

**BUSINESS PLAN FOR GEMSTONE TRADING
BUSINESS**

IN FAVOUR OF

FENG GEMSTONE TANZANIA LIMITED

OF

P.O.BOX 1819

ARUSHA

MAY 2021

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EXECUTIVE SUMMARY

Mr. Fengping Xu and Mr. Bofeng Ying, are long-time esteemed business partners and entrepreneurs who had previously involved themselves with the dynamic world of mining and gemstones business in China for over five years. With a strong track record in importing and enhancing the value of gemstones from across the globe, including from Africa, particularly Tanzania, they have built a reputation for their expertise and dedication. In this time, they observed a recurring issue: the imported gemstones often fell short of quality expectations or were in limited supply. Their experiences, along with frequent complaints from fellow business associates about the quality of imported stones, highlighted a critical gap in the market. Many importers struggled to deliver the high-quality gemstones that the market demanded, leading to widespread dissatisfaction.

Recognizing this challenge and driven by their commitment to excellence, Mr. Xu and Mr. Ying saw an opportunity to not only address the quality issues but also to gain a competitive edge by relocating to Tanzania. The plan was to reach directly in the heart of the gemstone-producing region, ensuring a hands-on approach to sourcing and mining gemstones.

By doing so, they aimed to establish a direct link between the source and their established network of bulk buyers in China. This strategic move would enable them to provide a reliable supply of premium gemstones, fulfilling the demand in the Chinese market that they had cultivated and earned trust in over the years.

The investment will cost a total of \$500,000 which is jointly contributed by three shareholders, Mr. Fengping Xu, Mr. Bofeng and Mr Kamili Kamoli who contributed 37%, 37% and 26% of the capital respectively

It is projected that the investment will generate total revenue of TZS \$23,900,000 at the end of the year from the selling of 478 Kilograms of gems at a price of \$50,000 per Kilogram. These will result to a net profit of \$4,877,714 for the first year (Annex 4).

Analysis indicates that the business will meet all its financial obligations with a comfortable balance with net cash flow of \$5,171,433 for the first year (Annex 5).

1.0 INTRODUCTION

1.1 Background Information

Mr. Fengping Xu and Mr. Bofeng Ying, entrepreneurs in the gemstone industry, have built a reputation for their expertise in importing and enhancing gemstones globally, including from Tanzania. Over five years in the business, they noticed that the imported gemstones frequently fell short of quality expectations and were often in limited supply, leading to widespread dissatisfaction among buyers. These issues proved a critical market gap where many importers struggled to meet the high-quality demands of the market.

To address these challenges and enhance their competitive edge, Mr. Xu and Mr. Ying decided to relocate to Tanzania, the heart of gemstone production. By directly sourcing and mining gemstones from this region, they aimed to establish a reliable supply chain and directly link the source to their network of bulk buyers in China. This strategic move was intended to provide a consistent supply of premium gemstones and better meet the high demand in the Chinese market, leveraging their established reputation and commitment to quality.

In Tanzania, the abundance of rare and high-quality gemstones, such as Tanzanite, sapphires, rubies, and spinels, is impressive. However, the domestic market is not large enough to fully absorb this rich supply, largely due to preferences and the high cost of these gemstones compared to the ability to afford by the majority

To address this issue, there is a pressing need to tap into foreign markets. Recognizing this opportunity, Mr. Xu and Mr. Ying decided to step in and bridge the gap. By leveraging their well-established channels to the Chinese markets, where they are highly trusted, they aim to facilitate the export of these exquisite gemstones. Their involvement not only helps them capitalize on the supply but also ensures a consistent and reliable pathway to foreign buyers.

1.2 Present Management

Mr. Fengping Xu and Mr. Bofeng Ying are the major shareholders and in-charge of overall business operations in this investment. Also Mr Kamili Kamoli is a minor shareholder and will assist in all matters of translation, work permits and follow-ups which may be difficult to the afore mentioned members due to their inexperience with the country

1.3 Legal status

The company has all necessary documents required to operate the business. The company's Tax Payer Identification Number (TIN) is 153-533-911 and currently working on Incorporation processes as a limited company

1.4 Purpose of the Investment

The major purpose of this investment is to carry business of mining, sourcing, buying, shaping, finishing and exporting gemstones from mainland Tanzania to China.

However, to begin with, due to limited capital and to gain insight and experience the company will start by its operations by sourcing gemstones from different sellers, assess the quality, and if satisfied with the quality and agreed on price, the company will contact buyers, export the products to them and make profits as brokers.

After an estimated period of three years, the company plans to explore additional opportunities that may arise from the growing business ties between Tanzania and China. These opportunities could include ventures in tourism and its associated business chain, the importation of machinery, communication technologies, and more. By expanding into these areas, the company aims to further strengthen the economic links between the two markets and capitalize on emerging prospects.

In all these ventures, the investment will also seek to maintain interests of the shareholders and the primary goals of any investment which are safety, income, and capital gains

2.0 ECONOMIC ASPECTS

2.1 Contribution of the Investment to the Country

The investment will contribute to the national economy through tax payment to the tune of \$1,299,266 during the first year of operations (Annex 9).

2.2 Investment Contribution to the Proprietor

It has been projected that the client will attain a net profit of \$4,887,714 during the first year of business operations (Annex 4).

2.3 Employment Creation

The investment will provide permanent employment opportunity to 12 people and others in the line of business. A total return to employment of \$44,400 per year will be generated (Annex 3).

2.4 Overall Contribution to the Economy

The business will provide employment opportunities to 12 persons. An income of approximately \$44,400 will be flowing to the employed persons annually (Annex 3). Analysis indicates that the business will provide direct and indirect employment opportunities in the value chain. On other hand, the project is expected to contribute about \$1,299,266 in the first year as taxes.

3.0 TECHNICAL ASPECTS OF THE BUSINESS

3.1 Location and Description of Investment

The investment's business premises will be located in Arusha, Tanzania, a prime location renowned as a gateway for the gemstone industry in the country. Arusha's favourable weather and status as a popular tourist hub further enhance its appeal for future investment opportunities. The office will be located in the PSSF Tower, along the Old Moshi Road, a prominent building in the heart of town where other similar businesses are also established. This central location ensures easy accessibility and is complemented by excellent security, making it an ideal choice for our operations.

In this area, numerous sellers bring their gemstones for sale, either directly or through brokers. Being here offers a great opportunity to network with others in the industry, learn from their experiences, and explore potential business collaborations under favourable conditions.

3.2 Government interventions

Since 2021 the sector has undergone various reforms to increase competitiveness and to improve the business environment. The government is influencing additional of value in the country prior to exportation of the gemstones rather than raw products. Also in supporting the sourcing and interests in gemstones business and other mining services, the government has introduced VAT exemptions in the business chain example Artisanal and Small scale miners who dispose of minerals through the Mineral and Gem houses shall be exempted from paying withholding tax and Value added tax (VAT) in accordance with the Income Tax Act, and the Value Added Tax respectively. Also licenced brokers are allowed to buy or acquire minerals in designated buying stations and to sell or dispose of minerals so acquired to a licenced dealer at the Mineral and Gem Houses

3.3 Requirements for Mining services business

The following are required to be observed in a mining services provision business: -

- i. Business licence,
- ii. Business registration
- iii. Work permits for foreigners
- iv. To ensure that business is carried out only with registered brokers and sellers.

- v. Gemstones houses premises meeting the required security and availability standards
- vi. Dealing with compliant exporters who usually follow all exportation Regulations including payment of fees.

4.0 MARKETING STUDY ASPECT

4.1 Product

Tanzania is known for its wide abundance of various precious, valuable and rare gemstones, this made it a perfect destination for this company and the investors. Despite the wide range of gemstones available, the most preferable and most marketable are;

1. **Tanzanite;** Primarily found in the Mererani Hills, near Arusha. It is a blue to violet variety of the mineral zoisite, known for its stunning colours and is one of the rarest gemstones in the world
2. **Zircon;** Found in several areas including Kongwa, Dodoma, Kilimanjaro, Umba Valley, Tanga and other areas. Zircon comes in a range of colours, including blue, red, and brown. It's prized for its brilliance and dispersion, though it's often confused with cubic zirconia, which is a synthetic material.
3. **Spinel;** Found in Mahenge, Morogoro and other places in the country. Spinel can be found in a wide range of colors, from red to blue, and is valued for its brilliance and hardness.
4. **Garnet;** Found mostly in Kalalani, Tanga, just a few kilometres away from the famous Umba valley. Garnet is available in various colors, with the most popular being red. It's a durable gemstone often used in jewelry.
5. **Tourmaline;** Found in areas like the Landanai in Simanjiro, not too far from Arusha. Tourmaline comes in an array of colours, including pink, green, and blue. It's known for its versatility and can be used in a variety of jewellery settings.
6. **Ruby;** Some areas in northern Tanzania such as Longido and in central parts in Morogoro, though not as prominently as the others listed. Rubies are valued for their deep red colour and are one of the four precious gemstones, along with sapphire, emerald, and diamond.

7. **Sapphire;** Primarily found in Winza, Mpwapwa, Dodoma and other parts of Tanzania, including, Manghola, Manyara; Lukanda (Lukande), Mahenge, Morogoro; Mabwenkoswe and Tawete Sumbawanga; Amanimakoro, Mbinga, Ruvuma and others. Sapphires are typically blue but can be found in a range of colors. They're known for their hardness and luster.
8. **Moonstone;** Found in Kilosa district and other parts in Tanzania. Moonstone is known for its adularescence a shimmering light that appears to float on the surface of the gem.

4.2 Market and Prices for the Products

The primary target market of the investment is overseas markets in Asia particularly China, however in some cases there may be domestic sales to domestic dealers so as to maintain liquidity, to sell the less demanded gems and buy or retain the most demanded for exportation.

With the already established markets in China, the company is confident that it has a demand to feed with its supply and make profits, however in the same idea, the company also plans to extend its boundaries and keep on seeking more markets for security and for expanding the business

Unlike most products, gemstones do not have a fixed price, this is because there are numerous factors that decide the price altogether. These factors include

- Type of the gemstone
- Size of the gem
- Grade
- Amount in grams/kilograms that is sold/bought at that time
- Clarity
- Colour

In the following chart, the estimate prices of buying from miners of some of the gemstones is shown

Table 1: Estimated buying prices of various gemstones

Type	Size	Colour	Grade	Clarity	Price/gram (\$)
Ruby	<0.1		Beads	III	0.2
Spinel	0.1-0.2		Beads	III	0.3
	1-1.5		Cab	III	40
Tsavorite	<0.1		Beads	III	0.1
	1Pc		Cab	III	80
Zircon	Mix		Beads	III	0.003
Sapphire	0.2-0.3		Beads	III	0.5

4.4 Competition

The company's competitors are other businessmen doing the same business as his, within the office premises as well as from other areas in terms of exportation. The company therefore expects competition in the following aspects;

1. Competition from other Businesses/Companies:

- **Established Networks:** Other players may have established relationships with miners and brokers, giving them an advantage in securing high-quality or exclusive gems.
- **Market Knowledge:** They likely have a deep understanding of local gem quality, pricing norms, and customer preferences, which can influence their competitive edge.
- **Global Reach:** Also some competitors might have extensive international networks, allowing them to access global markets and resources.
- **Experience:** They could have experience in exporting and importing gemstones, making their operations efficient and potentially more cost-effective.

2. Competition for Local Miners and Brokers

- **Preferred Partnerships:** Some miners and brokers might have long-term, exclusive relationships with existing businesses. These relationships often come with better terms or priority access to top-quality gems.
- **Trust and Reliability:** Long-standing relationships are built on trust and reliability, which can be challenging to break into for a new entrant.

3. **Market Dynamics:**

- **Supply and Demand:** The availability of high-quality gemstones can vary. If demand from other buyers is high, local miners and brokers may have less incentive to negotiate with new entrants.
- **Pricing Pressure:** Competitors may already have established pricing structures that local miners and brokers are accustomed to, potentially making it difficult to attract them with alternative offers.

4. **Competition in Business Environment**

- **Traffic and Visibility:** In a shared building, competition may include the physical location of the shop compared to others. Higher foot traffic or better visibility can give certain shops an advantage.
- **Proximity to Key Players:** Being close to influential or high-traffic businesses in the building might benefit competitors who already have strong local connections.
- **Streamlined Processes:** Competitors may have well-established systems for sourcing, processing, and exporting gemstones, making their operations more efficient and potentially more appealing to local partners.
- **Market Position:** Competitors with established reputations may have a head start in gaining trust and recognition in the market. Their established brand identity can be a significant competitive factor.

In summary, the competition expected involves direct rivalries with other sellers in the same building, who may have established market positions, strong local connections, and efficient operations. Additionally, competition for the attention and business of local miners and brokers, who may have existing preferences or exclusive deals with other buyers.

4.3 **Marketing Strategies**

To tackle the already available competition in the business, the company is willing to use the following market methods to ensure that the company sets off and strives in the business

1. **Building a Strong Brand and Reputation**

- **Showcasing Expertise:** The company shall focus on highlighting knowledge and commitment to quality, ethics, and transparency. Using testimonials, certifications, and a professional online presence to build credibility.
- **Transparent and Competitive Pricing:** Offering clear, fair pricing and efficient transactions to build trust with both buyers and sellers.

2. **Developing and Maintaining Relationships**

- **Personal Connections:** Engaging in regular, personalized interactions with sellers and brokers. Also by attending industry events and network actively.

- **Customer Service:** We shall aim to provide exceptional, personalized service and flexible solutions to both buyers and sellers, ensuring a smooth and reliable experience.

3. Unique Value

- **Ethical Sourcing:** Emphasizing ethical practices and exclusive gemstone collections. Offering bespoke solutions and highlight any unique selling points.
- **Incentives:** Implementation of referral programs, volume discounts, and exclusive contracts to attract sellers and reward loyalty.

4. Leveraging Technology and Content

- **Digital Platforms:** Using user-friendly digital tools for transactions and communication. Providing market insights and data to support decision-making.
- **Educational Content:** We shall also engage to create and share educational content about gemstones to attract buyers and establish authority.

5. Promotion of Value Proposition

- **Marketing Materials:** Developing clear, compelling marketing materials that outline your advantages for both buyers and sellers.
- **Community Engagement:** Supporting local initiatives and participate in industry associations to enhance our reputation and visibility.

6. Continuous Improvement

- **Feedback and Adaptation:** Regularly seeking feedback from buyers, sellers, and brokers to refine our approach and stay responsive to market needs

5.0 FINANCIAL PROJECTIONS

5.1 Investment and financing Plan

The investment will cost a total of \$500,000 which is a joint contribution of the shareholders for this investment. No any other outside loan has been requested or granted.

5.2 Financial Performance

The projected income statement shows positive income for the investment, which approximate to \$4,887,714 net profit in the first year (Annex 4).

5.3 Working Capital

The company will have enough working capital required to finance operational cost together with labour cost in the first year of business operations.

5.4 Sales Revenue and Prices

The expected average price of the gems is \$50,000 per kilogram. Sales revenue from selling will approximately be \$23,900,000 per year (Annex 4).

5.5 Cash flow and Income Statement

The sources and uses of funds are shown in the projected cash flow statement. The analysis indicates that the business will meet its financial obligations with a comfortable balance. The cumulative cash flow will be \$5,171,433 in the first year (Annex 5). The projected income statement shows positive income for the investment, which approximate to \$4,887,714 net profit with a margin of 26.3% at the end of the first year (Annex 4).

6.0 MANAGEMENT, HUMAN RESOURCES AND WELFARE

6.1 Management of the project

Mr. Fengping Xu and Mr. Bofeng Ying are the major shareholders and in-charge of overall business operations in this investment. Also Mr Kamili Kamoli is a minor shareholder and will assist in all matters of translation, work permits and follow-ups which may be difficult to the afore mentioned members due to their inexperience with the country. The company shall also employ 12 permanent employees and part time labourers from time to time whenever necessary

6.2 Availability of labour

The investment has got adequate labour for the current size of the business. Furthermore, if need be both professional and casual labour is available within the business area

6.3 Gender Consideration

Gender is being considered positively but all in all it depends on the nature of work. For activities such as records keeping are mainly done by women while men workers are preferred for loading and offloading the goods. The chance of men and women being employed are equal.

6.4 HIV&AIDS

The client will secure awareness and prevention information from health centres.

7.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)

7.1 Gender Considerations

Equal chance of opportunities in the business is given to both men and women based on their qualifications.

7.2 Occupational Health and Safety

The company makes sure all casual labourers' get required working gears and other safety equipment to protect them from being affected during handling, sieving, cutting and finishing of the stones. However, this is not a member of Occupational Safety and Health Authority since this type of business doesn't belong under this category.

7.3 Community Development Aspects

The company is willing to engage itself in different developmental campaigns like fundraising, hospitals and schools building and others social responsibilities within the area as well as promoting wellbeing of everyone involved in the line of business

7.4 Anti-Corruption

The company does not entertain corruption behaviour in the business and in that regard, the company secured all documents that are required to operate the business in a corrupt free manner.

7.5 Labour Rights

The proprietor does not violate any labour rights like child employment or working beyond the normal hours without payments; however, there should be some improvements on the issue of contracts to employees even for short-term contracts.

8.0 ENVIRONMENTAL ASPECT

The first type business, which is buying, finishing and exporting the gemstones has less environmental and social risk and no major effect on the environment including causing any permanent changes to landscape, atmosphere, soil, water, plants, animals etc. However, minor negative environmental impact from this business operations including air pollution and soil erosion from transporting trucks.

As a company, we shall take all measures to minimize and avoid polluting the environment, this is not only so as to ensure good environment for the business but also for other stakeholders, the community and for sustainability at large

We also shall use any chance we get to educate our fellows in the business chain and community at large concerning the importance of keeping our environment clean and using the resources sustainably, example to miners, we can advise them on using mining methods that are more sustainable and even transfer technology obtained from China including machinery importation where needed.

Table 2: Environmental Impact and Mitigating Measures

Area of Impact	Type of Impact	Mitigation Measures
Environment	Air pollution	Encourage use LPG gas instead of diesel to minimize emissions to the atmosphere Discourage use of old trucks and Encourage the use of well-maintained trucks to minimize emissions
Soil	Soil erosion and degradation due to poor mining methods	Encourage compliance on better mining practices to sellers and also apply it when we directly get involved with mining processes in the future

9.0 RISKS

9.1 RISKS

Generally, risks for this investment are minimal. Below are the risks and their mitigation measures.

Table 3: Risks and their Mitigating Measures

No.	Risk	Description	Mitigation techniques.
i.	Market Volatility	Gemstone prices can be highly volatile, influenced by changes in demand, economic conditions, or market trends.	Conducting thorough market research and trend analysis. Diversifying investments across various types of gemstones to spread risk.
ii.	Quality Assurance	The quality and authenticity of gemstones must be verified, as low-quality or misrepresented stones can damage reputation and lead to financial losses.	Investing in certified gemmological experts. Implementing stringent quality control measures and obtaining certification for the purchased gemstones.
iii.	Supply Chain disruption	Disruptions in the supply chain, such as delays or issues with sourcing, can impact business operations and delivery schedules.	Building relationships with multiple suppliers. Developing contingency plans for supply chain disruptions. Also maintaining enough stock

iv.	Political Instability	Political instability can disrupt gemstone supply chains, increase costs, and lead to regulatory changes that complicate trading. It can also cause market uncertainty and operational challenges, affecting profitability and business continuity.	Tanzania is expected to remain stable over the long term based on the past 50 years of no wars and stable country. Tanzania ranked as one of the stable and business-friendly countries in Africa. Investments in Tanzania are guaranteed against nationalization and expropriation through multi- and bi-lateral agreements.
v.	Currency rate Fluctuations	Exchange rate fluctuations can affect the profitability of international transactions, particularly in the exporting processes	Applying hedging strategies to manage currency risk. The company will also Consider invoicing in a stable currency or using financial instruments for protection.
vi.	Counterfeiting, Fraud and theft	Gemstones are valuable and can be targets to theft and risk of encountering counterfeit gemstones or fraudulent transactions.	Using gemmological testing to verify authenticity. Utilizing reputable payment and transaction platforms. Also implementing robust security systems

ANNEXES

Annex 1: Investment and Financing Plan

Description	Amount
Office Inventory	
Furniture	\$ 4,500
Security systems installment	\$ 10,000
Sub Total	\$ 14,500
Machinery and Equipment	
Sieving Machines	\$ 3,500
Packaging Machines	\$ 2,500
Cutting Machines	\$ 4,700
Electronic scales	\$ 6,000
Motor Vehicle	\$ 24,000
Sub Total	\$ 40,700
Others	
Pre-operational costs	\$ 65,000
Marketing Costs	\$ 15,000
Working capital	\$ 250,000
Emergency Fund	\$ 114,800
Sub Total	\$ 444,800
Grand Total	\$ 500,000

Annex 2: Depreciation Costs

Description	Value	Rate	Method	2021	2022	2023	2024	2025
Office Inventory								
Opening Balance	\$14,500	2.5%	Straight Line	\$ 14,500.00	\$ 14,137.50	\$ 13,775.00	\$ 13,412.50	\$ 13,050.00
Allowance				\$ 362.50	\$ 362.50	\$ 362.50	\$ 362.50	\$ 362.50
Closing Balance				\$ 14,137.50	\$ 13,775.00	\$ 13,412.50	\$ 13,050.00	\$ 12,687.50
Machinery And Equipment								
Opening Balance	\$40,700	12.5%	Straight Line	\$ 40,700.00	\$ 35,612.50	\$ 30,525.00	\$ 25,437.50	\$ 20,350.00
Allowance				\$ 5,087.50	\$ 5,087.50	\$ 5,087.50	\$ 5,087.50	\$ 5,087.50
Closing Balance				\$ 35,612.50	\$ 30,525.00	\$ 25,437.50	\$ 20,350.00	\$ 15,262.50
Total depreciation				\$ 5,450.00	\$ 5,450.00	\$ 5,450.00	\$ 5,450.00	\$ 5,450.00
Closing Balance				\$ 49,750.00	\$ 44,300.00	\$ 38,850.00	\$ 33,400.00	\$ 27,950.00

Annex 3: Manpower (TZS)

Designation	Number	Monthly Salary	Monthly Bill	Annual bill
Manager	1	\$ 950	\$ 950	\$ 11,400
Gemologist	2	\$ 550	\$ 1,100	\$ 13,200
Business developer	1	\$ 500	\$ 500	\$ 6,000
IT Technician	1	\$ 250	\$ 250	\$ 3,000
Secretary	1	\$ 200	\$ 200	\$ 2,400
Driver	1	\$ 200	\$ 200	\$ 2,400
Casual Workers	4	\$ 100	\$ 400	\$ 4,800
Janitor	1	\$ 100	\$ 100	\$ 1,200
Total	12	\$ 2,850	\$ 3,700	\$ 44,400

Annex 4; Income Statement Projection

Income Statement	2021	2022	2023	2024	2025
<i>\$ in actual figures</i>	\$44,197	\$44,562	\$44,927	\$45,292	\$45,658
Revenue					
Expected Kg to be sold/year	478	598	717	860	1,032
Average Price Per Kg(\$)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Revenue	\$23,900,000	\$29,875,000	\$35,850,000	\$43,020,000	\$51,624,000
Cost of Goods Sold (COGS)					
Cost of sales	\$16,730,000	\$20,912,500	\$25,095,000	\$30,114,000	\$36,136,800
Broker charges	\$717,000	\$896,250	\$1,075,500	\$1,290,600	\$1,548,720
Transaction Fees	\$167,300	\$209,125	\$250,950	\$301,140	\$361,368
Total COGS	-\$17,614,300	-\$22,017,875	-\$26,421,450	-\$31,705,740	-\$38,046,888
Gross Profit	\$6,285,700	\$7,857,125	\$9,428,550	\$11,314,260	\$13,577,112
Gross Profit Margin %	23.6	23.6	23.6	23.6	23.6
Operating Expenses					
Manpower	\$44,400	\$44,400	\$44,400	\$44,400	\$44,400
Marketing	\$15,000	\$17,250	\$18,975	\$20,873	\$22,960
Rent	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800
SGA & Other	\$31,070	\$38,838	\$46,605	\$55,926	\$67,111
Total OpEx	-\$93,270	-\$103,288	-\$112,780	-\$123,999	-\$137,271
EBITDA	\$6,192,430	\$7,753,838	\$9,315,770	\$11,190,262	\$13,439,841
Depreciation & Amortization	-\$5,450	-\$5,450	-\$5,450	-\$5,450	-\$5,450
EBIT	\$6,186,980	\$7,748,388	\$9,310,320	\$11,184,812	\$13,434,391
EBT	\$6,186,980	\$7,748,388	\$9,310,320	\$11,184,812	\$13,434,391
Taxes (21%)	-\$1,299,266	-\$1,627,161	-\$1,955,167	-\$2,348,810	-\$2,821,222
Net Income	\$4,887,714	\$6,121,226	\$7,355,153	\$8,836,001	\$10,613,169

Annex 5; Statement of Cash Flows Projection

Statement of Cash flows	2021	2022	2023	2024	2025
<i>\$ in actual figures</i>	\$44,562	\$44,927	\$45,292	\$45,658	\$46,023
Net Income	\$4,887,714	\$6,121,226	\$7,355,153	\$8,836,001	\$10,613,169
Operating Activities					
Depreciation	\$5,450	\$5,451	\$5,452	\$5,453	\$5,454
Change in accounts receivable	-\$239,150	-\$537,750	-\$657,250	-\$788,700	-\$946,440
Change in accounts payable	\$404,929	\$101,282	\$101,282	\$121,539	\$145,846
Change in deferred revenue	\$167,200	\$41,825	\$41,825	\$50,190	\$60,228
Operating Cash Flow	\$338,429	-\$389,192	-\$508,691	-\$611,518	-\$734,912
Investing Activities					
CapEx	-\$55,200	-\$55,199	-\$55,198	-\$55,197	-\$55,196
Investing Cash Flow	-\$55,200	-\$55,199	-\$55,198	-\$55,197	-\$55,196
Financing Activities					
Debt Repayment	\$500	\$500	\$750	\$750	\$750
Net Borrowings	\$0	\$0	\$5,000	\$0	\$0
Financing Cash Flow	\$500	\$500	\$5,750	\$750	\$750
Net Cash Flow	\$5,171,443	\$5,677,335	\$6,797,014	\$8,170,036	\$9,823,811

Annex 6; Balance Sheet Projection

Balance Sheet	2022	2023	2024	2025	2026
\$ in actual figures	\$44,926	\$45,291	\$45,657	\$46,022	\$46,387
Current Assets					
Cash	\$5,175,743	\$11,385,276	\$18,833,486	\$27,774,216	\$38,512,120
Accounts Receivable	\$239,000	\$298,750	\$358,500	\$430,200	\$516,240
Total Current Assets	\$5,414,743	\$11,684,026	\$19,191,986	\$28,204,416	\$39,028,360
Non-Current Assets					
Fixed Assets	\$65,200	\$65,200	\$65,200	\$65,200	\$65,200
Accumulated Depreciation	-\$7,450	-\$12,900	-\$18,350	-\$23,800	-\$29,250
Net Fixed Assets	\$57,750	\$52,300	\$46,850	\$41,400	\$35,950
Total Non-Current Assets	\$57,750	\$52,300	\$46,850	\$41,400	\$35,950
Total Assets	\$5,472,493	\$11,736,326	\$19,238,836	\$28,245,816	\$39,064,310
Current Liabilities					
Accounts Payable	\$405,129	\$506,411	\$607,693	\$729,232	\$875,078
Deferred Revenue	\$167,300	\$209,125	\$250,950	\$301,140	\$361,368
Total Current Liabilities	\$572,429	\$715,536	\$858,643	\$1,030,372	\$1,236,446
Non-Current Liabilities					
Debt	\$9,500	\$9,000	\$13,250	\$12,500	\$11,750
Total Non-Current Liabilities	\$9,500	\$9,000	\$13,250	\$12,500	\$11,750
Total Liabilities	\$581,929	\$724,536	\$871,893	\$1,042,872	\$1,248,196
Equity					
Common Stock	\$300	\$300	\$300	\$300	\$300
Equity	\$4,890,264	\$11,011,490	\$18,366,643	\$27,202,644	\$37,815,813
Total Equity	\$4,890,564	\$11,011,790	\$18,366,943	\$27,202,944	\$37,816,113
Total Liabilities & Equity	\$5,472,493	\$11,736,326	\$19,238,836	\$28,245,816	\$39,064,310

