

**FUJIAN HEXINGWANG INDUSTRY  
TANZANIA CO. LIMITED**

**Feasibility Report**

**For**

**Set Up of Integrated Iron and Steel  
manufacturing Project  
(PHASE ONE)**

**By:**

**FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED**

**MAKAMBAKO**

**NJOMBE REGION**

Formatted: Highlight

## **Executive Summary**

### **1 Introduction**

This study is done with an objective of preparing a Feasibility Report for M/s FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED, of Dar es Salaam for a project of setting up of an Integrated Iron and Steel manufacturing Project which includes investments in coal mining, quartz sand processing, limestone processing, iron ore mining, steel smelting and supporting power generation in Njombe Region, Tanzania.

Fujian Hexingwang Industry Tanzania Co. Ltd. is a multinational enterprise with investment and operation operations in China, New York, Togo and Tanzania. Its headquarters is located in Changle City, a well-known hometown of overseas Chinese in Fujian Province, China and it is active in overseas investment. In response to the "One Belt, One Road" strategic concept initiated by General Secretary Xi Jinping, Tanzania, which is located in the "New Silk Road Economic Belt" and the "21st Century Maritime Silk Road", has become the preferred choice for China's mineral development and iron and steel enterprises to invest.

In July 2015, Fujian Hexingwang Industry Co., Ltd. was recommended by the Fujian Development and Reform Commission to participate in the China-Africa Production Capacity Cooperation Forum jointly organized by the National Development and Reform Commission of China, the Department of African Affairs of the Ministry of Foreign Affairs, the China-Africa Fund and the Guangdong Provincial Development and Reform Commission, and had friendly negotiations and docking with the Tanzanian delegation. After a comprehensive understanding, Fujian Hexingwang Industry Tanzania Co., Ltd. was established in 2016 to build a 200,000-tonne-per-year steel production project using scrap as raw material in Kisemvule Mkuranga district, Coast Region, Tanzania, and was put into operation in 2018.

The scope of services for the proposal feasibility report for development of manufacturing unit at Makambako, Njombe Region, include: Market assessment, Development program, land and civil works, project

implementation schedule, project cost, financial projections, and conclusion & recommendations.

The overall approach comprised a combination of secondary and primary research. A multi-disciplinary team of appropriate personnel with experience in techno economic studies and market research were deployed for undertaking this assignment.

The assignment commenced with a planning for the primary and secondary research. Initially, our team interacted with FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED officials to understand the requirements of the study.

Later, the team continuously interacted with FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED for their inputs on the plan of the unit, machinery, the constructing cost, project cost, financing etc.

The data obtained from the secondary and primary research has been analyzed and incorporated in the report. A worksheet model has been prepared for feasibility calculations.

The report is prepared on the basis of best of the information provided by the various stakeholders and associations/agencies. The information in the report should not be claimed and be used as evidence for any purpose.

## **BACKGROUND INFORMATION**

In response to the President of the State of Tanzania, Her excellency Samia. Suluhu. Hassan during visit to China in March 2022, calling for strengthening investment and economic and trade exchanges between China and Tanzania, Fujian Hexingwang and its strategic partners are committed to promoting the industrialization process of Tanzania and Africa, actively participating in the investment and development of strategic innovation and development projects in Tanzania. Relying on the beneficiation and processing and production of iron ore, coal, quartz, limestone and other mineral resources, it provides a steady stream of mineral resources for steel smelting and production of various steel products. With the support of the Tanzanian national preferential policies for investment promotion and the strong support of the Njombe region authority, Fujian Hexingwang Industry Co., Ltd., make its mission as to play a very positive

Formatted: Font: (Asian) Chinese (Simplified, Mainland China)

role in national industrialization, localization, promotion of local economic development and improvement of local employment rate in Tanzania through the establishment and development of a integrated project of a million tons of mineral processing and steel production in Fujian Hexingwang Industrial Park, located in Makambako district, Njombe Region.

The integrated Steel Project is planned in a 300-acre Fujian Hexingwang Industrial Park in Makambako District, Njombe Region. it invests and develops relying on the Ipepo and Masisiwe iron ore resources owned by Fujian Hexingwang Company in the Makete district of Njombe Region, as well as a large number of local high-quality coal, limestone and quartz mineral resources. The project will be constructed in three phases, and after completion, it will introduce modern production equipment and technological processes, with an annual output of 1 million tons, which makes it outstanding in scale and has obvious advantages among the similar projects in East African countries.

Fujian Hexingwang industry Tanzania company Limited and its strategic partners plan and have the ability to drive the financing and construction of projects according to market demand. We plan to invest US\$1.3 billion in the full development of the integrated project, which will be implemented in phases.

### **The Project**

The integrated steel project includes:

- 1 million tonnes per annum steel mill
- 3.5 million tonnes of supporting iron ore mining and concentrator
- 600,000 tons of supporting coal mining and washing plant
- Quartz sand
- Iron concentrate powder
- limestone

## 2 Demographic Indicators & Development – Tanzania

Tanzania has been showing an appreciate growth in the past few years. The development taking place in the country has been in pace with the other developing nations. The GDP in real terms grew by 7.1 % in 2007, compared to 6.7 % in 2006. Over the years the construction has shown a decent increase. Since the country started to implement economic and institutional reforms, there has been a steady increase of Foreign Direct Investment (FDI) inflows in the economy. Tanzania is among top three recipients of foreign direct investments (FDI) in non-oil producing African countries after South Africa and Ethiopia. Inflows of FDI have risen from US \$ 463.40 million in 2010 to US \$ 12.50 million in 2017.

## 3 Genesis & Details of the Project

The project involves set up of manufacturing unit of building materials at Kibaha, Coast Region.

M/s. FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED of Dar es Salaam, was incorporated on the 20<sup>th</sup> October, 2020 as private limited liability company under the Companies Ordinance (Cap 212 of the Laws of Tanzania).

The day to day activities would be managed by an individual appointed for the said purpose. It is expected that a significant number of people will be employed, during the construction of the commercial complex and about ~~606000~~ 96000 local citizens would be employed permanently, excluding the security guards, once it becomes operational.

Formatted: Highlight

## 5 Project Cost and Means of Finance

The development cost of the 1<sup>st</sup> phase project has been estimated to be around US \$ 80 million. The major factors contributing towards the cost of the project is the cost of machinery and building construction.

It has been conveyed to us that the promoters have already had consent from the bank. Considering the size of this project, and also keeping in mind the 3 months of implementation period, the contingencies and pre-operational expenses have been estimated.

The finance for the project is already arranged for by the promoters. The table below indicated in details the manner in which the investment is going to be arranged:

<b>COST OF THE PROJECT AND MEANS OF FINANCE</b>		
<b>USD</b>		
<b>NO.</b>	<b>PARTICULARS</b>	<b>TOTAL</b>
1	Land and Buildings	1,300,000
2	Plant & Machines	50,000,000
4	Motor Vehicles	500,000
5	Furniture & Fixtures	100,000

6	Pre Expenses	5,000,000
7	Working Capital	23,100,000
8	<b>TOTAL</b>	80,000,000

## 7 Financial Projections

Details of financial projections are attached as appendices to this report. However, in brief the annexed project financials show that the project will be one with a full proof financing scheme.

For the purpose of calculations and projections the following assumptions were made:

1. Long term loan is availed @ 8% per annum

The detailed calculations of the projected financial are given in the annexure.

The Net Present Value for the project comes out to be US\$ 1,109,296/= and the IRR is reasonably good at 19%. Pay Back for the project is estimated to be around 4.59 years.

The next annexure indicates the calculation for the Break Even Analysis and the Margin of Safety. It must be noticed that the average Return on Investment for the five years is more than 22%, which is a very good sign for the investors.

As far as DSCR is concerned we can see that for the coming years it is expected to be more than 1 which means that the company can repay the loan from its current profits only and not require to repay from its accumulated resources.

## **8 Development Value**

### **The Project's development value to the country is as under:-**

The project will generate employment to several people both during the development and after completion. It has been estimated that directly or indirectly this project will provide employment to nearly 60 individuals excluding the security guards.

Government will also earn revenue in terms of various levies on the Company associated with the operation of the complex. Further as indicated in the financial projections the total contribution for five years by way of income-tax itself will be to the tune of about US\$ 778,910. Last but not the least, the manufacturing units are always considered to be a national property and will therefore add to the national wealth.

It may be mentioned here that total investment of US\$ 0.83 million will play a good part in boosting the local economy. Considering all relevant factors it is being recommended that the grant of 0% import duty and VAT deferment on capital goods and deemed capital goods is granted to this project not only to make the project viable but also to catalyse other development benefits that may accrue to the country on acceptance of this project.

## **1.1 Approach and methodology**

### **Approach**

The overall approach comprised a combination of secondary and primary research. A multi-disciplinary team of appropriate personnel with experience in techno economic studies and market research were deployed for undertaking this assignment.

### **Methodology.**

The assignment commenced with a detailed planning for the primary and secondary research. Initially, our team interacted with FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED officials to understand the requirements of the study. Later, the team continuously interacted with FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED for their inputs on the plan of the commercial complex, the material that would be used, the construction cost, project cost, financing etc.

#### **○ Secondary Research**

A detailed desk research was undertaken to gain a fair understanding of the construction industry, its trends, market size, best practices etc. The sources from which the secondary data was collected included in-house database, internet, and various periodicals. The secondary research was used for planning the primary research for the study and identifying the data to be collected by way of primary research. A detailed desk research was undertaken to gain a fair understanding of the construction industry, its trends, market size, best practice etc. The sources from which the secondary data was collected included inhouse database, internet, and various periodicals. The secondary research was used for planning the primary research for the study and identifying the data to be collected by way of Primary research.

#### **○ Primary Research**

Interview guidelines were developed for the compilation of the necessary information by way of interview.

## **1.2 Data Analysis and Report Preparation**

The data obtained from the secondary and primary research has been analyzed and incorporated in the report. A worksheet model has been prepared for feasibility calculations.

### **Report Format**

The report is presented in 07 chapters.

### **Chapter 1 Introduction**

This chapter outlines the objectives, scope, approach & methodology for the study.

### **Chapter 2 Demographic Indicators & Development – Tanzania**

This chapter discusses about the demography of Tanzania and the macroeconomic developments that are taking place in the Country.

### **Chapter 3 Genesis & Details of the Project**

The chapter discusses the initiation of the project, the stakeholders, location, construction details, components of the projects, employment details and other relevant details.

## **Chapter 4 Project Cost and Means of Finance**

The chapter presents the elements of the project cost and discusses the means of financing for the project.

## **Chapter 5 Financial Projections**

Financial statements including projected income statement, projected cash flow statement and projected balance sheet for the first 05 years of operation and financial indicators such as IRR and payback period are given in this chapter.

The Return on Investment on annual basis for the project has also been calculated.

## **Chapter 6 Developmental Value**

This chapter mentions about the benefits incurring to the nation and the citizens as a result of this implementation of the project in consideration.

## **Chapter 7 Conclusions and Recommendations**

The chapter discusses the conclusions derived from the study and recommendations how to go ahead.

## **Annexure**

### **1.3 Limitations**

The report is prepared on the basis of best of the information provided by the various stakeholders and association/agencies. The information in the report shall not be claimed and be used as evidence for any purpose.

## **2. Demographic Indicators and Development – Tanzania.**

### **2.1 Tanzania – The Developing Economy**

In the African continent Tanzania is among the fastest developing economies. Tanzania has clinched the top slot in the improvement index as published by the Centre for International Development at Harvard University.

The report titled “The Africa Competitiveness Report 2000/2001” ranks Tanzania as first on improvement index. Investors in Tanzania are highly optimistic of the future of the economy.

Low inflation, a reasonable stable currency, friendly government and peaceful country are what most of the international company chiefs quoted as being economic driving force.

Tanzania has been showing an appreciable growth in the past few years. The development taking place in the country has been in pace with the other developing nations.

Tanzania has been showing an appreciable growth in the past few years. The development taking place in the country has been in pace with the other developing nations. The GDP in real terms grew by 7.1% in 2007, compared to 6.7% in 2006. Over the years the construction has shown a decent increase.

## **3. Genesis & Details of the Project**

### **3.1 Introduction**

The project involves setting up of Plant for Iron and Steel mills at Makambako area in Njombe Region.

Tanzania is growing commercially and is being viewed positively by outside world. The tourists are becoming more and more interested in viewing the national parks and hidden beauties. Tanzania depends largely on the performance of its agricultural sector for its social and economic development. Like many developing countries it is the agricultural sector that constitutes the major source of national food reserves and, at the same time is an engine for generating foreign exchange and raw materials for basic industries.

However, present economic reforms taking place in the country have started to show that other sectors of the economy like – general engineering and fabrication, tourism, general trade and commerce in non-tradition products, are becoming increasingly important sectors of the economy, especially considering their potential for generating foreign exchange earnings.

As a consequence it is imperative that the need for more and more manufacturing units will be felt and the fact is that there is shortage of such steel structures in Dar es Salaam and other neighboring regions or Tanzania as a whole as one of the key financial input of the Country regions.

It is therefore inferred that such project should be undertaken. It is confirm that FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED has the required expertise for the Project.

With ready market, availability of proven management expertise and availability of funding to the extent needed, the success of the project is guaranteed.

### **3.3 Ownership:**

Fujian Hexiwang Industry company limited and Xu Xingda are Shareholders, promoters and first directors of the FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED. Its head office will be in Njombe Region.

### 3.4 Location

The site is to be developed at Makambako, Njombe Region. This place is well served with the necessary utility facilities, including the central sewerage system for all liquid waste. Communication links are also available.

### 3.5 Day to day management.

The management of the company has the required expertise in-house. The day to day activities would be managed by an individual appointed for the said purpose.

### 3.6 Employment

It is expected that a significant number of people will be employed, during the construction of the commercial complex and about 64000 local citizens would be employed permanently, excluding the security guards, once it becomes operational. Security personnel will be contracted from an outside security firm.

Formatted: Highlight

### 3.7 Strategies

In order to achieve the objectives it is planned to implement the following strategies;

- Establish an effective preventive maintenance programme of the equipment, which will ensure sustainable equipment availability for operation.
- Establish a quality assurance and control system that will ensure provision of quality products and services.
- Conduct regular evaluations of production and servicing processes to ensure optimum costs of products and services.
- Device and implement productivity improvement measures

- Develop and implement an effective marketing policy
- Develop and implement an advertising and promotion programme
- Establish effective financial and resources management.

### 3.8 Market

Recent reforms taking place in the economy indicate that there is an increase in demand for steel and steel structure. The following are some of the factors that have contributed to such an increase in demand for these products in the country:-

- Increased level of rehabilitation and expansion of roads by the Government and international assistance agencies – which has subsequently resulted in increased kilometers of passable roads by small and heavy duty vehicles.
- Rise in people's standard of living and a change in people's consumption patterns;
- General improvement in the national economy, especially the balance of payments which has made it possible for the Government to achieve greater capability to import critical products into the country;
- Increased general level of investments in industrial activities which are the major users of industrial inputs;
- Increase in transit trade between Tanzania and its neighbours especially – Uganda, Rwanda, Burundi, Malawi, Zambia and the Democratic Republic of Congo.

These factors have led to increased demand for general engineering activities for products in the country. Furthermore, these factors have created the impetus for increased inflow of investment capital by foreign and local private investors who now have decided to venture in the importation and industrial raw materials.

The reforms which are now being introduced in this sector aim at influencing the inflow of and increased supply of both capital goods and other industrial productions and their distribution in the country and beyond and national borders.

### **3.9 The Technology & Process**

Steelmaking is the process of producing steel from iron ore and/or scrap. In steelmaking, impurities such as nitrogen, silicon, phosphorus, sulfur and excess carbon (most important impurity) are removed from the sourced iron, and alloying elements such as manganese, nickel, chromium, carbon and vanadium are added to produce different grades of steel. Limiting dissolved gases such as nitrogen and oxygen and entrained impurities (termed "inclusions") in the steel is also important to ensure the quality of the products cast from the liquid steel.

#### **Making the Iron**

To create pure steel, the products that go into it- lime, coke and iron ore- must be made into iron. These are all put into a blast furnace and melted down to create what is called molten iron or hot metal. The iron still has many impurities at this point, and they will have to be removed to ensure the metal is not brittle.

#### **Primary Steel Making**

To get the impurities out, the molten metal is infused with scrap steel. Oxygen will be forced through the furnace as well, which gets out a lot of the carbon and other impurities. For electric furnaces, electricity will be forced through the furnace and the same results can be achieved. After this process has finished, we have raw steel.

#### **Secondary Steel Making**

The different grades of steel are used for different tasks. The grading is based on which elements are still in the metal, such as carbon dioxide. A lot of the carbon will be removed, but aluminium will take its place to create a Drawing Quality steel. To create structural steel, there is more carbon left inside, and this gives the steel more tensile strength. Certain techniques can be implemented to alter the level of impurities left, including:

- Stirring
- Raising or lowering the temperature

- Removing the gasses
- Ladle injection

When the process is over and the right grade has been achieved, the next step can begin.

### **Continual Casting**

Next, the steel in its molten form is cast into cooling moulds. This allows the steel to become hard, and the steel is drawn out of there while it is still hot. Guided rollers are used to pull it out and then the steel is cut into the desired lengths. It may be used for beams, billets, slabs or other items, and when the parts are fully cooled they are sent elsewhere for primary forging.

### **Primary Forging**

In this step, the rough cast items are formed into shapes through a process called hot rolling. This gets rid of defects in the shape and creates the desired quality of steel. This process can be used to make seamless tubing, long and flat products and a variety of bespoke items.

### **Secondary Forming**

To create the final shape of the steel there are a number of secondary techniques that can be used, including:

- Coating
- Thermal treating
- Joining
- Pressing
- Drilling
- Machining
- Riveting

That is the entire process by which steel is formed. If you are creating project out of steel and would like some professional advice about what technique to use or what type of steel to implement then contact us. We can take your design plans and turn them into the products you want to ensure the success of your project. Call us today for a free quote.

### **Production Capacity**

The project expect to produce 60,000 Tons of steel per day as per secondary modern type of machines

The project will include several other projects as described below:

<b>SN</b>	<b>PROJECT NAME</b>	<b>CAPACITY AS PER 1<sup>ST</sup> PHASE</b>	<b>Estimated TOTAL CAPITAL (million USD)</b>
1.	Coal Mining	0.6 Million Tons	10 Million
2.	Quartz sand processing	0.1 Million Tons	4 Million
3.	Limestone processing	0.2 Million Tons	6 Million
4.	Ipepo & Massiwe Iron mining and processing	3.5 Million Tons	30 Million
5.	Makambako Iron & Steel processing plant	1.0 Million Tons	20 Million
6.	200MW Makambako power substation	200MW Makambako power substation	10 Million
	<b>Total sum</b>		<b>80 Million</b>
<b>Integrated Iron and Steel Project: A total investment of US\$1.3 billion investment in coal mining, quartz sand processing, limestone processing, iron ore mining, steel smelting and supporting power generation in 3 to 4 Phases.</b>			

#### 4. Project Cost and Means of Finance

#### 4.1 Cost of Project

The development cost of the entire project has been estimated to be around US\$ 1.3 billion but the first phase will invest 80 million USD. The major factors contributing towards the cost of the project is the cost of machinery and cost of equipment's.

#### 5. Financial Projections

Details of financial projections are attached as appendices to this report. However, in brief the annexed project financials show that the project will be one with a full proof financing scheme.

The financing is so prudently designed that the smooth cash flow position is guaranteed throughout the gestation period.

#### 5.2 Financial Indicators

Considering the usage and demand of steel and steel structures, it can be safely presumed that the premises will safely enjoy 65% occupancy from year 1 and then 5% increase every year. On the basis as mentioned above, the profitability for the company in year 1 has been worked out as following:

#### 6. Developmental Values

The project's development value to the country is as under:-

1. The project will generate employment to several people both during the construction and after completion. It has been estimated that directly or indirectly this project will provide employment to nearly 1000 individuals excluding the security guards.

Formatted: Highlight

2. Government will also earn revenue in terms of various levies on the Company associated with the operation of the complex. Further r as indicated in the financial projections the total contribution for five years by way of income-tax and withholding tax will be to the tune of about US\$ 7,789,000.
3. The project will also contribute directly and indirectly in the generation of foreign exchange.
4. Last but not least, the manufacturing units are always considered to be a national property and will therefore add to the national wealth.

#### **7.5 IMPLEMENTATION SCHEDULE**

The company is in process of purchasing land in Njombe Region and expecting acquisition of Derivative through Tanzania Investment Centre will be finish before June 2024. March 2024 the company will Import fabricated structures, machines and equipment's which will expected to reach on April/May 2024. The installation process will finish before February/March 2025, and startup of project will be expecting to be on April 2025.

#### **7. Conclusions & Recommendations**

**The economic impact from implementing and operating it is also positive.**

Since the project is technically feasible, financially and economically viable, socially and from nation's point of view desirable a fast implementation thereof is recommended. It is important that there are no cost overruns so as to enable the realization of the benefits as outlined above.

It may be mentioned here that total investment of US\$ 80 million for first phase will play a good part in boosting the local economy but also when the project is implemented the total investment of USD 1.3 billion will increase the economy of a country in a big way.

Considering all relevant factors it is being recommended that the grant of 0% import duty & VAT deferrals on capital goods and deemed capital goods is granted to this project not only to make the project viable but also to catalyze other development benefits that may accrue to the country on acceptance of this project.

## **FINANCIAL STATEMENTS**

**INVESTMENT BREAKDOWN**

<b>PARTICULAR</b>	<b>AMOUNTS USD</b>
Land and Buildings	1,300,000
Plant & Machines	50,000,000
Motor Vehicles	500,000
Furniture & Fixtures	100,000
Pre Expenses	5,000,000
Working Capital	23,100,000
<b>TOTAL</b>	<b>80,000,000</b>

**PROJECTED INCOME STATEMENT**

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEARS</b>
Sales Revenue	116,000,000	139,200,000	167,040,000	200,448,000	240,537,600
Cost of Sales	23,200,000	23,200,000	23,200,000	23,200,000	23,200,000
<b>Gross Profit</b>	<b>92,800,000</b>	<b>116,000,000</b>	<b>143,840,000</b>	<b>177,248,000</b>	<b>217,337,600</b>
<b>Operating Expenses</b>					
Administrative Overhead					
Costs	2,000,000	2,020,000	2,040,200	2,060,602	2,081,208
Motor Vehicle running	1,300,000	1,313,000	1,326,130	1,339,391	1,352,785
Salaries and Wages	3,500,000	3,535,000	3,570,350	3,606,054	3,642,114
Depreciation	10,157,500	10,259,075	10,361,666	10,465,282	10,569,935
Utility Costs	3,600,000	3,636,000	3,672,360	3,709,084	3,746,174
Insurance	2,000,000	2,020,000	2,040,200	2,060,602	2,081,208
Interest on Loan	3,700,000	3,737,000	3,774,370	3,812,114	3,850,235
<b>Total Expenses</b>	<b>22,957,500</b>	<b>23,187,075</b>	<b>23,418,946</b>	<b>23,653,135</b>	<b>23,889,667</b>
<b>Profit before Tax</b>	<b>69,842,500</b>	<b>92,812,925</b>	<b>120,421,054</b>	<b>153,594,865</b>	<b>193,447,933</b>
Tax (30%)	20,952,750	64,969,048	84,294,738	107,516,405	135,413,553
<b>Profit After Tax</b>	<b>48,889,750</b>	<b>27,843,878</b>	<b>36,126,316</b>	<b>46,078,459</b>	<b>58,034,380</b>

**PROJECTED BALANCE SHEET**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets	51,900,000	41,742,500	31,625,000	21,550,000	11,475,000
Long term Assets					
Depreciation	10,157,500	10,082,500	10,082,500	10,082,500	10,082,500
<b>Total long term assets</b>	<b>41,742,500</b>	<b>31,660,000</b>	<b>21,542,500</b>	<b>11,467,500</b>	<b>1,392,500</b>
Current Assets					
Cash	406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable	105,000	110,250	216,535	421,763	527,628
Inventory	214,710	376,383	438,469	402,292	467,493
<b>Total Current Assets</b>	<b>28,100,000</b>	<b>28,100,000</b>	<b>28,100,000</b>	<b>28,100,000</b>	<b>28,100,000</b>
<b>Total Assets</b>	<b>69,842,500</b>	<b>59,760,000</b>	<b>49,642,500</b>	<b>39,567,500</b>	<b>29,492,500</b>
<b>Current Liabilities</b>					
Accounts Payable	84,000	88,200	92,610	97,241	102,103
Other Current Liablit	70,000	73,500	77,175	81,034	85,085
<b>Subtotal Current Liabi</b>	<b>154,000</b>	<b>1,616,700</b>	<b>169,785</b>	<b>178,274</b>	<b>187,188</b>
<b>Long term Liabilities</b>					
Long term Liabilitie	1,820,000	1,820,000	1,820,000	1,820,000	1,820.00
<b>Total Liabilities</b>	<b>41,742,500</b>	<b>31,660,000</b>	<b>21,542,500</b>	<b>11,467,500</b>	<b>1,392,500</b>
<b>Net Assets</b>	<b>820,810</b>	<b>877,633</b>	<b>951,268</b>	<b>1,044,516</b>	<b>1,157,656</b>
<b>Capital and Reserves</b>					
Owners Contribution	780,000	780,000	780,000	780,000	780,000
<b>Retained Earning</b>	<b>40,810</b>	<b>97,633</b>	<b>171,268</b>	<b>264,516</b>	<b>377,656</b>
<b>Total Capital</b>	<b>69,842,500</b>	<b>59,760,000</b>	<b>49,642,500</b>	<b>39,567,500</b>	<b>29,492,500</b>

**FIXED ASSETS SCHEDULE**

NAME OF ASSETS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings	1,300,000	1,235,000	1,170,000	1,105,000	1,040,000
Plant & Machines	50,000,000	40,000,000	30,000,000	20,000,000	10,000,000
Motor Vehicle	500,000	420,000	415,000	410,000	405,000
Furniture & Fixtures	100,000	87,500	40,000	35,000	30,000
<b>Total</b>	<b>51,900,000</b>	<b>41,742,500</b>	<b>31,625,000</b>	<b>21,550,000</b>	<b>11,475,000</b>

<b>Depreciation</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Land and Buildings	65,000	65,000	65,000	65,000	65,000
Plant & Machines	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Motor Vehicles	80,000	5,000	5,000	5,000	5,000
Furniture & Fixtures	12,500	12,500	12,500	12,500	12,500
<b>ANNUAL DEPRECIATION</b>	<b>10,157,500</b>	<b>10,082,500</b>	<b>10,082,500</b>	<b>10,082,500</b>	<b>10,082,500</b>
<b>CLOSING FIXED ASSETS</b>	<b>41,742,500</b>	<b>31,660,000</b>	<b>21,542,500</b>	<b>11,467,500</b>	<b>1,392,500</b>