

# **ATLANTIC METAL LIMITED**

**A BUSINESS PLAN**

**FABRICATION AND MANUFACTURING  
OF ALUMINIUM, UPVC, STEEL AND GLASS  
WORKS**

PREPARED FOR ATLANTIC LTD

DAR ES SALAAM

2017

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# 1.0 Executive Summary

## 1.1 PREAMBLE

M/s ATLANTIC METAL LTD is a newly established company created to carry on the business of fabrication and manufacturing aluminum ,steel ,upvc and glass works for windows and doors for building industry in Tanzania Mainland. This feasibility study report is submitted to ascertain techno-economic viability and social desirability of implementing the project. M/s s ATLANTIC METAL LTD designs prototypes and molds, which are used by production manufacturers to fabricate consumer products. Our initial plan is to create a precision manufacturing facility to produce prototypes and molds for clients. Our goal is to provide our customers with fast turnaround, exceptional quality, unparalleled customer service, and competitive pricing.

The company is incorporated in Tanzania under the company act of 2002 on 13 March 2017 and awarded certificate of incorporation No. 133811. The Company have project managers who have good experience in Business Project Management in the number of projects which are owned by shareholders of M/s ATLANTIC METAL LTD in Tanzania. The shareholders of this Company having been in business for several years in Turkey have seen a great potential and bright future in the demand of Aluminum, steel ,upvc and glass work in building Industry and now the Company's management has made decision to invest in Fabrication and manufacturing aluminum ,upvc ,steel and glass works project. The Infrastructures for this project will be located in Dar es Salaam.

The proposed project is estimated to cost about USD 1,200,000 over a period of five years. The project sponsors have enough financial resources to implement project. The profits gained from operation shall be reinvested.

The objectives of this Feasibility Study Report are of two fold. First is to determine the viability of the proposed project. Second is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deferments and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997) for the Project.

## 1.2 PRODUCTS & SERVICES

Atlantic Metal Ltd will fabricate, design and manufacture aluminum, steel, upvc and glass works products. The company will work in real-time with our customers to meet their design needs, which reduce errors and detect design flaws early in the process. In turn, this will save the customer time and money.

Atlantic Metals Ltd plans to position itself as a forward-thinking company that continually invests in new ideas and technologies - unlike our competitors, which are similar mould manufacturing facilities. Because of our unique sophisticated technology and efficient processes, The Company will be in a position to potentially compete on price and quality. Additionally, our unique Virtual Design Center gives us a definitive advantage.

## 1.3 MARKET ANALYSIS

The demand for aluminum, steel, upvc and glass works products in Tanzania and Regional in general is projected to increase substantially in near future given high growth rate of the real estate and construction industries in these countries. In Tanzania, construction sector growth was 10.2 percent in 2010 (with the contribution to GDP of 8.0 percent) compared to 7.5 percent sector growth in 2009. On the other hand the growth of the mining and quarrying sub sector was 2.7 percent in 2010 (with the contribution to GDP of 3.3 percent) compared to 1.2 percent sector growth in 2009. Given the current sectors growth, the demand for explosives in Tanzania is projected to double in 2-3 years to come.

The increasing demand for aluminum and steel products for windows and doors for building industry in the country and the regional together with the rising cost/price of imports provide an opportunity for investment in the domestic production of the product. It is estimated that the current imports of the product in Tanzania can be met by domestic investment of around \$ 22 million.

## 1.4 STRATEGY & IMPLEMENTATION

To achieve our business goals, The Company will create a high-tech, precision manufacturing facility and will implement highly efficient operations processes. The Atlantic Metal Ltd plan to promote and aluminum, Steel, upvc and glass works aggressively by targeted marketing campaign. This will include a media campaign, print and online advertising and a targeted direct-mail campaign. In addition, The Company will focus heavily on establishing our presence within the industry at relevant trade shows.

## 1.5 MANAGEMENT

The management of Atlantic metal shall be constituted by the following organization set up:- Board of Directors, General Manger who is responsible on the supervision on the entire operations of the Company, a company accountant, Marketing Manager, Production Manager who will be directly responsible for all matters pertaining manufacturing of the products.

## **1.6 INVESTMENT STRUCTURE**

The project is estimated to cost 762,500 \$ at fully capacity, the money covers investment in Machineries and Equipments, furniture and fittings, pre expenses and working Capital. The equity contributed by the shareholders is 1,200,000 \$ equivalent to 100% which is the foreign Capital. However a financial policy of the Company state that the profits generated will be re-invested.

Forecasted financial Information, Financial information of Atlantic metal Ltd is projected within five years. The company projected profit and Loss, account show a respectable turnover of more than 22,874 \$ in the second year. The profits gained on fifth year are projected to be 193,047 \$. The projected balance sheet, shows the increase of more than 704,931 \$ in the second year of operation and more than 777,645 \$ in the 3rd year of the usefully lifetime of the implementation during which the business will be evaluated again. The financial documents show that the business has a positive net cash flow.

## **2.0 COMPANY AND. INDUSTRY INFORMATION**

### **2.1 COMPANY**

M/s ATLANTIC METAL LTD is a newly established company created to carry on the business of manufacturing aluminium , steel,upvc and glass work products for windows and doors for building industry in Tanzania Mainland.

#### **2.1.1 MISSION STATEMENT**

Atlantic metal Ltd with its Dealers & Distributors mission is to become the recognized leader in its targeted market of fabrication and manufacturing of steel,upvc aluminum and glass work products

#### **2.1.2 TANZANIA INDUSTRY & TRADE SECTOR**

Manufacturing sector in Tanzania remains relatively small, with most activities concentrating on the creation of simple consumer products such as foods, beverages, tobacco, textiles, furniture and wood allied products. In spite of its declining size, however, the sector continues to be of considerable importance to the Tanzania economy as is still one of the most reliable sources of government revenue in terms of import sales as well as for both corporate and income taxes, accounting for over half of the annual government revenue collection.

The contribution of the manufacturing sector to the overall GDP of the country has averaged 8% over the last decade, however activities within the sector have been registering an annual growth of over 4% and the sector is currently the third most important to the Tanzania economy behind agriculture and tourism. In 1986, the Tanzania government made the decision to liberalize trade and investment policies within the country.

As a result of this decision and because they could not stand up to competition from import manufacturers, many firms began to fail. Therefore, with this in mind, a number of measures were taken to increase both the competitiveness of the local industries and their ability to penetrate the export markets.

In the early 1990s, the government launched a program that was designed to restructure and privatize the publicly owned enterprises. Between 1990 and the turn

of the 21st Century, the general use of the installed industrial capacities rose from an average of 20% to approximately 50% as a result of the launch of this program.

In addition, some of the recently privatized industries have also improved their capital structure, their production technologies and their management and marketing system and, in addition, they have also reduced the amount of employees in order to better match with production levels, and have improved the quality of their products and lowered their production costs.

Further discussion on the industrial development of Tanzania has also been explained in the 'Sustainable Industrial Development Policy - SIDP,' where the main purpose to design a plan for industrializing Tanzania so that, by 2025, the country has become semi-industrialized in such a way that industry can be said to account for over 40% of the GDP.

The Tanzania SIDP agrees with and encourages the ideas of a market-led economy and, to this end, states that the Tanzania industry sector will be able to succeed with increased private sector participation in the decision making and implementation practices.

In order to comply with these findings, the government of Tanzania has agreed to continue to provide a welcoming, attractive, stable and encouraging environment for investors who are interested in examining the private sector opportunities within the country.

#### 2.4 LEGAL ENTITY & OWNERSHIP

M/S Atlantic Metal Ltd is Incorporated Company with Certificate of Incorporation Number 133811 Issued on 13 march, 2017 at Dar es Salaam .The Company's principal shareholders who hold equal shares of ownership in the Company are as follows:-

NAME OF DIRECTORS	NATIONALITY	NUMBER OF SHARES %
GOKHAN GUVEN	TURKISH	50%
MEHMET ADINAN SAHIN	TURKISH	50%

#### **GOKHAN GUVEN**

He is Turkish entrepreneur with an experience over a decade in business managing-and operating various businesses in Turkey and Tanzania. He has an extensive, diversified and a vast knowledge of business in both in Tanzania and Turkey. He is now focusing he is teaming up with fellow Turkish entrepreneurs to invest in Tanzania.

#### **MEHMET ADINAN SAHIN**

He is Turkish business man already invested in Turkey and various Countries in Africa. He joins together with fellow Turkey entrepreneurs to Invest in Tanzania.

As highlighted in the project promoters profiles' the investors are all Turkey entrepreneurs with diverse businesses in Turkey. Having been in business for many years, the project promoter has identified the business investment Opportunities in manufacturing aluminum ,steel,upvc and glass work products for windows and doors for building industry .

#### **2.5 COMPANY HISTORY TO DATE**

Our company is a new business that will create prototypes and quality moulds, utilizing the latest design technology, e-commerce technology, high tech machinery and innovative operations processes. The company's founders and owners have combined years of experience in steel ,upvc ,aluminum and glass work manufacturing Industry. Shareholders experience includes product research and development, engineering and production management. After recognizing the need for and value of creating a more efficient customer experience to secure and retain business, they decided to create Atlantic metal Ltd as Local in Tanzania which shall be investing in fabrication, manufacturing of aluminum and steel products.

#### **2.4 PROJECT LOCTION / PREMISES**

Atlantic metal Ltd requires a 10-12,000 sq. ft. facility to accommodate product development and engineering, a mould shop, a tool shop, quality assurance area, inventory storage and administrative offices. As the business grows, The Company intend to add aluminium -moulding capabilities.

#### **2.5 KEY ASSETS**

Atlantic metal Ltd holds a patent for its revolutionary Virtual Design Center (VDC). The VDC combines the best of virtual and in-person presentations and meetings, allowing customers to work in real-time with our design engineers. This allows us to serve clients nationwide.

## **3.0 PRODUCTS AND SERVICES**

### **3.1 DESCRIPTION**

Atlantic metal Ltd will fabricate and manufacture aluminum , steel ,upvc and glass works products of different kinds to satisfy the demand of booming real estate sector. Industry in Tanzania. A mould, which is usually made from iron or steel, is a hollow form that gives a particular shape to a product while it is in a liquid state. The mold is used for products made from aluminum.

There are three main phases to manufacturing a prototype or mold. First, engineers and product developers create a design Atlantic Metal Ltd is able to complete a design from start to finish for a customer. If need be, Atlantic Metal Ltd will work with the customer through the design process via our one of a kind Virtual Design Center. Secondly, the Company make test aluminum. The Company then inspect and test the aluminum for quality assurance. Finally, The Company manufacture aluminum and steel products based on specific design specifications, using precision machinery to form the desired prototype or mold.

### **3.2 FEATURES & BENEFITS**

Virtual Design Center will be the key to distinguishing and drawing attention to our Company. Once the Company have a particular industry or customer's attention, The Company will sell them on our fast turnaround, exceptional quality, unparalleled customer service and competitive pricing.

Obviously, speed, quality, service and price are qualities most of our competitors will list in their mission statement. However, Atlantic metal Ltd will - from the beginning - invest in top quality, highly sophisticated machinery as The Company as implement innovative operations policies. These steps will ensure our ability to deliver beyond normal industry standard and surpass our customers' expectations saving them time and money.

### **3.3 COMPETITION**

Our competitors are companies that provide similar types of design and mold-making services. There are far too many competitors to list specifically. To their advantage, they have an established customer base. Further, many mould-making companies also have injection-molding machinery, which enables them to manufacture actual products. However, the vast majority of our competitors are not taking full advantage of current technology, nor are they implementing modern operational systems. Their waste is ultimately passed along to the customer via longer turnaround times and higher overhead costs.

### **3.4 COMPETITIVE ADVANTAGE/BARRIERS TO ENTRY**

By relying on our technology and an activity-based costing system, rather than a time-based system, The Company will be able to maintain competitive prices and sustain high profitability. Our technology and systematic efficiencies will allow us to have advantages in cost, speed and design capability. Ultimately, these advantages will quickly come to define Atlantic metal Ltd as an industry leader. Our Virtual Design Center technology gives us a significant advantage over our competitors, and our patent prevents others from being able to replicate the services the Company offer.

### **3.5 FUTURE DEVELOPMENT**

As our Company grows, The Company plans to expand our facility and create an injection-mould manufacturing plant. At that point, The Company will be able to control all operations in-house from initial design to mould creation and even mass production of the finished products. In addition, The Company will stay atop technology trends and upgrade equipment and processes as needed and can be afforded.

# 4 0 MARKET ANALYSIS

## 4.1 MARKET SIZE

The Tanzania manufacturing sector includes many companies with combined high annual sales. To capture a portion of those sales, Atlantic metal Ltd will utilize a targeted industry approach to pursue specific, definable, market segments.

## 4.2 TARGET CUSTOMER

After extensive research, Atlantic metal Ltd decided to initially pursue market segments in the Real estate industry. This is a very distinct market with very different needs. The real estate industry's purchasing decisions are driven primarily by price; the industry focuses on a fast turnaround time and quality to make purchasing decisions.

## 4.3 MANUFACTURING SECTOR TRENDS

The manufacturing sector holds the key to Tanzania's economic growth given the desire to diversify from agriculture and tourism to other sectors. The sector is characterized by a narrow industrial base dominated by agro-industries, limited diversification, reliance on imported inputs of raw materials and intermediates, relatively underdeveloped industry linkages, prevalent use of obsolete technologies and production that is mainly focused on the domestic market.

Government recognizes that significant transformation of the sector is vital. In order to achieve this, it is necessary to promote and stimulate a change process which will make the sector exhibit a diversified structure of production; undertake processing of more of the natural resources with which Tanzania is endowed; and become export-oriented.

Taking into account the above factors, Government's goals for the industrial sector in the medium term are to, optimize the exploitation of domestic natural resources; to strengthen backward and forward linkages within the manufacturing sector and between the sector and rest of the economy; to ensure that industries are competitive in the domestic and international markets; to raise levels of technological capabilities; to create new employment opportunities; to absorb the rapidly growing labor force;

to strengthen the SME sector and put emphasis on sub regional collaboration and south-south cooperation.

#### **4.3.1 Importance of the sector and performance**

In terms of importance, the manufacturing sector, though not strong as it should be, continues to play a critical role in the economy, contributing to 18.9% of export earnings and 8.6% to GDP - but this is still short of the planned target of 15% by 2020.

In the country's Development Vision-2025, it is projected that the contribution of the industrial sector to the economy will reach 25% like the semi-industrialized countries of South East Asia.

- Tanzania's most important industries include agro food processing, beverages, oil refining, and cement. Other industries include the production of textiles, apparel, tobacco products, glass, paints, plastics, chemicals and pharmaceuticals, and the processing of metals and wood products.

The sector provides employment for an estimated workforce of over 100,000 people. Growth rate of the sector decelerated from 9.9 percent in 2008 to 8.0 percent in 2009. This trend was due to the effects of the global economic meltdown.

#### **4.3.2 Export development**

The export market for manufactured goods comprises cotton yarn, manufactured coffee, manufactured tobacco, sisal products, plastics, textiles and apparel and iron steel. During 2009, the export value of manufactured goods decline from US\$ 662.3 million recorded in 2008 to US\$ 497.6 million. The decline is partly attributable to the drop in demand for the manufactured products in the neighboring countries following the global financial crisis.

#### **4.3.3 Policies and Regulatory Framework**

The future discourse for industrial development in Tanzania is elaborated in the "Sustainable Industrial Development Policy - SIDP". The main purpose of SIDP is to

Set out a path for industrializing Tanzania so that by the turn of the first quarter of the 21st Century it becomes a semi industrialized country.

In its approach SIDP embraces the principles of a market-led economy and competitiveness. It points out plainly that industry would only prosper in the hands of increased private sector participation both in decision making and implementation. The government in this aspect has vowed to increasingly provide an environment which is welcoming, attractive, and stable and that can encourage private sector investment.

The private sector in its part should take all necessary initiatives to respond and manage challenges of globalization. Firms are challenged to pursue firm strategies which are geared towards building the necessary capabilities to enable them compete in the world market.

#### **4.3.4 Industrial Support Organizations**

The government has established several institutions to render support services to the industrial sector. Among them are: The National Development Corporation (NDC), the Small Industries Development Organization (SIDO), the Centre for Agricultural Mechanization and Rural Technology (CARMATEC), the Export Processing Zones Authority (EPZA), the Tanzania Industrial Research Development Organization (TIRDO), the Tanzania Engineering and Manufacturing Design Organization (TEMDO) and Tanzania Bureau of Standards (TBS).

#### **4.3.5 Challenges facing the manufacturing sector**

The Manufacturing sector is faced by a number of challenges including;

- Poor technology;
- Insufficient industries/ factories;
- Unreliable market for the final processed goods;
- High cost of power, unreliability of power and underdeveloped infrastructure;
- Unreliable availability of raw materials;
- Small number of trained manpower.

#### **4.4 SWOT ANALYSIS**

##### **Strengths**

- Manufacturing & production expertise
- Aluminum frame development expertise
- Understanding of emerging technologies
- Understanding of target markets
- Competitive product pricing
- Exceptional quality and customer service
- Implementation of cost saving processes

The Company weaknesses Of all the worst shortcomings that might hold the company back from progress, the following rank highest:

- Limited resources for marketing program which is quite expensive and - demanding.

##### **Opportunities**

- New products & processes
- Bringing new technology into the industry
- Developing a new reputation
- Hiring new talent
- New innovations and applications of our technology

##### **Threats**

- Impact of new legislation
- Technologies developed by competitors
- Challenges in building a talented staff
- Retaining key staff members
- Market demand fluctuations

## **4.5 STRATEGY & IMPLEMENTATION**

### **4.5 .1 MARKETING STRATEGY**

Atlantic metal Ltd recognizes the critical importance of marketing. The Company will require a properly designed and executed marketing plan to ensure market penetration and business success. Until The Company hire an in-house sales and marketing team, The Company will work with a marketing and public relations firm. Once a sales and marketing staff are in place, The Company will reassess the need for an outside firm.

In addition to conveying to our potential customers the fast turnaround, exceptional quality, unparalleled customer service and competitive pricing offered by Atlantic Metal Ltd, The Company will also position our Company as future-minded and a leader in the integration of innovative technology into the mould manufacturing process.

Our marketing plan will include an initial publicity campaign that introduces our Company and patented Virtual Design Center. Further, The Company will launch a comprehensive advertising campaign in automotive manufacturing devise trade publications and related. The Company web sites. The publicity campaign will be closely followed by a direct-mail campaign to targeted customers. The other main component of our marketing plan will be to attend trade shows which will require both construction and maintenance, marketing materials such as brochures, and promotional items such as pens with our logo.

To increase local awareness of our Company and to foster a positive public perception, The Company will participate in and sponsor local charity events such as Walk for the Cure and youth sports teams. The Company will also reach out to local high schools and colleges to offer internships and promote careers in manufacturing.

#### 4.6 SALES STRATEGY

Atlantic metal Ltd will build a sales team focused on securing new business in the short and long term. The sales team will be motivated by commissions and performance-based bonuses.

Under the direction of executive management, The Company will employ an outside sales staff as well as an inside sales staff, which will be cross-trained to handle general customer service calls. The outside sales staff will focus primarily on trade show attendance, comprehensive follow up, relationship building, closing deals, and securing referrals.

#### 4.6. STRATEGIC ALLIANCES

The Company plan to develop strategic alliances with local and regional aluminium-moulding manufacturing facilities that do not have mould-making capabilities within their facilities.

#### 4.7 OPERATIONS

Our facility's space will be divided in proportion to our needs and will include product development and engineering labs, mold shop, tool shop, quality control and testing area, inventory storage and administrative offices. Each area will be staffed with trained employees and wherever possible factory-floor technicians will be cross-trained. Our administrative offices will include space for executive, marketing and sales, accounting, information technology, security, maintenance, and human resource departments. To become a fully operational mold-manufacturing facility, The Company will require the following machinery and aluminum frame.

Machines

- Viper, SLA 7000 & SLA 5000
- Eden260, Eden333 & Eden500V
- Vantage, Titan & Maxim
- RTV Tooling Aluminum frame
- SolidWorks
- Surfcam
- AutoCAD

By utilizing the latest precision machinery and software and superior operational and quality control processes such as LEAN Manufacturing, Rapid Prototyping and Manufacturing, and Sigma Six Atlantic metal Ltd will control costs while ensuring quality. Atlantic metal Ltd will also follow FDA requirements and comply with standards to further ensure quality control.

#### **4.8 GOALS**

The following is a list of business goals and milestones The Company wish to accomplish within the next three years.

- Secure necessary funds.
- Locate and lease suitable manufacturing facility.
- Purchase machinery, equipment and supplies.
- Hire skilled employees to complete our team.
- Set up shop and open for business.
- Successfully penetrate targeted markets.
- Secure contracts to achieve projected sales goals.
- Become a profitable Company.
- Establish a solid reputation as an industry leader.

Our first major milestones will be securing funds and setting up our business. This is our primary focus right now. In three years, The Company hope to have established our Company in the community and within our industry.

#### **4.9 EXIT STRATEGY**

Should management or our investors seek a business exit, there are several options the Company would be willing to pursue. Our Company could most likely be sold to a manufacturing Company that does not already have mold manufacturing capabilities. A management buyout could also be pursued once our business credit is firmly established.

## **6.0 MANAGEMENT & ORGANAZATION STRUCTURE**

### **6.1 ORGANIZATIONAL STRUCTURE**

Atlantic metal Ltd understands the importance of a loyal and enthusiastic team to reduce turnover and increase productivity. Our Company's management philosophy will encourage responsibility and mutual respect. While The Company will present a strong decisive management team, The Company will also foster an atmosphere of genuine employee appreciation and open communication. Atlantic metal Ltd has planned to have the following organization structures.

### **6.2 Board of Directors/Senior Management Team**

Atlantic metal Ltd shall be managed by the board of Directors which is the apex body for strategic decision making of the project. Directors of the Company are the ones who having shares in Atlantic metal Ltd.

### **6.3 General /Operational Manager**

Immediate after Board of Director the shall be a General Manager who will be responsible to take care of mater pertaining operation and managing daily activities of the project as well as other staffs welfares and report them to the board of directors.

### **6.4 Production Manager**

Production Manager will be employed who expected to have an extensive background in related metal manufacturing. He/she will be directly responsible for all production functions maintenance of quality standards of the products; training of employees in methods of producing quality products.

### **6.5 Accountant/cash**

An accountant will be employed who expected to have good experience in accounting system as well as he will be responsible in managing cash of Atlantic metal Ltd but also keeping books of accounts properly.

### **6.6 Management Agreements**

Management Agreements will be executed between Atlantic metal Ltd and other team managers. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

### **6.7 Confidentiality Agreements**

Atlantic metal Ltd will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our products, operating systems, policies and procedures. Having a confidentiality agreement in place is essential to protect the company's trade secrets, and show our employees that we take our business seriously.

## **7.0 FINANCIAL PLAN**

### **7.0 FINANCIAL PLAN**

The Company has raised \$762,500 as start up investment capital. The Company have raised this amount via Shareholders' equity namely Mehmet Adinan Sahin and Gokhan Guven.

### **7.2 USE OF FUNDS**

The provision \$762,500\$ will be used to procurements and importation of machines and equipments , shall also cover, Pre -operating expenses, operating costs including payroll, taxes, and utilities. Start-up funds will also be used to purchase capital expenditures such as leasehold improvements, inputs for manufacturing of aluminum and steels products.

### **7.3 INCOME STATEMENT PROJECTIONS**

The accompanying income statement demonstrates our Company's profitability. Our income shows a gross profit margin of 7% per annual. Our monthly operating expenses average \$ 152,473.37. Projected net income will average \$ 93,451.83 per month in our third year.

### **7.4 CASH FLOW PROJECTIONS**

The nature of our business requires that our Company collect payment after the product is complete. So the Company have included the accompanying cash flow statement which shows positive cash flow from first year of operation.

### **7.5 BALANCE SHEET**

The projected balance sheet show positive. The current assets and current capabilities is the projected balance sheet proves that the company financial status is strong.As the result we expect the company to meet all its financial and Administrative transaction without difficulties

### **7.7 ASSUMPTIONS**

- Atlantic metal Ltd will invest more than 762,500\$
- Rate of depreciation were assumed as follows:
  - Building 5%
  - Plant & Equipment 20%
  - Furniture and fixtures 20%
  - Leasehold improvements 20%
  - Plant 20%
  - Motor Vehicles 30%
- Demand of aluminum,steels ,upvc and glass works products in the Real estate sector will continue to follow present trends.

### **7.8 CONCLUSION**

The project as analyzed in this report is economically, financially and technically viable. The project has come at the right time to provide the much needed quality products for Tanzanian as a whole.

# **PROJECTED FINANCIAL STATEMENTS**

startup Costs and financing		
<b>COST INVESTMENT STRUCTURE</b>		\$ -
<b>Current assets</b>		
working capital	100,000	
opening inventory	60,000	
others		
<b>Property and equipment</b>	160,000	
land	0	
Building	0	
Equipment	25,000	
Furniture and fixtures	50,000	
leasehold improvements	50,000	
Plant	437,500	
Motor vehicles	40,000	
others	0	
<b>Total assets</b>	762,500	
Financing		
Long-term liabilities		
long-term loan		
<b>Owner's equity</b>		
cash	762,500	
contributed asset value		
<b>total</b>	762,500	
<b>Depreciation</b>		
depreciation		
land	0%	
Building	5%	
Equipment	20%	5,000
Furniture and fixtures	20%	10,000
leasehold improvements	20%	10,000
Plant	20%	10,000
Motor vehicles	30%	12,000
others	20%	
<b>Total</b>		105,000

PROJECTED BALANCE SHEET						
For the five years ending						
	opening	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
ASSETS	\$	\$	\$	\$	\$	\$
<b>CURRENT</b>						
cash	100,000.00	102,431.00	266,395.00	573,644.00	642,482.00	719,580.00
Account receivable		42,500.00	56,250.00	72,950.00	81,704.00	91,508.00
inventory	60,000.00	60,000.00	60,000.00	60,000.00	67,200.00	75,264.00
Other assets	0	0	0	0	0	0
total	160,000.00	204,931.00	382,645.00	706,594.00	791,386.00	886,352.00
<b>CAPITAL ASSETS</b>						
land	0	0	0	0	0	0
Building	0	0	0	0	0	0
Equipment	25,000.00	25,000.00	25,000.00	25,000.00	28,000.00	31,360.00
Furniture and fixtures	50,000.00	50,000.00	50,000.00	50,000.00	56,000.00	62,720.00
leasehold improvemnts	50,000.00	50,000.00	50,000.00	50,000.00	56,000.00	62,720.00
Plant	437,500.00	437,500.00	437,500.00	437,500.00	477,500.00	523,996.00
Motor vehicles	40,000.00	40,000.00	40,000.00	40,000.00	44,800.00	50,176.00
others	0	0	0	0	0	0
	602,500.00	602,500.00	602,500.00	602,500.00	662,300.00	730,972.00
Accumulated depreciation		-105,000.00	-210,000.00	-315,000.00	-352,800.00	-395,136.00
	602,500.00	400,000.00	392,500.00	287,500.00	309,500.00	335,836.00
<b>Total</b>	<b>762,500.00</b>	<b>604,931.00</b>	<b>775,145.00</b>	<b>994,094.00</b>	<b>1,100,886.00</b>	<b>1,222,188.00</b>
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Account payable		46,960.00	54,888.00	63,790.00	71,444.00	80,018.00
income tax payable		-32,109.00	9,803.00	65,955.00	73,870.00	82,734.00
current portion of longterm debit		0	0	0	0	0
total		14,851.00	64,691.00	129,745.00	145,314.00	162,752.00
<b>LONG TERM DEBIT</b>						
long-term loan						
less current portion						
total						
<b>OWNERS EQUITY</b>						
cash	762,500.00	604,931.00	775,145.00	994,094.00	1,100,886.00	1,222,188.00
contributed asset value	0					
accumulated earnings	0	-74,921.00	-52,047.00	101,849.00	114,071.00	127,759.00
	762,500.00	530,010.00	723,098.00	1,095,943.00	1,214,957.00	1,349,947.00
<b>TOTAL</b>	<b>762,500.00</b>	<b>530,010.00</b>	<b>723,098.00</b>	<b>1,095,943.00</b>	<b>1,214,957.00</b>	<b>1,349,947.00</b>

<b>PROJECTED INCOME STATEMENT</b>					
<b>For the first five years of operation</b>					
	<b>31/12/2017</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>SALES</b>	1,020,000.00	1,350,000.00	1,750,800.00	1,960,896.00	2,196,204.00
<b>COST OF SALES</b>	649,500.00	822,500.00	1,017,500.00	1,139,600.00	1,276,352.00
<b>GROSS MARGIN</b>	370,500.00	527,500.00	733,300.00	821,296.00	919,852.00
<b>OPERATING COSTS</b>					
Advertising	9,000.00	9,900.00	10,890.00	12,197.00	13,660.00
Automotive	10,000.00	11,000.00	12,100.00	13,552.00	15,178.00
bank charges	0	0	0	0	0
Buisness taxes	7,200.00	7,920.00	8,712.00	9,757.00	10,928.00
Casual wages	19,000.00	20,900.00	22,990.00	25,749.00	28,839.00
Depreciation	105,000.00	105,000.00	105,000.00	117,600.00	131,712.00
Dues,licenses and fees	9,000.00	9,900.00	10,890.00	12,197.00	13,660.00
Insuarence	8,000.00	8,800.00	9,680.00	10,842.00	12,143.00
Interest on long term deb	0	0	0	0	0
Managment Salaries	1,070.00	1,070.00	1,070.00	1,198.00	1,342.00
misellaneous expenses	9,000.00	9,900.00	10,890.00	12,197.00	13,660.00
office costs	9,100.00	10,010.00	11,011.00	12,332.00	13,812.00
Postages	6,000.00	6,600.00	7,260.00	8,131.00	9,107.00
professional fees	9,300.00	10,230.00	11,253.00	12,603.00	14,116.00
property taxes	8,000.00	8,800.00	9,680.00	10,842.00	12,143.00
repair and maintainance	6,000.00	6,600.00	7,260.00	8,131.00	9,107.00
Rent	6,000.00	6,600.00	7,260.00	8,131.00	9,107.00
Salaries and benefits	248,160.00	253,123.00	258,186.00	289,168.00	323,868.00
telephone	3,200.00	3,520.00	3,872.00	4,337.00	4,857.00
utilities	4,500.00	4,950.00	5,445.00	6,098.00	6,830.00
<b>TOTAL</b>	<b>477,530.00</b>	<b>494,823.00</b>	<b>513,449.00</b>	<b>575,062.00</b>	<b>644,069.00</b>
<b>INCOME BEFORE TAXES</b>	<b>-107,030.00</b>	<b>32,677.00</b>	<b>219,851.00</b>	<b>246,233.00</b>	<b>275,782.00</b>
<b>INCOME TAXES</b>	<b>32,109.00</b>	<b>-9,803.00</b>	<b>-65,955.00</b>	<b>-73,870.00</b>	<b>-82,734.00</b>
<b>NET INCOME</b>	<b>-74,921.00</b>	<b>22,874.00</b>	<b>153,896.00</b>	<b>172,363.00</b>	<b>193,048.00</b>

SALES FORECAST					
SALES FORECAST YEAR 1					
MONTH	PRODUCT	PRODUCT	PRODUCT	TOTAL	
	grade1	grade2	grade 3		
january	40000	27000	18000		85000
february	40000	27000	18000		85000
march	40000	27000	18000		85000
april	40000	27000	18000		85000
may	40000	27000	18000		85000
june	40000	27000	18000		85000
july	40000	27000	18000		85000
august	40000	27000	18000		85000
september	40000	27000	18000		85000
october	40000	27000	18000		85000
november	40000	27000	18000		85000
december	40000	27000	18000		85000
<b>total</b>	<b>480000</b>	<b>324000</b>	<b>216000</b>		<b>1020000</b>
SALES FORECAST YEAR2					
MONTH	PRODUCT	PRODUCT	PRODUCT	TOTAL	
	grade1	grade2	grade 3		
january	50000	40000	22500		112500
february	50000	40000	22500		112500
march	50000	40000	22500		112500
april	50000	40000	22500		112500
may	50000	40000	22500		112500
june	50000	40000	22500		112500
july	50000	40000	22500		112500
august	50000	40000	22500		112500
september	50000	40000	22500		112500
october	50000	40000	22500		112500
november	50000	40000	22500		112500
december	50000	40000	22500		112500
<b>total</b>	<b>600000</b>	<b>480000</b>	<b>270000</b>		<b>1350000</b>
SALES FORECAST YEAR 3					
MONTH	PRODUCT	PRODUCT	PRODUCT	TOTAL	
	grade1	grade2	grade 3		
january	60000	48400	37500		145900
february	60000	48400	37500		145900
march	60000	48400	37500		145900
april	60000	48400	37500		145900
may	60000	48400	37500		145900
june	60000	48400	37500		145900
july	60000	48400	37500		145900
august	60000	48400	37500		145900
september	60000	48400	37500		145900
october	60000	48400	37500		145900
november	60000	48400	37500		145900
december	60000	48400	37500		145900
<b>total</b>	<b>720000</b>	<b>580800</b>	<b>450000</b>		<b>1750800</b>

<b>SALES&amp;WAGES</b>						
<b>For the first five years of operation</b>						
		31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
		\$	\$	\$	\$	\$
<b>GENERAL SALARIES AND BENEFITS:</b>						
POSITION						
directors	2	90,000.00	91,800.00	93,636.00	95,409.00	97,419.00
managers	1	24,000.00	24,480.00	24,970.00	25,469.00	25,971.00
technical staff	13	93,600.00	95,472.00	97,381.00	99,329.00	101,316.00
clerk	3	10,800.00	11,016.00	11,236.00	11,461.00	11,690.00
watchmen	2	7,200.00	7,344.00	7,491.00	7,641.00	7,794.00
		225,600.00	230,112.00	234,714.00	239,309.00	244,190.00
<b>ESTIMATED BENEFITS(10%)</b>		22,560.00	23,011.00	23,471.00	23,941.00	24,420.00
<b>TOTAL SALARIES AND BENEFITS</b>		248,160.00	253,123.00	258,185.00	263,250.00	268,610.00
<b>MANAGEMENT SALARIES</b>						
POSITION						
PROJECT MANAGER	1	1,000.00	1,000.00	1,000.00	1,020.00	1,040.00
		70	70	70	71.4	72.8
<b>ESTIMATED BENEFITS(7%)</b>						
<b>TOTAL MANAGEMENT SALARIES</b>		1,070.00	1,070.00	1,070.00	1,091.40	1,112.80
<b>TOTAL SALARIES</b>		249,230.00	254,193.00	259,255.00	264,341.40	269,722.80