

BUSINESS PLAN

FOR

ARK LOGISTICS LIMITED

(TRANSPORTATION PROJECT)

PREPARED FOR
ARK LOGISTICS LIMITED,
Dar es Salaam



1,0 EXECUTIVE SUMMARIES.

ARK LOGISTICS LIMITED. is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No. 156309877 dated 30th May 2022.

The project promoters are well established business in Tanzania majoring in Transportation and Logistics and the like. Having been in the business for 10 years the directors are now well prepared for establishment and operating large transportation and logistics project and they see a very bright future in the transport sector.

This document has been prepared to serve as a business plan for guidance for **ARK LOGISTICS LIMITED** for the transport and logistics project. The implementation of this project will comprise of the following activities: –

- The purchase of 250 Road tractors, 150 Trucks rigid, 20 Truck tankers, 80 Dumper trailers, 50 Dump trucks etc., within 5 years to be implemented in phases from 2022–2027,
- The purchase of breakdowns 6, Accident recovery trucks





| PARTICULAR | US\$ |
|-----------------------|----------------------|
| Land and Buildings | 300,000.00 |
| Machinery & Equipment | 260,000.00 |
| Motor Vehicles | 40,000,000.00 |
| Furniture & Fixtures | 4,000.00 |
| Pre exp | 5,000.00 |
| Others | 4,000.00 |
| Working Capital | 2,520,000.00 |
| TOTAL | 43,093,000.00 |

ARK LOGISTICS LIMITED COST STRUCTURE

institutions.

The proposed project on completion is estimated to cost about US\$43,093,000. The US\$13.093m of this investment owner's equity and cash generated from business while the rest of US\$30m will be sought from domestic financial

- The purchase of mattered fuel dispensing trucks 6
- The purchase 8 pickup for road patrol
- The purchase of 2 staff bus
- The purchase of communication sets radio
- The purchase of 6 folk lift
- Purchase of 6crane
- Equipping the company with relevant facilities



The Economy of Tanzania – 2021 Update

With an average real GDP growth rate of 6.3% over the past decade (2010–2019), Tanzania is among the fastest-growing economies in Africa and in the world. In 2019, the Tanzanian economy grew by 5.8% reaching a GDP of USD

1.3 Over view of Tanzania Economy

1.2 Location.

The project head office will be located at Plot No.26/5 Industrial Area, Pugu Road Ilala District Dar Es Salaam Region, Tanzania, Tanzania.

| Share Holders | % of Share | Nationality |
|----------------------------|------------|-------------|
| Elias Aminiel Makundi | 50 | Tanzania |
| Abdulahman Muhidin Khamuss | 50 | Tanzania |

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely: –



The Tanzanian Economy in 2020 and 2021

According to the economic data included in the National Data of Tanzania Mainland of 2013–2019 by the National Bureau of Statistics, at current market prices, Services made the highest shares of GDP (40.0%) followed by Industry and Construction (31.1%) and Agriculture, Forestry and Fishing (28.9%) Notable sectors of the Tanzanian economy are tourism, mining, construction, agriculture, and manufacturing. In November 2020, The Government announced that in the next five years its government will put great emphasis on key economic sectors, especially agriculture, livestock, fisheries, industry, mining, trade, and tourism

Tanzania Key Economic Sectors

55.5 billion, making it the 2nd largest economy in East Africa after Kenya and the 7th largest in Sub-Saharan Africa.

World Bank (WB) expects the economic growth of Tanzania to slow to 2.5% in 2020 due to the Covid-19 pandemic which has affected the labor market, production capacity, and productivity. Tourism has halted, and exports of manufacturing and agricultural goods slumped. However, the African Development Bank (AfDB) projected Tanzania's GDP growth to remain stable at 6.4% in 2020 and 6.6% in 2021, subject to favorable weather, prudent fiscal management, mitigation of financial sector vulnerabilities, and implementation of reforms to improve the business environment. Similarly, the Bank of Tanzania (BOT) estimated the country's economic growth to be 4.8% in 2020 and project a GDP growth of 5.6% in 2021 despite the impact of the Covid-19 pandemic. The positive outlook is driven by expected value-added in agriculture due to adequate rains, public investment, increase in export earnings from mining contributed by high world market prices of gold, and private sector investment, coupled with supportive monetary and fiscal policies. Finally, the International Monetary Fund (IMF) estimates the growth of Tanzania's economy at just 1.9% in 2020 and forecast and



recovery in 2021 with a GDP growth of 3.6%. In June 2020, the IMF approved a debt relief package for Tanzania of USD 14.3 million in grant over the next 4 months, and potentially up to USD 25.7 million over the next 23 months. The grant will free up resources for public sector health needs and other emergency spending, as well as mitigate the balance of payments shock resulting from the pandemic.

Tanzania Gross Domestic Product (GDP)

Tanzania's real GDP reached USD 55.4 billion in 2019 versus USD 52.4 billion in 2018 and USD 32 billion in 2010 with an average year-on-year growth of 6.3%. However, the GDP growth of Tanzania has been slowing down in recent years, from a peak of 7.7% in 2011 to 5.8% in 2019. Tanzania is currently pursuing its National Five Year Development Plan 2016/17–2020/21 which includes among the objectives an annual real GDP growth of 10% by 2021. In April 2021, Tanzania's new president Samia Suluhu Hassan gave her first speech to the parliament, mentioning the priorities of the Sixth Phase Government in the next five years to reach a GDP growth rate of at least 8% yearly.

On 26th January 2021, the average market exchange rates (source xe.com) for the Tanzanian shilling (TZS) against

Tanzania Exchange Rates

global oil prices, and stability of the exchange rate, underpinned by the adequate food supply, anticipated low earlier projected in June 2020. The projection is range of 3.0% to 5.0% in the remainder of 2020/21, as projects inflation to remain low in Mainland Tanzania, in the that in 2021 inflation will remain stable at 3.5%. BOT favored by low domestic food prices. The Bank forecasts that Tanzania's current low and stable headline inflation is outlined in Tanzania's 2020/21 budget. The WB estimates below the Government's medium-term ceiling of 5% Tanzania's annual inflation rate was 3.3%, significantly

Tanzania Inflation in 2020,

Sub-Saharan Africa.

capita of USD 1,080, against an average of USD 1,550 in Tanzania became a middle-income country with a GNI per period 2010–2019, from USD 720 to USD 1,080. In 2019, Tanzania's GNI per capita rose by 6.1% during the ten-year

Tanzania Gross National Income (GNI)

Tanzania is a net importer with a negative balance of trade of USD -3,095.9 million in the year ended November 2019 (latest BOT data). The value of exports of goods and services amounted to USD 8,839.9 million in the year ended November 2020, lower than USD 9,460.8 million in the year ended November 2019, due to a decline in services receipts (mainly tourism affected by Covid-19). In 2018, Tanzania's top exports were gold (USD 892 m), tobacco (USD 333 m), raw copper (USD 231 m), refined copper (USD 150 m), and other furniture (USD 147 m), exporting mostly to Rwanda,

Tanzania Balance of Trade

functioning of the foreign exchange market. fiscal policies, and measures taken to ensure the orderly moderate current account deficit, prudent monetary and throughout 2019/20, supported by low and stable inflation, the Tanzanian shilling was fairly stable against the US dollar 1,735 in 2015 to 2,320 in the second half of 2020. However, past five years, from an average annual exchange rate of TZS weakened by more than 25% against the USD over the GBP/TZS 3,168.9, EUR/TZS 2,814.8, RMB/TZS 358.3. The major currencies provided were: USD/TZS 2,319.1,

As of December 2019, Tanzania's total national debt amounts to USD 28.6 billion with external debt accounting for 78% of the total and domestic debt with 22%. Tanzania's external debt amounted to USD 22.4 billion (40% of GDP) in December 2019 representing a 6% YoY increase (2018: USD 21.06 billion). Tanzania's domestic debt amounted to USD 6.3 billion (11% of GDP) in December 2019 representing a 1% YoY decrease (2017: USD 6.2 billion). The Tanzanian Central Government is the largest borrower holding 78% of the country's external debt, followed by the private sector (21%), and public corporations (0.4%). The funds were allocated mostly to the transport and telecommunications sectors (27%), followed by social welfare and education (17%), and energy and mining (15%).

Tanzania National Debt

from China, India, UAE, Saudi Arabia, and South Africa. (USD 280 m), packaged medications (USD 220), cars (USD 191 m), and wheat (USD 182 m), importing mostly Tanzania were refined petroleum (USD 1.77 b), palm oil Kenya, the DRC, Zambia, and Uganda. The top imports of



The Tanzanian transport sector comprises surface transport (including roads, railways), inland waterways (lakes and rivers), air transport, and sea transport. Tanzania's

1.4 Tanzania Transportation sector Over view

Tanzania Foreign Direct Investment (FDI) and aims to raise its score to at least 100 Reforms to Improve the Business Environment in Tanzania" Report of 2020, Tanzania ranked 141st among 190 countries and ranked 4th in the East African Community (EAC) for the ease of doing business. The country is currently implementing the "Blueprint for Regulatory five providers of FDI into Tanzania are South Africa, the UK, Kenya, Canada, and China. In the WB Doing Business Report of 2020, Tanzania ranked 141st among 190 countries and ranked 4th in the East African Community (EAC) for the ease of doing business. The country is currently implementing the "Blueprint for Regulatory Reforms to Improve the Business Environment in Tanzania" and aims to raise its score to at least 100

Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country. The road network in Tanzania currently comprises 86,472 kilometers of roads, of which 12,786 kilometers are trunk roads, 21,105 kilometers are regional roads and the remaining 52,581 kilometers are district, urban and feeder roads. Tanzania's Ministry of Works, Transport, and Communication through the Tanzania National Roads Agency (TANROADS) is

Tanzania Road Transport

goals by providing grants and credits for projects. support Tanzania in achieving its infrastructure development World Bank (WB) and the African Development Bank (AfDB) of the road network, are the Government's top priority. The investments in infrastructure, particularly in the development According to Tanzania's 2025 Development Vision, carried and freight handled through road transport. drivers include the increase in the number of passengers in 2014, representing an increase of 33%. Main growth in 2018 with USD 3.8 billion, compared to USD 2.8 billion transport sector contributed 8.1% to the country's real GDP



Tanzania Air Transport

and 885 kilometers in Zambia.

kilometers in length, of which 975 kilometers is in Tanzania Tanganyika in the west. The TAZARA line is 1,860 of the country and terminating at Kigoma on Lake Dar es Salaam in the east, linking central and western areas of TRC comprises the central corridor between the port of and Tanzania – Zambia Railways (TAZARA). The mainline two railway systems, Tanzania Railways Corporation (TRC) has a total of 3,676 kilometers of railway lines operated by along the main transport corridors in Tanzania. Tanzania transport after road and critical for long distance freight Railway transport is the second most important mode of

Tanzania Rail Transport

(PMO-RALG).

Office Regional Administration and Local Government roads is under the responsibility of the Prime Minister's of about 53,460 kilometers of urban, district and feeder 21,105 kilometers of regional roads. The remaining network kilometers, comprising 12,786 kilometers of trunk and managing the national road network of about 33,891

Tanzania Water Transport

total number of air passengers in Tanzania reached 6.2 million in 2019, compared to 5.2 million in 2015, representing an increase of 18%. Currently (2020), there are 19 airline operators in Tanzania, including some of the leading international air carriers such as British Airways, KLM, Qatar Airways, and SWISS. There are 58 airports in Tanzania and more than 300 private airstrips owned by mining companies and tour operators. The Julius Nyerere International Airport (JNIA), located in Dar es Salaam, is the largest and busiest airport in Tanzania, accounting for over 70% of Tanzania's air passengers. In August 2019, Tanzanian President John Magufuli inaugurated Terminal 3 of the JNIA. The new terminal, which cost USD 314 million set the airport capacity at 8 million passengers annually. 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. The new airport will be built in the district of Msalato, 12 kilometers from the capital Dodoma. The new facility is expected to handle at least 50,000 aircrafts and one million passengers per year.

Tanzania has a coastline of about 720 kilometers on the Indian Ocean, and also borders Lake Victoria, Lake Nyasa, and Lake Tanganyika. Both sea and inland waterways ports in Tanzania are managed and operated by the Tanzania Ports Authority (TPA). The TPA's main Indian Ocean ports are Dar es Salaam, Mtwara, and Tanga. Minor seaports serving coastal traffic include Lindi, Kilwa Masoko, Matia Island, Bagamoyo, Pangani, and Kwale. Dar es Salaam is Tanzania's principal port with intrinsic capacity of 10.1 tonnes per year. The port handles over 92% of the total maritime ports' throughput. The port serves land-linked countries of Malawi, Zambia, Democratic Republic of Congo, Rwanda, Burundi, and Uganda. These countries are connected to the port through two railway systems (TRL-1.0 metre gauge and TAZARA-1.067 metre gauge), road network, as well as the TAZAMA oil pipeline to Zambia. TPA also operates Tanzania's lake ports, maintaining around 20 ports on Lake Victoria. Some major ports include Bukoba, Kemondo Bay, Musoma, and Nansio. Principal lake ports on Tanganyika include Kigoma and Kasanga. Additionally, there are 15 smaller ports along the lake. These ports

provide trade connections between Burundi, Eastern Democratic Republic of the Congo, and Zambia. Lake Nyasa has 4 important ports, at Itungi, Mbamba Bay, Luli, and Manda. There are up to 10 other smaller TPA ports on the lake that facilitate passenger movement along the lake and between the countries of Malawi, Mozambique, and Tanzania.

The targeted markets of the project are land locked neighboring countries such as DRC, Rwanda, Burundi etc. the directors already negotiated contracts with various companies in the mentioned countries.

2.0 Targeted Markets.

Poor transport and communication infrastructure are said to be the major causes of low levels of intraregional trade in Africa. It is in view of this that, despite poor road infrastructure linking these countries that **ARK LOGISTICS LIMITED** has resolved to invest in the transport sector so as to provide a solution that would lead to stimulating the said intraregional trade. The project is expected to offer a challenge to the business community to enhance intraregional trade between Tanzania and these countries.



In 2017 International Container Terminal Services limited handled 500,000 containers about 45% of cargoes were transit to land locked countries. This is good news for ARK and liquid bulk 6.0 million tons

Dar es Salaam Port has the capacity to handle more than 10million tons of cargo such as general cargo 3.1 million tons, container 9,619,876 TEUs) 1.million tones

- **Capacity**

reliability using most modern technology.

Now it is renowned for its security, efficient and

- **Productivity**

have capacity and ability to transport any cargo

Dar es Salaam Port is gateway to the world, the port

- **Easy connection world wide**

countries

secure, quick and easy to be used by neighboring

to its strategic positioning; it is more convenient,

Dar es Salaam port is the most preferable seaport due

- **Strategic location**

Why land locked countries prefer to use Dar es Salaam Port

Full scale operations the 400 units of tractors and tankers are expected to be purchased, their destinations being

- Total annual tons per year estimated to be 80,000 tons
- Each vehicle to carry 10 tons per trip
- Each vehicle to carry 2trips per month
- Expected revenue for each vehicle trip US\$ 3,500
- Crane etc.
- Volk lift
- Communication sets radio
- Staff bus
- Pick Up
- Fuel dispensing
- Breakdown
- Tractor and tanker

of selected items highlighted below

This study is based on the 400 tractors and tankers. Some and tankers within 5 years.

The project's objective is to purchase a total of 400 tractors

3.0 Project Details

transportation and logistics businesses

LOGISTICS LIMITED which is planning to embark in the



Interest Rate : 6 % annually

Grace Period : 1 year

Loan Amount : US\$ 30,000,000,

loan on the following terms and conditions: –

The loan will be negotiated and acquired from financial institutions. The project sponsors expect to procure this

US\$ 13,093,000

equity and cash generated from business amounting to

contribution will constitute US\$10,000,000 and owners'

The project will be financed both by equity and loan. Loan

purchase of 400 units of tractors, tankers and other items.

The financing pattern being considered is that involving the

5.0 Financing Pattern

phases

to US\$43,093,000 is needed to finance the project in

For the project to be a reality a total investment amounting

4.0 Investment and Financing US\$ 43,093,000

Congo, etc.

Zambia, Burundi, Rwanda the Democratic Republic of

Tanzania's landlocked neighboring countries of Malawi,

To ensure timely delivery of consignments, provision of goods service to customers, Management will provide on

| | | | | |
|------------|-----------------|---------------|-----------------|-------|
| TOTAL | 0 | 440 | 30 | 470 |
| Men | 0 | 420 | 20 | 440 |
| Women | 0 | 20 | 10 | 30 |
| Employment | Foreign Skilled | Local Skilled | Local Unskilled | Total |

Employees Distribution Summary

people in number, as shown below: –

The project's employee requirement is estimated to be

will be under the supervision of Managing Director

responsible for the formulation and supervision of company

LOGISTICS LIMITED. The Board, like all other boards is

The project will be managed by a Board of Directors of ARK

7.0 Manpower and Organization Structure

the project promoters.

has already been identified and supply is awaiting word from

short once TIC approval is received. Currently, the supplier

Project implementation is expected to be relatively very

6.0 Implementation

Years : Seven

The routes are prices according to distance and the status of the road in question. It has however been conservatively per month.

All in all, a total of one truck will conduct 2 trips determined by both the trip's destination and nature of road per month. The number of trips and the cost of trip are The project management plans for all vehicles several trips confident it can conduct profitable business.

Management has already explored these markets and is of Congo, Burundi, Rwanda and even Uganda. Republic

The project's earmarked clientele is in the land locked neighboring countries of Malawi, Zambia, Democratic

9.0 Market And Marketing

In order to realize its intended objective, the project will have to meet operating costs estimated to be 65% of total revenue.

8.0 Project Operating Costs

NB assumption is that the project is fully implemented

the job training in the field of motor vehicle maintenance and will provide bonus and other incentives as a means of instilling and boosting employee work morale.

(i) Projected Profit and Loss Statement

11.0 Financial Aspects for The Project

the Company's expenditure and earnings. truck will be raised. This will have a tremendous impact on experience in long distance travels, the number of trips per in general operations coupled with the driver's gaining estimate. With the expected improvement of the roads and The number of trips assumed here, is just a conservative routes, in the 1st year up to 10 year are indicated above. The combined revenue and expenditure from all the planned

- Bank interest is 6% per annum
- Project calculation based on 10 years
- Total annual tons per year estimated to be 80,000 tons
- Each vehicle to carry 10 tons per trip
- Each vehicle to carry 2trips per month
- Expected revenue for each vehicle trip US\$ 3,500
- The company expecting to have 400 units of tractor

10.0 Revenue Assumptions

charge.

assumed that all foreign destinations will have a flat rate



Total investment is US\$5,000,000, cash accumulation in 5th year US\$5,856,047 which is more

(iv) Payback Period

the project's operations based first year to US\$4,838,000 at the end of 5th years of

III. Owners' equity grows from US\$3,000,000 in the The project's assets cash flows are shown in Appendix

(iii) Projected Balance Sheet

the 21 units obtained. end of 5th years of the project's operations based on

US\$1,409,637 in the first year to US\$8,483,276 at the year. Cash accumulation builds up from

They depict a good liquid position right from the first The project's cash flows are shown in Appendix II.

(ii) Projected Cash Flows

in the 1st year to US\$6,279,653 in the 5th year Accumulated after tax profits grow from, US\$ 826,847

the project earns profit throughout its life, for the 11 years period. The position depicted is that

The attached Appendix I shows the projected income



(iii) Foreign Exchange Earning

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

(ii) Revenue to the Government

contribution coming from local investors, employment to 470 people. This is a significant ARK LOGISTICS LIMITED, is going to provide additional Government authorities. It is gratifying to note that major concern of the Central and the Local Employment and poverty reduction are among the

(i) Employment Opportunities

are other benefits to be derived for the whole country viz. Besides the financial/monetary returns to the owners, there

12.0 Economic Aspects of The Projects

years.

is as big as US\$ 5,000,000 being recovered within 5 remarkably impressing for a project whose investment The project has a relatively short payback period. It is project payback Period is exactly 5 years.

than the initial investment by US\$5856,047 The

- despite the odds of the sector in question.
- ready to invest such large sums of investment their country. Tanzania so much so that they are we have local investors who have confidence in
- (!!!!) The project is an encouraging sign to prove that all of whom are national Tanzanians.
- (!!!) The project provides employment to 470 people government revenue by way of taxes.
- (!) The project is profitable and contributes to

13.1 Conclusion

13.0 Conclusion and Recommendation

Since the project's clientele is mostly towards neighboring countries the project will thus earn foreign currency for the United Republic of Tanzania. Out of all project expected cargo overhauling transactions will be settled in foreign currencies. In this study we have assumed that the project will be paid in foreign currency

14.0 Recommendation

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.





APPENDIX II

| | | | | | | | | | | |
|---------------------------------------|------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|
| - | 1 | | 2 | 3 | 4 | 5 | 6 | 7.00 | 8 | 9.00 |
| Revenue | 28,000,000 | 28,000,000 | 28,000,000 | 28,000,000 | 28,000,000 | 28,000,000 | 28,000,000 | 28,000,000 | 28,000,000 | 28,000,000 |
| Operating Expenses: | 18,200,000 | 18,200,000 | 18,200,000 | 18,200,000 | 18,200,000 | 18,200,000 | 18,200,000 | 18,200,000 | 18,200,000 | 18,200,000 |
| Profit before Depreciation & Interest | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 |
| Interest | 1,800,000 | 1,542,857 | 1,285,714 | 1,028,571.48 | 771,428.64 | 514,285.80 | 514,285.80 | 514,285.80 | - | - |
| Depreciation | 2,008,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 |
| Gross Profit | 5,991,000 | 6,814,142 | 6,505,285 | 6,762,428 | 7,019,571 | 7,276,714 | 7,276,714 | 7,276,714 | 7,791,000 | 7,791,000 |
| Tax (30%) | 1,797,300 | 1,874,442 | 1,951,585 | 2,028,728 | 2,105,871 | 2,182,914 | 2,182,914 | 2,182,914 | 2,337,200 | 2,337,200 |
| Profit After Tax | 4,193,700 | 4,939,699 | 4,553,699 | 4,733,699 | 4,913,699 | 5,093,699 | 5,093,699 | 5,093,699 | 5,453,700 | 5,453,700 |
| Accumulated Profit | 4,193,700 | 8,587,299 | 13,121,099 | 17,854,799 | 22,768,499 | 27,862,199 | 32,955,899 | 38,409,599 | 43,863,299 | 48,863,299 |

ARK LOGISTICS LIMITED,
PROJECTED PROFIT AND LOSS STATEMENT US\$

APPENDIX I

ARK LOGISTICS LIMITED
PROJECTED CASH FLOWS US\$

| SOURCES: | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---------------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Profit before interest and depreciation | 0 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 |
| Equity | 13,000,000.00 | | | | | | | | |
| Loan | 30,000,000.00 | | | | | | | | |
| Total Sources | 43,000,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 |
| Applications: | | | | | | | | | |
| Capital expenditure | - | - | - | - | - | - | - | - | - |
| Working Capital & Others | 2,529,000.00 | | | | | | | | |
| Cash | 0 | 8,002,700 | 7,925,557 | 7,848,414 | 7,771,271 | 7,694,128 | 7,616,985 | 7,539,842 | 7,462,700 |
| Tax | - | 1,797,900 | 1,874,442 | 1,951,995 | 2,029,728 | 2,106,871 | 2,183,014 | 2,259,157 | 2,337,300 |
| Sub total | 43,000,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 |
| Total applications | 43,000,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 | 9,800,000 |
| Accumulated cash | | 8,002,700 | 15,928,257 | 23,778,671 | 31,647,942 | 39,242,071 | 46,836,000 | 54,429,900 | 62,023,800 |

APPENDIX III

ARK LOGISTICS UNITED
PROJECTED BALANCE SHEET US\$

| | | | | | | | | |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 0 | 2 | 3 | 4 | 5 | 6 | 7.00 | 8.00 |
| Fixed Assets | | | | | | | | |
| Opening balance | - | 40,664,000.00 | 38,648,000.00 | 34,637,000.00 | 32,628,000.00 | 30,619,000.00 | 28,610,000.00 | 26,601,000.00 |
| Total Long-term Assets | - | 38,555,000.00 | 36,646,000.00 | 34,637,000.00 | 32,628,000.00 | 30,619,000.00 | 28,610,000.00 | 26,601,000.00 |
| Less depreciation | - | 2,099,000.00 | 2,099,000.00 | 2,099,000.00 | 2,099,000.00 | 2,099,000.00 | 2,099,000.00 | 2,099,000.00 |
| Closing balance | - | 38,556,000.00 | 34,637,000.00 | 32,628,000.00 | 28,619,000.00 | 26,610,000.00 | 24,602,000.00 | 22,602,000.00 |
| Working capital | 2,529,000.00 | 2,529,000.00 | 2,529,000.00 | 2,529,000.00 | 2,529,000.00 | 2,529,000.00 | 2,529,000.00 | 2,529,000.00 |
| Accumulated cash | - | 8,002,700 | 16,928,267 | 23,776,671 | 31,647,942 | 39,242,071 | 46,800,000 | 54,382,700 |
| Total assets | 2,529,000.00 | 49,088,700.00 | 56,003,267.00 | 60,942,671.00 | 66,804,942.00 | 72,290,071.00 | 78,939,000.00 | 85,883,700.00 |
| Financed by | | | | | | | | |
| Equity | 13,093,000.00 | 13,093,000.00 | 13,093,000.00 | 13,093,000.00 | 13,093,000.00 | 13,093,000.00 | 13,093,000.00 | 13,093,000.00 |
| Accumulated profit | - | 4,193,700 | 8,667,393.00 | 13,121,098 | 17,654,798 | 22,766,498 | 27,662,198 | 32,856,898 |
| Total equity | 13,093,000.00 | 17,286,700.00 | 21,660,393.00 | 26,214,098.00 | 30,847,798.00 | 35,861,498.00 | 40,956,198.00 | 46,048,898.00 |
| Bank overdraft | 30000000 | 26,714,296.00 | 21,428,572.00 | 17,142,858.00 | 12,857,144.00 | 8,571,430.00 | 4,285,716.00 | - |
| Total equity and debts | 43,093,000.00 | 58,718,272.00 | 63,096,871.00 | 63,966,957.00 | 63,604,943.00 | 64,432,929.00 | 65,260,916.00 | 61,502,599.00 |



| | | |
|--------------|--------------|---------------|
| FOREIGN LOAN | LOCAL LOAN | 13,083,000,00 |
| NIL | 30,000,000 | |
| | LOCAL EQUITY | |

PROPOSED FINANCING PATTERNUS

| NAME OF ASSETS | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Land and Buildings | 300,000 | 294,000 | 288,000 | 282,000 | 276,000 | 270,000 | 264,000 | 258,000 |
| Machinery, Tools & Equipment | 260,000 | 257,400 | 254,800 | 252,200 | 249,600 | 247,000 | 244,400 | 241,800 |
| Motor Vehicles | 40,000,000 | 38,000,000 | 36,000,000 | 34,000,000 | 32,000,000 | 30,000,000 | 28,000,000 | 26,000,000 |
| Furniture & Fixtures | 4,000 | 3,800 | 3,200 | 2,800 | 2,400 | 2,000 | 1,600 | 1,200 |
| Total | 40,664,000 | 38,555,000 | 36,546,000 | 34,537,000 | 32,528,000 | 30,519,000 | 28,510,000 | 26,501,000 |
| DEPRECIATION | 1 | 2 | 3 | 4 | 5 | | 6 | 7 |
| Land and buildings | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Machinery tools & Equipment | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 |
| Motor Vehicles | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Furniture & Fixtures | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| ANNUAL DEPRECIATION | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 | 2,009,000 |

ARK LOGISTICS LIMITED PROJECTED DEPRECIATION SCHEDULE US\$



| Year | principle | Loan Interest (6%) | Total Amount Paid | Loan Balance |
|------|--------------|--------------------|-------------------|---------------|
| 0 | | | | |
| 1 | 4,285,714.00 | 1,800,000.00 | 6,085,714.00 | 30,000,000.00 |
| 2 | 4,285,714.00 | 1,542,857.16 | 5,828,571.16 | 25,714,286.00 |
| 3 | 4,285,714.00 | 1,285,714.32 | 5,571,428.32 | 21,428,572.00 |
| 4 | 4,285,714.00 | 1,028,571.48 | 5,314,285.48 | 17,142,858.00 |
| 5 | 4,285,714.00 | 771,428.64 | 5,057,142.64 | 12,857,144.00 |
| 6 | 4,285,714.00 | 514,285.80 | 4,799,999.80 | 8,571,430.00 |
| 7 | 4,285,714.00 | 257,142.96 | 4,542,857.96 | 4,285,716.00 |

Projected Long Term Loan Repayment

| Year | Profit After Tax | Depreciation | Total Cash Flow | Accumulated Cash Flow |
|------|------------------|--------------|-----------------|-----------------------|
| 1 | 4,183,700.00 | 2,009,000 | 6,202,700 | 7,000,000.00 |
| 2 | 4,373,699.00 | 2,009,000 | 6,382,699 | 13,382,699.00 |
| 3 | 4,563,698.99 | 2,009,000 | 6,562,700 | 19,945,398.99 |
| 4 | 4,753,698.98 | 2,009,000 | 6,742,700 | 26,688,098.94 |
| 5 | 4,913,698.96 | 228,200 | 5,139,900 | 31,827,998.99 |
| 6 | 5,093,698.94 | 2,009,000 | 7,102,700 | 38,930,698.93 |
| 7 | 6,463,700.00 | 2,009,000 | 7,462,700 | 46,393,398.93 |
| 8 | 6,463,700.00 | 2,009,000 | 7,462,700 | 53,856,098.93 |
| 9 | 6,463,700.00 | 2,009,000.00 | 7,462,700 | 61,318,798.93 |

Payback Period



| ACTIVITY | PERIOD |
|--|----------------------|
| 1. Processing TIC Certificate of Incentive | June 2022 |
| 2. Funds Mobilization | Jan - June 2022 |
| 3. Ordering of Vehicles | July 2022 - Dec 2025 |
| 5. Arrival of Vehicles | July 2021 - Dec 2025 |
| 6. Trial Operations | August 2022 |
| 7. Commercial Operations | September 2022 |

It is expected that the Project will take 9 months to implement as shown below: -

PROJECT IMPLEMENTATION SCHEDULE