

Poultry Feed Manufacturing Plan Zinga EPZA, Bagamoyo, Coast Region

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Private and Confidential

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EXECUTIVE SUMMARY

Irvine's have been producing chicken in Southern Africa since the 1950's and in this time, the company has grown from a single room in a home to producing over 1.5 million day old chicks per week across Tanzania, Botswana, Mozambique and Zimbabwe. Irvine's Tanzania has a world class breeder farm and hatchery that locally produce high quality Cobb 500 broiler chicks that are available to growers in Tanzania. Irvine's remains a family business and stays true to its values in dealing with customers, partners, suppliers and stake holders.

Irvine's Tanzania Limited is envisaging to expand its poultry activities into feed manufacturing focused on participating and contributing to the growth of the commercial poultry sector in Tanzania. Currently Irvine's Tanzania purchases both broiler and breeder feeds from toll manufacturers. This comes with various risks and challenges including additional cost, inadequate capacity as well as lack of direct control over feed quality and the procurement of raw materials. As a result of these challenges, the company's growth is constrained. With the expansion of its production and sales of day-old chicks, having adequate feed for both breeders and broilers will be key.

Mission Statement

Irvine's Tanzania Limited's mission is to change lives in Africa by producing affordable protein and growing businesses. To be the leading and most trusted chicken Company in Sub-Saharan Africa.

Objectives

Irvine's Tanzania desires to participate and contribute to the growth of the commercial poultry sector in Tanzania and Sub-Saharan Africa by expanding its activities in production of chicken feeds both for its own use and for Tanzania's poultry keepers. The surplus to be exported to other markets of the East African Community. With improved investment policies under the TIC, and Irvine's existing chicken feeds clientele, this project is envisaged to boost the profitability of the Company.



Keys to Success

Irvine’s Tanzania Limited will follow these principles in order to achieve success in its market:

Irvine’s take pride in its reputation and always act to reflect the trust placed in the Company by its clients/customers.

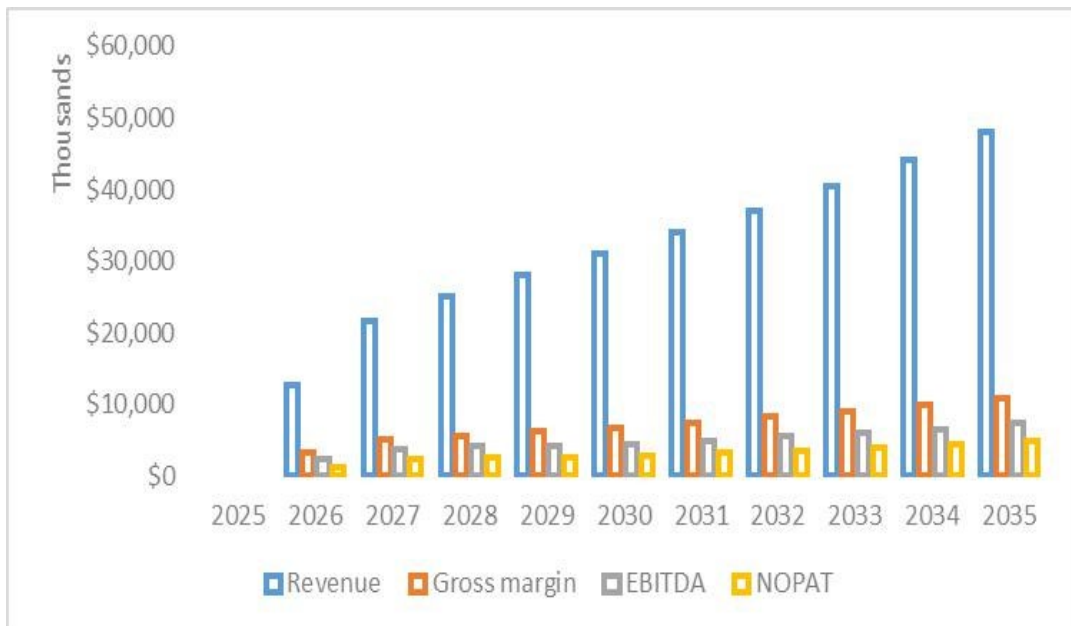
Irvine’s chicken feeds manufacturing facilities will be state of the art and will use the latest feed milling technology.

Irvine’s nutritionists will formulate the feeds bringing the IP gained over 70 years of experience in successfully growing poultry.

Irvine’s will always cherish the sense of honesty and guard its integrity at all times. Irvine’s take pride in nurturing its relationships with employees, shareholders, Customers, suppliers, and members of the community.

Irvine’s pay attention to quality in everything it does or produce and align itself with the best in the industry.

Financial Summary



EBITDA = Earnings Before Interest, Tax, Depreciation and Amortization

NOPAT = Net Profit After Tax

BUSINESS OVERVIEW

Irvine's Tanzania Ltd (hereinafter, "ITL") a proposed poultry feed mill will be located at Zinga, Bagamoyo District, Coastal Region, Tanzania, however, this is conditional to being allowed to invest under the TIC umbrella. ITL was formed as a Private Company Limited by shares and registered under the Tanzanian companies act of 2002 with Certificate of Incorporation Number 130634. Our vision is to change lives in Africa by producing affordable protein and growing businesses. To be a leading and most trusted chicken Company in Tanzania and Sub-Saharan Africa.

Currently Irvine's Tanzania purchases both broiler and breeder feed from toll manufacturers. This comes with various risks and challenges including additional cost, inadequate capacity as well as lack of direct control over feed quality and the procurement of raw materials. As a result of these challenges, the company's growth is constrained. With the expansion of its production and sales of day-old chicks, having adequate feed for both breeders and broilers will be key.

Irvine's pelleted and mash feed, will be produced at Zinga under the TIC umbrella; about 10% to 15% of the mill's capacity will be used to produce breeder feed and the rest to produce commercial feeds to be sold in the local market with surplus for export in the EAC. The poultry feed will specially be formulated using our wealth of technical experience in Africa for our clients to obtain the best results from their broilers and layers. With the feed mill in place, the company will be able to save on the margin currently paid to the toll manufacturer of up to US\$42 per ton of feed (at least US\$850,000 for the FY2024 volumes). In addition to having a guaranteed supply for its breeder farm needs, the company will be able to expand on its current broiler feed sales and even be able to venture into other ranges of feed such as layer and pig feeds.

Company Ownership

The Irvine's Tanzania Ltd.'s promoters have realized the potential market and demand for the poultry feed manufacturing in Tanzania. They have the experience, expertise, vision and skills to ensure that the company continues performing well and realizes the growth potential, as there is large market share to be captured.

The Poultry Feed Mill will be fully owned by the ITL, with the shareholders as scheduled below:

Name of Shareholders	Address	Shareholding Structure
BUCHAN LIMITED	C/O ADANSONIA MANAGEMENT SERVICES LIMITED, Suite 1, PERRIERI OFFICE SUITES, C2-302 Level 3, Office Block C, La Croisette Grand Baie Mauritius, 30517	90%
FABIO STELLA	Italy, Imola, ViaGalassiv No. 45,400,26	5%
PIETRO STELLA	Italy, Imola, ViaGalassiv No. 45,400,26	5%
Total		100%

The majority (90%) shareholder is BUCHAN LTD (“BUCHAN”); is a Global Business Company duly incorporated in Mauritius on 14th day of June 2002 and validly exists under the laws of Republic of Mauritius. BUCHAN also holds a Global Business Licence issued by The Financial Services Commission, under Section 72 (6) of the Financial Services Act in Mauritius. It comprises of the Irvine’s family, Donnie Smith and Tyson Foods.

The Irvine’s family have been in poultry production for over 70 years in Africa with the original operation starting in Zimbabwe and further poultry production operations in Mozambique and Botswana as well as Tanzania with Kenya being the latest to be established (2023).

Donnie Smith is a seasoned poultry expert, former CEO of Tyson Foods and philanthropist with a passion for making a difference in Africa via imparting commercial upliftment opportunities in the poultry sector.

Tyson Foods, Inc. is an American multinational corporation and the world’s second-largest processor and marketer of chicken, beef, and pork. It is listed on the New York Stock Exchange and ranks as a Fortune 500 company.

Industry Analysis

East Africa has a current population of 364 million people and is expected to grow at 4.5% per annum which means the region will have an additional 200 million people by 2033 (10 years from now).

Food security is a key concern for the region and high quality, affordable protein is paramount to the industrialization effort. Poultry consumption in the East Africa region is very low at just ~1.9Kgs per capita. In comparison Zimbabwe is at 7Kgs, Zambia 9.7kgs and South Africa at 40Kgs.

Significant opportunity exists to produce locally and feed this growing population.

Tanzania is well positioned to become the poultry production hub for East Africa. This will benefit thousands of Tanzanians directly and indirectly (employees, poultry growers, maize, and soya farmers, agrovets, etc.) as well as improve the nutritional outcomes of citizens through regular access to affordable, high-quality protein.

In Tanzania, poultry farming plays an important role in both urban and rural settings in terms of food security, source of income and in meeting other social obligations such as dowry and rituals. The poultry sector has a huge potential for growth considering land availability to grow grains and soya for poultry feeding.

The outbreak of Avian Influenza in the mid-2000 attracted government interventions into the sector leading to importation of poultry and its products into mainland Tanzania being banned. The Private Sector Industry based Organizations (PSIOs) such as the Tanzania Poultry Breeders Association; and the Tanzania Commercial Poultry Association lobby for government interventions and have been keeping pressure on the government not to allow imports. The key argument is that imports would have a major negative impact on the development of the local industry. Differences in agricultural trade policies between Tanzania mainland and Zanzibar lead to some illegal importation of poultry meat in Tanzania mainland.

Poultry production in Tanzania comprises both commercial (broilers and layers) and traditional systems, which rely on indigenous breeds, as well as improved, dual-purpose breeds mainly kept in a free-range system. Commercial poultry production is mostly practiced in urban and peri-urban areas.

Traditional poultry production is the largest, contributing about 70% of the flock and supplying the bulk of poultry meat and eggs consumed in rural areas and 20% in urban areas. Indigenous poultry is regarded in Tanzania as an important source of poultry mainly in the rural area and assists food security and sustainability. It is also not uncommon that the consumers prefer the taste of these chickens and are willing to pay a premium for the meat and eggs. Production is focused mainly on own consumption. This poultry production is however not scalable as the birds take over one year to mature.

The commercial poultry sector contributes 80% of poultry meat and eggs consumed in urban areas. Tanzania's National Bureau of Statistics (NBS) (2016) notes that most of the Tanzanian population keeps some chickens. The national panel survey conducted in 2014/15 indicated that 59% of livestock producing households owned chicken.

The current broiler production in Tanzania is 65million birds annually. Given the current Tanzania population of 63million, this translates to about 1kilo per capita which is below demand. Given that production growth has failed to keep up with consumption, imports have had to increase to bridge the demand-supply gap. Though imports remain a small share of the total market, volumes have increased by an annual average of more than 50% since 2006, despite policy reflecting a ban on chicken imports. This ban only applies in mainland Tanzania and Zanzibar does in fact allow chicken imports. It has been suggested that chicken imported into Zanzibar often enters mainland Tanzania through informal channels.

The current per capita consumption of 1kgs for Tanzania is very low compared to other countries in the region. In terms of GDP Tanzania and Zimbabwe are at par. Hence if Tanzania increased to half of the 7.kgs per capita consumption of chicken of Zimbabwe and assuming a population of 60mill, this would mean there is a gap of 120,000 tons of chicken meat which translates to 120 million broiler chicken. This is a significant market

potential with the potential to make a major impact on the Tanzanian economy and lives of Tanzanians in general. Irvine's Tanzania Poultry Feed Mill is seeking to advantage of this trend, since growth in poultry production is directly supported by quality and reliable poultry feed. ITL envisages to produce 3100 tons of poultry feed per month in 2026 and attain 82% capacity in 2035, where it will be able to produce 8,333 tons per month.

Challenges facing the poultry industry

The major challenges in commercial egg and broiler production include: 1) Disease outbreak 2) Cost and availability of feeds

Disease Outbreak

Contagious disease and virus outbreak is very deadly; if one of the chickens should contract the disease, all of them will be affected if it's not recognized and treated early. This can lead to the death of the entire flock of birds which is a great loss to the business. Also, some of these diseases are zoonotic which makes the meat unsafe for consumption by human once infected. Disease prevalence varies from one area to the other. The problems that may trigger disease conditions are improper management, poorly ventilated houses and very high temperatures in and outside the poultry house, which will stress the birds and reduce their immune response to any challenges. Mortality of the chickens which is inevitable since we are dealing with living things should also be put into consideration. This can be managed with good management and has been calculated to range between 4-10%.

Availability & Cost of Feeds

Most of chicken feeds available are of low quality and lacking in nutritional content (energy, protein, mineral and amino acid and crude fiber). Unfortunately, there is no strategy to produce maize and soya beans for feed formulation and there is limited institutional capacity to control the quality of chicken feed produced and processed. The growth of the poultry feed sub-sector and hence the poultry industry largely depend on two key factors: (1) Supply of Day-old chicks and (2) Supply of maize and soya beans.

Feed is the single main cost in the poultry industry. Unfortunately, the availability and prices for the inputs such as maize, soya are not stable. This means that poultry

manufacturers face great supply challenges that sometimes result in losses or lower profits.

a) Home-made feeds from mixing different resources: In both rural and urban areas, local mixing and compounding of poultry feeds is increasing. This is mostly done by small scale poultry producers as a strategy to reduce feeding costs. Such producers collect and mix feed ingredients such as maize bran, wheat bran, sunflower or cotton seed cake, small fish/sardines and dried livestock blood. The better-off farmers add vitamin supplements to these feed mixes. Some producers mix the home-made mixtures with commercial feed. This practice has created a business of loose feed like maize bran, seed cakes, fish meal, etc. Some traders mix the feed ingredients themselves and sell it to farmers.

b) Industrial (commercial) feed production: The demand for compounded feed started to increase in 2009 when rural farmers started to raise day old chicks commercially. In 2014, feed manufacturing took a new shape in Tanzania largely because of a dedicated support from the United States Government to revive the sector. The US Grains Council (USGC-Tanzania) launched the Tanzanian Food for Progress program to: (i) promote quality feed formulations for poultry; (ii) develop self-sufficient industry associations for poultry producers and feed manufacturers; and (iii) improve broiler and layer production through training seminars.

However, there is an emergence of educated business-oriented farmers who are ready to invest. They demand high nutrient density feeds to ensure rapid turnovers and maximum productivity. This “poultry revolution” has provided opportunities for development in the feed sector in many regards.

Cost of feeds: The success and expansion of the poultry value chain highly depends on the availability of quality and affordable feed; it can account for about 60 –70 percent of the production costs. Poultry producers are generally concerned about the cost of feed which have been escalating due to limited availability of affordable raw materials and taxes and levies on poultry feed, among other factors.

Tanzania’s poultry feed subsector is experiencing significant growth due to several factors:

- i. **Changing Eating Habits in Urban Areas:**
 - o As urban populations grow, there is an increasing demand for poultry products, including chicken and eggs.
 - o The domestic market for exotic chicken and eggs is expanding, especially among the middle class and affluent consumers in urban areas.
 - o Supermarkets, quick-service restaurants (QSRs), and street-food vendors contribute to this trend.
- ii. **Economic Growth and Commercialization:**
 - o Tanzania’s growing economy provides opportunities for expansion in the poultry sector, thus, poultry feed.
 - o Sufficient land for growing chicken feed supports commercialization efforts.
 - o Removal of Value-Added Tax on Animal Feed: In 2017, the Tanzanian poultry and animal feed industries collectively pushed to remove a cost-prohibitive value-added tax on animal feed sales.
 - o Feed accounts for a significant portion (70-80%) of poultry production costs in Tanzania.

Overall, Tanzania’s poultry feed subsector is becoming more competitive, with positive trends in market value and consumer preferences.

Market segmentation

The Irvine’s Tanzania Poultry feed mill will produce broilers’ starter crumble, broilers’ grower pellets, broilers’ finisher pellets and mash feed. The market will comprise of commercial and small-scale chicken farmers in Tanzania and Sub-Saharan Africa. The former will benefit from the lower logistics costs and the proximity of the production facility. The market will also comprise new entrants into the market who are looking for quality poultry feeds.

In general, the poultry feed market will be segmented as follows:

S/No.	Aspects	Details
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1.	By Nature	Conventional Organic
2.	By Feed Type	Broilers' starter crumble Broilers' grower pellets Broilers' finisher pellets Mash feed
3.	By Distribution Channel	Offline Online
4.	By Geographical Location	Tanzania (Local) Sub-Saharan Africa

Competitive advantage

The ITL will differentiate its poultry feed products from its rivals in terms of;

- (i) High quality poultry feeds,
- (ii) Competitive market prices
- (iii) ITL's owners are acknowledged leaders in their field of business with a good track record of providing high quality products
- (iv) Adapting and responding to the changing market needs and trends
- (v) Establishing long term relationship with its customers



INVESTMENT COST OF SETTING UP THE POULTRY FEEDS MILL

Investment cost model

Particulars	Unit Cost	Sub-Total
Land		\$700,000.00
Civils works for building		\$1,500,000.00
Steel & Cladding		
10 Bunkers		
Pits		
Floor		
Weighbridge	\$50,000.00	
Civil works for Silos	\$320,000.00	
Transformer & Electrical Supply to Famsun	\$500,000.00	
Generator	\$170,000.00	
Road Works	\$500,000.00	
Water Reticulation	\$50,000.00	
Sub Total		\$1,590,000.00
FAMSUN		
Soybean Meal Equipment	\$97,854.00	
Raw Material System	\$68,491.00	
Grinding	\$162,228.00	
Premix Section	\$96,346.00	
Dosing System	\$165,263.00	
Mixing System	\$93,145.00	
Pellet System	\$307,054.00	
Finish Product System	\$45,499.00	
Auxiliaries	\$74,031.00	
Miscellaneous	\$85,317.00	
Electrical & control System	\$205,620.00	
Steel Structure	\$436,156.00	
Sub Total (Ex Works)		\$1,837,004.00
Engineering Cost	\$73,989.00	
Freight & Insurance	\$200,080.00	
Freight Insurance & Engineering		\$274,069.00
2 x 3,000 ton Silo, cleaner & dryer	\$543,300.00	
Freight & Insurance	\$52,250.00	

Sub Total	\$595,550.00
Engineer & Project Manager	\$300,000.00
Pre VAT Total	\$6,796,623.00
VAT Customs Duties Silos	
Total	<u>\$6,796,623.00</u>

The Pelleting System

The pelleting system is composed of several different machines designed to most efficiently accomplish the pelleting task. A typical system arrangement with equipment names is shown in the table above.

COMPETITIVE ANALYSIS

Competition

Competition in Tanzania will mainly be from the below four large poultry feed manufacturers. The reason for few players in the market is the cost of market entry and level of expertise required.

Profiles of selected large animal feed manufacturers in Tanzania

S/No	Company Name	Company Profile
1.	Hill Animal Feeds & Agrovvet Supplies Co Ltd, Dar es Salaam	<p>Incorporated in 2006 Producing poultry, pigs and dairy feeds Current production capacity 15MT/hour</p> <p>Have own soybean extruder Salibaba Pellets Company and Hill Packaging Company are part of Hill Group</p> <p>Wholesaling and retailing Imports soybean and soymeal also buys locally from traders and from importers</p>
2.	Backbone Tanzania	

	Ltd	<p>Producing poultry pelleted And mash feeds</p> <p>Current production capacity 30MT/hour</p> <p>Wholesaling and retailing Buys locally from traders and from importers</p>
3.	Silverlands Tanzania Ltd	<p>Started poultry feed mill production in 2014</p> <p>Current production capacity 40MT/hour; Storage facility 48,000MT</p> <p>Have own soybean extruder</p> <p>Wholesale and retailing through own distribution centres and agents</p> <p>Experience in contract farming with producer organisations in Njombe and Songea with support of CRS SnP project</p> <p>Buys from importers but also imports soybean and soymeal</p>
4.	Harsho Group, Moshi	<p>Operational since 1998</p> <p>Kilimanjaro Region</p> <p>Manufacturing and distribution of all types of animal feeds (Mash & Pellets)</p> <p>Supply of all assorted agro- inputs, all stationary accessories</p> <p>Production/manufacturing and distribution of packaging material including PP woven bags as well as polyethylene</p>

Competitive edge

Irvine's competitive edge will mainly be derived from the feed features:

Irvine's brand that is the leading poultry products brand with a proven track record in African environment.



Irvine's feed contains unique Macro Packs used only by Irvine's, formulated and supplied from Irvine's Africa ensuring your chickens receive all essential micro ingredients

Regular testing and monitoring of raw materials at Irvine's Laboratory and cross checked with external laboratories

Contains Antioxidants – to preserve freshness of feed and micro ingredients in the feed

Improved FCR and Performance – Our Broiler Feed has a specially formulated three-phase diet to always guarantee you get the best FCR (Feed Conversion Ratio) from your birds.

Has anti coccidia properties to help you control coccidiosis in your flocks – Coccidia are parasites found in the gut which negatively affect the health of the chicken.

Contains Mycotoxin Binders – Assist in binding and eliminating environmental toxins

Contains balanced minerals and vitamins – these support the birds in times of heat stress

Contains Enzymes – to enhance feed utilization and improve energy availability. Regular testing – Excellent Quality Guaranteed and

Consistency of performance. Pelleted Feed – Birds get uniformed intake of key ingredients ensuring uniformed performance and reduced feed wastage.

MARKETING STRATEGY AND IMPLEMENTATION

Marketing strategy

The Irvine's poultry feed mill will serve mainly the local and any surplus will be exported to the Sub-Saharan Africa markets. The market will comprise all farmers who use poultry feed to feed poultry birds such as chickens, ducks, turkeys, geese and other domestic birds. These clients will appreciate the lower logistics costs and the proximity of the production facility. The market will also comprise new entrants into the market who are looking for quality, carefully selected and mixed ingredients to offer a highly

nutritional diet that protects the health of poultry birds while also improving the quality of end products such as meat and eggs.

SWOT analysis

SWOT stands for strength, weakness, opportunities, and threats and we have made an analysis in each case.

<p>Strengths</p>	<p>ITL will produce high-quality and affordable poultry feed Good marketing strategy of using a well-positioned brands of Irvine's. In this area, the poultry feed business hasn't been over-exploited. Government growing emphasis on poultry sector development. This will benefit thousands of Tanzanians directly and indirectly (employees, poultry growers, maize, and soya farmers, agrovets, etc.) as well as improve the nutritional outcomes of citizens through regular access to affordable, high-quality protein.</p>
<p>Weaknesses</p>	<p>Capital intensive. Starting a poultry feed manufacturing business requires a large capital funding. Outbreak of diseases can lead to huge losses, then negatively affecting the poultry feed subsector. Expertise in the industry requires years of experience</p>
<p>Opportunities</p>	<p>East Africa has a current population of 364 million people and is expected to grow at 4.5% per annum which means the region will have an additional 200 million people by 2033 (10 years from now). This then provides a large potential market for poultry products which will also drive poultry feed subsector. Food security is a key concern for the region and high quality,</p>

affordable protein is paramount to the industrialization effort. Poultry consumption in the region is very low at just ~1.5Kg per capita. In comparison Zimbabwe is at 7Kg and South Africa at 40Kg

Threats	<p>Avian diseases, negatively impact the poultry feed subsector</p> <p>High feed ingredients prices</p> <p>Threat of import of frozen chicken, negatively impact the growth of poultry industry, thus, the poultry feed subsector.</p>
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ORGANIZATIONAL STRUCTURE AND STAFFING

The poultry feed mill will need diverse human power to effectively manage its operation. Although operating from different facilities, corporate services of the breeder farm, hatchery and feed production units need will be centralized for effective integration. The following organogram depicts a high-level organizational structure for the Irvine’s Tanzania.

ITL will initially require 40 staff, of which 39 will be Tanzanian citizens and the 1 probably specialist expatriate with the intention of skills transfer over time. Since the poultry feed mill will be in the Bagamoyo district, many staffers are expected to come from the local community.

Additionally, the operation will require Tanzanian graduates in fields such as animal science, nutrition, quality assurance, maintenance, accounting, etc. (see the personnel plan below).

Personnel Plan

Position	No. of Staffers	Remarks
Mill Manager	1	Expatriate
Quality Assurance Specialist	1	Tanzanian
1 Shift		

Production Supervisor	1	Tanzanian
QA Assistant/Lab technician	1	Tanzanian
Control Room operator	1	Tanzanian
Premix/Additive weighing	2	Tanzanian
Premix doser	1	Tanzanian
Pellet Operator	1	Tanzanian
Boiler Operator	1	Tanzanian
Mechanics	2	Tanzanian
Electrician	1	Tanzanian
Raw Material Warehouse Supervisor	1	Tanzanian
Finisher goods Warehouse Supervisor	1	Tanzanian
Weigh Bridge operator	1	Tanzanian
Production Team		
1. Production workers (packers, raw material dosers + finished goods stacking)	8	Tanzanian
2. Raw materials off loaders	8	Tanzanian
3. Finished good loaders	8	Tanzanian
TOTAL PERSONNEL	40	

The poultry feed mill staff require specific skillset and the following capabilities:

Strong knowledge of animal husbandry: sound knowledge of the biology and husbandry of chickens, including how their needs may be best provided for in all circumstances.

Skills in animal husbandry: demonstrable skills in observation, handling care and treatment of chickens and problem detection and resolution.

Personal qualities: commitment, dedication and patience.

At the beginning, the poultry feed production facility will create jobs for over 40 direct employees and many more indirect employees.

FINANCIAL PLAN

Sales Volume & Direct costs Projection

The following table shows sales volume and direct costs projection for the first ten years of poultry feeds mill.

	<u>Year 0</u>	<u>Year 1</u> <u>(9mths)</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
Feed mill pelleted capacity (tons)		2,534	2,534	2,534	5,069	5,069	5,069	5,069	5,069	5,069	5,069
Feed mill mash capacity (tons)		2,534	2,534	2,534	5,069	5,069	5,069	5,069	5,069	5,069	5,069
Total Capacity on single shift till year 4 per month		5,069	5,069	5,069	10,138	10,138	10,138	10,138	10,138	10,138	10,138
Less Breeder feed (tons)		-	-	-	-	-	-	-	-	-	-
		800	800	800	1,200	1,200	1,200	1,200	1,600	1,600	1,600
		4,269	4,269	4,269	8,938	8,938	8,938	8,938	8,538	8,538	8,538
Pelleted tons sold (tons)		2,000	2,400	2,640	2,904	3,194	3,514	3,865	4,252	4,677	5,145
Mash tons sold (tons)		300	600	900	1,080	1,188	1,307	1,372	1,441	1,513	1,588
Monthly tons sold		2,300	3,000	3,540	3,984	4,382	4,821	5,237	5,692	6,190	6,733
Capacity utilization		61%	75%	86%	51%	55%	59%	63%	72%	77%	82%
Mash volume/month		1,100	1,400	1,700	2,280	2,388	2,507	2,572	3,041	3,113	3,188
Pellet volume/month		2,000	2,400	2,640	2,904	3,194	3,514	3,865	4,252	4,677	5,145
Mash cost/ton		18	17	17	20	22	22	22	22	22	22
Pellet cost/ton		34	33	33	40	43	43	43	43	43	43
Mash OpEx /month		19,250	23,520	28,798	46,348	51,941	54,525	55,947	66,139	67,706	69,351
Pellet OpEx /month		68,750	79,200	87,846	115,957	136,481	150,129	165,142	181,656	199,822	219,804
Total OpEx /month		88,000	102,720	116,644	162,305	188,422	204,654	221,089	247,795	267,528	289,155

Financial and Economic Assumptions

- (i) The mill capacity will be 36t/hr. mash and 18t/hr. pelleted. Productivity of mill taken at 18tons/hr. @ 80% efficiency = 14.4 tons/hour and 30 tons/hr. for mash.**
- (ii) The operating expenses are in line with other group feed mills and similar to those of toll manufacturers currently in use.**
- (iii) Production will be 22 days/month; Monday to Friday. 9-hour shift, 8 hours effective with start and shutdown. An additional shift will start from Year 4 and there will be additional overtime in Year 3.**
- (iv) Average selling price per ton of pellet is estimated at \$637**
- (v) Average selling price per ton of mash is estimated at \$456**
- (vi) Average cost of sales per ton of pellet is estimated at \$464**
- (vii) Average cost of sales per ton of mash is estimated at \$448**
- (viii) Average operating expenses per ton of pellet is estimated at \$34**
- (ix) Average operating expenses per ton of mash is estimated at \$18**
- (x) Corporation tax is based on the current rate of 30% on the taxable income;**
- (xi) Depreciation charges are based on the following rates: Land - 0% depreciation
Building – 5% on straight-line basis
Equipment – 12.5% on Declining balance basis
Motor vehicles – 25% on Declining balance basis**
- (xii) City Service Levy is 0.3% of annual sales turnover.**

Projected Profit and Loss (Income Statement)

As the Profit and Loss table shows the feed mill expects to operate in a range of 51%-86% of its capacity for the first ten years starting in 2026 where sales revenue are estimated to reach as high as \$48.02 million in 2035.

PROJECTED INCOME STATEMENT

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
Volume of feed sold to third parties pellet	18,000	28,800	31,680	34,848	38,333	42,166	46,383	51,021	56,123	61,735	
Volume of feed sold to third parties mash	2,700	7,200	10,800	12,960	14,256	15,682	16,466	17,289	18,153	19,061	
Total (tons) sold	20,700	36,000	42,480	47,808	52,589	57,848	62,848	68,310	74,276	80,796	
Average selling price per ton Usd pelleted	637	637	637	637	637	637	637	637	637	637	
Average selling price per ton Usd Mash	456	456	456	456	456	456	456	456	456	456	
Revenue	12,697,200	21,628,800	25,104,960	28,107,936	30,918,730	34,010,603	37,054,122	40,384,117	44,028,340	48,017,277	
Volume of feed sold to third parties	20,700	36,000	42,480	47,808	52,589	57,848	62,848	68,310	74,276	80,796	
Cost of sales per ton Usd pelleted	464	464	464	464	464	464	464	464	464	464	
Cost of sales per ton Usd mash	448	448	448	448	448	448	448	448	448	448	
Cost of sales	9,554,819	16,578,706	19,527,572	21,964,452	24,160,898	26,576,987	28,883,213	31,402,487	34,155,236	37,163,885	
Gross margin	3,142,381	5,050,094	5,577,388	6,143,484	6,757,832	7,433,615	8,176,977	8,994,674	9,894,142	10,883,556	
Operating Expenses	792,000	1,232,640	1,399,728	1,947,655	2,261,068	2,455,854	2,653,063	2,973,545	3,210,336	3,469,865	
Miscellaneous expenses (City Service levy)	38,092	64,886	75,315	84,324	92,756	102,032	111,162	121,152	132,085	144,052	

EBITDA		2,312,290	3,752,568	4,102,345	4,111,505	4,404,007	4,875,730	5,412,751	5,899,976	6,551,721	7,269,639
Depreciation	-	608,328	545,099	489,774	441,365	399,007	361,944	329,513	301,137	276,307	254,581
EBIT		1,703,962	3,207,469	3,612,571	3,670,140	4,005,000	4,513,786	5,083,238	5,598,840	6,275,414	7,015,058
Tax 30%		511,189	962,241	1,083,771	1,101,042	1,201,500	1,354,136	1,524,971	1,679,652	1,882,624	2,104,517
Net operating profit after tax (NOPAT)		1,192,773	2,245,228	2,528,800	2,569,098	2,803,500	3,159,650	3,558,267	3,919,188	4,392,790	4,910,541

Projected Cash Flow Statement

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flow from Operations											
EBITDA	-	2,312,289.72	3,752,568.00	4,102,345.25	4,111,505.02	4,404,007.49	4,875,729.62	5,412,751.08	5,899,976.43	6,551,721.06	7,269,639.42
Tax	-	511,188.55	962,240.58	1,083,771.23	1,101,041.96	1,201,500.14	1,354,135.80	1,524,971.37	1,679,651.97	1,882,624.23	2,104,517.50
Working capital adjustments											
Increase (Decrease) in receivables	-	1,043,605.48	734,104.11	285,711.78	246,819.95	231,024.13	254,126.54	250,152.31	273,698.20	299,525.20	327,857.77
Increase (Decrease) in inventory	-	785,327.56	577,305.77	242,372.57	200,291.55	180,529.75	198,582.72	189,552.75	207,063.62	226,253.35	247,286.22
Decrease (Increase) in payables	-	785,327.56	577,305.77	242,372.57	200,291.55	180,529.75	198,582.72	189,552.75	207,063.62	226,253.35	247,286.22
	-	757,495.69	2,056,223.31	2,732,862.23	2,763,643.12	2,971,483.22	3,267,467.28	3,637,627.40	3,946,626.27	4,369,571.63	4,837,264.15
Cash Flow from Investing											
CapEx	(6,796,623.00)	-	-	-	-	-	-	-	-	-	-
Sale of assets	(6,796,623.00)	-	-	-	-	-	-	-	-	-	-
Cash Flow from Financing											
Debt drawdown	-	-	-	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-	-	-	-
Principal repayments	-	-	-	-	-	-	-	-	-	-	-
Dividend payout	-	-	-	-	-	-	-	-	-	-	-
Equity injection	6,796,623.00	-	-	-	-	-	-	-	-	-	-
	6,796,623.00	-	-	-	-	-	-	-	-	-	-
Net Cash Inflow/(Outflow)	-	757,496	2,056,223	2,732,862	2,763,643	2,971,483	3,267,467	3,637,627	3,946,626	4,369,572	4,837,264
Opening cash and bank balance	-	-	757,496	2,813,719	5,546,581	8,310,224	11,281,708	14,549,175	18,186,802	22,133,429	26,503,000
Closing cash and bank balance	-	757,496	2,813,719	5,546,581	8,310,224	11,281,708	14,549,175	18,186,802	22,133,429	26,503,000	31,340,264

Projected Financial Position

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
ASSETS											
Current Assets											
Inventories	-	785,327.56	1,362,633.34	1,605,005.91	1,805,297.46	1,985,827.21	2,184,409.93	2,373,962.68	2,581,026.30	2,807,279.64	3,054,565.86
Interco Receivables	-	-	-	-	-	-	-	-	-	-	-
Current tax receivable	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	1,043,605.48	1,777,709.59	2,063,421.37	2,310,241.32	2,541,265.45	2,795,391.99	3,045,544.30	3,319,242.50	3,618,767.70	3,946,625.48
Bank & Cash	-	757,495.69	2,813,718.99	5,546,581.23	8,310,224.34	11,281,707.56	14,549,174.84	18,186,802.25	22,133,428.51	26,503,000.14	31,340,264.29
	-	2,586,428.73	5,954,061.92	9,215,008.50	12,425,763.12	15,808,800.22	19,528,976.76	23,606,309.23	28,033,697.31	32,929,047.49	38,341,455.63
Non-Current Assets											
Property, Plant & Equipment	6,796,623.00	6,188,295.13	5,643,195.73	5,153,421.27	4,712,056.11	4,313,049.10	3,951,105.46	3,621,592.28	3,320,455.74	3,044,148.77	2,789,567.68
Others	-	-	-	-	-	-	-	-	-	-	-
	6,796,623.00	6,188,295.13	5,643,195.73	5,153,421.27	4,712,056.11	4,313,049.10	3,951,105.46	3,621,592.28	3,320,455.74	3,044,148.77	2,789,567.68
TOTAL ASSETS	6,796,623.00	8,774,723.85	11,597,257.66	14,368,429.77	17,137,819.23	20,121,849.31	23,480,082.22	27,227,901.51	31,354,153.05	35,973,196.27	41,131,023.30
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Accounts payable	-	785,327.56	1,362,633.34	1,605,005.91	1,805,297.46	1,985,827.21	2,184,409.93	2,373,962.68	2,581,026.30	2,807,279.64	3,054,565.86
Shareholder loans	-	-	-	-	-	-	-	-	-	-	-
Current portion borrowings	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-	-	-	-
	-	785,327.56	1,362,633.34	1,605,005.91	1,805,297.46	1,985,827.21	2,184,409.93	2,373,962.68	2,581,026.30	2,807,279.64	3,054,565.86
Non-Current Liabilities											
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-

Long-Term Loans	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-	-	-	-
	-	785,327.56	1,362,633.34	1,605,005.91	1,805,297.46	1,985,827.21	2,184,409.93	2,373,962.68	2,581,026.30	2,807,279.64	3,054,565.86
Shareholders' Equity											
Share capital	6,796,623.00	6,796,623.00	6,796,623.00	6,796,623.00	6,796,623.00	6,796,623.00	6,796,623.00	6,796,623.00	6,796,623.00	6,796,623.00	6,796,623.00
Retained earnings	-	1,192,773.29	3,438,001.32	5,966,800.86	8,535,898.77	11,339,399.10	14,499,049.29	18,057,315.82	21,976,503.75	26,369,293.62	31,279,834.44
	6,796,623.00	7,989,396.29	10,234,624.32	12,763,423.86	15,332,521.77	18,136,022.10	21,295,672.29	24,853,938.82	28,773,126.75	33,165,916.62	38,076,457.44
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,796,623.00	8,774,723.85	11,597,257.66	14,368,429.77	17,137,819.23	20,121,849.31	23,480,082.22	27,227,901.51	31,354,153.05	35,973,196.27	41,131,023.30

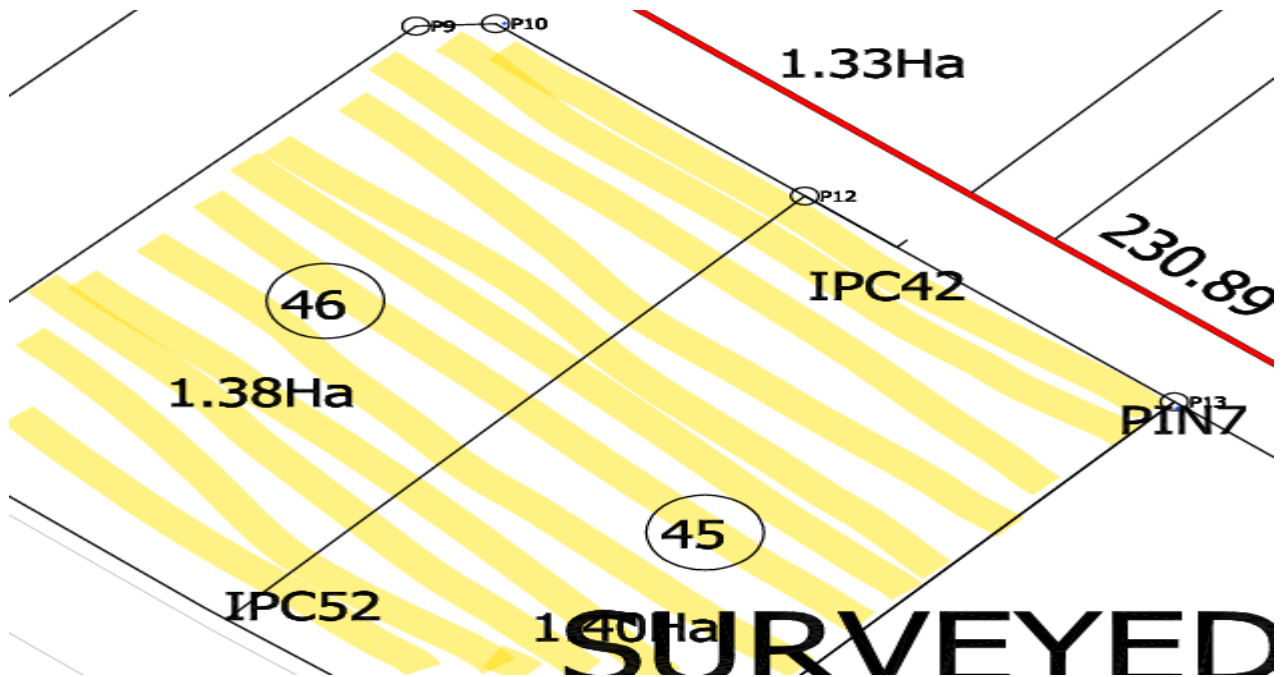
Depreciation Schedule

Particulars	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Land	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Depreciation charge	-	-	-	-	-	-	-	-	-	-	-
Cumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
NBV	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Motor Vehicles	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-	-	-	-	-
Cumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
NBV	-	-	-	-	-	-	-	-	-	-	-
Buildings	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000
Depreciation charge	-	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
Cumulated depreciation	-	102,500	205,000	307,500	410,000	512,500	615,000	717,500	820,000	922,500	1,025,000
NBV	2,050,000	1,947,500	1,845,000	1,742,500	1,640,000	1,537,500	1,435,000	1,332,500	1,230,000	1,127,500	1,025,000
Plant & Equipment	4,046,623	4,046,623	4,046,623	4,046,623	4,046,623	4,046,623	4,046,623	4,046,623	4,046,623	4,046,623	4,046,623
Depreciation charge	-	505,828	442,599	387,274	338,865	296,507	259,444	227,013	198,637	173,807	152,081
Cumulated depreciation	-	505,828	948,427	1,335,702	1,674,567	1,971,074	2,230,518	2,457,531	2,656,167	2,829,974	2,982,055
NBV	4,046,623	3,540,795	3,098,196	2,710,921	2,372,056	2,075,549	1,816,105	1,589,092	1,390,456	1,216,649	1,064,568
TOTAL NBV	6,796,623	6,188,295	5,643,196	5,153,421	4,712,056	4,313,049	3,951,105	3,621,592	3,320,456	3,044,149	2,789,568

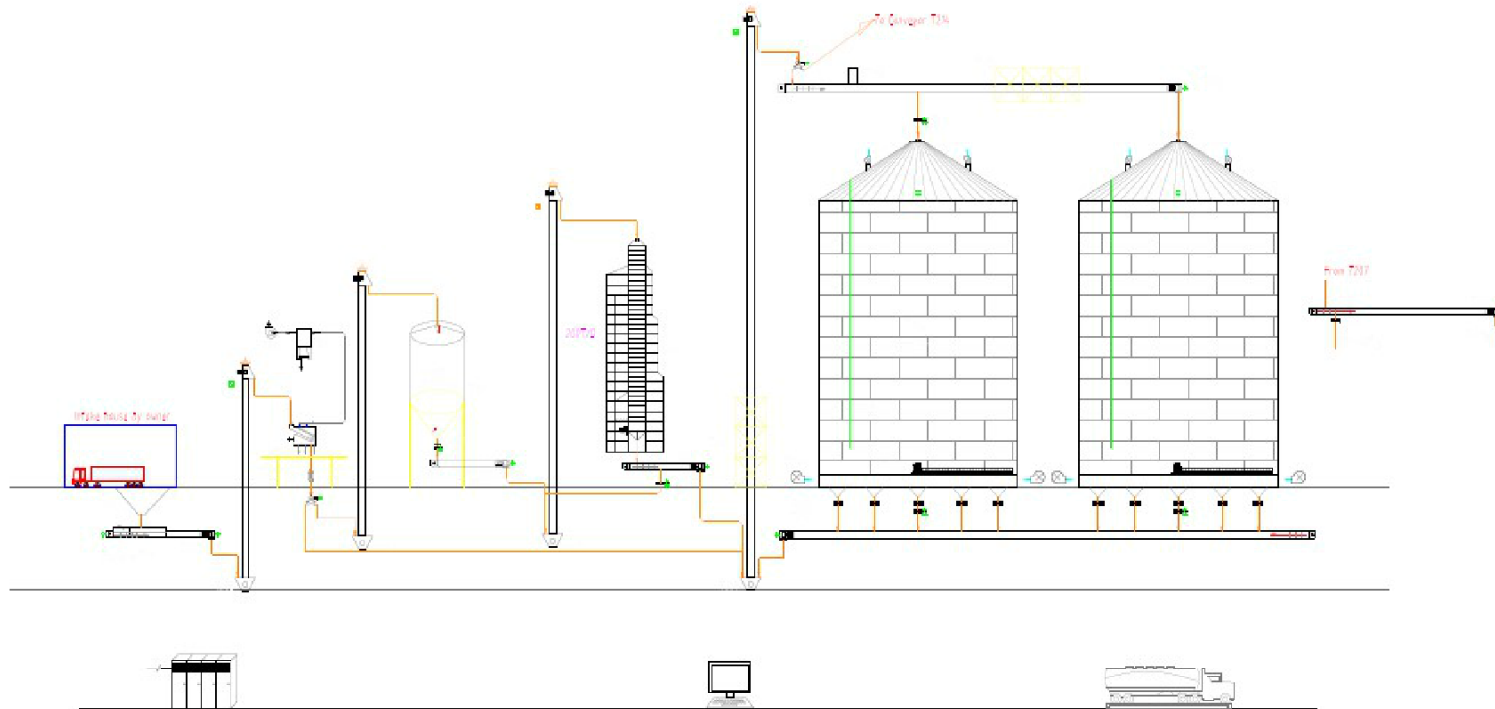
IRVINE'S TANZANIA POULTRY FEED MILL PLAN

Poultry Feed Mill Location

Blocks 45 and 46 of Matunda Farms situated at Zinga, Bagamoyo



FLOW CHART FOR 2X3000T SILOS



LEGEND					
5000	SILO SYSTEM	— Famsun Supply	— Steam and air	▲ Weighing sensor	⬇️ Speed sensor
5000X	STEEL STRUCTURE SYSTEM	— Buyer Supply	— For future	■ Impulse controller	⊗ Clear line switch
U000	SILO LOADING SYSTEM	— Steel Structure		⬆️ Solenoid valve	⊕ Temperature sensor
U000X	SILO UNLOADING SYSTEM	— Material flow		⬆️ Solenoid valve	⊖ Upper level indicator
				⬆️ Challenge sensor	⊖ Lower level indicator
				⬆️ Limit switch	⊖ W/D controlling
				⬆️ Motor	

FAMSUN Engineering & Trade			