SADANA AGRO & MINING GROUP LIMITED

BUSINESS PLAN FOR

IRON ORE PROCESSING PROJECT

2024 – 2029

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CORPORATE INFORMATION

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Business Activity : Iron Ore Processing.

Shareholders:

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Project Location:

Isusumya Village, Busi ward, Kondoa District, Dodoma.

PMLs: 3975DOM-3980DOM

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1.0 EXECUTIVE SUMMARY

SADANA AGRO & MINING GROUP LIMITED is private company limited by shares registered in Tanzania with the main purpose to engage in Iron Ore processing business, among others. Currently, the company has embarked on establishing a project aimed at Iron Ore processing. The company has undertaken the geological survey to ascertain the availability of the resources.

The Headquarter is located in Dar es Salaam whereas the project is going to be established in Kondoa district in Dodoma region. This business plan has been prepared to establish the viability of the targeted services and guide the procurement, operational and marketing activities of the project. The plan establishes a strategic framework that provides a focus, direction and most importantly a common language that acts as a guide for all service delivery, marketing/brand activities creating cohesive strategic alignment between the company mission, vision and goals.

The company requires a total of **USD 3,951,000** that will be used for construction of processing plants, purchase of machinery, business equipment and raw materials required for the project start up. The financing of the project is expected to be 100% equity financing. The owners will implement this project in phases starting from extraction of Iron Ore and crushing to get fine powder, beneficiation/floatation, Magnetic separation to Installation of Smelting Plant in the fifth year.

The project expects to employ at least 58 persons, majority being Tanzanians who shall be directly employed by the project. It is expected that at least 100 indirect jobs will be created through sales and commissioning agreements with local suppliers.

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1.1 Vision, Mission and Core Values

Vision

To be among leading processors and suppliers of iron ingots from East Africa region

Mission

To establish a standard iron ore processing company that in our own capacity will favorably compete with leaders in the industry at the global stage. We want to build a gold processing company that will be listed amongst the top 5 iron ingots brands in the region.

Core Values

Customer driven – Our products are always tailored to meet the needs and preferences of our customers

Quality – We strive to perform at an excellent level in everything we do. We are reliable. We are committed to consistently producing our products at highest standard.

Teamwork - We work together collectively to achieve our common vision and mission

Honesty & Integrity - We are truthful and our actions are consistent with our words. We are honest and direct in all of our communications.

Respect & Dignity - We demonstrate respect for and appropriate loyalty towards our customers, colleagues and suppliers.

Innovation & technology -We drive change and challenge the status quo in both technical know-how and technology spectra. We invest environment friendly technology.

Safety – We are committed to the safety, wellbeing and security of our customers, staff and facilities.

1.2 Project Location

The project is going to be located in Isusumya village, Busi ward in Kondoa District-Dodoma region with Head Offices in Dar es Salaam. The processing plant is expected to be constructed on the 58.05 Hectares (143.44 acres) land acquired by the company in Kondoa District. The area is accessible by road and has direct access to electricity. This location is strategically chosen due to proximity to raw materials and good transport network with market destination.

1.3 Implementation Period

The project is expected to start on 1st April, 2024. Initial project activities shall include preliminary tasks already started including securing land, geological survey, obtaining permits, layout design, construction and plant installation will follow in next phases. It will also encompass procurement of basic equipment, furniture and respective fitting.

Table 1: Implementation Schedule

DESCRIPTION		**PHASE ONE Feb 2024 – Jan 2025**				**PHASE TWO Feb 2025 & Beyond**
No.	**Activities**	**Feb-April**	**May-July**	**Aug-Oct**	**Nov 2024-Jan 2025**	**Feb 2025-2029**
1	Resources Mobilization; Procurement of office equipment and fittings					
2	Layout design, Landscaping, construction					
3	Plant installation-Extraction of Iron Ore and crushing to get fine powder.					
4	Beneficiation/Floatation					
5	Magnetic separation					
6	Installation of Smelting Plant					

1.4 Project Objectives

The business is mainly meant to extract and process iron ore ingots. Our products are generally meant for local as well as export markets. We shall produce to cater for the increasing demand of iron ingots triggered by the rising global need for specialty and electronic products as well as changing life style of global population. Besides, we would like to engage in business aiming at operating sustainably by giving our customers value for money and making profits. We are dedicated to making our esteemed customers part of our success by producing high quality products. Notably the business will focus on the following specific objectives;

- To ensure availability and reliability of high-quality iron products;
- To employ at least 100 people and contribute to the improvement of livelihood of the community,
- To generate sufficient income through sales to meet the needs of the shareholders and contribute to government revenues,
- To expand our production volume in Tanzania
- To serve the community through Corporate Social Responsibility by supporting women groups engaged in agro-processing in the project area.

1.5. PROJECT COMPONENTS AND COSTS

The project is still at the initial stages; require some investments in terms of fixed assets, labour and materials. Basic legal documents to allow business start-up are ready in place. The details of initial investment requirements are outlined in Table 2 below.

Table 2: Project Requirements (US$)

Type of Investment	Qty	Cost/unit ($)	Total Value ($)
Land & Buildings	1	120,000	120,000
Extraction Plant and Smelting	1	1,400,000	1,400,000
Machinery &Equipment	1	500,000	500,000
Office furniture and fixture	1	14,000	14,000
Motor vehicles (trucks)	3	50,000	150,000
Subtotal			**2,184,000**
Working Capital (Raw Materials Labour)	1	1,332,000	**1,767,000**
Total Cost			**3,951,000**

2.0 BUSINESS DESCRIPTION

The project shall make special layout and construction suitable for processing of Iron ore. Modern facilities shall be installed and equipment availed for high quality output. The project expects to produce an average of 200 MT of iron ingots per month through a world class production facility. The company is expecting to expand production and establish new distribution outlets over time as new opportunities emerge and be identified.

3.0 BUSINESS ENVIRONMENT

The business may be affected by factors beyond owner's control, and these need to be taken into account before making any investment decision. The company has considered many opportunities and challenges that may arise out of the expected changes. Thus, analysis of business environment key factors is paramount to this plan in order to determine external factors and how they are likely to affect the project.

Economically; Tanzania is now experiencing economic growth whereby the purchasing power of people is increasing and people's interactions is increasing as trade grows in the East Africa and SADC regions. The country is highly improving business environment to encourage investors in various sectors where mining is one among top government investment priorities. The burning issue currently is the rate of inflation and fall in domestic currency this would lead to increased cost of production

as the price of fuels are rising. Issues like Common Market for the East Community are opening up business performance and new investment opportunities.

Politically; the political environment is conducive for the business operations. The current government regime is in support of investments. There have been adequate policies to support hospitality and tourism sectors. The Tanzanian Government is engaged in developing and promoting sustainable growth in the mining sector in Tanzania by creating conducive investment environment as one of economic growth catalyst.

Social-Cultural**:** The social aspect focuses on the forces within the society. Family, friends, colleagues, neighbours and the media are social factors. These factors can affect our attitudes, opinions and interests. So, it can impact sales of products and revenues earned. There is no doubt that the society is continually changing. The tastes and preferences are a great example of this change for the Tanzanian culture. Most of Tanzanians currently are willing to pay a premium price for a product that satisfies their expectations. Demographically, the country is increasing in population where currently the country is estimated to have over 60 million people. The increase in population necessitates increase in products and services.

Technological factors: Technological factors are variables that are being used for evaluating available alternatives with respect to technological capabilities. Our company consider it as an important tool for improving production, operations and functions to achieve efficiency. Technological factors are one of various external environment factors that affect businesses greatly and are also an integral component of the **PESTLE analysis.** In the present scenario, utmost dependence on equipment, technological factors can have more effect on business operation and success globally than ever before. Furthermore, development of technology has also introduced digital marketing strategies through which companies are able to sell their products and services. Even the research and development R&D divisions in companies have changed its way of functioning and more advanced techniques in the development of products and services have been introduced only through technological advancements. We are constantly looking for development and updates within the technological environment. In this way, we do not only improve our operations but, we

will also be well aware of business transformational phase. We will derive ground-breaking strategies to grow exponentially.

4.0 INDUSTRY AND MARKET ANALYSIS

Mining is one of the leading sectors in Tanzania with the value of mineral exports constantly increasing for the past several years. The sector is comprised of both small- and large-scale operations. Mining in Tanzania incudes metals (gold, iron ore, nickel, copper, cobalt, silver), industrial minerals (diamonds, tanzanite, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, gravel, sand, dimension stones and graphite), and fuel minerals (coal, uranium). Tanzania is also home to many rare earth and critical minerals that are currently in the exploration stage.

The Tanzania mining industry remains attractive to investors, given the next few years of significant diversification to the mining of nickel, uranium and coal. There is also availability of investment incentives and supply chain opportunities in the mining sector The process of iron production especially in Tanzania followed a three-stage process including ore smelting, iron refining, and iron smithing (primary and secondary smithing) stages.

There have been a number of changes in the Mining industry in the country. According to Petroleum Act 2015 and the Mining Act 2010, license holders and contractors in the extractive sector are liable to pay taxes including corporate tax (30%), capital gain tax (30%), withholding tax (10%) and other taxes. Profits resulting from transfer or disposal of rights are also subject to taxes, which are collected by the Tanzania Revenue Authority.

The Tanzania Extractive Industries Transparency and Accountability Act 2015 has provisions for all new concessions, contracts and licenses to be made available to the public (https://eiti.org/news/tanzania-enacts-eiti-legislation).

The Government of Tanzania would like to see more value-added activities in the country to include smelting and processing of minerals. The company recognizes the market forces that are surrounding the mining industry and iron processing and supply

business in particular. We will utilise all reasonable means to ensure that our products meet the required standards and be able to sustain the business environment.

4.1 TARGET MARKETS AND THEIR CHARACTERISTICS

The resolution to invest in iron ore processing business resulted from a well thought market study that informed different strategies and actions. In view of that, following cultural values, lifestyle, needs and preferences our products are mainly meant for middle class and high-income earners. These are specifically private companies in both domestic and foreign markets. These will include:

- Steel Processing companies,
- Machine tools Manufacturing companies,
- Construction companies,
- Automobiles manufacturers

4.2 MARKET SIZE

Iron ore is the primary raw materials for production of steel, a crucial element across various industries. Our feasibility field survey indicates that; the market is poised to keep on growing as global population growth increases. Highest demand comes from foreign customers Tanzania. We expect to produce and supply iron ingot throughout the year. The business is designed to produce ingots weighing 2400 MT during the first year of operation with an estimated revenue of USD 2,822,400. It is projected that 80% and 200% of sales shall be generated from local and export markets respectively. Table 4.1 below summarises the expected demand for the business during the first year of the project.

Table 4.1: Expected Demand (US$)

Descriptions	Units	Qty/month	Price per unit (Average)	Sales per year
Export market (20%)	MT	40	130	748,800
Local market (80%)	MT	160	90	2,073,600
Total	MT	**200**		**2,822,400**

4.3 SWOT ANALYSIS

We have conducted a thorough SWOT analysis that will help us achieve our project goals and objectives. This is the summary of the SWOT analysis that was conducted. The analysis is carried out to assess the strength that the business can leverage on, and then assess its weaknesses that need to be improved. In this part also potential opportunities are identified and how the business can utilize these opportunities. Lastly, the business has identified potential threats and challenges that are likely to face the business and respective mitigation strategies.

Strengths: Part of what is going to count as positives *the company* has good technical know-how, investment in modern equipment and strong management team. The company is planning to hire people who are highly experienced with good understanding of the mining industry capable of taking the business from the scratch to profitability. Our company has financial muscles to cover 60 per cent of the required initial invest costs and 40 percent loan. This also reflects the owners' commitment for the project.

Weakness: A major weakness that may count against us is the fact that we are still at infancy stage with the project in Tanzania. However, our team has experience in the sector that we are confident to take the business to sustainability.

Opportunities: Rising demand for sophisticated technology and lucrative products made of iron both in Tanzania and globally. In addition to that, the fact that mining sector is among key government's strategic focus for economic development is very promising to the business growth and sustainability. We only need to position our business to take advantage of these existing and emerging opportunities.

Challenges/Threats: We are quite aware that just like any other business, one of the major threats that we may face is likelihood of other companies to establish similar businesses where we are. However, we understand on how to position ourselves in the market, at the same time making sure that our products meet the demand requirements.

4.4 MARKETING, DISTRIBUTION AND COMMUNICATION STRATEGY

Various methods of marketing mix will be used to cub the existing and potential weaknesses and challenges/threats while utilizing the arising opportunities and leveraging on the key strengths of the company.

Pricing: The objectives of price strategy depend on a number of factors such as business economic and marketing objectives. Price setting can be based on cost or market based. With demand and competition orientation concepts. The pricing shall take into consideration both market price and operational costs with some profit margin. Our products will be competitively priced in relation to the dictates of the market. Features of penetration strategy may be considered to attract more customers where applicable.

Distribution: We have arranged to start operations by looking at the most convenient market segment. The main targeted market consists of export markets consisting of gold traders, gold products and electronics manufacturers. Our products shall be directly accessed from our business premises for domestic customers whereas direct delivery shall be made to foreign market destinations.

Promotion: A word of mouth has been the major promotion strategy for the business. This strategy is cheap and the product can effectively describe itself as it is clean and self-sufficient. The company will also be printing t-shirts and fliers as a communication strategy and promotional tools. In addition to ensuring we are active on social media and a highly interactive website will also be availed.

5.0 OPERATIONAL PLAN

The iron ore industry plays a pivotal role in global economic development, serving as a cornerstone for various sectors, including construction, manufacturing, and infrastructure. This investment plan outlines a strategic approach to harnessing the potential of iron ore through the stages of exploration, mining, mineral processing and marketing.

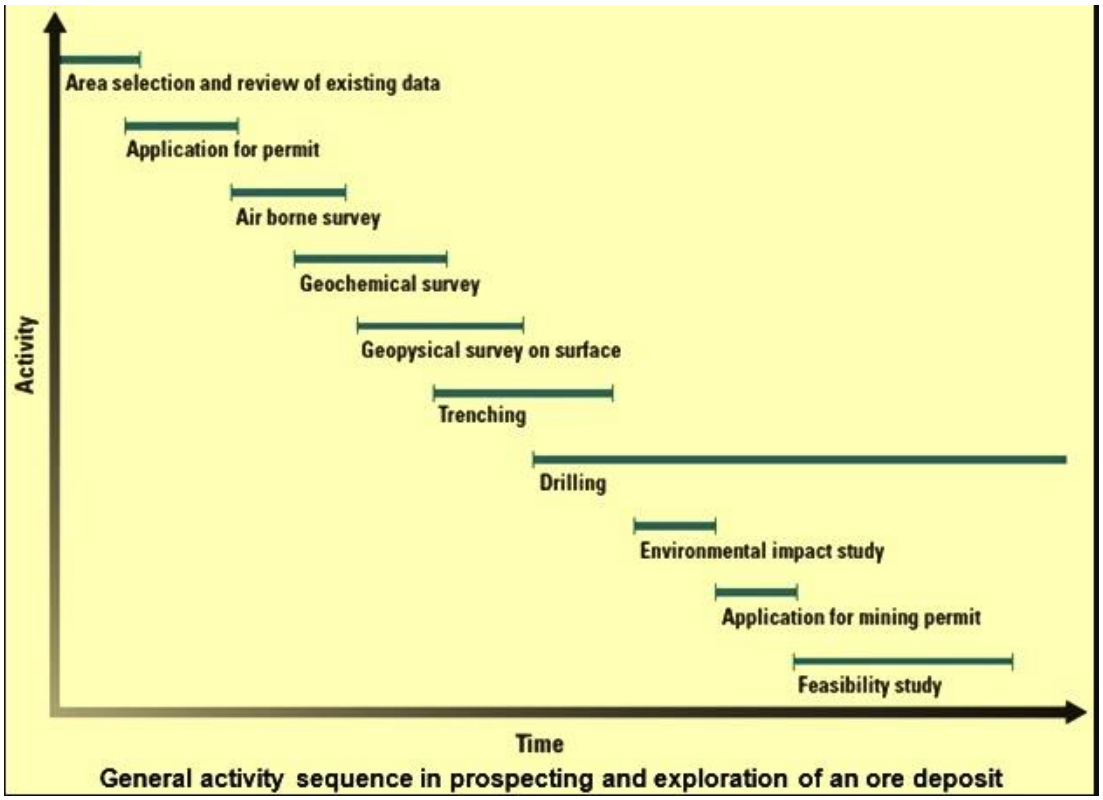
5.1 Exploration

The process of developing an iron ore mine from exploration data through to informed mining decisions provides an example of a Complex Adaptive System. The detailed composition of an ore body (expressed as a “block model” of regularly spaced rectangular blocks) has to be estimated from initially sparse exploration data, based upon a limited number of drill holes. As planning proceeds, the data may be enriched by appropriately selected infill drilling. Once mining commences, the block model is further enhanced by assay results obtained from the ore as it is mined.

Ore blocks have to be selected, and then sequenced with the aim of producing a steady flow of ore having consistent marketable grade, consistent not only in iron content but also in the major contaminants, particularly silica, alumina and phosphorus. Information at each stage of planning and implementation is gathered from a range of natural, technical, economic and financial environments, and interpreted through a dynamic network of interactions between these environments.

The process is highly adaptive in as much as fairly complete plans must be made before any mining commences, but these plans will require adjustment in response to steadily increasing knowledge of the ore body, unforeseen technical problems and changes in the financial and eco nomic conditions under which the mine is planned and subsequently operated. Central to the planning process is a block model of the prospect, comprising probabilistic data as to the prospect’s composition. The block model is refined as the project develops, enabling partially informed decisions whose outcomes further enhance the block model. This paper tracks the stages of development of the block model and ore selection and sequencing, from exploration through to production, and in doing so examines the complex adaptive features that are likely to be encountered.

Figure 1: Iron Ore Exploration



Air borne survey

An airborne survey involves the use of aircraft or drones equipped with specialized sensors and instruments to gather data about the Earth's surface and subsurface. This type of survey is employed during initial stages of exploration since it covers large area for the short time and helps to narrow the area to concentrate with

Geochemical survey

A geochemical survey is a systematic collection and analysis of chemical elements and compounds in soil, water, rocks, sediments, vegetation, or other environmental materials to understand the distribution, composition, and dispersion of elements in a given area. The main purpose of this survey is to determine mineralogical characterization, identification of the iron ore deposit and delineation of the ore body

Geophysical survey

Geophysics plays a crucial role in iron ore exploration by providing valuable information about the subsurface structure, composition, and potential ore bodies. The main purpose of this type of survey is Identification of Subsurface Structures, detection

of magnetic anomalies, detection of density variation, depth estimation and 3D-modeling of subsurface geology. Can be done through magnetic, gravimetric or electromagnetic methods.

Drilling

Implement extensive drilling programs to assess the quality and quantity of iron ore reserves. Collect representative samples for thorough analysis, Confirming the Presence of Iron Ore Deposits**,** Defining Ore Body Geometr**y,** Determining Ore Grade and Quality and ensuring accurate resource estimation.

Mining

Small-scale iron ore mining typically involves relatively modest extraction and processing operations. The following are some of common methods.

Open-Pit Mining

In areas where the iron ore deposits are shallow and close to the surface, open-pit mining may be employed. This involves the removal of overburden (soil and rock) to expose the ore. Simple tools and equipment like shovels, picks, and wheelbarrows may be used.

Quarrying

Similar to open-pit mining, quarrying involves extracting ore from a shallow excavation. Also, it involves blasting. It is a common method for small-scale operations with accessible ore bodies.

Hand Angering

In some cases, small-scale miners may use hand augers or manually-operated drilling equipment to create boreholes for sampling and assessing subsurface ore.

Mineral Processing

Small-scale mineral processing refers to the process of extracting and recovering valuable minerals. Some common small-scale mineral processing methods

Crushing and Screening

Once ore is extracted, it is typically crushed and screened to separate the desired iron ore fines from larger particles.

Gravity Separation

Basic gravity separation methods, such as jigging or panning, may be used to concentrate iron ore particles based on their density

Magnetic Separation

Magnetic separation can be employed to separate magnetite from non-magnetic minerals.

Hand Sorting

In some small-scale operations, manual sorting may be used to separate high-grade ore from waste rock. This is a labor-intensive but low-cost method.

Manual Panning

Simple panning methods may be employed to concentrate heavy minerals, including iron ore, by using the density differences.

5.1 LONG TERM OPERATION PLAN

The project is expected to be operated through four departments: the finance, production, human resources and marketing. The Finance department is responsible for all financing and procurement activities. Production department entail the core business and is will be dealing with all processing, quality control and R&D activities. Human resources will be dedicated to dealing with all personnel related tasks including hiring, management and safety among others. Marketing will focus on ensuring right products are produced for the right market, promotion, sales and distribution activities. The Production Manager is a skilled salaried employee who work day to day to achieve company's production targets. On the other hand, the Finance Manager will lead the strategic action plans and make sure they correspond to available operational environment. The role of the marketing manager will be to ensure that customer expectations are met and revenue targets from sales are achieved. The HR manager

will ensure that tasks are clearly defined, right staffing is made, and working environment is conducive for all staff and employees motivated to work.

5.3 LABOUR REQUIREMENTS

Labour is one of the most important inputs in any industrial enterprise. The proposed centre will require both skilled and unskilled labour most of whom will be Tanzanians making a total of 58 employees. Table 5.1 indicates labour required amounts to US$ **36,250** per month that is US$ **435,000** per annum.

Table 5.1: Labour Requirement (US$)

Description	Qty	Unit price $	Monthly Salary	Annual Salary
			$	$
Managing Director	1	3,000	3,000	36,000
Personal assistant	1	1,000	1,000	12,000
Production				
Production manager	1	2,000	2,000	24,000
Section Supervisors	4	1,000	4,000	48,000
Section assistants	12	600	7,200	86,400
Human resources				
Human resources manager	1	2000	2,000	24,000
Occupational and Safety officer	1	1000	1,000	12,000
Drivers & Machine Operators	10	300	3,000	36,000
Security Officers	4	200	800	9,600
Casual workers	15	150	2,250	27,000
Marketing				
Marketing manager	1	2000	2,000	24,000
Sales officers	2	1000	2,000	24,000
Distribution officers	2	1000	2,000	24,000
Finance department				
Finance manager	1	2,000	2,000	24,000
Accountant	1	1000	1,000	12,000
Procurement officer	1	1000	1,000	12,000
Total	**58**		**36,250**	**435,000**

5.4 RAW MATERIALS REQUIREMENTS

The project is typically a processing business with a single finished, iron ingots. The project intends to procure raw materials on monthly basis that will be used in the production processes. Generally, the annul material requirements during the first year of operation is estimated to USD **1,632,000** that is USD 136,000 per month on average.

Table 5.2: Materials Requirements per Month (US$)

Type of raw materials	Purchase per month	Amount per year
Processing materials	136,000	1,332,000
Total Purchases	**136,000**	**1,632,000**

5.5 PRODUCTION OVERHEADS

Production overheads covers costs such as utilities for water and electricity, postage and telephone, maintenance and other costs directly associated with business operation. Table 5.3 shows operation overheads amounting to US$ 8,883 per month that is US$ 106,600 per year.

Table 5.3: Production Overheads (US$)

Item	Monthly Expenses	Annual Cost
Electricity	1,500	18,000
Water bills	200	2,400
Maintenance cost	6,183	74,196
Others	11,600	139,200
TOTAL	**19,483**	**233,796**

5.6 TOTAL PRODUCTION COST

The estimated total production cost is US$ **2,000,796** per annum as shown in Table 5.4 below. The raw materials are generally procured on monthly basis. Given the nature of the company's project, the production costs include raw materials, direct labor and production overheads.

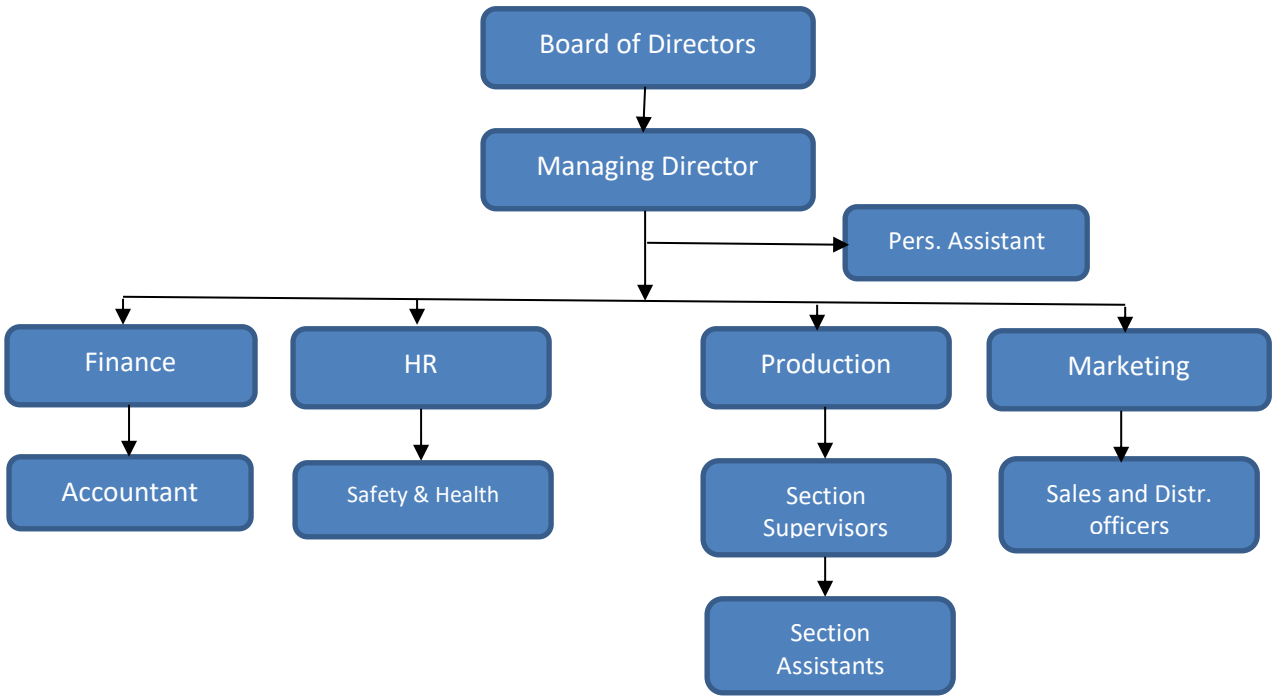
Table 5.4: Total Production Cost (US$)

Item	Expenses/Month	Est. Annual Cost
Raw materials	136,000	1,332,000
Direct labour	36,250	435,000
Production Overheads	19,483	233,796
Total Costs	**166,733**	**2,000,796**

6.0 MANAGEMENT PLAN

The management structure **will** be headed by the Managing Director who shall be overseeing all company's operations on daily basis and who is in turn accountable to the board of directors. The production manager shall be responsible for day-to-day operations and manage all staff under his/her line. The Finance Manager shall be responsible for all administrative duties and finances and supervises all personnel under his/her line. The section supervisors shall be responsible for daily operations and engaging casual workers at different levels when needed. The marketing and the HR managers will deal with sales & distribution and personnel management respectively. The following figure illustrates the organisation structure of the company.

Figure 6.1: Organization Chart



7.0 FINANCIAL PLAN

7.1 FINANCIAL ASSUMPTION

Several assumptions were made and considered in the preparation of this financial plan and projection. The assumptions are based on professional judgment, economic trends and current financial market environment. These are as noted below;

(i) The target market shall involve both domestic (80%) and exports (20%);

(ii) All sales will take place throughout the month and billing will generally be done sales closing basis;

(iii) The annual sales is projected to grow by 5% per annum;

(iv) Depreciation will be charged on straight line method to allocate the cost of each value over its estimated useful life. The rates to be used are as follows;

(a) Buildings	5%
(b) Furniture & Fittings	12.5%
(c) Equipment/machinery	9%
(d) Motor vehicles	15%

The financial assumptions will also include payments of interest rates, taxes and other levies. Interest rates, tax rates, and personnel burden are based on conservative assumptions. Some of the more important underlying assumptions are:

- We assume a strong economy, without major recession.
- We assume, of course, that there are no unforeseen changes in economic policy to make our service immediately obsolete or unwanted.
- We assume an inflation rate of 5% yearly.
- Maintenance costs 5% of Property Plant and Equipment
- Corporate tax is 30% of Net Income

7.2 SOURCES OF FUNDS

The project financing shall come from owners' equity (100%) at the commencement of the project with anticipation of obtaining finances whenever need arises as the project expands in future. The owners have already committed some funds into the project for obtaining land, primary mining licenses and preliminary costs of the project.

7.3 PROFITABILITY ANALYSIS

The project profitability analysis indicates that the project will be able to generate substantial amounts of profits throughout the project, table 7.1 summarizes the profit analysis for 5 years.

Table 7.1: Profit Projections (US$)

Year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS 5
Sales	2,822,400	3,104,640	3,415,104	3,756,614	4,132,276
Total production cost	2,000,796	2,100,836	2,205,878	2,316,171	2,431,980
Profit Margin (Loss)	**821,604**	**1,003,804**	**1,209,226**	**1,440,443**	**1,700,296**

7.3 OPERATING EXPENSES

The following table shows the projected operating costs for five years. All expenses reflect an annual inflation rate of 5% annually.

Table 7.2 Operating Expenses

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Salary and Wages	435,000	456,750	479,588	503,567	528,745
Marketing expenses	2,400	2,472	2,546	2,623	2,701
Insurance	8,060	8,302	8,551	8,807	9,072
Office rent	7,800	8,034	8,275	8,523	8,779
Permits and Licenses	500	515	530	546	563
Vehicle expenses	113,200	113,596	214,004	214,424	214,857
Professional fees	4,608	4,746	4,889	5,035	5,186
Depreciations	38,250	162,886	175,332	276,852	368,571
Miscellaneous expenses	2,800	2,884	2,971	3,060	3,151
Postage & Telephone	1,200	1,236	1,273	1,311	1,351
Bank Charges	2,220	2,287	2,355	2,426	2,499
Total	**616,038**	**763,708**	**900,314**	**1,027,174**	**1,145,475**

7.4 The Projected Income Statements

The Projected income statements for five years indicate that the project shall be able to generate substantial amounts of profits as detailed below.

Table 7.3 Projected Income Statements for five years

Description	Year 1	Year 2	Year 3	Year 4	Year 5
	US$	US$	US$	US$	US$
Total sales	2,822,400	3,104,640	3,415,104	3,756,614	4,132,276
Less Cost of sales:	2,000,796	2,100,836	2,205,878	2,316,171	2,431,980
Gross Profit	**821,604**	**1,003,804**	**1,209,226**	**1,440,443**	**1,700,296**
Less Operating Expenses	616,038	763,708	900,314	1,027,174	1,145,475
Earnings before Int.& tax	*205,566*	*240,096*	*308,913*	*413,269*	*554,821*
Less Loan interest	0	0	0	0	0
Earnings Before Tax	*205,566*	*240,096*	*308,913*	*413,269*	*554,821*
Less TAX 30%	61,670	72,029	92,674	123,981	166,446
NET PROFIT/ (Loss)	**143,896**	**168,067**	**216,239**	**289,288**	**388,374**
Dividend 30%	43,169	50,420	64,872	86,787	116,512
Retained Earnings	**100,727**	**117,647**	**151,367**	**202,502**	**271,862**

7.5 Projected Balance Sheet

The Projected balance sheet for five years indicates the capacity of the project to finance its operations throughout the projected period as shown in Table 7.4.

Table 7.4 Projected Balance Sheet for Five Years

DESCRIPTIONS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	US$	US$	US$	US$	US$
NON-CURRENT ASSETS					
Land & Buildings	114,000	98,750	82,688	86,822	91,163
Machinery &Equipment	835,000	800,000	750,000	500,000	1,000,000
Motor vehicles	135,000	245,010	200,000	195,000	173,000
Total Non-Current Assets	**1,084,000**	**1,143,750**	**1,032,688**	**781,822**	**1,264,163**
Stocks	7,472	18,440	19,284	22,500	33,100
Debtors & Prepayments	119,100	110,950	111,500	115,400	116,700
Cash and Bank balance	119,179	120,096	114,500	250,000	265,000
Total Current Assets	**245,751**	**249,486**	**245,284**	**387,900**	**414,800**
TOTAL ASSETS	**1,329,751**	**1,393,236**	**1,277,972**	**1,169,722**	**1,678,963**
Capital Account	1,160,212	941,938	736,905	668,239	1,126,655
Retained Earnings	100,727	117,647	151,367	202,502	271,862
Total Equity	**1,260,939**	**1,059,585**	**888,272**	**870,741**	**1,398,517**
Bank loan	-	-	-		
Total Non-Current Liability	-	-			
Trade Creditors and Accruals	7,142	261,622	297,025	175,000	114,000
Taxation	61,670	72,029	92,674	123,981	166,446
Total Current Liabilities	**68,812**	**333,651**	**389,699**	**298,981**	**280,446**
TOTAL EQUITY & LIABILITIES	**1,329,751**	**1,393,236**	**1,277,971**	**1,169,722**	**1,678,963**

7.6 Projected Cash Flows

The projected cash flows for five years indicates that the project shall be able to maintain sufficient cash required to meet all operational needs as shown in Table 7.5.

Table 7.5 Cash Flow Projections for Five Years

DESCRIPTIONS	Year 1	Year 2	Year 3	Year 4	Year 5
	US$	US$	US$	US$	US$
Cash from operations:					
Profits before tax	205,566	240,096	308,913	413,269	554,821
Adjustments for non-cash items:					
Depreciations	138,250	262,886	375,332	476,852	568,571
Change in Working Capital:					
Receivables	-119,100	-110,950	-111,500	-115,400	-116,700
Trade payables & Accruals	7,142	261,622	297,025	175,000	114,000
Total	**231,858**	**653,654**	**869,770**	**949,721**	**1,120,692**
Tax payments	-61,670	-72,029	-92,674	-123,981	-166,446
Total Cash Inflow from Operating Activities	**170,188**	**581,625**	**777,096**	**825,740**	**954,245**
Cash from investing activities:					
Purchase of assets	-884,000	-250,000	-422,688	-436,822	-429,163
Other purchases					
Net Cash Outflow From Investing Activities	**-713,812**	**331,625**	**354,409**	**388,918**	**525,082**
Cash from financing activities:					
Dividends	-43,169	-50,420	-64,872	-86,787	-116,512
Change in cash & cash equivalent	**-756,981**	**281,205**	**289,537**	**302,132**	**408,570**
Beginning Cash Balance	*876,160*	*119,179*	*120,096*	*114,500*	*250,000*
Ending Cash Balance	**119,179**	**120,096**	**114,500**	**250,000**	**265,000**

8.0 ECONOMIC ASPECTS

8.1 National economic and social Benefits

The economic and social impact of establishing the proposed project to Tanzania is expected to be positive. This positive impact is expected to be direct and indirect as explained below:

(i) Direct economic impact

Direct positive economic impact is expected to come from three factors, namely,

(a) Tax payments to the government

(b) Foreign currency savings,

(c) Employment opportunities generation; 58 direct jobs expected to be created.

(d) Transfer of technical know how

(ii) Indirect economic (job creation)

In addition to the direct employment opportunities that the proposed project is expected to generate, its operations are expected to boost operations of their suppliers of goods/services that the project will need to sustain its operations. With the increase in the activities of these suppliers, there is great likelihood that the increase will create additional employment opportunities in their businesses.

(iii) Corporate Social Responsibility

The project is also expected to operate as a responsible corporate citizen by fulfilling some of its corporate responsibilities such as assisting some of the disadvantage communities by way of donations, starting from the communities living near the project. The project has contributed by purchasing the oil milling machine worth $2000 to the women group engaged in cooking oil processing in Kondoa District near the project area.

9.0 CONCLUSION

The financial analysis in this plan indicates a positive growth and ability of the project to recover initial investments and make substantial profits in the successive years. The objectives indicated in this plan are likely to me met; hence it is feasible undertaking this project. In addition, the community where the project will operate is likely to benefit from employment created through provision of locally made edible oils at a reasonable

price and thus create more indirect jobs to all stakeholders engaged in the purchase and sell of company's services. The project is also expected to benefit the society through social corporate responsibility activities of the company; and most importantly; the government will get taxes from the project and help to contribute to countries economic growth strategies.

9.1 Recommendation

We are highly encouraged to undertake this project, due to the fact that it has proven to have great potentials of meeting market demand. The financial analysis also shows a significant contribution of the to the country's economic activities through employment creation and raising tax revenues to the government. Various stakeholders both from the public and private sector are highly requested to support this project at whatever capacity that may make this project a success**.**