

# **MINMIN TRADERS COMPANY LIMITED**

## **A BUSINESS PLAN FOR MANUFACTURING OF SOFT DRICKS PROJECT**

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## 1. EXECUTIVE SUMMARY

This business plan is for **MINMIN TRADERS COMPANY LIMITED**, a proposed energy drinks company. The company will venture into the drinks market and specialize on the production of soft drinks, energy drinks and packaged water.

The business will be a limited liability company with perpetual succession. This structure was chosen because the owner of the business does not want to bear any more liability than the capital which was contributed to the company as share capital. However, it is appreciated that operating a limited liability company has more legal requirements to be followed, than operating other forms of businesses. This is because a limited liability company is regarded as a legal person.

The owner will first employ a limited number of employees, so as to cut on costs. However, these will be increased as the business grows. The owner will be the manager of the entity, and will also oversee some extra functions such as human resources.

The finance to start and operate the company will be sourced from the owner's personal savings. However, this is not enough and the company will have to seek external financing from banks and other financial institutions. This will, however, have an interest which acts as the cost of the finance.

From the forecasts which were undertaken, the company is viable. The company will make minimal profits in the first year of operations, and this is expected to increase as the brand name of the business continues to grow.

## 2. INTRODUCTION

The idea is to bring into the market a drink which has the combinations of a soft drink and an energy drink. The nutritional value of the drink will also be considered. This is because there is no particular drink in the market which serves the two purposes in the market. The drinks available are either purely soft drinks or purely energetic.

Another reasoning is that there is an increasing number of persons who are continuously getting concerned about their weights. These persons prefer low calorie drinks which are limited in the market. It is also appreciated that the drink should be able to provide the needed energy despite the fact that it has low calorie content.

The company will be started small, and left to grow gradually until it is able to compete on a level footing with the majority of the competitors who are present in the market today. The company should also be able to carve its own niche by manufacturing specialised products

#### **2.1. VISION**

The mission of the company is to be the world manufacturer of the soft drink of choice.

#### **2.2. MISSION**

To incorporate hard work and integrity into becoming the leading manufacturer of energetic soft drink.

#### **2.3. COMPANY MOTTO**

Quality products for stable market and healthy life

#### **2.4. THE PROJECT PROMOTERS**

The shareholders of this project are **WANG ZUOMIN** and **WANG LIANGGOU** with diverse professional and business background, the company is owned by two namely

- **WANG ZUOMIN** and
- **WANG LIANGGOU**

#### **2.5. LOCATION**

The project office will be located in the Dodoma City in the Kizita, Zuzu Industrial area in Plot No. 52 Block "A" in Dodoma city.

### 3. TARGETED MARKET

#### A. INDUSTRY OVERVIEW

The soft drinks industry encompasses a wide range of beverages, including sodas, juices, bottled water, and energy drinks. This market is characterized by high competition and diverse consumer preferences. The global soft drink market was valued at approximately \$400 billion in 2022 and is projected to grow steadily due to increasing demand for convenience beverages.

#### B. MARKET SEGMENTATION

To effectively target the market, it is essential to segment it based on various criteria:

##### i. Demographic Segmentation:

- **Age:** Targeting different age groups such as children (for juices), teenagers (for sodas and energy drinks), and adults (for bottled water and health-focused beverages).
- **Income Level:** Offering premium products for higher-income consumers while providing affordable options for budget-conscious customers.
- **Gender:** Marketing specific products that may appeal more to one gender over another, such as energy drinks targeted towards young males.

##### ii. Geographic Segmentation:

- Focusing on urban areas where consumers have higher access to retail outlets.
- Tailoring products to regional tastes; for example, offering tropical flavors in warmer climates or low-calorie options in health-conscious regions.

##### iii. Psychographic Segmentation:

- Targeting lifestyle choices such as health-conscious consumers who prefer organic juices or low-sugar sodas.
- Engaging with environmentally conscious consumers by promoting sustainable packaging for bottled water.

##### iv. Behavioral Segmentation:

- Identifying occasions when consumers are likely to purchase soft drinks, such as parties, sports events, or family gatherings.

- Understanding brand loyalty and targeting repeat customers through loyalty programs or promotions.

### **C. TARGET MARKET PROFILE**

Based on the segmentation analysis, the primary target market can be defined as follows:

#### **I Core Target Audience:**

- Young adults aged 18-34 who are active and seek convenience in their beverage choices.
- Families with children who prefer healthier juice options over sugary sodas.

#### **II Secondary Target Audience:**

- Health-conscious individuals aged 25-45 looking for low-calorie or functional beverages like energy drinks with added vitamins.
- Older adults aged 45+ who prioritize hydration through bottled water but may also enjoy flavored water options.

### **D. COMPETITIVE ANALYSIS**

Understanding the competitive landscape is crucial. Major competitors include established brands like Azam, Coca-Cola, Pepsi and Red Bull. These companies dominate the market with extensive distribution networks and strong brand recognition. New entrants must focus on niche markets or innovative product offerings to differentiate themselves from these giants.

### **E. MARKETING STRATEGY**

To reach the identified target markets effectively:

- Utilize digital marketing strategies targeting young adults through social media platforms like Instagram and TikTok.
- Implement community engagement initiatives that promote healthy lifestyles among families.
- Develop partnerships with gyms or wellness centers to promote energy drinks as part of an active lifestyle.

## 4. PRODUCTION PROCESS

The production process for the soft drinks will be divided into several key stages.

### 4.1. Ingredient Sourcing

- Identify suppliers for high-quality ingredients such as sweeteners (sugar, high fructose corn syrup), flavorings (natural and artificial), preservatives and carbonation sources.
- Establish contracts with local farmers for fresh fruits used in juice production.

### 4.2. Formulation Development

- Develop recipes for each product category focusing on taste, nutritional value, and shelf stability.
- Conduct taste tests with target consumer groups to refine flavors.

### 4.3. Production Facility Setup

- Acquire or lease a facility equipped with necessary machinery such as mixers, carbonators, pasteurizers (for juices), bottling lines, and packaging equipment.
- Ensure compliance with local health regulations and obtain necessary permits.

### 4.4. Manufacturing Process

#### a) Soda Production:

- i. Mix water with sweeteners and flavorings in large tanks.
- ii. Carbonate the mixture using CO<sub>2</sub> gas under pressure.
- iii. Filter the mixture to remove impurities before bottling.

#### b) Juice Production:

- i. Wash and prepare fruits; extract juice using hydraulic presses or centrifuges.
- ii. Pasteurize the juice to eliminate pathogens while preserving flavor.
- iii. Bottle the juice under sterile conditions.

**c) Drinking Water Production:**

- i. Source water from approved suppliers or wells; filter through reverse osmosis systems.
- ii. Bottle in sanitized containers ensuring quality control measures are followed.

**d) Energy Drink Production:**

- i. Combine water with caffeine sources (like guarana) and other functional ingredients (like B vitamins).
- ii. Sweeten according to formulation; carbonate if desired.
- iii. Package immediately after production to maintain freshness.

**4.5 Quality Control**

Implement rigorous quality control measures at each stage of production including ingredient testing, batch sampling during production runs, and final product testing before distribution.

## 5.0 INVESTMENT COST/STRUTURE

### 5.1 SOURCE OF FINANCING

The project will be financed by shareholders contribution and loan in as shown below.

### 5.2 INVESTMENT COST

| S/N                | ITEMS                   | Tshs ('000)        |
|--------------------|-------------------------|--------------------|
| 1                  | Land and building       | 560,000/=          |
| 2                  | Machinery               | 305,000/=          |
| 3                  | Motor vehicle           | 250,000/=          |
| 4                  | Furniture and Equipment | 260,000/=          |
| 5                  | Operational expenses    | 100,000/=          |
| 6                  | Initial working capital | 80,000/=           |
| <b>GRAND TOTAL</b> |                         | <b>1,555,000/=</b> |

### 5.3 FINANCIAL PATTERN

The total initial investment of Tshs 1,555,000,000/= shall be financed as followed

| SOURCE               | Tshs ('000)        |
|----------------------|--------------------|
| <b>FIXED ASSETS</b>  |                    |
| Equity (40%)         | 1,400,000/=        |
| Long term loan (60%) | 155,000/=          |
| <b>GRAND TOTAL</b>   | <b>1,555,000/=</b> |

## 5.4 PLANT AND MACHINERY

Some of the basic machines and equipment required for this project are as follows;

### A. Water Treatment Equipment:

- **Filtration Systems:** To remove impurities from water.
- **Purification Systems:** Such as reverse osmosis or UV treatment to ensure water quality.

### B. Mixing and Blending Equipment:

- **Mixing Tanks:** Stainless steel tanks for blending water, sweeteners, flavors, and other ingredients.
- **Sugar Dissolving Systems:** For preparing sugar syrups.

### C. Carbonation Equipment (for sodas and energy drinks):

- **Carbon Dioxide Injectors:** To add CO<sub>2</sub> to the beverage.
- **Carbonation Tanks:** For mixing and carbonating the drinks.

### D. Pasteurization Equipment (for juices and energy drinks):

- **Pasteurizers:** To heat-treat the beverage and kill harmful microorganisms.

### E. Filling and Packaging Equipment:

- **Bottle Blowers:** To create PET bottles from pre-forms.
- **Bottle Washers:** To clean recycled glass bottles.
- **Filling Machines:** Automated systems to fill bottles or cans with the beverage.
- **Capping Machines:** To seal the bottles or cans.
- **Labeling Machines:** To apply labels to the bottles or cans.

### F. Cooling Equipment:

- **Chillers:** To cool the beverages before packaging.
- **Cooling Towers:** To manage the cooling water used in the process.

### G. Conveyor Systems:

- **Conveyor Belts:** To transport bottles or cans through different stages of production.

### H. Quality Control Equipment:

- **Testing Equipment:** For taste, consistency, and safety checks.
- **Inspection Systems:** Automated systems to detect defects in bottles or cans.

#### **I. Storage and Logistics Equipment:**

- **Warehousing Solutions:** For storing finished products.
- **Palletizers:** To stack and organize products for shipping/transportation.

### **5.5 RAW MATERIALS AND INPUTS**

The source of raw material will be mainly from local industries from various regions in Tanzania.

### **5.6 UTILITIES AND SERVICE**

- Utilities and service to be provided to the unit will include power, telecommunication, such as telephone / fax facilities and internet, fuel oil first aid services and the fire equipment's.

### **5.7 ELECTRICITY**

The project has a standby generator to solve all cutting problem of electricity.

### **5.8 ACCESSIBILITY OF THE SITE**

The envisaged project site will be accessible; it can easily be reached and will have full provision of all basic utilities, electricity and water.

### **5.9 DESIGN CONCEPT**

The ultimate factory building will be built of concrete blocks and properly designed with ample space to cover all functional spaces such as processing hall, offices, raw materials, storage, product storage, and other social amenities space requirement. It is envisaged that on final completion the factory will have a total built up of 2500 square meter.

## 6.0 FINANCIAL ANALYSIS

The project financial projection depicts the project to be viable, as it is shown by some of the indicator below;

### 6.1 Projected profit and loss

The following table shows how the company will utilize its generated revenue to run its activities for five years

#### MINMIN TRADERS COMPANY LIMITED PROJECTED INCOME STATEMENT FOR 5 YEARS

|                           | YEAR 1      | YEAR 2      | YEAR 3      | YEAR 4      | YEAR 5      |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
|                           | TSHS ('000) | TSHS ('000) | TSHS ('000) | TSHS ('000) | TSHS ('000) |
| Revenue                   | 430,000.00  | 535,000.00  | 604,000.00  | 670,000.00  | 820,000.00  |
| Expense                   |             |             |             |             |             |
| Direct costs              | 144,400.00  | 185,100.00  | 203,100.00  | 219,950.00  | 265,250.00  |
| Operating Expenses        |             |             |             |             |             |
| Advertising and Promotion | 25,000.00   | 50,000.00   | 40,000.00   | 60,000.00   | 75,000.00   |
| Depreciation Expense      | 28,114.75   | 33,114.75   | 46,614.75   | 51,614.75   | 51,614.75   |
| Insurance Expense         | 8,000.00    | 13,500.00   | 15,000.00   | 19,500.00   | 21,500.00   |
| Electricity and power     | 11,000.00   | 11,500.00   | 12,500.00   | 15,000.00   | 17,000.00   |
| Interest Expense          | 0.00        | 24,000.00   | 0.00        | 0.00        | 0.00        |
| Meals and Entertainment   | 0.00        | 0.00        | 6,500.00    | 2,500.00    | 9,600.00    |
| Office Supplies           | 13,137.50   | 15,108.12   | 18,000.00   | 17,650.00   | 20,500.00   |
| Salaries                  | 134,400.00  | 134,400.00  | 160,800.00  | 160,800.00  | 258,000.00  |
| Rent Expense              | 25,000.00   | 40,250.00   | 30,000.00   | 32,000.00   | 45,000.00   |
| Repairs and Maintenance   | 8,500.00    | 12,500.00   | 15,890.00   | 21,000.00   | 35,600.00   |
| Communication Expense     | 2,000.00    | 3,200.00    | 4,500.00    | 4,250.00    | 5,500.00    |
| Travel Expense            | 12,000.00   | 0.00        | 32,000.00   | 12,500.00   | 15,400.00   |
| Tax Expenses              | 10,911.40   | 5,200.00    | 5,728.57    | 15,970.57   | 0.00        |
| Total Operating Expenses  | 278,063.65  | 342,772.87  | 387,533.32  | 412,785.32  | 554,714.75  |
| Total Expense             | 422,463.65  | 527,872.87  | 590,633.32  | 632,735.32  | 819,964.75  |
| Net Income                | 7,536.35    | 7,127.13    | 13,366.68   | 37,264.68   | 35.25       |

## 6.2 Project cash flow

### MINMIN TRADERS COMPANY LIMITED PROJECTED STATEMENT OF CASH FLOW FOR 5 YEARS

|   | YEAR 1      | YEAR 2      | YEAR 3      | YEAR 4      | YEAR 5      |
|---|-------------|-------------|-------------|-------------|-------------|
|   | TSHS ('000) | TSHS ('000) | TSHS ('000) | TSHS ('000) | TSHS ('000) |
| <b>OPERATING ACTIVITIES</b>   |             |             |             |             |             |
| Net Income  | 7,536.35    | 7,127.13    | 13,366.68   | 37,264.68   | 35.25       |
| Adjustments to reconcile Net Income to net cash provided by operations: |             |             |             |             |             |
| Current Assets: Sundry Debtors  | -82,000.00  | 25,600.00   | 19,000.00   | -56,000.00  | -145,000.00 |
| Current Assets: Cash in hand  | -10,000.00  | 0.00        | 0.00        | 2,500.00    | 0.00        |
| Current Liabilities: Tax Payables                                       | 0.00        | 5,200.00    | 5,728.57    | 3,970.57    | -12,000.00  |
| Current Liabilities: Trade payables                                     | 10,700.00   | 7,300.00    | -1,000.00   | -5,865.00   | 50,000.00   |
| Net cash provided by Operating Activities                               | -73,763.65  | 45,227.13   | 37,095.25   | -18,129.75  | -106,964.75 |
| <b>INVESTING ACTIVITIES</b>   |             |             |             |             |             |
| PPE: Machinery  | -105,000.00 | 0.00        | -100,000.00 | -100,000.00 | 0.00        |
| PPE: Motor Vehicle  | -117,295.00 | -50,000.00  | -100,000.00 | 0.00        | 0.00        |
| PPE: Building   | -250,000.00 | 0.00        | 0.00        | 0.00        | 0.00        |
| PPE: Land   | -110,000.00 | -150,000.00 | 0.00        | -50,000.00  | 0.00        |
| PPE: Equipment  | -90,000.00  | -50,000.00  | -70,000.00  | -50,000.00  | 0.00        |
| PPE: Accumulated Depreciation   | 28,114.75   | 33,114.75   | 46,614.75   | 51,614.75   | 51,614.75   |
| Net cash provided by Investing Activities                               | -644,180.25 | -216,885.25 | -223,385.25 | -148,385.25 | 51,614.75   |
| <b>FINANCING ACTIVITIES</b>   |             |             |             |             |             |
| Non-Current Liabilities: Loan payable                                   | 0.00        | 100,000.00  | -100,000.00 | 0.00        | 0.00        |
| Owner's Capital   | 800,000.00  | 0.00        | 300,000.00  | 200,000.00  | 100,000.00  |
| Net cash provided by Financing Activities                               | 800,000.00  | 100,000.00  | 200,000.00  | 200,000.00  | 100,000.00  |
| Net cash increase for period  | 82,056.10   | -71,658.12  | 13,710.00   | 33,485.00   | 44,650.00   |
| Cash at beginning of period   | 0.00        | 82,056.10   | 10,397.98   | 24,107.98   | 57,592.98   |
| Cash at end of period   | 82,056.10   | 10,397.98   | 24,107.98   | 57,592.98   | 102,242.98  |

### 6.3 PROJECT STATEMENT OF FINANCIAL POSITION

The balance sheet indicates favorably state of affairs of the company throughout the projected period.

#### MINMIN TRADERS COMPANY LIMITED PROJECTED STATEMENT OF FINANCIAL POSITION FOR 5 YEARS

|                                 | YEAR 1            | YEAR 2            | YEAR 3              | YEAR 4              | YEAR 5              |
|---------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
|                                 | TSHS              |                   |                     |                     |                     |
|                                 | TSHS ('000)       | ('000)            | TSHS ('000)         | TSHS ('000)         | TSHS ('000)         |
| <b>ASSETS</b>                   |                   |                   |                     |                     |                     |
| Current Assets                  |                   |                   |                     |                     |                     |
| Checking/Savings                |                   |                   |                     |                     |                     |
| Bank account                    | 82,056.10         | 10,397.98         | 24,107.98           | 57,592.98           | 102,242.98          |
| Total Checking/Savings          | 82,056.10         | 10,397.98         | 24,107.98           | 57,592.98           | 102,242.98          |
| Other Current Assets            |                   |                   |                     |                     |                     |
| Current Assets                  |                   |                   |                     |                     |                     |
| Trade Receivables               | 82,000.00         | 56,400.00         | 37,400.00           | 93,400.00           | 238,400.00          |
| Cash in hand                    | 10,000.00         | 10,000.00         | 10,000.00           | 7,500.00            | 7,500.00            |
| Total Current Assets            | 92,000.00         | 66,400.00         | 47,400.00           | 100,900.00          | 245,900.00          |
| Total Other Current Assets      | 92,000.00         | 66,400.00         | 47,400.00           | 100,900.00          | 245,900.00          |
| Total Current Assets            | 174,056.10        | 76,797.98         | 71,507.98           | 158,492.98          | 348,142.98          |
| Fixed Assets                    |                   |                   |                     |                     |                     |
| PPE                             |                   |                   |                     |                     |                     |
| Machinery                       | 105,000.00        | 105,000.00        | 205,000.00          | 305,000.00          | 305,000.00          |
| Motor Vehicle                   | 117,295.00        | 167,295.00        | 267,295.00          | 267,295.00          | 267,295.00          |
| Building                        | 250,000.00        | 250,000.00        | 250,000.00          | 250,000.00          | 250,000.00          |
| Land                            | 110,000.00        | 260,000.00        | 260,000.00          | 310,000.00          | 310,000.00          |
| Equipment                       | 90,000.00         | 140,000.00        | 210,000.00          | 260,000.00          | 260,000.00          |
| Accumulated Depreciation        | -28,114.75        | -61,229.50        | -107,844.25         | -159,459.00         | -211,073.75         |
| Total PPE                       | 644,180.25        | 861,065.50        | 1,084,450.75        | 1,232,836.00        | 1,181,221.25        |
| Total Fixed Assets              | 644,180.25        | 861,065.50        | 1,084,450.75        | 1,232,836.00        | 1,181,221.25        |
| Other Assets                    | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                |
| <b>TOTAL ASSETS</b>             | <b>818,236.35</b> | <b>937,863.48</b> | <b>1,155,958.73</b> | <b>1,391,328.98</b> | <b>1,529,364.23</b> |
| <b>LIABILITIES &amp; EQUITY</b> |                   |                   |                     |                     |                     |
| Liabilities                     |                   |                   |                     |                     |                     |
| Tax Payables                    | 0.00              | 5,200.00          | 10,928.57           | 14,899.14           | 2,899.14            |
| Trade payables                  | 10,700.00         | 18,000.00         | 17,000.00           | 11,135.00           | 61,135.00           |
| Total Current Liabilities       | 10,700.00         | 23,200.00         | 27,928.57           | 26,034.14           | 64,034.14           |
| Total Other Current Liabilities | 10,700.00         | 23,200.00         | 27,928.57           | 26,034.14           | 64,034.14           |
| Total Current Liabilities       | 10,700.00         | 23,200.00         | 27,928.57           | 26,034.14           | 64,034.14           |
| Long Term Liabilities           |                   |                   |                     |                     |                     |

|                               |            |            |              |              |              |
|-------------------------------|------------|------------|--------------|--------------|--------------|
| Loan payable                  | 0.00       | 100,000.00 | 0.00         | 0.00         | 0.00         |
| Total Non-Current Liabilities | 0.00       | 100,000.00 | 0.00         | 0.00         | 0.00         |
| Total Long Term Liabilities   | 0.00       | 100,000.00 | 0.00         | 0.00         | 0.00         |
| Total Liabilities             | 10,700.00  | 123,200.00 | 27,928.57    | 26,034.14    | 64,034.14    |
| Equity                        |            |            |              |              |              |
| Owner's Capital               | 800,000.00 | 800,000.00 | 1,100,000.00 | 1,300,000.00 | 1,400,000.00 |
| Retained Earnings             | 0.00       | 7,536.35   | 14,663.48    | 28,030.16    | 65,294.84    |
| Net Income                    | 7,536.35   | 7,127.13   | 13,366.68    | 37,264.68    | 35.25        |
| Total Equity                  | 807,536.35 | 814,663.48 | 1,128,030.16 | 1,365,294.84 | 1,465,330.09 |
| TOTAL LIABILITIES & EQUITY    | 818,236.35 | 937,863.48 | 1,155,958.73 | 1,391,328.98 | 1,529,364.23 |

## OTHER SCHEDULE

NB; figures are in Tshs ('000)

### ANNEX 1; REVENUE PROJECTION

| PRODUCTION           | YEAR 1            | YEAR 2            | YEAR 3            | YEAR 4            | YEAR 5            |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| SALES REVENUE        | 430,000.00        | 535,000.00        | 604,000.00        | 670,000.00        | 820,000.00        |
| <b>TOTAL REVENUE</b> | <b>430,000.00</b> | <b>535,000.00</b> | <b>604,000.00</b> | <b>670,000.00</b> | <b>820,000.00</b> |

### ANNEX 2; WORKING CAPITAL REQUIREMENTS

NB; figures are in Tshs ('000)

|               | YEAR 1            | YEAR 2            | YEAR 3            | YEAR 4            | YEAR 5            |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| RAW MATERIALS | 144,400.00        | 185,100.00        | 203,100.00        | 219,950.00        | 265,250.00        |
| ELECTRICITY   | 11,000.00         | 11,500.00         | 12,500.00         | 15,000.00         | 17,000.00         |
| WATER         | 13,137.50         | 15,108.12         | 18,000.00         | 17,650.00         | 20,500.00         |
| CASH IN HAND  | 10,000.00         | 10,000.00         | 10,000.00         | 7,500.00          | 7,500.00          |
| <b>TOTAL</b>  | <b>178,537.50</b> | <b>221,708.12</b> | <b>243,600.00</b> | <b>260,100.00</b> | <b>310,250.00</b> |

### ANNEX 3; OPERATION COST

NB; figures are in Tshs ('000)

| Operational costs           | YEAR 1            | YEAR 2            | YEAR 3            | YEAR 4            | YEAR 5            |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Direct costs                | 144,400.00        | 185,100.00        | 203,100.00        | 219,950.00        | 265,250.00        |
| Operating Expenses          |                   |                   |                   |                   |                   |
| Advertising and Promotion   | 25,000.00         | 50,000.00         | 40,000.00         | 60,000.00         | 75,000.00         |
| Depreciation Expense        | 28,114.75         | 33,114.75         | 46,614.75         | 51,614.75         | 51,614.75         |
| Insurance Expense           | 8,000.00          | 13,500.00         | 15,000.00         | 19,500.00         | 21,500.00         |
| Electricity and power       | 11,000.00         | 11,500.00         | 12,500.00         | 15,000.00         | 17,000.00         |
| Interest Expense            | 0.00              | 24,000.00         | 0.00              | 0.00              | 0.00              |
| Meals and Entertainment     | 0.00              | 0.00              | 6,500.00          | 2,500.00          | 9,600.00          |
| Office Supplies             | 13,137.50         | 15,108.12         | 18,000.00         | 17,650.00         | 20,500.00         |
| Salaries                    | 134,400.00        | 134,400.00        | 160,800.00        | 160,800.00        | 258,000.00        |
| Rent Expense                | 25,000.00         | 40,250.00         | 30,000.00         | 32,000.00         | 45,000.00         |
| Repairs and Maintenance     | 8,500.00          | 12,500.00         | 15,890.00         | 21,000.00         | 35,600.00         |
| Communication Expense       | 2,000.00          | 3,200.00          | 4,500.00          | 4,250.00          | 5,500.00          |
| Travel Expense              | 12,000.00         | 0.00              | 32,000.00         | 12,500.00         | 15,400.00         |
| Tax Expenses                | 10,911.40         | 5,200.00          | 5,728.57          | 15,970.57         | 0.00              |
| <b>Total Operating Cost</b> | <b>278,063.65</b> | <b>342,772.87</b> | <b>387,533.32</b> | <b>412,785.32</b> | <b>554,714.75</b> |

#### ANNEX 4; DEPRICIATION SCHEDULE

NB; figures are in Tshs

|                           | YEAR 1               | YEAR 2               | YEAR 3               | YEAR 4               | YEAR 5               |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Land                      | -                    | -                    | -                    | -                    | -                    |
| Buildings                 | 12,500,000.00        | 12,500,000.00        | 12,500,000.00        | 12,500,000.00        | 12,500,000.00        |
| Motor Vehicles            | 5,864,750.00         | 8,364,750.00         | 13,364,750.00        | 13,364,750.00        | 13,364,750.00        |
| Machines                  | 5,250,000.00         | 5,250,000.00         | 10,250,000.00        | 15,250,000.00        | 15,250,000.00        |
| Equipment                 | 4,500,000.00         | 7,000,000.00         | 10,500,000.00        | 10,500,000.00        | 10,500,000.00        |
| <b>Total Depreciation</b> | <b>28,114,751.00</b> | <b>33,114,752.00</b> | <b>46,614,753.00</b> | <b>51,614,754.00</b> | <b>51,614,755.00</b> |