

# **KAYEN INVESTMENTS LIMITED**

## **BUSINESS PLAN**

**FOR**

**MANUFACTURING OF POLYPROPYLENE BAGS**

**PREPARED FOR**

**KAYEN INVESTMENTS LIMITED.**

**Dar es Salaam**

## 1.0 Introduction

KAYEN INVESTMENTS LIMITED is a company incorporated in Tanzania under the Companies Act 2002; KAYEN INVESTMENTS LIMITED is bearer of Certificate of incorporation No. 95404 dated 23<sup>rd</sup> November 2012. The company is planning to invest in manufacturing of polypropylene bags for chemical, food, mining, cement industries etc.

KAYEN INVESTMENTS LIMITED is set to service a wide range of clientele not just in Tanzania, but also parts of the East African Community and SADC region.

The board of directors of KAYEN INVESTMENTS LIMITED is aware that there are several companies engaged in manufacturing of polypropylene bags and other companies are importing polypropylene bags in Tanzania, which is why the company spent time and resources to conduct thorough feasibility studies and market survey so as to be well positioned to favorably compete with all competitors.

KAYEN INVESTMENTS LIMITED will ensure that all polypropylene bags that leave our factory are of the highest quality. The board of directors wants to build a business with a wide range of clientele base that cut across businesses in the fast-moving consumer goods (FMCG) sector.

KAYEN INVESTMENTS LIMITED will always demonstrate its commitment to sustainability, both individually and as a firm, by actively

participating in our communities and integrating sustainable business practices wherever possible. The company will ensure that we hold ourselves accountable to the highest standards by meeting our customers' needs precisely and completely whenever they patronize our products.

## 1.2 Location

KAYEN INVESTMENTS LIMITED has been able to lease a facility that is big enough to accommodate machines, store, and office. The project is located at Plot No. 10, Block 47, Shekilango Road, Kijitonyama, Kinondoni, Dar es Salaam

## 1.3 Company Ownership

**KAYEN INVESTMENTS LIMITED** a company with 6,100 Number of shares and Aggregate nominal value of Tsh 183,000,000. The company is owned by four international investors with vast experiences in polypropylene bags businesses, with over 12 years' experience, working for some of the leading brands in Africa.

| <b>Subscribers</b> | <b>% Shareholding</b> | <b>Nationality</b> | <b>Date of birth</b>         |
|--------------------|-----------------------|--------------------|------------------------------|
| FRANK CHABLAT      | 16.2                  | French             | 3 <sup>rd</sup> November 197 |

|  |      |         |                |
|--|------|---------|----------------|
| Postal code 14111, Plot No.<br>56, Ghuba Road, Near<br>Oysterbay Shopping Mall, Dar<br>es Salaam<br><br>Email: Cfranck.ke@gmail.com<br><br>Tel: +255693301686  |      |         |                |
| DIANA ATIENO CHABLAT<br><br>Postal code 14111, Plot No.<br>56, Ghuba Road, Near<br>Oysterbay Shopping Mall, Dar<br>es Salaam<br><br>E-mail :<br>diana.atieno@googlemail.com<br><br>Mobile : 255755205879 | 16.2 | Ugandan | 18th May 1982  |
| JAMES SEWE<br><br>Postal code 14112, Hse No.<br>10, Mtaa wa Maji Maji,<br>Mikocheni, B, Dar es Salaam<br><br>E-mail:<br>Hassansewe@gmail.com   | 16.2 | Kenyan  | 25th July 1988 |

|  |      |           |                                      |
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| AISHA HAMISI SULEIMAN<br><br>Postal code 14113, Mtaa wa<br>Kanisani KKKT, Kijitonama,<br>Dar es Salaam<br><br>E-mail: Cfranck.ke@gmail.com<br><br>Mobile : +255656806686 | 51.4 | Tanzanian | 05 <sup>th</sup> Septemb<br><br>1989 |

#### **1.4 Business Plan Objective**

To assess the feasibility of the project to be registered with Tanzania Investment Centre

#### **1.5 Vision Statement**

The company vision is to become one of the leading manufacturers of polypropylene bags in the United Republic of Tanzania.

#### **1.6 Mission Statement**

The company mission is to establish a one stop for polypropylene bags in Tanzania.

#### **1.7 Project Sustainability**

The project sponsors having studied market conditions are convinced that the project will be able to operate undisturbed provided the government rules and regulations are amended to affect the project.

### **1.9 Quality Control System**

The required quality control system will be employed ensuring that the quality of polypropylene bags produced maintain the same standard as provided by government regulatory institutions

### **2.0 Sustainability and Expansion Strategy**

The future of a business lies in the number of loyal customers that they have, the capacity and competence of their employees, their investment strategy, and the business structure. If all these factors are missing from a business, then it won't be too long before the business closes shop.

One of our major goals of starting KAYEN INVESTMENTS LIMITED is to build a business that will survive from its own cash flow without injecting finance from external sources once the business is officially running.

We know that one of the ways of gaining approval and winning customers over, is to manufacture quality polypropylene bags and to

retail them at a cheaper price than what is obtainable in the market and we are prepared to survive on lower profit margin for a while.

KAYEN INVESTMENTS LIMITED will make sure that the right foundations, structures, and processes are put in place to ensure that our staff welfare are well taken care of. Our company's corporate culture is designed to drive our business to greater heights and training and retraining of our workforce is at the top burner.

We know that if that is put in place, we will be able to successfully hire and retain the best hands we can get in the industry; they will be more committed to help us build the business of our dreams.

## **2.1 Project Capacity**

- The company is planning to manufacture 1, 100 Tons of polypropylene bags per year (Approx. 10 Million)

## **2.2 Our Product Offerings**

KAYEN INVESTMENTS LIMITED is in the industry to manufacture a wide range of polypropylene bags. The company is determined to set up manufacturing lines to service a wide range of clientele not just in

Tanzania, but also in East Africa as well as in the SADC region and of course to make profits, which is why we will ensure we go all the way to give our clients and potential clients options.

Basically, the company plans to commence with the following.

- Polypropylene bags for chemical industries
- Polypropylene bags for food/agriculture industries
- Polypropylene bags for mining industries
- Polypropylene bags for cement industries etc.

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### **3.0 Our Business Structure**

The intention of starting a polypropylene bag manufacturing company is to build a standard polypropylene bag manufacturing company in Tanzania. Although our company might not be as big as Azania Poly Bag Industries Ltd which has an annual production capacity of more than 40 million bags, but the Board of directors will ensure that we put the right structure in place that will support the kind of growth that we envision.

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The company will make sure that we employ people that are qualified, honest, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders.

In view of that, we have decided to hire qualified and competent hands to occupy the following positions; Production manager, Stitchers, machine operators, Quality control manager, baling operators, dispatch supervisor, Store manager, technicians and others. The management team comprises of dedicated, passionate, and enthusiastic team members.

The company will cater to employment opportunity, with **42** people of whom **37** are Tanzanians.

| <b>Employment</b> | <b>Foreign Skilled</b> | <b>Local Skilled</b> | <b>Local Unskilled</b> | <b>Total</b> |
|-------------------|------------------------|----------------------|------------------------|--------------|
| Women             | 1                      | 5                    | 8                      | 14           |
| Men               | 4                      | 12                   | 12                     | 28           |
| <b>TOTAL</b>      | <b>5</b>               | <b>17</b>            | <b>20</b>              | <b>42</b>    |

#### **4.0 SWOT Analysis**

KAYEN INVESTMENTS LIMITED plans to become one of the leading polypropylene bags manufacturing companies in Tanzania and we are

aware that it will take the right business concept, management, and organizational structure to achieve our goal.

The Board of directors knows that there are several polypropylene bags manufacturing companies In Tanzania, which is why we are following the due process of establishing a business. We know that if a proper SWOT analysis is conducted for our business, we will be able to position our business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be well equipped to confront our threats.

KAYEN INVESTMENTS LIMITED employed the services of an expert HR and Business Analyst with expertise in the manufacturing industry to help us conduct a thorough SWOT analysis and to help us create a Business model that will help us achieve our business goals and objectives.

This is the summary of the SWOT analysis that was conducted for KAYEN INVESTMENTS LIMITED.

- **Strength**

Our main strength lies in the quality of our finished polypropylene bags, the power of our team and the well – equipped polypropylene bags manufacturing factory that we plan to set up. We have a team of highly trained and experienced staff members that can produce top notch polypropylene bags. We are well positioned in the heart of Dar Es Salaam , the commercial city of Tanzania and we know we will attract loads of clients from the first day we open our factory.

- **Weakness**

A weakness that may count against us is the fact that we are a new polypropylene bags manufacturing company and we don't have the financial capacity to compete with multi – million-dollar companies in the industry.

- **Opportunities**

The opportunities for a business such as ours are unlimited due to the growth of Tanzania economy in particular the industry sectors, agriculture sector and the likes that are potential. We have been able to conduct thorough feasibility studies and market survey and we know

what our potential clients will be expecting from us; we are well positioned to take on the opportunities that will come our way.

- **Threat**

Just like any other business, one of the major threats that we are likely going to face is economic downturn. It is a fact that economic downturn affects purchasing/spending power. Another threat that may likely confront us is the arrival of a new substitute bags manufacturing company in same industry. Unfavorable government policies may also pose a threat for businesses such as ours.

## **5.0 Market Analysis**

- **Market Trends**

One major trend in this industry is that most players are leveraging on the fact that Tanzania has put in place laws which restrict importation of goods which are produced locally.

The intensifying regulations associated importation of goods which are locally available is a top factor drawing attention to the industry demand for these bags. Extensive advances made in manufacturing technologies and the use of a variety of additive materials are likely to

improve the polypropylene bags and composability of these bags, thereby unlocking exciting avenues during the assessment period.

Lastly, as part of marketing strategies, polypropylene bags manufacturing companies now ensure that they go beyond mass production to producing customized polypropylene bags for bigger corporations who are in the fast-moving consumer goods (FMCG) sector.

- **Our Target Market**

There is hardly any food, chemical, cement, pharmaceutical, agriculture industries that do not make use of polypropylene bags for packaging goods.

In view of that, we have positioned our company to service a wide range of clientele in Tanzania and other parts of the East Africa Community and the SADC region. We have conducted our market research and feasibility studies and we have ideas of what our target market would be expecting from us.

We in the bioplastic manufacturing industry to supply our products to the following fast-moving consumer goods (FMCG) organizations.

- Food/agriculture industries
- Chemical industries
- Cement industries
- Sugar industries
- Limestone processing industries etc.

## **6.0 Our Competitive Advantage**

A close examination of the polypropylene bags manufacturing industry reveals that the market has become much more intensely competitive over the last decade. As a matter of fact, you must be highly creative with your designs and market approach, customer centric and proactive if you must survive in this industry.

The board of directors is aware of the stiff competition and we are prepared to compete favorably with other leading biodegradable plastic bag manufacturing companies in Tanzania.

Our polypropylene bags manufacturing company is located in an ideal property highly suitable for the kind of manufacturing company that we plan to run. We have enough parking spaces that can accommodate well over 5 trucks at a time.

Our ability to negotiate successfully with regulators, optimum capacity utilization, superior financial management and debt management are part of the competitive advantages we will be bringing to the table.

One thing is certain; we will ensure that we always manufacture high quality polypropylene bags in our factory. Our excellent customer service culture, various payment options and highly secured facility will serve as a competitive advantage for us.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category in the industry meaning that they will be more than willing to build the business with us and help deliver our set goals and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

## **7.0 Sales and Marketing Strategy**

- **Sources of Income**

KAYEN INVESTMENTS LIMITED Manufacturing is in business to manufacture and supply polypropylene bags in Tanzania and other parts of the East African Community and the SADC region. KAYEN

INVESTMENTS LIMITED will generate income by selling the following products.

- Polypropylene bags for agriculture/food industries
- Polypropylene bags for chemical industries
- Polypropylene bags for cement industries
- Polypropylene bags for sugar industries
- Polypropylene bags for limestone processing industries etc.

## 8.0 **Marketing Strategy and Sales Strategy**

Before choosing a location for KAYEN INVESTMENTS LIMITED we conducted a thorough market survey and feasibility studies in order for us to penetrate the available market and become one of the preferred choice for businesses not only in Dar es Salaam, but also throughout Tanzania. We have detailed information and data that we were able to utilize to structure our business to attract the number of customers we want to attract per time.

We hired experts who have good understanding of the polypropylene bags manufacturing industry to help us develop marketing strategies that will help us achieve our business goal of winning a larger percentage of the available market in Tanzania.

In summary, KAYEN INVESTMENTS LIMITED will adopt the following sales and marketing approach to win customers over.

- Introduce our polypropylene bags manufacturing company by sending introductory letters alongside our brochure to be manufacturing organizations, stores, and key stakeholders in Tanzania
- Ensure that we manufacture a wide range of polypropylene bags
- Make use of attractive hand bills to create awareness and to give direction to our factory
- List our business and products on yellow pages' ads (local directories)
- Leverage on the internet to promote our products
- Engage in direct marketing and sales
- Encourage the use of Word of mouth marketing (referrals)
- Liaise with manufacturing associations

## **9.0 Publicity and Advertising Strategy**

Even though our polypropylene bags manufacturing company is well positioned, we will still go ahead to intensify publicity for the business.

KAYEN INVESTMENTS LIMITED has a long – term plan of opening our warehouses in key Tanzania cities which is why we will deliberately build our brand to be well accepted in Tanzania.

Here are the platforms we intend leveraging on to promote and advertise KAYEN INVESTMENTS LIMITED.

- Place adverts on community-based newspapers, radio and TV stations.
- Encourage the use of word of mouth publicity from our loyal customers
- Leverage on the internet and social media platforms to promote our business.
- Ensure that our we position our banners and billboards in strategic positions all around Tanzania
- Distribute our fliers and handbills in target areas in and around our neighborhood
- Advertise our polypropylene bags manufacturing company in our official website and employ strategies that will help us pull traffic to the site
- Brand all our official cars and trucks and ensure that all our staff members wear our branded shirt or cap at regular intervals.

## 10.0 Our Pricing Strategy

Aside from quality, pricing is one of the key factors that give leverage to polypropylene bags manufacturing companies, it is normal for consumers to go to places where they can get these bags at cheaper prices.

We will ensure that the prices and quality of all our bags are competitive with what is obtainable amongst biodegradable plastic bags manufacturing companies within our level.

The average selling price for the polypropylene bags is targeted at \$2,100/ton and \$1,200/ton for the sale of waste material issued from the bags' production.

## 11.0 Project Investment Cost

For the project to be a reality a total investment amounting to US\$587,775.00 is needed to finance the project.

The project will be financed by equity and cash generated from businesses.

### KAYEN INVESTMENTS LIMITED INVESTMENT COST US\$

|                    |           |
|--------------------|-----------|
| Land and Buildings | 10,000.00 |
|--------------------|-----------|

|                       |                   |
|-----------------------|-------------------|
| Machinery & Equipment | 98,775.00         |
| Motor Vehicles        | 70,000.00         |
| Furniture & Fittings  | 2,000.00          |
| Pre exp               | 5,000.00          |
| Others                | 2,000.00          |
| Working Capital       | 400,000.00        |
| <b>TOTAL</b>          | <b>587,775.00</b> |

a) **Industrial Premises**

The project is going to lease an industrial building and renovate, the cost been estimated to be costing to US\$ 10,000

b) **Machinery and Equipment**

It is anticipated that the company will spend some amount to purchase various machines and equipment costing to US\$ 98,775

c) **Motor Vehicles**

The project will need to purchase two light vehicles at the estimated cost of US\$70,000

d) **Office Furniture**

Office furniture such as office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc. estimated to cost US\$2,000.

e) **Pre expenses**

These will cover things like company registration, expenses spent by the company in exploring the viability of the project, especially the market/client identification exercise done in those countries targeted to be served. This Pre-operational cost item also covers the architectural designs of the warehouse and yard and other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel US\$ 5,000

f) **Other cost**

Other cost been estimated to cost US\$ 2,000

g) **Initial Working Capital**

Calculations been made on working capital requirements US\$ 400,000

## 12.0 **Financing Pattern**

The financing pattern being considered is that the project will be financed by equity and cash generated from business equivalent to amounting to US\$ 587,775.

## 13.0 **Implementation**

Project implementation is expected to be relatively very short once TIC approval is received. Currently, the supplier of the machines has

already been identified and supply is awaiting word from the project promoters.

It is expected that the Project implementation will be as follows: -

|    | <b>ACTIVITY</b>                          | <b>PERIOD</b>            |
|----|--|--------------------------|
| 1. | Processing TIC Certificate of Incentive  | November 2020            |
| 2. | Funds Mobilization                       | November – December 2021 |
| 3. | Ordering of Machines and other Equipment | November – December 2021 |
| 4. | Installation of machines                 | January –February 2021   |
| 5. | Trial Operations                         | March 2021               |
| 6. | Commercial Operations                    | April 2021               |

#### **14.0 Financial Projections**

##### **(i) Projected Profit and Loss Statement**

The attached Appendix I shows the projected income for the 6years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$200,207** in the 1<sup>st</sup> year to **US\$ 727,832** in the 6<sup>th</sup> year,

##### **(ii) Projected Cash Flows**

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$ 128,967** in the first year to **US\$ 806,681** at the end of 6<sup>th</sup> years

**(iii) Projected Balance Sheet**

The project's assets cash flows are shown in Appendix III. Owners' equity grows from **US\$587,775** in the first year to **US\$1,214,264** at the end of 6<sup>th</sup> years of the project's operations.

**(iv) Payback Period**

Total investment is **US\$587,775 cash** accumulation in 4<sup>th</sup> year **US\$ 674,433** which is more than the initial investment by **US\$86,658** the project payback Period is exactly 4 years.

**15.0 Economic Aspects of the Projects**

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

**(i) Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that **KAYEN INVESTMENTS LIMITED** is going to provide additional employment to **42** people of whom

37 people will be nationals. This is a significant contribution coming from foreign investors.

**(ii) Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

**(iii) Foreign Exchange Earning**

Since some of project's clientele will be coming from neighboring countries the project will thus earn foreign currency for the United Republic of Tanzania. In this study we have assumed that the project will be paid in foreign currency

**16.0 Conclusion**

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to **42** people out of that 37 Tanzanians.
- (iii) The project is an encouraging sign to prove that we have foreign investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

## **17.0 Recommendation**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.

APPENDIX I

KAVEN INVESTMENTS LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

|  | 1                | 2                | 3                | 4                | 5                | 6                |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Agro Sales ( Tons )                      | 1,000            | 1,000            | 1,100            | 1100             | 1100             | 1100             |
| <b>Total Sales Quantity</b>              | -                | -                | -                |                  |                  |                  |
| <b>Total Sales Quantity Agro ( Tons)</b> | <b>1,000</b>     | <b>1,000</b>     | <b>1,100</b>     | <b>1,100</b>     | <b>1,100</b>     | <b>1,100</b>     |
| Waste Sales                              | 60,000           | 60,000           | 66,000           | 67,000           | 68,000           | 68,000           |
| Sales Agro                               | 2,100,000        | 2,100,000        | 2,310,000        | 2,310,000        | 2,310,000        | 2,310,000        |
| <b>Total Sales</b>                       | <b>2,160,000</b> | <b>2,160,000</b> | <b>2,376,000</b> | <b>2,377,000</b> | <b>2,378,000</b> | <b>2,378,000</b> |
| <b>Raw Materials ( in Tons )</b>         |                  |                  |                  |                  |                  |                  |
| PP Sheeting Rolls                        | 1,050            | 1,050            | 1,155            | 1,155            | 1,155            | 1,155            |
| <b>Raw Materials</b>                     |                  |                  |                  |                  |                  |                  |
| PP Sheeting Rolls                        | 1,627,500        | 1,627,500        | 1,790,250        | 1,790,250        | 1,790,250        | 1,790,250        |
| Other Consumables                        | 225              | 225              | 225              | 225              | 225              | 225              |
| Duty                                     | 195,300          | 195,300          | 214,830          | 214,830          | 214,830          | 214,830          |

|   |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Clearing Cost                                 | 65,100           | 65,100           | 71,610           | 71,610           | 71,610           | 71,610           |
| Direct Expenses                               | 4,287            | 4,287            | 4,287            | 4,287            | 4,287            | 4,287            |
| Salary  | 40,446           | 42,468           | 44,592           | 46,821           | 49,162           | 51,620           |
| Other Costs                                   | 53,061           | 54,135           | 56,842           | 59,684           | 62,668           | 65,801           |
| Indirect Expenses                             | 2,744            | 2,744            | 2,744            | 2,744            | 2,744            | 2,744            |
| <b>Total Expenses</b>                         | <b>1,988,663</b> | <b>1,991,759</b> | <b>2,185,379</b> | <b>2,190,451</b> | <b>2,195,776</b> | <b>2,201,368</b> |
| <b>EBDIT</b>                                  | <b>171,337</b>   | <b>168,241</b>   | <b>190,621</b>   | <b>186,549</b>   | <b>182,224</b>   | <b>176,632</b>   |
| <b>EBDT</b>                                   | <b>171,337</b>   | <b>168,241</b>   | <b>190,621</b>   | <b>186,549</b>   | <b>182,224</b>   | <b>176,632</b>   |
| Depreciation                                  | 30,103           | 30,103           | 30,103           | 30,103           | 30,103           | 30,103           |
| <b>Profit After Depreciation And Interest</b> | <b>141,234</b>   | <b>138,138</b>   | <b>160,518</b>   | <b>156,446</b>   | <b>152,121</b>   | <b>146,529</b>   |
| Corporate Tax                                 | 42,370           | 41,441           | 48,155           | 46,934           | 45,636           | 43,959           |
| Net Profit                                    | 98,864           | 96,696           | 112,362          | 109,512          | 106,484          | 102,570          |
| <b>Accumulated Profit</b>                     | <b>98,864</b>    | <b>195,560</b>   | <b>307,922</b>   | <b>417,435</b>   | <b>523,919</b>   | <b>626,489</b>   |

APPENDIX II

KAYEN INVESTMENTS LIMITED PROJECTED CASH FLOWS US\$

|   |                | 1              | 2              | 3              | 4              | 5              | 6              |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>SOURCES:</b>                         |                |                |                |                |                |                |                |
| Profit before interest and depreciation | -              | 171,337        | 168,241        | 190,621        | 186,549        | 182,224        | 176,632        |
| Equity                                  | 587,775.00     |                |                |                |                |                |                |
| <b>Total Sources</b>                    | <b>587,775</b> | <b>171,337</b> | <b>168,241</b> | <b>190,621</b> | <b>186,549</b> | <b>182,224</b> | <b>176,632</b> |
| <b>Applications:</b>                    |                |                |                |                |                |                |                |
| Capital expenditure                     | 180,775        | -              | -              | -              | -              | -              | -              |
| working Capital                         |                |                |                |                |                |                |                |
| &Others                                 | 407,000        | -              | -              | -              | -              | -              | -              |
| Cash                                    | -              | 128,967        | 126,800        | 141,966        | 139,687        | 136,588        | 132,673        |
| Tax                                     | -              | 42,370         | 41,441         | 48,155         | 46,934         | 45,636         | 43,959         |
| <b>Sub total</b>                        | <b>587,775</b> | <b>171,337</b> | <b>168,241</b> | <b>190,121</b> | <b>186,621</b> | <b>182,224</b> | <b>176,632</b> |
| <b>Total applications</b>               | <b>587,775</b> | <b>171,337</b> | <b>168,241</b> | <b>190,121</b> | <b>186,621</b> | <b>182,224</b> | <b>176,632</b> |
| Accumulated cash                        |                | 128,967        | 255,767        | 397,733        | 537,420        | 674,008        | 806,681        |

APPENDIX III

KAYEN INVESTMENTS LIMITED PROJECTED BALANCE SHEET US\$

|                               |                |                |                |                |                  |                  |                  |
|-------------------------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
|                               | -              | 1              | 2              | 3              | 4                | 5                | 6                |
| <b>Fixed Assets</b>           | -              |                |                |                |                  |                  |                  |
| Opening balance               | -              | 180,775        | 177,390        | 174,005        | 170,620          | 167,235          | 163,850          |
| <b>Total Long-term Assets</b> | -              | 180,775        | 177,390        | 174,005        | 170,620          | 167,235          | 163,850          |
| <b>Less depreciation</b>      | -              | 30,103         | 30,103         | 30,103         | 30,103           | 30,103           | 30,103           |
| <b>Closing balance</b>        | -              | 150,672        | 147,287        | 143,902        | 140,517          | 137,132          | 133,747          |
| Working capital               | 407,000        | 407,000        | 407,000        | 407,000        | 407,000          | 407,000          | 407,000          |
| Accumulated cash              | -              | 128,967        | 255,767        | 397,733        | 537,420          | 674,008          | 806,681          |
| <b>Total assets</b>           | <b>407,000</b> | <b>686,639</b> | <b>810,054</b> | <b>948,635</b> | <b>1,084,937</b> | <b>1,218,140</b> | <b>1,347,428</b> |
| Financed by                   |                |                |                |                |                  |                  |                  |
| Equity                        | 587,775.00     | 587,775        | 587,775        | 587,775        | 587,775          | 587,775          | 587,775          |
| Accumulated Profit            | -              | 98,864         | 195,560        | 307,922        | 417,435          | 523,919          | 626,489          |
| Total equity                  | 587,775        | 686,639        | 783,335        | 895,697        | 1,005,210        | 1,111,694        | 1,214,264        |

## KAYEN INVESTMENTS LIMITED PAYBACK PERIOD

| Year | Profit After Tax | Depreciation | Total Cash Flow | Accumulated Cash Flow |
|------|------------------|--------------|-----------------|-----------------------|
| 1    | 98,864           | 30,103.00    | 128,967.00      | 128,967.00            |
| 2    | 96,696           | 30,103.00    | 126,799.00      | 255,766.00            |
| 3    | 112,362          | 30,103.00    | 142,465.00      | 398,231.00            |
| 4    | 109,512          | 30,103.00    | 139,615.00      | 537,846.00            |
| 5    | 106,484          | 30,103.00    | 136,587.00      | 674,433.00            |
| 6    | 102,570          | 30,103.00    | 132,673.00      | 807,106.00            |