

“EVIIN HUCH” CO., LTD

1999-2003 BUSINESS PLAN

BEST OPPORTUNITY FOR PRODUCTION
EXPANSION

1999-2003 BUSINESS PLAN PROPOSAL

BEST OPPORTUNITY FOR PRODUCTION EXPANSION

INTRODUCTION

The present business plan has been modified after the slaughter plant of "Eviin Huch" company had been selected as a model enterprise under the technical assistance project by Japanese Government for the development of the Mongolian processing entities. The recommendation by the Japanese experts during the visit to the plant are taken into consideration.

The company is in position to match the requirements of TA project: export oriented, local raw material processing, modern equipment and trained workforce. The business plan covers 5 year period between 1999-2003 including.

CORPORATE BRIEF HISTORY

The company with limited liability "Eviin Huch" CO., LTD was established in 1992. The start up business of the company was foreign trade operation with the export of meat to Russia in exchange of petrol. In this period, the company usually slaughtered the purchased animals in the facilities of other meat processing companies and later decided to have its own slaughter plant. Bor-Ondor is chosen as the plant size for the following reasons:

- connected to Russia and China and also with the other big cities fo Mongolia by railroad;
- access to the infrastucture facilities of flour-spar ore dressing plant of the city such as reserve power generator, water supply etc;
- closeness to the animal supply areas;
- cheap labour force in comparison to Ulaanbaatar one

The line equipment installed in 1996 and beginning from the October of 1996, the plant started its operation. Mr. M.Enkhsaihan, Prime-minister of Mongolia participated in the inauguration ceremony of the plant. Also "Eviin Huch" CO., LTD has started the project to set up the pig breeding farm with 500 reproducers. The President of Mongolia personally laid the foundation stone of the farm during his visit to Bor-Ondor Town in May, 1996.

"Eviin Huch" CO., LTD is an **one man company** with limited liabilities. The Governance of the company is organized in accordance with the Mongolian Law on Company and Partnership approved by the State Great

Hural (Parliament) in 1995. The highest decision making body of the company is the General Director. General Director is the owner of the "Eviin Huch" CO., LTD. The managers of the company are appointed by the General Director of the company on the contractual basis.

The headquarters of the "Eviin Huch" is situated in Ulaanbaatar and it has representative office in Bor-Ondor Town.

Table 1. Facts about Hentii and Bor-Ondor

Hentii is one of the 22 administrative units of Mongolia¹. The center of the *aimag* is Ondorhaan *sum*. The population of *aimag* is 73,900. The different natural zones pass through the territory of Hentii *aimag*; taiga, semi-forest, steppe and semi desert.

The main economic sector of the *aimag* is animalhusbandry and mining. The very small capacity of the food and light industry is built. Almost all livestock has been given into the private ownership and the private sector in the other sectors of the local economy is gaining momentum. "Eviin Huch" Co., LTD is the biggest private company in the *aimag*. One of the biggest flour-spar mining company in Asia is located in the territory of Hentii. There is also big coal and several gold deposits.

Bor-Ondor Town was founded in 1981 with the construction of the flour-spar ore dressing plant under the joint Mongolian-Russian project. The town is situated in the territory of the Darhan *sum* of Hentii. The Darhan *sum* is situated about 330 km to the South-East of Ulaanbaatar and 170 km to the South of Hentii. Bor-Ondor Town is located in the cross-road of three *aimags*: Hentii, Dornogovi and Dundgovi. The town is located in the steppe and semi-desert zone of the country. The average temperature in the Winter time is -18C and in Summer +18 and is considered as modest climatic zone of the country.

The population of the Bor-Ondor Town is 8,000. The inhabitants of the town are known to be well educated and skilled. The Bor-Ondor Town is well connected with the other parts of Mongolia by infrastructure. The high voltage power line and railroad reach the town. The social welfare infrastructure is well developed thanks to the huge investment during the construction of the ore dressing plant. There are modern secondary school, public hospital and kindergartens.

SLAUGHTER PLANT

The core business of the company is meat processing. It operates in the Bor-Ondor town of Darhan *sum*, Hentii *aimag* in the Eastern Mongolia. The project began to be implemented in 1993 in cooperation with the BC Berlin engineering and contracting company from West Berlin, Germany. The BC Berlin prepared all FS and design of the slaughter plant. The drawing of the building is prepared by the Mongolian engineering company. The same year, the company commenced the construction work.

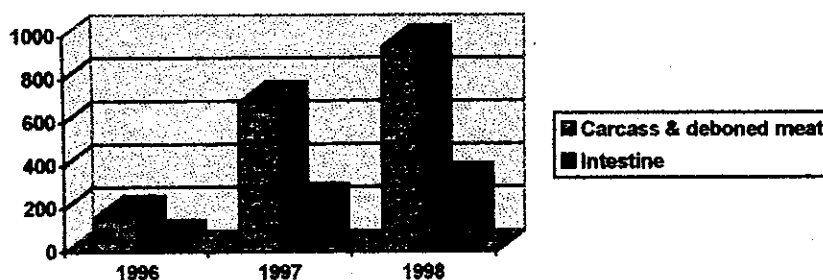
The production capacity of "Eviin Huch" CO., LTD plant is 15 tons of meat per day. The slaughtering capacity of the plant is 25,000 cattle or horses; and about 100,000 sheep or goats. The boned cuts of the meat are sorted and prepared for the export. The plant is equipped with German state-of-art technology from inspection of the animals to packaging the final product and has its own inside waste handling of the plant which greatly assist the environmental issues.

¹ Mongolia has 21 *aimags* (provinces) and capital city. The *aimags* are divided into *sums* and *sums* are divided into *bags*. The number of *sums* and *bags* depend on the size of *aimags*.

101 persons work at the plant. The professional skill and level are adequate. There are all engineers and mechanics necessary to run the production.

The products of Slaughter plant match the European quality and sanitary requirements for the export. The "Eviin Huch" CO., LTD was awarded by the import certificate of the Russian Federation.

Table 2. Meat export of "Eviin Huch" (in metric tones)



PIG BREEDING FARM

In order to secure the supply of the raw materials and meet high demand of pork meat in the domestic markets and also to export, the company has been implementing a project on the development of pig breeding farm in Bor-Ondor. The farm is situated 1 km from the slaughter plant.

"Eviin Huch" Co.,LTD has concluded the cooperation contract with General Company of the Agricultural Science & Technology Development of Inner Mongolia, China on the purchase of 420 reproducers and 30 mates by the end of 1998. The Chinese contracting side provides the technical expertise and specialists during the first year of the pig breeding. According to the preliminary estimation the farm has capacity to raise upto 10,000 pigs per year.

At present 30 workers are working at the farm facilities. The farm will be put into operation by the end of 1998.

AGRICULTURAL FARM

The company is developing the crop cultivation in the territory of Gurvanbayan *sum* of Hentii *aimag*. The cultivated land is located in the territory of *sum* of the same *aimag*. The company has 6000 ha arable land. 80 per cent of the land is cultivated under wheat and the remaining is under other cultivation. The agriculture farm of "Eviin Huch" CO., LTD is equipped with adequate machinery and equipment with a capacity to collect around 300 tons forage per one season.

PRESENT BUSINESS SITUATION IN "EVIIN HUCH" CO.,LTD

Nowadays, the company is one of the well established and well-known private company in Mongolia. The company is known as an aggressive new exporter.

The economic situation in Russia has a direct impact on the activities of the company. The devaluation of the rouble in August has had a very negative influence on the export of meat. A good knowledge of the real situation in Russia and long term commitment by the Russian buyers helped to avoid the serious losses. The payment has been made in barter trade form.

Ts.Bayarsaihan, the owner of the company has the intention to build up complete chain of the meat processing technology. The construction of pig and cattle breeding farm and development of the agricultural farm are the long term objectives of the company.

The main business objective of the company is high capacity utilization of the meat processing plant and diversify the sale market for the products.

INVESTMENT PLAN FOR 1999-2003

After the commencement of the operation of the plant, the company has already invested in the construction of pig breeding farm and received soft loan for the purchase of pig and sheep slaughtering line. The new investment is required to achieve the following targets:

1. Increased use of the capacity through pig and cattle breeding farms;
2. Investment related to the diversification of the export market rather than Russian Federation through the promotion and packaging;
3. Improve the laboratory which could match requirements of the international standards;

HUMAN RESOURCE DEVELOPMENT

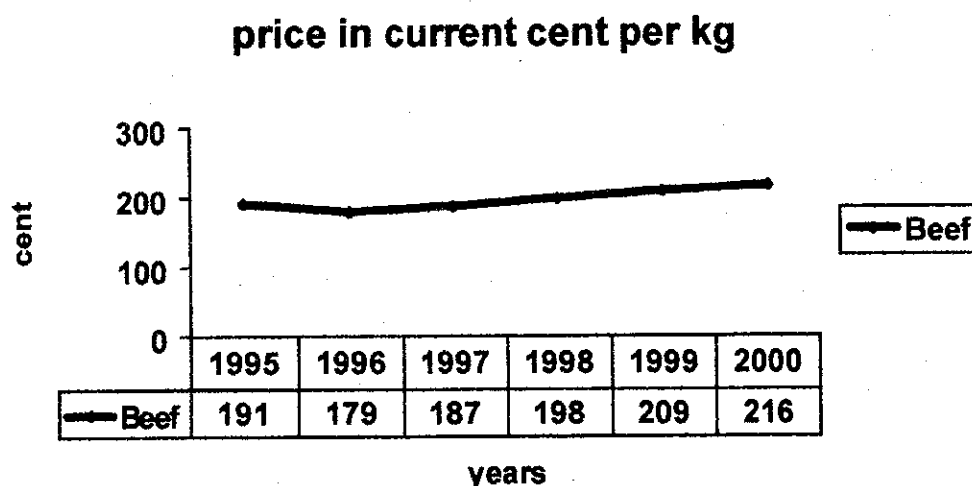
One of the weakness of the company is the absence of the good medium range managers. It is not easy to hire the highly skilled and able managers in Bor-Ondor and Gurvanbayan. The expenses to bring the good managers from Ulaanbaatar and settle them at the plant and farm sites will be very high by the Mongolian standards.

The most adequate approach to improve HR is the short term training for the present managers and university education for the future managers on the basis of employment contracts.

The short-term training for the employees and seasonal workers can be held in the production sites of the company: Bor-Ondor and Gurvanbayan. The professional trainers from the national universities and scientific institutions are invited. The main training subjects are business understanding, labor safety, corporate culture and organizational behavior.

MARKET

World price for the beef is favourable for the coming years. The decrease in number of heads of cattle in Russia and Europe determines the increase of the price for beef products.



The major market will remain the Russian Federation despite the growing efforts to diversify the market. The total production is exported to Irkutsk, Ulaan-Ud, Usty-Kut of Russia under the sale contract.

Although the meat processing industry in Mongolia is competitive, the company has a good competitiveness among the Mongolian meat exporters. The major plants of the sector are old fashioned and soviet built. There are seven factories (see table 2). The major products of the industry are the beef, horse meat, mutton, hides, sheep and goat skins, casings, intestine. The total export of meat was negligent in comparison of the domestically produced meat – 2,000 tons in 1995, 3,100 in 1996. The domestic total production of meat was 11,000 tons in 1996.

Table 3. Mongolian Meat Processors

Name of the companies	Built by	Status	Performance (1-5 points)	Weakness
“MakhImpex”, Ulaanbaatar,	East Germany	Old	3	too big
“Darhan Hishig”, Darkhan-Uul <i>aimag</i> ,	Hungary	Partially	2	poor management
“Dornod”; Dornod <i>aimag</i> ,	Soviet Union	Old	1	too old
“Eviin Huch” Hentii <i>aimag</i> ,	Mongolian with German line	New	4	working capital

"Dornyn Govi", Dornogovi <i>aimag</i>	Soviet Union	New German line	3	management
"Makh HAA" in Bayan-Olgii <i>aimag</i>	Soviet Union	Old	1	too old
"Bagahangai", Ulaanbaatar	Finland	New	3	large debt

Bottlenecks in within the value creating chain of the meat industry:

- plants face huge financial constraints and management skills to operate business in changing economic and business environment;
- some of the plants need to improve its fixed assets;
- insufficient veterinary services to the herders and the proper sanitary regimes creates a bad perception about the meat quality among the foreign customers;
- inadequate transportation and the packaging facilities limit the sales potential of the plants;
- inefficient marketing efforts decrease the competitive capabilities of the plants to operate in the conditions of uncertainty and risk.

The company is seeking the export to Japan, through the JETRO in Japan.

SALES Turnover

Figure 1. Sales turnover (in thous. Hongkong Dollars)

Year	1997			1998			1999			2000		
	Quantity / kg	Unit price/US\$	Amount /Tg	Quantity / kg	Unit price/US\$	Amount /Tg	Quantity / kg	Unit price/US\$	Amount /Tg	Quantity / kg	Unit price/US\$	Amount /Tg
Cattle	Alive weight in KG											
	3% is deducted											
	Carcass meat	47.60%										
	70.00%											
	Deboned meat	6% of carcass										
	3.38%											
	Internal organs	9.61%										
	Internal organs	9.61%										
	Internal organs	9.61%										
	Internal organs	9.61%										
Sheep	Number											
	Alive weight in KG											
	3% is deducted											
	Carcass meat	41.20%										
	70.00%											
	Deboned meat	6% of carcass										
	2.58%											
	Internal organs	9.48%										
	Internal organs	9.48%										
	Internal organs	9.48%										
Pig	Number											
	Alive weight in KG											
	3% is deducted											
	Carcass meat	65%										
	70%											
	Deboned meat	6% of carcass										
	2.75%											
	Internal organs	7.20%										
	Internal organs	7.20%										
	Internal organs	7.20%										
Crops	TOTAL											
	In Thous Tg											
Cattle	Alive weight in KG											
	3% is deducted											
	Carcass meat	47.60%										
	70.00%											
	Deboned meat	6% of carcass										
	3.38%											
	Internal organs	9.61%										
	Internal organs	9.61%										
	Internal organs	9.61%										
	Internal organs	9.61%										
Sheep	Number											
	Alive weight in KG											
	3% is deducted											
	Carcass meat	41.20%										
	70.00%											
	Deboned meat	6% of carcass										
	2.58%											
	Internal organs	9.48%										
	Internal organs	9.48%										
	Internal organs	9.48%										
Pig	Number											
	Alive weight in KG											
	3% is deducted											
	Carcass meat	65%										
	70%											
	Deboned meat	6% of carcass										
	2.75%											
	Internal organs	7.20%										
	Internal organs	7.20%										
	Internal organs	7.20%										
Crops	TOTAL											
	In Thous Tg											

Raw materials or animal supply

Figure. 2. Raw materials (Cattle, sheep, pig and seeds) in thous. Mongolian Tugriks

Years	1997			1998			1999			2000		
	Quantity	Unit price /Mn.Tg/	US\$-550 Tg Amount	Quantity	Unit price /Tg/	US\$-450 Tg Amount	Quantity	Unit price /Tg/	US\$-450 Tg Amount	Quantity	Unit price /Tg/	US\$-450 Tg Amount
Materials												
Live cattle	6,280	58.88	370,390.3	7,300	68.00	438,000.0	16,256	70.00	1,137,920.0	16,256	70.00	1,137,920.00
Live sheep							20,000	13.2	263,554.22			
Live pig							450	379.86	170,935.00			
Seeds	178,500	0.07	12,495	178,500	0.08	14,280.0	357,000	0.100	35,700.0	357,000	0.100	35,700.00
Fodder /Animal fattening of Cattle/							3,153,132	0.04	130,944.00	3,153,132	0.04	130,944.00
Fodder /Pig breeding Farm/							800,000	0.21	170,000.00	800,000	0.21	170,000.00
TOTAL			382,885.80			452,280.0			1,173,620.0			1,738,118.2
In US\$			510,514.4			529,064.12			1,380,720.41			2,044,844.96

Years	2001			2002			2003		
	Quantity	Unit price /Tg/	US\$-450 Tg Amount	Quantity	Unit price /Tg/	US\$-450 Tg Amount	Quantity	Unit price /Tg/	US\$-450 Tg Amount
Materials									
Live cattle	16,256	70.00	1,137,920.00	16,256	70.00	1,137,920.00	16,256	70.00	1,137,920.00
Live sheep							20,000	13.2	263,554.22
Live pig							357,000	0.100	35,700.00
Seeds	357,000	0.100	35,700.00	357,000	0.100	35,700.00	357,000	0.100	35,700.00
Fodder /Animal fattening of Cattle/	3,153,132	0.04	130,944.00	3,153,132	0.04	130,944.00	3,153,132	0.04	130,944.00
Fodder /Pig breeding Farm/	800,000	0.21	170,000.00	800,000	0.21	170,000.00	800,000	0.21	170,000.00
TOTAL			1,738,118.2			1,738,118.2			1,738,118.2
In US\$			2,044,844.96			2,044,844.96			2,044,844.96

ENERGY

Figure. 3. Electricity (in thous. Mongolian Tugraks)

Years	1987		1988 planning		1989		2000	
	Quantity /Kw	Amount /US\$-750 Tg	Quantity /Kw	Amount /US\$-850 Tg	Existing capacity /Kw	Amount /US\$-850 Tg	Existing capacity /Kw	Amount /US\$-850 Tg
Meat Processing Plant	400,000	5,771.7	400,000	13,800.00	400,000	25,200.00	400,000	13,800.00
Pig breeding Farm	-	-	250,000	10,500.00	-	10,500.00	-	10,500.00
Cattle breeding Farm	-	-	-	-	-	-	-	-
Agricultural Unit	-	-	-	-	-	-	-	-
TOTAL		9,771.7		13,800.0		35,700.0		13,800.0
in US\$		13,028.93		16,235.29		42,000.00		16,235.29
								42,000.00

Years	2001		2002		2003	
	Existing capacity /Kw	Amount /US\$-850 Tg	Existing capacity /Kw	Amount /US\$-850 Tg	Existing capacity /Kw	Amount /US\$-850 Tg
Meat Processing Plant	400,000	13,800.00	400,000	13,800.00	400,000	13,800.00
Pig breeding Farm	-	-	250,000	10,500.00	-	10,500.00
Cattle breeding Farm	-	-	-	-	-	-
Agricultural Unit	-	-	-	-	-	-
TOTAL		13,800.0		13,800.0		13,800.0
in US\$		16,235.29		16,235.29		16,235.29
						42,000.00

VARIABLE COST

Figure. 4. Variable Cost (in thous. Mongolian Tugriks)

Year	1987		1988		1989		2000	
	Amount	US\$-750 Tg	Amount	US\$-650 Tg	Existing capacity Amount	New investment Amount	Existing capacity Amount	New investment Amount
Raw materials	382,885.8		452,280.0		1,173,620.0	1,909,653.2	1,173,620.0	1,738,118.2
Energy	9,771.7		13,800.0		13,800.0	35,700.0	13,800.0	35,700.0
Fuel	40,110.5		45,000.0		65,000.0	72,000.0	65,000.0	72,000.0
Wear, gloves etc	42.5		50.0		65.0	130.0	65.0	130.0
TOTAL	432,810.50		511,080.0		1,252,420.0	2,016,753.2	1,252,420.0	1,845,818.2
in US\$	57,080.67		60,1270.58		1,473,435.29	2,372,650.82	1,473,435.29	2,171,550.82

Years	2001		2002		2003	
	Existing capacity Amount	New investment Amount	Existing capacity Amount	New investment Amount	Existing capacity Amount	New investment Amount
Raw materials	1,173,620.0	1,738,118.2	1,173,620.0	1,738,118.2	1,173,620.0	1,738,118.2
Energy	13,800.0	35,700.0	13,800.0	35,700.0	13,800.0	35,700.0
Fuel	65,000.0	72,000.0	65,000.0	72,000.0	65,000.0	72,000.0
Wear, gloves etc	65.0	130.0	65.0	130.0	65.0	130.0
TOTAL	1,252,420.0	1,845,818.2	1,252,420.0	1,845,818.2	1,252,420.0	1,845,818.2
in US\$	1,473,435.29	2,171,550.82	1,473,435.29	2,171,550.82	1,473,435.29	2,171,550.82

LABOUR COST

Figure 5. Labour Cost (in thous. Mongolian Tugriks)

Years	1997			1998 planning			1999			2000		
	Number employee	Amount	Existing capacity	Number employee	Amount	Existing capacity	Number employee	Amount	Existing capacity	Number employee	Amount	Existing capacity
Meat Processing Plant	85	23,331.0	101	26,076.9	101	26,076.9	150	42,750.0	101	26,076.9	150	42,750.0
Pig breeding Farm	33	4,253.5	31	21,824.8	31	21,824.8	60	13,400.0	31	21,824.8	60	13,400.0
Cattle breeding Farm	40	6,288.2	41	7,421.1	41	7,421.1	20	5,100.0	41	7,421.1	20	5,100.0
Agricultural Unit	158	33,872.7	173	55,322.8	173	55,322.8	272	69,450.0	173	55,322.8	272	69,450.0
TOTAL in Thous Tg												
in US\$		45,163.59		65,085.63		65,085.63		81,705.88		81,705.88		81,705.88
UB Office	9	2,513.1	12	2,793.2	12	3,350.8	12	3,350.8	12	3,350.8	12	3,350.8
	187	38,385.8	185	58,116.0	185	58,673.5	284	72,800.8	185	58,673.5	284	72,800.8

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Years	2001			2002			2003					
	Number employee	Amount	Existing capacity	Number employee	Amount	Existing capacity	Number employee	Amount	Existing capacity	Number employee	Amount	Existing capacity
Meat Processing Plant	101	26,076.9	150	42,750.0	101	26,076.9	150	42,750.0	101	26,076.9	150	42,750.0
Pig breeding Farm	31	21,824.8	31	21,824.8	31	21,824.8	60	13,400.0	31	21,824.8	60	13,400.0
Cattle breeding Farm	41	7,421.1	42	8,200.0	41	7,421.1	20	5,100.0	41	7,421.1	20	5,100.0
Agricultural Unit	173	55,322.8	173	69,450.0	173	55,322.8	272	69,450.0	173	55,322.8	272	69,450.0
TOTAL in Thous Tg												
in US\$		65,085.6		81,705.9		65,085.6		81,705.9		65,085.6		81,705.9
UB Office	12	3,350.8	12	3,350.8	12	3,350.8	12	3,350.8	12	3,350.8	12	3,350.8
	185	58,673.5	185	72,800.8	185	68,673.5	284	72,800.8	185	58,673.5	284	72,800.8

DEPRECIATION

Figure 6. Depreciation (in Million Tonnes)

Items	1987		1988		1989		2000	
	Fixed Assets	Depreciation	Fixed Assets	Depreciation	Fixed Assets	Depreciation	Fixed Assets	Depreciation
Premises	231,020,837.2	4,775,000.2	673,508,000.0	21,970,951.1	651,537,448.9	16,288,436.2	651,537,448.9	16,288,436.2
Equipments	454,094,477.3	45,443,807.1	976,157,900.0	116,855,748.1	852,262,151.9	65,926,215.2	1,360,744,651.9	136,074,465.2
Automobiles & Agricultural suppliers	43,574,837.4	4,556,192.9	96,906,403.8	9,664,640.4	87,331,763.4	8,733,176.3	137,331,763.4	13,733,176.3
Furniture & other equipments	377,200.0	471,172.0	9,330,750.0	933,075.0	8,397,675.0	839,767.5	8,397,675.0	839,767.5
TOTAL	709,067,382.0	55,246,172.2	1,769,893,053.8	149,464,914.6	1,606,529,039.2	111,787,595.3	2,178,011,539.2	168,935,845.3
<i>in US\$</i>	<i>845,482,114</i>	<i>73,661,596</i>	<i>2,045,874,118</i>	<i>173,640,821</i>	<i>1,896,034,161</i>	<i>131,814,882</i>	<i>2,562,366,571</i>	<i>188,748,015</i>

Items	2000		2000		2000		2000	
	Existing capacity	New Investment	Existing capacity	New Investment	Existing capacity	New Investment	Existing capacity	New Investment
Premises	651,537,448.9	16,288,436.2	651,537,448.9	16,288,436.2	651,537,448.9	16,288,436.2	651,537,448.9	16,288,436.2
Equipments	859,262,151.9	65,926,215.2	1,360,744,651.9	136,074,465.2	859,262,151.9	65,926,215.2	1,360,744,651.9	136,074,465.2
Automobiles & Agricultural suppliers	87,331,763.4	8,733,176.3	137,331,763.4	13,733,176.3	87,331,763.4	8,733,176.3	137,331,763.4	13,733,176.3
Furniture & other equipments	8,397,675.0	839,767.5	8,397,675.0	839,767.5	8,397,675.0	839,767.5	8,397,675.0	839,767.5
TOTAL	1,606,529,039.2	111,787,595.3	1,606,529,039.2	111,787,595.3	1,606,529,039.2	111,787,595.3	2,178,011,539.2	168,935,845.3
<i>in US\$</i>	<i>1,896,034,161</i>	<i>131,814,882</i>	<i>1,896,034,161</i>	<i>131,814,882</i>	<i>1,896,034,161</i>	<i>131,814,882</i>	<i>2,562,366,571</i>	<i>188,748,015</i>

MAINTENANCE COST

Figure 7. Maintenance Cost (in thousands of US dollars)

Years	1997			1998 planning			1999			2000			New Investment		
	Quantity /Month/	Unit Price	Amount	Quantity /Month/	Unit Price	Amount	Quantity /Month/	Unit Price	Amount	Quantity /Month/	Unit Price	Amount	Quantity /Month/	Unit Price	Amount
Meat Processing Plant	10	485.10	4,851.00	10	498.7	4,987.0	12	425.0	5,099.52	12	425.0	5,099.52	12	509.94	6,119.28
Pig breeding Farm															
Cattle breeding Farm	8	1,425.85	11,407.80	8	1,438.0	11,497.6	8	1,954.8	15,638.5	8	1,954.8	15,638.5	8	1,954.8	15,638.5
Agricultural Unit															
TOTAL			16,240.5			16,474.9			20,738.0			22,897.8			23,237.8
			21,787.47			19,362.27			24,397.70			26,197.53			27,397.99

Years	2001			2002			2003			New Investment		
	Quantity /Month/	Unit Price	Amount	Quantity /Month/	Unit Price	Amount	Quantity /Month/	Unit Price	Amount	Quantity /Month/	Unit Price	Amount
Meat Processing Plant	12	425.0	5,099.52	12	425.0	5,099.52	12	425.0	5,099.52	12	637.44	7,649.28
Pig breeding Farm												
Cattle breeding Farm	8	1,954.8	15,638.5	8	1,954.8	15,638.5	8	1,954.8	15,638.5	8	1,954.8	15,638.5
Agricultural Unit												
TOTAL			20,738.0			20,738.0			24,817.7			24,817.7
			24,397.70			24,397.70			28,197.25			29,197.25

MARKETING & ADMINISTRATION EXPENSES

Figure 3. Selling & Administration Expenses (in thousands of US dollars)

Years	1997			1998 planning			1998			2000			New Investment		
	Quantity	Unit price	Amount	Quantity	Unit price	Amount	Quantity	Unit price	Amount	Quantity	Unit price	Amount	Quantity	Unit price	Amount
Salary (US Office)	9	279.23	2,513.1	12	2,792.2	3,350.8	12	3,350.8	3,350.8	12	3,350.8	12	3,350.8	12	3,350.8
Transportation	2	12,798.67	25,597.3	12	2,125.1	25,504.0	12	2,125.1	25,504.0	12	2,125.1	12	2,125.1	12	2,125.1
Office rental fee	2400	0.45	1,077.8	2400	0.45	1,077.8	2400	0.45	1,077.8	2400	0.45	1,077.8	2400	0.45	1,077.8
Fee for contract	12	91.28	1,095.3	12	110.00	1,320.0	12	110.00	1,320.0	12	110.00	12	110.00	12	110.00
Fuel	9.5	0.20	1,785.1	9.5	0.23	2,185.0	9.5	0.23	2,185.0	9.5	0.23	2,185.0	9.5	0.23	2,185.0
TOTAL			188,873.3			174,882.5			294,825.2			294,825.2			469,063.2
<i>In US\$</i>			<i>211,064.40</i>			<i>205,920.98</i>			<i>348,853.12</i>			<i>348,853.12</i>			<i>551,839.01</i>

Years	2001			2002			2003			New Investment					
	Quantity	Unit price	Amount	Quantity	Unit price	Amount	Quantity	Unit price	Amount	Quantity	Unit price	Amount	Quantity	Unit price	Amount
Salary (US Office)	12	3,350.8	40,210.0	12	3,350.8	40,210.0	12	3,350.8	40,210.0	12	3,350.8	40,210.0	12	3,350.8	40,210.0
Transportation	2	12,798.67	25,597.3	12	2,125.1	25,504.0	12	2,125.1	25,504.0	12	2,125.1	25,504.0	12	2,125.1	25,504.0
Office rental fee	2400	0.45	1,077.8	2400	0.45	1,077.8	2400	0.45	1,077.8	2400	0.45	1,077.8	2400	0.45	1,077.8
Fee for contract	12	110.00	1,320.0	12	110.00	1,320.0	12	110.00	1,320.0	12	110.00	1,320.0	12	110.00	1,320.0
Fuel	9.5	0.23	2,185.0	9.5	0.23	2,185.0	9.5	0.23	2,185.0	9.5	0.23	2,185.0	9.5	0.23	2,185.0
TOTAL			46,825.2			46,825.2			46,825.2			46,825.2			46,825.2
<i>In US\$</i>			<i>348,853.12</i>			<i>348,853.12</i>			<i>348,853.12</i>			<i>348,853.12</i>			<i>551,839.01</i>

NON-OPERATING EXPENSES

Figure 10. Non-Operating Expenses (in thous. Mongolian Tugriks)

Years	1997			1998 planning			1999			2000				
	Balance	Per cent by year	Interest	Balance	Per cent by year	Interest	Balance	Per cent by year	Interest	Balance	Per cent by year	Interest		
Pig & Sheep Slaughtering Line			34,339.8				251,482.5	7.75%	19,489.9			233,519.5	7.75%	18,087.8
Cattle breeding Farm							176,000.0	8%	13,800.0			148,750.0	8%	11,900.0
Pig breeding Farm							100,000.0	8%	8,000.0			87,500.0	8%	7,000.0
Agricultural Farm			14,265.9				50,000.0	8%	4,000.0			43,750.0	8%	3,500.0
Rate exchange														
Working capital							800,000.0	8%	64,000.0			400,000.0	9%	32,000.0
TOTAL			48,605.7			64,000.00			109,089.9			32,000.00		72,497.8
			64,807.55			75,294.12			128,341.05			37,847.06		85,291.48

Years	2001			2002			2003							
	Balance	Per cent by year	Interest	Balance	Per cent by year	Interest	Balance	Per cent by year	Interest					
Pig & Sheep Slaughtering Line							197,593.4	7.75%	15,313.5			179,630.4	7.75%	13,921.4
Cattle breeding Farm							106,250.0	8%	8,500.0			95,000.0	8%	7,600.0
Pig breeding Farm							62,500.0	8%	5,000.0			50,000.0	8%	4,000.0
Agricultural Farm							31,250.0	8%	2,500.0			25,000.0	8%	2,000.0
Rate exchange														
Working capital														
TOTAL			35,905.6			31,313.5			31,313.5			26,721.4		26,721.4
			42,241.91			36,836.40			36,836.40			31,436.89		31,436.89

INVESTMENT

Figure. 10.1. Investment (in thous. Margollar Tugrales)

Items of investment	1997		1998		1999		2000	
	Existing capacity Amount	New investment Amount	Existing capacity Amount	New investment Amount	Existing capacity Amount	New investment Amount	Existing capacity Amount	New investment Amount
Pig & Sheep Slaughtering line								
Cattle breeding Farm				558650 DM = 251,482,500 Tg				
Pig breeding Farm				170,000.0				
Agricultural Farm				100,000.0				
TOTAL				50,000.0				
In Thous Tg				571,482.5				
In US\$				672,332.35				

Items of investment	2001		2002		2003	
	Existing capacity Amount	New investment Amount	Existing capacity Amount	New investment Amount	Existing capacity Amount	New investment Amount
Pig & Sheep Slaughtering line						
Cattle breeding Farm						
Pig breeding Farm						
Agricultural Farm						
TOTAL						
In Thous Tg						
In US\$						

INTEREST PAYMENT TABLE

Figure 10.2. Interest payment Table (in thous. Mongolian Tugriqs)

	1999		2000		2001		2002		2003	
	Existing capacity	New investment	Existing capacity	New investment	Existing capacity	New investment	Existing capacity	New investment	Existing capacity	New investment
INVESTMENT										
Principal										
Repayment										
Balance		281,432.5		17,963.04		17,963.04		17,963.04		17,963.04
Interest		19,489.9		233,519.5		215,556.4		197,593.4		179,630.4
				18,097.8		16,705.6		15,313.5		13,921.4
SUB-TOTAL		19,489.9		3696,793.8		34,668.66		33,276.52		31,884.39
Principal										
Repayment		21,250.0		21,250.0		21,250.0		21,250.0		21,250.0
Balance		170,000.0		148,750.0		127,500.0		106,250.0		85,000.0
Interest		13,600.0		11,900.0		10,200.0		8,500.0		6,800.0
SUB-TOTAL		34,850.0		33,150.0		31,450.0		29,750.0		28,050.0
Principal										
Repayment		12,500.0		12,500.0		12,500.0		12,500.0		12,500.0
Balance		100,000.0		87,500.0		75,000.0		62,500.0		50,000.0
Interest		8,000.0		7,000.0		6,000.0		5,000.0		4,000.0
SUB-TOTAL		20,500.0		19,500.0		18,500.0		17,500.0		16,500.0
Principal										
Repayment		6,250.0		6,250.0		6,250.0		6,250.0		6,250.0
Balance		60,000.0		43,750.0		37,500.0		31,250.0		25,000.0
Interest		4,000.0		3,500.0		3,000.0		2,500.0		2,000.0
SUB-TOTAL		10,250.0		9,750.0		9,250.0		8,750.0		8,250.0
WORKING CAPITAL										
Principal										
Repayment										
Balance		800,000.00		400,000.00		400,000.00		400,000.00		400,000.00
Interest		64,000.00		32,000.00		32,000.00		32,000.00		32,000.00
SUB-TOTAL		864,000.00		432,000.00		432,000.00		432,000.00		432,000.00
Principal										
Repayment		340,000.0		400,000.0		457,963.0		457,963.0		57,963.0
Balance		800,000.0		400,000.0		913,818.5		485,856.4		339,630.4
Interest		64,000.0		32,000.0		72,497.8		35,905.6		26,721.4
SUB-TOTAL		1,244,000.0		1,327,462.5		1,514,240.3		1,030,585.0		723,314.8
TOTAL		1,263,850.0		1,724,256.3		1,928,980.6		1,463,865.7		1,106,625.19

INCOME STATEMENT

Figure 11. Income Statement (in thous. Mongolian Tugriks)

Products	1997		1998 planning		1999		2000	
	Existing capacity	New investment	Existing capacity	New investment	Existing capacity	New investment	Existing capacity	New investment
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Sales	805,331.76	1,328,265.30	2,666,649.90	3,830,520.30	2,666,649.90	3,830,520.30	2,666,649.90	3,830,520.30
Cost of sales	538,269.90	732,341.70	1,440,268.40	2,277,406.90	1,440,268.40	2,277,406.90	1,440,268.40	2,107,491.70
Gross Profit	267,061.86	595,923.60	1,226,381.50	1,553,113.40	1,226,381.50	1,553,113.40	1,226,381.50	1,723,028.62
Selling & Administration Expenses	158,973.30	174,692.50	294,825.20	469,063.20	294,825.20	469,063.20	294,825.20	469,063.20
Operating Profit	108,088.56	421,231.10	931,556.30	1,084,050.20	931,556.30	1,084,050.20	931,556.30	1,253,965.42
Non-operating Expenses	48,605.70	64,000.00	64,000.00	109,069.90	64,000.00	32,000.00	32,000.00	72,497.80
Profit before Tax	59,482.86	421,231.10	867,556.30	974,980.30	867,556.30	974,980.30	867,556.30	1,181,467.62
Taxes	4,360.51	168,482.44	347,022.52	389,984.12	347,022.52	389,984.12	359,822.52	472,587.05
NET PROFIT	55,122.35	252,738.66	520,533.78	584,976.18	520,533.78	584,976.18	520,533.78	708,880.57
DEPRECIATION	55,246.17	149,464.01	111,787.60	168,935.85	111,787.60	168,935.85	111,787.60	168,935.85

Products	2001		2002		2003	
	Existing capacity	New investment	Existing capacity	New investment	Existing capacity	New investment
	Amount	Amount	Amount	Amount	Amount	Amount
Sales	2,666,649.9	3,830,520.32	2,666,649.85	3,830,520.32	2,666,649.85	3,830,520.32
Cost of sales	1,440,268.40	2,109,021.70	1,440,268.40	2,109,021.70	1,440,268.40	2,109,021.70
Gross Profit	1,226,381.45	1,721,498.62	1,226,381.45	1,721,498.62	1,226,381.45	1,721,498.62
Selling & Administration Expenses	294,825.20	469,063.20	294,825.20	469,063.20	294,825.20	469,063.20
Operating Profit	931,556.25	1,252,435.42	931,556.25	1,252,435.42	931,556.25	1,252,435.42
Non-operating Expenses	35,905.60	31,313.49	31,313.49	31,313.49	31,313.49	26,721.36
Profit before Tax	897,556.25	1,221,121.93	897,556.25	1,221,121.93	897,556.25	1,225,714.06
Taxes	372,622.50	486,611.93	372,622.50	486,611.93	372,622.50	490,285.63
NET PROFIT	524,933.75	734,509.99	524,933.75	734,509.99	524,933.75	735,428.43
DEPRECIATION	111,787.60	168,935.85	111,787.60	168,935.85	111,787.60	168,935.85

1997-2003 CASHFLOW OF "EVIIN HUCH" CO., LTD

Figure 12. Cashflow table

(in thousand Russian Rubles)

Items	1997		1998		1999		2000		2001		2002		2003	
	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New
OPERATIONAL CASH FLOW														
Net profit (+)	55,122.35	252,738.66	520,533.78	584,978.18	539,733.78	708,890.57	538,933.75	729,917.89	558,933.75	732,673.16	558,933.75	732,673.16	558,933.75	735,428.44
Depreciation (+)	55,246.17	149,464.01	111,787.60	168,935.85	111,787.60	199,535.85	111,787.60	168,935.85	111,787.60	168,935.85	111,787.60	168,935.85	111,787.60	168,935.85
Account Receivable (+/-)	(63,342.54)	(448,126.20)	(448,126.20)	(834,088.00)	(448,126.20)	(834,088.00)	(448,126.20)	(834,088.00)	(448,126.20)	(834,088.00)	(448,126.20)	(834,088.00)	(448,126.20)	(834,088.00)
Account Payable (+/-)	17,545.60	(486,813.00)	(486,813.00)	(842,314.13)	(486,813.00)	(842,314.13)	(486,813.00)	(842,314.13)	(486,813.00)	(842,314.13)	(486,813.00)	(842,314.13)	(486,813.00)	(842,314.13)
Subtotal	54,571.58	467,206.97	239,318.18	173,486.10	203,672.78	572,218.42	191,785.15	665,937.74	191,785.15	665,937.74	191,785.15	665,937.74	191,785.15	665,937.74
INVESTMENT CASH FLOW														
Fixed Assets (-)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)
Subtotal	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)	(83,898.06)	(571,482.50)
FINANCIAL CASHFLOW														
Working capital (+)			800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00
Working capital refund (-)					(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)
Investment Fund (+)														
Investment Fund refund (-)														
Subtotal	5,233,884	472,207,076	800,000,000	1,332,482,500	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)
TOTAL	5,233,884	472,207,076	800,000,000	1,332,482,500	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)
Previous year	52,171	5,208,065	407,488,740	407,488,740	827,088,918	444,898,038	1,171,888,389	864,853,013	1,449,311,638	1,305,743,711	1,449,311,638	1,305,743,711	2,120,032,980	2,148,389,679
BALANCE	5,286,055	477,415,141	807,488,740	444,898,038	1,171,888,389	864,853,013	1,449,311,638	1,305,743,711	1,449,311,638	1,305,743,711	1,449,311,638	1,305,743,711	2,120,032,980	2,148,389,679

1997-2003 CASHFLOW OF "EVIN HUCH" CO., LTD

Figure 12. Cashflow table

(in thousands of Singapore Dollars)

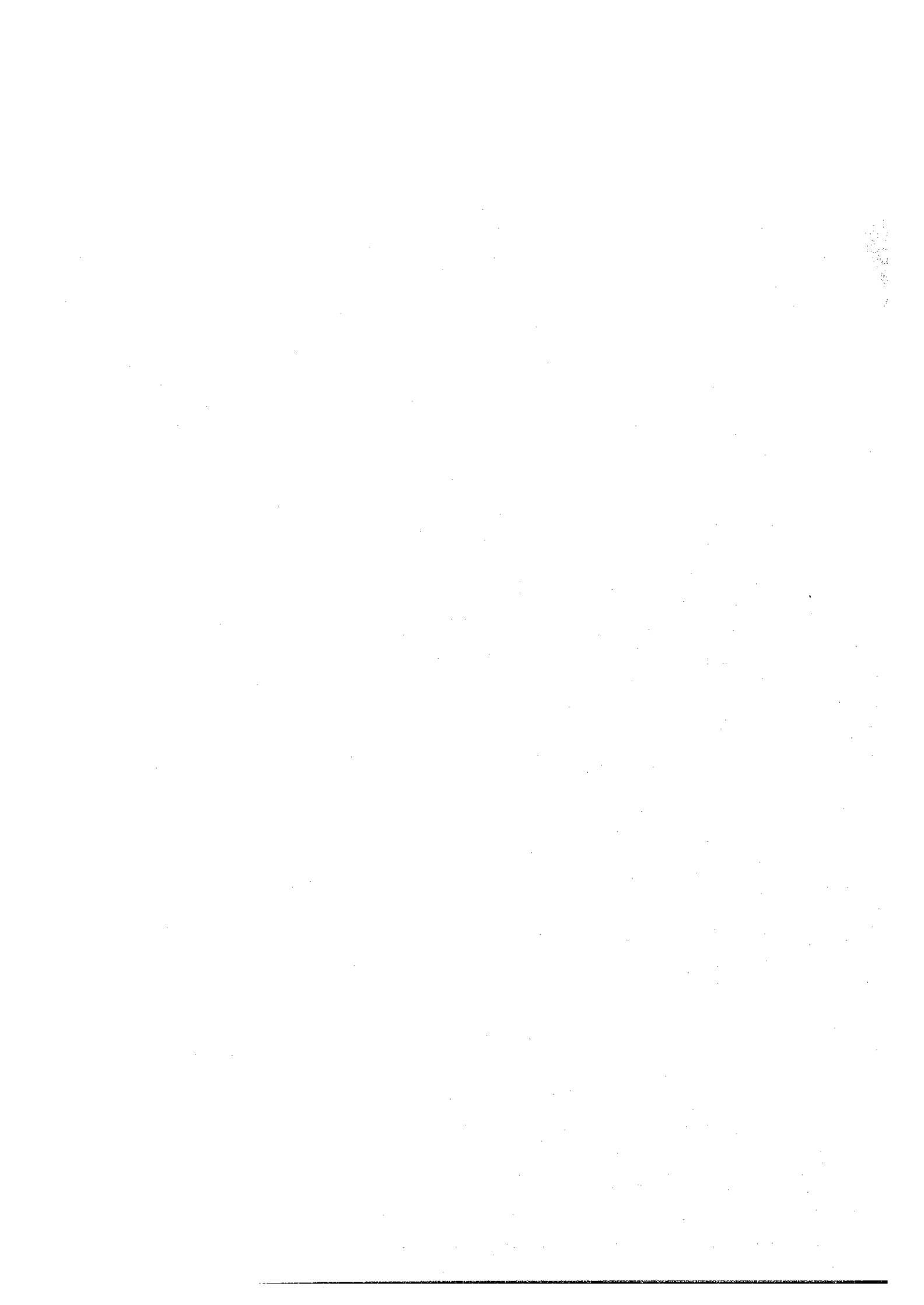
Items	1997		1998		1999		2000		2001		2002		2003	
	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New
OPERATIONAL CASH FLOW														
Net profit (+)	55,122.35	352,738.66	520,533.78	584,976.18	539,733.78	708,880.57	558,933.75	729,917.89	558,933.75	732,673.15	558,933.75	732,673.15	558,933.75	735,428.44
Depreciation (+)	55,246.17	149,464.01	111,787.60	168,935.85	111,787.60	168,935.85	111,787.60	168,935.85	111,787.60	168,935.85	111,787.60	168,935.85	111,787.60	168,935.85
Account Receivable (-/+)	(40,942.51)		(446,128.20)	(834,085.00)										
Account Payable (-/+)	17,545.60		(466,613.00)	(642,316.13)										
Subtotal	85,971.59	492,202.57	(280,443.92)	(723,489.07)	851,821.78	977,816.42	670,721.35	898,853.74	670,721.35	901,609.01	670,721.35	901,609.01	670,721.35	901,609.01
INVESTMENT CASH FLOW														
Fixed Assets (-)	(53,896.09)			(571,482.50)										
	(24,841.53)													
Subtotal	(78,737.62)			(571,482.50)										
FINANCIAL CASH FLOW														
Working capital (-)			800,000.00	800,000.00										
Working capital refund (-)					(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)
Investment Fund (+)				571,482.50										
Investment Fund refund (-)				(40,000.00)										
Subtotal			399,999.99	1,331,482.50	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)	(400,000.00)
TOTAL	5,233,894	492,202,625	519,680,175	37,510,395	281,521,375	419,883,376	270,718,345	400,896,098	270,718,345	400,896,098	270,718,345	400,896,098	270,718,345	400,896,098
Previous year	52,171	5,286,065	407,488,740	407,488,740	927,088,915	444,998,635	1,179,990,290	864,853,013	1,449,311,635	1,305,743,711	1,449,311,635	1,305,743,711	2,120,032,880	2,149,389,679
BALANCE	5,286,065	407,488,740	577,048,915	444,998,635	1,179,990,290	864,853,013	1,449,311,635	1,305,743,711	1,449,311,635	1,305,743,711	1,449,311,635	1,305,743,711	2,120,032,880	2,149,389,679

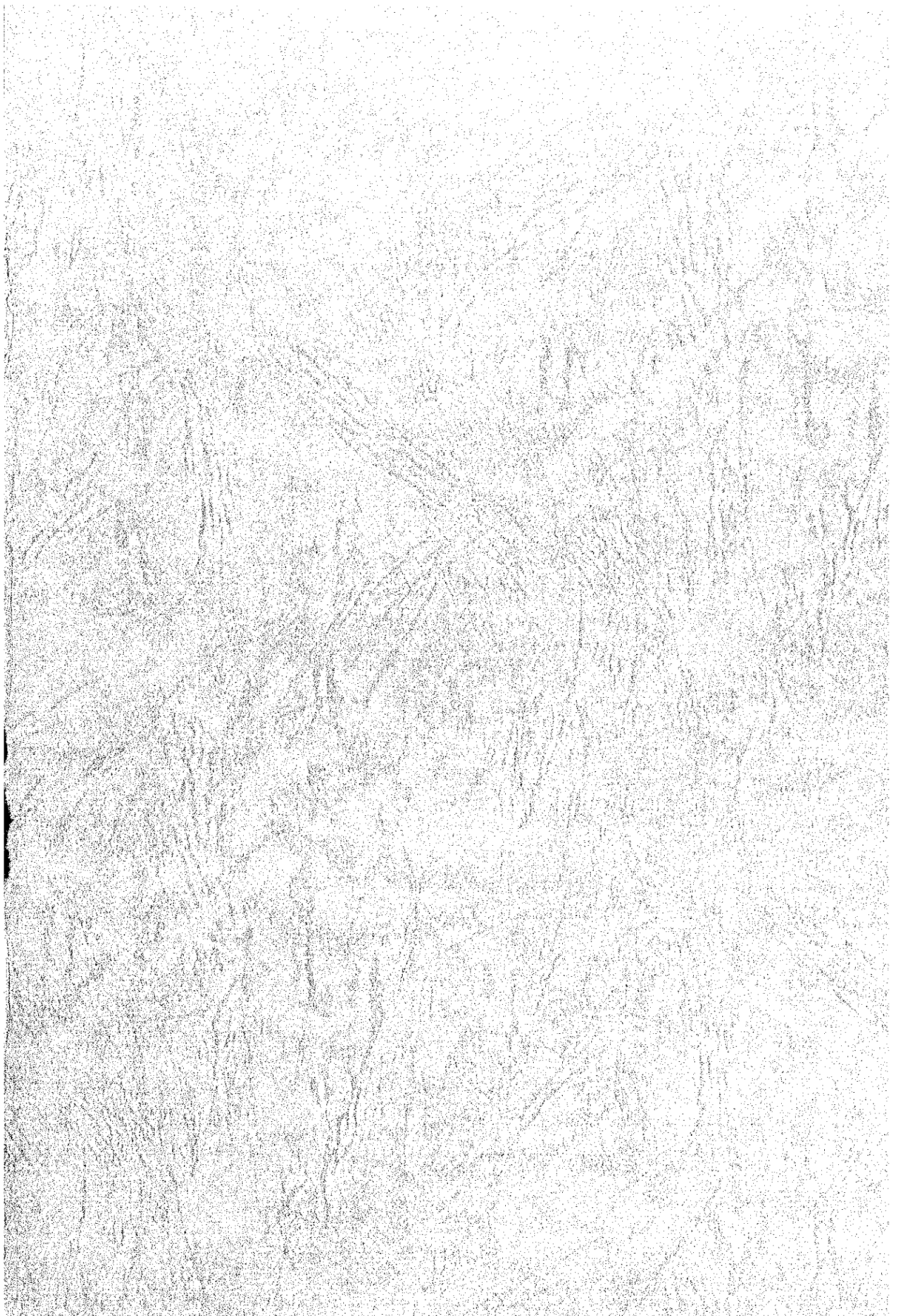
Correction for Income Statement in 1997

Cost of sales 731,583.1, must be to "Cost of sales", "Selling and Administrative expense" and "Non-operating expense".

(in thous. Mongolian Tugriks)

	Origin	Cost of sales	Selling and administrative expense	Non-operating expense
Salary and wages	36,385.8	33,872.7	2,513.1	
Raw materials	535,389.8	362,885.8	152,504.0	
Light and heating	9,771.7	9,771.7		
Fuels	41,893.6	40,110.5	1,783.1	
Spare parts	16,340.6	16,340.6		
Wear, gloves etc	42.5	42.5		
Depreciation	55,246.2	55,246.2		
Fee for contracts	1,095.3		1,095.3	
Office rental fee	1,077.8		1,077.8	
Interest of bank loan	34,339.8			34,339.8
TOTAL	731,583.10	1,035,170.0	158,973.3	34,339.8





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