BUSINESS PROPOSAL FOR BUILDING AND OPERATION OF A PASSENGER AND CARGO SHIP ON LAKE VICTORIA

FOR
M/S Kamanga Ferry Limited

August, 2020

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1 Executive Summary

This project document gives details on an investment proposal for construction and operation of passenger and cargo ship transportation services that will be operated by M/S KAMANGA FERRY LTD in the Lake Victoria to serve the Lake Zone community.

Water transport has been one of the earliest means of transport. Water has always been there and each community has developed canoes and other forms of transport on water, based on the available technology to them. Water transport is one of the safest means of transport. Although there are occasional cases of boats capsizing it is not as rampart as road accidents. In fact most boat/ship wrecks have been as a result of overcrowding of the boat or ship.

This project is about constructing a new passenger and cargo ship and providing additional water transportation Services from Mwanza to Sengerema in Tanzania and to Port Bell and Jinja or Entebbe in Uganda and viceversa. This water transport service is to provide an alternative means of transport to the people in the Lake Zone.The vessel will serve as both a luxury option for passengers and a reliable cargo carrier, while also providing an affordable means of transport for the community. This ship service will provide comfort; speed and bulky transportation of cargo from Tanzania to Uganda and vice versa and will go all the way to ensure safety as well.

1.1 COMPANY:

Kamanga Ferry Ltd is a company limited by shares, legally registered in Tanzania in 1977 under Certificate of Registration No. 5158 and TIN No. 100-135-868. It was originally incorporated as a limited liability company owned by its two founding directors, as stated in the memorandum and articles of association. Over time, the company was sold, and its current ownership is reflected in the attached BRELA search results.

Kamanga Ferry Ltd intends to build a modern ship to strengthen regional connectivity and trade. The vessel will operate two daily round trips between Mwanza (Kamanga Port) and Sengerema, providing reliable local transport. Additionally, it will run two weekly round trips from Mwanza Port to Port Bell, Uganda, and another two weekly round trips from Mwanza Port to Jinja, Uganda. This schedule is designed to meet growing passenger demand and enhance cross-border trade across Lake Victoria. This service will have a 300 passengers and 500 tons cargo ship at a time. It will be full comfort for passengers where food and other items will be served on board for long routes. Kamanga Ferry Limited is therefore applying for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the Investment Regulations 2002 to fulfil its goals.

Kamanga Ferry Limited is therefore applying for a certificate of incentive which is to be used to finance the purchase of the construction materials for building the ship, procure a crane and tipper. The crane will mainly be used in assembly and lifting of ship components while the tipper truck will be used in material supply, transport, and waste management.

Together, they ensure smooth construction flow: the tipper supplies the yard and removes waste, while the crane handles precise heavy lifting on the ship itself. The other requirements are procurement of a Land Cruiser to be used for project supervision, enabling engineers, managers, and supervisors to move easily around the shipyard or between sites and two pickups to support ship construction by transporting small tools, spare parts, and consumables, carrying workers around the yard, handling quick site logistics, and serving as emergency response vehicles when needed. The summary of the capital investment is as shown below:

1.2 CAPITAL INVESTMENT

Item	Description	Unit	Quantity	Unit price(TZS)	Total Price(TZS)
1	Marine Grade Steel Plates (Grade A & B, 8–20mm)	Ton	1,000	4,000,000	4,000,000,000
2	Marine Structural Sections (I-Beams, Channels, Angles)	Ton	300	3,000,000	900,000,000
3	Aluminium Alloy Sheets (superstructure, 6mm)	Ton	70	7,500,000	525,000,000
4	Marine Plywood (waterproof, 18mm, 4x8ft, interiors	Sheet	400	120,000	48,000,000
5	Propeller Shafts (Stainless Steel, 200mm dia)	Piece	2	30,000,000	60,000,000
6	Twin Screw Propellers (Bronze, 1.8m dia)	Piece	2	225,000,000	450,000,000

7	Main Engines (Diesel, 1,500 HP each, marine certified	Piece	2	700,000,000	1,400,000,000
8	Auxiliary Generators (Marine, 150 kVA)	Piece	2	200,000,000	400,000,000
9	Navigation & Communication Systems (Radar, GPS, AIS, VHF)	Lot	1	350,000,000	350,000,000
10	Safety & Life-Saving Appliances (Lifejackets, Liferafts, Firefighting)	Lot	1	280,000,000	280,000,000
11	Passenger Seating (marine grade, 300 capacity)	Piece	300	350,000	105,000,000
12	Paint System (Anti-fouling, anti-corrosion, finish coats)	Lot	1	150,000,000	150,000,000
13	Welding Electrodes, Gas, and Consumables	Lot	1	90,500,000	90,500,000
14	Subtotal: TZS				8,758,500,000
15	VAT (18%):				1,576,530,000
16	**Sub Total ship construction items**				**10,335,030,000**
Crane for ship building			1	1,200,210,000	1,200,210,000
Tipper			1	122,200,000	122,200,000
Pickups doudle cabin			2	135,000,000	270,000,000
Sub total Vehicles					**1,592,410,000**
Furniture and fittings					50,000,000
Working capital					740,600,000
Grand total					**12,718,040,000**

1.3 ECONOMIC VIABILITY

This project is economically viable because the interaction rate between Mwanza and Sengerema districts, which refers to the level of social, economic, and physical connections that occur between the two areas is high. Since Sengerema District lies within Mwanza Region and is directly across Lake Victoria from Mwanza City, the interaction is naturally high. Here's why:
Economic ties – Sengerema supplies agricultural products (like cotton, maize, cassava, and fish) to Mwanza markets, while Mwanza provides manufactured goods, services, and employment opportunities.
Transport & mobility – daily passenger and cargo movement is facilitated by ferries (e.g., Kamanga Ferry) and boats across the lake, as well as road networks linking the districts.
Social interaction – people move frequently between the two areas for education, healthcare, trade, and family ties.
Service dependency – residents of Sengerema often rely on Mwanza City for higher-level services such as referral hospitals, banking, higher education, and government offices.

On the other hand the interaction rate between Mwanza and Uganda in cargo is significant, driven mainly by Mwanza's role as a key transport and trade hub on Lake Victoria. Mwanza serves as a collection and transit point for goods such as fish, agricultural produce, construction materials, and manufactured products, which are ferried or shipped across the lake to Ugandan ports like Port Bell and Jinja. In return, cargo from Uganda—including foodstuffs, industrial products, and consumer goods—flows into Mwanza for distribution within Tanzania and to neighboring countries. This two-way movement is facilitated by lake transport, road networks, and regional trade agreements, making Mwanza a central link in the cargo exchange between Tanzania and Uganda.

1.4 SAFETY

One of the greatest dangers to the success of a water-based transport service is lack of safety. The project is not taking the issue of safety lightly. For this reason, the shipbuilding to be undertaken in Mwanza, will be guided by a combination of international, regional, and national standards to ensure safety, quality, and compliance. Internationally, the company will follow IMO (International Maritime Organization) conventions such as SOLAS for passenger safety and MARPOL for environmental protection, while classification societies like Bureau Veritas, Lloyd's Register, or DNV-GL certify that ship meet structural and safety requirements. These standards will help to guarantee that the ship to be constructed in Mwanza will be seaworthy, safe, and fit for both passenger and cargo operations.

At the regional and national level, the ship construction will align with East African Community (EAC) Lake Victoria transport guidelines under the Lake Victoria Basin Commission, as well as regulations enforced by TASAC (Tanzania Shipping Agencies Corporation) and the Tanzania Bureau of Standards (TBS). Designs are adapted to the lake environment, with shallow drafts for inland waters, wide beams and watertight compartments for stability, and hybrid layouts that accommodate both passengers and cargo. The company will use modern yards such as the Songoro Marine that often uses block construction methods, ensuring efficiency and adherence to safety standards, particularly after past ferry accidents highlighted the need for stricter design and regulation.

1.5 PROJECT COST:

The project cost is essentially the costs of the ship construction materials to be purchased as well as the costs fro procuring a crane, tipper, a landcruiser and two pickups. The total cost of purchase of the construction materials, equipment and vehicles works to **Tshs 12,718,040,000** and once bought and delivered, the vessel will be ready for building. Other costs are operational costs such as dock costs, salaries, fueling, food and other items. Most of these costs are recurrent costs which are based on the working or services of the ship. For example, there will be no payment of docking costs if the ship has not sailed to the port(s) with passengers.

1.6 PROJECT FINANCING

The project will be financed through a blended structure of debt and equity. Approximately 70% of the total capital investment, equivalent to **TZS 8,902,628,000**, will be secured as a term loan from financial institutions, to be repaid over seven years at an interest rate of about 15%. The remaining 30%, amounting to **TZS 3,815,412,00**0, will be provided as equity contribution by Kamanga Ferry Ltd.

1.7 PROFITABILITY

The project is highly profitable with high returns and low maintenance costs. This project will repay itself within a record time. Investment payback will be in about 7 years. The project is able to service its loan repayment with surplus for the shareholders.

2 Capitalization & Organizational Structure

2.1 Shareholding

The company current shareholders are as indicated below:

Name	Nationality
Yanga Evarist Makaga	Tanzanian
Lyidia Yanga Makaga	Tanzanian

2.2 Management

The Board of Directors, made up of the individuals listed above, will work together to closely oversee and guide all company operations.

The passenger and cargo ship will be under an experienced crew team headed by the Captain, who will be responsible for the day-to-day operations, assisted by well qualified and experienced officers, engineers and other technical personnel in the departments of

Transportation, Insurance and others as is shown in the table below. Under the scenario proposed by this business plan the Kamanga Ferry Limited would own the principal assets of the operation – vessel(s), ticketing kiosks, income accounting, crew, equipment, marketing and operating expenditures.

Captain / Master

Chief Officer (Deck)
Chief Engineer (Engine)
Purser / Hotel Manager (Passengers & Cargo)

Officers & Crew (Navigation, Deck, Safety, Cargo)
Engine Officers & Ratings (Maintenance, Machinery)
Stewards / Catering / Cargo Clerks (Passenger services, Cargo handling)

2.3 Crewing

A crew of several personnel will be needed to operate the vessel during any sailing. This crew will include two Licensed Master and some deckhands. A set of crew for ship will be required to meet a seven day schedule while also meeting the need for staffing depth.

The deckhands will serve in a variety of roles common to this type of service. In addition to attending to vessel moorage at each terminal, the deckhands will serve as customer service representatives, concessionaires and ticketing agents. These crew members will be the “face” of the service requiring individuals with excellent customer service skills. The utilization of ticketing kiosks greatly reduces the time required to board the ship and reduces the risk of cash management risks. The staffing for the ship is as shown below:

				Payroll Costs			
Ship Staffing	**Number**	**Monthly Salary (TZS)**	**Total Basic Salary**	**SDL**	**NSSF**	**WCF**	**TOTAL**
Captain	2	7,500,000	7,500,000	22,500	750,000	15,000	6,742,500
Chief Officer	2	4,000,000	4,000,000	12,000	400,000	8,000	3,596,000
Chief Engineer	2	6,250,000	6,250,000	18,750	625,000	12,500	5,618,750
Second Engineer	2	5,000,000	5,000,000	15,000	500,000	10,000	4,495,000
Electrician	2	3,750,000	3,750,000	11,250	375,000	7,500	3,371,250
Crew In Charge/Purser/ Hotel Manager	2	1,250,000	1,250,000	3,750	125,000	2,500	1,123,750

Nursing Officer	2	750,000	750,000	2,250	75,000	1,500	674,250
Oilers	2	750,000	750,000	2,250	75,000	1,500	674,250
Sailors	6	750,000	750,000	2,250	75,000	1,500	674,250
TOTAL	**22**	**30,000,000**	**30,000,000**	**90,000**	**3,000,000**	**60,000**	**26,970,000**
Annual Staff costs		**360,000,000**	**360,000,000**	**1,080,000**	**36,000,000**	**720,000**	**323,640,000**

Onshore staffing is as depicted below:

Staffing - Onshore staff	No	Monthly Salary (TZS)	Total Basic Salary	SDL	NSSF	WCF	TOTAL
Manager	1	3,750,000	3,750,000	112,500	375,000	7,500	3,270,000
Head of Marketing	1	2,500,000	2,500,000	75,000	250,000	5,000	2,180,000
Marketing Officer	3	1,750,000	1,750,000	52,500	175,000	3,500	1,526,000
Sales Officers/Ticketing	6	750,000	750,000	22,500	75,000	1,500	654,000
Admin support	3	375,000	375,000	11,250	37,500	750	327,000
TOTAL	**14**	**9,125,000**	**9,125,000**	**273,750**	**912,500**	**18,250**	**7,957,000**
Staff cost per annum - onshore		**109,500,000**	**109,500,000**	**3,285,000**	**10,950,000**	**219,000**	**95,484,000**

3 Investment, ship Services and expected Income

The ship to be owned by the company will ply between Mwanza port and Sengerema in Tanzania and Mwanzai in Tanzania to Port Bell and Jinja in Uganda undertaking 2 round Voyages as daily tripsfor the Mwanza -Sengerema route and 2 round voyages per week for the Mwanza - Port Bell and Jinja voyages. Fuel Consumption per voyage will be about 6,000 litres from Mwanza to Port Bell and slightly more to Jinja one way and 600 liters to Sengerema one way. The routes and their fare per pax and ton in each case are as shown below:

Ship									
Route	**Distance in N.M.**	**Steaming Time in hrs**	**Pax Fare in TZS**	**Cargo Fare in TZS**	**Expected Pax**	**Expected Cargo in tons**	**Total Fare per route**	**Total Cargo Fare per route**	**Total Fare per route**
Mwanza - Sengerema	20	2	1, 000	25, 000	300	500	300, 000	12, 500, 000	**12,800,000**
Sengerema - Mwanzal	20	2	1, 000	25, 000	300	500	300, 000	12, 500, 000	**12,800,000**

Mwanza-Port Bell	200	17	20, 000	87, 500	300	500	6, 000, 000	43, 750, 000	**49,750,000**
Port Bell - Mwanza	200	17	20, 000	87, 500	300	500	6, 000, 000	43, 750, 000	**49,750,000**
Mwanza - Jinja	220	19	25, 000	90, 000	300	500	7, 500, 000	45, 000, 000	**52,500,000**
Jinja - Mwanza	220	19	25, 000	90, 000	300	500	7, 500, 000	45, 000, 000	**52,500,000**

Combined revenue

Mwanza - Sengerema			Mwanza -Port Bell			Mwanza -Jinja		
No of trips per day/week	4		2			2		
Income per trip	12, 800, 000		49,750,000			52,500,000		
Income per day	51, 200, 000	No of trips /week	2		No of trips/ week	2		
No of working days/weeks in a year	300	No of weeks/year	52		No of weeks /year	52		
Annual Income	15,360,000,000		10,348,000,000			10,920,000,000		

Total Annual Revenue **36,628,000,000**

3.1 Vessel Building

It is planned that the Company will acquire and build and fully own the ship to serve the identified routes. Company ownership of the ship assets is important to ensure a sustainable, long-term operation that best serves the specific requirements of the service. The ship will be built in Mwanza South at a total cost of **Tshs 12,718,040,000** inclusive of accompanying vehicles and equipment.

3.2 Product & Service to be Offered

It is easy to limit the product offered with this proposed ship service to simply another additional transportation option. To do so limits the ability to appeal to a larger group and to enable an overwhelmed consumer with figuring out what to do with it. It is critical that each marketing message provide the potential customer a clearly-defined place or activity for which they would need transportation. From the potential customer in Mwanza, Tanzania to Port Bell and Jinja in Uganda, the ship will offer a faster, comfortable and safer gateway to:

- Businessmen destinations
- Cargo owners
- Ordinary Passengers
- Markets and Commerce

Services offered to customers must be consistently of high quality but also must meet the needs of the various customers using the ship. The services for each type of customer could also be used as marketing messages – such as internet access for commuters. Services indicated in prior passenger studies as critical include:

- Information / maps
- Temperature controlled vessel
- Controlled passenger compartment background noise
- Comfortable seating areas

3.3 Benefits of Proposed Service

The proposed ship link between Mwanza and Sengerema, Port Bell and Jinja in Uganda will offer a number of unique benefits that will provide a positive impact on the communities in these areas. These benefits include:

- An additional transit service for residents of the two countries
- Strengthened connections between families stretched between the Lake Zone.
- Commuter access for those countries residents within the countries for business markets
- Increased tourism and resultant commerce among the two countries served by the ship to be owned by the company

3.4 Schedule

The proposed service will provide 2 daily round-trips between the Port of Mwanza and Sengerema in Tanzania and 2 weekly round trips to Port Bell or Jinja in Uganda, and the passenger and cargo ship will dock in Mwanza Port in Tanzania. The schedule will provide AM and PM sailings from each location and is set up to allow passengers to use the service and still complete a full day's work.

3.5 Fares

The Fares are designed to be competitive with alternative modes of transportation between the three destinations communities. The fares are as shown above in section 3.

3.6 Pricing

It is important that the pricing plan for the ship service be simple while maximizing revenue generation. Beyond the standard pricing schedule, three unique opportunities exist to effectively compete within the marketplace.

Resident pre-paid tickets: provide incentive and recognition for local residents who make significant contributions to the community and to the viability of passenger ship service.

Businessmen Packages: packages should be negotiated with available vendors but should not exceed the discount available to residents. Marketing any such packages should be a mutual responsibility.

Promotions should be marketed during low seasons to attract infrequent users. Promotions might include buy-one-get-one-free tickets, packages designed for drawing passengers.

3.7 Fare Structure

A tiered fare structure is proposed for the service, which rewards residents who subsidize the service with a discounted rate. Under this model, residents will be able to purchase individual tickets and ticket books at the lowest rates of any other user. Electronic ticket purchases would be if travelers wish to purchase resident tickets. Cash sales of tickets will verify residency by showing a NIDA, voter's registration card or other identification to the ticket agent.

3.8 Economic Impact

This plan analyzes the economic impact of the proposed service and indicates that the marine industry has a higher-than-average impact, or "multiplier", with regard to new job creation. It is estimated that the service would create the equivalent of 36 new full-time positions and, using conservative estimates, infuse more than $1 million into the local economy of each country as a result of these new positions.

In addition to this direct impact, the service will encourage additional tourism and commerce between the two countries' communities and beyond. While quantitative estimates of additional commerce and tax revenue are beyond the capabilities of the economic model used in this study, the increased commerce will certainly have a positive impact on sales and tax revenue. The increased commerce will also have a "multiplier effect" that will help sustain addition jobs and economic activity. Finally, the proposed service offers a significant user cost savings over transportation alternatives such as road and air transport where applicable.

3.9 Environmental Impact

In addition to user cost savings, the proposed service offers a significant environmental benefit over the current mode of transportation plying the two countries communities. The plan calculated the per-traveler fuel consumption, and associated greenhouse gas emissions, for travel between Mwanza and Sengerema and Port Bell and Jinja in Uganda using on average 6,600 litres of fuel will not produce huge amounts of greenhouse gasses for a one-way trip because the ship are modern.

4 Market Analysis

4.1 Mwanza, Sengerema in Tanzania and Port Bell and Jinja in Uganda

In developing a marketing strategy for a passenger and cargo ship between Mwanza and Sengerema and between Mwanza and Port Bell or Jinja in Uganda, it will be critical to segment the target populations delivering each a uniquely tailored message that directly addresses areas of high appeal for customers. Periodic opinion research of customers and likely customers (those who should use the ship services but choose an alternate) will be conducted to both improve service and further tailor marketing messages.

A potential challenge to marketing the new ship route will be to not limit the marketing messages in such a way that only a very specific customer will seek the service. For example, it is clear that for the daily commuter route this service is a perfect product but if marketing is limited to this customer base, the ability for the ship to draw others will be limited.

As a key marketing effort the proposed passenger and cargo ship should accept reservations for 20% of available capacity for each sailing. It is critical that a specific percentage of capacity be reserved for “walk-up” passengers to accommodate commuters and others who travel without prior planning. Reservations allow those who desire to be guaranteed a space to meet their needs while also permitting advanced planning in predicting passenger loads and the potential for adding additional capacity.

Reservations should be accepted, at a minimum, via an on-line interface but also through a telephone reservations line. The policy should be clearly explained in marketing materials so as to not discourage commuters or those not able to secure a reservation. As a bonus, reservations could also include pre-paid parking or other such value-adding components to attract non-commuting customers.

An integrated ticketing system through on-line and terminal-based kiosks will enable accurate tracking of ticket sales while minimizing ticketing expenses to the service provider. Kiosks have been highly successful with a multitude of products from transportation to movies and are familiar to most consumers.

The web-based presence of the passenger and cargo ship will be crucial. Not only should potential passengers be able to locate the information they need, but carefully-targeted advertising will provide passengers with value-adding opportunities for their destination while providing additional revenue for the company. Passengers should also be able to sign up for service announcements via e-mail or text messaging services – especially critical during the storm season.

Mwanza in Tanzania, Port Bell and Jinja in Uganda, are destinations in and of themselves for not only the residents of those countries but throughout the East African Lake Zone. An inexpensive and reliable route from those locations provides a significant value and capacity that is affordable in the marketplace.

4.2 Connections Critical

In order for this passe er and cargo ship service to be competitive within the marketplace it is critical that it clearly communicates the value of service far beyond that of simply passage between Mwanza to Sengerema in Tanzania and to Port Bell and Jinja in Uganda. Potential passengers will require a well-articulated and compelling reason to seek passage. Through the development of partnerships with places and entities such as the Lake Zone Tourist Circuit, Tourism Boards and the like, potential customers begin to seek passage to arrive somewhere else where they have a compelling reason to be. To this same end it will be crucial that service be provided that meets their total needs. These connections should not be an on-going affair but rather specific events that are marketed through highly targeted efforts as special or exclusive events

4.3 Promotion

In order to reach potential customers that will be considering the services of the ship for different purposes, the key methods for reaching these customers are:

- Advertising or earned media in regional, local and community newspapers
- Partnerships with travel and tourism organizations
- Partnerships with businesses
- Advertising or earned media in community newspapers and newsletters
- Partnerships with other public transportation providers
- Internet keyword and search tools (search engine optimization)
- Strong web presence – especially linkages to travel sites

4.4 Competition

Mwanza, Port Bell and Jinja are unique ports of call from all those currently served from the Lake Zone. Competition in water transport across the Lake Zone, including Tanzanian and Ugandan ports, is moderate: in Tanzania, state-owned MSCL and TEMESA dominate routes such as Mwanza–Bukoba, Mwanza–Ukerewe, and Mwanza–Sengerema, while private firms like Songoro Marine are gradually adding modern ferries like MV Rafiki 2; on the Ugandan side, key ports such as Port Bell, Jinja, and Entebbe are served mainly by government-backed operators with limited private competition, and cross-border routes (e.g.

Mwanza–Port Bell) remain underutilized due to vessel shortages, fare disparities, and frequent breakdowns, though recent investments in new ferries and port upgrades are slowly improving connectivity and competitiveness.

Competition should be considered on several foundations, based on which type of potential customer is being explored. All customers will seek a safe travel experience that allows them to bring whatever items they feel are essential for their journey. Price-bound customers will seek out the lowest possible price while retaining overall safety. Time-bound customers will seek the shortest possible amount of crossing time that also aligns with their overall time availability. Place-bound travelers will seek options that allow them to move from one accessible place to another. Experience travelers are seeking an experience: the more unique the better. Commuting travelers are looking for an easy way to get from A to B at their usual times and are generally not very flexible. Kamanga Ferry Limited will endeavor to deliver the best experience.

5 Financial Projections

The plan incorporates financial projections for the proposed service through 2032. Ridership assumptions are based on those in the 2025 baseline study, which include an average of both high and low projections. Detailed financial projections are provided for an average of both the high and low ridership including P&L statements; financial position and cash flow projections based on estimates of fare revenue, break- even ridership projections and fuel price analyses as summarized below.

5.1 Projected Income Statement

Year	2027	2028	2029	2030	2031	2032	2033
KEY FINANCIAL RATIOS							
EBITDA % income	61%	62%	63%	64%	65%	66%	67%
EBIT % income	53%	55%	56%	58%	59%	61%	67%
Net Profit (loss) % income	31%	33%	35%	36%	38%	40%	47%
Debt Service Cover (times)	4.67	4.95	5.24	5.56	5.89	6.24	6.62
Interest Cover (times)	16.13	19.49	24.22	31.35	43.26	67.17	139
Year	2027	2028	2029	2030	2031	2032	2033
STATEMENT OF COMPREHENSIVE INCOME	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.
Total Revenue	36,628.0	38,459.4	40,382.4	42,401.5	44,521.6	46,747.6	49,085.0

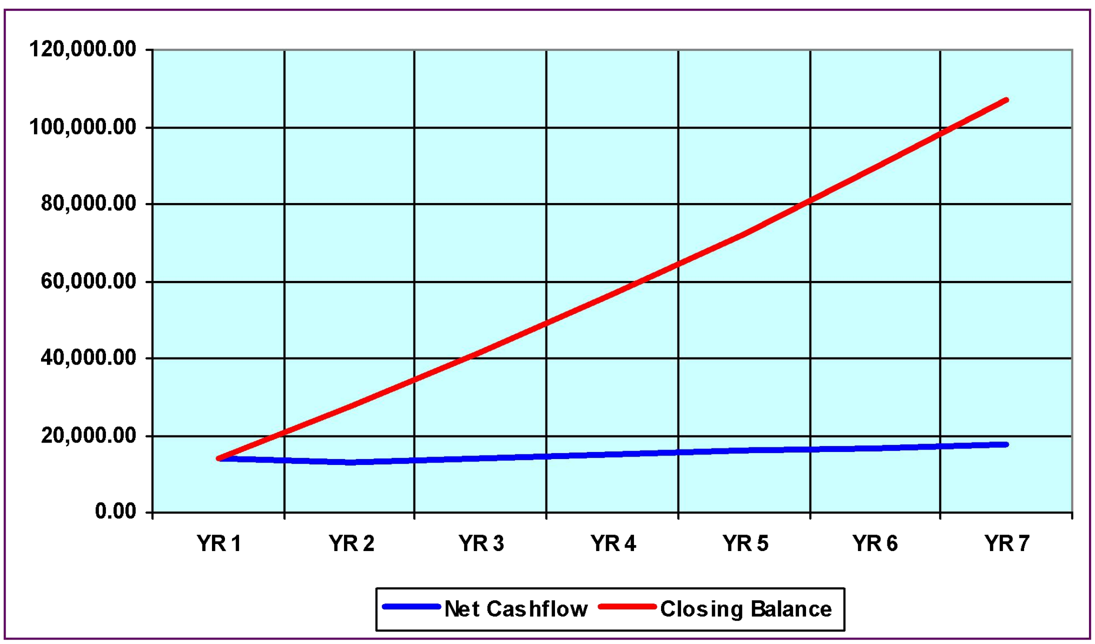
Total Operating Expenses	(15,750.0)	(16,537.5)	(17,364.4)	(18,232.6)	(19,144.3)	(20,101.5)	(21,106.6)
Depreciation charge	(1,589.8)	(1,669.2)	(1,752.7)	(1,840.3)	(1,932.4)	(2,029.0)	(2,130.4)
EBIT	19,288.2	20,252.6	21,265.3	22,328.5	23,444.9	24,617.2	25,848.0
Finance Costs (Interest)	(1,335.4)	(1,135.08)	(964.8)	(820.1)	(697.08)	(592.52)	(503.64)
Net Profit/(Loss) after tax	**17,952.8**	**19,117.5**	**20,300.4**	**21,508.4**	**22,747.9**	**24,024.7**	**25,344.4**
Year	2027	2028	2029	2030	2031	2032	2033
STATEMENT OF FINANCIAL POSITION	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.
ASSETS							
Total Non-Current Assets	12,718.0	13,353.9	14,021.6	14,722.7	15,458.8	16,231.7	17,043.3
Total Current Assets	1,780.52	1,869.55	1,963.02	2,061.17	2,164.23	2,272.44	2,386.07
Total current Liabilities	(3,815.40)	(4,006.17)	(4,206.48)	(4,416.80)	(4,637.64)	(4,869.52)	(5,113.00)
TOTAL NET ASSETS/LIABILITIES	**10,683.12**	**11,217.28**	**11,778.14**	**12,367.05**	**12,985.40**	**13,634.67**	**14,316.40**
Share Capital	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
Accumulated Retained earnings/(loss)	280.5	369.6	463.0	561.2	664.2	772.4	886.1
Total Shareholder's Funds	1,780.5	1,869.6	1,963.0	2,061.2	2,164.2	2,272.4	2,386.1
Long Term Loans	8,902.6	9,347.7	9,815.1	10,305.9	10,821.2	11,362.2	11,930.3
TOTAL CAPITAL EMPLOYED	**10,683.12**	**11,217.28**	**11,778.14**	**12,367.04**	**12,985.40**	**13,634.66**	**14,316.41**
Check	-	(0.00)	0.00	0.00	0.00	0.00	(0.00)
Year	2027	2028	2029	2030	2031	2032	2033
CASHFLOW STATEMENT	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.	TZS, Mil.
Net cash generated from operations	17,952.8	19,117.5	20,300.4	21,508.4	22,747.9	24,024.7	25,344.4
Net cash from	8,902.60	(5,904.0)	(6,199.2)	(6,509.2)	(6,834.6)	(7,176.3)	(7,535.2)

financing activities							
Net cash used in investing activities	(12,718.0)	-	-	-	-	-	-
(Decrease)/increase in cash and cash equivalents	14,137.4	13,213.5	14,101.2	14,999.3	15,913.2	16,848.3	17,809.2
Cash at the beginning of the year	-						
Cash at the end of the year	14,137.4	27,350.96	41,452.19	56,451.45	72,364.69	89,213.01	107,022.25

5.2 Liquidity

The project is profitable. It generates cash from the first year of operations with a net cashflow of Tshs 14,137,400,000. Thereafter Positive net cashflows are recorded in each following year of operation. At the end of the projected period of seven years the business is projected to have a total closing balance of Tshs 107,022,250,000. Cashflow projections are shown above.

Figure 2: Liquidity projections in '000,000' TZS



5.3 Internal Rate of Return

Through the Discounted Cash Flow (DCF) method the project realizes an Internal Rate of Return (IRR) of 37% which is above the cost of capital in the economy of the country. This demonstrates that the project is financially viable.

6 Development & Milestones

This will serve as a “scorecard” for service success and will be based on both the previously experience the client has with ship building in Mwanza. All milestones are based on the initiation of the project.

6.1 First Steps

Development of the business plan and projections

Select the possible financing window for the project

Begin application Loan application process for funds

Begin application for the certificate of incentive from TIC

Procurement of ship building construction materials and equipment

6.2 3-15 Months

Building of the passenger cargo ship

Select and recruit staffing responsible for oversight of ship project

Initiate service

Vessel commissioning

7 Risks & Contingencies

Passenger and cargo ship service has a number of risks that must be carefully considered, anticipated and avoided where at all possible. In general, risks are transferred, reduced through mitigation efforts or retained as part of conducting business.

7.1 Increased Costs

While most businesses rely on a generic inflation factor for year-to-year increases in on-going business costs this might not have such luxury. There are a number of inputs to providing service which typically experience a wide variance in year-to-year cost fluctuations. These include fuel, maintenance, shore-side expenses (workers, facilities, etc),. Alternate financial projections are provided in an attached excel document for fuel in to illustrate the effect of fuel prices on the operation. In rough terms, fuel is approximately a third of the cost of the operation. It is impossible to mitigate increased costs but it is possible to understand their impacts and discuss how to work within a constantly changing environment. Increased costs are:

- absorbed into the current operation paid for increased efficiency or reduced profit
- passed on to the customer as rate increases
- Some mixture of these options

7.2 Increased Competition

Given that this is a private company it is likely that direct competition is a real risk. However, a niche player could enter the market, siphoning customers from the company's ship to another vessel. In order to mitigate this it is important that services be offered in accordance with customer needs (schedule, cost, services) and strong linkages be established for those recreation and business attractions which are targeted by the niche players.

7.3 Loss of a Key Employee

In order to mitigate the damage created by the loss of a key employee it is critical that the company require strong documentation including regular reports and both on-site and off-site storage of information. A qualified replacement employee should be able to recreate whatever may be innately lost from the loss of an employee through document review and discussions.

Salary, benefits and work environment will play a large role in attracting and retaining all employees of this project. It will be crucial to establish clear job roles and descriptions prior to seeking initial employees.

7.4 Overall Changes in Operating Environment

It is highly likely that other changes will occur that affect the operations and the profitability of a passenger and cargo ship plying between Mwanza, Sengerema, Port Bell and Jinja in Uganda. It will be critical for the General Manager of this venture to carefully monitor the environment and actively participate in discussions to protect the best interests of the company's venture.

8 Conclusions and Recommendations

This document has provided descriptions of a detailed proposal for establishment of passenger and cargo ship transportation Services in the East Africa part of the Lake Victoria plying the Mwanza, Sengerema in Tanzania and Port Bell and Jinja in Uganda routes.

The company is now applying for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the

Investment Regulations 2002 to fulfill its goals. Kamanga Ferry Limited is particularly applying for a certificate of incentive which is to be used to finance the purchase of the construction materials, machinery and equipment to build the ship, a crane and tipper for heavy lifting and bulk transportation of construction materials as well a Land cruiser for supervion and two pickups for light materials carrying and transportation on the constriction sites.

Through the various parameters, which have been considered, it has been established that the proposed project is technically feasible, financially viable, and economically and socially beneficial.

In view of the above, it is hereby recommended that the project as conceived by Kamanga Ferry Limited be supported by the Tanzania Investment Centre by providing the requested Certificate of Incentive.