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PROJECT PROFILE 2010/2011

PROJECT NAME

Schinkenmeister Meat Processing Plant

PROJECT DESCRIPTION

The Schinkenmeister Project aims to focus on the manufacturing and distribution of high quality, international standard, processed meat products such as ham, salami, bacon, etc.

LOCATION

Matlosana (Klerksdorp)-Treasure Route SDI S26° 52.2295', E026° 39.8679'

PROJECT RATIONALE

Manufacture and distribute processed meat products

PROJECT VALUE

The physical capital investment is likely to be in the region of 80,706,180,672.89 ZAR and the annual turnover has been projected at 1,183,426,373.196 ZAR

FUNDING REQUIREMENTS

The Pre-feasibility Study indicates that the Project is viable in all aspects; it is extremely profitable, giving an Internal Rate of Return (IRR) of some 35.9% and Return on Equity as 49.32%.

The Pre-feasibility Study was undertaken at a time when the Rand/Euro exchange rate was in the region of R7.50 to the Euro. All estimates relate to that rate. The current rate in the region of R11.00 to the Euro is expected to improve the returns. Based on a total capital investment in the region of 85 million Euros the Business has annual revenue in excess of 136 million Pounds.

The Pre-feasibility Study has highlighted that the Indicative results for the Business would be as follows:

Element Factor	ZAR
Abattoir Capacity in Pigs per day	998,673.93
Abattoir Capacity in Cattle per day	5,516.26
Capital Investment (Assumes 40 % Equity)	403,970,734.95
Annual Revenue (In year 5)	1,507,808,524.29
Direct and Indirect Operating Costs (In Year 5)	1,041,955,483.50
EU Duties in first year of production	42,333,616.86

Capital cost of the project, excluding Escalation	762,090,479.50
Loan required for the project (Including Insurances and Escalation)	457,220,035.24
Accrued Interest on Loans to End of Moratorium (1 year)	55,816,976.11
Annual Capital and Interest Repayment assuming 5 year loan	124,720,318.36
Annual Depreciation	80,081,624.819
Operators Internal rate of return (IRR)	35.9%
Net Profit After Interest and depreciation before Tax (year 5)	433,643,587.41
Net Profit before Tax as a % of Turnover	28.75
Return on equity	49.32%
Project actual gearing Debt	47%

4.7 The Funding

The promoters intend that the Project be funded on the basis of a 60% gearing, i.e. 40% equity and 60% loan funds. The Business intends to apply to funding agencies and interested parties for seed capital and investment incentives to assist in advancing the development of the business.

ROE & IRR PROJECTIONS

ROE 49.32%
IRR 35.9%

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