



MONTENEGRO

SECRETARIAT FOR DEVELOPMENT PROJECTS

Investment Project and Business Plan

for applying to the Public Notice of participation in the procedure of awarding financial incentives for direct investment

Investment Project Title

Name and Seat of the Investor (Business Entity)

Table of Contents

1. Data on the Business Entity
 - 1.1 Vision, mission and objectives of the Business Entity
 - 1.2 Scope of activities of the Business Entity
 - 1.3 Existing property of the Business Entity
 - 1.4 References of the Business Entity
 - 1.4.1 International reputation
 - 1.4.2 Experience in the implementation of Investment Projects
 - 1.5 Analysis of previous business operations
2. Data on the Investment Project
 - 2.1 Market analysis
 - 2.2 Procurement market
 - 2.2.1 Foreign
 - 2.2.2 Domestic
 - 2.2.3 Extent of participation of other business from Montenegro during the implementation and after completion of Investment Project
 - 2.3 Sales market
 - 2.3.1 Export
 - 2.3.2 Sales in the domestic market
 - 2.3.3 International trade volume
3. Technical elements of the Investment Project
 - 3.1 Description of the technical and technological process
 - 3.2 Investment Project impacts related to research and development
 - 3.3 Characteristics of the civil engineering structure (business premises)
4. Employment and the qualification structure
 - 4.1 Employment dynamics
 - 4.2 Investment Project impacts on human resources
5. Environmental protection
6. Estimated investment costs
7. Financing sources
8. Dynamics of the Investment Project Implementation
9. Economic and financial analysis
 - 9.1 Balance sheet and the profit and loss account projections
 - 9.2 Cost-effectiveness indicator
 - 9.3 Net profit ratio
 - 9.4 Payback period
10. Total income
11. Operational expenses
 - 11.1 Investment costs
 - 11.1.1 Calculation of depreciation
 - 11.1.2 Investment maintenance
 - 11.1.3 Interest costs
 - 11.1.4 Insurance costs
 - 11.2 Costs of working capital
 - 11.2.1 Material costs
 - 11.2.2 Gross wages calculation
 - 11.2.3 Other non-material costs
12. Conclusion and related documentation

1. Data on the Business Entity

In this part of the Investment Project with the Business Plan it is necessary to provide the following information:

- Name of the Business Entity
- Date of establishment of the Business Entity
- Executive director
- Owner
- Contact persons
- Address
- Telephone
- E-mail

1.1 Vision, mission and objectives of the Business Entity

The vision represents the summary of long-term objectives which the Business Entity intends to pursue or the position that it wishes to achieve at some point in the future.

The mission is the primary purpose of existence (the “raison d’être”) of the Business Entity or a change that the Business Entity wishes to achieve in the environment in which it operates.

Objectives are goals that the Business Entity wishes to achieve in order to accomplish its mission. The objectives should include the following:

- Target group
- Territory on which the Business Entity operates
- Product/Service that the Business Entity wishes to produce or provide
- Any change the Business Entity intends to accomplish.

1.2 Scope of activities of the Business Entity

It is necessary to explain in which economic sector and branch the Business Entity operates, and what is its primary activity. Give a brief description of technologies used by the investor and their comparison to the most up-to-date technologies used in this field at this moment in the world.

1.3 Existing property of Business Entity

Existing property of the Business Entity means the property in the ownership of the Business Entity.

1.4 References of the Business Entity

1.4.1 International reputation

Recognition, image and the respectability that the Business Entity enjoys in the region and in the world.

1.4.2 Experience in the implementation of Investment Projects

I Similar projects to the Investment Project for which financial incentives are to be awarded, in terms of the type and the scope

II Other previously implemented projects

(List the projects implemented by the Business Entity by the date of the submission of the Application, including the description of the project, investment amounts and the time period of the project implementation. List the town (municipality and state), the respective sector and other data which the investor considers as significant.)

1.5 Analysis of previous business operations

Give a brief overview of the current situation and business operations. Give a brief overview of the organizational structure and the ownership structure. List the most important clients and partners, know-how and advantages of the investor. List the most important products, manufacturing groups or services of the investor.

2. Data on the Investment Project

- Title of the Investment Project
- Description of the Investment Project
- Purpose of the Investment Project
- Location (list the municipality and the concrete location where the Investment Project will be implemented)

2.1 Market analysis

The market analysis is the process of data collection and analysis, planned and conceived in advance, with the aim of providing information important for the decision-making process regarding the investment. The market analysis should refer to the period during the implementation of the Investment Project and after the completion of the Investment Project.

List the markets of intended sale of products or services which are the subject of the Investment Project. State the size of such markets and planned share in them. List the clients with whom the contracts have already been concluded. List the greatest competitors in the field of products and services as well as the market development trends for the activity which is the subject of the Investment Project.

2.2 Procurement market

State the most important products, semi-products, materials and services which will be procured for the purposes of the Investment Project. List the most important suppliers and markets sources of the procurement. List procurement plans for products, semi-products, materials and services in Montenegro.

2.2.1 Foreign

List products /services that will be procured from abroad.

2.2.2 Domestic

List products /services that will be procured from Montenegro.

2.2.3 Extent of participation of other business entities from Montenegro during the implementation and after completion of Investment Project

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| Share of export in the total income (%) | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

| Planned volume of production in production/ service units: | In the year for which the application is submitted: | During the Project implementation | | | After the Project implementation | | | Total |
|---|--|--|-------------|-------------|---|-------------|-------------|--------------|
| | 201_ | 201_ | 201_ | 201_ | 201_ | 202_ | 202_ | |
| Total volume of production: | | | | | | | | |
| Export: | | | | | | | | |
| Share of export in the total volume of production (%) | | | | | | | | |

3. Technical elements of the Investment Project

State planned products or services and the volume of their production. Give the description of technical complexity and quality requirements for products or services.

3.1 Description of the technical and technological process

Describe technological aspects of the manufacturing process of products or services in question. List the machinery, equipment and tools to be used in the manufacturing process, as well as the procurement market for the equipment and the type of equipment – whether it is new or second hand.

3.2 Investment Project impacts related to research and development

State whether the Investment Project:

1. concerns the processes that involve high technologies, or the Investment Project entails the use of new technology in the territory of Montenegro (telecommunications, microelectronics, information technology, biotechnology, new materials, etc.) or
2. includes technology of a medium level of development.

If the Investment Project refers to the construction of a hospitality or tourism facility, state which category the facility will have after the construction (three, four or five stars).

3.3 Characteristics of the civil engineering structure (business premises)

Give the description of the solution and technical drawings of the facility in which the Investment Project will be implemented, underlining whether a new structure is being built for the Project purposes or an existing structure is being purchased or rented, whether restructuring or upgrading is necessary etc.

4. Employment and the qualification structure

Give a brief description of requirements regarding human resources for the Investment Project, type of jobs and educational profile of employees
 Insert the number of employees in the table.

| Qualification structure of employees | Existing employees* | | | New employees ¹ | | |
|--|---------------------|------|------|----------------------------|------|------|
| | 201_ | 201_ | 201_ | 201_ | 202_ | 202_ |
| Primary education | | | | | | |
| Secondary professional qualification | | | | | | |
| Higher professional qualification and high education | | | | | | |
| Total: | | | | | | |

*employees in previous three years, ending in the year when the application is made

4.1 Employment dynamics

Employment dynamics during the Investment Project implementation.

| | Planned number of new employees per year during the Investment Project implementation | | | Total |
|-------------------------|---|------|------|-------|
| | 201_ | 201_ | 201_ | |
| Number of new employees | | | | |

4.2 Investment Project impacts on human resources

State the trainings planned to be undertaken for the acquiring specific knowledge and skills as well as the trainings for the acquiring general knowledge and skills, and explain in which way such trainings will increase the competitiveness of employees on the labor market. State whether the trainings in the acquiring general knowledge and skills will be organized by the employer or in cooperation with business entities or institutions. State the number of employees to be included in planned trainings.

5. Environmental protection

Describe the impact of the Investment Project on the environment as well as the protection measures.

6. Estimated investment costs

¹ Number of persons to be employed on a permanent basis on positions related to the Investment Project implementation, within three years from the date of signing the Direct Investment Incentive Agreement

| No. | Investment structure | Loan | Share of equity | Total |
|-----------|---|------|-----------------|-------|
| 1. | Tangible assets | | | |
| | Building and land | | | |
| | Equipment | | | |
| | Lease of land, buildings and production facilities ² | | | |
| 2. | Intangible assets | | | |
| | Patents | | | |
| | Licences | | | |
| | Total tangible and intangible assets | | | |
| 3. | Working capital | | | |
| 4. | Other investment | | | |
| | Total | | | |

7. Financing sources

Give information on financing sources as well as the liability towards sources of assets during the Investments Project implementation and in the three-year period after the Project implementation. On the basis of estimated costs and available resources, it is necessary to define potential creditors and financial amounts that may be expected from them.

Financing sources

| No. | Sources | Amount | Percentage | Annual interest | Grace period | Repayment period (number of months) |
|--------|-----------------|--------|------------|-----------------|--------------|-------------------------------------|
| 1. | Share of equity | | | | | |
| 2. | Loan | | | | | |
| Total: | | | | | | |

8. Dynamics of the Investment Project implementation

Planned time period necessary for the implementation of the Investment Project from the date of signing the Direct Investment Incentive Agreement.

Dynamic plan of the Project implementation

| Activity | Year I | | | | Year II | | | | Year III | | | | |
|--|--------|----|-----|----|---------|----|-----|----|----------|----|-----|----|--|
| | I | II | III | IV | I | II | III | IV | I | II | III | IV | |
| Completion of the main design | | | | | | | | | | | | | |
| Acquisition of necessary construction licenses | | | | | | | | | | | | | |
| Beginning of construction and provision of equipment | | | | | | | | | | | | | |
| Employment and training of employees | | | | | | | | | | | | | |
| Obtaining necessary work permits | | | | | | | | | | | | | |

² Provided that the lease period is not shorter than ten years from the date of signing the Direct Investment Incentive Agreement

| | | | | | | | | | | | | | |
|-------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Beginning of operations | | | | | | | | | | | | | |
|-------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|

* Shade quarterly periods in which respective activities will be carried out

9. Economic and financial analysis

Give a detailed cost calculation per product unit and total expenses (energy sources, labor, basic and auxiliary raw materials, services, etc..) during the Investment Project implementation and in the three-year period after the Project implementation, made exclusively for Investment Project purposes.

9.1 Balance sheet and the profit and loss account projections

Submit projections for financial reports for the period of Investment Project implementation and the three-year period after the Investment Project implementation, that is, for the period of 6 years in total.

Balance sheet projections

| | Assets | Value |
|---|---------------------|-------|
| A | Fixed assets | |
| 1 | Buildings | |
| | -existing | |
| | -new | |
| 2 | Equipment | |
| | Basic equipment | |
| | Existing equipment | |
| | New equipment | |
| | - domestic | |
| | - foreign | |
| | Auxiliary equipment | |
| 3 | Other investment | |
| B | Working capital | |
| | Total | |

Profit and loss account projections

| No. | Structure | Year I | Year II | Year III | Year IV | Year V | Year VI |
|-----|------------------------------------|--------|---------|----------|---------|--------|---------|
| A | Total revenue | | | | | | |
| B | Total expenses | | | | | | |
| 1. | Operating expenses | | | | | | |
| 1.1 | Material and non-material expenses | | | | | | |
| 1.2 | Depreciation | | | | | | |
| 1.3 | Gross wages | | | | | | |
| 2 | Financing expenses | | | | | | |
| C | Gross profit | | | | | | |
| D | Gross profit tax | | | | | | |
| E | Net profit | | | | | | |

9.2 Cost-effectiveness indicator

Indicator of cost-effectiveness represents the total revenues to total expenses ratio for the period of six years from the beginning of the Investment Project implementation.

| INDICATOR OF COST EFFECTIVENESS | | |
|--|----------------|-------|
| TOTAL REVENUES | TOTAL EXPENSES | RATIO |
| | | |

9.3 Net profit ratio

Net profit ratio represents the ratio of average net income in the investment cycle for the period of six years from the beginning of the Investment Project implementation to total investment, expressed in percentage.

| NET PROFIT RATIO | | |
|--|------------------|-----------|
| PLANNED (projected) AVERAGE NET INCOME IN THE INVESTMENT CYCLE | TOTAL INVESTMENT | RATIO*100 |
| | | |

9.4 Payback period

The payback period represents the length of time required to recover the cost of an investment, i.e. the ratio of total investment to average net profit in the period of an investment cycle.

| PAYBACK PERIOD | | |
|-----------------------|---|---|
| TOTAL INVESTMENT | PLANNED (projected) AVERAGE NET PROFIT | RATIO (expressed in the number of years) |
| | | |

10. Total income

Table of total income

| No. | Product/Service | Quantity | Unit of measurement | Price | Total income |
|-----|-----------------|----------|------------------------|-------|--------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | TOTAL | | | | |

11. Operational expenses

11.1 Investment costs

11.1.1 Calculation of depreciation

| No. | Structure | Value | Depreciation rate | Depreciation |
|-----|-------------------------|-------|-------------------|--------------|
| 1. | Buildings | | | |
| | Existing | | | |
| | New investment | | | |
| 2. | Technological equipment | | | |
| | Existing | | | |
| | New | | | |
| | Auxiliary equipment | | | |
| 3. | Other investment | | | |
| | TOTAL | | | |

11.1.2 Investment maintenance

The basis for the calculation of maintenance costs is calculated as the percent of depreciation.

| No. | Structure | Depreciation costs | Rate | Amount |
|-----|--------------------------------|--------------------|------|--------|
| 1. | Building maintenance | | | |
| 2. | Electrical machine maintenance | | | |
| | TOTAL | | | |

11.1.3 Interest costs

Within this item, it is necessary to state interests on loans, fixed assets and permanent working capital as they figure in the loan repayment plan.

11.1.4 Insurance costs

Insurance costs are related to the insurance premium to be paid to the insurance company in case of a situation that might have negative impact on fixed assets. It is calculated by multiplying total fixed assets with the applicable rate.

11.2 Costs of working capital

| No | Elements | Annual turnover | Days working capital (DWC) | Activity ratio | Necessary assets |
|----|--------------------------|-----------------|----------------------------|----------------|------------------|
| 1. | WORKING CAPITAL | | | | |
| | Material stocks | | | | |
| | Unfinished production | | | | |
| | Finished products stocks | | | | |
| | Accounts receivable | | | | |
| | Current account | | | | |
| 2. | DEDUCTIBLE ITEMS | | | | |
| | Suppliers | | | | |
| | Depreciation | | | | |
| | Gross wages | | | | |
| 3. | WORKING CAPITAL SHORTAGE | | | | |

11.2.1 Material costs

Include costs of basic, auxiliary material etc.

11.2.2 Gross wages calculation

It comprises the part paid by the investor to the workers and the part paid to the list on the account of taxes and contributions.

11.2.3 Other non-material costs

Include costs of water, electric energy, marketing, , accountancy services etc.

12. Conclusion and related documentation

List the reasons why the financial incentives should be awarded.