



04 2017

(2)

Ref No: E&M/ORYX-TIC/09052017/02

To,

Executive Director,  
Tanzania Investment Centre,  
P.O. Box 938,  
Dar es Salaam.



Dear Sir/Madam

09<sup>th</sup> May 2017

**RE: CONSENT TO TRANSFER PLOT No 3 BLOCK E, MISUGUSUGU, KIBAHA TOWNSHIP WITH  
CERTIFICATE OF TITLE No. 9489**

Reference made to the above caption, we act on behalf of Oryx Gas Company Limited (herein after referred as our client) owner of Plot No 3, Block E, Misugusugu, Kibaha Twonship with certificate of Tittle No 9489 held under Derivative Right of occupancy.

We submitted an application earmarked with Ref No E&M/TIC/ORYX-TIC/30032017/01 dated on 30 March 2017 seeking consent for transfer of the said Plot held under Derivative Right of occupancy by our client, And upon countless efforts and laboring follow ups to your good office. We have yet received neither any feedback nor fruitful reply with regard to the above captioned consent.

By this letter we request an update and prompt feedback from your esteemed office with regard to the status of consent to transfer the said Plot.

Regards

Frank Madala Masha,  
Advocate/ Partner.



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00218300

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

042098

No: .....

**This is to certify that**

.....  
ORYX GAS TANZANIA LTD

of address ..... P.O. BOX 9540

.....  
DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation or expansion~~  
or equity of the enterprise known as

.....  
ORYX GAS TANZANIA LTD

Which is located at ..... PLOT NO.118 BLOCK 'A' NALA DODOMA, PLOTS NO. 12,  
13,14,15, 16 & 17 BLOCK F, UYOLE - MBEYA

.....  
PLOTS NO. 37,38,39,40 & 857 BLOCK A ISAKA  
KAHAMA - SHINYANGA AND PLOT NO. 3 BLOCK F  
KIBAHA - PWANI & PLOT NO. 4 & 5, BLOCK "H"  
KITWIRU, IRINGA

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

.....  
Ag. Executive Director

**Tanzania Investment Centre**  
P.O. Box 938, Dar es Salaam

Dated ..... 22 DECEMBER 2011



# ORYX GAS TANZANIA LIMITED

## PROPOSED PROJECT FOR ESTABLISHING GAS FILLING PLANT

**Prepared for:**

**Oryx Gas Tanzania Ltd**

**P.O Box 9540,**

**General: + 255 22 2850792**

**Mobile: + 255 754 415812 / + 255 784 415812**

**Fax: + 255 2120405**

**Website: [www.addax-oryx.com](http://www.addax-oryx.com)**

**Plot 2 Nelson Mandela Road,**

**Kurasini,**

**Dar es Salaam**

**AUGUST 2011**

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## **1.0. EXECUTIVE SUMMARY**

### **1.1. Preamble**

M/s Oryx Gas Tanzania Ltd (OGTL) was established in 2006 created for purposes of manufacturing gas. It has well and experienced business project managers who have been in the businesses for a number of years. The management are now looking out the new target to expand gas business as they see a lot of potential in the area. They are seeing a very bright future in the business and have decided to invest in this sector, locating the centre of operations at the proposed factory site at Kibaha.

This document has been prepared to serve as a business plan for building of gas filling plants in the following regions in Tanzania; at Nala Dodoma, Uyole Mbeya, Kitwiru Iringa, at Isaka, Kahama Shinyanga.

The proposed project is estimated to cost about USD 11,035,000 over a period of five years. The project sponsors have enough financial resources and expect to get a loan jointly will be enough to finance the project. The project promoters are planning to finance project cost with 50% Owners' Equity Contribution.

The objectives of this Feasibility Study Report are of two fold. First is to determine the viability of the proposed project. Second is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deferments and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997) for the Project.

### **1.2 LOCATION**

The head office is located at plot no. 2, at Kurasini area in Dar es Salaam. LPG mini filling plants activities on the following plots in Tanzania; Dodoma municipality on plot no 118 block A Nala Dodoma, Mbeya municipality on plots no 12,13,14,15,16,17 block F Uyole Mbeya,

Iringa municipality on plots no 4 &5 block H Kitwiru Iringa, Isaka Urban on plots no 37,38,39,40 & 857 block at Isaka, Kahama Shinyanga. Kibaha at Misugusugu plot no 3 block E in Pwani Region. The sites have spacious area to accommodate the proposed project including building, offices, and parking yard.

### 1.3 TARGET MARKET

The project target markets will include the domestic user of gas products as well as industrial consumers. It will also be as part of incentive program to promote environment conservation.

### 1.4 PROJECT FINANCING

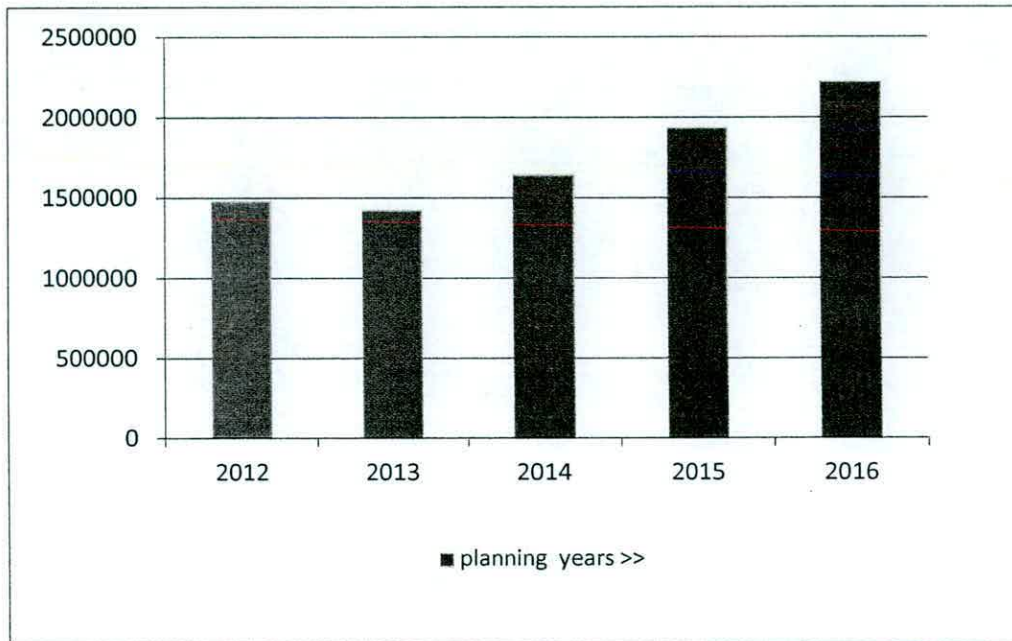
The project financing will partly be done through bank loan. This is shown in the table below;

<b>Investment</b>	<b>Total</b>	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
Land and building	1,530,000	970,000	330,000	110,000	0	120,000
Plant & Machinery	8,800,000	6,500,000	2,200,000	100,000	0	0
Motor vehicles	426,000	326,000	0	100,000	0	0
Furniture	26,000	16,000	0	0	0	10,000
Computers	13,000	6,000	0	0	7,000	0
Working Capital	240,000	150,000	0	0	90,000	0
	<b>11,035,000</b>	<b>7,968,000</b>	<b>2,530,000</b>	<b>310,000</b>	<b>97,000</b>	<b>130,000</b>

## 1.5 PROFITABILITY

The project is profitable as shown in the table below:

ORYX GAS TANZANIA LTD NET PROFIT PROJECTION		USD			
planning years >>	2012	2013	2014	2015	2016
Net profit	1,482,771	1,427,517	1,647,182	1,939,676	2,226,023



## 2.0 THE COMPANY

The Tanzanian subsidiary is the bridgehead for ORYX OIL & Gas in East Africa. The company was incorporated on 17<sup>th</sup> November 2006 with a certificate number 29521. The company was acquired in 1999 from the Italian group Agip.

The strategic Dar es Salaam port allows supply of fuel into a number of countries Burundi, DRC, Malawi, Rwanda and Zambia. Oryx Oil Company Limited is fully integrated distribution company and a major player on the national markets. The TIPER refinery, also acquired by the group has been converted into an import and storage centre, providing a multi-product capacity of 350,000 m<sup>3</sup>. Ownership is shared 50/50 with the Tanzanian Government. The storage facility offers hospitality to all oil companies operating in Tanzania. It has recently awarded bonded warehouse status allowing oil companies to further expand regional fuel supply opportunities.

The company has a depot in Dar es Salaam as well as Oryx six other depots strategically located to supply its clients. This ensures seamless supply to all its clients, irrespective of their remoteness. Oryx network of 20 Oryx service stations also play a major role in the domestic market.

The lubricant plant in Dar es Salaam got ISO 9001:2000, produces a full range of lubricants for the Oryx for the Oryx brand for local and export purpose as well as for the other oil company brands including Total, BP, Kobil. It has annual production capacity of 25,000 MT.

### 3.0 THE PRODUCT.

#### 3.1 GAS

The company is a fully integrated distribution company and a major player on the national market. The product is used as source of energy for domestic and industrial energy. It has six depots dedicated to serve its clients in Tanzania.



LP Gas is used almost exclusively for cooking by relatively rich families or restaurants, clubs, hotels, missions and lodges. Industrial use was restricted to gold labs in Mwanza and a single glassworks in Dar-Es-Salaam using 400MT in bulk annually.

Domestic supply is in 15kg cylinders, which account for 63% of cylinder sales. Both ORYX and TOTAL have introduced 6kg cylinders with integral burner and trivet but the high cost of gas and the cooker has restricted sales of this size cylinder. This growth will result from

substitution of charcoal for cooking and is expected to be exclusively in 6kg or smaller cylinders not un-similar to experiences in West Africa.

Commercial caterers use 40kg cylinders or bulk tanks. Cooking with gas is seen as a luxury reserved for the rich and as a result price inelasticity is evident. In 2002 a retail price of USD 1, 312 per MT in the capital raised to USD 1, 512 up country currently severely restrict growth in

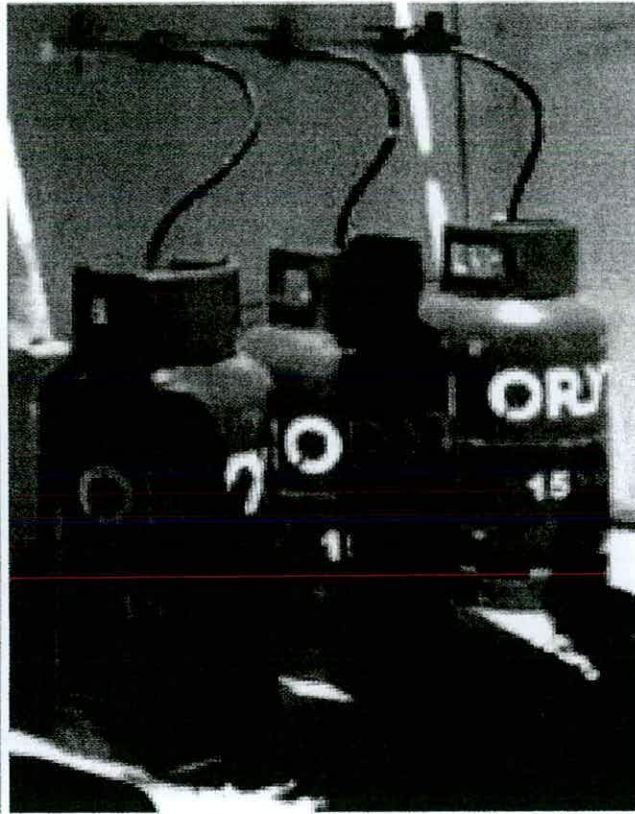
sales volumes. Such high consumer prices are a product of high cost of freight to ship gas to Tanzania and consumer taxes.

Over 95% of Tanzania's energy needs is provided by biomass, predominantly charcoal.

Research commissioned by ORYX in 2001 concluded that 1 million tonnes of charcoal are consumed in Tanzania annually resulting in severe environmental degradation.

The Tanzanian Government is being lobbied by the LP Gas Marketing Companies in an attempt

to encourage it to support LP Gas as a viable alternative to charcoal through abolition of existing high taxes and import duty. The industry estimates that with the right fiscal environment and their commitment to investing cylinders, storage, filling and distribution that the market could grow to 100,000MT within 10 years



## 2.2 PRICING

The company is out to give its customer competitive pricing. The current existing prices differ from market to market depending on transportation cost.

A survey carried out in gas retail shops at Kariakoo, Mwenge and Kurasini in the city established that the price of a six-kg gas cylinder has risen from TZS 20,000/- to TZS 25,000/- , while that of a 15kg cylinder now sells at TZS 50,000/- up from TZS 45,000/-. The price of a 38kg cylinder has also risen 115,000/- from 100,000/-

A tonne of liquefied petroleum gas (LPG) in the world market went up from USD765 in November last year to about USD1,000.

### 3.0 MARKET ANALYSIS AND STRATEGIES:

#### 3.1 BUSINESS ENVIROMENT

Tanzania is endowed with diverse energy sources including biomass, natural gas, hydropower, coal, geothermal, solar and wind power, much of which is untapped. Wood-fuel accounts for up to 92% of total energy supply with about 2% from hydro-electricity and 7% from oil-derived products.



Nonetheless the downstream oil industry is an important sector of the country's economy absorbing on average 55% of the country's foreign exchange earnings. Government policies are directed at petroleum product substitution by exploiting indigenous resources.

In the upstream oil industry, oil and gas exploration and production is also being encouraged. Extensive gas fields have been identified off the coast at Songo Songo and Mnazi Bay and these are in the process of being developed.

The hydrocarbon industry is regulated by the Ministry for Energy and Minerals, with upstream activities governed by the Petroleum (Exploration and Production) Act 1980 and the downstream activities by the National Investment (Promotion and Protection) Act 1990.

Tanzania, with its oil seeps, seismic and other data, shows strong hydrocarbon potential in its upstream oil industry sector. However, only 20 wildcat exploration and 8 development wells have been drilled in a 222,000 sq km area, and therefore Tanzania can be classified as underexplored.

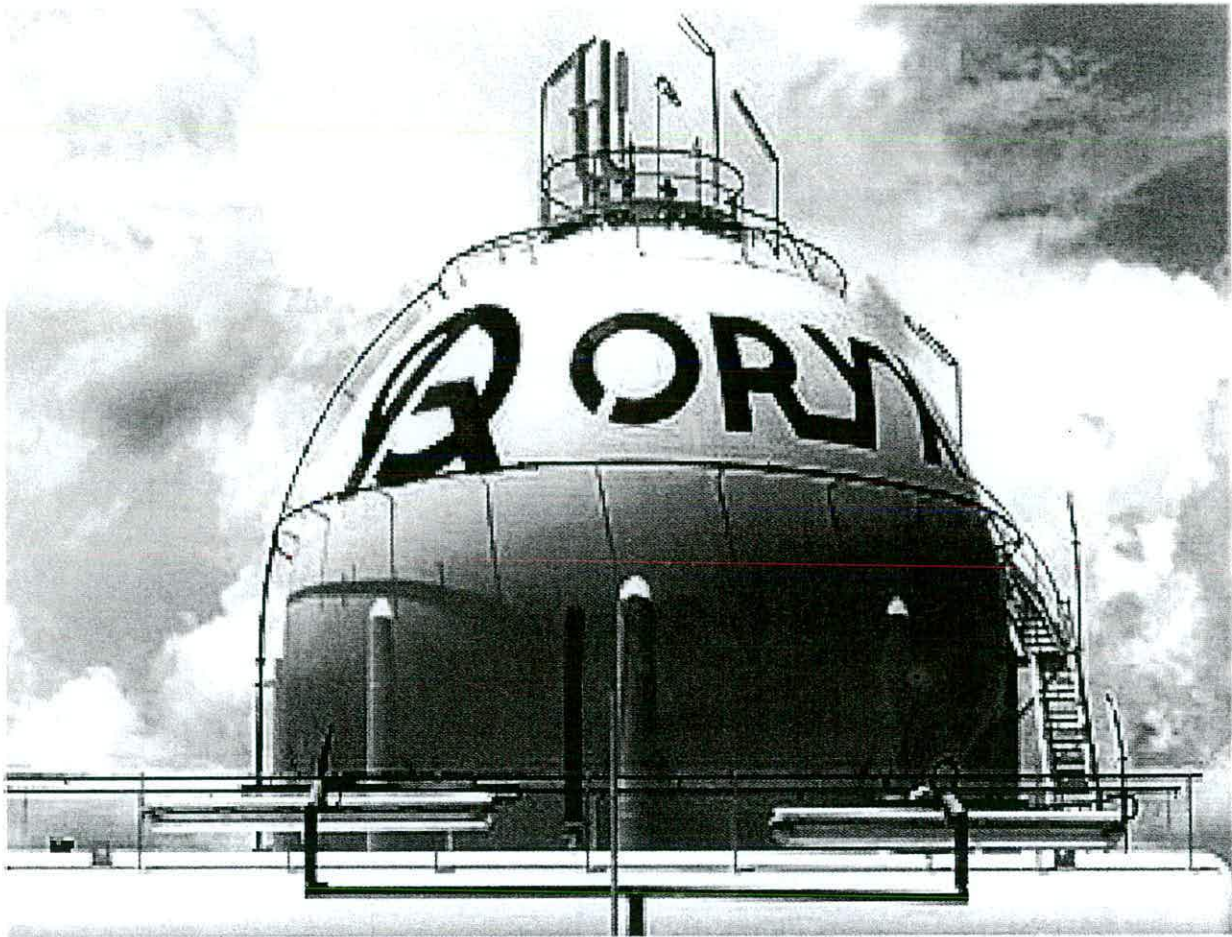
Current natural gas reserves are estimated to be 2 trillion cubic feet (tcf). The government is working closely with the World Bank to develop the Songo Songo gas fields off the Southern Tanzanian coast and in the Mnazi Bay area, with a view to substituting expensive imported petroleum fuels. The Songo Songo gas-to-electricity project will have a ready market of 17 potential industrial users of natural gas in the Dar es Salaam area.

Companies currently conducting oil exploration in Tanzania include: PanOcean Energy, Aminex plc and EnerGulf.

The Tanzanian Liquefied Petroleum Gas (LPG) market in the 1990's was characterized by shortages and disruptions in supply from the Tanzania & Italian Petroleum Refinery (TIPER), high cost of gas and lack of investment in infrastructure, packaging, and safety as well as lack of investment by either marketing company in a Government regulated market. This environment together with inertia by the gas marketing companies has led to a decline in consumption from over 6,500 tonnes in 1996 to just 3,500 tonnes in 2001. Volumes have remained static for the last 5 years at 3,500MT (0.1kg/capita) split equally between BP and ORYX Oil Co Ltd, (OOCL - previously AGIP). Two newer small players TOTAL and Nat Gas share less than 2% between them. ORYX fills their cylinders. No rural market yet exists. Customers are almost exclusively from rich people who use the gas for cooking and lighting. Other customers are owners of restaurants, hotels, clubs, game lodges, hospitals and missions etc.

Since deregulation and closure of TIPER supplies have been imported from Aden by sea. Initially this was through utilisation of BP's 300MT sphere and 1,000MT in 15 bullets at TIPER. Following the commissioning of a new 1,000MT sphere by ORYX Tanzania Ltd (OTL) in 2001 the TIPER storage was decommissioned. Product is still imported from Yemen, through ADDAX/ORYX who in turn sell gas to BP.

BP, ORYX Oil Co Ltd and TIPER all have 50% of their shares owned by the Government of Tanzania through the Parastatal, Tanzania Petroleum Development Corporation (TPDC). The ADDAX & ORYX GROUP based in Geneva Switzerland, which in turn own 100% of ORYX TANZANIA LTD (OTL) owns the remaining 50% of ORYX OIL CO LTD and TIPER.



The new 1,000MT storage sphere, filling plant and road and rail distribution plant, opened in 2001 is owned by OTL but leased to OOCL who undertake all marketing of LP Gas under the ORYX brand. To complicate this structure further OOCL was expected to be divested by AOG, before the end of 2002.



This growth will result from substitution of charcoal for cooking and is expected to be exclusively in 6kg or smaller cylinders not un-similar to experiences in West Africa.

### **3.2 MARKET POTENTIAL**

Tanzania, with its liberalized petroleum products market, consistent growth in GDP and positive environment for investment provides some of the foundations for LPG market growth. The LP Gas Committee commissioned NORCONSULT to conduct an independent Study into the environmental benefits which were expected through use of LPG in April, 2002. Results revealed that a target consumption of 3½ kg per capita should be achievable and lead to a total market of 100,000 tonnes per annum within 10 years if conditions can be created to encourage use of LP Gas as a substitute for biomass.

### **3.3 PROMOTION AND ADVERTISING**

The message associated with our products is high quality at affordable prices. In monitoring our products, service and market position, we will rely on feedback from customers with whom we have relationships.

Our promotional plan is diverse and will include a range of marketing communications. Future plans call for company owned stores nationwide, and the establishment of a magazine ad campaign. These will be covered in promotion plan strategy of which the management has enough experience on finding of prospective customers, who will eventually turn out to come and consume the product.

### **3.4 COMPETITION AND BUYING PATTERNS**

Natural gas competes with other sources of energy as oil, electricity or coal. Natural gas price is particularly pegged to that of oil, since oil is natural gas closest substitute and supply of oil and natural gas are closely linked.

The company will develop a masterpiece when it comes to quality, presentation and, most importantly, price, but the competition is strong and in order for us to succeed we need to market this gas aggressively.

A survey carried out in gas retail shops at Kariakoo, Mwenge and Kurasini in the city established that the price of a six-kg gas cylinder has risen from 20,000/- to 25,000/- , while that of a 15kg cylinder now sells at 50,000/- up from 45,000/-. The price of a 38kg cylinder has also risen 115,000/- from 100,000/- last week.

Our staff has been interviewing prospective customers in all regions in order to get feedback from the customer. From these interviews we have determined that the market is ready for a

new Oryx gas brand, one that is a unique. Also, the price was determined by taking into consideration how much the customers are willing to pay for a new product.

### **3.4 LPG DISTRIBUTION**

As mentioned earlier there is no rural distribution in Tanzania. So current supply chain is about 100% ex-depot – Dar es Salaam, Moshi or Mwanza. Retail distribution is all cylinders replacement. Filling is done only at the LP Gas marketing companies filling plants. Bulk distribution is done with ORYX and BP own trucks but cylinders are collected and transported by dealer owned or hired trucks.

The new expansion will ensure to reach the central regions Kibaha, Singida, Dodoma, Tabora, Manyara.

### 3.4 MARKETING STRATEGY

The OGTL will provide a one-stop shop for commodity risk management, combining the best of on-Exchange trading with products that were previously only available over-the-counter. By capitalizing upon the Exchange's of previous years of market expertise and more than two decades of designing and offering standardized energy futures and options contracts, OGTL will eliminate the opaque pricing, lack of liquidity, and counterparty credit risk that exists in the phone- brokered market and on other trading systems.

The OGTL is looking into or introducing electronic trading systems in an effort to provide extra services to the market, for example, offering out-of-hours facilities for Members.

- **LP GAS INFRASTRUCTURE BY COMPANY AND LOCATION**
- **IMPORT TERMINAL**

**Dar-Es-Salaam** port has a petroleum product jetty for importation of LP Gas. A manifold owned by TIPER refinery connects the jetty to TIPER, ORYX, BP, and GAPCO.

Max berthing, LOA 175 Metres, Draft 9.5 Metres depending on tide, DWT 30,000 DWT max.

- **RAIL LOADING**

#### **Dar-Es-Salaam**

TRC loading gantry BP loaded from sphere

TRC loading gantry ORYX Oil Company Limited (Loading to rail tank car only possible by truck since de-commissioning of LPG tanks on site.)

TAZARA loading gantry ORYX Tanzania Ltd loaded from sphere or bullet or road tanker.

#### **Moshi**

TRC unloading gantry ORYX Oil Company Limited into bullets or road tanker

TRC loading gantry BP loaded into bullets or road tanker

#### **Mwanza**

TRC unloading gantry ORYX Oil Company Limited into bullets or road tanker

NOTE – TRC railway is the old German line going north to Moshi & Kenya and northwest to

Tabora where it splits for Mwanza on Lake Victoria or Kigoma on Lake Tanganyika.  
TAZARA is the Chinese railway (a different gauge to TRC), which goes to Zambia.

- **LPG STORAGE**

**TIPER Refinery (50% owned by AOG 50% TPDC)**

Kigamboni Dar-Es-Salaam. 10 x 50MT bullets built 1965 – 75 in poor condition and currently de-commissioned and owned by TIPER. 5 x 100MT bullets built 1997 last used April 2001 and now empty. Owned by TPDC who are trying to lease them.

**ORYX Tanzania Ltd. (100% owned by AOG)**

Kurasini LPG Depot Dar-Es-Salaam

1 x 1,000 MT Sphere & 1 x 50MT bullet built 2001 Operated by ORYX Oil Company Limited

**ORYX Oil Company Limited (50% owned by AOG 50% TPDC)**

Kurasini Oil Depot

1 x 40MT bullet & 1 x 60 MT bullet last used April 2001 and now decommissioned.

Moshi Oil Depot

1 x 50MT bullet

Mwanza Oil Depot

1 x 50MT

- **LPG ROAD TRANSPORT**

**ORYX OIL COMPANY LIMITED**

1 x 20 MT Fiat Truck and trailer unit used to bridge from Dar-Es-Salaam to Moshi

3 x Fiat 5MT bulk consumer delivery trucks based in Mwanza, Moshi and Dar-Es-Salaam.

**MASHRU STORES**

1 x 11MT ex ESSO UK Seddon Atkinson imported 2001. Used on an ad hoc basis for trucking to Moshi by both ORYX and BP. (This is an Cylinder LPG Dealer of ORYX in Dar-Es-Salaam.)

Mwanza – 2

- **CYLINDER FILLING**

ORYX Tanzania Ltd DSM

9 x manual scales in a modern plant commissioned in 2001.

FILLING CAPACITY - 600 cylinders per hour of various sizes (10,000 MT/yr based on 1 shift of 8 hours equivalent to more than twice the current actual consumption of LPG in Tanzania). The filling hall is designed to be upgraded later for higher semi-automatic filling. The SIRAGA filling equipment is pneumatically operated for maximum safety and efficiency.

### **ORYX Oil Company Ltd**

Moshi - 2 x manual scales x manual scales

- **CYLINDERS**

### **ORYX Tanzania Ltd**

New cylinders were purchased from Portugal in 2001.

500 x 40kg, 2500 x 6kg 4000 x 15kg.

TSH Landed cost including 25% import duty and 20% VAT:-

6kg 18,633, 15kg 33,924, 40kg 52,414

Deposit charged inc VAT:-

6kg 20,000, 15kg 35,000, 40kg 55,000

Through put annually expected to be:-

40kg –360kg/yr, 6kg – 90kg/yr & 15kg – 180kg/yr.

20mm Kosangas with no PRV.

- **ORYX OIL COMPANY Ltd**

7 – 8,000 Old AGIP cylinders predominantly 15kg. Deposits charged inc VAT: -

12 kg 15,000, 15 kg 15,000, 25kg, 45,000.

22mm Kosangas valve with no PRV.

- **TOTAL**

2,500 x 6KG Camping Gas type valve and issued for 30,000TSH. Only distributed in Dar-

Es-Salaam. Filled by ORYX.

### **3.5 MAIN COMPETITORS**

Natural gas competes with other sources of energy as oil, electricity or coal. The major companies that compete in the market are: Bp, TOTAL, Nat Oil, and GAPCO

### **3.6 PROMOTION AND ADVERTISING**

The message associated with our products is high quality at affordable prices. In monitoring our products, service and market position, we will rely on feedback from customers with whom we have relationships.

This will be done through direct mail and telephone solicitations. Our promotional plan is diverse and will include a range of marketing communications. Future plans call for company owned stores nationwide, and the establishment of a magazine ad campaign. These will be covered in promotion plan strategy of which the management has enough experience on finding of prospective customers, who will eventually turn out to come and consume the product.

## **4.0 SWOT ANALYSIS**

### **4.1 STRENGTH:**

The strengths of Oryx Gas factory will be:

- Sound and credible management and financial policies.
- All incredible determination and perseverance of the directors against immense odds.
- A fairly well skilled, committed and efficient labour force.
- A quality product of the proposed project

### **4.2 WEAKNESS:**

Of all the worst shortcomings that might hold the company back from progress, the following rank highest:

- Limited resources for marketing program which is quite expensive and demanding

### **4.3 OPPORTUNITIES :**

Oryx gas is focused to take optimum possible advantage on the following:

- The introduction of investor friendly government policies including: -
  - Market liberalization
  - Lucrative investment incentive package
  - Provision of land and on and off site infrastructure.
  - Duty exemption on capital goods
- A stable economic and political environment
- Heavy investments in infrastructural development in roads (all weather)
  - Telecommunications; the country has one fixed telephone line company and 4 cellular telephone networks with a very wide coverage of the country.
  - Access to computers (tax free) and the international network – internet – in major towns and cities.

#### **4.4 THREATS :**

These are many and profound and the most vicious to the company's well being includes;

- Unfair competitive practices among stakeholders such as negative (publicity and skilled manpower draining).
- There exists, albeit in small scale a threat of officialdom/bureaucracy.
- The taxation regime is rather intricate; there is still duplicity of taxes although the government is working to eliminate the anomaly, step by step.

The threat of global terrorism

## **5.0 MANAGEMENT AND STAFF**

To perform a professional job in the gas factory a company requires a team of skilled and well-motivated personnel. Under the implementation program Kibaha Oryx Gas Factory envisages undertaking a deliberate 3 pronged plan.

- Staff with relevant and adequate skills and experience in running gas factory capable of strategizing and operationalising growth and profit oriented marketing and operational plans and strategies. The local labour market has enough personnel with relevant skills and experience in the fields of marketing, operations and information technology; however no effort will be spared in looking for requisite skills elsewhere including the international labour market.
- Motivation and retention scheme: Continuity being a vital element in any efficient operation, focus will be given to minimize frequent manpower turn over. In order to achieve this, an attractive incentive package will be part of the new project. The objective is to attract the best-qualified personnel to the company labour force and to retain them for a reasonable period of service in order to achieve continuity and harmony in the company's operations.
- Personnel for factory will be as follows:

**ORYX GAS TANZANIA LTD**  
**Employees salaries**

No.	Personnel Function	Number of employees in the year				
		2012	2013	2014	2015	2016
1	Manager	1	1	1	1	1
2	Administrative manager	1	1	1	1	1
3	Production Manager	1	1	1	1	1
4	Officers	20	20	20	20	20
5	Supervisors	6	6	6	6	6
6	Operation Staff	36	36	36	36	36
<b>Subtotal</b>		65	65	65	65	65

salary increase	Insurance	Training	Fringe benefits
3%	20%	5%	2%
3%	20%	2%	2%
3%	20%	5%	2%
3%	20%	1%	1%
0%	0%	0%	0%
0%	0%	0%	0%

No.	Personnel Function	Annual salary (1)/ employee				Euro
		2012	2013	2014	2015	
1	Manager	31,200	32,136	33,100	34,093	35,116
2	Administrative manager	24,000	24,720	25,462	26,225	27,012
3	Production Manager	19,200	19,776	20,369	20,980	21,610
4	Officers	14,400	14,832	15,277	15,735	16,207
5	Supervisors	12,000	12,000	12,000	12,000	12,000
6	Operation Staff	6,000	6,000	6,000	6,000	6,000
<b>Subtotal</b>						

**Total**

No.	Personnel Function	Total cost / employee				
		2012	2013	2014	2015	2016
1	Manager	39,624	40,813	42,037	43,298	44,597
2	Administrative manager	29,760	30,653	31,572	32,520	33,495
3	Production Manager	24,384	25,116	25,869	26,645	27,444
4	Officers	17,568	18,095	18,638	19,197	19,773
5	Supervisors	12,000	12,000	12,000	12,000	12,000
6	Operation Staff	6,000	6,000	6,000	6,000	6,000

<b>Subtotal</b>					
-----------------	--	--	--	--	--

No.	Personnel Function	Total cost / category				Euro
		2012	2013	2014	2015	2016
1	Manager	39,624	40,813	42,037	43,298	44,597
2	Administrative manager	29,760	30,653	31,572	32,520	33,495
3	Production Manager	24,384	25,116	25,869	26,645	27,444
4	Officers	351,360	361,901	372,758	383,941	395,459
5	Supervisors	72,000	72,000	72,000	72,000	72,000
6	Operation Staff	216,000	216,000	216,000	216,000	216,000
<b>Subtotal</b>		219,938	746,482	760,236	774,403	788,995

**Salaries - Selling, general and administrative expenses SG&A**

No.	Personnel Function	Number of employees				
		2012	2013	2014	2015	2016
1	Procurement Officer	2	2	2	2	2
2	Marketing & sales officers	2	2	4	4	4
3	Secretary	2	2	2	2	2
4	Accountants	2	2	2	2	2
5	Cashier	2	2	4	4	4
6		0	0	0	0	0
<b>Subtotal</b>		10	10	14	14	14

salary increase	Social insurance	Training expenses	Fringe benefits
3%	20%	5%	3%
3%	20%	2%	2%
3%	20%	4%	2%
3%	20%	4%	1%
3%	20%	2%	1%
0%	0%	0%	0%

<b>Total</b>	<b>75</b>	<b>75</b>	<b>79</b>	<b>79</b>	<b>79</b>
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No.	Personnel Function	Annual salary (1)/ employee				
		2012	2013	2014	2015	2016
1	Procurement Officer	9,600	9,888	10,185	10,490	10,805
2	Marketing & sales officers	8,400	8,652	8,912	9,179	9,454
3	Secretary	4,800	4,944	5,092	5,245	5,402
4	Accountants	9,600	9,888	10,185	10,490	10,805

5	Cashier		5,600	5,768	5,941	6,119	6,303
6		0	0	0	0	0	0
<b>Subtotal</b>							

No.	Personnel category	Total cost / employee					Euro
		2012	2013	2014	2015	2016	
1	Procurement Officer	12,288	12,657	13,036	13,427	13,830	
2	Marketing & sales officers	10,416	10,728	11,050	11,382	11,723	
3	Secretary	6,048	6,229	6,416	6,609	6,807	
4	Accountants	12,000	12,360	12,731	13,113	13,506	
5	Cashier	6,888	7,095	7,307	7,527	7,753	
6		0	0	0	0	0	
		0					
<b>Subtotal</b>							

No.	Personnel category	Total cost / category					Euro
		2012	2013	2014	2015	2016	
1	Procurement Officer	24,576	25,313	26,073	26,855	27,661	
2	Marketing & sales officers	20,832	21,457	44,201	45,527	46,893	
3	Secretary	12,096	12,459	12,833	13,218	13,614	
4	Accountants	24,000	24,720	25,462	26,225	27,012	
5	Cashier	13,776	14,189	29,230	30,107	31,010	
6		0	0	0	0	0	
		0					
<b>Subtotal</b>		28,584	98,138	137,798	141,932	146,190	

<b>Total</b>	<b>74,557</b>	<b>844,620</b>	<b>898,034</b>	<b>916,336</b>	<b>935,186</b>
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**ORYX GAS TANZANIA LTD**  
**Employees salaries**

No.	Personnel Function	Number of employees in the year
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salary increa	Ins ura	Trai ning	Fri ng
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		2012	2013	2014	2015	2016
1	Manager	1	1	1	1	1
2	Administrative manager	1	1	1	1	1
3	Production Manager	1	1	1	1	1
4	Officers	20	20	20	20	20
5	Supervisors	6	6	6	6	6
6	Operation Staff	36	36	36	36	36
<b>Subtotal</b>		65	65	65	65	65

se	nce		e be ne fit s
3%	20%	5%	2%
3%	20%	2%	2%
3%	20%	5%	2%
3%	20%	1%	1%
0%	0%	0%	0%
0%	0%	0%	0%

No.	Personnel Function	Annual salary (1)/ employee				Euro
		2012	2013	2014	2015	2016
1	Manager	31,200	32,136	33,100	34,093	35,116
2	Administrative manager	24,000	24,720	25,462	26,225	27,012
3	Production Manager	19,200	19,776	20,369	20,980	21,610
4	Officers	14,400	14,832	15,277	15,735	16,207
5	Supervisors	12,000	12,000	12,000	12,000	12,000
6	Operation Staff	6,000	6,000	6,000	6,000	6,000
<b>Subtotal</b>						

**Total**

No.	Personnel Function	Total cost / employee					USD
		2012	2013	2014	2015	2016	
1	Manager	39,624	40,813	42,037	43,298	44,597	
2	Administrative manager	29,760	30,653	31,572	32,520	33,495	
3	Production Manager	24,384	25,116	25,869	26,645	27,444	
4	Officers	17,568	18,095	18,638	19,197	19,773	
5	Supervisors	12,000	12,000	12,000	12,000	12,000	
6	Operation Staff	6,000	6,000	6,000	6,000	6,000	
<b>Subtotal</b>							

No.	Personnel Function	Total cost / category				Euro
		2012	2013	2014	2015	2016
1	Manager	39,624	40,813	42,037	43,298	44,597
2	Administrative manager	29,760	30,653	31,572	32,520	33,495
3	Production Manager	24,384	25,116	25,869	26,645	27,444
4	Officers	351,360	361,901	372,758	383,941	395,459
5	Supervisors	72,000	72,000	72,000	72,000	72,000
6	Operation Staff	216,000	216,000	216,000	216,000	216,000
<b>Subtotal</b>		<b>219,938</b>	<b>746,482</b>	<b>760,236</b>	<b>774,403</b>	<b>788,995</b>

**Salaries - Selling, general and administrative expenses SG&A**

No.	Personnel Function	Number of employees				
		2012	2013	2014	2015	2016
1	Procurement Officer	2	2	2	2	2
2	Marketing & sales officers	2	2	4	4	4
3	Secretary	2	2	2	2	2
4	Accountants	2	2	2	2	2
5	Cashier	2	2	4	4	4
6		0	0	0	0	0
<b>Subtotal</b>		<b>10</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Total</b>		<b>75</b>	<b>75</b>	<b>79</b>	<b>79</b>	<b>79</b>

salary increase	Social insurance	Training expenses	Fringe benefits
3%	20%	5%	3%
3%	20%	2%	2%
3%	20%	4%	1%
3%	20%	4%	1%
3%	20%	2%	0%
0%	0%	0%	0%

No.	Personnel Function	Annual salary (1)/ employee				
		2012	2013	2014	2015	2016
1	Procurement Officer	9,600	9,888	10,185	10,490	10,805
2	Marketing & sales officers	8,400	8,652	8,912	9,179	9,454
3	Secretary	4,800	4,944	5,092	5,245	5,402

4	Accountants	9,600	9,888	10,185	10,490	10,805
5	Cashier	5,600	5,768	5,941	6,119	6,303
6	0	0	0	0	0	0
<b>Subtotal</b>						

No.	Personnel Funtion / category	Total cost / employee					Euro
		2012	2013	2014	2015	2016	
1	Procurement Officer	12,288	12,657	13,036	13,427	13,830	
2	Marketing & sales officers	10,416	10,728	11,050	11,382	11,723	
3	Secretary	6,048	6,229	6,416	6,609	6,807	
4	Accountants	12,000	12,360	12,731	13,113	13,506	
5	Cashier	6,888	7,095	7,307	7,527	7,753	
6	0	0	0	0	0	0	
	0						
<b>Subtotal</b>							

No.	Personnel category	Total cost / category					Euro
		2012	2013	2014	2015	2016	
1	Procurement Officer	24,576	25,313	26,073	26,855	27,661	
2	Marketing & sales officers	20,832	21,457	44,201	45,527	46,893	
3	Secretary	12,096	12,459	12,833	13,218	13,614	
4	Accountants	24,000	24,720	25,462	26,225	27,012	
5	Cashier	13,776	14,189	29,230	30,107	31,010	
6	0	0	0	0	0	0	
	0						
<b>Subtotal</b>		28,584	98,138	137,798	141,932	146,190	

<b>Total</b>	<b>74,557</b>	<b>844,620</b>	<b>898,034</b>	<b>916,336</b>	<b>935,186</b>
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## 6.0 FINANCIAL AND ECONOMIC ANALYSIS

### 6.1 Project assumptions

Projecting for financial statements is based on the following assumptions:

- The project is evaluated for 5 years based on the useful life of major assets except for residential houses which will be evaluated in six years.
- The implementation of the project will cost US\$ 1,200,000 for factory which is divided as follows

<b>ORYX GAS TANZANIA LTD</b>						
<b>Assumptions</b>		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<i>planning years &gt;&gt;</i>						
Currency		USD	USD	USD	USD	USD
Income tax rate		30%	30%	30%	30%	30%
Average number of days for payment of receivables		30	30	30	30	30
Average number of days of inventory stock		20	20	20	20	20
Average number of days for payment of payables		30	30	30	30	30
Dividends in relation to net profit		5%	5%	5%	5%	5%
Percentage of profit to be allocated to the reserves		0%	0%	0%	0%	0%
<b>Investment</b>	<b>Total</b>					
Land and building	1,530,000	970,000	330,000	110,000	0	120,000
Plant & Machinery	8,800,000	6,500,000	2,200,000	100,000	0	
Motor vehicles	426,000	326,000	0	100,000	0	
Furnitures	26,000	16,000	0	0	0	10,000
Computers	13,000	6,000	0	0	7,000	
Working Capital	240,000	150,000	0	0	90,000	
	<b>11,035,000</b>	<b>7,968,000</b>	<b>2,530,000</b>	<b>310,000</b>	<b>97,000</b>	<b>130,000</b>
<b>Financing plan</b>	<b>Total</b>					
Equity contribution	5,517,500	3,984,000	1,265,000	155,000	48,500	65,000
Loans at the beginning of the year	5,517,500	3,984,000	1,265,000	155,000	48,500	65,000
Repayments at the end of the year	1,200,000	0		400,000	400,000	400,000
Interest rate		8%	8%	8%	8%	8%
Minimum cash in relation to operating costs		5%	5%	5%	5%	5%
Debt to equity ratio - acceptable by the bank		6.0	6.0	6.0	6.0	6.0
Amount deposited (at the end of the year)		0	0	0	0	0
Interest rate		0%	0%	0%	0%	0%
<b>Depreciation period: linear, in years</b>						

Land and building	50
Plant & Machinery	20
Motor vehicles	10
Furniture	4
Computers	3
Working Capital	10

## **6.2 Financial Statements**

- Financial statements are included at the end of this document

## **6.3 Expenditure**

The expenditure items are as indicated in the costs section under the financial statements. They include all costs items plus depreciation and financial charges.

## **6.4 Projected Cash Flows**

This is shown in the financial statements. The project has a positive net cash flow from year 1 of operation to the 5th year.

## **6.5 Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under same heading.

## **6.6 Economic Benefits of the Project**

The successful operation of the Project will contribute significant economy of Dar es Salaam Region and Tanzania as whole. In summary the benefits which will be realized are as follows:-

- Employment opportunities for permanent staff at full commercial operations.

- Provision of income to other services providers, thus contributing to the reduction of poverty. The income to be earned will help in improving standard of living of the workers and other people residing in the region.
- The direct income for the workers, combined with other social benefits that the Management of Oryx Gas project will provide, will help in overall efforts of alleviation of poverty in the Region.
- Provision of a market for goods and services to be consumed by Oryx Gas plant.
- Expanding the tax base for the Treasury and local Government authorities and generation of substantial income to the Government. The Government earns considerable revenue from the energy sector in terms tax collections.
- This project will facilitate the increase of foreign exchange earnings through services provision as some of the customer to be served will be foreigners.

## **7.0 CONCLUSION AND RECOMMENDATIONS**

### **7.1 Conclusion**

The project as analyzed in this report is both economically and technically viable. The project has come at the right time to provide the much needed quality energy required by various people both local and international and other individuals coming in Region and Tanzania as a whole.

### **7.2 Recommendations**

A fast implementation of this venture is therefore highly recommended especially given the fact that the Government is implementing a programme of boosting investment in the energy sector.

# **FINANCIAL STATEMENTS PROJECTION FOR THE ORYX GAS PLANT**

**ORYX GAS TANZANIA LTD****Income statement***planning years >>*

	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
<b>Total net sales</b>	<b>3,750,000</b>	<b>4,695,800</b>	<b>5,157,100</b>	<b>5,645,400</b>	<b>6,120,200</b>
GAS PRODUCTION	3,750,000	4,662,000	5,089,500	5,544,000	5,985,000
Others	0	33,800	67,600	101,400	135,200
	0	0	0	0	0
<b>- Cost of goods sold COGS</b>	<b>524,938</b>	<b>1,127,146</b>	<b>1,177,804</b>	<b>1,231,035</b>	<b>1,283,611</b>
Raw material	187,500	234,790	257,855	282,270	306,010
Energy	75,000	93,916	103,142	112,908	122,404
Utilities	37,500	46,958	51,571	56,454	61,202
Production salaries	219,938	746,482	760,236	774,403	788,995
Other costs	5,000	5,000	5,000	5,000	5,000
<b>= Gross profit</b>	<b>3,225,062</b>	<b>3,568,654</b>	<b>3,979,296</b>	<b>4,414,365</b>	<b>4,836,589</b>
<b>- General and administrative expenses</b>	<b>381,598</b>	<b>582,324</b>	<b>646,558</b>	<b>677,565</b>	<b>709,623</b>
Salaries	28,584	98,138	137,798	141,932	146,190
Workspace	0	0	0	0	0
Marketing & sales expenses	75,000	22,000	22,000	22,000	22,000
Insurance	19,545	20,522	20,522	21,548	22,626
Professional Fees	56,250	59,063	62,016	65,116	68,372
Printing & Stationery, Telephone	1,125	1,181	1,240	1,302	1,367
Motor Vehicle Running Expenses	91,875	188,344	197,761	207,649	218,031
Marketing & Advertising	45,000	47,250	49,613	52,093	54,698
General office and utilities expenses	22,969	94,172	98,880	103,824	109,016
Other	41,250	51,654	56,728	62,099	67,322
<b>= Operating profit / EBITDA</b>	<b>2,843,464</b>	<b>2,986,330</b>	<b>3,332,737</b>	<b>3,736,799</b>	<b>4,126,966</b>
<b>- Depreciation</b>	<b>398,000</b>	<b>514,600</b>	<b>531,800</b>	<b>543,133</b>	<b>548,033</b>
<b>- Interest expenses (loan from bank)</b>	<b>318,720</b>	<b>419,920</b>	<b>432,320</b>	<b>404,200</b>	<b>377,400</b>
<b>+ Interest income from investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>- Extraordinary charges (or incomes)</b>	<b>8,500</b>	<b>12,500</b>	<b>15,500</b>	<b>18,500</b>	<b>21,500</b>
Currency exchange adjustments					
Fees and provisions	2,500	5,000	6,500	8,000	9,500
Other	6,000	7,500	9,000	10,500	12,000
<b>- Income tax</b>	<b>635,473</b>	<b>611,793</b>	<b>705,935</b>	<b>831,290</b>	<b>954,010</b>
<b>= Net profit</b>	<b>1,482,771</b>	<b>1,427,517</b>	<b>1,647,182</b>	<b>1,939,676</b>	<b>2,226,023</b>

**ORYX GAS TANZANIA LTD**  
**Balance sheet**

*planning years >>*

	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
<b>Long-term assets</b>					
Fixed assets: property, plant and equipment	7,570,000	9,585,400	9,363,600	8,917,467	8,499,433
+ Long-term financial investments	0	0	0	0	0
+ Goodwill	0	0	0	0	0
<b>= Total long-term assets</b>	<b>7,570,000</b>	<b>9,585,400</b>	<b>9,363,600</b>	<b>8,917,467</b>	<b>8,499,433</b>
<b>Current assets</b>					
Cash & cash equivalents	1,512,795	2,057,298	3,562,394	5,461,044	7,621,215
+ Deposit account	0	0	0	0	0
+ Accounts receivable	308,219	385,956	423,871	464,005	503,030
+ Inventories	28,764	61,761	64,537	67,454	70,335
<b>= Total current assets</b>	<b>1,849,778</b>	<b>2,505,016</b>	<b>4,050,802</b>	<b>5,992,503</b>	<b>8,194,580</b>
<b>Total assets</b>	<b>9,419,778</b>	<b>12,090,416</b>	<b>13,414,402</b>	<b>14,909,970</b>	<b>16,694,013</b>
<b>Long-term liabilities</b>					
Long-term loans	3,984,000	5,249,000	5,004,000	4,652,500	4,317,500
<b>= Total long-term liabilities</b>	<b>3,984,000</b>	<b>5,249,000</b>	<b>5,004,000</b>	<b>4,652,500</b>	<b>4,317,500</b>
<b>Current liabilities</b>					
+ Accounts payable	43,146	92,642	96,806	101,181	105,502
+ Other provisions	0	0	0	0	0
<b>= Total current liabilities</b>	<b>43,146</b>	<b>92,642</b>	<b>96,806</b>	<b>101,181</b>	<b>105,502</b>
<b>Shareholders equity</b>					
Share capital	3,984,000	3,984,000	3,984,000	3,984,000	3,984,000
+ Reserves	0	0	0	0	0
+ Retained earnings	1,408,632	2,764,774	4,329,597	6,172,289	8,287,011
<b>= Total shareholders' equity</b>	<b>5,392,632</b>	<b>6,748,774</b>	<b>8,313,597</b>	<b>10,156,289</b>	<b>12,271,011</b>
<b>Total liabilities &amp; equity</b>	<b>9,419,778</b>	<b>12,090,416</b>	<b>13,414,402</b>	<b>14,909,970</b>	<b>16,694,013</b>

**ORYX GAS TANZANIA LTD****Cash flow statement**

<i>planning years &gt;&gt;</i>	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
<b>Cash flow from operating activities</b>					
Operating profit (EBITDA)	2,843,464	2,986,330	3,332,737	3,736,799	4,126,966
- Interest expenses	-318,720	-419,920	-432,320	-404,200	-377,400
+ Investment Interest income (bank deposit)	0	0	0	0	0
- Extraordinary charges (or incomes)	-8,500	-12,500	-15,500	-18,500	-21,500
- Income tax	-635,473	-611,793	-705,935	-831,290	-954,010
<i>Movements in working capital</i>					
+ Decrease (or - increase) in accounts receivable	-308,219	-77,737	-37,915	-40,134	-39,025
+ Decrease (or - increase) in inventories	-28,764	-32,998	-2,776	-2,917	-2,881
+ Increase (or - decrease) in accounts payable	43,146	49,497	4,164	4,375	4,321
+ Increase (or - decrease) in other provisions	0	0	0	0	0
<b>= Total cash flow from operating activities</b>	<b>1,586,933</b>	<b>1,880,879</b>	<b>2,142,455</b>	<b>2,444,134</b>	<b>2,736,472</b>
<b>Cash flow from investing activities</b>					
Sale (or - purchase) of fixed assets	-7,968,000	-2,530,000	-310,000	-97,000	-130,000
+ Sale (- purchase) of long-term financial investment	0	0	0	0	0
+ Decrease (or - increase) of goodwill	0	0	0	0	0
- cash placed in the deposit account	0	0	0	0	0
<b>= Total cash flow from investing activities:</b>	<b>-7,968,000</b>	<b>-2,530,000</b>	<b>-310,000</b>	<b>-97,000</b>	<b>-130,000</b>
<b>Free cash flow</b>	<b>-6,381,067</b>	<b>-649,121</b>	<b>1,832,455</b>	<b>2,347,134</b>	<b>2,606,472</b>
<b>Cash flow from financing activities</b>					
Long term loans drawn	3,984,000	1,265,000	155,000	48,500	65,000
- Repayments of loans made	0	0	-400,000	-400,000	-400,000
+ Equity contribution (or - withdrawal)	3,984,000	0	0	0	0
- Dividend paid	-74,139	-71,376	-82,359	-96,984	-111,301
<b>= Total cash flow from financing activities</b>	<b>7,893,861</b>	<b>1,193,624</b>	<b>-327,359</b>	<b>-448,484</b>	<b>-446,301</b>
<b>Total net increase (- decrease) in cash</b>	<b>1,512,795</b>	<b>544,503</b>	<b>1,505,096</b>	<b>1,898,650</b>	<b>2,160,171</b>
<b>Cash at the beginning of the year</b>	<b>0</b>	<b>1,512,795</b>	<b>2,057,298</b>	<b>3,562,394</b>	<b>5,461,044</b>
<b>Cash at th end of the year</b>	<b>1,512,795</b>	<b>2,057,298</b>	<b>3,562,394</b>	<b>5,461,044</b>	<b>7,621,215</b>

**ORYX GAS TANZANIA LTD****Investment and depreciation plan**Income statement  
*planning years >>*

	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
<b>Investment</b>					
Land and building	970,000	330,000	110,000	0	120,000
Plant & Machinery	6,500,000	2,200,000	100,000	0	0
Motor vehicles	326,000	0	100,000	0	0
Furniture	16,000	0	0	0	10,000
Computers	6,000	0	0	7,000	0
Working Capital	150,000	0	0	90,000	0
<b>Total investment</b>	<b>7,968,000</b>	<b>2,530,000</b>	<b>310,000</b>	<b>97,000</b>	<b>130,000</b>
<b>Fixed assets accumulated: at cost</b>	<b>7,968,000</b>	<b>10,498,000</b>	<b>10,808,000</b>	<b>10,905,000</b>	<b>11,035,000</b>
<b>Depreciation</b>					
1-Depreciation for Land and building	19,400	26,000	28,200	28,200	30,600
2-Depreciation for Plant & Machinery	325,000	435,000	440,000	440,000	440,000
3-Depreciation for Motor vehicles	32,600	32,600	42,600	42,600	42,600
4-Depreciation for Furnitures	4,000	4,000	4,000	4,000	6,500
5-Depreciation for Computers	2,000	2,000	2,000	4,333	4,333
6-Depreciation for Working Capital	15,000	15,000	15,000	24,000	24,000
<b>Total depreciation</b>	<b>398,000</b>	<b>514,600</b>	<b>531,800</b>	<b>543,133</b>	<b>548,033</b>
<b>Total depreciation accumulated</b>	<b>398,000</b>	<b>912,600</b>	<b>1,444,400</b>	<b>1,987,533</b>	<b>2,535,567</b>
<b>Net asset book value</b>	<b>7,570,000</b>	<b>9,585,400</b>	<b>9,363,600</b>	<b>8,917,467</b>	<b>8,499,433</b>

**ORYX GAS TANZANIA LTD**  
**Reconciliation of shareholders equity**

<i>planning years &gt;&gt;</i>	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
Beginning shareholders equity	0	5,540,909	7,039,802	8,604,625	10,447,318
+ Net profit (or - loss)	1,482,771	1,427,517	1,647,182	1,939,676	2,226,023
+ Equity contribution (or - withdrawal)	3,984,000	0	0	0	0
- Dividends paid	-74,139	-71,376	-82,359	-96,984	-111,301
<b>Ending shareholders equity</b>	<b>5,540,909</b>	<b>7,039,802</b>	<b>8,604,625</b>	<b>10,447,318</b>	<b>12,562,039</b>
Additional reserves	0	0	0	0	0
Dividends paid	74,139	71,376	82,359	96,984	111,301
Retained earnings (or accumulated losses)	1,408,632	1,356,141	1,564,823	1,842,692	2,114,722

**Calculation of income tax**

<i>planning years &gt;&gt;</i>	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
Income statement					
Net profit after extraordinary items	2,118,244	2,039,310	2,353,117	2,770,966	3,180,033
Income tax rate	30%	30%	30%	30%	30%
Net loss carried forward	0	0	0	0	0
Taxable income	2,118,244	2,039,310	2,353,117	2,770,966	3,180,033
Income tax	635,473	611,793	705,935	831,290	954,010

**ORYX GAS TANZANIA LTD****Financing plan**

Income statement	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
<b>Shareholders equity</b>					
Equity contribution (or withdrawal)	3,984,000	0	0	0	0
Share capital	3,984,000	3,984,000	3,984,000	3,984,000	3,984,000
<b>Long-term loans from bank</b>					
Loan drawn at the beginning of the year	3,984,000	1,265,000	155,000	48,500	65,000
Repayments made at the end of the year	0	0	400,000	400,000	400,000
Basis for interest calculation - end of year	3,984,000	5,249,000	5,404,000	5,052,500	4,717,500
Interest rate	8%	8%	8%	8%	8%
Interest expenses	318,720	419,920	432,320	404,200	377,400
Loan balance: year end (goes to balance sheet)	3,984,000	5,249,000	5,004,000	4,652,500	4,317,500
<b>Liquidity control</b>					
Operating costs	906,536	1,709,470	1,824,363	1,908,601	1,993,234
Minimum cash in relation to operating costs	5%	5%	5%	5%	5%
Minimum cash balance required (to be available at	45,327	85,473	91,218	95,430	99,662
Actual cash balance at the end of the year	1,512,795	2,057,298	3,562,394	5,461,044	7,621,215
<b>Dept to equity relation control</b>					
Dept to equity ratio - planned	0.7	0.8	0.6	0.5	0.4
Dept to equity ratio - acceptable by the bank	6.0	6.0	6.0	6.0	6.0
<b>Deposit of excess liquidity to a bank account</b>					
Amount deposited (at the end of the year)	0	0	0	0	0
Total amount deposited (per end of year) - basis fc	0	0	0	0	0
Total amount deposited (per end of year) - basis fc	0	0	0	0	0
Interest rate	0%	0%	0%	0%	0%

**ORYX GAS TANZANIA LTD  
INTERNAL RATE OF RETURN**

<i>planning years &gt;&gt;</i>	2012 USD	2013 USD	2014 USD	2015 USD
NET CASHFLOW				
	1,512,795	544,503	1,505,096	1,898,650
DCF (30%)	0.3			
<b>NPV AT (30%DCF)</b>	0.769	0.592	0.350	0.123
<b>Total NPV</b>	<b>96,755</b>	<b>1,163,688</b>	<b>322,191</b>	<b>526,976</b>
DCF(15%)	0.15			
<b>NPV AT (15%DCF)</b>	0.870	0.756	0.572	0.327
<b>Total NPV</b>	<b>45,808</b>	<b>-32,138</b>	<b>-222,814</b>	<b>-55,192</b>
<b>IRR=</b>	<b>22.1</b>			

**ORYX GAS TANZANIA LTD  
PAY BACK PERIOD**

<i>planning years &gt;&gt;</i>	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
Profit After Tax	1,482,771	1,427,517	1,647,182	1,939,676	2,226,023
Depreciation	398,000	514,600	531,800	543,133	548,033
Total	1,880,771	1,942,117	2,178,982	2,482,810	2,774,056
Discounted Cashflow	1,635,453	1,468,520	1,245,840	811,635	0
Capital Cost	2,530,000	310,000	97,000	130,000	0
Remaining amount	-8,862,547	-7,704,028	-6,555,187	-5,873,553	-5,873,553
<b>Pay Back Period</b>					

**ORYX GAS TANZANIA LTD  
BREAK EVEN ANALYSIS**

<i>planning years &gt;&gt;</i>	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
Sales Revenue	3,750,000	4,695,800	5,157,100	5,645,400	6,120,200
Variable Costs	906,536	1,709,470	1,824,363	1,908,601	1,993,234
Contribution Margin	2,843,464	2,986,330	3,332,737	3,736,799	4,126,966
Fixed Costs	7,968,000	10,498,000	10,808,000	10,905,000	11,035,000
Contribution Margin Ratio %	1.32	38.89	38.89	39.25	45.42
Beak even Sales	6,041,792	269,911	277,938	277,813	242,961
Break even Point (%)	0.01	0.17	0.19	0.20	0.25

**ORYX GAS TANZANIA LTD**  
**Ratio summary sheet**

planning years >>

	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
<b>Liquidity ratios</b>					
Current ratio	42.9	27.0	41.8	59.2	77.7
Quick test ratio	42.2	26.4	41.2	58.6	77.0
<b>Efficiency ratios</b>					
Inventory turnover -days	20	20	20	20	20
Accounts receivable turnover -days	30	30	30	30	30
Accounts payable turnover -days	30	30	30	30	30
Fixed asset turnover	0.5	0.5	0.6	0.6	0.7
Total asset turnover	0.4	0.4	0.4	0.4	0.4
<b>Profitability ratios</b>					
Gross profit margin	86%	76%	77%	78%	79%
Net profit margin	40%	30%	32%	34%	36%
Operating profit margin	76%	64%	65%	66%	67%
Return on assets	16%	12%	12%	13%	13%
Return on equity	27%	21%	20%	19%	18%
Dividend payout	5%	5%	5%	5%	5%
<b>Solvency ratios</b>					
Debt to equity ratio	0.7	0.8	0.6	0.5	0.4
Total assets to equity ratio	1.7	1.8	1.6	1.5	1.4
Total assets to total liabilities ratio	2.3	2.3	2.6	3.1	3.8
Capitalisation ratio	0.4	0.4	0.4	0.3	0.3
Interest coverage ratio	8.9	7.1	7.7	9.2	10.9

**ORYX GAS TANZANIA LTD**  
**Employees salaries**

No.	Personnel Function	Number of employees in the year				
		2012	2013	2014	2015	2016
1	Manager Administrative	1	1	1	1	1
2	manager	1	1	1	1	1
3	Production Manager	1	1	1	1	1
4	Officers	20	20	20	20	20
5	Supervisors	6	6	6	6	6
6	Operation Staff	36	36	36	36	36
<b>Subtotal</b>		65	65	65	65	65

salary increase	Insurance	Training	Fringe benefits
3%	20%	5%	2%
3%	20%	2%	2%
3%	20%	5%	2%
3%	20%	1%	1%
0%	0%	0%	0%
0%	0%	0%	0%

No.	Personnel Function	Annual salary (1)/ employee Euro				
		2012	2013	2014	2015	2016
1	Manager Administrative	31,200	32,136	33,100	34,093	35,116
2	manager	24,000	24,720	25,462	26,225	27,012
3	Production Manager	19,200	19,776	20,369	20,980	21,610
4	Officers	14,400	14,832	15,277	15,735	16,207
5	Supervisors	12,000	12,000	12,000	12,000	12,000
6	Operation Staff	6,000	6,000	6,000	6,000	6,000
<b>Subtotal</b>						

**Total**

No.	Personnel Function	Total cost / employee USD				
		2012	2013	2014	2015	2016
1	Manager Administrative	39,624	40,813	42,037	43,298	44,597
2	manager	29,760	30,653	31,572	32,520	33,495
3	Production Manager	24,384	25,116	25,869	26,645	27,444
4	Officers	17,568	18,095	18,638	19,197	19,773
5	Supervisors	12,000	12,000	12,000	12,000	12,000
6	Operation Staff	6,000	6,000	6,000	6,000	6,000
<b>Subtotal</b>						

No.	Personnel Function	Total cost / category					Euro
		2012	2013	2014	2015	2016	
1	Manager Administrative	39,624	40,813	42,037	43,298	44,597	
2	manager	29,760	30,653	31,572	32,520	33,495	
3	Production Manager	24,384	25,116	25,869	26,645	27,444	
4	Officers	351,360	361,901	372,758	383,941	395,459	
5	Supervisors	72,000	72,000	72,000	72,000	72,000	
6	Operation Staff	216,000	216,000	216,000	216,000	216,000	
<b>Subtotal</b>		<b>219,938</b>	<b>746,482</b>	<b>760,236</b>	<b>774,403</b>	<b>788,995</b>	

**Salaries - Selling, general and administrative expenses SG&A**

No.	Personnel Function	Number of employees				
		2012	2013	2014	2015	2016
1	Procurement Officer	2	2	2	2	2
2	Marketing & sales officers	2	2	4	4	4
3	Secretary	2	2	2	2	2
4	Accountants	2	2	2	2	2
5	Cashier	2	2	4	4	4
6		0	0	0	0	0
<b>Subtotal</b>		<b>10</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>14</b>

salary increase	Social insurance	Training expense	Fringe benefits
3%	20%	5%	3%
3%	20%	2%	2%
3%	20%	4%	2%
3%	20%	4%	1%
3%	20%	2%	1%
0%	0%	0%	0%

<b>Total</b>	<b>75</b>	<b>75</b>	<b>79</b>	<b>79</b>	<b>79</b>
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No.	Personnel Function	Annual salary (1)/ employee				
		2012	2013	2014	2015	2016
1	Procurement Officer	9,600	9,888	10,185	10,490	10,805
2	Marketing & sales officers	8,400	8,652	8,912	9,179	9,454
3	Secretary	4,800	4,944	5,092	5,245	5,402
4	Accountants	9,600	9,888	10,185	10,490	10,805
5	Cashier	5,600	5,768	5,941	6,119	6,303
6		0	0	0	0	0
<b>Subtotal</b>						

No.	Personnel Funtion / category	Total cost / employee					Euro
		2012	2013	2014	2015	2016	
1	Procurement Officer	12,288	12,657	13,036	13,427	13,830	
2	Marketing & sales officers	10,416	10,728	11,050	11,382	11,723	
3	Secretary	6,048	6,229	6,416	6,609	6,807	
4	Accountants	12,000	12,360	12,731	13,113	13,506	
5	Cashier	6,888	7,095	7,307	7,527	7,753	
6	0	0	0	0	0	0	
	0						
<b>Subtotal</b>							

No.	Personnel Funtion / category	Total cost / category					Euro
		2012	2013	2014	2015	2016	
1	Procurement Officer	24,576	25,313	26,073	26,855	27,661	
2	Marketing & sales officers	20,832	21,457	44,201	45,527	46,893	
3	Secretary	12,096	12,459	12,833	13,218	13,614	
4	Accountants	24,000	24,720	25,462	26,225	27,012	
5	Cashier	13,776	14,189	29,230	30,107	31,010	
6	0	0	0	0	0	0	
	0						
<b>Subtotal</b>		28,584	98,138	137,798	141,932	146,190	

<b>Total</b>	<b>74,557</b>	<b>844,620</b>	<b>898,034</b>	<b>916,336</b>	<b>935,186</b>
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**ORYX GAS TANZANIA LTD**

**PROJECTED SALES  
planning years >>**

	2012	2013	2014	2015	2016
<b>GAS PRODUCTION</b>					
Price per ton	25	25.9	26.1	26.4	26.6
Metric Tonnes	500	600	650	700	750
Days	300	300	300	300	300
<b>SUB TOTAL AMOUNT</b>	<b>3,750,000</b>	<b>4,662,000</b>	<b>5,089,500</b>	<b>5,544,000</b>	<b>5,985,000</b>

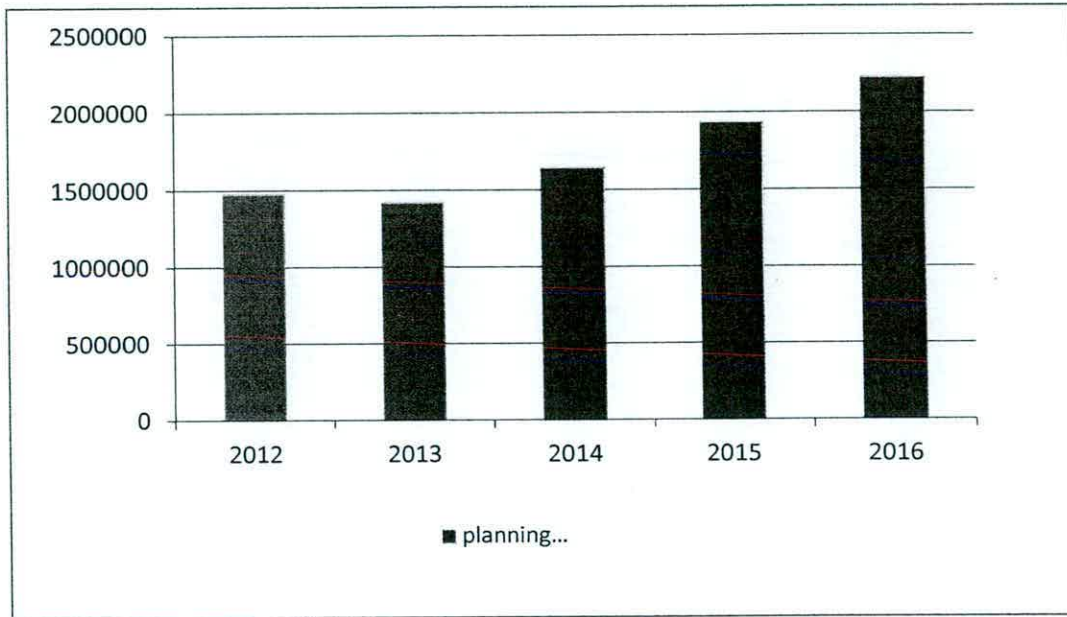
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Unit price	0	0	0	0	0
Tonnes in kg	3000	3500	3600	4100	4600
Weeks	52	52	52	52	52
<b>SUB TOTAL AMOUNT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>3,750,000</b>	<b>4,695,800</b>	<b>5,157,100</b>	<b>5,645,400</b>	<b>6,120,200</b>

**ORYX GAS TANZANIA LTD  
NET PROFIT PROJECTION**

USD

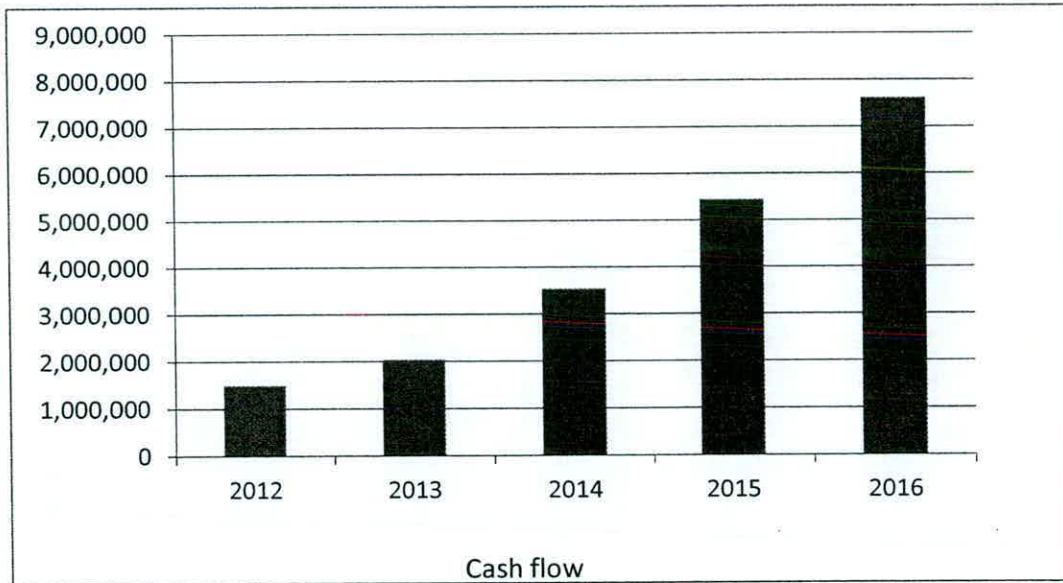
planning years >>	2012	2013	2014	2015	2016
Net profit	1,482,771	1,427,517	1,647,182	1,939,676	2,226,023



**ORYX GAS TANZANIA LTD  
CASH FLOW PROJECTION**

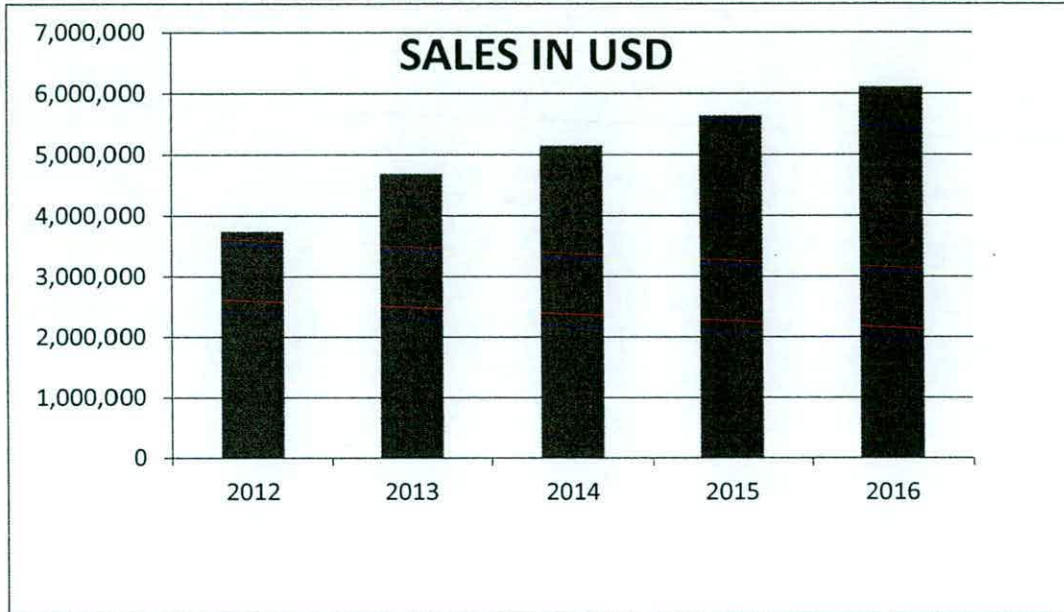
USD

planning years >>	2012	2013	2014	2015	2016
Cash at th end of the year	1,512,795	2,057,298	3,562,394	5,461,044	7,621,215



**ORYX GAS TANZANIA LTD  
SALES PROJECTION**

planning years >>	2012	2013	2014	2015	2016
<b>SALES IN USD</b>	3,750,000	4,695,800	5,157,100	5,645,400	6,120,200



**ORYX GAS TANZANIA LTD**

**Assumptions**

*planning years >>*

	2012	2013	2014	2015	2016
Currency	USD	USD	USD	USD	USD
Income tax rate	30%	30%	30%	30%	30%
Average number of days for payment of receivables	30	30	30	30	30
Average number of days of inventory stock	20	20	20	20	20
Average number of days for payment of payables	30	30	30	30	30
Dividends in relation to net profit	5%	5%	5%	5%	5%
Percentage of profit to be allocated to the reserves	0%	0%	0%	0%	0%

**Investment**

	Total	2012	2013	2014	2015	2016
Land and building	1,530,000	970,000	330,000	110,000	0	120,000
Plant & Machinery	8,800,000	6,500,000	2,200,000	100,000	0	0
Motor vehicles	426,000	326,000	0	100,000	0	0
Furnitures	26,000	16,000	0	0	0	10,000
Computers	13,000	6,000	0	0	7,000	0
Working Capital	240,000	150,000	0	0	90,000	0
	<b>11,035,000</b>	<b>7,968,000</b>	<b>2,530,000</b>	<b>310,000</b>	<b>97,000</b>	<b>130,000</b>

**Financing plan**

	Total	2012	2013	2014	2015	2016
Equity contribution	5,517,500	3,984,000	1,265,000	155,000	48,500	65,000
Loans at the beginning of the year	5,517,500	3,984,000	1,265,000	155,000	48,500	65,000
Repayments at the end of the year	1,200,000	0	0	400,000	400,000	400,000

Interest rate	8%	8%	8%	8%	8%
Minimum cash in relation to operating costs	5%	5%	5%	5%	5%
Dept to equity ratio - acceptable by the bank	6.0	6.0	6.0	6.0	6.0
Amount deposited (at the end of the year)	0	0	0	0	0
Interest rate	0%	0%	0%	0%	0%

**Depreciation period: linear, in years**

Land and building	50
Plant & Machinery	20
Motor vehicles	10
Furnitures	4
Computers	3
Working Capital	10

**NET CASHFLOW**

DCF (30%)	0.3
<b>NPV AT (30%DCF)</b>	
DCF(15%)	0.15
<b>NPV AT (15%DCF)</b>	



1

**Oryx Gas Tanzania Limited**

Our Ref : \_\_\_\_\_

Your Ref : \_\_\_\_\_

City : \_\_\_\_\_

12<sup>th</sup> August, 2011

The Executive Director,  
Tanzania Investment Centre,  
P O. Box 938,  
**Dar es Salaam**



**RE: APPLICATION FOR TIC CERTIFICATE OF INCENTIVES**

We are applying for certificate of incentive in order to import the projects capital goods to be used for the gas production plant project.

Our project will focus on gas production activities. Our head office is located at a plot no.2 Kurasini, in Dar es Salaam. Enclosed herewith please find relevant documents for your review and approval of the project.

- Three Copies of TIC application forms
- Copy of the certificate of incorporation
- Copy of the memorandum and articles of association
- Copies of projects business plan
- Land Title deed
- Extracts from the Company board resolution

We will appreciate if you will let us know encase you need more clarification on our project.

Yours Sincerely,  
**Oryx Gas Tanzania Limited,**

**Hamisi Ramadhani**  
**Managing Director.**

Mandela Road - Kurasini  
Plot No. 2  
P.O. Box 9540  
Dar es Salaam, Tanzania  
Tel: (255) (22) 2120190/2120461  
2120175/2120159  
Fax: (255) (22) 2120405



August 29, 2011

Ref OCC/153/2011

The Executive Director  
Tanzania Investment Centre  
P.O. Box 938  
Dar es Salaam

**RE: ORYX GAS TANZANIA LIMITED**

This is to confirm that Oryx Gas Tanzania Limited is the customer of Standard Chartered Bank Tanzania operating various accounts at our International House Branch.

Oryx Gas Tanzania Limited has maintained satisfactory relationship and in our opinion the company has proved to be trustworthy and of integrity in their business obligations. Due to long term relationship with this customer, Standard Chartered Bank is willing to support their business as and when necessary subject to our usual diligence

This recommendation is given without any engagement of formal responsibility on our behalf.

Sincerely,



Godson Biyengo  
Relationship Manager

**THE COMPANIES ACT NO 12 OF 2002**

**ORYX GAS TANZANIA LIMITED**

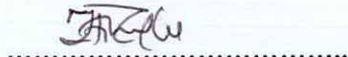
**EXTRACT RESOLUTION**

During the meeting of the company shareholders and directors, held on 2<sup>nd</sup> July 2011 at the Oryx Gas Tanzania Ltd at registered office of the Company Plot No. 2, Kurasini, Dar es Salaam, the Following Resolution was passed:

- To expand company activities and focus on gas production services at Kibaha
- Shareholders to contribute US\$ 3,092,500.00 to the project and the remaining US\$ 3,092,500.00 to be a loan facility.

**CERTIFIED TRUE EXTRACT  
(By Order of the Board)**

  
.....  
Company Secretary

  
.....  
Director (Chairman)

# ORYX GAS TANZANIA LIMITED



## PROPOSED PROJECT FOR ESTABLISHING GAS PLANT

**Prepared for:**

**Oryx Gas Tanzania Ltd**

**P.O Box 9540,**

**General: + 255 22 2850792**

**Mobile: + 255 754 415812 / + 255 784 415812**

**Fax: + 255 2120405**

**Website: [www.addax-oryx.com](http://www.addax-oryx.com)**

**Plot 2 Nelson Mandela Road,**

**Kurasini,**

**Dar es Salaam**

**AUGUST 2011**

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## **1.0. EXECUTIVE SUMMARY**

### **1.1. Preamble**

M/s Oryx Gas Tanzania Ltd (OGTL) was established in 2006 created for purposes of manufacturing gas. It has well and experienced business project managers who have been in the businesses for a number of years. The management are now looking out the new target to expand gas business as they see a lot of potential in the area. They are seeing a very bright future in the business and have decided to invest in this sector, locating the centre of operations at the proposed factory site at Kibaha.

This document has been prepared to serve as a business plan for building of gas plant at Kibaha. The proposed project is estimated to cost about USD 6,185,000 over a period of five years. The project sponsors have enough financial resources and expect to get a loan jointly will be enough to finance the project. The project promoters are planning to finance project cost with 50% Owners' Equity Contribution.

The objectives of this Feasibility Study Report are of two fold. First is to determine the viability of the proposed project. Second is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deferrals and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997) for the Project.

### **1.2 LOCATION**

The office is located at plot no. 2, at Kurasini area in Dar es Salaam. The project is located at Kibaha. The site has spacious area to accommodate the proposed project including building, offices, and parking yard.

### **1.3 TARGET MARKET**

The project target markets will include the domestic user of gas products as well as industrial consumers. It will also be as part of incentive program to promote environment conservation.

### 1.4 PROJECT FINANCING

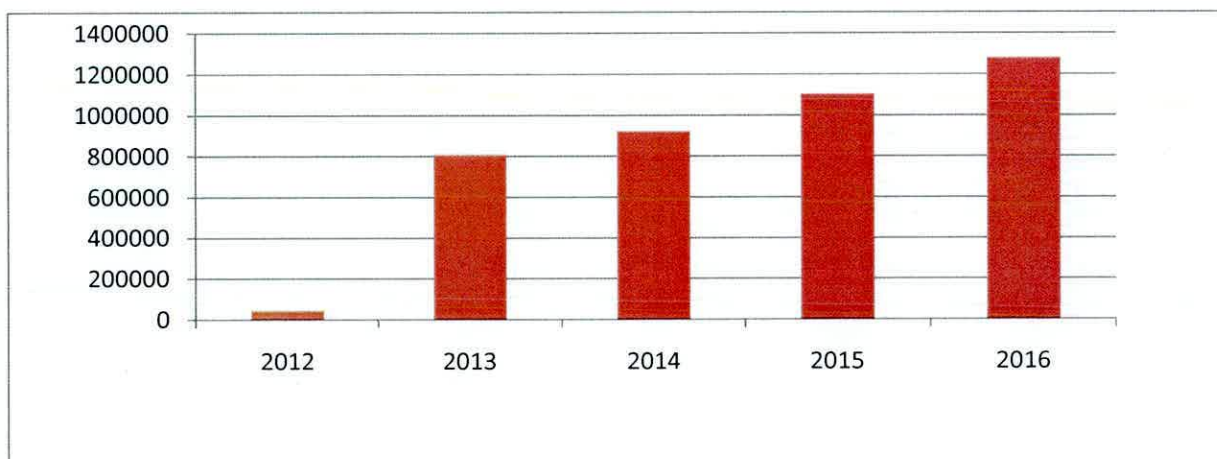
The project financing will partly be done through bank loan. This is shown in the table below;

<b>ORYX GAS TANZANIA LTD</b>					
<b>Financing plan</b>					
Income statement	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
<b>Shareholder equity</b>					
Equity contribution (or withdrawal)	1,750,000	0	0	0	0
Share capital	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
<b>Long-term loan from bank</b>					
Loans drawn at the beginning of the year	1,750,000	1,150,000	100,000	40,000	52,500
Repayments made at the end of the year	0	0	400,000	400,000	400,000
Basis for interest calculation - end of year	1,750,000	2,900,000	3,000,000	2,640,000	2,292,500
Interest rate	8%	8%	8%	8%	8%
Interest expenses	140,000	232,000	240,000	211,200	183,400
Loan balance: year end (goes to balance sheet)	1,750,000	2,900,000	2,600,000	2,240,000	1,892,500

### 1.5 PROFITABILITY

The project is profitable as shown in the table below:

<b>ORYX GAS TANZANIA LTD</b>					
<b>NET PROFIT PROJECTION</b>					
	USD				
planning years >>	2012	2013	2014	2015	2016
Net profit	46,453	809,092	922,470	1,105,188	1,280,441



## 2.0 THE COMPANY

The Tanzanian subsidiary is the bridgehead for ORYX OIL & Gas in East Africa. The company was incorporated on 17<sup>th</sup> November 2006 with a certificate number 29521. The company was acquired in 1999 from the Italian group Agip.

The strategic Dar es Salaam port allows supply of fuel into a number of countries Burundi, DRC, Malawi, Rwanda and Zambia. Oryx Oil Company Limited is fully integrated distribution company and a major player on the national markets. The TIPER refinery, also acquired by the group has been converted into an import and storage centre, providing a multi-product capacity of 350,000 m<sup>3</sup>. Ownership is shared 50/50 with the Tanzanian Government. The storage facility offers hospitality to all oil companies operating in Tanzania. It has recently awarded bonded warehouse status allowing oil companies to further expand regional fuel supply opportunities.

The company has a depot in Dar es Salaam as well as Oryx six other depots strategically located to supply its clients. This ensures seamless supply to all its clients, irrespective of their remoteness. Oryx network of 20 Oryx service stations also play a major role in the domestic market.

The lubricant plant in Dar es Salaam got ISO 9001:2000, produces a full range of lubricants for the Oryx for the Oryx brand for local and export purpose as well as for the other oil company brands including Total, BP, Kobil. It has annual production capacity of 25,000 MT.

### 3.0 THE PRODUCT.

#### 3.1 GAS

The company is a fully integrated distribution company and a major player on the national market. The product is used as source of energy for domestic and industrial energy. It has six depots dedicated to serve its clients in Tanzania.



LP Gas is used almost exclusively for cooking by relatively rich families or restaurants, clubs, hotels, missions and lodges. Industrial use was restricted to gold labs in Mwanza and a single glassworks in Dar-Es-Salaam using 400MT in bulk annually.

Domestic supply is in 15kg cylinders, which account for 63% of cylinder sales. Both ORYX and TOTAL have introduced 6kg cylinders with integral burner and trivet but the high cost of gas and the cooker has restricted sales of this size cylinder. This growth will result from substitution of charcoal for cooking and is expected to be exclusively in 6kg or smaller cylinders not un-similar to experiences in West Africa.

Commercial caterers use 40kg cylinders or bulk tanks. Cooking with gas is seen as a luxury reserved for the rich and as a result price inelasticity is evident. In 2002 a retail price of USD 1, 312 per MT in the capital raised to USD 1, 512 up country currently severely restrict growth in

sales volumes. Such high consumer prices are a product of high cost of freight to ship gas to Tanzania and consumer taxes.

Over 95% of Tanzania's energy needs is provided by biomass, predominantly charcoal.

Research commissioned by ORYX in 2001 concluded that 1 million tonnes of charcoal are consumed in Tanzania annually resulting in severe environmental degradation.

The Tanzanian Government is being lobbied by the LP Gas Marketing Companies in an attempt

to encourage it to support LP Gas as a viable alternative to charcoal through abolition of existing high taxes and import duty. The industry estimates that with the right fiscal environment and their commitment to investing cylinders, storage, filling and distribution that the market could grow to 100,000MT within10 years



## 2.2 PRICING

The company is out to give its customer competitive pricing. The current existing prices differ from market to market depending on transportation cost.

A survey carried out in gas retail shops at Kariakoo, Mwenge and Kurasini in the city established that the price of a six-kg gas cylinder has risen from TZS 22,000/- to TZS 25,000/- , while that of a 15kg cylinder now sells at TZS 50,000/- up from TZS 47,000/-. The price of a 38kg cylinder has also risen 115,000/- from 100,000/-

A tonne of liquefied petroleum gas (LPG) in the world market went up from USD765 in November last year to about USD1,000.

### 3.0 MARKET ANALYSIS AND STRATEGIES:

#### 3.1 BUSINESS ENVIRONMENT

Tanzania is endowed with diverse energy sources including biomass, natural gas, hydropower, coal, geothermal, solar and wind power, much of which is untapped. Wood-fuel accounts for up to 92% of total energy supply with about 2% from hydro-electricity and 7% from oil-derived products.



Nonetheless the downstream oil industry is an important sector of the country's economy absorbing on average 55% of the country's foreign exchange earnings. Government policies are directed at petroleum product substitution by exploiting indigenous resources.

In the upstream oil industry, oil and gas exploration and production is also being encouraged. Extensive gas fields have been identified off the coast at Songo Songo and Mnazi Bay and these are in the process of being developed.

The hydrocarbon industry is regulated by the Ministry for Energy and Minerals, with upstream activities governed by the Petroleum (Exploration and Production) Act 1980 and the downstream activities by the National Investment (Promotion and Protection) Act 1990.

Tanzania, with its oil seeps, seismic and other data, shows strong hydrocarbon potential in its upstream oil industry sector. However, only 20 wildcat exploration and 8 development wells have been drilled in a 222,000 sq km area, and therefore Tanzania can be classified as underexplored.

Current natural gas reserves are estimated to be 2 trillion cubic feet (tcf). The government is working closely with the World Bank to develop the Songo Songo gas fields off the Southern Tanzanian coast and in the Mnazi Bay area, with a view to substituting expensive imported

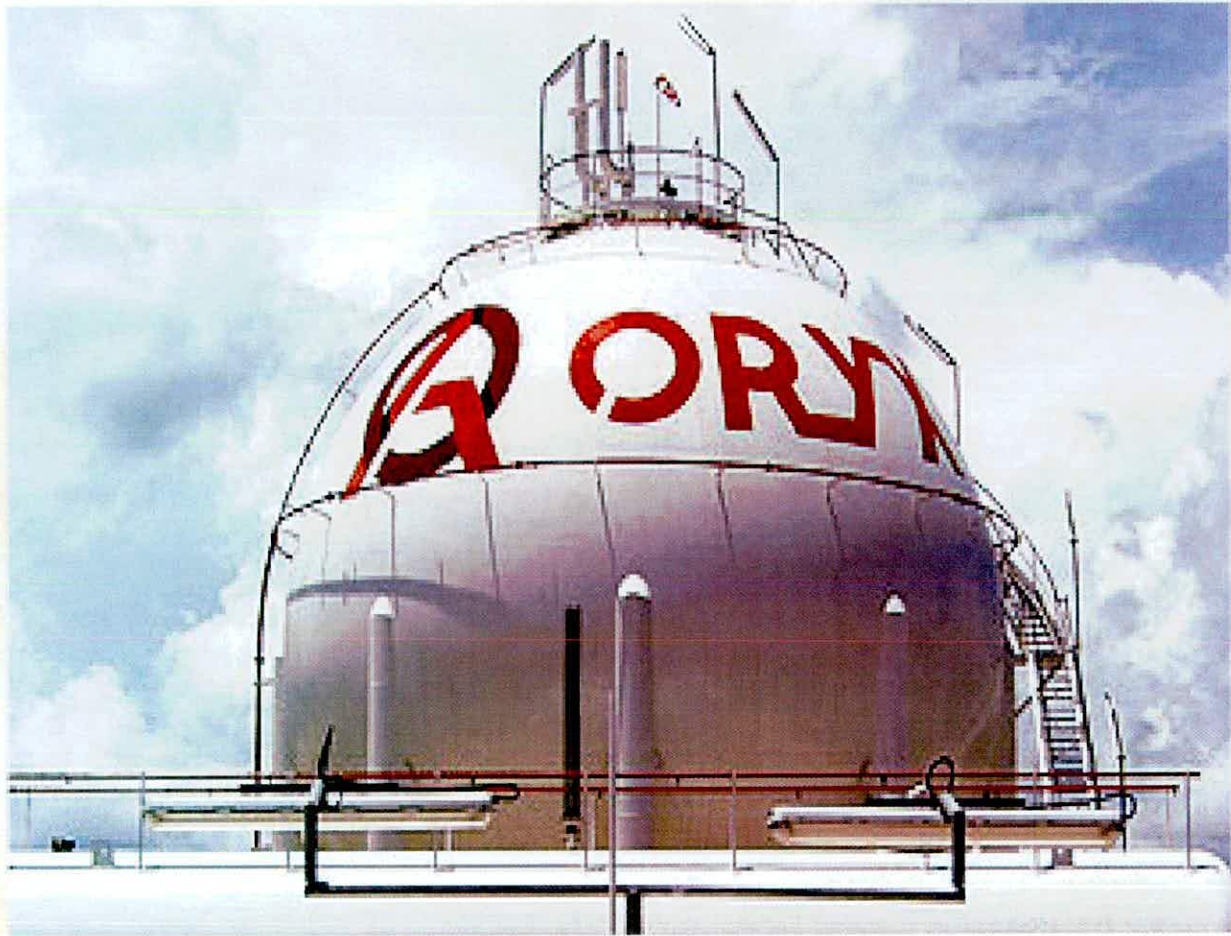
petroleum fuels. The Songo Songo gas-to-electricity project will have a ready market of 17 potential industrial users of natural gas in the Dar es Salaam area.

Companies currently conducting oil exploration in Tanzania include: PanOcean Energy, Aminex plc and EnerGulf.

The Tanzanian Liquefied Petroleum Gas (LPG) market in the 1990's was characterized by shortages and disruptions in supply from the Tanzania & Italian Petroleum Refinery (TIPER), high cost of gas and lack of investment in infrastructure, packaging, and safety as well as lack of investment by either marketing company in a Government regulated market. This environment together with inertia by the gas marketing companies has led to a decline in consumption from over 6,500 tonnes in 1996 to just 3,500 tonnes in 2001. Volumes have remained static for the last 5 years at 3,500MT (0.1kg/capita) split equally between BP and ORYX Oil Co Ltd, (OOCL - previously AGIP). Two newer small players TOTAL and Nat Gas share less than 2% between them. ORYX fills their cylinders. No rural market yet exists. Customers are almost exclusively from rich people who use the gas for cooking and lighting. Other customers are owners of restaurants, hotels, clubs, game lodges, hospitals and missions etc.

Since deregulation and closure of TIPER supplies have been imported from Aden by sea. Initially this was through utilisation of BP's 300MT sphere and 1,000MT in 15 bullets at TIPER. Following the commissioning of a new 1,000MT sphere by ORYX Tanzania Ltd (OTL) in 2001 the TIPER storage was decommissioned. Product is still imported from Yemen, through ADDAX/ORYX who in turn sell gas to BP.

BP, ORYX Oil Co Ltd and TIPER all have 50% of their shares owned by the Government of Tanzania through the Parastatal, Tanzania Petroleum Development Corporation (TPDC). The ADDAX & ORYX GROUP based in Geneva Switzerland, which in turn own 100% of ORYX TANZANIA LTD (OTL) owns the remaining 50% of ORYX OIL CO LTD and TIPER.



The new 1,000MT storage sphere, filling plant and road and rail distribution plant, opened in 2001 is owned by OTL but leased to OOCL who undertake all marketing of LP Gas under the ORYX brand. To complicate this structure further OOCL was expected to be divested by AOG, before the end of 2002.



This growth will result from substitution of charcoal for cooking and is expected to be exclusively in 6kg or smaller cylinders not un-similar to experiences in West Africa.

### **3.2 MARKET POTENTIAL**

Tanzania, with its liberalized petroleum products market, consistent growth in GDP and positive environment for investment provides some of the foundations for LPG market growth. The LP Gas Committee commissioned NORCONSULT to conduct an independent Study into the environmental benefits which were expected through use of LPG in April, 2002. Results revealed that a target consumption of 3½ kg per capita should be achievable and lead to a total market of 100,000 tonnes per annum within 10 years if conditions can be created to encourage use of LP Gas as a substitute for biomass.

### **3.3 PROMOTION AND ADVERTISING**

The message associated with our products is high quality at affordable prices. In monitoring our products, service and market position, we will rely on feedback from customers with whom we have relationships.

Our promotional plan is diverse and will include a range of marketing communications. Future plans call for company owned stores nationwide, and the establishment of a magazine ad campaign. These will be covered in promotion plan strategy of which the management has enough experience on finding of prospective customers, who will eventually turn out to come and consume the product.

### **3.4 COMPETITION AND BUYING PATTERNS**

Natural gas competes with other sources of energy as oil, electricity or coal. Natural gas price is particularly pegged to that of oil, since oil is natural gas closest substitute and supply of oil and natural gas are closely linked.

The company will develop a masterpiece when it comes to quality, presentation and, most importantly, price, but the competition is strong and in order for us to succeed we need to market this gas aggressively.

A survey carried out in gas retail shops at Kariakoo, Mwenge and Kurasini in the city established that the price of a six-kg gas cylinder has risen from 20,000/- to 22,000/- , while that of a 15kg cylinder now sells at 47,000/- up from 45,000/-. The price of a 38kg cylinder has also risen 115,000/- from 100,000/- last week.

Our staff has been interviewing prospective customers in all regions in order to get feedback from the customer. From these interviews we have determined that the market is ready for a new Oryx gas brand, one that is a unique. Also, the price was determined by taking into consideration how much the customers are willing to pay for a new product.

### **3.4 LPG DISTRIBUTION**

As mentioned earlier there is no rural distribution in Tanzania. So current supply chain is about 100% ex-depot – Dar es Salaam, Moshi or Mwanza. Retail distribution is all cylinders replacement. Filling is done only at the LP Gas marketing companies filling plants. Bulk distribution is done with ORYX and BP own trucks but cylinders are collected and transported by dealer owned or hired trucks.

The new expansion will ensure to reach the central regions Kibaha, Singida, Dodoma, Tabora, Manyara.

### 3.4 MARKETING STRATEGY

The OGTL will provide a one-stop shop for commodity risk management, combining the best of on-Exchange trading with products that were previously only available over-the-counter. By capitalizing upon the Exchange's of previous years of market expertise and more than two decades of designing and offering standardized energy futures and options contracts, OGTL will eliminate the opaque pricing, lack of liquidity, and counterparty credit risk that exists in the phone- brokered market and on other trading systems.

The OGTL is looking into or introducing electronic trading systems in an effort to provide extra services to the market, for example, offering out-of-hours facilities for Members.

- **LP GAS INFRASTRUCTURE BY COMPANY AND LOCATION**
- **IMPORT TERMINAL**

**Dar-Es-Salaam** port has a petroleum product jetty for importation of LP Gas. A manifold owned by TIPER refinery connects the jetty to TIPER, ORYX, BP, and GAPCO.

Max berthing, LOA 175 Metres, Draft 9.5 Metres depending on tide, DWT 30,000 DWT max.

- **RAIL LOADING**

#### **Dar-Es-Salaam**

TRC loading gantry BP loaded from sphere

TRC loading gantry ORYX Oil Company Limited (Loading to rail tank car only possible by truck since de-commissioning of LPG tanks on site.)

TAZARA loading gantry ORYX Tanzania Ltd loaded from sphere or bullet or road tanker.

#### **Moshi**

TRC unloading gantry ORYX Oil Company Limited into bullets or road tanker

TRC loading gantry BP loaded into bullets or road tanker

#### **Mwanza**

TRC unloading gantry ORYX Oil Company Limited into bullets or road tanker

NOTE – TRC railway is the old German line going north to Moshi & Kenya and northwest to Tabora where it splits for Mwanza on Lake Victoria or Kigoma on Lake Tanganyika.

TAZARA is the Chinese railway (a different gauge to TRC), which goes to Zambia.

- **LPG STORAGE**

**TIPER Refinery (50% owned by AOG 50% TPDC)**

Kigamboni Dar-Es-Salaam. 10 x 50MT bullets built 1965 – 75 in poor condition and currently de-commissioned and owned by TIPER. 5 x 100MT bullets built 1997 last used April 2001 and now empty. Owned by TPDC who are trying to lease them.

**ORYX Tanzania Ltd. (100% owned by AOG)**

Kurasini LPG Depot Dar-Es-Salaam

1 x 1,000 MT Sphere & 1 x 50MT bullet built 2001 Operated by ORYX Oil Company Limited

**ORYX Oil Company Limited (50% owned by AOG 50% TPDC)**

Kurasini Oil Depot

1 x 40MT bullet & 1 x 60 MT bullet last used April 2001 and now decommissioned.

Moshi Oil Depot

1 x 50MT bullet

Mwanza Oil Depot

1 x 50MT

- **LPG ROAD TRANSPORT**

**ORYX OIL COMPANY LIMITED**

1 x 20 MT Fiat Truck and trailer unit used to bridge from Dar-Es-Salaam to Moshi

3 x Fiat 5MT bulk consumer delivery trucks based in Mwanza, Moshi and Dar-Es-Salaam.

**MASHRU STORES**

1 x 11MT ex ESSO UK Seddon Atkinson imported 2001. Used on an ad hoc basis for trucking to Moshi by both ORYX and BP. (This is an Cylinder LPG Dealer of ORYX in Dar-Es-Salaam.)

Mwanza – 2

- **CYLINDER FILLING**

ORYX Tanzania Ltd DSM

9 x manual scales in a modern plant commissioned in 2001.

FILLING CAPACITY - 600 cylinders per hour of various sizes (10,000 MT/yr based on 1 shift of 8 hours equivalent to more than twice the current actual consumption of LPG in Tanzania). The filling hall is designed to be upgraded later for higher semi-automatic filling. The SIRAGA filling equipment is pneumatically operated for maximum safety and efficiency.

## **ORYX Oil Company Ltd**

Moshi - 2 x manual scales x manual scales

- **CYLINDERS**

### **ORYX Tanzania Ltd**

New cylinders were purchased from Portugal in 2001.

500 x 40kg, 2500 x 6kg 4000 x 15kg.

TSH Landed cost including 25% import duty and 20% VAT:-

6kg 18,633, 15kg 33,924, 40kg 52,414

Deposit charged inc VAT:-

6kg 20,000, 15kg 35,000, 40kg 55,000

Through put annually expected to be:-

40kg –360kg/yr, 6kg – 90kg/yr & 15kg – 180kg/yr.

20mm Kosangas with no PRV.

- **ORYX OIL COMPANY Ltd**

7 – 8,000 Old AGIP cylinders predominantly 15kg. Deposits charged inc VAT: -

12 kg 15,000, 15 kg 15,000, 25kg, 45,000.

22mm Kosangas valve with no PRV.

- **TOTAL**

2,500 x 6KG Camping Gas type valve and issued for 30,000TSH. Only distributed in Dar-

Es-Salaam. Filled by ORYX.

### **3.5 MAIN COMPETITORS**

Natural gas competes with other sources of energy as oil, electricity or coal. The major companies that compete in the market are: Bp, TOTAL, Nat Oil, and GAPCO

### **3.6 PROMOTION AND ADVERTISING**

The message associated with our products is high quality at affordable prices. In monitoring our products, service and market position, we will rely on feedback from customers with whom we have relationships.

This will be done through direct mail and telephone solicitations. Our promotional plan is diverse and will include a range of marketing communications. Future plans call for company owned stores nationwide, and the establishment of a magazine ad campaign. These will be covered in promotion plan strategy of which the management has enough experience on finding of prospective customers, who will eventually turn out to come and consume the product.

## **4.0 SWOT ANALYSIS**

### **4.1 STRENGTH:**

The strengths of Oryx Gas factory will be:

- Sound and credible management and financial policies.
- All incredible determination and perseverance of the directors against immense odds.
- A fairly well skilled, committed and efficient labour force.
- A quality product of the proposed project

### **4.2 WEAKNESS:**

Of all the worst shortcomings that might hold the company back from progress, the following rank highest:

- Limited resources for marketing program which is quite expensive and demanding

### **4.3 OPPORTUNITIES :**

Oryx gas is focused to take optimum possible advantage on the following:

- The introduction of investor friendly government policies including: -
  - Market liberalization
  - Lucrative investment incentive package
  - Provision of land and on and off site infrastructure.
  - Duty exemption on capital goods
- A stable economic and political environment
- Heavy investments in infrastructural development in roads (all weather)
- Telecommunications; the country has one fixed telephone line company and 4 cellular telephone networks with a very wide coverage of the country.
- Access to computers (tax free) and the international network – internet – in major towns and cities.

#### **4.4 THREATS :**

These are many and profound and the most vicious to the company's well being includes;

- Unfair competitive practices among stakeholders such as negative (publicity and skilled manpower draining).
- There exists, albeit in small scale a threat of officialdom/bureaucracy.
- The taxation regime is rather intricate; there is still duplicity of taxes although the government is working to eliminate the anomaly, step by step.

The threat of global terrorism

## 5.0 MANAGEMENT AND STAFF

To perform a professional job in the gas factory a company requires a team of skilled and well-motivated personnel. Under the implementation program Kibaha Oryx Gas Factory envisages undertaking a deliberate 3 pronged plan.

- Staff with relevant and adequate skills and experience in running gas factory capable of strategizing and operationalising growth and profit oriented marketing and operational plans and strategies. The local labour market has enough personnel with relevant skills and experience in the fields of marketing, operations and information technology; however no effort will be spared in looking for requisite skills elsewhere including the international labour market.
- Motivation and retention scheme: Continuity being a vital element in any efficient operation, focus will be given to minimize frequent manpower turn over. In order to achieve this, an attractive incentive package will be part of the new project. The objective is to attract the best-qualified personnel to the company labour force and to retain them for a reasonable period of service in order to achieve continuity and harmony in the company's operations.
- Personnel for factory will be as follows:

### ORYX GAS TANZANIA LTD Employees salaries

No.	Personnel Function	Number of employees in the year					salary increase	Insurance	Training	Fringe benefits
		2012	2013	2014	2015	2016				
1	Manager	1	1	1	1	1	3%	20%	5%	2%
2	Administrative manager	1	1	1	1	1	3%	20%	2%	2%

3	Production Manager	1				
4	Officers	10	10	10	10	10
5	Supervisors	2	2	2	2	2
6	Operation Staff	21	21	21	21	21
<b>Subtotal</b>		36	36	36	36	36

3%	20%	5%	2%
3%	20%	1%	1%
0%	0%	0%	0%
0%	0%	0%	0%

No.	Personnel Function	Annual salary (1)/ employee				Euro
		2012	2013	2014	2015	2016
1	Manager Administrative manager	31,200	32,136	33,100	34,093	35,116
2	Production Manager	19,200	19,776	20,369	20,980	21,610
3	Officers	14,400	14,832	15,277	15,735	16,207
4	Supervisors	12,000	12,000	12,000	12,000	12,000
5	Operation Staff	6,000	6,000	6,000	6,000	6,000
6						
<b>Subtotal</b>						

**Total**

No.	Personnel Function	Total cost / employee				
		2012	2013	2014	2015	2016
1	Manager Administrative manager	39,624	40,813	42,037	43,298	44,597
2	Production Manager	29,760	30,653	31,572	32,520	33,495
3	Officers	24,384	25,116	25,869	26,645	27,444
4	Supervisors	17,568	18,095	18,638	19,197	19,773
5	Operation Staff	12,000	12,000	12,000	12,000	12,000
6		6,000	6,000	6,000	6,000	6,000
<b>Subtotal</b>						

No.	Personnel Function	Total cost / category				Euro
		2012	2013	2014	2015	2016
1	Manager Administrative	39,624	40,813	42,037	43,298	44,597
2	manager Production	29,760	30,653	31,572	32,520	33,495
3	Manager	24,384	25,116	25,869	26,645	27,444
4	Officers	175,680	180,950	186,379	191,970	197,729
5	Supervisors	24,000	24,000	24,000	24,000	24,000
6	Operation Staff	126,000	126,000	126,000	126,000	126,000
<b>Subtotal</b>		125,834	427,531	435,857	444,433	453,266

#### Salaries - Selling, general and administrative expenses SG&A

No.	Personnel Function	Number of employees				
		2012	2013	2014	2015	2016
1	Procurement Officer	2	2	2	2	2
2	Marketing & sales officers	2	2	4	4	4
3	Secretary	2	2	2	2	2
4	Accountants	2	2	2	2	2
5	Cashier	2	2	4	4	4
6		0	0	0	0	0
<b>Subtotal</b>		10	10	14	14	14

salary increase	Social insurance	Training expenses	Fringe benefits
3%	20%	5%	3%
3%	20%	2%	2%
3%	20%	4%	2%
3%	20%	4%	1%
3%	20%	2%	1%
0%	0%	0%	0%

<b>Total</b>	<b>46</b>	<b>46</b>	<b>50</b>	<b>50</b>	<b>50</b>
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No.	Personnel Function	Annual salary (1)/ employee				
		2012	2013	2014	2015	2016
1	Procurement Officer	9,600	9,888	10,185	10,490	10,805
2	Marketing & sales officers	8,400	8,652	8,912	9,179	9,454

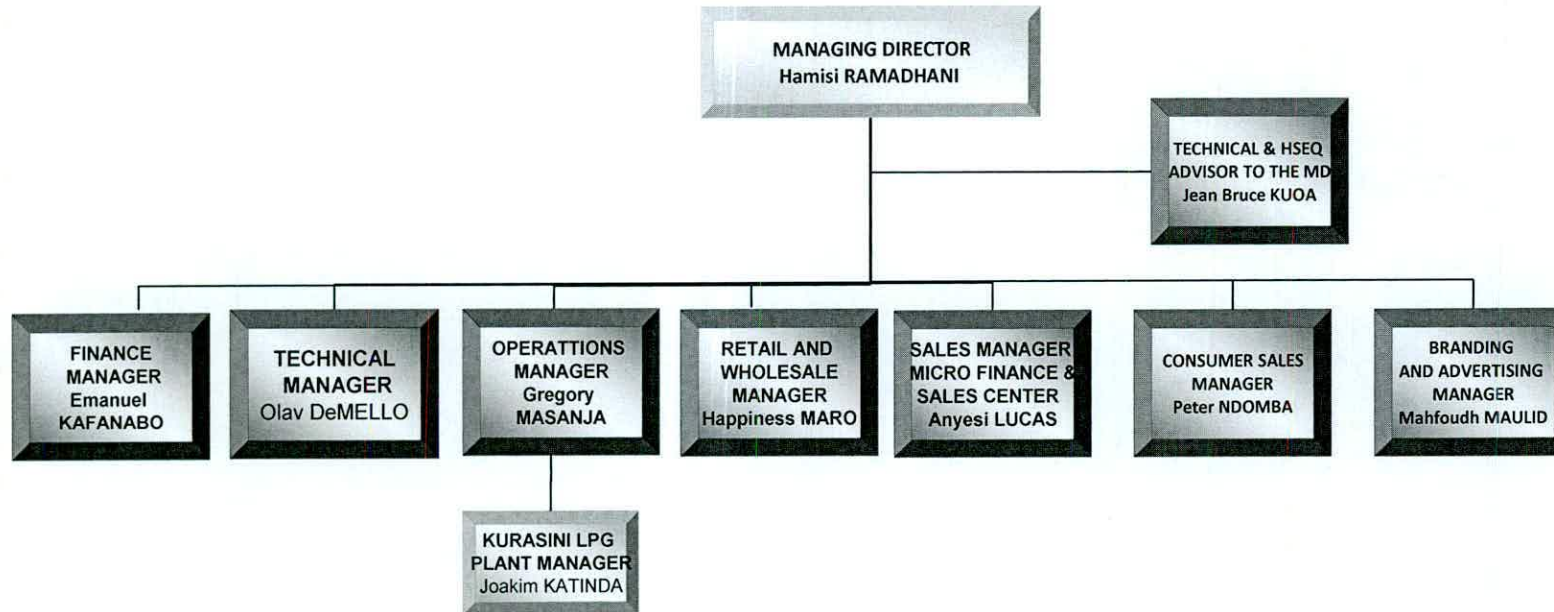
3	Secretary	4,800	4,944	5,092	5,245	5,402
4	Accountants	9,600	9,888	10,185	10,490	10,805
5	Cashier	5,600	5,768	5,941	6,119	6,303
6	0	0	0	0	0	0
<b>Subtotal</b>						

No.	Personnel Function	Total cost / employee Euro				
		2012	2013	2014	2015	2016
1	Procurement Officer	12,288	12,657	13,036	13,427	13,830
2	Marketing & sales officers	10,416	10,728	11,050	11,382	11,723
3	Secretary	6,048	6,229	6,416	6,609	6,807
4	Accountants	12,000	12,360	12,731	13,113	13,506
5	Cashier	6,888	7,095	7,307	7,527	7,753
6	0	0	0	0	0	0
<b>Subtotal</b>						

No.	Personnel Function / category	Total cost / category Euro				
		2012	2013	2014	2015	2016
1	Procurement Officer	24,576	25,313	26,073	26,855	27,661
2	Marketing & sales officers	20,832	21,457	44,201	45,527	46,893
3	Secretary	12,096	12,459	12,833	13,218	13,614
4	Accountants	24,000	24,720	25,462	26,225	27,012
5	Cashier	13,776	14,189	29,230	30,107	31,010
6	0	0	0	0	0	0
6	0	0	0	0	0	0
<b>Subtotal</b>		28,584	98,138	137,798	141,932	146,190

<b>Total</b>	<b>46,326</b>	<b>525,670</b>	<b>573,656</b>	<b>586,365</b>	<b>599,456</b>
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# ORYX GAS TANZANIA LTD – DAR ES SALAAM



**ORYX GAS**

*mindu wa kisasa*

## 6.0 FINANCIAL AND ECONOMIC ANALYSIS

### 6.1 Assumptions

Projecting for financial statements is based on the following assumptions:

- The project is evaluated for 5 years based on the useful life of major assets except for residential houses which will be evaluated in six years.
- The implementation of the project will cost US\$ 6,185,000 for factory which is divided as follows

<b>Assumptions</b>		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<i>planning years &gt;&gt;</i>						
Currency		USD	USD	USD	USD	USD
Income tax rate		30%	30%	30%	30%	30%
Average number of days for payment of receivables		30	30	30	30	30
Average number of days of inventory stock		20	20	20	20	20
Average number of days for payment of payables		30	30	30	30	30
Dividends in relation to net profit		5%	5%	5%	5%	5%
Percentage of profit to be allocated to the reserves		0%	0%	0%	0%	0%
<b>Investment</b>	<b>Total</b>					
Land and building	1,200,000	700,000	300,000	100,000	0	100,000
Plant & Machinery	4,650,000	2,600,000	2,000,000	50,000	0	0
Motor vehicles	165,000	115,000	0	50,000	0	0
Furnitures	13,000	8,000	0	0	0	5,000
Computers	7,000	2,000	0	0	5,000	0
Working Capital	150,000	75,000		0	75,000	0
	<b>6,185,000</b>	<b>3,500,000</b>	<b>2,300,000</b>	<b>200,000</b>	<b>80,000</b>	<b>105,000</b>
<b>Financing plan</b>	<b>Total</b>					
Equity contribution	3,092,500	1,750,000	1,150,000	100,000	40,000	52,500
Loans at the beginning of the year	3,092,500	1,750,000	1,150,000	100,000	40,000	52,500
Repayments at the end of the year	1,200,000	0		400,000	400,000	400,000
Interest rate		8%	8%	8%	8%	8%
Minimum cash in relation to operating costs		5%	5%	5%	5%	5%
Debt to equity ratio - acceptable by the bank		6.0	6.0	6.0	6.0	6.0
Amount deposited (at the end of the year)		0	0	0	0	0
Interest rate		0%	0%	0%	0%	0%
<b>Depreciation period: linear, in years</b>						
Land and building		50				
Plant & Machinery		20				
Motor vehicles		10				
Furnitures		4				

## **6.2 Financial Statements**

- Financial statements are included at the end of this document

## **6.3 Expenditure**

The expenditure items are as indicated in the costs section under the financial statements. They include all costs items plus depreciation and financial charges.

## **6.4 Projected Cash Flows**

This is shown in the financial statements. The project has a positive net cash flow from year 1 of operation to the 5th year.

## **6.5 Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under same heading.

## **6.6 Economic Benefits of the Project**

The successful operation of the Project will contribute significant economy of Dar es Salaam Region and Tanzania as whole. In summary the benefits which will be realized are as follows:-

- Employment opportunities for permanent staff at full commercial operations.
- Provision of income to other services providers, thus contributing to the reduction of poverty. The income to be earned will help in improving standard of living of the workers and other people residing in the region.
- The direct income for the workers, combined with other social benefits that the Management of Oryx Gas project will provide, will help in overall efforts of alleviation of poverty in the Region.
- Provision of a market for goods and services to be consumed by Oryx Gas plant.
- Expanding the tax base for the Treasury and local Government authorities and generation of substantial income to the Government. The Government earns considerable revenue from the energy sector in terms tax collections.
- This project will facilitate the increase of foreign exchange earnings through services provision as some of the customer to be served will be foreigners.

## **7.0 CONCLUSION AND RECOMMENDATIONS**

### **7.1 Conclusion**

The project as analyzed in this report is both economically and technically viable. The project has come at the right time to provide the much needed quality energy required by various people both local and international and other individuals coming in Region and Tanzania as a whole.

### **7.2 Recommendations**

A fast implementation of this venture is therefore highly recommended especially given the fact that the Government is implementing a programme of boosting investment in the energy sector.

# **FINANCIAL STATEMENTS PROJECTION FOR THE ORYX GAS PLANT**

**ORYX GAS TANZANIA LTD****Income statement***planning years >>*

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	USD	USD	USD	USD	USD
<b>Total net sales</b>	<b>660,000</b>	<b>2,532,800</b>	<b>2,790,100</b>	<b>3,077,400</b>	<b>3,348,200</b>
GAS PRODUCTION	660,000	2,499,000	2,722,500	2,976,000	3,213,000
Others	0	33,800	67,600	101,400	135,200
	0	0	0	0	0
<b>Cost of goods sold COGS</b>	<b>183,634</b>	<b>635,155</b>	<b>664,065</b>	<b>695,625</b>	<b>726,122</b>
Raw material	33,000	126,640	139,505	153,870	167,410
Energy	13,200	50,656	55,802	61,548	66,964
Utilities	6,600	25,328	27,901	30,774	33,482
Production salaries	125,834	427,531	435,857	444,433	453,266
Other costs	5,000	5,000	5,000	5,000	5,000
<b>Gross profit</b>	<b>476,366</b>	<b>1,897,645</b>	<b>2,126,035</b>	<b>2,381,775</b>	<b>2,622,078</b>
<b>General and administrative expenses</b>	<b>95,837</b>	<b>225,631</b>	<b>271,554</b>	<b>282,901</b>	<b>294,394</b>
Salaries	28,584	98,138	137,798	141,932	146,190
Workspace	0	0	0	0	0
Marketing & sales expenses	13,200	22,000	22,000	22,000	22,000
Insurance	8,563	8,991	8,991	9,440	9,912
Professional Fees	9,900	10,395	10,915	11,460	12,034
Printing & Stationery, Telephone	198	208	218	229	241
Motor Vehicle Running Expenses	16,170	33,149	34,806	36,546	38,374
Marketing & Advertising	7,920	8,316	8,732	9,168	9,627
General office and utilities expenses	4,043	16,574	17,403	18,273	19,187
Other	7,260	27,861	30,691	33,851	36,830
<b>Operating profit / EBITDA</b>	<b>380,529</b>	<b>1,672,013</b>	<b>1,854,481</b>	<b>2,098,874</b>	<b>2,327,684</b>
<b>Depreciation</b>	<b>165,667</b>	<b>271,667</b>	<b>281,167</b>	<b>290,333</b>	<b>293,583</b>
<b>Interest expenses (loan from bank)</b>	<b>140,000</b>	<b>232,000</b>	<b>240,000</b>	<b>211,200</b>	<b>183,400</b>
<b>Interest income from investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Extraordinary charges (or incomes)</b>	<b>8,500</b>	<b>12,500</b>	<b>15,500</b>	<b>18,500</b>	<b>21,500</b>
Currency exchange adjustments					
Fees and provisions	2,500	5,000	6,500	8,000	9,500
Other	6,000	7,500	9,000	10,500	12,000
<b>Income tax</b>	<b>19,909</b>	<b>346,754</b>	<b>395,344</b>	<b>473,652</b>	<b>548,760</b>

Net profit	46,453	809,092	922,470	1,105,188	1,280,441
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## ORYX GAS TANZANIA LTD

### Balance sheet

planning years >>

	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
<b>Long-term assets</b>					
Fixed assets: property, plant and equipment	3,334,333	5,362,667	5,281,500	5,071,167	4,882,583
Long-term financial investments	0	0	0	0	0
Goodwill	0	0	0	0	0
<b>Total long-term assets</b>	<b>3,334,333</b>	<b>5,362,667</b>	<b>5,281,500</b>	<b>5,071,167</b>	<b>4,882,583</b>
<b>Current assets</b>					
Cash & cash equivalents	160,582	-90,672	546,485	1,423,999	2,460,078
Deposit account	0	0	0	0	0
Accounts receivable	54,247	208,175	229,323	252,937	275,195
Inventories	10,062	34,803	36,387	38,116	39,788
<b>Total current assets</b>	<b>224,891</b>	<b>152,306</b>	<b>812,196</b>	<b>1,715,052</b>	<b>2,775,060</b>
<b>Total assets</b>	<b>3,559,224</b>	<b>5,514,973</b>	<b>6,093,696</b>	<b>6,786,219</b>	<b>7,657,644</b>
<b>Long-term liabilities</b>					
Long-term loans	1,750,000	2,900,000	2,600,000	2,240,000	1,892,500
<b>Total long-term liabilities</b>	<b>1,750,000</b>	<b>2,900,000</b>	<b>2,600,000</b>	<b>2,240,000</b>	<b>1,892,500</b>
<b>Current liabilities</b>					
Accounts payable	15,093	52,205	54,581	57,175	59,681
Other provisions	0	0	0	0	0
<b>Total current liabilities</b>	<b>15,093</b>	<b>52,205</b>	<b>54,581</b>	<b>57,175</b>	<b>59,681</b>
<b>Shareholders equity</b>					
Share capital	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Reserves	0	0	0	0	0
Retained earnings	44,131	812,769	1,689,115	2,739,044	3,955,463
<b>Total shareholders' equity</b>	<b>1,794,131</b>	<b>2,562,769</b>	<b>3,439,115</b>	<b>4,489,044</b>	<b>5,705,463</b>
<b>Total liabilities &amp; equity</b>	<b>3,559,224</b>	<b>5,514,973</b>	<b>6,093,696</b>	<b>6,786,219</b>	<b>7,657,644</b>

## ORYX GAS TANZANIA LTD

### Cash flow statement

planning years >>

	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD

#### Cash flow from operating activities

Operating profit (EBITDA)	380,529	1,672,013	1,854,481	2,098,874	2,327,684
Interest expenses	-140,000	-232,000	-240,000	-211,200	-183,400
Investment Interest income (bank deposit)	0	0	0	0	0
Extraordinary charges (or incomes)	-8,500	-12,500	-15,500	-18,500	-21,500
Income tax	-19,909	-346,754	-395,344	-473,652	-548,760
<i>Movements in working capital</i>					
Decrease (or - increase) in accounts receivable	-54,247	-153,929	-21,148	-23,614	-22,258
Decrease (or - increase) in inventories	-10,062	-24,741	-1,584	-1,729	-1,671
Increase (or - decrease) in accounts payable	15,093	37,111	2,376	2,594	2,507
Increase (or - decrease) in other provisions	0	0	0	0	0
<b>Total cash flow from operating activities</b>	<b>162,905</b>	<b>939,201</b>	<b>1,183,281</b>	<b>1,372,773</b>	<b>1,552,602</b>
<b><i>Cash flow from investing activities</i></b>					
Sale (or - purchase) of fixed assets	-3,500,000	-2,300,000	-200,000	-80,000	-105,000
Sale (- purchase) of long-term financial investments	0	0	0	0	0
Decrease (or - increase) of goodwill	0	0	0	0	0
cash placed in the deposit account	0	0	0	0	0
<b>Total cash flow from investing activities:</b>	<b>-3,500,000</b>	<b>-2,300,000</b>	<b>-200,000</b>	<b>-80,000</b>	<b>-105,000</b>
<b>Free cash flow</b>	<b>-3,337,095</b>	<b>-1,360,799</b>	<b>983,281</b>	<b>1,292,773</b>	<b>1,447,602</b>
<b><i>Cash flow from financing activities</i></b>					
Long term loans drawn	1,750,000	1,150,000	100,000	40,000	52,500
Repayments of loans made	0	0	-400,000	-400,000	-400,000
Equity contribution (or - withdrawal)	1,750,000	0	0	0	0
Dividend paid	-2,323	-40,455	-46,124	-55,259	-64,022
<b>Total cash flow from financing activities</b>	<b>3,497,677</b>	<b>1,109,545</b>	<b>-346,124</b>	<b>-415,259</b>	<b>-411,522</b>
<b>Total net increase (- decrease) in cash</b>	<b>160,582</b>	<b>-251,254</b>	<b>637,157</b>	<b>877,513</b>	<b>1,036,080</b>
<b>Cash at the beginning of the year</b>	<b>0</b>	<b>160,582</b>	<b>-90,672</b>	<b>546,485</b>	<b>1,423,999</b>
<b>Cash at th end of the year</b>	<b>160,582</b>	<b>-90,672</b>	<b>546,485</b>	<b>1,423,999</b>	<b>2,460,078</b>

## ORYX GAS TANZANIA LTD

### Investment and depreciation plan

Income statement  
*planning years >>*

	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD

**Investment**

Land and building	700,000	300,000	100,000	0	100,000
Plant & Machinery	2,600,000	2,000,000	50,000	0	0
Motor vehicles	115,000	0	50,000	0	0
Furniture	8,000	0	0	0	5,000
Computers	2,000	0	0	5,000	0
Working Capital	75,000	0	0	75,000	0
<b>Total investment</b>	<b>3,500,000</b>	<b>2,300,000</b>	<b>200,000</b>	<b>80,000</b>	<b>105,000</b>
<b>Fixed assets accumulated: at cost</b>	<b>3,500,000</b>	<b>5,800,000</b>	<b>6,000,000</b>	<b>6,080,000</b>	<b>6,185,000</b>
<b>Depreciation</b>					
1-Depreciation for Land and building	14,000	20,000	22,000	22,000	24,000
2-Depreciation for Plant & Machinery	130,000	230,000	232,500	232,500	232,500
3-Depreciation for Motor vehicles	11,500	11,500	16,500	16,500	16,500
4-Depreciation for Furnitures	2,000	2,000	2,000	2,000	3,250
5-Depreciation for Computers	667	667	667	2,333	2,333
6-Depreciation for Working Capital	7,500	7,500	7,500	15,000	15,000
<b>Total depreciation</b>	<b>165,667</b>	<b>271,667</b>	<b>281,167</b>	<b>290,333</b>	<b>293,583</b>
<b>Total depreciation accumulated</b>	<b>165,667</b>	<b>437,333</b>	<b>718,500</b>	<b>1,008,833</b>	<b>1,302,417</b>
<b>Net asset book value</b>	<b>3,334,333</b>	<b>5,362,667</b>	<b>5,281,500</b>	<b>5,071,167</b>	<b>4,882,583</b>

## ORYX GAS TANZANIA LTD Reconciliation of shareholders equity

<i>planning years &gt;&gt;</i>	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
Beginning shareholders equity	0	1,798,776	2,648,323	3,524,670	4,574,599
+ Net profit (or - loss)	46,453	809,092	922,470	1,105,188	1,280,441
+ Equity contribution (or - withdrawal)	1,750,000	0	0	0	0
- Dividends paid	-2,323	-40,455	-46,124	-55,259	-64,022
<b>Ending shareholders equity</b>	<b>1,798,776</b>	<b>2,648,323</b>	<b>3,524,670</b>	<b>4,574,599</b>	<b>5,791,017</b>
Additional reserves	0	0	0	0	0
Dividends paid	2,323	40,455	46,124	55,259	64,022
Retained earnings (or accumulated losses)	44,131	768,638	876,347	1,049,929	1,216,419

## Calculation of income tax

Income statement

<i>planning years &gt;&gt;</i>	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
Net profit after extraordinary items	66,362	1,155,846	1,317,814	1,578,840	1,829,201
Income tax rate	30%	30%	30%	30%	30%
Net loss carried forward	0	0	0	0	0
Taxable income	66,362	1,155,846	1,317,814	1,578,840	1,829,201
Income tax	19,909	346,754	395,344	473,652	548,760

## ORYX GAS TANZANIA LTD

### Financing plan

Income statement	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
<b>Shareholders equity</b>					
Equity contribution (or withdrawal)	1,750,000	0	0	0	0
Share capital	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
<b>Long-term loan from bank</b>					
Loan drawn at the beginning of the year	1,750,000	1,150,000	100,000	40,000	52,500
Repayments made at the end of the year	0	0	400,000	400,000	400,000
Basis for interest calculation - end of year	1,750,000	2,900,000	3,000,000	2,640,000	2,292,500
Interest rate	8%	8%	8%	8%	8%
Interest expenses	140,000	232,000	240,000	211,200	183,400
Loan balance: year end (goes to balance sheet)	1,750,000	2,900,000	2,600,000	2,240,000	1,892,500
<b>Liquidity control</b>					
Operating costs	279,471	860,787	935,619	978,526	1,020,516
Minimum cash in relation to operating costs	5%	5%	5%	5%	5%
Minimum cash balance required (to be available at the end of the year)	13,974	43,039	46,781	48,926	51,026
Actual cash balance at the end of the year	160,582	-90,672	546,485	1,423,999	2,460,078
<b>Dept to equity relation control</b>					
Dept to equity ratio - planned	1.0	1.2	0.8	0.5	0.3
Dept to equity ratio - acceptable by the bank	6.0	6.0	6.0	6.0	6.0
<b>Deposit of excess liquidity to a bank account</b>					
Amount deposited (at the end of the year)	0	0	0	0	0
Total amount deposited (per end of year) - basis for the interest calculation	0	0	0	0	0
Total amount deposited (per end of year) - basis for the balance sheet	0	0	0	0	0
Interest rate	0%	0%	0%	0%	0%

**ORYX GAS TANZANIA LTD**  
**INTERNAL RATE OF**  
**RETURN**

<i>planning years &gt;&gt;</i>		2012	2013	2014	2015
		USD	USD	USD	USD
NET CASHFLOW					
		160,582	-251,254	637,157	877,513
DCF (30%)	0.3				
<b>NPV AT (30%DCF)</b>		0.769	0.592	0.350	0.123
<b>Total NPV</b>	<b>96,755</b>	<b>123,525</b>	<b>-148,671</b>	<b>223,086</b>	<b>107,574</b>
DCF(15%)	0.15				
<b>NPV AT (15%DCF)</b>		0.870	0.756	0.572	0.327
<b>Total NPV</b>	<b>45,808</b>	<b>-32,138</b>	<b>-222,814</b>	<b>-55,192</b>	<b>103,963</b>
<b>IRR=</b>	<b>22.1</b>				

**ORYX GAS TANZANIA LTD**  
**PAY BACK PERIOD**

<i>planning years &gt;&gt;</i>	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
Profit After Tax	46,453	809,092	922,470	1,105,188	1,280,441
Depreciation	165,667	271,667	281,167	290,333	293,583
Total	212,120	1,080,759	1,203,637	1,395,522	1,574,024
Discounted Cash flow	184,452	817,209	688,183	456,199	0
Capital Cost	2,300,000	200,000	80,000	105,000	0
Remaining amount	-5,615,548	-4,998,339	-4,390,155	-4,038,957	-4,038,957
<b>Pay Back Period</b>					

**ORYX GAS TANZANIA LTD**  
**BREAK EVEN ANALYSIS**

<i>planning years &gt;&gt;</i>	2012	2013	2014	2015	2016
	USD	USD	USD	USD	USD
Sales Revenue	660,000	2,532,800	2,790,100	3,077,400	3,348,200
Variable Costs	279,471	860,787	935,619	978,526	1,020,516
Contribution Margin	380,529	1,672,013	1,854,481	2,098,874	2,327,684
Fixed Costs	3,500,000	5,800,000	6,000,000	6,080,000	6,185,000
Contribution Margin Ratio %	1.73	38.89	38.89	39.25	45.42
Beak even Sales	2,017,955	149,122	154,296	154,893	136,177
Break even Point (%)	0.00	0.17	0.18	0.20	0.25

**ORYX GAS TANZANIA LTD**  
**Ratio summary sheet**

*planning years >>*

	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD
<b>Liquidity ratios</b>					
Current ratio	14.9	2.9	14.9	30.0	46.5
Quick test ratio	14.2	2.3	14.2	29.3	45.8
<b>Efficiency ratios</b>					
Inventory turnover -days	20	20	20	20	20
Accounts receivable turnover -days	30	30	30	30	30
Accounts payable turnover -days	30	30	30	30	30
Fixed asset turnover	0.2	0.5	0.5	0.6	0.7
Total asset turnover	0.2	0.5	0.5	0.5	0.4
<b>Profitability ratios</b>					
Gross profit margin	72%	75%	76%	77%	78%
Net profit margin	7%	32%	33%	36%	38%
Operating profit margin	58%	66%	66%	68%	70%
Return on assets	1%	15%	15%	16%	17%
Return on equity	3%	32%	27%	25%	22%
Dividend payout	5%	5%	5%	5%	5%
<b>Solvency ratios</b>					
Debt to equity ratio	1.0	1.2	0.8	0.5	0.3
Total assets to equity ratio	2.0	2.2	1.8	1.5	1.3
Total assets to total liabilities ratio	2.0	1.9	2.3	3.0	3.9
Capitalisation ratio	0.5	0.5	0.4	0.3	0.2
Interest coverage ratio	2.7	7.2	7.7	9.9	12.7

**ORYX GAS TANZANIA LTD**  
**Employees salaries**

No.	Personnel Function	Number of employees in the year				
		2012	2013	2014	2015	2016
1	Manager	1	1	1	1	1
2	Administrative manager	1	1	1	1	1
3	Production Manager	1	1	1	1	1
4	Officers	10	10	10	10	10
5	Supervisors	2	2	2	2	2
6	Operation Staff	21	21	21	21	21
<b>Subtotal</b>		36	36	36	36	36

salary increase	Insurance	Training
3%	20%	5%
3%	20%	2%
3%	20%	5%
3%	20%	1%
0%	0%	0%
0%	0%	0%

No.	Personnel Function	Annual salary (1)/ employee				Euro
		2012	2013	2014	2015	2016
1	Manager	31,200	32,136	33,100	34,093	35,116
2	Administrative manager	24,000	24,720	25,462	26,225	27,012
3	Production Manager	19,200	19,776	20,369	20,980	21,610
4	Officers	14,400	14,832	15,277	15,735	16,207
5	Supervisors	12,000	12,000	12,000	12,000	12,000
6	Operation Staff	6,000	6,000	6,000	6,000	6,000
<b>Subtotal</b>						

**Total**

No.	Personnel Function	Total cost / employee				
		USD				
		2012	2013	2014	2015	2016
1	Manager	39,624	40,813	42,037	43,298	44,597
2	Administrative manager	29,760	30,653	31,572	32,520	33,495
3	Production Manager	24,384	25,116	25,869	26,645	27,444
4	Officers	17,568	18,095	18,638	19,197	19,773
5	Supervisors	12,000	12,000	12,000	12,000	12,000
6	Operation Staff	6,000	6,000	6,000	6,000	6,000

<b>Subtotal</b>					
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No.	Personnel Function	Total cost / category				Euro
		2012	2013	2014	2015	2016
1	Manager	39,624	40,813	42,037	43,298	44,597
2	Administrative manager	29,760	30,653	31,572	32,520	33,495
3	Production Manager	24,384	25,116	25,869	26,645	27,444
4	Officers	175,680	180,950	186,379	191,970	197,729
5	Supervisors	24,000	24,000	24,000	24,000	24,000
6	Operation Staff	126,000	126,000	126,000	126,000	126,000
<b>Subtotal</b>		125,834	427,531	435,857	444,433	453,266

**Salaries - Selling, general and administrative expenses SG&A**

No.	Personnel Function	Number of employees				
		2012	2013	2014	2015	2016
1	Procurement Officer	2	2	2	2	2
2	Marketing & sales officers	2	2	4	4	4
3	Secretary	2	2	2	2	2
4	Accountants	2	2	2	2	2
5	Cashier	2	2	4	4	4
6		0	0	0	0	0
<b>Subtotal</b>		10	10	14	14	14

salary increase	Social insurance	Training expenses
3%	20%	5%
3%	20%	2%
3%	20%	4%
3%	20%	4%
3%	20%	2%
0%	0%	0%

<b>Total</b>	<b>46</b>	<b>46</b>	<b>50</b>	<b>50</b>	<b>50</b>
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No.	Personnel Function	Annual salary (1)/ employee				
		2012	2013	2014	2015	2016
1	Procurement Officer	9,600	9,888	10,185	10,490	10,805
2	Marketing & sales officers	8,400	8,652	8,912	9,179	9,454
3	Secretary	4,800	4,944	5,092	5,245	5,402
4	Accountants	9,600	9,888	10,185	10,490	10,805
5	Cashier	5,600	5,768	5,941	6,119	6,303
6		0	0	0	0	0
<b>Subtotal</b>						

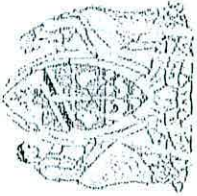
No.	Personnel Funtion / category	Total cost / employee					Euro
		2012	2013	2014	2015	2016	
1	Procurement Officer	12,288	12,657	13,036	13,427	13,830	
2	Marketing & sales officers	10,416	10,728	11,050	11,382	11,723	
3	Secretary	6,048	6,229	6,416	6,609	6,807	
4	Accountants	12,000	12,360	12,731	13,113	13,506	
5	Cashier	6,888	7,095	7,307	7,527	7,753	
6	0	0	0	0	0	0	
	0						
<b>Subtotal</b>							

No.	Personnel Function / category	Total cost / category					Euro
		2012	2013	2014	2015	2016	
1	Procurement Officer	24,576	25,313	26,073	26,855	27,661	
2	Marketing & sales officers	20,832	21,457	44,201	45,527	46,893	
3	Secretary	12,096	12,459	12,833	13,218	13,614	
4	Accountants	24,000	24,720	25,462	26,225	27,012	
5	Cashier	13,776	14,189	29,230	30,107	31,010	
6	0	0	0	0	0	0	
	0						
<b>Subtotal</b>		28,584	98,138	137,798	141,932	146,190	

<b>Total</b>	<b>46,326</b>	<b>525,670</b>	<b>573,656</b>	<b>586,365</b>	<b>599,456</b>
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# TANZANIA

CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS



Signature: *[Signature]* Date: 12/05/2001

## Certificate of Change of Name

No 29521

I HEREBY CERTIFY THAT

**ORYX TANZANIA LIMITED** =====

having, with the sanction of special Resolution of the said Company, and with the approval of the Registrar signified in writing Changed its name, is now called the

**ORYX GAS TANZANIA LIMITED** =====

and I have entered such a new name on the Register accordingly.

Given under my hand at Dar es salaam

this 17TH day of NOVEMBER

Two thousand and SIX

*[Signature]*  
Ass. Registrar of Companies

CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

TANZANIA

Signature:  Date: 19/08/2011



# Certificate of Incorporation

No. 29521

I HEREBY CERTIFY THAT

CRYX TANZANIA

..... 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 14th day of MARCH,

One thousand nine hundred and NINETY SIX

  
Registrar of Companies



# 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**  
ORYX GAS TANZANIA LIMITED.

**WHOSE TAXPAYER IDENTIFICATION NUMBER (TIN) IS**

100-183-382

**HAS BEEN REGISTERED FOR VALUE ADDED TAX (VAT)**

**AND ASSIGNED VAT REGISTRATION NUMBER (VRN)**

10-005428-N

**FOR BUSINESS LOCATED AT** MANDELA - KURASINI 35  
DAR-ES SALAAM

**WITH EFFECT FROM** 01 July 1998

**GIVEN UNDER MY HAND**

**THIS** 11<sup>th</sup> **DAY OF** September 2009

JOANNES N. A. MALLY

COMMISSIONER FOR VAT

CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

Signature:  Date: 17/08/2009

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF



CTIN: 0734582



# TANZANIA REVENUE AUTHORITY

## CERTIFICATE OF REGISTRATION

FOR

## TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 41 OF 2004)

**THIS IS TO CERTIFY THAT**

ORYX GAS TANZANIA LIMITED.

has been registered with the Tanzania Revenue Authority and assigned the Taxpayer Identification Number

100-183-382

CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

with effect from

01-07-1999

Signature: 

Date: 17/08/2011

JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

THE COMPANIES ORDINANCE  
(CAP. 212)

COMPANY LIMITED BY SHARES

MEMORANDUM

and

ARTICLES

of

ASSOCIATION

of

ORYX TANZANIA LIMITED

Incorporated this 14<sup>th</sup> day of March, 1996

.....  
CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

Signature:  Date: 17/08/2011

Drawn by:

MAAJAR, RWECHUNGURA & KAMEJA  
ADVOCATES  
9TH FLOOR, IPS BUILDING  
MAKTABA STREET  
P.O. BOX 7495  
DAR ES SALAAM

THE COMPANIES ORDINANCE  
(CAP. 212)

COMPANY LIMITED BY SHARES

MEMORANDUM

and

ARTICLES

of

ASSOCIATION

of

ORYX TANZANIA LIMITED

Incorporated this \_\_\_\_\_ day of \_\_\_\_\_, 1996

.....

CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

Drawn by:

Signature: 

Date: 27/01/2011

MAAJAR, RWECHUNGURA & KAMEJA  
ADVOCATES  
9TH FLOOR, IPS BUILDING  
MAKTABA STREET  
P.O. BOX 7495  
DAR ES SALAAM

THE UNITED REPUBLIC OF TANZANIA



# Certificate of Incorporation

No.

I HEREBY CERTIFY THAT

**ORYX TANZANIA 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                      day of  
One thousand nine hundred and



CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

Signature:  Date: 17/08/2011

Registrar of Companies

THE COMPANIES ORDINANCE  
(CAP. 212)

COMPANY LIMITED BY SHARES

Memorandum of Association

of

ORYX TANZANIA LIMITED

506  
CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

14/3/96  
15/5/96  
15/5/96  
Date: 17/08/2000

15/5/96  
15/5/96  
15/5/96

The name of the Company is **ORYX TANZANIA LIMITED**.



- Signature: *[Signature]*
2. The Registered Office of the Company will be situated on the mainland part of the United Republic of Tanzania.
  3. The objects for which the Company is established are:-
    - (1) To carry on the business of producers, refiners, importers, exporters, storers, transporters, suppliers and distributors of petroleum and petroleum products and their derivatives.
    - (2) To purchase, take on lease or otherwise acquire any land, concessions, licences, permits, buildings, refineries, machinery, plant, stores, rights of way and any rights or licences whatsoever which must be necessary to obtain for the purposes of or in connection with the objects of the Company and in particular to execute any engineering works or contracts necessary to the realisation of the objects of the Company.
    - (3) To carry on business generally as traders and to act as merchants, commission agents, shipowners, carriers and transporters generally or in any other capacity in Tanzania or elsewhere, and to import, export, buy, sell, barter, exchange, pledge, make advances upon or otherwise deal in goods, produce of every description, commodities articles and merchandise of every kind.
    - (4) To carry on the business of proprietors of service stations for motor vehicles of all kinds and to buy and sell petrol, gas, gasoline, oil and petroleum products and to carry on all the businesses which are usually or may be conveniently carried on by proprietors of service stations for motor vehicles.
    - (5) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with its business or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
    - (6) To purchase, take on lease or otherwise acquire for any interest therein, and to hold, build upon, work, exercise, develop, finance and turn to account any land of any nature or tenure in Tanzania or elsewhere, and to sell, let on lease or otherwise dispose any such lands or interest in such lands and to grant rights thereover.
    - (7) To apply for, purchase, or otherwise acquire and protect and renew in any part of the world any patents, patent rights, brevets d'invention, trade marks, designs, licences, concessions, and the like conferring any exclusive or non-exclusive or


limited right to their 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 acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired, and to expend money in experimenting upon, testing or improving such patents, inventions or rights.

- (8) To acquire any such shares, stocks, debentures, debenture stock, scripts, bonds, notes, securities, obligations, funds or loans by original subscription, tender, purchase, participation in syndicates, exchange or otherwise, and to guarantee subscription thereof, and to exercise, and enforce all rights and powers conferred by or incidental to ownership thereof, and to vary and transpose from time to time as may be considered expedient any of the Company's investments for the time being.
- (9) To acquire and take over the whole or any part of the business, property and liabilities of any company or person carrying on any business which the company is authorized to carry on, or possessed of any property or assets suitable for the purpose of the Company.
- (10) To pay for any property or assets acquired by the Company either in cash or fully or partly paid shares or by the issue of securities or obligations, or partly in one mode and partly in another and generally on such terms as may be determined.
- (11) To lend money and/or guarantee the performance of the contracts or obligations of any company, firm or person, and the payment and repayment of the capital and principal or, and dividends, interest or premium on, any stock, shares and security of any company, whether having objects similar to those of the Company or not, and to give all kinds of indemnities, and to make and receive subvention payments.
- (12) To borrow or raise or secure the payment of money in such manner as the company may think fit and to secure the same or the repayment or performance of any debt, liability, contract, guarantee or other engagement incurred or to be entered into by the company in any way and in particular by the issue of debentures 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.
- (13) To issue and deposit any securities which the Company has power to issue by way of mortgage or secure any such sum less than the nominal amount of such securities, and also by way of security for the performance of any contract or obligations of the Company or of its customers or of any other company or person having dealings with the Company, or in whose business or undertakings the Company is interested.
- (14) To receive money on deposit with or without interest thereon.
- (15) To establish or promote, or join in the establishment or promotion of, any other company whose objects, shall include the taking over of any of the assets and liabilities of the Company or the promotion of which shall be calculated to advance its interests.
- (16) To amalgamate with any other company, whose objects are or include objects similar to those of the Company.
- (17) To distribute any of the Company's property or assets among the members in specie.

- (18) To do all such acts and things as are incidental or conducive to the attainment of the above objects. It is hereby declared that the word "company" except where used in reference to the Company shall be deemed to include any partnership, or other body of persons whether incorporated and whether not existing or hereinafter to be formed.
- (19) It is furthermore expressly declared that the intention is that the objects set forth in each of the foregoing paragraphs of this clause shall be construed in the most liberal way and shall in no way be limited or restricted by reference to any other paragraph or by any inference drawn from the terms of any other paragraph.
4. The liability of the Members is limited.
5. The authorized share capital of the Company at the date of registration of this Memorandum of Association is **Tanzania Shillings One Hundred Million (100,000,000/=)** divided into **One Hundred Thousand (100,000)** shares of **Shillings One Thousand (Shs. 1,000/=)** each with power for the Company to increase or reduce such capital and to divide the shares in the capital for the time being, whether original or increased, in different classes, and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares, whether preference or otherwise, or any such rights, privileges or conditions shall not be altered or modified except in accordance with the Articles or Association registered herewith.

We, the several persons whose names, addresses and descriptions 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 or shares in the capital of the Company set opposite our respective names.

Names, addresses and description of subscribers	No. of shares taken	Signatures
1. ADRYX Diversified Holdings SA Urbanizacion Obarrio, Piso 16 Torre Bancosur, Calle 53 P.O. Box 1824, Panama City Panama  Corporate entity	90,000  ADRYX DIVERSIFIED HOLDINGS S.A. Panama	
2. ADRYX Oil Group NV NV Fides 15 Pietermaai, Curaçao Netherlands Antilles  Corporate entity	10,000  N.V. FIDES	

CERTIFIED TRUE COPY OF THE ORIGINAL  
 REUBEN J. MWAIKINDA  
 ADVOCATE, NOTARY PUBLIC &  
 COMMISSIONER FOR OATHS  
 Signature:  Date: 17/08/2011

DATED this 27th day of February, 1996

WITNESS to the above Signatures:

Seen for legalisation of the signatures of  
Mrs. S.B. Panneflek and Mr. G.J. Barhorst,  
both residing in Curacao, who jointly have  
full authority to bind  
N.V. Fides,  
a corporation established in Curacao, by  
me, dr Marcel van der Plank, a civil-law  
notary, residing in Curacao, on this 4th  
day of March 1996.



A handwritten signature in dark ink, appearing to be "Reuben J. Mwaikinda", written over a thin horizontal line.

CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

Signature:  Date: 17/03/96

The expressions "Debenture" and "Debenture holder" shall include "Debenture Stock" and "Debenture Stockholder"; and the expression "Secretary" shall include a temporary or assistant Secretary and any person appointed by the Directors to perform any of the duties of the Secretary.

Save as aforesaid any words or expressions defined in the Ordinance shall, if not inconsistent with the subject or context, bear the same meaning in these presents.

The marginal notes are inserted for convenience only and shall not affect the construction of these presents.

Words importing the singular number only shall include the plural and the converse shall also apply.

Words importing males shall include females.

3. The Company is a private Company and accordingly:- Private Company

- (a) the right to transfer shares is restricted in manner hereinafter prescribed.
- (b) the members of the company (exclusive of persons who are in the employment 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 Article, 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.

#### SHARE CAPITAL

4. The Share Capital of the Company at the date of registration of these Articles is (Tanzania Shillings One Hundred Million) TShs. 100,000,000/= divided into 100,000 ordinary shares of Shillings 1,000/= (One Thousand) each. Share Capital

#### LOANS BY THE COMPANY

5. No part of the funds of the Company shall be employed in the purchase of or in loans upon the security of the Company's shares. The Company shall not, except as authorized by the Ordinance, give any financial assistance for the purpose of or in connection with any purchase of share in the Company. Company's own shares not to be purchased

#### RIGHTS OF SHARES HOLDERS

6. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares already issued (which special rights shall not be modified or abrogated except Issue of shares subject to special conditions

in accordance with the following Article) any share in the Company (whether forming part of the original capital or not) may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine, and subject to the provisions of the Ordinance the Company may issue Preference Shares which are, or which at the option of the Company are to be, liable to be redeemed.

### MODIFICATION OF RIGHTS

7. Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Ordinance, be modified or abrogated, either with the consent in writing of the holders of three-fourths of the issued shares of the class, or with the sanction of a Special Resolution passed at a separate General Meeting of such holders (but not otherwise), and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company or to the proceedings thereat, shall *mutatis mutandis*, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-half in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Members who are present shall be a quorum), and that the holders of shares of the class shall, on a poll, have one vote in respect of every shares of the class held by them respectively.
- How rights of shares may be modified

### SHARES

8. Subject to the provisions of Article 38, unissued shares shall be at the disposal of the Directors, and they may allot, grant options over, or otherwise dispose of them to such persons, at such times, and on such terms as they think proper, but so that no shares shall be issued at a discount, except in accordance with the Ordinance.
- Unissued shares at the disposal of Directors
9. In addition to all other powers of paying commissions, the Company (or the Directors on behalf of the Company) may exercise the powers of paying commissions conferred by the Ordinance, provided that the rate per cent, or the amount of the commission paid or agreed to be paid, shall be disclosed in the manner required by the Ordinance and the rate of the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect of which the commission is paid are issued or an amount equivalent thereto. The Company (or the Directors on behalf of the Company) may also on any issue of shares pay such brokerage as may be lawful.
- Power to pay commission and brokerage
10. Shares may be held in the Company in trust for beneficial owner.
- Trustee shares

## CERTIFICATES

11. Every person whose name is entered as a Member in the Register of Members shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares of any one class or several certificates each for one or more of his shares upon payment of such sum, as the Directors shall from time to time determine. Every certificate shall be issued under the Seal. The certificate shall specify the shares or securities to which it relates and the amount paid up thereon. Provided that the Company shall not be bound to register more than three persons as the joint holders of any shares (except in the case of executors or trustees of a deceased Member), and, in case of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders. Issue  
of Certificates
12. If a share certificate be worn out, defaced, lost or destroyed, it may be renewed on payment of such fee (if any) and on such terms (if any) as to evidence, indemnity and the payment of out-of-pocket expenses of the Company for investigating evidence, as the Directors think fit. Renewal of  
Certificates

## LIEN

13. The Company shall have a first and paramount lien on every shares for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (including fully paid shares) standing registered in the name of each Member (whether solely or jointly with others) for all the debts and liabilities of such Member or his estate to the Company and that whether the same shall have been incurred before or after notice to the Company of any equitable or other interest in any person other than such Member, and whether the period for the payment or discharge or 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 (if any) on a share shall extend to all dividends payable thereon but the Directors may at any time declare any share to be exempt wholly or partially from the provisions of this Article. Company's lien
14. The Company may sell, in such manner as the Directors think fit, any share on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of the sum presently payable, and giving notice of intention to sell in default, shall have been given to the holder for the time being of the share or the Sale of shares  
subject to lien

person entitled by reason of his death or bankruptcy to the shares. For giving effect to any such sale, the Directors may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

15. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards 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 shares at the time of the sale.
- Application of proceeds of such sale

### CALLS ON SHARES

16. The Directors may from time to time make calls upon the Members in respect of any moneys (whether on account of the amount of the shares or by way of premium) unpaid on their shares, provided that (except as otherwise fixed by the conditions of application or allotment) no call on any shares shall exceed one-fourth of the nominal amount of the share or be payable at less than fourteen days from the last call, and each Member shall (subject to receiving at least fourteen 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 Directors may determine.
- Calls
17. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. A call may be made payable by installments.
- Time when made
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- Liability of joint holders
19. 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 Ten per cent (10%) per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.
- Interest on calls
20. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date, whether on account of the amount of the shares or by way of premium, shall for all the purposes of these presents 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 presents 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.
- Sums due on allotment to be treated as calls
21. The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the times of payment.
- Power to differentiate

22. The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys unpaid upon the shares held by him beyond the sums actually called up thereon as a payment in advance of calls and such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is advanced, and upon the moneys so received, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which it has been received the Company may pay interest at such rate as the Member paying such sum and the Directors agree upon.
- Payment of calls in advance

### TRANSFER OF SHARES

23. Subject to the restrictions of these presents, all transfers of shares may be effected by transfer in writing in the usual common form or in any other form in writing under hand approved by the Directors.
- Form of transfer
24. The instrument of transfer of a share shall be in writing and shall be signed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof, provided that the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do.
- Execution
25. The Directors may, subject to compliance with the requirements of the Ordinance as to advertisement, suspend the registration of transfers at such time and for such periods as they may from time to time determine, but so that such registration shall not be suspended for more than Thirty days in any year.
- Director's refusal to register, and closing register
26. All instruments of transfers which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing it with the Company.

The Directors may decline to recognize any instrument of transfer unless:-

- (a) Such fee, as the Directors may from time to time require, is paid to the Company in respect thereof; and
- (b) The instrument of transfer is deposited at the Office or such other place as the Directors may appoint, accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

## TRANSMISSION OF SHARES

27. In case of the death of a Member the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder shall be the only persons recognized by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him. Transmission on death
28. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence as to his title being produced as may from time to time be required by the Directors, and subject as hereinafter provided, either be registered himself as holder of the share or elect to have some person nominated by him registered as the transferee thereof. Registration of Executors and Trustees in Bankruptcy
29. 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 to his nominee a transfer of such share. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfer 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. Notice of Election to be registered and registration of nominee
30. 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 all dividends and other moneys payable in respect of the shares, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company or, save as aforesaid, to any of the rights or privileges of a Member until he shall have become a Member in respect of the share, and should he fail either to transfer the share or to elect to be registered as a Member in respect thereof within sixty days of being required so to do by the Directors, he shall in the case of shares which are fully paid up be deemed to have elected to be registered as a Member in respect thereof, and may be registered accordingly. Right of unregistered executors and trustees

## FORFEITURE OF SHARES

31. If a Member fails to pay the whole or any part of any call or instalment of a call on the day appointed for payment thereof, the Directors 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, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and all expenses which may have been incurred by the Company by reason of such non-payment. Notice requiring payment of Calls

32. The notice shall name a further day (not being less than seven days from the date 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 the call was made will be liable to be forfeited. Notice to state time and place for payment
33. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before forfeiture. Forfeiture on non-compliance with notice
34. When any share has been forfeited in accordance with these presents, notice of the forfeiture shall forthwith be given to the holder of the share, or the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given and of the forfeiture with the date thereof shall forthwith be made in the Register of Members opposite to the entry of the shares; but no forfeiture shall be in any manner invalidated by any accidental omission or neglect to give such notice or to make such entry as aforesaid. Notice after forfeiture
35. A forfeited share shall become 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 other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition, the forfeiture may be cancelled on such terms as the Directors think fit. The Directors may if necessary, authorise some person to transfer a forfeited share to any such other person as aforesaid. Sale of forfeited shares
36. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of the forfeiture, were payable by him to the Company in respect of the shares, with interest thereon as shall be determined by the Directors from the date of forfeiture until payment, but the Directors may waive payment of such interest either wholly or in part and the Directors may enforce payment without any allowance for the value of the shares at the time of forfeiture. Rights and liabilities of Members whose shares have been forfeited

37. 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 the 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, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the certificate of proprietorship of the share under seal delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share, and the person to whom the share is sold, reallocated or disposed of, shall 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, re-allotment or disposal of the share.
- Title to forfeited shares

### INCREASE OF CAPITAL

38. The Company may from time to time by Ordinary Resolution increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.
- Power to increase capital
39. The Company may by Ordinary Resolution direct that the new shares, or any of them shall be offered in the first instance, either at par or at a premium, to the then Members or to the holders of any class of shares for the time being, in proportion to the number of shares or shares of the class or group held by them respectively, or make any other provisions as to the issue of the new shares.
- Allotment of new shares
40. All new shares shall be subject to the provisions of these presents with reference to payment of calls, lien, transfer, transmission, forfeiture and otherwise and, unless otherwise provided in accordance with the powers contained in these presents, shall be Ordinary Shares.
- Right and liabilities attached to new shares

### ALTERATIONS OF CAPITAL

41. The Company may by Ordinary Resolution:-
- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
- Power to consolidate shares
- (b) 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, and diminish the amount of its capital by the amount of the shares so cancelled.
- Power to cancel shares

- (c) 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 the Ordinance), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

Power to sub-divide shares

And may by Special Resolution:-

- (d) Reduce its capital or any capital redemption reserve fund or any share premium account in any manner authorised by the Ordinance.

Power to reduce capital

### STOCK

42. The Company may by Ordinary Resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.
43. 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; and the Directors may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
44. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
45. Such of the regulations of the Company as are applicable, to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

Conversion into stock

Rights of stockholders to transfer stock

Other rights and privileges of stockholders

Application of certain regulations to stock and stockholders

### GENERAL MEETINGS

46. A General Meeting shall be held as the Annual General Meeting once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the

Annual General Meetings

Directors. The General Meetings referred to in this Article shall be called "Annual General Meetings". All General Meetings other than Annual General Meetings shall be called "Extraordinary Meetings".

47. The Directors may call an Extraordinary Meeting whenever they think fit and shall, on requisition in accordance with the Ordinance, proceed to convene an Extraordinary Meeting as required by the Ordinance. In the case of Extraordinary General Meeting called in pursuance of a requisition, unless such meeting shall have been called by the Directors, no business other than that stated in the requisition as the objects of the meeting shall be transacted.

Extraordinary Meetings

### NOTICE OF GENERAL MEETINGS

48. All meetings of Members shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day for which it is given, and shall specify the place, the day, and the hour of meeting, and in case of special business, the general nature of such business (and in the case of a meeting convened for passing a Special Resolution, the intention to propose such resolution as a Special Resolution), and shall be given in manner hereinafter mentioned to such persons as are, under the provisions herein contained, entitled to receive notices from the Company. With the consent in writing of all Members entitled to receive notices from the Company, a meeting may be convened by a shorter notice and in such manner as such Members may think fit.
49. The accidental omission to give notice to, or the non-receipt of notice by, any Member, shall not invalidate the proceedings at any General Meeting.

Notice of General Meetings required

Omission and non receipt of notice

### PROCEEDINGS AT GENERAL MEETINGS

50. All business shall be deemed special that is transacted at an Extraordinary Meeting, and also all business that is transacted at an Annual General Meeting, with the exception of declaring dividends, the reading and consideration of the accounts and balance sheet and the ordinary reports of the Directors and documents required to be annexed to the balance sheet, the election of directors and appointment of Auditors and other officers in the place of those retiring by rotation or otherwise, the fixing of the remuneration of the Auditors and the voting of remuneration or extra remuneration to the Directors.
51. Any person entitled to be present and vote at a meeting may submit any resolution or amendment to the meeting, provided that at least five and not more than fourteen clear days before the day appointed for the meeting he shall have served upon the Company a notice in writing signed by him, containing the proposed resolution or amendment and stating his intention to submit the same.

Special business

Notice of resolutions and amendments by Members

52. Upon receipt of any such notice as in the last proceeding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution or amendments will be proposed. Any resolution or amendment of which such notice has not been given shall in the case of a resolution and may in the case of an amendment be ruled out of order, and the ruling of the Chairman shall be conclusive. Issue of such notice
53. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business; save as herein otherwise provided two members present in person or by proxy shall be a quorum for all purposes. Quorum
54. 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 and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be a quorum. Adjournment if quorum not present
55. The Chairman of the Board of Directors if any shall preside as Chairman at every General Meeting of the Company. If at any meeting the Chairman or Deputy Chairman, if any, be not present within fifteen minutes after the time appointed for holding the meeting, or be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, they shall choose some Member present to be Chairman. Chairman  
Election of Chairman
56. The Chairman may with the consent of any meeting at which a quorum is present (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 fourteen 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. Adjournments  
Notice of adjournments
57. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by at least two Members present in person or by proxy and entitled to vote, or by a Member or Members entitled either by reason of their own holding or as representatives or as proxies, to cast one-tenth or more of the votes which could be cast in respect of that resolution if all persons entitled to vote thereon were present at the meeting. Unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried, or Method of Voting  
Demand of poll

carried unanimously, or by a particular majority, or lost, or not carried, and an entry to that effect in the minute book 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.

58. If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the resolution unless the same be pointed out at the same meeting, or at any adjournment thereof, 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. Votes counted in error
59. If a poll is dully demanded, it shall be taken at such time and in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct, and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may in the event of a poll, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. The demand for a poll may with the consent of the Chairman of the meeting be withdrawn. How poll to be taken
60. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote. Chairman's casting vote
61. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. No notice need be given of a poll not taken immediately. Time for taking a poll
62. 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. Continuance of business after demand for a poll
- VOTES OF MEMBERS**
63. Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, on a show of hands every Member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. Voting rights of Members
64. 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 of Members. Voting rights of joint holders
65. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other person in the nature of a committee or curator bonis appointed by such Court, and such committee, curator bonis or other person may on a poll vote by proxy. Voting rights of lunatic Members

provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than three days before the time for holding the meeting.

66. No Member shall, unless the Directors otherwise determine, be entitled to vote at a General Meeting either personally or by proxy, or to exercise any privilege as a Member unless all calls or other sums presently payable by him in respect of shares in the Company have been paid. No right to vote where a call is unpaid
67. No objection shall be raised to the qualifications 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. Objections
68. Votes may be given either personally or by proxy. On a show of hands a Member (other than a corporation) present only by proxy shall have no vote, but a proxy for corporation may vote on a show of hands. A proxy need not be a Member of the Company. Votes on a poll
69. Any corporation which is a Member of the Company may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meeting of the Company or of any class of members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represent as if he had been an individual shareholder, including power, when personally present, to vote on a show of hands. Voting of corporation
70. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. Execution of proxies
71. 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 not less than twenty-four hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty-four hours before the time appointed for the taking of the poll at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Deposit of proxies
72. An instrument of proxy may be in the usual common form or in such other form as the Directors shall prescribe. The proxy shall be deemed to include the right to demand, or join in demanding, a poll, and shall (except and to the extent to which the proxy is specially directed to vote for or against any proposal) include power generally to act at the meeting for the Member giving the proxy. A proxy, whether in the usual or common form or not shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, and need not be witnessed. Form of proxies

73. 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 proxy, or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Intervening death or insanity of principal not to revoke proxy

## DIRECTORS

74. Unless and until otherwise determined by the majority shareholder by notice served upon the registered office of the company the Directors shall not be less than three nor more than five in number. All Directors shall be appointed and removed by the majority shareholder by notice in writing served upon the registered office of the company. The first directors of the company shall be:-

Number or Directors

1. MR. SIMON DECKER
2. MR. OLIVER SALAS
3. MR. PETER LEHNER
4. RICHARD MARCHAND

Remuneration of Directors

Extra remuneration

Vacation of office of Directors

- (a) If (not being an Executive Director holding office as such for a fixed term) he resigns his office by writing under his hand left at the Office.
- (b) If he has a receiving order made against him or compounds with his creditors.
- (c) If he be found lunatic or of unsound mind.
- (d) If he be absent from meetings of the Directors for six months without leave and the Directors resolve that, by reason of such absence, his office be vacated.
- (e) If he be removed from office pursuant to Article 82.

78. A Director may hold any other office or place of profit under the Company (other than the office of Auditor) and may act in a professional capacity for the Company in conjunction with his office of Director, on such terms as to remuneration and otherwise as the Board may determine, and 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 otherwise, nor shall any such contract, or any contract 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 relating thereby established, provided that the nature of the interest of the Director in such contract or proposed contract or arrangement be declared at the meeting of the Directors at which the question is first taken into consideration if his interest then exists, or in any other case at the next meeting of the Directors held after he became interested. A Director may vote in respect of any contract or arrangement in which he is interested and be counted in ascertaining whether a quorum is present, provided that he gives notice of the nature of his interest in any such contract or arrangement in the same manner as aforesaid. A general notice sufficient given to the Board by a Director to the effect that he is a member of or beneficially interested in a specified firm or company and is to be regarded as interested in any contracts or arrangements which may be made with that firm or company after the date of such notice shall be sufficient declaration of interest under this Article.
- Power of Directors to hold offices of profit and to contract with Company
79. The Directors shall elect from amongst their own body a Chairman and if need be, a Deputy Chairman of the Board of Directors on such terms and for such period (subject always to the provisions of these presents) as they may think fit.
- Chairman
80. Subject to any provisions to the contrary contained in the Ordinance or in these presents, the Directors may entrust to and confer upon the Chairman and upon a Director holding any such executive office as aforesaid any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any such powers.
- Powers of Chairman and Executive Directors
81. The Company in General Meeting may from time to time increase or reduce the number of Directors.
- Power to increase number of Directors
82. The majority shareholder shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these presents.
- Power to fill casual vacancies and to appoint additional Directors
83. The majority shareholder may by written notice to the company's registered office remove any Director before the expiration of his period of office, and may by notice in writing to be served upon the company's register office appoint another person in his stead.
- Removal of Directors

## POWERS OF DIRECTORS

84. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Ordinance or by these presents required to be exercised by the Company in the General Meeting, subject nevertheless to any regulations of these presents, to the provisions of the Ordinance, and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors 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 Directors by any other Article.
85. The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested shall be carried on by or through one or more subsidiary companies, and they may on behalf of the Company make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or business so carried on or financing, assisting or subsidizing any such subsidiary company or guaranteeing its contracts, obligations or liabilities and they may appoint, remove and re-appoint any persons (whether members of their own body or not) to act as directors, executive Directors or managers of any such company or any other company in which the Company may be interested, and may determine the remuneration (whether by way of salary, commission on profits or otherwise) of any person so appointed, and any Directors of this Company may retain any remuneration so payable to them.
86. The Directors may from time to time and at any time by power of attorney under the Seal appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, 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 Directors under these presents) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretion vested in him.
87. The Company may exercise the powers conferred by the Ordinance with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.
88. The Company, or the Directors on behalf of the Company, may cause to be kept in any part of the world in which the Company transacts business, a Branch Register or Registers of Members resident there and the Directors may (subject to the provisions of the Ordinance) make and vary such regulations as they may think fit respecting the keeping of any such Register.

General power of Directors to manage Company's business

Organization of subsidiary companies

Power to appoint attorneys

Power to have a seal for use abroad

## BORROWING POWERS

89. The Directors may raise or borrow for the purposes of the Company's business such sum or sums of money as they may in their absolute discretion think fit. The Directors may secure the repayment or raise any such sums as aforesaid by legal or equitable Mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, including its uncalled capital, or by the issue at such price as they may think fit, of debentures and debenture stock either charged upon the whole or any part of the property and the assets (including its uncalled Capital) of the Company or not so charged, or in such other way as the Directors may think expedient. Power to borrow and to give security
90. Subject to the provisions of Article 77 of these presents, a Director of this Company may be or become a director or other officer of, or otherwise interested in, any company including but not limited to any company promoted by this Company or in which this Company may be interested as shareholder or otherwise, and no such Director shall be accountable for any remuneration or other benefits received by him as 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 favour of any resolution appointing it or any of its number, directors or officers of such other company. Furthermore, any Director of this 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 a manner aforesaid. Holding of concurrent office
91. All cheques, promissory notes, bills of exchange, and other negotiable or 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 Directors shall from time to time by resolution determine. Signature of cheques and bills

## PROCEEDINGS OF DIRECTORS

- 92(a). The Directors may meet together for despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes; the Chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time, summon a meeting of the Directors. Board Meetings  
Votes
- (b) Provided that the requisite notices are served upon Directors and subject to the consent of a majority of such Directors, Directors can conduct their meetings on telephone, and all meetings so conducted shall be deemed to have the same status as meetings at which the Directors have physically convened.
93. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed at any other number shall be Two. Quorum

94. The continuing Directors may act notwithstanding any vacancies in the Board, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these presents, the continuing Directors or Director may act for the purpose of filling up vacancies in the Board or of summoning General Meetings of the Company, but not for any other purpose. If there be no Directors or Director able or willing to act, then any shareholder may summon a General Meeting of shareholders for the purpose of appointing Directors.
95. If at any meeting the Chairman or Deputy Chairman, if any, shall be not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
96. A resolution in writing, signed by all the Directors for the time being, shall be effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Directors.
97. A meeting of the Directors for the time being, at which a quorum is present, shall be competent to exercise all powers and discretion for the time being exercisable by the Directors.
98. Without prejudice and in addition to the Provisions of Article 83, the Directors may delegate any of their powers to committees consisting of such number of members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors.
99. The meetings and proceedings of any such committee, consisting of two or more members, shall be governed by the provisions of these presents regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the last preceding Article.
100. All acts done by any meeting of Directors, or of a committee of Directors, or by any person acting as a Director, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director, or person acting as aforesaid, or that they or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed, and was qualified and had continued to be a Director and had been entitled to vote.

Proceedings in case of vacancies

Chairman and Deputy Chairman of Directors

Resolutions in writing

Powers of meeting at which a quorum is present

Power to appoint committees

Proceedings at committee meetings

Validity of acts of Directors in spite of some formal defect

## ALTERNATE DIRECTORS

101. Any Director may at any time appoint any person approved by the Board to be an Alternate Director of the Company and may at any time remove any Alternate Director so appointed by him from office. An Alternate Director so appointed shall not be entitled to receive any remuneration from the Company or to appoint an Alternate, but shall otherwise be subject to the provisions of these presents with regard to Directors. An alternate Director shall be entitled to receive notices of all meetings of the Board, and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in the absence of such appointor. An Alternate shall ipso facto cease to be an Alternate Director if his appointor ceases for any reason to be a Director. All appointments and removals of Alternate Directors shall be effected by writing under the hand of the Director making or revoking such appointment left at the office.

Provisions for appointing and removing Alternate Directors

## MINUTES

102. The Directors shall cause proper minutes to be made in books to be provided for the purpose of all appointments of officers made by the Directors, of the proceedings of all meetings of Directors and committees of Directors and of the attendances thereat, and of the proceedings of all meetings of the Company and all business transacted, resolutions passed and orders made at such meetings, and any such minute of such meetings if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting of the Company or Directors or committee, as the case may be, shall be sufficient evidence without any further proof of the facts therein stated.

Records of appointments and proceedings to be kept

## THE SEAL

103. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board and shall be so affixed in the presence of at least one Director and the Secretary or some other person approved by the Board, both of whom shall sign every instrument to which the Seal is so affixed in their presence.

Formalities for affixing seal

## AUTHENTICATION OF DOCUMENTS

104. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company (including the Memorandum and Articles of Association) and any resolutions passed by the Company or the Board, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and where any books, records, documents or accounts are else where than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

Power to authenticate documents

## DIVIDENDS

105. Subject to any special rights as to dividend attached to any new class of shares in accordance with these presents, the profits of the Company available for dividend and resolved to be distributed in respect of any financial year or other period for which the Company's accounts are made up and submitted to the Company in General Meeting shall be apportioned and paid to the Members according to the amounts paid on the shares held by them respectively during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such share shall rank for dividends accordingly. Payment of dividends
106. No dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Directors. Dividends payable only out of profits
107. Any General Meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets, and in particular of paid up shares, debentures or debenture stock of the Company, or paid up shares, debentures or debenture stock of any other company, or in any one or more of such ways.
108. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay to the holders of any class of shares interim dividends thereon of such amounts and on such dates as they think fit. Payment of interim dividends
109. No unpaid dividend, bonus or interest shall bear interest as against the Company. Dividends not to bear interest
110. The Directors may retain any dividends and bonuses payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Retention of dividends
111. The payment by the Directors of any unclaimed dividend into an unclaimed dividend account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company. Unclaimed dividends
112. If several persons are registered as joint holders of any share any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share. Dividends due to joint holders

## RESERVES

113. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which shall at the discretion of the Directors be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purposes to Carry profit to reserve  
Application of reserve

which the profits of the Company may properly be applied and pending such application may at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors think fit. The Directors may divide the reserve into such special funds as they think fit, and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as they think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide.

Division of reserve into special funds

Power to carry forward profits

114. The Directors may establish a reserve to be called the Capital Reserve, which shall not be available for dividend, but which shall be available to meet depreciation or contingencies or for repairing, improving, or maintaining any property of the Company or for such other purposes as the Directors may in their discretion think conducive to the interests of the Company, and the Directors may invest the sums standing to the Capital Reserve in such investments as they think fit, other than shares or stock of the Company, and may from time to time deal with or vary such investments and dispose of all or any part thereof with full power to employ the Capital Reserve in the business of the Company, and that without keeping it separate from the other assets and with power to divide the said Capital Reserve into separate accounts or funds if they think fit.

Power to establish and deal with a Capital Reserve

### CAPITALIZATION OF PROFITS AND RESERVES

115. The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any undivided profits of the Company not required for paying the fixed dividends or Preference Shares if any (including profits carried and standing to the credit of any reserve or reserves or other special account), and accordingly that the Directors be authorised and directed to appropriate the profits resolved to be capitalised to the Members in the proportions in which such profits would have been divisible amongst them had the same been applied in paying dividends instead of being capitalised, and to apply such profits on their behalf, either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares, debentures or securities of the Company of a nominal amounts equal to such profits, such shares, debentures or securities to be allotted and distributed credited as fully paid up, to and amongst such Members in the proportion aforesaid, or partly in one way and partly in the other.

Power to capitalise profits

## ACCOUNTS

116. The Directors shall cause proper books of account to be kept with respect to:-

Directors to keep proper accounts

(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 purchases of goods by the Company; and

(c) the assets and liabilities of the Company.

117. The books of account shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to the inspection of the Directors. No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Ordinance or authorised by the Directors or by the Company in General Meeting.

Inspection of books

118. The Directors shall once at least in every year lay before the Company in General Meeting a profit and loss account and a balance sheet containing a general summary of the capital, the assets, and the liabilities of the Company arranged under suitable heads, both made up to a date not more than six months before the meeting.

Submission of balance sheets and profits and loss account

119. Every such balance sheet as aforesaid shall be signed on behalf of the Board by two of the Directors, and shall have attached to it a report of the Directors as to the state of the Company's affairs and the amount which they recommend to be paid by way of dividend to the Members, and the amount (if any) which they have carried or propose to carry to the Capital Reserve, Fund, general reserve or reserve account shown specifically on the balance sheet or to be shown specifically on a subsequent balance sheet. The balance sheet shall also have attached or annexed to it, the Auditors' report and such other documents as the Ordinance may require.

Signature of balance sheets

## AUDIT

120. The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office until the next ensuing Annual General Meeting. The Auditor's report shall be read before the Company at the Annual General Meeting and shall be open to inspection by any Member. The Auditors' duties shall be regulated in accordance with the Ordinance.

Appointment of Auditors

121. No Director or other officer of the Company nor any person who is a partner of or in the employment of an officer of the Company, or any corporation, shall be capable of being appointed Auditor of the Company.

Directors not to be Auditors

## NOTICES

Any notice or document may be served by the Company on any Member wherever resident either personally or by fax or telex or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register of Members, provided that if such address is outside Tanzania, such letter shall be sent by air mail. In respect of joint holdings, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members, and notice so given shall be sufficient notice to all the joint holders.

Service of Notices

Any notice or other document, if sent by telefax or telex shall be deemed to have been served as soon as the message has been transmitted, and if served by post, shall be deemed to have been served Ninety-six hours after the letter containing the same is posted, and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed, stamped and posted.

Proof of postage to be sufficient proof of service

Any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these presents shall, notwithstanding that such Member be then dead or bankrupt, and whether or not the Company have 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, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

Service to be sufficient notwithstanding death or bankruptcy of Member served

## WINDING-UP

5. If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the Court), the liquidator may with the authority of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares in respect of which there is a liability.

Provisions relating to liquidation



**INDEMNITY**

126. Subject to the provisions of the Ordinance every Director, Managing Agent, Auditor, Manager, Secretary or officer or Servant of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto.

Indemnity of  
Directors and  
officers or servants

127. No Directors, Managing Agent, Auditor or other officers of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency or any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgement, omission, default or oversight on his part, or for any other loss, damages or misfortune whatsoever which shall happen in relation to the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.

**CERTIFIED TRUE COPY OF THE ORIGINAL**  
**REUBEN J. MWAIKINDA**  
**ADVOCATE, NOTARY PUBLIC &**  
**COMMISSIONER FOR OATHS**  
 Signature: *[Signature]* Date: 17/02/2011

Names, addresses and description of subscribers	No. of shares taken	Signatures
1. Adryx Diversified Holdings SA Urbanizacion Obarrio, Piso 16 Torre Bancosur, Calle 53 P.O. Box 1824, Panama City Panama	90,000	 ADRYX DIVERSIFIED HOLDINGS SA. Panama
2. Adryx Oil Group NV NV Fides 15 Pietermaai, Curaçao Netherlands Antilles	10,000	 NV FIDES

DATED this 27th day of February, 1996

WITNESS to the above Signatures:

*[Signature]*

Seen for legalisation of the signatures of  
Mrs. S.B. Panneflek and Mr. G.J. Barhorst,  
both residing in Curacao, who jointly have  
full authority to bind

N.V. Fides,  
a corporation established in Curacao, by  
me, dr Marcel van der Plank, a civil-law  
notary, residing in Curacao, on this 4th  
day of March 1996.



A handwritten signature in dark ink, appearing to be "M. van der Plank", written over a light blue diagonal line.

CERTIFIED TRUE COPY OF THE ORIGINAL  
REUBEN J. MWAIKINDA  
ADVOCATE, NOTARY PUBLIC &  
COMMISSIONER FOR OATHS

Signature:  Date: 17/03/2011

**Deloitte.**

**ORYX GAS TANZANIA LIMITED**

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2010**

ORYX GAS TANZANIA LIMITED

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010

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# ORYX GAS TANZANIA LIMITED

## CORPORATE INFORMATION

<b>DIRECTORS</b>	<b>Name</b>	<b>Nationality</b>	<b>Position</b>
	Mr. H. Ramadhani	Tanzanian	Managing Director
	Mr. T. Genthialon	French	Member
	Mr. N. McAleer	British	Member
	Mr. V. Gibson	South African	Member
<b>REGISTERED OFFICE</b>	Mandela Road Plot No.2, Kurasini Lube Oil Blending Plant P.O. Box 9540 Dar es Salaam, Tanzania		
<b>COMPANY SECRETARY</b>	Megan Chambury P.O. Box 9540 Dar es Salaam, Tanzania		
<b>AUDITORS</b>	Deloitte & Touche Certified Public Accountants (Tanzania) 10 <sup>th</sup> Floor, PPF Tower Cnr of Ohio Street & Garden Avenue P.O. Box 1559 Dar es Salaam, Tanzania		
<b>MAIN BANKERS</b>	Standard Chartered Bank Tanzania Limited P.O. Box 9011 Dar es Salaam, Tanzania  Stanbic Bank Tanzania Limited P.O. Box 72647 Dar es Salaam, Tanzania  National Bank of Commerce Limited P.O. Box 9062 Dar es Salaam  National Microfinance Bank (Tanzania) Plc P.O. Box 9031 Dar es Salaam, Tanzania		
<b>LAWYERS</b>	Adept Chambers 36 Ali Hassan Mwinyi Road P.O. Box 79651 Dar es Salaam, Tanzania  M.A. Ismail & Company Off Ruhinda Street/Sea View Road P.O. Box 1553 Dar es Salaam, Tanzania		

## ORYX GAS TANZANIA LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2010 which disclose the state of affairs of the Company.

#### PRINCIPAL ACTIVITIES

The Company's principal activity is the marketing and distribution of Liquefied Petroleum Gas (LPG) products.

#### FINANCIAL RESULTS

The financial results for the year are set out on page 6 of the financial statements.

Profit for the year of TZS 2,559,010,000 (2009: TZS 2,261,687,000) has been transferred to retained earnings.

#### SOLVENCY

The state of affairs of the Company as at 31 December 2010 is set out on page 7 to the financial statements. The directors consider the Company to be solvent, within the meaning ascribed by the Tanzanian Companies Act 2002.

#### DIVIDENDS

A dividend of TZS 250,000,000 relating to the year ended 31 December 2009 was paid during the year. The directors recommend the payment of a dividend of TZS 900,000,000 in respect of the year ended 31 December 2010.

#### DIRECTORS

The directors who have served the Company since 1 January 2010, unless stated otherwise, and up to the date of this report are:

<i>Name</i>	<i>Nationality</i>	<i>Position</i>
Mr. H Ramadhani	Tanzanian	Managing Director
Mr. T Genthialon	French	Member
Mr. N McAleer	British	Member
Mr. V Gibson	South African	Member

#### DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

The directors do not have any direct beneficial interest in the issued and paid up shares of the Company.

#### RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are disclosed in note 14, 18 and 19 to the financial statements.

# ORYX GAS TANZANIA LIMITED

## REPORT OF THE DIRECTORS (Continued)

### EMPLOYEE WELFARE

The Company continued to satisfy the standards of industrial safety established by the Chief Inspector of Factories.

The Company's employment terms are reviewed annually, in consultation with the union representatives, to ensure they continue to meet statutory requirements and market conditions.

The Company communicates with its employees through regular management and staff meetings and through circulars.

Training is mainly conducted in-house. External training programs are conducted if they require outside specialist. Executive training programs are also conducted.

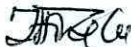
### DISABLED PERSONS

The Company recruits disabled workers for those vacancies that they are able to fill. All necessary assistance is given, including initial training. A similar policy exists for employees who become disabled while in the Company's employment.

### AUDITORS

The auditors, Deloitte & Touche have expressed their willingness to continue in office and are eligible for re-appointment. A proposal for the re- appointment of Deloitte & Touche as auditors of the Company will be put to the Annual General Meeting.

### BY ORDER OF THE BOARD



---

H. Ramadhani  
Director

30 JUNE 2011

ORYX GAS TANZANIA LIMITED

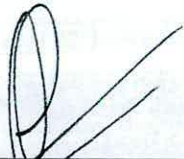
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzanian Companies Act 2002 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors are responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002 and for internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

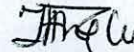
Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.



V. Gibson  
Director

30 JUNE

.....2011



H. Ramadhani  
Director

30 JUNE

.....2011

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORYX GAS TANZANIA LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Oryx Gas Tanzania Limited, set out on pages 6 to 31 which comprise the statement of financial position as at 31 December 2010, 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.

#### *Directors' 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 requirements of the Tanzanian Companies Act 2002, and for internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 our 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, we considered the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 the financial statements give a true and fair view of the state of financial affairs of the Company as at 31 December 2010 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002.

### Report on Other Legal Requirements

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 purposes 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; and
- iii) the Company's statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) are in agreement with the books of account.

*Deloitte & Touche*

Certified Public Accountants (Tanzania)  
Dar es Salaam

Signed by: E.A. Harunani

*30 June* .....2011

ORYX GAS TANZANIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2010

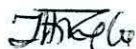
	Notes	2010 TZS'000	2009 TZS'000
REVENUE	6	40,500,398	23,081,934
DIRECT COSTS		<u>(28,518,962)</u>	<u>(15,082,284)</u>
GROSS PROFIT		11,981,436	7,999,650
EXPENSES		(8,311,704)	(4,891,118)
OTHER INCOME	7	33,170	-
FINANCE COST	8(a)	-	(29,354)
FINANCE INCOME	8(b)	<u>51,922</u>	<u>77,666</u>
PROFIT BEFORE TAXATION	9	3,754,824	3,156,844
TAXATION CHARGE	10	<u>(1,195,814)</u>	<u>(895,157)</u>
PROFIT FOR THE YEAR		2,559,010	2,261,687
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,559,010</u>	<u>2,261,687</u>

ORYX GAS TANZANIA LIMITED

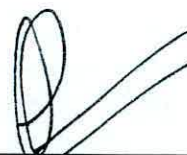
STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2010

	Notes	2010 TZS'000	2009 TZS'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	11	<u>14,596,666</u>	<u>9,887,726</u>
<b>Current assets</b>			
Inventories	12	1,401,176	2,185,355
Trade and other receivables	13	3,219,584	1,262,144
Due from related parties	14	1,819,825	1,198,031
Tax recoverable	10(c)	253,753	212,105
Cash and bank balances		<u>569,967</u>	<u>1,189,240</u>
Total current assets		<u>7,264,305</u>	<u>6,046,875</u>
<b>Total assets</b>		<u><b>21,860,971</b></u>	<u><b>15,934,601</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	15	2,700,000	2,700,000
Retained earnings		<u>5,912,290</u>	<u>3,603,280</u>
Shareholders' funds		<u>8,612,290</u>	<u>6,303,280</u>
<b>Non current liabilities</b>			
Deferred tax liability	16	<u>758,520</u>	<u>574,235</u>
<b>Current liabilities</b>			
Trade and other payables	17	11,671,346	6,267,440
Due to related parties	18	<u>818,815</u>	<u>2,789,646</u>
Total current liabilities		<u>12,490,161</u>	<u>9,057,086</u>
<b>Total equity and liabilities</b>		<u><b>21,860,971</b></u>	<u><b>15,934,601</b></u>

The financial statements on pages 6 to 31 were approved and authorised for issue by the Board of Directors on 30 JUNE 2011 and were signed on its behalf by:



H. Ramadhani  
Director



V. Gibson  
Director

ORYX GAS TANZANIA LIMITED

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

	Share capital TZS'000	Retained earnings TZS'000	Total equity TZS'000
At 1 January 2009	2,700,000	1,341,593	4,041,593
Profit for the year	<u>-</u>	<u>2,261,687</u>	<u>2,261,687</u>
At 31 December 2009	<u>2,700,000</u>	<u>3,603,280</u>	<u>6,303,280</u>
At 1 January 2010	2,700,000	3,603,280	6,303,280
Dividends paid	-	(250,000)	(250,000)
Profit for the year	<u>-</u>	<u>2,559,010</u>	<u>2,559,010</u>
At 31 December 2010	<u>2,700,000</u>	<u>5,912,290</u>	<u>8,612,290</u>

ORYX GAS TANZANIA LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 TZS'000	2009 TZS'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		3,754,824	3,156,844
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	11	1,387,275	1,046,390
Gain on disposal of property, plant and equipment		(33,170)	-
Finance costs charged to profit or loss	8(a)	-	29,354
Finance income recognised in profit or loss	8(b)	<u>(51,922)</u>	<u>(77,666)</u>
		5,057,007	4,154,922
<i>Movements in working capital:</i>			
Decrease/(increase) in inventories		784,179	(547,672)
(Increase)/decrease in trade and other receivables		(1,957,440)	474,044
Increase in due from related parties		(621,794)	(68,176)
Increase in trade and other payables		5,403,906	2,469,150
Decrease in due to related parties		<u>(1,970,831)</u>	<u>(1,029,105)</u>
Net cash generated from operations		6,695,027	5,453,163
Interest received on bank balances and overdue accounts	8(b)	51,922	77,666
Interest paid on bank overdraft	8(a)	-	(29,354)
Income tax paid	10(c)	<u>(1,053,177)</u>	<u>-</u>
Net cash generated from operating activities		<u>5,693,772</u>	<u>5,501,475</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	11	(6,112,604)	(4,837,131)
Proceeds from disposal of property, plant and equipments		<u>49,559</u>	<u>-</u>
Net cash used in investing activities		<u>(6,063,045)</u>	<u>(4,837,131)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		<u>(250,000)</u>	<u>-</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(619,273)	664,344
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>1,189,240</u>	<u>524,896</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>569,967</u>	<u>1,189,240</u>

# ORYX GAS TANZANIA LIMITED

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

### 1. GENERAL INFORMATION

Oryx Gas Tanzania Limited (the Company) deals with marketing of Liquefied Petroleum Gas (LPG). It is a limited liability Company incorporated under the Tanzanian Companies Act 2002 and domiciled in the United Republic of Tanzania. The details of the ultimate holding company are set out in note 24, while details of the address of its registered office and principal place of business are disclosed on page 1.

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND INTERPRETATION (IFRICs)

#### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

For the Tanzanian Companies Act 2002 reporting purposes, in these financial statements, the balance sheet is equivalent to the statement of financial position and the profit and loss account is included in the statement of comprehensive income.

#### **Adoption of new and revised International Financial Reporting Standards (IFRSs)**

##### **a) *New standards and amendments to published standards effective for the year ended 31 December 2010.***

The following revised standards issued in 2009 as part of improvements to IFRSs have been applied in the current period and have had no material effect on amounts reported in the Company's financial statements:

<b><i>Amendments and revised standards</i></b>	<b><i>Effective for annual periods beginning on or after</i></b>
IFRS 1, First-time adoption of International Financial Reporting Standards – revised and restructured	1 July 2009
IFRS 1, First-time adoption of International Financial Reporting Standards – amendments relating to oil and gas assets and determining whether an arrangement contains a lease	1 January 2010
IFRS 2, Share-based payment – amendments relating to group cash-settled share-based payment transactions	1 January 2010
IFRS 3 (Revised 2008), Business Combinations – comprehensive revision on applying the acquisition method	1 July 2009
IAS 27, Consolidated and Separate Financial Statements; IAS 28, Investments in Associates; and IAS 31, Interests in Joint Ventures – consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 39, Financial Instruments: Recognition and Measurement – amendments for eligible hedged items	1 July 2009
Various improvements resulting from May 2008, April 2009 and May 2010 Annual Improvements to IFRSs	1 July 2009 and 1 January 2010
<b><i>New interpretations</i></b>	
IFRIC 17, Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18, Transfers of Assets from Customers	Transfers received on or after 1 July 2009

ORYX GAS TANZANIA LIMITED

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND INTERPRETATION (IFRICs) (Continued)

b) *New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2010.*

***New and Amendments to standards***

***Effective for annual periods beginning on or after***

IFRS 1, First-time Adoption of International Financial Reporting Standards – limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 July 2010
IFRS 1, First-time Adoption of International Financial Reporting Standards – replacement of ‘fixed dates’ for certain exceptions with ‘the date of transition to IFRSs’; and additional exemption for entities ceasing to suffer from severe hyperinflation.	1 July 2011
IFRS 7, Financial Instruments: Disclosures – amendments enhancing disclosures about transfers of financial assets	1 January 2011
IFRS 9, Financial Instruments – Classification and Measurement	1 January 2013
IAS 12, Income Taxes – limited scope amendment (recovery of underlying assets)	1 January 2012
IAS 24, Related Party Disclosures – revised definition of related parties	1 January 2011
Various improvements resulting from May 2010 Annual Improvements to IFRSs	1 July 2010 and 1 January 2011
IAS 32, Financial Instruments: Presentation – amendments relating to classification of rights issues	1 February 2010

***New interpretation***

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
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c) *Impact of new and amended standards and interpretations on the financial statements for the year ended 31 December 2010 and future annual periods*

**IFRS 9, Financial Instruments**

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability.

## ORYX GAS TANZANIA LIMITED

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

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS(IFRSs) AND INTERPRETATION (IFRICs) (Continued)

##### *c) Impact of new and amended standards and interpretations on the financial statements for the year ended 31 December 2010 and future annual periods (continued)*

##### **IFRS 9, Financial Instruments (Continued)**

- Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard will not have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities.

##### **IAS 24 Related Party Disclosures (as revised in 2009)**

This modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Company because the Company is not a government-related entity. However, disclosures regarding related party transactions and balances in these financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

##### **The amendments to IAS 32 titled Classification of Rights Issues**

These address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Company has not entered into any arrangements that would fall within the scope of the amendments.

##### **IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments**

This provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Company has not entered into transactions of this nature. However, if the Company does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

##### **Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)**

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment is effective date for annual periods beginning on or after 1 January 2011. The Company will apply this amendment prospectively. The directors, however, anticipate no material impact to the Company financial statements.

## ORYX GAS TANZANIA LIMITED

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

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND INTERPRETATION (IFRICs) (Continued)

##### *d) Early adoption of standards*

The Company did not early-adopt any new or amended standards in 2010.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis of accounting as modified by the revaluation of certain financial instruments which are accounted for at fair value on the assumption that the Company will continue trading as a going concern in the foreseeable future. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year and are set out below.

##### **Revenue recognition**

Revenue comprises amounts invoiced for goods supplied during the year, excluding value added tax (VAT) and trade discounts where applicable, and is recognised upon delivery of goods and customer acceptance.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other income is recognised when earned.

##### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its expected useful life based on the following annual rates:

Buildings on freehold land	1% to 5%
Plant and machinery	6.7% to 20%
Motor vehicles	25%
Furniture and fittings	20%
Computer equipment	33.3%

The useful lives and residual values are reviewed annually.

Property, plant and equipment are periodically reviewed for impairment. If the carrying value of an asset is estimated to be greater than its recoverable amount, it is written down to its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

## ORYX GAS TANZANIA LIMITED

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Capital work in progress**

Capital work in progress relates to property and plant under construction. Cost includes materials, direct labour and any other direct expenses incurred in respect of the project. The amounts are transferred to the appropriate property plant and equipment categories once the project is completed and commissioned.

##### **Inventories**

Inventories including work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Cost comprises expenditure directly incurred in purchasing the inventories plus an allocation of normal overhead expenditure attributable to bringing it to its current saleable state. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks

##### **Translation of foreign currencies**

The financial statements are presented in the currency of the primary economic environment in which the Company operates-Tanzania shillings (functional and reporting currency).

Transactions during the year which are denominated in foreign currencies are translated into Tanzania Shillings at rates ruling at the transaction dates. Monetary assets and liabilities which are expressed in foreign currencies are translated into Tanzania Shillings at rates ruling at settlement date or at the end of the reporting period. Differences arising from the translation of these transactions and balances are recognised in profit or loss in the year in which they arise. Non-monetary items that are measured in terms of historical costs are not translated.

##### **Cylinder deposits**

Cylinder deposits represent the amount of cash deposited by customers for the use of gas cylinders. This amount is amortised to profit or loss at the rate of 10% per annum on the straight line basis.

##### **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balance, deposits held at call with banks, and investments of three months or less in money market instruments net of outstanding bank overdrafts.

##### **Taxation**

The tax expense represents the sum of tax currently payable and deferred tax.

Current tax is based on the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation. Current tax is measured at the amount expected to be paid using taxation rates and laws that have been enacted or substantively enacted by the end of reporting period.

Deferred tax is calculated under the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is calculated at currently enacted tax rates and a net movement is charged or credited to profit or loss.

## ORYX GAS TANZANIA LIMITED

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Taxation (continued)**

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses or credits and deductible temporary differences can be utilised, while deferred tax liabilities are recognised for all taxable temporary differences.

##### **Impairment**

At each end of the reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, which is then dealt with in the profit or loss.

##### **Financial instruments**

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

##### **Financial assets**

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

##### ***Loans and receivables***

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected

## ORYX GAS TANZANIA LIMITED

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **Financial liabilities and equity instruments**

##### ***Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement

##### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The Company's principal equity instrument is ordinary share capital, which is recorded at proceeds received, net of any direct issue costs.

##### ***Financial liabilities***

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest method.

##### ***Trade and other payables***

Trade and other payables are stated at their nominal value.

##### ***Bank borrowings***

Bank borrowings, consisting of interest bearing short-term bank loans repayable on demand and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance costs, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

##### ***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

##### **Dividends**

Dividends on ordinary shares are charged to equity in the year in which they are paid. Proposed dividends are disclosed in the financial statements, and are not accrued for until ratified in an annual general meeting.

## ORYX GAS TANZANIA LIMITED

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Retirement benefits obligations**

The Company contributes to the statutory National Social Security Fund and Parastatal Pensions Fund. These are defined contribution scheme registered under the National Social Security Act and Parastatal Pensions Fund. The Company's obligation under these schemes is limited to specific legislated contributions per employee per month for each respective scheme. Currently, the contribution to the fund is limited to 10% and 15% of gross salary per employee per month for the respective months. The Company's contributions are charged to profit or loss in the year to which they relate.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases are charged through profit or loss on a straight line basis over the period of the lease.

Assets held under finance leases are capitalised at their fair value on the inception of the lease and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

##### **Employee benefits**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave earned but not taken at the end of the reporting period.

##### **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTIES

In the application of the accounting policies, management has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are regularly reviewed and revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas of critical judgements and key sources of estimation uncertainty are as set out below.

##### *Property, plant and equipment*

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

ORYX GAS TANZANIA LIMITED

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTIES (Continued)

*Impairment provision*

Management carries out a regular review of the status of trade receivables, inventories and other financial assets to determine whether there is any indication that these assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, which is then dealt with in the statement of comprehensive income. In determining whether an impairment loss should be recognized in the statement of comprehensive income, management checks whether there is objective evidence that the assets are impaired and that the fair values have declined. Management estimates of the required provisions are based on critical evaluation of the economic circumstances involved, historical experience and other factors that are considered to be relevant.

*Provisions for pending litigations*

The Company is currently involved in various legal cases. Management regularly reviews the status of these cases and, in consultation with legal counsel, estimates the probable liabilities that could be incurred in the event that the cases are lost. In determining whether to process the provisions in the financial statements, management critically evaluates the probability of losing these cases and only makes provision for the cases in which it is probable that future outflow of resources will be required to settle the obligations.

5. GOING CONCERN

At end of the reporting period, the company had an excess of current liabilities over current assets of TZS 5.2 billion (2009: TZS 3 billion) mainly as a result of an amount of TZS 9 billion of customer deposits included in current liabilities as disclosed in note 17. The directors are of the opinion that, because of the nature of the customer cylinder deposits, the probability of a significant portion of the deposits becoming payable in the next twelve months is remote.

The company made a profit for the year amounting to TZS 2.5 billion (2009: TZS. 2.3 billion) and as at the end of the reporting period, its shareholders' funds were TZS 8.6 billion (2009: TZS 6.3 billion). The directors are confident that the company will continue to realize profits in the future.

In view of the foregoing, the directors consider it appropriate to prepare the financial statements on a going concern basis.

	2010 TZS'000	2009 TZS'000
6. REVENUE		
Sale of Liquefied Petroleum Gas(LPG) products	39,769,281	22,615,147
Amortisation of cylinder deposits	<u>731,117</u>	<u>466,787</u>
	<u>40,500,398</u>	<u>23,081,934</u>
7. OTHER INCOME		
Gain on disposal of property, plant and equipment	<u>33,170</u>	<u>-</u>
8. (a) FINANCE COST		
Interest on bank overdraft	<u>-</u>	<u>29,354</u>
(b) FINANCE INCOME		
Interest on bank balances and overdue accounts	<u>51,922</u>	<u>77,666</u>

ORYX GAS TANZANIA LIMITED

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

	2010	2009
	TZS'000	TZS'000
9. PROFIT BEFORE TAXATION		
(a) Profit before taxation is arrived after charging/(crediting):		
Employment costs - Note 9 (b)	1,597,767	976,824
Depreciation of property, plant and equipment	1,387,275	1,046,390
Auditors' remuneration	14,770	11,860
Gain on disposal of property, plant and equipment	<u>(33,170)</u>	<u>-</u>
(b) Employment costs		
Salaries and wages	669,565	370,514
Social security charges	256,467	165,467
Other benefits	<u>671,735</u>	<u>440,843</u>
	<u>1,597,767</u>	<u>976,824</u>
10. TAXATION		
(a) Taxation charge		
Current tax based on adjusted profit at 30%	1,011,529	-
Deferred tax charge (note 16)	<u>184,285</u>	<u>895,157</u>
	<u>1,195,814</u>	<u>895,157</u>
(b) Reconciliation of tax charge to expected tax based on accounting profit:		
Profit before taxation	<u>3,754,824</u>	<u>3,156,844</u>
Tax at the corporation tax rate of 30 %	1,126,447	947,054
Tax effect of items not deductible for tax purposes	69,367	3,788
Tax effect of non-eligible assets	<u>-</u>	<u>(55,685)</u>
Taxation charge for the year	<u>1,195,814</u>	<u>895,157</u>
(c) Movement in tax account		
Tax recoverable at the beginning of the year	212,105	190,190
Current tax expense	(1,011,529)	-
Tax paid	<u>1,053,177</u>	<u>21,915</u>
Tax recoverable at the end of the year	<u>253,753</u>	<u>212,105</u>

ORYX GAS TANZANIA LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

11. PROPERTY, PLANT AND EQUIPMENT

	Land, storage tanks and buildings TZS'000	Office furniture TZS'000	Computer equipment TZS'000	Motor vehicles TZS'000	Industrial equipment TZS'000	Capital work in progress TZS'000	Total TZS'000
<b>COST</b>							
At 1 January 2009	4,974,940	26,074	50,395	363,633	3,953,720	16,818	9,385,580
Additions	<u>72,383</u>	<u>2,600</u>	<u>8,973</u>	<u>336,606</u>	<u>4,407,573</u>	<u>8,996</u>	<u>4,837,131</u>
At 31 December 2009	<u>5,047,323</u>	<u>28,674</u>	<u>59,368</u>	<u>700,239</u>	<u>8,361,293</u>	<u>25,814</u>	<u>14,222,711</u>
At 1 January 2010	5,047,323	28,674	59,368	700,239	8,361,293	25,814	14,222,711
Additions	-	6,007	35,873	738,780	4,950,617	381,327	6,112,604
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,402)</u>	<u>-</u>	<u>(22,402)</u>
At 31 December 2010	<u>5,047,323</u>	<u>34,681</u>	<u>95,241</u>	<u>1,439,019</u>	<u>13,289,508</u>	<u>407,141</u>	<u>20,312,913</u>
<b>DEPRECIATION</b>							
At 1 January 2009	2,199,381	5,100	22,438	138,316	923,360	-	3,288,595
Charge for the year	<u>302,119</u>	<u>9,101</u>	<u>11,559</u>	<u>85,949</u>	<u>637,662</u>	<u>-</u>	<u>1,046,390</u>
At 31 December 2009	<u>2,501,500</u>	<u>14,201</u>	<u>33,997</u>	<u>224,265</u>	<u>1,561,022</u>	<u>-</u>	<u>4,334,985</u>
At 1 January 2010	2,501,500	14,201	33,997	224,265	1,561,022	-	4,334,985
Charge for the year	304,425	9,653	15,731	154,595	902,871	-	1,387,275
Eliminated on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,013)</u>	<u>-</u>	<u>(6,013)</u>
At 31 December 2010	<u>2,805,925</u>	<u>23,854</u>	<u>49,728</u>	<u>378,860</u>	<u>2,457,880</u>	<u>-</u>	<u>5,716,247</u>
<b>NET BOOK VALUE</b>							
At 31 December 2010	<u>2,241,398</u>	<u>10,827</u>	<u>45,513</u>	<u>1,060,159</u>	<u>10,831,628</u>	<u>407,141</u>	<u>14,596,666</u>
At 31 December 2009	<u>2,545,823</u>	<u>14,473</u>	<u>25,371</u>	<u>475,974</u>	<u>6,800,271</u>	<u>25,814</u>	<u>9,887,726</u>

The carrying value of leasehold land is immaterial hence has not been reclassified to prepaid operating lease rentals in the statement of financial position as required by International Accounting Standard No 17, Leases.

ORYX GAS TANZANIA LIMITED

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

	2010 TZS'000	2009 TZS'000
12. INVENTORIES		
Liquefied Petroleum Gas (LPG)	372,986	687,807
Stock in transit	-	759,544
Other products	<u>1,028,190</u>	<u>738,004</u>
	<u>1,401,176</u>	<u>2,185,355</u>
13. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,569,289	771,484
Provision for doubtful debts	<u>(7,021)</u>	<u>(7,021)</u>
Net trade receivables	1,562,268	764,463
Value Added Tax (VAT) recoverable	129,440	136,764
Prepaid expenses	1,406,278	291,613
Staff receivables	<u>121,598</u>	<u>69,304</u>
	<u>3,219,584</u>	<u>1,262,144</u>
14. DUE FROM RELATED PARTIES		
Oryx Oil Company Limited	319	68,500
Oryx Oil Company Limited (Current account balance)	1,815,435	1,125,856
Oryx Oil Zambia Limited	<u>4,071</u>	<u>3,675</u>
	<u>1,819,825</u>	<u>1,198,031</u>
15. SHARE CAPITAL		
Authorised, issued and fully paid up share capital:		
2,700,000 ordinary shares of TZS 1,000 each	<u>2,700,000</u>	<u>2,700,000</u>

ORYX GAS TANZANIA LIMITED

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

16. DEFERRED TAX LIABILITY

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%. The net deferred tax liability as at year end is attributable to the following items:

	2010	2009
	TZS'000	TZS'000
Accelerated capital allowances	766,019	641,905
Deferral of restricted interest	-	(55,866)
Accumulated tax losses	-	(11,804)
Provision for slow moving inventory	<u>(7,499)</u>	<u>-</u>
	<u>758,520</u>	<u>574,235</u>

The movement on the deferred tax account is as follows:

At 1 January	574,235	(320,922)
Charge for the year (note 10)	<u>184,285</u>	<u>895,157</u>
At 31 December	<u>758,520</u>	<u>574,235</u>

17. TRADE AND OTHER PAYABLES

Trade payables	2,179,020	199,244
Accrual and other payables	469,921	582,157
Deposits for cylinders	<u>9,022,405</u>	<u>5,486,039</u>
	<u>11,671,346</u>	<u>6,267,440</u>

The deposits for cylinders above are disclosed as current liabilities in line with the requirements of International Accounting Standard No 1 (IAS 1), Presentation of Financial Statements because the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The directors are of the opinion that, because of the nature of the customer cylinder deposits, the probability of a significant portion of the deposits becoming payable in the next twelve months is remote.

18. DUE TO RELATED PARTIES

	2010	2009
	TZS'000	TZS'000
Oryx Supply and Storage S.A. (formerly Petroleum Storage Management Limited)	88,380	2,435,265
Oryx Oil and Gas S.A.	24,717	23,379
Tanzania International Petroleum Reserves Limited (TIPER)	572	741
Oryx Gas Cote D'Ivoire	21,743	16,406
Addax Tanzania Limited	32	32
Downstream Management Services Limited	577,052	217,849
Addax Limited (Axiom)	<u>106,319</u>	<u>95,974</u>
	<u>818,815</u>	<u>2,789,646</u>

ORYX GAS TANZANIA LIMITED

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

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company transacts with the parent company and other companies related to it by virtue of common shareholding and/or common directorship. All transactions with related parties are made at an arm's length in the normal course of business and on normal commercial terms and condition.

During the year, the following transactions were entered into with related parties:

	2010 TZS'000	2009 TZS'000
<b>Other trade revenues</b>		
Oryx Oil Company Limited	<u>-</u>	<u>68,500</u>
<b>Purchase of products</b>		
Addax Kenya Limited	395,469	-
Oryx Supply and Storage SA (formerly Petroleum Storage Management limited)	<u>25,142,266</u>	<u>14,738,130</u>
	<u>25,537,735</u>	<u>14,738,130</u>
<b>Other trade expenses</b>		
Addax Energy SA	18,920	18,054
Tanzanian International Petroleum Reserves Limited (TIPER)	<u>3,986</u>	<u>2,686</u>
	<u>22,906</u>	<u>20,740</u>
<b>Corporate management services and fees</b>		
Downstream Management Services Limited	<u>2,976,895</u>	<u>1,004,293</u>
<b>Compensation key management personnel</b>		
Salaries and other benefits	<u>624,496</u>	<u>396,486</u>

**Related party balances**

Outstanding balances with related parties are set out in notes 14 and 18 to the financial statements.

ORYX GAS TANZANIA LIMITED

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

20. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including credit risk, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by finance department under policies approved by the Board of Directors. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions, and services offered. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees/ and stake holders understand their roles and obligations.

The most important types of risks are:

- Credit risk;
- Liquidity risk;
- Market risk which is mainly due to foreign exchange risk and interest rate risk.

A description of the significant risk factors is given below together with risk management policies applicable.

**a) Credit risk**

Potential concentration of credit risk consist principally of short-term cash and cash equivalent investments, and trade and other receivables. Trade receivables comprise a large and widespread customer base and the company performs ongoing credit evaluations on the financial conditions of its customers. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The carrying amount of financial assets represents the maximum credit exposure.

The credit risk on liquid funds with financial institutions is also low because the counterparties are banks with high credit ratings.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2010 without taking account of any collateral obtained was:

	Fully performing TZS'000	Past due but not impaired TZS'000	Impaired TZS'000
Trade and other receivables	1,285,057	277,211	7,021
Due from related parties	1,819,825	-	-
Cash and bank balance	569,967	-	-
	<u>3,674,849</u>	<u>277,211</u>	<u>7,021</u>

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2009 without taking account of any collateral obtained was:

	Fully performing TZS'000	Past due but not impaired TZS'000	Impaired TZS'000
Trade and other receivables	764,463	-	7,021
Due from related parties	1,198,031	-	-
Cash and bank balance	1,189,240	-	-
	<u>3,151,734</u>	<u>-</u>	<u>7,021</u>

ORYX GAS TANZANIA LIMITED

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

20. FINANCIAL RISK MANAGEMENT (Continued)

**a) Credit risk (continued)**

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.

The debt that is not due is not impaired and continues to be paid. The credit department is actively following this debt.

The debt that is impaired has been fully provided for. However, management is actively following up recovery of the impaired debt. The movement in the provision for bad and doubtful debts is set out below.

	2010 TZS'000	2009 TZS'000
At the beginning of the year	7,021	7,021
Amount recovered	-	-
Provisions written off	-	-
Impairment losses	-	-
	<u>7,021</u>	<u>7,021</u>

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts already recognised.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligation from financial liabilities. The Finance department is tasked with the responsibility of ensuring that all foreseeable future funding commitments and deposit withdrawals can be met when due, and the Company will encounter no difficulty in meeting obligations from its financial liabilities as they occurs. The Board of Directors relies substantially on the Company's finance department to coordinate and ensure discipline across the Company and business units, certify sufficient liquidity under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The financial department monitors its liquidity risk using the current asset ratio.

	2010 TZS'000	2009 TZS'000
Quick assets	5,863,129	3,861,521
Total current liabilities	12,490,161	9,057,086
Quick asset ratio	0.47:1	0.43:1

Quick assets comprise trade and other receivables, amounts due from related parties, tax recoverable, cash and bank balances.

ORYX GAS TANZANIA LIMITED

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

20. FINANCIAL RISK MANAGEMENT (Continued)

**b) Liquidity risk (continued)**

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities at 31 December 2010:

	Total TZS'000	<1 mths TZS'000	1-3 mths TZS'000	4-12 mths TZS'000	1-4 yrs TZS'000
<b>Financial assets</b>					
Trade and other receivables	1,562,268	383,064	1,179,204	-	-
Due from related parties	1,819,825	-	1,819,825	-	-
Cash and bank balances	569,967	569,967	-	-	-
	<u>3,952,060</u>	<u>953,031</u>	<u>2,999,029</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Trade and other payables	(2,179,020)	(497,687)	(1,681,333)	-	-
Due to related parties	(818,815)	-	(818,815)	-	-
	<u>(2,997,835)</u>	<u>(497,687)</u>	<u>(2,500,148)</u>	<u>-</u>	<u>-</u>
<b>Difference in contractual cash flows</b>	<u>954,225</u>	<u>455,344</u>	<u>498,881</u>	<u>-</u>	<u>-</u>

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2009:

	Total TZS'000	<1 mths TZS'000	1-3 mths TZS'000	4-12 mths TZS'000	1-4 yrs TZS'000
<b>Financial assets</b>					
Trade and other receivables	764,463	-	764,463	-	-
Due from related parties	1,198,031	-	1,198,031	-	-
Cash and bank balances	1,189,240	1,189,240	-	-	-
	<u>3,151,734</u>	<u>1,189,240</u>	<u>1,962,494</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Trade and other payables	(199,244)	-	(199,244)	-	-
Due to related parties	(2,789,646)	-	(2,789,646)	-	-
	<u>(2,988,890)</u>	<u>-</u>	<u>(2,988,890)</u>	<u>-</u>	<u>-</u>
<b>Difference in contractual cash flows</b>	<u>162,844</u>	<u>1,189,240</u>	<u>(1,026,396)</u>	<u>-</u>	<u>-</u>

ORYX GAS TANZANIA LIMITED

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

20. FINANCIAL RISK MANAGEMENT (Continued)

**c) Market risk**

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars (USD). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. Volatility in the exchange rate of foreign currencies against the Tanzanian Shilling would make the Company's costs and results less predictable than when exchange rates are more stable.

At 31 December 2010, if the TZS had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on pre-tax profit for the year would have been TZS 47,724,000 lower/higher (2009: TZS 94,104,000).

The carrying amounts of the Company's material monetary assets and liabilities held in USD, that will have an impact on profit or loss when exchange rates change, as at 31 December 2010 are as follows:

	Total TZS '000
Cash and bank balance	365,481
Related parties, trade and other receivables	912,637
Related parties, trade and other payables	<u>(2,232,599)</u>
Open position	<u>(954,481)</u>

The carrying amounts of the Company's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, as at 31 December 2009 were as follows:

	Total TZS '000
Cash and bank balance	338,636
Related parties, trade and other receivables	782,700
Related parties, trade and other payables	<u>(3,003,419)</u>
Open position	<u>(1,882,083)</u>

(ii) Interest rate risk

The Company is not exposed to interest rate risk as it does not borrow on floating interest rates.

ORYX GAS TANZANIA LIMITED

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

20. FINANCIAL RISK MANAGEMENT (Continued)

**d) Capital risk management**

The Company's objective when managing capital is to sustain a strong capital base to support the development of business and to safeguard the Company's ability to continue as a going concern, in order to provide returns to the shareholders and maintain an optimum structure to reduce the cost of capital.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, and retained earnings as disclosed in note 15 and the statement of changes in equity respectively.

The Company reviews the capital structure regularly. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital through balancing its overall capital structure in payment of dividends and issue of new debt or the redemption of existing debt.

The Company's overall strategy remains unchanged from 2009.

ORYX GAS TANZANIA LIMITED

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

20. FINANCIAL RISK MANAGEMENT (Continued)

e) Categories of financial instruments

2010	Total	Loans and receivables	Financial liabilities at amortised cost	Non financial assets and liabilities
	TZS '000	TZS '000	TZS '000	TZS '000
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment	14,596,666	-	-	14,596,666
<b>Current assets</b>				
Inventory	1,401,176	-	-	1,401,176
Trade and other receivables	3,219,584	1,562,268	-	1,657,316
Trade receivables	1,562,268	1,562,268	-	-
Prepayments and other receivables	1,657,316	-	-	1,657,316
Due from related parties	1,819,825	1,819,825	-	-
Tax recoverable	253,753	-	-	253,753
Cash and bank balance	569,967	569,967	-	-
	7,264,305	3,952,060	-	3,312,245
<b>Total assets</b>	<b>21,860,971</b>	<b>3,952,060</b>	<b>-</b>	<b>17,908,911</b>
<b>Capital and reserves</b>				
<b>Equity and liabilities</b>				
Ordinary share capital	2,700,000	-	-	2,700,000
Retained earnings	5,912,290	-	-	5,912,290
	8,612,290	-	-	8,612,290
<b>Non current liabilities</b>				
Deferred tax liability	758,520	-	-	758,520
<b>Current liabilities</b>				
Trade and other payables	11,671,346	-	2,179,020	9,492,326
Trade payables	2,179,020	-	2,179,020	-
Accruals and other payables	469,921	-	-	469,921
Cylinder deposits	9,022,405	-	-	9,022,405
Due to related parties	818,815	-	818,815	-
	12,490,161	-	2,997,835	9,492,326
	13,248,681	-	2,997,835	10,250,846
<b>Total equity and liabilities</b>	<b>21,860,971</b>	<b>-</b>	<b>2,997,835</b>	<b>18,863,136</b>

ORYX GAS TANZANIA LIMITED

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

20. FINANCIAL RISK MANAGEMENT (Continued)

e) Categories of financial instruments (continued)

	Total	Loans and receivables	Financial Liabilities at Amortised cost	Non financial Assets and Liabilities
	TZS '000	TZS '000	TZS '000	TZS '000
<b>2009</b>				
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment	9,887,726	-	-	9,887,726
<b>Current assets</b>				
Inventories	2,185,355	-	-	2,185,355
Trade and other receivables	1,262,144	764,463	-	497,681
Trade receivables	764,463	764,463	-	-
Prepayments and other receivables	497,681	-	-	497,681
Due from related parties	1,198,031	1,198,031	-	-
Tax recoverable	212,105	-	-	212,105
Cash and bank balances	1,189,240	1,189,240	-	-
	6,046,875	3,151,734	-	2,895,141
<b>Total assets</b>	<b>15,934,601</b>	<b>3,151,734</b>	<b>-</b>	<b>12,782,867</b>
<b>Equity and Liabilities</b>				
<b>Capital and reserves</b>				
Ordinary share capital	2,700,000	-	-	2,700,000
Retained earnings	3,603,280	-	-	3,603,280
	6,303,280	-	-	6,303,280
<b>Non current liabilities</b>				
Deferred tax liability	574,235	-	-	574,235
<b>Current liabilities</b>				
Trade and other payables	6,267,440	-	199,244	6,068,196
Trade payables	199,244	-	199,244	-
Accruals and other payables	582,157	-	-	582,157
Cylinder deposits	5,486,039	-	-	5,486,039
Due from related parties	2,789,646	-	2,789,646	-
	9,057,086	-	2,988,890	6,068,196
<b>Total liabilities</b>	<b>9,631,321</b>	<b>-</b>	<b>2,988,890</b>	<b>6,642,431</b>
<b>Total equity and liabilities</b>	<b>15,934,601</b>	<b>-</b>	<b>2,988,890</b>	<b>12,945,711</b>

# ORYX GAS TANZANIA LIMITED

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

### 21. CAPITAL COMMITMENTS

There were no significant capital commitments approved as at 31 December 2010.

### 22. CONTINGENT LIABILITIES

The company is currently involved in a number of legal cases. However, no provision has been made in these financial statements because in the opinion of the directors, the amounts arising from the related cases are not likely to be material.

### 23. INCORPORATION

The Company is incorporated in Tanzania under the Tanzanian Companies Act 2002.

### 24. ULTIMATE HOLDING COMPANY

The holding company is Oryx Oil & Gas S.A., a company incorporated and domiciled in Switzerland. The ultimate parent company is the Addax and Oryx Group Limited, a company also incorporated and domiciled in Switzerland.

### 25. CURRENCY

These financial statements are presented in Tanzania Shillings rounded to the nearest thousand (TZS'000).

### 26. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

At the date of signing the financial statements, the directors are not aware of any other matter or circumstance arising since the end of the reporting period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.