

# **MUSCAT GLOBAL LIMITED**

## **PRE-FEASIBILITY STUDY**

### **PROVISION OF CONSTRUCTION SERVICES**

**Prepared for:**  
**MUSCAT GLOBAL LIMITED**  
**P.O Box 145,**  
**Dar es Salaam.**

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# **PART I**

## **1. EXECUTIVE SUMMARY**

### **1.1 . Company and Project concept**

Muscat Global Limited is limited Company incorporated in Tanzania under the Company act of 2011. The Company was incorporated 22<sup>nd</sup> December, 2021, and bears Certificate of Incorporate # 154504273. Company is being incorporated to execute various business activities among others include undertaking the project construction projects.

Our goals and objectives are straightforward and seek to ensure we run a professional, profitable and ethical company, building relationships with customers, suppliers and other investors

#### **1.1.1 Company Goals and Objectives**

Muscat Global Limited aims to;

- Undertake both small construction projects and massive construction projects for governments, private sectors and for individuals which is why we do not intend to place limitations of the scope of the projects we handle and what we do.
- Manage the project by human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involve
- Achieve levels of profit sufficient to provide for reinvestment and suitable returns to shareholders and investors
- Seek to comply with all statutory legislation and other external relevant authorities. Define and keep under review Company policy, allowing flexibility for local requirements.
- Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts

#### **1.1.2 Purpose of feasibility report**

This document is prepared to the serve the purpose as a feasibility study for Muscat Global Limited for provision of construction services in Tanzania which include the construction of the following;

- ✓ Road Construction
- ✓ Bridge Construction
- ✓ Dam construction
- ✓ Airports and Helipads Construction
- ✓ Seaports Construction
- ✓ Skyscrapers construction
- ✓ Estate construction
- ✓ Public facility construction (hospitals, schools, shopping malls, office complexes and industrial facilities et al)
- ✓ Construction of residential facilities

- ✓ Property Makeover Services
- ✓ Construction Consultancy and Advisory Services

The Muscat Global is owned by the principal partners from Oman with diverse business in Oman and Tanzania. Shareholders also have plans in the pipeline to sell the shares of the company in the nearest future to interested investors who would want to be part owners of the company. Shareholding is distributed as shown below.

<b>Name</b>	<b>Nationality</b>	<b>Shares%</b>
Masoud Khalid Said Al Esry	Oman	90
Khadija Amur Mohamed Al Esry	Oman	10

### **1.1.3 Company Legality**

The legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, Tax Identification Number, and value added Tax certificates Justify that Muscat Global Limited is operating within the ambit of the law of the Land

### **1.1.4 Project Organization Structure**

The management of is Muscat Global Limited constituted by the following organization set up:- Board of Directors, Managing Director who is responsible on the supervision on the entire operations of the Company, a company accountant, a General Manager who will be supervising general affairs of the project operation.

### **1.1.5 Investment Structure**

The project is estimated to cost 8,050,000\$ the money covers value of Plants and Equipment but also allocated fund include investment in fleet vehicles, equipments, furniture and fittings, pre expenses and working Capital. The equity which shall be contributed by the shareholders is 4,000,000 \$ equivalent to 50 % whereas 4,050,000 \$ which is 51 % is a loan equity from bank. However, a financial policy of the Company state that the profits generated will be re-invested

### **1.1.6 Forecasted financial Information**

Financial information of Muscat Global Limited is projected within five years. The company projected profit and Loss, account show a respectable turnover of more than 194,841 in the first year. The profits gained on fifth year are projected to be 457,487. The projected balance sheet, shows the net worth increase of more than 2,760,120.70\$ in the second year of operation and more than 2,809,984.58 \$ in the 3<sup>rd</sup> year of the usefully lifetime of the implementation during which the business will be evaluated again. The financial documents show that the business has positive cash flow.

## **PART II**

### **2. COMPANY AND INDUSTRY INFORMATION**

## 2.1 Basic information

Name of company:	Muscat Global Limited
Address:	P.O. Box 145. Dar es Salaam
Telephone:	+255753888883
Project Location	Plot No. 1 Hadary Plaza, Ilala District
Certificate of Incorporation no.	154504273
Sector	Service
Sub sector	Construction
Total Cost of estimated Investment.	8,050,000 \$
Shareholders	Masoud Khalid Said Al Esry
	Khadija Amur Mohamed Al Esry

## 2.2 CONSTRUCTION INDUSTRY

The construction industry can comfortably boast to be responsible for the infrastructural development of the world. As such, the development of any country or city can be said to be the handiwork of construction companies and other stake holders. In other words, all the edifices, bridges, dams, roads, estates, campuses, shopping malls, office complexes, skyscrapers and massive structures that you see around are all products of the construction industry.

Starting a construction business is capital intensive simply because of the type of heavy duty equipment that is required to carry out a construction project and also the cost of managing a large workforce. Despite the fact that the construction industry requires huge start – up capital, the industry is highly profitable, especially if you have the expertise and capacity to deliver quality jobs. The major clients for construction companies are governments and the private sector.

Construction giants all over the world head towards developing countries, because they know that they are going to get juicy construction contracts there. Unlike in advanced economy, in developing countries and undeveloped world, there are loads of construction works to be done.

The fact that they have infrastructure deficit means that the government must be up and doing in terms of road constructions, bridge construction, public facility construction (hospitals, schools, office facilities and estates et al) and dams constructions.

After a war, the construction industry is one of the major stakeholders that contribute in the rebuilding of a country. In so doing, they work with governments in ensuring that basic infrastructures are restored and of course it will always end up a win – win situation for both parties. The government gets what they want and the construction company and contractors get good returns for delivering the projects.

Over and above, the success of a construction company to a larger extent depends on their relationship with the biggest clients in the industry; the government of any country. No doubt there is always enough construction contracts to go round as long as a construction company is competent and well positioned. They won't lack construction contracts from both the government and the private sector.

The construction industry is a sector of the economy that transforms various resources into constructed physical economic and social infrastructure necessary for socio-economic development. It embraces the process by which the said physical infrastructure are planned, designed, procured, constructed or produced, altered, repaired, maintained, and demolished. The constructed infrastructures include:

- Buildings
- Transportation systems and facilities which are airports, harbours, highways, subways, bridges, railroads, transit systems, pipelines and transmission and power lines.
- Structures for fluid containment, control and distribution such as water treatment and distribution, sewage collection and treatment distribution systems, sedimentation lagoons, dams, and irrigation and canal systems.
- Underground structures, such as tunnels and mines.

The industry comprises of organizations and persons who include companies, firms and individuals working as consultants, main contractors and sub-contractors, material and component producers, plant and equipment suppliers, builders and merchants. The industry has a close relationship with clients and financiers. The government is involved in the industry as purchaser (client), financier, regulator and operator.

Tanzania's construction sector generated USD 6.7 billion (14% of GDP) in 2018 compared to USD 4 billion in 2014, representing an increase of 68%. According to the Bank of Tanzania (BoT), the growth in the construction sector was attributed to growing public investments (construction of standard gauge railway, bridges, airports, and roads, expansion of ports), as well as on-going rehabilitation of meter-gauge railway. The construction industry in Tanzania includes real estate, transport infrastructure, and other civil works, including water supply.

Tanzania Real Estate Tanzania's real estate sector contributed 4% to the country's real GDP in 2018 with USD 1.4 billion, compared to USD 1.2 billion in 2014. This represents an increase of 17% mostly driven by the increasing demand for urban accommodation.

Tanzania Water Supply Tanzania's water supply, sewerage, and waste management activity contributed nearly 1% to the country's GDP in 2018 with USD 205 million, compared to USD 164 million in 2014, representing an increase of 25% .

Tanzania Transport Infrastructure According to the country's 2025 Development Vision, investments in Tanzania's infrastructure, particularly in the development of the road network, must be the Government's top priority. The World Bank (WB) and the African Development Bank (AfDB) support Tanzania in achieving its infrastructure development goals by providing grants and credits for projects .

The WB's Infrastructure Projects in Tanzania In 2018, the WB enhanced the Tanzania Country Partnership Framework 2018-2022 (CPF) which outlines more intensive engagement in priority areas including transport. The WB's current portfolio in Tanzania includes 20 projects with a total commitment of USD 4.07 billion, most of which is dedicated to transport development. In April 2014, the WB approved the Intermodal & Rail Development Project of Tanzania to support the development of reliable railway infrastructure on the Dar es Salaam-Isaka section of the East African Central Corridor, mainly by building new terminals and reconstructing bridges. According to the WB, the Intermodal & Rail Development Project will consequently help to promote agricultural trade and job creation across the country. In March 2015, the WB approved the Dar es Salaam Metropolitan Development Project to improve urban services in Dar es Salaam by upgrading and building priority roads and drainage systems. In 2018, the WB approved a loan of USD 350 million to improve water supply and sanitation services in rural Tanzania.

The AfDB's Infrastructure Projects in Tanzania The focus of the projects funded by the AfDB in Tanzania is mostly on infrastructure development and governance. In 2019, the AfDB approved a USD 272.12 million loan to Tanzania for the construction of a new international airport in the capital Dodoma. Work will be carried out over four years and will include a passenger terminal, a runway, air navigation equipment. In the same year, the AfDB approved a EUR 345 million financing package for road construction in Tanzania and Kenya. The road is a key component of the East African transport corridors network, connecting Tanzania and Kenya. Producers, manufacturers, and traders will be able to move goods more quickly and cheaply.

From the detailed information above it becomes apparent that the demand and construction services is increasing. The stakeholders of construction industry opinion that there is a big gap between the demand and supply and hence requires numbers of multi floored commercial complexes to be built.

### **2.3 TANZANIA CONSTRUCTION POLICY**

The National Construction Industry Policy takes into account of the fact that the realisation of the objectives and goals of the identified priority sectors such as education, health, water, agriculture, manufacturing, tourism, mining, energy, construction, land and good governance operates on the availability of reliable, strong and competitive local construction industry which is capable of delivering quality services to its stakeholders. New investments in the construction and rehabilitation of infrastructure will be given priority parallel with the maintenance of the existing constructed facilities so as to enable speedy development of the other sectors which depend upon the performance of the local construction industry. The interim policy is anticipated to provide guidance towards the increased involvement of the local construction industry in construction activities. The Construction Industry Policy emphasises the development of an efficient and self sustaining roads network that is capable of meeting the diverse needs for construction, rehabilitation and maintenance of civil works for trunk, regional, districts and feeder roads network through the involvement of private sector. Public sector involvement in the enhancement of housing, infrastructure and other constructed facilities to assist in the mobilization of financial resources as well as capital investment will be emphasized. The pursuance of all the above general goals will be carried out in tandem with all the other key national sectoral policies, e.g. agricultural policy, land policy, investment policy, industry and trade policy, energy policy, housing policy, health, education and all other sectoral policies which have direct or indirect impact on the construction sector.

#### **2.4 SOCIAL AND ECONOMIC IMPACT OF THE PROJECT**

The proposed project will result into the following social and economic impacts:

- Increase the provision of high quality Commercial building to let and residential Apartment services in real estate Industry.
- Increased competitiveness among real estate developers
- The project will provide employment for more than 48 people as direct employment
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by Muscat Global Limited.

## **PART III**

### **3.0 MANAGEMENT AND ORGANIZATION STRUCTURE**

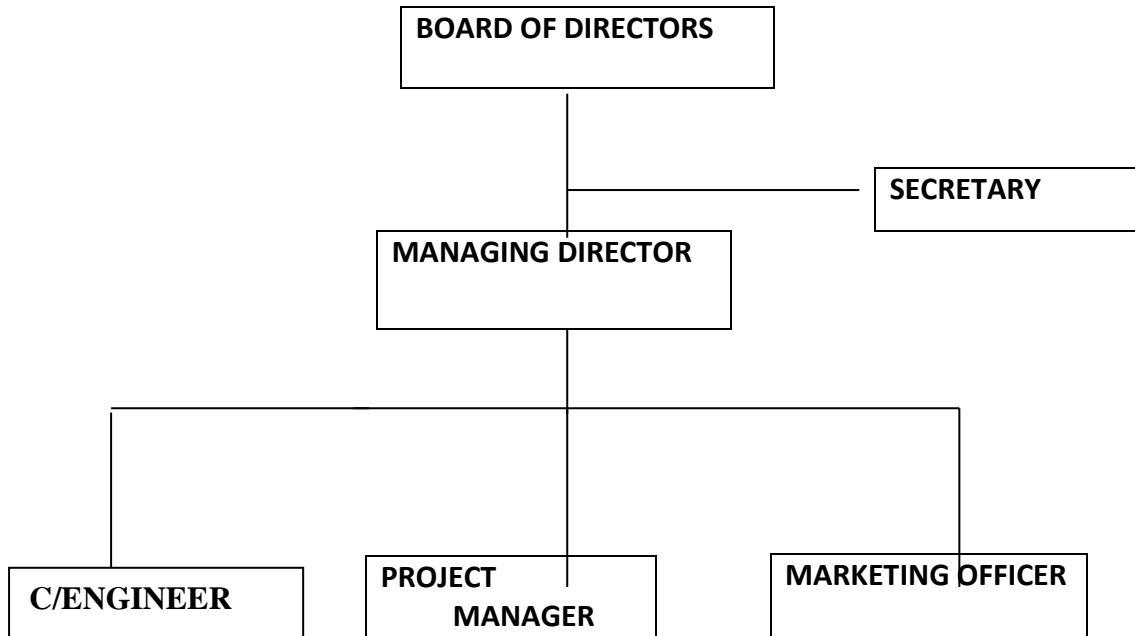
#### **3.1. PROPOSED PERSONNEL.**

The organization of the envisaged manpower for the proposed project is divided into three departments namely:

- Estate Development.
- Estate Marketing.
- Structural & Civil engineering

The personnel falling under the Estate Development shall include the Estate Manager, Account Clerk, Clerical Staff, and Watchmen. Those falling under the Estate Marketing shall be the Marketing Officer and the Sales staff. Those falling under Structural & Civil Engineering shall be Chief Engineer and Technical Officer.

**3.2. ORGANIZATION CHART.**



**3.3. STAFF TRAINING.**

The project is expected to employ a total of 48 people as Director Labour. During Construction the total labour force to be employed will be 80. For training and educational purpose all administration and operational procedures will be written down in manuals.

**3.4. RECRUITMENT**

It has been agreed that the initial personnel to be employed by this project will be those with sufficient experiences and must have worked in reputed estate companies. Posts that require professional training, the personnel thus employed shall have been trained from recognized institutions.

# PART IV

## 4. PROJECTS ENGINEERING & TECHNOLOGY

**4.1 OPERATIONALIZATION OF THE PROJECT**

The envisaged project will be managed and owned by a limited liability company with its head office in Kisumu at Hiday Plaza Building as Administration Office. However, its operations shall be carried out throughout the United Republic of Tanzania. According to the company’s objectives the company may open branches anywhere in the United Republic of Tanzania and outside the country.

#### **4.2. LOCAL CONDITIONS**

Dar es Salaam City is a fast expanding and growing Metropolitan City with several international organizations based in Dar es Salaam including the headquarters for various International Organization. The entire necessary infrastructures are fully developed to suit the status of the city.

Dar es Salaam City is the gate way to inland regions in Tanzania, and tend to attract and consolidate number of business and investment activities made by for companies in Tanzania.

#### **4.3. TECHNICAL REQUIREMENTS OF THE PROJECT**

During the project implementation the project shall technically require procurement of the following facilities:

- Excavators
- Backhoe
- Dragline Excavator
- Bulldozers
- Graders
- Wheel Tractor Scrapers
- Trenchers
- Loaders
- Tower Cranes
- Paver
- Compactors
- Tele handlers
- Feller Bunchers
- Dump Trucks
- Pile Boring Equipment
- Pile Driving Equipment

## **PART V**

### **5. MARKET INFORMATION**

#### **5.1. MARKETING TRENDS**

The trend in the construction industry is that construction companies are always coming out with processes that will help them achieve more within a short period; construction jobs can be time consuming especially the construction of massive infrastructures.

Most players in the construction industry are fully aware that the government of any country or state is the biggest clients they can get and they do all the lobbying and horse trading to ensure that they get government contracts.

No doubt there are loads of big time investors that have stakes in the construction industry, but one thing is certain, there is room big enough to accommodate both the big construction companies and the small construction companies.

What smaller construction companies need to do to survive in the industry is to concentrate on developing estates, schools, hospitals and hotels et al before bidding for big construction contracts like road construction, bridge construction, dam construction and skyscrapers et al.

Another obvious trend in the construction industry is subletting of contracts. It is now obvious that construction giants leverage on their brands to win contracts and in some cases after they have won the contract, they will go ahead to sublet the contract to smaller construction company that they trust can deliver to execute the project at an agreed fee that will be good enough for both parties to make profits. Smaller construction companies position themselves to be able to leverage on such opportunities once it presents itself.

### **5.3. JUSTIFICATION OF THE PROJECT**

Muscat Global Limited has decided aggressively to invest into this project of establishing Construction Company to tap the business opportunities available in the Industry. The also Company has been impressed by the Government of Tanzania's realization of the important role played by the construction Industry in the country's economic and social development.

### **5.4. MARKETING STRATEGY**

We have been able to clearly define our target market and have documented this in our construction marketing plan. We know how to get them to hire our services which is why we have decided to adopt some of the winning formula that construction giants utilize to win major construction contracts.

We know that it will take different marketing and sales strategies to win small clients and bigger clients. For example; there are requirements a construction company would hate to meet before they can be awarded a government contract. We have put all these factors in place before creating a workable marketing and sales strategy Muscat Global Limited.

Muscat Global Limited is fully aware of the bureaucracy and horse trading that exists in bidding for construction contracts from the government and even the organized private sector, which is why we were able to put protocols in place to hire some of the best business developer to handle our sales and marketing.

No doubt, our sales and marketing team will be recruited based on their vast experience in the construction industry and their ability to fit into our Business model. We are going to pay more emphasis in the training of all our employees so as to give them all they would need to help the company achieve its aim and objectives.

Our goal is to become one of the leading construction companies in Tanzania and we know we can achieve this by ensuring that our sales and marketing team are delivering on set targets. Muscat Global Limited will adopt the following marketing and sales strategies;

- Introduce our business by sending introductory letters alongside our brochure to all the corporate organizations and government offices in Tanzania.
- Promptness in bidding for contracts
- Advertise our business in real estate/properties magazines and websites
- List our business on yellow pages
- Promote our business on satellite TV stations and radio stations.
- Attend expos, seminars, and business fairs et al
- Create different packages for different category of clients in order to work with their budgets and still deliver quality housing/property to them
- Leverage on the internet (social media platforms and our official websites) to promote our business

## **5.5. SWOT ANALYSIS**

### **5.5.1 The Strength**

The strength of Muscat Global Limited depends on the experiences of managing other projects managed by sister companies. They include: -

- Strong leadership from directors
- Small team, fleet footed and able to move quickly.
- Experienced and focused Management team
- Quality products and services
- Skills in best commercial practice and ethical standards in dealing with clients

### **5.5.2 Weakness**

The main hindrance likely to face the company is lack of sufficient funding. This has been a critical problem to most of small business in the united republic of Tanzania. The Company will revolve its revenue from the first day of operation a per company policy.

### **5.5.3 Opportunities**

Muscat Global Limited capitalizes the optional advantage of the following:-

- Stable economic and political environment
- The increased attractiveness of the country as a quality tourist destination of choice and investment.
- Invest on friendly government policies including:- Market liberalization, Lucrative investment incentive packages, Provisional of land and on aid off site infrastructure, Duty exemption on capital goods

### **5.5.4 Threats**

Most threatening and detrimental tactics to the company operation include the following:-

- ❖ The taxation system; there still duplicity of taxes.
- ❖ Unpredictability of investments incentives facilitation system.
- ❖ Unfair competitive practices among stakeholders such as negative publicity, manpower draining and agent/client poaching.

## **5.6. Pricing strategy**

Part of business strategy is to ensure that we work within the budget of our clients to deliver excellent and world class construction projects. We are quite aware that there are major players in the construction industry in the Tanzania who are not interested in small business deals and that is why we have positioned Muscat Global Limited to take on such contracts.

Although our prices may not be outrageously lower than what is obtained in the industry, but we are hopefully that whatever price we bill our customer will be amongst the lowest they can get in the industry. The fact that we are going to be billing our clients lower than what is obtainable in the industry does not in any way going to affect the quality of our construction projects.

### **5.6.1. Payment Options**

Our payment policy in Muscat Global Limited is all inclusive because we are quite aware that different people prefer different payment options as it suits them, but at the same time, we will not accept payment by cash because of the volume of cash that will be involved in most of our transactions. Here are the payment options that we will make available to our clients;

- Payment by via bank transfer
- Payment via online bank transfer
- Payment via check
- Payment via bank draft

After the 3 years of operations the company will analyze its pricing structure once again to reflect the cost of the various components of its products and will adjust accordingly.

## **5.7. Publicity and Advertising Strategy**

We have been able to work with our consultants to help us map out publicity and advertising strategies that will help us walk our way into the heart of our target market. First and foremost, we want our brands to be visible and well communicated, which is why our publicity strategy have been well crafted to help us achieve our aims and business objectives.

All our publicity materials and jingles are done by some of the best hands in the industry. Below are the platforms we intend to leverage on to promote and advertise our property development business;

- Place adverts on both print and electronic media platforms
- Sponsor relevant TV shows
- Utilize our company's website in promoting our business

- Leverage on the internet and social media platforms like; Instagram, Facebook, Twitter, LinkedIn, Badoo, Google+ et al
- Install our Bill Boards on strategic locations.

# **PART VI**

## **6. INVESTMENT AND FINANCING**

### **6.1. SUMMARY OF CAPITAL COSTS**

The planned project does not require any investment in terms of leverages for executing the activities. The essential requirement is in hard cash capital and loan from financial institutions for implementing the intended buildings constructions.

<b>Investment and depreciation plan</b>						
Planning years >>	YEAR 1	YEAR 2	YEAR 4	YEAR 5	YEAR 6	
	USD	USD	USD	USD	USD	
<b>Investment</b>						<b>Total</b>
Land and Building	50,000	50,000	50,000	45,000	25,000	220,000
Plants & Machineries	1,000,000	1,000,000	800,000	800,000	30,000	3,630,000
Vehicles	1,500,000	550,000	520,000	510,000	320,000	3,400,000
Furniture & Fittings	50,000	50,000	50,000	30,000	20,000	200,000
Equipments	40,000	30,000	10,000	10,000	10,000	100,000
Working Capital	130,000	130,000	120,000	110,000	10,000	500,000
<b>Total investment</b>	<b>2,770,000</b>	<b>1,810,000</b>	<b>1,550,000</b>	<b>1,505,000</b>	<b>415,000</b>	<b>8,050,000</b>
<b>Financing plan</b>						
Planning years >>	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
Shareholders equity	USD	USD	USD	USD	USD	
Equity contribution (or withdrawal)	1,000,000.00	1,500,000.00	1,500,000.00	2,000,000.00	2,050,000.00	
Share capital	1,000,000.00	2,500,000.00	4,000,000.00	6,000,000.00	8,050,000.00	
<b>Long-term loans from bank</b>						
Loans drawn at the beginning of the year	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	
Repayments made at the end of the year	-	-	-	-	-	
Basis for interest calculation - end of year	1,000,000.00	2,000,000.00	3,000,000.00	4,000,000.00	4,000,000.00	
Interest rate	0.04	0.04	0.04	0.04	0.04	
Interest expenses	40,000.00	80,000.00	120,000.00	160,000.00	160,000.00	
Loan balance: year end (goes to balance sheet)	1,000,000.00	2,000,000.00	3,000,000.00	4,000,000.00	4,000,000.00	
<b>Liquidity control</b>						
Operating costs	826,322.80	1,063,527.42	1,335,370.85	1,582,224.14	1,820,484.58	
Minimum cash in relation to operating costs	0.20	0.20	0.20	0.20	0.20	
Minimum cash balance required (to be available at the end of the year)	165,264.56	212,705.48	267,074.17	316,444.83	364,096.92	
Actual cash balance at the end of the year	699,652.80	374,393.05	1,832,032.50	3,967,718.27	6,325,818.91	
<b>Dept to equity relation control</b>						
Dept to equity ratio - planned	1.03	0.79	0.72	0.64	0.48	
the bank	2.00	2.00	2.00	2.00	1.20	
<b>Deposit of excess liquidity to a bank account</b>						
Amount deposited (at the end of the year)	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	
Total amount deposited (per end of year) - basis for the interest	-	6,000.00	12,000.00	18,000.00	24,000.00	
Total amount deposited (per end of year) - basis for the balance sheet	6,000.00	12,000.00	18,000.00	24,000.00	30,000.00	
Interest rate	0.04	0.04	0.04	0.04	0.04	

## 6.2. FINANCIAL VIABILITY

Our analysis of the financial viability of the project indicates that the operations of the proposed project are profitable and that they can generate sufficient cash to meet both short and long-term financial obligations. We have assumed that the sponsors will put more effort to ensure the project operates at rated capacity immediately after completion of construction this minimize the stagnation period.

#### **6.4. FUNDAMENTAL ASSUMPTIONS**

In preparing the financial projections we made the following assumptions: -

- (a) The operating period for which the viability of the project is evaluated is five years.
- (b) The capital costs of the project **8,050,000 USD** as can be seen in the in annex table
- (c) All calculations throughout the evaluation period have been taken at constant prices. We have assumed the capital expenditure to be incurred between first year to fifth year of the project implementation
- (d) The construction activities will sustainability continue in Tanzania
- (e) Economic depreciation has been calculated based on the useful lifetime of the various capital items as can be seen below.

#### **6.5. PROJECT PROFITABILITY**

The projected profit and loss statements of the envisaged project it shows that the initial net profit in the first year will be 194,841 USD The annexure I schedule demonstrates that the same profits will rise to 457,487 USD at the end of the five year of operations. The rise in profit is quite encouraging.

#### **6.6. LIQUIDITY PROJECTIONS**

Detailed cash flow forecasts are shown in Appendix II. These projections take into account the assumed sources and applications of funds over the planned period and show the ability of the project to meet its financial obligations and capital expenditure requirements. In the first year of operations there is a cash inflow to - **699,653 USD**, However the whole cash generations seem to be reasonable with funds building up from **374,393 USD** in the second year of operation and accumulated to over **6,325,819 USD** at the end of the fifth year.

Our forecast shows a healthy cash position for the project during the review period and therefore we believe that the project will be able to honour its short and long term obligations without any undue hardships.

#### **6.7. BALANCE SHEET PROJECT**

Our balance sheet calculations shown in annex where the strength of the balance sheet demonstratives an attractive debt; equity ratio

#### **6.8. FINANCIAL REVIEW**

Our financial review of the project demonstrates that: -

- (a) The project is profitable
- (b) The liquidity position of the project is sound and that it should be able to meet its financial obligations without any undue difficulties

(c) The operations are financially viable.

#### **6.9. THE NATIONAL ECONOMIC BENEFITS**

The project has a number of economic benefits such as: -

- Employment during construction is anticipated to be 80 casual labour and 48 direct labours who will be employed.
- Revenue to the Government through rent withholding tax and property tax
- Indirect taxes from import duty on imported materials
- Increment of accommodation

**7. FINANCIAL PROJECTIONS**

**MUSCAT GLOBAL LIMITED  
PROJECTED INCOME STATEMENTS FOR THE PERIOD FIVE  
YEARS**

**APPENDIX I**

<b>MUSCAT GLOBAL LIMITED</b>					
<b>PROJECTED INCOME STATEMENT</b>					
Planning years	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	USD	USD	USD	USD	USD
<b>Total net sales</b>	<b>707,000</b>	<b>920,000</b>	<b>1,179,000</b>	<b>1,400,000</b>	<b>1,743,500</b>
Road Construction	210,000	256,000	315,000	370,000	434,500
Bridge Construction	140,000	176,000	207,000	240,000	286,000
Dam construction	147,000	200,000	270,000	320,000	418,000
Airports and Helipads Construction	154,000	208,000	279,000	330,000	429,000
Estate construction	56,000	80,000	108,000	140,000	176,000
<b>Total other operating revenues</b>	<b>600,000</b>	<b>845,000</b>	<b>1,070,000</b>	<b>1,285,000</b>	<b>1,360,000</b>
Public facility construction	600,000	845,000	1,070,000	1,285,000	1,360,000
<b>Total revenues</b>	<b>1,307,000</b>	<b>1,765,000</b>	<b>2,249,000</b>	<b>2,685,000</b>	<b>3,103,500</b>
Cost of goods sold COGS	779,031	1,035,710	1,306,871	1,552,924	1,790,466
Raw material	653,500	882,500	1,124,500	1,342,500	1,551,750
Semi finished products / components	6,000	6,500	7,000	7,500	8,000
Energy	26,140	35,300	44,980	53,700	62,070
Utilities	13,070	17,650	22,490	26,850	31,035
Production salaries	76,121	88,960	102,501	116,774	131,811
Production workspace	3,000	3,500	4,000	4,100	4,200
Other production costs	1,200	1,300	1,400	1,500	1,600
<b>Gross profit</b>	<b>527,969</b>	<b>729,290</b>	<b>942,129</b>	<b>1,132,076</b>	<b>1,313,034</b>
Selling, general and administrative expenses SG&A	47,292	27,818	28,500	29,300	30,018
Salaries	18,852	19,418	20,000	20,600	21,218
Workspace	1,100	1,200	1,200	1,300	1,300
Marketing & sales expenses	26,140	5,900	5,900	5,900	5,900
General office and utilities expenses	1,200	1,300	1,400	1,500	1,600
<b>Operating profit / EBITDA</b>	<b>480,677</b>	<b>701,473</b>	<b>913,629</b>	<b>1,102,776</b>	<b>1,283,015</b>
Depreciation	158,833	266,833	356,667	442,800	467,333
Interest expenses (loan from bank)	40,000	80,000	120,000	160,000	160,000
Interest income from investments (ban	-	240	480	720	960
Extraordinary charges (or incomes)	3,500	3,500	3,500	3,500	3,500
Currency exchange adjustments					
Fees and provisions	2,000	2,000	2,000	2,000	2,000
Other	1,500	1,500	1,500	1,500	1,500
Income tax	83,503	105,342	130,039	148,943	195,655
<b>Net profit (or loss)</b>	<b>194,841</b>	<b>246,037</b>	<b>303,904</b>	<b>348,253</b>	<b>457,487</b>

**APPENDIX II**

<b>MUSCAT GLOBAL LIMITED</b>					
<b>PROJECTED BALANCE SHEET</b>					
Planning years >>	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	USD	USD	USD	USD	USD
Long-term assets					
Fixed assets: property, plant and equipment	2,611,167	4,154,333	5,347,667	6,409,867	6,357,533
<b>Total long-term assets</b>	<b>2,611,167</b>	<b>4,154,333</b>	<b>5,347,667</b>	<b>6,409,867</b>	<b>6,357,533</b>
Current assets					
Cash & cash equivalents (current account)	- 699,653	374,393	1,832,033	3,967,718	6,325,819
Deposit account	6,000	12,000	18,000	24,000	30,000
Accounts receivable	174,329	226,849	290,712	345,205	429,904
Inventories	256,120	340,507	429,656	510,550	588,647
<b>Total current assets</b>	<b>- 263,204</b>	<b>953,750</b>	<b>2,570,401</b>	<b>4,847,474</b>	<b>7,374,370</b>
<b>Total assets</b>	<b>2,347,962</b>	<b>5,108,083</b>	<b>7,918,068</b>	<b>11,257,341</b>	<b>13,731,903</b>
Long-term liabilities					
Long-term loans	1,000,000	2,000,000	3,000,000	4,000,000	4,000,000
<b>Total long-term liabilities</b>	<b>1,000,000</b>	<b>2,000,000</b>	<b>3,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
Current liabilities					
Accounts payable	192,090	255,381	322,242	382,913	441,485
Other provisions	-	-	-	-	-
<b>Total current liabilities</b>	<b>192,090</b>	<b>255,381</b>	<b>322,242</b>	<b>382,913</b>	<b>441,485</b>
Shareholders equity					
Share capital	1,000,000	2,500,000	4,000,000	6,000,000	8,050,000
Reserves	9,742	22,044	43,317	78,142	123,891
Retained earnings (or - accumulated losses)	146,131	330,659	552,508	796,286	1,116,527
Total shareholders' equity	1,155,873	2,852,703	4,595,826	6,874,428	9,290,418
<b>Total liabilities &amp; equity</b>	<b>2,347,962</b>	<b>5,108,083</b>	<b>7,918,068</b>	<b>11,257,341</b>	<b>13,731,903</b>

<b>MUSCAT GLOBAL LIMITED</b>					
<b>PROJECTED CASHFLOW</b>					
Planning years >>	YEAR 1	YEAR 2	YEAR 3	YEAR 5	YEAR 6
	USD	USD	USD	USD	USD
<b>Cash flow from operating activities</b>					
Operating profit (EBITDA)	480,677	701,473	913,629	1,102,776	1,283,015
Interest expenses	- 40,000	- 80,000	- 120,000	- 160,000	- 160,000
Interest income from investments (bank deposit)	-	240	480	720	960
Extraordinary charges (or incomes)	- 3,500	- 3,500	- 3,500	- 3,500	- 3,500
Income tax	- 83,503	- 105,342	- 130,039	- 148,943	- 195,655
Movements in working capital					
Decrease (or - increase) in accounts receivable	- 174,329	- 52,521	- 63,863	- 54,493	- 84,699
Decrease (or - increase) in inventories	- 256,120	- 84,388	- 89,149	- 80,894	- 78,096
Increase (or - decrease) in accounts payable	192,090	63,291	66,862	60,671	58,572
Increase (or - decrease) in other provisions	-	-	-	-	-
<b>Total cash flow from operating activities</b>	<b>115,315</b>	<b>439,253</b>	<b>574,420</b>	<b>716,336</b>	<b>820,598</b>
<b>Cash flow from investing activities</b>					
Sale (or - purchase) of fixed assets	- 2,770,000	- 1,810,000	- 1,550,000	- 1,505,000	- 415,000
Sale (- purchase) of long-term financial investments	-	-	-	-	-
Decrease (or - increase) of goodwill	-	-	-	-	-
cash placed in the deposit account	- 6,000	- 6,000	- 6,000	- 6,000	- 6,000
<b>Total cash flow from investing activities:</b>	<b>- 2,776,000</b>	<b>- 1,816,000</b>	<b>- 1,556,000</b>	<b>- 1,511,000</b>	<b>- 421,000</b>
<b>Free cash flow</b>	<b>- 2,660,685</b>	<b>- 1,376,747</b>	<b>- 981,580</b>	<b>- 794,664</b>	<b>399,598</b>
<b>Cash flow from financing activities</b>					
Long term loans drawn	1,000,000	1,000,000	1,000,000	1,000,000	-
Repayments of loans made	-	-	-	-	-
Equity contribution (or - withdrawal)	1,000,000	1,500,000	1,500,000	2,000,000	2,050,000
Dividend paid	- 38,968	- 49,207	- 60,781	- 69,651	- 91,497
<b>Total cash flow from financing activities</b>	<b>1,961,032</b>	<b>2,450,793</b>	<b>2,439,219</b>	<b>2,930,349</b>	<b>1,958,503</b>
<b>Total net increase (- decrease) in cash</b>	<b>- 699,653</b>	<b>1,074,046</b>	<b>1,457,639</b>	<b>2,135,686</b>	<b>2,358,101</b>
<b>Cash balance: beginning of the year</b>	<b>-</b>	<b>699,653</b>	<b>374,393</b>	<b>1,832,033</b>	<b>3,967,718</b>
<b>Cash balance: end of the year</b>	<b>- 699,653</b>	<b>374,393</b>	<b>1,832,033</b>	<b>3,967,718</b>	<b>6,325,819</b>

#### APPENDIX IV

<b>Investment and depreciation plan</b>					
<b>Planning years &gt;&gt;</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
	USD	USD	USD	USD	USD
<b>Investment</b>					
Land & Building	50,000	50,000	50,000	45,000	25,000
Plants & Machineries	1,000,000	1,000,000	800,000	800,000	30,000
Vehicles	1,500,000	550,000	520,000	510,000	320,000
furniture and Fittings	50,000	50,000	50,000	30,000	20,000
Equipments	40,000	30,000	10,000	10,000	10,000
Others	130,000	130,000	120,000	110,000	10,000
<b>Total investment</b>	<b>2,770,000</b>	<b>1,810,000</b>	<b>1,550,000</b>	<b>1,505,000</b>	<b>415,000</b>
<b>Fixed assets accumulated: at cost</b>	<b>2,770,000</b>	<b>4,580,000</b>	<b>6,130,000</b>	<b>7,635,000</b>	<b>8,050,000</b>
<b>Depreciation</b>					
Land & Building	2,000	4,000	6,000	7,800	8,800
Plants & Machineries	40,000	80,000	112,000	144,000	145,200
Vehicles	75,000	102,500	128,500	154,000	170,000
furniture and Fittings	2,500	5,000	7,500	9,000	10,000
Equipments	13,333	23,333	26,667	30,000	33,333
Others	26,000	52,000	76,000	98,000	100,000
<b>Total depreciation</b>	<b>158,833</b>	<b>266,833</b>	<b>356,667</b>	<b>442,800</b>	<b>467,333</b>
<b>Total depreciation accumulated</b>	<b>158,833</b>	<b>425,667</b>	<b>782,333</b>	<b>1,225,133</b>	<b>1,692,467</b>
<b>Net asset book value</b>	<b>2,611,167</b>	<b>4,154,333</b>	<b>5,347,667</b>	<b>6,409,867</b>	<b>6,357,533</b>
<b>Depreciation period: linear, in years</b>					
Land & Building	25				
Plants & Machineries	25				
Vehicles	20				
furniture and Fittings	20				
Equipments	3				
Others	5				

## APPENDIX V

<b>Reconciliation of shareholders equity</b>					
<b>Planning years &gt;&gt;</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
	USD	USD	USD	USD	USD
Beginning shareholders equity	-	1,233,808.85	3,029,053.81	4,772,176.80	7,050,779.28
+ Net profit (or - loss)	194,840.71	246,037.47	303,903.74	348,253.10	457,487.46
+ Equity contribution (or - withdrawal)	1,000,000.00	1,500,000.00	1,500,000.00	2,000,000.00	2,050,000.00
- Dividends paid	- 38,968.14	- 49,207.49	- 60,780.75	- 69,650.62	- 91,497.49
<b>Ending shareholders equity</b>	<b>1,233,808.85</b>	<b>3,029,053.81</b>	<b>4,772,176.80</b>	<b>7,050,779.28</b>	<b>9,466,769.25</b>
Additional reserves	9,742.04	12,301.87	21,273.26	34,825.31	45,748.75
Dividends paid	38,968.14	49,207.49	60,780.75	69,650.62	91,497.49
Retained earnings (or accumulated losses)	146,130.53	184,528.10	221,849.73	243,777.17	320,241.22

<b>Calculation of income tax</b>					
<b>Planning years &gt;&gt;</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Net profit after extraordinary items	278,343.87	351,139.24	433,462.48	496,475.86	652,182.09
Income tax rate	0.30	0.30	0.30	0.30	0.30
Net loss carried forward	-	-	-	-	-
Taxable income	278,343.87	351,139.24	433,462.48	496,475.86	652,182.09
Income tax	83,503.16	105,341.77	130,038.75	148,942.76	195,654.63