



THE UNITED REPUBLIC OF TANZANIA
 PRIME MINISTER'S OFFICE
 TANZANIA INVESTMENT CENTRE

FILE NUMBER
 TICC
 PP.10/042505

FILE BEGINS

FILE TITLE

CONFIDENTIAL

ENDS

PART

FILE NUMBER
 TICC

PP.10
 042505

INDEX HEADINGS

Officer or Section	For Action F/M	Initials	Date	Action taken vide F/M	Officer or Section	For Action F/M	Initials	Date	Action taken vide F/M
DA	✓	[Signature]	3/9/13	[Signature]					
Khaw	✓	[Signature]	30/10/13	[Signature]					
AS	✓	[Signature]	23/1/13	[Signature]					
	✓	[Signature]	5/9/13	[Signature]					
	✓	[Signature]	5/5/13	[Signature]					
	✓	[Signature]	6/9/13	[Signature]					

ALAF LIMITED

MINUTE SHEET

Dokezo
No.

1.0

Ag. EXD *done fi.*

The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest *US\$ 2.2m*
- (b) Legal entity has been incorporated under certificate No. *2604-04* of *17/10/60*

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N. Senzia
DIF

19th August, 2013

2.0

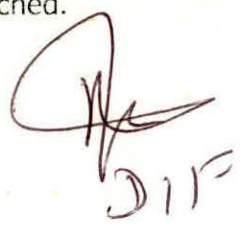
Ag. EXD *done fi.*

In response to the TIC letter of registration dated *15th August 2013* the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from *MSK Bank LTD*
- (c) *Title deed as evidence of land.*

With the above submission ExD is requested to sign Certificate of Incentives No. *042505* herein attached.

10/09/2013

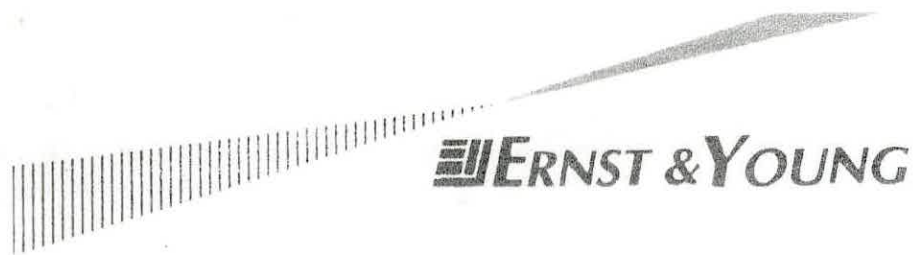


DIF

MINUTE SHEET

Dokezo
No.

ALAF LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
31 DECEMBER 2010



ALAF LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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ALAF LIMITED

COMPANY INFORMATION
31 DECEMBER 2010

PRINCIPAL PLACE OF BUSINESS

Plot 18, Nyerere Road, Industrial Area
P. O. Box 2070
Dar es Salaam

REGISTERED OFFICE

Plot 18, Nyerere Road, Industrial Area
P. O. Box 2070
Dar es Salaam

BANKERS

Standard Chartered Bank Tanzania Limited
1st Floor, International House
Shabani Robert Street/Garden Avenue
P. O. Box 9011, Dar es Salaam

Citibank Tanzania Limited
Peugeot House
36 Upanga Road
P O Box 71625,
Dar es Salaam

SOLICITORS

M/s Sheikh's Chambers of Advocates
Plot No. 2349/40, 3rd Floor
Pamba Road
P.O. Box 6225
Dar es Salaam

COMPANY SECRETARY

Ms H. H. Sheikh
Sheikh's Chambers of Advocates
Plot No. 2349/40, 3rd Floor
Pamba Road
P. O. Box 6225
Dar es Salaam

COMPANY AUDITORS

Ernst & Young
Utalii House
P. O. Box 2475
Dar es Salaam

ALAF LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

INTRODUCTION

The Directors present this report and the audited financial statement for the financial year ended 31st December 2010, which disclose the state of affairs of ALAF Limited.

INCORPORATION

The company is incorporated in Tanzania under Companies Act, 2002 domiciled in Tanzania as a public limited company.

MISSION AND VISION

Vision Statement:

To be Africa's premier producer of metal roofing, tubes and allied building Solutions

Mission Statement:

To enhance value for all through Innovation and Best Practices

PRINCIPAL ACTIVITIES

The company's principal activities continue to be the manufacture and sale of steel and aluminium products.

DIRECTORS

The directors who held office during the year and to the date of this report, except where otherwise stated were:

Name	Position	Age	Qualification/Discipline	Nationality
Dr. Manilal P. Chandaria OBE EBS	Chairman	81	BSc. In, BSc eng, M eng	British
Mr. Sharad N. Salgar	Director/Chief Executive Officer	69	B.com, LLB, ACA	Indian
Mr. Ali Mwinyimvua	Director	57	M.Sc. (Financial Studies), ACCA	Tanzanian
Mr. Uledi Mussa	Director	51	BA (Economics), Post Graduate Diploma in Industrial Policy	Tanzanian
Mr. Ronnie D. Graham	Director	55	B. Com (Accounting)	South African
Mr. Mahesh Chavda	Director	51	BE (Mech.), MBA	Indian
Mr. Pankaj Kumar	Director/Chief Operating Officer	53	B. Com (Hons.), ACA	Indian

The Company Secretary as at 31st December 2010 was Ms. H H Sheikh

ALAF LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2010

CORPORATE GOVERNANCE

The Board of ALAF consists of 7 Directors, apart from two Directors, no other director hold executive position in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedure is operative, and for compliance with sound corporate governance policies.

The Board meets at least four times during the year. The Board delegates the day to day management of the business to Mr. Sharad N Salgar, Chief Executive Officer / Director assisted by senior management team. Senior Management team members are invited to attend board meeting and facilitates the effective control of the Company's operational activities, acting as a medium of communication and coordination between all the various functional areas of the Company.

ALAF Ltd is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. Board of ALAF Ltd has the following board sub-committees to ensure a high standard of corporate governance.

Audit/Executive Committee

This sub-committee of the Board is responsible for ensuring compliance with applicable legislation and the requirement of regulatory authorities, reviewing reports and following up on matters raised by the external auditors, internal auditors.

The executive /audit committee members who served the Committee during 2010 are detailed below:

Name	Position	Nationality	Qualification/Discipline
Mr. Ali Mwinyimvua	Chairman	Tanzanian	M.Sc. (Financial Studies), ACCA
Mr. Sharad N. Salgar	Director/Chief Executive Officer	Indian	B.com, LLB, ACA

The Audit/Executive Committee reports to Board of Directors.
The Audit/Executive Committee met one time during the year.

ALAF LIMITED

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

CAPITAL STRUCTURE

The capital structure for the year under review is shown below

Authorised, Called up and fully paid

Authorised Capital:

250,002 Numbers of 7% Redeemable Preference Shares of TZS. 20 each amounting to Tsh. 5,000,040/=.

749,749,998 Number of Ordinary Shares of TZs. 20 each amounting to Tsh. 14,994,999,960/=.

Called up:

250,002 Numbers of 7% Redeemable Preference Shares of TZS. 20 each amounting to Tsh. 5,000,040/=.

273,849,211 Number of Ordinary Shares of TZs. 20 each amounting to Tsh. 5,476,984,214/=.

Paid up:

250,002 Numbers of 7% Redeemable Preference Shares of TZS. 20 each amounting to Tsh. 5,000,040/=.

258,873,901 Number of Ordinary Shares of TZs. 20 each amounting to Tsh. 5,177,478,020/=.

MANAGEMENT

The Management of the Company is under the Director/Chief Executive Officer and is organised in the following departments.

- Technical
- Marketing
- Human Resources
- Finance and Accounts
- Information Technology
- Logistics and Procurement
- Internal Audit

All departments are headed by Head of department and report Director/Chief Operating Officer who in turn reports to the Director/Chief Executive Officer who in turn reports to the Board.

ALAF LIMITED

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year 2010 is 3 shareholders (2009: 3 shareholders)

There was no Director holding shares in the company.

The shares of the company are held as follows:

S. No.	Shareholder	Current Year Number of Shares		Previous Year Number of Shares	
		Ordinary	Preference	Ordinary	Preference
1	Safal Investment Private Ltd	208,956,201		160,735,539	
2	Treasury Registrar, Government of Tanzania	49,917,700		49,917,700	
3	Chandaria Foundation		250,002		250,002
	TOTAL	258,873,901	250,002	210,653,239	250,002

STOCK EXCHANGE INFORMATION

In 2010 the Company was listed with Dar es Salaam stock exchange for its Unsecured Bonds. No trading of Unsecured Bonds was carried out during the year 2010. The shares are not listed with any of the Stock Exchange.

FUTURE DEVELOPMENT PLAN

The company will improve its profitability through the quality service delivery and increase in production quantities, and has taken up the following development plans:

- a) To provide door step service to the customers in Lake Region of the Country, a service centre at Mwanza is being established;
- b) To provide complete range of Steel Pipes and Sections (upto 2") to the customers in the country as well as in the neighbouring countries, a new pipe mill with installed capacity of 10,000 MT is being installed. The existing aged Pipe Mill is also being re-conditioned.
- c) To mitigate the problems faced due to frequent power outages and voltage dips, a 1.5 MWA Diesel Generating Set is being installed to meet the continuous uninterrupted requirement of New Metal Coating Line.

ALAF LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2010

RESULTS AND DIVIDEND

During the year the Company had a net profit of TZS.6.060 billion (2009: 6.078 billion)

The Board of Directors do not recommend the payment of dividend so as to finance the development plan and to meet the increased requirement of working capital.

PERFORMANCE FOR THE YEAR

Particulars	Year		Increase/(Decrease)
	2010	2009	%
Total Sales (MT)	63,192	51,406	22.93%
Total Revenue (Tsh./Million)	112,826	89,003	26.77%
Profit After Tax (Tsh. Million)	4,348	3,913	11.11%

In the year 2010, the Company successfully launched and established SIMBA DUMU (Aluminium & Zinc Coated Steel Roofing Sheets) in the domestic market being a superior product as compared to earlier SIMBA (only Zinc Coated Steel Roofing Sheets).

The Salient Points are:

- Sales Volumes increased by 22.93%
- Revenue increased by 26.77%
- Profit after tax increased by 11.11%

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company systems are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

ALAF LIMITED

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

The Board assessed the internal control system throughout the financial year ended 2010 and is of the opinion that they met accepted criteria.

The Board Carries risk and internal control assessment through Executive/Audit Committee.

SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statement has been prepared on a going concern basis. The Board of directors has reasonable expectation that Company has adequate resources to continue in operational existence for the foreseeable future.

EMPLOYEES' WELFARE

Management/ employees' relationship

The company is equal opportunity employer. It has given equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

The relationship between management and employees continued to be cordial throughout the year. There were no unresolved complaints received by Management from employees during the year.

Training

Manpower identification, recruitment and development continue under established manpower programme. A number of employees undergo external and in-house practical training at different levels of management.

Medical facilities

Medical care continued to be provided to all the employees and their immediate family members.

Health and Industrial safety

The company continued to comply with the standards of industrial safety established by Occupational Safety and Health Authority (OSHA).

FINANCIAL ASSISTANCE TO STAFF

Management has influenced staff to establish and join ALAF Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its employees. Also, company has given a Guarantee of Tsh. 75 million to CRDB Bank to finance ALAF SACCOS

ALAF LIMITED

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

who in turn provide financial assistance to its members. In addition Company provide loans and advances to its employees depending upon the assessment of need and circumstances as per discretion of the Management.

PERSONS WITH DISABILITIES

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. The company maintains its policy for continued employment of employees who become disabled while in service. Also, appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled person should, as far as possible, be identical to that of the employees.

EMPLOYEES BENEFIT PLAN

The company pays contributions to National Social Security Fund and Parastatal Pension Fund. The company's obligations in respect of these contributions are limited to 10% of the employees' gross salary.

The average number of employees during the year was 518 (previous year: 470)

GENDER PARITY

The company had 538 Employees at the end of year 2010, out of which 21 were female and 517 were male. (Previous year: 18 female and 479 male)

RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 21 to these financial statements.

POLITICAL AND CHARITABLE DONATIONS

The company did not make any political donations during the year. Donations by way of Company produced goods, made to charitable organisations during the year amounted to TZS. 53,456,374/=. (TZS. 28,701,395/= previous year)

ENVIRONMENTAL CONTROL PROGRAMME

The Company recognises its responsibility towards protection of environment. For making the manufacturing processes greener Company has started using Natural Gas for its entire requirement for Furnace Heating, for which earlier HFO (Very polluting fuel) was used. In addition, during the year 2010 more than 100 new tree saplings were planted in and around our manufacturing facilities. In addition to the above, Company from time to time contribute funds to support the Projects for Greener Environment promoted by

ALAF LIMITED

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

Government Agencies. The recent contributions were made to the Regional Commissioner - Dar es Salaam Region and Regional Commissioner - Kilimanjaro Region.

CORPORATE SOCIAL RESPONSIBILITY

At ALAF we believe that whatever we earn, we have an obligation to return part of it to the well being of the communities, because without the communities around, our existence would not have been possible.

ALAF is dominant player in the market and is largest contributor of revenue to government exchequer in its category of operations.

At ALAF we believe that whatever we earn, we have an obligation to return part of it for well being of the communities, because without the communities around, our existence would not have been possible.

In collaboration with International Finance Corporation, USA (IFC), we have launched a program for own employees and communities around our manufacturing facilities for educating with respect to prevention and cure for:

1. Malaria;
2. Tuberculosis; and
3. HIV/ AIDS

In this on-going program, which was inaugurated by the Minister of Industries, Government of Tanzania, we have spent more than Tsh. 100 million in providing training to the peer group, community interaction, free distribution of mosquito nets and condoms etc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are required under the Companies Act, 2002 to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its operating results for that year.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act, 2002. Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2010. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS).

ALAF LIMITED

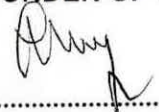
**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

AUDITORS


The auditors, Ernst & Young, have expressed their willingness to continue in office and are eligible for reappointment. A resolution proposing the re-appointment as auditor of the Company for the year 2011 will be put to the Annual General Meeting.

Approved by the board of directors on 3rd March, 2011 and signed on its behalf by:

BY ORDER OF THE BOARD


.....
DIRECTOR

3rd March 2011
.....
DATE


.....
DIRECTOR

3rd March 2011
.....
DATE

**REPORT OF THE INDEPENDENT AUDITORS
to the members of
ALAF LIMITED**

We have audited the accompanying financial statements of ALAF Limited which comprise the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Companies Act, 2002. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

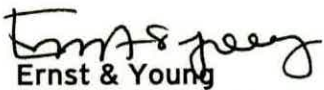
In our opinion, proper books of account have been kept and the accompanying financial statements, which are in agreement therewith, give a true and fair view of the state of financial affairs of the company as at 31 December 2010 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and Companies Act, 2002.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body corporate in accordance with the Companies Act, 2002 and for no other purposes.

As required by the Companies Act, 2002, we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of accounts have been kept by the company, so far as appears from our examination of those books;
- iii. The Directors' Report is consistent with the financial statements,
- iv. Information specified by law regarding directors' remuneration and transactions with the company is disclosed; and
- v. The company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.


Ernst & Young
Certified Public Accountants
Dar es Salaam
Signed by Joseph Sheffu (Partner)

03rd March 2011

ALAF LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 TZS '000	2009 TZS '000
Revenue - sale of goods		111,279,489	87,332,392
Compensation for business interruptions	2	1,546,716	1,670,273
Revenue		112,826,205	89,002,665
Cost of sales		(94,601,052)	(76,103,327)
Gross Profit		18,225,153	12,899,338
Other operating income	3	891,048	479,761
Impairment of assets		(301,059)	-
Foreign exchange gain/(loss)		(2,674,387)	757,011
Administrative expenses		(5,319,284)	(4,519,508)
Selling and distribution expenses		(1,308,895)	(1,269,409)
Operating profit		9,512,576	8,347,193
Finance costs	4	(3,452,302)	(2,269,513)
Profit before tax	5	6,060,274	6,077,680
Income tax expense	6	(1,712,604)	(2,164,350)
Profit for the year		4,347,670	3,913,330
Other comprehensive income		-	-
Total comprehensive income		4,347,670	3,913,330
Preference dividends	7	(350)	(350)
Profit attributable to ordinary shareholders		4,347,320	3,912,980
Earnings per share - TZS	8	16.79	18.58

The notes on pages 17 to 36 form part of these financial statements.
Report of the Independent Auditors is on page 11 and 12.

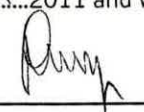
ALAF LIMITED

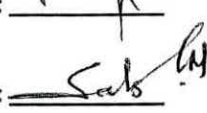
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

ASSETS	NOTES	2010 TZS'000	2009 TZS'000
Non-current assets			
Leasehold land	9	10,132	10,132
Property, plant and equipment	10	49,354,205	48,942,889
Fixed deposits with banks	11	2,232,057	2,612,730
		<u>51,596,394</u>	<u>51,565,751</u>
Current assets			
Inventories	12	31,312,956	26,131,594
Trade and other receivables	13	21,787,340	14,072,164
Tax recoverable	6	649,996	648,555
Cash and cash equivalents	14	5,623,078	1,060,469
		<u>59,373,370</u>	<u>41,912,782</u>
Total assets		<u>110,969,764</u>	<u>93,478,533</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15	5,182,478	4,218,065
Share application		-	950,724
Non-distributable reserve	16	5,517,473	6,094,834
Retained earnings		18,302,258	13,208,678
Total equity		<u>29,002,209</u>	<u>24,472,301</u>
Non-current liabilities			
Interest bearing loans and borrowings	17	26,894,999	19,862,856
Non-interest bearing loans and borrowings	18	3,386,250	3,019,500
Retirement benefit obligation	20	2,532,014	2,611,962
Deferred tax liability	6	4,485,917	2,942,212
		<u>37,299,180</u>	<u>28,436,530</u>
Current liabilities			
Trade and other payables	19	43,287,545	39,097,542
Interest bearing loans and borrowings	17	1,075,000	1,166,680
Tax payable	6	-	-
Preference share dividend payable		305,830	305,480
		<u>44,668,375</u>	<u>40,569,702</u>
Total equity and liabilities		<u>110,969,764</u>	<u>93,478,533</u>

The notes on pages 17 to 36 form part of these financial statements.
Report of the Independent Auditors is on page 11 and 12.

These financial statements were approved by the Board of Directors on ^{3rd March}.....2011 and were signed on its behalf by:

Name: Ali Mwinjimuva Title: DIRECTOR Signature: 

Name: Sharad N Solgas Title: DIRECTOR Signature: 

ALAF LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Share capital TZS '000	Share application TZS '000	Non distributable reserve TZS '000	Retained earnings TZS '000	Total equity TZS '000
At 1 January 2010	4,218,065	950,724	6,094,834	13,208,678	24,472,301
Profit for the year	-	-	-	4,347,320	4,347,320
Total comprehensive income	-	-	-	4,347,320	4,347,320
Share application money	-	13,689	-	-	13,689
Share Capital issued	964,413	(964,413)	-	-	-
Transfer to distributable reserve	-	-	(746,260)	746,260	-
Transfer from deferred tax	-	-	168,899	-	168,899
At 31 December 2010	5,182,478	-	5,517,473	18,302,258	29,002,209
At 1 January 2009	4,218,065	-	6,657,828	8,549,438	19,425,331
Profit for the year	-	-	-	3,912,980	3,912,980
Total comprehensive income	-	-	-	3,912,980	3,912,980
Share application money	-	950,724	-	-	950,724
Transfer to distributable reserve	-	-	(746,260)	746,260	-
Transfer from deferred tax	-	-	183,266	-	183,266
At 31 December 2009	4,218,065	950,724	6,094,834	13,208,678	24,472,301

The notes on pages 17 to 36 form part of these financial statements.
Report of the Independent Auditors is on page 11 and 12.

ALAF LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 TZS'000	2009 TZS'000
Operating activities			
Profit before tax		6,060,274	6,077,680
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation	10	3,080,954	1,396,263
Profit on disposal of property, plant and equipment		(4,237)	(5,000)
Impairment of fixed assets		301,059	-
Movements in provisions	20	(79,948)	116,903
Interest paid		3,452,302	2,269,513
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(7,715,176)	5,100,195
(Increase)/decrease in inventories		(5,181,362)	15,575,930
Increase/(decrease) in trade and other payables		4,190,003	(23,727,392)
Income tax paid	6	(1,441)	(910,177)
Net cash flows from operating activities		4,102,428	5,893,915
Investing activities			
Proceeds from sale of property, plant and equipment		4,237	5,000
Purchase of property, plant and equipment	10	(3,793,329)	(24,284,828)
Investment in fixed deposits with banks		380,673	(2,612,730)
Net cash flows used in investing activities		(3,408,419)	(26,892,558)
Financing activities			
Share application money		13,689	950,724
Loan proceeds from shareholders	17	366,750	3,019,500
Loan proceeds from IFC		-	6,710,000
Loan proceeds from Emerging Africa Infrastructure Fund		7,525,000	-
Issue of corporate bonds		-	15,070,000
Repayment of interest bearing loans and borrowings	17	(376,429)	(958,572)
Interest paid		(3,452,302)	(2,269,513)
Net cash flows used in financing activities		4,076,708	22,522,139
Net increase/(decrease) in cash and cash equivalents		4,770,717	1,523,496
Cash and cash equivalents at 1 January		852,361	(671,135)
Cash and cash equivalents at 31 December	14	5,623,078	852,361

The notes on pages 17 to 36 form part of these financial statements.
Report of the Independent Auditors is on page 11 and 12.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an historical cost basis as modified by the revaluation of property, plant and equipment. The financial statements are presented in Tanzanian Shillings (TZS).

The significant accounting policies adopted in the preparation of these financial statements are set out below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the Companies Act, 2002.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Adoption of revised accounting standards

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations which have been adopted during the year.

- IFRS 2 Share Based Payments: Group Cash - Settled Shared Based Payments Transactions effective 1 January 2010 IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009 (early adopted) including consequential amendment to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items effective 1 July 2009 IFRIC 17 Distribution of Non-cash Assets to Owners effective 1 July 2009
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

Adoption of these revised standards and interpretations did not have any material effect on the financial statements of the Company as at 31 December 2009.

The principal effects of these changes are as follows:

IFRS 2 - Share Based Payments (Revised)

The IASB issued an amendment to IFRS 2 that clarifies the scope and the accounting for entity's cash settled share-based payment transactions.

As the company has no such arrangements, this interpretation has no effect in the Company's financial position or performance of the Company.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2010

IFRS 3 - Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

The interpretation applies to business combinations in which separate entities or businesses are brought together to form a Joint Venture, business combinations involving entities or business under common control, business combinations involving two or more mutual entities, and/or business combinations in which separate entities or businesses are brought together to form a reporting entity by contract alone without the obtaining of an ownership interest.

As the company has not entered into any agreement for investments in associates or acquire subsidiaries, these amendments do not have an impact on the company.

IAS 39 - Financial Instruments : Recognition and Measurement - Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of fair value change or cash flow variability of a financial instrument as hedged item. This also covers designation of inflation as hedged risk or portion in particular situations.

This amendment has no impact on the financial position or performance of the company as the Company has not entered into any such hedges.

IFRIC 9 - Reassessment of Embedded Derivatives and IAS 39 Financial Instruments : Recognition and Measurement

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situation. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company as the Company has not entered into any such transactions.

IFRIC 17 - Distribution of Non-cash Assets to Owners The interpretation provides guidance on accounting for arrangement whereby an entity distributes non-cash assets to shareholders either as distribution of reserves or as dividends. The amendment has no effect on either, the financial position or performance of the company.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistency and clarifying wordings. There are separate transitional provisions for each standard. The adoption of following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- **IFRS 5 Non-Current Assets Hold for Sale and Discounting Operations:** Clarifies that the disclosures required in respect of Non-Current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specially required for such non-current assets or discontinued operations. The amendment did not have impact on the financial statement of the Company.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

- IFRS 8 Operating Segment Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. This amendment did not have an impact on the financial statement of the company.
- IAS 1 Presentation of Financial Statements: Assets and Liabilities as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified in the financial position. The Company analysed whether the expected period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instrument between current and non-current in the statement of financial position.
- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as cash flow from investing activities. This amendment will not impact the presentation in the statement of cash flows as the Company has not entered into any investment activities during the year 2010.
- IAS 36 *Impairment of Assets*:
The amendment clarified that the largest unit permitted for allocation goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Company.

Other amendments resulting from improvements to IFRS to the following standards did not have any impact on the accounting policies, financial positioning or performance of the Company:

Issued in April 2009

- IFRS 2 *Share-based Payment*
- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 34 *Interim Financial Reporting*
- IAS 38 *Intangible Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedge of Net Investment in a Foreign Operation*.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2010

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The company based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exist when carrying value of an asset or cash generating unit exceeds its recoverable amount, which is higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Asset useful lives

The useful lives of items of property, plant and equipment have been estimated to be in line with the rate at which they are depreciated.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2010

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods comprises the amount invoiced for goods supplied during the year, net of value added tax, trade discounts and allowances. Revenue is recognized at the time a sale is effected, and all risks and rewards have passed to the customer.

Rental income

Rental income is recognised on a time proportionate basis based on the terms of the rental agreement and an accrual is made at each accounting reference date.

Sundry income

Sundry income comprise of the amount invoiced for sale of non core business sales. Recognition criteria follow the criteria described under "sale of goods."

b) Foreign currency transaction

The Company's financial statements are presented in Tanzanian Shillings, which is the Company's functional and presentation currency. Transactions in foreign currencies during the year are translated into Tanzanian Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are re-translated at the exchange rate ruling at the financial position date. Resulting exchange differences are recognised in the statement of comprehensive income for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of transaction.

c) Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies (Continued)

d) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the financial position date. The current rate of corporate taxation is 30%.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability settled, based on the tax rates that have been enacted or substantively enacted at the financial position date.

Deferred income tax relating to items recognised in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies (*Continued*)

Taxation (*Continued*)

Value added tax

Revenues, expenses and assets are recognised at amounts net of value added tax except;

- where the value added tax is incurred on a purchase of an asset or service is not recoverable from the taxation authority in which case the value added tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- receivables and payables are stated with the amount of Value Added Tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the financial position.

e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment, as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Property plant and equipment were revalued in 1997 when the assets were taken over from the government. This was a one off revaluation to determine the true value of the assets and was deemed as cost.

Land and building are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. Valuations are performed frequently enough to ensure that the fair value of revalued assets does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income. Except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is being transferred to retained earnings.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies (*Continued*)

Property, plant and equipment (*Continued*)

Depreciation on property, plant and equipment is computed on a straight line basis over the estimated useful lives of the assets. The rates of depreciation used are:

	%
Leasehold roads, buildings, godown and roads	2
Plant and machinery	5 to 10
Dyes and tools	5
Motor vehicles	20
Furniture, fittings and equipment	20
Fire fighting equipment	5
Computer equipment	20

Property, plant and equipment of the Company were revalued to reflect their market value. Any excess of the value of the net assets acquired over their cost at the date of take over is described as revaluation surplus.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a potential period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) Inventories

Inventories are valued at the lower of cost and net realizable value. Estimated net realizable value is the estimated selling price in the ordinary course of business less any costs of completion and estimated costs necessary to make the sale.

Raw materials, spares and accessories, consumables and resalable stocks are accounted for at purchase cost on First-In-First-Out (FIFO) basis and includes transport and handling charges.

Finished goods and work-in process are valued by incorporating material cost and appropriate overheads.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies (Continued)

g) Inventories (Continued)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

i) Provision

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The expense relating to any provision is recognised in the statement of comprehensive income net of any reimbursement

j) Trade and other receivables

Trade receivables, which have varying credit terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

k) Trade and other payables

Liabilities for the trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

l) Financial instruments

Financial assets and liabilities are recognised on the company's financial position when the company becomes a party to the contractual provisions of the instrument.

The principal financial assets and liabilities of the company are trade and other receivables, prepayments, trade and other payables and loans. The particular recognition methods adopted are disclosed in the relevant accounting policy notes.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies (Continued)

m) Pensions and other post employment benefits

The company and its employees contribute to defined contribution pension schemes. The company's contribution is charged in the statement of comprehensive income as it falls due.

n) Long term loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received plus directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

o) Derivative financial instruments and hedge accounting

The company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

Any gain or losses arising from changes in the fair value of derivatives are taken directly to the statement of comprehensive income.

1.4 FUTURE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of issuance of Company's financial statements are listed below. The listing of standards and interpretations issued, which company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosure (Amendment)

The amendment standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirement for government related entities. The company does not expect any impact on its financial position or performance.

IAS 32 Financial Instruments: Presentation - Classification of Rights Issue (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2010

such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment will not have any impact on the company.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment will not have any impact on the financial statement of the company. The company does not deal with the pension asset.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be really measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately is profit or loss. The adoption of this interpretation will have no effect on the financial statement of the Company.

Improvement to IFRSs (issued in MAY 2010)

The IASB issued Improvement to IFRSs, an omnibus of amendments to IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the company:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

	2010 TZS'000	2009 TZS'000
2 COMPENSATION FOR BUSINESS INTERRUPTIONS		
Compensation for business interruptions	<u>1,546,716</u>	<u>1,670,273</u>
<p>During year, the Pinion Stand and Gear Coupling of Steel Cold Rolling Mill were damaged. The Company lodged a claim and the Insurer has settled the claim in full for an amount of TZS 1,546,716 thousands on account of loss of profit and business interruption.</p>		
3 OTHER OPERATING INCOME		
Profit on disposal of fixed assets	4,237	5,000
Interest received	15,779	73,483
Rental income	178,445	241,244
Sundry income	692,587	160,034
	<u>891,048</u>	<u>479,761</u>
4 FINANCE COSTS		
Interest on bank overdraft	281,861	239,359
Interest on loans and borrowings	2,556,238	1,506,442
Bank charges	614,203	523,712
	<u>3,452,302</u>	<u>2,269,513</u>
5 PROFIT BEFORE TAXATION		
Profit before taxation is stated after charging/ (crediting):		
<i>In cost of sales:</i>		
Depreciation of property, plant and equipment	2,947,823	1,044,131
<i>In administrative expenses:</i>		
Depreciation of property, plant and equipment	133,131	161,885
Directors' fees	16,700	17,113
Auditors' remuneration	48,913	33,550
Tax and other consultancy fees	47,363	57,120
(Gain)/loss on foreign exchange	2,674,387	(757,011)
And after crediting:		
Profit on sale of property, plant and equipment	4,237	5,000
Interest received	15,779	73,483
6 INCOME TAX		
The major components of the income tax expense for the year ended 31 December 2010 and 2009 are:		
	2010 TZS '000	2009 TZS '000
Income tax expense		
<i>Current income tax:</i>		
Current income tax charge	-	-
<i>Deferred income tax:</i>		
Relating to origination and reversal of temporary differences	1,712,604	2,164,350
Income tax expense reported in the income statement	<u>1,712,604</u>	<u>2,164,350</u>
Statement of changes in equity		
Deferred income tax related to items charged or credited directly to equity during the year:		
Net (gain) on revaluation of plant, property, and equipment	168,899	183,266
	<u>168,899</u>	<u>183,266</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

	2010 TZS'000	2009 TZS'000
6 INCOME TAX (continued)		
A reconciliation between tax expense and the product of accounting profit multiplied by corporate tax rate for the years ended 31 December 2010 and 2009 is as follows:		
Profit before tax	6,060,274	6,077,680
Income tax rate of 30% (2009: 30%)	1,818,082	1,823,304
Tax effect on deductible temporary differences	(126,434)	-
Tax effect of permanent differences	20,956	6,770
Effect of previous years' deferred tax		334,276
Income tax expense	1,712,604	2,164,350
Effective rate of tax	28%	36%
Tax recoverable		
At 1 January	648,555	(261,622)
Charged during the year	-	-
Paid during the year	1,441	910,177
At 31 December	649,996	648,555
The tax assessments have been agreed with the Tanzania Revenue Authority up to and including year of income 2005.		
Deferred tax		
Due to revaluation of property, plant and equipment		
At 1 January	1,773,471	1,956,737
Transfer to non distributable reserve	(168,899)	(183,266)
At 31 December	1,604,572	1,773,471
Due to accelerated capital allowances		
At 1 January	1,168,741	(995,609)
Charge/(release) during the year	1,712,604	2,164,350
At 31 December	2,881,345	1,168,741
Total deferred taxation	4,485,917	2,942,212
7 PREFERENCE DIVIDENDS	350	350

This represents 7% dividend on cumulative redeemable preference shares.

8 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding during the year.

	2010 TZS	2009 TZS
Net profit attributable to shareholders	4,347,320,188	3,912,980,000
Total number of ordinary shares	258,873,901	210,653,239
Earnings per share	16.79	18.58

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 TZS '000		2009 TZS '000						
9 LEASEHOLD LAND									
Cost	10,132	10,132							
Amortisation	-	-							
Net book value	10,132	10,132							
10 PROPERTY, PLANT AND EQUIPMENT									
	Leasehold Roads & Buildings TZS '000	Plant and Machinery TZS '000	Furniture and Equipment TZS '000	Motor Vehicles TZS '000	Dyes & Tools TZS '000	Fire Fighting Equipment TZS '000	Computers TZS '000	Capital Work in Progress TZS '000	Total TZS '000
COST OR VALUATION									
At 1 January 2010	7,487,994	47,418,640	423,791	1,180,881	51,851	21,907	304,211	515,706	57,404,981
Additions	1,493,394	2,565,802	72,740	174,408	-	-	2,691	(515,706)	3,793,329
Impairment	-	(476,876)	(9,078)	-	(4,256)	-	-	-	(490,210)
Write off	-	-	-	(150,348)	-	-	-	-	(150,348)
At 31 December 2010	8,981,388	49,507,566	487,453	1,204,941	47,595	21,907	306,902	-	60,557,752
DEPRECIATION									
At 1 January 2010	1,120,537	6,064,269	399,533	620,515	37,099	13,529	206,610	-	8,462,092
Charge for the year	172,229	2,671,087	7,000	194,408	1,846	1,052	33,332	-	3,080,954
Impairment	-	(176,085)	(9,078)	-	(3,988)	-	-	-	(189,151)
Write off	-	-	-	(150,348)	-	-	-	-	(150,348)
At 31 December 2010	1,292,766	8,559,271	397,455	664,575	34,957	14,581	239,942	-	11,203,547
NET BOOK VALUE									
At 31 December 2010	7,688,622	40,948,295	89,998	540,366	12,638	7,326	66,960	-	49,354,205
At 31 December 2009	6,367,457	41,354,371	24,258	560,366	14,752	8,378	97,601	515,706	48,942,889

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

11 FIXED DEPOSITS WITH BANKS	2010	2009
	TZS '000	TZS '000
At 1 January	2,612,730	-
Investment during the year	(380,673)	2,612,730
At 31 December	<u>2,232,057</u>	<u>2,612,730</u>
Fixed deposits earn an average interest of 1.25% (2009: 2%).		
Fixed deposits with Banks		
Standard Chartered Bank Tanzania Limited	2,232,057	2,015,580
Bank M Limited	-	597,150
	<u>2,232,057</u>	<u>2,612,730</u>
The fixed deposit with Standard Chartered Bank Tanzania Limited is placed as a security against the Corporate Bond Issued during the year 2009.		
12 INVENTORIES		
Raw materials	17,646,981	15,013,163
Processing and refractory material	243,842	2,245,758
Resaleables	848,765	1,255,809
Packing materials	123,423	46,551
Spare, accessories and consumables	5,381,639	4,521,068
Fuel, oils and lubricants	265,974	181,822
Finished goods	6,802,332	2,867,423
Total Inventories	<u>31,312,956</u>	<u>26,131,594</u>
13 TRADE AND OTHER RECEIVABLES		
Trade receivables	15,683,321	9,345,173
Other receivables and prepayments	6,104,019	4,726,991
	<u>21,787,340</u>	<u>14,072,164</u>
Terms and conditions of trade and other receivable as follows:		
i) Local trade receivables are non-interest bearing and are normally settled on 15 to 60 days terms.		
ii) Export trade receivables are non-interest bearing and are normally settled on 90 to 120 days terms.		
No provision for impairment of receivable was made during the year (2009: TZS Nil).		
As at 31st December, the aging analysis of trade receivable is as follows:		
0 to 30 days	10,620,506	4,652,134
31 to 60 days	617,625	1,971,013
61 to 90 days	971,652	1,706,026
More than 90 days	3,473,538	1,016,000
Total	<u>15,683,321</u>	<u>9,345,173</u>
14 CASH AND CASH EQUIVALENTS		
Cash at banks and on hand	<u>5,623,078</u>	<u>1,060,469</u>
For the purpose of cash flow cash and cash equivalents comprise of the following at 31 December:		
Cash at banks and on hand	5,623,078	1,060,469
Bank overdraft (Note 17)	-	(208,108)
	<u>5,623,078</u>	<u>852,361</u>
15 SHARE CAPITAL		
(a) Authorised shares:		
250,002 7% Redeemable cumulative Preference Shares of TZS 20 each	5,000	5,000
749,749,998 Ordinary shares of TZS 20 each	14,995,000	14,995,000
	<u>15,000,000</u>	<u>15,000,000</u>
(b) Issued and fully paid:		
250,002 7% Redeemable cumulative Shares of TZS 20 each	5,000	5,000
258,873,901 Ordinary shares of TZS 20 each	5,177,478	4,213,065
	<u>5,182,478</u>	<u>4,218,065</u>
16 NON-DISTRIBUTABLE RESERVE	<u>5,517,473</u>	<u>6,094,834</u>
The non distributable reserves relate to revaluation surplus that arose from the revaluation of assets at the time when the Company was taken over from the Government. The movement is as shown on the statement of changes in equity.		

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

17 INTEREST BEARING LOANS AND BORROWINGS	2010 TZS '000	2009 TZS '000
Non current		
a) International Finance Corporation	5,374,999	5,751,428
Transfer to Current Portion	(1,075,000)	(958,572)
Long term portion	4,299,999	4,792,856
b) Emerging Africa Infrastructure Fund	7,525,000	-
c) Corporate Bond		
Reliance Insurance Company Tanzania Ltd	200,000	200,000
Tanzania Postal Bank	650,000	650,000
Alexander Forbes Tanzania Ltd	100,000	100,000
Heritage Insurance Company Tanzania Ltd	500,000	500,000
Government Exmployees Provident Fund	1,000,000	1,000,000
Rombo Millers Company Limited	120,000	120,000
Exim Bank Tanzania Ltd	500,000	500,000
Bank M Tanzania Ltd	500,000	500,000
Public Service Pension Fund	3,500,000	3,500,000
G.A.K Patel & Co Ltd	100,000	100,000
Standard Chartered Bank Tanzania Ltd	6,500,000	6,500,000
Umoja Unit Trust Scheme - UTT	750,000	750,000
Regular Income Unit Trust Scheme- UTT	300,000	300,000
Wekeza Maisha Unit Trust Scheme - UTT	150,000	150,000
Children's Career Plan Unit Trust Scheme - UTT	200,000	200,000
	15,070,000	15,070,000
Total Interest bearing loans and borrowings	26,894,999	19,862,856
Current portion		
International Finance Corporation (Amount due within one year)	1,075,000	958,572
Bank overdrafts		
Standard Chartered Bank Tanzania Limited	-	(255,978)
Citibank Tanzania Limited	-	464,086
	-	208,108
Current portion of Interest bearing loans and borrowings	1,075,000	1,166,680

Loan from the International Finance Corporation of US Dollar 5 million is repayable in 7 years in 14 equal installments, and accrues interest at 6 months LIBOR plus 3.25%

The Company has entered into a swap agreement with Standard Chartered Bank Tanzania Limited to convert the floating interest rate liability on IFC Loan into fixed interest rate liability @ 1.95% instead of LIBOR

Period	Outstanding loan amount USD	Floating interest rate	Fixed interest rate	Interest Rate Difference	No of Days for which swap is	Gain/(Loss) USD'000
27th Jul 2010 to 15th Oct 2010	3,928,571	0.04581%	1.95000%	-1.90419%	81	-17
16th Oct 2010 to 31st Dec 2010	3,571,428	0.45500%	1.95000%	-1.49500%	77	-11

However, the actual gain / loss on swap arrangement is accounted for on the date of payment / receipt of interest.

Loan from the Emerging Africa Infrastructure Fund of US Dollar 5 million is repayable after 5 years in 4 equal installments, and accrues interest at 6 months LIBOR plus 4.5% + withholding tax payable to the TRA.

Un-secured Corporate bond of TZS 15.07 billion is redeemable after 3 years @ 12.5% every six months.

Out of above TZS 1.72 billion is bearing a variable interest rate based on 182 days Treasury Bill + 1.5% and the balance TZS 13.35 billions bears a fixed interest rate of 17.4% per annum. Interest is payable halfyearly on 26th July and 26th January.

The Company has entered into interest swap arrangement with Standard Chartered Bank Tanzania Limited for the 17.4% fixed rate notes. This swap allows the Company to convert its' fixed rate liability into floating rate liability. The details of interest swap arrangements with Standard Chartered Bank Tanzania Limited are given below:

Fixed Rate Note Value	Fixed interest rate	Interest swap effective rate as on 26th July 2009 for the period 1st January 2010 to 25th January 2010	Interest Rate Difference	No of Days for which swap is	Gain/(Loss) TZS'000
6,500,000,000	17.40%	12.40%	5.00%	25	22,260
6,850,000,000	17.40%	11.15%	6.25%	25	29,324
Fixed Rate Note Value	Fixed interest rate	Interest swap effective rate as on 26th January 2010 for the period 26th January 2010 to 25th July 2010	Interest Rate Difference	No of Days for which swap is	Gain/(Loss) TZS'000
6,500,000,000	17.40%	13.27%	4.13%	181	133,122
6,850,000,000	17.40%	13.18%	4.22%	181	143,347

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

Fixed Rate Note Value	Fixed Interest rate	Interest swap effective rate as on 26th July 2010 for the period 26th July 2010 to 31st December 2010	Interest Rate Difference	No of Days for which swap is	Gain/(Loss) TZS'000
6,500,000,000	17.40%	10.14%	7.26%	159	205,567
6,850,000,000	17.40%	10.23%	7.17%	159	213,951

However, the actual gain / loss on swap arrangement is accounted for on the date of payment / receipt of interest.

The Company has the following bank facilities:

- (a) Overdraft facility with Standard Chartered Bank Tanzania Limited of US Dollar 1 million or its equivalent in TZS which accrues interest at the rate of 182 days Treasury Bill rate plus 3.75% (minimum 7%) for TZ Shilling and at 6 month LIBOR + 3.75% (minimum 6.5%) for US Dollar.
(b) Overdraft facility with Citibank Tanzania Limited of US Dollar 1 million or its equivalent in TZS which accrues interest at the rate of 182 days Treasury Bill plus 3% (minimum 11%) for TZ Shilling and at 6 months LIBOR plus 3% (minimum 5%) for US Dollar.

The IFC loan, EAIF loan and bank facilities are secured by:

- (a) mortgage charge over plot no. 18A (Certificate of Occupancy No. 18541), Plot no. 18B (Certificate of Occupancy No. 18802), Plot No. 29 (Certificate of Occupancy No. 15322), Plot No. 18B/1 (Certificate of Occupancy No. 59088), Plot No. 18E (Certificate of Occupancy No. 18796) and Plot No. 18D (Certificate of Occupancy No. 186085/27) shared pari passu with IFC, EAIF, Standard Chartered Bank Tanzania Limited and Citibank Tanzania Limited registered to cover USD Dollar 43 millions.
(b) Debenture deed over all assets of the Company shared pari passu with IFC, EAIF, Standard Chartered Bank Tanzania Limited and Citibank Tanzania Limited for US Dollar 43 millions

	2010 TZS '000	2009 TZS '000
18 NON-INTEREST BEARING LOANS AND BORROWINGS		
Shareholders Loan	3,386,250	3,019,500
Subordinated loan from Shareholders of US Dollar 2.25 million bearing an administration fee of US Dollar 58,824 per annum.		
19 TRADE AND OTHER PAYABLES		
Trade creditors	35,321,932	30,601,683
Other payables		
Creditors - Metal Coating Line	-	649,973
Creditors - Cold Rolling Mill	-	3,236,268
Other creditors and accruals	7,965,613	4,609,618
	43,287,545	39,097,542

Terms and conditions of trade and other payable as follows:

- i) Local trade payables are normally settled in 30 days terms.
ii) Foreign trade payables are normally settled in 180 days terms.

The Trade Creditors includes foreign creditors equivalent to USD 22,380,088.58. To mitigate the exchange risk at the due date for payment the Company has entered into forward exchange contracts with the Citi Bank Tanzania Limited and Standard Chartered Bank Tanzania Limited for an amount of USD. 9,000,000.00. The unrealised exchange gain on the forward contract amounting TSH 324,005,000 has been recognised in the accounts. The details of exchange gain/loss on such forward contracts as at the balance sheet date is as given below:

Particulars	Contract Amount (US Dollar)	Exchange rate		Fair Value As at Balance Sheet Date	Equivalent TZS '000	
		Forward Contract Rate	As at 31.12.2010		Value on Maturity	Gain/(Loss)
From Citi Bank Tanzania Limited						
Contract maturing on 21st Jan., 201	1,000,000	1,477.45	1,505.00	1,505,000	1,477,450	27,550
Contract maturing on 27th Jan., 20:	1,000,000	1,478.60	1,505.00	1,505,000	1,478,600	26,400
Contract maturing on 4th Feb., 201:	1,000,000	1,461.00	1,505.00	1,505,000	1,461,000	44,000
Total	<u>3,000,000</u>			<u>4,515,000</u>	<u>4,417,050</u>	<u>97,950</u>
From Standard Chartered Bank Tanzania Limited						
Contract maturing on 3rd Jan., 201:	1,000,000	1,474.30	1,505.00	1,505,000	1,474,300	30,700
Contract maturing on 15th Jan., 20:	1,000,000	1,470.50	1,505.00	1,505,000	1,470,500	34,500
Contract maturing on 24th Jan., 20:	1,000,000	1,465.80	1,505.00	1,505,000	1,465,800	39,200
Contract maturing on 4th Feb., 201:	500,000	1,458.30	1,505.00	752,500	729,150	23,350
Contract maturing on 4th Feb., 201:	500,000	1,457.30	1,505.00	752,500	728,650	23,850
Contract maturing on 17th Feb., 20:	500,000	1,448.79	1,505.00	752,500	724,395	28,105
Contract maturing on 17th Feb., 20:	500,000	1,448.00	1,505.00	752,500	724,000	28,500
Contract maturing on 14th Mar., 20	<u>1,000,000</u>	<u>1,487.15</u>	<u>1,505.00</u>	<u>1,505,000</u>	<u>1,487,150</u>	<u>17,850</u>
Total	<u>6,000,000</u>			<u>9,030,000</u>	<u>8,803,945</u>	<u>226,055</u>

However, the actual gain/loss on the maturity date of the forward exchange contract would depend on the exchange rate prevailing on the maturity date.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 TZS '000	2009 TZS '000
20 RETIREMENT BENEFIT OBLIGATIONS		
At 1 January	2,611,962	2,495,059
Charge during the year	280,713	221,936
Paid during the year	(360,661)	(105,033)
At 31 December	<u>2,532,014</u>	<u>2,611,962</u>

The retirement benefit obligation is unfunded and represents an estimate of an amount payable to employees. It is calculated on the basis of the years of service for each individual employee as provided for in the collective bargaining agreement. No actuarial valuation was carried out as the Directors believe that the existing provision is adequate to cover future retirement obligations.

21 RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are as follows:-

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		TZS '000	TZS '000	TZS '000	TZS '000
Transactions with group companies					
Uganda Baati Limited	2010	489,437	-	160,319	-
	2009	-	-	-	-
Mabati Rolling Mills Limited	2010	2,565,400	12,945,993	2,565,400	3,491,753
	2009	-	9,934,734	-	3,301,895
Kifaru Trading (Pty) Limited	2010	-	-	287,738	-
	2009	-	24,124	244,666	-
Insteel (Kenya)	2010	494,034	827,758	430,910	276,875
	2009	291,126	539,029	125,193	237,136
Steel Supplies (Malawi)	2010	520,650	-	75,638	-
	2009	439,023	-	179,594	-
Steel Base (Zambia)	2010	2,364,767	-	903,801	-
	2009	573,712	-	44,810	-
Gainvest (Angola)	2010	-	-	374,295	-
	2009	378,973	-	378,973	-
Safal Steel	2010	-	-	523,562	-
	2009	461,122	-	461,122	-
Safintra Lubumbashi	2010	268,709	-	122,518	16,318
	2009	87,539	-	-	14,177
Safintra Mozambique	2010	227,547	-	252,464	-
	2009	-	-	-	-
	2010			<u>5,696,645</u>	<u>3,784,946</u>
	2009			<u>1,594,677</u>	<u>3,553,208</u>
22 Compensation of key management personnel of the Company				2010	2009
				TZS '000	TZS '000
Short-term benefits				316,070	248,618
Total compensation paid to key management personnel				<u>316,070</u>	<u>248,618</u>

23 COMMITMENTS AND CONTINGENCIES**Capital commitments**

At 31 December 2010, the Company had commitments of TZS 1.29 billions relating to installation and commissioning of new Pipe Mill (2009: TZS 2.8 billion)

Legal claim

No provision for any liability relating to legal claims has been made in these financial statements. The Company has been advised by its legal counsel that it is only possible, but not probable, that the judgement will be against the Company.

24 EMPLOYEE BENEFITS

387,473	314,284
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Employees are members of either the National Social Security Fund (NSSF) or the Parastatals Pension Fund.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities are trade payables. The main purpose of these financial liabilities is to raise finance for the operations of the Company. The Company has various financial assets such as trade receivables and cash and cash equivalents which arise directly from its operations.

The main risks arising from the Company's financial instruments are foreign currency risks, credit risks, interest rate risks and liquidity risks.

Foreign currency risk

The company operates wholly in Tanzania and its assets and liabilities are reported in local currency. Turn over is invoiced in Tanzania Shillings and US dollars. Payments for outstanding debts are accepted in both Tanzania Shillings and US dollars. The main raw materials, steel and aluminium are imported and are payable in US dollars. The company maintains its funds in Tanzania Shillings and US dollars to which its payment obligations are designated.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

To mitigate foreign exchange risks, the Company actively employs hedging technique such as forwards and options. The natural hedge provided by export sales also serve to reduce foreign exchange exposures.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in US Dollar rate	Effect on profit before tax TZS '000
2010	+ 5%	(2,329,101)
	- 5%	2,329,101
2009	+ 5%	(2,221,056)
	- 5%	2,221,056

Credit risk

Potential concentration of credit risk consists partially of trade debtors. Trade debtors are presented net of allowance for doubtful debts. Accordingly, the company has no significant credit risk which has not been adequately provided for. The company's terms of sales are cash and on credit with customers who have proven credit worthiness.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flow of the financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company entered into interest swap arrangement with the Standard Chartered Bank Tanzania Limited, which allows the Company to convert its fixed rate liability into floating rate liability.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loan and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase / decrease in basis points	Effect on profit before tax TZS '000
2010 US Dollar	+ 40	(31,921)
	- 40	31,921
2009 US Dollar	+ 40	(25,298)
	- 40	23,600

The assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk

The company minimises liquidity risks by maintaining adequate current assets that cover all current liabilities.

	On demand TZS '000	Less than 3 months TZS '000	3 to 12 months TZS '000	1 to 5 years TZS '000	More than 5 years TZS '000	Total TZS '000
Year ended 31st December 2010						
Interest bearing loan and borrowing:	-	-	1,075,000	19,369,999	7,525,000	27,969,999
Other liabilities	-	-	-	-	2,837,844	2,837,844
Trade and other payables	-	35,321,932	7,965,613	-	-	43,287,545
Shareholders loan	-	-	-	-	3,386,250	3,386,250
	<u>-</u>	<u>35,321,932</u>	<u>9,040,613</u>	<u>19,369,999</u>	<u>13,749,094</u>	<u>77,481,638</u>
Year ended 31st December 2009						
Interest bearing loan and borrowing:	208,108	-	958,572	18,904,288	958,568	21,029,536
Other liabilities	-	-	-	961,128	2,917,442	3,878,570
Trade and other payables	-	30,068,789	8,495,859	-	-	38,564,648
Shareholders loan	-	-	-	-	3,019,500	3,019,500
	<u>208,108</u>	<u>30,068,789</u>	<u>9,454,431</u>	<u>19,865,416</u>	<u>6,895,510</u>	<u>66,492,254</u>

26 HOLDING COMPANY

The immediate holding company is Safal Investments (Mauritius) Limited.

27 EMPLOYEES

The number of employees as at 31 December 2010 was 538 (2009 - 497).

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

28 EVENT AFTER BALANCE SHEET DATE

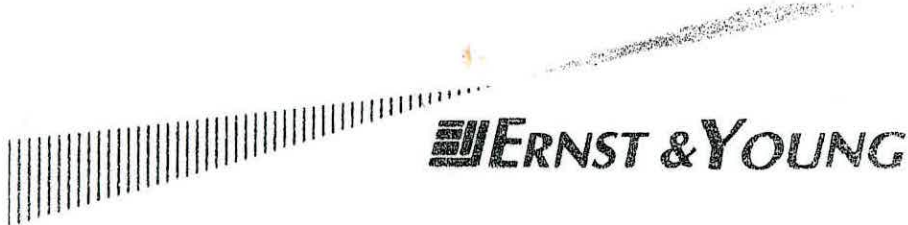
There is no event which may have any effect on the financial statement for the year 2010.

27 FAIR VALUES

	Carrying amount		Fair value	
	2010 TZS '000	2009 TZS '000	2010 TZS '000	2009 TZS '000
Financial assets				
Fixed deposits with banks	2,232,057	2,612,730	2,232,057	2,612,730
Trade and other receivables	21,787,340	14,072,164	21,787,340	14,072,164
Tax recoverable	649,996	648,555	649,996	648,555
Cash and cash equivalents	5,623,078	1,060,469	5,623,078	1,060,469
Total	30,292,471	18,393,918	30,292,471	18,393,918
Financial liabilities				
Interest bearing loans and borrowings	26,894,999	19,862,856	26,894,999	19,862,856
Non-interest bearing loans and borrowings	3,386,250	3,019,500	3,386,250	3,019,500
Retirement benefit obligation	2,532,014	2,611,962	2,532,014	2,611,962
Trade and other payables	43,287,545	39,097,542	43,287,545	39,097,542
Interest bearing loans and borrowings	1,075,000	1,166,680	1,075,000	1,166,680
Tax payable	-	-	-	-
Preference share dividend payable	305,830	305,480	305,830	305,480
Total	77,481,638	66,064,020	77,481,638	66,064,020



ALAF LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
31 DECEMBER 2011



ALAF LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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ALAF LIMITED

COMPANY INFORMATION 31 DECEMBER 2011

PRINCIPAL PLACE OF BUSINESS

Plot 18, Nyerere Road, Industrial Area
P. O. Box 2070
Dar es Salaam

REGISTERED OFFICE

Plot 18, Nyerere Road, Industrial Area
P. O. Box 2070
Dar es Salaam

BANKERS

Standard Chartered Bank Tanzania Limited
1st Floor, International House
Shabani Robert Street/Garden Avenue
P. O. Box 9011
Dar es Salaam

Citibank Tanzania Limited
Peugeot House
36 Upanga Road
P.O. Box 71625
Dar es Salaam

Stanbic Bank Tanzania Limited
Stanbic Centre
P.O. Box 72647
Dar es Salaam

SOLICITORS

M/s Sheikh's Chambers of Advocates
Plot No. 2349/40, 3rd Floor
Pamba Road
P.O. Box 6225
Dar es Salaam

COMPANY SECRETARY

Ms H. H. Sheikh
Sheikh's Chambers of Advocates
Plot No. 2349/40, 3rd Floor
Pamba Road
P. O. Box 6225
Dar es Salaam

COMPANY AUDITORS

Ernst & Young
Utalii House
P. O. Box 2475
Dar es Salaam

ALAF LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

INTRODUCTION

The Directors present this report and the audited financial statement for the financial year ended 31st December 2011, which disclose the state of affairs of ALAF Limited.

INCORPORATION

The company is incorporated in Tanzania under Companies Act 2002, domiciled in Tanzania as a public limited company.

MISSION AND VISION

Vision Statement:

To be Africa's premier producer of Metal Roofing, Tubes and Allied Building Solutions

Mission Statement:

To enhance value for all through Innovation and Best Practices

PRINCIPAL ACTIVITIES

The company's principal activities continue to be the manufacture and sale of steel and aluminium products.

DIRECTORS

The directors who held office during the year and to the date of this report, except where otherwise stated were:

Name	Position	Age	Qualification/Discipline	Nationality
Dr. Manilal P. Chandaria OBE EBS	Chairman	82	BSc, BSc Eng, Master Eng.	British
Mr. Sharad N. Salgar	Director/Chief Executive Officer	70	B.Com, LLB, ACA	Indian
Mr. Ali Mwinyimvua	Director	58	M.Sc.(Financial Studies), ACCA	Tanzanian
Mr. Uledi Mussa	Director	52	BA(Economics), Post Graduate Diploma in Industrial Policy	Tanzanian
Mr. Ronnie D. Graham	Director	56	B. Com (Accounting)	South African
Mr. Mahesh Chavda	Director	52	BE (Mech.), MBA	Indian
Mr. Pankaj Kumar	Director/Chief Operating Officer	54	B. Com (Hons.), ACA	Indian

The Company Secretary as at 31st December 2011 was Ms. H H Sheikh

ALAF LIMITED

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2011

CORPORATE GOVERNANCE

The Board of ALAF consists of 7 Directors, apart from two Directors, no other director hold executive position in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management, business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control, policies and procedure is operative, and for compliance with sound corporate governance policies.

The Board meets at least four times during the year. The Board delegates the day to day management of the business to Mr. Sharad N Salgar, Chief Executive Officer / Director assisted by senior management team. Senior Management team members are invited to attend board meetings and facilitates the effective control of the Company's operational activities, acting as a medium of communication and coordination between all the various functional areas of the Company.

ALAF Ltd is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. Board of ALAF Ltd has the following board sub-committee to ensure a high standard of corporate governance.

Audit/Executive Committee

This sub-committee of the Board is responsible for ensuring compliance with applicable legislation and the requirement of regulatory authorities, reviewing reports and following up on matters raised by the external auditors, internal auditors.

The executive /audit committee members who served the Committee during 2011 are detailed below:

Name	Position	Nationality	Qualification/Discipline
Mr. Ali Mwinyimvua	Chairman	Tanzanian	M.Sc.(Financial Studies),ACCA
Mr. Sharad N. Salgar	Director/Chief Executive Officer	Indian	B.com, LLB, ACA

The Audit/Executive Committee reports to Board of Directors.

ALAF LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

CAPITAL STRUCTURE

The capital structure for the year under review is shown below

Authorised, Called up and fully paid

Authorised Capital:

250,002 Numbers of 7% Redeemable Preference Shares of TZS 20 each amounting to TZS 5,000,040/=.

749,749,998 Number of Ordinary Shares of TZS 20 each amounting to TZS 14,994,999,960/=.

Called up:

250,002 Numbers of 7% Redeemable Preference Shares of TZS 20 each amounting to TZS 5,000,040/=.

273,849,211 Number of Ordinary Shares of TZS. 20 each amounting to TZS 5,476,984,214/=.

Paid up:

250,002 Numbers of 7% Redeemable Preference Shares of TZS 20 each amounting to TZS 5,000,040/=.

258,873,901 Number of Ordinary Shares of TZs. 20 each amounting to TZS 5,177,478,020/=.

MANAGEMENT

The Management of the Company is under the Director/Chief Executive Officer and is organised in the following departments.

- Technical
- Marketing
- Human Resources
- Finance and Accounts
- Information Technology
- Logistics and Procurement
- Internal Audit

All departments are headed by Head of Department and report to Director/Chief Operating Officer who in turn reports to the Director/Chief Executive Officer who in turn reports to the Board.

SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year 2011 is 3 (2010: 3 shareholders). There was no Director holding shares in the company.

ALAF LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

SHAREHOLDERS OF THE COMPANY (Continued)

The shares of the company are held as follows:

S. No.	Shareholder	Current Year Number of Shares		Previous Year Number of Shares	
		Ordinary	Preference	Ordinary	Preference
1	Safal Investments Mauritius Ltd	208,956,201		208,956,201	
2	Treasury Registrar, Government of Tanzania	49,917,700		49,917,700	
3	Chandaria Foundation		250,002		250,002
	TOTAL	258,873,901	250,002	258,873,901	250,002

STOCK EXCHANGE INFORMATION

In 2010 the Company was listed with Dar es Salaam Stock Exchange for its Unsecured Bonds. No trading of Unsecured Bonds was carried out during the year 2011. The shares are not listed with any of the Stock Exchange.

FUTURE DEVELOPMENT PLAN

The company will improve its profitability through increase in production and sales quantities and by delivering quality products and services to its customers and has taken up the following development plans:

- To provide door step service to the customers in Lake Region of the Country, a service centre at Mwanza is being established;
- To provide the civil contractors their requirements of Cut & Bend Re- Bars of BS Standards as per the bending schedule. A Re-Bar Cut & Bend machine is being installed;
- To provide door step service to customers in Southern Region, a service Centre at Mbeya is being established.

RESULTS AND DIVIDEND

During the year the Company had a profit before tax of TZS 4,051 billion (2010: TZS 6,060 billion)

The Board of Directors do not recommend the payment of dividend so as to finance the development plan and to meet the increased requirement of working capital.

ALAF LIMITED

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2011

PERFORMANCE FOR THE YEAR

Particulars	Year		Increase/(Decrease)
	2011	2010	%
Total Sales (MT)	72,767	63,192	15%
Total Revenue (TZS/Million)	145,938	112,826	29%
Profit Before Tax (TZS Million)	4,051	6,030	(32%)

The performance of the year was severely affected by frequent and unannounced interruption in power supply and power rationing by TANESCO. The power outage was as high as 26% in certain months. This resulted in higher process wastages thereby increasing the cost of operations substantially.

During the year, the Tanzania Shillings remained very volatile against United States Dollars (USD) and other major currencies. In October 2011, the Tanzania Shilling depreciated to record level of 1 USD = TZS 1820 resulting in depreciation of about 21%. After the intervention of Bank of Tanzania, the Tanzania Shilling recovered and closed at 1 USD = TZS 1587 at the end of the year. This Volatility in Tanzania Shilling has resulted in substantial exchange loss during the year.

In addition, the overall inflation as at the end of the year stood at 19.8%. The Energy and Fuel prices carrying a weight of 5.7% increased by 41% (y-0=y) and Food prices carrying a weight of 47.8% increased by 25.6% (y-0=y). This increase in inflation severely increased cost of locally produced goods and services.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company systems are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

ALAF LIMITED

DIRECTORS' REPORT (Continued) **FOR THE YEAR ENDED 31 DECEMBER 2011**

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The Board assessed the internal control system throughout the financial year ended 2011 and is of the opinion that they met accepted criteria. The Board carries risk and internal control assessment through Executive/Audit Committee.

SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statement has been prepared on a going concern basis. The Board of Directors has reasonable expectation that Company has adequate resources to continue in operational existence for the foreseeable future.

EMPLOYEES' WELFARE

Management/ employees' relationship

The company is an equal opportunity employer. It has given equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

The relationship between management and employees continued to be cordial throughout the year. There were no unresolved complaints received by Management from employees during the year.

Training

Manpower identification, recruitment and development continue under established manpower programme. A number of employees undergo external and in-house practical training at different levels of management.

Medical facilities

Medical care continued to be provided to all the employees and their immediate family members.

Health and Industrial safety

The company continued to comply with the standards of industrial safety established by Occupational Safety and Health Authority (OSHA).

FINANCIAL ASSISTANCE TO STAFF

Management has assisted its employees to establish ALAF Savings and Credit Co-operative Society (SACCOS). It has given a Guarantee of TZS 75 million to CRDB Bank to provide financial assistance to its members. This assistance is additional to existing loans and advances provided by the Company to its employees on need based assessments.

ALAF LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

EMPLOYEES' WELFARE (Continued)

PERSONS WITH DISABILITIES

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. The company maintains its policy for continued employment of employees who become disabled while in service. Also, appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled person should, as far as possible, be identical to that of the other employees.

EMPLOYEES BENEFIT PLAN

The company pays contributions to National Social Security Fund and Parastatal Pension Fund. The company's obligations in respect of these contributions are limited to 10% of the employees' gross salary.

The average number of employees during the year was 533 (previous year: 518)

GENDER PARITY

The company had 529 Employees at the end of year 2011, out of which 20 were female and 509 were male. (Previous year: 21 female and 517 male)

RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 21 to these Financial Statements.

ENVIRONMENTAL CONTROL PROGRAMME

The Company recognises its responsibility towards protection of environment. For making the manufacturing processes greener Company has started using Natural Gas for its entire requirement for Furnace Heating, for which earlier HFO (Very polluting fuel) was used. In addition, during the year 2011 more than 150 new tree saplings were planted in and around our manufacturing facilities. In addition to the above, Company from time to time contribute funds to support the Projects for Greener Environment promoted by Government Agencies.

ALAF LIMITED

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2011

CORPORATE SOCIAL RESPONSIBILITY

At ALAF we believe that whatever we earn, we have an obligation to return part of it to the well being of the communities, because without the communities around, our existence would not have been possible.

ALAF is dominant player in the market and is largest contributor of revenue to government exchequer in its category of operations.

In collaboration with International Finance Corporation (IFC), we have launched a program to educate our own employees and the communities around our manufacturing facilities, aspects related to prevention and cure in respect of:

1. Malaria;
2. Tuberculosis; and
3. HIV/ AIDS

This is an ongoing program, which was launched by the Minister of Industries and Trade of the United Republic of Tanzania. Up to now, more than Tsh. 145 million has been spent in providing training to the peer groups, community interactions, free distribution of mosquito nets and condoms.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are required under the Companies Act, 2002 to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its operating results for that year.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act, 2002. Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2011. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS).

ALAF LIMITED

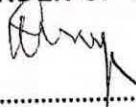
**DIRECTORS' REPORT (*Continued*)
FOR THE YEAR ENDED 31 DECEMBER 2011**

AUDITORS

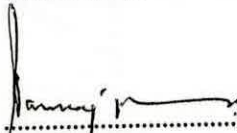
The auditors, Ernst & Young, have expressed their willingness to continue in office and are eligible for reappointment. A resolution proposing the re-appointment as auditor of the Company for the year 2012 will be put to the Annual General Meeting.

Approved by the board of directors on 16th March, 2012 and signed on its behalf by:

BY ORDER OF THE BOARD


.....
DIRECTOR

16th March 2012
DATE


.....
DIRECTOR

16th March 2012
DATE



Ernst & Young
Certified Public Accountants
Utalii House
36 Laibon Road, Oysterbay
P.O. Box 2475
Dar es Salaam, Tanzania
Tel: +255 22 2667227 / 7368/ 6853
Fax: +255 22 2666948/ 6869
E-mail: info.tanzania@tz.ey.com
www.ey.com/tz

**REPORT OF THE INDEPENDENT AUDITORS
to the members of
ALAF LIMITED**

We have audited the accompanying financial statements of ALAF Limited which comprise the statement of financial position as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Companies Act, 2002. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, proper books of account have been kept and the accompanying financial statements, which are in agreement therewith, give a true and fair view of the state of financial affairs of the company as at 31 December 2011 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and Companies Act, 2002.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body corporate in accordance with the Companies Act, 2002 and for no other purposes.

As required by the Companies Act, 2002, we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of accounts have been kept by the company, so far as appears from our examination of those books;
- iii. The Directors' Report is consistent with the financial statements,
- iv. Information specified by law regarding directors' remuneration and transactions with the company is disclosed; and
- v. The company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.


Ernst & Young
Certified Public Accountants
Dar es Salaam
Signed by Joseph Sheffu (Partner)

16 March 2012

ALAF LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 TZS '000	2010 TZS '000
Revenue - sale of goods		145,937,706	111,279,489
Compensation for business interruptions	2	-	1,546,716
Revenue		<u>145,937,706</u>	<u>112,826,205</u>
Cost of sales		<u>(125,231,111)</u>	<u>(94,601,052)</u>
Gross Profit		20,706,595	18,225,153
Other operating income	3	550,250	891,048
Impairment of assets		-	(301,059)
Foreign exchange gain/(loss)		(3,836,366)	(2,674,387)
Administrative expenses		(7,045,946)	(5,319,284)
Selling and distribution expenses		<u>(2,057,964)</u>	<u>(1,308,895)</u>
Operating profit		8,316,570	9,512,576
Finance costs	4	<u>(4,265,037)</u>	<u>(3,452,302)</u>
Profit before tax	5	4,051,533	6,060,274
Income tax expense	6	<u>(1,695,453)</u>	<u>(1,712,604)</u>
Profit for the year		<u><u>2,356,080</u></u>	<u><u>4,347,670</u></u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>2,356,080</u></u>	<u><u>4,347,670</u></u>
Preference dividends	7	<u>(350)</u>	<u>(350)</u>
Profit attributable to ordinary shareholders		<u><u>2,355,730</u></u>	<u><u>4,347,320</u></u>
Basic earnings per share - TZS	8	<u><u>9.10</u></u>	<u><u>16.79</u></u>

The notes on pages 17 to 35 form part of these financial statements.
Report of the Independent Auditors is on page 11 and 12.

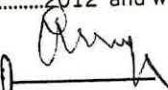
ALAF LIMITED

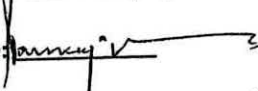
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

ASSETS	NOTES	2011 TZS'000	2010 TZS'000 Restated
Non-current assets			
Leasehold land	9	10,132	10,132
Property, plant and equipment	10	50,350,864	49,354,205
Fixed deposits with banks	11	2,465,190	2,232,057
		<u>52,826,186</u>	<u>51,596,394</u>
Current assets			
Inventories	12	42,022,491.21	31,312,956
Trade and other receivables	13	40,699,805.70	21,787,340
Tax recoverable	6	-	649,996
Cash and cash equivalents	14	1,620,417	5,623,078
		<u>84,342,714</u>	<u>59,373,370</u>
		<u>137,168,900</u>	<u>110,969,764</u>
Total assets			
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15	5,182,478	5,182,478
Share application		299,506	-
Non-distributable reserve	16	4,944,421	5,517,473
Retained earnings		21,198,719	18,096,729
		<u>31,625,124</u>	<u>28,796,680</u>
Total equity			
Non-current liabilities			
Interest bearing loans and borrowings	17	24,521,963	26,894,999
Non-interest bearing loans and borrowings	18	3,570,750	3,386,250
Retirement benefit obligation	20	2,800,198	2,532,014
Deferred tax liability	6	6,213,691	4,691,446
		<u>37,106,602</u>	<u>37,504,709</u>
Current liabilities			
Trade and other payables	19	59,922,650	43,287,545
Interest bearing loans and borrowings	17	8,208,342	1,075,000
Preference share dividend payable		306,182	305,830
		<u>68,437,174</u>	<u>44,668,375</u>
		<u>137,168,900</u>	<u>110,969,764</u>
Total equity and liabilities			

The notes on pages 17 to 35 form part of these financial statements.
Report of the Independent Auditors is on page 11 and 12.

These financial statements were approved by the Board of Directors on 16th March 2012 and were signed on its behalf by:

Name: Abhy Manoj Kumar Title: DIRECTOR Signature: 

Name: PANCAJ KUMAR Title: DIRECTOR Signature: 

ALAF LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital TZS '000	Share application TZS '000	Non distributable reserve TZS '000	Retained earnings TZS '000	Total equity TZS '000
At 1 January 2011	5,182,478	-	5,517,473	18,302,258	29,002,209
Under provision of deferred tax liability	-	-	-	(205,529)	(205,529)
At 1 January 2011 - Restated	5,182,478	-	5,517,473	18,096,729	28,796,680
Profit for the year	-	-	-	2,355,730	2,355,730
Total comprehensive income	-	-	-	-	-
Share application money	-	299,506	-	-	299,506
Transfer to distributable reserve	-	-	(746,260)	746,260	-
Transfer from deferred tax	-	-	173,208	-	173,208
At 31 December 2011	5,182,478	299,506	4,944,421	21,198,719	31,625,124
At 1 January 2010	4,218,065	950,724	6,094,834	13,208,678	24,472,301
Profit for the year	-	-	-	4,347,320	4,347,320
Total comprehensive income	-	-	-	4,347,320	4,347,320
Share application money	-	13,689	-	-	13,689
Share Capital issued	964,413	(964,413)	-	-	-
Transfer to distributable reserve	-	-	(746,260)	746,260	-
Transfer from deferred tax	-	-	168,899	-	168,899
At 31 December 2010	5,182,478	-	5,517,473	18,302,258	29,002,209

The notes on pages 17 to 35 form part of these financial statements.
Report of the Independent Auditors is on page 11 and 12.

ALAF LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 TZS'000	2010 TZS'000
Operating activities		4,051,533	6,060,274
Profit before tax			
Adjustments to reconcile profit before tax to net cash flows			
Non Cash Adjustment to reconcile profit before tax to net cash flows			
Depreciation	10	2,733,304	3,080,954
Profit on disposal of property, plant and equipment		(22,603)	(4,237)
Impairment of fixed assets		-	301,059
Movements in provisions	20	268,184	(79,948)
Interest paid		4,265,037	3,452,302
Working capital adjustments:			
Increase in trade and other receivables		(18,912,466)	(7,715,176)
Increase in inventories		(10,709,535)	(5,181,362)
Increase in trade and other payables		16,635,105	4,190,003
Income tax written off/(paid)	6	649,996	(1,441)
Net cash flows from operating activities		<u>(1,041,445)</u>	<u>4,102,428</u>
Investing activities			
Proceeds from sale of property, plant and equipment		22,603	4,237
Purchase of property, plant and equipment	10	(3,729,963)	(3,793,329)
Investment in fixed deposits with banks		(233,133)	380,673
Net cash flows used in investing activities		<u>(3,940,492)</u>	<u>(3,408,419)</u>
Financing activities			
Share application money		299,506	13,689
Loan proceeds from Emerging Africa Infrastructure Fund		-	7,525,000
Repayment of interest bearing loans and borrowings	17	(840,713)	(376,429)
Interest paid		(4,265,037)	(3,452,302)
Translation loss on loans		594,500	366,750
Net cash flows used in financing activities		<u>(4,211,744)</u>	<u>4,076,708</u>
Net (decrease)/ increase in cash and cash equivalents		(9,193,682)	4,770,717
Cash and cash equivalents at 1 January		<u>5,623,078</u>	<u>852,361</u>
Cash and cash equivalents at 31 December	14	<u>(3,570,604)</u>	<u>5,623,078</u>

The notes on pages 17 to 35 form part of these financial statements.
Report of the Independent Auditors is on page 11 and 12.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an historical cost basis as modified by the revaluation of property, plant and equipment. The financial statements are presented in Tanzanian Shillings (TZS).

The significant accounting policies adopted in the preparation of these financial statements are set out below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the Companies Act, 2002.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and International Financial Reporting Interpretation Committee (IFRIC) interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011
- Improvements to IFRSs (May 2010)

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Company.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011**

New and amended standards and interpretations (Continued)

IAS 32 *Financial Instruments: Presentation (Amendment)*

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Company because the Company does not have these type of instruments.

IFRIC 14 *Prepayments of a Minimum Funding Requirement (Amendment)*

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Company is not subject to minimum funding requirements in Euroland, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Company.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Company.

- IFRS 3 *Business Combinations*: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value. The amendment has had no effect on the financial position or performance of the Company because the Company does not have such transactions.
- The amendments to IFRS 3 are effective for annual periods beginning on or after 1 July 2011. The Company, however, adopted these as of 1 January 2011 and changed its accounting policy accordingly as the amendment was issued to eliminate unintended consequences that may arise from the adoption of IFRS 3.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2011

New and amended standards and interpretations *(Continued)*

- IFRS 7 *Financial Instruments – Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Company had no collateral held as at year end.
- IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements. The Company provides this analysis in Note 26.

Other amendment resulting from Improvement to IFRS to the following standard also did not have any impact on the accounting policies, financial position or performance of the Company.

- IFRS 3 Business Combination (Contingent consideration arising from business combination prior to adoption of IFRS (as revised in 2008))
- IFRS 3 Business Combinations(Un-replaced and voluntarily replaced share based payment awards)
- IAS 27 Consolidated and Separate Financial Statements
- Interim Financial Statements

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Company.

- IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exist when carrying value of an asset or cash generating unit exceeds its recoverable amount, which is higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Asset useful lives

The useful lives of items of property, plant and equipment have been estimated to be in line with the rate at which they are depreciated.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods comprises the amount invoiced for goods supplied during the year, net of value added tax, trade discounts and allowances. Revenue is recognized at the time a sale is affected, and all risks and rewards have passed to the customer.

Rental income

Rental income is recognised on a time proportionate basis based on the terms of the rental agreement and an accrual is made at each accounting reference date.

Sundry income

Sundry income comprise of the amount invoiced for sale of non core business sales. Recognition criteria follow the criteria described under "sale of goods."

b) Foreign currency transaction

The Company's financial statements are presented in Tanzanian Shillings, which is the Company's functional and presentation currency. Transactions in foreign currencies during the year are translated into Tanzanian Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are re-translated at the exchange rate ruling at the financial position date. Resulting exchange differences are recognised in the statement of comprehensive income for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of transaction.

c) Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

1.3 Summary of significant accounting policies (Continued)

d) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the financial position date. The current rate of corporate taxation is 30%.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability settled, based on the tax rates that have been enacted or substantively enacted at the financial position date.

Deferred income tax relating to items recognised in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2011

1.3 Summary of significant accounting policies (*Continued*)

Taxation (*Continued*)

Value added tax

Revenues, expenses and assets are recognised at amounts net of value added tax except;

- where the value added tax is incurred on a purchase of an asset or service is not recoverable from the taxation authority in which case the value added tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- receivables and payables are stated with the amount of Value Added Tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the financial position.

e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment, as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Property plant and equipment were revalued in 1997 when the assets were taken over from the government. This was a one off revaluation to determine the true value of the assets and was deemed as cost.

Land and building are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. Valuations are performed frequently enough to ensure that the fair value of revalued assets does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income. Except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is being transferred to retained earnings.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

1.3 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is computed on a straight line basis over the estimated useful lives of the assets. The rates of depreciation used are:

	%
Leasehold, buildings and roads	2
Plant and machinery	5 to 10
Dyes and tools	5
Motor vehicles	20
Furniture, fittings and equipment	20
Fire fighting equipment	5
Computer equipment	20

Property, plant and equipment of the Company were revalued to reflect their market value. Any excess of the value of the net assets acquired over their cost at the date of take over is described as revaluation surplus.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a potential period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) Inventories

Inventories are valued at the lower of cost and net realizable value. Estimated net realizable value is the estimated selling price in the ordinary course of business less any costs of completion and estimated costs necessary to make the sale.

Raw materials, spares and accessories, consumables and resalable stocks are accounted for at purchase cost on Average Weighted Cost (AVCO) basis and includes transport and handling charges.

Finished goods and work-in process are valued by incorporating material cost and appropriate overheads.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2011

1.3 Summary of significant accounting policies (*Continued*)

g) Inventories (*Continued*)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

l) Provision

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The expense relating to any provision is recognised in the statement of comprehensive income net of any reimbursement

j) Trade and other receivables

Trade receivables, which have varying credit terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

k) Trade and other payables

Liabilities for the trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

l) Financial instruments

Financial assets and liabilities are recognised on the company's financial position when the company becomes a party to the contractual provisions of the instrument.

The principal financial assets and liabilities of the company are trade and other receivables, prepayments, trade and other payables and loans. The particular recognition methods adopted are disclosed in the relevant accounting policy notes.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2011

1.3 Summary of significant accounting policies (*Continued*)

m) Pensions and other post employment benefits

The company and its employees contribute to defined contribution pension schemes. The company's contribution is charged in the statement of comprehensive income as it falls due.

n) Long term loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received plus directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

o) Derivative financial instruments and hedge accounting

The company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

Any gain or losses arising from changes in the fair value of derivatives are taken directly to the statement of comprehensive income.

1.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income (OCI)

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 12 Income Taxes - Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

1.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

IAS 12 Income Taxes - Recovery of Underlying Assets (Continued)

Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS 19 Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The ban does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed as Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2012. The amendment affects disclosure only and has no impact on the Company's financial position or performance.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will not impact the financial position of the Company.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2011

1.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (*Continued*)

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation –Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

ALAF LIMITED
 NOTES TO THE FINANCIAL STATEMENT (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 TZS'000	2010 TZS'000
2 COMPENSATION FOR BUSINESS INTERRUPTIONS		
Compensation for business interruptions	-	1,546,716
3 OTHER OPERATING INCOME		
Profit on disposal of fixed assets	22,603	4,237
Interest received	27,501	15,779
Rental income	500,146	178,445
Sundry income	-	692,587
	<u>550,250</u>	<u>891,048</u>
4 FINANCE COSTS		
Interest on bank overdraft	672,153	281,861
Interest on loans and borrowings	2,775,679	2,556,238
Bank charges	817,206	614,203
	<u>4,265,037</u>	<u>3,452,302</u>
5 PROFIT BEFORE TAXATION		
Profit before taxation is stated after charging/(crediting):		
<i>In cost of sales:</i>		
Depreciation of property, plant and equipment	2,253,941	2,947,823
<i>In administrative expenses:</i>		
Depreciation of property, plant and equipment	479,363	133,131
Directors fees	15,900	16,700
Auditors' remuneration	49,991	48,913
Tax and other consultancy fees	60,298	47,363
(Gain)/loss on foreign exchange	3,836,366	2,674,387
And after crediting:		
Profit on sale of property, plant and equipment	22,603	4,237
Interest received	27,501	15,779
6 INCOME TAX		
The major components of the income tax expense for the year ended 31 December 2011 and 2010 are:		
	2011 TZS '000	2010 TZS '000
Income tax expense		
<i>Current income tax:</i>		
Current income tax charge	-	-
<i>Deferred income tax:</i>		
Relating to origination and reversal of temporary differences	1,695,453	1,712,604
Income tax expense reported in the income statement	<u>1,695,453</u>	<u>1,712,604</u>
Statement of changes in equity		
Deferred income tax related to items charged or credited directly to equity during the year:		
Net(gain) on revaluation of plant, property, and equipment	173,208	168,899
	<u>173,208</u>	<u>168,899</u>

ALAF LIMITED
 NOTES TO THE FINANCIAL STATEMENT (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2011

2011
 TZS'000

2010
 TZS'000

6 INCOME TAX (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by corporate tax rate for the years ended 31 December 2011 and 2010 is as follows:

Profit before tax	4,051,533	6,060,274
Income tax rate of 30% (2010: 30%)	1,215,460	1,818,082
Tax effect on deductible temporary differences	-	(126,434)
Tax effect of permanent differences	479,993	20,956
Effect of previous years' deferred tax	-	-
Income tax expense	<u>1,695,453</u>	<u>1,712,604</u>
Effective rate of tax	<u>42%</u>	<u>28%</u>
Tax recoverable		
At 1 January	649,996	648,555
Charged during the year	-	-
Paid during the year/written off	(649,996)	1,441
At 31 December	<u>-</u>	<u>649,996</u>

The tax assessments have been agreed with the Tanzania Revenue Authority up to and including year of income 2009.

Deferred tax

Due to revaluation of property, plant and equipment

At 1 January	1,604,572	1,773,471
Transfer to non distributable reserve	(173,208)	(168,899)
At 31 December	<u>1,431,364</u>	<u>1,604,572</u>

Due to accelerated capital allowances

At 1 January	3,086,874	1,168,741
Charge/(release) during the year	1,695,453	1,712,604
Under provision in previous year	-	205,529
At 31 December	<u>4,782,327</u>	<u>3,086,874</u>

Total deferred taxation

6,213,691 4,691,446

7 PREFERENCE DIVIDENDS

350 350

This represents 7% dividend on cumulative redeemable preference shares.

8 BASIC EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding during the year.

	2011 TZS	2010 TZS
Net profit attributable to shareholders	<u>2,355,730,064</u>	<u>4,347,320,000</u>
Total number of ordinary shares	<u>258,873,901</u>	<u>258,873,901</u>
Basic earnings per share	<u>9.10</u>	<u>16.79</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 TZS '000	2010 TZS '000
9 LEASEHOLD LAND	10,132	10,132
Cost	-	-
Amortisation	-	-
Net book value	<u>10,132</u>	<u>10,132</u>

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Roads & Buildings TZS '000	Plant and Machinery TZS '000	Furniture and Equipment TZS '000	Motor Vehicles TZS '000	Dyes & Tools TZS '000	Fire Fighting Equipment TZS '000	Computers TZS '000	Capital Work in Progress TZS '000	Total TZS '000
COST OR VALUATION									
At 1 January 2011	8,981,388	49,507,566	487,453	1,204,941	47,595	21,907	306,901	1,964,696	60,557,752
Additions	-	1,583,112	14,561	144,675	-	-	22,919	-	3,729,963
Disposal	-	-	-	(70,200)	-	-	-	-	(70,200)
At 31 December 2011	8,981,388	51,090,678	502,014	1,279,416	47,595	21,907	329,820	1,964,696	64,217,515
DEPRECIATION									
At 1 January 2011	1,292,765	8,559,271	397,456	664,575	34,957	14,580	239,941	-	11,203,547
Charge for the year	179,628	2,253,941	42,480	219,235	1,774	1,055	35,191	-	2,733,304
Disposal	-	-	-	(70,200)	-	-	-	-	(70,200)
At 31 December 2011	1,472,393	10,813,212	439,936	813,610	36,731	15,636	275,132	-	13,866,651
NET BOOK VALUE									
At 31 December 2011	7,508,995	40,277,466	62,078	465,806	10,864	6,271	54,688	1,964,696	50,350,864
At 31 December 2010	7,688,622	40,948,295	89,998	540,366	12,638	7,326	66,960	-	49,354,205

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

11 FIXED DEPOSITS WITH BANKS

	2011 TZS '000	2010 TZS '000
At 1 January	2,232,057	2,232,057
Investment during the year	233,133	
At 31 December	<u>2,465,190</u>	<u>2,232,057</u>

Fixed deposits earn an average interest of 1.12% (2010:1.25%).

Fixed deposits with Banks	2,465,190	2,232,057
Standard Chartered Bank Tanzania Limited	<u>2,465,190</u>	<u>2,232,057</u>

The fixed deposit with Standard Chartered Bank Tanzania Limited is placed as a security against the Corporate Bond issued during the year 2009.

12 INVENTORIES

Raw materials	23,663,330	17,646,981
Processing and refractory material	321,709	243,842
Resaleables	2,976,347	848,765
Packing materials	48,855	123,423
Spares, accessories and consumables	6,432,725	5,381,639
Fuel, oils and lubricants	222,648	265,974
Finished goods	<u>8,356,878</u>	<u>6,802,332</u>
Total inventories	<u>42,022,491</u>	<u>31,312,956</u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 TZS '000	2010 TZS '000
13 TRADE AND OTHER RECEIVABLES		
Trade receivables	33,338,185	15,683,321
Other receivables and prepayments	<u>7,361,621</u>	<u>6,104,019</u>
	<u><u>40,699,806</u></u>	<u><u>21,787,340</u></u>
Terms and conditions of trade and other receivable as follows:		
i) Local trade receivables are non-interest bearing and are normally settled on 15 to 60 days terms.		
ii) Export trade receivables are non-interest bearing and are normally settled on 90 to 120 days terms.		
No provision for impairment of receivable was made during the year (2010: TZS Nil).		
As at 31st December, the aging analysis of trade receivable is as follows:		
0 to 30 days	20,851,884	10,620,506
31 to 60 days	5,668,068	617,625
61 to 90 days	1,399,681	971,652
More than 90 days	5,418,552	3,473,538
Total	<u><u>33,338,185</u></u>	<u><u>15,683,321</u></u>
14 CASH AND CASH EQUIVALENTS		
Cash at banks and on hand	<u>1,620,417</u>	<u>5,623,078</u>
For the purpose of cash flow cash and cash equivalents comprise of the following at 31 December:		
Cash at banks and on hand	1,620,417	5,623,078
Bank overdraft (Note 17)	<u>(5,191,021)</u>	<u>-</u>
	<u><u>(3,570,604)</u></u>	<u><u>5,623,078</u></u>
15 SHARE CAPITAL		
(a) Authorised shares:		
250,002 7% Redeemable cumulative Preference Shares of TZS 20 each	5,000	5,000
749,749,998 Ordinary shares of TZS 20 each	<u>14,995,000</u>	<u>14,995,000</u>
	<u><u>15,000,000</u></u>	<u><u>15,000,000</u></u>
(b) Issued and fully paid:		
250,002 7% Redeemable cumulative Shares of TZS 20 each	5,000	5,000
258,873,901 Ordinary shares of TZS 20 each	<u>5,177,478</u>	<u>5,177,478</u>
	<u><u>5,182,478</u></u>	<u><u>5,182,478</u></u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 TZS '000	2010 TZS '000
16 NON-DISTRIBUTABLE RESERVE	<u>4,944,421</u>	<u>5,517,473</u>
The non distributable reserves relate to revaluation surplus that arose from the revaluation of assets at the time when the Company was taken over from the Government. The movement is as shown on the statement of changes in equity.		
17 INTEREST BEARING LOANS AND BORROWINGS		
Non current		
a) International Finance Corporation	4,534,284	5,374,999
Transfer to Current Portion	<u>(1,133,572)</u>	<u>(1,075,000)</u>
Long term portion	<u>3,400,712</u>	<u>4,299,999</u>
b) Emerging Africa Infrastructure Fund	<u>7,935,000</u>	<u>7,525,000</u>
c) Corporate Bond		
Reliance Insurance Company Tanzania Ltd	200,000	200,000
Tanzania Postal Bank	650,000	650,000
Alexander Forbes Tanzania Ltd	100,000	100,000
Heritage Insurance Company Tanzania Ltd	500,000	500,000
Government Exmployees Provident Fund	1,000,000	1,000,000
Rombo Millers Company Limited	120,000	120,000
Exim Bank Tanzania Ltd	500,000	500,000
Bank M Tanzania Ltd	500,000	500,000
Public Service Pension Fund	3,500,000	3,500,000
G.A.K Patel & Co Ltd	100,000	100,000
Standard Chartered Bank Tanzania Ltd	6,500,000	6,500,000
Umoja Unit Trust Scheme - UTT	750,000	750,000
Regular Income Unit Trust Scheme- UTT	300,000	300,000
Wekeza Maisha Unit Trust Scheme - UTT	150,000	150,000
Children's Career Plan Unit Trust Scheme - UTT	<u>200,000</u>	<u>200,000</u>
	<u>15,070,000</u>	<u>15,070,000</u>
	1,883,750	-
Current portion	<u>13,186,250</u>	<u>15,070,000</u>
Long term portion		

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

2011
TZS '000

2010
TZS '000

17 INTEREST BEARING LOANS AND BORROWINGS (continued)

Total interest bearing loans and borrowings

24,521,963 26,894,999

Current portion

International Finance Corporation (Amount due within one year)

1,133,572 1,075,000

Bank overdrafts

Standard Chartered Bank Tanzania Limited
Citibank Tanzania Limited

1,373,125 -
3,817,896 -
5,191,021 -

Current portion

Corporate Bond

1,883,750 -

8,208,342 1,075,000

Current portion of interest bearing loans and borrowings

Loan from the International Finance Corporation of US Dollar 5 million is repayable in 7 years in 14 equal installments, and accrues interest at 6 months LIBOR plus 3.25%

The Company has entered into a swap agreement with Standard Chartered Bank Tanzania Limited to convert the floating interest rate liability on IFC Loan into fixed interest rate liability @ 1.95% instead of LIBOR

Period	Outstanding loan amount USD	Floating interest rate	Fixed interest rate	Interest Rate Difference	No of Days for which swap is	Gain/(Loss) USD'000
15th April 2011 to 17th Oct 2011	3,214,285	0.04415%	1.95000%	-1.90585%	185	(31)
17th Oct 2011 to 31st Dec 2011	2,857,142	0.59200%	1.95000%	-1.35800%	76	(8)

However, the actual gain / loss on swap arrangement is accounted for on the date of payment / receipt of interest.
Loan from the Emerging Africa Infrastructure Fund of US Dollar 5 million is repayable after 5 years in 4 equal installments, and accrues interest at 6 months LIBOR plus 4.5% + withholding taxpayable to the TRA.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

2011
TZS '000

2010
TZS '000

17 INTEREST BEARING LOANS AND BORROWINGS (continued)

Un-secured Corporate bond of TZS 15.07 billion is redeemable after 3 years @ 12.5% every six months.

Out of above TZS 1.72 billion is bearing a variable interest rate based on 182 days Treasury Bill + 1.5% and the balance TZS 13.35 billions bears a fixed interest rate of 17.4% per annum. Interest is payable halfyearly on 26th July and 26th January.

The Company has entered into interest swap arrangement with Standard Chartered Bank Tanzania Limited for the 17.40% fixed rate notes. This swap allows the Company to convert its' fixed rate liability into floating rate liability. The details of interest swap arrangements with Standard Chartered Bank Tanzania Limited are given below:

Fixed Rate Note Value	Fixed interest rate	Interest swap effective rate as on 26th July 2010 for the period 1st January 2010 to 26th January 2011	Interest Rate Difference	No of Days for which swap is	Gain/(Loss) TZS'000
6,500,000,000	17.40%	10.14%	7.26%	25	32,322
6,850,000,000	17.40%	10.23%	7.17%	25	33,640
Fixed Rate Note Value	Fixed interest rate	Interest swap effective rate as on 26th January 2011 for the period 26th January 2011 to 25th July 2011	Interest Rate Difference	No of Days for which swap is	Gain/(Loss) TZS'000
6,500,000,000	17.40%	13.12%	4.28%	181	137,957
6,850,000,000	17.40%	11.15%	6.25%	181	212,303
Fixed Rate Note Value	Fixed interest rate	Interest swap effective rate as on 26th July 2011 for the period 26th July 2011 to 31st December 2011	Interest Rate Difference	No of Days for which swap is	Gain/(Loss) TZS'000
6,500,000,000	17.40%	11.81%	5.59%	159	158,281
6,850,000,000	17.40%	11.15%	6.25%	159	186,498

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	TZS '000	TZS '000

17 INTEREST BEARING LOANS AND BORROWINGS (continued)

However, the actual gain / loss on swap arrangement is accounted for on the date of payment / receipt of interest.

The Company has the following bank facilities:

- (a) Overdraft facility with Standard Chartered Bank Tanzania Limited of US Dollar 1 million or its equivalent in TZS which accrues interest at the rate of 182 days Treasury Bill rate plus 3.75% (minimum 7%) for TZ Shilling and at 6 month LIBOR + 3.75% (minimum 6.5%) for US Dollar.
- (b) Overdraft facility with Citibank Tanzania Limited of US Dollar 1 million or its equivalent in TZS which accrues interest at the rate of 182 days Treasury Bill plus 3% (minimum 11%) for TZ Shilling and at 6 months LIBOR plus 3% (minimum 5%) for US Dollar.

The IFC loan, EAIF loan and bank facilities are secured by:

- (a) mortgage charge over plot no. 18A (Certificate of Occupancy No. 18541), Plot no. 18B (Certificate of Occupancy No. 18802), Plot No. 29 (Certificate of Occupancy No. 15322), Plot No. 188/1 (Certificate of Occupancy No. 59088), Plot No. 18E (Certificate of Occupancy No. 18796) and Plot No. 18D (Certificate of Occupancy No. 186085/27) shared pari passu with IFC, EAIF, Standard Chartered Bank Tanzania Limited and Citibank Tanzania Limited registered to cover USD Dollar 43 millions.
- (b) Debenture deed over all assets of the Company shared pari passu with IFC, EAIF, Standard Chartered Bank Tanzania Limited and Citibank Tanzania Limited for US Dollar 43 millions

18 NON-INTEREST BEARING LOANS AND BORROWINGS

Shareholders Loan

<u>3,570,750</u>	<u>3,386,250</u>
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Interest free and unspecified period subordinated loan from Shareholders of US Dollar 2.25 million bearing an administration fee of US Dollar

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

2011
TZS '000

2010
TZS '000

19 TRADE AND OTHER PAYABLES

Trade creditors
Other creditors and accruals

47,930,794	35,321,932
<u>11,991,855</u>	<u>7,965,613</u>
<u>59,922,650</u>	<u>43,287,545</u>

Terms and conditions of trade and other payable as follows:

- i) Local trade payables are normally settled in 30 days terms.
- ii) Foreign trade payables are normally settled in 180 days terms.

20 RETIREMENT BENEFIT OBLIGATIONS

At 1 January
Charge during the year
Paid during the year
At 31 December

2,532,014	2,611,962
268,830	280,713
(646)	(360,661)
<u>2,800,198</u>	<u>2,532,014</u>

The retirement benefit obligation is unfunded and represents an estimate of an amount payable to employees. It is calculated on the basis of the years of service for each individual employee as provided for in the collective bargaining agreement. No actuarial valuation was carried out as the Directors believe that the existing provision is adequate to cover future retirement obligations.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 20112011
TZS '0002010
TZS '000

21 RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are as follows:-

		Sales to related parties TZS '000	Purchases from related parties TZS '000	owed by related parties TZS '000	Amounts owed to related parties TZS '000
Transactions with group companies					
Uganda Baati Limited	2011	23,955	-	23,805	-
	2010	489,437	-	160,319	-
Mabati Rolling Mills Limited	2011	3,663,478	6,354,310	3,155,345	1,753,571
	2010	2,565,400	12,945,993	2,565,400	3,491,753
Kifaru Trading (Pty) Limited	2011	-	-	356,553	-
	2010	-	-	287,738	-
Insteel (Kenya)	2011	231,591	512,936	-	50,651
	2010	494,034	827,758	430,910	276,875
Steel Supplies (Malawi)	2011	8,661,700	-	3,458,977	-
	2010	520,650	-	75,638	-
Steel Base (Zambia)	2011	-	-	903,801	-
	2010	2,364,767	-	412,659	-
Gainvest (Angola)	2011	-	-	374,295	-
	2010	-	-	-	-
Safal Steel	2011	8,718,852	7,180,915	12,647,151	-
	2010	-	-	523,562	-
Safintra Lubumbashi	2011	-	-	122,518	16,318
	2010	268,709	-	-	-
Safintra Mozambique	2011	109,658	-	-	-
	2010	227,547	-	252,464	-
	2011			<u>20,054,490</u>	<u>1,804,222</u>
	2010			<u>5,696,645</u>	<u>3,784,946</u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 TZS '000	2010 TZS '000
22 Compensation of key management personnel of the Company		
Short-term benefits	<u>343,714</u>	<u>316,070</u>
Total compensation paid to key management personnel	<u><u>343,714</u></u>	<u><u>316,070</u></u>

23 COMMITMENTS AND CONTINGENCIES

Capital commitments

At 31 December 2011, the Company had commitments of TZS 1.96 billions relating to installation and commissioning of Re-Bar Cut & Bend Machine and others (2010: TZS 1.29 billion)

Legal claim

No provision for any liability relating to legal claims has been made in these financial statements. The Company has been advised by its legal counsel that it is only possible, but not probable, that the judgement will be against the Company.

Guarantee

The Company has given a guarantee of TZS 75 million to CRDB Bank Plc to finance ALAF SACCOS which in turn provide financial assistance to its members who are ALAF employees.

24 EMPLOYEE BENEFITS

Employees are members of either the National Social Security Fund (NSSF) or the Parastatals Pension Fund.

<u><u>335,389</u></u>	<u><u>387,473</u></u>
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25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Company. The Company has various financial assets such as trade receivables and cash and cash equivalents which arise directly from its operations.

The main risks arising from the Company's financial instruments are foreign currency risks, credit risks, interest rate risks and liquidity risks.

Foreign currency risk

The company operates wholly in Tanzania and its assets and liabilities are reported in local currency. Turn over is invoiced in Tanzania Shillings and US dollars. Payments for outstanding debts are accepted in both Tanzania Shillings and US dollars. The main raw materials, Steel, Aluminium Silicon Alloy, Zinc, Color Coated Coils are imported and are payable in US dollars. The company maintains its funds in Tanzania Shillings and US dollars to which its payment obligations are designated.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

2011
TZS '000

2010
TZS '000

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

To mitigate foreign exchange risks, the Company actively employs hedging technique such as forwards and options. The natural hedge provided by export sales also serve to reduce foreign exchange exposures.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in US Dollar rate	Effect on profit before tax TZS '000
2011	+ 5%	(1,582,557)
	- 5%	(1,582,557)
2010	+ 5%	(2,329,101)
	- 5%	2,329,101

Credit risk

Potential concentration of credit risk consists partially of trade debtors. Trade debtors are presented net of allowance for doubtful debts. Accordingly, the company has no significant credit risk which has not been adequately provided for. The company's terms of sales are cash and on credit with customers who have proven credit worthiness.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flow of the financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term obligations with the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company entered into interest swap arrangement with the Standard Chartered Bank Tanzania Limited, which allows the Company to convert its fixed rate liability into floating rate liability.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loan and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2011 TZS '000	2010 TZS '000
	Increase / decrease in basis points	Effect on profit before tax TZS '000
2011		
US Dollar	+ 40	(21,689)
	- 40	21,689
2010		
US Dollar	+ 40	(31,921)
	- 40	31,921

The assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk

The company minimises liquidity risks by maintaining adequate current assets that cover all current liabilities.

	On demand TZS '000	Less than 3 months TZS '000	3 to 12 months TZS '000	1 to 5 years TZS '000	More than 5 years TZS '000	Total TZS '000
Year ended 31st December 2011						
Interest bearing loan and borrowing	5,191,021	-	1,133,572	16,586,962	7,935,000	30,846,555
Other liabilities	-	-	-	-	3,106,380	3,106,380
Trade and other payables	-	46,409,215	13,513,435	-	-	59,922,650
Shareholders loan	-	-	-	-	3,570,750	3,570,750
	<u>5,191,021</u>	<u>46,409,215</u>	<u>14,647,007</u>	<u>16,586,962</u>	<u>14,612,130</u>	<u>97,446,334</u>
Year ended 31st December 2010						
Interest bearing loan and borrowing	-	-	1,075,000	25,936,431	958,568	27,969,999
Other liabilities	-	-	-	-	2,837,844	2,837,844
Trade and other payables	-	35,321,932	7,965,613	-	-	43,287,545
Shareholders loan	-	-	-	-	3,386,250	3,386,250
	<u>-</u>	<u>35,321,932</u>	<u>9,040,613</u>	<u>25,936,431</u>	<u>7,182,662</u>	<u>77,481,638</u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

2011
TZS '000

2010
TZS '000

26 HOLDING COMPANY

The immediate holding company is Safal Investments (Mauritius) Limited.

27 EMPLOYEES

The number of employees as at 31 December 2011 was 529 (2010 - 538).

28 EVENT AFTER BALANCE SHEET DATE

There is no event which may have any effect on the financial statement for the year 2011.

27 FAIR VALUES

	Carrying amount		Fair value	
	2011 TZS '000	2010 TZS '000	2011 TZS '000	2010 TZS '000
Financial assets				
Fixed deposits with banks	2,465,190	2,232,057	2,465,190	2,232,057
Trade and other receivables	40,699,806	21,787,340	40,699,806	21,787,340
Tax recoverable	-	649,996	-	649,996
Cash and cash equivalents	1,620,417	5,623,078	1,620,417	5,623,078
Total	44,785,412	30,292,471	44,785,412	30,292,471
Financial liabilities				
Interest bearing loans and borrowings	24,521,962	26,894,999	26,894,999	26,894,999
Non-interest bearing loans and borrowings	3,570,750	3,386,250	3,570,750	3,386,250
Retirement benefit obligation	2,800,198	2,532,014	2,800,198	2,532,014
Trade and other payables	59,922,650	43,287,545	59,922,650	43,287,545
Interest bearing loans and borrowings	8,208,342	1,075,000	8,208,342	1,075,000
Preference share dividend payable	306,182	305,830	306,182	305,830
Total	99,330,084	77,481,638	101,703,121	77,481,638

ALAF LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
31 DECEMBER 2012

ALAF LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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ALAF LIMITED

COMPANY INFORMATION
31 DECEMBER 2012

PRINCIPAL PLACE OF BUSINESS

Plot No. 18, Nyerere Road, Industrial Area
P. O. Box 2070
Dar es Salaam

REGISTERED OFFICE

Plot No.18, Nyerere Road, Industrial Area
P. O. Box 2070
Dar es Salaam

BANKERS

Standard Chartered Bank Tanzania Limited
1st Floor, International House
Shabani Robert Street/Garden Avenue
P. O. Box 9011
Dar es Salaam

Citibank Tanzania Limited
Peugeot House
No. 36 Upanga Road
P.O. Box 71625
Dar es Salaam

Stanbic Bank Tanzania Limited
Stanbic Centre
P.O. Box 72647
Dar es Salaam

SOLICITORS

M/s Sheikh's Chambers of Advocates
Plot No. 2349/40, 3rd Floor
Pamba Road
P.O. Box 6225
Dar es Salaam

COMPANY SECRETARY

Ms H. H. Sheikh
Sheikh's Chambers of Advocates
Plot No. 2349/40, 3rd Floor
Pamba Road
P. O. Box 6225
Dar es Salaam

COMPANY AUDITORS

Ernst & Young
No. 36 Laibon Road
Oysterbay
P. O. Box 2475
Dar es Salaam

ALAF LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

INTRODUCTION

The Directors present this report and the audited financial statement for the financial year ended 31st December 2012, which disclose the state of affairs of ALAF Limited.

INCORPORATION

The company is incorporated in Tanzania under Companies Act 2002, domiciled in Tanzania as a private limited company.

MISSION AND VISION

Mission Statement: To enhance value for all through Innovation and Best Practices

Vision Statement: To be Africa's premier producer of Metal Roofing, Tubes and Allied Building Solutions

PRINCIPAL ACTIVITIES

The company's principal activities continue to be the manufacture and sale of steel and aluminium products.

DIRECTORS

The directors who held office during the year and to the date of this report, except where otherwise stated were:

Name	Position	Age	Qualification	Nationality
Dr. Manilal P. Chandaria OBE EBS	Chairman	83	BSc, BSc Eng, Master Eng.	British
Mr. Sharad N. Salgar (Deceased on 21 st March '12)	Director/Chief Executive Officer	71	B.Com, LLB, ACA	Indian
Mr. Ali Mwinyimvua	Director	59	M.Sc.(Financial Studies), ACCA	Tanzanian
Mr. Uledi Mussa	Director	53	BA(Economics), Post Graduate Diploma in Industrial Policy	Tanzanian
Mr. Ronnie D. Graham	Director	57	B. Com (Accounting)	South African
Mr. Mahesh Chavda (Resigned w.e.f. 1 st March 2013 by virtue of leaving the Group)	Director	53	BE (Mech.), MBA	Indian
Mr. Pankaj Kumar	Director/Chief Operating Officer	55	B. Com (Hons.), ACA	Indian

The Company Secretary as at 31st December 2012 was Ms. H H Sheikh

ALAF LIMITED

DIRECTORS REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

CORPORATE GOVERNANCE

The Board of ALAF consists of 6 Directors, apart from one Director, no other director hold executive position in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management, business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control, policies and procedure is operative, and for compliance with sound corporate governance policies.

The Board of Directors meets at least four times a year. The Board of Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on policy matters, the Board has delegated authority for conduct of day to day business to Mr. Pankaj Kumar, Chief Operating Officer / Director who is assisted by senior management team.

ALAF Ltd is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. Board of ALAF Ltd has the following board sub-committee to ensure a high standard of corporate governance.

Audit/Executive Committee

This sub-committee of the Board is responsible for ensuring compliance with applicable legislation and the requirement of regulatory authorities, reviewing reports and following up on matters raised by the external auditors, internal auditors.

The Executive /Audit Committee members who served the Committee during 2012 are detailed below:

Name	Position	Nationality	Qualification
Mr. Ali Mwinyimvua	Chairman	Tanzanian	M.Sc.(Financial Studies),ACCA
Mr. Sharad N. Salgar (Deceased on 21 st March '12)	Director/Chief Executive Officer	Indian	B.Com, LLB, ACA
Mr. Pankaj Kumar	Director / Chief Operating Officer	Indian	B.Com.,(Hons.), ACA

The Audit/Executive Committee reports to Board of Directors.

ALAF LIMITED

DIRECTORS REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

CAPITAL STRUCTURE

The capital structure for the year under review is shown below

Authorised, Called up and fully paid share capital:

	Type	Number	Value each TZS	Amount TZS
Authorised Capital:	7% Redeemable Preference Shares	250,002	20	5,000,040
	Ordinary Shares	749,749,998	20	14,994,999,960
Called up:	7% Redeemable Preference Shares	250,002	20	5,000,040
	Ordinary Shares	273,849,211	20	5,476,984,220
Paid up:	7% Redeemable Preference Shares	250,002	20	5,000,040
	Ordinary Shares	273,849,211	20	5,476,984,220

MANAGEMENT

The Management of the Company is under the Director/Chief Executive Officer and is organised in the following departments.

- Technical
- Marketing
- Human Resources
- Finance and Accounts
- Information Technology
- Logistics and Procurement
- Internal Audit

All departments are headed by Head of Department and report to Director/Chief Operating Officer, who in turn reports to the Board.

SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year 2012 is 3 (2011: 3 shareholders). There was no Director holding shares in the company.

ALAF LIMITED

DIRECTORS REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

SHAREHOLDERS OF THE COMPANY (Continued)

The shares of the company are held as follows:

	Shareholder	2012		2011	
		Number of Shares		Number of Shares	
		Ordinary	Preference	Ordinary	Preference
1	Safal Investments Mauritius Ltd	209,308,431		208,956,201	
2	Treasury Registrar, Government of Tanzania	64,540,780		49,917,700	
3	Chandaria Foundation		250,002		250,002
	TOTAL	273,849,211	250,002	258,873,901	250,002

STOCK EXCHANGE INFORMATION

In 2010 the Company successfully raised some of the funds it required for its expansion project from the public through issuance of unsecured Corporate Bonds which are presently listed with the Dar es Salaam Stock Exchange (DSE). There was no trading of the Bonds during the year. Apart from the listing of the Bonds, the Company's shares are not listed with any Stock Exchange.

FUTURE DEVELOPMENT PLAN

The Company continues to endeavour to deliver quality products and services and has taken up the following development plans to reach closer to customers:

- a. A new Service Centre at Mbeya is planned to be opened in the first half of 2013 to cater to the customers in the southern highlands of the country;
- b. A new concept of Company Showrooms in the major cities of the country are planned to provide customers with value added guidance and solutions for roofs. One such Company showroom titled as "Roof Gallery" has been opened in Arusha and next is planned in Dar Es Salaam. This concept of Company Showrooms shall be rolled out in all the major cities of the country over a period of time;
- c. The Company is planning to enter into Light Weight Roofing Structures as a new line of business. These Light Weight Roofing Structures would replace usage of timber and would contribute towards saving precious trees.

With these above measures, the Company expects to increase its market presence in all the major regions of the Country resulting in growth in Sales volume and Profitability.

ALAF LIMITED

DIRECTORS REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

RESULTS AND DIVIDENDS

In the year 2012, the Company earned a profit before Tax of TZS 7,394 million (2011: TZS 4,051 million).

The Board of Directors can recommend payment of Dividends only on achieving the "Financial Completion" conditions, as stated in the Loan Agreements signed by the Company with International Finance Corporation (IFC) and Emerging Africa Infrastructure Fund (EAIF). During the year 2012 the "Financial Completion" could not be achieved. As such, the Board of Directors do not recommend payment of dividend for the year 2012.

PERFORMANCE FOR THE YEAR

Particulars	Year		Increase
	2012	2011	%
Total Sales (MT)	73,146	72,767	1%
Total Revenue (TZS/Million)	151,610	145,938	4%
*Profit Before Tax (TZS/Million)	7,394	4,051	83%

*Profit before tax for the year 2012 is arrived after charging provision for impairment of assets amounting to TZS 3,032 million.

The production for the year continues to be affected due to frequent and unannounced interruptions in power supply, in addition to the poor quality of power. During the year the total downtime due to power related issues was about 15%.

During the year the Tanzania Shilling remained stable as against the United States Dollar. At the beginning of the year the exchange rate was 1 USD = TZS 1587 and at the end of the year it closed at 1 USD = TZS 1580.

In the year 2012, in accordance with the IFRS, the old Continuous Galvanizing Line was impaired and TZS 3,032 million was charged to Profit and Loss Account.

In spite of restricted growth in Sales Volumes and Sales Revenue, which was mainly due to non-availability of desired production quantities, the Company achieved good growth in Profit Before Tax by maximizing contribution by way of realigning the product mix and efforts that were made to develop, promote and sustain Brand Image of the Company products.

ALAF LIMITED

DIRECTORS REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency and effectiveness of any internal control is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company systems are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control system throughout the financial year ended 2012 and is of the opinion that they met accepted criteria. The Board carries risk and internal control assessment through Executive/Audit Committee.

SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statement has been prepared on a going concern basis. The Board of Directors has reasonable expectation that Company has adequate resources to continue in operational existence for the foreseeable future.

EMPLOYEES' WELFARE

Management/ employees' relationship

The company is an equal opportunity employer. It has given equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. The relationship between management and employees continued to be cordial throughout the year. There were no unresolved complaints received by Management from employees during the year.

Training

Manpower identification, recruitment and development continue under established manpower programme. A number of employees undergo external and in-house practical training at different levels of management.

ALAF LIMITED

DIRECTORS REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

EMPLOYEES' WELFARE (Continued)

Medical facilities

Medical care continued to be provided to all the employees.

Health and Industrial safety

The company continued to comply with the standards of industrial safety established by Occupational Safety and Health Authority (OSHA).

FINANCIAL ASSISTANCE TO STAFF

Management has assisted its employees to establish ALAF Savings and Credit Co-operative Society (SACCOS). It has given a Guarantee of TZS 75 million to CRDB Bank to provide financial assistance to its members. This assistance is additional to existing loans and advances provided by the Company to its employees on need based assessments.

PERSONS WITH DISABILITIES

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. The company maintains its policy for continued employment of employees who become disabled while in service. Also, appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled person should, as far as possible, be identical to that of the other employees.

EMPLOYEES BENEFIT PLAN

The company pays contributions to National Social Security Fund and Parastatal Pension Fund. The company's obligations in respect of these contributions are limited to 10% of the employees' gross salary.

The average number of employees during the year was 511 (previous year: 529)

GENDER PARITY

The company had 511 Employees at the end of year 2012, out of which 22 were female and 489 were male. (Previous year: 20 female and 509 male)

RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 23 to these Financial Statements.

ALAF LIMITED

DIRECTORS REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

ENVIRONMENTAL CONTROL PROGRAMME

The Company recognises its responsibility towards protection of environment. For making the manufacturing processes greener Company has started using Natural Gas for its entire requirement for Furnace Heating, for which earlier HFO (Very polluting fuel) was used. In addition, during the year 2012 more than 100 new tree saplings were planted in and around our manufacturing facilities. In addition to the above, Company from time to time contribute funds to support the Projects for Greener Environment promoted by Government Agencies.

CORPORATE SOCIAL RESPONSIBILITY

At ALAF we believe that whatever we earn, we have an obligation to return part of it to the well being of the communities, because without the communities around, our existence would not have been possible.

ALAF is dominant player in the market and is one of the large contributor of revenue to government exchequer in its category of operations.

In collaboration with International Finance Corporation (IFC), we have launched a program to educate our own employees and the communities around our manufacturing facilities, aspects related to prevention and cure in respect of:

1. Malaria;
2. Tuberculosis; and
3. HIV/ AIDS

This is an ongoing program, which was launched by the Minister of Industries and Trade of the United Republic of Tanzania. Up to now, more than TZS 175 million has been spent in providing training to the peer groups, community interactions, free distribution of mosquito nets and condoms.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are required under the Companies Act, 2002 to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its operating results for that year.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act, 2002. Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2012. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS).

ALAF LIMITED


**DIRECTORS REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012**

AUDITORS

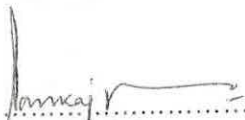
The auditors, Ernst & Young, have expressed their willingness to continue in office and are eligible for reappointment. A resolution proposing the re-appointment as auditor of the Company for the year 2013 will be put to the Annual General Meeting.

Approved by the board of directors on 2nd April, 2013 and signed on its behalf by:

BY ORDER OF THE BOARD


.....
DIRECTOR

2nd APRIL 2013 ..
.....
DATE


.....
DIRECTOR

2nd APRIL 2013 ..
.....
DATE

**REPORT OF THE INDEPENDENT AUDITORS
to the Shareholders of
ALAF LIMITED**

We have audited the accompanying financial statements of ALAF Limited which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 13 to 46.

Director's Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Companies Act, 2002. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Continued)
to the Shareholders of
ALAF LIMITED

Opinion


In our opinion, the accompanying financial statements give a true and fair view of the financial position of ALAF Limited as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Tanzanian Companies Act, 2002.

Report on other legal and regulatory requirements

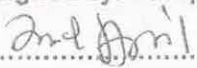
This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Tanzanian Companies Act, 2002 and for no other purposes.

As required by the Tanzanian Companies Act, 2002, we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii. The Directors' report is consistent with the financial statements;
- iv. Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- v. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.


Ernst & Young
Certified Public Accountants
Dar es Salaam

Signed by: Joseph Sheffu

 2013

ALAF LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 TZS '000	Restated 2011 TZS '000
Revenue	2	151,609,595	145,937,706
		<u>151,609,595</u>	<u>145,937,706</u>
Cost of sales		<u>(125,306,411)</u>	<u>(125,231,111)</u>
Gross Profit		26,303,184	20,706,595
Other operating income	3	1,027,628	550,250
Loss/(gain) on swap arrangements	19	(1,520,339)	599,838
Impairment of assets	4	(3,032,505)	-
Foreign exchange loss		(161,150)	(3,836,366)
Administrative expenses		(8,233,357)	(7,045,946)
Selling and distribution expenses		<u>(1,673,959)</u>	<u>(2,057,964)</u>
Operating profit		12,709,503	8,916,408
Finance costs	7	<u>(5,315,149)</u>	<u>(4,865,225)</u>
Profit before tax	5	7,394,354	4,051,183
Income tax expense	8	<u>(2,254,524)</u>	<u>(1,522,245)</u>
Profit for the year		<u>5,139,830</u>	<u>2,528,938</u>
Other comprehensive income		-	-
Total comprehensive income		5,139,830	2,528,938
Profit attributable to ordinary shareholders		<u>5,139,830</u>	<u>2,528,938</u>
Basic and diluted earnings per share	10	<u>18.77</u>	<u>9.77</u>

ALAF LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

ASSETS	NOTES	Restated		
		2012 TZS'000	2011 TZS'000	2010 TZS'000
Non-current assets				
Leasehold land	11	289,562	10,132	10,132
Property, plant and equipment	12	45,869,476	50,350,865	49,354,205
Fixed deposits with banks	13	2,482,005	2,465,190	2,232,057
		<u>48,641,043</u>	<u>52,826,187</u>	<u>51,596,394</u>
Current assets				
Inventories	14	35,064,363	42,022,491	31,312,956
Trade and other receivables	15	26,923,574	40,376,464	21,572,095
Receivable from swap arrangements	19 d)	-	323,342	215,245
Tax recoverable	8	51,595	-	649,996
Cash and bank balance	16	2,204,589	1,620,417	5,623,078
		<u>64,244,121</u>	<u>84,342,713</u>	<u>59,373,370</u>
Total assets		<u>112,885,164</u>	<u>137,168,900</u>	<u>110,969,764</u>
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	17	5,476,984	5,177,478	5,177,478
Share application		-	299,506	-
Non-distributable reserve	18	3,936,387	4,771,213	5,517,473
Retained earnings		27,346,583	21,371,927	18,096,729
		<u>36,759,954</u>	<u>31,620,124</u>	<u>28,791,680</u>
Non-current liabilities				
Interest bearing loans and borrowings	19	19,665,891	24,521,963	26,894,999
Non-interest bearing loans and borrowings	20	3,554,999	3,570,750	3,386,250
Retirement benefit obligation	22	3,265,130	2,800,198	2,532,014
Deferred tax liability	8	7,520,056	6,213,691	4,691,446
		<u>34,006,076</u>	<u>37,106,602</u>	<u>37,504,709</u>
Current liabilities				
Trade and other payables	21	29,774,258	60,223,582	43,588,475
Payables on swap arrangements	19 d)	228,086	-	-
Interest bearing loans and borrowings	19	4,896,072	3,017,321	1,075,000
Bank overdraft		7,210,118	5,191,021	-
Preference shares		5,000	5,000	5,000
Preference share dividend payable		5,600	5,250	4,900
		<u>42,119,134</u>	<u>68,442,174</u>	<u>44,673,375</u>
Total equity and liabilities		<u>112,885,164</u>	<u>137,168,900</u>	<u>110,969,764</u>

These financial statements were approved by the Board of Directors on 2 April 2013 and were signed on its behalf by:

Name: Ally Mwingira Title: Director Signature: [Signature]

Name: PANKAJ KUMAR Title: DIRECTOR Signature: [Signature]

ALAF LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital TZS '000	Share application TZS '000	Non distributable reserve TZS '000	Retained earnings TZS '000	Total equity TZS '000
At 1 January 2012	5,177,478	299,506	4,771,213	21,371,927	31,620,124
Profit for the year	-	-	-	5,139,830	5,139,830
Transfer to share capital	299,506	(299,506)	-	-	-
Transfer to distributable reserve	-	-	(746,260)	746,260	-
Revaluation of Impaired Assets	-	-	(88,566)	88,566	-
At 31 December 2012	<u>5,476,984</u>	<u>-</u>	<u>3,936,387</u>	<u>27,346,583</u>	<u>36,759,954</u>
At 1 January 2011	5,177,478	-	5,517,473	18,096,729	28,791,680
Profit for the year	-	-	-	2,528,938	2,528,938
Share application money	-	299,506	-	-	299,506
Transfer to distributable reserve	-	-	(746,260)	746,260	-
At 31 December 2011	<u>5,177,478</u>	<u>299,506</u>	<u>4,771,213</u>	<u>21,371,927</u>	<u>31,620,124</u>

ALAF LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 TZS'000	Restated 2011 TZS'000
Operating activities			
Profit before tax		7,394,354	4,051,183
Adjustments to reconcile profit before tax to net cash flows			
Depreciation	12	3,800,690	2,733,304
Profit on disposal of property, plant and equipment		(2,966)	(22,603)
Impairment of fixed assets	4	2,612,911	-
Movements in provisions	22	464,932	268,184
Revaluation of swaps		551,427	(108,097)
Unrealised exchange loss		39,249	594,500
Interest paid		4,788,760	4,047,669
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		13,452,890	(18,804,370)
Decrease/(increase) in inventories		6,958,128	(10,709,535)
(Decrease)/increase in trade and other payables		(30,449,323)	16,635,105
Income tax written off		-	649,996
Income tax paid/(written off)	8	(999,754)	-
Net cash flows from operating activities		8,611,298	(664,664)
Investing activities			
Proceeds from sale of property, plant and equipment		2,966	22,603
Purchase of property, plant and equipment	12	(1,932,212)	(3,729,963)
Additions of leasehold land		(279,430)	-
Investment in fixed deposits with banks		(16,815)	(233,133)
Net cash flows used in investing activities		(2,225,491)	(3,940,492)
Financing activities			
Share application money		-	299,506
Repayment of interest bearing loans and borrowings	19	(3,032,321)	(840,713)
Interest paid		(4,788,760)	(4,047,669)
Increase in dividend payable		350	350
Net cash flows used in financing activities		(7,820,732)	(4,588,526)
Net decrease in cash and cash equivalents		(1,434,925)	(9,193,682)
Cash and cash equivalents at 1 January		(3,570,604)	5,623,078
Cash and cash equivalents at 31 December	16	(5,005,529)	(3,570,604)

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an historical cost basis as except for property, plant and equipment and some financial instruments, which are carried at fair value. The financial statements are presented in Tanzanian Shillings (TZS).

The significant accounting policies adopted in the preparation of these financial statements are set out below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the Companies Act, 2002.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS 12 *Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*
- IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*
- IFRS 7 *Financial Instruments : Disclosures – Enhanced Derecognition Disclosure Requirements*

The adoption of the standards or interpretations is described below:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The amendment is effective for annual periods beginning on or after 1 January 2012 and has been no effect on the Group's financial position, performance or its disclosures.

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to the Company.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements.

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2012. The Company does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Impairment of non-financial assets

An impairment exist when carrying value of an asset or cash generating unit exceeds its recoverable amount, which is higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Asset useful lives

The useful lives of items of property, plant and equipment have been estimated to be in line with the rate at which they are depreciated.

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods comprises the amount invoiced for goods supplied during the year, net of value added tax, trade discounts and allowances. Revenue is recognized at the time a sale is affected, and all risks and rewards have passed to the customer.

Rental income

Rental income is recognised on a time proportionate basis based on the terms of the rental agreement and an accrual is made at each accounting reference date.

Sundry income

Sundry income comprise of the amount invoiced for sale of non core business sales. Recognition criteria follow the criteria described under "sale of goods."

b) Foreign currency transaction

The Company's financial statements are presented in Tanzanian Shillings, which is the Company's functional and presentation currency. Transactions in foreign currencies during the year are translated into Tanzanian Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are re-translated at the exchange rate ruling at the reporting date. Resulting exchange differences are recognised in profit or loss for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of transaction.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

d) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date. The current rate of corporate taxation is 30%.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised in equity is recognised in equity and not in profit or loss.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax (Continued)

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised at amounts net of value added tax except;

- where the value added tax is incurred on a purchase of an asset or service is not recoverable from the taxation authority in which case the value added tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- receivables and payables are stated with the amount of Value Added Tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

e) Property, plant and equipment and leasehold land

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment, as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Property plant and equipment were revalued in 1997 when the assets were taken over from the government. This was a one off revaluation to determine the true value of the assets and was deemed as cost.

Land and building are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. Valuations are performed frequently enough to ensure that the fair value of revalued assets does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. Except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment and leasehold land (Continued)

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the assets original cost.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is being transferred to retained earnings.

Depreciation on property, plant and equipment is computed on a straight line basis over the estimated useful lives of the assets. The rates of depreciation used are:

	<u>%</u>
Leasehold, buildings and roads	2
Plant and machinery	5 to 20
Dyes and tools	10
Motor vehicles	20
Furniture, fittings and equipment	20
Fire fighting equipment	10
Computer equipment	33.33

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) Inventories

Inventories are valued at the lower of cost and net realizable value. Estimated net realizable value is the estimated selling price in the ordinary course of business less any costs of completion and estimated costs necessary to make the sale.

Raw materials, spares and accessories, consumables and resalable stocks are accounted for at purchase cost on Average Weighted Cost (AVCO) basis and includes transport and handling charges.

Finished goods and work-in process are valued by incorporating material cost and appropriate overheads.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

i) Provision

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The expense relating to any provision is recognised in profit or loss net of any reimbursement

Financial instruments

Financial assets and liabilities are recognised on the company's financial position when the company becomes a party to the contractual provisions of the instrument.

The principal financial assets and liabilities of the company are trade and other receivables, prepayments, trade and other payables, loans and swaps arrangements. The particular recognition methods adopted are disclosed in the relevant accounting policy notes.

j) Trade and other receivables

Trade receivables, which have varying credit terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Trade and other payables

Liabilities for the trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

l) Swap arrangements

The swap arrangements are reported at fair value through profit and loss. The fair value is determined by the bank and communicated after every intervals agreed,

m) Long term loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received plus directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

n) Derivative financial instruments and hedge accounting

The company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

Any gain or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

o) Pensions and other post employment benefits

The company and its employees contribute to defined contribution pension schemes. The company's contribution is charged in profit or loss as it falls due.

1.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The management has opinion that these changes will have no impact on the financial statement as the company has no plan assets.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interests in Other Entities*, IAS 28 *Investments in Associates*, has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Company's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

Annual Improvements May 2012

These improvements will not have an impact on the Company, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS. This has no impact on because the Company has not stopped IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property; plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1.5 SEGMENT REPORTING

For management purposes, the Company is organised into business units based on its products.

No operating segments have been aggregated to form operating segments.

The majority of revenue is derived from sale of goods (as disclosed in note 2) and the Board of Directors relies primarily on revenue from sales of goods to assess performance. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Statement of Comprehensive income.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

However, Company financing (including finance costs and finance income) and income taxes are managed on aggregate basis and are not allocated to operating segments.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 TZS'000	2011 TZS'000
2 Revenue		
Sale of goods	151,609,595	145,937,706
	<u>151,609,595</u>	<u>145,937,706</u>
3 OTHER OPERATING INCOME		
Profit on disposal of fixed assets	2,966	22,603
Interest received	1,468	27,501
Rental income	655,873	500,146
Insurance claims	367,321	-
	<u>1,027,628</u>	<u>550,250</u>
4 IMPAIRMENT COSTS		
Due to decision to permanent decommission the GALCO Plant, the management have decided to impair its carrying value in line with the International Accounting Standards.		
Also spare parts which was specific for GALCO Plant have been impaired.		
Impairment of GALCO Plant and Machinery	2,612,911	-
Impairment of GALCO Plant spare parts	419,594	-
	<u>3,032,505</u>	<u>-</u>
5 FINANCE COSTS		
Interest on bank overdraft	861,616	672,153
Interest on loans and borrowings	3,927,144	3,375,516
Preference shares dividend	350	350
Bank charges	526,039	817,206
	<u>5,315,149</u>	<u>4,865,225</u>
7 PROFIT BEFORE TAXATION		
Profit before taxation is stated after charging/(crediting):		
<i>In cost of sales:</i>		
Depreciation of property, plant and equipment	3,280,920	2,253,941
<i>In administrative expenses:</i>		
Depreciation of property, plant and equipment	199,527	174,106
Directors fees	13,355	15,900
Auditors' remuneration	55,300	49,991
Tax and other consultancy fees	111,177	60,298
(Gain)/loss on foreign exchange	161,150	3,836,366
And after crediting:		
Profit on sale of property, plant and equipment	2,966	22,603
Interest received	1,468	27,501

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 TZS'000	2011 TZS'000
8 INCOME TAX		
The major components of the income tax expense for the year ended 31 December 2012 and 2011 are:		
	2012 TZS '000	2011 TZS '000
Income tax expense		
<i>Current income tax:</i>		
Current income tax charge	948,159	-
<i>Deferred income tax:</i>		
Transfer to income statement of deferred tax on depreciation released from revaluation surplus	(250,448)	(173,208)
Relating to origination and reversal of temporary differences	1,556,813	1,695,453
Income tax expense reported in the income statement	2,254,524	1,522,245

A reconciliation between tax expense and the product of accounting profit multiplied by corporate tax rate for the years ended 31 December 2012 and 2011 is as follows:

Profit before tax	7,394,354	4,051,183
Income tax rate of 30% (2011: 30%)	2,218,306	1,215,355
Tax effect of permanent differences	36,218	479,993
Effect of previous years' deferred tax	-	(173,103)
Income tax expense	2,254,524	1,522,245
Effective rate of tax	30.5%	37.6%
Tax recoverable		
At 1 January	-	649,996
Charged during the year	948,159	-
Tax paid/written off during the year.	(999,754)	(649,996)
At 31 December	(51,595)	-

The tax assessments have been agreed with the Tanzania Revenue Authority up to and including year of income 2009.

Deferred tax

Due to revaluation of property, plant and equipment		
At 1 January	1,431,364	1,604,572
Transfer to income statement of deferred tax on depreciation released from revaluation surplus	(250,448)	(173,208)
At 31 December	1,180,916	1,431,364
Due to accelerated capital allowances		
At 1 January	4,782,327	3,086,874
Charge during the year	1,556,813	1,695,453
At 31 December	6,339,140	4,782,327
Total deferred taxation	7,520,056	6,213,691

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 TZS'000	2011 TZS'000
9 PREFERENCE DIVIDENDS		
This represents 7% dividend on cumulative redeemable preference shares.	<u>350</u>	<u>350</u>
10 EARNINGS PER SHARE		
Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding during the year.		
	2012 TZS	2011 TZS
Net profit attributable to shareholders	<u>5,139,829,870</u>	<u>2,528,938,168</u>
Total number of ordinary shares	<u>273,849,211</u>	<u>258,873,901</u>
Basic and diluted earnings per share	<u>18.77</u>	<u>9.77</u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	TZS'000	TZS'000
11 LEASEHOLD LAND		
Cost	10,132	10,132
Additions	279,430	-
Net Book Value	<u>289,562</u>	<u>10,132</u>

12 PROPERTY, PLANT AND EQUIPMENT

	Roads & Buildings	Plant and Machinery	Furniture and Equipment	Motor Vehicles	Dyes & Tools	Fire Fighting Equipment	Computers	Capital Work in Progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
COST OR VALUATION									
At 1 January 2012	8,981,388	51,090,679	502,014	1,279,416	47,595	21,907	329,820	1,964,696	64,217,516
Additions	-	5,557	9,730	91,070	-	-	18,104	1,807,751	1,932,212
Capitalization	-	1,106,720	-	-	-	-	-	(1,106,720)	-
Impairment	-	(4,598,874)	-	-	-	-	-	-	(4,598,874)
Revaluation surplus of impaired assests	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	(7,200)	-	-	-	-	(7,200)
At 31 December 2012	8,981,388	47,604,082	511,744	1,363,286	47,595	21,907	347,925	2,665,727	61,543,654
DEPRECIATION									
At 1 January 2012	1,472,393	10,813,212	439,936	813,610	36,731	15,636	275,132	-	13,866,651
Charge for the year	179,628	3,280,920	27,222	245,071	6,619	4,044	57,186	-	3,800,690
Impairment	-	(1,985,963)	-	-	-	-	-	-	(1,985,963)
Disposal	-	-	-	(7,200)	-	-	-	-	(7,200)
At 31 December 2012	1,652,021	12,108,168	467,158	1,051,481	43,350	19,680	332,318	-	15,674,178
NET BOOK VALUE									
At 31 December 2012	7,329,367	35,495,914	44,585	311,804	4,245	2,227	15,606	2,665,727	45,869,476
At 31 December 2011	7,508,995	40,277,467	62,077	465,806	10,864	6,271	54,688	1,964,696	50,350,865

The company has loans from International Finance Corporation (IFC) and Emerging Africa Infrastructure Fund and Other Bank Facilities which are secured as follows;

(a) mortgage charge over plot no. 18A (Certificate of Occupancy No. 18541), Plot no. 18B (Certificate of Occupancy No. 18802),

Plot No. 29 (Certificate of Occupancy No. 15322), Plot No. 188/1 (Certificate of Occupancy No. 59088), Plot No. 18E (Certificate of Occupancy No. 18796) and Plot No. 18D (Certificate of Occupancy No. 186085/27) shared pari passu with IFC, EAI, Standard Chartered Bank Tanzania Limited, Stanbic Bank Tanzania Limited and Citibank Tanzania Limited registered to cover USD 80.625 millions.

(b) Debenture deed over all assets of the Company shared pari passu with IFC, EAI, Standard Chartered Bank Tanzania Limited, Stanbic Bank Tanzania Limited and Citibank Tanzania Limited for USD 80.625 million

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

12 (b) PROPERTY, PLANT AND EQUIPMENT

	Leasehold Roads & Buildings TZS '000	Plant and Machinery TZS '000	Furniture and Equipment TZS '000	Motor Vehicles TZS '000	Dyes & Tools TZS '000	Fire Fighting Equipment TZS '000	Computers TZS '000	Capital Work in Progress TZS '000	Total TZS '000
COST OR VALUATION									
At 1 January 2011	8,981,388	49,507,567	487,453	1,204,941	47,595	21,907	306,901	-	60,557,753
Additions	-	1,583,112	14,560	144,675	-	-	22,919	1,964,696	3,729,962
Disposal	-	-	-	(70,200)	-	-	-	-	(70,200)
At 31 December 2011	8,981,388	51,090,679	502,014	1,279,416	47,595	21,907	329,820	1,964,696	64,217,515
DEPRECIATION									
At 1 January 2011	1,292,765	8,559,271	397,456	664,575	34,957	14,580	239,941	-	11,203,547
Charge for the year	179,628	2,253,941	42,480	219,235	1,774	1,055	35,191	-	2,733,304
Disposal	-	-	-	(70,200)	-	-	-	-	(70,200)
At 31 December 2011	1,472,393	10,813,212	439,936	813,610	36,731	15,636	275,132	-	13,866,651
NET BOOK VALUE									
At 31 December 2011	7,508,995	40,277,467	62,077	465,806	10,864	6,271	54,688	1,964,696	50,350,864
At 31 December 2010	7,688,622	40,948,295	89,998	540,366	12,638	7,326	66,960	-	49,354,206

The company has loans from International Finance Corporation (IFC) and Emerging Africa Infrastructure Fund and Other Bank Facilities which are secured as follows;

(a) mortgage charge over plot no. 18A (Certificate of Occupancy No. 18541), Plot no. 18B (Certificate of Occupancy No. 18802),

Plot No. 29 (Certificate of Occupancy No. 15322), Plot No. 188/1 (Certificate of Occupancy No. 59088), Plot No. 18E (Certificate of Occupancy No. 18796) and Plot No. 18D (Certificate of Occupancy No. 186085/27) shared pari passu with IFC, EAAF, Standard Chartered Bank Tanzania Limited, Stanbic Bank Limited and Citibank Tanzania Limited registered to cover USD Dollar 43 millions.

(b) Debenture deed over all assets of the Company shared pari passu with IFC, EAAF, Standard Chartered Bank Tanzania Limited, Stanbic bank Limited and Citibank Tanzania Limited for USD 43 million

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

13 FIXED DEPOSITS WITH BANKS

	2012 TZS '000	2011 TZS '000
At 1 January	2,465,190	2,232,057
Interest earned during the year	16,815	233,133
At 31 December	<u>2,482,005</u>	<u>2,465,190</u>

Fixed deposits earn an average interest of 1.128 % during the year. (2011:1. 12%).

Fixed deposits with Banks

Standard Chartered Bank Tanzania Limited	2,482,005	2,465,190
	<u>2,482,005</u>	<u>2,465,190</u>

The fixed deposit with Standard Chartered Bank Tanzania Limited is placed as a security against the Corporate Bond issued during the year 2009

14 INVENTORIES

Raw materials	15,481,099	23,663,330
Processing and refractory material	221,540	321,709
Resaleables	2,074,189	2,976,347
Packing materials	147,695	48,855
Spares, accessories and consumables	8,296,600	6,432,725
Fuel, oils and lubricants	216,701	222,648
Finished goods	9,046,133	8,356,878
Provision for obsolete inventories	(419,594)	-
	<u>35,064,363</u>	<u>42,022,491</u>

The machines which was using this spares has stopped production and has been impaired 100%.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

15 TRADE AND OTHER RECEIVABLES

Trade receivables - Third parties

Receivables from related parties (Note 23)

Other receivables and prepayment

	2012 TZS '000	2011 TZS '000
	11,475,584	13,283,695
	9,823,486	20,054,490
	21,299,070	33,338,185
	5,624,504	7,038,279
	<u>26,923,573</u>	<u>40,376,464</u>

Terms and conditions of trade and other receivable as follows:

i) Local trade receivables are non-interest bearing and are normally settled on 15 to 60 days terms.

ii) Export trade receivables are non-interest bearing and are normally settled on 90 to 120 days terms.

There is no provision for impairment which was made during the year (2011: TZS Nil).

As at 31st December, the aging analysis of trade receivable is as follows:

Neither past due nor impaired

0 to 30 days

Past due but not impaired

31 to 60 days

61 to 90 days

91 to 120 Days

	8,473,609	20,851,884
	7,279,412	5,668,068
	1,507,618	1,399,681
	4,038,432	5,418,552
	<u>21,299,070</u>	<u>33,338,185</u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

16 CASH AND CASH EQUIVALENTS

Cash at banks and on hand

For the purpose of cash flow cash and cash equivalents comprise of the following at 31 December:

Cash at banks and on hand

Bank overdraft (Note 19)

	2012 TZS '000	2011 TZS '000
	2,204,589	1,620,417
	(7,210,118)	(5,191,021)
	<u>(5,005,529)</u>	<u>(3,570,604)</u>

17 SHARE CAPITAL

(a) Authorised shares:

250,002 7% Redeemable cumulative Preference Shares of TZS 20 each

749,749,998 Ordinary shares of TZS 20 each

	5,000	5,000
	14,995,000	14,995,000
	<u>15,000,000</u>	<u>15,000,000</u>

(b) Issued and fully paid:

250,002 7% Redeemable cumulative Shares of TZS 20 each

273,849,211 Ordinary shares of TZS 20 each

	5,000	5,000
	5,476,984	5,177,478
	<u>5,481,984</u>	<u>5,182,478</u>

18 NON-DISTRIBUTABLE RESERVE

The non distributable reserves relate to revaluation surplus that arose from the revaluation of assets at the time when the Company was taken over from the Government. The movement is as shown on the statement of changes in equity.

	<u>3,936,387</u>	<u>4,771,213</u>
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ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 TZS '000	2011 TZS '000
19 INTEREST BEARING LOANS AND BORROWINGS		
Non current		
a) International Finance Corporation		
At 1 January 2011	4,534,284	5,374,999
Paid during the year	(1,148,571)	(840,715)
Transfer to Current Portion	(1,128,572)	(1,133,572)
Long term portion	<u>2,257,141</u>	<u>3,400,712</u>
b) Emerging Africa Infrastructure Fund		
At 1 January 2011	7,935,000	7,525,000
Received during the year		
Paid during the year		
Unrealised exchange loss	55,000	410,000
	<u>7,990,000</u>	<u>7,935,000</u>
c) Corporate Bond		
Reliance Insurance Company Tanzania Ltd	175,000	200,000
Tanzania Postal Bank	568,750	650,000
Alexander Forbes Tanzania Ltd	87,500	100,000
Heritage Insurance Company Tanzania Ltd	437,500	500,000
Government Exmployees Provident Fund	875,000	1,000,000
Rombo Millers Company Limited	105,000	120,000
Exim Bank Tanzania Ltd	437,500	500,000
Bank M Tanzania Ltd	437,500	500,000
Public Service Pension Fund	3,062,500	3,500,000
G.A.K Patel & Co Ltd	87,500	100,000
Standard Chartered Bank Tanzania Ltd	5,687,500	6,500,000
Umoja Unit Trust Scheme - UTT	656,250	750,000
Regular Income Unit Trust Scheme- UTT	262,500	300,000
Wekeza Maisha Unit Trust Scheme - UTT	131,250	150,000
Children's Career Plan Unit Trust Scheme - UTT	175,000	200,000
	<u>13,186,250</u>	<u>15,070,000</u>
At 1 January 2011	15,070,000	15,070,000
Paid during the year	(1,883,750)	-
Transfer to Current Portion	(3,767,500)	(1,883,750)
Long term portion	<u>9,418,750</u>	<u>13,186,250</u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

19- INTEREST BEARING LOANS AND BORROWINGS (continued)

	2012 TZS '000	2011 TZS '000
Total interest bearing loans and borrowings	19,665,891	24,521,962
Current portion		
International Finance Corporation (Amount due within one year)	1,128,572	1,133,572
Bank overdrafts		
Standard Chartered Bank Tanzania Limited	3,279,786	1,373,125
Stambic Bank	2,825,765	-
Citibank Tanzania Limited	1,104,567	3,817,896
	<u>7,210,118</u>	<u>5,191,021</u>
Current portion		
Corporate Bond	3,767,500	1,883,750
Current portion of interest bearing loans and borrowings	4,896,072	3,017,322

Loan from the International Finance Corporation of US Dollar 5 million is repayable in 7 years in 14 equal installments, and accrues interest at 6 months LIBOR plus 3.25%

The Company has entered into a swap agreement with Standard Chartered Bank Tanzania Limited to convert the floating interest rate liability on IFC Loan into fixed interest rate liability @ 1.95% instead of LIBOR

Period	Outstanding loan amount USD	Floating interest rate	Fixed interest rate	Interest Rate Difference	No of Days	Gain/(Loss)	
						TZS'000	USD'000
1th Jan 2012 to 15 Apr 2012	2,857,142	3.30800%	1.95000%	1.35800%	107	(18,153)	(11)
16th Apr 2012 to 15th Oct 2012	2,499,999	3.16800%	1.95000%	1.21800%	182	(24,233)	(15)
16th Oct 2012 to 31st Dec 2012	2,142,856	3.29600%	1.95000%	1.34600%	77	(9,711)	(6)
						<u>2012</u>	<u>2011</u>
						<u>(52,097)</u>	<u>(77,095)</u>
Total loss on swap arrangement on IFC Loan							

Settlement date is 15 April and 15 October every year. The calculation is done by the bank and sent to the company.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

19 INTEREST BEARING LOANS AND BORROWINGS (continued)

2012	2011
<u>TZS '000</u>	<u>TZS '000</u>

Loan from Emerging Africa Infrastructure Fund of US\$ 5 million is repayable from 30th May 2016 in 4 equal six monthly instalments and arrears interest at 6 months LIBOR plus 4.5% net of with holding tax payable to Tanzania Revenue Authority.
The company has entered into Swap agreement with Standard Chartered Bank (Tanzania) Limited to fix the exchange rate at 1 US\$=TZS 1598 over the period of loan and the 6 months LIBOR.

<u>Period</u>	<u>Outstanding loan amount TZS</u>	<u>Floating interest rate</u>	<u>No of Days for which swap is effective</u>	<u>Gain/(Loss) TZS</u>
1th March 2012 to 30 May 2012	7,990,000	14.01000%	90	(276,016)
30 May 2012 to 30 Nov 2012	7,990,000	15.74000%	184	(633,981)
16th Oct 2012 to 31st Dec 2012	7,990,000	14.61000%	31	(99,144)

<u>Period</u>	<u>Outstanding loan amount</u>	<u>Floating interest rate</u>	<u>No of Days for which swap is effective</u>	<u>Gain/(Loss) USD</u>	<u>Exchange rate</u>	<u>Gain/Loss TZS</u>
1th March 2012 to 30 May 2012	5,000,000	0.751%	92	9,465	1,587.36	15,024
30 May 2012 to 30 Nov 2012	5,000,000	0.736%	184	18,561	1,578.84	29,305
16th Oct 2012 to 31st Dec 2012	5,000,000	0.528%	31	2,242	1,580.00	3,543

	<u>2012</u>	<u>2011</u>
Total loss on swap arrangement on EAIF Loan	<u>(961,270)</u>	-

Settlement date is 30 May and 30 November every year. The calculation is done by the bank and sent to the company.

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

19 INTEREST BEARING LOANS AND BORROWINGS (continued)

Un-secured Corporate bond of TZS 15.07 billion is redeemable after 3 years @ 12.5% every six months.

Out of above TZS 1.72 billion is bearing a variable interest rate based on 182 days Treasury Bill + 1.5% and the balance TZS 13.35 billions bears a fixed interest rate of 17.4% per annum. Interest is payable half yearly on 26th July and 26th January.

The Company has entered into interest swap arrangement with Standard Chartered Bank Tanzania Limited for the 17.40% fixed rate notes. This swap allows the Company to convert its' fixed rate liability into floating rate liability. The details of interest swap arrangements with Standard Chartered Bank Tanzania Limited are given below:

	<u>Fixed interest rate</u>	<u>Interest swap effective rate as on 26th July 2011 for the period 26 st January 2012 to 25th January 2012</u>	<u>Interest Rate Difference</u>	<u>No of Days for which swap is</u>	<u>Gain/(Loss) TZS'000</u>
<u>Fixed Rate Note Value</u>					
6,500,000,000	17.40%	22.99%	-5.59%	25	24,887
6,850,000,000	17.40%	22.90%	-5.50%	25	25,805
	<u>Fixed interest rate</u>	<u>Interest swap effective rate as on 26th January 2012 for the period 26th January 2012 to 25th July 2012</u>	<u>Interest Rate Difference</u>	<u>No of Days for which swap is</u>	<u>Gain/(Loss) TZS'000</u>
<u>Fixed Rate Note Value</u>					
6,500,000,000	17.40%	10.85%	6.55%	182	(212,292)
6,850,000,000	17.40%	10.88%	6.52%	182	(222,698)
	<u>Fixed interest rate</u>	<u>Interest swap effective rate as on 26th July 2012 for the period 26th July 2012 to 31st December 2012</u>	<u>Interest Rate Difference</u>	<u>No of Days for which swap is</u>	<u>Gain/(Loss) TZS'000</u>
<u>Fixed Rate Note Value</u>					
5,687,500,000	17.40%	15.02%	2.38%	159	(58,966)
5,993,750,000	17.40%	14.96%	2.44%	159	(63,708)
				2012	2011
				<u>TZS'000</u>	<u>TZS'000</u>
				(506,972)	676,933
Total (loss)/gain on swap arrangement on Corporate Bond					

19 d) BALANCE RECEIVABLE/PAYABLE ON SWAP ARRANGEMENT

	2012	2011
	<u>TZS'000</u>	<u>TZS'000</u>
Balance 1 January	323,342	215,245
Gain/(loss) during the	(1,520,339)	599,838
Received/(paid) during the year	(968,911)	491,741
At 31 December	<u>(228,086)</u>	<u>323,342</u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	<u>TZS '000</u>	<u>TZS '000</u>

19 INTEREST BEARING LOANS AND BORROWINGS (continued)

The Company has the following bank facilities:

- (a) Overdraft facility with Standard Chartered Bank Tanzania Limited of US Dollar 3 million or its equivalent in TZS which accrues interest at the rate of 182 days Treasury Bill rate plus 3.75% (minimum 7%) for TZ Shilling and at 6 month LIBOR + 3.75% (minimum 6.5%) for US Dollar plus Letter of Credit Facility US Dollar 30 million;
- (b) Overdraft facility with Citibank Tanzania Limited of US Dollar 1 million or its equivalent in TZS which accrues interest at the rate of 182 days Treasury Bill plus 3% (minimum 11%) for TZ Shilling and at 6 months LIBOR plus 3% (minimum 5%) for US Dollar plus Letter of Credit Facility US Dollar 12.4 million;
- (c) Overdraft facility with Stanbic Bank Tanzania Limited of US\$ 2 million which accrues interest at the rate of 6 months LIBOR plus 3.75% (minimum 7%) plus Letter of Credit Facility of US Dollar 8 Million;

The IFC loan, EAIF loan and bank facilities are secured by:

- (a) mortgage charge over plot no. 18A (Certificate of Occupancy No. 18541), Plot no. 18B (Certificate of Occupancy No. 18802), Plot No. 29 (Certificate of Occupancy No. 15322), Plot No. 188/1 (Certificate of Occupancy No. 59088), Plot No. 18E (Certificate of Occupancy No. 18796) and Plot No. 18D (Certificate of Occupancy No. 186085/27) shared pari passu with IFC, EAIF, Standard Chartered Bank Tanzania Limited, Stanbic Bank Tanzania Limited and Citibank Tanzania Limited registered to cover USD Dollar 80.625 millions.
- (b) Debenture deed over all assets of the Company shared pari passu with IFC, EAIF, Standard Chartered Bank Tanzania Limited, Stanbic Bank Tanzania Limited and Citibank Tanzania Limited for US Dollar 80.625 millions

20 NON-INTEREST BEARING LOANS AND BORROWINGS

Shareholders Loan

At 1 January 2011	3,570,750	3,386,250
Received during the year	-	-
Paid during the year	-	-
Unrealised exchange (gain)/loss	(15,751)	184,500
	<u>3,554,999</u>	<u>3,570,750</u>

Interest free and unspecified period subordinated loan from Shareholders of US Dollar 2.25 million bearing an administration fee of US Dollar 50,000 per annum. The loan is not payable until all other loans have been fully paid. There was no amount received during the year, the movement is due to exchange rate movement.

21 TRADE AND OTHER PAYABLES

Trade creditors	23,959,145	47,930,794
Other creditors and accruals	5,815,114	12,292,787
	<u>29,774,258</u>	<u>60,223,582</u>

Terms and conditions of trade and other payable as follows:

- i) Local trade payables are normally settled in 30 days terms.
- ii) Foreign trade payables are normally settled in 180 days terms.
- (iii) Other payables are non-interest bearing and have an average term of six months

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

22 RETIREMENT BENEFIT OBLIGATIONS

	2012 TZS '000	2011 TZS '000
At 1 January	2,800,198	2,532,014
Charge during the year	706,095	268,830
Paid during the year	(241,163)	(646)
At 31 December	<u>3,265,130</u>	<u>2,800,198</u>

The retirement benefit obligation is unfunded and represents an estimate of an amount payable to employees. It is calculated on the basis of the years of service for each individual employee as provided for in the collective bargaining agreement. No actuarial valuation was carried out as the Directors believe that the existing provision is adequate to cover future retirement obligations.

23 RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are as follows:-

Transactions with group companies		Relations with Company	Sales to	Purchases from	Amounts	Amounts
			related parties	related parties	owed by	owed to
			TZS '000	TZS '000	related parties	related parties
					TZS '000	TZS '000
Uganda Baafi Limited	2012	Common shareholder	176,158	-	21,056	-
	2011		23,955	-	23,805	-
Ethiopian Steel Plc	2012	Common shareholder	677,045	-	173,329	-
	2011		-	-	-	-
Mabati Rolling Mills Limited	2012	Common shareholder	-	1,282,797	70,552	-
	2011		3,663,478	6,354,310	3,155,345	1,753,571
Kifaru Trading (Pty) Limited	2012	Common shareholder	-	-	113,241	-
	2011		-	-	356,553	-
Insteel (Kenya) Limited	2012	Common shareholder	398,337	522,010	398,337	522,010
	2011		231,591	512,936	-	50,651
Steel Supplies (Malawi) Limited	2012	Common shareholder	8,117,877	-	2,036,550	-
	2011		8,661,700	-	3,458,977	-
Safintra Zambia Limited	2012	Common shareholder	6,476,548	-	2,409,497	-
	2011		-	-	-	-
Gainvest (Angola) S. A.	2012	Common shareholder	-	-	410,839	-
	2011		-	-	412,659	-
Safal Steel Limited	2012	Common shareholder	2,509,745	15,649,202	3,957,634	-
	2011		8,718,852	7,180,915	12,647,151	-
Safintra Mozambique LDA	2012	Common shareholder	-	-	-	-
	2011		109,658	-	-	-
Safintra Rwanda Limited	2012	Common shareholder	232,451	-	232,451	-
	2011		-	-	-	-
					<u>9,823,486</u>	<u>522,010</u>
					<u>20,054,490</u>	<u>1,804,222</u>

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 TZS '000	2011 TZS '000
23 RELATED PARTY TRANSACTIONS (Continued)		
Terms and conditions of transactions with related parties		
The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2012, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2011: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party		
Compensation of key management personnel of the Company		
Short-term benefits	342,361	332,882
Social security contributions	10,556	10,832
Total compensation paid to key management personnel	<u>352,917</u>	<u>343,714</u>
24 COMMITMENTS AND CONTINGENCIES		
Capital commitments		
At 31 December 2012, the company had commitments of TZS 1.52 billion. (2011: TZS 1.96 billions)		
Legal claim		
No provision for any liability relating to legal claims has been made in these financial statements. The Company has been advised by its legal counsel that it is only possible, but not probable, that the judgement will be against the Company.		
Guarantee		
The Company has given a guarantee of TZS 75 million to CRDB Bank Plc to finance ALAF SACCOS which in turn provide financial assistance to its members who are ALAF employees.		
25 EMPLOYEE BENEFITS	<u>374,844</u>	<u>335,389</u>
Employees are members of either the National Social Security Fund (NSSF) or the Parastatals Pension Fund.		
26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES		
The Company's financial liabilities are trade payables, loan and borrowings, preference shares and interest swaps. The main purpose of these financial liabilities is to raise finance for the operations of the Company. The Company has various financial assets such as trade receivables and cash and cash equivalents which arise directly from its operations.		
Foreign currency risk		
The company operates wholly in Tanzania and its assets and liabilities are reported in local currency. Turn over is invoiced in Tanzania Shillings and US dollars. Payments for outstanding debts are accepted in both Tanzania Shillings and US dollars. The main raw materials, Steel, Aluminium Silicon Alloy, Zinc, Color Coated Coils are imported and are payable in US dollars. The company maintains its funds in Tanzania Shillings and US dollars to which its payment obligations are designated.		

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2012	2011
	TZS '000	TZS '000

To mitigate foreign exchange risks, the Company actively employs hedging technique such as forwards and options. The natural hedge provided by export sales also serve to reduce foreign exchange exposures.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in US Dollar rate	Effect on profit before tax TZS '000	Effect on equity TZS '000
2012	+ 5%	(2,382,657)	(2,382,657)
	- 5%	2,382,657	2,382,657
2011	+ 5%	(1,582,557)	(1,582,557)
	- 5%	1,582,557	1,582,557

Credit risk

Potential concentration of credit risk consists partially of trade debtors. Trade debtors are presented net of allowance for doubtful debts. Accordingly, the company has no significant credit risk which has not been adequately provided for. The company's terms of sales are cash and on credit with customers who have proven credit worthiness.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flow of the financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company entered into interest swap arrangement with the Standard Chartered Bank Tanzania Limited, which allows the Company to convert its fixed rate liability into floating rate liability.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loan and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

		2012 TZS '000	2011 TZS '000
	Increase / decrease in basis points	Effect on profit before tax TZS '000	Effect on equity
2012			
US Dollar	+ 40	43,453	43,453
	- 40	(43,453)	(43,453)
2011			
US Dollar	+ 40	(21,689)	(21,689)
	- 40	21,689	21,689

The assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk

The company minimises liquidity risks by maintaining adequate current assets that cover all current liabilities.

	On demand TZS '000	Less than 3 months TZS '000	3 to 12 months TZS '000	1 to 5 years TZS '000	More than 5 years TZS '000	Total TZS '000
Year ended 31st December 2012						
Interest bearing loan and borrowings	-	-	4,896,072	19,665,891	-	24,561,963
Retirement benefit obligation	-	-	-	-	3,265,130	3,265,130
Trade and other payables	-	23,959,145	5,815,114	-	-	29,774,259
Bank overdraft	-	-	7,210,118	-	-	7,210,118
Preference shares	-	-	-	5,000	-	5,000
Dividend payables	-	5,600	-	-	-	5,600
Swap arrangements	-	228,086	-	-	-	228,086
Shareholders loan	-	-	-	-	3,554,999	3,554,999
	-	24,192,831	17,921,304	19,670,891	6,820,130	68,605,155
Year ended 31st December 2011						
Interest bearing loan and borrowings	-	-	3,017,322	24,521,962	-	27,539,284
Retirement benefit obligation	-	-	-	-	2,800,198	2,800,198
Trade and other payables	-	46,409,215	13,814,367	-	-	60,223,582
Bank overdraft	-	-	5,191,021	-	-	5,191,021
Dividend payables	-	5,250	-	-	-	5,250
Shareholders loan	-	-	-	-	3,570,750	3,570,750
Preference shares	-	-	-	5,000	-	5,000
	-	46,414,465	22,022,710	24,526,962	6,370,948	99,335,085

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	TZS '000	TZS '000

27 HOLDING COMPANY

The immediate holding company is Safal Investments (Mauritius) Limited.

28 EMPLOYEES

The number of employees as at 31 December 2012 was 511 (2011 - 529).

29 EVENT AFTER BALANCE SHEET DATE

There is no event which may have any effect on the financial statement for the year 2012.

30 FAIR VALUES

	Carrying amount		Fair value	
	2012	2011	2012	2011
	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets				
Fixed deposits with banks	2,482,005	2,465,190	2,482,005	2,465,190
Trade and other receivables	26,923,574	40,376,464	26,923,574	40,376,464
Swap arrangements	-	323,342	-	323,342
Tax recoverable	51,595	-	51,595	-
Cash and cash equivalents	2,204,569	1,620,417	2,204,589	1,620,417
Total	31,661,763	44,785,412	31,661,763	44,785,412
Financial liabilities				
Interest bearing loans and borrowings	19,665,891	24,521,963	19,665,891	24,521,963
Non-interest bearing loans and borrowings	3,554,999	3,570,750	3,554,999	3,570,750
Retirement benefit obligation	3,265,130	2,800,198	3,265,130	2,800,198
Trade and other payables	29,774,258	60,223,582	29,774,258	60,223,582
Swap arrangements	228,086	-	228,086	-
Bank overdraft	7,210,118	5,191,021	7,210,118	5,191,021
Interest bearing loans and borrowings	4,896,072	3,017,321	4,896,072	3,017,321
Preference share dividend payable	5,600	5,250	5,600	5,250
Total	68,600,154	99,330,085	68,600,154	99,330,085

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Interest swaps are disclosed as level 2 because the fair value are obtained directly from Bank

ALAF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 <u>TZS '000</u>	2011 <u>TZS '000</u>
31 PRIOR PERIOD ERRORS		
(i) Gain/loss on interest swaps arrangement was included as interest on loans and borrowing under finance cost. The reclassification of this amount resulted in to increase in finance cost in 2011 by TZS 599,838 million and increase gain in swap arrangements by the same amount. During the year gain/loss on swap arrangement has been shown separately in the financial statements		
(ii) Deferred tax on revaluation surplus for the depreciation charges on revalued assets was credited to statement of changes in equity. The errors was corrected by crediting the amount income tax for year 2011 and increase the retained earnings.		
(iii) Preference shares were included as share capital. The amount relating to preference share of TZS 5 million has been reclassified to current liability. The reclassification has resulted into decrease in share capital by TZS 5 million and increase in preference share by same amount.		
(iv) Preference share dividend payable was including an amount of TZS 300,581 million which was relating to other payables. The reclassification has been made to remove the amount from preference share dividend to other payables.		
(v) Gain/loss on swap arrangement receivable/payable was included under other receivable/other payable. The balances have been reclassified and shown separately. There has resulted in to decrease in other receivables by TZS 323,342 million in 2011 and increase in amount receivable on swap arrangement.		

The effect of restatement on the financial statement is summarised as follows;

	<u>2011</u>
Increase in gain on swap arrangement	599,838
Decrease in interest on borrowings (finance cost)	599,838
Increase in retained earnings	173,208
Decrease in income tax	173,208
Increase in preference share	5,000
Decrease in share capital	5,000
Increase in other payables	300,581
Decrease interest on preference shares	300,581
Increase in amount receivable on swap arrangements	323,342
Other receivables	323,342

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

[As amended up to the 16th day of May, 1997]

OF

ALUMINIUM AFRICA LIMITED

(Incorporated the Seventh day of October, 1960)

Atkinsons, Walker & Company
Advocates
Dar es Salaam

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

(adopting new Articles of Association)

OF

ALUMINIUM AFRICA LIMITED

Passed the 19th day of December, 1968

At an Extraordinary General Meeting of the Members of Aluminium Africa Limited, held at the I.P.S. Building, Kimathi Street, Nairobi, Kenya on Thursday, the 19th day of December, 1968, the following Special Resolution was passed:-

"ARTICLES OF ASSOCIATION

THAT the new regulations contained in the printed document submitted to the meeting, and for the purpose of identification subscribed by the Chairman thereof, be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof."

Sir Ernest Vassey,
Chairman of the Meeting.

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

OF

ALUMINIUM AFRICA LIMITED

Passed the 16th day of June, 1971

At an Extraordinary General Meeting of the Members of Aluminium Africa Limited, held at Bruce House, Nairobi, Kenya on Wednesday, the 16th day of June 1971, the following Special Resolution was duly passed:-

"**THAT** the Articles of Association of the Company be altered in manner following that is to say:

- (1) By the deletion of the fullstop at the end of Article 79 and the addition thereto of the words

'one of whom shall be appointed by East African Development Bank.'

- (2) By the deletion of Article 80 and the substitution therefor of the following new Article:

'80. (a) Any Director other than the Director appointed by East African Development Bank may appoint another Director or any person who is approved by the Board to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. The appointment of any such alternate may be revoked at any time by the Director appointing him.

(b) The East African Development Bank shall be entitled to appoint any person as an alternate to the Director appointed by it and also to remove any alternate Director appointed by it and to appoint another in place of the person so removed.

(c) Any appointment or revocation under this Article shall be evidenced in writing.

(d) An alternate shall be entitled to receive notice of meetings of the Directors and to attend and vote thereat as a Director when the Director to whom he is an alternate is not personally present and, where he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote.

(e) An alternate Director shall not in respect of his appointment as such be entitled to receive any remuneration from the Company but he shall be entitled to be paid expenses as provided in Article 84.'

(3) By the deletion of Article 82 and the substitution therefor of the following new Article:

'82. (a) Every Director other than the Director appointed by East African Development Bank shall remain in office until removed by a Special Resolution of the Company or until his office is vacated under Article 88.

(b) The Director appointed by East African Development Bank shall be removed if the East African Development Bank gives notice in writing to the Company that he has been removed from office or otherwise ceased to be a Director and that a new Director has been appointed in his place. In the event that a Director appointed as aforesaid resigns by notice in writing sent either to East African Development Bank or to the Company his office shall not be vacated until the Company receives from East African Development Bank notice in writing that he has resigned and that a new Director has been appointed to fill the vacancy thereby created.'

Chairman of the Meeting.

TANGANYIKA TERRITORY

Certificate of Incorporation

No. 2604

I Hereby Certify that **ALUMINIUM AFRICA LIMITED** is this day Incorporated under the Companies Ordinance (Cap. 212) and that the Company is Limited.

GIVEN under my hand at Dar es Salaam this 7th day of October One Thousand Nine Hundred and Sixty.

SEAL OF THE
REGISTRAR OF COMPANIES
Tanganyika Territory

(Sd.) **J. PATTERSON**
.....
Asst. Registrar of Companies

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

**MEMORANDUM OF ASSOCIATION
OF
ALUMINIUM AFRICA LIMITED**

RESOLUTIONS INCREASING SHARE CAPITAL

1. **RESOLVED** that the Nominal Capital of the Company be increased by the addition thereto of the sum of shs.498,000/- beyond the registered capital of shs.2,000/- by the creation of 24,900 additional shares of shs.20/- each ranking for dividend and in all respects 'Pari Passu' with the existing shares of the Company.

Dated 3rd September, 1962.

CARRIED UNANIMOUSLY.

2. **RESOLVED** that the Nominal Capital of the Company be increased by the addition thereto of the sum of shs.1,500,000/- beyond the registered capital of shs.500,000/- by the creation of 75,000 additional shares of shs.20/- each ranking for dividend and in all respects 'Pari Passu' with the existing shares of the Company.

Dated 11th May, 1964

CARRIED UNANIMOUSLY.

3. **RESOLVED** that the Nominal Capital of the Company be increased by the additions thereto of the sum of shs.4,000,000/- beyond the Registered Capital of shs.2,000,000/- by the creation of 200,000 additional shares of shs.20/- each ranking for dividend and in all respects '*Pari Passu*' with the existing Shares of the Company.

Dated 1st October, 1964

CARRIED UNANIMOUSLY.

4. **RESOLVED** that the Authorised Share Capital of the Company be and is hereby increased from Shillings Six million (shs.6,000,000/-) to Shillings Twenty million (shs.20,000,000/-) by the creation of the following new shares:-

- (a) Four hundred and ninety-nine thousand, nine hundred and ninety-six (499,996) Ordinary Shares of Shillings Twenty (shs.20/-) each in order to permit the Company to acquire the whole of the assets of Mabati Limited in exchange for the issue of Ordinary Shares in this Company to Mabati Limited; and
- (b) Two hundred thousand and four (200,004) 7% Redeemable Cumulative Preference Shares of Shillings Twenty (shs.20/-) each which (together with the 49,998 unissued shares of shs.20/- each which are to be issued as 7% Redeemable Cumulative Preference Shares) are to be issued with the special rights and privileges as may be specified.

Dated 3rd September, 1968

CARRIED UNANIMOUSLY.

- 5. **NOTE:** On 19th June, 1973 the share capital of the Company was increased by shs.25,000,040/- from shs.20,000,000/- to shs.45,000,040/- by the creation of 1,250,002/- Ordinary Shares of shs.20/- each under the provisions of The Acquisition of Shares (Aluminium Africa Limited) Act No. 12, 1973.
- 6. **RESOLVED** that the Authorised Share Capital of the Company be increased from shs.45,000,040/-, made up of 250,002 7% Redeemable Cumulative Preference Shares of shs.20/- each and 2,000,000 Ordinary Shares of shs.20/- each, to shs.100,000,000/-, made up of 250,002 7% Redeemable Cumulative Preference Shares of shs.20/- each and 4,749,998 Ordinary Shares of shs.20/- each, by the creation of 2,749,998 new Ordinary Shares of shs.20/- each.

Dated 27th March, 1979

CARRIED UNANIMOUSLY.

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

ALUMINIUM AFRICA LIMITED

TANZANIA
Stamp Duty Shs: 200/- Paid
060392 of 3/6/98
Receipt No: M. ...
Asst: Registrar of Companies

1. The name of the Company is "ALUMINIUM AFRICA LIMITED", hereinafter referred to as the Company.
2. The registered office of the Company will be situate in Tanganyika.
3. The objects for which the Company is established are:-
 - (a) To carry on in the Colony and Protectorate of Kenya, the Protectorates of Uganda and Zanzibar and the Trust Territory of Tanganyika (hereinafter referred to as the Territories) and/or elsewhere the trade or business of producers, fabricators or manufacturers of aluminium and other metals and alloys and all kinds of products thereof; to trade, market, buy, sell, distribute, grant subagencies or otherwise deal with or do any other thing in respect of such metals, alloys or products; and to purchase or otherwise acquire any lands, houses, offices, workshops, buildings and premises, and any fixed and movable machinery, tools, engines, boilers, plant, implements, patterns, stock-in-trade, patents and patent rights, convenient to be used in or about trade or business.
 - (b) To carry on the business of advertising contractors and agents and any other business which may usefully be carried on in connection with the business of the Company and to acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on business as such contractors or agents or any other business which may be usefully carried on therewith.

Asst: Registrar
Date 3/6/98

- (c) To carry on the business of a general storekeeper and universal provider in all their branches and in particular to buy, sell and deal in goods, stores, consumable articles, provisions, wines, spirits, tobaccos, cigarettes, cameras and all kinds of photographic accessories, clothing, fancy goods, leather goods, perfumery, soaps, medicines, jewellery and all articles required for household, ornamental and personal use.
- (d) To carry on the business of a grocer, baker, confectioner, butcher, milk seller, butter seller, dairyman, poulterer, green-grocer and ice merchant.
- (e) To manufacture, buy, sell, refine, prepare, grow, import and export, and deal in provisions of all kinds, both wholesale and retail and whether solid or liquid.
- (f) To carry on business both as importers and exporters as a general merchant and trader in all their branches and to buy, sell and deal in articles of merchandise and trade of every kind and description.
- (g) To carry on the trades of iron-masters, steelmakers, iron founders, brass founders, tin-plate makers, colliery proprietors, coke manufacturers, miners, smelters, engineers, and workers and dealers in aluminium, copper, brass, silver, steel, tin-plate, german-silver and all other kinds of metals in all their respective branches.
- (h) To buy, sell, import, export, manufacture, make merchantable, hire, work, search for, get, raise, and alter aluminium, iron, tin, copper, brass, bronze, steel or other metals and alloys and to deal likewise with all manner of goods manufactured or processed or made from all or any of such metals as are herein referred to.
- (i) To carry on business as merchants, manufacturers, importers, exporters, buyers, and sellers of and dealers in merchandise of all description, including metals, machinery plant, tools and metal goods generally, cement, cotton, wool, worsted, silk, flax, hemp, jute, sisal, balata, fibrous material, rubber sponges, cloth, clothers, leather and leather goods, furniture, electrical goods, ivory, jewellery, gold, silver, precious stones and games, skins, for corn, hay, straw, hops, liquors, foods, provisions, wood and timber, coal, coke, fuel, oils, household goods and fittings, waste goods and offal, and generally any articles or goods of any kinds, whether manufactured or not.

- (j) To carry on all or any of the businesses of manufacturers' representatives; general merchants and commission agents, importers, exporters, merchants of and dealers in ironmongery and hardware of all kinds, soft goods and materials, cotton textiles, cloth, silk, wool, plastics, leather and articles of personal or household use and consumption, machinery, engines, vehicles, tools, timepieces, instruments, canned goods and manufactured goods generally, and to act as concessionaires, licensees, wholesalers and retailers of and in goods, produce and materials of every description.
- (k) To carry on all or any of the businesses of wholesale and retail chemists and druggists and manufacturers and producers of and dealers in drugs, chemicals of all kinds (organic and inorganic), galenical, chemical, pharmaceutical, medical and veterinary compounds and preparations, surgical and scientific instruments, materials dress apparatus and contrivances of every description for use in relation to the health of men and animals and generally all medicinal pharmaceutical and industrial production and articles.
- (l) To purchase take on lease or in exchange or otherwise acquire or sell exchange let mortgage charge convert and turn to account any lands buildings rights or other property in the territories or elsewhere.
- (m) To carry on the business of mechanical engineers, electrical and radio engineers, machinists, fitters, millwrights, founders, wire-drawers, tube-makers, metallurgists, saddlers, galvanisers, japanners, annealers, enamellers, electro-platers, sanitary engineers, and engineering of every description and painters, and to deal in electrical fittings and appliances, electrical engines, dynamos, machinery, radios and radio spares, sanitary and sewerage fittings in all equipment and materials in connection therewith.
- (n) To carry on all or any of the businesses of undertakers coach and carriage builders, saddlers, house decorators, sanitary, mechanical, electrical and general engineers and contractors in all their branches, gas-fitters, land, estate and house agents, builders, contractors, auctioneers, cabinet makers, upholsterers, sawmillers, timber merchants, joiners, painters, dyers, furniture removers, owners of depositories, warehousemen, carriers, storekeepers, warehouse keepers, manufacturers, importers and exporters of and dealers in hardware, jewellery, plated goods, perfumery, soap and articles required for ornament, recreation or amusement, gold and silversmiths, booksellers, dealers in bicycles, tricycles and motor

carriages, refreshment contractors, restaurant keepers, hotel, boarding and lodging-house keepers, licensed victuallers, wines and spirit merchants, dealers in mineral, aerated and other liquors and tobacconists, nurserymen and florists.

- (o) To undertake and transact any of the businesses of bankers, merchants, capitalists, financiers, insurance agents, carriers, warehousemen, storekeepers and generally to transact and carry on all kinds of agency business, including the collection of rents and debts; the negotiation of loans and investments, and to advance, deposit, lend or to receive on loan at interest or otherwise money, securities and property, to, from or with such persons and on such terms as may seem expedient and to make, draw, accept, endorse, issue, discount, buy, sell, and deal in bills of exchange, promissory notes, letters of credit, circular notes, warrants and other negotiable or mercantile instruments or securities.
- (p) To carry on all or any of the businesses of commission agents, importers, exporters, ship owners, charterers of ship or other vessels, lightermen, stevedores, ship and insurance brokers, carriers, forwarding agents, ship's husbands, wharfingers, maltsters, preservers, packers, machinists, mechanical engineers, smelters, metallurgists, mine and quarry owners, tallow melters, coopers, dealers, builders, carpenters, tin-smiths, designers, bankers and general merchants; and to manufacture, produce, prepare, refine, buy, sell, dispose of and deal in all kinds of commodities capable of being used for washing, cleaning, polishing, purifying and scouring household furniture, floors, floor coverings of every description, woodwork, cutlery and metals, including polish, powder, oil and oleaginous and saponaceous substances and all kinds of unguents and ingredients; to carry on the business of manufacturing and general chemists and druggists, distillers, oil and colour men, importers and manufacturers of and dealers in pharmaceutical, medicinal, chemical, industrial and other preparations and articles, perfumery, compounds, starches, cements, oils, paints, pigments, enamels, lubricants, solutions, polishes and varnishes; drug, dyeware, paint, and colour grinders and makers of and dealers in proprietary articles of all kinds; brush and broom makers and providers of every kind of personal, household or building requisite.
- (q) To deal in all kinds of machinery, implements, appliances, apparatus, lubricants, cements, solutions, enamels and all things capable of being used therewith or in the maintenance and working thereof respectively.

- (r) To carry on the business of dealers in all kinds of oils, paints, distempers, varnishes, brushware, enamelware and building materials.
- (s) To carry on the business of plumbers, sanitary engineers and electrical contractors, quantity surveyors and builders and building contractors, architects, planmakers, hydraulic work constructors, water engineers and any business directly or indirectly allied with such activities.
- (t) To carry on the business of manufacturers of, dealers in, hirers, repairers, cleaners, storers and warehousemen, importers and exporters of automobiles, motor vehicles, motor cycles, auto spares and accessories, bicycles, aeroplanes, radios, wireless receiving and transmitting sets and their accessories, velocipedes and carriages and vehicles of all kinds, implements, utensils, appliances, apparatus, all kinds of lubricating and other oils, all kinds of repair kits, oleaginous substances, fats, greases, cements, solutions, enamels and all things capable of being used therewith or in the manufacture, maintenance and working thereof respectively or in the construction of any truck, surface adapted for the use thereof and act as manufacturers' representatives or agents for the purposes aforesaid.
- (u) To carry on the business of general merchants, hardware merchants, carpenters, joiners, furnituremakers, brickmakers, upholsterers, blacksmiths, wagon and vehicle builders and repairers and millers, cereal millers and dealers in and agents for agricultural dairy, mechanical and electrical machinery and plant, implements, appliances, tools, ironmongery, steel and all metal goods and hardware of every description, arms and ammunitions, sports and leather goods, gunsmiths and ammunition dealers.
- (v) To carry on the business of builders and contractors, public work contractors, plumbers, excavators, bricklayers, slaters, tilers, plasterers, painters and decorators, workers in cement, glaziers, steeplejacks, chimney repairers, property repairers, electrical, sanitary, mechanical and civil engineers, timber merchants, timber sawyers, timber seasoners, firewood merchants, joiners, packing case manufacturers, furniture makers, carpenters, ironmongers, hardware dealers, builders' merchants, locksmiths, iron founders, workers in metal of all kinds, road and bridge builders and repairers, quarry owners, masons, mortar makers, manufacturers of bricks, tiles, artificial stones, pipes, pottery and earthenware, furnace builders and repairers, lime burners and manufacturers and any other business or businesses of a similar nature

or analogous to the same which may be carried on by the Company conveniently in connection therewith.

- (w) To carry on the business of garage proprietors, general merchants, and traders in sports goods, tractors, agricultural implements and machinery, motor cars and vehicles, livestock wagons and carts and/or any other type or kind of merchandise whatsoever.
- (x) To carry on the business of auctioneers, land and estate agents, insurance, clearing and forwarding agents, common carriers by land, sea, water or air, financial, commercial mercantile, industrial, manufacturing, mining, building, brewing, distilling or other businesses, works, contracts and undertakings and financial operations of all kinds.
- (y) To carry out all matters in connection with conducting the business of teashop, restaurant, dining rooms, bar entertainment, including banquets and dances and to carry out all matters in connection with the business of caterers both wholesale and retail.
- (z) To carry on the business of importers and exporters of meat, fish, vegetables, live cattle and sheep, and to buy and sell by wholesale or retail in the Territory of Tanganyika or elsewhere all kinds of meat, fish and vegetables and generally to carry on the trade or business of meat, fish and vegetable salesmen in all its branches.
- (aa) To carry on the business of tobacconists, cigars, cigarette and snuff manufacturers and merchants and buyers, sellers, manufacturers, importers, exporters and dealers of or in tobacco, cigars, cigarettes, snuff, pipes, matches, fuses, lights, walking sticks, umbrellas, tins, canisters, cardboard and other boxes, hair and other brushes, combs, razors, scissors, soap, sponges and other toilet requisites, newspapers, periodicals, magazines, playing cards and fancy goods and articles of every description.
- (bb) To buy, sell, manufacture, repair, alter and exchange, let on hire, export and deal in all kinds of articles and things which may be required for the purposes of any of the said business or commonly supplied or dealt in by persons engaged in any such business or which may seem capable of being profitably dealt with in connection with any of the said businesses.
- (cc) To carry on in territories or elsewhere, business as dealers in, planters, growers and producers of wheat, maize, barley and other grain, flax,

sisal, cotton, coffee, tobacco, tea, sugar, citrus, fruits, wattle and other plants, trees, fruits, crops and natural products of any kind or otherwise, cultivators, cattle, horse, sheep or pig breeders, dairy, ostrich or poultry farmers, millers, graziers, market gardeners, seed growers, meat and fruit preservers, brevers, carriers, store-keepers, builders, contractors, merchants, importers and exporters, sawmill proprietors, timber merchants and dealers and to cultivate and develop any land of the Company, and to treat, cure, submit to any process or manufacture and prepare for market (whether on account of the Company or others) any produce or products articles or things whatsoever: to manufacture, manipulate, buy, sell, import or export, warehouse, transport by land, water or air and deal in corn, flour, maize and any such produce or products as aforesaid and any other goods, produce, wares, merchandise, articles and things of any kind whatsoever.

- (dd) To grow and cultivate any and every sort of crop or produce of the soil and to carry on the business of buyers of every kind of vegetable or mercantile produce, and to prepare, manufacture or render marketable any such produce and for such purpose to erect and work all such mills, machinery, dams, irrigation trenches, flumes and other contrivances which may be deemed necessary and to sell, dispose of and deal in any such produce either in its prepared or manufactured or raw state and either by whole or retail.
- (ee) To secure, take over, promote, establish and carry on all or any of the businesses of millers, crushers and grinders of all kinds of grain, corns and seeds and manufacturers of all kinds of grain, flour and oil extraction by crushing grinding or milling by all kinds of processes and also of manufacturers of all kinds of oil, soap, food for consumption by human beings and cattle and food and fattening preparations of every description and also of meal manufacturers, grain and seed merchants, oil merchants, cake and corn merchants, millers, flour merchants, bakers, biscuit makers and other businesses of manufacturing processes which could conveniently be carried on in conjunction therewith.
- (ff) To buy, sell, gin, treat, cure, submit to any process of manufacture and prepare for market, warehouse, transport by land or water, import and export and trade and deal in cotton whether prepared, manufactured or in its raw state and whether on account of the Company or others and for the purposes to acquire, buy, or lease any ginneries, factories, mills, warehouses and buildings or any other cotton business which may seem to the Company capable of being conveniently carried on in connection

with the above or calculated to enhance the value of or render profitable any of the Company's properties.

- (gg) To guarantee the payment of money unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, debenture stock, contracts, mortgages, charges, obligations, instruments and securities of any company or of any authority, supreme, municipal, local or otherwise, or of any persons whomsoever, whether incorporated or not incorporated, and generally to guarantee or become securities for the performance of any contracts or obligations.
- (hh) To carry on any of the business of ginning, pressing, packing, or cleaning cotton, wool, hemp, of separating cotton from seed, crushing seeds, manufacturing oil, of making and manufacturing articles of every description.
- (ii) To apply for, purchase or otherwise acquire, any patents, brevets d'invention, licences, concessions and the like conferring any exclusive or nonexclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, grant licences in respect of or otherwise turn to account or profit the property, rights or information so acquired.
- (jj) To purchase, take on lease or in exchange or otherwise acquire and hold any lands or buildings wherever situate or rights or interests therein or connected therewith and to manage, let the same or any part thereof for any period and at such rent and on such conditions as the Company shall think fit or to develop the same or any part thereof as a building, estate and to construct and erect houses, flats, factories, warehouses and buildings of any kind thereon; to lay out roads and pleasure gardens and recreation grounds, to pull down, alter or improve buildings, to plant, drain or otherwise improve the land or any part thereof.
- (kk) To manage land, buildings and other property, whether belonging to the Company or not, and to collect rents and income and to supply to tenants and occupiers and others refreshments, attendances, messengers, light, waiting rooms, reading rooms, meeting rooms, lavatories, laundry conveniences, electric conveniences, garages and other advantages.

- (ll) To acquire and take over any business or undertaking carried on upon or in connection with any land or building which the Company may desire to acquire as aforesaid or become interested in, and the whole or any of the assets and liabilities of such business or undertaking, and to carry on the same, or to dispose of, remove or put an end thereto, or otherwise deal with the same as may seem expedient.
- (mm) To establish and carry on and to promote the establishment and carry on upon any property in which the Company is interested of any business which may be conveniently carried on upon or in connection with such property, and the establishment of which may seem calculated to enhance the value of the Company's interest in such property, or to facilitate the disposal thereof.
- (nn) To carry on business as proprietors of flats and to let on lease or otherwise apartments therein and in particular to provide clean, comfortable and inexpensive sleeping accommodation for workmen and others, and in connection therewith to afford such persons facilities and conveniences for washing, bathing, cooking, reading, writing and finding employment, and for the purchase, sale and consumption of provisions, both liquid and solid, and for the safe custody of goods.
- (oo) To establish and maintain for the benefit of the Company's tenants and their dependents and others, welfare centres, clinics and other similar institutions and facilities.
- (pp) To carry on business as an investment trust company in all its branches, and in particular to purchase or otherwise acquire, hold and deal in any shares, debentures, stocks, bonds, scrip or other securities not involving unlimited liability issued by any company or association, or any supreme, municipal, local or other authority.
- (qq) To arrange some or all of the investments of the Company in convenient or selected units or groups and to sell or otherwise turn to account any interest or interests in any of such units or groups upon such terms and conditions as shall be thought fit, and to issue selective fixed trust certificates or other certificates or documents of titles in respect thereof, and for the purpose aforesaid or for any other purpose thought desirable by the Company to enter into, execute and carry into effect any trust deed or trust deeds, either revocable or irrevocable, and to arrange and do all acts, deeds and things necessary for or convenient for rendering any certificates or other documents of title issued by the Company

marketable on any Stock Exchange and obtaining official quotations therefor.

- (rr) To carry on all kinds of agency business and to take part in the management, supervision or control of the business or operation of any company or undertaking and for that purpose to appoint and remunerate any directors accountants or other experts or agents and to act as financial or expert advisers to any company, undertaking, person or persons, and to employ experts to investigate and examine into the position, prospects, value and circumstances of any business, concern and undertaking, and generally of any assets, property or rights.
- (ss) To carry on, develop, extend and turn to account any other trade or business or financial or commercial enterprise whatsoever which can, in the opinion of the Company, be advantageously or conveniently carried on by the Company by way of extension of or in connection with any of its business, or is calculated directly or indirectly to develop any branch of the Company's business or to increase the value of or turn to account any of the Company's assets property or rights.
- (tt) To advance money to any person or persons or corporation, either at interest or without, upon security of freehold or leasehold property by way of mortgage, or upon marketable security and in particular to advance money to shareholders in the company and others, upon the security of or for the purpose of enabling the person borrowing to erect, or purchase or enlarge or repair any house or building or to purchase the fee simple or any less estate or interest in, or to take a demise for any term or terms of years of any freehold or leasehold property.
- (uu) To purchase and sell for any persons freehold or other house property, buildings or lands or any share or shares interest or interests therein and to transact on commission or otherwise the general business of a land agent.
- (vv) To negotiate loans of every description.
- (ww) To purchase, advance money upon, and otherwise deal with reversionary, contingent and other interest in real and personal property.
- (xx) To purchase, subscribe for acquire hold and deal in shares, stocks, debentures, land, securities and obligations generally of any government, company, corporation or body: to promote, finance or otherwise assist

any company or companies as may be thought fit, and to negotiate for and carry into effect any amalgamation or any scheme for the reorganisation of any trade, industry or business.

- (yy) To carry on business as a banker, financier, capitalist, concessionaire, commercial agent, mortgage broker, financial agent, and adviser, exporter and importer of goods and merchandise of all kinds of a merchant generally.
- (zz) To acquire and undertake the whole or any part of the business property and liabilities of any person or company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purposes of the Company.
- (aaa) To enter into partnership or into any arrangement for sharing profits, union of interests, cooperation, joint adventure, reciprocal concession or otherwise, with any person or company carrying on or engaged in, or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engage in, or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to lend money to, guarantee the contracts of, or otherwise acquire shares and securities of any such company and to sell, hold re-issue with or without guarantee, or otherwise deal with the same.
- (bbb) To take or otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
- (ccc) To enter into any arrangement with any governments or authorities, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them, and to obtain from any such government or authority any rights, privileges and concessions which the Company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (ddd) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Company or the dependants or connections of such persons and to grant pensions and allowances and to make payments towards insurance and to subscribe or guarantee

money for charitable or benevolent objects or for any exhibition or for any public general or useful object.

- (eee) To promote any company or companies for the purchase of acquiring all or any of the property, rights and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
- (fff) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined.
- (ggg) To lend money to such persons or companies and on such terms as may seem expedient and in particular to customers and others having dealings with the Company and to guarantee the performance of contract by any such persons or companies.
- (hhh) To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures, debenture stock, perpetual or otherwise, charged upon all or any of the Company's property (both present and future) including its uncalled capital and to purchase, redeem or pay off any such securities.
- (iii) To amalgamate with any other company having objects altogether or in part similar to those of the Company.
- (jjj) To remunerate any persons or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital of any debentures, debenture stock or other securities of the Company, or in or about the formation or promotion of the Company or the conduct of its business.
- (kkk) To draw, make, accept, endorse, discount execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (III) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of this Company.
- (mmm) To obtain any provisional order, Ordinance, or Act of Parliament for enabling the Company to carry any of its objects into effect, or for

effecting any modification of the Company's constitution, or for any other purpose which may seem expedient and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

- (nnn) To acquire the goodwill of any business within the objects of the Company and any lands, buildings, privileges, rights, contracts, property or effects held or used in connection therewith and upon any such purchase to undertake the liabilities of any company.
- (ooo) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with any of the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights for the time being.
- (ppp) To sell, improve, manage, develop, exchange, lease, mortgage, dispose of, turn to account or otherwise to deal with all or any part of the property and rights of the Company.
- (qqq) To procure the Company to be registered, incorporated or otherwise constituted, if necessary or advisable according to the law of the United Kingdom or any Colony or Dependency thereof or any foreign country.
- (rrr) To distribute any of the property of this Company among the members in specie.
- (sss) To do all or any of the above things in any part of the world and as principals, trustees, agents, contractors or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others.
- (ttt) To do all such other things as are incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that the objects of the Company as specified in each of the foregoing paragraphs of this Clause (except only if and so far as otherwise expressly provided in any paragraph) shall be separate and distinct objects of the Company, and shall not be in anywise limited by reference to any other paragraph or the order in which the same occur or the name of the Company.

4. The liability of the Members is limited.

5. The Share Capital of the Company is Shillings 2,000/- divided into 100 shares of shs.20/- each.

The Share Capital of the Company has been increased by a series of Resolutions, and also by an Act of Parliament on 19th June, 1973 to shs.100,000,000/-divided into 4,749,998 Ordinary shares of shs.20/- each and 250,002 Redeemable Cumulative Preference shares of shs.20/- each.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names.

Names, Addresses and Descriptions of Subscribers	Number of Shares taken by each Subscriber	Signatures of Subscribers
Ratilal Premchand Chandaria P.O. Box 2070 Dar es Salaam Company Director	ONE	R.P. Chandaria
Devchand Premchand Chandaria P.O. Box 2070 Dar es Salaam Company Director	ONE	D.P. Chandaria

Dated the 3rd day of October 1960

WITNESS to the above Signatures:

H.C. Walker
Advocate
P.O. Box 176
Dar es Salaam

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

[As amended up to the 16th day of May, 1997]

OF

ALUMINIUM AFRICA LIMITED

(Incorporated the Seventh day of October, 1960)

Atkinsons, Walker & Company
Advocates
Dar es Salaam

Printed to include amendments up to 16th May ,1997

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION
(adopting new Articles of Association)

OF

ALUMINIUM AFRICA LIMITED

Passed the 19th day of December, 1968

At an Extraordinary General Meeting of the Members of Aluminium Africa Limited, held at the I.P.S. Building, Kimathi Street, Nairobi, Kenya on Thursday, the 19th day of December, 1968, the following Special Resolution was passed:-

"ARTICLES OF ASSOCIATION

THAT the new regulations contained in the printed document submitted to the meeting, and for the purpose of identification subscribed by the Chairman thereof, be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof."

Sir Ernest Vassey,
Chairman of the Meeting.

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

OF

ALUMINIUM AFRICA LIMITED

Passed the 16th day of June, 1971

At an Extraordinary General Meeting of the Members of Aluminium Africa Limited, held at Bruce House, Nairobi, Kenya on Wednesday, the 16th day of June 1971, the following Special Resolution was duly passed:-

"**THAT** the Articles of Association of the Company be altered in manner following that is to say:

- (1) By the deletion of the fullstop at the end of Article 79 and the addition thereto of the words

'one of whom shall be appointed by East African Development Bank.'

- (2) By the deletion of Article 80 and the substitution therefor of the following new Article:

'80. (a) Any Director other than the Director appointed by East African Development Bank may appoint another Director or any person who is approved by the Board to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. The appointment of any such alternate may be revoked at any time by the Director appointing him.

(b) The East African Development Bank shall be entitled to appoint any person as an alternate to the Director appointed by it and also to remove any alternate Director appointed by it and to appoint another in place of the person so removed.

(c) Any appointment or revocation under this Article shall be evidenced in writing.

(d) An alternate shall be entitled to receive notice of meetings of the Directors and to attend and vote thereat as a Director when the Director to whom he is an alternate is not personally present and, where he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote.

(e) An alternate Director shall not in respect of his appointment as such be entitled to receive any remuneration from the Company but he shall be entitled to be paid expenses as provided in Article 84.'

(3) By the deletion of Article 82 and the substitution therefor of the following new Article:

'82. (a) Every Director other than the Director appointed by East African Development Bank shall remain in office until removed by a Special Resolution of the Company or until his office is vacated under Article 88.

(b) The Director appointed by East African Development Bank shall be removed if the East African Development Bank gives notice in writing to the Company that he has been removed from office or otherwise ceased to be a Director and that a new Director has been appointed in his place. In the event that a Director appointed as aforesaid resigns by notice in writing sent either to East African Development Bank or to the Company his office shall not be vacated until the Company receives from East African Development Bank notice in writing that he has resigned and that a new Director has been appointed to fill the vacancy thereby created.'

Chairman of the Meeting.

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

ALUMINIUM AFRICA LIMITED

The Acquisition of Shares (Aluminium Africa Company Limited) Act, 1973
An Act to Acquire Shares in the Aluminium Africa Limited [19th June, 1973]

On 19th June, 1973 60% of the paid up shares of the Company were acquired by the Government of the United Republic of Tanzania in accordance with the provisions of The Acquisition of Shares (Aluminium Africa Limited) Act No.12 of 1973, and the Articles of Association of the Company were accordingly amended.

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

OF

ALUMINIUM AFRICA LIMITED

Passed the 16th day of May, 1997

At an Extraordinary General Meeting of the Members of the above Company, held at the NDC House, Dar es Salaam, on Friday 16th day of May 1997, the following resolution was passed as a Special Resolution:-

"AMENDMENT OF THE ARTICLES OF ASSOCIATION

RESOLVED that the Articles of Association of the Company be altered in manner following:-

1. **Article 2:-**

- (i) By adding in Article 2 immediately after the words 'the Board' in the column headed "Words" the abbreviation 'CLOVIS' and against the abbreviation 'CLOVIS' in the column headed "Meanings" the words 'Clovis Company Limited'.
- (ii) By adding in Article 2 immediately after the abbreviation "CLOVIS" in the column headed "Words" the abbreviation 'EFDC' and against the abbreviation 'EFDC' in the column headed "Meanings" the words 'English Finance and Development Company Limited'.
- (iii) By adding in Article 2 immediately after the abbreviation 'EFDC' in the column headed "Words" the word 'Affiliate' and against the word 'Affiliate' in the column headed "Meanings" the words 'in respect of EFDC and CLOVIS, any enterprise or other entity which is directly or indirectly controlled by the parent company of EFDC and CLOVIS'.

- (iv) By adding in Article 2 immediately after the word 'Affiliate' in the column headed "Words" the words 'Investment Plan' and against the words 'Investment Plan' in the column headed "Meanings" the words 'The Investment Plan described in Appendix 1 to the Sale of Shares and Shareholders' Agreement'.
- (v) By adding in Article 2 immediately after the words 'Investment Plan' in the column headed "Words" the words 'The Agreement' and against the words 'The Agreement' in the column headed "Meanings" the words 'The Sale of Shares and Shareholders' Agreement made on the 25th day of March 1997 between the Government of the United Republic of Tanzania and National Development Corporation on the first part and CLOVIS and EFDC on the second part and Aluminium Africa Limited on the third part as originally executed, the Appendices thereto, which are an integral part of the Agreement and any amendments to the Agreement or to the Appendices subsequently agreed upon from time to time in writing by the parties to the Agreement.

2. Article 12:-

By adding immediately after the figure '12.' the letter (a) and by adding immediately after the words "the Ordinance" in Article 12 the following:

- (b) All shares authorised to be issued shall be offered to the members in proportion to the existing shares held by them and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time not exceeding thirty (30) days within which the offer if not accepted will be deemed to be declined, and after the expiration of such time, or on the receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered, the Directors may within the following period of three (3) months allot or otherwise dispose of the same to such persons and upon such terms as they think fit, in particular to Tanzanian nationals or financial institutions or to other members of the Company, **PROVIDED THAT** the price at which the shares or securities may be allotted and issued shall not be less than the subscription price offered to the members and the terms of payment for such shares or equity securities shall not be more favourable than the terms offered to the members.
- (c) If the shares issued shall not be capable without division into fractions of being offered to or being divided among the members in the proportion abovementioned the same shall be offered to or divided among the members as nearly as may be in such proportion and any balance shall be

- (c) The Secretary of the Company shall give each Director a written notice of at least fourteen (14) days prior to the date of a Board meeting provided that an extraordinary meeting of the Board of Directors may be convened at not less than seven (7) days' notice by the Chairman or on a proposal by two Directors or by any shareholder of the Company representing at least 20% of the issued share capital of the Company.

The notice shall specify the date, hour and place of such meeting as well as the nature of business to be transacted at the meeting.

6.5 **Article 104:-**

The quorum necessary for the transaction of the business of the Board shall be three Directors present either personally or by alternate, provided that one person, whether a Director or not, although a duly appointed alternate for any number of Directors, shall not constitute a quorum and provided further that such quorum shall include at least one Director nominated by CLOVIS and EFDC and one Director nominated by the Government of the United Republic of Tanzania or its Nominee so long as the respective members hold not less than 25% of the issued ordinary shares in the capital of the Company.

6.6 **Article 106:-**

The Chairman of the Board of Directors shall be appointed by CLOVIS and EFDC and shall serve for a term of three (3) years renewable unless he resigns or is removed from office by CLOVIS and EFDC. The Board may elect a Deputy Chairman of its meetings and determine the period for which he shall hold office.

If no such chairman or deputy chairman has been elected, or if, at any meeting, neither the chairman nor the deputy chairman is present within thirty (30) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting."

Z.A.H. Kyesi,
Chairman of the Meeting.

offered to or divided among the members in such manner as may be reasonably determined by the Board.'

3. **Article 47:-**

By substituting in Article 47 for the word 'ordinary' the word 'special'.

4. **Article 50:-**

By substituting in Article 50 for the word 'ordinary' the word 'special'.

5. **Article 88:-**

By adding in Article 88 immediately before the words 'A Director shall' the words 'Notwithstanding the provisions of Articles 79 and 82 hereof'.

6. By deleting Articles 29, 79, 82(a), 103, 104 and 106 and inserting and adopting in substitution therefore the following new Articles, namely:-

6.1 **Article 29:-**

- (a) A share may be transferred by a member or other person entitled to transfer to any member selected by the transferor; but save as aforesaid:
- (i) No share shall be transferred to a person who is not a member or an affiliate so long as any member or any person selected by the Directors as one whom it is desirable in the interests of the Company to admit to membership is willing to purchase the same at the fair value.
 - (ii) Except where the transfer is made pursuant to Article 12 (a) hereof, the person proposing to transfer any share (hereinafter called the "proposing transferor") shall give notice in writing (hereinafter called a "transfer notice") to the Company that he desires to transfer the same.
 - (iii) Such notice shall specify the sum he fixes as the fair value, and shall constitute the Company his agent for the sale of the share to any member of the Company, or person selected as aforesaid, willing to purchase the share (hereinafter called the "purchasing member") at the price so fixed, or, at the option of the purchasing member, at the fair value to be fixed by the auditor. A transfer

notice may include several shares, and in such case shall operate as if it were a separate notice in respect of each. A transfer notice shall not be revocable except with the sanction of the Directors.

- (iv) If a member who is offered shares in accordance with Article 12 (a) hereof fails to accept the offer within sixty (60) days from the date it is received then the proposing transferor may within the following period of sixty (60) days transfer the shares to a third party at a price and on terms no more favourable to such third party than those offered to the member.
 - (v) If the Company shall, within the space of sixty (60) days after being served with a transfer notice, find a purchasing member and shall give notice thereof to the proposing transferor, he shall be bound, upon payment of the fair value to transfer the share to the purchasing member.
 - (vi) no share shall be pledged or otherwise put up as security by a member or any other person entitled to do so under these Articles.
- (b) Provided that the members shall have the right at any time to transfer all or part of their shares in the Company to eligible persons through a wide share distribution scheme which may be through a state owned company, a financial institution, a unit trust fund, a privatisation trust fund, a public offer, the Tanzanian stock exchange or another similar method.

6.2 **Article 79:-**

- (a) The number of Directors shall be not less than eight and, unless and until otherwise determined by the Company in General Meeting, shall not exceed 10 (ten) one of whom shall be appointed by East African Development Bank so long as the Company is indebted to East African Development Bank under a loan agreement the terms and conditions whereof entitle East African Development Bank to a seat on the Board of the Company.
- (b) CLOVIS and EFDC shall, so long as they hold shares of the Company, be entitled to jointly/together appoint any five persons as Directors of the Company. CLOVIS and EFDC may at any time remove from office the Director appointed by them and appoint another person in the place of any person so appointed, who ceases for whatever reason to be a Director. Every such appointment or removal shall be in writing signed

by or on behalf of CLOVIS and EFDC and shall take effect on lodgement at the Office.

- (c) The Government of the United Republic of Tanzania or its Nominee shall, so long as it holds shares of the Company, be entitled to appoint any three persons as Directors of the Company. The Government of the United Republic of Tanzania or its Nominee may at any time remove from office the Director appointed by it and appoint another person in the place of any person so appointed, who ceases for whatever reason to be a Director. Every such appointment or removal shall be in writing signed by or on behalf of the Government of the United Republic of Tanzania or its Nominee and shall take effect on lodgement at the Office.
- (d) The right to appoint a Director(s) under Article 79 (b) and (c) hereof shall be personal to CLOVIS and EFDC and the Government of the United Republic of Tanzania or its Nominee and will not be assignable either on transfer of shares or otherwise.

6.3 **Article 82:-**

- (a) Every Director other than the Director appointed by the Government of the United Republic of Tanzania or East African Development Bank or CLOVIS and EFDC shall remain in office until removed by a Special Resolution of the Company.

6.4 **Article 103:-**

- (a) The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote.

PROVIDED THAT unless the Directors of the Company vote unanimously for the resolution, no resolution shall be passed by the Board for:-

- (i) any borrowing out of the ordinary course of business which exceeds half of the total net book value of the Company's fixed assets as per the most recent audited financial statements of the Company and create any lien or mortgage on the assets of the Company relating to such borrowing with the exception of the borrowing required to finance the Investment Plan approved by the Board;

- (ii) the disposal of any fixed assets of the Company out of the ordinary course of business whose written down value comprises more than ten percent (10%) of the total net book value of the Company's fixed assets as per the most recent audited financial statements of the Company;
 - (iii) the use of the Company's funds for any capital expenditure which, individually, exceeds a quarter of the shareholders' equity as per the most recent audited financial statements of the Company with the exception of the purchases contained in the Investment Plan;
 - (iv) the entering by the Company into contracts of a value exceeding US\$ two hundred thousand (US\$ 200,000) outside its ordinary course of business with the exception of those contained in the Investment Plan;
 - (v) the entering by the Company into any contract or transaction with CLOVIS and/or EFDC or Affiliate of the said CLOVIS and/or EFDC;
 - (vi) the entering by the Company into any other contract of a material nature outside the normal course of business;
 - (vii) the granting to any person of any loans other than in the ordinary course of business;
 - (viii) the issue of any guarantee or indemnity or provision of credit other than in the ordinary course of business;
 - (ix) the adoption of procurement procedures and any amendments thereof for goods and services;
 - (x) doing or permitting to be done any act or thing whereby the Company may be wound up (whether voluntarily or compulsorily); except in accordance with the Agreement; and
 - (xi) any abandonment or other significant change of the Company's main activities or any discontinuance of, or disinvestment from existing lines of business, which in either case constitutes a material part of the Company's business.
- (b) The Board of Directors of the Company shall convene a minimum of four (4) meetings every calendar year.

THE COMPANIES ORDINANCE
(Chapter 212)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

ALUMINIUM AFRICA LIMITED

(Adopted by Special Resolution of 19th December, 1968)

TANZANIA
Stamp Duty Shs: 200/-
Paid 5/6/68
Receipt No: 200392
of Mny Galle
Asst: Registrar of Companies

PRELIMINARY

- The regulations contained in Table A in the First Schedule to the Companies Ordinance (Cap. 212) shall not apply to the Company.
- In these Articles, if not inconsistent with the subject or context:-

The words standing in the first column of the following Table shall bear the meanings set opposite to them respectively in the second column thereof.

Words	Meanings
The Ordinance:	The Companies Ordinance (Cap. 212) as from time to time amended or re-enacted.
These Articles:	These Articles of Association as now framed or as from time to time altered by Special Resolution.
The Company:	The above named Company.
The Office:	The Registered Office for the time being of the Company.
The Register:	The Register of Members of the Company.
The Seal:	The Common Seal of the Company.

I HEREBY CERTIFY THAT THIS IS
TRUE COPY OF THE ORIGINAL
Asst. Registrar of Companies
Date 19/12/68

Tanzania:	The United Republic of Tanzania.
East Africa:	The United Republic of Tanzania, The Republic of Kenya and the Republic of Uganda.
The Board:	The Board of Directors of the Company or the Directors, being a quorum, present at a duly convened meeting of Directors.
CLOVIS:	Clovis Company Limited.
EFDC:	English Finance and Development Company Limited.
Affiliate:	in respect of EFDC and CLOVIS, any enterprise or other entity which is directly or indirectly controlled by the parent company of EFDC and CLOVIS.
Investment Plan:	The Investment Plan described in Appendix 1 to the Sale of Shares and Shareholders' Agreement.
The Agreement:	The Sale of Shares and Shareholders' Agreement made on the 25th day of March 1997 between the Government of the United Republic of Tanzania and National Development Corporation on the first part and CLOVIS and EFDC on the second part and Aluminium Africa Limited on the third part as originally executed, the Appendices thereto, which are an integral part of the Agreement and any amendments to the Agreement or to the Appendices subsequently agreed upon from time to time in writing by the parties to the Agreement.
In writing:	Written or produced by any substitute for writing or partly written and partly so produced.
Paid up:	Paid up or credited as paid up.

Words importing the singular number only shall include the plural number and vice versa.

Words importing the masculine gender only shall include the feminine gender.

Words importing persons shall include corporations.

The expressions "debenture" and "debenture holder" shall include debenture stock and debenture stockholder.

The expression "the Secretary" shall include a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary.

The expression "dividend" shall include bonus.

Reference to any provision of the Ordinance shall be construed as a reference to such provision as modified by any Ordinance for the time being in force.

3. Subject to the last preceding Article, any words or expressions defined in the Ordinance shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

4. The Company is a private company and accordingly:-

- (a) the right to transfer shares is restricted in manner hereinafter prescribed;
- (b) the number of members of the Company (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment of the Company were while in such employment and have continued after the determination of such employment to be members of the Company) is limited to fifty: Provided that where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this regulation be treated as a single member;
- (c) any invitation to the public to subscribe for any shares or debentures of the Company is prohibited;
- (d) the Company shall not have power to issue share warrants to bearer.

BUSINESS

5. Any branch or kind of business which the Company is either expressly or by implication authorised to undertake may be undertaken by the Board at such time or times as it shall think fit and, further, may be suffered by it to be in abeyance, whether such branch or kind of business may have been actually commenced or not.

6. The Office shall be in such place in Tanganyika as the Board shall from time to time appoint.

7. No part of the funds of the Company shall be employed in the subscription or purchase of or in loans upon the security of the Company's shares or those of its holding company (if any) and the Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security, or otherwise, any financial assistance for the purpose of or in connection with any purchase or subscription by any person of shares in the Company or in its holding company (if any) or make, or guarantee, or provide any security in connection with, a loan to any Director of the Company or its holding company (if any). Provided that nothing in this Article shall prohibit transactions mentioned in the proviso to Section 46(1) of the Ordinance.

SHARE CAPITAL

8. The share capital of the Company, as at the date of the adoption of these Articles as the Articles of Association of the Company is Shillings Twenty million (Shs.20,000,000/-) divided into Two hundred thousand and four (200,004) 7% Redeemable Cumulative Preference Shares of Shillings Twenty (Shs.20/-) each, Seven hundred and forty-nine thousand, nine hundred and ninety-eight (749,998) Ordinary Shares of Shillings Twenty (Shs.20/-) each and Forty-nine thousand, nine hundred and ninety-eight (49,998) Shares of Shillings Twenty (Shs.20/-) each.

Without prejudice to any special rights previously conferred on holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time in General Meeting determine.

9. Subject to the provisions of Section 47 of the Ordinance any preference shares may, with the sanction of a special resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company may by special resolution determine.

MODIFICATION OF RIGHTS

10. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to General Meetings of the Company shall, mutatis mutandis, apply but so that the necessary quorums shall be two persons at least holding or representing by proxy

not less than one-tenth of the issued shares of the class and that any holder of shares of the class present in person or by proxy may, demand a poll.

11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided by the conditions of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (a) Subject to the provisions of these Articles, the unissued shares of the Company shall be at the disposal of the Board, which may allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may determine, but so that no shares shall be issued at a discount except in accordance with Section 48 of the Ordinance.

(b) All shares authorised to be issued shall be offered to the members in proportion to the existing shares held by them and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time not exceeding thirty (30) days within which the offer if not accepted will be deemed to be declined, and after the expiration of such time, or on the receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered, the Directors may within the following period of three (3) months allot or otherwise dispose of the same to such persons and upon such terms as they think fit, in particular to Tanzanian nationals or financial institutions or to other members of the Company, **PROVIDED THAT** the price at which the shares or securities may be allotted and issued shall not be less than the subscription price offered to the members and the terms of payment for such shares or equity securities shall not be more favourable than the terms offered to the members.

(c) If the shares issued shall not be capable without division into fractions of being offered to or being divided among the members in the proportion abovementioned the same shall be offered to or divided among the members as nearly as may be in such proportion and any balance shall be offered to or divided among the members in such manner as may be reasonably determined by the Board.

13. The Company may exercise the powers of paying commissions conferred by Section 44 of the Ordinance, provided that the rate or amount of the commission paid or agreed to be paid and the number of shares which persons have agreed for a commission to subscribe absolutely shall be disclosed in the manner required by the said section, and that such commission shall not exceed ten per cent of the price at which the shares in respect whereof the same is paid are issued. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly

in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

14. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in Section 55 of the Ordinance, pay interest on so much of such share capital as is for the time being paid up and may charge the same to capital as part of the cost of construction of the works or buildings or the provisions of plant.

15. Except as ordered by a Court of competent jurisdiction or as by law required, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled, in any way, to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

16. Every person whose name is entered as a Member in the Register shall be entitled, without payment, to receive within three months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate under the Seal for all his shares of any one class or, upon payment of such sum, not exceeding Shillings Two Cents Fifty for every certificate after the first, as the Board shall from time to time determine, several certificates each for one or more of his shares of such class. In the case of a share held jointly by several persons, delivery of a certificate to one of the several joint holders shall be sufficient delivery to all.

17. If a share certificate is defaced, lost or destroyed it may be replaced on payment of such fee, if any, not exceeding Shillings Two Cents Fifty and, in the case of loss, on such terms, if any, as to evidence and indemnity and payment of out-of-pocket expenses of the Company of investigating such evidence, as the Board may think fit, and, in case of defacement, on delivery of the old certificate to the Company.

LIEN

18. The Company shall have a first and paramount lien and charge on all shares (whether fully paid or not) standing registered in the name of a single Member, for all debts and liabilities of such Member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such Member and whether the time for the payment or discharge of the same shall have actually arrived or not and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person

whether a Member of the Company or not. The Company's lien on a share shall extend to all dividends payable thereon but the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

19. The Company may sell, in such manner as the Board may think fit, any shares on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable.

20. The net proceeds of sale, after payment of the costs of such sale, shall be applied in or towards the payment or satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the share at the time of the sale. For giving effect to any such sale the Board may authorise some person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

CALLS ON SHARES

21. The Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not, by the conditions of allotment thereof, made payable at fixed times, provided that no call shall be payable at less than thirty days from the date fixed for payment of the previous call, and each Member shall (subject to the Company giving to him at least twenty-one days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.

22. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

24. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding Eight per centum per annum, as the Board may determine but the Board shall be at liberty to waive payment of such interest wholly or in part.

25. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

26. The Board may make arrangements, on the issue of shares, for a difference between the holders in the amount of calls to be made and in the times of payments.

27. The Board may, if it thinks fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate, not exceeding (unless the Company in General Meeting shall otherwise direct) Eight per centum per annum, as may be agreed upon between the Board and the Member paying such sum in advance.

TRANSFER OF SHARES

28. The transfer of any share in the Company shall be in writing in the usual common form and shall be signed by the Transferor and Transferee. There shall be paid to the Company, in respect of the registration of any transfer, such fee, not exceeding Shillings Two Cents Fifty, as the Board may determine.

29. (a) A share may be transferred by a Member or other person entitled to transfer to any Member selected by the Transferor; but save as aforesaid:

(i) No share shall be transferred to a person who is not a Member or an affiliate so long as any Member or any person selected by the Directors as one whom it is desirable in the interests of the Company to admit to membership is willing to purchase the same at the fair value.

(ii) Except where the transfer is made pursuant to Article 12 (a) hereof, the person proposing to transfer any share (hereinafter called the "proposing Transferor") shall give notice in writing (hereinafter called a "transfer notice") to the Company that he desires to transfer the same.

(iii) Such notice shall specify the sum he fixes as the fair value, and shall constitute the Company his agent for the sale of the share to

any Member of the Company, or person selected as aforesaid, willing to purchase the share (hereinafter called the "purchasing Member") at the price so fixed, or, at the option of the purchasing Member, at the fair value to be fixed by the auditor. A transfer notice may include several shares, and in such case shall operate as if it were a separate notice in respect of each. A transfer notice shall not be revocable except with the sanction of the Directors.

- (iv) If a Member who is offered shares in accordance with Article 12 (a) hereof fails to accept the offer within sixty (60) days from the date it is received then the proposing Transferor may within the following period of sixty (60) days transfer the shares to a third party at a price and on terms no more favourable to such third party than those offered to the Member.
 - (v) If the Company shall, within the space of sixty (60) days after being served with a transfer notice, find a purchasing Member and shall give notice thereof to the proposing Transferor, he shall be bound, upon payment of the fair value to transfer the share to the purchasing Member.
 - (vi) no share shall be pledged or otherwise put up as security by a Member or any other person entitled to do so under these Articles.
- (b) Provided that the Members shall have the right at any time to transfer all or part of their shares in the Company to eligible persons through a wide share distribution scheme which may be through a state owned company, a financial institution, a unit trust fund, a privatisation trust fund, a public offer, the Tanzanian stock exchange or another similar method.

30. The Company shall be entitled to charge a fee of Shillings Two Cents Fifty on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, or other instrument relating to or affecting the title to any share.

TRANSMISSION OF SHARES

31. In case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole holder, shall be the only persons recognised by the Company as having any title to his shares but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him with other persons.

32. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, either be registered himself as a holder of the share or elect to have some person nominated by him registered as the Transferee thereof.

33. If the person so becoming entitled shall elect to be registered himself he shall deliver or send to the Company a notice in writing signed by him, stating that he so elects. If he shall elect to have his nominee registered he shall testify his election by executing a transfer of such share to his nominee. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member, provided however that, where shares are standing in the name of trustees, executors or administrators of a deceased Member, such shares may be transferred, upon any change of such trustees, executors or administrators, to the new trustees, executors, or administrators of such deceased Member and the Board shall not have power to decline to register such transfer.

34. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notice of or to attend or vote at General Meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Member until he shall have become registered as the holder thereof.

FORFEITURE OF SHARES

35. If a Member fails to pay any call or instalment on a call on the day appointed for payment thereof the Board may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest and expenses which may have accrued.

36. The notice shall name a further day (not being less than seven days from the day of the notice) on or before which and the place where the payment required by the notice is to be made and shall state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references herein to forfeiture shall include surrender.

37. If the requirements of any such notice as aforesaid be not complied with, any share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof, has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture.
38. When any share has been forfeited, notice of the forfeiture shall forthwith be given to the holder of the share or the person entitled to the share by reason of the death or bankruptcy of the holder (as the case may be) but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.
39. A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any person, upon such terms and in such manner as the Board shall think fit and, at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board may think fit.
40. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares with interest thereon at such rate as the Board may determine not exceeding Eight per centum per annum, from the date of forfeiture until payment.
41. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale or disposition thereof and may authorise some person to execute a transfer of the share in favour of the person to whom the same is sold or disposed of and such person shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

STOCK

43. The Company may from time to time, by ordinary resolution, convert any paid up shares into stock and may reconvert any stock into paid up shares of any denomination.

44. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might, previously to conversion, have been transferred or as near thereto as circumstances admit. The Board may, from time to time, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of such minimum but the minimum shall not exceed the nominal amount of the share from which the stock arose.

45. The holders of stock shall, according to the amounts of the stock held by them respectively, have the same rights, privileges and advantages, as regards dividends, voting at General Meetings of the Company and other matters, as if they held the shares from which the stock arose but no such privilege or advantage (except participation in the dividends and in assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage.

46. All such of the provisions of these Articles as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" herein shall include "stock" and "stockholder".

ALTERATION OF CAPITAL

47. The Company may from time to time, by special resolution, increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe.

48. Upon an increase of capital the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution creating the same shall direct, and, if no direction be given, as the Directors shall determine.

49. Unless otherwise provided in the terms of the issue, the new shares shall be subject to all the provisions of these Articles with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise.

50. The Company may, from time to time, by special resolution:-

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
- (b) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of Section 51(1)(d) of the Ordinance and the resolution whereby any share is so sub-divided may determine that one or more of the shares resulting from such sub-division may carry any such preferred, deferred, special or qualified rights over or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares.
- (c) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

51. The Company may, by special resolution, reduce its share capital and any capital redemption reserve fund or any share premium account in any manner permitted by law.

GENERAL MEETINGS

52. The Company shall, in each year, hold a General Meeting as its Annual General Meeting, in addition to any other meetings in that year, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Annual and other General Meetings shall be held at such times and places as the Board shall appoint. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

53. The Board may, whenever it thinks fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or by such requisitionists, as is provided by Section 114 of the Ordinance. If, at any time, there are not within East Africa sufficient Directors (including alternate Directors) capable of acting, to form a quorum, any Director or any two Members of the Company may convene an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board.

NOTICE OF GENERAL MEETINGS

54. Twenty-one days notice at least (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in respect of all General Meetings shall be given to the Members specifying the date, hour and place of such meeting, and, in case of special business, the nature of such business, by notice served as hereinafter provided but, with the consent in writing of all the

Members, a meeting may be called by shorter notice than that specified in this Article or convened in such manner as the Directors may think expedient.

55. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

56. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the declaration and sanctioning of dividends, the consideration of the accounts and balance sheet and any document required by law to be annexed thereto and the reports of the Directors and Auditors, the election of Directors, the appointment of Auditors and other officers and the fixing of the remuneration of the Auditors.

57. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided by these Articles, two Members present in person or by proxy shall be a quorum for all purposes provided that there shall be at least two persons present at every General Meeting and that one Member holding the proxy of another or one person holding the proxies of two Members shall not be deemed to constitute a quorum.

58. If, within half an hour from the time appointed for the meeting, a quorum is not present the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time or place as the Board may determine and the relevant provisions of Article 61 shall apply.

59. The Chairman (if any) of the Board of Directors or, in his absence, the deputy-Chairman (if any) shall preside as chairman at every General Meeting of the Company.

60. If there is no such Chairman or deputy-Chairman or if, at any meeting, neither the Chairman nor the deputy-Chairman is present within fifteen minutes after the time appointed for holding the meeting or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act or, if one Director only is present he shall preside as chairman if he is willing to act. If no Director is present or if all the Directors present decline to take the chair, the Members present shall choose one of their number to be chairman of the meeting.

61. The chairman of any meeting at which a quorum is present may, with the consent of the meeting, and shall, if so directed by the meeting, adjourn the meeting

from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

62. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by the chairman of the meeting or by any Member present in person or by proxy or attorney and entitled to vote. Unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

63. If any vote shall be counted which ought not to have been counted or might have been rejected the error shall not vitiate the resolution unless it is pointed out at the same meeting and not, in that case, unless it shall, in the opinion of the chairman of the meeting, be of sufficient magnitude to vitiate the resolution.

64. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

65. In the case of an equality of votes at a General Meeting, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.

66. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place and in such manner as the chairman of the meeting directs.

67. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded, and such demand may be withdrawn at any time before the next business is proceeded with.

VOTES FOR MEMBERS

68. Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member who (being an individual) is present in person or (being a corporation) is present by a representative,

duly authorised pursuant to these Articles, shall have one vote and on a poll every Member shall have one vote for every share of which he is the holder.

69. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register.

70. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction for the protection of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his committee, curator bonis or other legal guardian appointed by that Court.

71. No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

72. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

73. On a poll votes may be given either personally or by proxy.

74. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney so authorised. A proxy need not be a Member of the Company.

75. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Office (or at such other place in Tanzania as may be specified in the notice convening the meeting) not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than forty-eight hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

ALUMINIUM AFRICA LIMITED

(a) I/We, _____ of _____ being (a) Member(s) of the above-named Company, hereby appoint, _____, of _____, or failing him, _____, of _____ as my/our proxy to vote for me/us and on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on _____ day, the day of _____, 19____, and at every adjournment thereof.

(b) I/We direct the Proxy to vote for/against the Resolution(s).

DATED this _____ day of _____, 19____.

Signature

(a) **Fill in your name(s) and address(es) in BLOCK CAPITALS.**

(b) **Strike out "for" or "against" as appropriate. If neither "for" nor "against" is struck out, you will be deemed to have authorised the Proxy to vote as he thinks fit.**

76. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

77. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, or the transfer of the share in respect of which the instrument of proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

78. Where a company, registered under the Ordinance or otherwise incorporated, is a Member of the Company a person duly appointed by resolution of the board of the member company to represent such company at a meeting of the Company in accordance with the provisions of the Ordinance shall not be deemed to be a proxy and the production, at a meeting, of a copy of such resolution certified by one Director, other than the appointee, if he shall himself be a Director of the member company, and the Secretary (if any) of such company to be a true copy of the resolution, shall be accepted by the Company as sufficient evidence of the validity of his appointment.

DIRECTORS

79. (a) The number of Directors shall be not less than eight and, unless and until otherwise determined by the Company in General Meeting, shall not exceed 10 (ten) one of whom shall be appointed by East African Development Bank so long as the Company is indebted to East African Development Bank under a loan agreement the terms and conditions whereof entitle East African Development Bank to a seat on the Board of the Company.

(b) CLOVIS and EFDC shall, so long as they hold shares of the Company, be entitled to jointly/together appoint any five persons as Directors of the Company. CLOVIS and EFDC may at any time remove from office the Director appointed by them and appoint another person in the place of any person so appointed, who ceases for whatever reason to be a Director. Every such appointment or removal shall be in writing signed by or on behalf of CLOVIS and EFDC and shall take effect on lodgement at the Office.

(c) The Government of the United Republic of Tanzania or its Nominee shall, so long as it holds shares of the Company, be entitled to appoint any three persons as Directors of the Company. The Government of the United Republic of Tanzania or its Nominee may at any time remove from office the Director appointed by it and appoint another person in the place of any person so appointed, who ceases for whatever reason to be a Director. Every such appointment or removal shall be in writing signed by or on behalf of the Government of the United Republic of Tanzania or its Nominee and shall take effect on lodgement at the Office.

(d) The right to appoint a Director(s) under Article 79 (b) and (c) hereof shall be personal to CLOVIS and EFDC and the Government of the United Republic of Tanzania or its Nominee and will not be assignable either on transfer of shares or otherwise.

80. (a) Any Director other than the Director appointed by East African Development Bank may appoint another Director or any person who is approved by the Board to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. The appointment of any such alternate may be revoked at any time by the Director appointing him.

(b) The East African Development Bank shall be entitled to appoint any person as an alternate to the Director appointed by it and also to remove any alternate Director appointed by it and to appoint another in place of the person so removed.

(c) Any appointment or revocation under this Article shall be evidenced in writing.

(d) An alternate shall be entitled to receive notice of meetings of the Directors and to attend and vote thereat as a Director when the Director to whom he is an alternate is not personally present and, where he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote.

(e) An alternate Director shall not in respect of his appointment as such be entitled to receive any remuneration from the Company but he shall be entitled to be paid expenses as provided in Article 84.

81. A Director need not be a Member of the Company.

82. (a) Every Director other than the Director appointed by the Government of the United Republic of Tanzania or East African Development Bank or CLOVIS and EFDC shall remain in office until removed by a Special Resolution of the Company.

(b) The Director appointed by East African Development Bank shall be removed if the East African Development Bank gives notice in writing to the Company that he has been removed from office or otherwise ceased to be a Director and that a new Director has been appointed in his place. In the event that a Director appointed as aforesaid resigns by notice in writing sent either to East Africa Development Bank or to the Company his office shall not be vacated until the Company receives from East African Development Bank notice in writing that he has resigned and that a new Director has been appointed to fill the vacancy thereby created.

83. The Board may appoint a person to be a Director to fill a casual vacancy and any Director so appointed shall hold office until he is removed pursuant to Article 82 or his office is vacated under Article 88.

84. The Directors shall be entitled to such remuneration (if any) as shall, from time to time, be determined by the Company in General Meeting and such remuneration shall be divided among the Directors as the Board may, by resolution, determine or, failing such determination, equally, except that in such event any Director holding office for less than a year shall only rank in such division in proportion to the period during which he has held office during such year. The Directors (including alternate Directors) shall also be entitled to be paid their reasonable travelling, hotel and incidental expenses incurred while engaged on the business of the Company.

85. Any Director who, by request, performs special services or goes or resides outside East Africa for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

86. A Director of the Company may be or become a Director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested and no such Director shall be accountable for any remuneration or other benefit received by him as a Director or officer of or from his interest in such other company. The Board may also exercise the voting power conferred by the shares in any other company held or owned by the Company in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the members of the Board or any of them to be Directors or officers of such other company, or voting or providing for the payment of remuneration to the Directors or officers of such other company. Any Director of the Company may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be or be about to become a Director or officer of such other company and, as such, or in any other manner is or may be interested in the exercise of such voting rights in manner aforesaid.

87. (a) A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director, upon such terms as the Board may determine, and may receive such remuneration thereof as the Board may think fit in addition to any other remuneration hereunder. Subject to the next paragraph of this Article, no Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or in any other manner, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

(b) A Director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if his interest then exists, or in any other case at the first meeting of the Board after he becomes so interested. A general notice to the Board given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in all transactions with such company or firm shall be a sufficient declaration of interest under this Article and, after such general notice, it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm, provided that either the notice is given at a meeting of the Board or the Director giving the

90. The Board may establish any local boards or agencies for managing any of the affairs of the Company, either in Tanzania or elsewhere, and may appoint any persons to be members of such local boards or to be managers or agents and may fix their remuneration and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Board, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit and the Board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
91. The Board may, by power of attorney, appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit. Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.
92. The Company may exercise the powers conferred by Section 33 of the Ordinance with regard to having an Official Seal for use outside Tanzania and such powers shall be vested in the Board.
93. The Company may exercise the powers conferred by Section 104 to 106 of the Ordinance with regard to the keeping of a Branch Register, and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit respecting the keeping of any such Branch Register.
94. The Board may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities.
95. All cheques, promissory notes, drafts, bills of exchange and other negotiable and transferable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.
96. The Board shall cause minutes to be made in books provided for the purpose:-

same takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

- (c) A Director who shall have declared his interest as aforesaid may attend, be counted in the quorum of and vote at any meeting of the Board which may consider or pass any resolution in respect of any contract or arrangement in which he is interested.
- (d) Any Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

DISQUALIFICATION OF DIRECTORS

88. Notwithstanding the provisions of Articles 79 and 82 hereof a Director shall cease to be a Director if:-

- (a) He resigns his office by notice in writing to the Company;
- (b) He becomes bankrupt or compounds with his creditors;
- (c) He is found lunatic or becomes of unsound mind;
- (d) He becomes prohibited from being a Director by reason of any order made under the Ordinance;
- (e) He is removed from office under the provisions of Article 82.

POWERS AND DUTIES OF DIRECTORS

89. The business of the Company shall be managed by the Board, which may exercise all such powers of the Company as are not by the Ordinance or by these Articles required to be exercised by the Company in General Meeting subject nevertheless to the provisions of these Articles and of the Ordinance and to such regulations, being not inconsistent with such provisions, as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

- (a) Of all appointments of officers made by the Board;
- (b) Of the names of the Directors present at each Board or Committee meeting;
- (c) Of all resolutions and proceedings at all meetings of the Company and of the Board and of the Committees.

MANAGING DIRECTOR

97. The Board may, from time to time, appoint one or more of its body to the office of Managing Director, Assistant Managing Director or Manager for such period and upon such terms as it thinks fit and, subject to the provisions of any agreement entered into in any particular case, may revoke such appointment. The appointment of a Director holding such office shall (without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company) ipso facto determine if he ceases from any cause to be a Director.

98. A Managing Director, Assistant Managing Director or Manager shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

99. The Board may entrust to and confer upon a Managing Director, Assistant Managing Director or Manager any of the powers exercisable by it (other than the power to borrow money, charge the assets of the Company and pay dividends) upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with or to the exclusion of its own power and may from time to time (subject to the terms of any agreement entered into in any particular case) revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

100. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit and any Secretary so appointed may be removed by the Board.

PENSIONS AND ALLOWANCES

101. The Board may grant retiring pensions or annuities or other allowances, including allowances on death, to any person or to the widow or dependants of any person in respect of services rendered by him to the Company as Managing Director, Assistant Managing Director or in any other executive office or employment under the Company

or indirectly as an executive officer or employee of any subsidiary company of the Company or of its holding company (if any) notwithstanding that he may be or may have been a Director of the Company and may make payments towards insurances or trusts for such purpose in respect of such persons, and may include rights in respect of such pensions, annuities and allowances in the terms of engagement of any such person.

SEAL

102. The Board shall provide for the safe custody of the Seal which shall not be used except by the authority of a resolution of the Board or a committee of the Directors authorised by the Board for the purpose and every instrument to which the Seal shall be affixed shall be signed by a Director and countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose.

PROCEEDINGS OF THE BOARD

103. (a) The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote.

PROVIDED THAT unless the Directors of the Company vote unanimously for the resolution, no resolution shall be passed by the Board for:-

- (i) any borrowing out of the ordinary course of business which exceeds half of the total net book value of the Company's fixed assets as per the most recent audited financial statements of the Company and creates any lien or mortgage on the assets of the Company relating to such borrowing with the exception of the borrowing required to finance the Investment Plan approved by the Board;
- (ii) the disposal of any fixed assets of the Company out of the ordinary course of business whose written down value comprises more than ten percent (10%) of the total net book value of the Company's fixed assets as per the most recent audited financial statements of the Company;
- (iii) the use of the Company's funds for any capital expenditure which, individually, exceeds a quarter of the shareholders' equity as per the most recent audited financial statements of the Company with the exception of the purchases contained in the Investment Plan;

- (iv) the entering by the Company into contracts of a value exceeding US\$ two hundred thousand (US\$ 200,000) outside its ordinary course of business with the exception of those contained in the Investment Plan;
- (v) the entering by the Company into any contract or transaction with CLOVIS and/or EFDC or Affiliate of the said CLOVIS and/or EFDC;
- (vi) the entering by the Company into any other contract of a material nature outside the normal course of business;
- (vii) the granting to any person of any loans other than in the ordinary course of business;
- (viii) the issue of any guarantee or indemnity or provision of credit other than in the ordinary course of business;
- (ix) the adoption of procurement procedures and any amendments thereof for goods and services;
- (x) doing or permitting to be done any act or thing whereby the Company may be wound up (whether voluntarily or compulsorily); except in accordance with the Agreement; and
- (xi) any abandonment or other significant change of the Company's main activities or any discontinuance of, or disinvestment from existing lines of business, which in either case constitutes a material part of the Company's business.

(b) The Board of Directors of the Company shall convene a minimum of four (4) meetings every calendar year.

(c) The Secretary of the Company shall give each Director a written notice of at least fourteen (14) days prior to the date of a Board meeting provided that an extraordinary meeting of the Board of Directors may be convened at not less than seven (7) days' notice by the Chairman or on a proposal by two Directors or by any shareholder of the Company representing at least 20% of the issued share capital of the Company.

The notice shall specify the date, hour and place of such meeting as well as the nature of business to be transacted at the meeting.

104. The quorum necessary for the transaction of the business of the Board shall be three Directors present either personally or by alternate, provided that one person, whether a Director or not, although a duly appointed alternate for any number of Directors, shall not constitute a quorum and provided further that such quorum shall include at least one Director nominated by CLOVIS and EFDC and one Director nominated by the Government of the United Republic of Tanzania or its Nominee so long as the respective members hold not less than 25% of the issued ordinary shares in the capital of the Company.

105. The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning general meetings of the Company but not for any other purpose, and may act for either of the purposes aforesaid whether or not their number be reduced below the number fixed by or in accordance with these Articles as the quorum.

106. The Chairman of the Board of Directors shall be appointed by CLOVIS and EFDC and shall serve for a term of three (3) years renewable unless he resigns or is removed from office by CLOVIS and EFDC. The Board may elect a Deputy Chairman of its meetings and determine the period for which he shall hold office. If no such chairman or deputy chairman has been elected, or if, at any meeting, neither the chairman nor the deputy chairman is present within thirty (30) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

107. The Board may delegate any of its powers to committees, whether consisting of a Member or Members of its body or not, as it thinks fit. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

108. The meetings and proceedings of any committee consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article.

109. A resolution in writing signed by all the Directors or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned.

110. All acts done by the Board or any committee or by any person acting as a Director, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid or that he, they or any of them had vacated office, shall be as valid as if every such person had been duly appointed and had continued to be a Director or to act as aforesaid.

DIVIDENDS

111. The Company may, from time to time, in General Meeting, declare dividends to be paid to the Members according to their rights and interests in the profits of the Company but no dividend shall be declared in excess of the amount recommended by the Board.

112. All dividends shall be paid and declared according to the amounts paid up on the shares in respect whereof the dividend is paid but subject to any agreement between a Member and the Company no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share be issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

113. The Board may, from time to time, pay to the Members such interim dividends as appear to the Board to be justified by the position of the Company. The Board may also pay the fixed dividend payable on any preference shares of the Company half-yearly or otherwise on fixed dates, whenever such position, in the opinion of the Board, justifies that course.

114. The Board may deduct from any dividend payable to any Member all and any sums of money presently payable by him to the Company on account of calls or otherwise.

115. No dividend shall bear interest against the Company.

116. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first on the Register in respect of the shares. Every such cheque or warrant shall, unless the holder otherwise directs, be made payable to the order of the registered holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable in respect of the shares held by such joint holders.

117. Any General Meeting declaring a dividend may, upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets and, in particular, of paid-up shares or debentures of any other company and the Board shall give effect to such direction. Where any difficulty arises in regard to such distribution the Board may settle it as it thinks expedient and, in particular, may fix the value for distribution of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution.

CAPITALISATION OF PROFITS

118. The Company may, from time to time and at any time, in General Meeting pass a resolution to the effect that it is desirable to capitalise any part of the amount standing to the credit of any of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution and that accordingly such sum be set free for distribution amongst the Members or any class of Members who would be entitled to such amount if distributed by way of dividend and in the same proportion, on the footing that the same be not paid in cash but be applied in paying up in full shares, debentures or other securities of the Company and that such shares, debentures or other securities be distributed amongst such Members and the Board shall give effect to such resolution.

119. Where any difficulty arises in regard to any distribution under the last preceding Article the Board may settle the same as it thinks expedient and, in particular, may provide for the case of fractions by the issue of fractional certificates or may ignore fractions altogether and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to participate in the dividend or in the appropriation and distribution as may seem expedient to the Board. Where requisite, a proper contract shall be filled in accordance with Section 43 of the Ordinance and the Board may appoint any person to sign such a contract on behalf of the persons entitled to the dividend or to such appropriation and distribution and any contract so entered into shall be binding and effective.

RESERVES

120. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investment (other than the shares of the Company or its holding company, if any) as the

Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to divide.

ACCOUNTS

121. The Directors shall cause proper books of account to be kept with respect to:-

- (a) All sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure takes place;
- (b) All sales and purchase of goods by the Company; and
- (c) The assets and liabilities of the Company.

122. The books of account shall be kept at the Office or, subject to the provisions of Section 122(2) of the Ordinance, at such other place or places as the Directors think fit and shall always be open to the inspection of the Directors.

123. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in General Meeting.

124. The Directors shall from time to time, in accordance with Section 123 of the Ordinance, cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets and reports as are referred to in the Ordinance.

125. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting, together with a copy of the Auditor's report, shall, not less than twenty-one days before the date of the meeting, be sent to all persons entitled to receive notices of General Meetings of the Company.

AUDIT

126. Auditors shall be appointed and their duties regulated in accordance with Sections 132 to 134 of the Ordinance.

NOTICES

127. Any notice or other document may be served by the Company on any Member either personally or by sending it by cable or telex or through the post, by air mail where such service is available, in a prepaid cover addressed to such Member at his address as appearing in the Register, whether such address shall be within or outside East Africa. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be sufficient notice to all the joint holders.

128. Where a notice is sent by post it shall be deemed to have been served on the second day after the date on which it was posted. A notice sent by cable or telex shall be deemed to have been served on the day following the date of transmission.

129. Any notice or other document delivered or sent by cable, telex or post to or left at the registered address of or otherwise served on any Member in pursuance of these Articles shall notwithstanding that such Member is then dead or bankrupt and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service of the notice or document, have been removed from the Register as the holder of the share and such service shall, for all purposes, be deemed sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

WINDING UP

130. If the Company shall be wound up the Liquidator may, with the sanction of a Special Resolution of the Company, divide among the contributories, in specie or in kind, the whole or any part of the assets of the Company and may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction, shall think fit.

INDEMNITY

131. Every Director, Managing Director, Manager, Officer and Auditor of the Company shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Managing Director, Manager, Officer or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 345 of the Ordinance in which relief is granted to him by the Court.

ALAF LIMITED

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COMPANY INFORMATION
31 DECEMBER 2006

PRINCIPAL PLACE OF BUSINESS

Plot 18, Nyerere Road, Industrial Area
P. O. Box 2070
Dar es Salaam

REGISTERED OFFICE

Plot 18, Nyerere Road, Industrial Area
P. O. Box 2070
Dar es Salaam

BANKERS

Barclays Bank Tanzania Limited
Barclays House
Ohio Street
P. O. Box 5137, Dar es Salaam

Standard Chartered Bank Tanzania Limited
First Floor, International House
Shabani Robert Street/Garden Avenue
P. O. Box 9011, Dar es Salaam

SOLICITORS

M/s Sheikh's Chambers of Advocates
Twiga House, Samora Avenue
P.O. Box 6225
Dar es Salaam

COMPANY SECRETARY

Ms H. H. Sheikh
Sheikh's Chambers of Advocates
P. O. Box 6225
Dar es Salaam

COMPANY AUDITORS

Ernst & Young
Utalii House
P. O. Box 2475
Dar es Salaam

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10.0	Copy of Audited Accounts for past three years.	

1. Company Information

Name	ALAF LIMITED (Formerly known as Aluminium Africa Limited)
Date of Incorporation	17 th October, 1960
Registered Office	Plot 18, Nyerere Road, Industrial Area P. O. Box 2070 Dar es Salaam, Tanzania
Administrative Office	Plot 18, Nyerere Road, Industrial Area P. O. Box 2070 Dar es Salaam, Tanzania
Auditors	Ernst & Young Chartered Accountants

2. Shareholding

In 1973, Government of Tanzania took over 62.5% of the shareholding of ALAF LIMITED which was then 100% privately held company. In 1997, the Group re-acquired management with the repurchase of shareholding up to 60%, and the Government holding then was reduced to 40%.

Currently, Safal Investments (Mauritius) Limited hold 76.4% of the shares of ALAF Ltd. and the balance 23.6% is held by the Treasury Registrar, Government of Tanzania.

3. Management

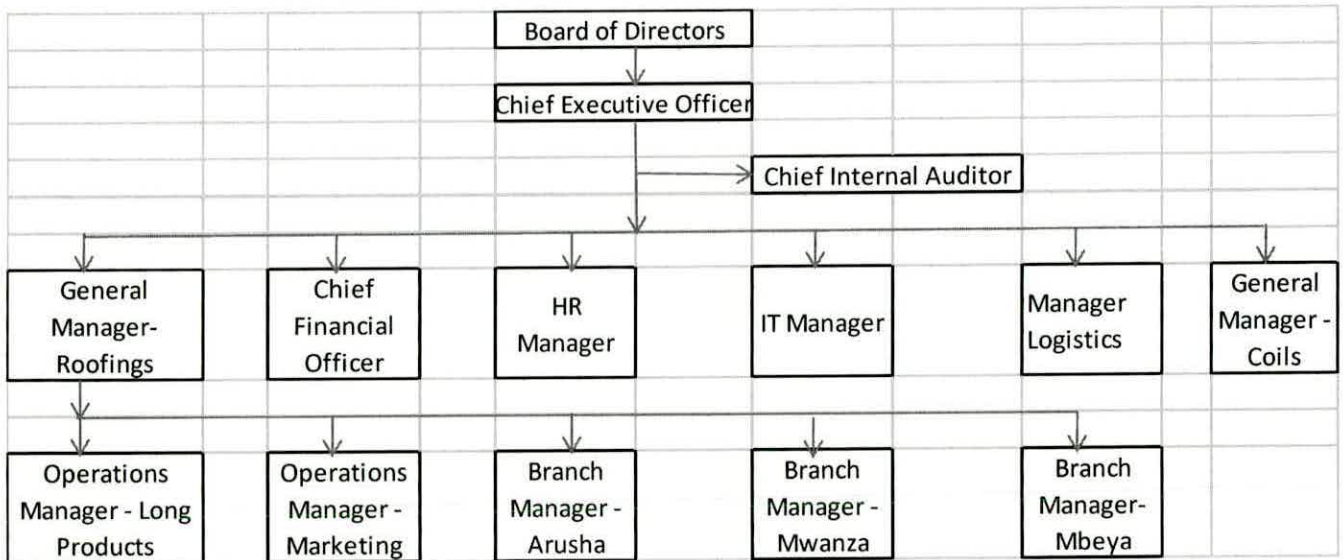
Board of Directors	Dr. M.P.Chandaria OBE, Chairman Mr. Ali Mwinyimvua, - Nominee Director GOT Mr. Uledi Mussa, - Nominee Director GOT Mr. Pankaj Kumar Mr. Kaushik Shah Mr. N.R.Narayanan Mr. Rakesh Bhatnagar
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Besides Mr. Pankaj Kumar, other directors are not involved in the day to day running of the company.

Dr. Manu Chandaria is the Chairman of the COMCRAFT group of companies which operate a framework of more than 40 operations around the world. He is also the founding chairman of the East African Business Council, a past Chairman of the Kenya Association of Manufacturers and the Rotary Club of Nairobi and sits on many other boards and councils in the manufacturing, insurance and higher education sectors. He has served on various Government boards and committees charged with various activities including; poverty reduction, economic revival through private

sector participation, encouragement of modernization through application of science and technology and welfare of the children living on the streets. Dr. Manu Chandaria is deeply involved in charitable and social work and is the founding chairman of the Chandaria Foundation, through which he has contributed to numerous health, education and shelter concerns. In recognition of his outstanding achievements in the industrial, manufacturing and business sector and his contribution to the economy of Kenya, the University of Nairobi awarded him a honorary Doctorate of Science in 1997. For three consecutive years 2000, 2001 and 2002 he was named the Most Respected Chief Executive Officer in East Africa. He has been honoured several times in India, the most significant of these awards being the Pravasi Bhartiya Samman Puraskar conferred by the Government of India on the ten most distinguished persons of Indian Origin in recognition of exceptional services rendered to their countries of domicile. Her Majesty Queen Elizabeth II conferred an OBE (Order of British Empire) on him in the New Year Honours list 2003, in recognition of his work for the community in Kenya and for his promotion of Kenyan economic interests.

A team of professionals with extensive industry experience are responsible for the day-to-day operations of ALAF LIMITED. Below is the current organization chart of ALAF LIMITED (for MBEYA Service Centre Operations).



A brief summary of the management team is given below.

Mr. Pankaj Kumar, age 55, is the Chief Executive Officer and has been with ALAF for the past 7 years. He is a Chartered Accountant by profession and has over 30 years experience in Finance and General Management in various industries including marketing.

Mr. P.G.Kishore , age 47, is the General Manager – Roofings of the Company. He is a Mechanical Engineer by profession and has an overall experience of about 26 years in Marketing , Operations and Business Development . He has been with the company since last 2 years

Mr.Ashish Mistry,age 45, is the General Manager–Coils of the Company and has been with the Company for the past three years . He is a Mechanical Engineer by profession and has 24 years of experience in Manufacturing, Operations , etc.

4. History

ALAF LIMITED (formerly Aluminium Africa Limited) is manufacturer of Steel and Aluminium products. Since inception, ALAF has been the nucleus of steel and aluminium industry in Tanzania.

In the 1960s, the then Aluminium Africa Limited was engaged in melting, hot rolling and cold rolling of aluminium ingots into coils. The sheets were sold for roofing applications and also used for making circles used for producing kitchen utensils. The circles were supplied to Group Companies in Tanzania, Kenya and Zambia.

Mabati (Tanzania) Limited was established to put up Sheet Galvanizing Lines for roofing applications.

In the early 1970s, the business of Mabati (Tanzania) was consolidated with the then Aluminium Africa Limited.

Since its inception in 1960 up to 1973, ALAF was 100% owned by the English Finance & Development Company Limited (EFDL) and Clovis Company Limited (CCL). After nationalisation, the shareholding structure changed to 37.5% EFDL & CCL, both of which are part of the Chandaria Group and 62.5% by the Government of Tanzania. In late 1988, the Government took over the entire management of the company through the National Development Corporation (NDC). During the NDC era, the company, in addition to accumulating losses, was heavily financed by debt acquired from the National Bank of Commerce.

In 1997, the Group took over control of the company with the repurchase of shareholding up to 60%, the Government holding the balance 40% (held by the Treasury Registrar on behalf of the Government of Tanzania). A rights issue of USD 2m was approved in 2001 to increase share capital from TZS 2.4bn to TZS 4.2bn. This was to be injected in the last quarter of 2002 by the majority shareholders as the Treasury Registrar confirmed that they would not participate in this issue. Further to this another right issue of TZS. 1.26bn was approved in the year 2007 of which majority shareholder have accepted its offer to subscribe for TZS. 0.964bn. The Treasury Registrar confirmed that they would subscribe to its offer in due course of time. However, with this allotment of Right issue to the majority shareholder, the Government shareholding was subsequently diluted to 23.6% in the year 2012.

After obtaining physical possession of the Company in May 1997, the management undertook rehabilitation and resumed operations fully in 1998. Since then, a significant turnaround has been seen, with the company posting its first year of profits from the previous perennial losses in 2000. Sales increased from TZS 14.5 Billion in 1998 to over TZS 151.6 Billion in 2012 representing a 956% rise. ALAF has since managed to pull out of the perennial losses that had plagued its bottom-line to returning profits from year 2000 onwards. Profits as at December 2012 were TZS 5.14 Billion up from a loss of TZS 2.27 Billion in 1998, a direct result of good management and effective cost control.

ALAF operates a Cold Rolling Mill with a capacity of 70,000 tonnes per annum. The CRM Complex also includes a Batch Annealing Facility for producing soft material. ALAF has commissioned a new Metal Coating Line which has a capacity of producing 70,000 tonnes of Aluminium Zinc coated coils. The commercial production from this line started from 30th December, 2009.

ALAF also has two tube mills that produces Tubes, Pipes and Hollow Sections and has a capacity of 18,000 tonnes per annum. ALAF's current product range also includes Z-Purlins, Strapping and a host of other steel products.

The company has continued to experience growth in revenue since 1997. The growth in Tanzania's economy has further boosted sales. Although a few companies have joined the industry, ALAF continues to dominate the market through increased efficiency, professional management expertise, improved quality of products, after sales service and a wide network of dealers and distributors along the length and breadth of the country.

ALAF's products are well established in Tanzania and best known for their quality.

5. Vision and Mission

Vision

To be premier producer of metal roofing, tubes and allied building products

Mission

To enhance value for all through Innovation and Best Practices

Values

ALAF will strive for highest standards of:

- ✦ Ethics
- ✦ Safety
- ✦ Compliance
- ✦ Quality

And will be fair and caring towards:

- ✦ Employees
- ✦ Customers
- ✦ Shareholders
- ✦ Community
- ✦ Environment
- ✦ Other stakeholders

Quality and Environment Policy

ALAF is committed to:

- ✦ Doing the job right the first time
- ✦ Exceeding the customer's requirements
- ✦ Cleanliness at work and neighboring environment
- ✦ Utilization of latest production and safety techniques
- ✦ Prevention of pollution, minimizing impact and compliance with local and international requirements
- ✦ Meeting Environment and Quality management objectives

6. 5-Year Performance Analysis

The Tanzania's steel industry is dominated by two main products namely Galvanised Corrugated Iron sheets (GCI) and/or Aluminium Zinc (AZ) coated Corrugated Iron Sheets, Color Coated Corrugated & Profiled Iron Sheets and Pipes, Hollow Sections, furniture tubes, Z purlins, etc..

GCI/AZ have a local market demand of approximately 63,500 metric tonnes (MT) per year, Color Coated sheets have a local market demand of approximately 10,500 metric tonnes (MT) while pipes have a local market demand of 23,000 MT per year. At the end of 2012, ALAF was the market leader for GCI/AZ at 54%, for Colour at 59% and for pipes at 44%. The Tanzanian demand for Steel Products produced by the company is estimated to grow between 8 to 9 percent per annum.

ALAF continues to retain its leadership position in the market, through the introduction of innovative and improved range of roofing sheets such as Aluminium Zinc, Colour coated roofing sheets, crimping sheets and box profiles including SAFLOK-700 which was used at Mlimani Centre Phase I & Phase II, AICL Arusha, Prime Minister Complex at Dodoma, etc.. These product lines offer the consumer value added benefits from a range of products.

The company commissioned its new Metal Coating Line plant with the capacity of 70,000MT to produce world class Aluminium Zinc Coated Roofing Sheets. This product is replacing the existing market of Galvanised Roofing Sheet as it has the longer life than GCI sheets. The surplus material produced from the plant is exported to nearby countries like, Malawi, Zambia, Rwanda, Ethiopia, Burundi, Uganda, Eastern DRC, etc. so as to earn valuable foreign exchange for the country.

The company has also modernised and rehabilitated its Cold Rolling Mill which was destroyed due to fire in the year 2008.

The ALAF's strategy is to retain and increase the market share has been achieved through increased customer base significantly by selling to and servicing dealers throughout the country instead of relying on large distributors. ALAF believes that this strategy will significantly result in an increase in sales value in the long term.

ALAF's strategy to remain market leader in its segment include:

i) Increased capacity to manufacture Quality Products

ALAF is continuously increasing its capacity to manufacture Quality Products so as to offer the consumers in the country and in the regional markets products of international quality. This is made possible by continuously improving the existing manufacturing facilities as well as commissioning new manufacturing plants. In recent past:

- 4 Hi Cold Rolling Mill has been rehabilitated and modernised in May, 2009. (Investment Approx US\$ 10 million)
- New Metal Coated Line (to produce high quality Aluminium and Zinc Coated Roofing Sheets) Commissioned – December, 2009 (Investment – Approx US\$ 30 million)
- New Tube Mill to produce High quality tubes and Hollow sections

II) Cost control and cost reduction

Since the current management took over the company in 1997, significant cost reductions have been achieved in both direct and indirect costs. Continuous efforts are made to keep all cost within the international bench marks.

III) Brand name:

ALAF enjoys a strong Brands in Domestic and Regional markets. Some of the most popular Brands are:

- "SIMBA DUMU" – Aluminium Zinc Coated Corrugated Roofing Sheets.
- "SIMBA CHUMA" – Pipes, Sections, Furniture Tubes, Z purlins, etc.
- "RESINCOT" (IT -4/5, Maxcover, Versatile, SAFLOK-700) – Coloured (Zincal base) Roofing Profiled Sheets.
- "STEELBEND " – Cut & Bend Rebars as per Customer Specific Bending Schedules

ALAF continues to reinforce its brand through advertisement in Radio, Print Media and through its Dealers across the country.

IV) Financial Management:

ALAF inherited debt of approximately TSZ 12.1bn (about US\$ 22 million) in 1997.

Through continuous efforts made, ALAF improved its financial which is evident from the following:

A summary of the financial performance for the year 1998 and since 2005 is seen in the table below -

HISTORICAL FINANCIAL PERFORMANCE - PROFITABILITY

TZS Million

	1998	2008	2009	2010	2011	2012
Sales Revenue	14,462.00	89,045.81	87,332.39	111,279.49	145,937.71	151,609.60
Gross Profit	1,061.00	7,681.68	12,899.34	18,225.15	20,706.60	26,303.18
Operating Profit (EBIT)	949.00	6,925.23	7,590.18	12,186.96	12,152.94	14,390.99
Profit Before Tax	(2,278.00)	5,330.60	6,077.68	6,060.27	4,051.18	7,394.35
Profit After Tax	(2,278.00)	3,630.60	3,913.33	4,347.67	2,528.94	5,139.83

Note: Sales value depends upon the steel prices in the international market as the sales prices are directly related to it.

HISTORICAL FINANCIAL PERFORMANCE - BALANCE SHEET

TZS Million

	1998	2008	2009	2010	2011	2012
ASSETS						
Non Current	19,107.00	26,064.46	48,953.02	51,596.39	52,826.19	48,641.04
Current	6,762.00	60,904.03	44,525.51	59,373.37	84,342.71	64,244.12
TOTAL ASSETS	25,869.00	86,968.49	93,478.53	110,969.76	137,168.90	112,885.16
EQUITY AND LIABILITIES						
Shareholders' Interest	4,708.00	18,220.53	24,472.30	29,002.21	31,620.12	36,759.95
Non Current Liabilities	5,382.00	12,381.10	31,672.57	37,299.18	37,106.60	34,006.08
Current Liabilities	15,779.00	56,366.85	37,333.67	44,668.38	68,442.17	42,119.13
TOTAL EQUITY AND LIABILITIES	25,869.00	86,968.49	93,478.53	110,969.76	137,168.90	112,885.16

ALAF has a stronger Balance Sheet now with a Current Ratio of 1.53 and a Debt Equity Ratio of 0.96 as at December 2012. Continuous improvement in the Shareholders' Fund has been observed over the years as the accumulated losses inherited by ALAF have been wiped off.

7. Strategies – Going Forward

ALAF has identified the following key strategies –

i) Reaching Nearer to Market/Consumer

It is foreseen that the demand for GCI/AZ roofing sheets will continue to grow at a pace of 8% to 9% per annum. With the increase in demand ALAF would need to reach to the end users of the country. For this purpose ALAF has established Service Centres (Roll Forming operations) at Arusha in 2010 . Mwanza in 2012 and are now planning to open in Mbeya by 2013.

ii) New Investments

The market for Pipes and sections would continue to grow at a pace of 9%. To meet the market demand, ALAF had installed a New Pipe Mill with the capacity of 10,000 MT in 2011.

The market for Resincot (Coloured profiled Roofing Sheets) is also expected to grow at a pace of 15% between 2013 to 2016.

ii) Marketing

ALAF deploys the following approach for marketing of it's wide range of products.

- Channel Distribution through a wide dealer network.
- Direct Marketing to end users, Architects and contractors.
- Turnkey execution of Roofing Contracts.
- Direct exports of finished products – Aluminium Zinc Coated/Zinc Coated Coils/Sheets and Pipes, Sections, Furniture Tubes, etc..

Advertising and Sales Promotion:

Sustained advertising campaigns are carried in all media – Radio, Press, POS boards, POS leaflets, etc.

iii) Information and Communication Technology

Over the next few years, ALAF Limited intends to create a sustainable competitive advantage by optimising business practices with the latest in computer technology.

This optimization will enable ALAF Limited to continue to provide its clients with a high level of service while establishing a solid base to take advantage of improvements in technology.

As ALAF Limited continues to expand its business, preparations are needed to equip its staff, managers and business partners with the tools necessary to conduct business on a higher plane. Increasing competitive pressures, shifting markets and volatile material costs are forcing the company to tighten controls in all areas of operation.

The vision of this new way of business involves accessing a wealth of accurate information in a centralized and integrated environment in a timely manner. It is the company's mission to make the vision a reality in the coming years.

With a view to comply with internationally acceptable quality product and system standards, ALAF has implemented an ERP called Navision, developed by Microsoft.

The key components of this centralized information system includes the following :

- Integration – All offices will work from the same information systems regardless of their location.
- Application – New financial applications will allow unlimited growth allowing local managers to monitor their operations' activity on a timely and accurate basis. The centralized purchasing department will take a more active role in anticipating material requirements and supplier relationships through more accurate vendor, job and market information.
- Communications – Interoffice communications and data flow will improve. The outside sale force will be able to access customer, order and cost information using mobile computing equipments and digital communications technology.
- Customer Service – Quotation and order fulfilment process will provide customers and sales staff timely and accurate information throughout the life-cycle of a job.
- Workforce efficiencies – Inefficient use of human resources will be reduced. New document handling systems will enable all appropriate users to have access to needed documents by providing the ability to scan and track documents within a central system.

iv) Human Resource

Human Resources are key resources for any organisation. ALAF Limited provides its employees a stable work environment with equal opportunity for learning and personal growth. All employees are expected to inculcate a sense of belonging towards the company and passion to achieve the Vision set by the Company.

- The Company has, in place, well established HR systems for optimum performance of the available Human Resources.
- A recruitment policy providing equal opportunity and infusion of fresh indigenous talent.
- A transparent remuneration and performance based appraisal system with appropriate rewards and career growth.
- Structured training in all areas for continuous development.
- Retirement benefits and recognition of long service.
- Health care for all employees and families through a dedicated Health Clinic.

Project Overview

- To make available the Roofing Sheets and related accessories at the door steps of market / Consumer.
 - Southern Highlands (Mbeya) Region is fast developing region of the country. At the moment the Roofing Sheet and related accessories are being made at ALAF's manufacturing facilities at Dar-Es-Salaam and then transported to Mbeya and other centres of Southern Highlands Region.
 - The finished packed Roofing Sheets and accessories, as per below, are presently being supplied from Dar-Es-Salaam to the Customers / Dealers.
 - Aluminium Zinc Coated Roofing Sheets (**SIMBA DUMU**)
 - Colour Coated Roofing Sheets (**RESINCOT**)
 - Normal corrugation
 - Versatile
 - MaxCover
 - IT 5
 - Ridges
- 1) The **SIMBA DUMU** (Aluminium Zinc Coated Roofing Sheets) are generally in standard sizes of 3 meters, 2.5 meters and 2 meters.
 - 2) The **RESINCOT** (Colour Coated Roofing Sheets) are generally made in length from 2 meters to 6 meters, as per the specific customer's requirements to suit building roof design and requirement.

To meet the requirement of market / customers and to make available the Roofing Sheets and accessories at door steps and also to provide better services to Customers & Dealers of Lake Region, it is necessary to have a Service Point (Roll Forming Operation) at MBEYA.

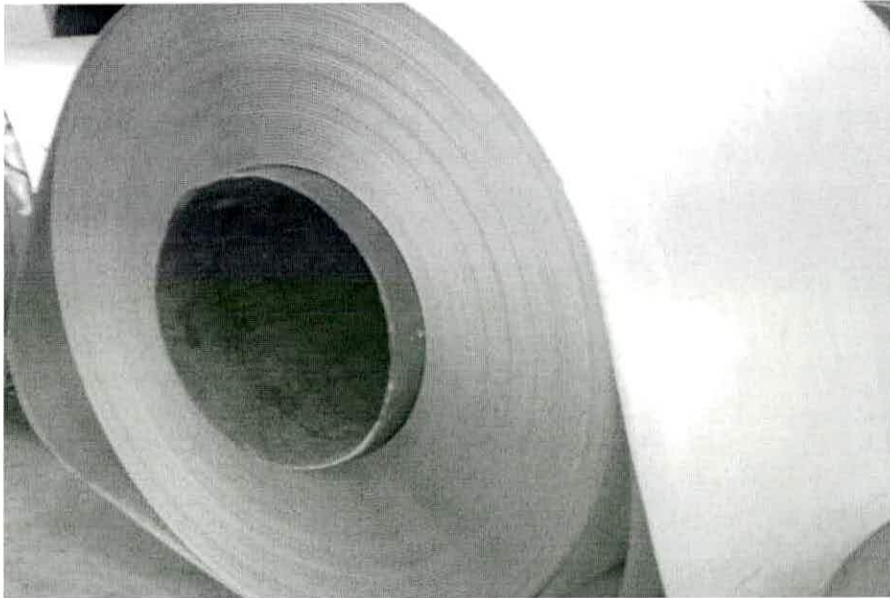
SOURCES OF TECHNOLOGY

The production process have been well developed within ALAF and necessary expertise shall be transferred through the existing technical staff to MBEYA Service Centre (Roll Forming Operations)

PRODUCTION PROCESS

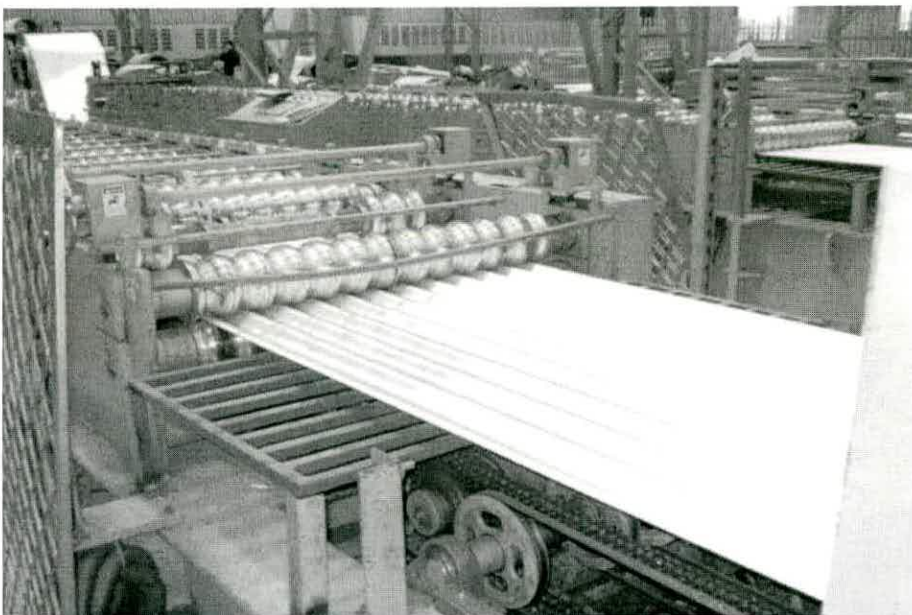
A) NORMAL CORRUGATED ROOFING SHEETS

- 1) The basic raw material, that is Coated (Aluminium Zinc) Coils, as produced by the New Metal Coating Line commissioned in December 2009 at ALAF's manufacturing facilities at Dar-Es-Salaam, shall be transferred to Mbeya for Roll Forming.

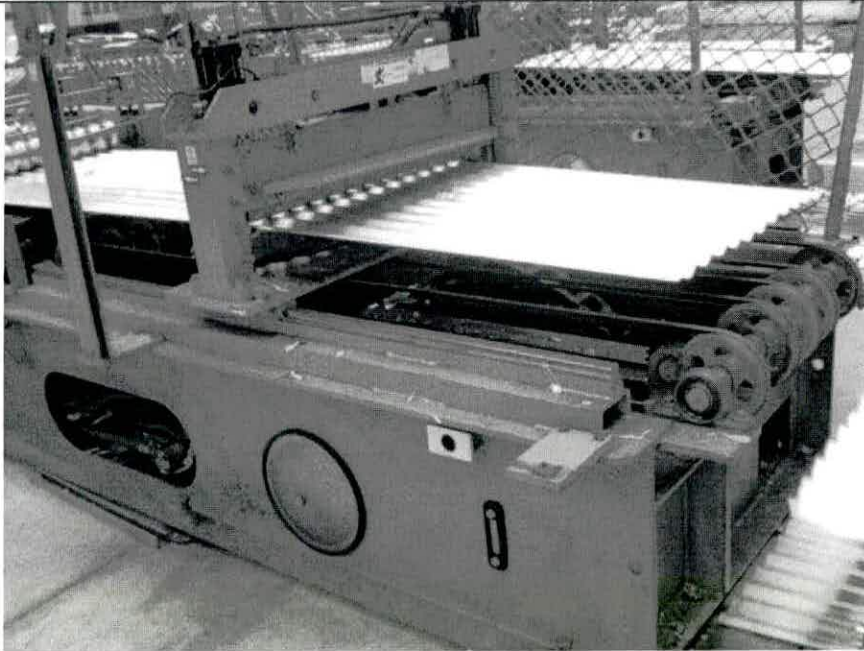


Aluminium Zinc (AZ) Coated Steel Coil

- 2) The Coated Coil then is placed on the Roll Former where it is profiled in 11/3 corrugation and cut to size as per the requirement. Generally corrugated sheets of 3 meters, 2.5 meters and 2 meters are produced.



Roll Forming AZ coil

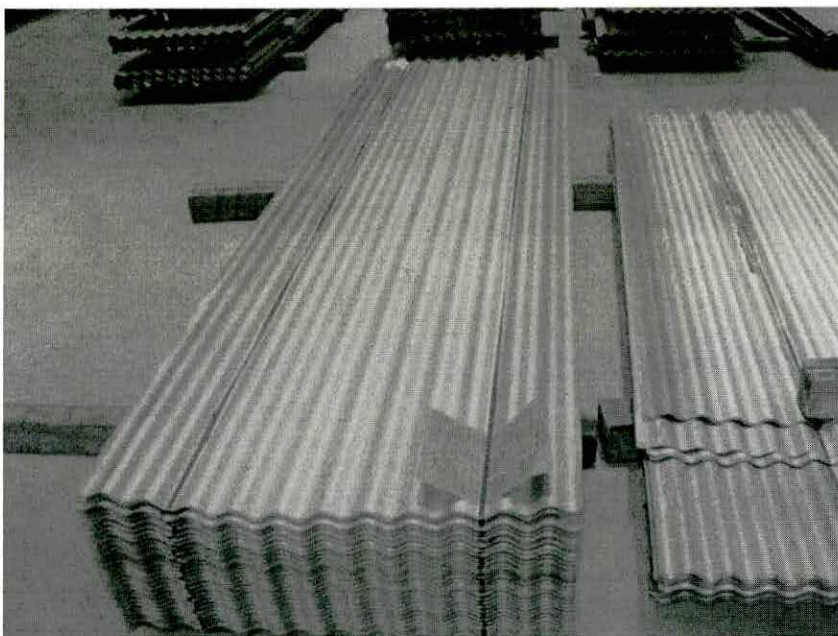


Sheet coming out of Roll Former

- 3) The corrugated cut sheet then are packed in Bundles. The Bundles are made as follows:

Guage	Number of Sheets Per Bundle			Approx Weight per bundle
	3.0 meter	2.5 meter	2.0 meter	
32 G	20	24	30	88 kgs
30 G	16	19	23	88 kgs
28 G	12	14	18	88 kgs
26 G	9	11	14	88 kgs

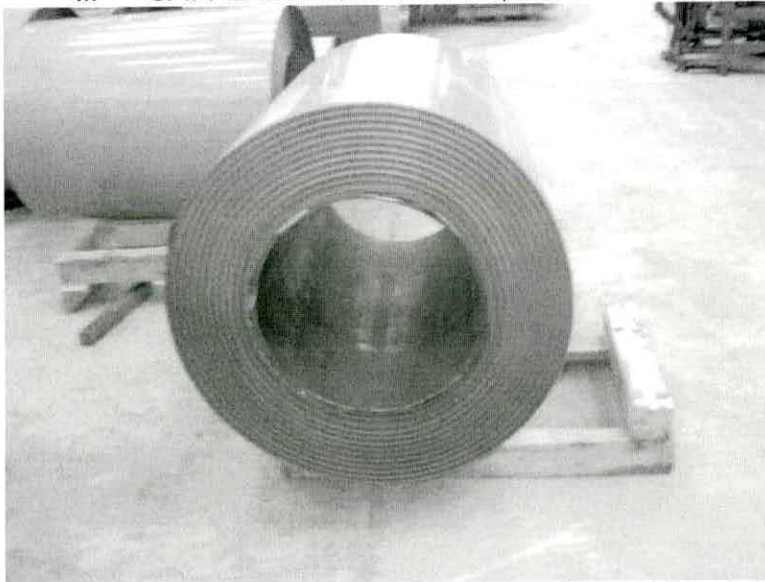
The packed bundles are then ready for Sale to Customers.



Bundled Sheets stacked for Sale to Customer

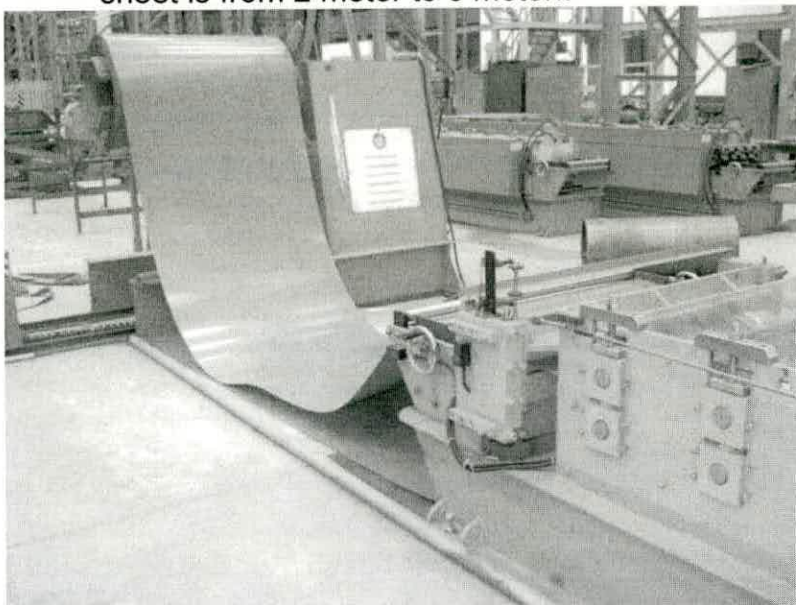
B) PROFILED ROOFING SHEETS

- 1) The Profiled Roofing Sheets are generally made as per customers requirement viz a viz length of each sheet.
- 2) The basic raw material is either the Aluminium Zinc Coated Coils or Colour Coated Coils.
- 3) The Aluminium Zinc Coated Coils are produced at ALAF manufacturing facility in Dar-Es-Salaam.
- 4) The Colour Coils are generally imported from:
 - i. MABATI ROLLING MILLS LTD, KENYA – EAC member
 - ii. SAFAL STEEL PTY LTD, SOUTH AFRICA – SADC member

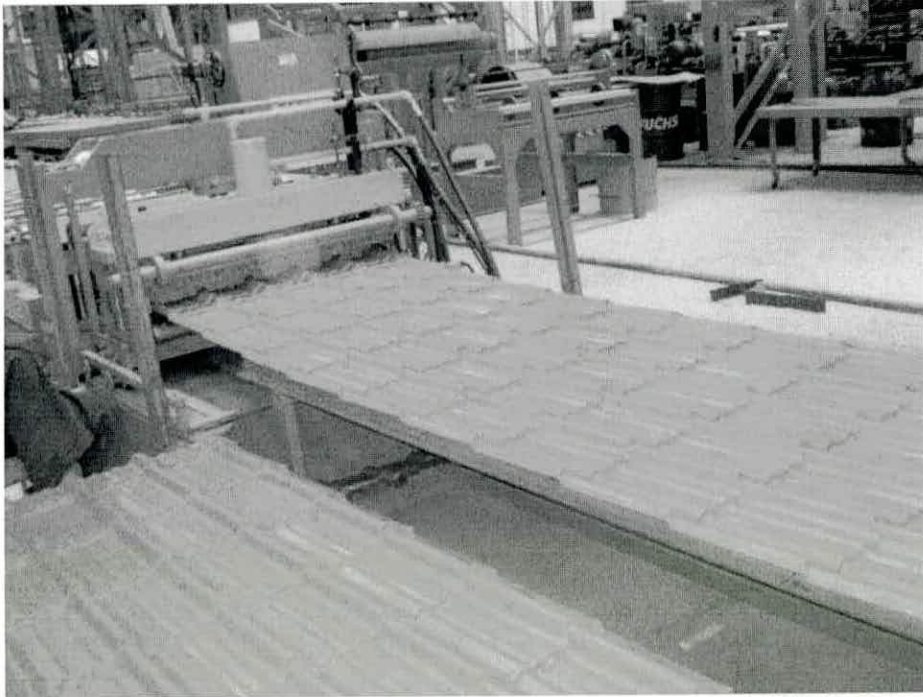


Colour Coated Steel Coil

- 4) The Coated Coil then is placed on the Roll Former where it is profiled and cut to size as per the requirement depending upon the building plan. The length of the profiled sheet is from 2 meter to 6 meter..



Roll Former for Profiling Colour Coil



Profiled sheet coming out of Roll Former

- 5) The corrugated cut sheets then are packed in Bundles as per the customer's order.



Profiled Colour Sheet stacked for Sale to Customer

DETAILS OF INVESTMENT COST

Financing of the Project shall be from Internal Cash generation of ALAF Limited. Herewith below is the summary:

A) INTERNAL CASH GENERATION

Sr No	List of Items	Local (TSHS) - A	Foreign (USD) - B
1	Land		
2	Extension of existing building & civil works	836,250,000	
3	Machinery		1,030,000
4	Auxillary Equipments		460,000
5	Material Handling Equipments		130,000.00
6	Office Equipments	33,450,000	
7	Furniture & Fixtures	16,725,000	
8	Pre Operating Expenses	41,812,500	
9	Contingency	41,812,500	
	TOTAL	970,050,000	1,620,000
	Ex Rate - USD 1 = Tshs	1,672.5	
	TOTAL (IN USD)	580,000	
	GRAND TOTAL (A+B) - In USD	2,200,000	

B) LOANS

In Foreign Currency
In Local Currency

NIL
NIL

ENVIRONMENT IMPACT ASSESSMENT

The entire production process – Roll Forming does not generate any exhaust and also does not require any water or chemical. As such, it is 100% Non Polluting Operation using Electricity.

MARKET SIZE

- It is estimated that the Market Size of Mbeya Region is about 7500 Metric ton (MTS) per annum of Roofing Sheets and is growing at the rate of about 5% to 6% per annum.
- The present market size of ALAF in the region is about 4800 MTS p.a. which is about 64%.
- With the establishment of Service Centre (Roll Forming Operation) at Mbeya, it is expected to cater to the bordering town of Zambia /Malawi / DRC also, thereby earning valuable foreign exchange for the country.

PROJECT CAPACITY

The Project with Five (5) Roll Forming Machines shall have capacity to produce 7200 MTS p.a.

EXPECTED EMPLOYMENT GENERATION

Following is the list of manpower required in various sections.

Profile	Local
Branch Manager	1
Production Engineer	1
Roll Forming Supervisor	1
Packing Supervisor	1
Machine Operators	4
Sales / Marketing Officers	1
Sales / Marketing Assistants	1
Accounts Officer	1
Accounts Assistant	1
Helpers / Office Boy	8
TOTAL	20

FINANCIAL PROJECTION

Profit and Loss Account					Tsh. Million
Particulars	2013	2014	2015	2016	2017
QUANTITY SOLD (MT)	2,820	4,200	5,600	7,200	9,000
Net Sales	6,970	11,747	17,098	23,677	31,963
Gross Sales					
Stock Increase / (Decrease)	1,159	820	1,365	924	1,120
GROSS INCOME	8,129	12,567	18,463	24,601	33,083
Raw Materials	6,848	10,406	15,318	20,220	27,261
Other Materials	-	-	-	-	-
TOTAL MATERIALS	6,848	10,406	15,318	20,220	27,261
GROSS MARGIN	1,281	2,161	3,145	4,380	5,822
Variable Expenses	31	51	75	113	161
CONTRIBUTION	1,249	2,109	3,070	4,267	5,662
Fixed Manufacturing Expenses	215	279	363	471	613
Manufacturing Depreciation	277	554	554	554	554
GROSS PROFIT	758	1,277	2,154	3,242	4,495
	-	-	-	-	-
Operating Expenses					
Selling & Distribution	96	124	162	210	252
Administrative	140	154	169	186	205
Preoperative Expenses	159				
TOTAL OPERATING EXPENSES	394	278	331	396	457
OPERATING PROFIT	364	999	1,823	2,846	4,039
Interest, Financial & Bank Charges	150	165	182	200	220
PROFIT BEFORE TAX	214	834	1,642	2,646	3,819
TAX @ 30%	64	250	493	794	1,146
PROFIT AFTER TAX	150	584	1,149	1,852	2,673

Balance Sheet				Tsh. Million	
Particulars	2013	2014	2015	2016	2017
EMPLOYMENT OF CAPITAL					
Fixed Assets					
Original Cost	3,521	3,521	3,521	3,521	3,521
Less: Accumulated Depreciation	277	830	1,384	1,938	2,491
Net Fixed Assets	3,244	2,690	2,137	1,583	1,029
Current Assets					
Stocks	1,159	1,979	3,344	4,268	5,388
Trade Debtors - Local	710	1,196	1,741	2,411	3,255
Cash & Bank Balances	409	966	1,371	2,286	3,414
Total Current Assets	2,278	4,141	6,456	8,965	12,057
Current Liabilities					
Trade Creditors	1,328	2,018	2,971	3,922	5,288
Other Current Liabilities (Income Tax)	64	250	493	794	1,146
Total Current Liabilities	1,392	2,269	3,464	4,716	6,434
WORKING CAPITAL	885	1,873	2,992	4,249	5,623
TOTAL CAPITAL EMPLOYED	4,129	4,563	5,129	5,832	6,653
FINANCED BY					
Alaf Ltd Dar es Salaam	3,980	3,980	3,980	3,980	3,980
Revenue Reserve		150	584	1,149	1,852
P & L Current	150	584	1,149	1,852	2,673
Less : Dividend Payment	-	150	584	1,149	1,852
Profit & Loss Carried Forward	150	584	1,149	1,852	2,673
TOTAL SHAREHOLDERS FUNDS	4,129	4,563	5,129	5,832	6,653
TOTAL	4,129	4,563	5,129	5,832	6,653

Cash Flow Statement					
Particulars	2013	2014	2015	2016	2017
Debtors Receipts	7,514	13,374	19,631	27,269	36,873
Inter Company Loan receipt	3,980	-	-	-	-
TOTAL RECEIPTS	11,494	13,374	19,631	27,269	36,873
PAYMENTS					
Raw Material Creditors	6,752	11,589	17,123	22,909	30,802
Creditors - Expenses	481	608	768	981	1,230
VAT	22	241	320	622	846
Interest, Financial & Bank Charges	150	165	182	200	220
Purchase of Fixed Assets	3,521				
Opex	159				
Income Tax		64	250	493	794
Payment of Dividend	-	150	584	1,149	1,852
TOTAL	11,085	12,817	19,226	26,354	35,745
Surplus/ (Deficit)	409	557	405	915	1,128
Opening Bank Balance	-	409	966	1,371	2,286
Closing Bank Balance	409	966	1,371	2,286	3,414

ALAF Limited			
List of Items Required for the Project			
MBEYA Service Point (Roll Forming Operations)			
Sr No	List of Items	Quantity	Amount (USD)
I)	Renovation of existing building / Office building / Civil Works and related expenses		\$500,000.00
II)	Machinery		
1	Roll Forming Machines	5 Nos	\$650,000.00
2	11/3 Ridge Capping Machine	1 No	\$75,000.00
3	Versatile Ridge Capping Machine	1 No	\$75,000.00
4	Roma Tile Ridge Capping Machine	1 No	\$75,000.00
5	CTL cum Slitting Machine	1 No	\$80,000.00
6	Crimping Machine	1 No	\$75,000.00
III)	Auxilliary Equipment		
1	Overhead Crane - 5 MT / 10 MT	2 Nos	\$225,000.00
2	Compressor	1 No	\$45,000.00
3	Generator - 100 KVA	1 No	\$50,000.00
4	Packing Tools	1 Set	\$25,000.00
5	Forklift - 5 MT	1 No	\$60,000.00
6	CCTV and its accessories	1 Set	\$25,000.00
7	Electric Fencing	1 Set	\$30,000.00
IV)	Material Handling Equipments		
1	Coil Storage Racks		\$20,000.00
2	Truck - 10 MT	1 No	\$40,000.00
3	Truck - 3 MT	1 No	\$25,000.00
4	Car - Pick Up	1 No	\$20,000.00
5	Sheet Storage Rack	1 Set	\$10,000.00
6	Long Product Storage Rack	1 Set	\$15,000.00
V)	Office Equipments		\$20,000.00
VI)	Furniture and Fixtures		\$10,000.00
VII)	Pre Operating Expenses		\$25,000.00
VIII)	Contingency		\$25,000.00
	TOTAL		\$2,200,000.00

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7.0	TIN Certificate	
8.0	VAT Certificate	
9.0	Memorandum and Articles of Association	
10.0	Copy of Audited Accounts for past three years.	

1. Company Information

Name	ALAF LIMITED (Formerly known as Aluminium Africa Limited)
Date of Incorporation	17 th October, 1960
Registered Office	Plot 18, Nyerere Road, Industrial Area P. O. Box 2070 Dar es Salaam, Tanzania
Administrative Office	Plot 18, Nyerere Road, Industrial Area P. O. Box 2070 Dar es Salaam, Tanzania
Auditors	Ernst & Young Chartered Accountants

2. Shareholding

In 1973, Government of Tanzania took over 62.5% of the shareholding of ALAF LIMITED which was then 100% privately held company. In 1997, the Group re-acquired management with the repurchase of shareholding up to 60%, and the Government holding then was reduced to 40%.

Currently, Safal Investments (Mauritius) Limited hold 76.4% of the shares of ALAF Ltd. and the balance 23.6% is held by the Treasury Registrar, Government of Tanzania.

3. Management

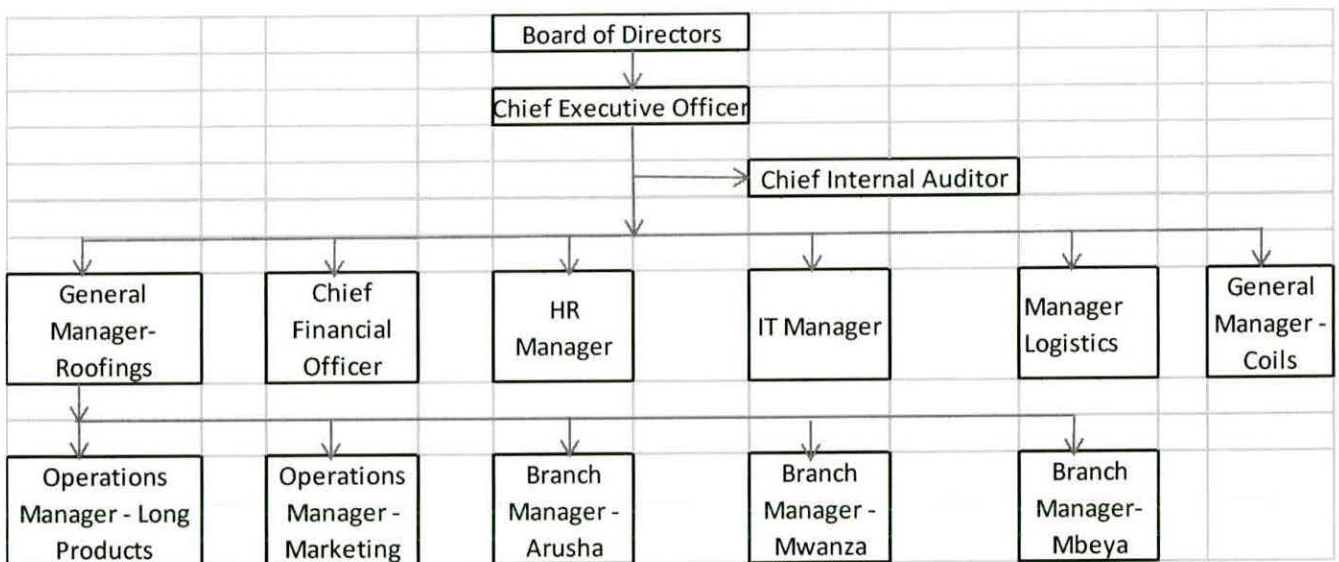
Board of Directors	Dr. M.P.Chandaria OBE, Chairman Mr. Ali Mwinyimvua, - Nominee Director GOT Mr. Uledi Mussa, - Nominee Director GOT Mr. Pankaj Kumar Mr. Kaushik Shah Mr. N.R.Narayanan Mr. Rakesh Bhatnagar
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Besides Mr. Pankaj Kumar, other directors are not involved in the day to day running of the company.

Dr. Manu Chandaria is the Chairman of the COMCRAFT group of companies which operate a framework of more than 40 operations around the world. He is also the founding chairman of the East African Business Council, a past Chairman of the Kenya Association of Manufacturers and the Rotary Club of Nairobi and sits on many other boards and councils in the manufacturing, insurance and higher education sectors. He has served on various Government boards and committees charged with various activities including; poverty reduction, economic revival through private

sector participation, encouragement of modernization through application of science and technology and welfare of the children living on the streets. Dr. Manu Chandaria is deeply involved in charitable and social work and is the founding chairman of the Chandaria Foundation, through which he has contributed to numerous health, education and shelter concerns. In recognition of his outstanding achievements in the industrial, manufacturing and business sector and his contribution to the economy of Kenya, the University of Nairobi awarded him a honorary Doctorate of Science in 1997. For three consecutive years 2000, 2001 and 2002 he was named the Most Respected Chief Executive Officer in East Africa. He has been honoured several times in India, the most significant of these awards being the Pravasi Bhartiya Samman Puraskar conferred by the Government of India on the ten most distinguished persons of Indian Origin in recognition of exceptional services rendered to their countries of domicile. Her Majesty Queen Elizabeth II conferred an OBE (Order of British Empire) on him in the New Year Honours list 2003, in recognition of his work for the community in Kenya and for his promotion of Kenyan economic interests.

A team of professionals with extensive industry experience are responsible for the day-to-day operations of ALAF LIMITED. Below is the current organization chart of ALAF LIMITED (for MBEYA Service Centre Operations).



A brief summary of the management team is given below.

Mr. Pankaj Kumar, age 55, is the Chief Executive Officer and has been with ALAF for the past 7 years. He is a Chartered Accountant by profession and has over 30 years experience in Finance and General Management in various industries including marketing.

Mr. P.G.Kishore , age 47, is the General Manager – Roofings of the Company. He is a Mechanical Engineer by profession and has an overall experience of about 26 years in Marketing , Operations and Business Development . He has been with the company since last 2 years

Mr.Ashish Mistry,age 45, is the General Manager–Coils of the Company and has been with the Company for the past three years . He is a Mechanical Engineer by profession and has 24 years of experience in Manufacturing, Operations , etc.

4. History

ALAF LIMITED (formerly Aluminium Africa Limited) is manufacturer of Steel and Aluminium products. Since inception, ALAF has been the nucleus of steel and aluminium industry in Tanzania.

In the 1960s, the then Aluminium Africa Limited was engaged in melting, hot rolling and cold rolling of aluminium ingots into coils. The sheets were sold for roofing applications and also used for making circles used for producing kitchen utensils. The circles were supplied to Group Companies in Tanzania, Kenya and Zambia.

Mabati (Tanzania) Limited was established to put up Sheet Galvanizing Lines for roofing applications.

In the early 1970s, the business of Mabati (Tanzania) was consolidated with the then Aluminium Africa Limited.

Since its inception in 1960 up to 1973, ALAF was 100% owned by the English Finance & Development Company Limited (EFDL) and Clovis Company Limited (CCL). After nationalisation, the shareholding structure changed to 37.5% EFDL & CCL, both of which are part of the Chandaria Group and 62.5% by the Government of Tanzania. In late 1988, the Government took over the entire management of the company through the National Development Corporation (NDC). During the NDC era, the company, in addition to accumulating losses, was heavily financed by debt acquired from the National Bank of Commerce.

In 1997, the Group took over control of the company with the repurchase of shareholding up to 60%, the Government holding the balance 40% (held by the Treasury Registrar on behalf of the Government of Tanzania). A rights issue of USD 2m was approved in 2001 to increase share capital from TZS 2.4bn to TZS 4.2bn. This was to be injected in the last quarter of 2002 by the majority shareholders as the Treasury Registrar confirmed that they would not participate in this issue. Further to this another right issue of TZS. 1.26bn was approved in the year 2007 of which majority shareholder have accepted its offer to subscribe for TZS. 0.964bn. The Treasury Registrar confirmed that they would subscribe to its offer in due course of time. However, with this allotment of Right issue to the majority shareholder, the Government shareholding was subsequently diluted to 23.6% in the year 2012.

After obtaining physical possession of the Company in May 1997, the management undertook rehabilitation and resumed operations fully in 1998. Since then, a significant turnaround has been seen, with the company posting its first year of profits from the previous perennial losses in 2000. Sales increased from TZS 14.5 Billion in 1998 to over TZS 151.6 Billion in 2012 representing a 956% rise. ALAF has since managed to pull out of the perennial losses that had plagued its bottom-line to returning profits from year 2000 onwards. Profits as at December 2012 were TZS 5.14 Billion up from a loss of TZS 2.27 Billion in 1998, a direct result of good management and effective cost control.

ALAF operates a Cold Rolling Mill with a capacity of 70,000 tonnes per annum. The CRM Complex also includes a Batch Annealing Facility for producing soft material. ALAF has commissioned a new Metal Coating Line which has a capacity of producing 70,000 tonnes of Aluminium Zinc coated coils. The commercial production from this line started from 30th December, 2009.

ALAF also has two tube mills that produces Tubes, Pipes and Hollow Sections and has a capacity of 18,000 tonnes per annum. ALAF's current product range also includes Z-Purlins, Strapping and a host of other steel products.

The company has continued to experience growth in revenue since 1997. The growth in Tanzania's economy has further boosted sales. Although a few companies have joined the industry, ALAF continues to dominate the market through increased efficiency, professional management expertise, improved quality of products, after sales service and a wide network of dealers and distributors along the length and breadth of the country.

ALAF's products are well established in Tanzania and best known for their quality.

5. Vision and Mission

Vision

To be premier producer of metal roofing, tubes and allied building products

Mission

To enhance value for all through Innovation and Best Practices

Values

ALAF will strive for highest standards of:

- ✦ Ethics
- ✦ Safety
- ✦ Compliance
- ✦ Quality

And will be fair and caring towards:

- ✦ Employees
- ✦ Customers
- ✦ Shareholders
- ✦ Community
- ✦ Environment
- ✦ Other stakeholders

Quality and Environment Policy

ALAF is committed to:

- ✦ Doing the job right the first time
- ✦ Exceeding the customer's requirements
- ✦ Cleanliness at work and neighboring environment
- ✦ Utilization of latest production and safety techniques
- ✦ Prevention of pollution, minimizing impact and compliance with local and international requirements
- ✦ Meeting Environment and Quality management objectives

6. 5-Year Performance Analysis

The Tanzania's steel industry is dominated by two main products namely Galvanised Corrugated Iron sheets (GCI) and/or Aluminium Zinc (AZ) coated Corrugated Iron Sheets, Color Coated Corrugated & Profiled Iron Sheets and Pipes, Hollow Sections, furniture tubes, Z purlins, etc..

GCI/AZ have a local market demand of approximately 63,500 metric tonnes (MT) per year, Color Coated sheets have a local market demand of approximately 10,500 metric tonnes (MT) while pipes have a local market demand of 23,000 MT per year. At the end of 2012, ALAF was the market leader for GCI/AZ at 54%, for Colour at 59% and for pipes at 44%. The Tanzanian demand for Steel Products produced by the company is estimated to grow between 8 to 9 percent per annum.

ALAF continues to retain its leadership position in the market, through the introduction of innovative and improved range of roofing sheets such as Aluminium Zinc, Colour coated roofing sheets, crimping sheets and box profiles including SAFLOK-700 which was used at Mlimani Centre Phase I & Phase II, AICL Arusha, Prime Minister Complex at Dodoma, etc.. These product lines offer the consumer value added benefits from a range of products.

The company commissioned its new Metal Coating Line plant with the capacity of 70,000MT to produce world class Aluminium Zinc Coated Roofing Sheets. This product is replacing the existing market of Galvanised Roofing Sheet as it has the longer life than GCI sheets. The surplus material produced from the plant is exported to nearby countries like, Malawi, Zambia, Rwanda, Ethiopia, Burundi, Uganda, Eastern DRC, etc. so as to earn valuable foreign exchange for the country.

The company has also modernised and rehabilitated its Cold Rolling Mill which was destroyed due to fire in the year 2008.

The ALAF's strategy is to retain and increase the market share has been achieved through increased customer base significantly by selling to and servicing dealers throughout the country instead of relying on large distributors. ALAF believes that this strategy will significantly result in an increase in sales value in the long term.

ALAF's strategy to remain market leader in its segment include:

i) Increased capacity to manufacture Quality Products

ALAF is continuously increasing its capacity to manufacture Quality Products so as to offer the consumers in the country and in the regional markets products of international quality. This is made possible by continuously improving the existing manufacturing facilities as well as commissioning new manufacturing plants. In recent past:

- 4 Hi Cold Rolling Mill has been rehabilitated and modernised in May, 2009. (Investment Approx US\$ 10 million)
- New Metal Coated Line (to produce high quality Aluminium and Zinc Coated Roofing Sheets) Commissioned – December, 2009 (Investment – Approx US\$ 30 million)
- New Tube Mill to produce High quality tubes and Hollow sections

II) Cost control and cost reduction

Since the current management took over the company in 1997, significant cost reductions have been achieved in both direct and indirect costs. Continuous efforts are made to keep all cost within the international bench marks.

III) Brand name:

ALAF enjoys a strong Brands in Domestic and Regional markets. Some of the most popular Brands are:

- "SIMBA DUMU" – Aluminium Zinc Coated Corrugated Roofing Sheets.
- "SIMBA CHUMA" – Pipes, Sections, Furniture Tubes, Z purlins, etc.
- "RESINCOT" (IT -4/5, Maxcover, Versatile, SAFLOK-700) – Coloured (Zincal base) Roofing Profiled Sheets.
- "STEELBEND " – Cut & Bend Rebars as per Customer Specific Bending Schedules

ALAF continues to reinforce its brand through advertisement in Radio, Print Media and through its Dealers across the country.

IV) Financial Management:

ALAF inherited debt of approximately TSZ 12.1bn (about US\$ 22 million) in 1997.

Through continuous efforts made, ALAF improved its financial which is evident from the following:

A summary of the financial performance for the year 1998 and since 2005 is seen in the table below -

HISTORICAL FINANCIAL PERFORMANCE - PROFITABILITY

TZS Million

	1998	2008	2009	2010	2011	2012
Sales Revenue	14,462.00	89,045.81	87,332.39	111,279.49	145,937.71	151,609.60
Gross Profit	1,061.00	7,681.68	12,899.34	18,225.15	20,706.60	26,303.18
Operating Profit (EBIT)	949.00	6,925.23	7,590.18	12,186.96	12,152.94	14,390.99
Profit Before Tax	(2,278.00)	5,330.60	6,077.68	6,060.27	4,051.18	7,394.35
Profit After Tax	(2,278.00)	3,630.60	3,913.33	4,347.67	2,528.94	5,139.83

Note: Sales value depends upon the steel prices in the international market as the sales prices are directly related to it.

HISTORICAL FINANCIAL PERFORMANCE - BALANCE SHEET

TZS Million

	1998	2008	2009	2010	2011	2012
ASSETS						
Non Current	19,107.00	26,064.46	48,953.02	51,596.39	52,826.19	48,641.04
Current	6,762.00	60,904.03	44,525.51	59,373.37	84,342.71	64,244.12
TOTAL ASSETS	25,869.00	86,968.49	93,478.53	110,969.76	137,168.90	112,885.16
EQUITY AND LIABILITIES						
Shareholders' Interest	4,708.00	18,220.53	24,472.30	29,002.21	31,620.12	36,759.95
Non Current Liabilities	5,382.00	12,381.10	31,672.57	37,299.18	37,106.60	34,006.08
Current Liabilities	15,779.00	56,366.85	37,333.67	44,668.38	68,442.17	42,119.13
TOTAL EQUITY AND LIABILITIES	25,869.00	86,968.49	93,478.53	110,969.76	137,168.90	112,885.16

ALAF has a stronger Balance Sheet now with a Current Ratio of 1.53 and a Debt Equity Ratio of 0.96 as at December 2012. Continuous improvement in the Shareholders' Fund has been observed over the years as the accumulated losses inherited by ALAF have been wiped off.

7. Strategies – Going Forward

ALAF has identified the following key strategies –

i) Reaching Nearer to Market/Consumer

It is foreseen that the demand for GCI/AZ roofing sheets will continue to grow at a pace of 8% to 9% per annum. With the increase in demand ALAF would need to reach to the end users of the country. For this purpose ALAF has established Service Centres (Roll Forming operations) at Arusha in 2010 . Mwanza in 2012 and are now planning to open in Mbeya by 2013.

ii) New Investments

The market for Pipes and sections would continue to grow at a pace of 9%. To meet the market demand, ALAF had installed a New Pipe Mill with the capacity of 10,000 MT in 2011.

The market for Resincot (Coloured profiled Roofing Sheets) is also expected to grow at a pace of 15% between 2013 to 2016.

ii) Marketing

ALAF deploys the following approach for marketing of it's wide range of products.

- Channel Distribution through a wide dealer network.
- Direct Marketing to end users, Architects and contractors.
- Turnkey execution of Roofing Contracts.
- Direct exports of finished products – Aluminium Zinc Coated/Zinc Coated Coils/Sheets and Pipes, Sections, Furniture Tubes, etc..

Advertising and Sales Promotion:

Sustained advertising campaigns are carried in all media – Radio, Press, POS boards, POS leaflets, etc.

iii) Information and Communication Technology

Over the next few years, ALAF Limited intends to create a sustainable competitive advantage by optimising business practices with the latest in computer technology.

This optimization will enable ALAF Limited to continue to provide its clients with a high level of service while establishing a solid base to take advantage of improvements in technology.

As ALAF Limited continues to expand its business, preparations are needed to equip its staff, managers and business partners with the tools necessary to conduct business on a higher plane. Increasing competitive pressures, shifting markets and volatile material costs are forcing the company to tighten controls in all areas of operation.

The vision of this new way of business involves accessing a wealth of accurate information in a centralized and integrated environment in a timely manner. It is the company's mission to make the vision a reality in the coming years.

With a view to comply with internationally acceptable quality product and system standards, ALAF has implemented an ERP called Navision, developed by Microsoft.

The key components of this centralized information system includes the following :

- Integration – All offices will work from the same information systems regardless of their location.
- Application – New financial applications will allow unlimited growth allowing local managers to monitor their operations' activity on a timely and accurate basis. The centralized purchasing department will take a more active role in anticipating material requirements and supplier relationships through more accurate vendor, job and market information.
- Communications – Interoffice communications and data flow will improve. The outside sale force will be able to access customer, order and cost information using mobile computing equipments and digital communications technology.
- Customer Service – Quotation and order fulfilment process will provide customers and sales staff timely and accurate information throughout the life-cycle of a job.
- Workforce efficiencies – Inefficient use of human resources will be reduced. New document handling systems will enable all appropriate users to have access to needed documents by providing the ability to scan and track documents within a central system.

iv) Human Resource

Human Resources are key resources for any organisation. ALAF Limited provides its employees a stable work environment with equal opportunity for learning and personal growth. All employees are expected to inculcate a sense of belonging towards the company and passion to achieve the Vision set by the Company.

- The Company has, in place, well established HR systems for optimum performance of the available Human Resources.
- A recruitment policy providing equal opportunity and infusion of fresh indigenous talent.
- A transparent remuneration and performance based appraisal system with appropriate rewards and career growth.
- Structured training in all areas for continuous development.
- Retirement benefits and recognition of long service.
- Health care for all employees and families through a dedicated Health Clinic.

Project Overview

- To make available the Roofing Sheets and related accessories at the door steps of market / Consumer.
- Southern Highlands (Mbeya) Region is fast developing region of the country. At the moment the Roofing Sheet and related accessories are being made at ALAF's manufacturing facilities at Dar-Es-Salaam and then transported to Mbeya and other centres of Southern Highlands Region.
- The finished packed Roofing Sheets and accessories, as per below, are presently being supplied from Dar-Es-Salaam to the Customers / Dealers.

- Aluminium Zinc Coated Roofing Sheets (**SIMBA DUMU**)
- Colour Coated Roofing Sheets (**RESINCOT**)
 - Normal corrugation
 - Versatile
 - MaxCover
 - IT 5
- Ridges

1) The **SIMBA DUMU** (Aluminium Zinc Coated Roofing Sheets) are generally in standard sizes of 3 meters, 2.5 meters and 2 meters.

2) The **RESINCOT** (Colour Coated Roofing Sheets) are generally made in length from 2 meters to 6 meters, as per the specific customer's requirements to suit building roof design and requirement.

To meet the requirement of market / customers and to make available the Roofing Sheets and accessories at door steps and also to provide better services to Customers & Dealers of Lake Region, it is necessary to have a Service Point (Roll Forming Operation) at MBEYA.

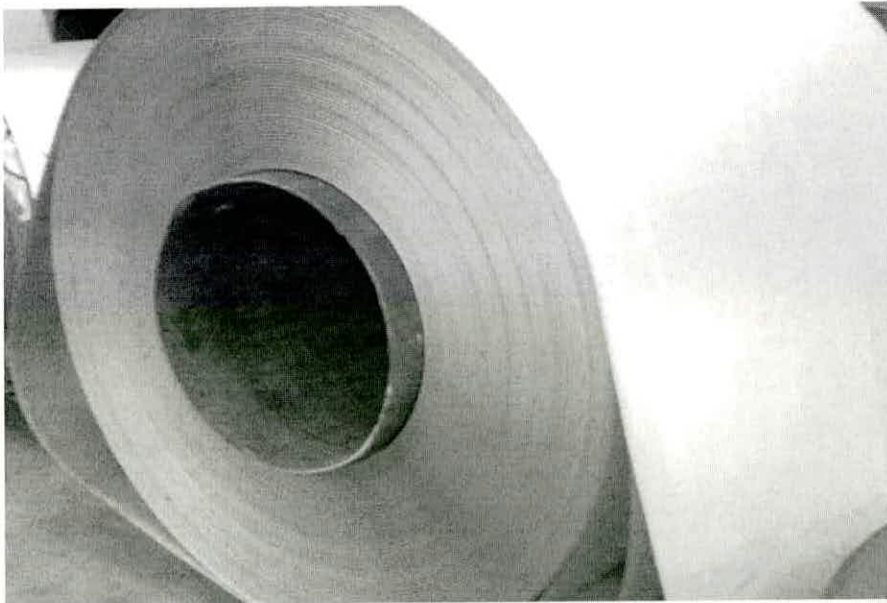
SOURCES OF TECHNOLOGY

The production process have been well developed within ALAF and necessary expertise shall be transferred through the existing technical staff to MBEYA Service Centre (Roll Forming Operations)

PRODUCTION PROCESS

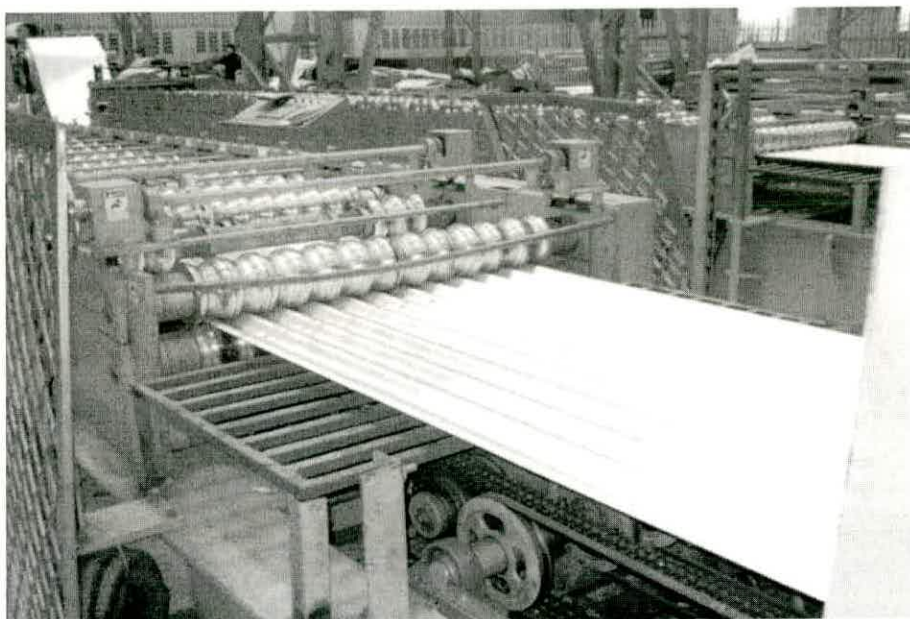
A) NORMAL CORRUGATED ROOFING SHEETS

- 1) The basic raw material, that is Coated (Aluminium Zinc) Coils, as produced by the New Metal Coating Line commissioned in December 2009 at ALAF's manufacturing facilities at Dar-Es-Salaam, shall be transferred to Mbeya for Roll Forming.

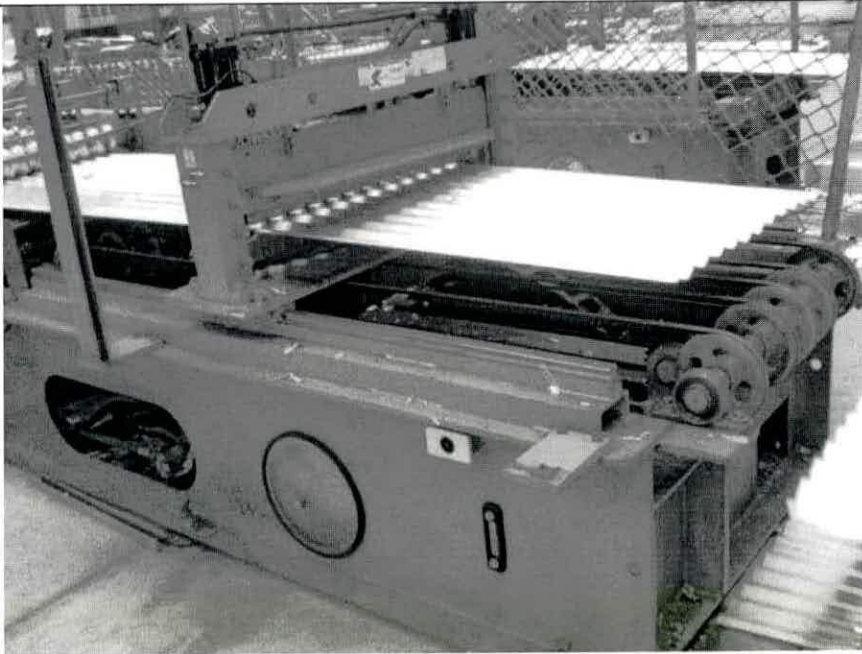


Aluminium Zinc (AZ) Coated Steel Coil

- 2) The Coated Coil then is placed on the Roll Former where it is profiled in 11/3 corrugation and cut to size as per the requirement. Generally corrugated sheets of 3 meters, 2.5 meters and 2 meters are produced.



Roll Forming AZ coil

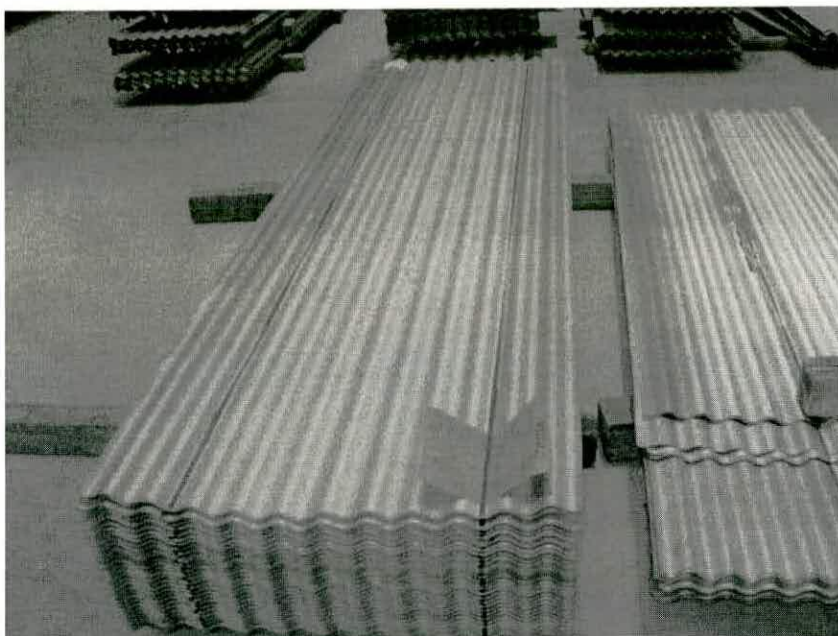


Sheet coming out of Roll Former

- 3) The corrugated cut sheet then are packed in Bundles. The Bundles are made as follows:

Guage	Number of Sheets Per Bundle			Approx Weight per bundle
	3.0 meter	2.5 meter	2.0 meter	
32 G	20	24	30	88 kgs
30 G	16	19	23	88 kgs
28 G	12	14	18	88 kgs
26 G	9	11	14	88 kgs

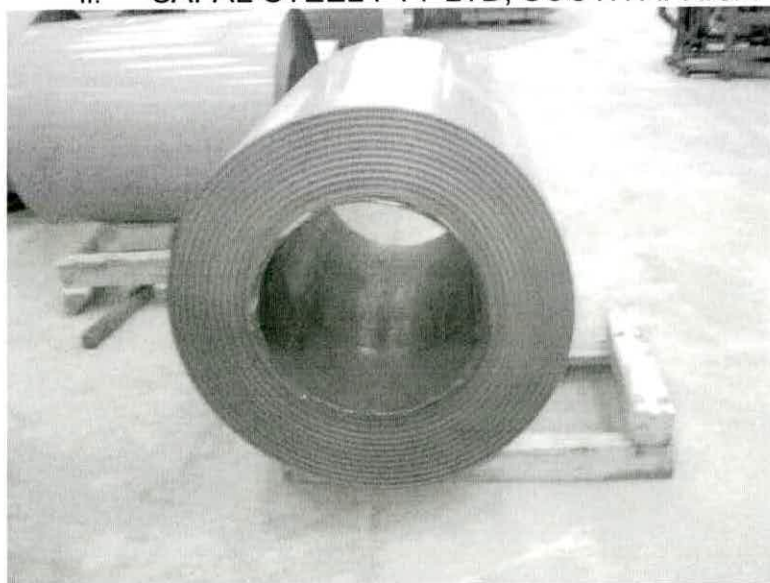
The packed bundles are then ready for Sale to Customers.



Bundled Sheets stacked for Sale to Customer

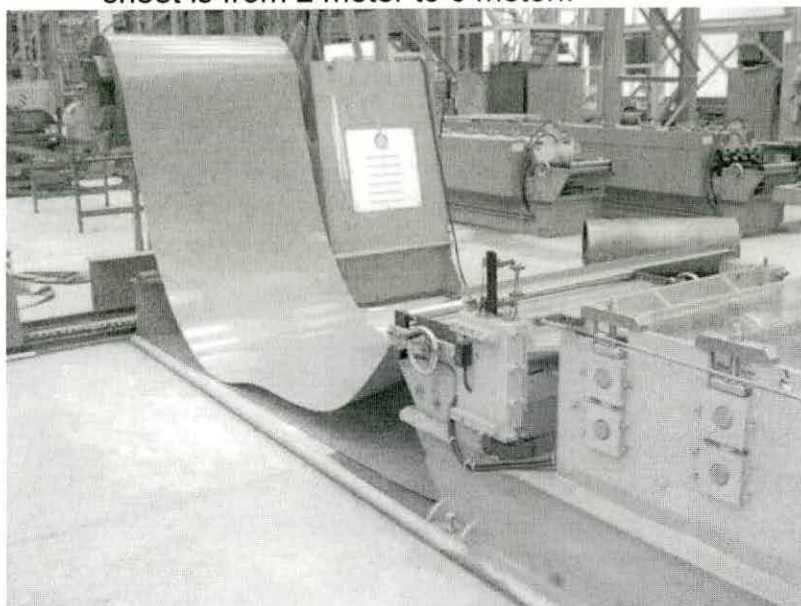
B) PROFILED ROOFING SHEETS

- 1) The Profiled Roofing Sheets are generally made as per customers requirement viz a viz length of each sheet.
- 2) The basic raw material is either the Aluminium Zinc Coated Coils or Colour Coated Coils.
- 3) The Aluminium Zinc Coated Coils are produced at ALAF manufacturing facility in Dar-Es-Salaam.
- 4) The Colour Coils are generally imported from:
 - i. MABATI ROLLING MILLS LTD, KENYA – EAC member
 - ii. SAFAL STEEL PTY LTD, SOUTH AFRICA – SADC member

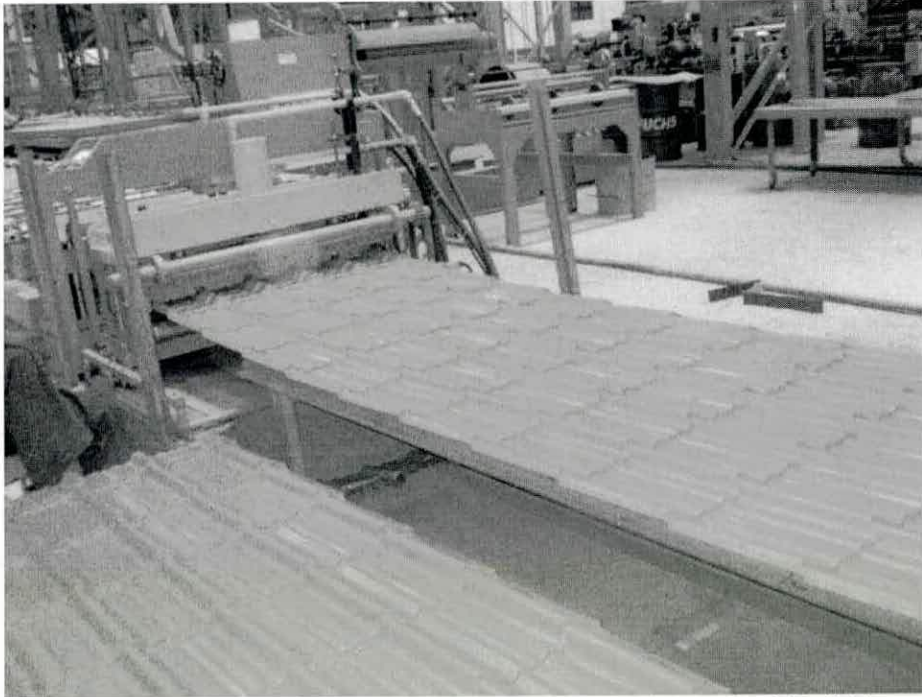


Colour Coated Steel Coil

- 4) The Coated Coil then is placed on the Roll Former where it is profiled and cut to size as per the requirement depending upon the building plan. The length of the profiled sheet is from 2 meter to 6 meter..



Roll Former for Profiling Colour Coil



Profiled sheet coming out of Roll Former

- 5) The corrugated cut sheets then are packed in Bundles as per the customer's order.



Profiled Colour Sheet stacked for Sale to Customer

DETAILS OF INVESTMENT COST

Financing of the Project shall be from Internal Cash generation of ALAF Limited. Herewith below is the summary:

A) INTERNAL CASH GENERATION

Sr No	List of Items	Local (TSHS) - A	Foreign (USD) - B
1	Land		
2	Extension of existing building & civil works	836,250,000	
3	Machinery		1,030,000
4	Auxillary Equipments		460,000
5	Material Handling Equipments		130,000.00
6	Office Equipments	33,450,000	
7	Furniture & Fixtures	16,725,000	
8	Pre Operating Expenses	41,812,500	
9	Contingency	41,812,500	
	TOTAL	970,050,000	1,620,000
	Ex Rate - USD 1 = Tshs	1,672.5	
	TOTAL (IN USD)	580,000	
	GRAND TOTAL (A+B) - In USD	2,200,000	

B) LOANS

In Foreign Currency
In Local Currency

NIL
NIL

ENVIRONMENT IMPACT ASSESSMENT

The entire production process – Roll Forming does not generate any exhaust and also does not require any water or chemical. As such, it is 100% Non Polluting Operation using Electricity.

MARKET SIZE

- It is estimated that the Market Size of Mbeya Region is about 7500 Metric ton (MTS) per annum of Roofing Sheets and is growing at the rate of about 5% to 6% per annum.
- The present market size of ALAF in the region is about 4800 MTS p.a. which is about 64%.
- With the establishment of Service Centre (Roll Forming Operation) at Mbeya, it is expected to cater to the bordering town of Zambia /Malawi / DRC also, thereby earning valuable foreign exchange for the country.

PROJECT CAPACITY

The Project with Five (5) Roll Forming Machines shall have capacity to produce 7200 MTS p.a.

EXPECTED EMPLOYMENT GENERATION

Following is the list of manpower required in various sections.

Profile	Local
Branch Manager	1
Production Engineer	1
Roll Forming Supervisor	1
Packing Supervisor	1
Machine Operators	4
Sales / Marketing Officers	1
Sales / Marketing Assistants	1
Accounts Officer	1
Accounts Assistant	1
Helpers / Office Boy	8
TOTAL	20

FINANCIAL PROJECTION

Profit and Loss Account					Tsh. Million
Particulars	2013	2014	2015	2016	2017
QUANTITY SOLD (MT)	2,820	4,200	5,600	7,200	9,000
Net Sales	6,970	11,747	17,098	23,677	31,963
Gross Sales					
Stock Increase / (Decrease)	1,159	820	1,365	924	1,120
GROSS INCOME	8,129	12,567	18,463	24,601	33,083
Raw Materials	6,848	10,406	15,318	20,220	27,261
Other Materials	-	-	-	-	-
TOTAL MATERIALS	6,848	10,406	15,318	20,220	27,261
GROSS MARGIN	1,281	2,161	3,145	4,380	5,822
Variable Expenses	31	51	75	113	161
CONTRIBUTION	1,249	2,109	3,070	4,267	5,662
Fixed Manufacturing Expenses	215	279	363	471	613
Manufacturing Depreciation	277	554	554	554	554
GROSS PROFIT	758	1,277	2,154	3,242	4,495
	-	-	-	-	-
Operating Expenses					
Selling & Distribution	96	124	162	210	252
Administrative	140	154	169	186	205
Preoperative Expenses	159				
TOTAL OPERATING EXPENSES	394	278	331	396	457
OPERATING PROFIT	364	999	1,823	2,846	4,039
Interest, Financial & Bank Charges	150	165	182	200	220
PROFIT BEFORE TAX	214	834	1,642	2,646	3,819
TAX @ 30%	64	250	493	794	1,146
PROFIT AFTER TAX	150	584	1,149	1,852	2,673

Balance Sheet				Tsh. Million	
Particulars	2013	2014	2015	2016	2017
EMPLOYMENT OF CAPITAL					
Fixed Assets					
Original Cost	3,521	3,521	3,521	3,521	3,521
Less: Accumulated Depreciation	277	830	1,384	1,938	2,491
Net Fixed Assets	3,244	2,690	2,137	1,583	1,029
Current Assets					
Stocks	1,159	1,979	3,344	4,268	5,388
Trade Debtors - Local	710	1,196	1,741	2,411	3,255
Cash & Bank Balances	409	966	1,371	2,286	3,414
Total Current Assets	2,278	4,141	6,456	8,965	12,057
Current Liabilities					
Trade Creditors	1,328	2,018	2,971	3,922	5,288
Other Current Liabilities (Income Tax)	64	250	493	794	1,146
Total Current Liabilities	1,392	2,269	3,464	4,716	6,434
WORKING CAPITAL	885	1,873	2,992	4,249	5,623
TOTAL CAPITAL EMPLOYED	4,129	4,563	5,129	5,832	6,653
FINANCED BY					
Alaf Ltd Dar es Salaam	3,980	3,980	3,980	3,980	3,980
Revenue Reserve		150	584	1,149	1,852
P & L Current	150	584	1,149	1,852	2,673
Less : Dividend Payment	-	150	584	1,149	1,852
Profit & Loss Carried Forward	150	584	1,149	1,852	2,673
TOTAL SHAREHOLDERS FUNDS	4,129	4,563	5,129	5,832	6,653
TOTAL	4,129	4,563	5,129	5,832	6,653

Cash Flow Statement					
Particulars	2013	2014	2015	2016	2017
Debtors Receipts	7,514	13,374	19,631	27,269	36,873
Inter Company Loan receipt	3,980	-	-	-	-
TOTAL RECEIPTS	11,494	13,374	19,631	27,269	36,873
PAYMENTS					
Raw Material Creditors	6,752	11,589	17,123	22,909	30,802
Creditors - Expenses	481	608	768	981	1,230
VAT	22	241	320	622	846
Interest, Financial & Bank Charges	150	165	182	200	220
Purchase of Fixed Assets	3,521				
Opex	159				
Income Tax		64	250	493	794
Payment of Dividend	-	150	584	1,149	1,852
TOTAL	11,085	12,817	19,226	26,354	35,745
Surplus/ (Deficit)	409	557	405	915	1,128
Opening Bank Balance	-	409	966	1,371	2,286
Closing Bank Balance	409	966	1,371	2,286	3,414

CERTIFICATE OF OCCUPANCY

(Issued under Section 9 of the Land Ordinance)

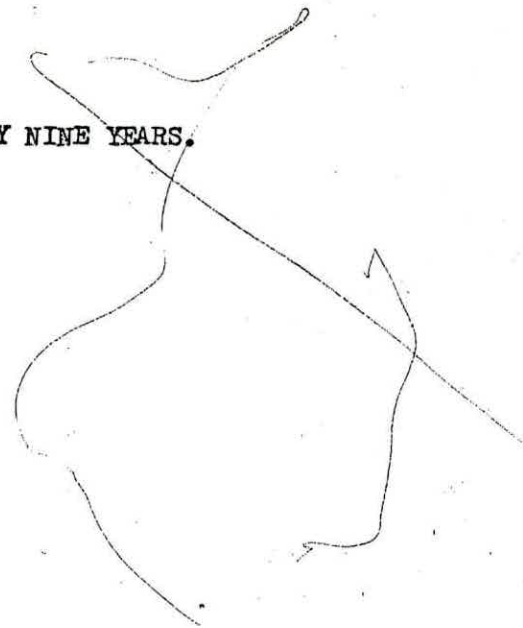
Date of Issue:

Title Number: 6449-MEYLR

Land Office Number: 71715.

Land: PLOT NO. 16 INDUSTRIAL AREA MWANJELWA MBEYA MUNICIPALITY.

Term: NINETY NINE YEARS.



THE LAND REGISTRATION ORDINANCE (CAP.334)
DECLARATION OF AN APPLICATION FOR RECTIFICATION OF AN ERROR IN
THE LAND REGISTER UNDER SECTION. 99 (1) F

C.T. No. 6449-MBYLR
L.O. No. 71715.
L.D. No. MBRL 15775.

I, **CASTOR ISDORY NTARA**, Commissioner for Lands/Authorised Officer of P.O. Box 149, MBEYA do hereby solemnly declare as follows:-

1. **THAT** the Certificate of Occupancy with L.O. No. **71715** in respect of Plot No. 16 Block 'O' Industrial Area Mwanjelwa in Mbeya Municipality/City was duly registered under the above reference.
2. **THAT** by an error showing area **1.15** Acre and Registered plan no. **14526** of Plot No. 16 Block 'O' Industrial Area Mwanjelwa in Mbeya municipality/City was registered to the Certificate of Occupancy.
3. **THAT** it has been revealed that the Plot was subdivided and changed its size (Area) which is **1.15** Acres and Registered Plan no. **14526** were registered to the said Certificate of Occupancy changed its Plot size (Area) **5783** square meters and Registered Plan no. **20103** respectively.
4. **THAT** the site plan outlook changed from normal vertical dimension to horizontal dimension thus we have submitted a new deed plan.
5. **THAT** I am satisfied that a wrong memorial was made in respect of the said Plot.

ACCORDINGLY, I HEREBY APPLY that the registered Certificate of occupancy regarding Plot size (Area) which is 1.15 Acre and Registered Plan no. 14526 registered in the said Certificate of Title be removed and replaced by the one showing Plot size (area) 5783 square meters and Registered Plan no. 20103 respectively.

AND I, the said **CASTOR ISDORY NTARA**, make this solemnly declaration conscientiously believing the same to be true and in accordance with the provisions of the Oaths (Judicial Proceeding and Statutory Declaration Act, 1966)

This Declaration is Made and Subscribed to me by)
the said **CASTOR ISDORY NTARA**, who is known to me)
Personally in my presence this.. **11th** day of.. **JUNE**....2013.)


Castor

Signature:..... *[Handwritten Signature]*)

Postal Address:..... **P. O. Box 149**)
..... **MBEYA**)

Qualification:..... **LAND OFFICER**)

REGISTERED DOCUMENTS No: **11647-MBYU**
REGISTRATION No: **11-6-2013**
9100AN
[Signature]
Asst. Registrar of Titles



TANGANYIKA STAMP DUTY ACT
Stamp Duty Shs: **100/=** Paid
and Revenue Receipt No. **49965033**
Issued **11-6-2013**
[Signature]
Stamp Duty Officer

TANGANYIKA STAMP DUTY ACT
Stamp Duty Shs: **500/=** Paid
our original Receipt No. **49965033**
11-6-2013
[Signature]
Stamp Duty Officer

MINISTRY OF LAND HUMAN SETTLEMENT DEVELOPMENT

Telephone No. 2502318

OFFICE OF REGISTRAR OF TITLES,
ZONAL LAND REGISTRY,
P.O. BOX 2984,
MBEYA.

Ref. No. LR/MBY/17649-MBY/19

18th June 2013

REGISTERED POST:

RE: THE LAND REGISTRATION ORDINANCE (CAP. 334)

RECTIFICATION OF AN ERROR
CT-NO 6449-MBY/19

I have the honour to refer to your letter No. FM/MB/66 dated 11-6-2013 with enclosures herein.

I forward herewith Title No. 6449-MBY/19 to above mentioned deed having been registered on 11-6-2013 under FD No. 17649-MBY/19.

Please acknowledge receipt of the enclosures hereto of the enclosures hereto.

I have the honour to be Sir,
Your Obedient Servant,

PRINCIPAL ASSISTANT REGISTRAR OF TITLES.

Enclosures: 1) CT-NO 6449-MBY/19
2) Copies of Rectification of an Error

To: ALUMINIUM AFRICA LIMITED
P- O BOX 2070
DARE SALAM

CC: _____

3. 1) The Occupier shall not subdivide the land or assign sublet or otherwise dispose of or deal with the whole or any part of it or of any building on it without the previous written consent of the Commissioner PROVIDED that the consent of the Commissioner shall not be necessary;

to a sub-letting of the whole of the land or of the whole or any part of it or of any building on it where the sub-lease contains conditions sufficient to ensure compliance with the conditions of the Right.

ii) Occupation or use of the whole or any part of the land or buildings on it by any person other than the occupier or its employees or agents or contractors or members of the household shall be deemed a dealing with the land or buildings.

4. Except as hereinbefore provided that Commissioner shall have an absolute discretion to give or withhold consent under condition 3.

5. The Occupier shall further:-

i) Make and maintain on the land throughout the term adequate arrangements for water supply, drainage and disposal of trade refuse and effluent to the satisfaction of the Authority;

ii) Make and keep all the buildings on the land rat-proof and carry out such measures as the Medical Officer of Health for the Authority may require for the purposes.

iii) Provide and maintain on the land such ablution facilities and maintain such hygienic measures as shall be required by the said Medical Officer of Health.

6. The Occupier shall pay to the Minister on demand by the Commissioner on his behalf:-

i) Any further fees or stamp duties which may be discovered to be payable by the Occupier's in connection with the Right;

ii) An amount equal to any contribution in lieu of rates which may be payable by Government for the land during the term of the Right;

iii) Such sum as the Commissioner shall assess as a proper share payable for the land of the cost of making up the road or improvement of same upon which the land fronts, abuts or adjoins, whether such demand is made before or after such making or improvement thereof. This condition does not oblige the Government to make or improve roads.

7. USER: The land and the buildings erected thereon shall be used for Industrial purposes only. Use Group 'I' Use Class (a) (whole sale and storage warehouse) as defined in the Town and Country Planning (Use Classes) Regulations 1960.

AT 2.30pm

[Signature]

Asst. Registrar of Titles



and Revenue Receipt No. 792096
of 15-10-1975 Issued. L.O. NO.
[Signature] L.O. NO.
Stamp Duty Officer

TANGANYIKA STAMP DUTY ACT.
Stamp Duty Shs. 72/= Paid
on original Receipt No. 792096
CERTIFICATE OF OCCUPANCY 15-10-1975
day of December *[Signature]*
Stamp Duty Officer

The 24th

day of

One thousand nine hundred and ninety seven

TITLE NO. 6449-MBYLR

THIS IS TO CERTIFY that ALUMINIUM AFRICA LIMITED a limited liability company in incorporated in Tanzania and having its registered office in Dar es Salaam of P.O. BOX 2070 DAR ES SALAAM, (hereinafter called "the occupier") is entitled to a Right of occupancy (hereinafter called "the Right") in and over the land described in the schedule hereto called ("the land") for a term of ninety-nine years from the first day of January one thousand nine hundred and eighty three according to the true intent and meaning of the Land Ordinance and subject to the provisions thereof and to any regulations made thereunder and to any enactment in substitution therefor or amendment thereof and to the following special conditions:-

1. The occupier having paid rent up to the thirtieth day of June 1985 shall thereafter pay rent of three thousand eight hundred and ninety (shs.3,890/=) shillings only a year in advance on the first day of July in every year of the terms without any deduction PROVIDED that the rent may be revised by the Minister for the time being responsible for Lands (hereinafter called "the Minister") on the first day of July in each of the years 2005, 2015, 2025, 2035, 2045, 2055, 2065, 2075 and 2085 or within three years thereafter in each case.

2. The occupier shall:-

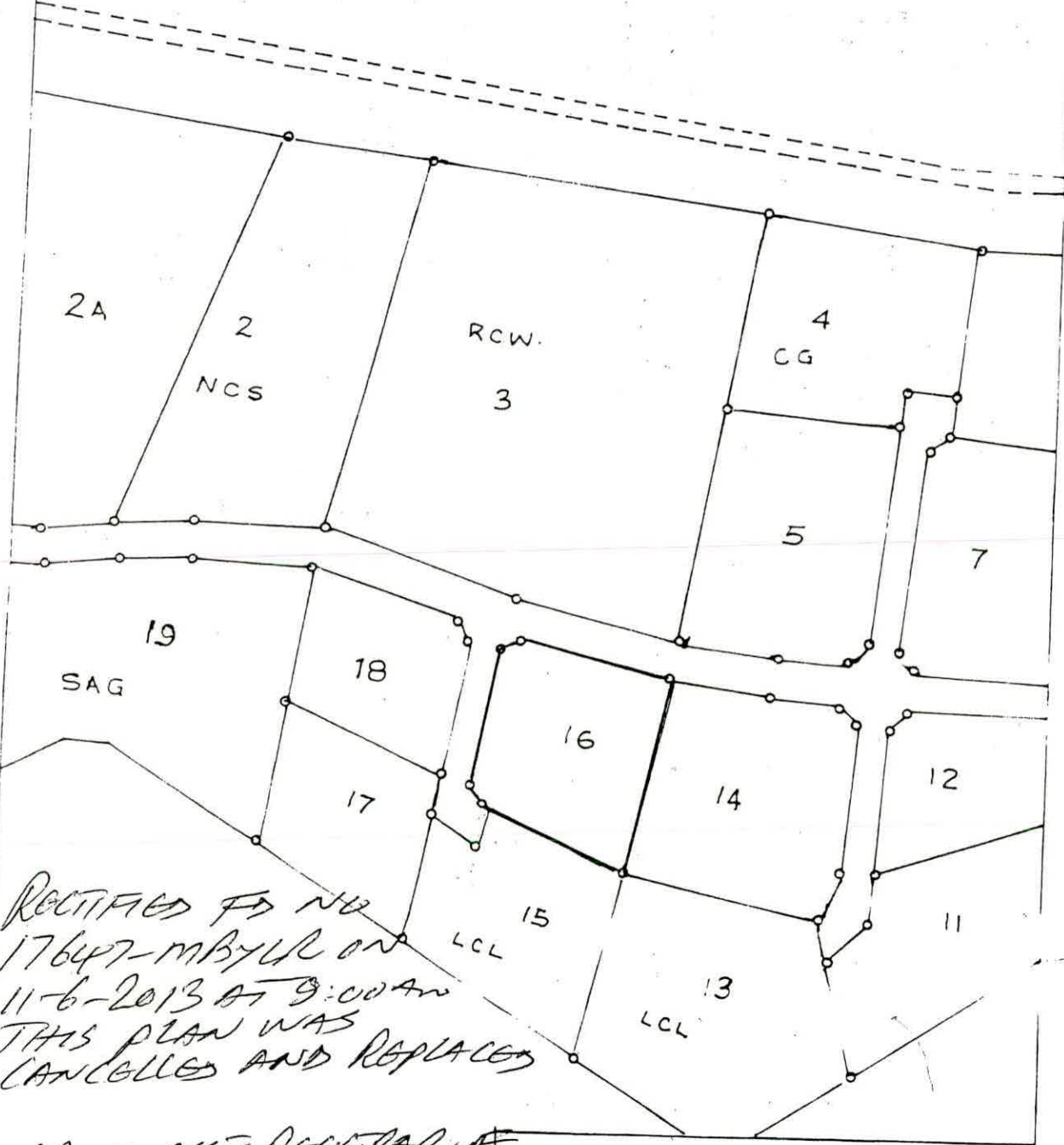
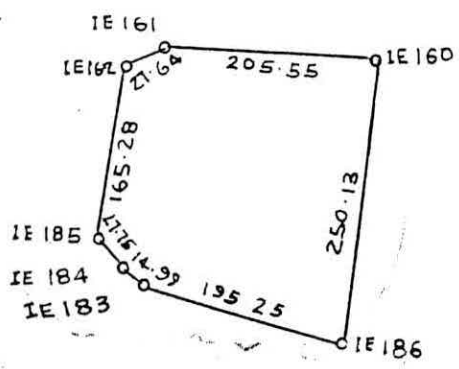
- i) Maintain on the land buildings (hereinafter called "the Buildings") in permanent materials designed for use in accordance with the conditions of the Right and which conform to the building line (if any) decided by the Mbeya Municipality Council hereinafter called the Authority;
- ii) At all times during the term of the Right have on the land buildings as approved by the Authority and maintain them in good order and repair to the satisfaction of the Commissioner for Land (hereinafter called "the Commissioner");
- iii) Not erect or commence to erect on the land any building except in accordance with building plans and specifications which shall have been first approved by the Authority;
- iv) Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the occupier expenses as assessed by the Commissioner for Surveys and Mapping.

Approval of plans of any building by the Authority shall not imply that the construction of such a building will satisfy the occupier's obligation under the conditions of the Right and shall not imply waiver or modification of any condition in the Right.

MBEYA MUNICIPALITY



LOCATION MWANJELWA INDUSTRIAL
 AREA
 BLOCK _____
 PLOT No. 16
 L.O. No. 71715
 AREA 1.15 Acre SQ. FT. SQM



*Rectified FD No
 17647-MBYUR on
 11-6-2013 at 9:00 AM
 THIS PLAN WAS
 CANCELLED AND REPLACED*

*PRINC. ASST. REGISTRAR OF
 TITLES*

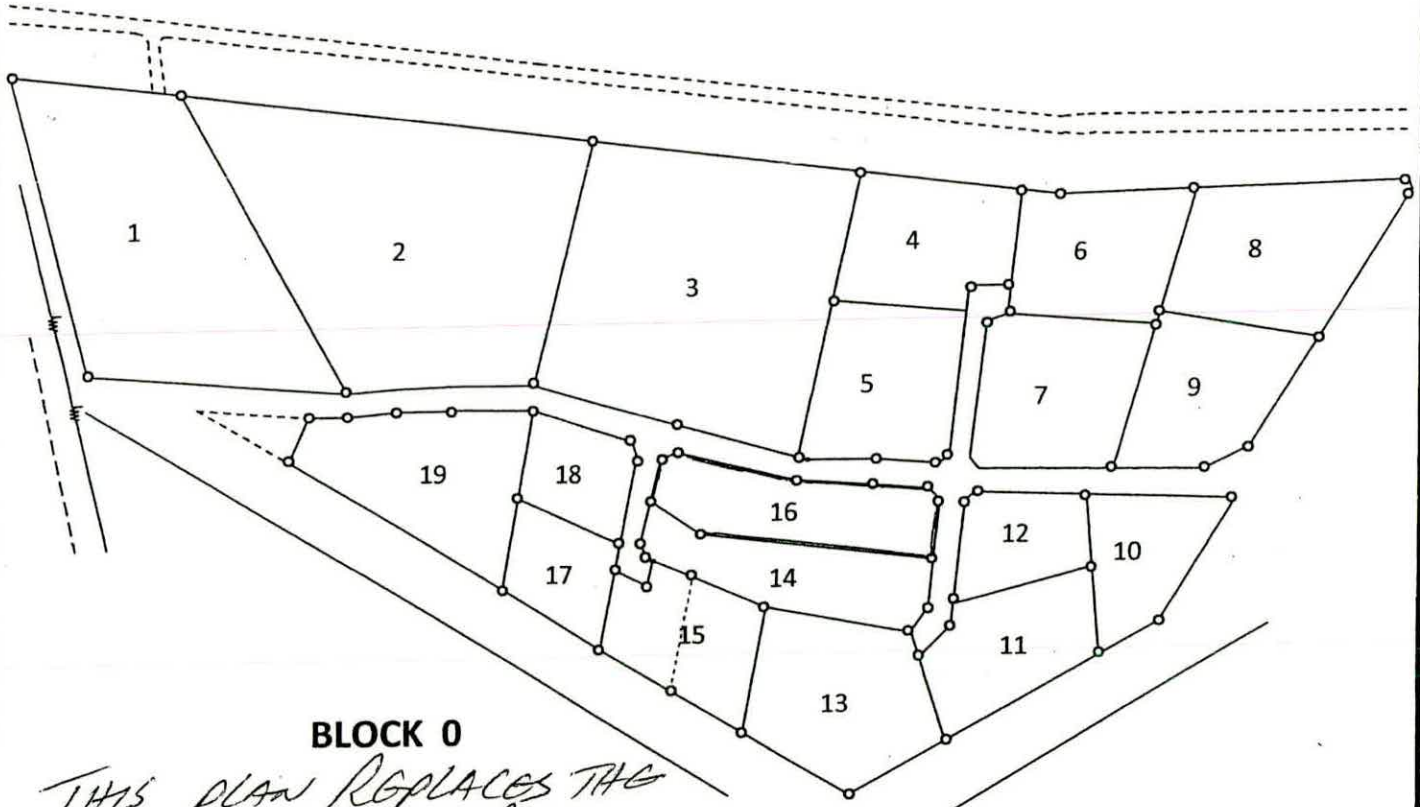
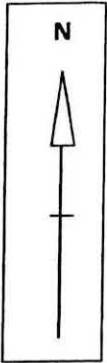
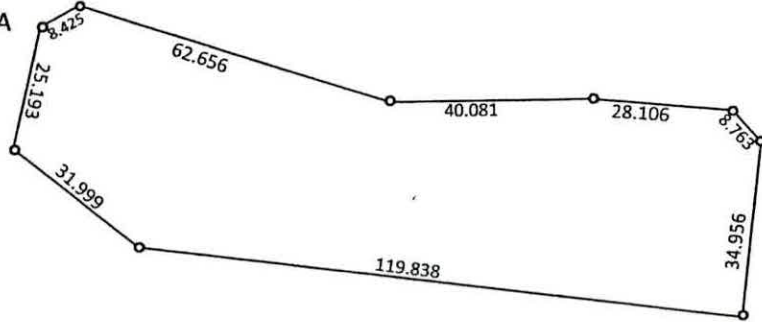
Issue of this plan implies all properties
 are subject to title by the Government

This plan prepared in accordance with Registered plan No. 14526
 approved for purposes of the Land Registration Ordinance
 Director of Surveys and Mapping *Difanga* Date 7/10/97
 Director of Lands, Housing and Urban Development, Dar es Salaam

MBEYA CITY

INSET SHOWING DETAILS OF PLOT

LOCATION MWANJELWA AREA
BLOCK O
PLOT NO. 16
L.O. NO. 71715
AREA 5783 m²



BLOCK 0

THIS PLAN REPLACES THE PREVIOUS PLAN REGISTERED FD NO 17647-MBYUL ON 11-6-2013

PRINC ASST. REGISTRAR OF TITLES
 The issue of this plan implies no guarantee or admission of the title by the Government

This plan prepared in accordance with Registered Plan No. 20103 is approved for the purpose of Land Registration Ordinance.

Director of Surveys and Mapping.....
 Date *07/06/2013*.....
 Ministry of lands Housing and Human Settlement Development Dar es salaam.

8. The President may revoke the Right for good cause or in public interest.

SCHEDULE

ALL that land known as Plot No. 16 Industrial area Mwanjelwa Area Mbeya Municipality containing one decimal point one five (1.15) Acres as shown for identification only edged red on the plan attached to this Certificate and defined on the registered survey plan numbered 14526 deposited at the office of the Commissioner for Surveys and Mapping at Dar es Salaam.

~~Given~~ under my hand and seal and by order of the Minister the day and year first above written.

Rutangwa
THE COMMISSIONER FOR LANDS

The within-named ALUMINIUM AFRICA LIMITED hereby accept the terms and conditions contained in the foregoing Certificate of occupancy.

SEALED with the COMMON SEAL of the said ALUMINIUM AFRICA LIMITED and DELIVERED in the presence of us

this 19th day of

August 1997.

Signature: *Sabir*

Postal Address: P.O. Box 2070
DAR ES SALAAM

Qualification: Chief Executive *DIRECTOR*

Signature: *R. Semu*

Postal Address: P.O. Box 76065
Dar es Salaam

Qualification: Secretary

LAND REGISTRY, MBRYA

1 REQUISITION OF AN ELLER

Filed Document No. 17647-MBYLLE

Date of Receipt 11-6-2013. 9:00AM

To PLOS RECEIVED.


S. Asst. Registrar of Titles

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6.0	Certificate of Change of Name	
7.0	TIN Certificate	
8.0	VAT Certificate	
9.0	Memorandum and Articles of Association	
10.0	Copy of Audited Accounts for past three years.	

1. Company Information

Name	ALAF LIMITED (Formerly known as Aluminium Africa Limited)
Date of Incorporation	17 th October, 1960
Registered Office	Plot 18, Nyerere Road, Industrial Area P. O. Box 2070 Dar es Salaam, Tanzania
Administrative Office	Plot 18, Nyerere Road, Industrial Area P. O. Box 2070 Dar es Salaam, Tanzania
Auditors	Ernst & Young Chartered Accountants

2. Shareholding

In 1973, Government of Tanzania took over 62.5% of the shareholding of ALAF LIMITED which was then 100% privately held company. In 1997, the Group re-acquired management with the repurchase of shareholding up to 60%, and the Government holding then was reduced to 40%.

Currently, Safal Investments (Mauritius) Limited hold 76.4% of the shares of ALAF Ltd. and the balance 23.6% is held by the Treasury Registrar, Government of Tanzania.

3. Management

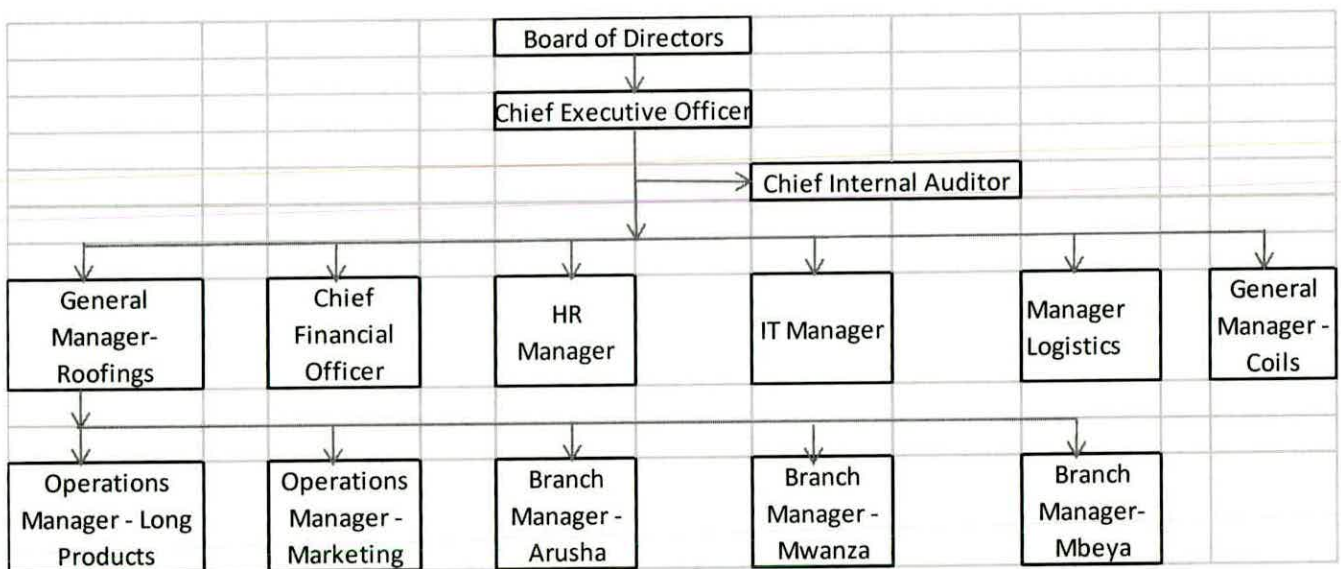
Board of Directors	Dr. M.P.Chandaria OBE, Chairman Mr. Ali Mwinyimvua, - Nominee Director GOT Mr. Uledi Mussa, - Nominee Director GOT Mr. Pankaj Kumar Mr. Kaushik Shah Mr. N.R.Narayanan Mr. Rakesh Bhatnagar
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Besides Mr. Pankaj Kumar, other directors are not involved in the day to day running of the company.

Dr. Manu Chandaria is the Chairman of the COMCRAFT group of companies which operate a framework of more than 40 operations around the world. He is also the founding chairman of the East African Business Council, a past Chairman of the Kenya Association of Manufacturers and the Rotary Club of Nairobi and sits on many other boards and councils in the manufacturing, insurance and higher education sectors. He has served on various Government boards and committees charged with various activities including; poverty reduction, economic revival through private

sector participation, encouragement of modernization through application of science and technology and welfare of the children living on the streets. Dr. Manu Chandaria is deeply involved in charitable and social work and is the founding chairman of the Chandaria Foundation, through which he has contributed to numerous health, education and shelter concerns. In recognition of his outstanding achievements in the industrial, manufacturing and business sector and his contribution to the economy of Kenya, the University of Nairobi awarded him a honorary Doctorate of Science in 1997. For three consecutive years 2000, 2001 and 2002 he was named the Most Respected Chief Executive Officer in East Africa. He has been honoured several times in India, the most significant of these awards being the Pravasi Bhartiya Samman Puraskar conferred by the Government of India on the ten most distinguished persons of Indian Origin in recognition of exceptional services rendered to their countries of domicile. Her Majesty Queen Elizabeth II conferred an OBE (Order of British Empire) on him in the New Year Honours list 2003, in recognition of his work for the community in Kenya and for his promotion of Kenyan economic interests.

A team of professionals with extensive industry experience are responsible for the day-to-day operations of ALAF LIMITED. Below is the current organization chart of ALAF LIMITED (for MBEYA Service Centre Operations).



A brief summary of the management team is given below.

Mr. Pankaj Kumar, age 55, is the Chief Executive Officer and has been with ALAF for the past 7 years. He is a Chartered Accountant by profession and has over 30 years experience in Finance and General Management in various industries including marketing.

Mr. P.G.Kishore , age 47, is the General Manager – Roofings of the Company. He is a Mechanical Engineer by profession and has an overall experience of about 26 years in Marketing , Operations and Business Development . He has been with the company since last 2 years

Mr.Ashish Mistry,age 45, is the General Manager–Coils of the Company and has been with the Company for the past three years . He is a Mechanical Engineer by profession and has 24 years of experience in Manufacturing, Operations , etc.

4. History

ALAF LIMITED (formerly Aluminium Africa Limited) is manufacturer of Steel and Aluminium products. Since inception, ALAF has been the nucleus of steel and aluminium industry in Tanzania.

In the 1960s, the then Aluminium Africa Limited was engaged in melting, hot rolling and cold rolling of aluminium ingots into coils. The sheets were sold for roofing applications and also used for making circles used for producing kitchen utensils. The circles were supplied to Group Companies in Tanzania, Kenya and Zambia.

Mabati (Tanzania) Limited was established to put up Sheet Galvanizing Lines for roofing applications.

In the early 1970s, the business of Mabati (Tanzania) was consolidated with the then Aluminium Africa Limited.

Since its inception in 1960 up to 1973, ALAF was 100% owned by the English Finance & Development Company Limited (EFDL) and Clovis Company Limited (CCL). After nationalisation, the shareholding structure changed to 37.5% EFDL & CCL, both of which are part of the Chandaria Group and 62.5% by the Government of Tanzania. In late 1988, the Government took over the entire management of the company through the National Development Corporation (NDC). During the NDC era, the company, in addition to accumulating losses, was heavily financed by debt acquired from the National Bank of Commerce.

In 1997, the Group took over control of the company with the repurchase of shareholding up to 60%, the Government holding the balance 40% (held by the Treasury Registrar on behalf of the Government of Tanzania). A rights issue of USD 2m was approved in 2001 to increase share capital from TZS 2.4bn to TZS 4.2bn. This was to be injected in the last quarter of 2002 by the majority shareholders as the Treasury Registrar confirmed that they would not participate in this issue. Further to this another right issue of TZS. 1.26bn was approved in the year 2007 of which majority shareholder have accepted its offer to subscribe for TZS. 0.964bn. The Treasury Registrar confirmed that they would subscribe to its offer in due course of time. However, with this allotment of Right issue to the majority shareholder, the Government shareholding was subsequently diluted to 23.6% in the year 2012.

After obtaining physical possession of the Company in May 1997, the management undertook rehabilitation and resumed operations fully in 1998. Since then, a significant turnaround has been seen, with the company posting its first year of profits from the previous perennial losses in 2000. Sales increased from TZS 14.5 Billion in 1998 to over TZS 151.6 Billion in 2012 representing a 956% rise. ALAF has since managed to pull out of the perennial losses that had plagued its bottom-line to returning profits from year 2000 onwards. Profits as at December 2012 were TZS 5.14 Billion up from a loss of TZS 2.27 Billion in 1998, a direct result of good management and effective cost control.

ALAF operates a Cold Rolling Mill with a capacity of 70,000 tonnes per annum. The CRM Complex also includes a Batch Annealing Facility for producing soft material. ALAF has commissioned a new Metal Coating Line which has a capacity of producing 70,000 tonnes of Aluminium Zinc coated coils. The commercial production from this line started from 30th December, 2009.

ALAF also has two tube mills that produces Tubes, Pipes and Hollow Sections and has a capacity of 18,000 tonnes per annum. ALAF's current product range also includes Z-Purlins, Strapping and a host of other steel products.

The company has continued to experience growth in revenue since 1997. The growth in Tanzania's economy has further boosted sales. Although a few companies have joined the industry, ALAF continues to dominate the market through increased efficiency, professional management expertise, improved quality of products, after sales service and a wide network of dealers and distributors along the length and breadth of the country.

ALAF's products are well established in Tanzania and best known for their quality.

5. Vision and Mission

Vision

To be premier producer of metal roofing, tubes and allied building products

Mission

To enhance value for all through Innovation and Best Practices

Values

ALAF will strive for highest standards of:

- ✦ Ethics
- ✦ Safety
- ✦ Compliance
- ✦ Quality

And will be fair and caring towards:

- ✦ Employees
- ✦ Customers
- ✦ Shareholders
- ✦ Community
- ✦ Environment
- ✦ Other stakeholders

Quality and Environment Policy

ALAF is committed to:

- ✦ Doing the job right the first time
- ✦ Exceeding the customer's requirements
- ✦ Cleanliness at work and neighboring environment
- ✦ Utilization of latest production and safety techniques
- ✦ Prevention of pollution, minimizing impact and compliance with local and international requirements
- ✦ Meeting Environment and Quality management objectives

6. 5-Year Performance Analysis

The Tanzania's steel industry is dominated by two main products namely Galvanised Corrugated Iron sheets (GCI) and/or Aluminium Zinc (AZ) coated Corrugated Iron Sheets, Color Coated Corrugated & Profiled Iron Sheets and Pipes, Hollow Sections, furniture tubes, Z purlins, etc..

GCI/AZ have a local market demand of approximately 63,500 metric tonnes (MT) per year, Color Coated sheets have a local market demand of approximately 10,500 metric tonnes (MT) while pipes have a local market demand of 23,000 MT per year. At the end of 2012, ALAF was the market leader for GCI/AZ at 54%, for Colour at 59% and for pipes at 44%. The Tanzanian demand for Steel Products produced by the company is estimated to grow between 8 to 9 percent per annum.

ALAF continues to retain its leadership position in the market, through the introduction of innovative and improved range of roofing sheets such as Aluminium Zinc, Colour coated roofing sheets, crimping sheets and box profiles including SAFLOK-700 which was used at Mlimani Centre Phase I & Phase II, AICL Arusha, Prime Minister Complex at Dodoma, etc.. These product lines offer the consumer value added benefits from a range of products.

The company commissioned its new Metal Coating Line plant with the capacity of 70,000MT to produce world class Aluminium Zinc Coated Roofing Sheets. This product is replacing the existing market of Galvanised Roofing Sheet as it has the longer life than GCI sheets. The surplus material produced from the plant is exported to nearby countries like, Malawi, Zambia, Rwanda, Ethiopia, Burundi, Uganda, Eastern DRC, etc. so as to earn valuable foreign exchange for the country.

The company has also modernised and rehabilitated its Cold Rolling Mill which was destroyed due to fire in the year 2008.

The ALAF's strategy is to retain and increase the market share has been achieved through increased customer base significantly by selling to and servicing dealers throughout the country instead of relying on large distributors. ALAF believes that this strategy will significantly result in an increase in sales value in the long term.

ALAF's strategy to remain market leader in its segment include:

i) Increased capacity to manufacture Quality Products

ALAF is continuously increasing its capacity to manufacture Quality Products so as to offer the consumers in the country and in the regional markets products of international quality. This is made possible by continuously improving the existing manufacturing facilities as well as commissioning new manufacturing plants. In recent past:

- 4 Hi Cold Rolling Mill has been rehabilitated and modernised in May, 2009. (Investment Approx US\$ 10 million)
- New Metal Coated Line (to produce high quality Aluminium and Zinc Coated Roofing Sheets) Commissioned – December, 2009 (Investment – Approx US\$ 30 million)
- New Tube Mill to produce High quality tubes and Hollow sections

II) Cost control and cost reduction

Since the current management took over the company in 1997, significant cost reductions have been achieved in both direct and indirect costs. Continuous efforts are made to keep all cost within the international bench marks.

III) Brand name:

ALAF enjoys a strong Brands in Domestic and Regional markets. Some of the most popular Brands are:

- "SIMBA DUMU" – Aluminium Zinc Coated Corrugated Roofing Sheets.
- "SIMBA CHUMA" – Pipes, Sections, Furniture Tubes, Z purlins, etc.
- "RESINCOT" (IT -4/5, Maxcover, Versatile, SAFLOK-700) – Coloured (Zincal base) Roofing Profiled Sheets.
- "STEELBEND " – Cut & Bend Rebars as per Customer Specific Bending Schedules

ALAF continues to reinforce its brand through advertisement in Radio, Print Media and through its Dealers across the country.

IV) Financial Management:

ALAF inherited debt of approximately TSZ 12.1bn (about US\$ 22 million) in 1997.

Through continuous efforts made, ALAF improved its financial which is evident from the following:

A summary of the financial performance for the year 1998 and since 2005 is seen in the table below -

HISTORICAL FINANCIAL PERFORMANCE - PROFITABILITY

TZS Million

	1998	2008	2009	2010	2011	2012
Sales Revenue	14,462.00	89,045.81	87,332.39	111,279.49	145,937.71	151,609.60
Gross Profit	1,061.00	7,681.68	12,899.34	18,225.15	20,706.60	26,303.18
Operating Profit (EBIT)	949.00	6,925.23	7,590.18	12,186.96	12,152.94	14,390.99
Profit Before Tax	(2,278.00)	5,330.60	6,077.68	6,060.27	4,051.18	7,394.35
Profit After Tax	(2,278.00)	3,630.60	3,913.33	4,347.67	2,528.94	5,139.83

Note: Sales value depends upon the steel prices in the international market as the sales prices are directly related to it.

HISTORICAL FINANCIAL PERFORMANCE - BALANCE SHEET

TZS Million

	1998	2008	2009	2010	2011	2012
ASSETS						
Non Current	19,107.00	26,064.46	48,953.02	51,596.39	52,826.19	48,641.04
Current	6,762.00	60,904.03	44,525.51	59,373.37	84,342.71	64,244.12
TOTAL ASSETS	25,869.00	86,968.49	93,478.53	110,969.76	137,168.90	112,885.16
EQUITY AND LIABILITIES						
Shareholders' Interest	4,708.00	18,220.53	24,472.30	29,002.21	31,620.12	36,759.95
Non Current Liabilities	5,382.00	12,381.10	31,672.57	37,299.18	37,106.60	34,006.08
Current Liabilities	15,779.00	56,366.85	37,333.67	44,668.38	68,442.17	42,119.13
TOTAL EQUITY AND LIABILITIES	25,869.00	86,968.49	93,478.53	110,969.76	137,168.90	112,885.16

ALAF has a stronger Balance Sheet now with a Current Ratio of 1.53 and a Debt Equity Ratio of 0.96 as at December 2012. Continuous improvement in the Shareholders' Fund has been observed over the years as the accumulated losses inherited by ALAF have been wiped off.

7. Strategies – Going Forward

ALAF has identified the following key strategies –

i) Reaching Nearer to Market/Consumer

It is foreseen that the demand for GCI/AZ roofing sheets will continue to grow at a pace of 8% to 9% per annum. With the increase in demand ALAF would need to reach to the end users of the country. For this purpose ALAF has established Service Centres (Roll Forming operations) at Arusha in 2010 . Mwanza in 2012 and are now planning to open in Mbeya by 2013.

ii) New Investments

The market for Pipes and sections would continue to grow at a pace of 9%. To meet the market demand, ALAF had installed a New Pipe Mill with the capacity of 10,000 MT in 2011.

The market for Resincot (Coloured profiled Roofing Sheets) is also expected to grow at a pace of 15% between 2013 to 2016.

ii) Marketing

ALAF deploys the following approach for marketing of it's wide range of products.

- Channel Distribution through a wide dealer network.
- Direct Marketing to end users, Architects and contractors.
- Turnkey execution of Roofing Contracts.
- Direct exports of finished products – Aluminium Zinc Coated/Zinc Coated Coils/Sheets and Pipes, Sections, Furniture Tubes, etc..

Advertising and Sales Promotion:

Sustained advertising campaigns are carried in all media – Radio, Press, POS boards, POS leaflets, etc.

iii) Information and Communication Technology

Over the next few years, ALAF Limited intends to create a sustainable competitive advantage by optimising business practices with the latest in computer technology.

This optimization will enable ALAF Limited to continue to provide its clients with a high level of service while establishing a solid base to take advantage of improvements in technology.

As ALAF Limited continues to expand its business, preparations are needed to equip its staff, managers and business partners with the tools necessary to conduct business on a higher plane. Increasing competitive pressures, shifting markets and volatile material costs are forcing the company to tighten controls in all areas of operation.

The vision of this new way of business involves accessing a wealth of accurate information in a centralized and integrated environment in a timely manner. It is the company's mission to make the vision a reality in the coming years.

With a view to comply with internationally acceptable quality product and system standards, ALAF has implemented an ERP called Navision, developed by Microsoft.

The key components of this centralized information system includes the following :

- Integration – All offices will work from the same information systems regardless of their location.
- Application – New financial applications will allow unlimited growth allowing local managers to monitor their operations' activity on a timely and accurate basis. The centralized purchasing department will take a more active role in anticipating material requirements and supplier relationships through more accurate vendor, job and market information.
- Communications – Interoffice communications and data flow will improve. The outside sale force will be able to access customer, order and cost information using mobile computing equipments and digital communications technology.
- Customer Service – Quotation and order fulfilment process will provide customers and sales staff timely and accurate information throughout the life-cycle of a job.
- Workforce efficiencies – Inefficient use of human resources will be reduced. New document handling systems will enable all appropriate users to have access to needed documents by providing the ability to scan and track documents within a central system.

iv) Human Resource

Human Resources are key resources for any organisation. ALAF Limited provides its employees a stable work environment with equal opportunity for learning and personal growth. All employees are expected to inculcate a sense of belonging towards the company and passion to achieve the Vision set by the Company.

- The Company has, in place, well established HR systems for optimum performance of the available Human Resources.
- A recruitment policy providing equal opportunity and infusion of fresh indigenous talent.
- A transparent remuneration and performance based appraisal system with appropriate rewards and career growth.
- Structured training in all areas for continuous development.
- Retirement benefits and recognition of long service.
- Health care for all employees and families through a dedicated Health Clinic.

Project Overview

- To make available the Roofing Sheets and related accessories at the door steps of market / Consumer.
- Southern Highlands (Mbeya) Region is fast developing region of the country. At the moment the Roofing Sheet and related accessories are being made at ALAF's manufacturing facilities at Dar-Es-Salaam and then transported to Mbeya and other centres of Southern Highlands Region.
- The finished packed Roofing Sheets and accessories, as per below, are presently being supplied from Dar-Es-Salaam to the Customers / Dealers.

- Aluminium Zinc Coated Roofing Sheets (**SIMBA DUMU**)
- Colour Coated Roofing Sheets (**RESINCOT**)
 - Normal corrugation
 - Versatile
 - MaxCover
 - IT 5
- Ridges

1) The **SIMBA DUMU** (Aluminium Zinc Coated Roofing Sheets) are generally in standard sizes of 3 meters, 2.5 meters and 2 meters.

2) The **RESINCOT** (Colour Coated Roofing Sheets) are generally made in length from 2 meters to 6 meters, as per the specific customer's requirements to suit building roof design and requirement.

To meet the requirement of market / customers and to make available the Roofing Sheets and accessories at door steps and also to provide better services to Customers & Dealers of Lake Region, it is necessary to have a Service Point (Roll Forming Operation) at MBEYA.

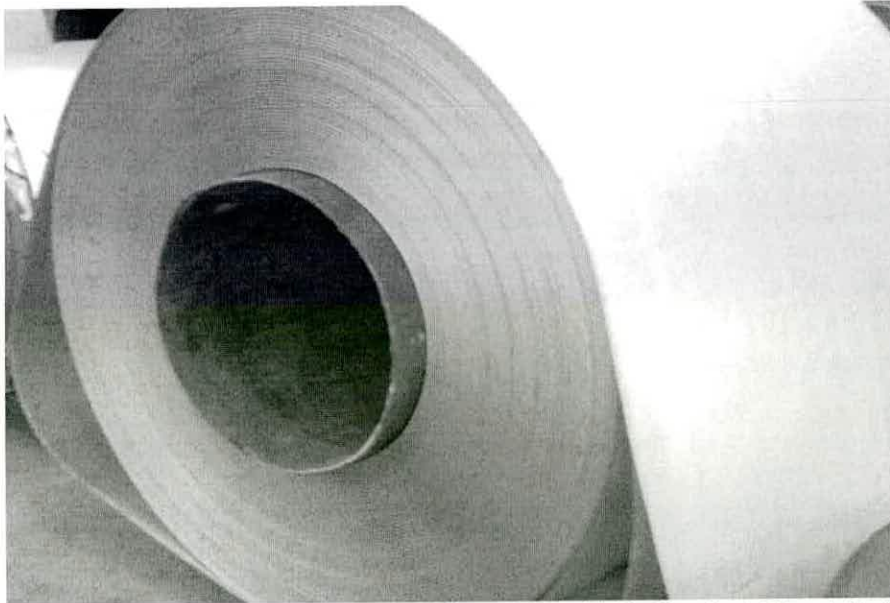
SOURCES OF TECHNOLOGY

The production process have been well developed within ALAF and necessary expertise shall be transferred through the existing technical staff to MBEYA Service Centre (Roll Forming Operations)

PRODUCTION PROCESS

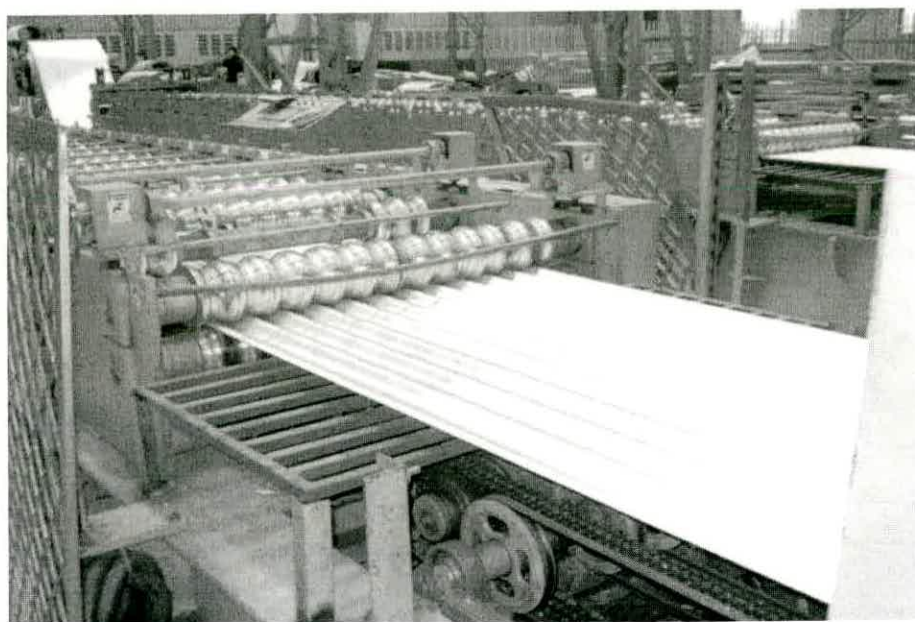
A) NORMAL CORRUGATED ROOFING SHEETS

- 1) The basic raw material, that is Coated (Aluminium Zinc) Coils, as produced by the New Metal Coating Line commissioned in December 2009 at ALAF's manufacturing facilities at Dar-Es-Salaam, shall be transferred to Mbeya for Roll Forming.

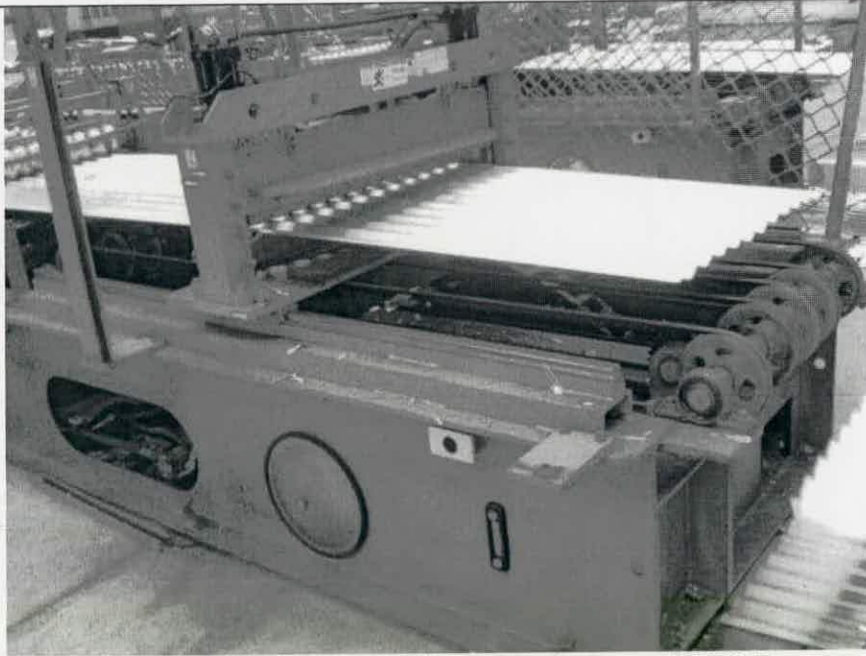


Aluminium Zinc (AZ) Coated Steel Coil

- 2) The Coated Coil then is placed on the Roll Former where it is profiled in 11/3 corrugation and cut to size as per the requirement. Generally corrugated sheets of 3 meters, 2.5 meters and 2 meters are produced.



Roll Forming AZ coil

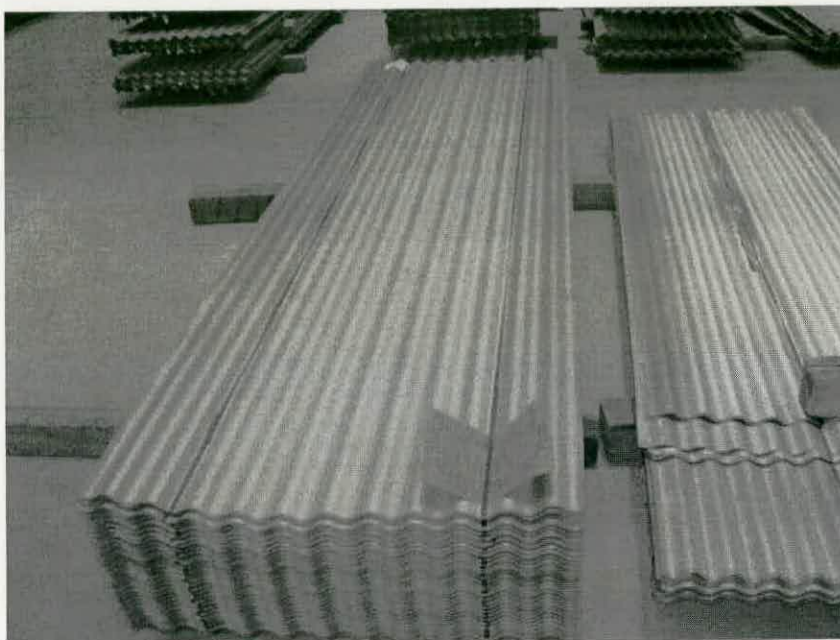


Sheet coming out of Roll Former

- 3) The corrugated cut sheet then are packed in Bundles. The Bundles are made as follows:

Guage	Number of Sheets Per Bundle			Approx Weight per bundle
	3.0 meter	2.5 meter	2.0 meter	
32 G	20	24	30	88 kgs
30 G	16	19	23	88 kgs
28 G	12	14	18	88 kgs
26 G	9	11	14	88 kgs

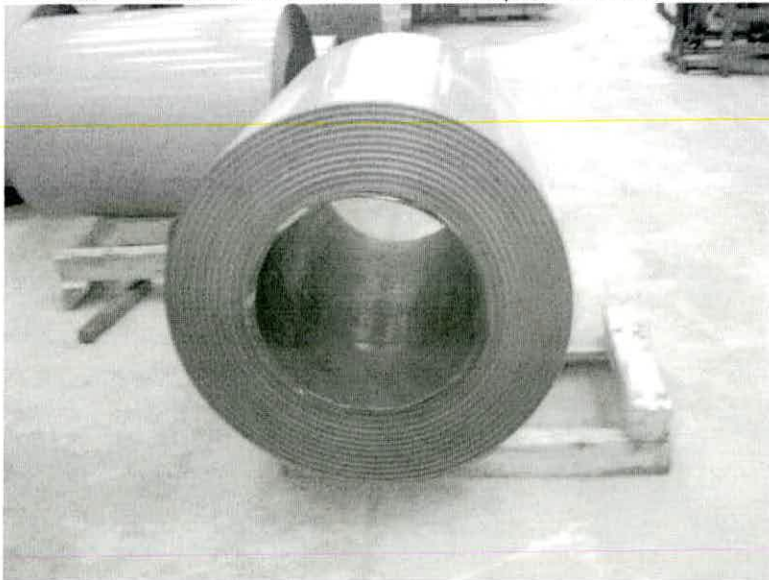
The packed bundles are then ready for Sale to Customers.



Bundled Sheets stacked for Sale to Customer

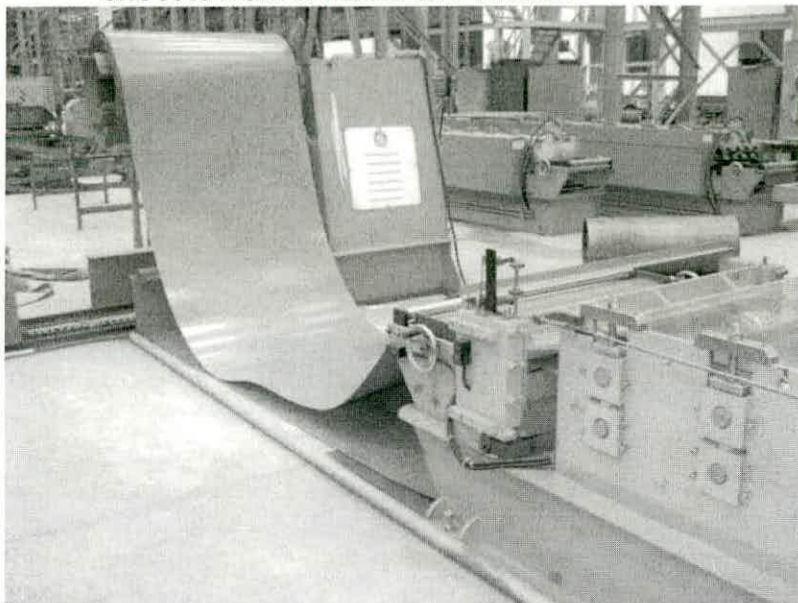
B) PROFILED ROOFING SHEETS

- 1) The Profiled Roofing Sheets are generally made as per customers requirement viz a viz length of each sheet.
- 2) The basic raw material is either the Aluminium Zinc Coated Coils or Colour Coated Coils.
- 3) The Aluminium Zinc Coated Coils are produced at ALAF manufacturing facility in Dar-Es-Salaam.
- 4) The Colour Coils are generally imported from:
 - i. MABATI ROLLING MILLS LTD, KENYA – EAC member
 - ii. SAFAL STEEL PTY LTD, SOUTH AFRICA – SADC member

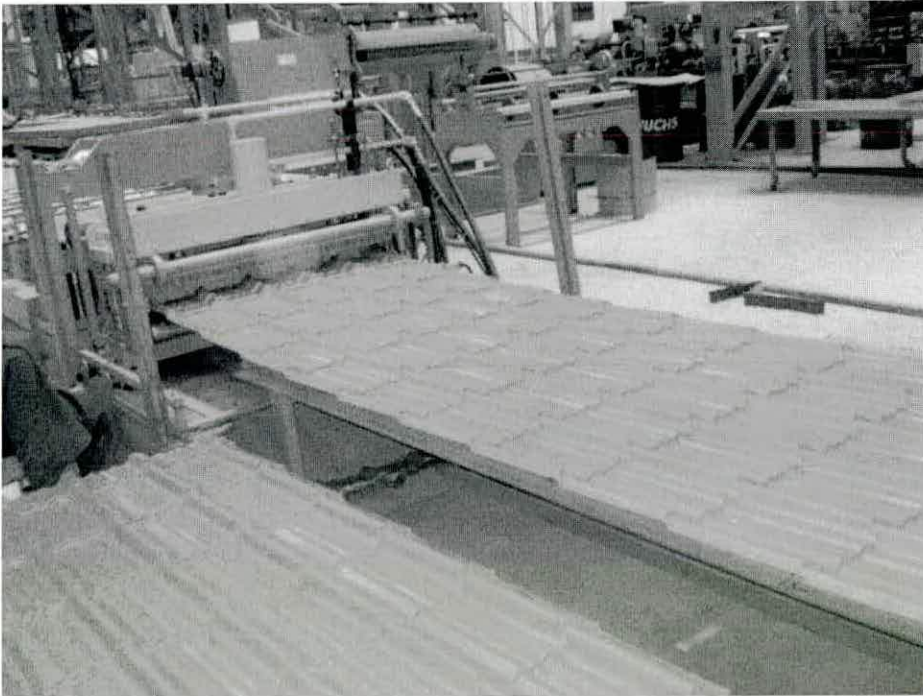


Colour Coated Steel Coil

- 4) The Coated Coil then is placed on the Roll Former where it is profiled and cut to size as per the requirement depending upon the building plan. The length of the profiled sheet is from 2 meter to 6 meter..



Roll Former for Profiling Colour Coil



Profiled sheet coming out of Roll Former

- 5) The corrugated cut sheets then are packed in Bundles as per the customer's order.



Profiled Colour Sheet stacked for Sale to Customer

DETAILS OF INVESTMENT COST

Financing of the Project shall be from Internal Cash generation of ALAF Limited. Herewith below is the summary:

A) INTERNAL CASH GENERATION

Sr No	List of Items	Local (TSHS) - A	Foreign (USD) - B
1	Land		
2	Extension of existing building & civil works	836,250,000	
3	Machinery		1,030,000
4	Auxillary Equipments		460,000
5	Material Handling Equipments		130,000.00
6	Office Equipments	33,450,000	
7	Furniture & Fixtures	16,725,000	
8	Pre Operating Expenses	41,812,500	
9	Contingency	41,812,500	
	TOTAL	970,050,000	1,620,000
	Ex Rate - USD 1 = Tshs	1,672.5	
	TOTAL (IN USD)	580,000	
	GRAND TOTAL (A+B) - In USD	2,200,000	

B) LOANS

In Foreign Currency
In Local Currency

NIL
NIL

ENVIRONMENT IMPACT ASSESSMENT

The entire production process – Roll Forming does not generate any exhaust and also does not require any water or chemical. As such, it is 100% Non Polluting Operation using Electricity.

MARKET SIZE

- It is estimated that the Market Size of Mbeya Region is about 7500 Metric ton (MTS) per annum of Roofing Sheets and is growing at the rate of about 5% to 6% per annum.
- The present market size of ALAF in the region is about 4800 MTS p.a. which is about 64%.
- With the establishment of Service Centre (Roll Forming Operation) at Mbeya, it is expected to cater to the bordering town of Zambia /Malawi / DRC also, thereby earning valuable foreign exchange for the country.

PROJECT CAPACITY

The Project with Five (5) Roll Forming Machines shall have capacity to produce 7200 MTS p.a.

EXPECTED EMPLOYMENT GENERATION

Following is the list of manpower required in various sections.

Profile	Local
Branch Manager	1
Production Engineer	1
Roll Forming Supervisor	1
Packing Supervisor	1
Machine Operators	4
Sales / Marketing Officers	1
Sales / Marketing Assistants	1
Accounts Officer	1
Accounts Assistant	1
Helpers / Office Boy	8
TOTAL	20

FINANCIAL PROJECTION

Profit and Loss Account					Tsh. Million
Particulars	2013	2014	2015	2016	2017
QUANTITY SOLD (MT)	2,820	4,200	5,600	7,200	9,000
Net Sales	6,970	11,747	17,098	23,677	31,963
Gross Sales					
Stock Increase / (Decrease)	1,159	820	1,365	924	1,120
GROSS INCOME	8,129	12,567	18,463	24,601	33,083
Raw Materials	6,848	10,406	15,318	20,220	27,261
Other Materials	-	-	-	-	-
TOTAL MATERIALS	6,848	10,406	15,318	20,220	27,261
GROSS MARGIN	1,281	2,161	3,145	4,380	5,822
Variable Expenses	31	51	75	113	161
CONTRIBUTION	1,249	2,109	3,070	4,267	5,662
Fixed Manufacturing Expenses	215	279	363	471	613
Manufacturing Depreciation	277	554	554	554	554
GROSS PROFIT	758	1,277	2,154	3,242	4,495
	-	-	-	-	-
Operating Expenses					
Selling & Distribution	96	124	162	210	252
Administrative	140	154	169	186	205
Preoperative Expenses	159				
TOTAL OPERATING EXPENSES	394	278	331	396	457
OPERATING PROFIT	364	999	1,823	2,846	4,039
Interest, Financial & Bank Charges	150	165	182	200	220
PROFIT BEFORE TAX	214	834	1,642	2,646	3,819
TAX @ 30%	64	250	493	794	1,146
PROFIT AFTER TAX	150	584	1,149	1,852	2,673

Balance Sheet					Tsh. Million
Particulars	2013	2014	2015	2016	2017
EMPLOYMENT OF CAPITAL					
Fixed Assets					
Original Cost	3,521	3,521	3,521	3,521	3,521
Less: Accumulated Depreciation	277	830	1,384	1,938	2,491
Net Fixed Assets	3,244	2,690	2,137	1,583	1,029
Current Assets					
Stocks	1,159	1,979	3,344	4,268	5,388
Trade Debtors - Local	710	1,196	1,741	2,411	3,255
Cash & Bank Balances	409	966	1,371	2,286	3,414
Total Current Assets	2,278	4,141	6,456	8,965	12,057
Current Liabilities					
Trade Creditors	1,328	2,018	2,971	3,922	5,288
Other Current Liabilities (Income Tax)	64	250	493	794	1,146
Total Current Liabilities	1,392	2,269	3,464	4,716	6,434
WORKING CAPITAL	885	1,873	2,992	4,249	5,623
TOTAL CAPITAL EMPLOYED	4,129	4,563	5,129	5,832	6,653
FINANCED BY					
Alaf Ltd Dar es Salaam	3,980	3,980	3,980	3,980	3,980
Revenue Reserve		150	584	1,149	1,852
P & L Current	150	584	1,149	1,852	2,673
Less : Dividend Payment	-	150	584	1,149	1,852
Profit & Loss Carried Forward	150	584	1,149	1,852	2,673
TOTAL SHAREHOLDERS FUNDS	4,129	4,563	5,129	5,832	6,653
TOTAL	4,129	4,563	5,129	5,832	6,653

Cash Flow Statement					
Particulars	2013	2014	2015	2016	2017
Debtors Receipts	7,514	13,374	19,631	27,269	36,873
Inter Company Loan receipt	3,980	-	-	-	-
TOTAL RECEIPTS	11,494	13,374	19,631	27,269	36,873
PAYMENTS					
Raw Material Creditors	6,752	11,589	17,123	22,909	30,802
Creditors - Expenses	481	608	768	981	1,230
VAT	22	241	320	622	846
Interest, Financial & Bank Charges	150	165	182	200	220
Purchase of Fixed Assets	3,521				
Opex	159				
Income Tax		64	250	493	794
Payment of Dividend	-	150	584	1,149	1,852
TOTAL	11,085	12,817	19,226	26,354	35,745
Surplus/ (Deficit)	409	557	405	915	1,128
Opening Bank Balance	-	409	966	1,371	2,286
Closing Bank Balance	409	966	1,371	2,286	3,414

ALAF Limited			
List of Items Required for the Project			
MBEYA Service Point (Roll Forming Operations)			
Sr No	List of Items	Quantity	Amount (USD)
I)	Renovation of existing building / Office building / Civil Works and related expenses		\$500,000.00
II)	Machinery		
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IV)	Material Handling Equipments		
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3	Truck - 3 MT	1 No	\$25,000.00
4	Car - Pick Up	1 No	\$20,000.00
5	Sheet Storage Rack	1 Set	\$10,000.00
6	Long Product Storage Rack	1 Set	\$15,000.00
V)	Office Equipments		\$20,000.00
VI)	Furniture and Fixtures		\$10,000.00
VII)	Pre Operating Expenses		\$25,000.00
VIII)	Contingency		\$25,000.00
	TOTAL		\$2,200,000.00



TANZANIA REVENUE AUTHORITY

Certificate of Registration for Value Added Tax (VAT)

(ISSUED UNDER SECTION 20 OF THE VALUE ADDED TAX ACT NO. 24 OF 1997)

THIS IS TO CERTIFY THAT

ALUMINIUM AFRICA LIMITED

WHOSE TAXPAYER IDENTIFICATION NUMBER (TIN) IS

100-146-630

HAS BEEN REGISTERED FOR VALUE ADDED TAX (VAT)

AND ASSIGNED VAT REGISTRATION NUMBER (VRN)

10-007038-K

FOR BUSINESS LOCATED AT PLOT NO.18A & 18D 29
NYERERE ROAD

WITH EFFECT FROM 1st July 1998

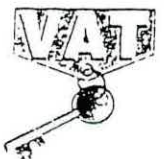
GIVEN UNDER MY HAND

THIS 8th DAY OF June 1998

[Signature]
COMMISSIONER FOR VAT



FOR NATIONAL DEVELOPMENT



FOR NATIONAL DEVELOPMENT

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

CTIN.: 0050455



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 3A(4) OF THE INCOME TAX ACT NO. 33 OF 1973)
AS AMMENDED BY THE FINANCIAL LAWS (MISCELLANEOUS AMENDMENTS) 2000

THIS IS TO CERTIFY THAT

ALUMINIUM AFRICA LIMITED

.....

has been registered with the Tanzania Revenue
Authority and assigned the Taxpayer
Identification Number

100-146-630

.....

with effect from 01/07/1999

.....

OFFICIAL SEAL


H. M. Kitillya
COMMISSIONER FOR INCOME TAX

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

THE UNITED REPUBLIC OF TANZANIA



Certificate of Change of Name

NO 2604

I HEREBY CERTIFY THAT

ALUMINIUM AFRICA LIMITED =====

having, with sanction of a special Resolution of the said Company, and with the approval of the Registrar signified in writing Changed its name, is now called the

ALAF LIMITED =====

and I have entered such new name on the Register accordingly.

Given under my hand at Dar es salaam

this **13TH** day of **JULY**

Two thousand and **SIX**

A handwritten signature in black ink, appearing to be 'J. M. M.' followed by a flourish.

Asst. Registrar of Companies

THE UNITED REPUBLIC OF TANZANIA

1/-
3/917965 3-7-1969
M3462



1342
9th July 1969

Certificate of Incorporation

No. 2604

I HEREBY CERTIFY THAT

ALUMINIUM AFRICA

Limited

is this day incorporated under the Companies Ordinance (Cap. 212) and that the Company is Limited.

Given under my hand at Dar es Salaam

this Seventia day of October

One thousand nine hundred and sixty.

J. Paterson

Asst. Registrar of Companies

**EXTRACT OF A RESOLUTION FROM THE MINUTES OF A MEETING
OF THE BOARD OF DIRECTORS OF ALAF LIMITED HELD AT THE
REGISTERED OFFICE OF THE COMPANY, 18 NYERERE ROAD,
DAR ES SALAAM ON TUESDAY THE 15TH MAY, 2012 AT 11.00**

NEW INVESTMENTS IN THE MBEYA SERVICE CENTRE

The Management sought mandate from the board to make an investment in Mbeya Service Centre the Capital of **United States of American Dollar Two Million Two Hundred Thousand (US\$.2,200,000.00)** to be spent as follows:

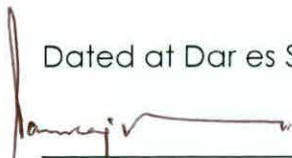
- (a) For the Construction and/or renovations of Factory Shed and Administrative Building on the Land already owned by the Company.
- (b) For the purchase of Plant and Machinery.
- (c) For the purchase of Auxiliary Equipments and Material Handling Equipments.
- (d) For salary of employees.

It was **RESOLVED:**

- (i) To give mandate to the Management to invest in the Mbeya Service Centre the Capital of **United States of American Dollar Two Million Two Hundred Thousand (US\$.2,200,000.00)** to be spent as follows:
 - (a) For the Construction and/or renovations of Factory Shed and Administrative Building on the Land already owned by the Company.
 - (b) For the purchase of Plant and Machinery.
 - (c) For the purchase of Auxiliary Equipments and Material Handling Equipments.
 - (d) For salary of employees.
- (ii) That a copy of this Resolution, certified as a true copy under the hand of any one Director of the Company and the Secretary, be furnished to the Tanzania Investment Centre.

CERTIFIED TRUE COPY

Dated at Dar es Salaam this...^{25th}.....day of...^{July}....., 2013



**DIRECTOR
ALAF LIMITED**



**COMPANY SECRETARY
ALAF LIMITED**

**EXTRACT OF A RESOLUTION FROM THE MINUTES OF A MEETING
OF THE BOARD OF DIRECTORS OF ALAF LIMITED HELD AT THE
REGISTERED OFFICE OF THE COMPANY, 18 NYERERE ROAD,
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- (c) For the purchase of Auxiliary Equipments and Material Handling Equipments.
- (d) For salary of employees.

It was **RESOLVED:**

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- (ii) That a copy of this Resolution, certified as a true copy under the hand of any one Director of the Company and the Secretary, be furnished to the Tanzania Investment Centre.

CERTIFIED TRUE COPY

Dated at Dar es Salaam this...^{25th}.....day of...^{July}....., 2013



**DIRECTOR
ALAF LIMITED**



**COMPANY SECRETARY
ALAF LIMITED**



Corporate &
Investment Bank

BANKM/IFB/113/2013

23rd July 2013

ALAF TANZANIA LIMITED
P.O BOX 2070
DAR-ES-SALAAM,
TANZANIA.

Dear Sir/Madam,

RE: REFERENCE LETTER FOR ALAF TANZANIA LIMITED

At the request of our customer, we would like to provide the following reference.

ALAF TANZANIA LIMITED is a private limited company which deals with the manufacturing of iron sheets, galvanized iron tubes. The ownership and management of this company and its accounts is of high integrity and is reputed to honour all their normal business engagements.

ALAF TANZANIA LIMITED maintains both Tanzania Shillings (TZS) and United States Dollar (USD) current accounts with us respectively; the conduct of their account has been satisfactory till to date.

- TZS current account numbers: 0150001561; 0550001563 and 0650001563
- USD current account numbers: 0150001562.

This reference letter has been issued at a specific request of the client without risk or responsibility on the Bank or any of its officials.

Yours sincerely,
For and on behalf of
Bank M (Tanzania) Ltd

.....
Authorized Signatory

.....
Authorized Signatory



Bank M (Tanzania) Limited

Money centre - 8, Ocean Road,
P.O.Box 96, Dar es Salaam, Tanzania.
Tel: +255 22 2345678, Fax: +255 22 2127824
www.bankm.co.tz

ALAF Limited			
List of Items Required for the Project			
MBEYA Service Point (Roll Forming Operations)			
Sr No	List of Items	Quantity	Amount (USD)
I)	Renovation of existing building / Office building / Civil Works and related expenses		\$500,000.00
II)	Machinery		
1	Roll Forming Machines	5 Nos	\$650,000.00
2	11/3 Ridge Capping Machine	1 No	\$75,000.00
3	Versatile Ridge Capping Machine	1 No	\$75,000.00
4	Roma Tile Ridge Capping Machine	1 No	\$75,000.00
5	CTL cum Slitting Machine	1 No	\$80,000.00
6	Crimping Machine	1 No	\$75,000.00
III)	Auxilliary Equipment		
1	Overhead Crane - 5 MT / 10 MT	2 Nos	\$225,000.00
2	Compressor	1 No	\$45,000.00
3	Generator - 100 KVA	1 No	\$50,000.00
4	Packing Tools	1 Set	\$25,000.00
5	Forklift - 5 MT	1 No	\$60,000.00
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IV)	Material Handling Equipments		
1	Coil Storage Racks		\$20,000.00
2	Truck - 10 MT	1 No	\$40,000.00
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VI)	Furniture and Fixtures		\$10,000.00
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VIII)	Contingency		\$25,000.00
	TOTAL		\$2,200,000.00

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III)	Auxiliary Equipment		
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	TOTAL		\$2,200,000.00

Investment Breakdown US\$/Tshs.M

Land/Building	\$ 500,000/-
Plant	\$ 1,490,000/-
Vehicles	\$ 95,000/-
Furniture & Fittings	\$ 10,000/-
Pre-expenses	\$ 25,000/-
Others	\$ 80,000/-
Working Capital	-
TOTAL	\$ 2,200,000/-

Contact Details:

Name: P.C. KISHORE Title: GENERAL MANAGER (ROOFINGS)
Telephone: +255-22-2860010/114 Fax: +255-22-2863077
Email: KISHORE@ALUMINIUM AFRICA.COM

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: SCBLTZTX
ACCOUNT NO.: 8702006002000

APPLICATION SUMMARY

Company Name: ALAF LIMITED

Certificate of Incorporation Number: 2604 Status: PRIVATE

Certificate of Incorporation Date: 17.10.1960

Post Box: 2070

Town: DAR ES SALAAM

Sector: MANUFACTURING

Sub-Sector: STEEL ROOFING SHEETS AND STEEL PIPES

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>NIL</u>	<u>Internal Cash generation</u> <u>\$ 2,200,000</u>	<u>NIL</u>	<u>NIL</u>

Project Objectives: To make available quality roofing products at Customer door steps.

Capacity: 7200 Mts per annum

Employment: Foreign: 1 Local: 19 Total: 20

Implementation Period: August 2013 onwards

Project Location

Site/Plot/Block No.: Plot 16, Industrial area, Mwanjelwa area, Mbeya

Street: District: MBEYA Region: SOUTHERN HIGHLANDS

(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>TREASURY REGISTRAR</u>	<u>TANZANIA</u>	<u>23.57</u>
<u>SAFAC INVESTMENTS MAURITIUS LTD</u>	<u>MAURITIUS</u>	<u>76.43</u>
.....
.....
.....

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 2,200,000/-
8. The month and day of the financial year end is 31st DECEMBER

Note: **failure to provide all the required information will result in the return of the application by the Centre.**

I/We enclose a cheque/cash made payable to the Tanzania Investment Centre for Tshs./US\$ 750/- Being the Registration Fees. **In the event this application is unsuccessful we understand that this fee will not be refunded.**

I, P.G. KISHORE of Post Office Number 2070 DAR ES SALAAM

SALAAAM do solemnly and sincerely declare that I am a director/duly

authorized agent of ALAF LIMITED

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }

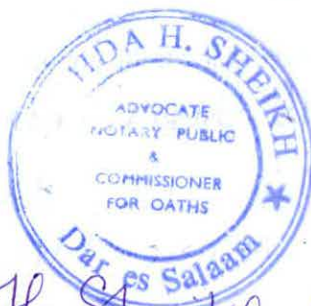
The 23 day of JULY 2013 }

Applicant

P.G. KISHORE

**P.G. KISHORE
ALAF LIMITED
P.O. Box 2070
DAR-ES-SALAAM**

Before me:



H. H. Sheikh

Commissioner for Oaths



UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT
(No. 26 of 1997)

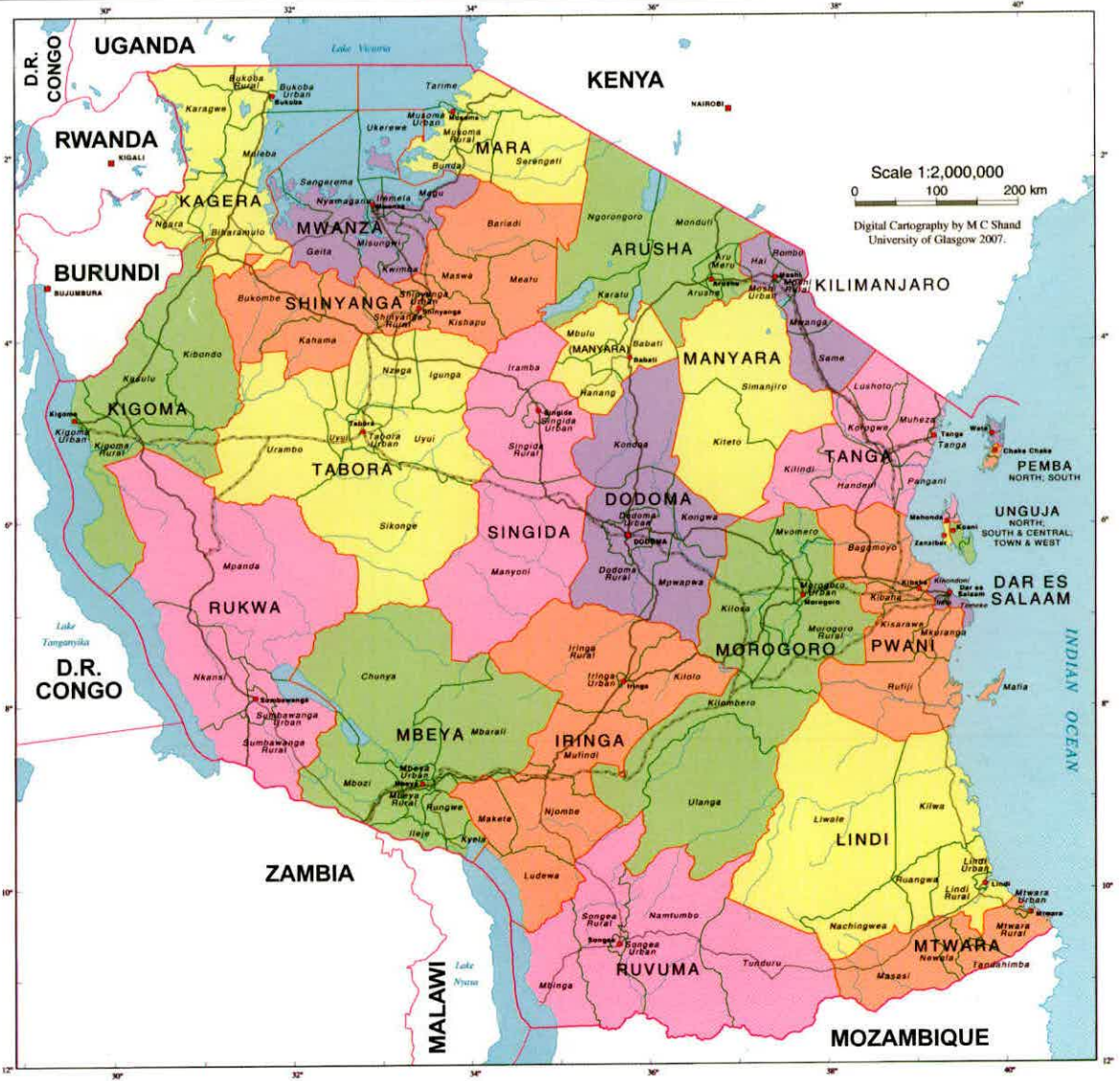
APPLICATION FOR REGISTRATION
(Made under Regulation 42)

To: The Executive Director
Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
Tanzania

1. I/We PANKAS KUMAR
(director/directors/agent of CHIEF EXECUTIVE OFFICER & DIRECTOR
(name of business enterprise) apply for registration of ALAF LIMITED
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at 18, NYERERE ROAD,
P.O. Box 2070, DAR ES SALAAM

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
- (ii) Certificate of Incorporation/Registration
- (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
- (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at 18 NYERERE ROAD, P.O. Box 2070
DAR ES SALAAM
4. The Principal Officers of the Company are MR PANKAS KUMAR,
MR P.C. KISHORE, MR ASHISH MISTRY
5. Auditors of the Company are ERNST & YOUNG
6. The authorized share capital of the Company is Tshs./US\$ 15,000,000,000/-
(Tshs FIFTEEN Billion only)



SKETCH MAP SHOWING PROJECT LOCATION



Attached with Project Report.



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)

9254
Unclaimed refund beyond three years will be forfeited



11264

TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC012088

No.006217

Received from : **ALAF LIMITED**

Address : 18, Nyerere Road, P. O. Box 2070, Dar Es Salaam.

Received the sum of (In words): **ONE HUNDRED AND ZERO CENTS ONLY.**

Being payment in respect of **REGISTRATION FEE**

Amount : **USD. 100.00**

Cash / Cheque No: D/Deposit 19/07

Date : 19-Jul-2013

BUiso

Receiving Officer

*For Executive Director
Tanzania Investment Centre*

Date: July 25, 2013
Ref: ALAF/IMP/TIC/024

To,
EXECUTIVE DIRECTOR
TANZANIA INVESTMENT CENTRE
P.O.Box 938
Dar Es Salaam,
TANZANIA.

Dear Sir,

SUB: APPLICATION FOR CERTIFICATE OF INCENTIVES

RE: MBEYA SERVICE POINT (ROLL FORMING OPERATIONS) – IN MBEYA

In view of continuous improvement and expansion on our operations and thus generating employment opportunities within the country, we hereby intend to expand our operations with above mentioned Project.

Over the period, since we started our Roll Forming operations in Dar-Es-Salaam, we have witnessed that, we are not able to cater to the end user in the Southern Highlands region more efficiently. Thus we have identified the need to start Roll Forming Operations in Mbeya, which shall cater to the entire Southern Highlands Region, thus creating employment, and meeting the demands to end user in time, for Profiled Color and Aluminium Zinc Coated Steel Roofing Sheets.

Considering the above and keeping in mind, our commitment towards the society in general and towards our active participation in the economic and social development of the country, we are submitting our application for Certificate of Incentives for above referred Project.

Herewith attached is the detailed Business Plan for the Project along with necessary details / information on the company, for your kind perusal.

We thank you in advance for granting us the Certificate of Incentives for the Project.

Thanking you.



P.G.KISHORE
GENERAL MANAGER - ROOFINGS

ALAF LIMITED
P.O. Box 2070
DAR ES-SALAAM



Encls:

- 1) TIC Application form # 11264
- 2) Detailed Business Plan for the Project
- 3) Copy of TIN certificate
- 4) Copy of VAT certificate
- 5) Memorandum and Articles of Association for ALAF Limited
- 6) Copy of Certificate of Incorporation
- 7) Copy of Certificate of Change of Name of Company
- 8) Copy of Last 3 years Audited Report
- 9) Board Resolution
- 10) Copy of Title of Land for Mbeya
- 11) Letter of Introduction from Bank



Name of the Company
Alaf Limited

Post Box	Mwanjelwa Area, Plot No. 16 Industrial Area	COI Number	2604-05	Contact	Mr. P. G. Kishore
Post Office	2070	COI Date	17/10/60	Designation	General Manager
Region	Mbeya	Application F. No	11264	Phone	022 2860010/14
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0
		Sub Sector	Steel Roofing Sheets And Steel Pipes	Fax	0
		File No	042505	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot No. 16 Mwanjelwa Area	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Industrial Area	0	2.2	0	0
District	Mbeya Urban				
Region	Mbeya				

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.5
Safal Investments Mauritius Ltd.	Mauritius	76.43	Plant	1.49
Treasury Registrar	Tanzanian	23.57	Vehicles	0.095
			Furniture & Fittings	0.01
			Pre-expenses	0.025
			Others	0.08
			Working Capital	0
			Total	2.2

Employment	20	Evaluated By	wf officer4
Capacity	7200 mtrs pa.	Drawn By	wf registry2
Project Turn Over		Project Type	Local

Description

To expand a facility to produce steel roofing sheets and steel pipes in Mbeya

Recommendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

Decision



TICC/PP.10/042505/3

19th August 2013

Managing Director,
Alaf Ltd,
P.O. Box 2070,
Dar es Salaam.

**RE: CERTIFICATE OF INCENTIVES FOR EXPANSION OF FACILITY
FOR MANUFACTURING OF STEEL ROOFING SHEET AND STEEL
PIPES IN MBEYA**

We wish to acknowledge receipt of your project proposal to expand facility for manufacturing of steel roofing sheet and steel pipes as presented in the TIC P.A. 1 Form No. 11264 and Feasibility Study with a projected investment amounting to USD 2.2m.

We are pleased to inform you that this investment proposal has been officially approved by TIC and it will be granted certificate of incentives under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997. To enable TIC prepare certificate of incentives, please submit the following documents:-

- i. Certified document for land ownership or lease agreement for project location

Also be informed you will have to submit a project implementation report in every six months for centre's information and review. Guidelines for the preparation of the report are contained in annexure attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Also note that a facilitation fee equivalent to US\$ 1000.00 is payable at the ruling exchange rate prior issuance of certificate of incentives. Please make deposit direct to the bank as per bank details below:

.../2

TICC/PP.10/042505/3

19th August 2013

Tanzania Investment Centre
Standard Chartered Bank (T) Ltd
US Dollar A/C 8702006002000
T.Shs A/C 0102006002000

We wish you every success in the implementation of the project.

Yours sincerely,
Tanzania Investment Centre



A.S. Kagomba
FOR: EXECUTIVE DIRECTOR

Copy to: Permanent Secretary,
Ministry of Finance,
P. O. Box 9111,
DAR ES SALAAM

Permanent Secretary,
Ministry of Industry, Trade and Marketing,
P.O. Box 9503,
DAR ES SALAAM

Commissioner General,
Tanzania Revenue Authority,
P. O. Box 11491,
DAR ES SALAAM

CERTIFICATE OF OCCUPANCY

(Issued under Section 9 of the Land Ordinance)

I hereby certify that this is a true and correct copy of the original

H. H. S. S. S.
29/8/2013



I certify that this is a true and correct copy of the original

Date of Issue:

Title Number: 6449-MBYLR

Land Office Number: 71715.

Land: PLOT NO. 16 INDUSTRIAL AREA MWANJELWA MBEYA MUNICIPALITY.

Term: NINETY NINE YEARS.

MINISTRY OF LAND HUMAN SETTLEMENT DEVELOPMENT

Telephone No. 2502318

OFFICE OF REGISTRAR OF TITLES,
ZONAL LAND REGISTRY,
P.O. BOX 2984,
MBEYA.

Ref. No. LR/

MBY/17/649-MBY/LR

18th June 2013

REGISTERED POST:

RE: THE LAND REGISTRATION ORDINANCE (CAP.334)

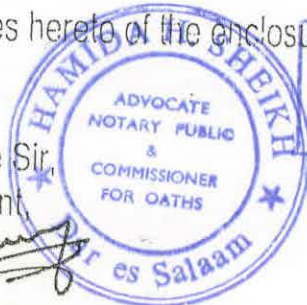
REGISTRATION OF AN ADDRESS
CT-NO 649-MBY/LR

I have the honour to refer to your letter No. *FAM/LR/6* dated *11-6-2013* with enclosures herein.

I forward herewith Title No. *649-MBY/LR* to above mentioned *site* having been registered on *11-6-2013* under FD No. *17647-MBY/LR*

Please acknowledge receipt of the enclosures hereto of the enclosures
herein.

I have the honour to be Sir,
Your Obedient Servant



I certify that this is
a true and correct
copy of the original

H. H. Sheikh
29/8/2013

PRINCIPAL ASSISTANT REGISTRAR OF TITLES.

Enclosures:

1) CT-NO 649-MBY/LR
2) Copies of registration of an add.

To:

ALUMINIUM AFRICA LIMITED
P.O. BOX 2070
DAR ES SALAAM

C C:

THE LAND REGISTRATION ORDINANCE (CAP.334)
DECLARATION OF AN APPLICATION FOR RECTIFICATION OF AN ERROR IN
THE LAND REGISTER UNDER SECTION. 99 (1) F



I certify that this is
true and correct
copy of the original

C.T. No. 6449-MBYLR
L.O. No. 71715.
L.D. No. MBRL 15775.

H. H. Sheikh
29/8/2013

I, **CASTOR ISDORY NTARA**, Commissioner for Lands/Authorised Officer of P.O. Box 149, MBEYA do hereby solemnly declare as follows:-

1. **THAT** the Certificate of Occupancy with L.O. No. **71715** in respect of Plot No. 16 Block 'O' Industrial Area Mwanjelwa in Mbeya Municipality/City was duly registered under the above reference.
2. **THAT** by an error showing area **1.15** Acre and Registered plan no. **14526** of Plot No. 16 Block 'O' Industrial Area Mwanjelwa in Mbeya municipality/City was registered to the Certificate of Occupancy.
3. **THAT** it has been revealed that the Plot was subdivided and changed its size (Area) which is **1.15** Acres and Registered Plan no. **14526** were registered to the said Certificate of Occupancy changed its Plot size (Area) **5783** square meters and Registered Plan no. **20103** respectively.
4. **THAT** the site plan outlook changed from normal vertical dimension to horizontal dimension thus we have submitted a new deed plan.
5. **THAT** I am satisfied that a wrong memorial was made in respect of the said Plot.

ACCORDINGLY, I HEREBY APPLY that the registered Certificate of occupancy regarding Plot size (Area) which is 1.15 Acre and Registered Plan no. 14526 registered in the said Certificate of Title be removed and replaced by the one showing Plot size (area) 5783 square meters and Registered Plan no. 20103 respectively.

AND I, the said **CASTOR ISDORY NTARA**, make this solemnly declaration conscientiously believing the same to be true and in accordance with the provisions of the Oaths (Judicial Proceeding and Statutory Declaration Act, 1966)

This Declaration is Made and Subscribed to me by)
the said **CASTOR ISDORY NTARA**, who is known to me)
Personally in my presence this...**11th** day of...**JUNE**....2013.)

Justara

Signature:.....*[Signature]*.....)

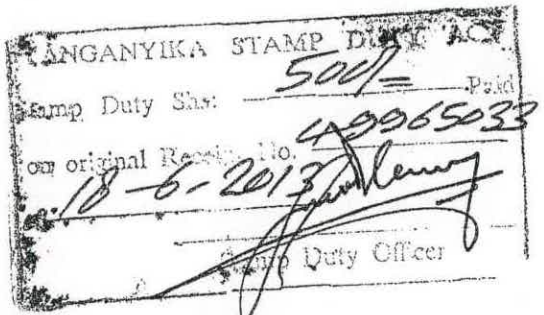
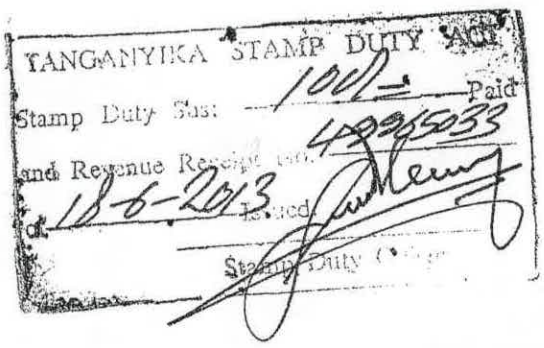
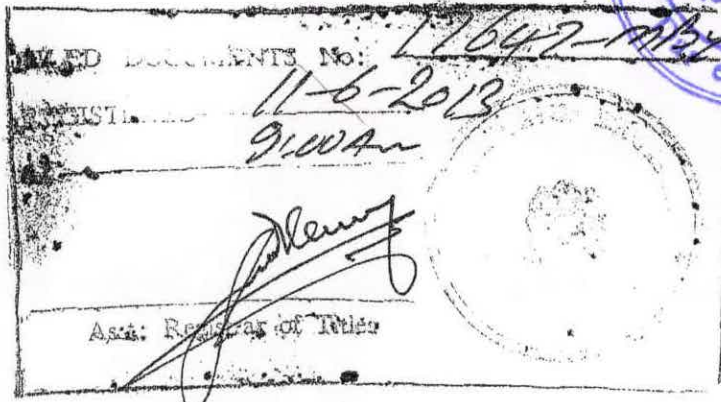
Postal Address:.....**P. O. Box 149**.....)
.....**MBEYA**.....)


Qualification:.....**LAND OFFICER**.....)




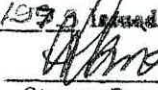
I certify that this is
a true and correct
copy of the original


H. H. Sheikh
29/8/2013



TITLE NO: 6449-MBYLR
 REGISTERED 6-2-1998
 AT 2.30pm

 Asst. Registrar of Titles



TANGANYIKA STAMP DUTY ACT.
 Stamp Duty Shs. 36/= Paid
 and Revenue Receipt No. 792096
 of 15-10-1975 issued. L.O. NO. 11715

 L.D. NO. 183526
 Stamp Duty Officer

TANGANYIKA STAMP DUTY ACT.
 Stamp Duty Shs. 72/= Paid
 as original Receipt No. 792096
 CERTIFICATE OF OCCUPANCY 15-10-1975
 day of December 
 Stamp Duty Officer

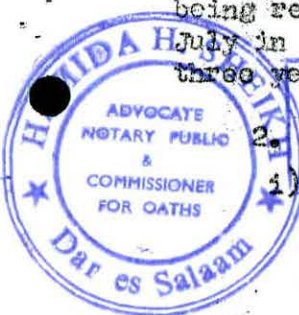
The 24th

One thousand nine hundred and ninety seven

TITLE NO. 6449-MBYLR

THIS IS TO CERTIFY that ALUMINIUM AFRICA LIMITED a limited liability company in incorporated in Tanzania and having its registered office in Dar es Salaam of P.O. BOX 2070, DAR ES SALAAM, (hereinafter called "the occupier") is entitled to a Right of occupancy (hereinafter called "the Right") in and over the land described in the schedule hereto called ("the land") for a term of ninety-nine years from the first day of January one thousand nine hundred and eighty three according to the true intent and meaning of the Land Ordinance and subject to the provisions thereof and to any regulations made thereunder and to any enactment in substitution therefor or amendment thereof and to the following special conditions:-

I. The Occupier having paid rent up to the thirtieth day of June 1985 shall thereafter pay rent of three thousand eight hundred and ninety (shs. 3,890/=) shilling only a year in advance on the first day of July in every year of the terms without any deduction PROVIDED that the rent may be revised by the Minister for the time being responsible for Lands (hereinafter called "the Minister") on the first day of July in each of the years 2005, 2015, 2025, 2035, 2045, 2055, 2065, 2075 and 2085 or within three years thereafter in each case.



2. The occupier shall:-
- i) ~~Maintain~~ ^{maintain} on the land buildings (hereinafter called "the Buildings") in permanent materials designed for use in accordance with the conditions of the Right and which conform to the building line (if any) decided by the Mbeya Municipality Council hereinafter called the Authority;
 - ii) At all times during the term of the Right have on the land buildings as approved by the Authority and maintain them in good order and repair to the satisfaction of the Commissioner for Land (hereinafter called "the Commissioner");
 - iii) Not erect or commence to erect on the land any building except in accordance with building plans and specifications which shall have been first approved by the Authority;
 - iv) Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the occupier expenses as assessed by the Commissioner for Surveys and Mapping.

H. H. Smeikhl
29/8/2013

Approval of plans of any building by the Authority shall not imply that the construction of such a building will satisfy the occupier's obligation under the conditions of the Right and shall not imply waiver or modification of any condition in the Right.

3. 1) The Occupier shall not subdivide the land or assign sublot or otherwise dispose of or deal with the whole or any part of it or of any building on it without the previous written consent of the Commissioner PROVIDED that the consent of the Commissioner shall not be necessary;

to a sub-letting of the whole of the land or of the whole or any part of it or of any building on it where the sub-lease contains conditions sufficient to ensure compliance with the conditions of the Right.

ii) Occupation or use of the whole or any part of the land or buildings on it by any person other than the occupier of its employees or agents or contractors or members of the house hold shall be deemed a dealing with the land or buildings.

4. Except as hereinbefore provided that Commissioner shall have an absolute discretion to give or withhold consent under condition 3.

5. The occupier shall further:-

1) Make and maintain on the land throughout the terms adequate arrangements for water supply, drainage and disposal of trade refuse and effluent to the satisfaction of the Authority;

ii) Make and keep all the buildings on the land rat-proof and carry out such measures as the Medical Officer of Health for the Authority may require for the purposes.

iii) Provide and maintain on the land such ablution facilities and maintain such hygienic measures as shall be required by the said Medical Officer of Health.

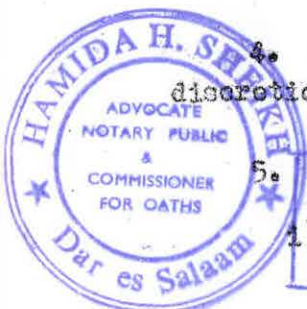
6. The occupier shall pay to the Minister on demand by the Commissioner on his behalf:-

i) Any further fees or stamp duties which may be discovered to be payable by the occupier's in connection with the Right;

ii) An amount equal to any contribution in lieu of rates which may be payable by Government for the land during the term of the Right;

iii) Such sum as the Commissioner shall assess as a proper share payable for the land of the cost of making up the road or improvement of same upon which the land fronts, abuts or adjoins, whether such demand is made before or after such making or improvement thereof. This condition does not oblige the Government to make or improve roads.

7. USER: The land and the buildings erected thereon shall be used for Industrial purposes only. Use Group 'I' Use Class (a) (whole sale and storage warehouse) as defined in the Town and Country Planning (Use Classes) Regulations 1960.



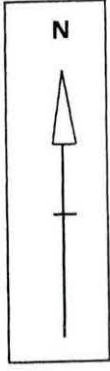
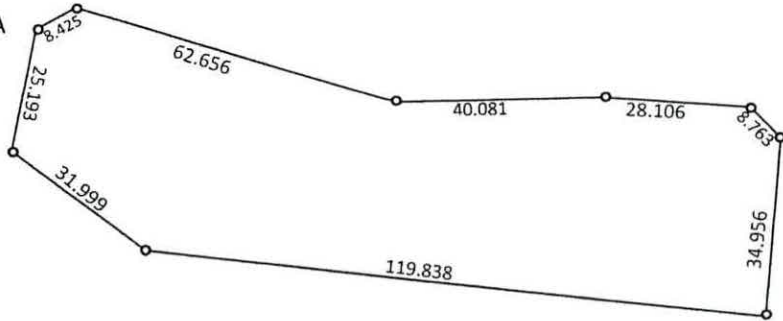
H. H. Sheikh

29/8/2013

MBEYA CITY

INSET SHOWING DETAILS OF PLOT

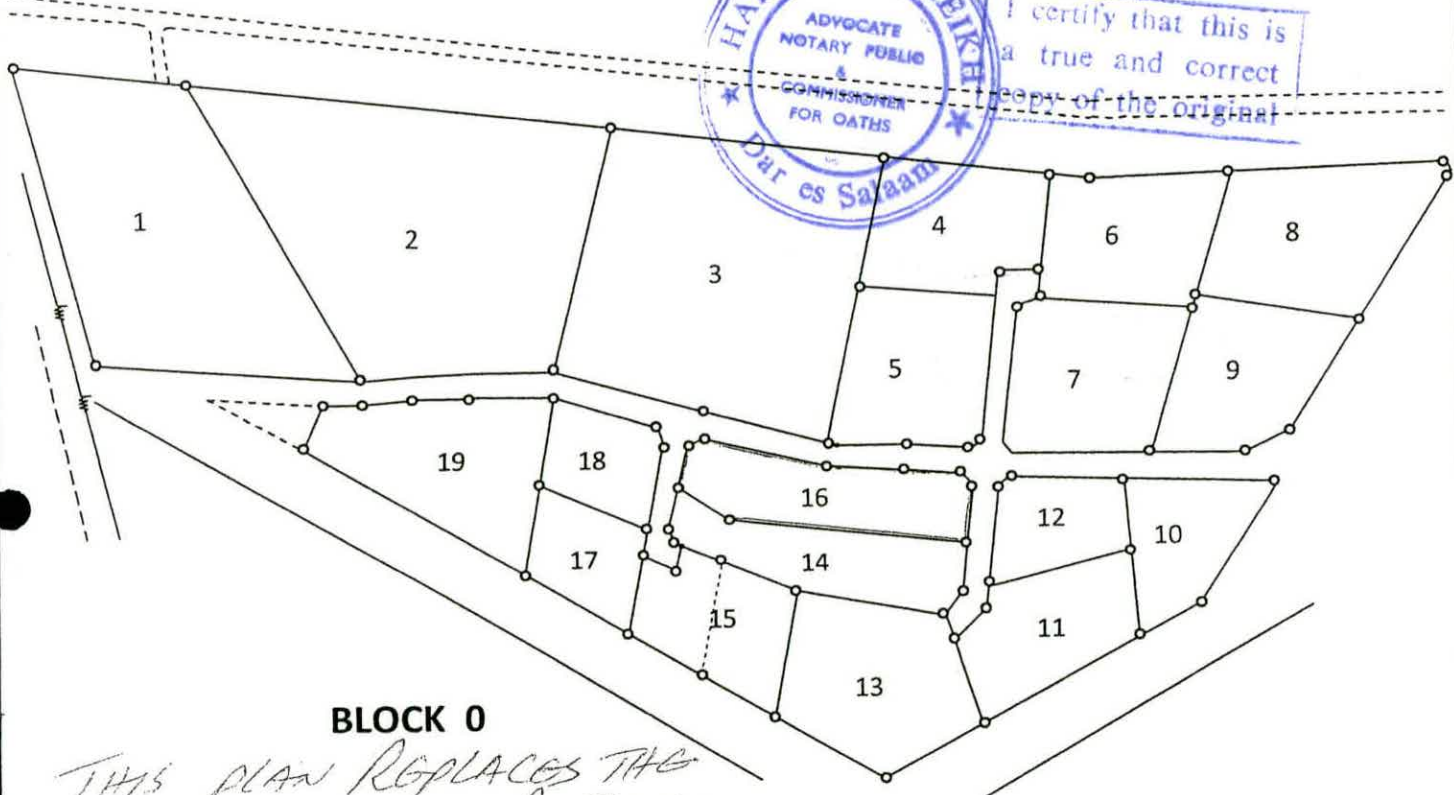
LOCATION MWANJELWA AREA
 BLOCK O
 PLOT NO. 16
 L.O. NO. 71715
 AREA 5783 m²



H. H. Sheikh
 29/8/2013



I certify that this is
 a true and correct
 copy of the original



BLOCK 0

*THIS PLAN REPLACES THE
 PREVIOUS PLAN REGISTERED
 FD NO 17647-MBEYA
 ON 11-6-2013*

This plan prepared in accordance with Registered Plan No. 20103 is approved for the purpose of Land Registration Ordinance.

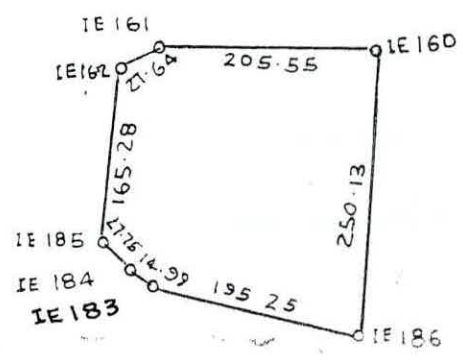
PRINC. ASST. REGISTRAR OF TITLES
 The issue of this plan implies no guarantee or admission of the title by the Government

Director of Surveys and Mapping.....
 Date... *07/08/2013*
 Ministry of lands Housing and Human Settlement Development Dar es salaam.

MBEYA MUNICIPALITY



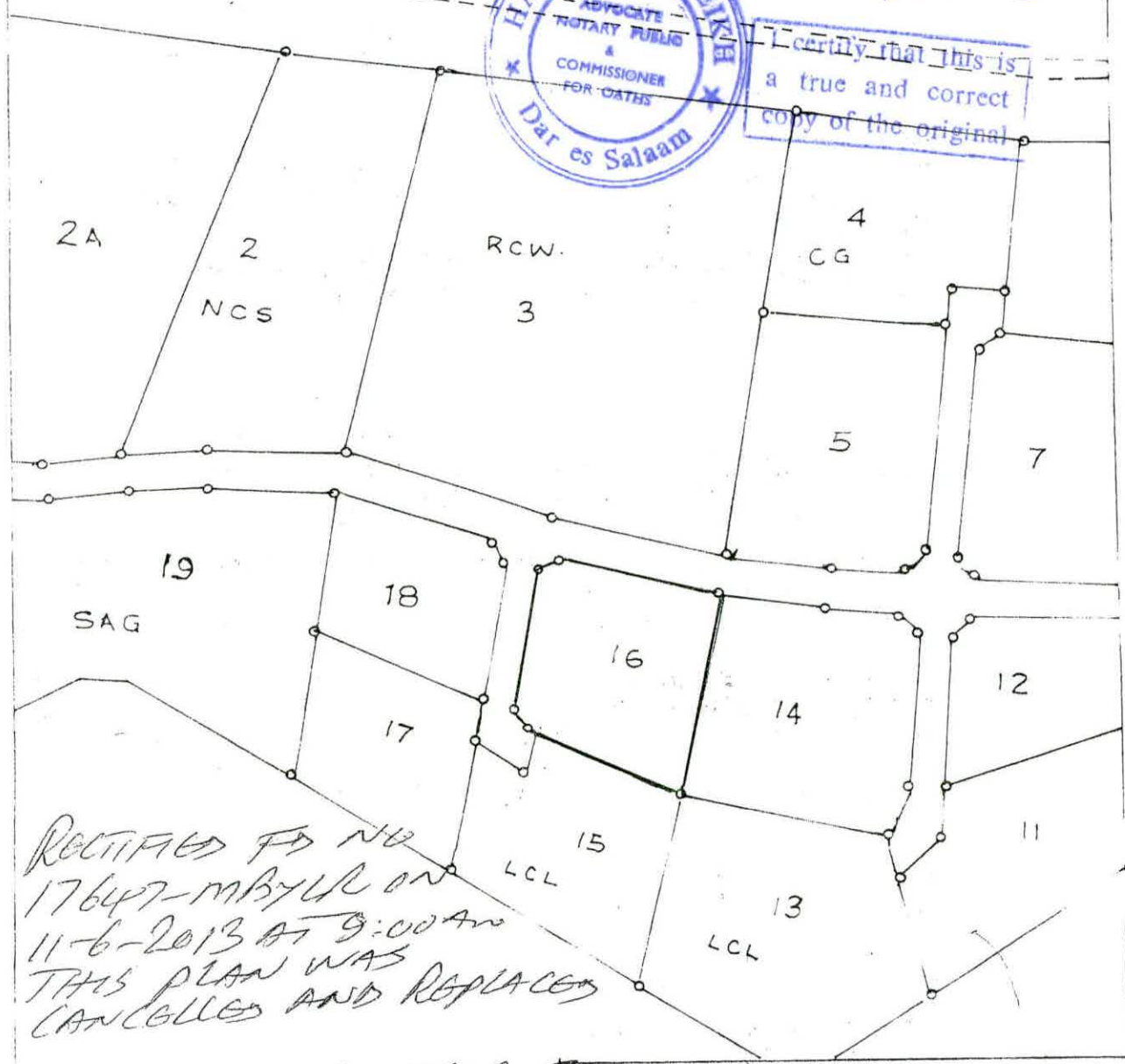
LOCATION: MWANJELWA INDUSTRIAL AREA
 BLOCK: _____
 PLOT No. 16
 D.O. No. 71715
 AREA: 1.15 Acre 50 FT. 50M



H. H. Smeike
 29/8/2013



I certify that this is a true and correct copy of the original



RECTIFIED FD NO 17647-MBYLR ON 11-6-2013 AT 9:00 AM THIS PLAN WAS CANCELLED AND REPLACED

PRINC. ASST. REGISTRAR OF TITLES

The issue of this plan implies no guarantee by the Government of title by the Government

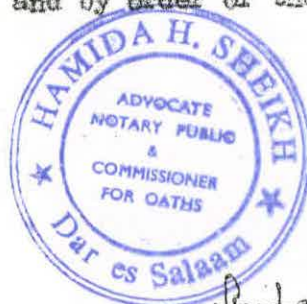
This plan prepared in accordance with Registered plan No 14526 employed for purposes of the Land Registration Ordinance Director of Surveys and Mapping *Difanga* Date 7/10/97 Ministry of Lands, Housing and Urban Development, Dar es Salaam

8. The President may revoke the Right for good cause or in public interest.

SCHEDULE

ALL that land known as Plot No. 16 Industrial area Mwanjelwa Area Mbeya Municipality containing one decimal point one five (1.15) Acres as shown for identification only edged red on the plan attached to this Certificate and defined on the registered survey plan numbered 14526 deposited at the office of the Commissioner for Surveys and Mapping at Dar es Salaam.

~~SEEN~~ under my hand and seal and by order of the Minister the day and year first above written.



I certify that this is a true and correct copy of the original

H. H. Sheikh

29/8/2013

Hamida H. Sheikh
THE COMMISSIONER FOR LANDS

The within-named ALMINIUM AFRICA LIMITED hereby accept the terms and conditions contained in the foregoing Certificate of occupancy.

SEALED with the COMMON SEAL of the said ALMINIUM AFRICA LIMITED and DELIVERED in the presence of us

this *19th* day of

August- 1997.

Signature: *Sabir*

Postal Address: *P.O. Box 2070*
DAR ES SALAAM

Qualification: *Chief Executive* DIRECTOR

Signature: *R. Sam*

Postal Address: *P.O. Box 76065*
Dares Salaam

Qualification: *Secretary*

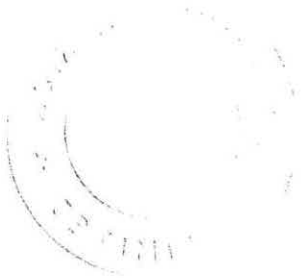
REGISTRATION OF AN EREK

Plot Location No. 1764-7-MBXL

Date of Reg. 11-6-2013 9:00am

TO PLOT REGISTRARS.

Paul Henry



Unclaimed refund beyond three years will be forfeited



49

TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC012623

No. 006585

Received from : ALAF LIMITED

Address 18, Nyerere Road, P. O. Box 2070, Dar Es Salaam.

Received the sum of (In words): ONE THOUSAND AND ZERO CENTS ONLY

Being payment in respect of : CERTIFICATE OF INCENTIVES

*For Executive Director
Tanzania Investment Centre*

Amount : USD 1,000.00

Cash / Cheque No: 705088 of 28/08

Date : 29-Aug-2013

BU: 108

Receiving Officer





THE UNITED REPUBLIC OF TANZANIA

00220251

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042505

This is to certify that

ALAF LIMITED

P.O. BOX 2070

of address

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~XXXXXX~~ enterprise known as

ALAF LIMITED

PLOT NO. 16 MWANJELWA INDUSTRIAL AREA

Which is located at

MBEYA

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

Executive Director

Tanzania Investment Centre
P.O. Box 938, Dar es Salaam

19TH AUGUST 2013

Dated



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders

	Nationality	Shareholding (%)
Safal Investments Mauritius	Mauritius	76.43
Treasury Registrar	Tanzanian	23.57

2. Proposed Activities : **To expand a facility to produce steel roofing sheets and steel pipes in Mbeya**

3. Sector: **Manufacturing** Subsector: **Steel roofing sheets and steel pipes**

4. Investment cost: Foreign **—** Local **USD 2.2m.** Total **USD 2.2m.**

5. Project Financing: Equity **USD 2.2m.** Loans **—** Total **USD 2.2m.**

6. Source, terms and conditions of loan.....

7. Assets to be invested:

	Foreign	Local	Total
Capital items:	—	USD 2.2m.	USD 2.2m.

8. Technology Agreement **None**

9. Date of TIC Registration: **19th August 2013**

10. Implementation period **August 2013 - July 2016**

11. Operative date..... **August 2016**

12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 - (i) Applicable Import Duty **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**
 - (ii) Applicable with-holding Tax **As per Income Tax act, 2004 (as amended)**
 - (iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**

13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.

14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate

Finished goods are not allowed under this Certificate

Signed 

Yours faithfully,
For, ALAF Limited



P.G.KISHORE
GENERAL MANAGER - ROOFINGS

ALAF LIMITED
P.O. Box 2070
DAR-ES-SALAAM

Encls:

- 1) Detailed List of items required
- 2) TIC Certificate of Incentive # 042505 of 19-Aug-13 copy.



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List of Items Required for the Project			
MBEYA Service Point (Roll Forming Operations)			
Sr No	List of Items	Quantity	Amount (USD)
I)	Renovation of existing building / Office building / Civil Works and related expenses		\$500,000.00
II)	Machinery		
1	Roll Forming Machines	5 Nos	\$650,000.00
2	11/3 Ridge Capping Machine	1 No	\$75,000.00
3	Versatile Ridge Capping Machine	1 No	\$75,000.00
4	Roma Tile Ridge Capping Machine	1 No	\$75,000.00
5	CTL cum Slitting Machine	1 No	\$80,000.00
6	Crimping Machine	1 No	\$75,000.00
III)	Auxilliary Equipment		
1	Overhead Crane - 5 MT / 10 MT	2 Nos	\$225,000.00
2	Compressor	1 No	\$45,000.00
3	Generator - 100 KVA	1 No	\$50,000.00
4	Packing Tools	1 Set	\$25,000.00
5	Forklift - 5 MT	1 No	\$60,000.00
6	CCTV and its accessories	1 Set	\$25,000.00
7	Electric Fencing	1 Set	\$30,000.00
IV)	Material Handling Equipments		
1	Coil Storage Racks		\$20,000.00
2	Truck - 10 MT	1 No	\$40,000.00
3	Truck - 3 MT	1 No	\$25,000.00
4	Car - Pick Up	1 No	\$20,000.00
5	Sheet Storage Rack	1 Set	\$10,000.00
6	Long Product Storage Rack	1 Set	\$15,000.00
V)	Office Equipments		\$20,000.00
VI)	Furniture and Fixtures		\$10,000.00
VII)	Pre Operating Expenses		\$25,000.00
VIII)	Contingency		\$25,000.00
	TOTAL		\$2,200,000.00

ALAF LIMITED
P.O. Box 2070
DAR-ES-SALAAM

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ALAF LIMITED
 P.O. Box 2070
 DAR-ES-SALAAM

Date: September 16, 2013
Ref: ALAF/IMP/TRA/033

**THE COMMISSIONER FOR CUSTOMS & EXCISE
TANZANIA REVENUE AUTHORITY
POBox 9053
Dar Es Salaam, TANZANIA.**

**UFS: THE EXECUTIVE DIRECTOR
TANZANIA INVESTMENT CENTRE
DAR-ES-SALAAM, TANZANIA**

Dear Sir,

**RE: DUTY / VAT EXEMPTION ON CAPITAL / DEEMED CAPITAL GOODS VIDE
CERTIFICATE OF INCENTIVES NO 042505 OF 19th AUGUST 2013.**

**SUB: DETAILED LIST OF ITEMS FOR APPROVAL – ROLL FORMING
OPERATIONS IN MBEYA**

Referring to the captioned subject, in view of continuous improvement and expansion on our operations and thus generating employment opportunities within the country, we hereby intend to expand our operations with setting up Roll Forming Operations in Mbeya.

Over the period since we started our Roll Forming Operations in Dar-Es-Salaam, we have witnessed that, we are not able to cater to the end user in the Mbeya region more efficiently. Thus we have identified the need to start Roll Forming Operations in Mbeya, which shall cater to entire Region, thus creating employment and meeting the demands of end users in time, for Profiled Colour and Aluminium Zinc Coated Steel Roofing Sheets.

Considering the above and keeping in mind, our commitment towards the society in general and towards our active participation in the economic and social development of the country, we hereby submit detailed List of Items to be Imported / Locally procured for setting up Roll Forming Operations in Mbeya under Certificate of Incentives No 042505 of 19-Aug-13 for above referred Project.

We request your office to grant us 0% Import duty and VAT exemption.

Thanking you in anticipation for your kind and usual assistance.

Page 1 of 2

Received on
17/9/13

TANZANIA INVESTMENT CENTRE
18 SEP 2013
TANZANIA

Mr
TIC/TIC

TICC/PP.10/042505/6

20/09/2013

Commissioner for Customs & Excise,
Tanzania Revenue Authority,
P.O. Box 9053,
DAR ES SALAAM

Dear Sir,

**RE: DUTY/VAT REMISSIONS ON THE CAPITAL/DEEMED
CAPITAL GOODS OF CERTIFICATE OF INCENTIVES NO.
042505**

M/S ALAF Limited is a TIC registered company with certificate of incentives **No. 042505** which is valid up to **July 2014**

The company has been registered with objectives of expanding a facility to produce steel roofing sheets and steel pipes in Mbeya.

Attached herewith please find a list of Capital/ Deemed Capital Goods for Duty and VAT remissions approval.

Yours sincerely

TANZANIA INVESTMENT CENTRE



N.A. Senzia

FOR: EXECUTIVE DIRECTOR