

FEASIBILITY STUDY

FOR

YLM FOOD COMPANY LIMITED

**Ground Nuts, Cashew-Nut, Wheat And Paddy
Processing And Packaging Project**

PREPARED BY;

YLM FOOD COMPANY LIMITED

P O BOX 40016

DAR ES SALAAM

TANZANIA

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1.0 EXECUTIVE SUMMARY

INTRODUCTION

This business plan sets out proposal by **M/S YLM FOOD COMPANY LIMITED** of P.O. Box 40016, Dar es Salaam for putting up modern ground nuts, cashewnut wheat and paddy processing factory at Dar es Salaam.

M/S YLM FOOD COMPANY LIMITED is incorporated in mainland Tanzania under the Companies Act 2002 and was issued with certificate of incorporation no 170262816 issued by the Registrar of companies on 22th November 2023.

LOCATION.

The registered office of the company the project will be located on plot no: 442 Kiwalani, Nyerere rd, Dar es Salaam.

MARKET

Processed ground nuts, cashew-nut wheat and paddy will be for local market and export market, Japan, Middle East and USA.

PRODUCTS

The project will process Ground nuts, cashew-nut wheat and paddy and pack into different grades for local and export.

USES OF THE PRODUCTS

Ground nuts, cashew-nut wheat and paddy are used as bites, and ingredients in various types of food.

INVESTMENT COST.

The total Investment cost of the project is estimated to US \$ 1,320,000.00, which will be used to built up and modernization of the factory, and import modern machines, equipment and related spare parts.

SOURCES OF FINANCING

Part of financing will come from the shareholders contribution and the remaining part will be a loan facility form the bank.

EMPLOYMENT GENERATION:

The project will create one thousand four hundred (1,400) new jobs indirectly.

PROJECT PROFITABILITY:

The project is highly profitable as it can be seen by an internal rate of return of 43%.

CONCLUSION & RECOMMENDATION:

The project is economically viable, financially sound and socially desirable, hence it is recommended for approval and implementation.

2.0 THE PROJECT:

Product description

Cashew nuts, ground nuts, wheat and paddy are the stone fruits of the cashew tree, which grows to a height of up to 12m and belongs to the sumach family (Anacardiaceae).

Cashews are shell fruits (nut types). Because of their similar characteristics with regard to transport, particularly their high oil content, their requirements regarding care during storage and transport are the same as those of oil-bearing seeds/fruits.

The cashews consists of a Kernel covered with a thin pink skin enclosed in a double walled shell, the space between the outer and inner walls being a twin-walled honeycomb structure. The outer wall is smooth, grey-green in colour and leathery.

The honeycomb structure contains what is known as cashew shell liquid. The cashew kernel forms about 5 per cent of the whole nut by weight and its extraction requires special and careful processing. The processes of extracting kernel from raw cashew nuts are roasting, shelling, drying and peeling.

THE PROJECT CONCEPT:-

M/S YLM FOOD COMPANY LIMITED intends to put up a modern cashew nuts processing factory, by leaseing and later will have to construct factory and warehousing and storage facilities, importation of modern machines, spare parts and related equipment for the project. To accomplish this, the project will have warehousing and factory (To suit cashew nuts storage and processing activities)

Procure and install all necessary machinery and equipment's

Procure raw materials (cashew nuts) for the processing activities.

Obtain supply of utilities and other human and non-human resources.

PROJECT IMPLEMENTATION

The project will be implemented in two phases: the first phase will building rehabilitation and building additional warehouses which will be used for storage of raw cashew nuts. The whole process work will take 5 months followed by a second phase which will involve importation of products processing machines and related equipments to further expansion to reach the targeted goal.

CASHEWS ARE CLASSED AS FOLLOWS:

Cashew apple

The cashew apple, at up to 9cm in length, is the pear – shaped, soft, shiny yellow or red, fleshy stem of the cashew nut proper. The cashew apple itself is not suitable for transport and storage.

The cashew nut

The cashew nut is a stone fruit, which grows of the bottom of the cashew apple, is approx. 2-2.5 cm long, kidney-shaped, yellowish-reddish in color and has a hard shell with a single kernel with a delicate aroma. It is removed from the cashew apple after harvesting and sun-or hot air-dried, the shell then becoming detached to reveal the kernel proper.

The cashew kernel

This is surrounded by a fine, brown seed coat, which contains antioxidants which protect the kernel from penetration by atmospheric oxygen so preventing it from becoming rancid (oxidative rancidity).

Cashew nuts are also known as anacardium nuts.

Oil content: 45-50%

Quality / Duration of storage.

There are two commercial grades of cashew nut: “white” and “scorched” (i.e. discolored), the latter arising as a result of overheating during the drying process.

The shell contains high proportion of toxic CNSL (Cashew Nut Shell Liquid), Which is used in the paints and brake lining industries and acts as a protective jacket giving the raw product a storage life measured in years (2).

It is very important for the surveyor to ascertain the year of harvest: it must be taken into consideration that the nuts may be mixed with nuts from the previous year’s harvest. This possibility must not be disregarded when determining whether or not loss has occurred in transit. Nuts from the previous year’s harvest have a tendency to beetle infestation and rancidity.

Intended use

Mainly eaten raw and used in muesli, salads, desserts, vegetable, sweet industry and meat dishes and in trail mixes.

Jam is made from the light yellow, juicy, sharp, fruity flesh of the cashew apple. In the countries where the cashew apple grows, it is also used in the drinks industry.

Countries of origin

This Table shows only a selection of the most important countries of origin and should not be thought of as exhaustive.

Africa	Mozambique, Tanzania, Kenya, Ivory coast, Benin, Guiney Bissau and Nigeria
Asia	India, China, Vietnam
America	Mexico, West Indies, Brazil

Packaging

Cashew kernels are package in boxes or cartons containing two sealed tinfoil canister to protect the product from autoxidation.

Cashews are packed in among other things pouches of 10-25kg and packed in cartons

TRANSPORT

Means of transport

Ship, truck, railroad

Container transport

Ventilated containers (coffee containers), if the lower limits set for the water content of good, packing and flooring and the oil content of the goods are complied with and if protection against solar radiation is ensured (risk of self-heating). Cashew kernels are predominantly shipped in containers.

Cargo handling

In damp weather (rain, snow), the cargo must be protected from moisture since it may lead to mold, spoilage and self heating as a result of increased respiratory activity.

No hooks should be used with bagged cargo, so as to prevent damage to bags and loss of volume.

Stowage factor

- 2.00m³/t (wooden boxes, 54kg) {1}
- 2.12 – 2.27 m³/t (bags) {14}
- 1.55 – 1.70m³/t(boxes) {14}

Stowage space requirements

Cool, dry, good ventilation. Do not stow near heat source.

Segregation

Market pen, oil crayon

Cargo securing

In order to ensure safe transport the bags must be stowed and secured in the means of transport in such a manner that they cannot slip or shift during transport. Attention must also be paid to stowage patterns which may be required as a result of special considerations, such as ventilations measures.

In the event of loading as general cargo, dunnage should be used to protect against damage:

Floor dunnage: criss-cross dunnage and packing paper

Side dunnage: lining with wooden dunnage and mats or jute coverings: protection from metal parts of the ship, since traces of metal promote cargo rancidity due to Top dunnage: important for voyages to cold regions (winter) since sweat may drip onto the cargo.

Risk factors and loss prevention.

RF Temperature

Cashew nuts require particular temperature, humidity/moisture and ventilation conditions (storage climate conditions).

Favorable travel temperature range: 5-25c {1}

Temperature > 30c should not prevail for a long period, as such temperature promote respiration of the cargo and cause self-heating. Daily temperature measurement should be taken and the results recorded.

RF Humidity / Moisture

Cashew nuts require particular temperature, humidity/moisture and ventilation conditions (SC VII) storage climate conditions.

Designation	Humidity water content	Source
Relative humidity	70%	{1}
Water content	5.0 – 6.0%	{1}
	4.5 – 5.0%	{48}
Maximum equilibrium Moisture content	65%	{1}

Cashew nuts in bags are at risk of moisture penetration and mold formation due to ship/container sweat. The goods may cake, turn rancid and discolor. Soaked cartons may also discolor and lose strength, and jerricans may corrode.

On the other hand, excessive dryness may lead to breakage.

During lightering, care must be taken to avoid seawater damage (silver nitrate method).

In the tropics, sudden, heavy downpours occurring during cargo handling may damage the cargo.

When container transport is used damage due to moisture may arise if the water content of the cargo is too high or if defects in the container allow water to penetrate. The lack of ventilation in 90% full standard containers may cause spoilage.

RF ventilations

Cashews require particular temperature, humidity / moisture and ventilation condition (storage climate condition).

Recommended ventilation conditions: air exchange rate at least 10 changes/hour (airing)

The heat arising due to the self-heating process must be dissipated as quickly as possible by ventilation, since hot spots spread very rapidly and may affect entire batches of cargo.

It is advised to stow so as to leave trenches, so that water vapor and heat may be removed by suitable ventilation measures.

RF Biotic activity

Cashews display 2nd order biotic activity.

They are living organs in which respiration processes predominate, because their supply of new nutrients has been cut off by separation from the parent plant.

Care of the cargo during the voyage must be aimed at keeping decomposition processes at the lowest possible level, so as to keep within limits any losses in quality caused by emission of CO₂ heat and water vapor.

RF gas

In cashews/ kernels (particular when fresh) metabolic process continues even after harvesting. They absorb oxygen and excrete carbon dioxide (CO₂)

If ventilation has been inadequate (frost) or has failed owing to defect, life threatening CO₂ concentration or O₂ shortage may arise. Therefore, before any body enters the hold, it must be ventilated and gas measurement carried out. The TLV for CO₂ concentration is 0.49 vol.%

RF Self-heating / spontaneous combustion

A high cargo oil content of 45-50% encourages the risk of self-heating or rancidity.

Because of this tendency to self heating /spontaneous combustion, cashew nuts/kernels may behave like substance from class 4.2 of the IMDG code.

Fat decomposition in cashew nuts leads to the risk of self heating and ultimately, to a cargo fire.

Fat decomposition may proceed as follows:

By hydrolytic / enzymatic fat cleavage or by oxidative fat cleavage

Hydrolytic/enzymatic fat cleavage

If the critical water content of the cashew nuts is exceeded, this promotes hydrolytic /enzymatic fat cleavage. Fat cleaving enzymes are activated by the elevated water content. The additional action of light and heat may accelerate this process. Free fatty acids sometimes have an unpleasant odor and taste. In the event of extended storage or improper cargo care, these cause the cargo to become rancid.

The free fatty acid formed is consumed by respiration process in the cashew nuts to form carbon dioxide and water, a process which is associated with considerable evolution of heat.

Self heating of cashew nuts is an extremely vigorous process, as the consumption of fatty acids by respiration processes is associated with a considerably greater evolution of heat than is the case with the respiration equation for carbohydrates. Here too, as with cereals, the spoilage process proceeds in a type of chain reaction, because heat and water are formed by the fatty acids consumed by respiration, which in turn contribute to an intensification of the process.

The self-heating of cashew nuts requires only a small seat of moisture, so that within just a few hours heating may occur at moist point for which weeks or months would be required in goods dry on shipment.

Fresh cashew nuts with a high water content tend in particular towards rapid self-heating and may also ignite. Self-heating of cashew nuts leads not only to a reduction in the utility value of this product (rancid odor and taste) but also has a qualitative effect on oil yield. The color and bleachability of the oils are also negatively affected. The oil obtained complicated refining of the crude oils in subsequent processing, because a higher free fatty acid content makes decolorization substantially more difficult.

Hydro/enzymatic fat cleavage and respiration may be limited by low temperatures; however, this may only be affected to a limited degree during transport. It is therefore important to ensure storage stability by complying with the limit values for the water content of the goods.

Oxidative fat cleavage

Food components frequently react with atmosphere oxygen in spoilage processes. Atmosphere oxygen may enter into an addition reaction with unsaturated fatty acids through the similar simultaneous assistance of light, heat and certain fat companion substances, and possibility also traces of heavy metals.

Rancidity caused by oxidative fat cleavage is particularly noticeable in the case of shelled cashew nuts, because the shelling process results to a certain degree in exposure to atmosphere oxygen or to the steel parts of the steel parts of the ship or the container walls, if not carefully covered. It is therefore absolutely essential to store cashew nuts in the dark and to protect them from oxygen and metal, parts since otherwise they become brown-colored and develop a rancid odor and taste.

RF Odor

Active behavior	Cashew nuts do not release any odor.
Passive behavior	Cashew nuts are sensitive to unpleasant and/or pungent odors

Active behavior	<p>The high oil content of the goods frequently causes dark fat stains to appear on the bags, which must therefore be kept from coming into contact with goods sensitive to contamination, such as baled goods, tea chests, marble etc...</p> <p>Cashew nuts in bags must not be stowed together with fibers or fibrous materials, either, since oil-impregnated fibers accelerate self-heating processes.</p> <p>Cashew nuts often also contain a high proportion of fine dust or sand</p>
Passive behavior	Cashew nuts are sensitive to dust, dirt, fats and oils. The holds or containers must accordingly be clean and in a thoroughly hygienic condition before loading.

RF Mechanical influences

Cashew nuts are impact-and pressure-sensitive. The cashew nuts/kernels may suffer breakage.

RF Toxicity / Hazards to health

Respiration may cause life-threatening CO₂ concentration (TLV:0.49 vol.%) or O₂ shortages in the hold/container. Therefore, before anybody enters the hold, it must be ventilated and a gas measurement carried out.

Danger: cashew nuts may contain aflatoxin. They are therefore tested for aflatoxins prior to export and in the importing countries, as these develop particularly frequently as a result of improper harvesting and storage.

The molds *Aspergillus flavus* and *Aspergillus parasiticus* produce the toxin aflatoxin, which may be present in the cargo as a result of an attack by the above-mentioned mold types (see risk factors Humidity/Moisture and Ventilation). In general, this is “country damage”, i.e. the toxin is already present in the cashew nut at the time of harvesting. As a rule, aflatoxin is only found in individual nuts. If batches intended as a human foodstuff are affected by this toxin, the product can no longer be approved for human consumption. Nuts affected by aflatoxin cannot readily be distinguished from the other nuts in a batch. The toxin may be detected using UV light.

RF Shrinkage/Shortage

In the case of conventional loading, volume is generally lost only as a result of tears in bags.

Valuable cargo, so at high risk of theft

RF Insect infestation/Diseases

Mites, cockroaches, saw-toothed grain beetles, flour beetles, meal moths, dried fruit moths and rats and mice may attack nuts and thus also cashew nuts/kernels. Nuts from the previous year's harvest have a particular tendency to beetle infestation.

The quarantine regulations of the country of destination must be complied with and a phytosanitary certificate and fumigation certificate may have to be enclosed with the shipping documents. Information may be obtained from the phytosanitary authorities of the countries concerned.

INVESTMENT COST

Investment structure:

The total initial investment in fixed assets is estimated to be US\$1,600,000.00 and that of working capital will be US\$720,000.00. The break down of the total initial investment is as follows:

	Foreign US\$	Local US\$	Total US\$
a) Land and building	20,000.00	55,000.00	75,000.00
b) Plant and Machinery	515,000.00	0.00	515,000.00
c) Vehicles	350,000.00		350,000.00
d) Furniture and Fittings	20,000.00	10,000.00	30,000.00
e) Others-Tools, Equipments etc.	40,000.00	10,000.00	50,000.00
f) Pre-	0.00	80,000.00	80,000.00
g) Total fixed investment	945,000.00	155,000.00	1,100,000.00
h) Initial working capital	0.00	220,000.00	220,000.00
TOTAL INITIAL INVESTMENT	945,000.00	375,000.00	1,320,000.00

Sources of financing;

The project will be financed by shareholders contribution of US\$ 500,000 and a loan facility of US\$ 820,000 from the Bank. In case of future project expansion, the shareholders will look for a loan facility from domestic financial institutions.

Sales Revenue

The project expects to generate US\$ 3,100,000.00 per year when it will be operating at full capacity.

4.0 MARKETS AND PLANT CAPACITY

Targeted markets

Processed Cashew nuts will be for the export market, mainly EU market, Japan, Middle East and USA.

Plant capacity

The project will be able to process 7,500 tones of cashew nuts annually when it will be operating at full capacity.

Competition

The company does not fore see any threat in processing and export of cashew nuts to Europe or USA market, because it will use the latest technology in cashew nut processing, which reduces chances of breaking nut while processing. Hence the quality of nuts will be very high.

Environmental Pollution

During the production process the level of environmental pollution to be generated by smoke and fumes from cashew nuts kernel, will be controlled by the use of state the art machines, and also cashew nut kernel will be properly store for disposal and Company planning to convert the cashew waste in to energy.

5.0 PLANT AND MACHINERY

Some of the basic machines and equipments required for this project are as follows

Small cashew nuts processing machine

General feature

Production per day: 900kg raw cashew nuts or 200kg of almonds

Requested surface: 10 x 20 (200m²)

Number of employees: 25

Energy consumption: 100 kw/day

Water consumption: 3m³/day

Energy: 2 motors of 2 hp.

OTHER EQUIPMENTS

The equipment for processing the cashew nuts included:

1. Boilers
2. Manual shellers and shelling machines
3. Cutting machines and blades
4. Tables for shelling
5. Heat exchangers, steam rooms
6. Moisture devisces
7. Heat controllers
8. Trays
9. Peeling equipments
10. Grading tables
11. Packing and sealing machines
12. Gas flushing equipments
13. Converter kits
14. Other accessory kits and equipments

6.0 RAW MATERIALS AND INPUTS

The project will mainly utilize locally grown cashews from various regions producing cashews in Tanzania.

Water

Water requirements for the production process and for workers use have been estimated to be 25,000 litres per day. To ensure regular supply of water to the factory, it is proposed to have a bore hole at the factory site.

Utilities and Services

Utilities and services to be provided to the unit will include Power, telecommunication, such as Telephone/Tele Fax facilities and internet, fuel oil, first aid services and fire fighting equipment.

Electricity/power cuts problems

The project intends to have a standby generator to solve the problem of erratic power supply.

7.0 MANPOWER REQUIREMENT AND ORGANIZATION STRUCTURE

The company will create one thousand four hundred (1,400) new jobs to manage and run the project. There will be the general manager, production manager, sales and marketing manager and administration and finance manager.

Training

Experts from the suppliers of the machines will train Tanzanians how to operate and maintain the machines for three months before starting commercial production. On the job training will be a continuous process.

8.0 FINANCIAL ANNALYSIS

The projects financial projections depict the project t be viable, as it is shown by some of the indicators below:

Projected Cash Flow

The project will be able to generate enough cash to meet its obligation of repayment of loan and financing any capital expenditure during the project life, at the end of year five, the project will have an accumulated cash balance of US\$ 2,065,538.

Payback Period

The payback period for the project will be 3 years and 1 month as per Appendix 5. This period is acceptable for cashew nuts processing project.

Projected Balance sheet

The balance sheet indicates favorable state of affairs of the company throughout the projected period. The net worth will increase from US\$ 582,863 to US\$ 6,11,610 in the fifth year.

Internal Rate of Return (IRR) after Tax

The internal rate of return as per Appendix 7 works out at 43% which is more favorable.

Economic benefit of the project.

- The project will provide employment to 1,400 Tanzanians
- The government will earn revenue from taxes
- The project will bring foreign currency in the country as the result of exports
- People will be bale to buy high quality cashew nuts

9.0 CONCLUSION AND RECOMMENDATION

The project is financially and economically viable, socially desirable and environmentally friendly, hence it is recommended for approval and implementation.

YLM FOOD COMPANY LIMITED
PROJECTED PROFIT AND LOSS ACCOUNT

Appendix 1

USD

YEAR	1	2	3	4	5
	Production	Production	Production	Production	Production
Tons Sold	2,000	3,000	4,500	5,500	7,500
Sale Price per Ton-US\$	680	680	680	680	680
Income	1,360,000	2,040,000	3,060,000	3,740,000	5,100,000
Less:					
Variable Cost	394,400	550,800	703,800	822,800	1,071,000
Variable Margin	965,600	1,489,200	2,356,200	2,917,200	4,029,000
In % of sales revenue	71	73	77	78	79
Less:					
Fixed Costs	494,800	494,800	494,800	494,800	494,800
Operational Margin	470,800	994,400	1,861,400	2,422,400	3,534,200
In % of sales revenue	35	49	61	65	69
Less					
Depreciation	188,625	179,141	170,734	163,276	69,152
Profit before Interest	282,175	815,259	1,690,666	2,259,124	3,465,048
Interest on Long-Term Loan	163,800	131,040	98,280	65,520	32,760
Profit before Tax	118,375	684,219	1,592,386	2,193,604	3,432,288
In % of sales revenue	9	34	52	59	67
Tax (30%)	35,513	205,266	477,716	658,081	1,029,686
Profit after Tax	82,863	478,954	1,114,670	1,535,523	2,402,601
Accumulated Profit	82,863	561,816	1,676,486	3,212,009	5,614,610

YLM FOOD COMPANY LIMITED
PROJECTED BALANCE SHEET

Appendix 2

USD

YEAR	0	1	2	3	4	5
	construction	Production	Production	Production	Production	Production
ITEM DESCRIPTION						
Fixed Assets						
Opening Balance	-	1,520,000	1,331,375	1,152,234	981,500	818,225
Additions	1,520,000	-	-	-	-	-
	1,520,000	1,520,000	1,331,375	1,152,234	981,500	818,225
Less Depreciation	-	188,625	179,141	170,734	163,276	69,152
Closing Balance	1,520,000	1,331,375	1,152,234	981,500	818,225	749,072
Working Capital	720,000	650,000	900,000	1,050,000	1,200,000	1,300,000
Accumulated Cash	80,000	57,488	101,582	872,986	2,057,785	4,065,538
Total assets	2,320,000	2,038,863	2,153,816	2,904,486	4,076,009	6,114,610
Financed by						
Equity	500,000	500,000	500,000	500,000	500,000	500,000
Accumulated Profit	-	82,863	561,816	1,676,486	3,212,009	5,610,610
Total equity	500,000	582,863	1,061,816	2,176,486	3,212,009	6,114.610
Long term Loan	1,820,000	1,456,000	1,092,000	728,000	364,000	-
Bank overdraft	-	-	-	-	-	-
Total Debts	1,820,000	1,456,000	1,092,000	728,0000	364,000	-
Total Equity and Debts	2,320,000	2,038,863	2,153,816	2,904,486	4,076,009	6,114,610

YLM FOOD COMPANY LIMITED

CASHFLOW PROJECTION

Appendix 3

USD

ITEM DESCRIPTION	0	1	2	3	4	5
	construction	Production	Production	Production	Production	Production
Sources		282,175	815,259	1,690,666	2,259,124	3,465,048
Profit before Interest	-	188,625	179,141	170,734	163,276	69,152
Depreciation	-	-	-	-	-	-
Long term Loan	1,820,000	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Equity	500,000	470,800	994,400	1,861,400	2,422,400	3,534,200
Total sources	2,320,000					
Applications		-	-		-	
Capital Expenditure	1,520,000	(70,000)	250,000	150,000	150,000	100,000
Working capital	720,000	(22,513)	44,094	771,404	1,184,799	2,007,754
Cash	80,000	35,513	205,266	477,716	658,081	1,029,686
Tax	-	(57,800)	499,360	1,399,120	1,992,880	3,137,440
Sub-total	2,320,000					
Debt service		364,000	364,000	364,000	364,000	364,000
Principal	-	163,800	131,040	98,280	65,520	32,760
Interest	-	527,800	495,040	462,280	429,520	396,760
Total Debt service	-					
Total applications	2,320,000	470,800	994,400	1,861,400	2,422,400	3,534,200
Accumulated cash	-	57,488	101,582	872,986	2,057,785	4,065,538
Necessary working capital	-	650,000	900,000	1,050,000	1,200,000	1,300,000

YLM FOOD COMPANY LIMITED
REPAYMENT OF LOAN AND BANK OVERDRAFT

Appendix4

USD

Year	Loan			Bank O/D			Total Bank credit
	Inward Balance	Interest 9%	Adds/reds	inward balance	Interest 9%	Adds/reds	
0	-	-	1,820,000	-	-	-	1,820,000
1	1,820,000	163,800	364,000	-	-	-	527,800
2	1,456,000	131,040	364,000	-	-	-	495,040
3	1,092,000	98,280	364,000	-	-	-	462,280
4	728,000	65,520	364,000	-	-	-	429,520
5	364,000	32,760	364,000	-	-	-	396,760

YLM FOOD COMPANY LIMITED

PAYBACK PERIOD

Appendix 5

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	82,863	188,625	271,488	271,488
2	478,954	179,141	658,094	929,582
3	1,114,670	170,734	1,285,404	2,214,986
4	1,535,523	163,276	1,698,799	3,913,785
5	2,402,601	69,152	2,471,754	6,385,538

YLM FOOD COMPANY LIMITED
INTERNAL RATE OF RETURN AFTER TAX

Appendix 6

Year	Investment	Working Capital	Profit before depreciation and interest	Tax	Cashflow
0	(1,600,000)	(720,000)	-	-	(2,320,000)
1	-	-	470,800	35,513	435,288
2	-	-	994,400	205,266	789,134
3	-	-	1,861,400	477,716	1,383,684
4	-	-	2,422,400	658,081	1,764,319
5	749,072	1,300,000	3,534,200	1,029,686	4,553,586

Internal Rate of Return (IRR) after tax =

*= Residual value