

# **NINE FIVE GROUP LIMITED**

**FEASIBILITY STUDY  
FOR  
ESTABLISHMENT  
OF  
AGRO PROCESSINGS AND PACKAGING AGRICULTURAL PRODUCE  
FOR  
EXPORT MARKET PROJECT**

## PROJECT SUMMARY

- 1.1 **APPLICANT:** NINE FIVE GROUP LIMITED
- 1.2 **NATURE OF PROJECT: AGRO-PROCESSING AND PACKAGING AGRICULTURAL PRODUCE FOR EXPORT**
- 1.3 **PROJECT SPONSOR:** NINE FIVE GROUP LIMITED
- 1.4 **DATE OF INCORPORATION:** 4TH OCTOBER 2018
- 1.5 **PROJECT LOCATION:** Plot No 943, 944, 945, and 966, Block 'A' Kigogo Kisarawe II Area, Kigamboni Municipality, Dar Es Salaam.Tanzania
- 1.6 **OBJECTIVE:** APPLYING TIC CERTIFICATE

## 2.0 EXECUTIVE SUMMARY

### Description of the Company

**NINE FIVE GROUP LIMITED** is local Company incorporated under the Company Act of 2002, with a certificate of incorporation **No.138298 dated 4th October 2018**

The company share capital is Tsh 10,000,000/= with the main objective is to engage in business

**NINE FIVE GROUP LIMITED** Project is planning to involve the following:

- Purchasing agricultural produce
- Purchasing sorting and grading machines
- Purchasing packaging machines
- Purchasing generators
- Purchasing trucks, pick up, minibus
- Purchasing various building materials etc

The project document presents proposals by **NINE FIVE GROUP LIMITED** a locally registered company the project promoters are confident of mobilizing financial resources through owners' equity **of US\$1,200,000 and US\$ 800,000 Loan from financial institutions**

This study is a guiding tool for establishing sorting, grading and packaging agricultural produce for export and will be presented to TIC for obtaining a certificate of incentives to facilitate the smooth implementation of the project

### 2.1 Project Location

The project will be located in Plot No 943, 944, 945, and 966, Block 'A' Kigogo Kisarawe II Area, Kigamboni Municipality, Dar Es Salaam. Tanzania

## 2.2 The Project Sponsors

**NINE FIVE GROUP LIMITED** will be sponsoring this project. The Company is jointly owned by two Chinese.

| Name of subscriber | % of shares | Nationality |
|--------------------|-------------|-------------|
| Jiugang yang       | 90          | China       |
| Yuanyuan yang      | 10          | China       |

## 2.3 The Project Objectives

The project main objective is to collect, sort, grade and packaging agricultural produce for export

## 2.4 Objective of Study

The purpose of this study is to work out the project viability technically and financially.

## 2.5 The Project Rationale

The project is consistent with overall government economic policy and strategies on agricultural development. The project aims to contribute to the implementation of the country's strategic development framework as expressed in the Millennium Development Goals (MDGs), Tanzania Development Vision 2025, National Strategy for Growth and Reduction of Poverty (2005) popularly known by its Kiswahili acronym-MKUKUTA, Tanzania's Poverty Monitoring Master Plan and **Kilimo kwanza initiatives**.

## 2.6 The Role of Private Sector

Tanzania like other countries in Africa decided to shift from closed economy dominated by government to open economy where all sector of economy are dominated b private sector .From the following facts the government has been obliged to change from being the key player to a facilitator in all sector of economy. This new role of the government has led to a more conducive

and attractive environment to the private sector to join and invest in the agriculture sector.

Private investment in the agriculture Sector will go a long way in increasing the establishment of new agribusiness industries, thus contributing in adding value to agricultural produce.

### **3.0 Back Ground of Agriculture Industry in Tanzania**

Agriculture is the foundation of the Tanzanian economy. It accounts for about half of the national income, three quarters of merchandise exports and is source of food and provides employment opportunities to about 80 percent of Tanzanians. It has linkages with the non-farm sector through forward linkages to agro-processing, consumption and export; provides raw materials to industries and a market for manufactured goods.

Agriculture in Tanzania is dominated by smallholder farmers (peasants) cultivating an average farm sizes of between 0.9 hectares and 3.0 hectares each. About 70 percent of Tanzania's crop area is cultivated by hand hoe, 20 percent by ox plough and 10 percent by tractor. It is rain fed agriculture. Food crop production dominates the agriculture economy 5.1 million ha. are cultivated annually, of which 85 percent is under food crops. Women constitute the main part of agricultural labour force. The major constraint facing the agriculture sector is the falling labour and land productivity due to application of poor technology, dependence on unreliable and irregular weather conditions. Both crops and livestock are adversely affected by periodical droughts.

Irrigation holds the key to stabilizing agricultural production in Tanzania to improve food security, increase farmers' productivity and incomes, and also to produce higher valued crops such as vegetables and even flowers.

### **3.1 Urban Agriculture:**

Urban agriculture has flourished as a household – level initiative to cope with economic hardships encountered as a result of raising cost of living. Urban agriculture that consists of raising and growing of vegetable and food crops is found in Tanzanian towns and cities where the ready markets for Agricultural products are found. Producers of vegetables, milk, broilers' meat and eggs sell to private households and to school, hotels, hospitals, bars, cafeterias and restaurants.

### **3.2 Agriculture Performance:**

The macro economic reforms have and continue to have had significant impact on the Agriculture sector. The economic reforms have lead to the opening up of the sector to private investment in production and processing, input importation and distribution and agricultural marketing. Most of production and processing and marketing functions have been assigned to the private sector. The Government has retained regulatory and public Support functions or facilitation role.

Farmers are free to sell their crops to cooperatives or private traders. Due to competition, normal producer prices for food & export crops have increased as such farmers can now sell their produce much faster. Farmers are no longer confined to a single source for their essential inputs for crops and livestock.

The Government recognizes the pivotal role of the agricultural sector both in terms of economic growth and poverty reduction. Also the strong influence of factors outside the sector such as infrastructure, rural financial services, land ownership and good governance is recognized.

**Priority actions include:**

- The pursuit of macroeconomic policies that will motivate investment in agriculture by small holders and large – scale commercial farmers.
- Creation of an enabling environment and provide proactive support to private operators, farmers organizations, NGOs and CBOs supplying inputs and credit to small farmers and ensuring a strong regulatory mechanism.
- Concentration of budgetary allocations in agriculture research and extension.
- Provision of special support to investments in agricultural processing particularly in fruits and vegetables

**3.3 Potentials in the Agricultural Sector:**

Tanzania is well endowed with a variety of farming systems with climatic variations and agro-ecological conditions of which crops can be grown.

**The major staples include;** maize, sorghum, millet, rice, wheat pulses (mainly beans), cassava, potatoes, bananas and plantains

**Export crops;** coffee, cotton, cashew nut, tobacco, sisal, pyrethrum, tea, cloves, horticultural crops, oil seeds, Spices and flowers

**3.4 Agro – Ecological Zones (AEZ):**

Coastal plains

Eastern plateaus and mountain blocks

Southern Highlands

Northern rift zone and volcanic highlands

Central plateau

Rukwa – Ruaha rift valley

Inland Sedimentary

Ufipa and

## Western highlands

### 3.5 Farming Systems:

There are 10 farming systems

#### i. **Banana/Coffee/Horticulture system**

Found in Kagera, Kilimanjaro, Arusha, Kigoma and Mbeya regions.

- Tree crop
- High intensive land use
- Volcanic soils with high fertility
- Land scarce

#### ii. **Maize/Legume system:**

Found in Rukwa, Ruvuma, Arusha, Kagera, Shinyanga, Iringa, Mbeya, Kigoma, Tabora, Tanga, Morogoro, Kahama, Biharamulo

- Land not scarce
- Shifting cultivation
- Maize & legumes, beans and groundnuts intercropped Arabic coffee.

#### iii. **Cashew/Coconut/Cassava System:**

Found in coast region; eastern Lindi and Mtwara:

- Low rainfall
- Low soil fertility
- Cassava, coconut and cashew
- Land is not scarce
- Shifting cultivation

#### iv. **Rice/Sugar cane system:**

Found in alluvial river valleys

- Rice and Sugarcanes

#### v. **Sorghum/Bulrush millet/Livestock system:**

Found in Sukumaland; Shinyanga and rural Mwanza

- Sorghum, millet, maize and cotton, oilseeds and rice
  - intense population pressure
  - declining soil fertility
- vi. **Tea/Maize/ Pyrethrum system:**  
Found in Njombe and Mufindi districts in Iringa region
- Tea, Maize, Irish potatoes, beans, wheat, pyrethrum, wattle trees and sunflower
- vii. **Cotton/Maize system:**  
Found in Mwanza, Shinyanga Kagera, Mara, Singida, Tabora and Kigoma, Morogoro, Coast, Mbeya, Tanga, Kilimanjaro and Arusha.
- Cotton, sweet potatoes, maize, sorghum and groundnuts
  - Intensive cultivation
  - Livestock kept
- viii. **Horticulture based system:**  
Found in Lushoto district; Tanga region, Morogoro rural; Morogoro region and Iringa rural in Iringa region.
- Vegetables, (cabbages, tomatoes, sweet pepper, cauliflower lettuce and indigenous vegetables) and fruits, (pears, apples, plums, passion fruits and avocado
  - Maize, coffee, Irish potatoes, tea and beans.
- ix. **Wet – rice and irrigated system**
- Occupies river valleys and alluvial plains, Kilombero, Wami Valleys, Kilosa, Lower Kilimanjaro, Ulanga, Kyela, Usangu and Rufiji.
- x. **Pastoralists and Agro pastoralist System**  
Found in semi-arid areas i.e. Dodoma, Singida, parts of Mara and Arusha; Chunya districts, Mbeya and Igunga district in Tabora.
- Deep attachment to livestock and simple cropping system
  - Shifting cultivation of sorghum millet

- Moderate population density 30 per sq. Km of 26
- Limited resource base and poor and variable rainfall

### **3.6 Irrigation:**

Tanzania has a potential for attaining sustainable irrigation development in order to assure basic food security, improve the national standards of living and also contribute to economic growth of the country. There is:

- Availability of water resources e.g. small and big rivers and lakes.
- Available irrigatable land at 1.0 million ha. but currently only 150,000 hectares are cultivated under irrigation
- National Irrigation Development Plan and Agriculture Policy are in place
- Potential revenue can be tapped from irrigation water as user charge.

### **3.7 Support Services and Information:**

#### **i. Research:**

Research remains a core function of the government.

The Government encourages more private sector involvement independently or jointly in research planning and funding.

To increase investments in research on a sustainable basis the government encourages active participation by commodity/crop agencies in research funding and planning; from cooperative societies, unions, and commodity boards.

Appropriate mechanisms are established to collect and administer such funds.

The private sector is encouraged to participate in funding research and where necessary to own and manage research in particular enterprises.

Government funding is directed mainly to food crops, livestock, resource management, and engineering research.

The government encourages the private sector as well as the Non-Governmental Organizations (NGOs) where feasible, to participate in research, particularly in the areas of testing of drugs, development of special technologies, and seed processing.

ii. **Training:**

Agricultural training does not remain a monopoly of the government but the private sector is encouraged to carry out specialized training.

iii. **Extension Service:**

Extension services delivery is not a monopoly of the government. Private sector participation for collaborative efforts is promoted and where necessary private sector is allowed to own and manage extension services for specific enterprises such as beef, dairy, poultry, small ruminants, horticulture, tobacco, and other subsectors which call for special attention. In areas where the private sector offers extension services by providing funding, planning, monitoring, and evaluation, the government will play a coordinating role.

iv. **Seeds:**

The private sector is allowed to produce, distribute, and market seeds. Production of breeder seed is done at research institutes, foundation seed production on five foundation seed farms now under the Department of Research and Development, and certified production by contract growers vested in Arusha, Morogoro, Iringa regions. Tanzania Seed Company (TANSEED) is involved in both foundation seed farms and certified seed production. The Tanzania Official Seed Certification Agency (TOSCA) is responsible for quality control from the foundation seed farm stage up to the sale of certified seed to the farmers. The Main Seeds produced are hybrid and composite maize, sorghum, beans, wheat, and sunflower.

Private Companies involved in seed production and distribution are Cargill Hybrid Seeds, Pioneer Hybrid International, and Paunar and Rotian Seeds Company.

#### **4.0 Project Management and Manpower Requirements**

For efficient planning, managing, and running of project activities, the company will be under a managing director assisted by the Directors of Administration and Finance, Director of Farms, Production and Technology Development, and Director of Business Development and Marketing. The project management will be answerable to a board of directors who will be responsible for policy issues. **NINE FIVE GROUP LIMITED** will create employments of 25 employees

#### **5.0 Project description**

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead in Tanzania economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role. That is why **NINE FIVE GROUP LIMITED** came up with a proposal to establish the mentioned project, It is expected that the project will be completed within 6 months and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good, the project will contribute significantly toward agriculture sector in Tanzania.

#### **6.0 Targeted Markets.**

The targeted market of the project is China, UAE, and Europe where the company has already established a market

#### **6.1 Supply and Competition**

The project is not expecting to face any competition within and outside the country, taking the fact that there is a high demand for horticultural products and other farm products in the international market.

#### **6.2 Monitoring and Evaluation**

The Management has full commitment to ensuring good quality of agricultural produce from **NINE FIVE GROUP LIMITED** use of new technology in agriculture and value addition will be more emphasized. Thus, the

management philosophy is through business process, management will strive to ensure compliance with standards and quality of produce.

#### 7.0 **Project Investment Cost**

The estimated capital investment cost of the project is US\$ **2,000,000** out

##### **NINE FIVE GROUP LIMITED COST STRUCTURE**

| <b>PARTICULAR</b>     | <b>US\$</b>         |
|-----------------------|---------------------|
| Land and Buildings    | 1,000,000.00        |
| Machinery & Equipment | 450,000.00          |
| Motor Vehicles        | 100,000.00          |
| Furniture & Fixtures  | 5,000.00            |
| Pre exp               | 2,000.00            |
| Others                | 3,000.00            |
| Working Capital       | 440,000.00          |
| <b>TOTAL</b>          | <b>2,000,000.00</b> |

For the project to be a reality a total investment amounting to US \$2,000, 000 is needed

#### 7.1 **Financing Pattern**

The project will be financed by equity of US\$ 1,200,000 and Loan of US\$ 800,000

#### 7.2 **Financial Analysis**

#### 7.3 **Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on the experience of the promoters and trends in the agro-processing industry.

## 7.8 Financial Statements:

### 7.8.1 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is 8 years and that revenue from the agriculture project commences from the first year of operation. **Refer Appendix (VII)**

### 7.8.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years. The position depicted is that the project earns profit throughout its life. Accumulated after-tax profits grow from. US\$ 676,725 in first year to US\$ 3,881,964 in the 5year, for the details refer appendix (III)

### 7.8.3 Projected Cash Flows

This is shown in the financial statements. The project cash rose from negative US\$ 759,975 in the first year to US\$ 4,138,214 in 5th, **for the details refer Appendix (IV)**

### 7.8.4 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. The net asset of the project increases from US\$ 2,000,000 in the first year up to US\$ 5,081,964 in the 5<sup>th</sup> year of project operation, **for the details refer to appendix (IV)**

### 7.8.5 Projected Payback Period

Total investment is US\$ **2,000,000** cash accumulation in 3th year US\$ 2,280,863 which is more than the initial investment by US\$ **280,863**, the project payback Period is within 4years,, **for the details refer appendix (V)**

## 7.9 Projected Risks

No major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability and global changes affect the agribusiness global market

## **8.0 Implementation**

Project implementation is expected to be relatively very short once TIC approval is received. Currently, the company is finalizing negotiations with machines and equipment suppliers

## **9.0 Economic Aspect of the Project**

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

### **(i) Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that **NINE FIVE GROUP LIMITED** is going to provide additional employment of 25 people. This is a significant contribution coming from investors.

### **(ii) Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax, VAT, Pay as you earn etc during the project's 8 years covered under our project review.

## **10.0 Conclusion & Recommendation**

### **10.1 Conclusion**

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 25 people.
- (iii) The project is an encouraging sign to prove that we have investors who have confidence with Tanzania and are ready to invest such large sums of investment despite the odds of the sector in question.

### **10.2 Recommendation**

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

## NINE FIVE GROUP LIMITED COST STRUCTURE

| <b>PARTICULAR</b>     | <b>US\$</b>         |
|-----------------------|---------------------|
| Land and Buildings    | 1,000,000.00        |
| Machinery & Equipment | 450,000.00          |
| Motor Vehicles        | 100,000.00          |
| Furniture & Fixtures  | 5,000.00            |
| Pre exp               | 2,000.00            |
| Others                | 3,000.00            |
| Working Capital       | 440,000.00          |
| <b>TOTAL</b>          | <b>2,000,000.00</b> |

**NINE FIVE GROUP LIMITED FIXED ASSETS US\$**

| <b>NAME OF ASSETS</b>        | <b>1</b>         | <b>2</b>         | <b>3</b>         | <b>4</b>         | <b>5</b>         |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| Land And Buildings           | 1,000,000        | 980,000          | 960,000          | 940,000          | 920,000          |
| Machinery, Tools & Equipment | 450,000          | 445,500          | 441,000          | 436,500          | 432,000          |
| Motor Vehicles               | 100,000          | 90,000           | 80,000           | 70,000           | 60,000           |
| Furniture & Fixtures         | 5,000            | 4,500            | 4,000            | 3,500            | 3,000            |
| <b>Total</b>                 | <b>1,555,000</b> | <b>1,520,000</b> | <b>1,485,000</b> | <b>1,450,000</b> | <b>1,415,000</b> |
| <b>DEPRECIATION</b>          | <b>1</b>         | <b>2</b>         | <b>3</b>         | <b>4</b>         | <b>5</b>         |
| Land and buildings           | 20,000           | 20,000           | 20,000           | 20,000           | 20,000           |
| Machinery Tools & Equipment  | 4,500            | 4,500            | 4,500            | 4,500            | 4,500            |
| Motor Vehicles               | 10,000           | 10,000           | 10,000           | 10,000           | 10,000           |
| Furniture & Fixtures         | 500              | 500              | 500              | 500              | 500              |
| <b>ANNUAL DEPRECIATION</b>   | <b>35,000</b>    | <b>35,000</b>    | <b>35,000</b>    | <b>35,000</b>    | <b>35,000</b>    |

## Appendix (III)

## NINE FIVE GROUP LIMITED PROJECTED INCOME &amp; EXPENDITURE STATEMENT (US\$)

|  | 1                | 2                | 3                | 4                | 5                |
|--|------------------|------------------|------------------|------------------|------------------|
| Revenue  | 2,625,000        | 2,756,250        | 2,894,063        | 3,038,766        | 3,190,704        |
| <b>Operating Expenses:</b>                       | 1,575,000        | 1,653,750        | 1,736,438        | 1,823,259        | 1,914,422        |
| <b>Profit before Depreciation &amp; Interest</b> | <b>1,050,000</b> | <b>1,102,500</b> | <b>1,157,625</b> | <b>1,215,506</b> | <b>1,276,282</b> |
| <b>Interest</b>                                  | 64,000           | 48,000           | 32,000           | 16,000           | -                |
| <b>Depreciation</b>                              | 19,250           | 19,250           | 19,250           | 19,250           | 19,250           |
| <b>Gross Profit</b>                              | <b>966,750</b>   | <b>1,035,250</b> | <b>1,106,375</b> | <b>1,180,256</b> | <b>1,257,032</b> |
| Tax (30%)  | 290,025          | 310,575          | 331,913          | 354,077          | 377,109          |
| <b>Profit After Tax</b>                          | <b>676,725</b>   | <b>724,675</b>   | <b>774,463</b>   | <b>826,179</b>   | <b>879,922</b>   |
| Accumulated Profit                               | 676,725          | 1,401,400        | 2,175,863        | 3,002,042        | 3,881,964        |

## NINE FIVE GROUP LIMITED PROJECTED CASH FLOW US\$

| <b>SOURCES:</b>                         | 1                | 2                | 3                | 4                | 5                |
|---|------------------|------------------|------------------|------------------|------------------|
| Profit before interest and depreciation | -                | <b>1,050,000</b> | <b>1,102,500</b> | <b>1,157,625</b> | <b>1,215,506</b> |
| Equity                                  | 1,200,000        |                  |                  |                  |                  |
| Loan                                    | 800,000          |                  |                  |                  |                  |
| <b>Total Sources</b>                    | <b>2,000,000</b> | <b>1,050,000</b> | <b>1,102,500</b> | <b>1,157,625</b> | <b>1,215,506</b> |
| <b>Applications:</b>                    |                  |                  |                  |                  |                  |
| Capital expenditure                     | 1,555,000        | -                | -                | -                | -                |
| working Capital & Others                | 445,000          |                  |                  |                  |                  |
| Cash                                    | -                | 759,975          | 791,925          | 825,713          | 861,429          |
| Tax                                     | -                | 290,025          | 310,575          | 331,913          | 354,077          |
| <b>Subtotal</b>                         | <b>2,000,000</b> | <b>1,050,000</b> | <b>1,102,500</b> | <b>1,157,625</b> | <b>1,215,506</b> |
| <b>Total applications</b>               | <b>2,000,000</b> | <b>1,050,000</b> | <b>1,102,500</b> | <b>1,157,625</b> | <b>1,215,506</b> |
| Accumulated cash                        |                  | 759,975          | 1,551,900        | 2,377,613        | 3,239,042        |

## Appendix (V)

## NINE FIVE GROUP LIMITED PROJECTED BALANCE SHEET US \$

|                               |           |           |           |           |           |           |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Fixed Assets</b>           | -         |           |           |           |           |           |
| Opening balance               | -         | 1,555,000 | 1,520,000 | 1,485,000 | 1,450,000 | 1,415,000 |
| <b>Total Long-term Assets</b> | -         | 1,555,000 | 1,520,000 | 1,485,000 | 1,450,000 | 1,415,000 |
| <b>Less depreciation</b>      | -         | 35,000    | 35,000    | 35,000    | 35,000    | 35,000    |
| <b>Closing balance</b>        | -         | 1,520,000 | 1,485,000 | 1,450,000 | 1,415,000 | 1,380,000 |
| Working capital               | 445,000   | 445,000   | 445,000   | 445,000   | 445,000   | 445,000   |
| Accumulated cash              | -         | 759,975   | 1,551,900 | 2,377,613 | 3,239,042 | 4,138,214 |
| <b>Total assets</b>           | 445,000   | 2,724,975 | 3,481,900 | 4,272,613 | 5,099,042 | 5,963,214 |
| Financed by                   |           |           |           |           |           |           |
| Equity                        | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Accumulated profit            | -         | 676,725   | 1,401,400 | 2,175,863 | 3,002,042 | 3,881,964 |
| <b>Total equity</b>           | 1,200,000 | 1,876,725 | 2,601,400 | 3,375,863 | 4,202,042 | 5,081,964 |
| Long term loan                | 800,000   | 600,000   | 400,000   | 200,000   | -         | -         |
| <b>Total debts</b>            | 800,000   | 600,000   | 400,000   | 200,000   | -         | -         |
| <b>Total equity and debts</b> | 2,000,000 | 2,476,725 | 3,001,400 | 3,575,863 | 4,202,042 | 5,081,964 |

Appendix (VI)

NINE FIVE GROUP LIMITED PROJECTED LONG TERM LOAN REPAYMENT US\$

| <b>Year</b> | <b>principle</b> | <b>Loan Interest (8%)</b> | <b>Total Amount Paid</b> | <b>Loan Balance</b> |
|-------------|------------------|---------------------------|--------------------------|---------------------|
| 1           | 200,000.00       | 64,000.00                 | 264,000.00               | 800,000.00          |
| 2           | 200,000.00       | 48,000.00                 | 248,000.00               | 600,000.00          |
| 3           | 200,000.00       | 32,000.00                 | 232,000.00               | 400,000.00          |
| 4           | 200,000.00       | 16,000.00                 | 216,000.00               | 200,000.00          |

## Appendix (VII)

## NINE FIVE GROUP LIMITED PAYBACK PERIOD US\$

| <b>Year</b> | <b>Profit After Tax</b> | <b>Depreciation</b> | <b>Total Cash Flow</b> | <b>Accumulated Cash Flow</b> |
|-------------|-------------------------|---------------------|------------------------|------------------------------|
| 1           | 676,725                 | 35,000              | 711,725                | 711,725                      |
| 2           | 724,675                 | 35,000              | 759,675                | 1,471,400                    |
| 3           | 774,463                 | 35,000              | 809,463                | 2,280,863                    |
| 4           | 826,179                 | 35,000              | 861,179                | 3,142,042                    |
| 5           | 879,922                 | 35,000              | 914,922                | 4,056,964                    |