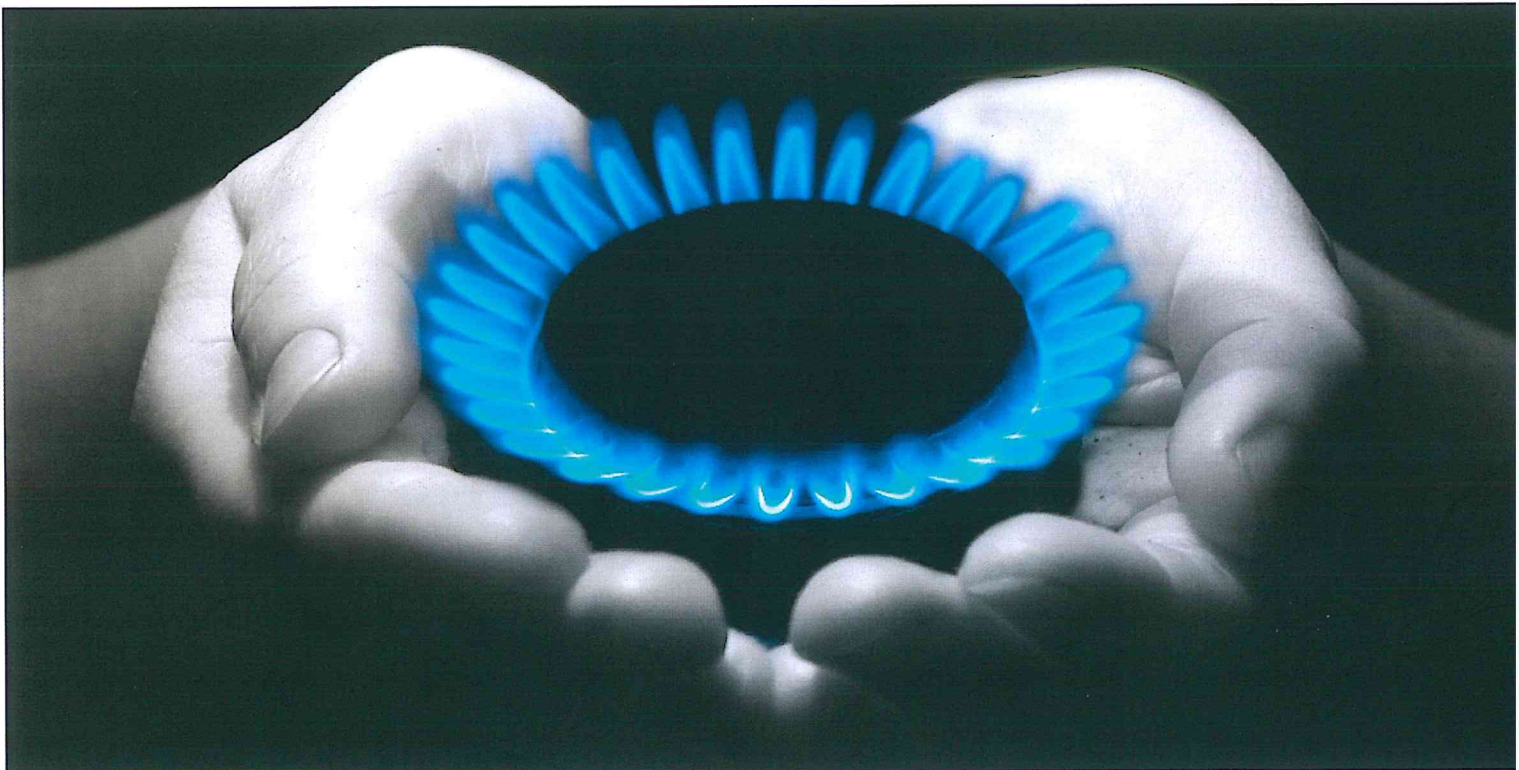




Ferrotech Africa Limited

Business Plan



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Table of Contents

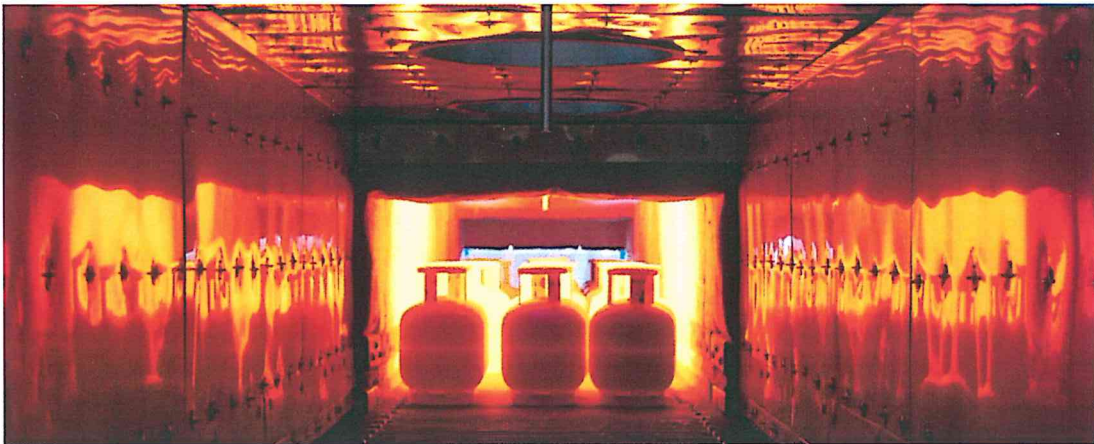
EXECUTIVE SUMMARY	4
WHY TANZANIA?	5
COMPANY BACKGROUND	6
TIMELINE	6
MISSION STATEMENT	6
VISION	6
ORGANISATION AND MANAGEMENT	7
CONTINUATION OF STRUCTURE	8
TRAINING MANAGEMENT	9
END TO END SUPPLY CHAIN MANAGEMENT	9
COMPREHENSIVE A-Z PROCUREMENT PROJECT MANAGEMENT	9
<i>The Source Supply Procurement & Supply Process</i>	9
WE SPEAK YOUR LANGUAGE	10
MANUFACTURING PROCESS	11
BRIEF OVERVIEW OF MANUFACTURING PROCESS	15
<i>Monitoring & measurement stages:</i>	15
EXTENSIVE OVERVIEW OF MANUFACTURING PROCESS	16
TESTING PROCESS	17
TENSILE TEST	17
BENDING TEST.....	17
HYDROSTATIC TEST	17
TIGHTNESS TEST	17
BURSTING TEST	17
HARDNESS TEST.....	18
SPECTROMETER TEST	18
MICRO STRUCTURE TEST	18
MARKET ANALYSIS	20
TARGET CONSUMERS.....	20
ENVIRONMENT FOCUS	20
MARKET TREND AND SIZE	21
MARKET SEGMENTATION	22
RANDOM.....	22
ENVIRONMENT ORIENTATED.....	23
YOUNG CITIZENS	23
WORKING CLASS	23
MOST ATTRACTIVE FACTORS (MAF)	24
PROFITABILITY	24
GROWTH	24
SIZE.....	24
CRITICAL SUCCESS FACTORS (CSF)	25
EFFICIENCY	25
SERVICE	25
PRICE	25
FINANCIAL PROJECTIONS - FIVE YEAR DETAILED FORECAST	26
FORECASTED CASH FLOW STATEMENT	26
FORECASTED PROFIT & LOSS STATEMENT	27
CONTINUATION OF PROFIT & LOSS STATEMENT	28
FORECASTED BALANCE SHEET STATEMENT.....	29

Executive summary

This report is a project proposal to manufacture LPG cylinders in Tanzania, Dar es Salaam. Tanzania is a net importer of LPG cylinders, therefore has one of the lowest per capita consumption of LPG in East Africa. Moreover, there is currently only one manufacturer in Tanzania and this investment will make us the second manufacturers. This investment will aim to increase Tanzania's consumption of LPG cylinders; green energy, while availing the reliance of imported cylinders and ensuring local readily available and economical products.

The company conducted a feasibility survey that shows data of approximately one million cylinders per year are imported in to Tanzania. The current manufacturer can only produce approximately half a million cylinders per annum; hence we view this as a gap that we can fulfill. Ferrotech boasts a state of the art laboratory that will produce half a million cylinders per year initially and expand to one million cylinders per year as demand per capita consumption grows locally. The investment is estimated to be \$2 million and the return on investment is calculated between four to five years.

The plant will employ 150 to 200 local Tanzanians and 10 foreign employs due to the nature of the technical product. We will have a training program that will enrich the workers skills and improve their standard of living. We also are excited about the growth that is happening in Tanzania and we feel there is no better time to invest in Tanzania then now.



Why Tanzania?

We have studied the Tanzania Development Vision 2025 extensively and believe the plan is exciting and in the right step for Africa. In our recent visit we realized the implementation is also very effective and must applaud the job the Tanzanian government and his Excellency the President of Tanzania is doing. The road infrastructure management will propel inter state trade and expand the region industrially. The rail is viewed as a crucial factor for export and national transport. The local high-speed bus lane will open up many jobs in different areas and this will not only decrease unemployment but also expand Dar es Salaam as a city. As an industrialist family we believe infrastructure is the basis of driving force for economic and industrial expansion and we foresee Tanzania to be a major force in Africa.



Company Background

Ferrotech Industries Limited is a liquefied petroleum gas (LPG) pressure cylinder manufacturer based in Kenya. The company is a sister company of Tarmal Steel – a 35 year old, Family run business experienced in manufacturing and distribution of steel and a variety of other products.

In 2016, the dependence on importing LPG cylinders was significant, there were 60 distributors and all of the imported 100% of the cylinders into Kenya. This created an opportunity to install a local plant to manufacture the cylinders in Kenya. This led to the creation of Ferrotech Industries Limited in Kenya.

The plant boasts the most advanced laboratories and development department in the country producing the highest standard quality cylinders. Initially, production was half million cylinders per year and currently, we have a capacity to produce one million cylinders per year. The current plant also employs more than 250 kenyan.

Timeline

2016: Research was conducted on distribution and selling of gas. It was noted that 60 distributors imported 100% of the cylinders from foreign markets. Feasibility started and decision was made to install a factory in Kenya.

2017: Kenyan plant was installed and ready for production and testing.

2018: First year of full production.

2019: Second year of full production. Steady and sustainable growth experienced.

2020: Plan for regional growth was initiated. Tanzania was chosen as the best option for investment. Machinery was ordered.

2021: Installation and setup and testing and first year of production in Tanzania.

Mission statement

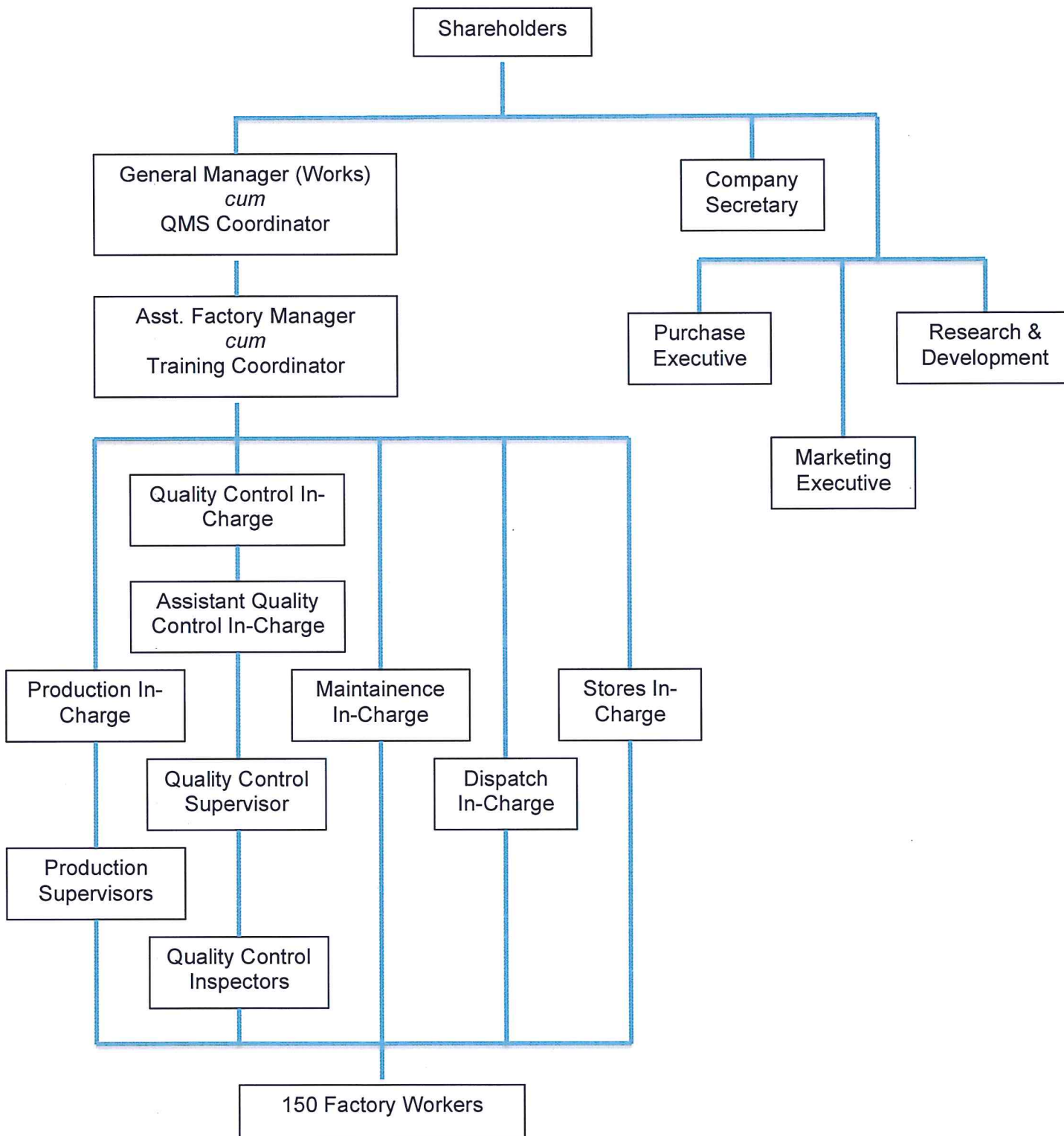
Our mission is to offer a full range of reliable products that adhere to the highest international standards while at the same time aiming to improve the environment promoting green energy.

Vision

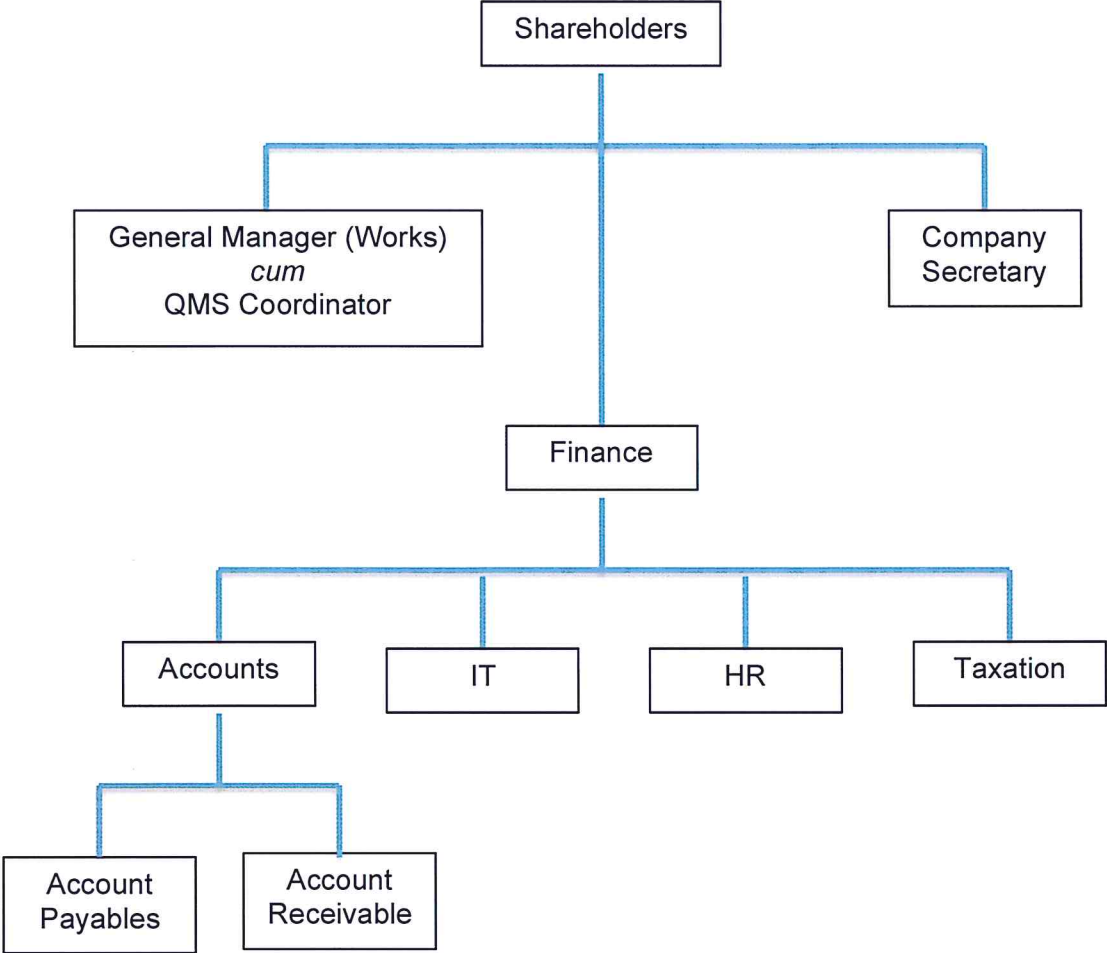
Ferrotech Africa Limited aims to become the most reliable and trusted cylinder manufacturer providing a full range of compressed gas storage solutions that meet the highest international standards of quality and safety to contribute to a healthier environment using green energy in your everyday life. Most countries in East Africa have a per capita consumption of green LPG energy of less than 2.5kg per head. We want to create a situation in the market that can encourage this figure to rise to minimum 10kg per capita by the year 2030.

Organisation and Management

The following is an annotation of the Ferrotech Africa Limited's proposed organizational structure.



Continuation of Structure



Training Management

The 150 factory workers that we propose will develop skills needed to operate a factory production line. From the 150 workers, 10% will be selected and undergo a rigorous training program for 12 months to gain special skills and develop into supervisors or machine attendant roles. There will be different types of training schemes for each section of the manufacturing process and testing process. 20 skilled employees will also be required like mechanical engineers, welders, plumbers, pneumatic experts, etc. the skills the employees will learn or be taught on the job will also uplift the standard of living of our proposed staff.

End To End Supply Chain Management

Ferrotech Africa Limited can cumulatively manage every phase of the supply process from product development, production, sourcing, customer returns, warehousing and logistics.

This end-to-end service ensures constant supply while supporting our clients in sourcing their needs in line with their long-term plans. Some of the services we provide include:

- On-the-ground supplier management
- Production management of prototypes
- Handling price agreements and contracts
- Consolidation in cases of dealing with geographically distributed suppliers
- Warehousing
- Manage customization of products with the suppliers
- Follow up services on products and services delivered
- We will also be able to repair and revalidate after the cylinders have served their useful life.
- Lastly we will be local available so much more accessible for all

Comprehensive A-Z Procurement Project Management

Ferrotech Africa Limited incorporates proven project management tools and practices including clear key performance indexes. This infrastructure has allowed us to move swiftly from a resource provider to aiming to become a full service partner. We can implement the project within 2 months after getting TIC certification as machinery is ready pending shipment and the installation sites and all other factors are ready.

The Source Supply Procurement & Supply Process

- I. Request Received - customer places a request for quote with us rfq.
- II. Enter On The System - we enter the rfq details in our online database system
- III. Rfq Details Allocated To Manager - the request is allocated to the relevant procurement and supply manager who has the specialist knowledge and experience in working with these particular types of goods
- IV. Issue Three Quotes - we use our extensive market knowledge to place the request with the best suppliers. Then we provide our client with three quotations from which to choose.
- V. Time To Decide - once our client has confirmed the quotations have been received; we wait to hear if they decide to accept one of them

Client Decides To Accept One Of Our Quotes

VI. Payment Of The Order - we issue an invoice based on the quote and await receipt of payment

VII. Client Assurance - Once the checks have been made to the customer's satisfaction we pass the quality certificates for the products

VIII. Sticking To The Schedule - the sales team keeps in touch with the supplier on a daily basis to make sure they are keeping to the agreed schedule for supply and delivery of the order

IX. Confirm Delivery Activity - the logistics department logs the planned delivery activity in the online database system to confirm it is booked

X. Book Inspections - the logistics department also book any inspections needed e.g. Government inspections, field testing etc.

XI. Final Inspection - we inspect for a final time to see the goods and confirm the order is ready to be loaded. We also take pictures as proof of our visit and the condition of the goods

XII. Prepare For Delivery - the goods are transported from the supplier and loaded into our chosen warehouse to await delivery documentation. Once it is confirmed, the products are set out for delivery.

We Speak Your Language

There are up to 7,000 different languages spoken around the world. This can be a real problem if you are seeking to source a product from a place with a different language from your own. At Ferrotech Africa Limited, we are a team of multilingual, multicultural and talented professionals providing a personal and specialized service for all of our clients' supply & procurement needs. We have a professional proficiency in the following languages:

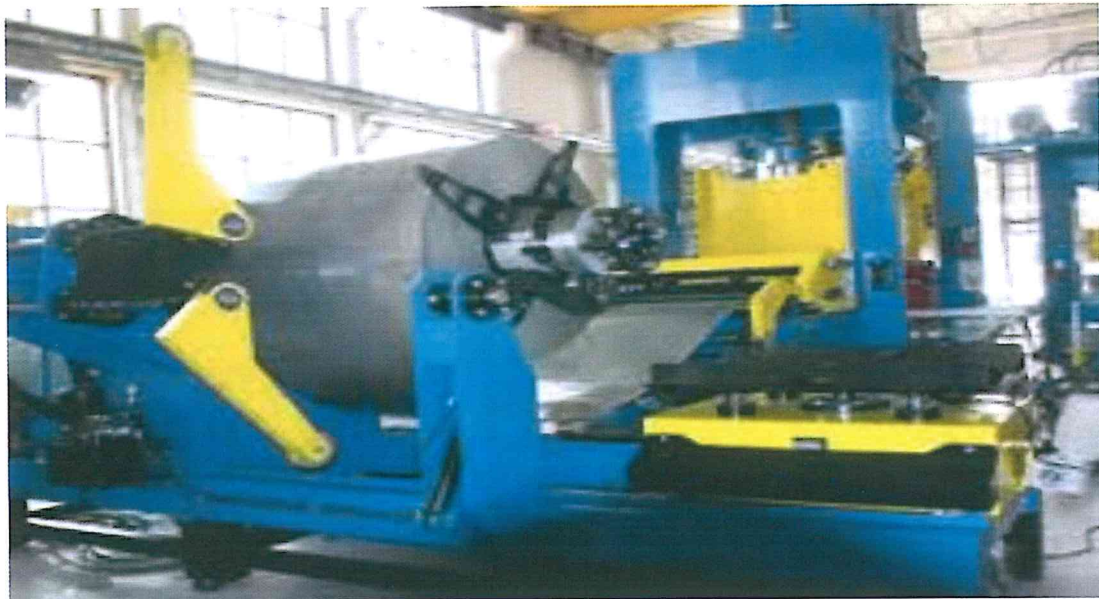
- Swahili
- English
- Hindi
- Gujarati

Apart from the languages above, we can conclusively conduct business in other languages of your choice. We can arrange for translators in a timely manner to engage and communicate with clients of all backgrounds and ethnicities effectively.

Manufacturing Process



Circle cutting line: This machine cuts the special grade steel into extremely flat heavy circles of various diameters.



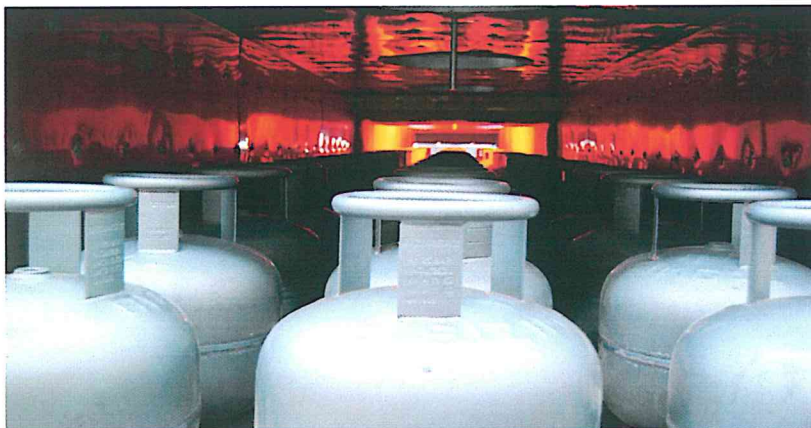
Deep Drawing Line: The steel then needs to undergo the most crucial process of high speed deep drawing at 20-25% elongation to form the halves.



Automatic Welding Lines: provides a consistent and uniform weld on every cylinder time and time again this parameter is key for the performance of any pressure vessel.



Heat Treatment Furnace: to stress relieve and anneal the cylinders. It brings back all the metallic properties to neutral after welding or drawing is done on the steel.



Shot Blasting: to eliminate all scales and rust left on cylinder to a grade SA2.5



Metallising: to provide a coat of zinc for extra protection against corrosion. When zinc is exposed to air it forms an oxide which prevents the body of the cylinder from ever rusting.

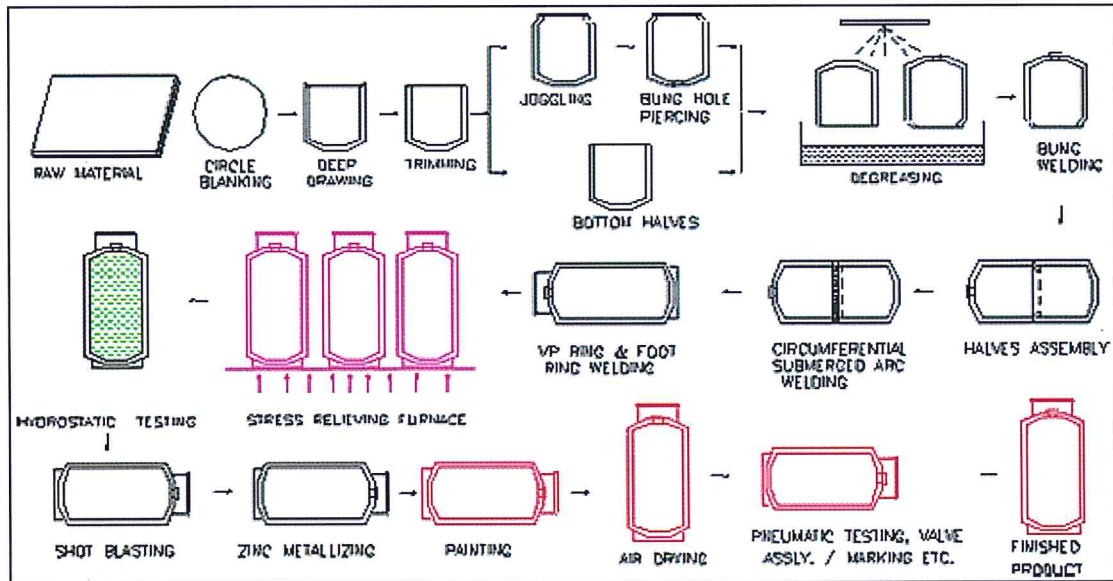


Conveyerised Automated Painting Line: to provide the highest quality and most consistent finish in powder coating. We boast the best quality in this segment in East and Central Africa.



Brief Overview of Manufacturing Process

The following diagram is a brief illustration of the entire manufacturing process that every cylinder undergoes.



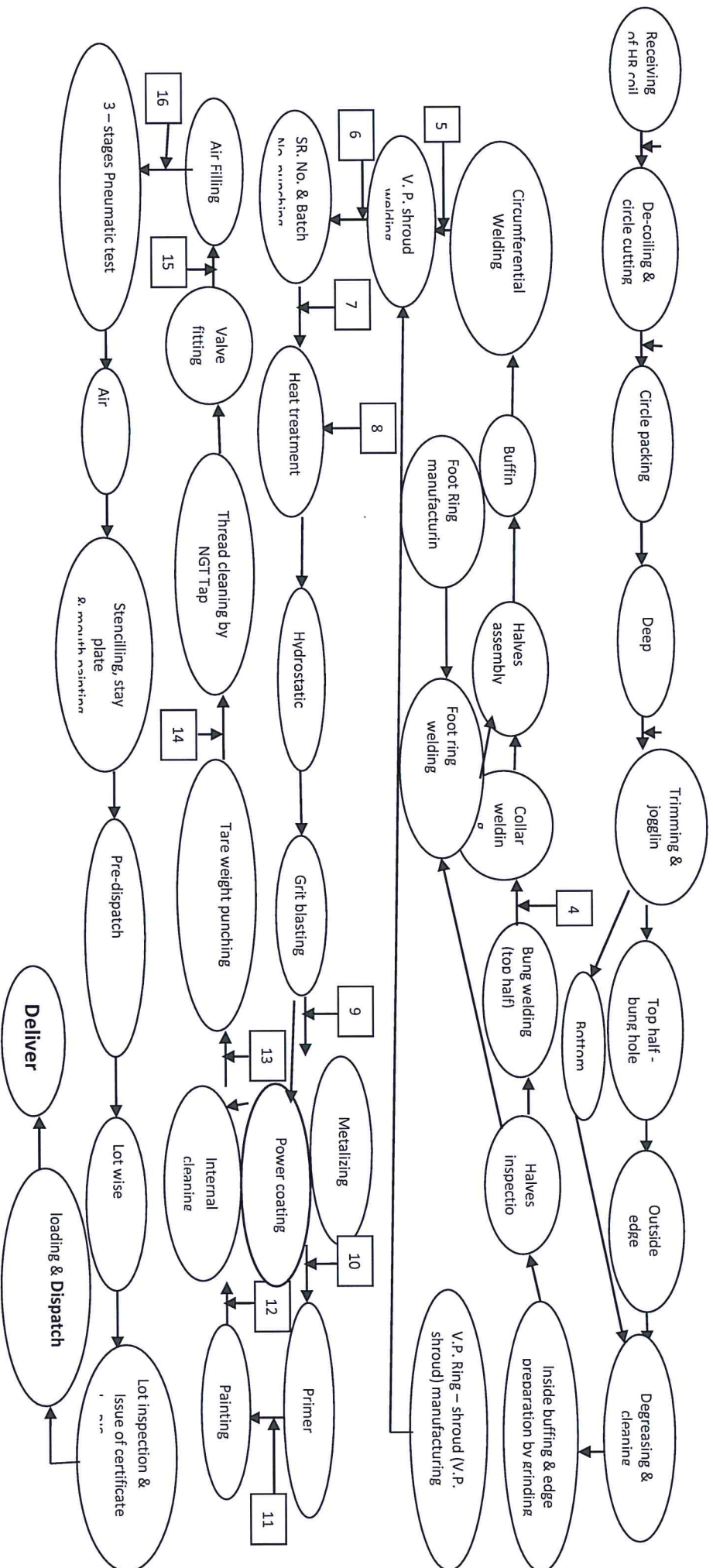
Monitoring & measurement stages:

1. Visual: surface & thickness + width;
2. Dimension of circle;
3. Visual;
4. Welding inspection;
5. Welding inspection;
6. Visual;
7. Visual;
8. Temp & Time;
9. Surface preparation;
10. Coating thickness;
11. Coating thickness;
12. Coating thickness;
13. Visual;
14. Visual;
15. Torque check;
16. Air pressure check.

Material is taken for next process step if passes on inspection and/or test at the previous process step.

B. Foot Ring, Vertical Plate (V.P.) Ring and V. P. Shroud are manufactured in Non-pressure Component Section. Bung inspection is done in QC Lab. Pre-dispatch inspection.

Extensive Overview of Manufacturing Process Process Flow for Manufacture and Supply of LPG Cylinder



Testing Process

This section will present the extensive testing carried out at various stages to ensure the highest quality and accuracy is showcased in the final product.

Tensile Test

A mechanical test of parent material, circumferential weld and longitudinal weld of heat-treated cylinder to determine the tensile strength yield strength and percentage of elongation.

Bending Test

A test for cracks and other non-conformance on welding surface.

Hydrostatic Test

A test carried out by applying water pressure of 30-35bar into the cylinder to reach rated pressure levels for a period of at least 30 seconds. This is to identify any leakages or distortion.



Tightness Test

Filling each cylinder with compressed, pressurized air prior to immersing the cylinder completely in water to check for any possible leakage.

Bursting Test

This test checks the ability of the cylinder to contain the pressure of the gas to the required level. The results show other details of mechanical properties. The tear pattern of the sheet material tells us about the quality of weld, sheet material quality and confirms the parameters of the machinery are set perfectly.

Hardness Test

This is an inspection procedure to examine the hardness of parent material weld and Heat Affected Zones of spud/bung collar, footing circumferential weld and longitudinal weld of cylinder after heat treatment process.

Spectrometer Test

This is to analyse the raw materials chemical composition. Crucial for low carbon steel.

Micro Structure Test

This is an inspection procedure to examine the grain size of the structure of parent material and weld of cylinder.



Products and Services

Ferrotech Africa Limited will produce the following sizes of LPG cylinders;

- 3Kg LPG Cylinder Tanzania
- 6Kg LPG Cylinder Tanzania
- 12.5Kg LPG Cylinder Rwanda
- 13Kg LPG Cylinder Kenya
- 15Kg LPG Cylinder Tanzania
- 25Kg LPG Cylinder proposed in expansion plan
- 50Kg LPG Cylinder proposed in expansion plan

We will also offer Revalidation of older and damaged cylinders and reconditioning it to a refurbished status.

Please see below attached pictures of the products and also drawings of the various sizes and specifications. This is only sample drawings and should not be considered as final design.



Market Analysis

Target Consumers

Ferrotech Africa Limited's target consumers are LPG suppliers, households and the environmentally friendly general public. The aim of our organisation is to build upon Tanzania's vision 2025.

Buy Local, Promote Local. Build Tanzania. Vision 2025.

We aim to do this by ensuring effective supply of our products to the entirety of Tanzania and promote a positive and environmentally friendly lifestyle choice. Ferrotech Africa Limited offers many advantages and incentives over its closest competitors that make us more an attractive choice. The prices of our products are cheaper than China or Thailand - Cheaper is not always better, however we have the same or better technology machinery that international producers use and our quality is equally as good if not better.

Moreover, the lag time between orders is 7-10 days. Compared to the 4-5 months waiting periods for imports. This is a huge difference and can allow more effective planning in the market and reduces the inefficiencies of searching for cylinders when you over sell or have excess stocks when you undersell.

Along with fast and reliable delivery of products, we provide storage options where customer's inventories can be stored in our factory. This will provide various options for clients as they will be able to utilize their factory space more effectively while not having to worry about the safety of their stock. Also, this option will allow customers to place an order and collect within a week or formulate an agreement to keep a certain quantity ready for collection at their convenience.

Furthermore, any problems encountered with imported cylinders are difficult to resolve, as they cannot be sent back to China or Thailand. However, with Ferrotech Africa Limited, we will be located locally so the solution can be quickly resolved on the ground.

Environment focus

Ferrotech Africa Limited values the impact human consumption has on the environment and our future. The company's mission and vision is aimed at ensuring the production of reliable and sustainable products while respecting and trying to improve the environment. Ferrotech Africa Limited aims to engage in educating the locals and informing them of the benefits of LPG over charcoal and kerosene. The use of LPG cylinders will promote the use of green energy and is a cleaner alternative to kerosene, charcoal and firewood, which is the dominant cooking fuels for nearly 70% of Tanzanians. This will be beneficial for future generations and allow an immediate impact once the education programs are successful.

Deforestation and environmental degradation is strongly linked to high use of charcoal and firewood hence an investment in this sector will help protect Tanzania's beautiful environments. Becoming local producers of LPG cylinders, a green energy, will penetrate the market and become more accessible thereby improving the environment.

LPG represents a cleaner alternative to solid fuels and kerosene in the short-term, and a promising transition fuel for countries transitioning to modern fuel-burning

technologies in the long-term. The surge of LPG in consumer households over next three years translates into a substantial demand hike for LPG cylinders, related cooking accessories, dense transportation and storage network. This transition and forecast correlates with Tanzania's Vision 2025 and Ferrotech Africa Limited intends to support and participate in Tanzania's promising future.

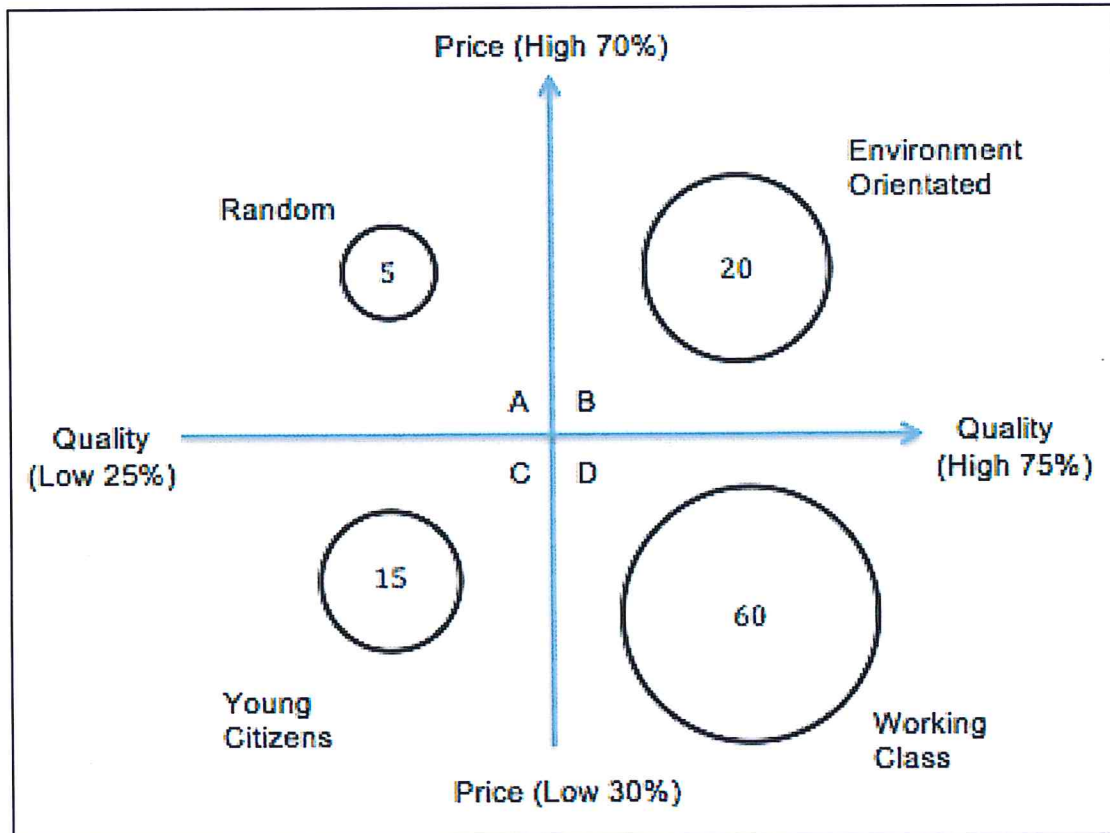
Market Trend and Size

Tanzania is a developing country with tremendous potential to become one of Africa's fastest growing economies. In regards to the LPG cylinders market trend and size, data on cylinder imports into Tanzania show that approximately 1.2 million cylinders currently cover the entire market annually. Ferrotech Africa Limited's proposed investment coupled with the other local manufacture can cover the local demand. Moreover, Tanzania's dependence on importation of LPG cylinders is the highest in East Africa. This is in conflict with Vision 2025 as Tanzania aims to reduce its reliance on importation and promote national and local industrial consumption.

Collaboration from local governments in Eastern Africa has seen LPG demand grow annually per capita from 2kg – 15kg. This is with the hope of replacing kerosene from the consumer market within the next 10 years. Currently, Tanzania is in the lower end of that spectrum as there is still an over-reliance on charcoal, kerosene and firewood – this is due to lack of exposure and education to better alternatives. With the correct advertising and investment in education programs, Ferrotech Africa Limited strives to captivate and catalyse a positive change by improving mindsets and promoting an environmentally friendly practices.

Market Segmentation

LPG Cylinders are versatile as they can be used in households for cooking, heating, refrigeration and as a motor fuel. It is a clean form of energy as it has reduced carbon emissions and appliances require less maintenance. They are also powerful and safe as it generates heat, which is instantly available and readily controlled. The main users of LPG cylinders are environment orientated individuals, working class and young citizens.



Consumers want a cylinder with the highest quality standard and at the most affordable price. The quick and dirty approach used in the diagram above, the criterions used are quality and price to determine which segment to focus on. The research conducted places a huge emphasis on quality which is very clearly depicted in its products therefore nearly 80% of consumers are on placed on the higher side of the quality scale (placed on the right side of the diagram). Furthermore, sales trends and market analysis shows consumers consider price as critical factor. Therefore, 75% of customers have been placed on the lower side of the price scale (placed on the bottom side of the diagram)

Random

Segment A is labeled as random as they are the consumers that do not necessarily care about the quality of the product and do not mind the price of the product. Their shopping pattern is random and does not have a clear and concise reason behind it. This could be due to lack of information or laziness of not doing enough research before purchasing the product.

Environment Orientated

This is the second largest segment with a concentration of 20%. These are individuals who are cautious and care for the environment hence is interested in purchasing the highest quality product at the highest price in order to ensure the environment is protected.

Young Citizens

Young citizens consist of young adults and university/college students who have limited incomes or sources of capital in order to purchase the highest level of quality cylinders available in the market. Most young citizens are educated and are aware of the environmental concerns and the current rate of global warming however do not have the purchasing power to purchase higher quality products thereby rely on cheaper alternatives.

Working Class

Segment D is labeled as working class. This is the largest segment with the highest concentration of consumers. These are consumers that want the highest quality from the product but at the lowest price due to the level of purchasing power and income levels. Many working class individuals are catering for families hence quality is a strong factor in ensuring welfare is maintained.

The segment that should be focused on is the young citizens and working class segments. Despite the young citizens not being the largest, it has the higher percentage of educated customers who lack the income to purchase the conventional products. However, Ferrotech has introduced small cylinders at more affordable prices hence, with adequate advertising the company can capture this target audience. This working class segment does not have too much growth left, however, it is a segment that will continue to maintain as employment is on the rise. The environment-orientated segment is very small and only consists of a very small proportion of the total country's population; hence it is not as lucrative.

Most Attractive Factors (MAF)

MAF	Weight	Random (A)		Environment Orientated (B)		Young Citizens (C)		Working Class (D)	
		Score	Total	Score	Total	Score	Total	Score	Total
Profitability	35	2	0.7	5	1.75	4	1.4	9	3.15
Growth	25	2	0.5	5	1.25	7	1.75	6	1.5
Size	40	1	0.4	4	1.6	3	1.2	8	3.2
Total	100		1.6		4.6		4.35		7.85

Profitability

This factor is to determine how profitable each segment is; therefore determining which is the best segment to focus on. Based on the table above, the working class segment is the most profitable as it has the highest score of 3.15 followed by 1.75 and 1.4 from the environmentally orientated individuals and the young citizens, respectively. In its current state, the working class is optimizing maximum profit while the young citizens can still grow in profits. Given the product that Ferrotech manufactures, it is highly likely that the environmentally orientated individuals will be attracted and will continue to be consumers.

Growth

This factor shows the long run of the product and predicts the future growth of the segment. The young citizens have the highest total of 1.75 followed by the working class, 1.5. This factor suggests that the young citizens have the most potential to grow. As young citizens increase purchases of cylinders, it will result in recurring customers. Furthermore, the older and more financially stable the individuals become, the more they will consumer hence purchase more products in the long run.

Size

This factor shows the current size of the segment to determine how successful the product will be in the future. The working class has the highest total of 3.20 followed by the environmentally orientated and young citizens with a total of 1.60 and 1.2, respectively. The working class has a high score due to the fact that it is currently the largest segment thus enjoys profits. However, the young citizens is nearly four times smaller but shows great promise that its size can and will grow.

Segment D has a total score of 7.85 hence it is the most attractive segment, however, segment C with a score of 4.35 shows the most promise. This is because the working class segment has matured while the young citizen is currently growing. In the future, the young citizens segment will translate to the working class segment thus choosing to focus on the working class segment and young citizens segment at the same time will be crucial and beneficial to the future of the Ferrotech Industries products.

Critical Success Factors (CSF)

CSF For Professionals	Weight	Ferrotech Industries Limited		Close Competitors		Imports	
		Score	Total	Score	Total	Score	Total
Efficiency	35	8	2.8	7	2.45	7	2.45
Service	35	9	3.15	8	2.8	4	1.4
Price	30	8	2.4	8	2.4	8	2.4
Total			8.35		7.35		5.95

Efficiency

This factor determines how efficient consumers want the cylinders to be. Ferrotech has a higher score of 2.80 due to its superior quality of raw materials and production processes rate is at 99.97% effective.

Service

Service is almost as important to consumers as the actual product, especially the post-purchase service. Ferrotech excels in this department due to the quick and efficient delivery provided along with having a guaranteed seven-day delivery assurance for all orders. Close competitors have not been able to match our delivery systems and when cylinders are imported, there is a long lag-time for delivery and there is no further service once the cargo has been imported into the country. This can create logistical issues if there are defects or faults in the products.

Price

Due to our effective delivery, our pricing performs slightly better compared to imports and our close competitors. Moreover, the price of cylinders is equal to our close competitors due to the nature of the industry and competitive pricing strategies in place. Imported dumping is the greatest concern when it comes to competing to set the best price possible.

Overall, Ferrotech Industries Limited is performing better against its main competitor and imports in all the critical success factors. The main threat is from dumping that imports can cause which would destabilise the market and cause price volatility.

Financial Projections - Five Year Detailed Forecast

Forecasted Cash Flow Statement

FERROTECH					
Projected Cash Flow					
	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>YEAR 5</u>
Opening Balance	0	109,100	200,175	273,861	287,716
<i>Cash Receipts from: -</i>					
Sales	4,000,000	5,000,000	6,000,000	7,000,000	8,000,000
Borrowings	1,800,000				
Total Cash	5,800,000	5,000,000	6,000,000	7,000,000	8,000,000
<i>Cash Disbursements</i>					
<i>Direct Materials: -</i>	2,760,000	3,450,000	4,140,000	4,830,000	5,520,000
Power	100,000				
Salaries & Wages	280,000	350,000	420,000	490,000	560,000
Admin Expenses	130,000	162,500	203,125	253,910	317,390
Selling and Distribution Expenses	75,000	93,750	117,190	146,490	183,115
Director's Remuneration	10,000	10,000	10,000	10,000	10,000
Statutory deductions	118,400	161,200	203,450	245,219	286,566
Installment Tax	157,500	222,375	282,374	336,665	384,161
	3,630,900	4,449,825	5,376,139	6,312,284	7,261,232
<i>Capex</i>					
Assets	1,760,000				
Borrowings Repayment	300,000	350,000	350,000	400,000	400,000
Total Disbursements	5,690,900	4,799,825	5,726,139	6,712,284	7,661,232
Cash - Surplus/(Deficit)	109,100	200,175	273,861	287,716	338,768
Projected Closing cash balance	109,100	200,175	273,861	287,716	338,768

Forecasted Profit & Loss Statement

Income Statement	YEAR 1		YEAR 2		YEAR 3	
FERROTECH	USD	%	USD	%	USD	%
Sales	4,000,000		5,000,000		6,000,000	
% Growth						
Material Cost	2,600,000	65%	3,250,000	65%	3,900,000	65%
% on Sales	65.0%		65.0%		65.0%	
Labour Cost	280,000	7.0%	350,000	7.0%	420,000	7.0%
% on Sales	7.0%		7.0%		7.0%	
Other variable cost	160,000	4.0%	200,000	4.0%	240,000	4.0%
	4.0%		4.0%		4.0%	
CONTRIBUTION	960,000	24%	1,200,000	24%	1,440,000	24%
CONT % on sales	24.0%		24.0%		24.0%	
Manufacturing Depreciation	220,000	5.5%	192,500	3.9%	168,438	2.8%
Total Cost of Sales	3,260,000	82%	3,992,500	80%	4,728,438	79%
GROSS PROFIT	740,000	18.50%	1,007,500	20.15%	1,271,563	21.19%
GP % on sales	18.50%		20.15%		21.19%	
Director's Remuneration	10,000	0.3%	10,000	0.2%	10,000	0.2%
Administration Expenses	130,000	3.3%	162,500	3.3%	203,125	3.4%
Selling and Distribution Expenses	75,000	1.9%	93,750	1.9%	117,190	2.0%
Operating Income	525,000	13.1%	741,250	14.8%	941,248	15.7%
Depreciation & amortisation	-	0.0%	-	0.0%	-	0.0%
EBITDA	525,000	13.1%	741,250	14.8%	941,248	15.7%
EBITDA % on sales	13.1%		14.8%		15.7%	
Depreciation & amortisation	-		-		-	
EBIT	525,000	13.1%	741,250	14.8%	941,248	15.7%
Finance Cost	-	0.0%	-	0.0%	-	0.0%
Profit Before Tax	525,000	13.1%	741,250	14.8%	941,248	15.7%
Non tax deductible expenses						
Tax Expense	157,500		222,375		282,374	
Net Profit after Tax	367,500	9.2%	518,875	10.4%	658,873	11.0%

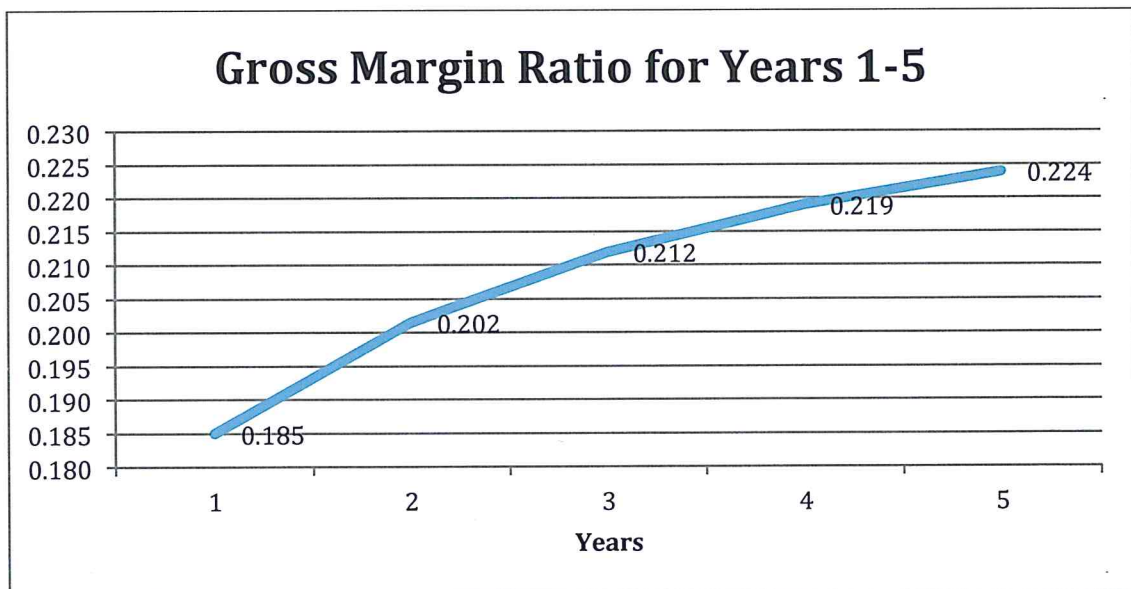
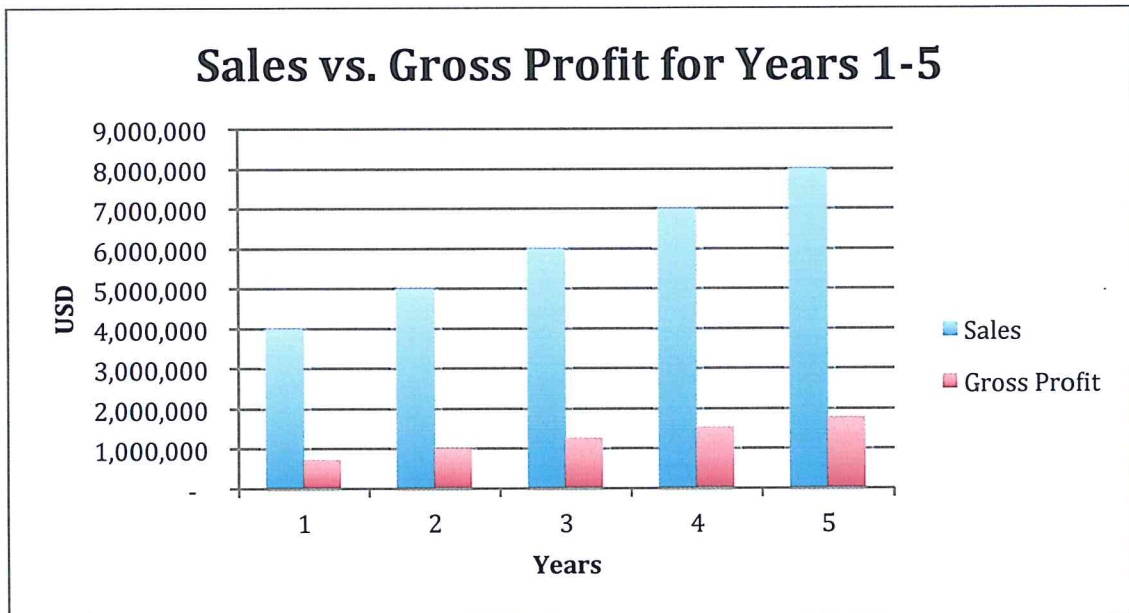
Continuation of Profit & Loss Statement

Income Statement	YEAR 4		YEAR 5		
	FERROTECH	USD	%	USD	%
Sales		7,000,000		8,000,000	
% Growth					
Material Cost		4,550,000	65%	5,200,000	65%
% on Sales		65.0%		65.0%	
Labour Cost		490,000	7.0%	560,000	7.0%
% on Sales		7.0%		7.0%	
Other variable cost		280,000	4.0%	320,000	4.0%
		4.0%		4.0%	
CONTRIBUTION		1,680,000	24%	1,920,000	24%
CONT % on sales		24.0%		24.0%	
Manufacturing Depreciation		147,383	2.1%	128,960	1.6%
Total Cost of Sales		5,467,383	78%	6,208,960	78%
GROSS PROFIT		1,532,617	21.89%	1,791,040	22.39%
GP % on sales		21.89%		22.39%	
Director's Remuneration		10,000	0.1%	10,000	0.1%
Administration Expenses		253,910	3.6%	317,390	4.0%
Selling and Distribution Expenses		146,490	2.1%	183,115	2.3%
Operating Income		1,122,217	16.0%	1,280,535	16.0%
Depreciation & amortisation		-	0.0%	-	0.0%
EBITDA		1,122,217	16.0%	1,280,535	16.0%
EBITDA % on sales		16.0%		16.0%	
Depreciation & amortisation		-		-	
EBIT		1,122,217	16.0%	1,280,535	16.0%
Finance Cost		-	0.0%	-	0.0%
Profit Before Tax		1,122,217	16.0%	1,280,535	16.0%
Non tax deductible expenses					
Tax Expense		336,665		384,161	
Net Profit after Tax		785,552	11.2%	896,375	11.2%

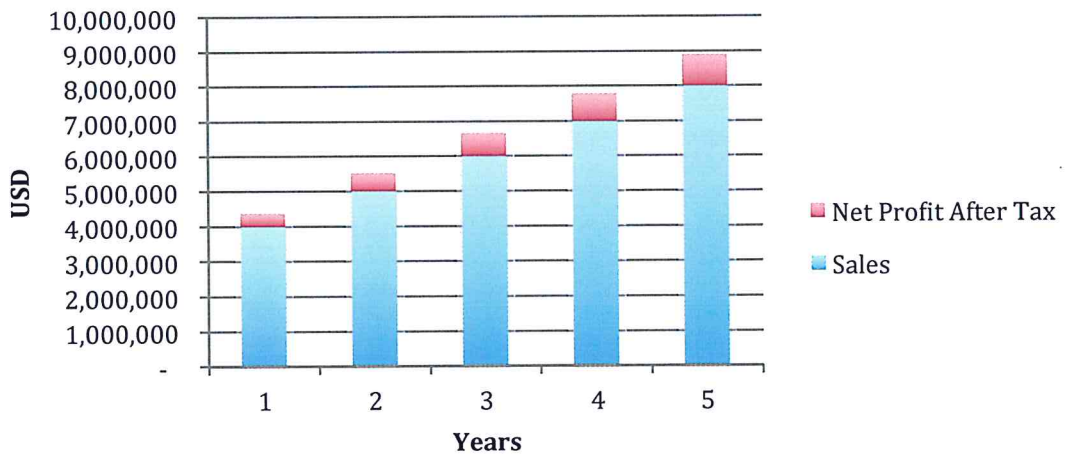
Forecasted Balance Sheet Statement

Balance Sheet: FERROTECH	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	USD	USD	USD	USD	USD
Equity					
Share Capital	10,000	10,000	10,000	10,000	10,000
Retained Earnings	367,500	518,875	658,873	785,552	896,375
Total Equity	377,500	528,875	668,873	795,552	906,375
	377,500	528,875	668,873	795,552	906,375
Assets					
Non-Current Assets					
Property, Plant & Equipment	1,540,000	1,347,500	1,179,063	1,031,680	902,720
	1,540,000	1,347,500	1,179,063	1,031,680	902,720
Current Assets					
Inventories	460,000	575,000	690,000	805,000	970,000
Trade Receivables	516,667	633,333	750,000	866,667	933,333
Other Receivables	-	140,600	143,600	146,600	146,600
Cash at Bank and in hand	155,200	205,200	255,200	305,200	355,200
	1,131,867	1,554,133	1,838,800	2,123,467	2,405,133
Current Liabilities					
Trade payables	510,000	775,000	940,000	1,155,000	1,320,000
Other payables	126,867	225,383	326,615	467,929	697,318
Taxation Account	157,500	222,375	282,374	336,665	384,161
Intercompany / Borrowings	1,500,000	1,150,000	800,000	400,000	-
	2,294,367	2,372,758	2,348,989	2,359,594	2,401,479
Net current Assets / (liabilities)	(1,162,500)	(818,625)	(510,189)	(236,127)	3,655
	377,500	528,875	668,873	795,552	906,375

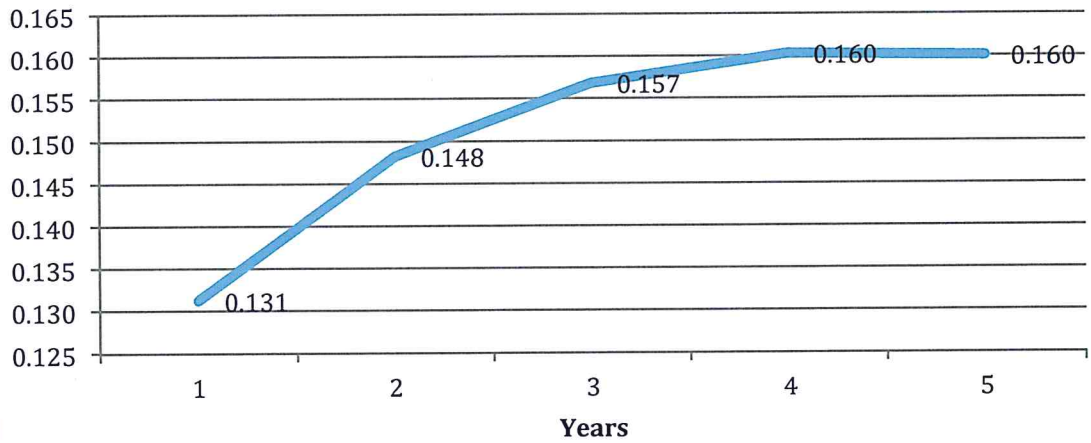
Pictorial Representation of Financials



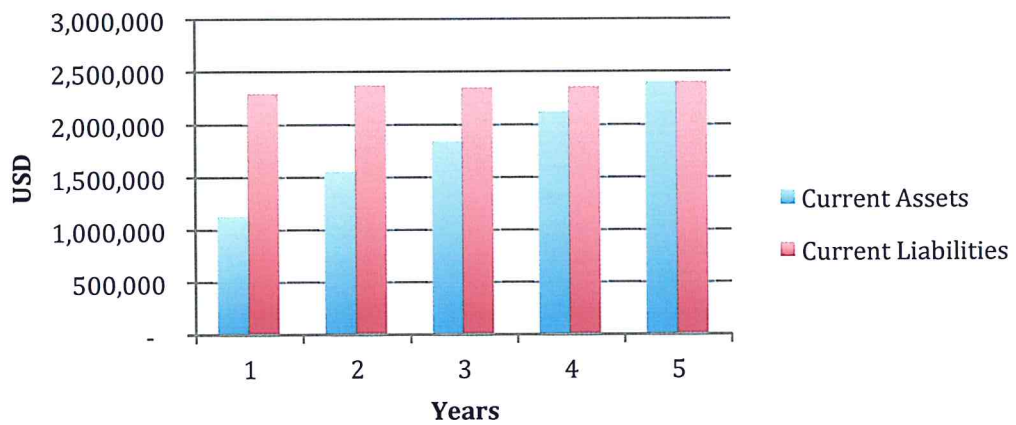
Sales vs. Net Profit for Years 1-5



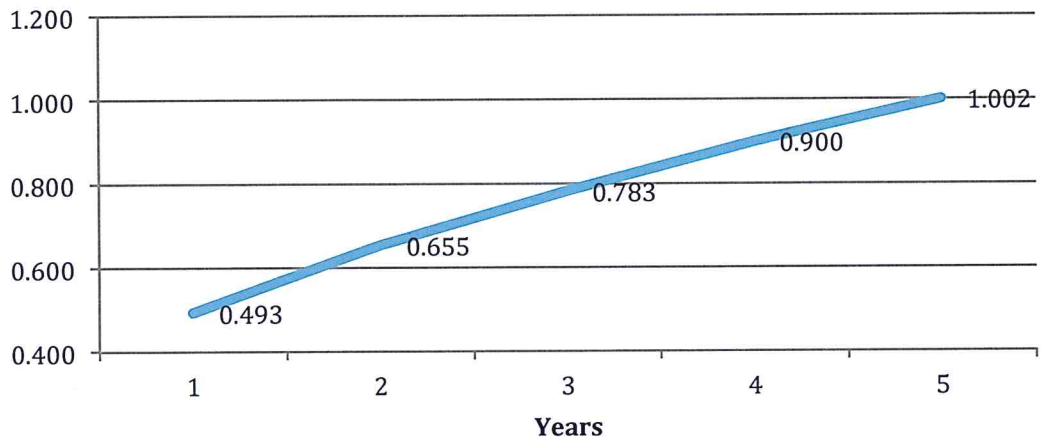
Operating Margin Ratio for Years 1-5



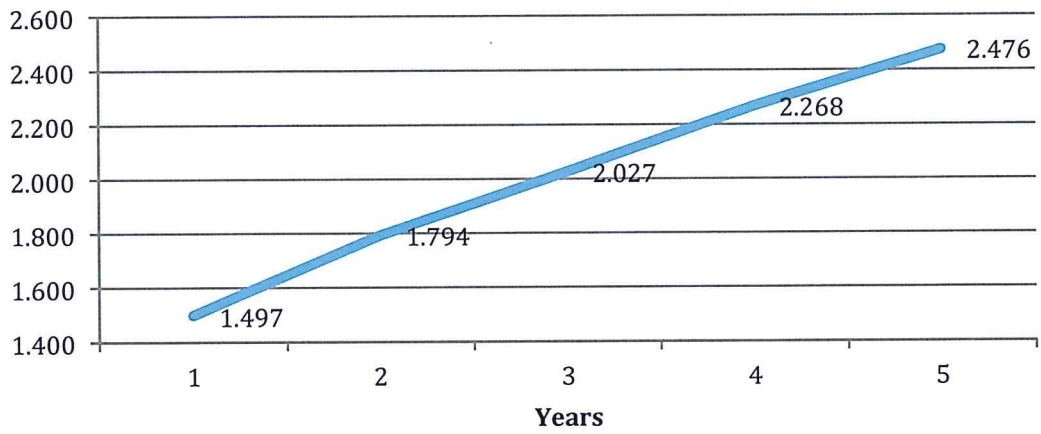
Current Asset vs. Current Liabilities for Years 1-5



Current Ratio for Years 1-5



Asset Turnover Ratio for Years 1-5



Acid-Test Ratio

