

SK SUNNY AFRICA GROUP LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF POULTRY FARM

1.0. **Executive Summary.**

SK SUNNY AFRICA GROUP LIMITED is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No.180211578 issued on 5th December, 2024, the main line of poultry farm.

The principal objective of the company is to establish itself as a significant player in the

- Supply of high-quality poultry products both on a national and international level.
- The company intends on initially to start with 150,000 broilers
- 150,000layers
- 100,000 eggs incubators
- supermarkets, retail shops, restaurants and hotels

In comparison to various other poultry producing nations, the Tanzanian poultry industry can be categorized as still being in an infancy stage. Production is controlled by a large number of small backyard farmers that lack both the technological and financial resources

Currently, the small size of poultry establishments combined with high input costs result in the broilers and

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layers becoming an expensive source of protein and thus are unavailable to a significant portion of the population **SK SUNNY AFRICA GROUP LIMITED** intends to achieve its goal of obtaining the highest quality of broilers and layers meat and eggs at the lowest price through the adoption of advanced technological expertise and modern animal husbandry practices. This will result in the chicken's egg and meat being affordable to all Tanzanian's potentially opening up an entirely untapped market that's being ignored by the current producers.

A detailed list of our organization's objectives are as follows:

- Produce high quality chickens' meat and eggs that are affordable and available to all Tanzanians
- Employ the most advance practices and technology in terms of equipment and personnel towards production, distribution and selling point
- Promote the Tanzanian poultry sector on an international level in order to establish an export market for broilers and layers and Eggs and other poultry products.

The proposed project estimated to cost US\$ 2,500,000 and creating new employment of 160

1.1 Legal Status and Company Back Ground Brief

SK SUNNY AFRICA GROUP LIMITED bears the certificate of registration No.180211578 issued on 5th December, 2024 issued by BRELA.

The shareholders of **SK SUNNY AFRICA GROUP LIMITED**, a reputed business family namely: -

Name	%of Shares	Nationality
ASHISH REDDY KOTHA	50	India
SHALIMAR PELLET FEEDS LIMITED	50	Tanzania

All the directors of the company are therefore well versed people in the business operations, having been engaged in the business for a period ranging between 10 to 15 years, Equiped with the wide experience in the business as explained above, the directors of the company are optimistic of successful implementation of the proposed project.

1.2 Location.

The new project is located at **Plot No.3, Block N Fukayosi, Bagamoyo District, Coast Region.**

1.3 Mission

Professionally high-quality service delivery to customers, aimed at ensuring that they realize the highest value for money.

1.4 Core Values

Provision of services with integrity and creativity while treating each customer as king

2.0 Basis of the Business Plan

A study was conducted prior to as the basis for preparation of this plan; the study was based on the following objectives and approach:

2.1 Study Objectives:

- a) To analyze the relevant market and other factors impacting upon the supply and demand of local chickens, eggs and related products
- b) To examine the physical and operational characteristics of the existing market in order to determine the positioning of the proposed company's business in the market place.

2.2 Study Approach:

- a) Participatory: Semi- structured interview and discussion were held with the Company's Directors, stakeholders in poultry and related businesses
- b) Physical visits to the company's main business premises
- c) A brief market survey on poultry industries in Tanzania, Characteristics of demand and the general market.
- d) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of five years proposed for the business operations.

3.0 The Project

3.1 Project Concept

- The project involves establishing a broilers and layers farm of 300,000.
- 100,000 eggs incubator facilities
- Purchasing incubator, hatchers of 100,000 eggs incubator facilities, and other relevant machines, equipment, vehicles etc. for smooth running of project

3.3 Project Objectives

3.3.1 Development Objectives:

SK SUNNY AFRICA GROUP LIMITED aims at playing a significant role in the participation of the company in the efforts to maximize exploitation of the largely existing business of local chickens.

3.3.2 Immediate Objectives

- a) To build and operate a poultry farm capacity of 300,000 units.
- b) Enhancing the country's capacity to utilize its potential particularly poultry farming is concerned.
- c) Creating employment opportunities to skilled and semi skilled Tanzanians.

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	15	25	80	110
Men	10	20	20	50
TOTAL	25	45	100	160

4.0 Overview of the local chickens in Tanzania

4.1 Introduction

It is estimated that Tanzania had over 69m chickens out of which almost 37million are local chickens and the rest are exotic breeds and most of these local chickens are reared by rural households. Most of these rural households keep local chicken for subsistence and income generation. In particular, relatively poor rural households and women keep chicken as chicken rearing does not require much resources and investment and in fact the local scavenging chickens almost take care of themselves and still provide food and limited income for the family.

Because of its character as subsistence activity, keeping local scavenging chickens faces a number of problems and challenges. In particular, the high mortality of local chickens makes chicken rearing a risky venture that most rural households mitigate by only maintaining a relatively small stock of chicken.

Based on the motivation and experienced of directors of **SK SUNNY AFRICA GROUP LIMITED**, proposes setting up a modern broilers and layers farm and to use

the experience gained to solve the above problems and challenges.

In this proposal **SK SUNNY AFRICA GROUP LIMITED** takes a different view and looks at the production and marketing of broilers and layers from a business perspective. Supply and demand of chickens and eggs is analyzed as well as the current market system with its constraints and opportunities.

4.2 Production and Market Analysis

National Demand and Supply According to the Economic Survey 2017, livestock contributes about 4.7% to the GDP, a contribution which is higher than the 3.5% from the mining and quarrying sector. About 70% of the livestock GDP contribution originates from cattle and about 16% relates to poultry rearing, which corresponds to about 0.75% of the total GDP.

The national chicken population has been estimated to be about 69million chickens in 2017, out of which almost 37million are local chicken and the rest are commercially poetry. Which include 24millin broilers and 8 million

layers Most of the local chickens are reared by rural households estimated to be 4.7 million agricultural households in Tanzania, although local chickens are also kept by urban households.

Local chickens are mainly raised by rural dwellers and contribute to almost 100% poultry meat and 20% of eggs consumed in the rural and urban areas respectively, while layers and broilers are raised by urban dwellers, the commercial poultry industry include the breeder farms, Hatcheries, pouty farms, traders and processors

Many households keep chicken mainly for subsistence and limited income generation. They slaughter the chicken for special occasions and consume most of the eggs within the household. Only the surplus chicken and eggs are sold in the market. Based on study carried out by **SK SUNNY AFRICA GROUP LIMITED**, we estimate that a chicken rearing household consumes about 5 to 10 chickens per year. And about 52% of total production is sold in an informal way to neighbors and another 42% is sold in local stores or markets. Based on our findings we differentiate three market levels:

- **Informal Markets:** chicken and eggs are sold to neighbors or local markets within the same village or villages nearby. These sales are directly done by the households. Middlemen or traders from regional and urban markets often buy chickens on the local markets. There are numerous open village markets in each region. For example, there are about 19 weekly markets in Singida Rural District only
- **Regional Markets:** includes markets in district and regional centers. Chicken and to a lesser degree also eggs are ferried to the district or regional centers and sold there. The sales are done by traders and/or middlemen. The market volume is relatively in regional markets. For example, information indicates that the market volume in Singida is only about 90,000 chickens per year.
- **Urban Markets:** includes big cities Dar es Salaam, Arusha, Mwanza, Mbeya, and Morogoro. Chickens that reach the urban markets are mainly sold by traders who buy them from the regional markets and, in a few cases, from the informal open village markets. There are about five major chicken markets in Dar es Salaam (Kisutu, Manzese, Kinondoni, Tandika, Buguruni and Magomeni) that are operated by chicken traders associations. For example, KIPOCOSO (Kisutu Poultry Co-operative Society) has constructed

facilities for slaughtering and dressing which is charged separately to customers. The market volume in urban markets is difficult to establish as there are no reliable official records. From interviews of individual traders, the market volume in Kisumu, the biggest market in Dar es Salaam, can be estimated to about 700,000 to 900,000 chickens only per year.

According to FAO the average consumption of chicken is about 0.7 kg per capita per year (and 13 eggs) in Tanzania which is relatively low in comparison to other African countries and the rest of the world which consumes about 6.8 kg per capita per year (and 108 eggs). Assuming an average weight of about 1.2 kg per chicken, the total consumption was about 32,083,333 million chickens in 2017, whereby the per capita consumption of chicken is relatively higher in the rural areas than in the urban centers, particularly in chicken rearing households where the researches indicate an average per capita consumption of about 1.6 kg per year.

The latent demand for local chicken in urban centres is high as most people in Tanzania prefer the taste of local chicken

over the taste of exotic breeds that are perceived as rather tasteless due to their rearing method. However local chicken is the most expensive meat available in urban centres. Although meat prices vary with location and seasons a comparison of prices per kg shows the following picture10:

Table 1: Comparison of meat prices Location Local

chicken Per piece	Beef Per kg	Pork Per kg	Goats Per kg
5,000	6,000	10,000	8,000

Data compiled by writer of this report 2018

In summary, there is a mismatch between demand and supply in the formal markets in urban centers and other urban areas in respect of price and quantity but also regarding reliability of delivery. One of the causes for the mismatch is the relatively low production and formal market sales.

4.2.1 Market of Chicken

- i. High Profile Hotels: normally prefer exotic breeds as their supply is more reliable and less costly, however some of their customer’s demand local chicken
- ii. Local Hotels and Restaurants (including bars and pubs and “nyama ya kuchoma” places): buy exotic and local chicken depending on their clientele, however they

lament about the supply reliability and high costs of local chicken

- iii. Households and institutions: buy exotic and local breeds of chicken depending on their location. In the more rural areas, they prefer the local chicken whereas in urban centers they buy both types of chicken. Exotic breeds are normally well-dressed and packaged and sold in urban super markets. Local chicken are mainly bought in urban markets and not in supermarkets.

Important services of the poultry market system include:

- SUA and LITI are public institutions that provide research and training to the poultry sector but hardly directly to the poultry keepers and rather indirectly through other organizations and extension workers
- The Central Veterinary Laboratory is the sole manufacturer and supplier of Newcastle Disease vaccination, commonly known as Temeke 1-2 Thermostable. The vaccine is widely available and distributed through wholesale shops like the Farmers Centre and the District Veterinary Investigation Centre
- There are Vetshops in almost every district. While the supply through wholesale shops is sufficient to combat

any poultry disease (see page 25), the local vetshops do not always stock adequate quantities due to low demand by poultry keepers

- There are several manufacturers and suppliers of various equipment's for the chicken sector, i.e. feed mixers, incubators, etc.
- The public extension services are provided to all livestock keepers in a given area through the public veterinary services. As most poultry diseases can be prevented by vaccinations and other preventive measures, like proper housing and feeding, these services would be most effective for the poultry sector if they would carry out vaccinations and train the poultry keepers in preventive measures. Unfortunately, this is often not the case which renders the services as rather ineffective for the small poultry keeper in the rural areas. The main contributing factor is here that the actual number of public extension workers still falls very short of the planned and required number. Another possible reason for the limited service is the fact that poultry keeping is largely regarded as a subsistence activity.
- In respect of rules and regulations that constitute the business environment of the poultry sector, there is a

notable lack of support by public and private organizations.

- There is no specific policy or strategy for the development of the poultry sector. Neither MLD nor MITM seems to regard the poultry sector as very important for rural development
- Although there are regional trader's associations in every region and urban trader's associations in all urban centers, they do not cooperate but rather perceive themselves as advocacy groups for local government or municipalities in their location.
- The Tanzania Poultry Breeders Association and The Tanzania Commercial Poultry Association been engaged in poultry development
- The Tanzania Veterinary Association is a member organization of all vets in the country. For the time being little has been done by this association for the SLC producers

4.2.2 Production Constraints

Traditional chicken rearing faces several production constraints

- The single most important constraint of local chicken rearing is their high mortality as result of poor health control, poor housing, and inadequate feeding. Most

- chicken diseases can be controlled by vaccination (e.g. Newcastle disease) or timely administration of drugs. While vaccines and drugs are sufficiently available in the country (see below), the bottleneck is their distribution to the rural areas and professional administration in good time. Especially the survival rate of chicks is rather low, only 10% to 20%, however also 20% to 30% of the mature chickens do not survive and sometimes the entire flock is wiped out when disease strikes. Poor housing makes chicken and more so the small chicks vulnerable to predators on the ground and from the air. Traditionally SLC roam freely to find their own food; studies have shown that this practice results in many cases in poorly nourished chickens, slow weight increase, and may even cause death, particularly mineral deficiencies, the third highest rated cause of death, is the result of poor feeding
- Although local breeds are well adapted to the harsh living conditions of SLC, in many villages not the most optimal chicken breed is being used. Having better suited breeds the survival rate, the weight gains, the number of eggs, and the fertility of the chicken stock can be improved.
 - Because of the high risks associated with chicken rearing, most rural people do not regard chicken rearing as a

serious business. Consequently, chicken keepers do not invest in better chicken housing, improved breeds, vaccinations or drugs, and chicken feeds. This vicious cycle can be illustrated in the causal loop diagram below

4.2.3 Market Constraints

On the market side the main constraints are

- There is a mismatch between supply and demand which results in relatively high prices as mentioned above. The rising demand in urban centers has not been met by increasing production which has resulted in a rising price trend over the past six years. In addition, supply is sometimes not reliable that is a specific concern for hotels and institutions whose plans are based on regular supply.
- There is a lack of concern for health and animal welfare. The chicken transport from the rural areas to urban centers does often lack concern for the health of the chicken and about 5% of the chicken die while on transport.
- While there are adequate slaughtering and dressing facilities in some urban markets, similar facilities are lacking in regional markets which results in poor hygiene and sanitation.

- The local chickens are basically marketed as a commodity: packaging is poor, there is no branding and product diversification (i.e. selling SLC chicken wings or legs), and there is hardly any market segmentation.
- The trader's associations do not cooperate with each other to optimize the supply and bring down transaction costs, there is not even information sharing on supply opportunities. The lack of cooperation results in unreliable supply to urban markets.
- There is no umbrella organization that oversees the development of the sector, supports cooperation between different market actors and provides relevant information to various actors
- The low productivity causes low production volumes which, once the local rural demand in informal markets is satisfied, leave only small sales volumes for the formal markets. The low sales volumes and the high demand result in relatively high prices but only moderate sales which in turn cause low profits and investments.

4.2.3 Opportunities

- Consumers prefer local chickens because they “taste better” and are free from hormones. The toughness can be addressed by a longer preparation period. Moreover,

reduced time to reach slaughter weight results in younger and less tough local chickens.

- Chicken rearing requires relatively low investment in comparison to other livestock. Developing the chicken sector therefore benefits relatively poor households in the rural areas.
- There is relatively high number of women engaged in chicken production and to a lesser degree in chicken trading. It can therefore be expected that the development of the chicken sector will benefit and empower a large number of women.
- The chicken feed is locally available in abundance and at low cost. Even if chicken keepers provide feed in addition to what the local chickens find by themselves the costs are still quite low.
- In comparison to other livestock, chicken can be raised in a relatively short period which allows the households to better plan production.
- If productivity could be increased, it would create a win-win situation for chicken keepers and traders because the higher sales volumes will increase the total sales of traders even if the price would be lower than the current price. At the same time the higher production volume will increase

the income for chicken keepers even if the traders will pay a lower price than the current price

- General availability of drugs and vaccines is an opportunity to reduce substantially the mortality rate of chicken if drugs and vaccines distribution and administration can be improved

4.3.4 Promotion Plan

SK SUNNY AFRICA GROUP LIMITED plans to maintain an extensive technique that will ensure maximum visibility for the organization in its focused market.

Below is an overview of the marketing techniques and goals of the Company.

4.3.5 Promotion Objectives

- Establish connections with vets, Slaughter house, and chicken suppliers throughout the focus on audience.
- Implement a regional technique with the Business focused market via the use of flyers, regional newspaper ads, and testimonials advertising.

- Develop an online business by developing a website and placing the Business name and get in touch with details with online directories.

4.3.6 Promotion Strategies

SK SUNNY AFRICA GROUP LIMITED plans on using a variety of selling techniques that will allow the **SK SUNNY AFRICA GROUP LIMITED** chickens farm to easily focus on buyers within the focus on audience. These techniques consist of traditional print ads and ads placed on google on the Internet. Below is a information of how the organization plans to promote its solutions to the community. The company will also use an online technique. This is very important as many people looking for broilers and layers solutions, now the Internet to conduct their initial searches. The company will register the project with online portals so that prospective clients can easily reach the organization. The Company will also create its own website showcasing the service, its inventory of poultry, initial costs details, and get in touch with details. Finally, Management of **SK SUNNY AFRICA GROUP LIMITED** will create ongoing recommendation connections with vets that regularly

work with owners of farmers of poultry. As time advances, these recommendation connections will become an invaluable source of income for the organization.

4.3.7 Pricing

SK SUNNY AFRICA GROUP LIMITED intends to reduce the cost of broilers and eggs in Tanzania where the general price is considered to be as following

- Piece of broilers US\$ 2.5
- One egg **US\$0.20**

5.0 Future Perspectives

The poultry industry seems to have a bright future in Tanzania, as the Government in collaboration with stakeholders is supporting and strengthening technical support services and promoting use of appropriate technologies in poultry production. In addition, they support the establishment of quality breeding farms and hatchery facilities; poultry producers and trade associations are promoted and

6.0 Poultry Value Chain

The current value chain of the poultry sector indicates that the exotic breeds of chicken are marketed through agents and shops to household consumers, institutions, high profile and local hotels and restaurants. The exotic breeds are mainly sold in the urban centers.

On the other hand, the local chickens go through a long chain of village markets, middlemen, and regional markets until they reach the urban markets. Cost of transport, middlemen, and traders makes the local chicken relatively expensive in the urban market as mentioned above.

6.1 Poultry Value Chain

- Production
- Processing
- Wholesale
- Retailing
- Hotels and Restaurants
- consumers Institutions
- Open Village Markets
- Regional Market Traders

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- Urban Market Traders
- Urban Shops
- Agents
- Middlemen
- Local Transport
- Transport
- Extension Service etc.

While Commercial Producers of exotic breeds use various inputs, the producers of scavenging local chickens receive only very limited veterinary and extension services. The SLC producers do normally also not use hatching and animal feeds services like their commercial counterparts.

Commercial production of exotic breeds amounts to only about 5% of chicken population but to a much higher percentage of production and sales as exotic breeds are normally ready for sale after 7 to 10 weeks whereas SLC take up to one year before being sold.

The common means of transport from the village markets to the regional or urban markets is pickups or Lorries that either originate from within the regions or are on transit when returning to Dar es Salaam, Arusha, or other urban centers. Chicken are carried in local cages, known as

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“tengas” that have an average carrying capacity of 100 chickens per cage. Sometimes regional traders hire a seven tons’ truck to ferry chicken to urban centers but more often they collude with the drivers of trucks that return empty to the centers. Generally, transporters have not recognized the transportation of chicken as a business¹¹. Many chickens do not survive the transport and it is estimated that about 5% of them die.

7.0 Project Investment Cost

The estimated capital investment cost of the project is US \$ 2.5m

SK SUNNY AFRICA GROUP LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	350,000.00
Machinery & Equipment	500,000.00
Motor Vehicles	300,000.00
Furniture & Fixtures	10,000.00
Pre exp	15,000.00
Others	380,000.00
Working Capital	945,000.00
TOTAL	2,500,000.00

For the project to be a reality a total investment amounting to US \$2.5m is needed

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7.1 Financing Pattern

The project will be financed equity by loan 100%

7.2 Financial Analysis

6.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

7.2.1 Financial Statements:

7.2.1.1 Projected Sales Revenue

For projection purposes, it is assumed that the economic life of the project is eight years, and that production commence from the first year of operation.

	1	2	3	4	5	6	7	8
Revenue	750,000	825,000	907,500	998,250	1,098,075	1,207,883	1,328,671	1,461,538

7.2.1.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years period. The position

depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$207,900 in first year to US \$ 3,369,041 in the 8 years

7.2.1.3 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year1 US\$270,900 of operation to the 8th year US \$3,873,042

7.2.1.4 Projected Balance Sheet

This is shown in the financial statements. The project has a positive end of year cash flow from year1 owners' equity increases from US\$2.5m in the first year of operation to the 8th year US \$3,276,102.

7.2.1.5 projected Payback Period

The projected payback period is 6 years where the accumulated cash flow is US\$2,754,416. which is greater than the total initial investment by US \$ 254,416.

8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

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- The project will involve transfer of technology as far as poultry farm is concerned.
- The project will create employment for 160 people on permanent contract basis as well as on temporary bases.
- It will create more business opportunities to local famers.
- It will generate substantial revenue to the government in the form of corporate tax; value added tax and pay as you earn.

9.0 Implementation

Project implementation is expected to be relatively very short once project has been approved by relevant authorities: -

	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentive	August 2025
2.	Ordering of plant and machineries and Vehicles	October –July 2027
3.	Arrival of Plant, Machinery and Vehicles	August -October 2026
4.	Assembling and fixing machines	November-January 2026
5.	Testing machines	February 2027
6.	Commercial production	April 2027

10.0 Conclusion and Recommendation

10.1 Conclusion

The project is viable and profitable throughout the project period, after the foregoing economic and financial evaluation of the project; we strongly recommend that **SK SUNNY AFRICA GROUP LIMITED** project business plan be approved and accepted by relevant Government Authority. The new project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable

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FINANCILA PROJECTIONS

SK SUNNY AFRICA GROUP LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	350,000.00
Machinery & Equipment	500,000.00
Motor Vehicles	300,000.00
Furniture & Fixtures	10,000.00
Pre exp	15,000.00
Others	380,000.00
Working Capital	945,000.00
TOTAL	2,500,000.00

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SK SUNNY AFRICA GROUP LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	350,000	343,000	336,000	329,000	322,000	315,000	308,000	301,000
Machinery, Tools & Equipment	500,000	475,000	450,000	425,000	400,000	375,000	350,000	325,000
Motor Vehicles	300,000	270,000	240,000	210,000	180,000	150,000	120,000	90,000
Furniture & Fixtures	10,000	9,000	8,000	7,000	6,000	5,000	4,000	3,000
Total	1,160,000	1,097,000	1,034,000	971,000	908,000	845,000	782,000	719,000
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Machinery tools & Equipment	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Motor Vehicles	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

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SK SUNNY AFRICA GROUP LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6	7	8
Revenue	750,000	825,000	907,500	998,250	1,098,075	1,207,883	1,328,671	1,461,538
Cost of Sales	390,000	395,000	400,000	405,000	410,000	415,000	420,000	425,000
Profit before Depreciation & Interest	360,000	430,000	507,500	593,250	688,075	792,883	908,671	1,036,538
Interest	-	-	-	-	-	-	-	-
Depreciation	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Net Profit	297,000	367,000	444,500	530,250	625,075	729,883	845,671	973,538
Tax (30%)	89,100	110,100	133,350	159,075	187,523	218,965	253,701	292,061
Profit After Tax	207,900	256,900	311,150	371,175	437,553	510,918	591,970	681,476
Accumulated Profit	207,900	464,800	775,950	1,147,125	1,584,678	2,095,595	2,687,565	3,369,041

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SK SUNNY AFRICA GROUP LIMITED PROJECTED CASH FLOW US\$

	-	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	-	360,000	430,000	507,500	593,250	688,075	792,883	908,671	1,036,538
Loan	-	-	-	-	-	-			
Total Sources	-	360,000	430,000	507,500	593,250	688,075	792,883	908,671	1,036,538
Applications:									
Capital expenditure	1,160,000	-	-	-	-	-			
working Capital & Others	1,340,000	-	-	-	-	-			
Cash	-	270,900	319,900	374,150	434,175	500,552	573,918	654,970	744,477
Tax	-	89,100	110,100	133,350	159,075	187,523	218,965	253,701	292,061
Sub total	2,500,000	360,000	430,000	507,500	593,250	688,075	792,883	908,671	1,036,538
Total applications	2,500,000	360,000	430,000	507,500	593,250	688,075	792,883	908,671	1,036,538
Accumulated cash		270,900	590,800	964,950	1,399,125	1,899,677	2,473,595	3,128,565	3,873,042
Necessary working capital	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000

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SK SUNNY AFRICA GROUP LIMITED PROJECTED BALANCE SHEET US \$

	-	1	2	3	4	5	6	7	8
Fixed Assets	-								
Opening balance	-	1,160,000	1,097,000	1,034,000	971,000	908,000	845,000	782,000	719,000
Additions	-								
Total Long-term Assets	-	1,160,000	1,097,000	1,034,000	971,000	908,000	845,000	782,000	719,000
Less depreciation	-	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Closing balance	-	1,097,000	1,034,000	971,000	908,000	845,000	782,000	719,000	656,000
Working capital	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000
Accumulated cash	-	270,900	590,800	964,950	1,399,125	1,899,677	2,473,595	3,128,565	3,873,042
Total assets	1,340,000								
Financed by									
Loan	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Net profit	-	147,000	212,000	284,000	363,700	451,870	549,357	657,093	776,102
Total equity	2,500,000	2,647,000	2,712,000	2,784,000	2,863,700	2,951,870	3,049,357	3,157,093	3,276,102
Total equity and debts	2,500,000	2,647,000	2,712,000	2,784,000	2,863,700	2,951,870	3,049,357	3,157,093	3,276,102

SK Sunny Africa Group Limited

SK SUNNY AFRICA GROUP LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	207,900	63,000	270,900.00	270,900.00
2	256,900	63,000	319,900.00	590,800.00
3	371,175	63,000	434,175.00	1,024,975.00
4	437,553	63,000	500,553.00	1,525,528.00
5	510,918	63,000	573,918.00	2,099,446.00
6	591,970	63,000	654,970.00	2,754,416.00
7	681,476	63,000	744,476.00	3,498,892.00
8	780,284	63,000	843,284.00	4,342,176.00
9	889,323	63,000	952,323.00	5,294,499.00
<p>Initial Investment = USD 2,500,000</p> <p>From above table, payback period is calculated at year 6</p>				