

# **BUSINESS PLAN FOR GRAVEL PROCESSING BUSINESS PLAN**

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**N & J INVESTMENT LIMITED**

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1.0 Executive Summary

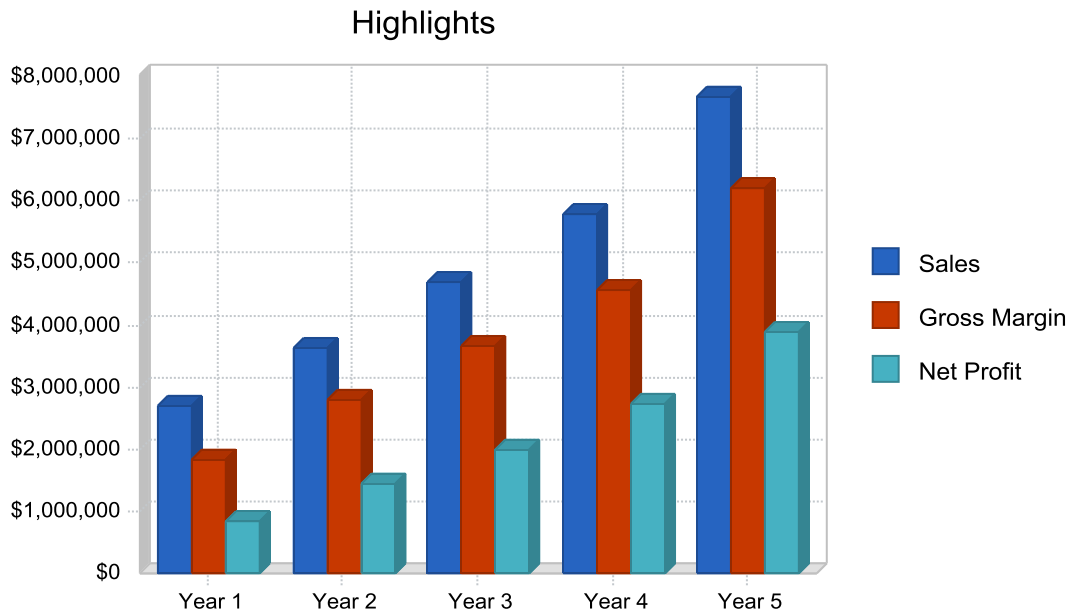
N & J Investment Gravel, Inc. produces and sells types and grades of gravel to public and private customers in the Four Corners Region, concentrating on the area around Dar es salaam and coast regions. Our goal for this year is to penetrate the asphalt market, with its high profitability and limited competition. By adding an asphalt plant, and meeting our minimum goals of 45,500 tons of asphalt, we plan to sell over 191,000 tons of gravel products to municipalities, contractors and end-users, with sales of over \$2,696,000 and net profits of \$854,000.

We want to experience significant success penetrating the local market by offering superior products and customer service.

Our keys to continued success are:

1. Expanding into the asphalt market.
2. Establishing and maintaining working relationships with major institutional users.
3. Exploiting the coming void in gravel supplies to establish a market niche.
4. Developing a net profit margin above 30%.
5. Effectively communicating to our existing and potential customers, through targeted efforts, our position as a differentiated provider of the highest-quality gravel and asphalt products.

Chart: Highlights



## 1.1 Objectives

The objectives of *N & J Investment Gravel, Inc.* for the coming year:

### **ASPHALT**

1. Establish strategic working relationships with the major asphalt users in the area.
2. Develop initial sales of 45.5K tons of asphalt, resulting in first-year sales of \$1,638,000.
3. Increase Sales over a three-year period to 77K tons per year.

### **GRAVEL**

1. Continue to develop strategic working relationships with the 10-15 major institutional users.
2. Hit target gravel sales levels of 145.5K tons of both road base and screened rock, resulting in gravel sales of \$1,064,000.
3. Continue to exploit the weaknesses inherent in the major area competitors to increase our presence in the local market area.

## 1.2 Mission

*N & J Investment* serves municipalities, construction companies and individual users by providing superior-quality products manufactured to the highest standards at competitive prices.

Our principals have a history of valuing relationships with their customers. We communicate our commitment to quality and customer appreciation through outstanding product quality, personal service and efficient delivery. Our commitment to our customers is reflected through honest and responsible business practices.

## 1.3 Keys to Success

The keys to success for *N & J Investment Gravel, Inc.*:

1. Establishing and maintaining working relationships and contractual agreements with municipality and business sector clients.
2. Increasing our facility to maximum production within the next three years.
3. Continuing our position as a customer-service-oriented company with competitive pricing.
4. Increasing our profit margins and decreasing our production costs.
5. Developing a presence in the asphalt market with area users.

## 2.0 Company Summary

*N & J Investment Gravel* manufactures numerous types of gravel products from base rock. These products are 3/4" and 3" ABC, 3/8", 1/2", 3/4" 1-11/2" screened and washed rock, 1"-3" cobble, and 4"-6" cobble. In addition, we provide, pre-washed sand, fill dirt, topsoil, bedding materials and crusher fines, along with various sizes of boulders. These products are sold to municipalities, business entities and end users in the Four Corners Region, with a concentration around Dar es salaam and Coast regions.

The pit site is a locally owned 20 acres gravel pit, at Msata Kihangaiko in Bagamoyo district Coast region.

## 2.1 Company Ownership

*N & J Investment Gravel, Inc.* is incorporated as a company limited by shares under the laws of Tanzania, and Tanzania laws shall govern and take precedence.

Two stock shares have been issued as follows:

Mr. Joseph James Mgana - 600 Shares

Ms Naila Joseph Mgana - 400 Shares

Net profits are distributed in the form of dividends on a basis which shall be determined from time to time. Corporate officers are to be added as we go along. end of each year, a meeting of the directors decides the management responsibilities for the following year.

## 3.0 Products

*N & J Investment Gravel Inc.* deals exclusively in providing gravel and gravel-related products, including but not limited to the following:

- 3/4" ABC
- 3" ABC
- 3/8" screened and washed rock
- 1/2" screened and washed rock
- 3/4" screened and washed rock
- 1-11/2" screened and washed rock
- 1"-3" cobble
- 4"-6" cobble
- Pre-washed sand
- Fill dirt
- Topsoil
- Bedding materials
- Crusher fines
- Boulders--various sizes

In addition, we plan to provide SX grade asphalt.

## 4.0 Market Analysis Summary

Asphalt products are required for road and driveway construction. There are a significant number of roads and driveways which need to be paved each year. There is at present only one area source for asphalt. The high prices charged are a reflection of their monopoly. Thus, there is a significant niche to be filled.

Gravel and rock-related products are a necessary ingredient to road building in the area. There are a significantly large percentage of roads which need to be re-graveled each year.

Also, the previously-described "window of opportunity" and the vulnerability of competitors to a customer-oriented operation are significant. The average end-user is more concerned with customer service than with price.

4.1 Market Segmentation

The major customer groups for *N & J Investment Gravel, Inc.* are:

**Municipalities, Schools and State Agencies.** There are more than 10 municipalities in the immediate area who have needs for, our products and are in our target market. They are able to utilize our products and the quantities we could manufacture.

**Larger Construction Companies.** Many of the larger construction companies bid on state, county, city and large private construction projects. We have bid on their gravel products and received 12 awards in the past six months. We plan to bid on their asphalt needs as well this year.

**Construction and Private Companies.** The area is filled with smaller contractors who either purchase concrete, gravel and asphalt products directly, or arrange for them for a fee. Many of the smaller contractors are not compensated to a significant degree, and have been eager to utilize a company such as ours.

Chart: Market Analysis (Pie)

Market Analysis (Pie)

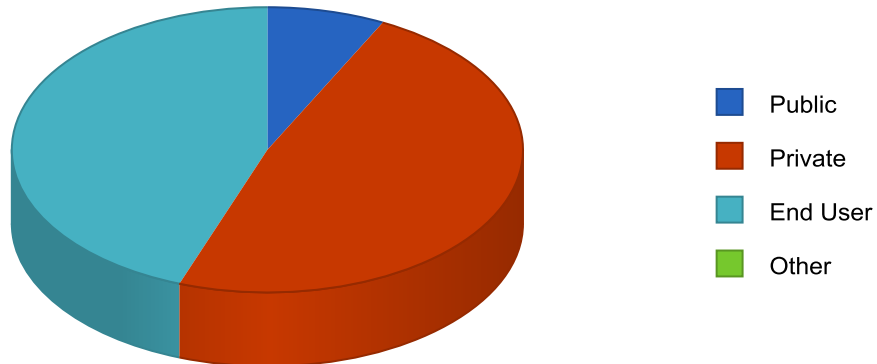


Table: Market Analysis

Market Analysis							
		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Public	15%	10	12	14	16	18	15.83%
Private	15%	65	75	86	99	114	15.08%
End User	20%	60	72	86	103	124	19.90%
Other	0%	0	0	0	0	0	0.00%
<b>Total</b>	<b>17.35%</b>	<b>135</b>	<b>159</b>	<b>186</b>	<b>218</b>	<b>256</b>	<b>17.35%</b>

#### 4.2 Target Market Segment Strategy

The population of the Four Corners Area has increased dramatically in the last 10 years and is still increasing, creating a greater demand for houses and roads. A large percentage of this increase is attributed to both retirees, and those with substantial incomes who have purchased a second home. Many people belonging to these groups have come from areas where good customer service is expected, and had been unhappy with the quality of customer service available before we began operations.

#### 4.3 Industry Analysis

The last decade has shown a consolidation of suppliers by nationwide corporations. In numerous instances, these companies have policies which are set on a national level and are not "user-friendly" or responsive to the particular needs of this region.

The area asphalt market has but one producer at present, with predictable non-competitive pricing and customer service policies.

##### 4.3.1 Competition and Buying Patterns

The Dar es salaam and cost region area is a region where "Word-of-Mouth" endorsements are unusually important. Most private end-user customers seem to choose their provider based on quick delivery, friendliness and customer service. Business and construction-related users choose based on the establishment of a mutually beneficial and trustworthy relationship.

#### 5.0 Strategy and Implementation Summary

*N & J Investment* Gravel, Inc.'s strategy is as follows:

1. Add an asphalt plant as quickly as possible to penetrate the asphalt market.
2. Continue to expand gravel sales.
3. Continue our uniquely designed service for those customers with their own delivery trucks.
4. Continue the establishment of long-term, mutually-beneficial relationships with commercial accounts.
5. Continue our revolutionary program to cut delivery costs for municipalities and industry end-users.
6. Aggressively market our "Consumer-Oriented" focus.

We intend to maximize product sales through aggressive marketing, penetrate the asphalt market, and increase our targeted marketing efforts.

##### 5.1 Marketing Strategy

The marketing strategy is the core of the main strategy, and is multi-faceted:

1. Penetrate the asphalt market.
2. Emphasize personal service and support.
3. Foster a long-term relationship business.
4. Focus on the public-sector, major contractor and high-end homeowner as key target markets.
5. Induce more companies to utilize our revolutionary delivery and loading strategies.

## 5.2 Competitive Edge

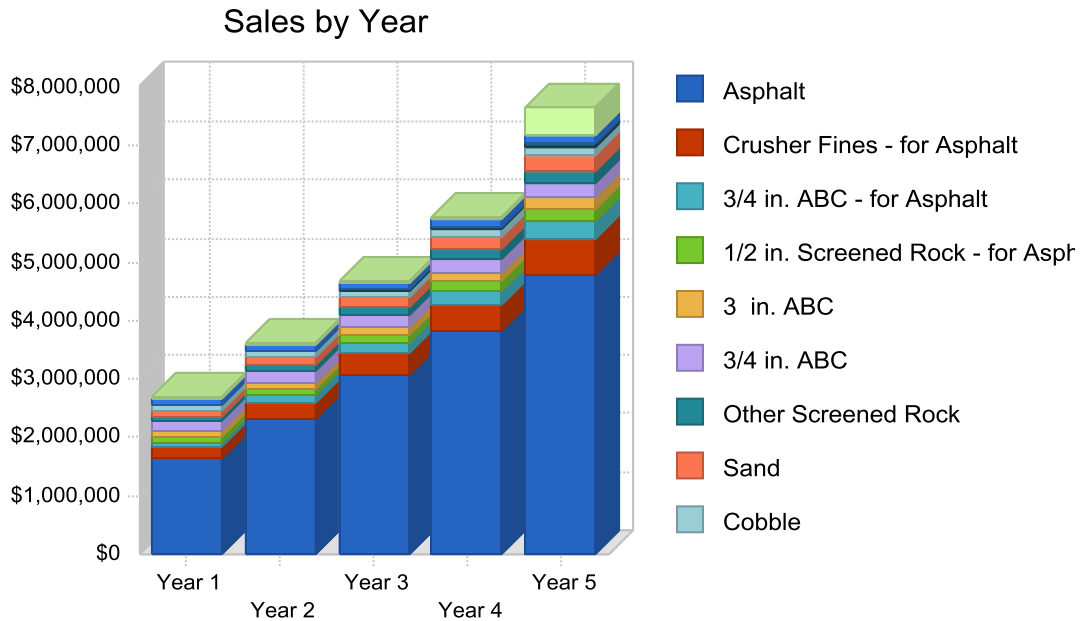
Our competitive edge is our quality product, location, emphasis on customer service, and our long-term availability of products.

## 5.3 Sales Strategy

We need to sell our company, not just the products. We have to sell our service and support.

The Yearly Total Sales chart summarizes our ambitious sales forecast. The marketing strategy is the core of the main strategy, and is multi-faceted.

Chart: Sales by Year



### 5.3.1 Sales Forecast

Sales forecasts are based on the following information:

1. The acquisition of an asphalt plant, in place by April, 2021.
2. A minimum 45.5K ton asphalt sales in year one.
3. Our gravel sales total reflects 45.5K tons "sold" to our asphalt plant.

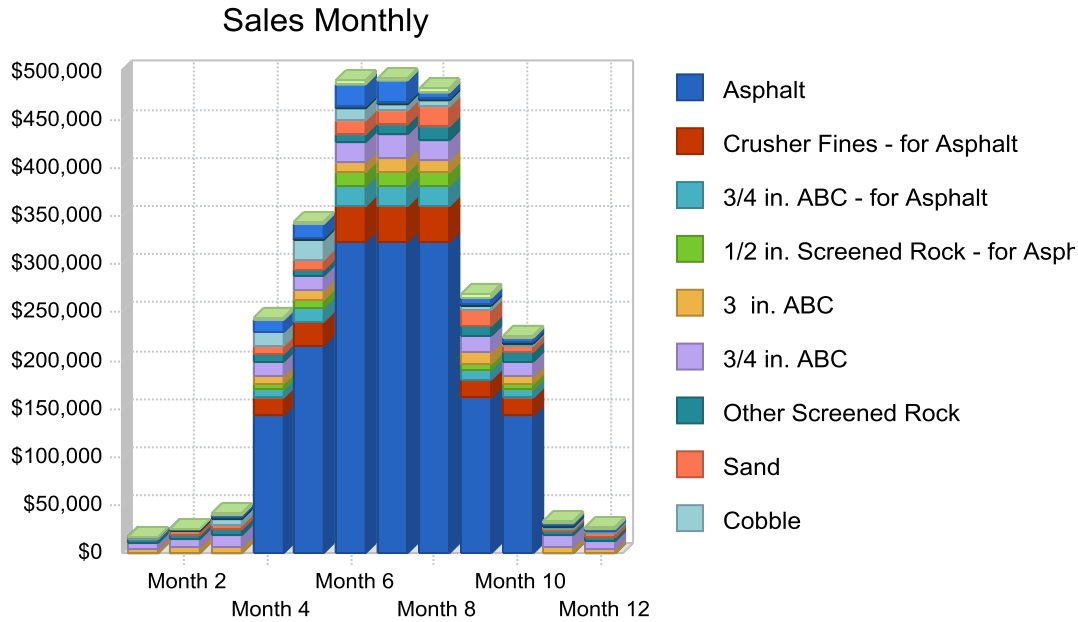
N & J Investment Ltd Gravel Business Plan

Table: Sales Forecast

<i>Sales Forecast</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Unit Sales					
Asphalt	45,500	61,000	77,000	90,860	109,032
Crusher Fines - for Asphalt	18,200	24,400	30,800	36,344	43,613
3/4 in. ABC - for Asphalt	18,200	24,400	30,800	36,344	43,613
1/2 in. Screened Rock - for Asphalt	9,100	12,200	15,400	18,172	21,806
3 in. ABC	23,800	25,000	26,500	28,000	30,000
3/4 in. ABC	31,200	33,000	35,000	37,000	40,000
Other Screened Rock	10,000	11,000	12,500	15,000	17,000
Sand	10,500	12,500	15,000	18,000	19,000
Cobble	6,100	6,500	7,000	8,000	9,000
Boulders	2,100	2,300	2,500	3,200	5,000
Topsoil	6,500	7,000	7,500	8,000	9,000
Other Dirt Products	10,000	11,000	12,000	13,000	14,500
Total Unit Sales	191,200	230,300	272,000	311,920	361,564
Unit Prices	Year 1	Year 2	Year 3	Year 4	Year 5
Asphalt	\$36.00	\$38.00	\$40.00	\$42.00	\$44.00
Crusher Fines - for Asphalt	\$10.50	\$11.25	\$12.00	\$13.00	\$14.00
3/4 in. ABC - for Asphalt	\$5.50	\$5.75	\$6.00	\$6.50	\$7.00
1/2 in. Screened Rock - for Asphalt	\$8.00	\$8.40	\$8.75	\$9.00	\$10.00
3 in. ABC	\$4.50	\$4.65	\$4.90	\$5.30	\$6.00
3/4 in. ABC	\$5.50	\$5.75	\$5.90	\$6.00	\$6.50
Other Screened Rock	\$9.00	\$9.50	\$10.00	\$10.50	\$11.00
Sand	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00
Cobble	\$13.00	\$14.00	\$15.00	\$16.00	\$17.00
Boulders	\$9.00	\$9.50	\$10.00	\$10.50	\$11.00
Topsoil	\$15.00	\$15.50	\$16.00	\$16.50	\$17.00
Other Dirt Products	\$2.50	\$2.65	\$2.80	\$3.10	\$33.00
Sales					
Asphalt	\$1,638,000	\$2,318,000	\$3,080,000	\$3,816,120	\$4,797,408
Crusher Fines - for Asphalt	\$191,100	\$274,500	\$369,600	\$472,472	\$610,579
3/4 in. ABC - for Asphalt	\$100,100	\$140,300	\$184,800	\$236,236	\$305,290
1/2 in. Screened Rock - for Asphalt	\$72,800	\$102,480	\$134,750	\$163,548	\$218,064
3 in. ABC	\$107,100	\$116,250	\$129,850	\$148,400	\$180,000
3/4 in. ABC	\$171,600	\$189,750	\$206,500	\$222,000	\$260,000
Other Screened Rock	\$90,000	\$104,500	\$125,000	\$157,500	\$187,000
Sand	\$105,000	\$137,500	\$180,000	\$234,000	\$266,000
Cobble	\$79,300	\$91,000	\$105,000	\$128,000	\$153,000
Boulders	\$18,900	\$21,850	\$25,000	\$33,600	\$55,000
Topsoil	\$97,500	\$108,500	\$120,000	\$132,000	\$153,000
Other Dirt Products	\$25,000	\$29,150	\$33,600	\$40,300	\$478,500
Total Sales	\$2,696,400	\$3,633,780	\$4,694,100	\$5,784,176	\$7,663,841
Direct Unit Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Asphalt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Crusher Fines - for Asphalt	\$5.50	\$5.50	\$5.50	\$5.50	\$6.00
3/4 in. ABC - for Asphalt	\$10.50	\$10.50	\$10.50	\$11.00	\$11.00
1/2 in. Screened Rock - for Asphalt	\$8.00	\$8.00	\$8.00	\$8.50	\$9.00
3 in. ABC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3/4 in. ABC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Screened Rock	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sand	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cobble	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Boulders	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Topsoil	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Dirt Products	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Direct Cost of Sales					
Asphalt	\$0	\$0	\$0	\$0	\$0
Crusher Fines - for Asphalt	\$100,100	\$134,200	\$169,400	\$199,892	\$261,677
3/4 in. ABC - for Asphalt	\$191,100	\$256,200	\$323,400	\$399,784	\$479,741
1/2 in. Screened Rock - for Asphalt	\$72,800	\$97,600	\$123,200	\$154,462	\$196,258
3 in. ABC	\$0	\$0	\$0	\$0	\$0
3/4 in. ABC	\$0	\$0	\$0	\$0	\$0
Other Screened Rock	\$0	\$0	\$0	\$0	\$0
Sand	\$0	\$0	\$0	\$0	\$0
Cobble	\$0	\$0	\$0	\$0	\$0
Boulders	\$0	\$0	\$0	\$0	\$0
Topsoil	\$0	\$0	\$0	\$0	\$0
Other Dirt Products	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Direct Cost of Sales</b>	<b>\$364,000</b>	<b>\$488,000</b>	<b>\$616,000</b>	<b>\$754,138</b>	<b>\$937,675</b>

# N & J Investment Ltd Gravel Business Plan

Chart: Sales Monthly



## 6.0 Management Summary

Our management philosophy is based on responsibility and mutual respect. We start including trucking and excavating personnel, total of 11 people. We expect to grow to 17 with the addition of the asphalt plant, and to 20 by next year.

### 6.1 Personnel Plan

The following table shows the Personnel Plan for *N & J Investment Gravel*.

Table: Personnel

<i>Personnel Plan</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Production Manager	\$26,300	\$27,500	\$28,800	\$30,000	\$32,000
Crusher 1	\$24,000	\$25,000	\$26,000	\$27,000	\$28,000
Crusher 2	\$21,600	\$22,000	\$22,500	\$23,000	\$24,000
Crusher 3	\$21,600	\$22,000	\$22,500	\$23,000	\$24,000
Asphalt 1	\$12,600	\$17,000	\$18,000	\$19,000	\$20,000
Asphalt 2	\$12,600	\$17,000	\$18,000	\$19,000	\$20,000
Asphalt 3	\$9,000	\$17,000	\$18,000	\$19,000	\$20,000
Asphalt Loader	\$12,600	\$22,700	\$24,000	\$25,000	\$26,000
Loader	\$21,600	\$22,700	\$24,000	\$24,500	\$25,000
Sales/Marketing 1	\$21,000	\$23,000	\$25,000	\$26,500	\$27,000
Other	\$0	\$0	\$0	\$0	\$0
Administrator	\$28,000	\$32,000	\$37,000	\$38,500	\$40,000
Other	\$0	\$0	\$0	\$0	\$0
Name or title	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Total People	9	12	15	17	20
<b>Total Payroll</b>	<b>\$210,900</b>	<b>\$247,900</b>	<b>\$263,800</b>	<b>\$274,500</b>	<b>\$286,000</b>

7.0 Financial Plan

The most important element in the financial plan is the critical need for improving several of the key factors that impact cash flow:

- We plan to finance our growth through a combination of long-term debt and cash flow. Purchase of the new asphalt plant and related equipment will require debt financing.
- Additional technology and equipment will be financed with cash flow.
- Inventory turnover is not a critical element to ensure profitability.

7.1 Important Assumptions

The financial plan depends on important assumptions, most of which are shown in the following table. The key underlying assumptions are:

- We assume a slow-growth economy, without major recession.
- We assume, of course, that there are no unforeseen changes in technology to make products immediately obsolete.
- We assume access to equity capital and financing sufficient to maintain our financial plan as shown in the tables.

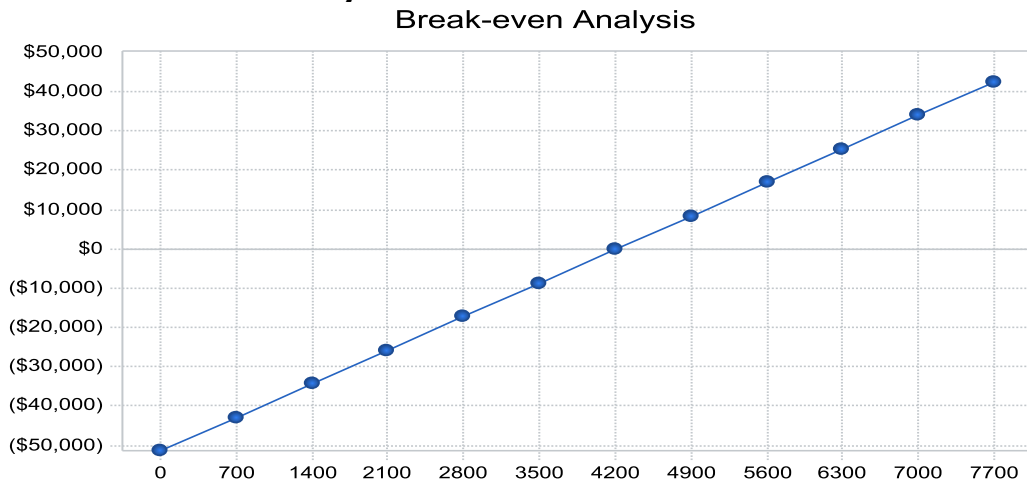
Table: General Assumptions

<i>General Assumptions</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Plan Month	1	2	3	4	5
Current Interest Rate	13.00%	13.00%	13.00%	13.00%	13.00%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	30.00%	30.00%	30.00%	25.00%	25.42%
<b>Other</b>	0	0	0	0	0

7.2 Break-even Analysis

The following table and chart describe our estimated monthly break-even point. Based on our estimated sales and expenses, our monthly break-even point will be approximately \$44,700.

**Chart: Break-even Analysis**



## N & J Investment Ltd Gravel Business Plan

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Units Break-even	4,210
Monthly Revenue Break-even	\$59,377
Assumptions:	
Average Per-Unit Revenue	\$14.10
Average Per-Unit Variable Cost	\$1.90
<b>Estimated Monthly Fixed Cost</b>	<b>\$51,361</b>

### 7.3 Projected Profit and Loss

We expect to close year 1 with approximately \$2,700,000 in sales and \$854,000 in profits.

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$2,696,400	\$3,633,780	\$4,694,100	\$5,784,176	\$7,663,841
Direct Cost of Sales	\$364,000	\$488,000	\$616,000	\$754,138	\$937,675
Asphalt Plant Maintenance	\$226,590	\$303,780	\$383,460	\$410,000	\$450,000
Asphalt By-Product Additives	\$273,000	\$36,600	\$46,200	\$56,300	\$65,000
Other	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$863,590	\$828,380	\$1,045,660	\$1,220,438	\$1,452,675
Gross Margin	\$1,832,810	\$2,805,400	\$3,648,440	\$4,563,738	\$6,211,166
Gross Margin %	67.97%	77.20%	77.72%	78.90%	81.05%
Expenses					
Payroll	\$210,900	\$247,900	\$263,800	\$274,500	\$286,000
Sales and Marketing and Other Expenses	\$0	\$0	\$0	\$0	\$0
Depreciation	\$18,000	\$24,000	\$30,000	\$36,000	\$42,000
Leased Equipment	\$124,800	\$145,000	\$145,000	\$150,000	\$150,000
Equipment Expense	\$18,000	\$21,000	\$25,000	\$30,000	\$35,000
Equipment Fuel	\$21,600	\$33,500	\$48,000	\$64,000	\$70,000
Utilities	\$9,000	\$12,000	\$15,000	\$18,000	\$22,000
Insurance	\$21,600	\$24,000	\$30,000	\$36,000	\$42,000
Office Expense	\$4,800	\$6,000	\$6,500	\$7,000	\$7,000
Miscellaneous	\$36,000	\$42,000	\$48,000	\$54,000	\$60,000
Pit Lease	\$120,000	\$150,000	\$180,000	\$210,000	\$250,000
Payroll Taxes	\$31,635	\$37,185	\$39,570	\$43,670	\$49,920
Other General and Administrative Expenses	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$616,335	\$742,585	\$830,870	\$923,170	\$1,013,920
Profit Before Interest and Taxes	\$1,216,475	\$2,062,815	\$2,817,570	\$3,640,568	\$5,197,246
EBITDA	\$1,234,475	\$2,086,815	\$2,847,570	\$3,676,568	\$5,239,246
Interest Expense	\$1,925	(\$5,400)	(\$9,000)	(\$13,500)	(\$18,900)
Taxes Incurred	\$364,365	\$620,465	\$847,971	\$913,517	\$1,325,770
Net Profit	\$850,185	\$1,447,751	\$1,978,599	\$2,740,551	\$3,890,375
<b>Net Profit/Sales</b>	<b>31.53%</b>	<b>39.84%</b>	<b>42.15%</b>	<b>47.38%</b>	<b>50.76%</b>

7.4 Projected Cash Flow

The cash flow depends on assumptions for inventory turnover, payment days, and accounts receivable management. Our projected 60-day collection days is critical, and it is also reasonable. We need \$110,000 in new financing (current borrowing and additional investment) in March to get through a cash flow dip as we build up for mid-year sales.

Chart: Cash

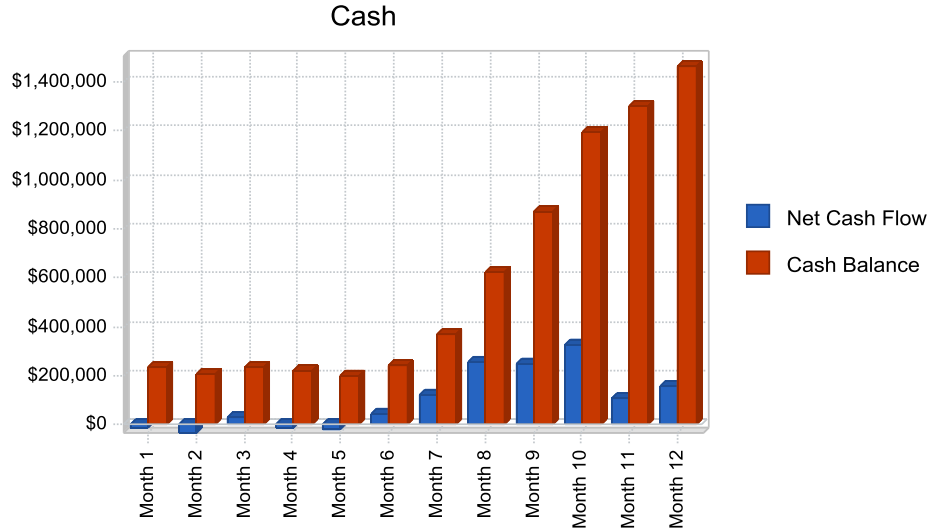


Table: Cash Flow

<i>Pro Forma Cash Flow</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations					
Cash Sales	\$134,820	\$181,689	\$234,705	\$289,209	\$383,192
Cash from Receivables	\$2,506,528	\$3,432,952	\$4,437,746	\$5,472,711	\$7,242,272
Subtotal Cash from Operations	\$2,641,348	\$3,614,641	\$4,672,451	\$5,761,920	\$7,625,464
Additional Cash Received					
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$60,000	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$50,000	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$2,751,348	\$3,614,641	\$4,672,451	\$5,761,920	\$7,625,464
Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures from Operations					
Cash Spending	\$210,900	\$247,900	\$263,800	\$274,500	\$286,000
Bill Payments	\$1,229,031	\$2,286,945	\$2,570,036	\$2,891,473	\$3,686,996
Subtotal Spent on Operations	\$1,439,931	\$2,534,845	\$2,833,836	\$3,165,973	\$3,972,996
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$60,000	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$36,000	\$36,000	\$36,000	\$54,000	\$54,000
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$1,535,931	\$2,570,845	\$2,869,836	\$3,219,973	\$4,026,996
Net Cash Flow	\$1,215,417	\$1,043,796	\$1,802,615	\$2,541,947	\$3,598,468
<b>Cash Balance</b>	<b>\$1,465,482</b>	<b>\$2,509,278</b>	<b>\$4,311,893</b>	<b>\$6,853,840</b>	<b>\$10,452,308</b>

## N & J Investment Ltd Gravel Business Plan

### 7.5 Projected Balance Sheet

The Projected Balance Sheet is quite positive. We do not project any real trouble meeting our debt obligations--as long as we can achieve our specific objectives.

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$1,465,482	\$2,509,278	\$4,311,893	\$6,853,840	\$10,452,308
Accounts Receivable	\$55,052	\$74,191	\$95,840	\$118,096	\$156,473
Inventory	\$285,479	\$836,637	\$994,352	\$1,180,646	\$1,490,915
Other Current Assets	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733
<b>Total Current Assets</b>	<b>\$1,890,746</b>	<b>\$3,504,839</b>	<b>\$5,486,818</b>	<b>\$8,237,315</b>	<b>\$12,184,428</b>
<b>Long-term Assets</b>					
Long-term Assets	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723
Accumulated Depreciation	\$18,000	\$42,000	\$72,000	\$108,000	\$150,000
<b>Total Long-term Assets</b>	<b>\$1,280,723</b>	<b>\$1,256,723</b>	<b>\$1,226,723</b>	<b>\$1,190,723</b>	<b>\$1,148,723</b>
<b>Total Assets</b>	<b>\$3,171,469</b>	<b>\$4,761,562</b>	<b>\$6,713,541</b>	<b>\$9,428,038</b>	<b>\$13,333,151</b>
<b>Liabilities and Capital</b>	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Current Liabilities</b>					
Accounts Payable	\$24,284	\$202,626	\$212,007	\$239,952	\$308,690
Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$24,284</b>	<b>\$202,626</b>	<b>\$212,007</b>	<b>\$239,952</b>	<b>\$308,690</b>
<b>Long-term Liabilities</b>					
Long-term Liabilities	(\$36,000)	(\$72,000)	(\$108,000)	(\$162,000)	(\$216,000)
<b>Total Liabilities</b>	<b>(\$11,716)</b>	<b>\$130,626</b>	<b>\$104,007</b>	<b>\$77,952</b>	<b>\$92,690</b>
<b>Paid-in Capital</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>
<b>Retained Earnings</b>	<b>(\$217,000)</b>	<b>\$633,185</b>	<b>\$2,080,936</b>	<b>\$4,059,535</b>	<b>\$6,800,086</b>
<b>Earnings</b>	<b>\$850,185</b>	<b>\$1,447,751</b>	<b>\$1,978,599</b>	<b>\$2,740,551</b>	<b>\$3,890,375</b>
<b>Total Capital</b>	<b>\$3,183,185</b>	<b>\$4,630,936</b>	<b>\$6,609,535</b>	<b>\$9,350,086</b>	<b>\$13,240,461</b>
<b>Total Liabilities and Capital</b>	<b>\$3,171,469</b>	<b>\$4,761,562</b>	<b>\$6,713,541</b>	<b>\$9,428,038</b>	<b>\$13,333,151</b>
<b>Net Worth</b>	<b>\$3,183,185</b>	<b>\$4,630,936</b>	<b>\$6,609,535</b>	<b>\$9,350,086</b>	<b>\$13,240,461</b>

### 7.6 Business Ratios

The table follows with our main business ratios. We do intend to improve gross margin and collection days. Industry profile ratios based on the Standard Industrial Classification (SIC) code 1442, Construction Sand and Gravel, are shown for comparison.

## N & J Investment Ltd Gravel Business Plan

Table: Ratios

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3	Year 4	Year 5	Industry Profile
Sales Growth	n.a.	34.76%	29.18%	23.22%	32.50%	11.10%
<b>Percent of Total Assets</b>						
Accounts Receivable	1.74%	1.56%	1.43%	1.25%	1.17%	14.30%
Inventory	9.00%	17.57%	14.81%	12.52%	11.18%	6.70%
Other Current Assets	2.67%	1.78%	1.26%	0.90%	0.64%	32.60%
Total Current Assets	59.62%	73.61%	81.73%	87.37%	91.38%	53.60%
Long-term Assets	40.38%	26.39%	18.27%	12.63%	8.62%	46.40%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Current Liabilities</b>						
Current Liabilities	0.77%	4.26%	3.16%	2.55%	2.32%	31.90%
Long-term Liabilities	-1.14%	-1.51%	-1.61%	-1.72%	-1.62%	26.20%
Total Liabilities	-0.37%	2.74%	1.55%	0.83%	0.70%	58.10%
Net Worth	100.37%	97.26%	98.45%	99.17%	99.30%	41.90%
<b>Percent of Sales</b>						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	67.97%	77.20%	77.72%	78.90%	81.05%	39.10%
Selling, General & Administrative Expenses	30.36%	30.94%	29.69%	0.00%	0.00%	19.60%
Advertising Expenses	0.22%	0.18%	0.15%	0.00%	0.00%	0.10%
Profit Before Interest and Taxes	45.11%	56.77%	60.02%	62.94%	67.82%	3.70%
<b>Main Ratios</b>						
Current	77.86	17.30	25.88	34.33	39.47	1.68
Quick	66.10	13.17	21.19	29.41	34.64	1.22
Total Debt to Total Assets	-0.37%	2.74%	1.55%	0.83%	0.70%	58.10%
Pre-tax Return on Net Worth	38.16%	44.66%	42.77%	39.08%	39.40%	3.70%
Pre-tax Return on Assets	38.30%	43.44%	42.10%	38.76%	39.12%	8.80%
<b>Additional Ratios</b>						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Profit Margin	31.53%	39.84%	42.15%	47.38%	50.76%	n.a
Return on Equity	26.71%	31.26%	29.94%	29.31%	29.38%	n.a
<b>Activity Ratios</b>						
Accounts Receivable Turnover	46.53	46.53	46.53	46.53	46.53	n.a
Collection Days	60	7	7	7	7	n.a
Inventory Turnover	0.78	0.87	0.67	0.69	0.70	n.a
Accounts Payable Turnover	51.61	12.17	12.17	12.17	12.17	n.a
Payment Days	27	17	29	28	27	n.a
Total Asset Turnover	0.85	0.76	0.70	0.61	0.57	n.a
<b>Debt Ratios</b>						
Debt to Net Worth	-0.00	0.03	0.02	0.01	0.01	n.a
Current Liab. to Liab.	0.00	1.55	2.04	3.08	3.33	n.a
<b>Liquidity Ratios</b>						
Net Working Capital	\$1,866,462	\$3,302,212	\$5,274,812	\$7,997,363	\$11,875,738	n.a
Interest Coverage	631.94	0.00	0.00	0.00	0.00	n.a
<b>Additional Ratios</b>						
Assets to Sales	1.18	1.31	1.43	1.63	1.74	n.a
Current Debt/Total Assets	1%	4%	3%	3%	2%	n.a
Acid Test	63.84	12.80	20.74	28.92	34.13	n.a
Sales/Net Worth	0.85	0.78	0.71	0.62	0.58	n.a
<b>Dividend Payout</b>	0.00	0.00	0.00	0.00	0.00	n.a

## Appendix

Table: Sales Forecast

Sales Forecast												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Unit Sales</b>												
Asphalt	0%	0	0	4,000	6,000	9,000	9,000	9,000	4,500	4,000	0	0
Crusher Fines - for Asphalt	0%	0	0	1,600	2,400	3,600	3,600	3,600	1,800	1,600	0	0
3/4 in. ABC - for Asphalt	0%	0	0	1,600	2,400	3,600	3,600	3,600	1,800	1,600	0	0
1/2 in. Screened Rock - for Asphalt	0%	0	0	800	1,200	1,800	1,800	1,800	900	800	0	0
3 in. ABC	0%	1,000	1,300	1,500	2,000	2,000	2,500	3,500	3,000	2,500	2,000	1,500
3/4 in. ABC	0%	1,200	1,600	2,000	2,600	2,800	3,500	4,500	3,800	3,000	2,700	2,000
Other Screened Rock	0%	300	500	700	800	800	1,000	1,000	1,500	1,300	1,100	500
Sand	0%	100	300	500	1,000	1,000	1,500	1,500	2,000	1,500	500	300
Cobble	0%	100	100	500	1,000	1,500	1,000	500	500	300	200	200
Boulders	0%	50	100	150	200	250	250	250	250	200	100	50
Topsoil	0%	0	0	200	700	1,000	1,500	1,500	500	500	300	200
Other Dirt Products	0%	300	500	700	800	800	1,000	1,000	1,500	1,300	1,100	500
<b>Total Unit Sales</b>		<b>3,050</b>	<b>4,400</b>	<b>6,250</b>	<b>17,100</b>	<b>22,150</b>	<b>30,250</b>	<b>31,750</b>	<b>31,050</b>	<b>19,650</b>	<b>16,100</b>	<b>5,300</b>
<b>Unit Prices</b>												
Asphalt		\$36.00	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
Crusher Fines - for Asphalt		\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50
3/4 in. ABC - for Asphalt		\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
1/2 in. Screened Rock - for Asphalt		\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
3 in. ABC		\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
3/4 in. ABC		\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
Other Screened Rock		\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Sand		\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Cobble		\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00
Boulders		\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Topsoil		\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Other Dirt Products		\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
<b>Sales</b>												
Asphalt		\$0	\$0	\$0	\$144,000	\$216,000	\$324,000	\$324,000	\$324,000	\$162,000	\$144,000	\$0
Crusher Fines - for Asphalt		\$0	\$0	\$0	\$16,800	\$25,200	\$37,800	\$37,800	\$37,800	\$18,900	\$16,800	\$0
3/4 in. ABC - for Asphalt		\$0	\$0	\$0	\$8,800	\$13,200	\$19,800	\$19,800	\$19,800	\$9,900	\$8,800	\$0
1/2 in. Screened Rock - for Asphalt		\$0	\$0	\$0	\$6,400	\$9,600	\$14,400	\$14,400	\$14,400	\$7,200	\$6,400	\$0
3 in. ABC		\$4,500	\$5,850	\$6,750	\$9,000	\$9,000	\$11,250	\$15,750	\$13,500	\$11,250	\$9,000	\$6,750
3/4 in. ABC		\$6,600	\$8,800	\$11,000	\$14,300	\$15,400	\$19,250	\$24,750	\$20,900	\$16,500	\$14,850	\$11,000
Other Screened Rock		\$2,700	\$4,500	\$6,300	\$7,200	\$7,200	\$9,000	\$9,000	\$13,500	\$11,700	\$9,900	\$4,500
Sand		\$1,000	\$3,000	\$5,000	\$10,000	\$10,000	\$15,000	\$15,000	\$20,000	\$15,000	\$5,000	\$3,000
Cobble		\$1,300	\$1,300	\$6,500	\$13,000	\$19,500	\$13,000	\$6,500	\$6,500	\$3,900	\$2,600	\$2,600

## Appendix

Boulders		\$450	\$900	\$1,350	\$1,800	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$1,800	\$900	\$450
Topsoil		\$0	\$0	\$3,000	\$10,500	\$15,000	\$22,500	\$22,500	\$7,500	\$7,500	\$4,500	\$3,000	\$1,500
Other Dirt Products		\$750	\$1,250	\$1,750	\$2,000	\$2,000	\$2,500	\$2,500	\$3,750	\$3,250	\$2,750	\$1,250	\$1,250
<b>Total Sales</b>		<b>\$17,300</b>	<b>\$25,600</b>	<b>\$41,650</b>	<b>\$243,800</b>	<b>\$344,350</b>	<b>\$490,750</b>	<b>\$494,250</b>	<b>\$483,900</b>	<b>\$269,350</b>	<b>\$226,400</b>	<b>\$33,000</b>	<b>\$26,050</b>
<b>Direct Unit Costs</b>		<b>Month 1</b>	<b>Month 2</b>	<b>Month 3</b>	<b>Month 4</b>	<b>Month 5</b>	<b>Month 6</b>	<b>Month 7</b>	<b>Month 8</b>	<b>Month 9</b>	<b>Month 10</b>	<b>Month 11</b>	<b>Month 12</b>
Asphalt	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Crusher Fines - for Asphalt	0.00%	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
3/4 in. ABC - for Asphalt	0.00%	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50
1/2 in. Screened Rock - for Asphalt	0.00%	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
3 in. ABC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3/4 in. ABC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Screened Rock	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sand	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cobble	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Boulders	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Topsoil	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Dirt Products	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Direct Cost of Sales</b>													
Asphalt		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Crusher Fines - for Asphalt		\$0	\$0	\$0	\$8,800	\$13,200	\$19,800	\$19,800	\$19,800	\$9,900	\$8,800	\$0	\$0
3/4 in. ABC - for Asphalt		\$0	\$0	\$0	\$16,800	\$25,200	\$37,800	\$37,800	\$37,800	\$18,900	\$16,800	\$0	\$0
1/2 in. Screened Rock - for Asphalt		\$0	\$0	\$0	\$6,400	\$9,600	\$14,400	\$14,400	\$14,400	\$7,200	\$6,400	\$0	\$0
3 in. ABC		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3/4 in. ABC		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Screened Rock		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sand		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cobble		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boulders		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Topsoil		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Dirt Products		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Direct Cost of Sales</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,000</b>	<b>\$48,000</b>	<b>\$72,000</b>	<b>\$72,000</b>	<b>\$72,000</b>	<b>\$36,000</b>	<b>\$32,000</b>	<b>\$0</b>	<b>\$0</b>

## Appendix

Table: Personnel

<i>Personnel Plan</i>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Production Manager	0%	\$1,800	\$2,000	\$2,000	\$2,100	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
Crusher 1	0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Crusher 2	0%	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Crusher 3	0%	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Asphalt 1	0%	\$0	\$0	\$0	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$0	\$0
Asphalt 2	0%	\$0	\$0	\$0	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$0	\$0
Asphalt 3	0%	\$0	\$0	\$0	\$0	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$0	\$0	\$0
Asphalt Loader	0%	\$0	\$0	\$0	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$0	\$0
Loader	0%	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Sales/Marketing 1	0%	\$0	\$0	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrator	0%	\$2,000	\$2,000	\$2,500	\$2,000	\$2,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Name or title	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People		6	6	7	10	11	11	11	11	11	10	9	9
<b>Total Payroll</b>		<b>\$11,200</b>	<b>\$11,400</b>	<b>\$14,000</b>	<b>\$19,000</b>	<b>\$21,000</b>	<b>\$21,500</b>	<b>\$21,500</b>	<b>\$21,500</b>	<b>\$21,500</b>	<b>\$19,700</b>	<b>\$14,300</b>	<b>\$14,300</b>

Table: General Assumptions

<i>General Assumptions</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
<b>Other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Appendix

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>	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	\$17,300	\$25,600	\$41,650	\$243,800	\$344,350	\$490,750	\$494,250	\$483,900	\$269,350	\$226,400	\$33,000	\$26,050
Direct Cost of Sales	\$0	\$0	\$0	\$32,000	\$48,000	\$72,000	\$72,000	\$72,000	\$36,000	\$32,000	\$0	\$0
Asphalt Plant Maintenance	\$0	\$0	\$0	\$19,920	\$29,880	\$44,820	\$44,820	\$44,820	\$22,410	\$19,920	\$0	\$0
Asphalt By-Product Additives	\$0	\$0	\$0	\$24,000	\$36,000	\$54,000	\$54,000	\$54,000	\$27,000	\$24,000	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$0	\$0	\$0	\$75,920	\$113,880	\$170,820	\$170,820	\$170,820	\$85,410	\$75,920	\$0	\$0
Gross Margin	\$17,300	\$25,600	\$41,650	\$167,880	\$230,470	\$319,930	\$323,430	\$313,080	\$183,940	\$150,480	\$33,000	\$26,050
Gross Margin %	100.00%	100.00%	100.00%	68.86%	66.93%	65.19%	65.44%	64.70%	68.29%	66.47%	100.00%	100.00%
<b>Expenses</b>												
Payroll	\$11,200	\$11,400	\$14,000	\$19,000	\$21,000	\$21,500	\$21,500	\$21,500	\$21,500	\$19,700	\$14,300	\$14,300
Sales and Marketing and Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Leased Equipment	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400
Equipment Expense	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Equipment Fuel	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Utilities	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
Insurance	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Office Expense	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Miscellaneous	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Pit Lease	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Payroll Taxes	15% \$1,680	\$1,710	\$2,100	\$2,850	\$3,150	\$3,225	\$3,225	\$3,225	\$3,225	\$2,955	\$2,145	\$2,145
Other General and Administrative Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$44,030	\$44,260	\$47,250	\$53,000	\$55,300	\$55,875	\$55,875	\$55,875	\$55,875	\$53,805	\$47,595	\$47,595
Profit Before Interest and Taxes	(\$26,730)	(\$18,660)	(\$5,600)	\$114,880	\$175,170	\$264,055	\$267,555	\$257,205	\$128,065	\$96,675	(\$14,595)	(\$21,545)
EBITDA	(\$25,230)	(\$17,160)	(\$4,100)	\$116,380	\$176,670	\$265,555	\$269,055	\$258,705	\$129,565	\$98,175	(\$13,095)	(\$20,045)
Interest Expense	\$0	\$0	\$575	\$575	\$575	\$175	\$175	\$175	\$100	\$100	(\$225)	(\$300)
Taxes Incurred	(\$8,019)	(\$5,598)	(\$1,853)	\$34,292	\$52,379	\$79,164	\$80,214	\$77,109	\$38,390	\$28,973	(\$4,311)	(\$6,374)
Net Profit	(\$18,711)	(\$13,062)	(\$4,323)	\$80,014	\$122,217	\$184,716	\$187,166	\$179,921	\$89,576	\$67,603	(\$10,059)	(\$14,872)
<b>Net Profit/Sales</b>	-108.16%	-51.02%	-10.38%	32.82%	35.49%	37.64%	37.87%	37.18%	33.26%	29.86%	-30.48%	-57.09%

## Appendix

Table: Cash Flow

<i>Pro Forma Cash Flow</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Cash Received</b>												
Cash from Operations												
Cash Sales	\$865	\$1,280	\$2,083	\$12,190	\$17,218	\$24,538	\$24,713	\$24,195	\$13,468	\$11,320	\$1,650	\$1,303
Cash from Receivables	\$0	\$548	\$16,698	\$24,828	\$45,969	\$234,794	\$331,769	\$466,323	\$469,210	\$452,911	\$254,522	\$208,956
Subtotal Cash from Operations	\$865	\$1,828	\$18,780	\$37,018	\$63,186	\$259,332	\$356,481	\$490,518	\$482,677	\$464,231	\$256,172	\$210,258
Additional Cash Received												
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$865	\$1,828	\$78,780	\$37,018	\$113,186	\$259,332	\$356,481	\$490,518	\$482,677	\$464,231	\$256,172	\$210,258
<b>Expenditures</b>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations												
Cash Spending	\$11,200	\$11,400	\$14,000	\$19,000	\$21,000	\$21,500	\$21,500	\$21,500	\$21,500	\$19,700	\$14,300	\$14,300
Bill Payments	\$777	\$23,393	\$25,919	\$33,166	\$112,631	\$153,614	\$211,069	\$211,981	\$206,039	\$120,269	\$102,986	\$27,188
Subtotal Spent on Operations	\$11,977	\$34,793	\$39,919	\$52,166	\$133,631	\$175,114	\$232,569	\$233,481	\$227,539	\$139,969	\$117,286	\$41,488
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$30,000	\$0	\$0	\$0	\$0	\$30,000	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$9,000	\$0	\$0	\$9,000	\$0	\$0	\$9,000	\$0	\$0	\$9,000
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$11,977	\$34,793	\$48,919	\$52,166	\$133,631	\$214,114	\$232,569	\$233,481	\$236,539	\$139,969	\$147,286	\$50,488
Net Cash Flow	(\$11,112)	(\$32,965)	\$29,861	(\$15,148)	(\$20,445)	\$45,218	\$123,912	\$257,038	\$246,138	\$324,262	\$108,886	\$159,770
<b>Cash Balance</b>	\$238,953	\$205,988	\$235,849	\$220,701	\$200,256	\$245,474	\$369,386	\$626,424	\$872,563	\$1,196,825	\$1,305,711	\$1,465,482

## Appendix

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Assets</b>	Starting Balances												
<b>Current Assets</b>													
Cash	\$250,065	\$238,953	\$205,988	\$235,849	\$220,701	\$200,256	\$245,474	\$369,386	\$626,424	\$872,563	\$1,196,825	\$1,305,711	\$1,465,482
Accounts Receivable	\$0	\$16,435	\$40,207	\$63,077	\$269,859	\$551,022	\$782,441	\$920,210	\$913,591	\$700,264	\$462,433	\$239,261	\$55,052
Inventory	\$649,479	\$649,479	\$649,479	\$649,479	\$617,479	\$569,479	\$497,479	\$425,479	\$353,479	\$317,479	\$285,479	\$285,479	\$285,479
Other Current Assets	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733	\$84,733
<b>Total Current Assets</b>	<b>\$984,277</b>	<b>\$989,600</b>	<b>\$980,407</b>	<b>\$1,033,138</b>	<b>\$1,192,772</b>	<b>\$1,405,491</b>	<b>\$1,610,127</b>	<b>\$1,799,808</b>	<b>\$1,978,228</b>	<b>\$1,975,039</b>	<b>\$2,029,470</b>	<b>\$1,915,184</b>	<b>\$1,890,746</b>
<b>Long-term Assets</b>													
Long-term Assets	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723	\$1,298,723
Accumulated Depreciation	\$0	\$1,500	\$3,000	\$4,500	\$6,000	\$7,500	\$9,000	\$10,500	\$12,000	\$13,500	\$15,000	\$16,500	\$18,000
<b>Total Long-term Assets</b>	<b>\$1,298,723</b>	<b>\$1,297,223</b>	<b>\$1,295,723</b>	<b>\$1,294,223</b>	<b>\$1,292,723</b>	<b>\$1,291,223</b>	<b>\$1,289,723</b>	<b>\$1,288,223</b>	<b>\$1,286,723</b>	<b>\$1,285,223</b>	<b>\$1,283,723</b>	<b>\$1,282,223</b>	<b>\$1,280,723</b>
<b>Total Assets</b>	<b>\$2,283,000</b>	<b>\$2,286,823</b>	<b>\$2,276,130</b>	<b>\$2,327,361</b>	<b>\$2,485,495</b>	<b>\$2,696,714</b>	<b>\$2,899,850</b>	<b>\$3,088,031</b>	<b>\$3,264,951</b>	<b>\$3,260,262</b>	<b>\$3,313,193</b>	<b>\$3,197,407</b>	<b>\$3,171,469</b>
<b>Liabilities and Capital</b>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Current Liabilities</b>													
Accounts Payable	\$0	\$22,534	\$24,903	\$29,457	\$107,577	\$146,579	\$204,000	\$205,015	\$202,013	\$116,749	\$102,078	\$26,350	\$24,284
Current Borrowing	\$0	\$0	\$0	\$60,000	\$60,000	\$60,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$0</b>	<b>\$22,534</b>	<b>\$24,903</b>	<b>\$89,457</b>	<b>\$167,577</b>	<b>\$206,579</b>	<b>\$234,000</b>	<b>\$235,015</b>	<b>\$232,013</b>	<b>\$146,749</b>	<b>\$132,078</b>	<b>\$26,350</b>	<b>\$24,284</b>
<b>Long-term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,000)</b>	<b>(\$9,000)</b>	<b>(\$9,000)</b>	<b>(\$18,000)</b>	<b>(\$18,000)</b>	<b>(\$18,000)</b>	<b>(\$27,000)</b>	<b>(\$27,000)</b>	<b>(\$27,000)</b>	<b>(\$36,000)</b>
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$22,534</b>	<b>\$24,903</b>	<b>\$80,457</b>	<b>\$158,577</b>	<b>\$197,579</b>	<b>\$216,000</b>	<b>\$217,015</b>	<b>\$214,013</b>	<b>\$119,749</b>	<b>\$105,078</b>	<b>(\$650)</b>	<b>(\$11,716)</b>
<b>Paid-in Capital</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>	<b>\$2,550,000</b>
<b>Retained Earnings</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>	<b>(\$217,000)</b>
<b>Earnings</b>	<b>\$0</b>	<b>(\$18,711)</b>	<b>(\$31,773)</b>	<b>(\$36,096)</b>	<b>\$43,918</b>	<b>\$166,135</b>	<b>\$350,851</b>	<b>\$538,017</b>	<b>\$717,938</b>	<b>\$807,513</b>	<b>\$875,116</b>	<b>\$865,057</b>	<b>\$850,185</b>
<b>Total Capital</b>	<b>\$2,283,000</b>	<b>\$2,264,289</b>	<b>\$2,251,227</b>	<b>\$2,246,905</b>	<b>\$2,326,918</b>	<b>\$2,499,135</b>	<b>\$2,683,851</b>	<b>\$2,871,017</b>	<b>\$3,050,938</b>	<b>\$3,140,513</b>	<b>\$3,208,116</b>	<b>\$3,198,057</b>	<b>\$3,183,185</b>
<b>Total Liabilities and Capital</b>	<b>\$2,283,000</b>	<b>\$2,286,823</b>	<b>\$2,276,130</b>	<b>\$2,327,361</b>	<b>\$2,485,495</b>	<b>\$2,696,714</b>	<b>\$2,899,850</b>	<b>\$3,088,031</b>	<b>\$3,264,951</b>	<b>\$3,260,262</b>	<b>\$3,313,193</b>	<b>\$3,197,407</b>	<b>\$3,171,469</b>
<b>Net Worth</b>	<b>\$2,283,000</b>	<b>\$2,264,289</b>	<b>\$2,251,227</b>	<b>\$2,246,905</b>	<b>\$2,326,918</b>	<b>\$2,499,135</b>	<b>\$2,683,851</b>	<b>\$2,871,017</b>	<b>\$3,050,938</b>	<b>\$3,140,513</b>	<b>\$3,208,115</b>	<b>\$3,198,056</b>	<b>\$3,183,185</b>