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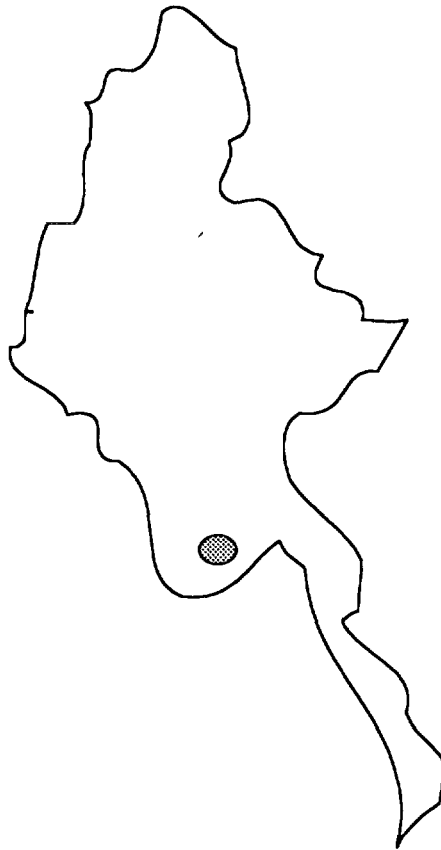
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Pre-investment study

Project : Dairy Plant

Yangon-Myanmar

Issued : May 1997



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Annecy 6/05/97

**Pre investment study into the commercial viability of processing and marketing
dairy products in Yangon, capital of Myanmar**

I have pleasure in presenting this report on the above proposal .

This document has been produced at the request of French and Burma Promoters with the assistance of the United Nations for Industrial Development Organisation (UNIDO).

The aim of this study is to investigate the possibility of establishing a dairy plant in Yangon for the local and regional market .

The collection of data in Myanmar has been made in February and April 96 .

The file is divided into five parts :

- ✓ The summary of the project
- ✓ The marketing study
- ✓ The technical study
- ✓ The financial appraisal
- ✓ The appendices

About the financial appraisal , as all data are computed , it is possible on a simple request to conduct different simulations of calculation ; therefore , for any further information , please contact the author of this study at the address mentioned hereafter .

As this report will not be the only base of investment decision making , it is up to each addressee to carry out all independent appraisal of the project in order to draw its own interest to participate to the financing; although every effort has been made to ensure the accuracy of this report, FPC will not be held reliable for any error or omission.

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EXECUTIVE SUMMARY

1- Name of the company : . Not decided yet

2- Location: Yangon , Myanmar

3- Ownership : Privately Joint Venture company held by foreigners and Burma company.

4- Project : Setting up a milk processing plant in Yangon, capital of Myanmar for the local and regional market

5- Capacity of the processing plant

a. Nominal capacity : production of 750,000 litres of yoghurts per year packed into 125 g. plastic cups, 750,000 litres of cultured milk per year packed into plastic pouches 100 ml and 9,000 litres of cream per year packed into plastic cups 125 gr..

b. Capacity utilisation

Year 1 : 50 % / Year 2 : 60 % / Year 3 : 70 % / Year 4 : 80% / Year 5
& next: 90 %

This capacity is corresponding to approximately 0.2% only of the availability of milk in Myanmar.

5- Project cost : (Change rate: 1 FF. = 30 Kyat)

I. Fixed assets :

TOTAL

	in Kyat	equivalent in FF
Building & land	52 200 000	1 740 000
Plant & machinery	140 600 000	4 686 667
Spare parts	6 700 000	223 333
Installation	17 700 000	590 000
Vehicles	25 200 000	840 000
Office mat.+small equip.	6 600 000	220 000
pre-operating expenses	24 100 000	803 333
Contingencies	12 100 000	403 333
TOTAL	285 200 000	9 506 667

II. Working capital

in Kyat	Equivalent in FF
12 900 000	430 000

III. Total project cost :

In Kyat	Equivalent in FF
298 100 000	9 936 667

6-Allotment of investment :

	in Kyat	Equivalent in FF	Percentage
Foreign currencies	200 600 000	6 686 667	67,29
Local currencies	97 500 000	3 250 000	32,71
TOTAL	298 100 000	9 936 667	100

7- Financing :

	Kyat	Equivalent in FF	Percentage
Equity*	150 000 000	5 000 000	50.3 %
Loan	148 100 000	4 936 667	49.7 %
TOTAL	298 100 000	9 936 667	100

* share holder contribution

Remark: in case the bank loan cannot be set up, the share holders' contribution will cover 100% of the project costs.

8- Financial indicators :

	In kyat	Equivalent in FF
Total sale revenue year 5	491 700 000	16 390 000
Net profit year 5	143 000 000	4 766 667
Break-Even point year 5	30% of nominal production	
Internal Rate of Return	45%	
Rate of return on equity	28.5%	
Pay-Back Period	3 years & 5 months	

9- Other benefits for Myanmar: this project will :

- ✓ Provide employment with 29 direct jobs created by the new company .
- ✓ Participate to the development of the agriculture sector by using fresh milk from the local farmers
- ✓ Improve the balance of payment of the country by reducing the importation of dairy products
- ✓ Generate positive economic benefits in terms of contributions to Gross Domestic Products (GDP); taxes paid by the company will add to government revenue .
- ✓ Improve the technical skill of the staff by transfer of know how and thank to an adapted training programme.
- ✓ Improve the technical skill of farmers by implementation of a milk quality programme.
- ✓ Supply high nutritious products for consumers , specially for children.

1.0 INTRODUCTION :

1.1 Origin and scope :

This report has been produced at the request of Henri Botta SA , a French enterprise and SETRACO , a Burma enterprise , with the assistance of the United Nations for Industrial Development Organisation (UNIDO) in Vienna .

The overall objective of the study is to collect and analyse the basic information for the setting up of a milk processing plant in Yangon. The study will lead to the final preparation of the business plan and assess the value of the technology transfer which has to be completed for the project.

1.2 The Promoters : at the date of completion of the present report, the following promoters have been identified :

- BOTTA & FILS SA : a French company dealing in civil works who aim to diversify its occupation in a new area.
- SETRACO : A Myanmar registered company who is dealing in export/import and assistance to foreign investors.
- HENRI CAVAROS : A dairy specialist with high experience in management of small and medium milk processing plant in developing countries. Expected to be the future factory manager of the plant.
- JEAN-LUC VOISIN : An international consultant, specialised in agro-food project and milk processing plants. Expected also to play a role in the management of the company.
- Other private investors or financial institutions are also interested in the project.

2.0. MARKET STUDY

2.1. General data about Myanmar

Myanmar has 45 millions inhabitants, covers 685,000 km² and has 3000 km of coastline.

Burma has always had a predominantly agriculture economy. On the eve of the Second World War, Burma was the number one exporter of rice in the world. Production capacity declined after the Second War due to the political choices of the governments.

In 1988, following the removal from power of General NE WIN by the SLORC, the new government introduced new policies based on liberalisation and a more open attitude to the outside world. As international relations are rebuilt, the reconstruction of the agricultural sector will be top priority.

The agricultural sector today represents 38% of the Gross National Products, 65% of jobs and 90% of the country's exports. The government is also encouraging foreign investment and technology in the production, processing, distribution and exportation of agricultural products.

Myanmar's economic situation, according to official Burmese figures and those of the principal international economical watchdogs (IMF, World Bank) is improving. G.D.P. grew by 9.2% in 1992/93, 6% in 1993/94 and 7.2% in 1994/95; projections for the year 1995/96 are around 7%.

This healthy rate of growth, coupled with a reduction in the rate of inflation, has been achieved by increasing agriculture production, by an increase in private sector involvement in all sectors of the economy, by a marked rise in foreign investment, and by a continuous growth in international trade.

These promising developments have, however, been limited by the overvaluation of the currency and the lack of international aid.

2.2. Analysis of Supply

2.2.1. Distribution networks and prices

In Yangon, in the field of dairy products and fruit juices there are three major distribution networks: the supermarkets, the small grocer's shops and café bars.

- Supermarkets** : As you can see in appendix 1, the supermarkets offer a relatively large range of dairy products, long life fruit juices and soft drinks. Most of the products are imported from Singapore, Thailand, Malaysia, New Zealand, Australia etc. as well as few products from France, Belgium and Holland.
Prices are quite high; for example, an imported cup of yoghurt sells at more than US \$1.6.
- Small grocer's shops** : These shops also sell a few dairy products, long- life fruit juices and soft drinks, at *prices 5 to 10% higher than the supermarkets*. Most of the small shops do not have refrigerated storage equipment.
 As there is no local production of dairy products in Yangon, at the moment there are no local products in the supermarkets or shops.
- Café bars** : In addition to the usual drinks (soft drink, juices), it is possible to find some home-made cultured milk sold into the small café-bars.

2.2.2. Milk local production :

Statistics show (Statistical Yearbook 1995) milk production in the country to be 1,445,000 litres per day for the whole country; this figure is confirmed by the following table :

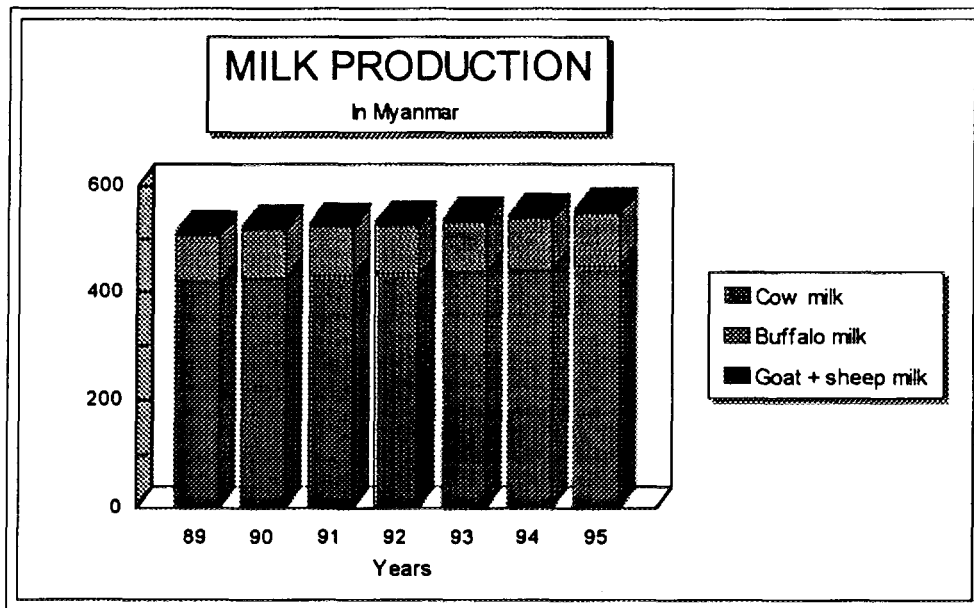


Table 1: Milk production in Myanmar

Source: Statistical Profile of Livestock Development in Asia-Pacific Region
FAO Bangkok 1996

In 1995 the livestock was composed of:

- Cattle : 9.8 millions
- Buffalo : 2.1 millions
- Sheep & goat : 1.5 millions

(source : Livestock Breeding and Veterinary Department)

There was not enough time during the study to do an exhaustive survey of all the milk producers in and around Yangon; however, according to the information which we obtained from local people, there are a great number of small producers in Yangon and the surrounding area. In one area that was studied, that of YAN KHINE, there are about 30 milk producers; on average each producer has about 10 milking cows and an average daily production of around 100 to 120 litres ; the daily production for this area only is therefore *at least 3,000 litres*

These producers are not organised into groups or co-operatives but sell their production themselves in the following way :

They each have their own customers, including individuals, markets and/or local bars. The milk is delivered , morning and evening , after each milking, being transported in churns either by bicycle or motorbike. Some producers keep a part of their morning or evening production for processing of cultured milk (sour milk), by a very homespun method, producing a product very variable in quality (very acid) and texture (often due to using watered down milk).

2.2.3. Prices for local milk:

At the market, the selling prices of the locally produced milk are as follows:

- ✓ Milk in sachets at 50 kyats for ½ litre (US\$ 0.32)and 25 kyats for ¼ litre (US\$ 0.16)
- ✓ Cultured milk at 140 kyats for ½ litre (US\$ 0.87) *Extrapolating this price to a 125 gr.. cup of yoghurt gives a price of about US\$ 0.22 (or FF1.20)*
- ✓ Condensed milk at 250 kyats for 1 Viss (1.6 kg) (or Kt 156.25/kg)

The cultured milks sold in the local bars in Yangon, are sometime made by the owners of the bars, also in a very homespun way. It is sold for consumption on the premises at the following prices:

- ✓ a glass of cultured milk mixed with water: 50 kyats (in some bars it is possible to find at 30 kyats, but, unsurprisingly, it is very acid and very watery)
- ✓ a glass of pure cultured milk : 60 kyats
- ✓ a glass of cultured milk with fruit: 70 kyats (80 if it is with strawberries, giving a price in French franc of 2.50)

It must be stressed, however, that even if the quality of the cultured milk in all the visited places was mediocre, each small bars, of which there are 30 or so in the town of Yangon, sells an average of 50 litres of cultured milk per day, *the equivalent of 12,000 cups of yoghurt per day.*

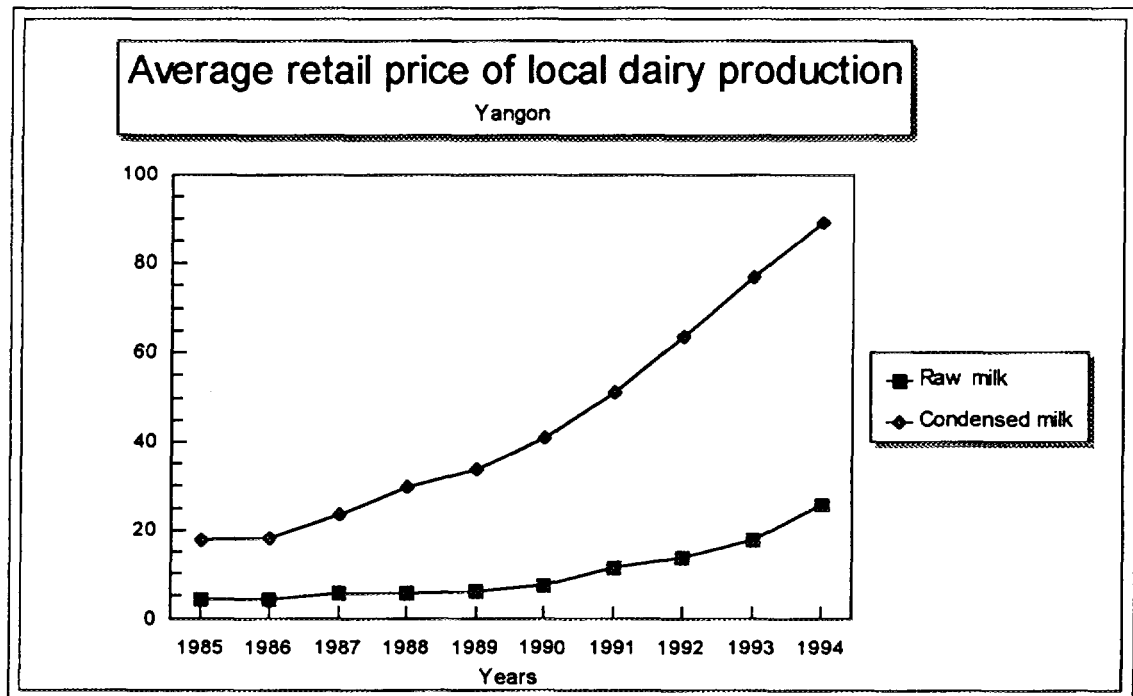


Table 2: Average retail price of local dairy production

Source: Statistical year book 1995 -Central Statistical Organisation Yangon

The average price of raw milk in 1994 was kt 40,76 per Viss (kt 25/kg) while in 1997 it's about kt 80 / Viss (kt 50/kg)

2.3. Analysis of Demand

According to the main players in the network (supermarket managers, importers) , the demand for dairy products and fruit juices is still very weak.

These are new products for Burmese consumers. Less than a year ago these products could not be found at all, or very rarely, here. There has been no effort to promote these products to potential customers (e.g. free tasting, advertising, etc.).

Consumer habits have not yet changes very much, with only rich Burmese people and expatriates regularly using the supermarkets and developing a taste for new products.

The monthly food budget of the Burmese middle and upper classes is about US \$500.

The less well-off only spend about US \$60 to \$90 per month and that is not enough to allow them to buy imported products at current prices.

The big hotels are also regular buyers of imported products and foreign tourists are now coming more and more to Myanmar.

2.4. Evaluation of imports:

Imports of dairy products are badly affecting the balance of payment of Myanmar as showed in the next table :

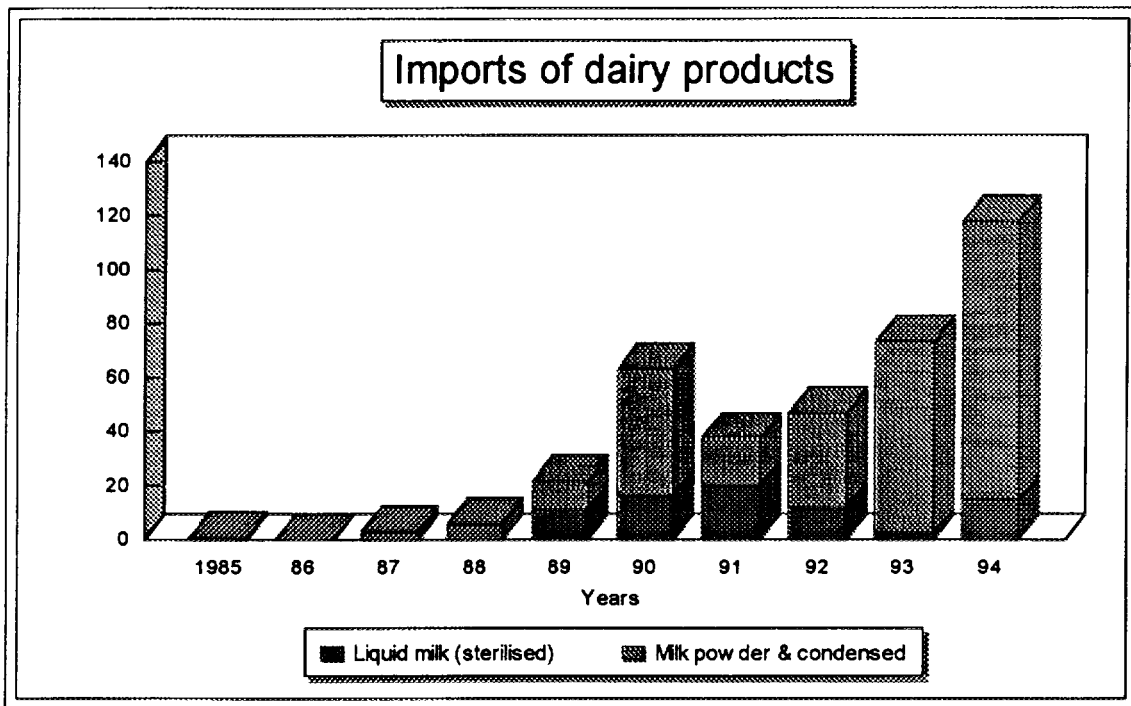


Table 3 : Imports value of dairy products

Source : Foreign Trade Statistic of Myanmar / Central Statistic Organisation Yangon 1995

In 1995, the same source shows that the following quantity of dairy products has been imported :

□ Powder milk	622,615 kg
□ Sweetened & condensed milk :	1,564,855 kg
□ Yoghurt, acidified milk, sterilised milk :	56,043 kg
□ Cheese	10,123 kg
□ Butter, ghee, cream	82,245 kg

2.5. Milk availability:

The theoretical availability of milk per capita is computed in the next table :

Dairy products	M Tonnes (1)	Liquid milk rate (kg)	equivalent milk (MT)
Condensed milk / imported (1)	1 565	3	4 695
Sterilised milk / imported (1)	75	1	75
Powder milk / imported (1)	604	10	6 040
Cream/ghee/butter / imported (1)	82	4	328
Cheese / imported (1)	10	4	40
Local production of rawmilk (2)	555 000	1	555 000
TOTAL			566 178
Myanmar's inhabitants			45 000 000
Equivalent kg of milk / capita			12.58

Table 4 - Determination of availability of milk in Myanmar

*Source : Foreign Trade Statistic of Myanmar / Central Statistic Organisation Yangon
1995*

This quantity of 12.58 kg/capita is confirmed by the table 5 hereafter:

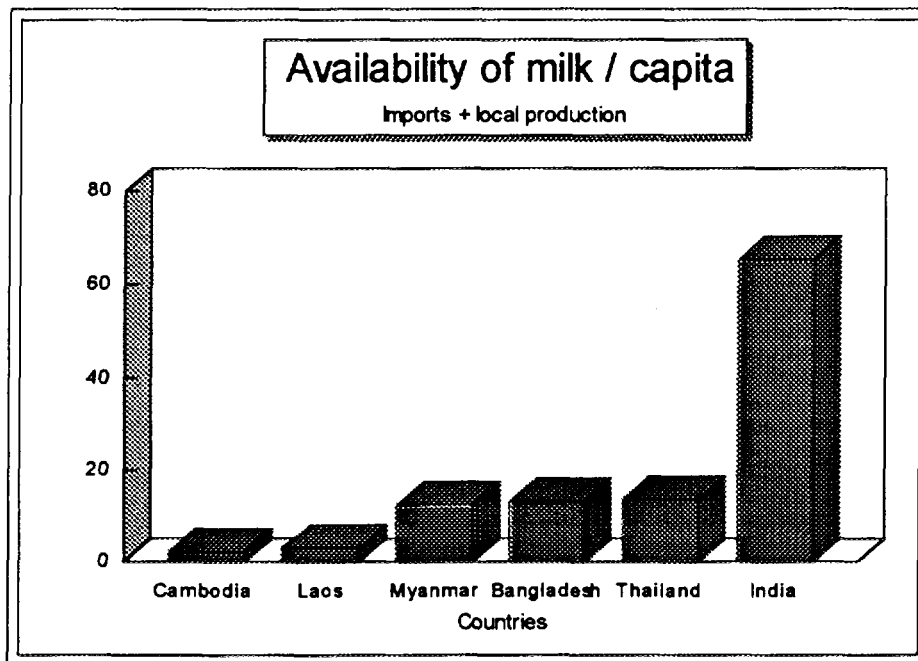


Table 5 : Availability of milk / capita in some Asiatic countries

*Source : Statistical Profile of Livestock Development in Asia-Pacific Region FAO
Bangkok 1996*

2.6 Quantitative Market Analysis- Proposals for Mixed Marketing.

2.6.1. Processed dairy products

Taking into account the population of Yangon (5,000,000) , buying power, consumer habits, which will inevitably evolve towards new products, the retail prices which could result from local production and the experience of similar countries in the sub-region (Thailand, Vietnam) the proposals which we can put forward are :

- ✓ *Sweetened natural yoghurt, flavoured yoghurt and fruit yoghurt in 125gr. plastic cups .*
- ✓ *Sweetened plain cultured milk in 100 gr.. plastic pouch*

Depending on the development of the distribution network and consumer demands, other products will be able to be produced (cream desert, ice cream, trifles. etc.)

2.6.2. Potential retail prices

- ✓ For plain yoghurt 125 gr.. 60-80 kyats
 - ✓ For flavoured yoghurt 125 gr. 70-90 kyats
 - ✓ For fruit yoghurt 125 gr. 80-100 kyats
 - ✓ For cultured milk 100 gr.. 20-30 kyats
- Into the financial study, the retail price (including a 20% margin for the retailer) has been the following:*
- ✓ *For flavoured yoghurt (125 g): 70 kyats*
 - ✓ *For cultured milk (100g): 30 kyats*
 - ✓ *For cream (125 g) 180 kyats*

2.6.3. Production capacity

Bearing in the mind the population of Yangon , the potential demand of the consumers and the best balance between the size of the plant and the project costs, the following daily quantities would seem reasonable:

- ✓ **For yoghurt cup 125 gr. : 20,000 units per day .** This figure was calculated in the following way : supposing that only 1% of the population, i.e. 50,000 people, eats one yoghurt every two days, gives a figure of 25,000 cups per day ; we have rounded down to 20,000 .
- ✓ **For cultured milk 100gr.:** This product would be aimed at consumers of more modest means, who shop in small grocer's shops, traditional markets, etc., but would provide potentially a much larger market. Despite that, our estimates of daily consumption has been based on the same premise as for yoghurt cups, giving a figure of 25,000 units per day.

This capacity of 20,000 cups and 25,000 pouches is what we call the «*nominal capacity*» or the ideal production which can be made by two shifts in a day working without stopping during 16 hours.

For our computation, we have considered that the highest production will be 90% only at the year 5; the production will grow up from 50% of the nominal capacity in year 1, then 60% year 2, 70% year 3 and 80% year 4. (see table 4)

2.6.4. Distribution:

Two types of distribution are considered :

- ✓ **For yoghurt cups**, which will be sold exclusively for consumers with the highest revenues in supermarkets, hotels, restaurants, etc. will be by temperature controlled vehicles. In the financial appraisal, we have foreseen two frigorific vans.
- ✓ **For cultured milk pouches**, distribution will be carried out, as in many similar countries, by rickshaw (vendors equipped with a bicycle and an insulated box for 50 litres of products). In the financial appraisal, we have foreseen to buy 100 bicycles with their «cool box».

2.6.5. Advertising-Promotion

Burma is very receptive to advertising. Many types of advertising will have to be budgeted for (gimmings, leaflets, posters, etc.) including television commercials, especially during the launch period.

As with the launch of all new products, the promotion of the products is of paramount importance. Consumer awareness will have to be raised, not only by advertising, but also by free tasting sessions and special offers in the supermarkets, harnessing the enthusiasm of the supermarket managers.

It must be remembered that, up to now, there has been no advertising or promotion of these products and this is one of the reasons for their current weak performance (together with the high cost of imports); the consumer, simply, don't know them!

3.0- Legal aspects

3.1. Legislation governing foreign investment:

With the objective of clarifying the legal position of foreign investments, and in the light of the liberalisation of its policies, the government of the SLORC has passed a law governing foreign investment in Myanmar (The Union of Myanmar Foreign Investment Law.)

3.2 Principal procedures:

The investment should promote one or more of the following activities:

- ✓ Promotion and development of national export
- ✓ Exploitation of natural resources where considerable financial resource are required.
- ✓ Acquisition of state of the art technology.
- ✓ Job creation
- ✓ regional development

The foreign investor can realise his investment within the following legal framework:

- ✓ **Private or Limited companies** that are 100% foreign owned.
A foreign entrepreneur has the right to create , in Myanmar, a private company, a limited company, are a subsidiary company of which the capital is entirely held by foreign investors. Nevertheless, private companies are very much in the minority in Myanmar, because they are subject to a less favourable tax system.
- ✓ **Joint-ventures (J.V.)** in the form of a partnership or limited company in conjunction with any Burmese company in the private, co-operative or public sectors (under the terms of a joint-venture, at least 35% of the capital must be retained by the foreign company). J.V. may also, depending on their exact nature, be governed by the Myanmar Partnership Company Act.
- ✓ A company created abroad can carry out its business in Myanmar through a subsidiary registered with the Company Registered Office.

3.3. Main administrative

- ✓ **Minimum investment capital** : Every company that is set up in Myanmar must have a minimum amount of investment capital, this amount depending on the type of business; for an industrial activity (such as a dairy plant) a sum, in foreign currency of 1 million kyats is requested (approx. FF. 35,000)
- ✓ **Procedure for the establishment of a foreign company:**
 - i. Obtaining a «Permit of Trade»; the application (Form A) must be made to the Ministry of National Planning & Economic Development on payment of a sum of US \$100. the form A must be accompanied by:
 - Official copy of the statute for the creation of the company
 - Names, addresses and nationalities of share holders.
 - List of provisional investments to be made by the company during the first year of trading.

- Official guarantee of the minimum investment capital.
 - In the case of a J.V., the written intent of the Management Committee to form a joint-venture in Myanmar and judicial and bank references and financial statements of the companies involved.
- ✓ **Procedure of registering a Company:** After obtaining the «Permit of Trade», a company can apply for registration with the Companies Registration Office. The following documents must accompany the application:
- Photocopy of «Permit of Trade»
 - 2 copies of the statute for the creation of the company, both documents translated into English and Burmese, and accompanied by a revenue stamp for 2000 kyats.
 - A sworn certificate signed by a lawyer or an accountant, affirming the translation of the originals are true and accurate.
 - Statement of the language of the text which would be used as a reference in the case of litigation.
 - Full address of the company office in Myanmar
 - List of founders and directors of the company (name, nationalities, addresses).
 - A receipt confirming payments of the registration charge.
 - Statements of the three principle objectives of the company.
 - Attestation that the company statute conforms to the requirements of the Myanmar Private Industry Law

4.0- TECHNICAL STUDY

4.1 Nominal capacity:

FINISHED PRODUCTS	Packing Volume	Article/day 2 shifts	article/year x1000	Litres/day	litre/year x1000	type packing
FLAVOURED YOGHURT	125 gr	20 000	6 000	2 500	750,00	Plast cup
CULTURED MILK	100ml	25 000	7 500	2 500	750,00	Pouch
FRESH CREAM	125 gr	240	72	30	9,00	Plastcup
TOTAL		45 240	13 572	5 030	1509,00	

Table 6 : nominal capacity

4.2. Technology:

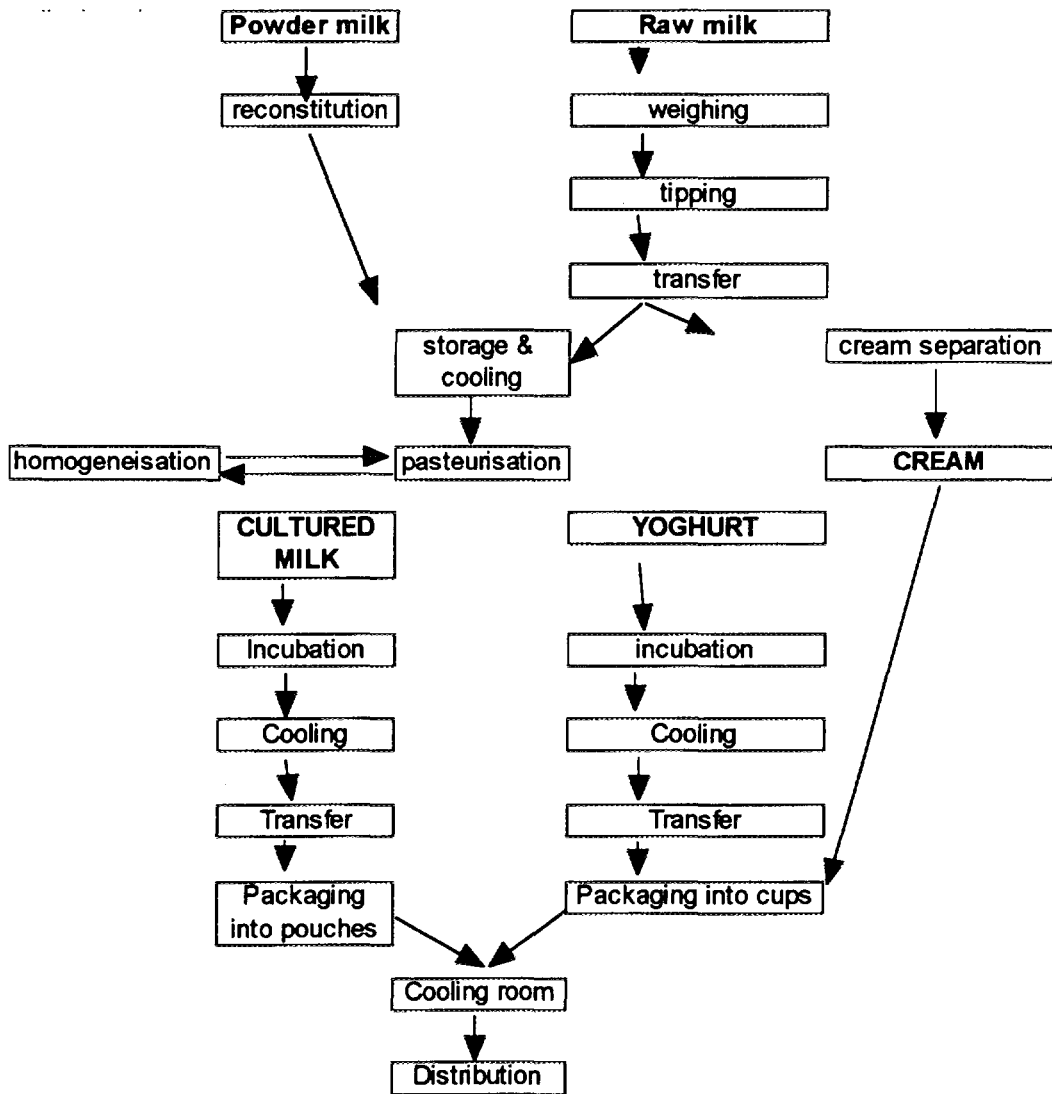


Table 7: process flow diagram

4.3. Equipment and machinery:

The complete list of equipment is given, with respective prices in table 10-3 of the financial study.

4.4. Raw material: hereafter is mentioned the raw material which is necessary for processing; their corresponding value is computed in table 5 of the financial study.

- a. **Raw milk:** (local supply); it is expected to collect 20% of the requirements the first year and increase the milk collection to be self-sufficient within less than 10 years. Raw milk will be bought to the farmers around Yangon.
- b. **Powder milk:** (imported);international standard ADMI ; spray powder milk will be used to replace the lack of raw milk during the first years of production; for technological reasons , a minimum of 5% of powder milk should be used into the yoghurt processing.
- c. **Sugar:** (local supply)
- d. **Polyethylene film:** (imported) for packaging of cultured milk; basic material into rolls of 20 kg each ; thickness of the film 70 to 90 microns.
- e. **Plastic cup (polystyrene or polypropylene) :** for yoghurt packaging (imported in a first step then produced locally by manufacturer of plastic items) Size: 100 to 250 ml
- f. **Aluminium lid:** (imported) for sealing on the plastic cups of yoghurt.
- g. **Starter culture:** (imported) for processing of yoghurt and cultured milk.
- h. **Flavour & colour:** (imported) liquid or powder to be used in a very small quantity into the finished products.

4.5. Procurement schedule:

Operations/month	1	2	3	4	5	6	7	8	9	10	11	12	n
J.V. creation	■												
Financing contribution	■												
Contract's enforcement		■											
Engineering study			■	■	■								
Machinery manufacturing				■	■	■	■						
Shipment of machines							■						
Custom's procedure								■					
Building renovation			■	■	■	■	■	■					
Assembling of equipment									■	■	■		
Performance test										■	■	■	
Training of staff											■	■	■
Production													■

Table 8 : procurement schedule

5.0- FINANCIAL APPRAISAL

5.1 Financial & operating assumptions:

- ✓ Financial analysis are carried out based on *constant French Franc & Kyat as at April 97* (with a change rate of 1FF = 30 kyat and 1US\$= 165 kyat.) for project investment costs, operational cost and revenues. Future inflation and/or price variations are not taken into account. The effects of inflation leading to variation in both cost and revenues is expected to be cancelled out by the rate of depreciation of the kyat against the foreign currency.
- ✓ *No replacement of plant and machinery* is provided for during the 10 years analysis period. Equipment and plant of this nature are known to be serviceable for several years if a routine maintenance regime is followed according to the manufacturer's specifications. Only small equipment's, office material and vehicles are partly renewed every 2 or 4 years.
- ✓ The nominal production is based on 2 working shifts per day (16 hours) and 300 days per year.
- ✓ No sale tax is added on dairy products manufactured inside the country.
- ✓ In order to consider the unreliability of the market, it is assumed that the expected sales revenues will be 50% of the nominal capacity of the plant for year 1, then 60% year 2, 70% year 3, 80% year 4 and 90% for the following years.
- ✓ It is planned to finance the project 50% by the share holders and 50% by a long term bank loan; if the bank loan cannot be set up, the share holders will bring their contribution to cover the whole investment costs.

5.2 Financial analysis : see the different tables here after.

Table 1

FINISHED PRODUCTS	NOMINAL PRODUCTION CAPACITY					
	Packing Volume	Article/day 2 shifts	article/year x1000	Litres/day	litre/year x1000	type packing
FLAVOURED YOGHURT	125 gr	20 000	6 000	2 500	750,00	Plast. cup
CULTURED MILK	100ml	25 000	7 500	2 500	750,00	Pouch
FRESH CREAM	125 gr	240	72	30	9,00	Plast.cup
TOTAL		45 240	13 572	5 030	1509,00	

1 year = 300 Production days

table 2

PRODUCTION & SALES

NOMINAL PRODUCTION	ART 1	ART 2	ART 3	ART 4	ART 5	ART 6	ART 7		Total	
	yoghurt	cultured milk			cream					
Allotment by article in % of number	44,21%	55,26%			0,53%				100,00%	% of packs.
Processed quYearity by article ('000)	6000,00	7500,00			72,00				13572,00	thousands packs
Ex factory price in Kt/unit*	58,00	25,00			150				546,30	Kt/unit of pack
Turnover by article (million Kt)	348,00	187,50			10,80	0,00	0,00		546,30	millions Kt
Sale tax 0%	0,00	0,00			0,00					
Retailer margin 20%	11,60	5,00			30,00					
Price to the consumer	70,00	30,00			180,00					
TURNOVER corresponding to the nominal production					13 572 thousands units				546,30	millions Kt
					1 509 Tonnes liquid milk equivalent				18,21	millions FF

* price retained for computation of the nominal turnover

table 3

DETERMINATION OF MILK CONSUMPTION IN MYANMAR

Dairy products	M Tonnes (1)	Liquid milk rate (kg)	equivalent milk (MT)
Condensed milk / imported (1)	1 565	3	4 695
Sterilised milk / imported (1)	75	1	75
Powder milk / imported (1)	604	10	6 040
Cream/ghee/butter / imported (1)	82	4	328
Cheese / imported (1)	10	4	40
Local production of raw milk (2)	555 000	1	555 000
TOTAL			566 178
Myanmar's inhabitants			45 000 000
Equivalent kg of milk / capita			12,58

Myanmar

table 4

ESTIMATED PRODUCTION & SALES

Growth annual rate	1,027	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Myanmar market for dairy products (in tonnes)		566 178	581 465	597 164	613 288	629 847	646 852	664 317	682 254	700 675	719 593
Obtained shares in %		0,13	0,16	0,18	0,20	0,22	0,21	0,20	0,20	0,19	0,19
Local sales (x 000 ltrs)		754,50	905,40	1056,30	1207,20	1358,10	1358,10	1358,10	1358,10	1358,10	1358,10
Regional market for dairy products (in tonnes)		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Obtained shares in %		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Regional sales in %		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Estimated sales in tonnes		754,50	905,40	1056,30	1207,20	1358,10	1358,10	1358,10	1358,10	1358,10	1358,10
Production in % of the nominal production (MT)		50,00	60,00	70,00	80,00	90,00	90,00	90,00	90,00	90,00	90,00
Sale income TURNOVER (million Kt)		273,15	327,78	382,41	437,04	491,67	491,67	491,67	491,67	491,67	491,67

table 5

RAW MATERIAL

Cost Kt by article	ART 1	ART 2	ART 3	ART 4	ART 5	ART 6	ART 7	ART 8	TOTAL	Origin	%
	yoghurt	cultured milk			cream				(1)	Imported	80,16%
Raw milk (local collection) 50 Kt/litre	-	2,50	-	-	-				18,75	Local	19,84%
Powder milk (imported) 2,2US\$/kg +0%duty	8,07	2,72	-	-	-				68,82	TOTAL	100,00%
Sugar (local) 80Kt / kg	1,00	0,80	-	-	-				12,00		
Flavour(imported) 15US\$/kg+25% duties	0,83	-	-	-	-				4,95		
Colour (imported) 30US\$/kg +25% duties	0,04	-	-	-	-				0,25		
Pack. cup+lid(imported)+25%duties	12,50	-	-	-	12,50				75,90		
Pack. PE film (imported) 20 FF/kg+25% duties	-	1,80	-	-	-				13,50		
	-	-	-	-	-				0,00		
Contingencies + losses (local) 5%	1,12	0,39	0,00	0,00	0,63	0,00			9,71		
Total	23,55	8,21	0,00	0,00	13,13	0,00	0,00	0,00	203,87		

Custom duties on imported goods : 25%

Cultured milk is supposed to be processed 50% with raw milk and 50% with powder milk.

(1) Total cost corresponding to the adopted nominal production table 2.

203,87 millions Kt

table 6

WAGES & SALARIES

VARIABLE EXPENSES	Nbre	gross wages	charges %	total/year
		Kt / month	2,00	million Kt
Operator	4	8 250	165	0,40
Labourer	8	4 950	99	0,48
Electromechanician	0	13 200	264	0,00
Chemist	1	29 700	594	0,36
Shift supervisor	2	18 150	363	0,44
Store keeper	1	8 250	165	0,10
Driver	2	8 250	165	0,20
Cleaner	2	4 950	99	0,12
			0	0,00
Sub-Total variable cost	20	95 700	1 914	2,12
FIXED COSTS				
Managing director	1	450 000	112 500	6,75
Head of production	1	66 000	16 500	0,99
Clerk	1	13 200	3 300	0,20
Secretary/accountant	1	16 500	4 125	0,25
Sales manager	1	49 500	12 375	0,74
Sales officer	2	16 500	4 125	0,50
Watchman	2	8 250	2 063	0,25
Technical Assistance		1 200 000		14,40
Sub-Total fixed costs	9	1 819 950	164 988	24,07
TOTAL PERSONNEL+ASSISTANCE	29	1 915 650	156 902	26,19

table 7

PRODUCTION EXPENSES & GENERAL FEES

VARIABLE EXPENSES	Nom.Prod.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Raw goods , packing , loss	203,9	101,9	122,3	142,7	163,1	183,5	183,5	183,5	183,5	183,5	183,5
MYearpower (related to production)	2,1	1,1	1,3	1,5	1,7	1,9	1,9	1,9	1,9	1,9	1,9
Personnel premium (to be deducted)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Overtime	0,0	0,0	0,0	0,1	0,2	0,3	0,3	0,3	0,3	0,3	0,3
Variable expenses (administr. & sales)	5,5	2,7	3,3	3,8	4,4	4,9	4,9	4,9	4,9	4,9	4,9
Energy-water*	0,7	0,4	0,4	0,5	0,6	0,6	0,6	0,6	0,6	0,6	0,6
Maintenance & spare parts	7,9	4,0	4,8	5,5	6,3	7,1	7,1	7,1	7,1	7,1	7,1
Distribution & transport (2% of turnover)	10,9	5,5	6,6	7,6	8,7	9,8	9,8	9,8	9,8	9,8	9,8
Total variable expenses		115,6	138,6	161,8	185,0	208,2	208,2	208,2	208,2	208,2	208,2
FIXED EXPENSES											
Personnel	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1
Personnel premium (to be deducted)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Sales promotion (3% of nominal turnover)	16,4	16,4	16,4	16,4	16,4	16,4	16,4	16,4	16,4	16,4	16,4
Administrative fees (2% of turnover)	10,9	10,9	10,9	10,9	10,9	10,9	10,9	10,9	10,9	10,9	10,9
Energy-water	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
MaintenYearce	0,8	0,8	0,8	0,8	0,8	0,8	0,8	0,8	0,8	0,8	0,8
Hire (factory building + MD's house)**	5,6	5,6	5,6	5,6	5,6	5,6	5,6	5,6	5,6	5,6	5,6
Taxes, insurance & sundry	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0
Total fixed expenses		59,9	59,9	59,9	59,9	59,9	59,9	59,9	59,9	59,9	59,9
TOTAL PRODUCTION COSTS		175,4	198,5	221,7	244,9	268,1	268,1	268,1	268,1	268,1	268,1

* hypothesis: 1 professional kWh = 5Kt / 1 cbm water = free of charge (borehole on the site)

** factory building: 10US\$/sqm/year * 1000msqm/ MD'house : 2000US\$/month

table 8

WORKING CAPITAL DETERMINATION

En millions de Kt.

Necessary imported goods for	4,00 month	Credit to customer	0,50 month
Necessary local goods for	1,0 month	Credit to supplier	0,00 month in Year 1
Other cost + expenses in account	1,00 month		1,00 month in Year 2
Finished goods stock at 0.8 x selling price	0,1 month		2,00 month from Year 3

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Imported goods stock	0,27	0,3	0,4	0,4	0,5	0,5	0,5	0,5	0,5	0,5	0,5
Local goods stock	0,02	0,020	0,024	0,027	0,030	0,030	0,030	0,030	0,030	0,030	0,030
End product stock x 0.8 of selling cost	0,00	1,8	2,2	2,5	2,9	3,3	3,3	3,3	3,3	3,3	3,3
Other costs + expenses in account	6,12	6,3	6,6	6,8	7,1	7,1	7,1	7,1	7,1	7,1	7,1
Finacial fees (in account)	4,50	4,5	3,6	2,7	1,8	0,9					
Credit to customer	2,00	11,4	13,7	15,9	18,2	20,5	20,5	20,5	20,5	20,5	20,5
Bank guarantee	0,00	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	0,00										
Total assets	12,9	24,4	26,4	28,5	30,5	32,2	31,3	31,3	31,3	31,3	31,3
Credit to supplier	0,0	0,0	10,2	23,8	27,2	30,6	30,6	30,6	30,6	30,6	30,6
Total liabilities	0,0	0,0	10,2	23,8	27,2	30,6	30,6	30,6	30,6	30,6	30,6
WORKING CAPITAL REQUIREMENTS	12,9	24,4	16,2	4,7	3,3	1,7	0,8	0,8	0,8	0,8	0,8

table 9

CAPITAL COSTS

Millions Kt

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Building (renovation)	52,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equipment (on site)	140,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Erection, commissioning & training	17,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Small equipment	3,0	0,0	0,0	1,0	0,0	1,0	0,0	1,0	0,0	0,0	1,0
Office material & furniture	3,6	0,0	0,0	0,0	0,9	0,0	0,0	0,0	0,9	0,0	0,0
Vehicles	25,2	0,0	5,0	0,0	5,0	0,0	5,0	0,0	5,0	0,0	5,0
Sub-Total	242,3	0,0	5,0	1,0	5,9	1,0	5,0	1,0	5,9	0,0	6,0
Spare parts	6,7										
Contingencies (5% of sub-total)	12,1										
Pre-operational costs	24,1										
Initial working capital	12,9										
Total	298,2	0,0	5,0	1,0	5,9	1,0	5,0	1,0	5,9	0,0	6,0

Myanmar

table 10-1 **BUILDING & EQUIPMENTS**

	Libellé	IMPORTATION	LOCAL
DAIRY	Land		Rent
	Land preparation		0 F
	Building-Rénovation 600sqm		1 650 000 F
	Special tiles for process room		90 000 F
	Plant machinery		
	reception & reconstitution	316 800 F	
	yoghurt processing	2 544 960 F	
	Utilities	1 248 000 F	
	Complementary equipment	368 000 F	
	<i>Sub-total</i>	<i>4 477 760 F</i>	<i>1 740 000 F</i>
TOTAL	BUILDING + PLANT	4 477 760 F	1 740 000 F
	Spare parts	223 888 F	
	Packing & shipment CIF Yangon	191 822 F	
	transport CIF Yangon to site		18 000 F
	Engineering, installation	380 000 F	100 000 F
	Commissioning & training	60 000 F	50 000 F

table 10-2

PRE-OPERATIONAL COSTS

Study	120 000 F	
Interim interest	134 333 F	3% of equipment
Promotion prior to the start up	50 000 F	
Juridical fees	500 000 F	
TOTAL	804 333 F	

Table 10-3

EQUIPMENT , MACHINERY & SERVICES

			Qty	PRICE FF
1 RAW MILK RECEPTION & RECONSTITUTION				
11	weighing scale	200 kg	1	
12	Tipping vat	500l	1	
13	Transfer pump	0,75ch	1	
14	cream separator		1	
15	Cooling storage tank	3000 l	1	
16	Tri-blender		1	
17	Reconstitution tanks	1000 l	2	
18	Double filter		1	
Sub Total				316 800 F
2-YOGHURT PROCESSING				
21	Pasteuriser	2000 l/hr	1	
22	Homogeneiser	2000 l/hr	1	
23	Incubation tanks	1000 l	4	
24	Positive pump	1000l/hr	2	
25	Pack.machine PE pouch	1500 p/hr	2	
26	Pack.machine cup	3000 cup/hr	2	
27	Starter culture incubator	200 l	1	
Sub-Total				2 544 960 F
3-UTILITIES &ANCILARIES				
31	Steam boiler	1000 kg/hr	1	
32	Air compressor	250Nm ³ /hr	1	
33	Chilled water plant		1	
34	CIP unit 3 compartiments		1	
35	Power generator 150 KVA		1	
36	Electrical equipment		1	
37	Connection piping		1	
Sub-Total				1 248 000 F
4- COMPLEMENTARY EQUIPMENT				
41	Laboratory equipment		1	
42	Plastic crates		3000	
43	hand-pallet		2	
44	Miscellaneous		1	
Sub-Total				368 000 F
TOTAL EQUIPMENT				4 477 760 F
5-SERVICES				
51	Enginering			200 000 F
52	FOB operation 6x20"			48 000 F
53	Shipment CFR Yangon			108 000 F
54	Insurance			35 822 F
55	Installation			180 000 F
56	Start up Training			60 000 F
Sub-Total				631 822 F
Spare parts				223 888 F

Myanmar

table 11

DEPRECIATION

millions Kt

	Period Years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Factory building	15	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5
Equipment & machinery (on site)	10	14,1	14,1	14,1	14,1	14,1	14,1	14,1	14,1	14,1	14,1
Installation, commissioning & contingencies	10	3,0	3,0	3,0	3,0	3,0	3,0	3,0	3,0	3,0	3,0
Small equipment	5	0,6	0,6	0,6	0,8	0,2	0,4	0,4	0,4	0,4	0,2
Office furniture & equipment	4	0,9	0,9	0,9	0,9	0,2	0,2	0,2	0,2	0,2	0,2
Transport & vehicles	3	8,4	8,4	10,1	10,1	3,3	3,3	3,3	3,3	3,3	3,3
Pre operational costs	3	8,0	8,0	8,0	8,0	8,0	0,0	0,0	0,0	0,0	0,0
Total depreciation		38,5	38,5	40,1	40,3	32,3	24,5	24,5	24,5	24,5	24,3

table 12

PROPOSED FINANCING PLAN

Source of the funds	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	%
Equity (share holders' contribution)	150,0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	50,0
Long term loan	148,2	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	49,7
Total	298,2	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	100,00

table 13

DEBT SERVICE

(millions Kt)

Loan repayment schedule		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Period (after grace period) / years	5										
Principal paid		0,0	14,8	29,6	29,6	29,6	29,6	14,8	0,0	0,0	0,0
Grace period / months	18										
Interest paid / rate in %	10,00	14,8	14,8	11,1	8,2	5,2	2,2	0,4	0,0	0,0	0,0
TOTAL INSTALMENT PAID		14,8	29,6	40,8	37,8	34,8	31,9	15,2	0,0	0,0	0,0

table 14

ALLOTMENT OF PROJECT COSTS

(millions Kt)

Items	Estimated cost		Total	
	Foreign	Local		
FIXED ASSETS				
Plant & machinery	140,1	0,5	140,6	
Installation , commissioning	13,2	4,5	17,7	
Small equipments	0,0	3,0	3,0	
Transport & vehicles		25,2	25,2	
Building & infrastructure		52,2	52,2	
Office furniture & equipment		3,6	3,6	
Sub-total	153,3	89,1	242,3	
Contingencies (5%)	7,7	4,5	12,1	
Spare parts	6,7		6,7	
TOTAL FIXED ASSETS	167,7	93,5	261,2	
VARIABLE INVESTMENT				
Pre operational costs	22,6	1,5	24,1	
Working capital	10,3	2,6	12,9	
TOTAL VARIABLE INVESTMENT	33,0	4,1	37,0	
TOTAL PROJECT COST	Million Kt	200,6	97,6	298,2
	Equiv. kF	6 688,19	3 252,54	9 940,72

table 15

PROJECTED PROFIT & LOSS STATMENTS

(millions Kt)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
% of nominal production	50%	60%	70%	80%	90%	90%	90%	90%	90%	90%
TURNOVER	273,2	327,8	382,4	437,0	491,7	491,7	491,7	491,7	491,7	491,7
OPERATING COSTS										
Raw material, pack. material & wastage	101,9	122,3	142,7	163,1	183,5	183,5	183,5	183,5	183,5	183,5
salaries & wages	1,1	1,3	1,5	1,7	1,9	1,9	1,9	1,9	1,9	1,9
Personnel premium (to be deducted)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Over time	0,0	0,0	0,1	0,2	0,3	0,3	0,3	0,3	0,3	0,3
Energy-water	0,4	0,4	0,5	0,6	0,6	0,6	0,6	0,6	0,6	0,6
Maintenance & spare parts	4,0	4,8	5,5	6,3	7,1	7,1	7,1	7,1	7,1	7,1
Depreciation	30,4	30,4	32,1	32,3	24,3	24,5	24,5	24,5	24,5	24,3
Total Operating Costs	137,8	159,2	182,5	204,2	217,8	218,0	218,0	218,0	218,0	217,8
Operational margin	135,4	168,6	200,0	232,8	273,9	273,7	273,7	273,7	273,7	273,9
INDIRECT & FIXED COSTS										
Salaries & wages	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1
Personnel Premium (to be deducted)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Marketing, advertising & promotion	16,4	16,4	16,4	16,4	16,4	16,4	16,4	16,4	16,4	16,4
Administration & sales expenses	13,7	14,2	14,8	15,3	15,8	15,8	15,8	15,8	15,8	15,8
Energy-water	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Maintenance	0,8	0,8	0,8	0,8	0,8	0,8	0,8	0,8	0,8	0,8
Rent	5,6	5,6	5,6	5,6	5,6	5,6	5,6	5,6	5,6	5,6
Taxes, insurances & sundry expenses	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0
Distributions & transport fees	5,5	6,6	7,6	8,7	9,8	9,8	9,8	9,8	9,8	9,8
Depreciation	8,0	8,0	8,0	8,0	8,0	0,0	0,0	0,0	0,0	0,0
Total Indirect & fixed costs	76,1	77,7	79,4	81,0	82,7	74,6	74,6	74,6	74,6	74,6
Total Operating costs & indirect /fixed costs	213,8	237,0	261,8	285,2	300,4	292,6	292,6	292,6	292,6	292,4
Operating margin before financial fees	59,3	90,8	120,6	151,8	191,2	199,1	199,1	199,1	199,1	199,3
Financial fees	14,8	14,8	11,1	8,2	5,2	2,2	0,4	0,0	0,0	0,0
PROFIT/(LOSS) BEFORE TAXATION	44,5	76,0	109,5	143,7	186,1	196,9	198,7	199,1	199,1	199,3
Corporate Tax (tax holiday 3 years) %	30,00	0,0	0,0	0,0	32,8	43,1	55,8	59,1	59,6	59,7
PROFIT/(LOSS)AFTER TAXATION	44,5	76,0	109,5	110,8	143,0	141,0	139,7	139,5	139,4	139,6
Dividends in % of the results	0,0	0,0	30,0	60,0	60,0	70,0	80,0	100,0	100,0	100,0
Dividends (amount 'millions Kt)	0,0	0,0	32,8	66,5	85,8	98,7	111,7	139,5	139,4	139,6

table 16

PROJECTED BALANCE SHEETS

(million Kt)

ASSETS	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CURRENT ASSETS											
Cash account	12,6	82,3	184,5	314,3	430,6	519,8	577,6	630,5	677,3	701,8	720,3
Customers	0,0	11,4	13,7	15,9	18,2	20,5	20,5	20,5	20,5	20,5	20,5
Imported goods stock	0,3	0,3	0,4	0,4	0,5	0,5	0,5	0,5	0,5	0,5	0,5
Local goods stock	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Finished product stock	0,0	1,8	2,2	2,5	2,9	3,3	3,3	3,3	3,3	3,3	3,3
Spare parts stoc	6,7	6,7	6,7	6,7	6,7	6,7	6,7	6,7	6,7	6,7	6,7
VAT not returnable in the year	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Sub total	19,6	102,6	207,4	340,0	459,0	550,8	608,6	661,5	708,3	732,8	751,3
FIXED ASSETS											
Fixed assets	254,5	254,5	259,5	260,5	266,4	267,4	272,4	273,4	279,3	279,3	285,3
less accumulated depreciation	0,0	30,4	60,9	93,0	125,3	149,5	174,0	198,5	223,0	247,5	271,8
Net Fixed assets	254,5	224,0	198,6	167,5	141,1	117,8	98,3	74,9	56,3	31,8	13,5
Variable assets	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1	24,1
less accumulated variable assets	0,0	8,0	16,1	24,1	32,2	40,2	40,2	40,2	40,2	40,2	40,2
Net variable assets	24,1	16,1	8,0	0,0	-8,0	-16,1	-16,1	-16,1	-16,1	-16,1	-16,1
Sub total	278,6	240,1	206,6	167,5	133,1	101,7	82,3	58,8	40,2	15,7	-2,6
Bank Guarantees	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL ASSETS	298,2	342,7	414,1	607,5	692,1	662,5	690,9	720,2	748,5	748,5	748,7
LIABILITIES											
SHORT TERM LIABILITIES											
Suppliers	0,0	0,0	10,2	23,8	27,2	30,6	30,6	30,6	30,6	30,6	30,6
Dividends payable	0,0	0,0	0,0	32,8	66,5	85,8	98,7	111,7	139,5	139,4	139,6
Taxation payable	0,0	0,0	0,0	0,0	32,8	43,1	55,8	59,1	59,6	59,7	59,7
Long term loYear	0,0	14,8	29,6	29,6	29,6	29,6	14,8	0,0	0,0	0,0	0,0
Sub total	0,0	14,8	39,8	86,3	156,2	189,1	200,0	201,4	229,7	229,7	229,9
LONG TERM LIABILITIES											
Bank loan	148,2	148,2	133,4	103,8	74,1	44,5	14,8	0,0	0,0	0,0	0,0
less short term liabilities	0,0	14,8	29,6	29,6	29,6	29,6	14,8	0,0	0,0	0,0	0,0
Sub- total	148,2	133,4	103,8	74,1	44,5	14,8	-0,0	0,0	0,0	0,0	0,0
SHARE HOLDERS' FUNDS											
Share capital	150,0	150,0	150,0	150,0	150,0	150,0	150,0	150,0	150,0	150,0	150,0
Capital Reserve	0,0	2,2	6,0	11,5	15,0	15,0	15,0	15,0	15,0	15,0	15,0
Retained Earnings	0,0	42,3	114,5	185,6	226,4	283,6	325,9	353,9	353,9	353,9	353,9
Sub-Total	150,0	194,5	270,5	347,1	391,4	448,6	490,9	518,9	518,9	518,9	518,9
TOTAL LIABILITIES	298,2	342,7	414,1	607,5	692,1	662,5	690,9	720,2	748,5	748,5	748,7

table 17

ANTICIPATED EMPLOYMENT & RESSOURCES (millions Kt)

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
RESSOURCES											
Net profit after taxation	0,0	44,5	76,0	109,5	110,8	143,0	141,0	139,7	139,5	139,4	139,6
share holders 'funds	150,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Long term liabilities	148,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Depreciation	0,0	38,5	38,5	40,1	40,3	32,3	24,5	24,5	24,5	24,5	24,3
Total Ressources	298,2	83,0	114,5	149,6	151,2	175,3	165,5	164,1	164,0	163,8	163,8
EMPLOYMENTS											
Project costs + renewal	285,3	0,0	5,0	1,0	5,9	1,0	5,0	1,0	5,9	0,0	6,0
Repayment of the loYears	0,0	0,0	14,8	29,6	29,6	29,6	29,6	14,8	0,0	0,0	0,0
Dividends	0,0	0,0	0,0	0,0	32,8	66,5	85,8	98,7	111,7	139,5	139,4
BYeark overdraft	0,0										
Increase of working capital	0,3	13,3	-7,5	-10,9	-33,5	-11,0	-12,7	-3,2	-0,6	-0,1	0,0
Cash account increase	12,6	69,7	102,2	129,9	116,3	89,2	57,8	52,8	46,9	24,5	18,5
Total employments	298,2	83,0	114,5	149,6	151,2	175,3	165,5	164,1	164,0	163,8	163,8

table 18

INTERNAL RATE OF RETURN (IRR)

(millions Kt)

Computed without residual value

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Project costs	-298,2	0,0	-5,0	-1,0	-5,9	-1,0	-5,0	-1,0	-5,9	0,0	-6,0
Increase of working capital	0,0	-13,3	7,5	10,9	33,5	11,0	12,7	3,2	0,6	0,1	0,0
Net Profit / (Loss)	0,0	44,5	76,0	109,5	110,8	143,0	141,0	139,7	139,5	139,4	139,6
Depreciation	0,0	38,5	38,5	40,1	40,3	32,3	24,5	24,5	24,5	24,5	24,3
Financial fees	0,0	14,8	14,8	11,1	8,2	5,2	2,2	0,4	0,0	0,0	0,0
TOTAL CASH FLOW	-298,2	84,6	131,8	170,6	186,9	190,5	175,5	166,8	158,6	164,0	157,8

IRR= 44,96% Computed without residual value

Calculation with residual value = current assets-short terms liabilities

Cash flow becomes :	-298,2	84,5	131,8	170,6	186,9	190,5	175,5	166,8	158,6	164,0	679,3
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IRR= 46,62% Computed with residual value

RATE OF RETURN ON INVESTMENT

Equity capital	-150,00										
Dividends		0,00	0,00	0,00	32,84	66,49	85,77	98,73	111,72	139,47	139,36
residual value											521,44
Total Cash Flow	-150,00	0,00	0,00	0,00	32,84	66,49	85,77	98,73	111,72	139,47	660,80

ROI = 28,57%

Myanmar

table 19

	RATIOS										
Debt service coverage		6,60	4,36	3,94	4,21	5,18	5,26	10,83	-	average :	5,77
Break Even Point in %		35,89	35,89	35,26	34,40	30,92	27,49	26,90	26,78	26,78	26,72
Break Even Point in '000 articles		4 871,22	4 871,22	4 785,75	4 668,37	4 196,49	3 730,71	3 650,86	3 634,89	3 634,89	3 626,27
Cash flow in millions Kt		82,95	114,48	149,61	151,15	175,28	165,53	164,14	163,95	163,84	163,84
Break Even Point in articles/day		19 484,90	19 484,90	19 143,01	18 673,50	16 785,95	14 922,84	14 603,44	14 539,56	14 539,56	14 505,09
Break Even Point in millions Kt/year		1,92	1,92	1,89	1,84	1,66	1,47	1,44	1,43	1,43	1,43

table 20

SUMMARY OF FINANCIAL PROJECTIONS (millions Kt)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
WORKING & FINANCE ACCOUNT							
Turnover (millions Kt)	273,2	327,8	382,4	437,0	491,7	491,7	491,7
Net Profit (millions Kt)	44,5	76,0	109,5	110,8	143,0	141,0	139,7
Operational Cash flow (millions Kt)	83,0	114,5	149,6	151,2	175,3	165,5	164,1
Loan repayment	0,0	14,8	29,6	29,6	29,6	29,6	14,8
BALANCE SHEETS							
Current assets	102,6	207,4	340,0	459,0	550,8	608,6	661,5
Total Assets	342,7	414,1	507,5	592,1	652,5	690,9	720,2
Short Term Liabilities	14,8	39,8	86,3	156,2	189,1	200,0	201,4
Long Term Liabilities	133,4	103,8	74,1	44,5	14,8	-0,0	0,0
Shareholders' Funds	194,5	270,5	347,1	391,4	448,6	490,9	518,9
RATIOS							
Net Profit / Turnover in %	16	23	29	25	29	29	28
Current Assets / Short Trem Liabilities	6,92	5,21	3,94	2,94	2,91	3,04	3,28
Debt Service Coverage	6,60	4,36	3,94	4,21	5,18	5,26	10,83
Debt / Liabilities %	43	35	32	34	31	29	28
Share Holders Funds/Liabilities %	57	65	68	66	69	71	72

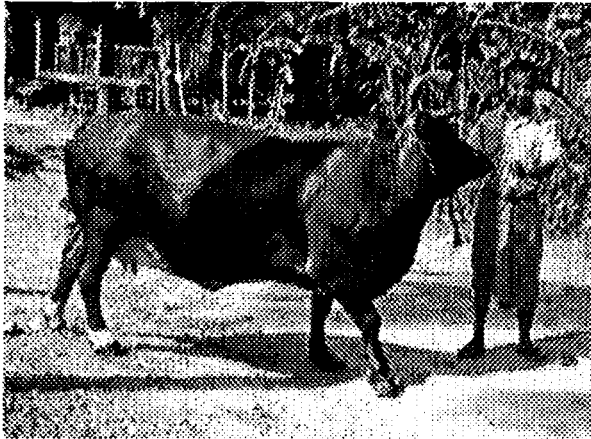
APPENDICES

LIST OF DAIRY PRODUCTS , JUICES & DRINKS FOUND IN YANGON (Feb. 1997)

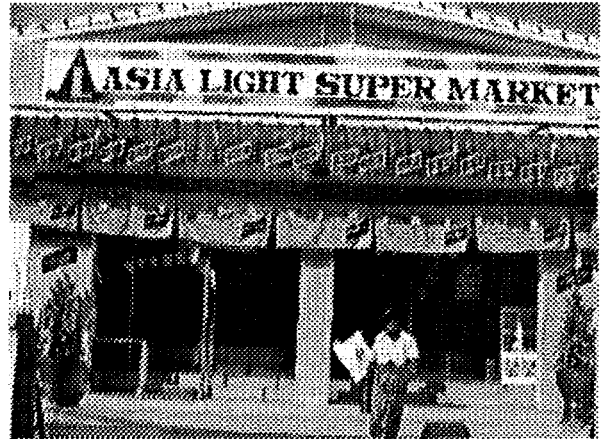
Product	Brand name / Origin	Volume	Price in Kyat	Price in US\$
Milk U.H.T. Longlife brick	PAULS - Australia	1 Litre	225,00	1,40
Milk U.H.T. Skimmed	TRIM PARTLY PAULS - Australia	1 Litre	240,00	1,50
Milk U.H.T. brick	PAULS - Australia	1 Litre	230,00	1,44
Milk U.H.T. brick	TWIN VALEY - Australia	1 Litre	205 to 225 accord. to shops	1,28 à 1,4
Milk U.H.T. bottle plast.	DUTCH LADY - Made in Holland Imported Malaisia	1 Litre	344,00	2,15
Milk U.H.T. brick	DUTCH LADY - Made in Holland Imported Malaisia	1 Litre	216,00	1,35
Milk U.H.T. brick	KANNY - Holland	1 Litre	224,00	1,40
Milk U.H.T. brick	TWIN COWS - Australia	1 Litre	320,00	2,00
Milk U.H.T. brick	COWHEAD - N. ZEALAND	1 Litre	185 à 195 selon les magasins	1,16 à 1,2
Milk U.H.T. brick	DUTCH LADY Imported de Holland	1 Litre	310	1,94
Milk flavoured U.H.T. bottle	DUTCH LADY Imported de Holland	1/2 Litre	de 198 à 240 selon les magasins	de 1,24 à 1
Milk flavoured U.H.T. bottle	DUTCH LADY Imported Malaisia	1 Litre	256,00	1,60
Milk flavoured U.H.T. bottle	DUTCH LADY Imported de Holland	200 ML	102,00	0,65
Milk flavoured U.H.T. brick	DUTCH LADY Imported de Malaisia	250 ML	70,00	0,44
Milk flavoured U.H.T. brick	DUTCH LADY Imported de Malaisia	1 Litre	219,00	1,37
Milk flavoured U.H.T.	BONLAC - Australia	250 ML	72,00	0,45
Milk flavoured brick	COWHEAD - Australia	1 Litre	185,00	1,15
Milk sweetened condensed	HOSEN - SINGAPORE	Tin 397 gr	105,00	0,65
Milk sweetened condensed	DUTCH LADY Made in Holland Imported Malaisia	Tin 397 gr	150,00	0,94
Milk sweetened condensed	DAWN - Malaisia	Tin 410 gr	135,00	0,85

Milk sweetened condensed	FRISIAN FLAG - Holland	Tin 410 gr	170,00	1,06
Milk sweetened condensed	NESTLE MILKMAID - Singapor	Tin 388 gr	272,00	1,70
Milk sweetened condensed	NESTLE - Imported Indonesia	Tin 397 gr	150,00	0,94
Milk evaporated	DAWN - Imported de Singapore	Tin 397 gr	92,00	0,57
Milk evaporated	KRIMER MANIS	Tin 390 gr	85,00	0,53
Milk condensed	HOSEN - Imported de Malaysia	Tin 410 gr	90,00	0,56
Powder milk	NESTLE NESPRA	Tin 500 gr	1020,00	6,37
Powder milk	NESTLE NESPRAY	Tin 2 kg	3165,00	19,78
Powder milk	NESTLE EVERY DAY	Tin 500 gr	720,00	4,50
Powder milk	KERRY GOLD - Australia	Tin 900 gr	840,00	5,25
Powder milk	NESTLE CERELAC	Tin 250 gr	432,00	2,70
Cream liquid U.H.T.	PRESIDENT - France	1 Litre	985,00	6,15
Cream 45 % U.H.T.	BULLA - Australia	200 ML	360,00	2,25
Cream	THICKENED CREAM - Australia	250 ML	300,00	1,87
Stirred sweetened Yoghurt	BULLA - Australia	Cup 200 gr	260 à 290 s according to shops	1,6 à 1,8
Stirred fruit Yoghurt	BULLA - Australia	Cup 150 gr	192,00	1,20
Stirred fruit Yoghurt	DUTCH LADY - Produit par Dutch Baby milk industries - Distribué par Malaysia Oleh	Cup 150 gr	260,00	1,62
Drinking Yoghurt	BULLA - Australia	200 gr	255,00	1,59
Set type fruit yoghurt	NESTLE CHAMBOURCY - France	les 4 pots de 125 gr	976,00	6,10
Set type plain yoghurt	NESTLE CHAMBOURCY - France	les 4 pots de 125 gr	832,00	5,20
Set type fruit yoghurt	SAURA LEE FROZEN - Australia	500 ML	795,00	4,96
Cream dessert	Danette - France	les 4 pots de 125 gr	1184,00	7,40
Butter	ANCHOR - Australia	250 gr	290,00	1,81
Butter (salted)	LURPAK - Danmark	250 gr	345,00	2,15
Butter	DEW FRESCH - Australia	250 gr	225,00	1,40
Camembert	Origin - Australia	Portions de 110 à 130 grs	575,00	3,59
Camembert	Origin - France	Tin alu de 125 gr	760,00	4,75
Emmental	Origin - Australia	kg	2950,00	18,43
Feta	Origin - Australia	375 gr	1175,00	7,34

Glace (eau - sucre - arômes)	TORPEDO - Imported from Malaysia	Cup 180 ML	45,00	0,28
Apple Juice U.H.T. brick	RAUCH - Origin Australia	1 Litre	260,00	1,62
Orange Juice U.H.T. brick	CERES	1 Litre	360,00	2,00
Apple Juice U.H.T. brick	CERES	1 Litre	360,00	2,00
Grape Juice U.H.T. brick	CERES	1 Litre	360,00	2,00
Orange nectar U.H.T.	MOLINERA - Spain	1 Litre	256,00	1,60
Grape Juice U.H.T. brick	MOLINERA - Spain	1 Litre	288,00	1,80
Capri-Sunne Juice doypack (orange-citron)	Origin Indonesia	200 ML	80,00	0,50
Orange Juice	LIGO - Made in U.S.A.	Tin de 250 ML	95,00	0,59
Orange Juice U.H.T. brick	ORCHARD FRESCH Australia	1 Litre	260,00	1,62
Apple Juice	LIGO - Made in U.S.A.	Bottle 250 ML	165,00	1,03
Orange drink	Bell Orange Drink	Tin 250 ML	70	0,43
SOFT DRINK (orange, 7UP, Stim cola, etc.....)	Imported from Singapore, & Thaïlande,	Tin 330 ML	entre 60 et 70	0,37 - 0,4
Pineapple pieces + juice	ARDMONA - Australia	Tin 567 gr	160,00	1,00
Peach pieces + juice	ARDMONA - Australia	Tin 825 gr	320,00	2,00
Cocktail of fruits	ARDMONA - Australia	Tin 825 gr	320,00	2,00
Lemon Juice U.H.T. brick	ALISOI - Spain	1 Litre	300,00	1,87
Apple juice (25%) U.H.T. brick	MALEE - Thaïlande	250 ML	50,00	0,31



Farmer with a local cow producing
15 litres of milk per day



Supermarket



Imported dairy products



New way of consumption

PROJAGRO Ingénierie

Conseils, Etudes et Réalisations en Industries Alimentaires

MYANMAR

Lyon le 2 Avril 1997

Référence : 970402

INVOICE PRO-FORMA

QUOTATION FOR THE SUPPLY OF EQUIPMENTS AND SERVICES NECESSARY FOR A TURNKEY DAIRY PLANT

1) RAW MILK RECEPTION & RECONSTITUTION

11 - WEIGHING SCALE	200 kg	1
12 - TIPPING VAT	500 l.	1
13 - TRANSFER PUMP	0,75 ch	1
14 - CREAM SEPARATOR		1
15 - COOLING STORAGE TANK 3000 l.		1
16 - TRI-BLENDER		1
17 - RECONSTITUTION TANK 1000 l.		2
18 - DOUBLE FILTER		1

Sub Total **EXW FRF 320 000**

2) YOGHURT PROCESSING

21 - PASTEURISER	2000 l/h	1
22 - HOMOGENEISER	2000 l/h	1
23 - INCUBATION TANKS	1000 l.	4
24 - POSITIVE PUMP	1000 l/h	2
25 - Pack. machine PE pouch	1500 p/hr	2
26 - Pack machine cup	3000 cup/hr	2
27 - STARTER culture incubator	200 l.	1

Sub Total **EXW FRF 2 550 000**

Siège Social : FACE AU N°2 QUAI RAMBAUD - 69002 LYON - FRANCE
TEL (33.4).72.41.75.90 ou (33.4).72.54.85.51 - FAX (33.4).78.37.54.79

RCS LYON 402 217 244 - Code APE 742 C- N° INTRACOMMUN. FR 68 402 217 244

3) UTILITIES & ANCILARIES

31 - STEAM BOILER	1000 kg/hr	1
32 - AIR COMPRESSOR	250 Nm3/hr	1
33 - CHILLED WATER PLANT		1
34 - CIP UNIT 3 compartments		1
35 - SPARE PARTS		1
36 - ELECTRICAL EQUIPMENT		1
37 - CONNECTION PIPING		1

Sub Total **EXW FRF 1 460 000**

TOTAL EQUIPMENT EXW **FRF 4 330 000**

4) SERVICES

- 10 - Engineering and soft ware services
- 11 - Installation
- 12 - Start up training

TOTAL SERVICES **FRF 450 000**

SELLING CONDITIONS

GUARANTEE : All equipments are brand new, guarantee 1 year ; all parts in contact with milk are made of stainless steel AISI 304.

DELIVERY TIME : 5 months to EXW

VALIDITY OF THE OFFER : 30/09/97

PAYMENT TERMS

- * 30% dawn payment at the order
- * 70% by L/C irrevocable & confirmed by a first order international bank, to be paid automatically at shipment against presentation of the required documents.

BANK

CREDIT AGRICOLE CENTRE EST

1, rue Pierre de Truchis de Lays
69410 Champagne au Mt d'Or
(France)

Domiciliation:	ANSE
Banque:	17806
Guichet:	00626
N° Compte:	441.355.90.000
Clé:	30