rent an office at 17F., No.167, Dunhua N. Rd., Songshan Dist., Taipei City 10549 Hung Kuo Building. The rent for an office with 5 chairs is NTD 50,000 per month, which includes all the office equipment, internet fee and utilities.

For the initial start-up, the company will need at least two servers in order to run the system. Each of the employee will need a computer, either desktop or notebook. All these facilities will use a 3-year leasing program.



### 3.0 Product

According to the survey which had been conducted by May 2012, most parents think that learning to listen to English and able to speak with excellent pronunciation is very important (Appendix 1 Perceive Importance of English Ability).

Also most parents believe the ideal environment for children to learn English is that children will learn naturally without pressure, and the ideal situation is that children can learn with fun and willing to learn it by themselves.

The Proposed new online learning system has the potential to become a strong, well-established, and most efficient online learning system, which could also meet the expectation of the parents.

**"My 5 year old is enjoying the site very much. We wakes up asking to get on the website and will stay on all day, if we would let her. It is amazing- she is actually excited about learning!!! Thanks so much."**  
—Mother of 5-year-old girl

**"My daughter loves this site. She rushes home every day just so she could learn. It has so many innovative ways to get the kids involved in learning. I couldn't have picked a better online learning for my daughter. Thank you ABC Mouse. Com....thank you!"**  
—Mother of 4-year-old girl

### 3.1 Product Description

ABCmouse.tw English Learning Academy is produced by U.S-based Age of Learning, Inc., as part of the company's global initiative to provide comprehensive and engaging online curriculum resources to young learners everywhere. It will put the children on the path to an excellent ability to speak and understand English.

The curriculums in ABCmouse.tw were designed to fit the law of infant learning the mother tongue. Listening is the first thing then speaking and reading is the last. Through "immersing" in the English environment, the child hears a large amount of English every day. After a period of time, the child becomes very familiar with the pronunciation of English and will be able to speak naturally.

ABCmouse.tw provides several learning curriculums for children that are intended to learn oral vocabulary and fundamental math concepts. The online curriculums include more than 3,000 learning activities for the subjects of reading, math, beginning science and art & colors. (Figure 1 Classroom Homepage)

All navigation features, buttons and instructions on ABCmouse.com are voiced, and site's books are narrated. This revolutionary new English Language Learning primarily designed for home use, the website is also available in a version designed for teachers and schools.



Figure 1 Classroom Homepage

### 3.2 Competitive Comparison

1. Rich content: ABCmouse.tw is a website that makes it easy and fun for children to learn English at home while developing excellent pronunciation and speaking skills. It provides English immersion environments that will help children to learn English directly and naturally, without having to memorize translations. It makes learning English natural and enjoyable for children with videos, games, puzzles, art projects, songs, books and other activities (APPENDIX 2 Learning Activities), all designed by learning experts. In fact, there are thousands of learning activities on ABCmouse.tw, all organized into a Step-by-Step English Learning Path that starts with the most basic English skills and takes children to more advanced ability. All along the path children will be immersed in an

all-English world, where they will experience familiar environments such as a classroom, kitchen, bedroom, or shopping mall, as well as a toy store, the Farm and the Zoo. (APPENDIX 3 Learning Themes)

To make traveling the Step by Step Learning Path more fun, the lessons on the path are shown as a set of steps through various world locations, such as a jungle, a desert, a beach, the mountains – even outer space or up in the clouds. While the children are learning English, they also learn tons of knowledge about the natural environment.

2. Expert team: The Company has collaborated with language-learning experts and educational experts to create an incomparable children's English –as -a- Foreign-Language (EFL) online curriculum. The advisors who have involved in these curriculums designed were all in children's educational related field for many years and school education experts.

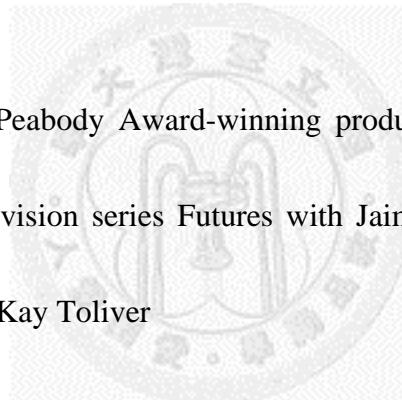
The Curriculum Advisors includes:

- Kimberly Oliver Burnim: 2006 National Teacher of the Year Award recipient
- Dr. Rebecca Palacios: pre-k/kindergarten teacher for 25 years and a founding director and former vice chair of the National Board for

Professional Teaching Standards (NBPTS)

- Phyllis Baecker: an editor with two decades of experience with several children's educational publishers, including Scholastic, Inc.
- Dr. John Bolland: a lexicographer with 25 years of experience, Editor of The Scholastic Student Thesaurus (2002) and Children's Thesaurus (1998); Contributing Editor of The New Oxford American Dictionary (2001); and Consulting Editor for Webster's New World Thesaurus (1996)
- Kevin O'Donnell: writer/producer and creator of the PBS television series Liberty's Kids

- Dave Hendry: Peabody Award-winning producer and writer for the PBS educational television series Futures with Jaime Escalante and The Eddie Files, featuring Kay Toliver



### 3. Tickets and Rewards system: An important part of the ABCmouse.tw experience,



which is integrated into all three methods of learning, is the Tickets and Rewards system. With this system, as learning activities are completed, children will earn tickets that can be used to acquire things for their avatar, room, fish tanks and hamster mazes from the ABCmouse.tw virtual

Shopping Mall. There are pet store, toy store, furniture store and clothing store (APPENDIX 4 Shopping Mall)。While children are enjoying shopping, they are also learning daily English. For each item they choose, it will have English pronunciation for it. Most of the children will love this game; at first they earn the money and then they can decide how to spend the money. This reward system not only teaches the children English, but also teaches them how to be independent. They need to work hard in order to get what they want. This reward system will keep children's interest of learning.

4. Teaching supplement: ABCmouse.tw also available in a version designed for teachers and schools as teaching supplement. (Figure 2 Teacher's Homepage)

Teachers could use “lesson builder” to assign homework to their students so they can practice at home.

Figure 2 Teacher's Homepage

5. Chinese Translation: In order for parents to get familiar with the site, and offer their children help when needed, Chinese translations are provided for English audio on all pages. When parents move the cursor over the buttons of the site, the translation will appear at the top. Click on the Chinese characters there, and you can see the Chinese translation of the whole sentence. Parents can hear the words in Chinese by click on the speaker. (Figure 3 Book Translation)

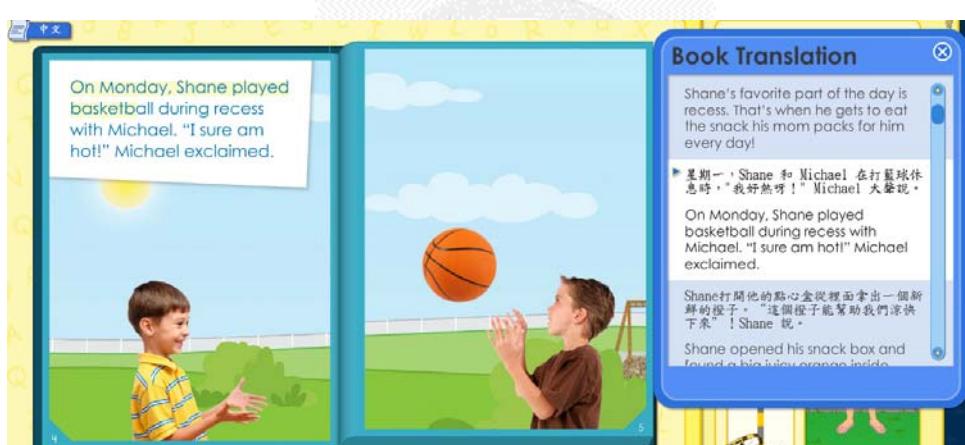


Figure 3 Book Translation

### 3.3 Fulfillment

From the survey which was done by May 2012 with sample size of 1,000 (APPENDIX 5 Elements which Parents are Looking for in the Learning Material). It showed that parents are looking for a learning material which will make learning English fun and easy. Children can learn English while playing happily without notice.

With the design of ABCmouse.tw, it can fulfill what the parents are looking for. In the Step-by-Step Learning path, the lessons are shown as a set of steps through various world locations, such as a jungle, a desert, a beach, the mountains – even outer space or up in the clouds ([APPENDIX 6 Various World Locations](#)). In each level, children will travel through these locations. They will not only learn the basic English but also the knowledge about these natural environments. In each lesson there are several activities for children to practice and play while learning the English. The activities include books, arts, puzzles, songs and games ([APPENDIX7 Learning Activities in the Lesson](#)).

### 3.4 Business Expansion

Company vision is that when parents are searching for English learning material, the first thing they come up is ABCmouse.tw. In order to steadily grow the market size, ABCmouse.tw will need more activities than just have a well-designed website. While ABCmouse.tw builds up its brand in Taiwan and has certain amount of memberships, the company plans to do the following things to attract more memberships:

1. ABCmouse.tw will have tangible products, such as books, CDs and DVDs in the future.

2. At the second year, the company will produce a puppet of the ABC Mouse, who serves as the site ambassador, for all the members. With an on hand puppet, children will be more dedicate on this learning system.
3. The company will work with local education experts to design different level of learning materials and parent guidelines. This will help those parents who used to follow the designed learning schedules instead of explore learning by themselves.
4. As for the tickets those children earned through the lessons, besides shop in the ABCmous.tw online shopping mall, children can also exchange for real things. Items could be something with the mark of ABC mouse on it or stationery which is useful for students.
5. When the membership achieves 5,000, ABCmouse.tw will have its own blog or discussion room for all the members to exchange information on it. The company will have a club, where the members can get together. The club will arrange events once or twice a year. Sales person will have to arrange the events according to the local culture. The purpose of the events is for members to get together, so they can share their experience and have fun together.
6. Parents always concern about the English level or ability of their children. Most of the parents would like to have a solid proof of how good their children are. In

the future, the company will provide a certificate which will show the level of the English. When children finish all the lessons in the learning system, if they want, they can take an exam to define what English level they are in.

7. To avoid using the computer while learning, the company will develop a device which could make it possible to learn through Television.



## **4.0 Market Analysis**

ABCmouse.tw is in the children English educational business. It focused on the 3 to 8 years old children. As of Year 2012, the population in this group is approximately 1.2 million. (APPENDIX 8 Population of Taiwan at Year 2012) Since English is international language, the demand of learning English will not decline. In Taiwan, schools start to teach English since 3rd grade, most parents will have their children to start learning English as early as possible.

There are many children's English education-related materials, most of the kindergartens and cram schools have their own teaching materials. Most of the products on the market use the form of books, DVD or audio book as teaching material. Online English learning materials is new to the market; especially our product provides not only English learning, but also reading, mathematics, art, music, science and social science.

### **4.1 Market Segmentation**

Customers in this market can be segmented into several groups, see Table 1 Market Segment.

Table1 Market Segment

Segment:	Characteristics:
Preschooler	At this stage, parents will decide for the children what to learn and where to learn. Most of the children will attend kindergarten and start English learning.
Elementary	Children start their elementary school lessons, besides English, they have other subjects to study for. English is just one of the school subjects. Some students will not focused on English, others might continue to emphasis on this subject.
Middle to High school	At this stage, students know whether they like English or not. Most students study it just for the grade. For those who have certain level of English ability, they will self-study by reading the magazine or novel or listen to radio.
College and Above	In this segment, they have more chance to use English, as for college courses or for work purpose. They will learn English actively; English become a tool for them to achieve some goals.

ABCmouse.tw will focus on preschooler. The market in this segment has the greatest potential. What the children will be learning is decided by their parents and most parents will arrange them to study English. If the kindergartens do not have English lessons, most parents will buy learning materials at home for their children

to self-study. Parents are willing to spend money on this matter as long as their children show the interest of learning.

In this target group, it is hard for them to concentrate on an object for a long time. They are easy to be distracted and like to change all the time. Most parents are looking for a learning material which will attract their children and able to keep their learning interest. It would be great if learning English become easy and fun, at the same time develop excellent pronunciation and speaking skills. (Appendix 5

#### Elements which Parents are Looking for in the Learning Material

##### 4.1.1 Relative Importance of Key Selling Factors

In this group, what parents concern the most is whether their children like the material or not, so the attractiveness of the content is very important. If their children show the interest for this learning system or parents observe a great improvement of their children, the price will not be a main factor for them. Table 2 shows the importance of key selling factors in this target segment.

Table 2 Importance of Key Selling Factors

Element	Pre-Schooler
Price	Low-Medium
Design of the Content	High
Quality	High

Effectiveness	High
Customer Service	Medium-High
Where the material was made	Low-Medium

#### 4.1.2 Buying Behavior of Target Customers

Parents look for English learning materials at the places of:

1. There is a book exhibition every year at April. Many parents will go there to gather new information for their children. During the exhibition, there will have special offer. Parents will do the shopping at that time.
2. Some parents will visit some online discussion blogs, in order to find out what other parents are using. The most popular website for parents to exchange information is Babayhome. ([www.babyhome.com.tw](http://www.babyhome.com.tw))
3. Call by the distributors and they will visit the parents to introduce the products.
4. The advice of their friends or relatives.
5. Children's TV program.

#### 4.2 Entry Barriers of this Industry

How to design an English learning system which can always make children has the passion for it is the most challenge thing and must have in order to be success in this industry.

The purpose of ABCmouse.tw English Learning Academy is to help children learn to understand, read, and speak English naturally with excellent comprehension and pronunciation, by immersing them in an all-English environment of engaging, entertaining, and effective learning activities that include animations, books, games, puzzles, songs, art activities, and more.

It took ABCmouse.tw three years to design and developed this learning system and the development cost is about USD 10 million. For competitors, it will be time consuming and needs a lot of investment to develop a product that could compete with ABCmouse.tw. Our product will have the first mover advantage.

#### **4.3 Main Competitors**

English learning materials in Taiwan is very competitive; almost every family has the demand. Some families might have more than one learning materials.

Table 3 lists the popular home based English learning products in Taiwan (Appendix 9 Competitors comparison). All this home based materials are one-time purchase, and the contents are all fixed and are not changeable. Unlike the contents in ABCmouse.tw will be updated regularly.

Table 3 Competitors' Comparison

Name	Contents	Price	Target market
Disney World English	Main stories, DVD, Songs, play toys, reading card	High	Age 0~8
English Time	DVD, books, workbook, interactive CD, Online test, Songs	Medium	Age 3~10
The Dinoops	DVD, books, workbook, CDs	Low	Age 0~6

#### 4.3.1 Disney World English

Among the competitors, Disney World English (DWE) is one of the biggest threats to ABCmouse.tw. Disney World English was created at North America and the initial market is Japan. At year 1982 it came into Taiwan. They have the advantage of their famous characters. Almost everyone is familiar with Mickey Mouse, even the parents grew up with Mickey. The brand is so well known that it will sell itself. Besides the famous characters, it also has a well-designed English learning system. Through the World Family Method, children will learn to speak and understand English naturally, in a fun, interactive, and engaging way. They create a powerful synergy between children and their products, making English a natural part of children's lives. Disney World English they also establish a World Family Club, where the members will gather together once in a while. In this club,

members could exchange information and practice what they have learned at home.

Disney World English is a nice product except the cost is too expensive, about NTD 210K and the membership fee is NTD 14,000 each year. It is not affordable to every family.

#### 4.4 Strengths, Weaknesses, Opportunities, Threats

Table 4 shows the SWOT analysis of ABCmouse.tw.

Table 4 SWOT Analysis

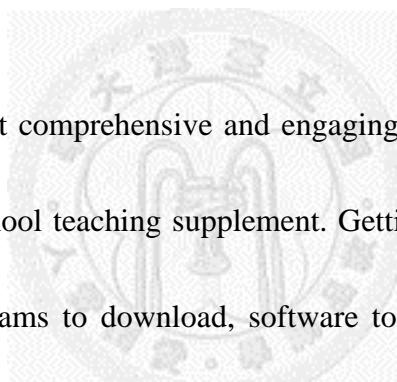
Strengths	Weakness
1. Low fix cost 2. Content 3. Friendly UI 4. On-Line Learning 5. Flexible payment term	1. New brand 2. On-Line Learning 3. Content
Opportunities	Threats
1. Policy 2. Environment 3. trend	1. Environment 2. Many competitors

##### 1. Strength

Online product does not need production and inventory cost, this will lower the fix cost. This product is both educational and comprehensive. It not only teaches

children English but also reading, mathematics, art, music, science and social studies, through thousands of carefully designed individual learning activities.

In order for parents to get familiar with the site, and offer children help when needed, Chinese translations are provided for English audio on all pages. When parents move the cursor over the buttons of the site, the translation will appear at the top. Click on the Chinese characters there, parents will see the Chinese translation of the whole sentence. Click on the speaker to hear the words in Chinese.



This will be the first comprehensive and engaging online curriculum resources and it also can be school teaching supplement. Getting start is easy, there are no DVD's to buy, programs to download, software to install or workbooks in the mail. Everything is online. Children can access their account from any computer, anytime and anywhere in the world and pick up right where they left off.

Parents do not have to pay a lot of money for this excellent learning system. They can pay monthly with little amount of money and cancel the service at any time they want. Unlike other English teaching materials, the content will never be changed. This online curriculum will update the contents every once a while and the parents do not have to pay extra for it.

## 2. Weakness

This is a new brand in the market; it might be hard for parents to trust this learning system and not willing to switch what their children are using to this learning system.

It takes time for a new brand to build the credibility to consumers. The company will introduce this system by offer free trial to whoever is interested in this learning system. Once children love this learning system and parents actually see how effective this website is, it just a matter of time for them to purchase this learning system.

Parents might concern about nearsightedness problem cause of using the computers.

It would be suggest that parents let the children use big Liquid Crystal Display and wireless mouse in order to keep good distance from the screen. In addition, parents also need to pay attention to the lighting and posture while studying. If it is possible, connect the computer to television or projector will have better result.

In the system there is also a “timer” function (Figure 4 Timer Function), parents can set up the study time. It can prevent children from using the computer too long and hurt the eyes.



Figure 4 Timer Function

This online learning system contains thousands activities , parents might have the problem of how to assist their children to start the learning.

Besides there is an online parent's user manual, everything on the web will has Chinese translation on the top of the screen. In the system, there are also “How-to” videos (Figure 5 How-To Videos) in the parents' section. Parents can look at the videos anytime when they have questions about how to use the system.



Figure 5 How-To Videos

### 3. Opportunities

Nearly a quarter of the world population now is using English as a means of communication, much greater than the number of native speakers of English. English education in Taiwan had a marked impact by this unparalleled spread of English around the world. In Taiwan, English is a requirement subject as the second language start from 3rd grade of elementary. Most parents would like their children to get familiar with English as early as possible, so their children can win at the starting point of the world.

### 4. Threats

The birth rate in Taiwan is declining every year. There will not be so many children in the future. The total number of children whose age are from 0~3 is

0.5 million (Appendix 8 Population of Taiwan). All these children are our potential customers in the future, besides them each year there will still be new born babies. This curriculum is designed for children age up to eight years old, the company plans to add advance lessons in the future, which will be suitable for children age up to 12 years old. This will expand the market size.

As for the social environment, there are many competitors in children English educational business. Many competitors are sharing this big pie. But to date, ABCmouse.tw is the first comprehensive and engaging online curriculum resources to young learners' website. It not only teaches English but also reading, math, science and arts. It would be hard to find a similar product for replacement, it is time consume and will cost fortune to develop similar products. This online learning system was designed to be supplement tool. For those parents who already have other learning system at home, they can still use this as supplement tool, there will not be any conflict.

## 5.0 Marketing Plan

### Marketing Objective

1. To obtain 5,000 members by end of Year One
2. 10% brand awareness of ABC mouse.tw (as measured by the number that has visit the website , from the collecting questionnaire and the audience of the promotion activities.)

### 5.1 Marketing Strategy

ABCmouse.tw provides a high quality online interactive English learning system, targeting kids' age from 3 to 8 years old. ABCmouse.tw will sell its products through direct sale using internet or bundle with other electronic device or through distributors to kindergartens.

This evolutionary new English Language Learning system is not recognized by parents yet, how to introduce it become very important. ABCmouse.tw will have three-stage of promoting. The first stage is the brand development stage. At this stage, the company will use the source of search engine, on-line survey and chat rooms for parents as the preparation for introducing this learning system.

The second stage would be the high peek exposure stage. At this stage, the company will cooperate with other electronic device to introduce this system. Also, the company will send out eDMs for target parents and invite them for free trial. In

order for this learning system continue to be discussed, the company will ask the famous blogger who also are the target parent, to write a blog for this learning system.

The third stage, also the stage that would be last for the longest. Because of the previous stages, ABCmouse.tw will be known by those target parents. The important thing in this stage is to keep emphasize this brand to those parents and make sure them keep talking about this brand. ABCmouse.tw will make a serial of TV clips which could be broadcast on kid's channel. At this stage, the company will also approach the schools.

### **5.1.1 Pricing Strategy**

ABCmouse.tw is subscription based. Users can choose to pay monthly or yearly. There will be a better offer if the member pays yearly. Monthly member fee will be NTD 800 and 20% off for the yearly payment.

This pricing structure is based on market price. The price of ABCmouse.tw is considered medium by the market. Disney World English is one of the most popular English learning material, the price is NTD 210,000 not include the yearly membership fee which is NTD 1,200.

It will take a lot of time for parents to decide whether they should buy a new learning material or not. They do not know if their children will like it or not. Once

parents bought the learning product, it would not be possible to refund if they found their children does not like the product. With our member fee structure, parents can unsubscribe at any time when their children did not want to learn with the system anymore.

ABCmouse.tw will not go for low price strategy. The company want to keep good quality of the product and we have the confident that there is no need to lower the price just to get more revenue. The company will also not raise the subscription fee, because the product should be affordable to any family who wants to learn English.

### **5.1.2 Promotion Strategy**

This systematic on-line learning system is a revolution to the market. Whether this new learning system will succeed or not, promotion plays an important role. The company plans to have following promotions for the first year, the following years will depends on the revenue and the cost effective of the first year. .

#### 1. Free trial

Conduct a survey on target parents, who have children between ages 3 to 8. Provide one month free trial to those parents who are interested in this system base on the result of the survey.

The goal is 300 free trials out of 1,000 survey result.

Cost: NTD 50 per complete survey - Total NTD 50,000

Support the objective of 5,000 members by first year of the operation.

## 2. EDM advertisement

Cooperate with EmailCash. They will help to send out the EDM to those target parents. When parents click on the EDM and go to [www.abcmouse.tw](http://www.abcmouse.tw), they get a special prize from EmailCash.

The goal is to send 10,000 emails and the click rate is 50%.

Cost: NTD 3 per Email - Total NTD 120,000 (4 times/year)

Support the objective of 5,000 members by first year of the operation.

## 3. LG project

Cooperate with LG TV for the last quarter promotion. The new model of LG TV will have a build in APP store. ABCmouse.tw will provide some songs and books as APP to put in the App Store, the company will also give one month membership to those buyers.

The average buying power of LG TV is 4,000~5,000 people per month.

Cost: the cost for system modification - Total NTD 120,000

Support the objective of 10% brand awareness of ABCmouse.tw

Support the objective of 5,000 members by first year of the operation.

## 4. Online advertisement

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In order for this learning system to be exposure and discussed among the right target parents, the company will ask a famous blogger who also is the target parents, to write a paragraph about this learning system. The blogger need to have over 200 thousand fans in order to be qualified.

Cost: the cost for blogger - Total NTD 50,000

Support the objective of 10% brand awareness of ABCmouse.tw

##### 5. TV program

Make the on-line material come to live. A serial of short TV episodes focus on ABC teaching. The episodes will be designed base on the online materials, so the children will get familiar with the learning system. Once children are attracting by the TV program, they will want to visit the online curriculums.

Cost: NTD 5,000,000

Support the objective of 10% brand awareness of ABCmouse.tw

Support the objective of 5000 members by first year of the operation.

##### 6. Kindergartens advertisement

Cooperate with YoYo Kindergartens. ABCmouse.tw will provide 12,000 user accounts and DMs to YoYo kindergartens and teachers will give them to the parents. Parents will have the chance to know ABCmouse.tw.

Cost: NTD 5 per DM - Total NTD 60,000

Support the objective of 10% brand awareness of ABCmouse.tw

## 5.2 Sales Strategy

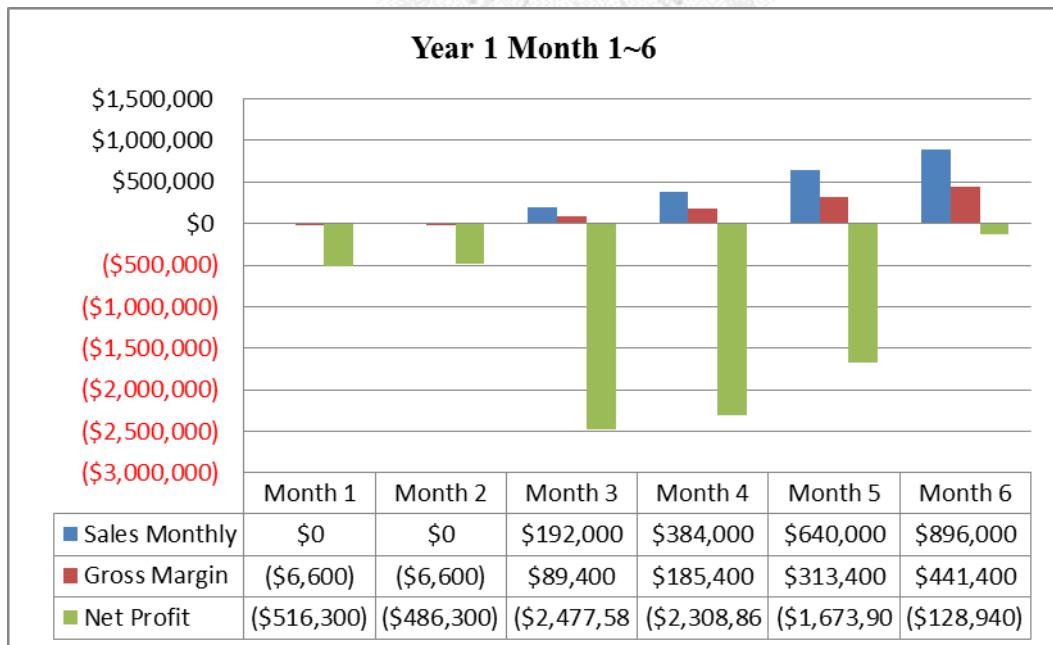
The company's sales strategy will follow from its overall concept and marketing approach. Mass marketing, also spread words using blogs aim to steer as many people as possible. For the first two years, the company will generate as much members as possible through TV program. The company plans to have TV show with Eastern Broadcasting Company, YoYo channel, which has the most children audience (APPENDIX 10 YoYo TV Program ratings). The program will have 26 episodes, the alphabets will be the main learning topic of the episodes and each alphabet will have its own series. Some of the contents in the episodes will come from the on-line material. So the audience will know better about this learning system. It will give them an idea about what is in the online learning system. The performer in the TV will also get reward tickets and she will show the children how they can use those tickets. Children like to do the same thing with their friends, when they see how others decorate their avatars, rooms or hamsters, they will want to do the same thing. This TV show will help with the brand awareness and help parents to know more about this on-line learning system.

The company projects 10% of the hit rate and 90% of the retention rate.

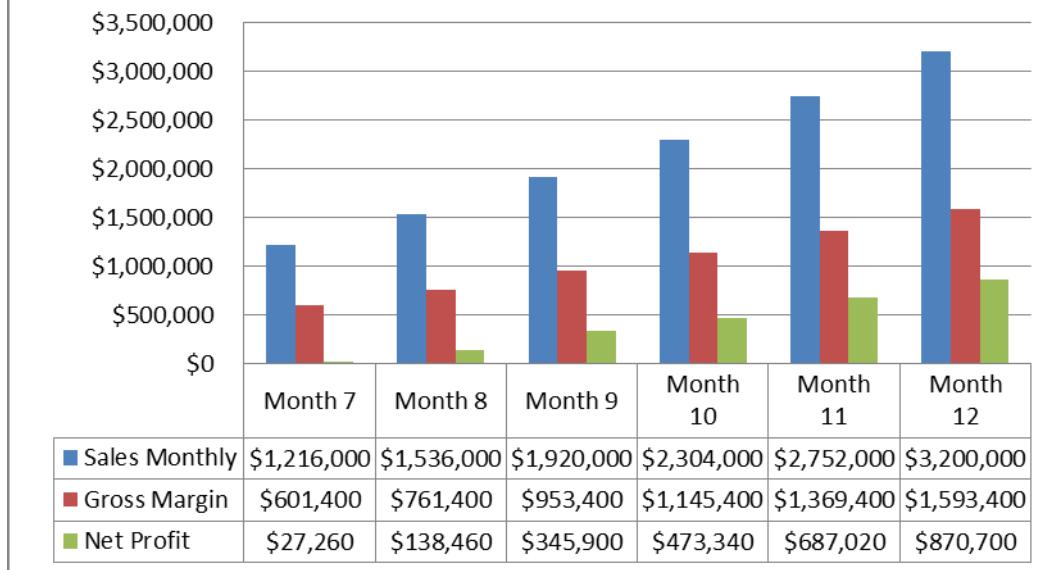
### 5.2.1 Sales Forecast

For the first year of operation, the company project a conservative sales target, which is 5,000 subscription memberships. It is expect that the first two month will not have any income, due to the one month free trial. The monthly net profit will be positive start from the seventh month of operation. The business will turn to be profitable at the second year of operation. Chart 2 highlights the monthly sales, gross margin and net profit of the first year of operation.

Chart 2 Highlights



### Year 1 Month 7~12



The expected sales revenue for the first year of operation is approximately 15 million. Chart 3 shows the sales number by each month.

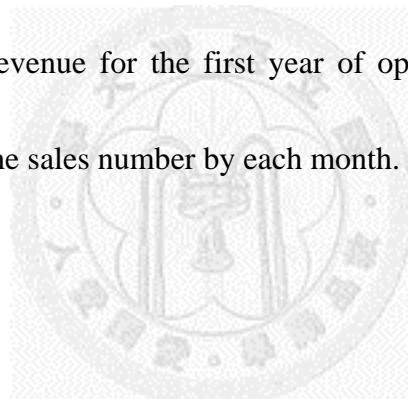
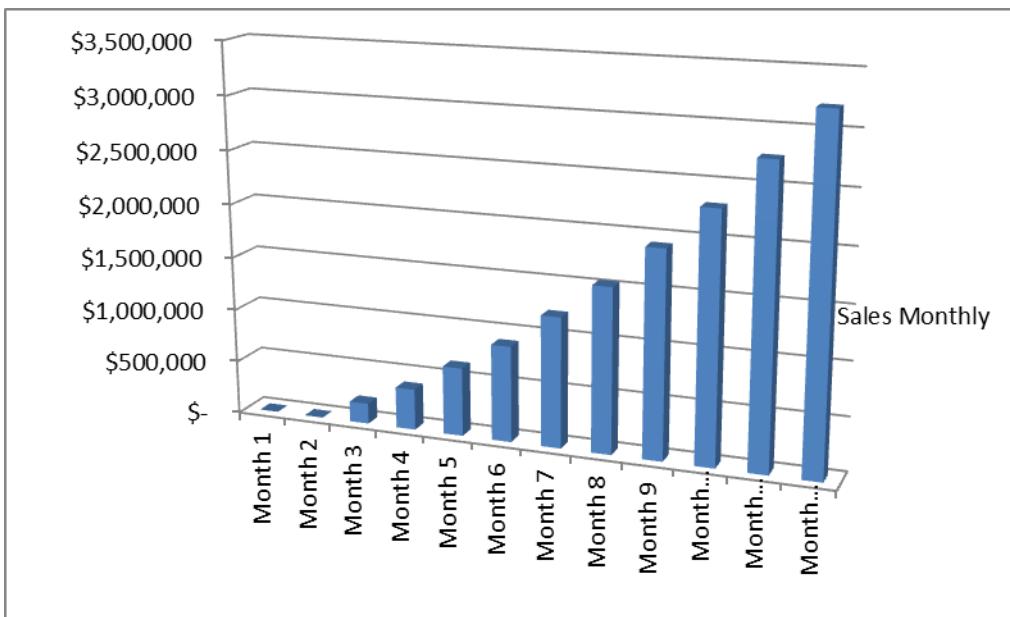
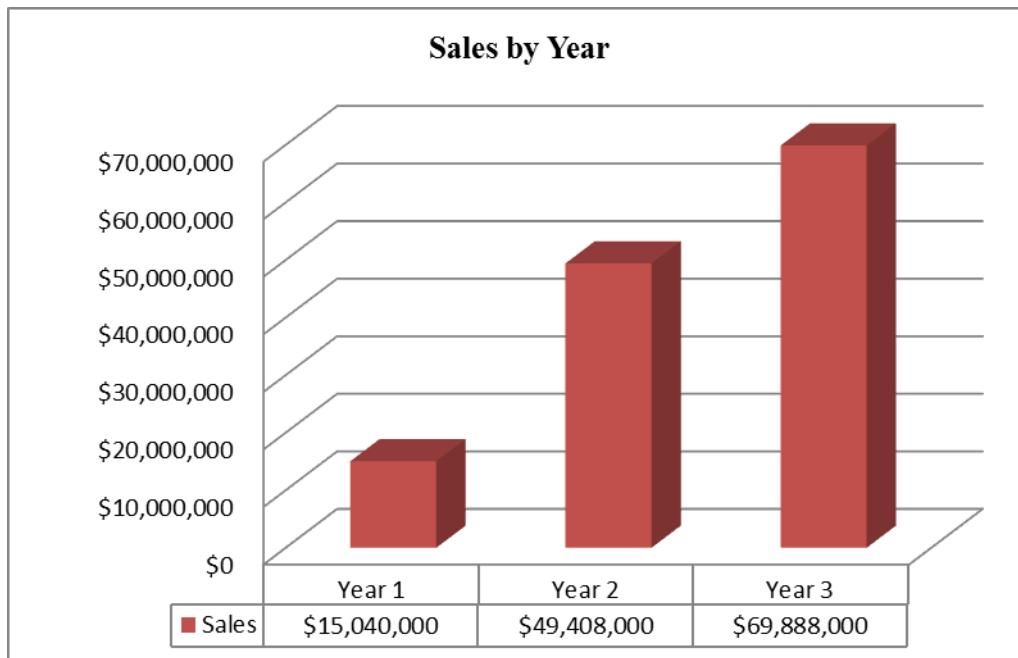


Chart 3 Sales by Month



The company expects to have steady growing sales every year, the target growth rate is 25% each year. The company will have positive net profit at the second year, which will be about 6 million. Chart 4 Sales by Year shows the projected sales for the first three years of operation.

Chart 4 Sales by Year#



### 5.3 Value Proposition

It is the most amazing website that makes it easy and fun for children to learn English at home while developing excellent pronunciation and speaking skills. The purpose of ABCmouse.tw English Learning Academy is to help children learn to understand, read, and speak English naturally with excellent comprehension and pronunciation, by immersing them in an all-English environment of engaging, entertaining, and effective learning activities that include animations, books, games, puzzles, songs, art activities, and more.

ABCmouse.tw makes learning English natural and enjoyable. After children experienced this website, not only they can speak with excellent pronunciation they will begin love learning and reading.

Key brand values for ABCmouse.tw are fun, natural and enjoyable. When parents are looking for English learning curriculum, ABCmouse.tw will be the first brand in their list.

The curriculum at ABCmouse.tw provides everything that is needed for children to learn to speak, listen to, and read English with excellent understanding and pronunciation. Children will learn the alphabet, phonics, vocabulary, conversational skills, and common English sentence patterns through more than 3,000 learning activities that include songs, games, puzzles, animations, books, and art activities.

#### **5.4 Sales and Distribution**

Most of the subscription will come from online direct sale. The membership from kindergartens and cram schools will be approached by the distributors. Abcmouse.tw expects 30% of the sales come from distributors. The commission will be 30% of the revenue they generate.

#### **5.5 Milestones**

The accompanying chart 5 Milestones, gives some notional milestones for setting up the online learning system, beginning recruitment, system localization, and

operations, and also reaching profitability on a month-to-month basis. The timetable is ambitious, and it is meant to be. The time for action is now, and once a decision is made to go forward there will be no time, or resources, to waste. Of course, once a final plan, team, organization, and financing is in place, a more refined timetable will be established and specific duties delegated to responsible team members.

Table 5 Milestones

Milestones	Start Date	End Date
prepare Stage		
Online system localization (Chinese Translation)	5/1/2012	7/31/2012
Select core mngmnt team	5/1/2012	5/31/2012
Establish a firm financial plan	6/1/2012	6/15/2012
Begin looking for offices	6/1/2012	6/15/2012
Set up new company	6/15/2012	6/30/2012
Commence co. operations	6/15/2012	7/15/2012
Begin hiring key personnel	7/15/2012	7/31/2012
Entry Stage		
Free Trial	8/01/2012	08/31/2012
TV show	9/01/2012	10/15/2012
EDM advertisement	9/15/2012	9/30/2012
LG promotion	12/01/2012	12/31/2012
Expasion stage		
kindergarten promotion	1/1/2013	2/28/2013
hire more employees	6/01/2013	6/30/2013
tangible products	8/01/2013	8/01/2013

## 6 Financial Plan

This section of the plan offers the core elements for evaluating the financial viability of the proposed new online learning system. Both in text and in charts and tables, all the key elements are presented to offer a frank appraisal of the venture and the opportunity it presents.

Among the assumptions made were that the Online learning system will begin operating with no income for the first two months and will target 5,000 members at the first year of operation and the growth rate is 25% every year. As for the employees, the company will only has 4 employees at the first year and recruits two more in the following year. Future head counts will depends on the business. These assumptions were taken to ensure a conservative approach to the financial planning, and to demonstrate that even with these constraints the proposed learning system can be profitable as early as the second year of operations.

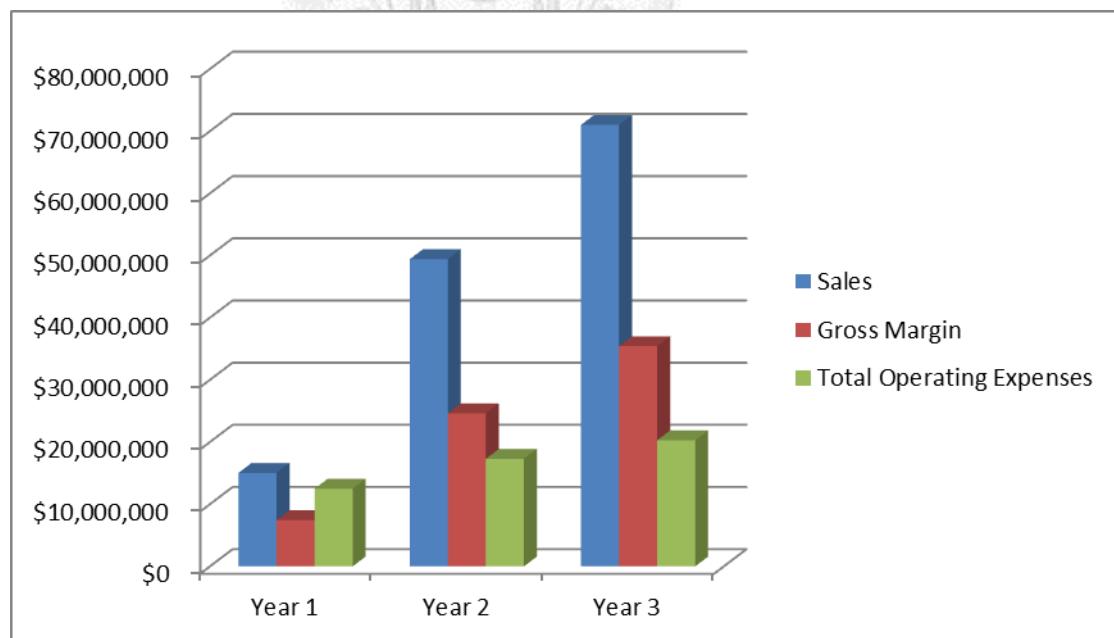
### 6.1 Capital Requirements

Headquarter will be providing NTD 10 million as the investment for Taiwan branch. The company will give the headquarter 50% of the overall sales every year as the royalty payment.

## 6.2 Key Financial Indicators

The accompanying chart 5 Benchmarks, which is based on the actual financial projections for the proposed learning system, clearly shows a pattern of solid growth over the first three years of the operation (and which would continue into the future), which the financials consider in depth. There is a good balance between revenues and costs, yielding healthy gross margins, and in a predictable, steady pattern of growth. Financial turn-over also is in good balance and, as other tables and charts show, with careful planning of expenditures cash flow is maintained in good balance throughout the life of the plan.

Chart 5 Benchmarks



### 6.3 Break-even point

As the accompanying chart 6 Break-even Analysis demonstrates, the break-even point comes at relatively modest monthly 1,348 members. It is anticipated that this number of members will be reached fairly early in the first year of operation, around the sixth month of operation. Much higher memberships – the target is NTD 5,000 in the first year of operation - can be anticipated based on the overall business and marketing plans for the English learning system.

Chart 6 Break-even Analysis

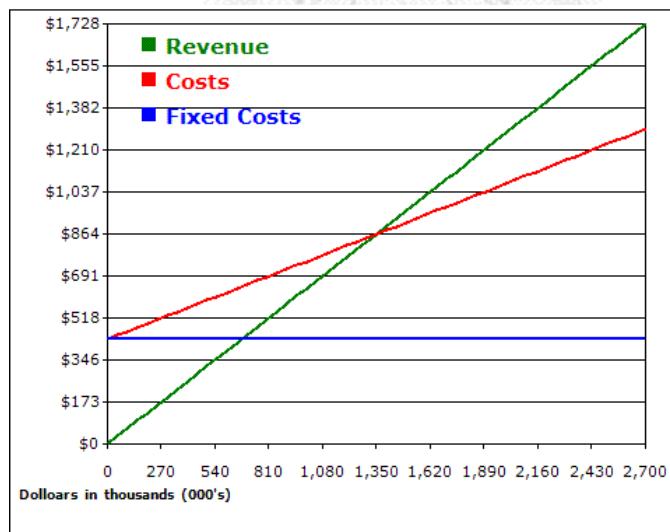


Table 6 Break-even Analysis lists the monthly break-even point and the assumptions for Average precent variable cost. The royalty fee is 50% of the revenue which is a big portion for the variable cost.

Table 6 Break-even Analysis

<b>Break-even Analysis</b>	
Monthly Revenue Break-even	\$ 862,720
<u>Assumptions:</u>	
Average Percent Variable Cost	50%
<i>Estimated Monthly Fixed Cost</i>	\$ 431,360

#### 6.4 Projected Profit and Loss

As the accompanying Chart 7 Profit Monthly shows, the proposed on-line system has the potential to achieve profitability, on a month-by-month basis, by the seventh month of operations. The company will have positive net income at the end of the second year of operation as Chart 8 Profit Yearly demonstrate, given the conservative nature with which the numbers were calculated.

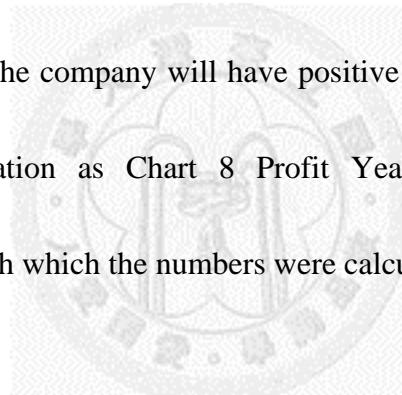


Chart 7 Profit Monthly

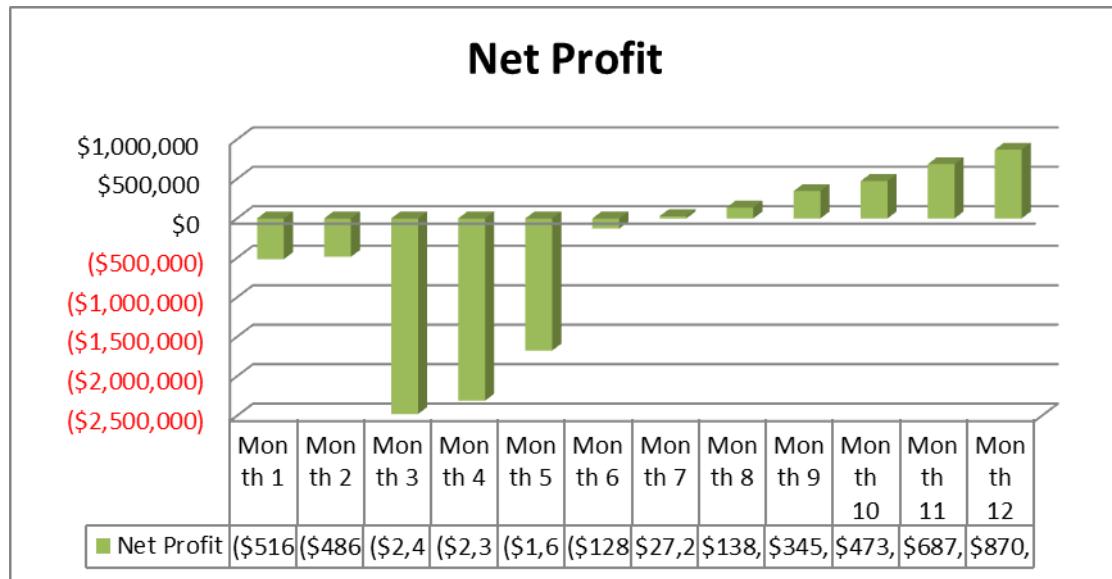
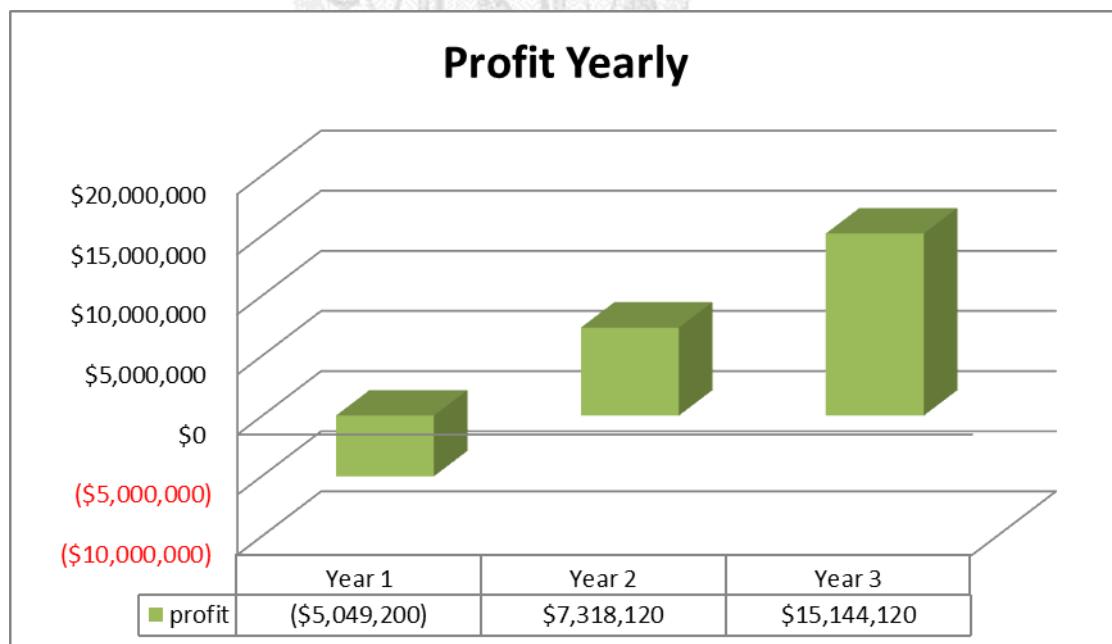


Chart 8 Profit Yearly



All cost items are covered in in Table 7 Profit and Loss, while the organization and salary and cost items presented are not lavish, they both cover the needed functions adequately and also allow some margin for movement. It is worth noting that a net operating profit of more than 6 million NTD is projected for the second year, with a net profit of more than 10 precents. Profits in the third years show substantial growth, with net profit in excess of 14 million NTD projected.



Table 7 Profit and lost

<b>Table: Profit and Loss</b>		Year 1	Year 2	Year 3
Sales		\$15,040,000	\$49,408,000	\$71,008,000
Direct cost of sales		\$7,520,000	\$24,704,000	\$35,504,000
Operational Costs		\$79,200	\$79,200	\$79,200
Total Cost of Sales		\$7,599,200	\$24,783,200	\$35,583,200
Gross Margin		\$7,440,800	\$24,624,800	\$35,424,800
Gross Margin (%)		49%	50%	50%
<b>Operating Expenses</b>				
Advertising/Promoting		\$400,000	\$400,000	\$400,000
Public relations acitivities		\$5,550,000	\$3,550,000	\$4,500,000
Sales Commission		\$1,353,600	\$4,446,720	\$6,390,720
Other		\$90,000	\$120,000	\$180,000
Total Sales and Marketing Expense		\$7,393,600	\$8,516,720	\$11,470,720
Sales and Marketing(%)		49.16%	17.24%	16.15%
General and Administrative Expense		\$0		
general Payroll		\$3,780,000	\$7,056,000	\$7,056,000
Leased Server		\$48,000	\$48,000	\$48,000
Leased Computer		\$102,000	\$153,000	\$153,000
Accountant manage fee		\$180,000	\$180,000	\$180,000
Office Rent		\$600,000	\$720,000	\$720,000
Welfare Expenses		\$0	\$50,000	\$70,000
Labor Insurance		\$159,600	\$159,600	\$159,600
Pension (6%)		\$226,800	\$423,360	\$423,360
Total General and Administrative Expen		\$5,096,400	\$8,789,960	\$8,809,960
General and Administrative Expenses(%)		33.89%	17.79%	12.41%
Total Operating Expenses		\$12,490,000	\$17,306,680	\$20,280,680
Profit before interest and taxes		(\$5,049,200)	\$7,318,120	\$15,144,120
EBITDA		\$0		
Taxes Incurred		\$0		
Net Profit		(\$5,049,200)	\$7,318,120	\$15,144,120
Net Profit/Sales		-33.57%	15%	21.33%

## 6.5 Cash-flow Projection

Cash flow is probably the factor that makes or breaks more businesses than any other, and it is critical to consider in this English online learning system, since most of the deals are based on cash. The company did not have much long term or short term liabilities, due to the business model. Customers can only start the memberships once they finished the payments online.

As the accompanying chart 9 Monthly Cash Flow and Table 8 Cash Flow for Three years show, with careful planning and control of resources and expenses, cash flow crises should not pose a threat to the new English learning system. Even allowing for a 0.5 million USD for the TVC project at the beginning of the operation year and other significant up-front promotion costs, as shown in the accompanying illustrations, at no time does cash on-hand become a major issue during the first year, and even less so in the follow-on years.

Chart 9 Monthly Cash Flow

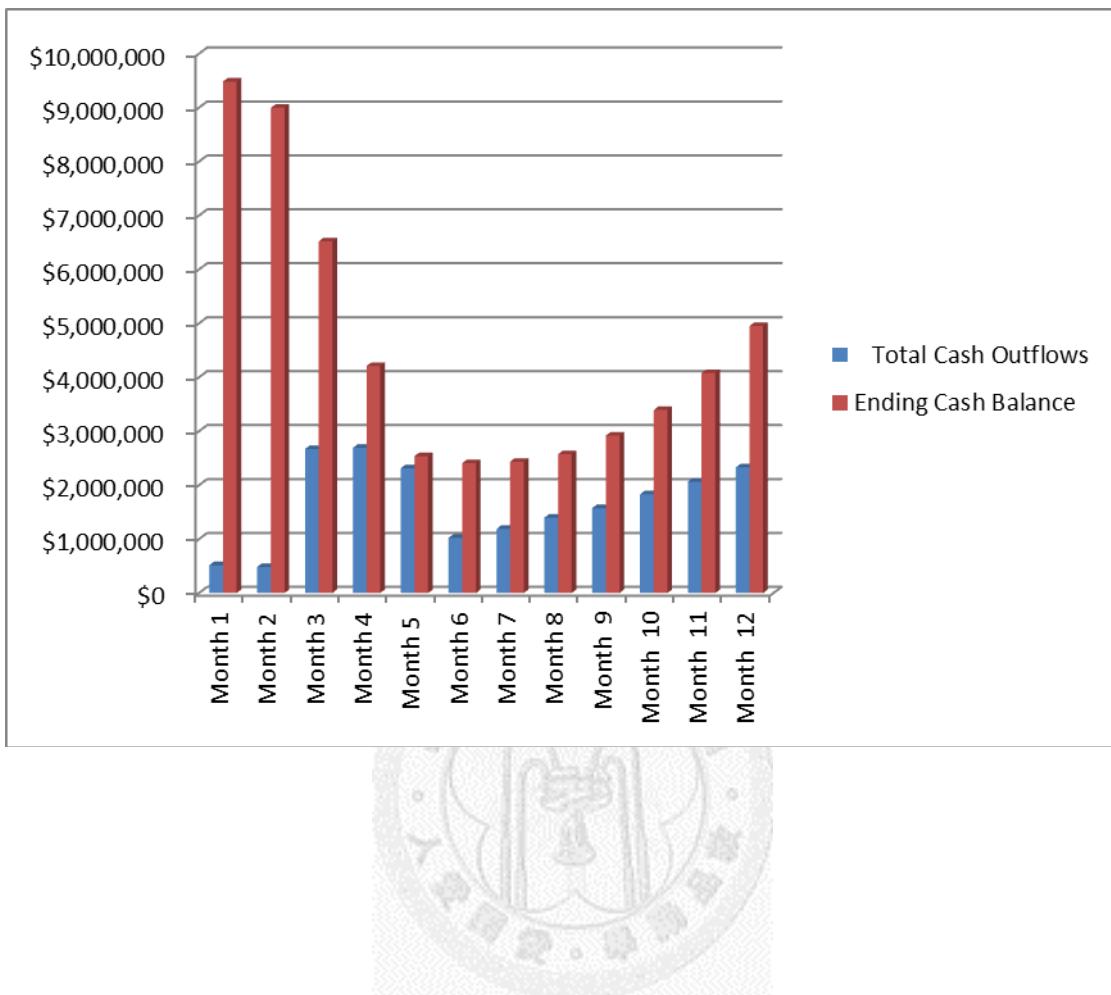


Table 8 Cash Flow for Three years

CASH FLOW Statement		Year 1	Year 2	Year 3
<b>Cash Inflows (Income):</b>				
Cash Collections	\$ 15,040,000	\$ 49,408,000	\$ 71,008,000	
Credit Collections	0	0	0	
Investment Income	0	0	0	
Other:	0	0	0	
	0	0	0	
	0	0	0	
<b>Total Cash Inflows</b>	<b>\$ 15,040,000</b>	<b>\$ 49,408,000</b>	<b>\$ 71,008,000</b>	
<b>Cash Outflows (Expenses):</b>				
Advertising	\$ 400,000	\$ 400,000	\$ 400,000	
Office Service Charges	180,000	180,000	180,000	
Operating Supplies	79,200	79,200	79,200	
Payroll	3,780,000	7,056,000	7,056,000	
compensation & benefit	386,400	632,960	652,960	
Sales Commissions	1,353,600	4,446,720	6,390,720	
royalty payment	7,520,000	24,704,000	35,504,000	
lease expense	750,000	921,000	921,000	
TVC	5,550,000	3,550,000	4,500,000	
Other:	0	0	0	
		0	0	
<b>Subtotal</b>	<b>\$ 19,999,200</b>	<b>\$ 41,969,880</b>	<b>\$ 55,683,880</b>	
<b>Other Cash Out Flows:</b>				
Capital Purchases	0	0	0	
Loan Principal		0	0	
Owner's Draw		0	0	
miscellaneous	\$ 90,000	\$ 120,000	\$ 180,000	
		0	0	
<b>Subtotal</b>	<b>\$ 90,000</b>	<b>\$ 120,000</b>	<b>\$ 180,000</b>	
<b>Total Cash Outflows</b>	<b>\$20,089,200</b>	<b>\$42,089,880</b>	<b>\$55,863,880</b>	
<b>Ending Cash Balance</b>	<b>\$4,950,800</b>	<b>\$12,268,920</b>	<b>\$27,413,040</b>	

## 6.6 Projected Balance Sheet

As the accompanying Table 9 Balance Sheet indicates, the proposed venture will maintain a healthy position, even with limited hard assets other than cash, and the company's net worth is projected to grow beginning from the end of the first year from about 6 million NTD to 15 million NTD by the end of the third year, with continued growth at about the same remarkable rate beyond that.

APPENDIX 11 Financial Statement shows the profit and loss statement, cash flow and balance sheet in monthly base.

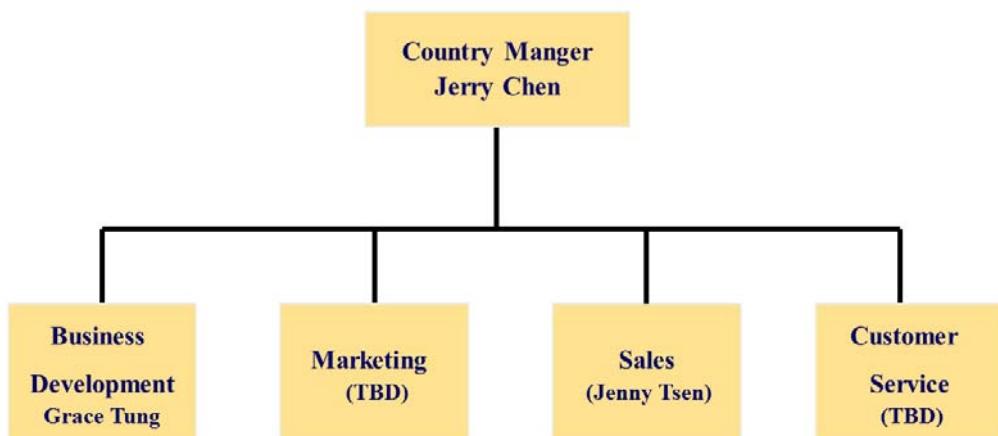
Table 9 Balance Sheet

	Year 1	Year 2	Year 3
<b>Current Assets</b>			
Cash	\$4,950,800	\$12,268,920	\$27,413,040
Account Receivable	\$0	\$0	\$0
Inventory	\$0	\$0	\$0
Other current Assets	\$0	\$0	\$0
<b>Total current assets</b>	<b>\$4,950,800</b>	<b>\$12,268,920</b>	<b>\$27,413,040</b>
<b>Long-term Assets</b>			
Long-term Assets			
Accumulated Depreciation			
Total Long-term Assets	\$0	\$0	\$0
<b>Total Assets</b>	<b>\$4,950,800</b>	<b>\$12,268,920</b>	<b>\$27,413,040</b>
	Year 1	Year 2	Year 3
<b>Liabilities and Capital</b>			
Current Liabilities			
Current Borrowing			
Other current Liabilities			
Subtotal current Liabilities			
Long-term Liabilities			
<b>Total Liabilities</b>			
Paid-in Capital	\$10,000,000		
Retained Earnings	(\$5,919,900)	\$11,095,850	\$25,280,970
Earnings	\$870,700	\$1,173,070	\$2,132,070
Total Capital	\$4,950,800	\$12,268,920	\$27,413,040
<b>Total Liabilities and Capital</b>	<b>\$4,950,800</b>	<b>\$12,268,920</b>	<b>\$27,413,040</b>
<b>Net Worth</b>	<b>\$4,950,800</b>	<b>\$12,268,920</b>	<b>\$27,413,040</b>

## 7.0 STRUCTURE AND MANAGEMENT

### 7.1 Organizational Structure

ABCmouse.tw will be managed by Jerry Chen, who is one of the founders. Initially the business will employ four full time staff members at the first year, as shown in the organizational chart below. The company plan to add two more headcounts at the second year.



#### 7.1.1 Job Description

##### **Country manager**

Since this is a new learning method in Taiwan's markets. The country manager should be a person who knows this learning system very well, and familiar with Taiwan's market. The person should also have the ability to manage and grow the business for established and new customers. For this new product, marketing and

strategies are relative important, this person should have strong background on these aspects in order to lead the team toward company goal. Another important requirement is the candidate should be able to coordinate communication between headquarter in US and Asia Pacific countries.

Jerry Chen will be the country manager of ABCmouse.tw. He is from Taiwan, and went to USA 10 years ago. During these years, he travels back and forth between Taiwan and USA for business purpose. He is familiar with this product and also familiar with Asia market. At the same time, he has the experience of established a brand new company.

### **Business Development**

As for this position, the candidate should have the ability to interact with customers to understand customer needs and project opportunities and formulate solutions for potential projects. One of the most important responsibilities in this role is to identify new business ideas and opportunities. Whether the company can meet the sales target, this person plays an important role.

Grace Tung will be responsible for the business development. She has 7 years of experience on children education field, before this job she worked for an agent for children's English learning materials. She has the network and knows what parents are looking for; she has the ability on sourcing and creating new business

opportunities, to maintain competitive advantage which is important for the company.

## **Marketing**

The person in this position will implement the marketing strategies, tactics, and plans according to the business development team. The candidate will be responsible for assessment of potential markets, product life cycle planning, definition of marketing requirements, and collaborate with business development and account owners to deliver relevant information about the value proposition and competitive positioning.

The company mainly focuses on on-line marketing. The candidate should have on-line marketing experience and knows in which social or network media will be the best place to attract potential customers.

## **Sales**

The most important job of the position is to increase the revenue, turning all the potential customers into loyal customers. Not only create new customers, but also know how to retain customers. Business development and marketing team will help to create the opportunities and the candidate should be able to turn each opportunity into revenue. This person needs to be persuasive; therefore he/she can talk parents into purchase or switch English learning materials for their children.

Jenny Tsen will be responsible for this role. She has five years of sales and distributor managing experience. Her sales experience is with DELL computer and a consultant service on information security. Both products need strong persuasion in order for customers to purchase. She also has the experience on managing the business' brands, large customer accounts, distributors and finding new customers.

### **Customer Service**

This position represents ABCmouse.tw and should achieve high customer satisfaction. At the beginning, customer service will via emails only, it will not have any telephone service. The candidate will be able to work closely with headquarter and required to be able to identify the root cause and provide customers with the solution in a timely manner for mission critical issues of ABCmouse.tw products. The other important work for this position is to collect, summarize and analyze all customer voices, provide suggestion to relate departments for further reference/improvement, at the same time drive the communication with the customer to ensure the customer has confidence on problem resolution provided. The candidate will need to work with sales to contact members and ensure they are satisfying with the learning system, especially those who file complains.

The candidate also needs to do Chinese translation of the web, so he/she need to have good English and Chinese skills.

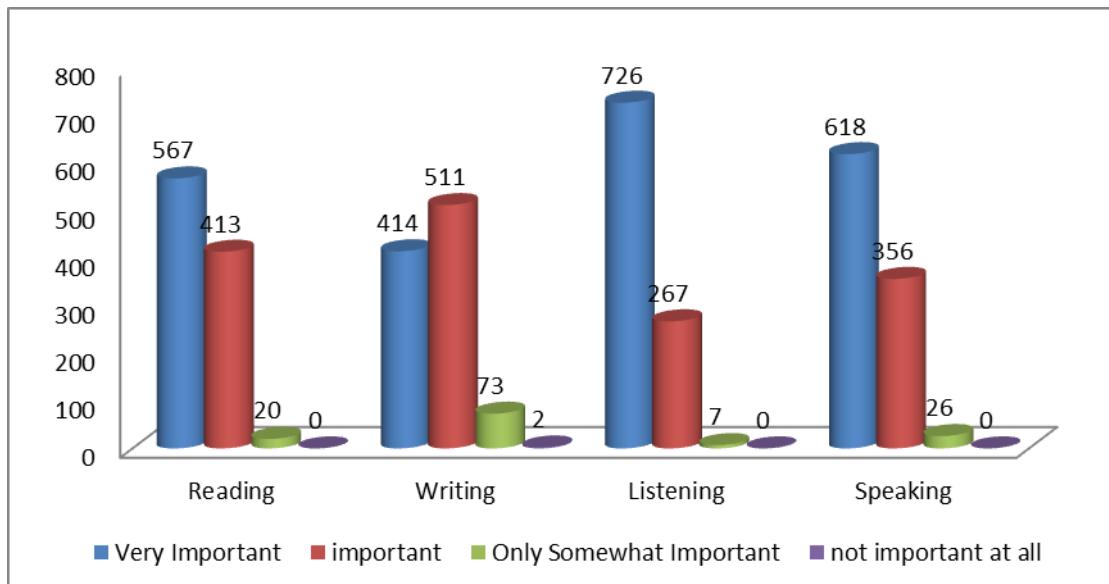


## 8.0 Risk

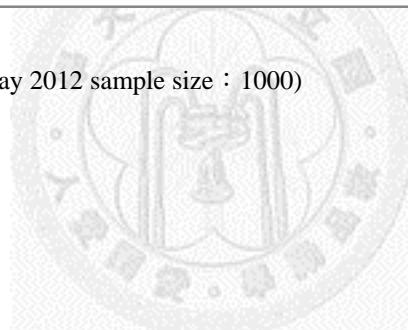
Major risks to ABCmouse will be lacks of the support from headquarter, members share accounts and competitors imitate the product.

Risk	Likelihood	Impact	Mitigation
lacks of the support from headquarter	Low	High	<p>Will sign a contract with headquarter.</p> <p>Headquarter needs to support the learning system at least one year after it decide to terminate this business line.</p> <p>Headquarter will authorize ABCmouse.tw have the right to maintain this website, but will not be able to expand the contents.</p>
members share accounts	Medium	Medium	<p>The subscription fee will be acceptable to every family, which will encourage them to give each user an independent account.</p> <p>Since each child will have his or her own avatar and room, this will lower the willingness of sharing the account.</p>
competitors imitate the product	High	Low	<p>The website will constantly update the content. It takes a lot of time and money to create a similar website. By the time competitor creates the learning system, ABCmouse.tw already has its member base.</p>

## APPENDIX 1 Perceive Importance of English ability

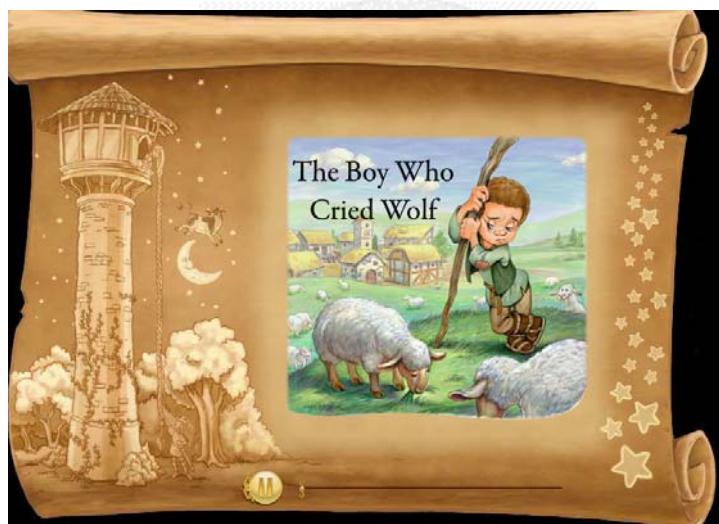


(Source: From survey result at May 2012 sample size : 1000)



## APPENDIX 2 Learning Activities

### A. Reading



## B. Songs

**Lyrics**  
"The Letter G"

The letter g has a "g" sound,  
like gummy, gulp, and goo.  
Lots of words begin with g.  
I'll sing a few for you!

Turkeys all say gobble gobble!  
Babies say goo! goo!  
Gorillas go ooh ooh, ahh ahh!  
Ghoulie ghosts will just say boo!

Gooey, gurgle, goopy, gushy!  
Funny words that start with g!  
Where would a word like giggle be  
without that goofy letter g?

**Song Translation**

來來回回不停地游。  
keep swimming to and fro.  
Goldie 總是跟到那兒  
When Gus gets going, Goldie goes  
不管 Gus 去到哪兒。  
wherever Gus decides to go!  
粘的, 格格聲, 傻的, 溢出的！  
Gooey, gurgle, goopy, gushy!  
這些都是以g開頭的好玩的單字，  
Funny words that start with g!

**Lyrics**  
"The Letter G"

Funny words that start with g!  
Where would a word like giggle be  
without that goofy letter g?  
Without that goofy letter g!

Goldie the goldfish and Gus the guppy  
keep swimming to and fro.  
When Gus gets going, Goldie goes  
wherever Gus decides to go!

Gooey, gurgle, goopy, gushy!  
Funny words that start with g!  
Where would a word like giggle be  
without that goofy letter g?  
Without that goofy letter g!

### C. Puzzles

#### a. Puzzle with circles



#### b. Puzzle with numbers



## D. Games

### a. Games about Reading

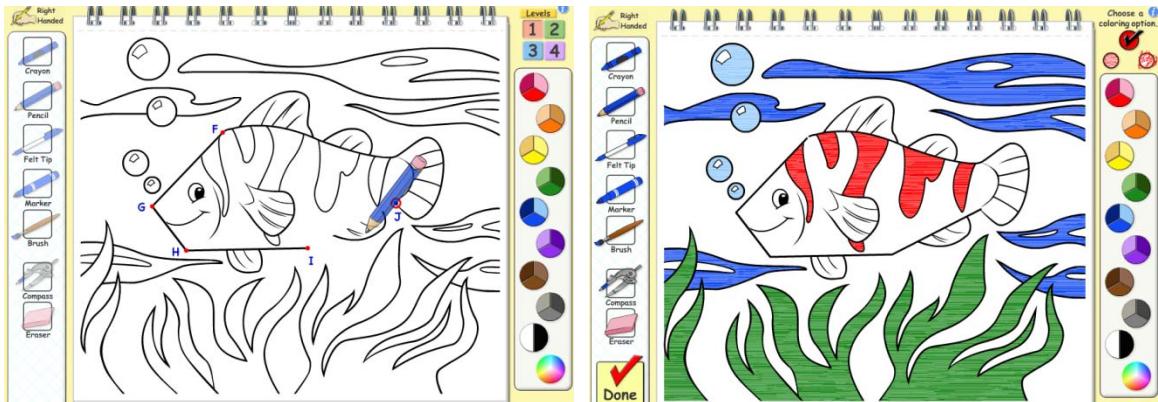


### b. Games about Social Science

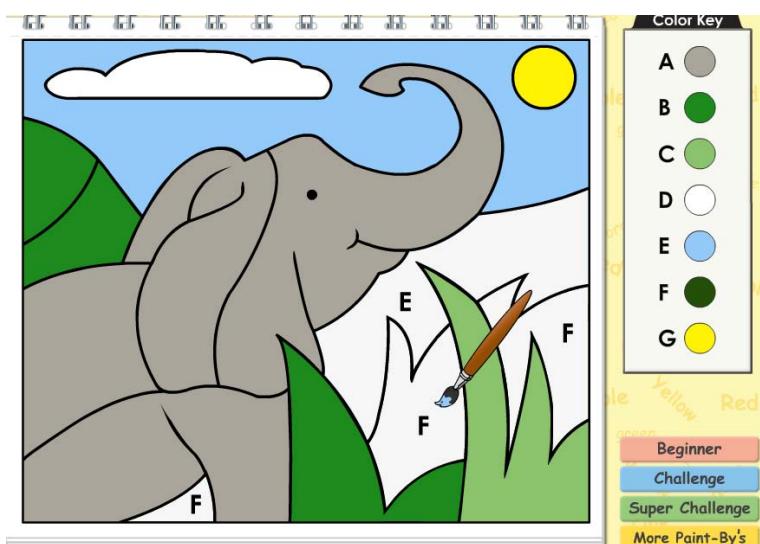
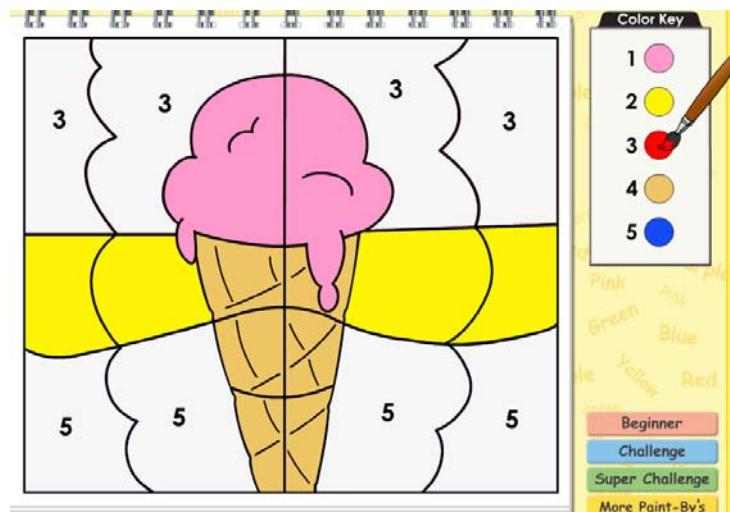


## E. Art & Colors

### a. ABC Dot-to-Dot: F to J

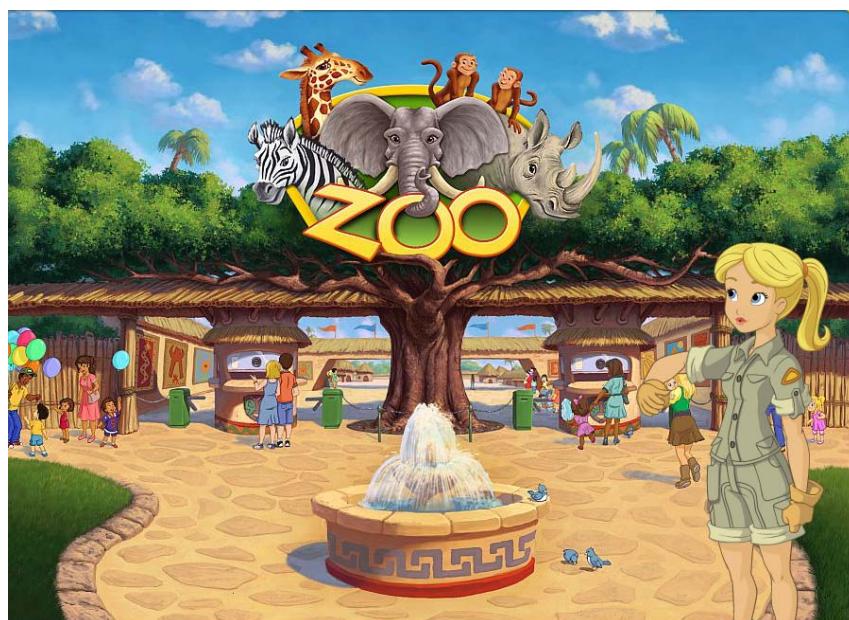


### b. Paint by Numbers and Letters

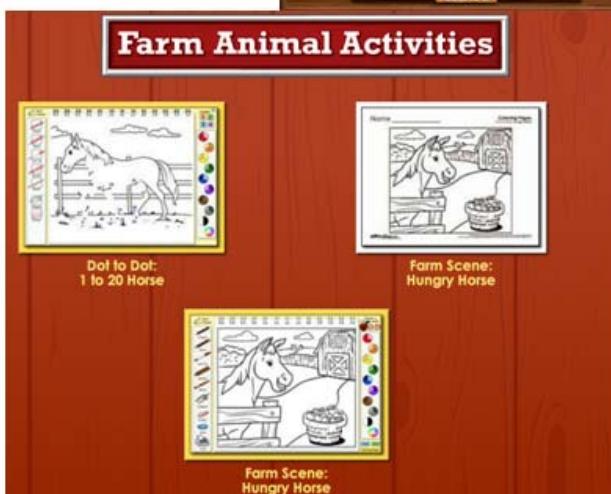
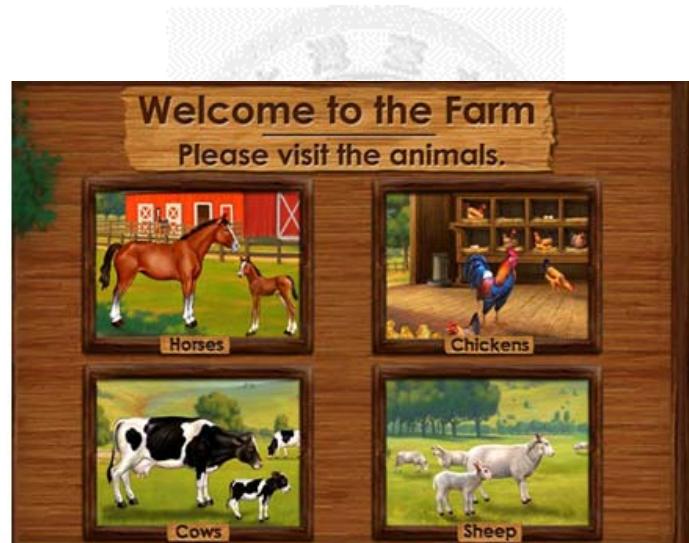


## APPENDIX 3 Learning Themes

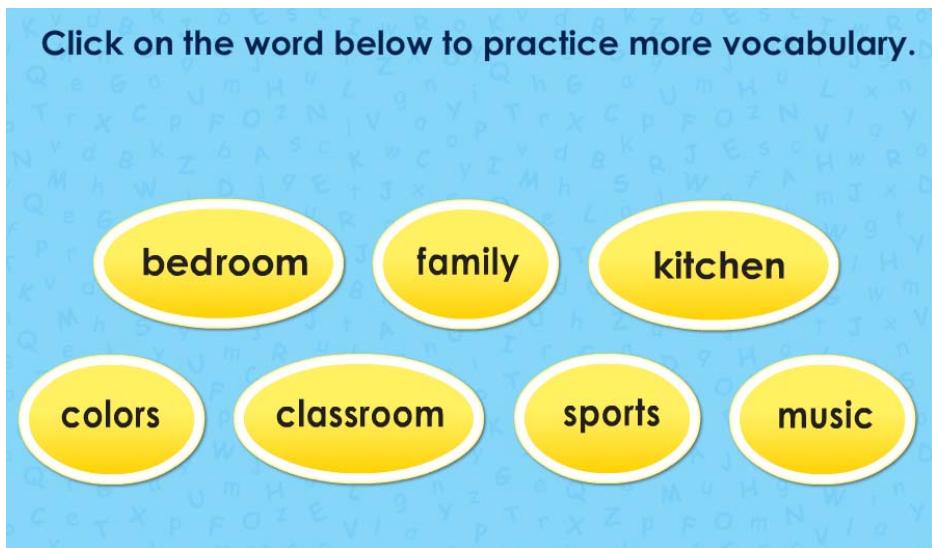
### A. Zoo



## B. Farm



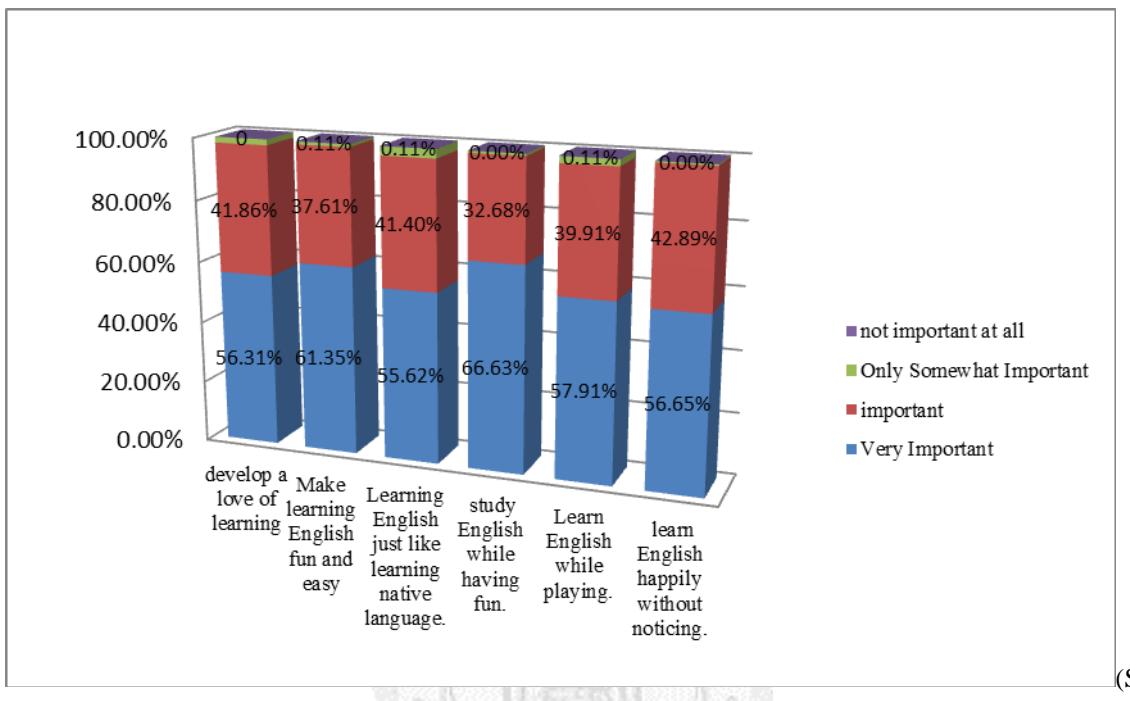
### C. Vocabulary



## APPENDIX 4 Shopping Mall



## APPENDIX 5 Elements which Parents are Looking for in the Learning Material



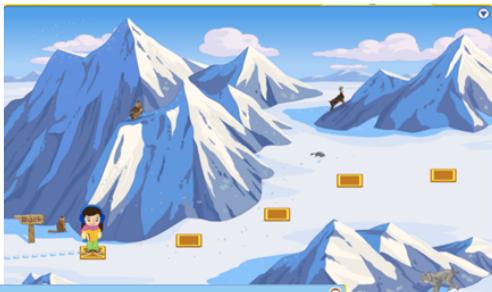
source: From survey result at May 2012 sample size : 1000)

(S)

## APPENDIX 6 Various World Locations

Besides Classroom activities, ABCmouse.tw provides various world locations. Children will also gain the knowledge of the world environment.

Snowy Mountains



Frozen Lake



Wetlands



Sandy Desert



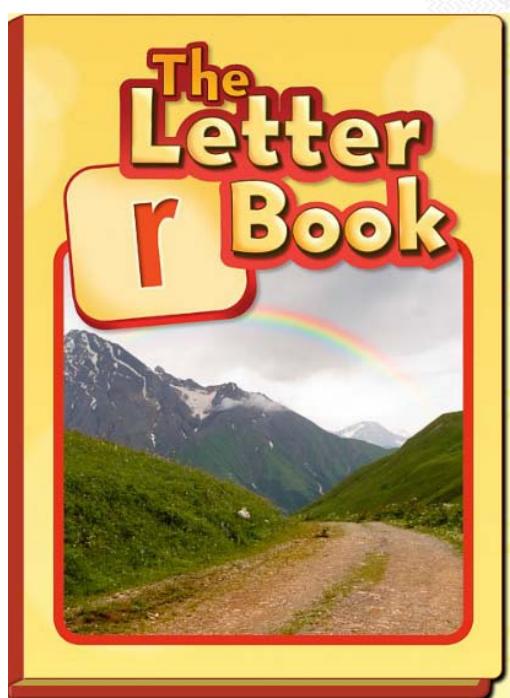
Pacific Island

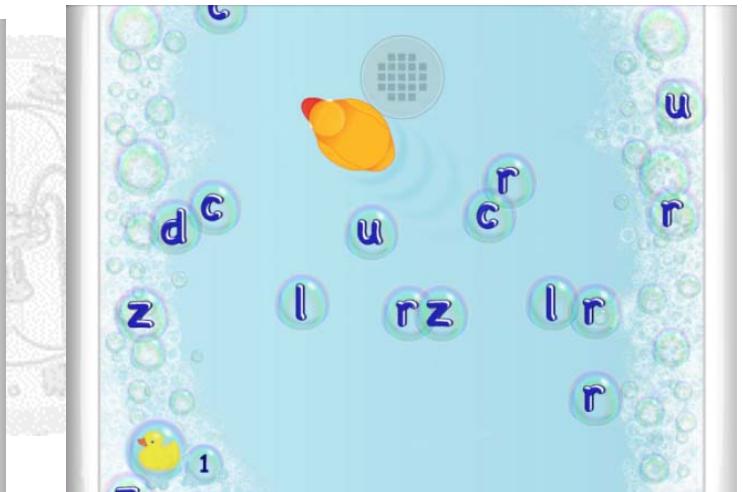
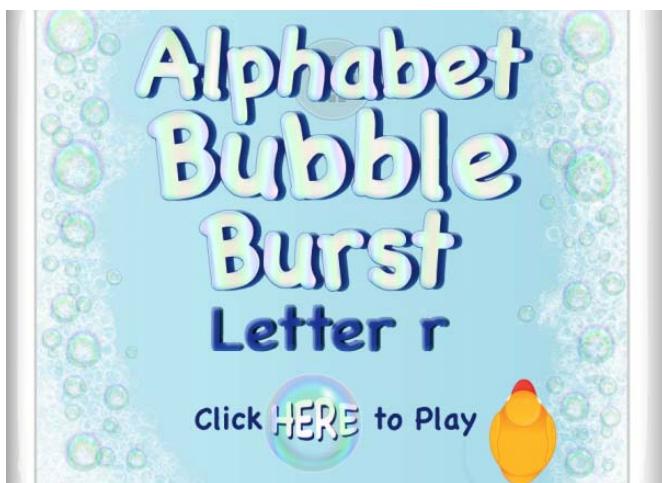
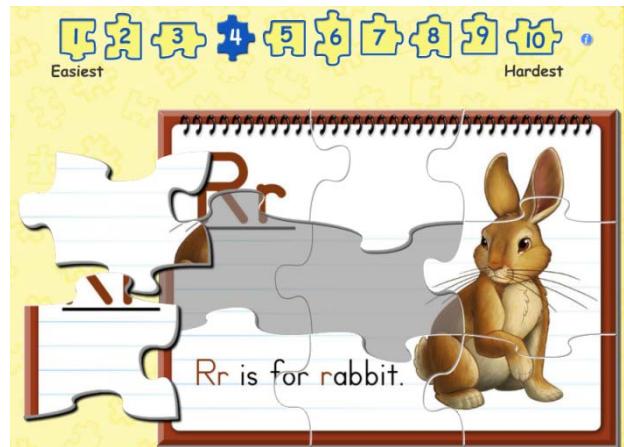
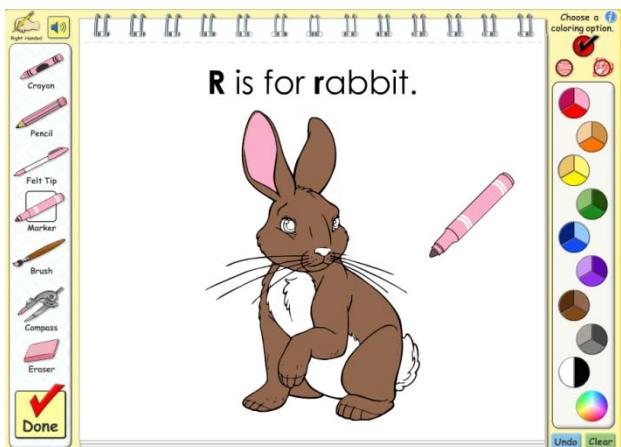


Coral Reef

## APPENDIX 7 Learning Activities in the Lesson

For each lesson it has a learning topic and there are several activities which are related to this learning topic. Activities include songs, books, art, puzzles and games. In this example, the learning topic is letter R.





## APPENDIX 8 Population of Taiwan at Year 2012

Table A Population for Age 3 to 8

Population by Single Year of Age

End of 1974-2011

Unit : Persons

End of Year	Sex	Grand Total	3	4	5	6	7	8
2009	T.	1,364,780	206,680	208,261	218,735	227,730	246,345	257,029
	M.	713,097	108,014	108,505	114,760	119,284	128,792	133,742
	F.	651,683	98,666	99,756	103,975	108,446	117,553	123,287
2010	T.	1,314,010	205,877	206,882	208,559	218,802	227,587	246,303
	M.	687,213	107,613	108,129	108,672	114,809	119,218	128,772
	F.	626,797	98,264	98,753	99,887	103,993	108,369	117,531
2011	T.	1,267,324	199,181	206,102	207,160	208,625	218,674	227,582
	M.	662,778	104,072	107,711	108,288	108,715	114,749	119,243
	F.	604,546	95,109	98,391	98,872	99,910	103,925	108,339

Table B Population for Age 0 to 2

Population by Single Year of Age

End of 1974-2011

Unit : Persons

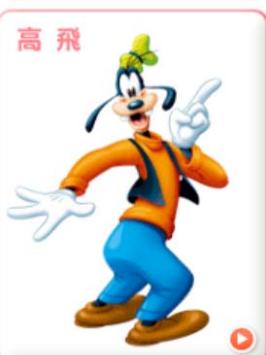
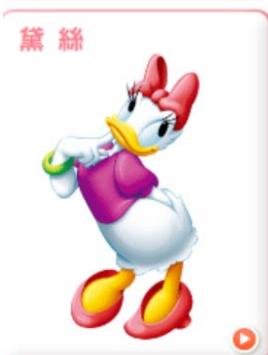
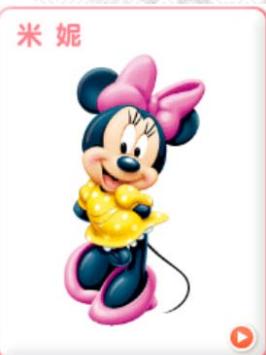
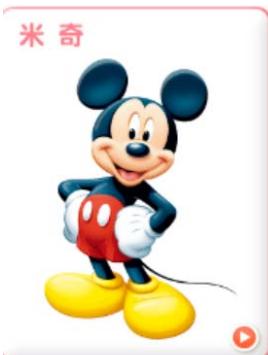
End of Year	Sex	Grand Total	0	1	2
2009	T.	587,219	182,599	198,792	205,828
	M.	306,494	94,987	103,901	107,606
	F.	280,725	87,612	94,891	98,222
2010	T.	551,334	157,282	194,878	199,174
	M.	287,658	82,126	101,439	104,093
	F.	263,676	75,156	93,439	95,081
2011	T.	551,707	187,442	168,973	195,292
	M.	286,963	97,271	88,055	101,637
	F.	264,744	90,171	80,918	93,655

## APPENDIX 9 Competitors Comparison

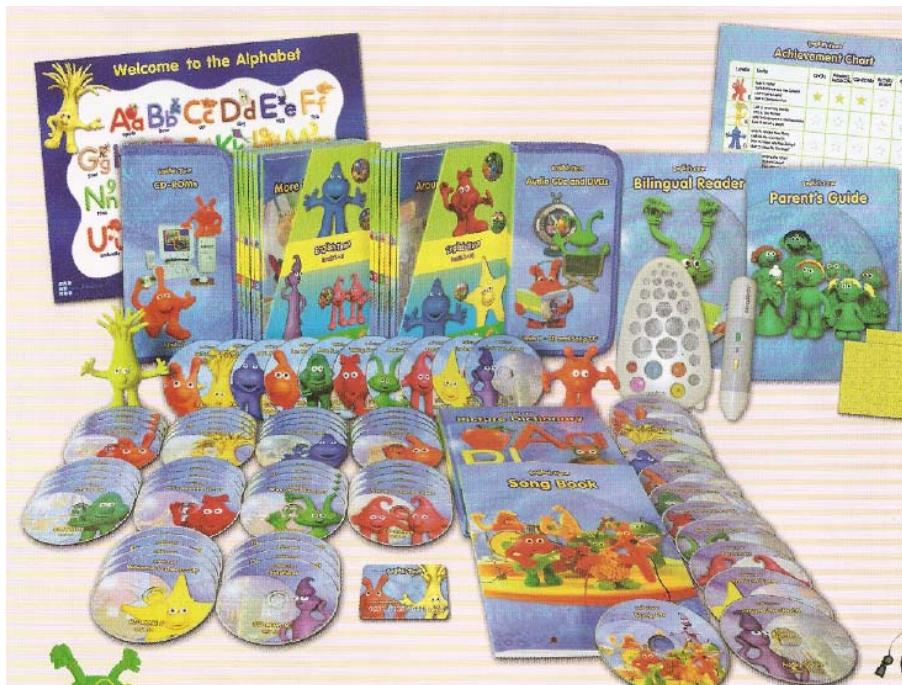
Disney's world English (Price : NTD 200,000)



Main Characters :



ENGLISH TIMES (Price : NTD 36,000)



#### Content:

10 DVD : 35 min DVD has a main story and divided into 4 sections.

10 books : books go with the DVD, Children can read the book while look at DVDs.

40 interactive CD : 330 games, includes songs 、 cross-word puzzle and puzzles.

10 drawing books : Interactive drawing books, emphasis on what they have learned.

#### Main Characters:



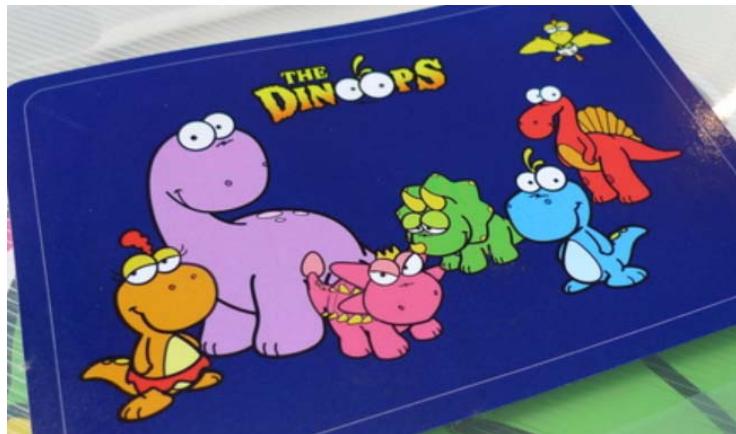
The Dinoops (Price : NTD 18,000)



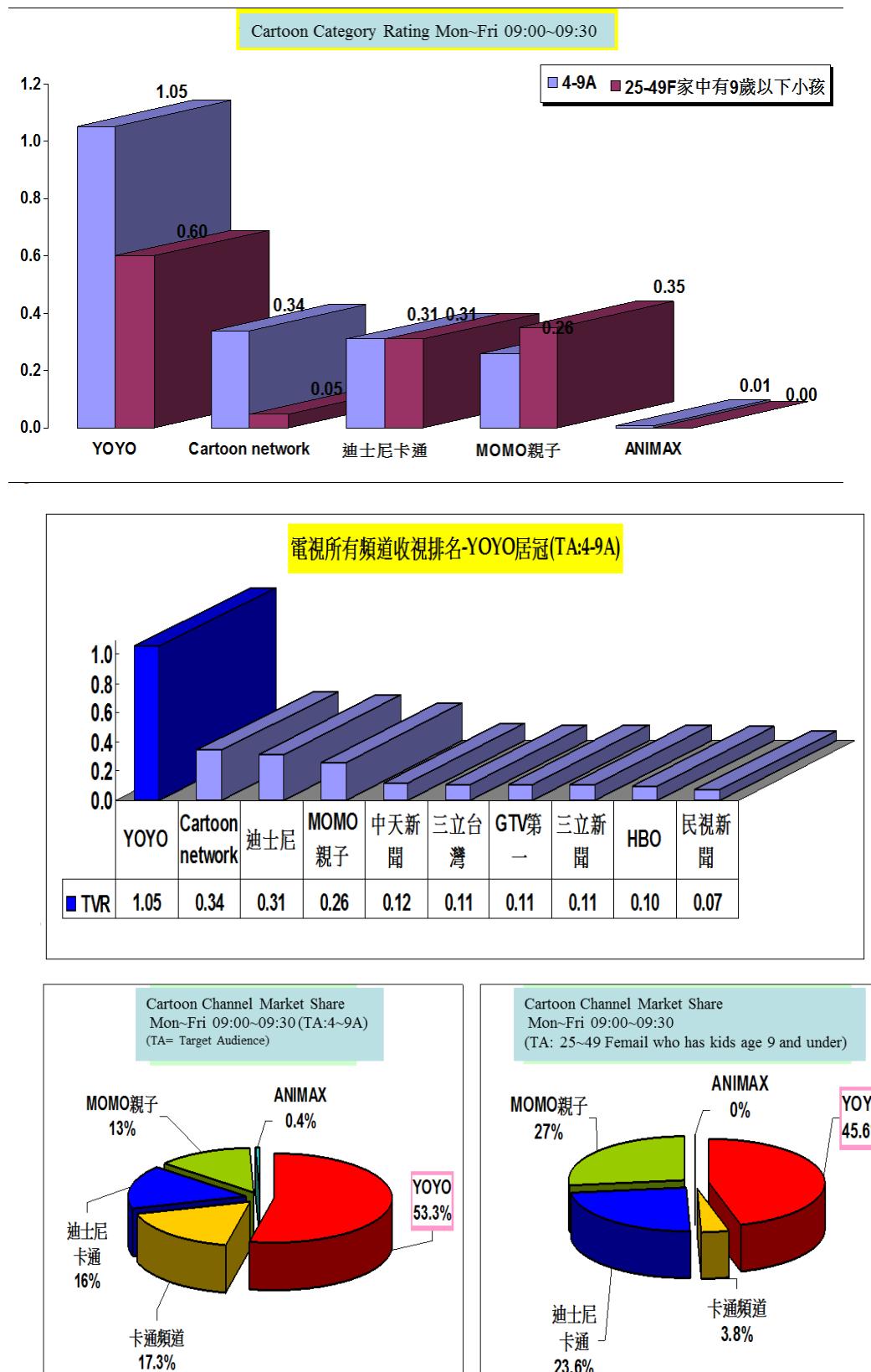
#### Content:

- 22 books : Main learning materials. Children learn through these theme books.
- 17 workbook : children can emphasize what they have learned by doing the exercise.
- 2 phonic books : Help children to learn basic spelling.
- 6CD + 4 DVD + 3AVCD : songs and interactive activities

Main Characters: 7 dinosaurs



## APPENDIX 10 YoYo TV Program Ratings



Source: AGB Nielsen, 2012/6/1~6/12, Mon ~ Fri 09:00~09:30

## APPENDIX 11 Financial Statement

Table A Profit and Loss

Table: Profit and Loss

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
Sales	\$0	\$0	\$192,000	\$384,000	\$640,000	\$896,000	\$1,216,000	\$1,536,000	\$1,920,000	\$2,304,000	\$2,752,000	\$3,200,000	\$15,040,000
Direct cost of sales	\$0	\$0	\$96,000	\$192,000	\$320,000	\$448,000	\$608,000	\$768,000	\$960,000	\$1,152,000	\$1,376,000	\$1,600,000	\$7,520,000
Operational Costs	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$79,200
Total Cost of Sales	\$6,600	\$6,600	\$102,600	\$198,600	\$326,600	\$454,600	\$614,600	\$774,600	\$966,600	\$1,158,600	\$1,382,600	\$1,606,600	\$7,599,200
Gross Margin	(\$6,600)	(\$6,600)	\$89,400	\$185,400	\$313,400	\$441,400	\$601,400	\$761,400	\$953,400	\$1,145,400	\$1,369,400	\$1,593,400	\$7,440,800
Gross Margin (%)	0%	0%	47%	48%	49%	49%	49%	50%	50%	50%	50%	50%	49%
<b>Operating Expenses</b>													
Advertising/Promoting	\$80,000	\$50,000	\$120,000	\$30,000	\$0	\$60,000	\$30,000	\$0	\$0	\$30,000	\$0	\$0	\$400,000
Public relations activities	\$0	\$0	\$2,000,000	\$2,000,000	\$1,500,000	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$5,550,000
Sales Commission	\$0	\$0	\$17,280	\$34,560	\$57,600	\$80,640	\$109,440	\$138,240	\$172,800	\$207,360	\$247,680	\$288,000	\$1,353,600
Other	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$90,000
Total Sales and Marketing Expense	\$85,000	\$55,000	\$2,142,280	\$2,069,560	\$1,562,600	\$145,640	\$149,440	\$198,240	\$182,800	\$247,360	\$257,680	\$298,000	\$7,393,600
Sales and Marketing(%)	0%	0%	1115.77%	538.95%	244.16%	16.25%	12.29%	12.91%	9.52%	10.74%	9.36%	9.31%	49.16%
General and Administrative Expense													\$0
general Payroll	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$3,780,000
Leased Server	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$48,000
Leased Computer	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$102,000
Accountant manage fee	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$180,000
Office Rent	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$600,000
Welfare Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Labor Insurance	\$13,300	\$13,300	\$13,300	\$13,300	\$13,300	\$13,300	\$13,300	\$13,300	\$13,300	\$13,300	\$13,300	\$13,300	\$159,600
Pension (6%)	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$226,800
Total General and Administrative Expenses	\$424,700	\$424,700	\$424,700	\$424,700	\$424,700	\$424,700	\$424,700	\$424,700	\$424,700	\$424,700	\$424,700	\$424,700	\$5,096,400
General and Administrative Expenses(%)	0%	0%	221.20%	110.60%	66.36%	47.40%	34.93%	27.65%	22.12%	18.43%	15.43%	13.27%	33.89%
Total Operating Expenses	\$509,700	\$479,700	\$2,566,980	\$2,494,260	\$1,987,300	\$570,340	\$574,140	\$622,940	\$607,500	\$672,060	\$682,380	\$722,700	\$12,490,000

Profit before interest and taxes	(\$516,300)	(\$486,300)	(\$2,477,580)	(\$2,308,860)	(\$1,673,900)	(\$128,940)	\$27,260	\$138,460	\$345,900	\$473,340	\$687,020	\$870,700	(\$5,049,200)
EBITDA													\$0
Taxes Incurred													\$0
Net Profit	(\$516,300)	(\$486,300)	(\$2,477,580)	(\$2,308,860)	(\$1,673,900)	(\$128,940)	\$27,260	\$138,460	\$345,900	\$473,340	\$687,020	\$870,700	(\$5,049,200)
Net Profit/Sales	0%	0%	-1290.41%	-601.27%	-261.55%	-14.39%	2.24%	9.01%	18.02%	20.54%	24.96%	27.21%	-33.57%

Table B Cash Flow

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTALS
Beginning Cash Balance	10,000,000	\$9,483,700	\$8,997,400	\$6,519,820	\$4,210,960	\$2,537,060	\$2,408,120	\$2,435,380	\$2,573,840	\$2,919,740	\$3,393,080	\$4,080,100	
Cash Inflows (Income):													
Cash Collections	\$0	\$0	\$192,000	\$384,000	\$640,000	\$896,000	\$1,216,000	\$1,536,000	\$1,920,000	\$2,304,000	\$2,752,000	\$3,200,000	15,040,000
Credit Collections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
Investment Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
Other:													0
													0
													0
Total Cash Inflows	\$0	\$0	\$192,000	\$384,000	\$640,000	\$896,000	\$1,216,000	\$1,536,000	\$1,920,000	\$2,304,000	\$2,752,000	\$3,200,000	15,040,000
Available Cash Balance	\$10,000,000	\$9,483,700	\$9,189,400	\$6,903,820	\$4,850,960	\$3,433,060	\$3,624,120	\$3,971,380	\$4,493,840	\$5,223,740	\$6,145,080	\$7,280,100	
Cash Outflows (Expenses):													
Advertising	\$80,000	\$50,000	\$120,000	\$30,000	\$0	\$60,000	\$30,000	\$0	\$0	\$30,000	\$0	\$0	400,000
Office Service Charges	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	180,000
Operating Supplies	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	79,200
Payroll	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	3,780,000
compensation & benefit	\$32,200	\$32,200	\$32,200	\$32,200	\$32,200	\$32,200	\$32,200	\$32,200	\$32,200	\$32,200	\$32,200	\$32,200	386,400
Sales Commissions	\$0	\$0	\$17,280	\$34,560	\$57,600	\$80,640	\$109,440	\$138,240	\$172,800	\$207,360	\$247,680	\$288,000	1,353,600
royalty payment	\$0	\$0	\$96,000	\$192,000	\$320,000	\$448,000	\$608,000	\$768,000	\$960,000	\$1,152,000	\$1,376,000	\$1,600,000	7,520,000
lease expense	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500	750,000
TVC			\$2,000,000	\$2,000,000	\$1,500,000				\$50,000				5,550,000
Other:													0
													0
Subtotal	\$511,300	\$481,300	\$2,664,580	\$2,687,860	\$2,308,900	\$1,019,940	\$1,178,740	\$1,387,540	\$1,564,100	\$1,820,660	\$2,054,980	\$2,319,300	19,999,200

Other Cash Out Flows:													
Capital Purchases													0
Loan Principal													0
Owner's Draw													0
miscellaneous	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	90,000
													0
<b>Subtotal</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$90,000</b>
<b>Total Cash Outflows</b>	<b>\$516,300</b>	<b>\$486,300</b>	<b>\$2,669,580</b>	<b>\$2,692,860</b>	<b>\$2,313,900</b>	<b>\$1,024,940</b>	<b>\$1,188,740</b>	<b>\$1,397,540</b>	<b>\$1,574,100</b>	<b>\$1,830,660</b>	<b>\$2,064,980</b>	<b>\$2,329,300</b>	<b>\$20,089,200</b>
<b>Ending Cash Balance</b>	<b>\$9,483,700</b>	<b>\$8,997,400</b>	<b>\$6,519,820</b>	<b>\$4,210,960</b>	<b>\$2,537,060</b>	<b>\$2,408,120</b>	<b>\$2,435,380</b>	<b>\$2,573,840</b>	<b>\$2,919,740</b>	<b>\$3,393,080</b>	<b>\$4,080,100</b>	<b>\$4,950,800</b>	

Table C Balance Sheet



		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
<b>Assets</b>	<b>starting balances</b>													
<b>Current Assets</b>														
Cash	\$10,000,000	\$9,483,700	\$8,997,400	\$6,519,820	\$4,210,960	\$2,537,060	\$2,408,120	\$2,435,380	\$2,573,840	\$2,919,740	\$3,393,080	\$4,080,100	\$4,950,800	<b>-\$98,400</b>
Account Receivable	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other current Assets	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total current assets</b>	<b>\$10,000,000</b>	<b>\$9,483,700</b>	<b>\$8,997,400</b>	<b>\$6,519,820</b>	<b>\$4,210,960</b>	<b>\$2,537,060</b>	<b>\$2,408,120</b>	<b>\$2,435,380</b>	<b>\$2,573,840</b>	<b>\$2,919,740</b>	<b>\$3,393,080</b>	<b>\$4,080,100</b>	<b>\$4,950,800</b>	<b><b>-\$98,400</b></b>
<b>Long-term Assets</b>														
Long-term Assets	\$0													
Accumulated Depreciation	\$0													
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Assets</b>	<b>\$10,000,000</b>	<b>\$9,483,700</b>	<b>\$8,997,400</b>	<b>\$6,519,820</b>	<b>\$4,210,960</b>	<b>\$2,537,060</b>	<b>\$2,408,120</b>	<b>\$2,435,380</b>	<b>\$2,573,840</b>	<b>\$2,919,740</b>	<b>\$3,393,080</b>	<b>\$4,080,100</b>	<b>\$4,950,800</b>	<b><b>(\$98,400)</b></b>

Liabilities and Capital	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
Current Liabilities													
Current Borrowing	\$0												
Other current Liabilities	\$0												
Subtotal current Liabilities	\$0												
Long-term Liabilities	\$0												
<b>Total Liabilities</b>	<b>\$0</b>												
Paid-in Capital	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	
Retained Earnings	\$0	\$0	(\$516,300)	(\$1,002,600)	(\$3,480,180)	(\$5,789,040)	(\$7,462,940)	(\$7,591,880)	(\$7,564,620)	(\$7,426,160)	(\$7,080,260)	(\$6,606,920)	(\$5,919,900)
Earnings	\$0	(\$516,300)	(\$486,300)	(\$2,477,580)	(\$2,308,860)	(\$1,673,900)	(\$128,940)	\$27,260	\$138,460	\$345,900	\$473,340	\$687,020	\$870,700
Total Capital	\$9,483,700	\$8,997,400	\$6,519,820	\$4,210,960	\$2,537,060	\$2,408,120	\$2,435,380	\$2,573,840	\$2,919,740	\$3,393,080	\$4,080,100	\$4,950,800	
<b>Total Liabilities and Capital</b>	<b>\$9,483,700</b>	<b>\$8,997,400</b>	<b>\$6,519,820</b>	<b>\$4,210,960</b>	<b>\$2,537,060</b>	<b>\$2,408,120</b>	<b>\$2,435,380</b>	<b>\$2,573,840</b>	<b>\$2,919,740</b>	<b>\$3,393,080</b>	<b>\$4,080,100</b>	<b>\$4,950,800</b>	
<b>Net Worth</b>													
	\$9,483,700	\$8,997,400	\$6,519,820	\$4,210,960	\$2,537,060	\$2,408,120	\$2,435,380	\$2,573,840	\$2,919,740	\$3,393,080	\$4,080,100	\$4,950,800	