JORDAN PEPENE COMPANY LIMITED

BUSINESS PLAN
TO
ESTABLISH WATER BUSINESS THAT PROVIDES SAFE DRINKING WATER

PREPARED FOR:

JORDAN PEPENE COMPANY LIMITED
P.O. Box 2385
MBEYA

JORDAN PEPENE COMPANY LIMITED

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BUSINESS PLAN
TANZANIA WATER PROJECT

1.0 PROJECT OBJECTIVES:

1.1 The objective of the project is to develop a water business that provides a safe drinking water product. The drinking water will be distributed as a packaged and affordable product to the people of Tanzania and as a novel export product to the rest of the world. The water will be positioned in the local East and Southern Africa market as a safe and clean drinking water packaged in portable containers. The drinking water export product will be positioned in the world market as a unique **"Product of Tanzania".**

1.2 The project will produce through acceptable treatment process hich quality bottled drinking water for Tanzania, neighbouring countries and for export to rest of the world. In order to produce the water, the Company will acquire state of art water treatment and bottling equipment and construct appropriate factory facility. The project also intends in collaboration with other stakeholders to take necessary measures in order to sustain the water source. The Company will build a factory for processing water and filling of bottles.

1.3 Capital Investment

The Capital Investment opportunity for Ms Abigael Ngogo and Mr. Yoab Mhavile planned Tanzania corporation is as follows:

A "Phased Approach" is planned that includes an initial research/testing phase (PHASE I); a process development phase (PHASE II); and a final world distribution phase (PHASE III). The following are current estimates for the investment.

- Phase I: Site research, testing, and analysis: $ 53,500.00
- Phase II: Site procurement, plant and process development: $642,000.00
  Estimated Total Investiment in Tanzania for Phase I and II: $695,500.00

Phase III: Marketing and distribution: to be determined

2.0 TECHNICAL ASPECTS

2.1 Location

The project will be located at Mbeya Region where the water will be tapped tapped through deep drilling and transmitted to holding tanks at factory site.

2.4 Plant and Machinery:

These will consist of:

- One unit water treatment/processing equipment
- One unit deep water source pipe
- One unit bottle washer.
- One unit filling and sealing machine

The total cost is estimated at US $ 215,000.

2.5 Furniture and Office Equipment

These will be acquired at a cost of US $ 36,000

2.6 Motor Vehicles

The company plans to acquire one lorry at an estimated cost of US $ 72,000.

2.7 Pre-operational Costs:

They consist of the cost of TIC application forms and Certificate of Incentives fee, professional fees, documentation and legal charges, and will include site research, testing, and analysis

The total cost is equivalent to US $ 41,000

2.8 Producing Process:

a) Safe Drinking Water:

water will be secured from a deep area of Lake Tanganyika where there is no marine life and the water is basically free of microbial organisms and its physical and chemical properties meet WHO guidelines for drinking water and will be processed through a state-of-the-art water processing facility utilizing proven water purifying systems. The water will only be treated to conform to the bacteriological standard using micro filter, activated carbon filter, and ultra violet rays. The treated water enters automatic bottle filler and sealer. The sealed water bottles are packed ready for market.

b) Bottle Production

A recyclable 5 gal (about 20 litre) will be purchased and used for local distribution. Bottles will be washed, filled, and capped with an automatic water-bottling machine at the plant. Smaller PET type bottles may be incorporated into the corporation at a later date as demand dictates.

2.9 Environmental Consideration:

Water treatment and bottling process are environmental friendly. The same company in collaboration with other stakeholders will take necessary measure to sustain the water sources and improve the envirnment.

3.0 INSTITUTIONAL AND LEGAL ASPECTS

3.1 Project Implementation Management

Project Implementation Management

Project implementatio management is being coordinated by the main promoter and interim Chief Executive Officer Mr. Mohamed Ali assisted by Mr. Sebastian. Appoitment of architects, civil engineers, and building contractor will be made in the course of time.

3.2 Shares and Shareholding

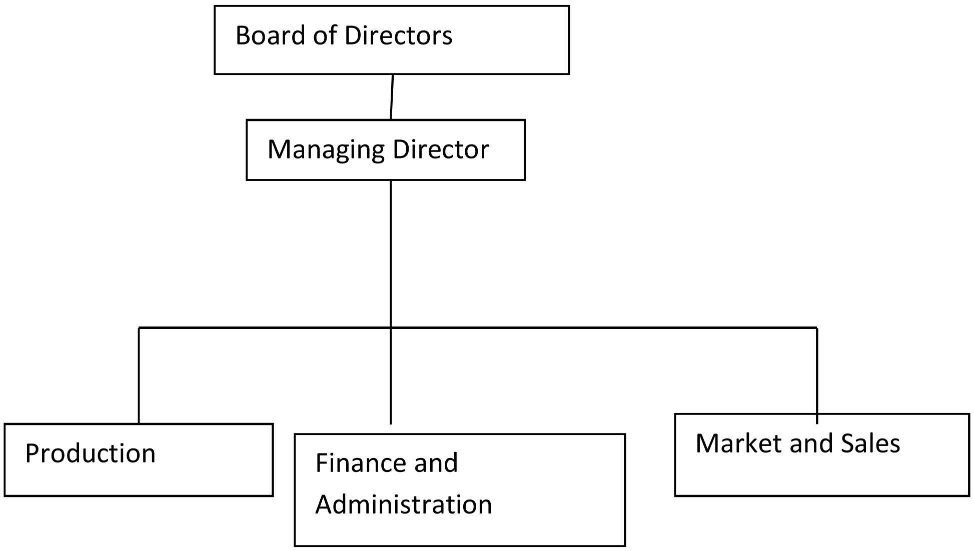
Tanzania Limited is a private limitd liability company registered and incorporated in Tanzania on the 28th Nov 2013. Copy of the Certificate of Incorporated No. 104295 is attached for reference. The authorised share capital of the company is TZS 10,000,000,000 divided into 1000 shares of TZS 10,000.

3.3 Board of Directors

The Board of Directors is the highest policy making body of the Company. The first Board of Directors consists of two directors.

3.5 Organisation Chart

ORGANISATION STRUCTURE.



3.0 MARKET ASPECTS

4.1 The Product

The main product of the company is processing and sale of clean safe drinking water. It is anticipated that the export product will be profitable as it will be positioned and sold as a novel product of Tanzania in a similar manner to Tanzanite. It is known that unique products do very well in the international market when they are positioned as one-of-a-kind product that offer the purchase somethin that is seen a unique, special, and out of the ordinary. Water products, in particualar, follow this same trend with many unique water products being shipped all over the world as customers ask for them.

4.2 The Market:

The company' local market base will be the general public in Tanzania Regions. Possible exports to East and Southern Africa cities will also be made. The company has plan to export the water in bulky containers packaging and sale overseas.

4.3 Existing Producers for the Local Market are:

	Name of Producer	Installed Capacity/hr	Installed Capacity/year
1	Uhai	15,000	36,000,000
2	Sayona	12,000	28,800,000
3	Masafi	10,000	24,000,000
4	Dasani	2,000	4,800,000
5	Penguin	1,500	3,600,000
6	Cool Blue	2,000	4,800,000
11	Siha Beverages	3,000	7,200,000
12	Maji Africa	3,000	7,200,000
13	Kilimanjaro Waters	3,000	7,200,000
14	Kilimanjaro Natural Products (proposed)	3,000	7,200,000
	TOTAL	**54,500**	**130,800,000**

4.4 Capacity

The company's production capacity is $12m^3$ per hour i.e. 96,000 per 8 hour shift per day. Loss on through put is assumed to be 0% i.e. 96,000 litres will be available for sale per day.

4.5 Pricing and Marketing Entry

Company prices are assumed to be as follows

1 litre = US $ 1

4.6 **Target Market**

The company will target restaurants, bars, groceries, super markets, hotels and institutions such as hospitals, universities and colleges as well as the military.

4.7 **Competition**

In the local market the main competitors will be Kilimanjaro Waters¸ Uhai, Cool Blue, and Masafi Waters.

4.8 **Promotion**

Occasional advertising through print and electronic media will be made in the local and foreign press. It is anticipated that profitability will allow expansion of the facilities to meet demand, thereby allowingus to hire more people, and ultimately provide more clean water facilities for the people of Tanzania.

5.0 FINANCIAL ANALYSES

The overall cost to move this project to market is estimated to be about $700,000.00 invested over a period of about 2 years. Mr. Yoab will provide initial funding for this startup business. A Tanzanian company has been incorporated in a timely manner to manage andoperate the production facitlities, hire local labor, manage local distribution, facilitate exportation of product, secure permits, and pay applicable Tanzania taxes and fees.

5.1 Operating assumptions

- It has been assumed that the project will commence operation August 2020
- The project is wholly equity financed.

5.2 Financial and Investment Assumptions

- No loans
- Capitatal cost estimates are based on current costs of water processing plan and associated equipment CIF Dar es Salaam.
- No replacement of fixed assets.
- Depreciation is as follow:

  (ii) Land & Buildings 2% straight line basis

  (iii) Pre-operational expenses: 50% straight-line basis – TABLE V

5.3 Working Capital – TABLE IV

The assumptioms regarding the estimated project working requiements are given and based on the following:

- Inventory 2 weeks' sales
- Accounts Receivable 2 months
- Accounts Payable 1 month of total cost

Based on the above assumptions, the optimum working capital is estimated US $ 56,200 in the 1st year of operation.

5.4 Liquidity projection - TABE IX

The project reflects positive cash flow right from the first year of operation. Net cash flows rise from USD $ 33,780 in the first year to US$ 4,240,040 in the 5th year.

5.5 Projected Profitability – TABLE VII

(i) The project income statements reflect positive margins from the first year of operation of operation. Net profit after tax will rise from US $ 7,070 in the first year to US $ 1,706,670 in the 5th year. The same accumulates to US $ 4,001,900 for the five year period.

(ii) Internal Rate of Return – Appendix X

The projected yield of return of 57% (after discounting), which is well abovethe current borrowing rate in Tanzania. But remember that the project is 100% equity financed.

5.6 After Tax Payback Period – Appendix XI

After the tax payback period is 2 years and 8 months. Whereas investment cost is US $ 751,720 the same will be recouped in the 3rd year of operation when accumulated cash flows amount to US $ 764,295.

6.0 ENVIRONMENTAL IMPACT SUMMARY

There is no environmental impact resulting from the purification process. The water is simply processed through a filtration system. The amount of water processed from the lake will be negligible and will have no impact on the massive amount of water contained in the lake (currently the lake contains about 19,000 cubic kilimetres of water). The amount taken will also be much less than the replenishment water coming nto the lake via the many river drainages. No marine life, fish, molluscs, or any other important fisheries will be affected as the water intake source will be very deep and well beyond all loving organisms. Testing will assure that the water is taken from an area well away from fisheries or any other important take areas used by local people.

7.0 EMPLOYMENT POTENTIAL

This plan is to employ Tanzania citizens in management, production, and distribution as follows:

Processing site	2	Managers
	15	Production, security, and shipping
	4	Quality and testing
Dar es Salaam	2	Corporate Managers and Export facilitators (USA & TZ)
Local Distributors	25	Independent Distributors
Total for initial Production	**48**	

Employment estimates are based on start-up requirements to propel the product through two years of local and international distribution. Expected growth rates will add employment opportunities, of course.

8.0 CONCLUSION AND RECOMMENDATION

a. Analysis of viability of the proposed investment in water processing indicates that the project is financially viable and economically attractive. From a national point of view, the timely completion of the plant will lead to the following economic benefits:

- The Company will contribute towards the supply of clean safe water to Tanzanians and the rest of the world.
- The export of water will increase foreign exchange earning capacity
- The Company will provide direct employment to over 40 Tanzanian in the field of water processing.
- The government will earn substantial revenue from the water export in form of levies and taxes.

b. RECOMMENDATION

that the project is viable and meets necessary requirements of Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act.

It is recommended to TIC to approve the project and assist the investor to be granted with the necessart tax exemptions on acquisition of capital goods. The analyse are sound, economically attractive and socially acceptable.

FINANCIAL STATEMENTS

INVESTMENT BREAKDOWN

PARTICULAR				AMOUNTS USD	
Land and Buildings				220,000	
Plant & Machines				215,000	
Motor Vehicles				72,000	
Furniture & Fixtures				36,000	
Pre Expenses				41,000	
Working Capital				170,000	
TOTAL				**754,000**	

FIXED ASSETS SCHEDULE

NAME OF ASSETS			**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Land and Buildings			220,000	209,000	198,000	187,000	176,000
Plant & Machines			215,000	172,000	129,000	86,000	43,000
Motor Vehicle			72,000	57,000	42,000	27,000	12,000
Furniture & Fixtures			36,000	31,500	40,000	35,000	30,000
Total			**543,000**	**469,500**	**409,000**	**335,000**	**261,000**
Depreciation			**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Land and Buildings			11,000	11,000	11,000	11,000	11,000
Plant & Machines			43,000	43,000	43,000	43,000	43,000
Motor Vehicles			15,000	15,000	15,000	15,000	15,000
Furniture &Fixtures			4,500	4,500	4,500	4,500	4,500
ANNUAL DEPRECIATION			**73,500**	**73,500**	**73,500**	**73,500**	**73,500**
CLOSING FIXED ASSETS			**469,500**	**396,000**	**335,500**	**261,500**	**187,500**

OTHER OPERATIONG COST

Other Operations Cost			**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Motor Vehicle running expens			24,000	24,400	24,800	25,200	25,600
Salaries and Wages			41,000	45,100	49,610	54,571	60,028
Adminitrative Overhead Costs			25,000	27,500	30,250	33,275	36,603
Utility Costs			20,000	22,000	24,200	26,620	29,282
Interest on Loan			56,000	61,600	67,760	74,536	81,990
Communication Exepnses			4,000	4,400	4,840	5,324	5,856
Total Costs			**170,000**	**185,000**	**201,460**	**219,526**	**239,359**

PROJECT BALANCE SHEET

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		543,000	469,500	409,000	335,000	261,000
Long term Assets						
Depreciation		73,500	73,500	73,500	73,500	73,500
Total long termassets		**469,500**	**396,000**	**335,500**	**261,500**	**187,500**
Current Assets						
Cash		406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable		105,000	110,250	216,535	421,763	527,628
Inventory		214,710	376,383	438,469	402,292	467,493
Total Current Assets		**211,000**	**211,000**	**211,000**	**211,000**	**211,000**
Total Assets		**680,500**	**607,000**	**546,500**	**472,500**	**398,500**
Curent Liabilities						
Accounts Payable		84,000	88,200	92,610	97,241	102,103
Other Current Liablit		70,000	73,500	77,175	81,034	85,085
Subtotal Current Liabi		**154,000**	**1,616,700**	**169,785**	**178,274**	**187,188**
Long term Liabilties						
Long term Liabilitie		1,820,000	1,820,000	1,820,000	1,820,000	1,820.00
Total Liabiities		**469,500**	**396,000**	**335,500**	**261,500**	**187,500**
Net Assets		**820,810**	**877,633**	**951,268**	**1,044,516**	**1,157,656**
Captil and Reserves						
Owners Contribution		780,000	780,000	780,000	780,000	780,000
Retained Earning		**40,810**	**97,633**	**171,268**	**264,516**	**377,656**
Total Capital		**680,500**	**607,000**	**546,500**	**472,500**	**398,500**

PROJECTED INCOME STATEMENT

			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR5
Sales Revenue			630,000	756,000	907,200	1,088,640	1,306,368
Cost of Sales			126,000	126,000	126,000	126,000	126,000
Gross Profit			**504,000**	**630,000**	**781,200**	**962,640**	**1,180,368**
Operating Expenses							
Administrative Overhead							
Costs			105,000	106,050	107,111	108,182	109,263
Motor Vehicle running			5000	5,050	5,101	5,152	5,203
Expenses			8,000	8,080	8,161	8,242	8,325
Salaries and Wages			78,000	78,780	79,568	80,363	81,167
Depreciation			81,000	81,810	82,628	83,454	84,289
Marketing Costs			6,500	6,565	6,631	6,697	6,764
Utility Costs			10,500	10,605	10,711	10,818	10,926
Insurance			10,000	10,100	10,201	10,303	10,406
Interest on Loan			12,200	12,322	12,445	12,570	12,695
Communication			1,750	1,768	1,785	1,803	1,821
Total Expenses			**207,950**	**210,030**	**212,130**	**214,251**	**216,394**
Profit before Tax			**296,050**	**419,971**	**569,070**	**748,389**	**963,974**
Tax (30%)			88,815	125,991	170,721	224,517	318,112
Profit After Tax			**207,235**	**293,979**	**398,349**	**523,872**	**645,863**