

**AILYONS-HKC INNOVATIONS LIMITED,
P. O. BOX 32080,
DAR ES SALAAM, TANZANIA**

PRE-FEASIBILITY STUDY REPORT ON:

**INVESTMENT IN MANUFACTURING OF ELECTRONIC
DEVICES**

Presented To:

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**AILYONS-HKC INNOVATIONS LIMITED
Strategic Pre-feasibility Report**

**AILYONS-HKC INNOVATIONS LIMITED,
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*This profile is strictly for information only and projections in the pre –feasibility study report have been compiled by the consultant with close cooperation of the Promoters of the Business the **AILYONS-HKC INNOVATIONS LIMITED** and Sector Experts for illustrative purposes and do not constitute actual forecasts.*

AILYONS-HKC INNOVATIONS LIMITED

Business Profile: Pre-feasibility Study Report

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1. Executive Summary

Company & Project concept

AILYONS-HKC INNOVATIONS LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 18th April 2023, and bears Certificate of Incorporation # 165104471. Company implements project which is under manufacturing sector under sub sector of manufacturing of electronic devices

AILYONS-HKC INNOVATIONS LIMITED will be located at Plot No 3 Block A, Zowale Street, Visiga Ward, Kibaha District in Pwani Region.

Our goals and objectives are straightforward and seek to ensure we run a professional, profitable and ethical company, building relationships with customers, suppliers and investors.

Company Goals and Objectives:

In Summary AILYONS-HKC INNOVATIONS LIMITED aims to;

- Manufacturing of electronic devices at the proposed area at Plot No 3 Block A Zogowali Street, Visiga Ward, Kibaha District in Pwani region
- Manage AILYONS-HKC INNOVATIONS LIMITED by human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involve
- Build relationships with investors in Manufacturing sector,
- Achieve levels of profit sufficient to provide for reinvestment and suitable returns to shareholders and investors
- Seek to comply with all statutory legislation and other external relevant authorities. Define and keep under review Company policy, allowing flexibility for local requirements.
- Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts

Purpose of Business Plan

This document is prepared to the serve the purpose as a Pre-feasibility study report for AILYONS-HKC INNOVATIONS LIMITED for investment in Manufacturing to specific in

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Electronics goods In Plot no 3 Block A, Zogowali Street, Kibaha Pwani. But also, the Pre-feasibility study report shall be submitted to TIC for an award of Certificate of Incentives. The implementation of this project will compromise the following activities: -

- Setup of the factory.
- Procurements Machineries, equipment and spare parts for this project.
- Establishment of manufacturing plant.
- Equipping the project will all necessary modern furniture and facilities

The project promoter, the project will be managed and operated by AILYONS-HKC INNOVATIONS LIMITED is owned by Chinese corporations from China with the following share distribution.

NAME OF SHAREHOLDERS	NATIONALITY	SHARES%
BORDAR GROUP LIMITED	Chinese	70%
HKC OVERSEAS LIMITED	Chinese	30%

Company Legality, the legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, Tax Identification Number. Justify that AILYONS-HKC INNOVATIONS LIMITED is operating within the ambit of the law of the Land

Project Organization Structure, the management of AILYONS-HKC INNOVATIONS LIMITED constituted by the following organization set up: - Board of Directors, General Manager who is responsible on the supervision on the entire operations of the Company, a company accountant, a Production Manager who will be directly responsible for all matters pertaining mining process.

Investment Structure, the project is estimated to cost 500,000 USD the money covers building structures but also allocated fund include investment in, building structure, Machineries and Equipment, furniture and fittings, pre-expenses and working Capital. The equity contributed by the shareholders is 300,000 USD equivalent to 60%. The remaining part of 40% of investment financing will be done through borrowing from

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banks and other financial institutions. However, a financial policy of the Company state that the profits generated will be re-invested

Forecasted financial Information, Financial information of AILYONS-HKC INNOVATIONS LIMITED is projected within five years. The company projected profit and Loss, account show a respectable turnover (for refence you shall see table on last page)

2. Statement of Purpose

This Profile is drawn for the purpose of seeking CERTIFICATE OF INCENTIVES from the TANZANIA INVESTMENT CENTRE and pre –feasibility study report for logistics.

2.1 Purpose of Investment

This document is prepared to the serve the purpose as a feasibility study for AILYONS-HKC INNOVATIONS LIMITED for establishment of Manufacturing Of Electronic Goods project. The implementation of the project will compromise of the following: -

- Importation of raw material and construction material
- Establishment of the manufacturing plant.
- Procurements Machinerics and equipment for this project.
- Equipping the project will all necessary modern furniture and facilities
- Procurement semi –processed raw materials
- Employing more than 50 people.

2.2. Investment financing plan

The company expect to invest USD 500,000 from shareholders’ funds and Loan from the Banks. Profits generated from business operation will be re-invested. There shall be a loan from commercial banks as the investor has set aside 60% of 300,000 USD for the investment in phase one up to phase three and the rest 40% shall be financed by Project promoters’ equity. Table below show the assumptions how the investment financing plan will look like.

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**TABLE 1
FINANCING**

<i>Financing</i>	\$
Long-term liabilities	
Long-term loan	200,000
Owner's equity	
Cash	200,0000
Contributed asset value	100,000
Total	500,000

**TABLE 2
INVESTMENT COST PLAN**

<i>COST INVESTMENT STRUCTURE</i>	\$
Current assets	
Working capital	30,000
Opening inventory	20,000
Other	50,000
Property and equipment	
Land	5,000
Building	40,000
Equipment	50,000
Furniture and fixtures	2,000
Leasehold improvements	2,500
Plant	150,000
Motor Vehicles	45,000
Other _____	5,500
Total assets	300,000.00

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2.3 Summary of the Expected Results

At the end, the project is expected to achieve the following: -

- Provide an opportunity for availability of Electronic goods in Tanzania
- Import modern machines and spare parts for purpose of manufacturing plant which contribute in advancing of new technology in Tanzania
- Increase 50 direct employment opportunities.
- Direct Domestic investment of more than \$100,000 within 2023 -2027.
- Increase tax contributed to the government
- Generate foreign currency.

3. BUSINESS DESCRIPTION

AILYONS-HKC INNOVATIONS LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 07th June 2023, and bears Certificate of Incorporate # 165104471. Company implements project which is under Manufacturing sector.

The Company will be responsible among others activities, operating and managing manufacturing activities.

3.1.1. Legal Status

Legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, business license, Tax Identification Number, and value added Tax certificates Justify that AILYONS-HKC INNOVATIONS LIMITED is operating within the ambit of the law of the Land.

3.1.2. Mission and Vision

The company vision is to be one of the leading companies in Manufacturing of Electronic goods.

The current mission of the company is to penetrate the markets within mining sector in Tanzania. The company can achieve this through

- Manufacturing of Electronic Goods.
- Establishing sustainable business relationship with Manufacturing and supplies companies and buyers
- Proper and reasonable remuneration of the personnel
- Continuing networking with our esteemed clients.

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3.1.3. Project Promoters

The project promoter, the project will be managed and operated by AILYONS-HKC INNOVATIONS LIMITED. The Company is owned by Chinese corporations with diverse business in China. Current shareholding status is hereby shown below.

NAME OF SHAREHOLDERS	NATIONALITY	SHARES%
BORDAR GROUP LIMITED	Chinese	70%
HKC OVERSEAS LIMITED	Chinese	30%

3.1.4. Operations

The project will be managed and operated by AILYONS-HKC INNOVATIONS LIMITED. The Company is finalizing acquisition of operation permits and Tax exemption clearance for machineries and equipment to start the implementation of the project. Management will establish sound operating guidelines to conduct the day-to-day operations of this project.

3.1.5. Project Location

The project shall be implemented at established garage, administration block which will accommodate this project of this nature. The project shall be located at Plot No 03 Block A, Zogowali Street, Visiga Ward, Kibaha Pwani Region

3.1.6. Postal Address

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4. Core Activities of the company

AILYONS-HKC INNOVATIONS LIMITED will be dealing with establishing and operating the following facilities;

4.1.1. Construction of Manufacturing Plant.

In the first phase of the implementation of this project, the Company shall construct warehouses which shall be used to accommodate manufacturing plant, storage areas and administration office.

4.1.2. Machines and Equipments

This consist of machines and equipment that shall be accommodate the manufacturing electronic devices processes.

4.2. Technical requirements of the project

The project implementation shall require some of technical facilities among others include: -

- Machines for manufacturing of electronic goods.
- Forklift for moving heavy equipment and machines.
- Raw materials for manufacturing of electronic goods.

5. MANUFACTURING INDUSTRY

5.1 MANUFACTURING SECTOR IN TANZANIA

The manufacturing sector based on electronics in Tanzania was still in its early stages of development. While there were some electronics manufacturing activities in the country, the sector faced various challenges and was relatively small compared to more established manufacturing industries.

Key factors influencing the electronics manufacturing sector in Tanzania included:

1. **Infrastructure:** Limited infrastructure, particularly with regard to reliable power supply and transportation, posed challenges for the growth of the electronics manufacturing industry. But the new government the has been great improvement in the infrastructures that make investments in the manufacturing sector very profitable and awarding.

2. **Technology and Skills:** The sector faced a shortage of skilled labor and technological expertise, hindering its ability to compete on a global scale and develop advanced electronic products. Which our company shall assist in providing advanced technology and personnel with the technical expertise.
3. **Market Size:** Tanzania's domestic market for electronics was relatively small compared to more populous countries, which could limit the scale of production and investment in the sector. In most recent years the market has grown drastically making Tanzania a place where even neighboring countries can shop for electronic devices of a high and quality devices.
4. **Imports:** Tanzania heavily relied on importing electronics and related components from other countries, leading to challenges in building a robust domestic manufacturing base.
5. **Regulatory Environment:** The regulatory environment for electronics manufacturing, including customs procedures and tariffs, might have posed obstacles for local manufacturers.

Manufacturing of electronics has been boosted over the past few years and there are many emerging industries that manufacture electronics and also that play a key role in advancing Tanzania's economy and also contribute to the economy and employment sector.

5:2 IMPORTANCE OF MANUFACTURING SECTOR IN TANZANIA

The Manufacturing of electronic goods plays a crucial role in Tanzania's economy. Here are some key reasons highlighting the importance of manufacturing of Electronic Devices within the country.

Availability: Manufacturing of Electronic Devices shall make availability of electronic devices in Tanzania and neighboring countries and also satisfy the internal market and external market which is very advantageous to Tanzania since the products will be manufactured in Tanzania and distributed to near countries.

Flexibility and connectivity: There shall be flexibility in acquiring all related electronic devices that most consumers use which like TV's, radio's, Ironer and all related electronic devices not limited to the mentioned devices, it will also allow people to stay connected to the current issues and affairs that are happening inside and outside the country through media devices such as radios, tv and computer which are mediums of transferring information from one place to another..

Cost-effectiveness: This is another important aspect of the whole process because imported electronic devices are much more expensive than those which will be manufactured

here in the country. The price shall be less and more affordable to almost every class people living in Tanzania and nearby countries.

5.3 MANUFACTURING COMPANIES IN TANZANIA

Currently there are a many companies and individuals who are in the Manufacturing business and are thriving in this industry, which we are going to be among them.

5.4 PROJECT JUSTIFICATION

The proposed project is under management of AILYONS-HKC INNOVATIONS LIMITED is in line with Tanzania Government efforts in attempt to revamp investments in Tanzania. This has also been noted of recent drive of attracting investors in Tanzania in order to maximize her annual earnings from investment and also compete effectively with regional competitors. This also has been complemented by following measures

- i. The government is making a critical review of all existing laws and regulations, taxation and policies with ultimate aim of improving and creating conducive environment for private sector Investment, tourism sector is inclusive.
- ii. In 2007/2008 the Government reviewed the existing Industry and trade Policy, taking into consideration the social economic base and the dynamism of Manufacturing industry in Tanzania.
- iii. In depth studies have been carried out in the following area
 - SMEs development study
 - Trade Integration Strategy, 2009-2013

Regarding the initiative undertaken by AILYONS-HKC INNOVATIONS LIMITED sponsors, is justified by the following facts.

- The sponsors have a special invested interest in Manufacturing and they have several years of experience in this industry.

Therefore, the establishment and operation of Manufacturing of Electronics Plant will boost and at the same time strength Manufacturing sector in Tanzania. The Company's

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marketing strategy and intention is to have a wide products base which focuses both to Ordinary consumers and Industrial use.

5:5 SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

The proposed project will result into the following social and economic impacts:

- Improve and increase production of through manufactured electronic goods in Tanzania
- Increased competitiveness among other Electronic Manufacturers in Tanzania
- The project will provide employment for more than 50 people
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by this Company.

6. OPPORTUNITY DRIVERS

6.1 Increased demand of Electronics Manufacturing Industries in Tanzania and all over the world

Tanzania now is witnessing the tremendous developments of technology advancement. Electronics is among the crucial aspect goods that are used in many all sectors of investments and in the world, there is a high demand in it so it shall contribute to the internal market of logistics.

6.2 Uniqueness location of the project

AILYONS-HKC INNOVATIONS LIMITED.'s project will be one of the major Electronic Manufacturers in Tanzania. And location of the Project shall be in Plot No 3 Block A, Zogowali Street, Visiga Ward, Kibaha District in Pwani Region. The location of this project provides an opportunity to AILYONS-HKC INNOVATIONS LIMITED to capture easily the market around Arusha, Kilimanjaro, Manyara and Singida and other nearby regions

6.3 Government Policy

The Government of Tanzania has made the policy that intends to improve and promote Manufacturing Industry. This sector employs many people and it is a key driver towards transforming and developing the national economy.

6.4 Government Incentives package

In 1997 Tanzania Government enacted Investment law that offers and guaranteed reasonable incentives to both local and foreign investors.

7. Analysis of Strengths, Weaknesses, Opportunity and Threats

Table below present the analysis of the company's Strengths, Weaknesses, Opportunities and Threats (SWOTS)

Strengths <ul style="list-style-type: none">▪ It has a strong equity financing▪ Strong management and well-paid personnel▪ Has a will to expand▪ Access to reliable high technology	Weaknesses <ul style="list-style-type: none">▪ Not yet emphasize on the marketing
Opportunities <ul style="list-style-type: none">▪ Good government suitable facilitative policy▪ Raising investments real estate sector▪ Government development power supply project in Tanzania	Threats <ul style="list-style-type: none">▪ Unawareness of the new entrants in the Industry in the same location▪ Increment of inflation▪ Presence of fake suppliers of the same products.

The company has prepared for the action plans by doing the following:

1. In future if needs arise the Company may seek more funds from bank to finishing phase of this project.
2. The company will employ expatriates for marketing of its products/services and develop marketing plan.

8. Marketing Information

8.1. Marketing Strategy

8.1.1. Overview

The success of AILYONS-HKC INNOVATIONS LIMITED will be achieved by providing high tech products, providing friendly service and employing an aggressive marketing plan to build customer traffic. Today's market requires more than just products and service to make AILYONS-HKC INNOVATIONS LIMITED successful. AILYONS-HKC INNOVATIONS LIMITED will constantly strive to enthusiastically win more customers by being proactive rather than reactive in our marketing efforts.

Management will endeavour to create and maintain a positive, appealing image for the customers. This image will be consistently portrayed throughout all marketing channels and sales promotions. The following exemplifies some of the tactics we will use to drive more sales.

8.1.2. Customer Database

AILYONS-HKC INNOVATIONS LIMITED will aggressively seek to build a database of Customers. Customers will have an opportunity to be included in the database so they can participate in sales promotions such as birthday or anniversary cards; email notification of upcoming specials; coupons; etc. The database will be gathered and maintained on special software AILYONS-HKC INNOVATIONS LIMITED will gather names in a variety of manners including staff requests; business card drop for free lunch; guests' sign up book with promotional signage; menu insert promotion; etc

8.1.3. Advertising

AILYONS-HKC INNOVATIONS LIMITED will adopt an aggressive advertising strategy. Outdoor signage for AILYONS-HKC INNOVATIONS LIMITED will describe outdoor and changeable copy advertisement and elaborate design signage depends upon lease space restrictions; designed within allowable limits to achieve maximum exposure.

AILYONS-HKC INNOVATIONS LIMITED will utilize both traditional non-traditional methods of advertising. Management's viewpoint on advertising is state in your own words, the philosophy AILYONS-HKC INNOVATIONS LIMITED will adopt towards the use of traditional advertising such as radio, newspaper, billboards or television.

8.1.4. Costing and Pricing

The costing and pricing are done by the management of AILYONS-HKC INNOVATIONS LIMITED. The costing takes into consideration various aspects depending on the cost which has already been incurred, inflation factor and Operating costs. The project promoters of the company are in business for long time i.e. they are business-oriented personnel.

8.1.5. Customers

AILYONS-HKC INNOVATIONS LIMITED is targeting to all regions in Tanzania and outside of Tanzania specifically targeting the following customers: Manufacturers.

8.1.6. Products

As it has been explained in preamble chapters, AILYONS-HKC INNOVATIONS LIMITED will set project which will be indulging in manufacturing of Electronic Goods in Tanzania

8.2 Marketing Plan

The company has both short term and long-term marketing plan:

The short-term marketing plan includes:

- Participating in business show case exhibitions
- Building sustainable long-term relationship with manufacturers.
- Training of sales staff sales and Marketing.

Long Term Plans includes:

- Join to the network of Manufacturing companies to market and exploit more business opportunities
- Investing Market Research and Development

9. Management & Administration

9.1. Management

The management team of AILYONS-HKC INNOVATIONS LIMITED planned to be constituted by the following management team: -

9.1.1. Board of Directors

AILYONS-HKC INNOVATIONS LIMITED be managed by the board of Directors which is the apex body for strategic decision making of the project. Directors of the Company are the ones who having shares in AILYONS-HKC INNOVATIONS LIMITED, The Company which shall manage this project.

9.1.2. General Manager

Immediate after Board of Director the shall be a General Manager who will be responsible to take care of mater pertaining operation and managing daily activities of the project as well as other staff's welfares and report them to the board of directors.

9.1.3. Production Manager

Production Manager will be employed who expected to have an extensive background in the manufacturing industry. As the Production Manager will be directly responsible for all production issues regarding manufacturing of electronic goods.

Under Production manager there shall be reasonable number of technical staffs who will be involved in daily duties within this project.

9.1.4. Accountant/cash

An accountant will be employed who expected to have good experience in accounting system as well as he will be responsible in managing cash of AILYONS-HKC INNOVATIONS LIMITED but also keeping books of accounts properly.

9.1.5. Management Agreements

Management Agreements will be executed between AILYONS-HKC INNOVATIONS LIMITED and other team managers. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

9.1.6. Confidentiality Agreements

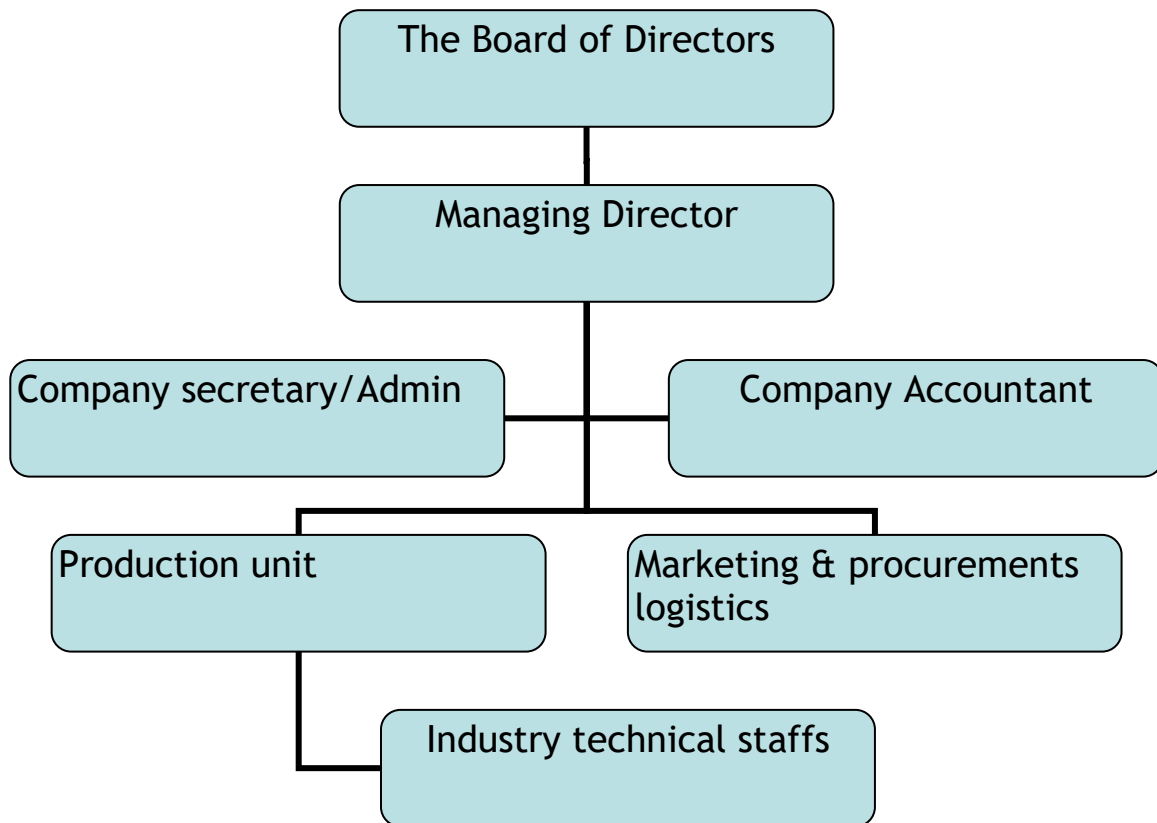
AILYONS-HKC INNOVATIONS LIMITED will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners

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will protect our products, operating systems, policies and procedures. Having a confidentiality agreement in place is essential to protect the company's trade secrets, and show our employees that we take our business seriously.

9.1.7 Organization Structure

The management of AILYONS-HKC INNOVATIONS LIMITED is planning to have the following organization structure.



3 Conclusion

- Revenue will be contributed to the Government through various taxes.
- The project will offer continuous direct employment to almost 50 people and create other indirect employment to other people.
- The company looks technically feasible and financially viable. It is therefore recommended that the project be supported.

AILYONS-HKC INNOVATIONS LIMITED

CASH FLOWS PROJECTION FOR FIVE YEARS FROM 2023 TO 2027

	Pre-Startup EST	,2023	2024	2025	2026	2027	Total
Cash on Hand (beginning of month)	\$ -	\$ 500,000	\$ 500,000	\$ 1,900,000	\$ 3,340,000	\$ 4,924,000	\$ 11,164,000
CASH RECEIPTS							
Cash Sales			\$ 1,000,000	\$ 1,000,000	\$ 1,100,000	\$ 1,210,000	\$ 4,310,000
Collections fm CR accounts		\$ -	\$ 400,000	\$ 440,000	\$ 484,000	\$ 532,400	\$ 1,856,400
Estimated Capital for startup Loan	\$ 500,000		\$ -	\$ -	\$ -	\$ -	\$ 500,000
							\$ -
TOTAL CASH RECEIPTS	\$ 500,000	\$ -	\$ 1,400,000	\$ 1,440,000	\$ 1,584,000	\$ 1,742,400	\$ 6,666,400
Total Cash Available (before cash out)	\$ 500,000	\$ 500,000	\$ 1,900,000	\$ 3,340,000	\$ 4,924,000	\$ 6,666,400	\$ 17,830,400
CASH PAID OUT							
Purchases other fixed assets		\$ -	\$ 7,200	\$ 7,920	\$ 8,712	\$ 9,583	\$ 33,415
Purchases vehicles		\$ 80,000	\$ -	\$ 41,000	\$ -	\$ -	\$ 121,000
Gross wages (exact withdrawal)		\$ 15,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 255,000
Payroll expenses (taxes, etc.)		\$ 4,500	\$ 20,400	\$ 20,400	\$ 20,400	\$ 20,400	\$ 86,100
Supplies (office & oper.)		\$ 1,000	\$ 1,100	\$ 1,210	\$ 1,331	\$ 1,464	\$ 6,105
Repairs & maintenance		\$ 1,250	\$ 1,375	\$ 1,513	\$ 1,664	\$ 1,830	\$ 7,631
Advertising		\$ 150	\$ 165	\$ 182	\$ 200	\$ 220	\$ 916
Car, delivery & travel		\$ 1,800	\$ 1,980	\$ 2,178	\$ 2,396	\$ 2,635	\$ 10,989
Accounting & legal		\$ 4,500	\$ 4,950	\$ 5,445	\$ 5,990	\$ 6,588	\$ 27,473
Rent		\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 180,000
Telephone & internet		\$ 120	\$ 132	\$ 145	\$ 160	\$ 176	\$ 733
Utilities		\$ 150	\$ 165	\$ 182	\$ 200	\$ 220	\$ 916
Insurance		\$ 21,200	\$ 21,412	\$ 21,626	\$ 21,842	\$ 22,061	\$ 108,141
Taxes (real estate, etc.)		\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 1,200
Interest		\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 375,000
Miscellaneous		\$ 200	\$ 220	\$ 242	\$ 266	\$ 293	\$ 1,221
SUBTOTAL	\$ -	\$ 241,110	\$ 230,339	\$ 273,282	\$ 234,400	\$ 236,710	\$ 1,215,840
Loan principal payment		\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 2,431,681
Capital purchase (land)		\$ 100,000					\$ 4,829,946
Capital purchase (excavators)		\$ -	\$ 1,000,000	\$ 100,000	\$ -	\$ -	\$ 9,538,892
Owners' Withdrawal			\$ -	\$ -	\$ 10,000,000	\$ 12,500,000	\$ 18,736,684
TOTAL CASH PAID OUT	\$ -	\$ 1,091,110	\$ 1,980,339	\$ 1,123,282	\$ 10,984,400	\$ 13,486,710	\$ 36,753,042
Cash Position (end of month)	\$ 500,000	\$ (591,110)	\$ (80,339)	\$ 2,216,718	\$ (6,060,400)	\$ (6,820,310)	\$ (18,922,642)