

**AMARACHI INVESTMENT COMPANY LIMITED**

**PROJECT DOCUMENT**

**ON**

**ESTABLISHMENT**

**OF**

**CARGO TRANSPORTATION COMPANY**

**Prepared By:**

**AMARACHI INVESTMENT COMPANY LIMITED**

**P.O.BOX 20831**

**DAR-ES -Salaam**

**March 2022**

## **1.0 EXECUTIVE SUMMARY**

### **1.1 Company Background**

M/S Amarachi Investment Company Limited is a private limited liability company, established on 7<sup>th</sup> March 2014 under Certificate of Incorporation No. 106488. It is licensed to carry out a variety of businesses, ranging from construction & transportation sectors, various industries and management to clearing and forwarding. It is a large size trucking company mainly catering for transit liquid and hard cargo of landlocked neighbouring countries and the countries south of Tanzania. The main purpose of the project is to provide Transport of specialized freight based on product requirements as well as customers preference. The company has its headquarters based in Dar es Salaam.

### **1.2 The Project**

This project envisages acquiring transport fleet of 100 trucks and trailers to provide Transport of specialized freight based on product requirements as well as customers preference. It will also modernize its supporting facilities in order to be more competitive both in the local, south and East African market.

The company Intends to acquire flatbeds, tankers, pick-ups and related handling service facilities depending on the trend of demand. The company's competitive advantage is the experience gained over the years and the standing arrangements it has with international and local companies such as Yapi Merkez, Access World, Arab Contractors, Tan roads, Estim Construction Company Limited, STAMICO etc. The company has also worked with agencies for providing bulk of cargo destined for the neighbouring countries.

### 1.3 The Market

Analysis of the demand of transit cargo and supply of trucks/trailers has revealed that there is a need to embark on the acquiring of 100 new trucks/trailers to facilitate movement of transit cargo by road system to and from landlocked neighbouring countries of Burundi, Rwanda, Uganda, Congo, Malawi and Zambia and other part of the southern Africa. In addition, the current shortage of wagons and locomotives in Tanzania Railways Corporation (TRC), the problem of TAZARA in the turnaround of wagons from Zambia and the current construction of the standard gauge railway have created increase in demand for road transportation of transit cargo.

### 1.4 Investment Costs

The project cost is estimated at US\$ **5,155,000** which will be contributed by the sponsors. The Company will decide to look for the loan if a need arises.

#### INVESTMENT COST

US\$

	LOCAL	TOTAL
Land & Building	100,000	100,000
Motor vehicle, trucks & Workshop equipment's	4,725,000	4,725,000
Furniture and fixture	30,000	30,000
Pre-operation & Expenses	200,000	200,000
Others	-	-
Working capital	100,000	100,000
<b>Total</b>	<b>5,155,000</b>	<b>5,155,000</b>

## 1.5 Financing Plan

The promoters propose to finance the above investment costs in the following manner:

SOURCE	US \$
Equity	<b>5,155,000</b>
<b>Sub total</b>	<b>5,155,000</b>

The working capital of US\$ 100,000 is to be financed through shareholders equity contribution.

## **INTRODUCTION**

### **2.0 Background**

M/S Amarachi Investment Company Limited intends to acquire 35 tractor heads ,40 rigid tipper trucks ,10 tipper trailers and 10 gas tankers and 5 low beds. Among other things this will also involves upgrading their existing workshops and terminal comprising of container yard, truck parking places, go down and offices.

The technical appraisal of the project has been prepared in a view to assessing the project's viability and to be used to obtain certificate of incentives. The appraisal will indicate the project's transport system and the infrastructure; establish projects costs estimates. Other issues include the management, , infrastructure, developments, market and cargo haulage trend both inland and transit, price trends, capital and operating costs. The outcome is presented in this report. Therefore, it is a proposed project development strategy which will involve acquisition of 100 transport fleet in order to have the project's earnings capacity through handling more cargo, provide prompt cargo handling services as required and will be more competitive in the transport sector.

### **2.1 The Company and Sponsors**

#### **2.2.1The Company**

AMARACHI INVESTMENT COMPANY LIMITED is a private liability company engaged in the transportation business. The company, incorporated on 7<sup>th</sup> March 2014 under Registered Company Act 2002 with certificate number No. 106488. It is primarily a family business with the following shareholders.

<b>Director/Shareholder</b>	<b>No of Shares</b>	<b>%</b>
Ms Avelin Simon Riwa	3000	33.3
Bernard Akilimali	3000	33.3
Christopher Kirama Temu	3000	33.4

### **2.2.2 The Sponsors/shareholders**

The shareholders have extensive and long-term exposure to the transport and construction industry through his involvement in various projects in Tanzania and in transporting cargo to landlocked countries. The company's good performance since its incorporation is the result of the shareholders sheer hard work and articulate management dynamism in the transport sector.

### **3.0 THE PROJECT**

#### **3.1 Project Concept**

The project intends to acquire 35 tractor heads ,40 rigid tipper trucks ,10 tipper trailers and 10 gas tankers and 5 low beds. Among other things this will also involves upgrading their existing workshops and terminal comprising of container yard, truck parking places, go down and offices. Among other things, the project components include.

- Purchasing of cargo haulage trucks/trailers. This involves acquiring 35 tractor heads ,40 rigid tipper trucks ,10 tipper trailers and 10 gas tankers and 5 low beds. In addition, the company will acquire 4WD patrol vehicles to assist in highway patrols and maintenance services.
- Purchase of machinery and equipment/tools such as cranes, forklifts and repair equipment to enhance smooth operation of its transport fleet.
- Acquiring new office furniture, fittings, computers and telecommunication system. This will include fixing all trucks and patrol vans to be fitted with HF Radio system connected to the base station.
- Renovation of workshops, office and container yards. Parking of trucks/trailers and storage of containers, etc.
- The project is intended to make the company facilitate smooth movement of cargo and be more competitive in the transportation sector. At present there is a huge demand of trucks and does not suffice to handle available transit and inland cargo. Therefore, the new trucks/trailers are intended partly to alleviate this problem.

### 3.2 Location

The company headquarters is based in Dar-es-salaam

P.O. Box **20914**. It is situated at Kilongawima Mbezi Beach, Dar es Salaam

### 3.3 The Trucks and Trailers Requirement

The company proposes to acquire cargo haulage trucks with trailers, and tankers to have average load carrying capacity of 30 tons per truck/trailers. The trucks will operate from Tanzania and therefore follow Tanzania highway codes pertaining to maximum load factor per axle. Other Equipment to be acquired as part of the project to enhance efficient operations are as follows:

	<b>Quantity</b>
<b>i) Handling Equipment</b>	
Crane 30 tons capacity	1 unit
Fork lift 10 tons capacity	2 unit
<b>ii) Workshop equipment and Tools</b>	2 sets
<b>iii) Mechanics Equipment</b>	
Hand Tools	Sets
Battery charger 12/240v	1 unit
Welding machine 3 phase	1 unit
Compressor 500 litre capacity	1 unit
Acetylene gas tanks 2.8t capacity	4 unit
Oxygen Gas tanks 2.8t capacity	4 unit
<b>iv) Communication equipment</b>	
GPS system for trucks	
Radio call for trucks	

v) **Office Equipment**

Furniture, air conditioners, computers, fuel installations, generators

**Service Vehicles**

In order to strengthen monitoring performance and maintenance of transport fleet the company requires:

- 2,4WD Pick up – for highway patrol

## **4.0 THE MARKET ANALYSIS**

### **4.1 TANZANIA TRANSPORT SECTOR REVIEW**

Road transport is the most dominant mode of transport in Africa, accounting for 80 per cent of the goods traffic and 90 per cent of the passenger traffic on the continent. African countries together have about 2.06 million km of roads in 2001, resulting in a road density of 6.84 km per 100sq.km.

With the exception of North Africa, railways in Africa generally have a low level of traffic. The railways carry only one per cent of the global railway passenger traffic and two per cent of goods. All goods vehicles comprise the bulk of the fleet, the growth is high and well above Gross domestic product (GDP) growth. In the year 2021 the growth of fleet reached 325,352 with the annual growth of 14.7%. (*Internet*)

#### **4.1.2 Modes of Transport**

Tanzania is the international gateway for several of its landlocked neighbouring countries. Burundi, Rwanda, Uganda, DR Congo, Zambia and Malawi are all dependent to some extent on the country's transport network for their access to global markets. The transport system in Tanzania consists of five modes which are roads, rail, water, air and pipelines.

##### **i) Road transport**

The road network in Tanzania currently comprises 86,472 km of roads in the formal inventory of which 12,786 km are categorized as trunk roads, 21,105 km as regional roads and the remaining 52,581 km as district, urban and feeder roads. Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 95% of the freight traffic in the country. As of to date the Government has been implementing construction of roads including the upgrading of a 144km road section connecting Dar es salaam to Chalinze. It will include the construction of a six-lane expressway for the first 50km from Dar es salaam, reducing to a

four-lane expressway for the remaining way to Chalinze. The rehabilitation of the road system should greatly ease the transport problems in the country and facilitate road transportation of transit cargo to neighbouring countries. With the above upgrades the project will run smoothly as there will be reduction of wear and tear on his trucks.

### ii) **The sea ports**

On the side of seaport network, Tanzania port authority network of ports serves a large market which includes the whole of the country's hinterland and the neighboring landlocked countries of Burundi, Rwanda, DR Congo, Uganda, Zambia and Malawi. The main seaports, especially Dar es Salaam, provide vital access to world markets for this region. Among the three ports, Dar es Salaam Port is the most active and important port for transit cargo for neighbouring landlocked countries. The ports on Lake Victoria, Tanganyika and Nyasa are also important for local and international trade although they now suffer from competition from road transport in many locations. Tanga Port is presently important port for Tanzanian imports and exports but with the construction of standard gauge railway it will increase its importance

### iii) **Rail Network**

The rail subsector in Tanzania needs to be improved so that they can contribute effectively to the transport needs of the economy. This will require some investment, in the track, locomotive power and rolling stock as well as working capital to improve train services in the central corridor in order to compete with the road transport and this will take time. An improved operating environment will be needed in order to compete with the road system. As of now Tanzania government is constructing standard gauge railway which will pose as a threat to road transporters.

### 4.1.3 Major Transit Point for road Transportation

Main transit point on Tanzania boarder with neighbouring countries include:

<b>Country</b>		<b>Boarder point</b>
Kenya	-	Namanga & Sirari
Burundi	-	Kabanga
Rwanda	-	Rusumo
Malawi	-	kasumulu
	-	Uyole-Ibanda
Zambia	-	Tunduma

### 4.1.4 International Destination Points

International destination points for the trucking companies carrying transit cargo to the neighbouring countries include:

Country	Destination/Town	Distance from DSM (in kms)
Zambia	Lusaka	1988
Burundi	Bujumbura via Kigali	1728
Rwanda	Kigali	1508
Uganda	Kampala	1771
Congo	Lubumbashi – Bukuvi	2051
Malawi	Lilongwe	1654
	Mbeya – Lilongwe	853

Source: Consultant's survey

## **4.2 Market analysis**

### **4.2.1 Demand and supply**

At present, most of the network traffic volumes are relatively light and generally below 1,000 vehicles a day and often substantially less. The highest flows are registered in and adjacent to Dar es Salaam on the central corridor where traffic of almost 50,000 *annual average daily traffic* (AADT) is measured dropping to about 35,000 AADT close to Ubungo and 27,000 AADT at about 27 km where the dual carriageway terminates. Beyond this section, traffic rapidly falls to about 12,000 AADT which remains above the capacity of the road and is a well-known congested location and traffic is below 1,000 AADT.

### **4.2.3 Trend of Imports and Exports**

#### **i) IMPORTS**

The demand for transit transport facilities is made up of neighbouring countries imports and exports passing mainly through Dar es Salaam, which is the major port for international traffic. Tanzania imports are mostly transport equipment, machinery, constructions materials, oil, fertilizers, industrial raw materials and consumer goods. Main imports partners are: Transit bound cargo to Tanzania's neighboring landlocked countries increased by more than 35% in 2017 as compared to 2016. The growth has been driven by significant increases in commodity prices such as copper pushing growth for exports and imports, overall economic growth in the landlocked countries resulting in more imports, and the removal of VAT on transit cargo ancillary services by the Government of Tanzania. (Source: Internat&Tanzainvest)

## **ii) EXPORTS**

Tanzania major exports are agricultural commodities with tobacco, coffee, cotton, cashewnuts, tea and cloves being the most important. Other exports include gold and manufactured goods. Tanzania main exports partners are India, Japan, China, United Arab Emirates, Netherlands and Germany. Exports in Tanzania increased to 1053 USD Million in the third quarter of 2018 from 1015.90 USD Million in the second quarter of 2018. Exports in Tanzania averaged 1318.84 USD Million from 2012 until 2018, reaching an all-time high of 1598.90 USD Million in the first quarter of 2016 and a record low of 946.50 USD Million in the second quarter of 2017 (Source: Tanzania Harbours Authority)

### **4.2.4 Local Demand for Trucking Facilities**

#### **4.2.4.1 Importance of Road Transport**

Over 85% percent of the country's freight movement (1.75 billion ton-km) is by road transport. It is further estimated that 80 to 70 percent of the bulk of agricultural crops is handled through road transport system.

### **4.3 Supply of Trucking Facilities**

#### **4.3.1 Supply of Road Transport**

The current traffic growth rate is 6-7%. Road transport accounts for 75% of total freight volume and 90 % of passenger transport. There are about more than 1000 trucks registered in Tanzania. The survey showed that most of the trucks were rather old and unreliable and needed to be urgently replaced. Each truck on average makes 1½ return trip to neighbouring countries per month. Assuming a load factor of 70% and that 50% of the trucks carry a return cargo, the existing fleet is able to carry about 201,600 tons per annum which represents 42.8% of estimated annual demand for road transport of transit cargo. (Source: *Internat&Tanzainvest*)

### **4.3.2 Future Prospects**

On the strength of the following positive business environmental factors/economic indicators, there are good prospects for the sizes of both transit and local cargo to rise.

#### **i) Increased Port performance/efficiency**

The increased efficiency of Dar port has been able to increase the number of ship calls involving mainly deep-sea ship at the port of Dar es Salaam. A rise in the number of ship calls is bound to push up the volume of cargo handled which in turn requires more transshipment which in turn requires more tranship facilities inclusive of trucking facilities.

#### **ii) Economic Growth Rates**

With a population of over fifty million and rising by nearly 3%, Tanzania GDP is also recording an upward trend rising at approximately 6.8%. The Gross Domestic Product (GDP) in Tanzania expanded 6.80 percent in the third quarter of 2018 over the same quarter of the previous year. GDP Annual Growth Rate in Tanzania averaged 6.76 percent from 2002 until 2018, reaching an all-time high of 11.90 percent in the first quarter of 2007 and a record low of 2.60 percent in the third quarter of 2009.

### **4.4 Competition**

Leading clearing and forwarding companies prefer to give business to transporters with sizeable own fleet of reliable trucks/trailers. Amarachi Investment Company Limited with 100 new trucks/trailers is therefore poised to emerge as one of the major transporters of transit cargo in Tanzania with no serious competition since demand for road transport is already higher than supply of trucks for transit cargo. Given the volume of business activities that are conducted within the SADC region and COMESA region, Amarachi Investment Company Limited therefore poised to

emerge as one of the major transporters of transit cargo in the SADC and COMESA region with no serious competition, since the demand for fuel cargo transport is already higher than the supply of transit cargo. In addition, Amarachi Investment Company Limited will be looking for the lucrative business in neighbouring countries.

#### **4.5 Conclusion**

Therefore, the demand for transit transport facilities within the SADC region is made up of countries imports and exports passing mainly through Botswana, Zambia, Mozambique, Congo (DRC), Zimbabwe, Malawi, Tanzania, Main commodities being transported by this company will be various fuel products.

#### **5.0 PROJECT IMPLEMENTATION SCHEDULE**

The critical activities are securing finance to purchase or acquiring more transport trucks/trailers and port clearance formalities

## 6.0 MANAGEMENT AND ORGANISATION STRUCTURE

### 6.1 Organisation

Amarachi Investment Company Limited is organised directly under the Shareholders, who form part of Board of Directors.

The Board of Directors is responsible in formulating policies, rules, regulations and planning aspects to ensure that transport system and the related activities meet the requirements the company and that it is operating on profitable basis. **M/S Aveline Simon Riwa has been a Finance Operational Manager** with more than 9 Years' experience in the field of Logistics, Transportation, building and equipment rental. **Mr. Bernard Akilimali has be in the field of operation and has been** Director of Operation with more than 8 Years' experience in Logistics, transportation, Building and equipment rental and Mr. **Christopher Kirama Temu who is a** Director of Strategy and new business with mora then 15 years in business. Working in Transportation, Building contractors, equipment and truck rental. The Managing Director will be appointed by the Board of Directors will be the overall in charge of day-to-day operations of the Company.

### 6.2 Manpower Requirements

To improve its transport system the company expects to employ staff of 34 people. There will be the following employees as below:

Position	No of People
Director of Operation	1
Director of Finance & Administration	1
Director of Strategy & New Business	1
Accountant	2
Operation Manager	1
Quantity Surveyor	1
Logistics	1
Finance Operation Manager	1
Operation Supervisor	1
Truck drivers	20
Technician	3
Procurement Manager	1
Legal Officer	1
Total employees	34

### **6.3 Recruitment and Training**

- The company will recruit truck drivers and turn boys. All are expected to have strong background in transportation. Other new staff especially in the Operation Department is also expected to have some knowledge in transportation sector. However, all the new employees are expected to receive on-the-job training. The training will be conducted as follows ;
- Written training materials, Video-based training materials and Webinars
- One-on-one training
- Instructor-led training with a group in a class
- Mentoring, shadowing, and/or following programs on the job (OJT)
- Online training materials

All key staff is to be employed 1-2 months before the Company acquires the additional trucks and trailers.

## **7.0 FINANCIAL ANALYSIS**

### **7.1 Revenue Assumptions**

The basic revenue underlying the projected revenue are detailed below:

#### **7.1.1 Basic Revenue Assumptions**

- 1) The project will operate extra total fleet of 100 trucks/trailers with total carrying capacity of 2420 Tons
- 2) The entire fleet is deployed to haul mainly international transit cargo only with 59% return cargo.
- 3) Due to the long distances involved and condition of roads, the load factor is assumed at 70% only.
- 4) Freight rates have been conservatively estimated at US\$ 4500 per ton.
- 5) About 10% of the trucks will be grounded on account of mechanical breakdowns, overhaul, accidents, etc. at any one time i.e., 5 trucks/trailers.
- 6) The operating costs has been estimated to be 60% of the total revenue
- 7) The revenue and operating cost assumptions have been projected at constant prices; it being assumed that any increase in costs will be off-setted by a corresponding increase in freight rate.

## **7.1.2 Freight Revenue**

Based on the above revenue assumptions, the trucks will realise earnings for the company of about US\$ 25.0 million in the first year. It is expected to increase to US\$ **43.9 million** in year 5 onwards.

## **7.2 Operating Costs and Assumptions**

### **7.2.2 Direct Cost**

The major direct operating costs are as follows:

#### **i) Fuel and Lubricants**

All the running trucks are diesel propelled. Fuel and lubricants accounts on average about 62% of the total direct cost.

#### **ii) Tyres and Tubes**

Periodic replacements of worn-out tyres will be necessary because of the long distances to be covered. We estimate a replacement at the rate of 2 sets of tyres per annum.

#### **iii) Other Direct Cost**

Other direct costs the company incurs include drivers/turn boys' allowances, road toll or borders fees, PTA Insurance, loading and offloading costs.

#### **iv) Repairs and Maintenance**

The costs of normal repairs and maintenance of the assets has been estimated on the basis of the costs of assets

#### **v) Administrative Overheads**

This includes the following items: Road Fines and Penalties, NSSF and pay Advertising, Telephone/Fax/Telex, Furniture and Equipment, Printing, stationery and postage, Auditors & Accountants' Fees, Travelling Expenses, Wages and Salaries, Directors Fees/Board Meetings, Cars Roll, Levy, VETA, under promotion and Pick Ups running expenses, Office repair and other office expenses, Training expenses and Staff Welfare, Miscellaneous Expenses.

### **7.3 Projected Profit and Loss Accounts**

From the foregoing freight revenue and operating cost assumptions, the projected profit and loss accounts are presented in this study. The accounts clearly demonstrates that the project will be very profitable after acquiring new trucks with pre-tax profits of USD **11.96M** about from year 3 of operation onwards.

### **7.4 Projected Cashflow**

Substantial cash surpluses will accrue to the project right from year2 of operation. The strong liquidity position confirms the project's ability to meet all financial obligations.

### **7.5 Profitability**

The projected profitability levels compare well the profit levels being achieved by other transit cargo transporters of a similar scale.

## 8 PROJECT COST AND FINANCING PLAN

### 8.1 Estimated Project Cost

The total project cost is estimated as **USD 5,155,000**. The breakdown of these investments is as outlined below.

	LOCAL	TOTAL
Land & Building	100,000	100,000
Motor vehicle, trucks & Workshop equipment's	4,725,000	4,725,000
Furniture and fixture	30,000	30,000
Pre-operation & Expenses	200,000	200,000
Others	-	-
Working capital	100,000	100,000
<b>Total</b>	<b>5,155,000</b>	<b>5,155,000</b>

### 8.2 Machinery and equipment's

Machine	Supplier	Price (USD) @ 1	Capacity	NOS
Lowbed	CMC	30,000	40-70Tones	5
Gas Tank	CMC	70,000	45-65Litres	10
Tipper Trailer	CMC	25,000	30Tones	10
Tractor Head	Sino Truck	43,000	30Tones	35
Rigid Tipper Trucks	Sino Truck	53,000	1CBM-40CBM	40
<b>TOTAL NOS</b>				<b>100</b>

### 8.3 Land & buildings & Other equipment

Land, buildings & equipment and planting material costs are based on professional valuations and current quotations. A contingency allowance of 5%-10% has been included for individual items to cover potential cost overruns and changes.

### 8.4 Proposed Financing Plan

It is proposed that the project be financed as follows:

	<b>US\$</b>
Sponsors equity	<b>5,155,000</b>
<b>Total Financing</b>	<b>5,155,000</b>

## **9.0 Economic Development Considerations**

### ***9.1 Employment Creation***

The project will create more than 34 jobs with capacity to expand the employment levels in the later years upon expansion.

### ***9.2 Foreign exchange Earnings***

Due to nature transit cargo business all payments are made in foreign currency. This is great contribution to the country in foreign exchange earnings.

### ***9.3 Economies of Scale***

Profitability is greatly affected by economies of scale. The project will be profitable with subsequent introduction of 100 trucks of various kind, improved communication and infrastructure. It will increase profitability dramatically hence guaranteeing higher returns in the long run.

## **10.0 CONCLUSION**

This business plan has attempted to highlight the main elements of the business plan in preparation for an investment decision of a total **of US\$. 5,155,000** net is being anticipated pursuant to this report. After a thorough review of this particular industry, it is hereby recommended that this business is worth serious consideration by TIC; the project is commercially, financially and economically viable.

# **ANNEXTURE AND APPENDICES**

# AMARACHI INVESTMENT COMPANY LIMITED

## CAPITAL INVESTMENT COSTS

	<b>LOCAL</b>	<b>TOTAL</b>
Land & Building	100,000	100,000
Motor vehicle, trucks & Workshop equipment's	4,725,000	4,725,000
Furniture and fixture	30,000	30,000
Pre-operation & Expenses	200,000	200,000
Others	-	-
Working capital	100,000	100,000
<b>Total</b>	<b>5,155,000</b>	<b>5,155,000</b>

# AMARACHI INVESTMENT COMPANY LIMITED

## PROJECTED CARGO HANDLING AND FREIGHT REVENUE US\$000

Item/year	1	2	3	4	5	6	7	8	9	10
<b>PERCENTAGES</b>	<b>40</b>	<b>50</b>	<b>70</b>	<b>80</b>	<b>90</b>	<b>100</b>				
<b>ACHIEVEABLE CAPACITY</b>										
<b>Number of Trucks</b>										
New Trucks/Trailers	100	100	100	100	100	100	100	100	100	100
<b>Various Cargo Haulage per month</b>	871	1089	1525	1742	1960	2178	2178	2178	2178	2178
<b>Various Cargo Haulage per year</b>	10452	13,068	18,300	20,904	26,136	26,136	26,136	26,136	26,136	26,136
<b>Freight Revenue in us\$000</b>	25,000	27,500	33,000	36,300	39,930	43,923	43,923	43,923	43,923	43,923
Various cargo haulage										
<b>GRAND TOTAL FREIGHT REVENUE in US\$000</b>	<b>25,000</b>	<b>27,500</b>	<b>33,000</b>	<b>36,300</b>	<b>39,930</b>	<b>43,923</b>	<b>43,923</b>	<b>43,923</b>	<b>43,923</b>	<b>43,923</b>

# AMARACHI INVESTMENT COMPANY LIMITED

## PROJECTED DEPRECIATION SCHEDULE

US\$

Item/year	Amount	%	1	2	3	4	5	6	7	8	9	10
Land and Buildings	100,000	4	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Motor Vehicles	4,725,000	25	1,181,250	1,181,250	1,181,250	1,181,250	-	-	-	-	-	-
Machinery & Equipment	30,000	12.5	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	-	-
Furniture & Fixtures	200,000	12.5	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	-	-
Pre-Operational Expenses	100,000	20	20,000	20,000	20,000	20,000	20,000	-	-	-	-	-
<b>TOTAL</b>			<b>1,234,000</b>	<b>1,234,000</b>	<b>1,234,000</b>	<b>1,234,000</b>	<b>52,750</b>	<b>32,750</b>	<b>32,750</b>	<b>32,750</b>	<b>4000</b>	<b>4000</b>

# AMARACHI INVESTMENT COMPANY LIMITED

## PROJECTED INCOME STATEMENT

US\$000

Item/year	1	2	3	4	5	6	7	8	9	10
Sales Revenue	25,000	27,500	33,000	36,300	39,930	43,923	43,923	43,923	43,923	43,923
<b>Cost Of Sales</b>	15,000	16,500	19800	21,780	23,958	23,958	23,958	23,958	23,958	23,958
<b>Gross Profit</b>	<b>10,000</b>	<b>11,000</b>	<b>13,200</b>	<b>14,520</b>	<b>15,980</b>	<b>15,980</b>	<b>15,980</b>	<b>15,980</b>	<b>15,980</b>	<b>15,980</b>
<b>Gross Operating Profit</b>										
<b>Capital &amp; Finance Charges</b>										
Depreciation	1,234	1,234	1,234	1,234	52	33	33	33	4	4
<b>Sub Total</b>	<b>1,234</b>	<b>1,234</b>	<b>1,234</b>	<b>1,234</b>	<b>52</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>4</b>	<b>4</b>
<b>Profit Before Tax</b>	<b>8,766</b>	<b>9,766</b>	<b>11,966</b>	<b>13,286</b>	<b>15,928</b>	<b>15,947</b>	<b>15,947</b>	<b>15,947</b>	<b>15976</b>	<b>15976</b>
Taxable Income										
Corporation Tax At 30%	2,630	2,930	3,590	3,986	4,778	4,784	4784	4787	4,952	4,952
<b>Profit After Tax</b>	<b>6136</b>	<b>6,636</b>	<b>8,376</b>	<b>9,300</b>	<b>11,150</b>	<b>11,163</b>	<b>11,163</b>	<b>11,160</b>	<b>11,024</b>	<b>11,024</b>
<b>Profit Brought Forward</b>	<b>6136</b>	<b>12,772</b>	<b>21,148</b>	<b>30,448</b>	<b>41,698</b>	<b>52,761</b>	<b>63,924</b>	<b>75,084</b>	<b>86,108</b>	<b>97,132</b>

# AMARACHI INVESTMENT COMPANY LIMITED

## PROJECTED CASHFLOWS

US\$ 000

Item/year		1	2	3	4	5	6	7	8	9	10
<b>CAPITAL INFLOW</b>											
Present Equity Capital	<b>5,155-</b>	-	-	-	-	-	-	-	-	-	-
Additional Equity	-	-	-	-	-	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-
Bank Loan	-	-	-	-	-	-	-	-	-	-	-
<b>Sub Total Capital Inflow</b>	<b>5,155</b>	-	-	-	-	-	-	-	-	-	-
<b>OPERATING INFLOW</b>											
Profit before tax		8,766	9,766	11,966	13,286	15,928	15,947	15,947	15,947	15,976	15,976
Depreciation		1234	1234	1234	1234	52	33	33	33	4	4
Sub Total Operating Inflow		10,000	11,000	13,200	14,520	15,980	15,980	15,980	15,980	15,980	15,980
<b>TOTAL INFLOW</b>		<b>10,000</b>	<b>11,000</b>	<b>13,200</b>	<b>14,520</b>	<b>15,980</b>	<b>15,980</b>	<b>15,980</b>	<b>15,980</b>	<b>15,980</b>	<b>15,980</b>
<b>CAPITAL OUTFLOW</b>											
Investment	<b>5,155</b>	-	-	-	-	-	-	-	-	-	-
Sub Total Capital Outflow	<b>5,155</b>	-	-	-	-	-	-	-	-	-	-
<b>OPERATING OUTFLOW</b>											
Taxation		2,630	2,930	3,590	3,986	4,778	4,784	4784	4787	4,952	4,952
Sub Total Operating Outflow		2,630	2,930	3,590	3,986	4,778	4,784	4784	4787	4,952	4,952
<b>TOTAL OUTFLOW</b>	<b>5,155</b>	<b>2,630</b>	<b>2,930</b>	<b>3,590</b>	<b>3,986</b>	<b>4,778</b>	<b>4,784</b>	<b>4784</b>	<b>4787</b>	<b>4,952</b>	<b>4,952</b>
<b>NET CASHFLOW</b>	-	<b>7,370</b>	<b>8070</b>	<b>9610</b>	<b>10,534</b>	<b>11,202</b>	<b>11,202</b>	<b>11,202</b>	<b>11,193</b>	<b>11028</b>	<b>11028</b>
<b>OPENING BALANCE</b>	-	-	<b>7,370</b>	<b>15,440</b>	<b>25025</b>	<b>35,584</b>	<b>46,786</b>	<b>57,988</b>	<b>69,190</b>	<b>80,383</b>	<b>91411</b>
<b>CLOSING BALANCE</b>	-	<b>7,370</b>	<b>15,440</b>	<b>25,050</b>	<b>35,584</b>	<b>46,786</b>	<b>57,988</b>	<b>69,190</b>	<b>80,383</b>	<b>91,411</b>	<b>102,439</b>

