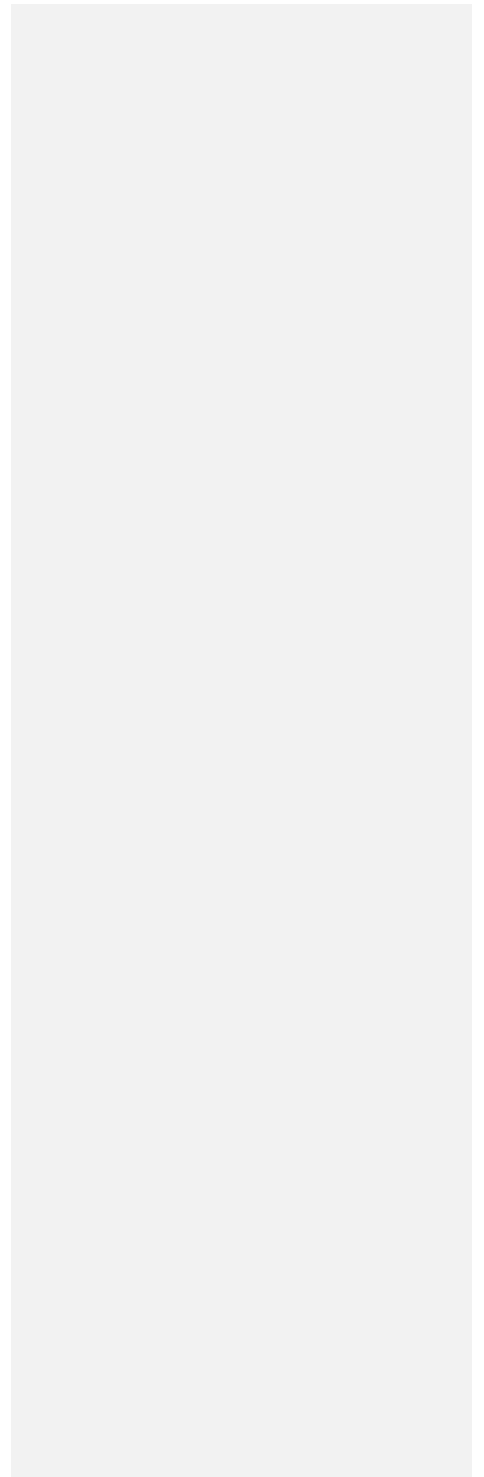


**MUFINDI WOOD POLES PLANT & TIMBER LIMITED**

**BUSINESS FOR ESTABLISHMENT  
OF  
ELECTRICAL CONCRETE POLES PRODUCTION**

**Plot No. 4, Block G, Kidomole, Bagamoyo, Coast Region**



## 1.0 Executive Summary

**MUFINDI WOOD POLES PLANT & TIMBER LIMITED** is a company incorporated in Tanzania with Certificate of Incorporation No. 43376 dated 16<sup>th</sup> April 2002 planning to manufacture concrete electrical poles products that will revolutionize the power industry.

The board of directors has vast direct knowledge of the industry and extensive experience for more than 20 years and has seen many developments in concrete electrical poles and construction. There has been a need for new product innovation in the construction industry for a long time. This is what prompted him to develop electrical concrete poles that can be manufactured in any size desired, and is price competitive.

## 1.1 Mission

**MUFINDI WOOD POLES PLANT & TIMBER LIMITED** strives to be the majority provider of this electrical concrete poles product. We intend to accomplish this through a strict quality-control program, timely deliveries, and competitive pricing.

## 1.2 Keys to Success

- **MUFINDI WOOD POLES PLANT & TIMBER LIMITED** have developed electrical concrete poles.
- **MUFINDI WOOD POLES PLANT & TIMBER LIMITED** is the market pioneer of electrical concrete poles in Tanzania.
- The company will control its production line to assure that quality is met.

## 2.0 Company Summary

**MUFINDI WOOD POLES PLANT & TIMBER LIMITED** is a start-up manufacturing company with new products that will revolutionize the electrical poles in Tanzania and the building industry.

The company boasts many features which directly lead to it being the premier manufacturer of electrical concrete poles in Tanzania. The following subtopics outline some features of **MUFINDI WOOD POLES PLANT & TIMBER LIMITED**: its

locations, a description of what it will take to get the company up and running, and other elementary aspects of the company.

## 2.1 Company Ownership

**MUFINDI WOOD POLES PLANT & TIMBER LIMITED** is a company owned by three shareholders namely :

| Name , Address of subscribers | % of share | Nationality |
|-------------------------------|------------|-------------|
| ABDULWAHAB ABDULKADER MEHRAB  | 90.40      | Tanzania    |
| MAHIN ABDULKADER MEHRAB       | 4.8        | Tanzania    |
| NAHIA ABDULKADER MEHRAB       | 4.8        | Tanzania    |

## 2.2 Project Location

The project location is at Farm No. 836 Kihanga Mufindi District, Iringa region the location is an ideal place for such a project which require enough space for the production process and storage facility

## 2.2 Start-up Summary

The company is seeking first-round financing for the purpose of acquiring starting inventory of raw materials, purchasing land, building construction, utility hook-up and site improvement, machinery and equipment, working capital, legal and accounting costs, and miscellaneous start-up expenses.

### MUFINDI WOOD POLES PLANT & TIMBER LIMITED COST STRUCTURE

| PARTICULAR            | US\$                |
|-----------------------|---------------------|
| Land and Buildings    | 280,000.00          |
| Machinery & Equipment | 500,000.00          |
| Motor Vehicles        | 200,000.00          |
| Furniture & Fixtures  | 5,000.00            |
| Pre exp               | 500,000.00          |
| Others                | 2,200,000.00        |
| Working Capital       | 400,000.00          |
| <b>TOTAL</b>          | <b>4,085,000.00</b> |

### 3.0 Concrete Poles Overview

A concrete block is primarily used as a building material in the construction of walls. It is sometimes called a concrete masonry unit (CMU). A concrete block is one of several precast concrete products used in construction. The term precast refers to the fact that the blocks are formed and hardened before they are brought to the job site. Most concrete blocks have one or more hollow cavities, and their sides may be cast smooth or with a design. In use, concrete blocks are stacked one at a time and held together with fresh concrete mortar to form the desired length and height of the wall. Concrete mortar was used by the Romans as early as 200 B.C. to bind shaped stones together in the construction of buildings. During the reign of the Roman emperor Caligula, in 37-41 A.D., small blocks of precast concrete were used as a construction material in the region around present-day Naples, Italy. Much of the concrete technology developed by the Romans was lost after the fall of the

Roman Empire in the fifth century. It was not until 1824 that the English stonemason Joseph Aspdin developed portland cement, which became one of the key components of modern concrete. The first hollow concrete block was designed in 1890 by Harmon S. Palmer in the United States. After 10 years of experimenting, Palmer patented the design in 1900. Palmer's blocks were 8 in (20.3 cm) by 10 in (25.4 cm) by 30 in (76.2 cm), and they were so heavy they had to be lifted into place with a small crane. By 1905, an estimated 1,500 companies were manufacturing concrete blocks in the United States. These early blocks were usually cast by hand, and the average output was about 10 blocks per person per hour. Today, concrete block manufacturing is a highly automated process that can produce up to 2,000 blocks per hour.

Concrete poles were first used over 60 years ago and were then made of normal reinforced concrete. As technology improved, production and use of concrete poles gradually increased. Concrete poles were first used over 60 years ago and were then made of normal reinforced concrete. As technology improved, the production and use of concrete poles gradually increase Pre-stressed concrete poles are highly durable and strong. PSC Poles are fabricated from excellent quality concrete material. These poles are used extensively in the electrical industry, for establishing electrical connections and fittings. The poles are eco-friendly and require very low maintenance. The PSC poles have consistent material properties throughout their length. PSC poles are not susceptible to rot and decay. The PSC pole has the same strength throughout its service life. PSC poles are not susceptible to insect and animal attack

Comment [WU1]:

#### 4.0 Products

MUFINDI WOOD POLES PLANT & TIMBER LIMITED's main products are:

- Pressurised concrete poles are highly durable and strong. PSC Poles are fabricated from excellent quality concrete material. These poles are used extensively in the electrical industry, for establishing electrical connections and fittings. The poles are eco-friendly and require very low maintenance.

The PSC poles have consistent material properties throughout their length. PSC poles are not susceptible to rot and decay. The PSC pole has the same strength throughout its service life. PSC poles are not susceptible to insects and an attack.

- Other building materials

#### 4.1 Raw Materials

The concrete commonly used to make concrete blocks is a mixture of powdered Portland cement, water, sand, and gravel. This produces a light gray block with a fine surface texture and a high compressive strength. A typical concrete block weighs 38-43 lb (17.2-19.5 kg). In general, the concrete mixture used for blocks has a higher percentage of sand and a lower percentage of gravel and water than the concrete mixtures used for general construction purposes. This produces a very dry, stiff mixture that holds its shape when it is removed from the block mould. If granulated coal or volcanic cinders are used instead of sand and gravel, the resulting block is commonly called a cinder block. This produces a dark gray block with a medium-to-coarse surface texture, good strength, good sound-deadening properties, and a higher thermal insulating value than a concrete block. A typical cinder block weighs 26-33 lb (11.8-15.0 kg).

#### 4.2 Requirements for the Production of Electric Concrete Poles

The following are the Requirements for the Production of Electric Concrete Poles:

- A sizeable parcel of land easily accessible
- Sufficient number of adequate gauge steel moulds in line with the classes of pole respectively
- The design specification for reinforced or pre-stressed concrete poles with relevant drawings
- Well prepared concrete casting/moulding bay (concrete floor area)
- Minimum of two (2) number of industrial concrete mixer
- Minimum of two (2) number industrial vibrators
- Concrete mix ratio
- Number of Steel rods for LT, HT and SP poles; 8.54, 10.32 and 12m respectively.
- Adequate water supply to the facilities preferably borehole
- Qualified supervising Engineer (Civil or Structural Engineer)
- Experience Welder/Iron bender in additional to other production personnel
- Adequate mechanical working tools
- A well testing rig with associated pull winch and a good dial gauge of at least 2500KN/kg range
- For circular/spun and pre-stressed types, the right equipment and facilities must be available on factory or production sites
- Curing ponds of appropriate size capable of handling 10& 15 No. poles at a time
- Means of lifting poles to and out of curing ponds

All manufactured electric concrete poles shall have engraved on them: planting depth mark, date of manufacturing and initials of the manufacturing company

All manufactured poles concrete poles should have provision for concealing earthing wire and that will prevent pilferage by vandals

All materials use for the manufacture of electric concrete poles must be in conformity with the Tanzania Industrial Standards.

#### 4.3 Competitive Comparison

**MUFINDI WOOD POLES PLANT & TIMBER LIMITED** will primarily target the construction industry and electrical distribution services provider and is looking to build alliances with industry leaders. Because of its quality products status as the only company to manufacture these products, the competition is expected to be from wood timber related products. We expect success; due to past marketing, we have evidence that **MUFINDI WOOD POLES PLANT & TIMBER LIMITED** will be met with fervour in this lasting industry.

#### 4.4 Quality Control

The manufacture of concrete blocks requires constant monitoring to produce blocks that have the required properties. The raw materials are weighed electronically before they are placed in the mixer. The trapped water content in the sand and gravel may be measured with ultrasonic sensors, and the amount of water to be added to the mix is automatically adjusted to compensate. In areas with harsh temperature extremes, the water may pass through a chiller or heater before it is used. As the blocks emerge from the block machine, their height may be checked with laser beam sensors. In the curing kiln, the temperatures, pressures, and cycle times are all controlled and recorded automatically to ensure that the blocks are cured properly, in order to achieve their required strength

## 5.0 Market Analysis Summary

The continued development of Tanzania's energy sector is critical to the country's ability to grow economically, attract FDI and expand its commercial ties regionally and globally. Tanzania has an installed generation capacity of 1,513 MW, or 0.033 kW per capita. Electricity demand in the country is increasing rapidly mainly due to foreign investments and an increasing population. The 2016 Energy Access Situation Survey collected information on connectivity of electricity to the main dwelling of the household. The results show that, overall, 32.8 percent of the households in the Tanzania Mainland were connected to electricity by 2016. Currently, power demand growth is between 10-15% per year.

In 2015, the Government of Tanzania's (GOT's) Big Results Now (BRN) phased out high cost emergency power plants (EPP) and increased generation capacity. The GOT is committed to reform the public utility's (TANESCO's) operations, and meet new demand through low-cost solutions, such as developing new gas resources and mini and off-grid renewable opportunities. Recent gas discoveries have quadrupled Tanzania's known resources. A new gas pipeline, necessary for new gas generation from southern Tanzania to Dar es Salaam was completed in late 2015. Previously, the country relied on hydropower, expensive thermal and emergency generation sources that utilize diesel, heavy fuel oil or jet fuel. Today however, natural gas comprises approximately 58% of Tanzania's electricity generation mix. Tanzania has made progress by entering agreements with independent power producers, who bring know-how and technology, and establishing feed-in tariffs for projects under 10 MW that provide many of the commercial terms that would otherwise delay negotiations on power purchase agreements (PPAs). The government is publicly committed to improving the power utility's (TANESCO) viability through tariff

reform allowing for full cost-recovery and operational improvements to the management of the utility.

Additionally, the government is also encouraging investments to increase available generation, further expand electricity access, reform the distribution system, and develop new indigenous sources of energy. The Public Private Partnership (PPP) Act of 2010 and the Private Partnership Regulations passed in 2011 were enacted to support private sector investment under PPPs. The government's long-term vision aims at increasing connectivity from 30% to 50% by 2025; increase power generation capacity to at least 5,000 MW by 2020; diversifying energy sources for power generation; reduce system losses; and promote regional grid interconnectivity.

### **5.1 Market Segmentation**

The company will target TANESCO, REA PROJECTS and Construction Company, which includes contractors that perform almost any function of power distribution line. Therefore, an accurate estimate of nationwide demand for electrical concrete poles products would include the entire construction industry.

### **5.2 Target Market Segment Strategy**

The company is primarily targeting the construction industry, which are establishments primarily engaged in the wholesale distribution of electrical concrete poles.

### **5.3 Industry Analysis**

#### **5.3.1 Competition and Buying Patterns**

The company products will be marketed initially in the all Tanzania region. This selling area will utilize our entire production capability. The construction industry is on the move and we intend to have our percentage of this long lasting industry.

## **5.0 Strategy and Implementation Summary**

The company's overall strategy is based on a continuous improvement process of setting objectives, measuring results, and utilizing feedback to facilitate further growth and progress. The company plans to rapidly develop marketing alliances with industry leaders and pursue new sales of its services.

### **5.1 Competitive Edge**

The company is proud of having products that meets the demands of today's architectural designs and will continue to provide these desired features in the future.

### **5.2 Sales Strategy**

Our sales program is as follows:

- Create contacts with contractors.
- Contact TANESCO and REA.
- Contact and training for new "company approved" warranty installer contractors for the company products.
- Special advertising efforts will be implemented on the Internet.
- Set up advertising for local and national programs.
- Participate at national and regional trade shows.
- Employment of company sales representatives.
- Contact major architectural firms.

#### **5.2.1 Sales Forecast**

The following chart and table outline our sales forecast.

### **5.3 Strategic Alliances**

The company plans to rapidly develop marketing alliances with industry leaders and pursue new sales of its services to residential and commercial builders.

#### 5.4 Promotion

The company plans to be listed in the yellow pages, newspapers, radio, and billboards throughout the state. **MUFINDI WOOD POLES PLANT & TIMBER LIMITED** will also gain considerable recognition through these additional promotional mediums:

- Caps and T-shirts.
- Signs
- Word of mouth.
- Incentives:
  - As an extra incentive for customers and potential customers to remember **MUFINDI WOOD POLES PLANT & TIMBER LIMITED**'s name, the company plans to distribute coffee mugs, T-shirts, pens, and other advertising specialties with the company logo.
- Brochures:
  - The objective of the brochure is to portray **MUFINDI WOOD POLES PLANT & TIMBER LIMITED**'s goals and products as an attractive functionality. It is also to show customers how to use the latest in technology as it relates to construction and building services.
- Investment in Advertising and Promotion:
  - A fixed amount of sales revenues will go toward the state-wide **MUFINDI WOOD POLES PLANT & TIMBER LIMITED advertisement** campaign. On an ongoing basis, **MUFINDI WOOD POLES PLANT & TIMBER LIMITED** feels that it can budget advertising expenses at less than ten percent of revenues and are ready for manufacturing.

## 6.0 Management Summary

The company's management is highly experienced and qualified, with seasoned investors. The company strives to hire qualified people who take pride in their work. The company's management philosophy is based on responsibility and mutual respect. Fiberglass World maintains an environment and structure that encourages productivity and respect for customers and fellow employees.

### 6.1 Personnel Plan

The company respects their dignity and recognizes their merit. Employees are encouraged to have a sense of security and pride in their jobs. Additionally, employees are free to make suggestions and complaints. The company affords equal opportunity for employment, development, and advancement for those qualified.

The company will recruit competent and experienced people to manage daily company operations.

| Employment   | Foreign Skilled | Local Skilled | Local Unskilled | Total     |
|--------------|-----------------|---------------|-----------------|-----------|
| Women        | 2               | 3             | 20              | 25        |
| Men          | 3               | 12            | 40              | 55        |
| <b>TOTAL</b> | <b>5</b>        | <b>15</b>     | <b>60</b>       | <b>80</b> |

### 7.0 Important Assumptions

Our assumptions are detailed in the proceeding tables. We have planned for relatively slow but stable general economic growth and an interest rate on borrowing of 8%. That is caused by our assumption that approximately 100% of our sales will be done on cash and grow 5% annually

## **7.1 Key Financial Indicators**

This topic compares five key indicators in regards to how much they change over time. The indicators include sales, gross margin, operating expenses. We chose these three indicators because they all have real impact on the health of a business. We focus not on gross amounts as much as changes. The chart actually shows changes on a year-to-year basis, rather than gross amounts.

The indicator value is a good way to compare different concepts on the same chart. Sales and operating expenses are measured in gross amounts, gross margin is in percentage terms, collection days are in days (how many days do you wait to get the money), and inventory turnover is in turns per year (cost of goods sold divided by average inventory).

## **7.2 Projected Statement of Comprehensive Income.**

A projected Statement of Comprehensive income for the period covering 8 years has been prepared on schedule no 2, which also form part of projected financial statement of the period .This details the projected performance of the business through income generated, operating expenses to be incurred and the profit to be earned. In 8 years, period

## **7.5 Projected Statement of Cash Flow**

Our cash flow projections are shown on the following schedules of Cash flow after capital expenditures and investment varies between positive, which form part of the projected financial statement.

## 7.6 Projected Statement of financial position

A projected Statement of the Financial position of the firm has been prepared appended to these statements, are projected financials.

## 7.7 Payback period

The payback period is 3 years of its economic existence that is to say the loan that is thought should be paid within the period of 5 years.

## 8.0 Economic Aspects of the Projects

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 **MUFINDI WOOD POLES PLANT & TIMBER LIMITED**, is going to provide additional employment to 80 people all of whom will be nationals. 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 and other taxes

## 9.0 Conclusion

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 80 people all of whom are national Tanzanians.

- (iii) The project is an encouraging sign to prove that we have investors who have confidence in the country. so that they are ready to invest such large sums of investment despite the odds of the sector in question.

#### 10.0 **Recommendation**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implement 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 technical feasible, economically viable and socially acceptable.

**MUFINDI WOOD POLES PLANT & TIMBER LIMITED PROJECTED INCOME &  
EXPENDITURE STATEMENT (US\$)**

|  | 1                   | 2                   | 3                   | 4                   | 5                   | 6                | 7                | 8                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|------------------|------------------|
| Revenue  | 8,640,000           | 8,726,400           | 8,813,664           | 8,901,800           | 8,990,818           | 9,080,726        | 9,171,534.10     | 9,263,249        |
| <b>Operating Expenses:</b>                       | 6,480,000           | 6,544,800           | 6,610,248           | 6,676,350           | 6,743,113.98        | 6,810,545        | 6,878,650        | 6,947,437        |
| <b>Profit before Depreciation &amp; Interest</b> | <b>2,160,000.00</b> | <b>2,181,600.00</b> | <b>2,203,416.00</b> | <b>2,225,450.16</b> | <b>2,247,704.66</b> | <b>2,270,181</b> | <b>2,292,883</b> | <b>2,315,812</b> |
| Interest   | 60000               | 48,000.00           | 36,000.00           | 24,000.00           | 12,000.00           | -                | -                | -                |
| <b>Depreciation</b>                              | 76,100.00           | 76,100.00           | 76,100.00           | 76,100.00           | 76,100.00           | 76,100           | 76,100.00        | 76,100           |
| <b>Gross Profit</b>                              | <b>2,023,900.00</b> | <b>2,057,500.00</b> | <b>2,091,316.00</b> | <b>2,125,350.16</b> | <b>2,159,604.66</b> | <b>2,194,081</b> | <b>2,216,783</b> | <b>2,239,712</b> |
| Tax (30%)  | 607,170.00          | 617,250.00          | 627,394.80          | 637,605.05          | 647,881.40          | 658,224          | 665,035          | 671,913          |
| <b>Profit After Tax</b>                          | <b>1,416,730.00</b> | <b>1,440,250.00</b> | <b>1,463,921.20</b> | <b>1,487,745.11</b> | <b>1,511,723.26</b> | <b>1,535,857</b> | <b>1,551,748</b> | <b>1,567,798</b> |
| Accumulated Profit                               | 1,416,730.00        | 2,033,980.00        | 2,661,374.80        | 3,298,979.85        | 3,946,861.25        | 4,605,085        | 5,270,120        | 5,942,034        |

MUFINDI WOOD POLES PLANT & TIMBER LIMITED PROJECTED CASH FLOW US\$

|   | 0                | 1                | 2                | 3                | 4                | 5                | 6                | 7                | 8                |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>SOURCES:</b>                         |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Profit before interest and depreciation | 0                | 2,160,000        | 2,181,600        | 2,203,416        | 2,225,450        | 2,247,704        | 2,270,181        | 2,292,883        | 2,315,812        |
| Equity                                  | 3,085,000        |                  |                  |                  |                  |                  |                  |                  |                  |
| Loan                                    | 1,000,000        |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total sources</b>                    | <b>4,085,000</b> | <b>2,160,000</b> | <b>2,181,600</b> | <b>2,203,416</b> | <b>2,225,450</b> | <b>2,247,704</b> | <b>2,270,181</b> | <b>2,292,883</b> | <b>2,315,812</b> |
| <b>Applications:</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital expenditure                     | 985,000.00       | -                | -                | -                | -                | -                |                  |                  |                  |
| Working capital                         |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Others                                  | 3,100,000.00     | -                | -                | -                | -                | -                |                  |                  |                  |
| Cash                                    | 0                | 1,552,830        | 1,564,350        | 1,576,022        | 1,587,845        | 1,611,957        | 1,611,957        | 1,627,848        | 1,643,899        |
| Tax                                     | -                | 607,170          | 617,250          | 627,394          | 637,605          | 647,881          | 658,224          | 665,035          | 671,913          |
| <b>Sub total</b>                        | <b>4,085,000</b> | <b>2,160,000</b> | <b>2,181,600</b> | <b>2,203,416</b> | <b>2,225,450</b> | <b>2,259,838</b> | <b>2,270,181</b> | <b>2,292,883</b> | <b>2,315,812</b> |
| <b>Total applications</b>               | <b>4,085,000</b> | <b>2,160,000</b> | <b>2,181,600</b> | <b>2,203,416</b> | <b>2,225,450</b> | <b>2,259,838</b> | <b>2,270,181</b> | <b>2,292,883</b> | <b>2,315,812</b> |
| Accumulated cash                        |                  | 1,552,830        | 3,117,180        | 4,693,202        | 6,281,047        | 7,893,004        | 9,504,961        | 11,132,809       | 12,776,708       |



## MUFINDI WOOD POLES PLANT &amp; TIMBER LIMITED PROJECTED BALANCE SHEET US \$

|                               | 0                | 1                | 2                   | 3                | 4                | 5                 | 6                 | 7                 | 8                 |
|-------------------------------|------------------|------------------|---------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Fixed Assets</b>           | -                |                  |                     |                  |                  |                   |                   |                   |                   |
| Opening balance               | -                | 985,000          | 654,500             | 604,000          | 553,500          | 503,000           | 452,500           | 402,000           | 351,500           |
| <b>Total Long-term Assets</b> | -                | 985,000          | 654,500             | 604,000          | 553,500          | 503,000           | 452,500           | 402,000           | 351,500           |
| Less depreciation             | -                | 76,100           | 76,100              | 76,100           | 76,100           | 76,100            | 76,100            | 76,100            | 76,100            |
| <b>Closing balance</b>        | -                | 908,900          | 578,400             | 527,900          | 477,400          | 426,900           | 376,400           | 325,900           | 275,400           |
| Working capital               | 3,085,000        | 3,085,000        | 3,085,000           | 3,085,000        | 3,085,000        | 3,085,000         | 3,085,000         | 3,085,000         | 3,085,000         |
| Accumulated cash              | -                | 1,552,830        | 3,117,180           | 4,693,202        | 6,281,047        | 7,893,004         | 9,504,961         | 11,132,809        | 12,776,708        |
| <b>Total assets</b>           | <b>3,085,000</b> | <b>5,546,730</b> | <b>6,780,580.00</b> | <b>8,306,102</b> | <b>9,843,447</b> | <b>11,404,904</b> | <b>12,966,361</b> | <b>14,543,709</b> | <b>16,137,108</b> |
| Financed by                   |                  |                  |                     |                  |                  |                   |                   |                   |                   |
| Equity                        | 3,085,000        | 3,085,000        | 3,085,000           | 3,085,000        | 3,085,000        | 3,085,000         | 3,085,000         | 3,085,000         | 3,085,000         |
| Net profit                    | -                | 1,416,730        | 2,033,980           | 2,661,374        | 3,298,979        | 3,946,861         | 4,605,085         | 5,270,120         | 5,942,034         |
| Total equity                  | 3,085,000        | 4,501,730        | 5,118,980           | 5,746,374        | 6,383,979        | 7,031,861         | 7,690,085         | 8,355,120         | 9,027,034         |
| Long term loan                | 1,000,000        | 0                | 0                   | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| <b>Total debts</b>            | <b>1,000,000</b> | -                | -                   | -                | -                | -                 | -                 | -                 | -                 |
| <b>Total equity and debts</b> | <b>4,085,000</b> | <b>4,501,730</b> | <b>5,118,980</b>    | <b>5,746,374</b> | <b>6,383,979</b> | <b>7,031,861</b>  | <b>7,690,085</b>  | <b>8,355,120</b>  | <b>9,027,034</b>  |

MUFINDI WOOD POLES PLANT & TIMBER LIMITED PROJECTED LONG-TERM LOAN REPAYMENT

| Repayments US\$ |           |                    |                   |              |
|-----------------|-----------|--------------------|-------------------|--------------|
| Year            | Principle | Loan Interest (6%) | Total Amount Paid | Loan Balance |
| 0               |           |                    |                   |              |
| 1               | 200,000   | 60000              | 260,000           | 1,000,000    |
| 2               | 200,000   | 48000              | 248,000           | 800,000      |
| 3               | 200,000   | 36000              | 236,000           | 600,000      |
| 4               | 200,000   | 24000              | 224,000           | 400,000      |
| 5               | 200,000   | 12000              | 212,000           | 200,000      |

MUFINDI WOOD POLES PLANT & TIMBER LIMITED PAYBACK PERIOD

| Year | Profit After Tax | Depreciation | Total Cash Flow | Accumulated Cash Flow |
|------|------------------|--------------|-----------------|-----------------------|
| 1    | 1,416,730.00     | 76,100.00    | 1,492,830.00    | 1,492,830.00          |
| 2    | 1,440,250.00     | 76,100.00    | 1,516,350.00    | 3,009,180.00          |
| 3    | 1,463,921.20     | 76,100.00    | 1,540,021.20    | 4,549,201.20          |
| 4    | 1,487,745.11     | 76,100.00    | 1,563,845.11    | 6,113,046.31          |
| 5    | 1,511,723.26     | 76,100.00    | 1,587,823.26    | 7,700,869.57          |
| 6    | 1,535,857.20     | 76,100.00    | 1,611,957.20    | 9,312,826.77          |