



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

FILE BEGINS	ENDS	PART
FILE TITLE		FILE NUMBER TICC
CONFIDENTIAL		PP. 10
		042420
INDEX HEADINGS		

Officer or Section	For Action F/M	Initials	Date	Action taken vide F/M	Officer or Section	For Action F/M	Initials	Date	Action taken vide F/M	Officer or Section	For Action F/M	Initials	Date	Action taken vide F/M
		TA	4/4/13											
		G	5/4/13											
		G	12/4/13											
		R	22/1/12											

FILE NUMBER
 TICC PP. 10 / 042420

TANFOAM

LTD



MINUTE SHEET

Dokezo
No.

1.0

Ag: EXD

done. 12/4/13

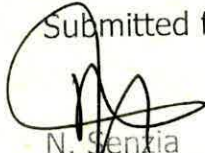
The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest ... US\$ 2.2185m
- (b) Legal entity has been incorporated under certificate

No. 3751 of 18/12/1996

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

Submitted for signature.



N. Senzia

DI

12th April, 2013



2.0

Ag. EXD

In response to the TIC letter of registration dated 12th April 2013

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from CRDB Bank LTD
- (c) Lease Agreement for Evidence of Land.

With the above submission EXD is requested to sign Certificate of Incentives No. 042420 herein attached.

6/5/2013



DI

MINUTE SHEET

Dokezo
No.

TANFOAM LIMITED
P.O. Box 13092
Plot 4, Tanfoam Road
Industrial Area
Arusha Tanzania

Tel: Office 255 27 2507416 / 2502006
2507563 / 2507557 / 2503983
Fax: 255 27 2548280 Email: info@tanfoam.co.tz
Website: www.tanfoam.com



March 21, 2013

Executive Director
Tanzania Investment Center
Shabaan Robert Street
P.O.Box 938
Dar-es-Salaam

Re: Application for Registration

Dear Sir / Madam

Please accept our formal application for registration of our expansion project under Tanzania Investment Center.

TANFOAM Limited was established in 1965 and has been continuously manufacturing foam mattresses and bedding products and distributing country wide. At different times the company has upgraded its plant and machinery to meet the industry standards and support volume growth. Our current machinery and equipment is more than 10 years old, purchased from different manufacturers, worldwide. The registered office and manufacturing plant is located in Arusha.

Please find listed below, corporate details, that include shareholding structure, company overview, company profile, management structure, etc.

1. **Type of Business:** Manufacturer of Foam Mattresses, Cushions and other related bedding products.
2. **Registered Office:**
 - P.O.Box 13092, Plot 4, Tanfoam Road, Industrial Area, Arusha, Tanzania
3. **Ownership:** Shareholding pattern: (100% Tanzanian owned company)
 - Variety Industrial Products Limited - 50%
 - Remtulla Pirbhai Limited - 20%
 - James Rugamalira - 10%
 - Muslim Mohamedtaki Remtulla - 10%
 - Murtaza Akberali Walji - 10%

4. **Ultimate Parent:**

- Not Applicable – locally owned

5. **Banker:**

- CRDB Bank Limited, Azikiwe Street, P.O Box No. 268, Dar-es-Salaam

6. **Land Ownership:**

- The company owns landed property on Plot No. 4/5, Block 'AA', CT No. 055034/5, LO No. 141238; Plot No. 39 to 51 Block 'AA' CT No. 5997, LO No. 41912 in Unga Industrial Area.

7. **Company Overview:**

- Established in 1965, TANFOAM Limited is one of the leading manufacturers of high quality and high density foam mattresses, cushions and other related products, with registered offices in Arusha, Tanzania. Our products are distributed through our own branches located strategically, countrywide, and operating under our brand name of "Tanfoam Arusha".
With our four decades plus experience, TANFOAM Limited, is a pioneer in the foam industry, with the ability to produce high quality and volume of products. Our manufacturing expertise has allowed us to streamline our processes to maximize efficiency and quality standards. We are proud of the fact that we have been able to maintain our high quality consistently, over the years. Our slogan: ... *Alinunua babu ... mpaka mjukuu analitumia*...truly attests to this fact.
As with every growing company, TANFOAM Limited also has a Research and Development team that actively pursues new ideas and product development. Most recently, the company has developed and marketed ChinFiber® pillows, mattress covers, comforters and quilts under the popular brand of Papello®.
- **Turnover:** In the financial year 2012, we achieved a turnover of Tsh 14 Billion. The company has consistently grown over the last decade. Our sales target for the year 2013 is Tsh 18Billion and we are confident that we will achieve same, with our new machinery in place.
- **Production facility:** It is located in Arusha with a total covered area of 9,000 square meters. Currently, our main foaming machinery is purchased from Hennecke, Germany, Europe, 10 years ago. **This machine will be replaced by a state of the art continuous foaming plant, called Maxfoam 5050 from Laaderberg, Norway, Europe. Complete specifications of the plant, and proforma invoice are attached hereto.** This plant itself is costing us USD 1.2mn, which will enable us to expand our production capacity exponentially, which it turn will assist our growth plans for the next decade. Having reached all the regions in the country, we intend to export to all of the neighboring countries and become regional players in the EAC Market. All other ancillary machinery and equipment are also imported from reputable global manufacturers. We are adding few more imported ancillary machineries to balance the production to support our continuous growth trend. All our raw materials, including finishing materials are imported from multi-national companies, worldwide.

- **Financing of Expansion Program:** We have planned to invest:
 - i. Tsh 2.6 Billion on new plant, machineries, delivery trucks and renovation of building.
 - ii. Tsh 700 Million on delivery trucks and 150 Million of staff cars.
 - iii. Tsh 1Billion as additional working capital to support our growth plan.

We attach herewith letter from CRDB Bank Limited, sanctioning our above financial request. The term loan from CRDB is payable over 7 years.
- **Number of employees:** The organizational setup of the company is headed by a Board of Directors, supported by highly qualified and experienced professionals. The total number of employees, including factory and branches are approximately 150, with the expectation to hire at least 20 more by the end of 2013.
- **Key Parameters:** TANFOAM Limited Board of Directors is committed to a high level of corporate governance and adoption of ethical business practices, with excellent relationship management with all stakeholders.

8. **Industry:**

- There are five (5) prominent competitors in the industry, including TANFOAM, Limited, namely :
 - i. Quality Foam Ltd.
 - ii. Pan Africa Enterprises, Ltd. (Panafoam)
 - iii. Uniplast Ltd. (Banco)
 - iv. Vitafoam Ltd.

All the above companies have manufacturing facilities located in Dar-es-Salaam, except TANFOAM Limited, which is based in Arusha.
- We have achieved an average turnover growth of 10-15% over the last five (5) years and we can safely assume the industry is growing at a similar rate in Tanzania. The strong growth trend is projected due to:
 - i. Population growth
 - ii. Urbanization
 - iii. Rise of affluency / middle class population
- Because of our high density products, we are distinct and unique in the Tanzanian foam industry. However, even though no other competitor produces and sells our quality, we recognize the following two manufacturers as our main competition:
 - i. Quality Foam Limited
 - ii. Pan Africa Enterprises Limited.
- With the trend in ergonomics and holistic health, Tanfoam Limited is now producing mattresses that support general wellbeing, including orthopedic and back supporting mattresses.

9. Company Profile:

- The company operations are run by a General Manager with a team of management professionals that head various departments, including sales, marketing, accounting, administration and production.
- Employees operate the entire foaming production plant and machinery with all finishing equipment to produce high quality and comfortable bedding products.
- Company organization chart, showing internal organization is attached.
- Our sales force is headed by our sales and marketing managers who are also managing our country wide branches.
- Our key suppliers include, but not limited to the following:
 - Bayer
 - ConfortChem
 - Shell / Dow
 - Korea Polyol Company
 - Chintan Limited
- We distribute our products through a network of agents / dealers across the nation, with no single customer constituting more than 5-7% of our sales.
- We deliver our products to dealers locations from our Arusha factory, or from the branch network. We operate our own fleet of delivery vehicles and also outsource transportation when the need arises. We will need to add delivery trucks to our fleet to support our growth.
- Our manufacturing process does not contribute to environmental pollution.
- Our company has operated and maintained a steady growth pattern over the last forty five (45) years, and we are not aware of any known risk that would hinder our existence or growth.
- Tanzania Revenue Authority has recognized and awarded TANFOAM Limited as one of the most compliant tax payers in the region.

10. Recent Activities:

- **Establishment of Branches**

Over the past 24 months we have set up 7 branches – across the country – in Shinyanga, Singida, Mwanza, Musoma, Mbeya, Makambako and Dar-es-Salaam . This has resulted in high turnover, higher inventory levels, increase in debtors, increase in administration costs and increase in profitability. We have also added 2 trucks to our fleet to manage the logistics of the increased sales volume. To summarize, our net current assets have increased substantially in the past three years.
- **Devaluation of the Tanzanian shilling**

The annual devaluation of the Tanzanian shilling directly impacts our business, as all of our raw materials are imported and paid for in US Dollars, whereas all of our revenue is in Tanzanian Shillings.

11. Key Success Factors:

- Pioneer in Tanzania in setting up a foam production plant.

- Successfully continuing operations in same product line for over 45 years.
- Established brand name across the country.
- Established and committed network of dealers countrywide.
- Committed team of skilled and technical manpower.
- Excellent relationship management with suppliers, customers, TRA, bankers, employees and all other related parties.
- Continuous research and development of products and addition of new products.

12. **Management Team:**

- **Riyazhusein Somji**, Tanzanian
Chairman of the Board of Directors
Business Administration with Psychology and Finance
Mr Riyaz Somji joined Tanfoam in 2000 as a Project Manager. He got his education in USA and has worked in Zimbabwe and Harare in setting up and running various industries. He has 30 years of industrial experience. His vision in marketing and product differentiation has propelled Tanfoam to new heights.
- **Muslim M Remtula**, Tanzanian
Managing Director
MBA
Mr Muslim Remtula joined Tanfoam Ltd in 1967 as a trainee. Mr Remtula held various senior positions in the company. He has had formal training in polyurethane technology and has since accumulated over 44 years of experience in the industry. Mr Remtula joined the board of directors in 1990.
- **R. Balasubramaniam**
Group General Manager, Board of Directors
BCom, Chartered Accountant, Cost Accountant
Mr Bala joined Tanfoam in 2005 as a General Manager. He has over 22 years experience in financial analysis and general management in various manufacturing industries.
- **Mumtaz Ladak**
General Manager
BA Administration
Mrs Ladak joined Tanfoam in 2011 as a General Manager. She has over 20 years of experience in managing and operating companies in New York and Orlando.
- **Kazim Lalji**
Assistant General Manager and Finance Manager
BSc Finance with Information Systems
Mr Kazim joined Tanfoam in 2011. He received his education in USA. He has 6 years of experience in finance and tax management

➤ **Jennifer Mwangangi**

Marketing Manager

Mrs. Jennifer joined Tanfoam in 2007. She is a Kenyan national with an MBA in Marketing from London, England.

➤ **Jimmy Meshack**

Operations Manager

Mr Meshack joined Tanfoam in 1982 as an electrician and has been with the company for 29 years. He has since worked in different departments and was promoted to factory manager in 1995 and eventually to the current post of Operations Manager

We have enclosed and attached what we feel would allow you to review our proposal. However, if you require any other information, please feel free to contact the undersigned.

Sincerely,



For: TANFOAM LIMITED

Mumtaz Ladak

General Manager

Attachments:

1. Registration Form No. 10923, Serial No. 8913 for Certificate of Incentives
2. Details of Capital Investment
3. Board Resolution to register the project with TIC
4. Proforma Invoice from Laderberg
5. Organization Chart of company
6. Certificate of Incorporation
7. Memorandum and Articles of Association
8. Copy of title no. 9560
9. Copy of title no. 5997
10. CRDB Loan facility letter
11. Audited Accounts for years 2009, 2010 and 2011



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director
Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
Tanzania

1. I/We Directors
(director/directors/agent of Tanfoam Limited
(name of business enterprise) apply for registration of our expansion project
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at P.O. Box 13092, Plot No. 4/5, Unga Industrial Area, Tanfoam Rd, Arusha

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
- (ii) Certificate of Incorporation/Registration
- (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
- (iv) Evidence of financing and evidence of land ownership for the project

3. The Head Office of the Company will be situated at Arusha
4. The Principal Officers of the Company are Mrs Muntaz Ladak / Mr R. Balasubramaniam
5. Auditors of the Company are Horwath Tanzania, Member Crowe Horwath International
6. The authorized share capital of the Company is Tshs./US\$ 105,000,000/-

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 3.45 billion
8. The month and day of the financial year end is December 31st

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ 750⁰⁰ Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, Mrs Mumtaz Ladak of Post Office Number 13092

do solemnly and sincerely declare that I am a director/duly authorized agent of Tanfoam Limited


AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, **AND** I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }
 }
 The day of 20..... }

Mumtaz Ladak
 Applicant

Before me:

[Signature]
 Commissioner for Oaths



APPLICATION SUMMARY

Company Name: Tanfoam Limited
Certificate of Incorporation Number: 3751 Status: Limited liability Co.
Certificate of Incorporation Date: Dec. 18, 1965
Post Box: 13092
Town: Arusha
Sector: Manufacturing Sub-Sector: Polyurethane Foam

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>n/a</u>	<u>Tsh 850 mn</u>		<u>Tsh 2.6 billion</u>

Project Objectives: Expansion of production facilities

Capacity: 2000 tons of foam per annum

Employment: Foreign: 5 Local: 145 Total: 150

Implementation Period: 6 months

Project Location

Site/Plot/Block No.: 4/5 Tanfoam Road, Unga

Street: Tanfoam Rd District: Unga Ltd Region: Arusha
(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>VIP Limited</u>	<u>Tanzanian</u>	<u>50%</u>
<u>Rentulla Pirbhai Ltd</u>	<u>Tanzanian</u>	<u>20%</u>
<u>James Rugamalira</u>	<u>Tanzanian</u>	<u>10%</u>
<u>Muslim Mohamedtari Rentulla</u>	<u>Tanzanian</u>	<u>10%</u>
<u>Murtaza Akberali Walji</u>	<u>Tanzanian</u>	<u>10%</u>

Investment Breakdown ~~US\$~~/Tshs.M

Land/Building	400	
Plant	2200	
Vehicles	700	- Delivery trucks
	150	- Staff Cars
Furniture & Fittings		
Pre-expenses	-	
Others	-	
Working Capital	1000	
TOTAL	4450	

Contact Details:

Name:	Mumtaz Ladak	Title:	General Manager
Telephone:	0686 037696	Fax:	2548280
Email:	gm@tafoam.com		

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: SCBLTZTX
ACCOUNT NO.: 8702006002000

SKETCH MAP SHOWING PROJECT LOCATION



3

TICC/PP.10/042420/3

12th April, 2013

Managing Director,
Tanfoam Limited,
P.O. Box 13092,
ARUSHA

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
EXPANSION OF PRODUCTION OF FOAM MATTRESSES, CUSHIONS AND
RELATED PRODUCTS**

We wish to acknowledge receipt of your project proposal to expand production of foam mattresses, cushions and related products as presented in the TIC P.A. 1 Form No. 10923 and Feasibility Study with a projected investment of USD 2.2185m.

We have studied your project proposal and are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997. In order to enable TIC prepare your Certificate of Incentives, You will be required to submit the following:-

- Certified document showing evidence of Land ownership for the location of the project (Title deed to be certified as true copy of original).

You will also be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please make deposit direct to the bank as per bank details below:-

... /2

TICC/PP.10/042420/3

12th April, 2013

*Tanzania Investment Centre
Standard Chartered Bank(T) Ltd
US Dollar A/C 8702006002000
T.Shs A/C 0102006002000*

We wish you every success in the implementation of the project.

Yours sincerely,

TANZANIA INVESTMENT CENTRE



A. Kagomba

For: EXECUTIVE DIRECTOR

Copy to: Permanent Secretary,
Ministry of Finance,
P. O. Box 9111,
DAR ES SALAAM

Permanent Secretary,
Ministry of Industry, Trade and Marketing,
P.O. Box 9503,
DAR ES SALAAM

Commissioner General,
Tanzania Revenue Authority,
P. O. Box 11491,
DAR ES SALAAM



TIC Evaluation Report

Name of the Company

Tanfoam Limited

Post Box	Tanfoam Road, Plot No. 4/5, Unga Ltd.	COI Number	3751	Contact	Mr. Mumtaz Ladak
Post Office	13092	COI Date	18/12/96	Designation	General Manager
Region	Arusha	Application F. No	10923	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0686 037 696
		Sub Sector	Polyurethane Foam	Fax	0
		File No	042420	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot No. 4/5, Unga Limited Area	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Tanfoam Road	0	0.5935	0	1.625
District	Arusha				
Region	Arusha				

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.25
Murtaza Akberali Walji	Tanzanian	10	Plant	1.375
Muslim Mohamedtaki Remtulla	Tanzanian	10	Vehicles	0.531
James Rugamalira	Tanzanian	10	Furniture & Fittings	0
Remtulla Pirbhai Ltd.	Tanzanian	20	Pre-expenses	0
VIP Limited	Tanzanian	50	Others	0
			Working Capital	0.0625
			Total	2.2185

Employment	150	Evaluated By	,wf officer4
Capacity	2000 tons of foam pa.	Drawn By	wf registry1
Project Turn Over		Project Type	Local

Description

To expand production of foam mattresses, cushions and related products

Recommendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

Decision

Approved

*Ag Ex D
309/09/13*

Unclaimed refund beyond three years will be forfeited



4

TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC010993

No. 005262

Received from : TANFOAM LIMITED

Address Plot No 4/5 Unga Industrial Area, P. O. Box 13092, ARUSHA.

Received the sum of (In words): SEVEN HUNDRED FIFTY AND ZERO CENTS ONLY

Being payment in respect of : CERTIFICATE OF INCENTIVES



Amount : USD 750.00

Cash / Cheque No: 611828 of 11/04
Date : 17-Apr-2013

B. Uisso

Receiving Officer

Unclaimed refund beyond three years will be forfeited



TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC010994

No. 005263

Received from : **TANFOAM LIMITED**

Address **Plot No.4/5 Unga Industrial Area, P. O. Box 13092, ARUSHA.**

Received the sum of (In words): **TWO HUNDRED FIFTY AND ZERO CENTS ONLY**

Being payment in respect of : **CERTIFICATE OF INCENTIVES**


Amount : **USD 250.00**

Cash / Cheque No: **611828 of 11/04/
17-Apr-2013**

Date :


BUisso

Receiving Officer

TITLE No. 9560
REGISTERED 20.3.54
at 11/2

Asst Registrar of Titles



TANGANYIKA
Stamp Duty Shillings 4/- paid and
Revenue Receipt No. 94161 of 21.7.53
Issued 
Asst. Registrar-General

TANGANYIKA
Stamp Ordinance
Section 19
DUTY DENIED
Sta. 152/1 on
principal instrument

Revenue Authority

CERTIFICATE OF OCCUPANCY

The Nineteenth day of March
One thousand nine hundred and fifty-four.

Plot 4/AA Arusha TITLE NO. 9560

THIS IS TO CERTIFY that REMTULA PIRBHAI, GULAMAEBAS PIRBHAI, FIDAHUSEIN REMTULA PIRBHAI, MOHAMEDTAKI REMTULA PIRBHAI and MOHAMEDALI REMTULA PIRBHAI all of Arusha (hereinafter called "the Occupiers") are entitled as tenants in common in equal shares to a Right of Occupancy in and over the land described in the Schedule hereto (hereinafter called "the said land") and more particularly delineated on the plan annexed hereto for a term of Ninety-nine years from the Twelfth day of September One thousand nine hundred and fifty-three according to the true intent and meaning of the Land Ordinance and subject to the provisions thereof and to any regulations made thereunder and any enactment in substitution therefor or amendment thereof and to the following special terms and conditions, viz.:-

1. The Occupiers shall pay during the said term the rent of Shillings Five hundred and fifty (Shs. 550/-) to be paid yearly in advance without any deduction on the Twelfth day of September in each year during the said

Right of Occupancy and shall also be subject to revision or further revision after the expiration of every subsequent period of Twenty years throughout the term of the said Right of Occupancy provided that such revision may take place only within Five years after the above mentioned revision dates.

2. The Occupiers undertake:-

- (i) To erect buildings on the said land of a value of not less than Shillings Forty thousand (Shs.40,000/-),
- (ii) Within a period of Six months from the date of commencement of the said Right of Occupancy to submit to the Township Authority, Arusha (hereinafter called "the said Authority") such plans of the proposed buildings (including block plans showing the position of the buildings) drawings elevations and specifications thereof as will satisfy the said Authority and as will ensure compliance with the building covenant contained in subparagraph (i) supra. Such plans and specifications shall be submitted in triplicate.
- (iii) To commence building operations within a period of Three months from the date of notification by the said Authority of approval of the plans and specifications, such buildings to conform to a building line decided upon by the said Authority.
- (iv) To complete the buildings according to the said plans and specifications so that the said buildings are ready for use and occupation within a period of Twenty-four months from the date of commencement of the said Right of Occupancy.
- (v) At all times after the expiration of the period mentioned in the last preceding subparagraph to have on the said land approved buildings of the type and specifications hereinbefore referred to and to maintain the same in good order and repair to the satisfaction of the said Authority.
- (vi) Not to erect nor commence to erect on the said land any building of any kind whatsoever except in accordance with building plans and specifications which shall have been approved by the said Authority as hereinbefore provided.

3. No transfer of the said Right of Occupancy will receive consent until the foregoing covenants have been complied with except in special circumstances of which the Governor shall be the sole judge.

4. The Occupiers shall not at any time subdivide the said land nor assign sublet or otherwise dispose of the whole or any portion thereof nor of the buildings

to be erected thereon without the previous consent of the Governor.

5. The said land shall be used solely for one or more of the purposes of manufacture, construction, assembly, repair, processing and storage of offensive goods and articles approved by the said Authority.

6. Adequate arrangements shall be made by the Occupiers to the satisfaction of the said Authority for water supply, drainage and disposal of trade refuse and effluent.

7. All buildings on the said land shall be rendered rat-proof and maintained in such condition and the Occupiers shall carry out such measures as the Medical Officer of Health for the said Authority shall require for such purpose.

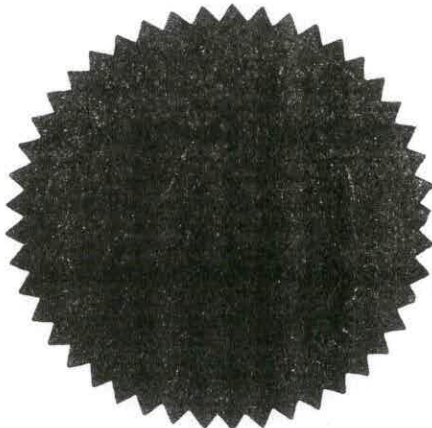
8. The Occupiers shall provide and maintain on the said land such ablution facilities and take and maintain such hygienic measures as may be required by the said Authority.

9. Failure to comply with any of the terms or conditions herein contained will be deemed to constitute good cause for revocation of the said Right of Occupancy.

THE SCHEDULE HEREINAFORE REFERRED TO:

ALL THAT piece or parcel of land known as Plot No.4, Block "AA", Industrial Area situate at Arusha Township containing Forty thousand three hundred and eighty-three (40,383) square feet as delineated on Survey Plan No. D^B 79 annexed hereto and thereon edged in red.
6440

GIVEN under my hand and seal and by Order of the Governor the day and year first above written.



E. Akunda

Acting LAND OFFICER.

We the within named REMTULA PIRBHAI, GULAMABRAS PIRBHAI, FIDAHUSEIN REMTULA PIRBHAI, MOHAMEDTAKI REMTULA PIRBHAI and MOHAMEDALI REMTULA PIRBHAI hereby jointly and severally accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SIGNED and DELIVERED by the said REMTULA PIRBHAI who is able to read and write the language in which the within written document is written this 5th day of March 1954, in my presence:-

*Amir ul-
adboan
Amir*

Remtula Pirbhai

SIGNED and DELIVERED by the said GULAMABRAS PIRBHAI who is able to read and write the language in which the within written document is written this 5th day of March 1954, in my presence:-

*Amir ul-
adboan
Amir*

G. A. P. Pirbhai

SIGNED and DELIVERED by the said FIDAHUSEIN REMTULA PIRBHAI who is able to read and write the language in which the within written document is written this 5th day of March 1954, in my presence:-

*Amir ul-
adboan
Amir*

Fidahusein Remtula

SIGNED and DELIVERED by
the said MOHAMEDTAKI
RENTULA PIRBHAI who is
able to read and write
the language in which
the within written
document is written this
5th day of
Raid 1954,
in my presence:-

*Amir Jafar
advocate
Amir*

SIGNED and DELIVERED by
the said MOHAMEDALI
RENTULA PIRBHAI in
Gujerati characters
this 5th
day of Raid 1954,
in my presence, it having
been first interpreted
and explained to him
when he appeared
perfectly to understand
its contents:-

*Amir Jafar
advocate
Amir*

*Mohamedtaki Rentula
Pirbhai*

મહેમદાલી રેન્ટુલા પીરબહાઈ

Mohamedali Rentula Pirbhai

NOTICE OF DEPOSIT

No. 19602 Deposited 2-8-55 at 3.16 m
By BARCLAYS BANK D.C.O.
To

Amir Registrar of Titles

Certified true copy of the Original

J. O. Johnson

Jamhuri J. O. Johnson
Advocate, Notary Public &
Commissioner for Oaths.

CHANGE OF OWNERSHIP
OF 1/5 SHARE.

No. 45605 Registered 18.1.66 at 12.30pm

T. GULAMABBAS PIRBHAI, and
RUBABBAI MOHAMEDTAKI RENTULLA.
As legal personal representatives of
Mohamedtaki Rentulla, deceased.

Amir Jafar

Amir Registrar of Titles

CERTIFICATE OF TITLE

PART I: DESCRIPTION OF THE LAND

District: <u>Arusha</u> Area: <u>Arusha District</u> Situation: <u>Arusha District</u> Total Extent: <u>1/2 Acre</u> Rent: <u>250/- p.a.</u>	Covenants and Conditions, Easements, etc. The Estate of the Registered Owner is subject to— The covenants and conditions contained in the Certificates of Occupancy (Filed Document Number <u>5/3, 9, 20</u>)	TITLE NUMBER <u>45563-72</u> Nature of Estate RIGHT OF OCCUPAN
--	--	--

PART II: OWNERSHIP

PART III: INCUMBRANCES

Date of Registration	Filed Document Number	Name and Postal Address of Registered Owner	Consideration or Declared Value	Initials of Registrar	Date of Registration	Filed Document Number	Nature of Incumbrance	Further Particulars
		<u>FD 63</u> RENTULA PIIBLAI	<u>1/2 share</u>	Sh. [Signature] [Signature]	<u>8-5-69</u>	<u>53073</u>	NOTICE OF WITHDRAWAL	
		RENTULA PIIBLAI	<u>1/2 share</u>		<u>2-9-55</u>	<u>14602</u>	DEPOSIT OF BARCLAYS BANK	
		RENTULA PIIBLAI	<u>1/2 share</u>		<u>8-5-69</u>	<u>53073</u>	CHANGE OF NAME TO THE NATIONAL BANK OF COMMERCIAL BANK	
		RENTULA PIIBLAI	<u>1/2 share</u>		<u>8-5-69</u>	<u>53072</u>	14602	
		RENTULA PIIBLAI	<u>1/2 share</u>		<u>15-2-76</u>	<u>2277</u>	NOTICE OF WITHDRAWAL	
		RENTULA PIIBLAI	<u>1/2 share</u>		<u>8-5-69</u>	<u>53077</u>	DEPOSIT THE NATIONAL BANK OF COMMERCIAL	
		RENTULA PIIBLAI	<u>1/2 share</u>		<u>20-10-73</u>		INCUMBRANCE Sec. 11(1)	The estate of the registered owner is or may be subject to a charge for estate duty on the estate of Rentula Piiblai, deceased.
		RENTULA PIIBLAI	<u>1/2 share</u>					
		RENTULA PIIBLAI	<u>1/2 share</u>					
<u>15-11-67</u>	<u>49544</u>	<u>MUGLIM MOHAMEDTANI REMTULA 1/2 SHARE</u>		[Signature]				
<u>20-10-73</u>	<u>63</u>	<u>FIDAHUSEIN REMTULA 1/2 of P.O. Box 18, Arusha</u>		[Signature]				
<u>1-3-74</u>	<u>245</u>	<u>TANFOAM LIMITED of P.O. Box 18, ARUSHA</u>	<u>500,000/-</u>	[Signature]				

TANZANIA

CERTIFICATE OF OCCUPANCY

(Issued under Section 9 of the Land Ordinance)

Date of Issue:

Title Number: **5997** LAND REGISTRY - 1100/11

Land Office Number: **42912**

Land: **Plot No. 39** Block 'AA' Arusha Township.

Term: **Ninety nine years.**

I certify that is true copy for the org

[Handwritten Signature]



TITLE No. _____
REGISTERED ON
10-4-1989
at 8.50 a.m.



W. M. M. M.
Asst. Registrar of Titles

L.O.NO. 41912

LD.NO. 81170

CERTIFICATE OF OCCUPANCY

The 29th day of June
One thousand nine hundred and seventy ~~eight~~ nine

TITLE NO. 5997 LAND REGISTRY - MOSHI

THIS IS TO CERTIFY that TANFOAM LIMITED a limited liability company having its registered office at Flaviana Building Boma Road OF P.O. BOX 18 ARUSHA (hereinafter called "the Occupier") is entitled to a Right of Occupancy (hereinafter called "the Right") in and over the land described in the Schedule hereto (hereinafter called "the Land") for a term of ninety nine years from the first day of April One thousand nine hundred and seventy six according to the true intent and meaning of the Land Ordinance and subject to the provisions thereof and to any regulations made thereunder and to any enactment in sub-stitution therefor or amendment thereof and to the following special conditions:-

1. The Occupier having paid rent up to the thirtieth day of June, 1977, shall thereafter pay rent of shillings four thousand nine hundred (Shs. 4,900/=) a year in advance on the first day of July in every year of the term without any deduction PROVIDED that the rent may be revised by the Minister for the time being responsible for Lands (hereinafter called "the Minister") on the first day of July in each of the years 1986, 1996, 2006, 2016, 2026, 2036, 2046, 2056 and 2066 or within three years thereafter in each case.

2. The Occupier shall:-

(i) Erect on the land buildings (hereinafter called "the buildings") in permanent materials designed for use in accordance with the conditions of the Right and which conform to the building line (if any) decided by the Arusha District Development Council (hereinafter called "the Authority");

(ii) By the thirtieth day of September 1976, submit to the Authority such plans for the buildings (including block plans showing the position of the buildings) and such drawings, elevations and specifications of them as will satisfy the Authority and as are in accordance with the buildings condition in sub-paragraph (i) above which said plans and specifications shall be submitted in triplicate;

(iii) Within six months from the date of notification by the Authority of approval of the plans and specifications referred to in sub-paragraph (ii) above begin building on the land in accordance with such plans and specifications;

I certify that this is the correct copy



Stamp Duty Shs. <u>20/=</u> Paid
and Revenue Receipt No. <u>90278</u>
of <u>31-5-76</u> issued.
<i>W. M. M. M.</i> Asst. Registrar of Titles

Stamp Duty Shs. <u>160/=</u> Paid
on Original Revenue Receipt No. <u>90278</u> of <u>31-5-76</u>
<i>W. M. M. M.</i> Asst. Registrar of Titles

- (iv) Complete the buildings according to the plans and specifications so that they are ready for use and occupation by the thirty first day of March, 1979.
- (v) At all times during the term after the thirty first day of March, 1979 have on the land existing buildings approved by the Authority and maintain them in good order and repair to the satisfaction of the Director of Land Development Services (hereinafter called "the Director");
- (vi) Not erect or commence to erect on the land any building except in accordance with building plans and specifications which shall have been first approved by the Authority as hereinbefore provided;
- (vii) Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the Occupier's expenses as assessed by the Director of Surveys and Mapping.

Approval of plans of any building by the Authority shall not imply that the construction of such a building will satisfy the Occupier's obligation under the conditions of the Right and shall not imply waiver or modification of any condition in the Right.

3. - (1) The Occupier shall not subdivide the land or assign, sublet or otherwise dispose of or deal with the whole or any part of it or of any building on it without the previous written consent of the Director.

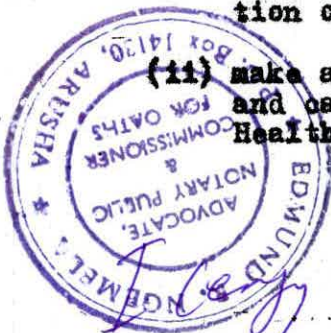
(ii) Occupation or use of the whole or any part of the land or buildings on it by any person other than the occupier or his employees agents or contractors shall be deemed a dealing with the land or buildings.

4. The Director shall have an absolute discretion to give or withhold consent under condition 3. Any dealing or agreement (other than a mortgage or charge) entered into before compliance with condition 2(iv) will not receive consent except in special circumstances of which the Director shall be the sole judge.

5. The Occupier shall further:-

(1) make and maintain on the land throughout the term adequate arrangements for water supply, drainage and disposal of trade refuse and effluent to the satisfaction of the Authority;

(ii) make and keep all the buildings on the land rat-proof and carry out such measures as the Medical Officer of Health for the Authority may require for this purpose;



.....3/-

Handwritten signature and text:
This is true copy from the
Original
[Signature]

BLOCK AA
ARUSHA TOWNSHIP



Area of plots 39 - 51 = 49430 Sq. ft.

L.O. NO. 4912

I certify that the copy is true and correct



0579/B

This plan, prepared in accordance with Registered plan No. 9779 is approved for the purposes of the Land Registration Ordinance. Date: 22/6/77
Director of Surveys and Mapping, Ministry of Lands, Housing and Urban Development, Dar es Salaam.

The issue of this plan implies no guarantee or admission of title by the Government

(iii) provide and maintain on the land such ablution facilities and take and maintain such hygienic measures as may be required by the said Medical Officer of Health.

6. The Occupier shall pay to the Minister on demand made by the Director on his behalf:-

- (i) any further fees or stamp duties which may be discovered to be payable by the occupier in connection with the Right;
- (ii) an amount equal to any contribution in lieu or rates which may be payable by Government for the land during the term of the Right;
- (iii) such sum as the Director shall assess as a proper share payable for the land of the cost of making up the road or improvement of same upon which the land fronts, abuts or adjoins, whether such demand is made before, during or after such making or improvement thereof. This condition does not oblige the Government to make or improve roads.

7. The buildings erected or to be erected on the land thereon shall be used for Service Industrial, Use Group 'M' use class 'c' as defined in the Town and Country Planning (Use Classes) Regulations, 1960.

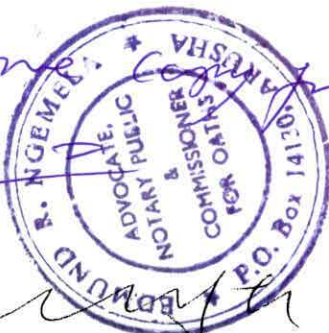

8. The President may revoke the Right for good cause and in public interest.

SCHEDULE

ALL that land known as Plot No. 39 - 51 Block "AA" Arusha Township containing forty nine thousand four hundred and thirty (49,430) square feet shown for identification only edged on the plan attached to this Certificate and defined on registered survey plan numbered 9779 deposited at the Office of the Director of Surveys at Dar es Salaam.

GIVEN under my hand and seal and by Order of the Minister the day and year first above written.

I certify that is true copy
only



DIRECTOR OF LAND DEVELOPMENT SERVICES

The within-named TANFOAM LIMITED hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SEALED with the COMMON SEAL of the said TANFOAM LIMITED and delivered in the presence of us this 21st

day of

May 1979

Signature: *M. M. Remulla*

MUSLIM M. T. REMULLA

Postal Address: P.O. Box 18, ARUSHA.

Qualification: DIRECTOR

Signature: *Robert P. ...*

Postal Address: P.O. Box 180

Arusha

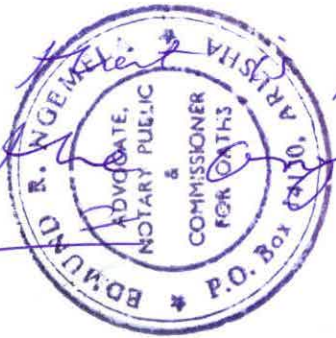
Qualification: *Company*

Robert P. ...

NOTE

In the documents above referred to "Commissioner for Lands" and "Director for Surveys and Mapping" should be read and construed as a reference to the "Director of Land Development Services" and "Director of Surveys and Mapping" respectively.

I certify that this is a true copy
per
[Signature]





00219869 S

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042420

This is to certify that

TANFOAM LIMITED

of address P.O. BOX 13092

ARUSHA

has been granted a Certificate of Incentives to invest in ~~XXXXXX~~ rehabilitation/expansion
~~XXXXXX~~ of the enterprise known as

TANFOAM LIMITED

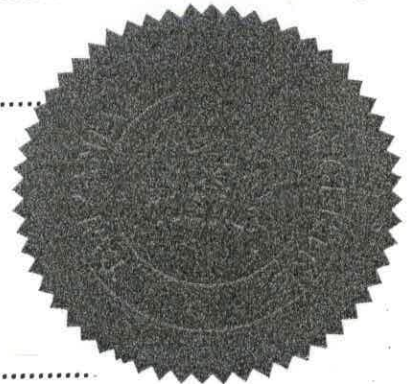
Which is located at PLOT NO. 4 INDUSTRIAL AREA & PLOT NO. 39-51

BLOCK AA, ARUSHA TOWNSHIP - ARUSHA

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

Executive Director

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



Dated 6TH MAY 2013

This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders

Shareholders	Nationality	Shareholding (%)
Murtaza Akberali Walji	Tanzanian	10
Muslim M. Remtulla	Tanzanian	10
James Rugamalira	Tanzanian	10
Remtulla Pirbhai Ltd.	Tanzanian	20
Variety Industrial Products Ltd.	Tanzanian	50
2. Proposed Activities : **To expand production of foam mattress cushions and related products**
3. Sector: **Manufacturing** Subsector: **Polyurethane Foam**
4. Investment cost: Foreign **-** Local **USD 2.2185m.** Total **USD 2.2185m.**
5. Project Financing: Equity **USD 0.5935m** Loans **USD 1.625m.** Total **USD 2.2185m.**
6. Source, terms and conditions of loan.....
7. Assets to be invested:

Capital items:	Foreign	Local	Total
	-	USD 2.2185m.	USD 2.2185m.
8. Technology Agreement **None**
9. Date of TIC Registration: **12th April 2013**
10. Implementation period **April 2013 - March 2016**
11. Operative date..... **April 2016**
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 - (i) Applicable Import Duty **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**
 - (ii) Applicable with-holding Tax **As per Income Tax Act, 2004 (as amended)**
 - (iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed 
Executive Director

TANFOAM LIMITED
P.O. Box 13092
Plot 4, Tanfoam Road
Industrial Area
Arusha Tanzania

Tel: Office 255 27 2507416 / 2502006
2507563 / 2507557 / 2503983
Fax: 255 27 2548280 Email: info@tanfoam.co.tz
Website: www.tanfoam.com



Commissioner of Customs & Excise
Tanzania Revenue Authority,
P.O. Box 9053,
DAR ES SALAAM

16th August 2013

UFS
Executive Director,
Tanzania Investment Centre,
P.o. Box 938,
DAR ES SALAAM



Received on
20/8/13
Mr
TRA/TIC

Dear Sir,

**RE: DUTY & VAT EXEMPTION ON CAPITAL/ DEEMED CAPITAL GOODS FOR
CERTIFICATE OF INCENTIVES NO: 042420**

We are TIC approved project with certificate of incentives No; 042420
Which is valid up to April 2016.

The Company has been registered with objectives of expansion of production facilities to
produce foam and related auxiliary products.

Attached herewith please find a list of Capital/ Deemed Capital Goods for Duty/ VAT
exemption approved.

Yours sincerely

for General Manager



00219869

verified with copy of the original
Signature
Date 08/5/2013
For: Executive Director
Tanzania Investment Centre

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042420

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TANFOAM LIMITED

of address P.O. BOX 13092

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~~XXXXXX~~ of the enterprise known as

TANFOAM LIMITED

Which is located at PLOT NO. 4 INDUSTRIAL AREA & PLOT NO. 39-51

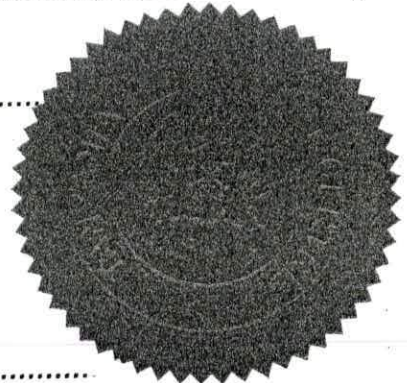
BLOCK AA, ARUSHA TOWNSHIP - ARUSHA

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

Executive Director

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

Dated 6TH MAY 2013



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders
- | Shareholders | Nationality | Shareholding (%) |
|----------------------------------|-------------|------------------|
| Murtaza Akberali Walji | Tanzanian | 10 |
| Muslim M. Remtulla | Tanzanian | 10 |
| James Rugamalira | Tanzanian | 10 |
| Remtulla Pirbhai Ltd. | Tanzanian | 20 |
| Variety Industrial Products Ltd. | Tanzanian | 50 |
2. Proposed Activities: **To expand production of foam mattress cushions and related products**
3. Sector: **Manufacturing** Subsector: **Polyurethane Foam**
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6. Source, terms and conditions of loan.
7. Assets to be invested:
- | Capital items: | Foreign | Local | Total |
|----------------|----------|---------------------|---------------------|
| | — | USD 2.2185m. | USD 2.2185m. |
8. Technology Agreement **None**
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 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate **Finished goods are not allowed under this Certificate**

Signed 
Executive Director

TIN: 0026289



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 3A(4) OF THE INCOME TAX ACT NO. 33 OF 1973)
AS AMMENDED BY THE FINANCIAL LAWS (MISCELLANEOUS AMENDMENTS) 2000

THIS IS TO CERTIFY THAT

TANFOAM LIMITED

.....

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

100-230-550

.....

with effect from 11/10/1998

.....

OFFICIAL SEAL


H. M. Kitilya
COMMISSIONER FOR INCOME TAX

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

EXCEL FORMAT (IN THE SOFT COPY) - CD

A) Type the List in the Excel Format

NO:	ITEM NAME	UNIT MEASUREMENT	QTY	ITEM GROUP	ITEM PRICE	TIN	EXEMPTION REFERENCE No:	EXEMPTION DATE
1.	Foaming Machine and parts	assembly	1	Plant & Machinery				
2.	Generator with its parts	assembly	3	Equipment				
3.	Compressor with its parts	assembly	2	Equipment				
4.	Tape Edge Machine	assembly	3	Plant & Machinery				
5.	Fork Lift with its accessories	unit	1	Equipment				
6.	Cutting Machine and parts	unit	2	Plant & Machinery				
7.	Trucks -(30 tons)	unit	2	Vehicle				
8.	Trucks - (18 tons)	unit	3	Vehicle				
9.	Trucks - (8 tons)	unit	5	Vehicle				
10.	MiniVan (Staff bus)	unit	1	Vehicle				
11.	4WD - Hardtop	unit	2	Vehicle				
12.	Conveyor System	assembly	2	Plant & Machinery				
13.	PreBuilt Steel Structure	Assembly	3	Plant				
14.								
15.								
16.								

Note; Item Group is the classification of the item whether the item is plant & machinery, equipment, building materials, vehicle, furniture, hotel equipment, communication equipment etc

7

TICC/PP.10/042420/7

23/08/2013

Commissioner for Customs & Excise,
Tanzania Revenue Authority,
P.O. Box 9053,
DAR ES SALAAM

Dear Sir,

**RE: DUTY/ VAT REMISSIONS ON CAPITAL/ DEEMED CAPITAL
GOODS – CERTIFICATE OF INCENTIVES No: 042420**

M/S Tanfoam Limited is a TIC registered company with certificate of incentives **No. 042420** which is valid up to **March 2016**

The company has been registered with objectives of expanding production of foam mattress, cushions and related products.

Attached herewith please find a list of Capital/ Deemed Capital Goods for Duty/ VAT remissions approval.

Yours sincerely

TANZANIA INVESTMENT CENTRE


N.A. Senzia

FOR: EXECUTIVE DIRECTOR

TANFOAM LIMITED
P.O. Box 13062
Plot 4, Tanfoam Road
Industrial Area
Arusha Tanzania

Tel. Office 255 27 2507416 / 2502006
2507563 / 2507557 / 2503983
Fax 255 27 2548280 Email: info@tanfoam.co.tz
Website: www.tanfoam.com



9

October 3, 2013

Our Ref. No: TFL/0200/10/2013

The Commissioner for Customs & Excise
Tanzania Revenue Authority
Dar es Salaam.

Executive Director
Tanzania Investment Centre
Dar es Salaam

**RE: APPEAL OF DELETED DUTY/VAT EXEMPTION ON DEEMED CAPITAL GOODS CERT. OF INCENTIVE
NO. 042420 OF 6TH MAY 2013 TIN NO. 100-230-550 TANFOAM LTD – ARUSHA**

Your approval letter No. TRA/CE/C/P.20/08 of 30/08/2013 on the above headed subject refers.

We have received the letter of approval with attached list of approved capital/deemed, capital goods on 30/09/2013, hence late submission of this appeal.

We had applied for exemption for 13 various items including machineries and trucks but five 8-ton semi-heavy duty trucks and 1 staff bus have been deleted. We are appealing consideration of approval of these semi heavy 8 ton trucks for the following reasons:-

1. We had already submitted details overview and profile of the company upon submission of our application but we are only enlightening in summary of to why the semi duty trucks are of paramount important to the whole cycle of production, marketing, distribution and sales of our products of mattresses and bedding products we manufacture.
2. We have been in this trade since 1965, distributing mattresses and bedding products all over the country.
3. We are now upgrading plant machineries to sustain industry standards and support volume growth of 5-7% which has been consistent for the past 5yrs.
4. We are registered and manufacturing at Arusha being the only industry among 5 of our competitors in the same line of industry based in upcountry.
5. We have been able to maintain our high quality consistently over all these years actively pursuing new ideas and production development through researches by our team and able to have modern products which we need to maintain.

Godoro bora... Chaguo la kwanza
Alinunua Babu... mpaka Miukuu analitumia!

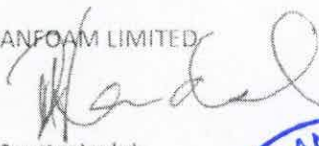
6. Since 2012 our turnover has been 14 billion and we are intending to increase to 18 billion by end of 2013 with these new machineries and other equipment we are introducing.
7. Please note, the heavy duty 30 & 18 ton trucks are for transporting of raw materials which are in most cases very high density hence ideal for that, but our products we manufacture are light and we intend to reach districts centre all over the country and go beyond borders to neighboring countries as exports. This can only be done by semi heavy 8 ton trucks for distribution efficiently and effectively at minimum costs.

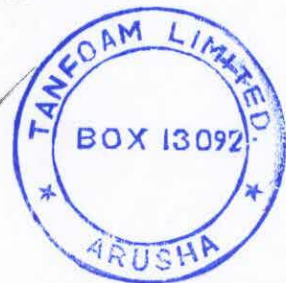
In that respect therefore we again appeal for approval these semi heavy trucks.

We will appreciate your esteemed office to reconsider our application and approve these items to complete this cycle of business process and maximize our profit to remain in uplifting competition of these products and sustain it for decades.

Sincerely yours

TANFOAM LIMITED

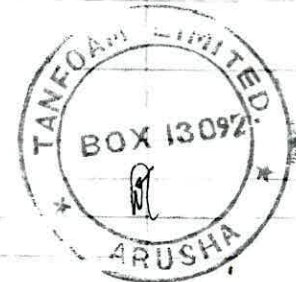

Mumtaz Ladak
General Manager



EXCEL FORMAT (IN THE SOFT COPY) CD

A) Type the List in the Excel Format

NO:	ITEM NAME	UNIT MEASUREMENT	QTY	ITEM GROUP	ITEM PRICE	TIN	EXEMPTION REFERENCE No:	EXEMPTION DATE
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2.	Generator with its parts	assembly	3	Equipment				
3.	Compressor with its parts	assembly	2	Equipment				
4.	Tape Edge Machine	assembly	3	Plant & Machinery				
5.	Fork Lift with its accessories	unit	1	Equipment				
6.	Cutting Machine and parts	unit	2	Plant & Machinery				
7.	Trucks (30 tons)	unit	2	Vehicle				
8.	Trucks (18 tons)	unit	3	Vehicle				
9.	Trucks (8 tons)	unit	5	Vehicle				
10.	MiniVan (Staff bus)	unit	1	Vehicle				
11.	4WD - Hardtop	unit	2	Vehicle				
12.	Conveyor System	assembly	2	Plant & Machinery				
13.	PreBuilt Structure	Steel Assembly	3	Plant				
14.								
15.								
16.								



Note: Item Group is the classification of the item whether the item is plant & machinery, equipment, building materials, vehicle, furniture, hotel equipment, communication equipment etc

This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—


1. Shareholders

	Nationality	Shareholding (%)
Murtaza Akberali Walji	Tanzanian	10
Muslim M. Remtulla	Tanzanian	10
James Rugamalira	Tanzanian	10
Remtulla Pirbhai Ltd.	Tanzanian	20
Variety Industrial Products Ltd.	Tanzanian	50
2. Proposed Activities: **To expand production of foam mattress cushions and related products**
3. Sector: **Manufacturing** Subsector: **Polyurethane Foam**
4. Investment cost: Foreign **-** Local **USD 2.2185m.** Total **USD 2.2185m.**
5. Project Financing:

Equity	USD 0.5935m.	Loans	USD 1.625m.	Total	USD 2.2185m.
--------	---------------------	-------	--------------------	-------	---------------------
6. Source, terms and conditions of loan
7. Assets to be invested:

Capital items:	Foreign	Local	Total
	-	USD 2.2185m.	USD 2.2185m.
8. Technology Agreement: **None**
9. Date of TIC Registration: **12th April 2013**
10. Implementation period: **April 2013 - March 2016**
11. Operative date: **April 2016**
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997

(i) Applicable Import Duty	And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
(ii) Applicable with-holding Tax	As per Income Tax Act, 2004 (as amended)
(iii) Eligibility of Capital Allowances	As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
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 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate: **Finished goods are not allowed under this Certificate**

Signed  Executive Director



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION
FOR
TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 3A(4) OF THE INCOME TAX ACT NO. 33 OF 1973)
AS AMMENDED BY THE FINANCIAL LAWS (MISCELLANEOUS AMENDMENTS) 2000

THIS IS TO CERTIFY THAT

TANFOAM LIMITED
.....

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

100-230-550
.....

with effect from 11/10/1998
.....

OFFICIAL SEAL


H. M. Kitillya
COMMISSIONER FOR INCOME TAX

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

TANFOAM LIMITED
P.O. Box 13002
Plot 4, Tanfoam Road
Industrial Area
Arusha Tanzania

Tel. Office 255 27 2507416 / 2502006
2507563 / 2507557 / 2503983
Fax 255 27 2548280 Email info@tanfoam.co.tz
Website: www.tanfoam.com



October 3, 2013

Our Ref. No: TFL/0200/10/2013

The Commissioner for Customs & Excise
Tanzania Revenue Authority
Dar es Salaam.

Executive Director
Tanzania Investment Centre
Dar es Salaam

RE: APPEAL OF DELETED DUTY/VAT EXEMPTION ON DEEMED CAPITAL GOODS CERT. OF INCENTIVE NO. 042420 OF 6TH MAY 2013 TIN NO. 100-230-550 TANFOAM LTD – ARUSHA

Your approval letter No. TRA/CE/C/P.20/08 of 30/08/2013 on the above headed subject refers.

We have received the letter of approval with attached list of approved capital/deemed, capital goods on 30/09/2013, hence late submission of this appeal.

We had applied for exemption for 13 various items including machineries and trucks but five 8-ton semi-heavy duty trucks and 1 staff bus have been deleted. We are appealing consideration of approval of these semi heavy 8 ton trucks for the following reasons:-

1. We had already submitted details overview and profile of the company upon submission of our application but we are only enlightening in summary of to why the semi duty trucks are of paramount important to the whole cycle of production, marketing, distribution and sales of our products of mattresses and bedding products we manufacture.
2. We have been in this trade since 1965, distributing mattresses and bedding products all over the country.
3. We are now upgrading plant machineries to sustain industry standards and support volume growth of 5-7% which has been consistent for the past 5yrs.
4. We are registered and manufacturing at Arusha being the only industry among 5 of our competitors in the same line of industry based in upcountry.
5. We have been able to maintain our high quality consistently over all these years actively pursuing new ideas and production development through researches by our team and able to have modern products which we need to maintain.

Godoro bora... Chazuo la kwanza
Alinunua Babu... mpaka Mjokuu analitumia!

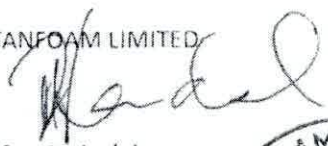
6. Since 2012 our turnover has been 14 billion and we are intending to increase to 18 billion by end of 2013 with these new machineries and other equipment we are introducing.
7. Please note, the heavy duty 30 & 18 ton trucks are for transporting of raw materials which are in most cases very high density hence ideal for that, but our products we manufacture are light and we intend to reach districts centre all over the country and go beyond borders to neighboring countries as exports. This can only be done by semi heavy 8 ton trucks for distribution efficiently and effectively at minimum costs.

In that respect therefore we again appeal for approval these semi heavy trucks.

We will appreciate your esteemed office to reconsider our application and approve these items to complete this cycle of business process and maximize our profit to remain in uplifting competition of these products and sustain it for decades.

Sincerely yours

TANFOAM LIMITED

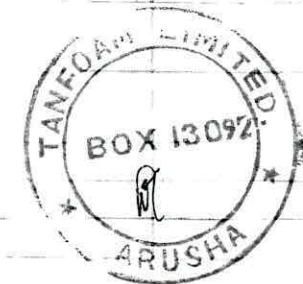

Mumtaz Ladak
General Manager



EXCEL FORMAT (IN THE SOFT COPY) CD

A) Type the List in the Excel Format

NO:	ITEM NAME	UNIT MEASUREMENT	QTY	ITEM GROUP	ITEM PRICE	TIN	EXEMPTION REFERENCE No:	EXEMPTION DATE
1.	Foaming Machine and parts	assembly	1	Plant & Machinery				
2.	Generator with its parts	assembly	3	Equipment				
3.	Compressor with its parts	assembly	2	Equipment				
4.	Tape Edge Machine	assembly	3	Plant & Machinery				
5.	Fork Lift with its accessories	unit	1	Equipment				
6.	Cutting Machine and parts	unit	2	Plant & Machinery				
7.	Trucks (30 tons)	unit	2	Vehicle				
8.	Trucks (18 tons)	unit	3	Vehicle				
9.	Trucks (8 tons)	unit	5	Vehicle				
10.	MiniVan (Staff bus)	unit	1	Vehicle				
11.	4WD - Hardtop	unit	2	Vehicle				
12.	Conveyor System	assembly	2	Plant & Machinery				
13.	PreBuilt Steel Structure	Assembly	3	Plant				
14.								
15.								
16.								



Note: Item Group is the classification of the item whether the item is plant & machinery, equipment, building materials, vehicle, furniture, hotel equipment, communication equipment etc



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 3A(4) OF THE INCOME TAX ACT NO. 33 OF 1973)
AS AMENDED BY THE FINANCIAL LAWS (MISCELLANEOUS AMENDMENTS) 2000

THIS IS TO CERTIFY THAT

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Identification Number

100-230-550

with effect from 11/10/1998

OFFICIAL SEAL

H. M. Kitalya

COMMISSIONER FOR INCOME TAX

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

This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1.	Shareholders	Nationality	Shareholding (%)
	Murtaza Akberali Walji	Tanzanian	10
	Muslim M. Remtulla	Tanzanian	10
	James Rugamalira	Tanzanian	10
	Remtulla Pirbhai Ltd.	Tanzanian	20
	Variety Industrial Products Ltd.	Tanzanian	50
2.	Proposed Activities : To expand production of foam mattress cushions and related products		

3. Sector: **Manufacturing** Subsector: **Polyurethane Foam**

4. Investment cost: Foreign **-** Local **USD 2.2185m.** Total **USD 2.2185m.**

5. Project Financing: Equity **USD 0.5935m.** Loans **USD 1.625m.** Total **USD 2.2185m.**

6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
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8. Technology Agreement **None**

9. Date of TIC Registration: **12th April 2013**

10. Implementation period **April 2013 - March 2016**

11. Operative date **April 2016**

12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997

- (i) Applicable Import Duty **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**
- (ii) Applicable with-holding Tax **As per Income Tax Act, 2004 (as amended)**
- (iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**

13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.

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- (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate

Finished goods are not allowed under this Certificate

Signed 
Executive Director



TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/08/

30th August, 2013

General Manager,
Tanfoam Ltd,
P.O.Box 13092,
ARUSHA.

**RE: DUTY/VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS
CERTIFICATE OF INCENTIVES NO.042420 OF 6th MAY, 2013 TIN: 100-
230-550**

We are writing in response to your letter of 16th August, 2013 as supported by the letter Ref. TICC/PP.10/042420/7 of 23rd August, 2013 from Tanzania Investment Centre, regarding the captioned subject.

We hereby confirm and approve items as per single-page list herewith attached as capital/deemed capital goods for establishment and facilitation of your project with certificate of incentives mentioned above. Please note that the age of the approved motor vehicles at the time of importation should be within the limit specified in the law. You are also advised to take note that the deleted items are not eligible for exemption under the project and locally available items are to be procured locally.

The approved deemed capital items will be granted import duty exemption to the tune of 90% of the amount that the goods would otherwise be liable and VAT will be relieved at the rate of 45% of the amount payable. However, VAT relief will be granted upon completion of form VAT 224 and submit the same for approval to the Commissioner for Customs and Excise for all imported items; and for locally procured items, the forms should be submitted for approval to the Commissioner for Domestic Revenue.

Sincerely yours,

Novat Kaboigora

FOR: COMMISSIONER FOR CUSTOMS AND EXCISE.

DU/

C: C: Manager – Customs Service Centre
C.C: Manager Tax Exemption,
C.C: Manager- TRA Arusha,
C.C: Executive Director,
Tanzania Investment Centre,
DSM.

ISO 9001 : 2008 Certified

CUSTOMS & EXCISE DEPARTMENT

Sokoine Drive, P.O. Box 9053, Dar es Salaam, Tanzania

Tel: +255-22-2117765, or 255-22-2127783/4/6/8 Fax: +255 22 2138878/2135193

March 21, 2013

Executive Director
Tanzania Investment Center
Shabaan Robert Street
P.O.Box 938
Dar-es-Salaam

Re: Application for Registration

Dear Sir / Madam

Please accept our formal application for registration of our expansion project under Tanzania Investment Center.

TANFOAM Limited was established in 1965 and has been continuously manufacturing foam mattresses and bedding products and distributing country wide. At different times the company has upgraded its plant and machinery to meet the industry standards and support volume growth. Our current machinery and equipment is more than 10 years old, purchased from different manufacturers, worldwide. The registered office and manufacturing plant is located in Arusha.

Please find listed below, corporate details, that include company overview, company profile, management structure, etc.

1. **Type of Business:** Manufacturer of Foam Mattresses, Cushions and other related bedding products.
2. **Registered Office:**
 - P.O.Box 13092, Plot 4, Tanfoam Road, Industrial Area, Arusha, Tanzania
3. **Ultimate Parent:**
 - Not Applicable – locally owned
4. **Banker:**
 - CRDB Bank Limited, Azikiwe Street, P.O Box No. 268, Dar-es-Salaam
5. **Land Ownership:**

- The company owns landed property on Plot No. 4/5, Block 'AA', CT No. 055034/5, LO No. 141238; Plot No. 39 to 51 Block 'AA' CT No. 5997, LO No. 41912 in Unga Industrial Area.

6. Company Overview:

- Established in 1965, TANFOAM Limited is one of the leading manufacturers of high quality and high density foam mattresses, cushions and other related products, with registered offices in Arusha, Tanzania. Our products are distributed through our own branches located strategically, countrywide, and operating under our brand name of "Tanfoam Arusha". With our four decades plus experience, TANFOAM Limited, is a pioneer in the foam industry, with the ability to produce high quality and volume of products. Our manufacturing expertise has allowed us to streamline our processes to maximize efficiency and quality standards. We are proud of the fact that we have been able to maintain our high quality consistently, over the years. Our slogan: ... *Alinunua babu ... mpaka mjukuu analitumia*...truly attests to this fact.

As with every growing company, TANFOAM Limited also has a Research and Development team that actively pursues new ideas and product development. Most recently, the company has developed and marketed ChinFiber® pillows, mattress covers, comforters and quilts under the popular brand of Papello®.

- Turnover: In the financial year 2012, we achieved a turnover of Tsh 14 Billion. The company has consistently grown over the last decade. Our sales target for the year 2013 is Tsh 18 Billion and we are confident that we will achieve same, with our new machinery in place.
- Production facility: It is located in Arusha with a total covered area of 9,000 square meters. Currently, our main foaming machinery is purchased from Hennecke, Germany, Europe, 10 years ago. **This machine will be replaced by a state of the art continuous foaming plant, called Maxfoam 5050 from Laaderberg, Norway, Europe. Complete specifications of the plant, and proforma invoice are attached hereto.** This plant itself is costing us USD 1.2mn, which will enable us to expand our production capacity exponentially, which it turn will assist our growth plans for the next decade. Having reached all the regions in the country, **we intend to export to all of the neighboring countries and become regional players in the EAC Market.** All other ancillary machinery and equipment are also imported from reputable global manufacturers. We are adding few more imported ancillary machineries to balance the production to support our continuous growth trend. All our raw materials, including finishing materials are imported from multi-national companies, worldwide.
- Financing of Expansion Program: We have planned to invest:
 - i. Tsh 2.6 Billion on new plant, machineries, delivery trucks and renovation of building.
 - ii. Tsh 700 Million on delivery trucks and 150 Million of staff cars.
 - iii. Tsh 1Billion as additional working capital to support our growth plan.We attach herewith letter from CRDB Bank Limited, sanctioning our above financial request. The term loan from CRDB is payable over 7 years.

- **Number of employees:** The organizational setup of the company is headed by a Board of Directors, supported by highly qualified and experienced professionals. The total number of employees, including factory and branches are approximately 150, with the expectation to hire at least 20 more by the end of 2013.
- **Key Parameters:** TANFOAM Limited Board of Directors is committed to a high level of corporate governance and adoption of ethical business practices, with excellent relationship management with all stakeholders.

7. **Industry:**

- There are five (5) prominent competitors in the industry, including TANFOAM, Limited, namely :
 - i. Quality Foam Ltd.
 - ii. Pan Africa Enterprises, Ltd. (Panafoam)
 - iii. Uniplast Ltd. (Banco)
 - iv. Vitafoam Ltd.

All the above companies have manufacturing facilities located in Dar-es-Salaam, except TANFOAM Limited, which is based in Arusha.
- We have achieved an average turnover growth of 10-15% over the last five (5) years and we can safely assume the industry is growing at a similar rate in Tanzania. The strong growth trend is projected due to:
 - i. Population growth
 - ii. Urbanization
 - iii. Rise of affluency / middle class population
- Because of our high density products, we are distinct and unique in the Tanzanian foam industry. However, even though no other competitor produces and sells our quality, we recognize the following two manufacturers as our main competition:
 - i. Quality Foam Limited
 - ii. Pan Africa Enterprises Limited.
- With the trend in ergonomics and holistic health, Tanfoam Limited is now producing mattresses that support general wellbeing, including orthopedic and back supporting mattresses.

8. **Company Profile:**

- The company operations are run by a General Manager with a team of management professionals that head various departments, including sales, marketing, accounting, administration and production.
- Employees operate the entire foaming production plant and machinery with all finishing equipment to produce high quality and comfortable bedding products.
- Company organization chart, showing internal organization is attached.

- Our sales force is headed by our sales and marketing managers who are also managing our country wide branches.
- Our key suppliers include, but not limited to the following:
 - Bayer
 - ConfortChem
 - Shell / Dow
 - Korea Polyol Company
 - Chintan Limited
- We distribute our products through a network of agents / dealers across the nation, with no single customer constituting more than 5-7% of our sales.
- We deliver our products to dealers locations from our Arusha factory, or from the branch network. We operate our own fleet of delivery vehicles and also outsource transportation when the need arises. We will need to add delivery trucks to our fleet to support our growth.
- Our manufacturing process does not contribute to environmental pollution.
- Our company has operated and maintained a steady growth pattern over the last forty five (45) years, and we are not aware of any known risk that would hinder our existence or growth.
- Tanzania Revenue Authority has recognized and awarded TANFOAM Limited as one of the most compliant tax payers in the region.

9. **Recent Activities:**

- **Establishment of Branches**
Over the past 24 months we have set up 7 branches – across the country – in Shinyanga, Singida, Mwanza, Musoma, Mbeya, Makambako and Dar-es-Salaam . This has resulted in high turnover, higher inventory levels, increase in debtors, increase in administration costs and increase in profitability. We have also added 2 trucks to our fleet to manage the logistics of the increased sales volume. To summarize, our net current assets have increased substantially in the past three years.
- **Devaluation of the Tanzanian shilling**
The annual devaluation of the Tanzanian shilling directly impacts our business, as all of our raw materials are imported and paid for in US Dollars, whereas all of our revenue is in Tanzanian Shillings.

10. **Key Success Factors:**

- Pioneer in Tanzania in setting up a foam production plant.
- Successfully continuing operations in same product line for over 45 years.
- Established brand name across the country.
- Established and committed network of dealers countrywide.
- Committed team of skilled and technical manpower.
- Excellent relationship management with suppliers, customers, TRA, bankers, employees and all other related parties.
- Continuous research and development of products and addition of new products.

11. Management Team:

➤ **Riyazhussein Somji, Tanzanian**

Chairman of the Board of Directors

Business Administration with Psychology and Finance

Mr Riyaz Somji joined Tanfoam in 2000 as a Project Manager. He got his education in USA and has worked in Zimbabwe and Harare in setting up and running various industries. He has 30 years of industrial experience. His vision in marketing and product differentiation has propelled Tanfoam to new heights.

➤ **Muslim M Remtula, Tanzanian**

Managing Director

MBA

Mr Muslim Remtula joined Tanfoam Ltd in 1967 as a trainee. Mr Remtula held various senior positions in the company. He has had formal training in polyurethane technology and has since accumulated over 44 years of experience in the industry. Mr Remtula joined the board of directors in 1990.

➤ **R. Balasubramaniam**

Group General Manager, Board of Directors

BCom, Chartered Accountant, Cost Accountant

Mr Bala joined Tanfoam in 2005 as a General Manager. He has over 22 years experience in financial analysis and general management in various manufacturing industries.

➤ **Mumtaz Ladak**

General Manager

BA Administration

Mrs Ladak joined Tanfoam in 2011 as a General Manager. She has over 20 years of experience in managing and operating companies in New York and Orlando.

➤ **Kazim Lalji**

Assistant General Manager and Finance Manager

BSc Finance with Information Systems

Mr Kazim joined Tanfoam in 2011. He received his education in USA. He has 6 years of experience in finance and tax management

➤ **Jennifer Mwangangi**

Marketing Manager

Mrs. Jennifer joined Tanfoam in 2007. She is a Kenyan national with an MBA in Marketing from London, England.

➤ **Jimmy Meshack**

Operations Manager

Mr Meshack joined Tanfoam in 1982 as an electrician and has been with the company for 29 years. He has since worked in different departments and was promoted to factory manager in 1995 and eventually to the current post of Operations Manager

We have enclosed and attached what we feel would allow you to review our proposal. However, if you require any other information, please feel free to contact the undersigned.

Sincerely,

For: TANFOAM LIMITED
Mumtaz Ladak
General Manager

TICC/PP.10/042420/11

14/11/2013

Commissioner for Customs & Excise,
Tanzania Revenue Authority,
P.O. Box 9053,
DAR ES SALAAM

Dear Sir,

**RE: DUTY/ VAT REMISSIONS ON CAPITAL/ DEEMED CAPITAL
GOODS – CERTIFICATE OF INCENTIVES No: 042420**

M/S Tanfoam Limited is a TIC registered company with certificate of incentives **No. 042420** which is valid up to **March 2016**

The company has been registered with objectives of expanding production of foam mattress, cushions and related products.

The Company is appealing for Utility Vehicles for facilitation of the project and carrying of raw materials and Company's products.

Attached herewith please find a list of **utility vehicles (Trucks)** for Duty/ VAT remissions approval.

Yours sincerely

TANZANIA INVESTMENT CENTRE


N.A. Senzia

FOR: EXECUTIVE DIRECTOR

TANFOAM LIMITED
P.O. Box 13092
Plot 4, Tanfoam Road
Industrial Area
Arusha Tanzania

Tel: Office 255 27 2507416 / 2502006
2507563 / 2507557 / 2503983
Fax: 255 27 2548280 Email: info@tanfoam.co.tz
Website: www.tanfoam.com



November
~~October~~ 3, 2013

Our Ref. No: TFL/0200/10/2013

The Commissioner for Customs & Excise
Tanzania Revenue Authority
Dar es Salaam.

Executive Director
Tanzania Investment Centre
Dar es Salaam



Received on

06/11/2013

M
TRA/TIC

RE: APPEAL OF DELETED DUTY/VAT EXEMPTION ON DEEMED CAPITAL GOODS CERT. OF INCENTIVE NO. 042420 OF 6TH MAY 2013 TIN NO. 100-230-550 TANFOAM LTD – ARUSHA

Your approval letter No. TRA/CE/C/P.20/08 of 30/08/2013 on the above headed subject refers.

We have received the letter of approval with attached list of approved capital/deemed, capital goods on 30/09/2013, hence late submission of this appeal.

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Sincerely yours

TANFOAM LIMITED


MumtazLadak

General Manager ✓



00219869

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042420

This is to certify that

TANFOAM LIMITED

of address P.O. BOX 13092

ARUSHA

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

TANFOAM LIMITED

Which is located at PLOT NO. 4 INDUSTRIAL AREA & PLOT NO. 39-51

BLOCK AA, ARUSHA TOWNSHIP - ARUSHA

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

Executive Director

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



Dated 6TH MAY 2013

This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders

Shareholders	Nationality	Shareholding (%)
Murtaza Akberali Walji	Tanzanian	10
Muslim M. Remtulla	Tanzanian	10
James Rugamalira	Tanzanian	10
Remtulla Pirbhai Ltd.	Tanzanian	20
Variety Industrial Products Ltd.	Tanzanian	50
2. Proposed Activities : **To expand production of foam mattress cushions and related products**
3. Sector: **Manufacturing** Subsector **Polyurethane Foam**
4. Investment cost: Foreign **-** Local **USD 2.2185m.** Total **USD 2.2185m.**
5. Project Financing:

Equity USD 0.5935m	Loans USD 1.625m.	Total USD 2.2185m.
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Capital items:	Foreign	Local	Total
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8. Technology Agreement **None**
9. Date of TIC Registration: **12th April 2013**
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Signed
Executive Director

CTIN.: 0026289



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 3A(4) OF THE INCOME TAX ACT NO. 33 OF 1973)
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has been registered with the Tanzania Revenue
Authority and assigned the Taxpayer
Identification Number

100-230-550

with effect from 11/10/1998

OFFICIAL SEAL

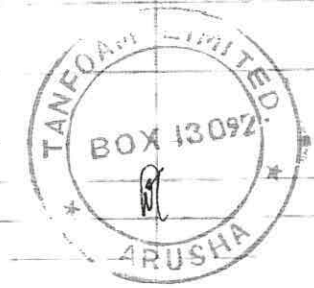

H. M. Kitillya
COMMISSIONER FOR INCOME TAX

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

EXCEL FORMAT (IN THE SOFT COPY) CD

A) Type the List in the Excel Format

NO:	ITEM NAME	UNIT MEASUREMENT	QTY	ITEM GROUP	ITEM PRICE	TIN	EXEMPTION REFERENCE No:	EXEMPTION DATE
1.	Foaming Machine and parts	assembly	1	Plant & Machinery				
2.	Generator with its parts	assembly	3	Equipment				
3.	Compressor with its parts	assembly	2	Equipment				
4.	Tape Edge Machine	assembly	3	Plant & Machinery				
5.	Fork Lift with its accessories	unit	1	Equipment				
6.	Cutting Machine and parts	unit	2	Plant & Machinery				
7.	Trucks -(30 tons)	unit	2	Vehicle				
8.	Trucks - (18 tons)	unit	3	Vehicle				
9.	Trucks (8 tons)	unit	5	Vehicle				
10.	MiniVan (Staff bus)	unit	1	Vehicle				
11.	4WD - Hardtop	unit	2	Vehicle				
12.	Conveyor System	assembly	2	Plant & Machinery				
13.	PreBuilt Steel Structure	Assembly	3	Plant				
14.								
15.								
16.								



Note; Item Group is the classification of the item whether the item is plant & machinery, equipment, building materials, vehicle, furniture, hotel equipment, communication equipment etc

EXCEL FORMAT (IN THE SOFT COPY) – CD

NEW LIST OF CAPITAL DEEMED CAPITAL GOODS

A) Type the List in the Excel Format

NO:	ITEM NAME	QTY
1.	TRUCKS (8 TONS)	5





CRDB BANK PLC
Arusha Branch.
P.O. Box 3150, Arusha
Tel.: +255 (0) 27-2507241/7239
Fax. 027-2547089
Website: <http://www.crdbbank.com>

LOAN FACILITY LETTER

IN FAVOUR OF

TANFOAM LIMITED

P. O. BOX 13092

ARUSHA

Bank.....

Borrower 

Date: 07th December 2012

Dear Customer,

This is to inform you that, the Bank has agreed to grant you the loan facility requested by you of the amount of money stated herein, on terms and conditions provided hereunder.

LOAN AMOUNT:

Type of currency	Tanzanian Shillings
Amount in figures	2,600,000,000.00
Amount in words	Say Tshs Two Billion Six Hundred Million Only

PURPOSE OF THE LOAN

Purchase of Foaming Machine - Maxfoam 5010 from Norway, Installation costs and factory renovation works.

CREDIT PERIOD:

No. of Months **75 (Seventy Five Months)**
Expiry Date **30th March 2019.**

RATE OF INTEREST

The rate of interest shall be **16% (Sixteen percent) per annum** accrued daily on the outstanding balance and charged to the account monthly. The rate of interest agreed herein may be varied at any time and the change of interest shall be communicated to the Borrower individually to his/her last known address or by publication at the Bank's respective branch.

GRACE PERIOD AND PAYMENT OF INTEREST

5.1 The loan shall have a grace period of **15 months** from the date of the first disbursement.

5.2 The interest accrued during the grace period shall be payable on monthly basis as it accrues.

DISBURSEMENT:

The requested loan shall be paid directly to the supplier through Letters of Credit Invoices upon submission to the Bank of a formal request, supported with authenticated proforma invoice(s) satisfactory to the Bank. Based on this the loan will be drawn in tranches as indicated below:

Bank.....

Borrower



S/N	Drawing Amount	Date
1	460,000,000	Dec-12
2	380,000,000	Jan-13
3	276,000,000	Feb-13
4	276,000,000	Aug-13
5	380,000,000	Dec-13
6	276,000,000	Feb-14
7	276,000,000	Aug-14
8	276,000,000 ²	Feb-15
	2,600,000,000	

REPAYMENT SCHEDULE

The loan, inclusive of interest thereon, shall be repaid in monthly instalments as per the following loan repayment schedule:

LOAN REPAYMENT SCHEDULE

Installments	Months	Loan	Principal	Interest	Equal Monthly	Loan Bal.	
Grace period	1	Jan-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	2	Feb-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	3	Mar-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	4	Apr-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	5	May-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	6	Jun-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	7	Jul-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	8	Aug-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	9	Sep-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	10	Oct-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	11	Nov-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	12	Dec-13	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	13	Jan-14	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	14	Feb-14	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
	15	Mar-14	2,600,000,000	0	34,666,667	63,226,949	2,600,000,000
Sub total			0	520,000,000	758,723,382		
	1	Apr-14	2,600,000,000	28,560,282	34,666,667	63,226,949	2,571,439,718
	2	May-14	2,571,439,718	28,941,086	34,285,863	63,226,949	2,542,498,633
	3	Jun-14	2,542,498,633	29,326,967	33,899,982	63,226,949	2,513,171,666
	4	Jul-14	2,513,171,666	29,717,993	33,508,956	63,226,949	2,483,453,673
	5	Aug-14	2,483,453,673	30,114,233	33,112,716	63,226,949	2,453,339,440
	6	Sep-14	2,453,339,440	30,515,756	32,711,193	63,226,949	2,422,823,684
	7	Oct-14	2,422,823,684	30,922,633	32,304,316	63,226,949	2,391,901,051
	8	Nov-14	2,391,901,051	31,334,934	31,892,014	63,226,949	2,360,566,117
	9	Dec-14	2,360,566,117	31,752,734	31,474,215	63,226,949	2,328,813,383
	10	Jan-15	2,328,813,383	32,176,103	31,050,845	63,226,949	2,296,637,280
	11	Feb-15	2,296,637,280	32,605,118	30,621,830	63,226,949	2,264,032,162
	12	Mar-15	2,264,032,162	33,039,853	30,187,095	63,226,949	2,230,992,309
Sub total			369,007,691	389,715,691	758,723,382		
	13	Apr-15	2,230,992,309	33,480,384	29,746,564	63,226,949	2,197,511,924
	14	May-15	2,197,511,924	33,926,790	29,300,159	63,226,949	2,163,585,135
	15	Jun-15	2,163,585,135	34,379,147	28,847,802	63,226,949	2,129,205,988
	16	Jul-15	2,129,205,988	34,837,535	28,389,413	63,226,949	2,094,368,453
	17	Aug-15	2,094,368,453	35,302,036	27,924,913	63,226,949	2,059,066,417
	18	Sep-15	2,059,066,417	35,772,730	27,454,219	63,226,949	2,023,293,687
	19	Oct-15	2,023,293,687	36,249,699	26,977,249	63,226,949	1,987,043,988
	20	Nov-15	1,987,043,988	36,733,029	26,493,920	63,226,949	1,950,310,959

Bank.....

Borrower

21	Dec-15	1,950,310,959	37,222,802	26,004,146	63,226,949	1,913,088,157
22	Jan-16	1,913,088,157	37,719,106	25,507,842	63,226,949	1,875,369,051
23	Feb-16	1,875,369,051	38,222,028	25,004,921	63,226,949	1,837,147,023
24	Mar-16	1,837,147,023	38,731,655	24,495,294	63,226,949	1,798,415,368
Sub total			432,576,941	326,146,441	758,723,382	
25	Apr-16	1,798,415,368	39,248,077	23,978,872	63,226,949	1,759,167,291
26	May-16	1,759,167,291	39,771,385	23,455,564	63,226,949	1,719,395,906
27	Jun-16	1,719,395,906	40,301,670	22,925,279	63,226,949	1,679,094,237
28	Jul-16	1,679,094,237	40,839,025	22,387,923	63,226,949	1,638,255,211
29	Aug-16	1,638,255,211	41,383,546	21,843,403	63,226,949	1,596,871,666
30	Sep-16	1,596,871,666	41,935,326	21,291,622	63,226,949	1,554,936,339
31	Oct-16	1,554,936,339	42,494,464	20,732,485	63,226,949	1,512,441,875
32	Nov-16	1,512,441,875	43,061,057	20,165,892	63,226,949	1,469,380,818
33	Dec-16	1,469,380,818	43,635,204	19,591,744	63,226,949	1,425,745,614
34	Jan-17	1,425,745,614	44,217,007	19,009,942	63,226,949	1,381,528,607
35	Feb-17	1,381,528,607	44,806,567	18,420,381	63,226,949	1,336,722,040
36	Mar-17	1,336,722,040	45,403,988	17,822,961	63,226,949	1,291,318,052
Sub total			507,097,316	251,626,066	758,723,382	
37	Apr-17	1,291,318,052	46,009,374	17,217,574	63,226,949	1,245,308,678
38	May-17	1,245,308,678	46,622,833	16,604,116	63,226,949	1,198,685,845
39	Jun-17	1,198,685,845	47,244,471	15,982,478	63,226,949	1,151,441,374
40	Jul-17	1,151,441,374	47,874,397	15,352,552	63,226,949	1,103,566,977
41	Aug-17	1,103,566,977	48,512,722	14,714,226	63,226,949	1,055,054,255
42	Sep-17	1,055,054,255	49,159,558	14,067,390	63,226,949	1,005,894,697
43	Oct-17	1,005,894,697	49,815,019	13,411,929	63,226,949	956,079,678
	Nov-17	956,079,678	50,479,219	12,747,729	63,226,949	905,600,458
	Dec-17	905,600,458	51,152,276	12,074,673	63,226,949	854,448,183
		854,448,183	51,834,306	11,392,642	63,226,949	802,613,876
		802,613,876	52,525,430	10,701,518	63,226,949	750,088,446
		750,088,446	53,225,769	10,001,179	63,226,949	696,862,677
			594,455,375	164,268,007	758,723,382	
			53,935,446	9,291,502	63,226,949	642,927,231
			54,654,585	8,572,363	63,226,949	588,272,646
		3,272	383,313	7,843,635	63,226,949	532,889,332
			757	7,105,191	63,226,949	476,767,575
				6,356,901	63,226,949	419,897,527
				5,598,634	63,226,949	362,269,213
				4,830,256	63,226,949	303,872,520
				4,061,334	63,226,949	244,697,205
				3,291,285	63,226,949	184,732,886
				2,520,336	63,226,949	123,969,043
				1,749,387	63,226,949	62,395,015
				968,438	63,226,949	0

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Bank.....

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SECURITY

8.1 The Loan shall be secured by the following securities;

S/N	Type Of Charge And Description Of Security	Documents Of Title	Owner	Location
1	First legal Mortgage	Certificate of No. M/s. TANFOAM Ltd Plot No. 22/2 Block "AA" 055034/5 and Land of P. O Box 13092 Unga Industrial Area, Arusha Office No. 141238	Arusha	Municipality
2	First legal Mortgage	Certificate of No. 5997 M/s. TANFOAM Ltd Plot No. 39 to 51, Block "AA" and Land Office No. of P. O Box 13092 Unga Industrial Area, Factory 41912	Arusha	Road, Arusha Municipality
2	First legal Mortgage	Certificate of No. M/s. TANFOAM Ltd Farm No. 47, Lolkisale 20074 and Farm No. of P. O Box 13092 Village, Monduli District. 47 Lolkisale Village	Arusha	

3 Fixed and Floating Debenture over the company's assets

4	Directors Personal Guarantee
---	------------------------------

a guarantor's Guarantee and Indemnity signed by Mr. Riyaz Hussein Somji, Muslim Mohammedtaki Remtula, Mathias Mutabihirwa, Al-Nazir Mohammedbaker Somji and Imtiaz Mohamed Baker Somji.

The borrower and the Bank shall ensure perfection and registration of all securities charged herein before utilization of the loan facility is allowed.

PAYMENTS

9.1 The borrower shall pay the following fees in respect of this loan facility:

S/N	Type of Fee	Amount in Tshs For Term Loan facility
1	Facility Fee - 0.5%	13,000,000
2	Legal Documentation Fees per Document:	
	(i) Loan facility Letter	400,000
	Total Fees	13,400,000

L/C Fees and Charges

S/N	Type of Fee
1	LC commission is 0.5% on issuance for the first quarter and 0.1% for subsequent months, minimum USD 100, acceptance commission: 0.25% per quarter or part thereof.
2	Documents processing fee is USD 100.

The borrower shall meet security registration costs.

Bank.....

Borrower 

- 9.2 All fees and charges for registration of securities and any other fees, charges and expenses incurred in connection with loan facility shall be on account of the borrower
- 9.3 The bank reserves the right to recover any of the above fees, charges and expenses by debiting the same from any of the borrower's account(s) including the loan facility.
- 9.4 On each date on which this Loan facility letter requires an amount to be paid by the borrower it shall be paid into the loan account established pursuant to this loan facility letter.
- 9.5 Payment of the loan under this loan facility letter shall be in the currency in which the loan facility was granted or in any other currency accepted by the Bank in writing

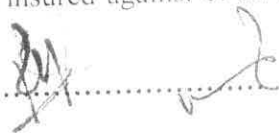
BORROWERS' CONVENANTS

The Borrower agrees and undertakes that will;

- 10.1 Strictly use the loan facility for the purpose specified in this loan facility letter.
- 10.2 promptly inform the Bank of any circumstance or event which interferes or threatens to interfere with the performance of the Borrower of any of his /her obligations under this loan facility letter or under any agreements or which may increase or threatens to increase materially the estimated costs of the project;
- 10.3 not part with, charge or otherwise dispose of or alienate any of the property and assets charged pursuant to this loan facility letter as long as the loan facility remains outstanding, without notice and consent of the Bank;
- 10.4 keep business and charged assets in good repair and condition and the Bank shall have the right to make periodic inspections of the charged assets and property;
- 10.5 to execute and deliver security documents complete in all respects charging any property hereafter acquired by the Borrower as additional collateral when circumstances arise and the Borrower shall be obliged to do so;
- 10.6 To the extent the loan facility remains outstanding, the Borrower shall not issue or permit to subsist any encumbrance or otherwise other than the Bank charges, or part with, or otherwise dispose of or alienate any of the property and assets charged pursuant to this loan facility letter without the prior written consent of the Bank;
- 10.7 insure and keep adequately insured to their full reinstative value all **security** and business assets against all insurable risks such as fire, accidental damage, storm and flood and all such risks as should prudently be insured against or as the bank may

Bank.....

Borrower



reasonably require with reputable insurers acceptable to the Bank with the Bank registered as the **LOSS PAYEE**; at any reasonable time as may be requested by the Bank, submit to the Bank a certificate and Insurance Policy of excesses and provided that the Bank reserves the right, though not obliged, to make payment of premium with a view to insuring any assets or property charged pursuant to this loan facility letter if the Borrower defaults and/or neglects to insure the assets and properties as agreed herein and costs incurred by the Bank to insure the assets and property shall be borne by the Borrower

- 10.8 take all steps within its power to obtain, maintain and when necessary renew all rights, powers, privileges, licenses, consents approvals and agreements
- 10.9 Defend any action, claim or other proceedings in any court or tribunal which may be brought against him/her which may affect the business;
- 10.10 observe and perform all covenants in any lease which are on part to be observed or performed and exercise any option to renew any lease which he is entitled if such renewal would be to his advantage;
- 10.11 not to give any Guarantees or credit (other than normal trade credit) or make any loan without written consent of the bank;
- 10.12 not to permit any payment by the borrower of any money to any director or shareholder of the borrower whether on a Loan or Current account or otherwise however without the prior written consent of the Bank;
- 10.13 admit the statement or statements issued by the bank being proof of outstanding amount in the loan account.
- 10.14 comply with the provisions of this loan facility letter together with provisions of any security documents created thereto, and shall prevail over any other loan facility letter to which the Borrower may be a party.
- 10.15 observe and comply with provisions of the Laws of the United Republic of Tanzania and warrants that all the necessary consents, resolution and formalities required for proper performance of this loan facility letter have been obtained or observed.

Bank.....

Borrower 

EVENTS OF DEFAULT

11.1 Upon any breach of any of the foregoing terms and conditions, covenants and/or breach of any provision of security documents created thereto, the balance of the Loan together with interest then outstanding shall immediately become payable and fall due to be discharged. Without prejudice to the generality of the foregoing, the principal moneys and interest thereon shall immediately become payable and fall due to be discharged without demand if: -

- (a) default by the Borrower in observing or fulfilling any obligation to be observed or fulfilled by the Borrower under this loan facility letter which, in the case of a default capable of remedy, shall continue for a period beyond 7 (seven) days; or
- (b) any representation or warranty or certificate given or deemed to have been given or repeated by the Borrower in or in accordance with this loan facility letter being found to have been incorrect in any material particular on the date it was given or deemed to have been given or repeated; or
- (c) the passing of a resolution or the making of an order for the winding up of the business, for the suspension or termination of its operations or for the distribution of any of its assets among all or any of its creditors; or
- (d) the Borrower being unable or being deemed unable to pay debts as they fall due or admitting in writing the inability to pay debts as they fall due or any insolvency or bankruptcy proceedings being taken in respect of the Borrower; or
- (e) a distress or execution either by Court order, decree or process or otherwise is levied upon any part of the property and assets of the Borrower or if the Borrower commits any act or default by reason of which any such distress of execution might be levied; or
- (f) the appointment of a receiver of the undertaking of the Borrower or of the whole or any part of property, assets or revenues or the taking of any other step to enforce any security at any time granted by the Borrower; or
- (g) the amount or balance of any debt of the Borrower including, without limitation to any loan made by the Bank or other indebtedness of the Borrower not being paid when due, becoming payable prior to its stated maturity by reason of default or by reason of any demand for immediate payment by any person or persons entitled to the benefit thereof or any

Bank.....

Borrower 

creditor of the Borrower becoming entitled to declare any such debt or indebtedness due and payable prior to its stated maturity for any reason; or

- (h) the withdrawal or cancellation of any permission, license, consent, registration or authorization if such withdrawal or cancellation would, in the opinion of the Bank, have a material adverse effect on the progress of the ability of the Borrower to perform its obligations under this loan facility letter; or
- (i) the nationalization, seizure, expropriation or custody or control by the Government of Tanzania (or any agency thereof) of the whole or any part of the revenue or assets of the Borrower; or
- (j) the Borrower moving or deciding to move the business from the registered place in a manner which, in the opinion of the Bank, would adversely affect the business and the ability of the Borrower to perform obligations under this loan facility letter; or
- (k) the Borrower utilizes the whole or any part of the credit facility for purpose other than the agreed purpose; or
- (l) material change of ownership and/or management; or
- (m) the Borrower without the consent of the Bank ceases or threatens to cease to carry on the business financed by the loan subject to this loan facility letter; or
- (n) the borrower fails or defaults in paying the agreed installments when they fall due. For the purpose of this condition, default shall be proved when an installment is due and has not been repaid within thirty (30) days; or upon expiry of this loan facility; or
- (o) has failed or refused to submit to the bank material information such as financial statement and other information as and when required to do so; or
- (p) the borrower has willfully submitted false information to the bank; or
- (q) the security for which the loan is given is in danger or impaired or the owner of the security is using the same in a manner that is inconsistent with the terms and conditions of this loan facility letter or security deed; or

Bank.....

Borrower 

- (r) the borrower or guarantor willfully refuses access by the Bank or its agent to the business premises or property or asset forming security for the loan; or the business for which the loan was granted has stopped; or
- (s) any default by the Borrower in observing or fulfilling any material obligation to be observed or fulfilled by him/her under this loan facility letter which the bank may deem a default to its opinion; or
- (t) any circumstance arising which, in the opinion of the Bank, has or may have a material adverse effect on the ability of the Borrower to perform its obligations under this loan facility letter.

- 11.2 The Bank shall have the right at any time to withhold utilization of any un-drawn amount and to demand payment within 21 days of any amount of the loan already drawn by the Borrower together with interest thereon if it shall come to the notice of the Bank that the whole or any part of the loan has been or is being expended for purposes other than the agreed purpose.
- 11.3 Should the Bank discover any willful damage to the properties or assets, it may in its discretion, demand full payment of the loan then outstanding and accrued interest thereon.
- 11.4 In the event of default by the Borrower whereby the Bank is compelled to incur costs in taking loan recovery measures, all such costs incurred thereto by the Bank shall be borne by the Borrower.

12.0 INFORMATION DISCLOSURE

The customer agrees and authorizes the Bank, and/ or Tanzania Bankers Association (TBA) approved credit reference bureau to:

- 12.1 Make inquiries from any bank, financial institution or TBA approved credit reference bureau in Tanzania to confirm any information provided by the customer.
- 12.2 Seek information from any bank, financial institution or TBA approved credit reference bureau when assessing the customer at any time during the existence of the customer's account.
- 12.3 Disclose to TBA approved credit reference bureau information relating to the account maintained at the Bank.

Bank.....

Borrower



13.0 **RIGHT OF SET-OFF**

13.1 The Bank shall be entitled (but shall not be obliged) at any time and without notice to the Borrower to combine, consolidate or merge all or any of the Borrowers' accounts and liabilities with and to the Bank anywhere and may transfer or set off any sums in credit in such accounts in or towards satisfaction of any of the Borrower's liabilities whether actual or contingent, primary or collateral notwithstanding that the credit balances on such accounts and the liabilities on any other accounts may not be expressed in the same currency and the Bank is hereby authorized to effect any necessary conversions at the Banks' own rate of exchange then prevailing.

13.2 All payments required to be made by the Borrower shall be calculated without reference to any set-off or counter-claim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.

14. **DISPUTE RESOLUTION**

In case of any dispute arising from interpretation, performance or non-performance of the terms and conditions contained in this loan facility letter and where the amount involved is within the pecuniary jurisdiction of the High Court of Tanzania, the parties hereto irrevocably submit themselves to the commercial division of the High Court for adjudication of the dispute.

15.0 **ACCEPTANCE CLAUSE**

The Bank reserve the right to withdraw the offer herein without prior notice if not accepted by the borrower within 30 days of the date hereof unless an extension has been agreed by the Bank in writings. On acceptance, this Loan facility Letter will supersede any previous loan facility letter which the Bank has issued to the borrower and shall be enforced until otherwise replaced or the contract terminated by the Bank and the facilities repaid. This loan facility letter may be amended from time to time by a supplementary loan facility letter to the effect and extent only as may be set out in such supplementary Loan Facility Letter. This Loan Facility Letter once accepted, otherwise remains in full force and effect, subject to termination as aforesaid, throughout the life of the facility enumerated herein provided the facility or any part thereof are renewed.

Yours Faithfully,

(Signature) (Signature)

(Name) (Name)

(Position) **Authorized Signatory**

(Position) **Authorized Signatory**

Bank.....

Borrower..... 

For and on behalf of CRDB Bank Plc

If you accept the terms and conditions outlined in this letter, please execute the acceptance clause below, sign all the pages of this letter and return three original copies to the Bank.

We, **TANFOAM LIMITED** under and by virtue of a board resolution dated this..... day of 2012 a copy of which is attached, hereby accept the Banking Arrangements stated herein in and upon the terms and conditions and subject to the covenants set out in this overdraft facility letter.

SEALED with the **Common Seal**)

of the said **TANFOAM LIMITED** and)

DELIVERED this day of)

..... 2012 in the)

Borrower's Seal

presence of us:

Signature..... 

Postal Address: P.O. Box 13092 ARUSHA

Position: **DIRECTOR**

Signature..... 

Postal Address: P.O. Box 13092 ARUSHA

Position: **DIRECTOR/COMPANY SECRETARY**

Bank.....

Borrower..... 

Certificate of Board Resolution to Borrow and Give Security

CRDB BANK PLC

Ordinary convened meeting of the Directors of **TANFOAM LIMITED** held at (venue) on the day of 2012

It was reported that **CRDB BANK PLC** (herein referred as the Bank) had been requested to and had agreed to make available to **TANFOAM LIMITED** the facilities listed below upon such terms as the bank shall think fit including the provision by the borrower to the Bank of certain securities in form and substance satisfactory to the Bank

Sl. No.	Type of Facility	Type of Currency	Amount
1	Short Term Loan	Tanzanian Shillings	2,600,000,000.00

In accordance with the Companies Act, the individual directors then reported the manner in which they were interested in the proposed agreements by virtue of guarantees or in any other manner. The secretary reported that under the articles of association, the directors present were empowered to implement the proposed arrangements

It was resolved that:

the Company accepts the above arrangements and the following directors of the Company were authorized and instructed to sign the relevant documents.

-
-
-

to secure the repayment of the said facilities, the Company do grant or secure the grant to the Bank of the following securities in the form and in the terms required by the Bank.

List of Securities (guarantees, debenture, legal mortgage, chattel mortgage, letter of lien etc)

- First charge Legal Mortgage over landed property located on Plot No. 4, Block "AA" Unga Industrial Area, Arusha Municipality and, it registered with CT. No. 055034/5, LO No. 141238, in name of TANFOAM Ltd
- First charge Legal Mortgage over landed property located on Plots No. 39 to 51, Block "AA" Unga Industrial Area, Factory Road, Arusha Municipality and, Registered with CT. No. 5997, LO. 41912, in name of TANFOAM Ltd;
- First charge Legal Mortgage over landed property located on Farm No.47 Lolikisale Village, Monduli District, Registered with CT. 20074, in name of TANFOAM Ltd;
- First charge fixed and floating debenture on the company's entire fixed and current assets;
- Guarantee by the company's shareholders.
- Joint and Several personal guarantee signed by Mr. Riyaz Hussein Somji, Muslim Mohammedaki Remtula, Mathias Mutabirwa, Al-Nazir Mohammedbaker Somji and Imtiaz Mohamed Baker Somji.

The Common Seal of the Company be affixed in accordance with the Company's Articles of Association to all legal and security documents in connection with the credit facilities.

A certified copy of these resolutions be furnished to the Bank.

We certify that the above is the true extract from the minutes of the Board of Directors and that they conform to Memorandum and Articles of Association of the Company.

Certified by:
Riyaz Somji Signature Date 2/1/13
Muscim M Remtula Signature Date 10/12/12
Company Secretary Name

.....
Borrower's Seal
Borrower

Bank.....

Tanfoam Limited
(Registration number 3751)
Financial statements
for the year ended 31 December 2011

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

General Information

Country of incorporation and domicile	United Republic of Tanzania
Directors	Riyazhusein Somji Muslim Mohamedtaki Remtullah Imtiaz Mohamedbaker Somji Alnasir Mohamedbaker Somji Mathias Mutabhirwa
Registered office	P.O.Box 13092 Tanfoam Road Arusha Tanzania
Bankers	Diamond Trust Bank Limited CRDB Bank Plc Exim Bank (T) Limited NMB Plc Bank M Limited NBC Limited
Auditor	Horwath Tanzania Member Crowe Horwath International Certified Public Accountants in Public Practice
Company registration number	3751

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Index

The reports and statements set out below comprise the financial statements presented to the shareholders:

Index	Page
Directors' Responsibilities and Approval	3
Report of the Independent Auditors	4 - 5
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Statement of Financial Position	11
Statement of Comprehensive Income	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
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Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.


The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

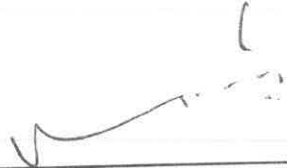
The directors have reviewed the company's cash flow forecast for the year to 31 December 2012 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 4 to 5.

The financial statements set out on pages 11 to 33, which have been prepared on the going concern basis, were approved by the board on the date of this statement and were signed on its behalf by:



Riyazhusein Somji
Chairman
Date: 4/12/12



Muslim Mohamedtaki Remtullah
Managing Director:
Date: 4/12/12

Report of the Independent Auditors

To the members of Tanfoam Limited

Report on the Financial Statements

We have audited the financial statements of Tanfoam Limited, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 33.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tanfoam Limited as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 2002.

Report of the Independent Auditors

Report on Other Legal and Regulatory Requirements

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

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

- 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;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- the company's statement of financial position and profit and loss account are in agreement with the books of account;
- the directors report is consistent with the financial statements; and
- information specified by law regarding directors remuneration and transactions with the company is disclosed.



Horwath Tanzania
Certified Public Accountants in Public Practice
Dar es Salaam

Signed by Christopher Msuya

12 December 2012

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Directors' Report

The directors present this report and the audited financial statements for the financial year ended 31 December 2011 which disclose the state of affairs of the Company.

1. Incorporation

The company is incorporated in Tanzania under Companies Act as a private company limited by share.

2. Review of Activities

Main Business and Operations

The principal activity of the Company is manufacturing of Polyurethane Foam Mattresses, Cushions and related bedding products.

Net loss of the company was TSh 16,872 (2010: TSh 249,633 profit), after taxation of TSh (60,001) (2010: TSh (193,479)); rounded off to the nearest thousand.

3. Company's Mission

Our Mission Statement:

We strive to provide comfort by manufacturing superior quality products at an affordable price through continuous improvement and customer interaction.

4. Company's Vision

Providing sleep comfort at every stage of life.

5. Composition of the Board of Directors

The Directors of the Company at the date of this report and who have served is as follows:

Name	Position	Age	Nationality	Date of Appointment	Status
Riyazhussein Somji	Chairman	53	Tanzanian	1999	Current
Muslim Mohamedtaki Remtullah	Managing Director	63	Tanzanian	Mid 1970's	Current
Imtiaz Mohamedbaker Somji	Director	47	Tanzanian	1999	Current
Alnasir Mohamedbaker Somji	Director	46	Tanzanian	1999	Current
Mathias Mutabihirwa	Director	65	Tanzanian	1999	Current

The Company Secretary as of 31.12. 2011 was R. Balasubramaniam.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Directors' Report

6. Corporate Governance

The Board of Directors consists of five (5) Directors. Apart from the Chairman and Managing Director, no other Directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day to day management of the business to Managing Director assisted by General Manager. The General Manager is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

Tanfoam Limited is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. During the year the Board of Directors of the company has the following board sub-committees to ensure a high standard of corporate governance throughout the company.

Corporate Governance Committee

Name	Position	Nationality
Riyazhussein Somji	Chairman	Tanzanian
Muslim Mohamedtaki Remtullah	Managing Director	Tanzanian

The Corporate Governance Committee reports to the Chairman.
The Corporate Governance Committee met four times during the year.

Audit Committee

Name	Position	Nationality
Riyazhussein Somji	Chairman	Tanzanian
Muslim Mohamedtaki Remtullah	Managing Director	Tanzanian
R. Balasubramaniam	General Manager	Indian

The Audit Committee reports to the Chairman.
The Audit Committee met twice during the year.

7. Capital Structure

The company capital structure for the year under review is shown below:

105,000 ordinary shares of Tsh. 1,000 each.

8. Management

The Management of the Company is under the Managing Director and is organized in the following departments:

.General Manager

.Finance and Administration

.Operations

.Marketing

.Sales

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Directors' Report

9. Shareholders of the Company

The total number of shareholders during the year 2011 is five shareholders (previous year: five shareholders)

Directors holding shares are listed below

S/N	Name	Nationality	Number of Ordinary Shares	Number of Preference Shares
1.	Muslim Mohamedtaki Remtullah	Tanzanian	10,500	None

The shares of the company are held as follows:

S/N	Name	Nationality	Number of Ordinary Shares	Number of Preference Shares
1.	M/S VIP Limited	Tanzanian Company	52,500	None
2.	M/S Remtula Pirbhai Limited	Tanzanian Company	21,000	None
3.	Muslim Mohamedtaki Remtullah	Tanzanian	10,500	None
4.	James Rugamalira	Tanzanian	10,500	None
5.	Murtaza Walji	Tanzanian	10,500	None

10. Future Development Plans

The company will continue to improve its profitability through the introduction of innovative products, focusing on value-added customer services and selective expansion of its branches while carefully managing both costs and risks. The company will continue to focus on improving productivity and introducing new products to the market.

11. Dividends

No dividends were declared or paid to shareholders during the year.

12. Risk Management and Internal Control

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

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

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

The Board assessed the internal control systems throughout the financial year ended 2011 and is of the opinion that they met accepted criteria.

The Board carries risk and internal control assessment through Corporate Governance and Audit Committees.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Directors' Report

13. Solvency

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

14. Employees' Welfare

Management and Employees' Relationship

There were continued good relations between employees and management for the year 2011. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and trade union.

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

Training Facilities

The Company has continuous on the job training system for all levels of employees. Wherever necessary, company employees attend external training programs and seminars. Training programs has been and are continually being developed to ensure employees are adequately trained at all levels, all employees have some form of annual training to upgrade skills and enhance development.

Medical Assistance

All members of staff with a maximum number of four beneficiaries (dependents) for each employee were availed medical benefit guaranteed by the Board. Management staff are covered by medical insurance. Currently these services are provided by Strategis Insurance (T) Ltd.

Health and Safety

The company has a strong health and safety department which ensure that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Financial Assistance to Staff

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances. Management has established a Revolving Fund and has influenced staff to established and join Company Savings and Credit Co- operative Society (SACCOS) to assist in promoting the welfare of its employees.

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Directors' Report

Employees Benefit Plan

The company pays contributions to a publicly administered pension plan on mandatory basis which qualifies to be a defined contribution plan.

GENDER PARITY

The company had 120 employees, out of which 42% were female and 58% were male (Previous year: 40%/60%).

15. Related Party Transactions

All related party transactions and balances are disclosed in note 23 to these financial statements.

16. Political and Charitable Donations

The company did not make any political donations during the year. Donations made to charitable organizations during the year amounted to TShs 48,628,393/- (TShs 26,990,5750/- (previous year)).

17. Environmental Control Programme

The Company recycles most of its by-products which reduces the impact of pollution on our environment.

18. Corporate Social Responsibility

Since its existence, Tanfoam continues to maintain positive, ethical and accountable relationships with all stakeholders including local communities, customers, employees, and the public sector.

Tanfoam is committed to providing a working environment that is both safe and fit for the intended purpose and ensures that health and safety issues are a priority for all business operations.

In order to promote the overall health of its workforce, the employee staff welfare was established 10 years ago. Essentially holistic in approach, the welfare aims to radically reduce the incidence of accident and illness at the workplace.


Tanfoam provides medical facility to all staff and their families, compulsory annual leave for each employee, Festival bonuses (IDD and Christmas), performance bonuses to each employee, balanced diet lunch is served at the staff canteen every day for all the employees, annual revision of salaries and providing food stuff for the employees' families every month.

These promote healthy lifestyles, leading to maximized potential and optimal quality of life.

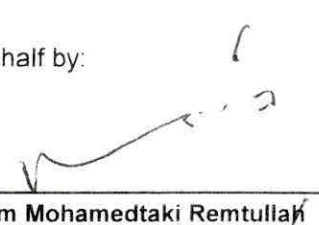
19. Auditors

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

Approved by the Board of Directors on the date of this report and signed on its behalf by:



Riyazhussein Somji
Chairman
Date: 4/12/12



Muslim Mohamedtaki Remtulla
Managing Director
Date: 4/12/12

Tanfoam Limited

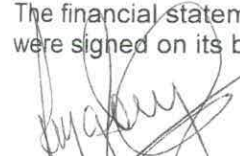
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Financial Statements for the year ended 31 December 2011

Statement of Financial Position

	Note(s)	2011 TSh '000	2010 TSh '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	3,056,310	3,125,732
Long Term Lease	4	238,829	94,749
Investments		282,260	239,536
Biological Assets		178,727	151,463
		<u>3,756,126</u>	<u>3,611,480</u>
Current Assets			
Inventories	6	3,747,118	2,871,472
Other financial assets		-	1,000
Current tax receivable		133,397	66,492
Trade and other receivables	7	1,872,099	1,761,942
Cash and cash equivalents	8	364,055	214,487
		<u>6,116,669</u>	<u>4,915,393</u>
Total Assets		<u>9,872,795</u>	<u>8,526,873</u>
Equity and Liabilities			
Equity			
Share capital	9	105,000	105,000
Reserves		2,677,332	2,639,902
Retained income		849,036	965,908
		<u>3,631,368</u>	<u>3,710,810</u>
Liabilities			
Non-Current Liabilities			
Loan	10	306,495	249,512
Deferred tax	5	107,458	102,269
		<u>413,953</u>	<u>351,781</u>
Current Liabilities			
Loan	10	260	260
Trade and other payables	11	2,509,597	2,858,736
Bank overdraft	8	3,317,617	1,605,286
		<u>5,827,474</u>	<u>4,464,282</u>
Total Liabilities		<u>6,241,427</u>	<u>4,816,063</u>
Total Equity and Liabilities		<u>9,872,795</u>	<u>8,526,873</u>

The financial statements and the notes on pages 6 to 37, were approved by the board on the date of this report and were signed on its behalf by:


Riyazhussein Somji
Chairman
Date: 4/12/12


Muslim Mohamedtaki Remtullah
Managing Director:
Date: 4/12/12

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Statement of Comprehensive Income

	Note(s)	2011 TSh '000	2010 TSh '000
Revenue	12	12,996,883	11,422,765
Cost of sales		(9,724,271)	(8,488,155)
Gross profit		3,272,612	2,934,610
Other income	13	43,986	36,385
Operating expenses	14	(2,842,676)	(2,247,758)
Operating profit	15	473,922	723,237
Investment revenue	16	10,509	-
Finance costs	17	(441,302)	(280,125)
Profit before taxation		43,129	443,112
Taxation	18	(60,001)	(193,479)
(Loss) profit for the year		(16,872)	249,633
Other comprehensive income		-	-
Total comprehensive (loss) income		(16,872)	249,633

The accounting policies on pages 15 to 21 and the notes on pages 22 to 33 form an integral part of the financial statements.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Statement of Changes in Equity

	Share capital	Revaluation reserve	Retained income	Total equity
	TSh '000	TSh '000	TSh '000	TSh '000
Balance at 01 January 2010	105,000	2,625,650	788,275	3,518,925
Changes in equity				
Total comprehensive income for the year	-	14,252	249,633	263,885
Dividends	-	-	(72,000)	(72,000)
Total changes	-	14,252	177,633	191,885
Balance at 01 January 2011	105,000	2,639,902	965,908	3,710,810
Changes in equity				
Total comprehensive income for the year	-	37,430	(16,872)	20,558
Dividends	-	-	(100,000)	(100,000)
Total changes	-	37,430	(116,872)	(79,442)
Balance at 31 December 2011	105,000	2,677,332	849,036	3,631,368
Note(s)	9			

The accounting policies on pages 15 to 21 and the notes on pages 22 to 33 form an integral part of the financial statements.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Statement of Cash Flows

	Note(s)	2011 TSh '000	2010 TSh '000
Cash flows from operating activities			
Cash used in operations	20	(628,797)	524,521
Dividends received		10,509	-
Finance costs		(441,302)	(280,125)
Tax paid	21	(121,717)	(188,226)
Net cash from operating activities		(1,181,307)	56,170
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(183,375)	(307,526)
Sale of property, plant and equipment	3	15,280	3,664
Purchase of other intangible assets	4	(144,080)	(3,000)
Sale of financial assets		1,000	(1,000)
Purchase of biological assets		(27,264)	(68,233)
Net cash from investing activities		(338,439)	(376,095)
Cash flows from financing activities			
Repayment of loan		56,983	134,765
Dividends paid		(100,000)	(72,000)
Net cash from financing activities		(43,017)	62,765
Total cash movement for the year		(1,562,763)	(257,160)
Cash at the beginning of the year		(1,390,799)	(1,133,639)
Total cash at end of the year	8	(2,953,562)	(1,390,799)

The accounting policies on pages 15 to 21 and the notes on pages 22 to 33 form an integral part of the financial statements.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 2002. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Biological assets

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cattle

In line with IAS 41, paragraph 13, Agriculture produces harvested from an entity's biological assets shall be measured at its fairvalue less estimated point-of-sale costs at the harvest.

Seedlings

In line with IAS 41, paragraph 30, plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses. Costs comprise all directly attributable costs and an appropriate proportional of field overheads incurred until the biological assets reaches fully productive capacity. Plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses instead of at annually appraised fair value (the benchmark presentation under IAS 41, Agriculture) because there are no active markets for plantation and alternative valuation model generated under unreliable estimates.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Accounting Policies

1.2 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Percent
Land	1
Buildings	3
Plant and machinery	12.5
Furniture and fixtures	12.5
Motor vehicles	25
Tools & Equipment	12.5

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

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Accounting Policies

1.3 Financial instruments (continued)

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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Accounting Policies

1.4 Tax (continued)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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Accounting Policies

1.6 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

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

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.9 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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Accounting Policies

1.9 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.10 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Accounting Policies

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

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Notes to the Financial Statements

2011	2010
TSh '000	TSh '000

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IAS 24 Related Party Disclosures (Revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship
- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient detail to allow users to understand the effect.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The company has adopted the amendment for the first time in the 2011 financial statements.

The impact of the amendment is not material.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 applies to debt for equity swaps in circumstances where a debtor and creditor renegotiate the terms of a financial liability such that the debtor extinguishes part or all of the financial liability by issuing equity instruments to the creditor. Where the debt for equity swap is within the scope of IFRIC 19, the issue of equity instruments by the debtor shall be consideration paid to extinguish the liability and shall be measured at the fair value of the equity instrument, unless fair value cannot be determined. If the fair value of the equity instruments cannot be measured reliably, the issue shall be measured at the fair value of the financial liability extinguished. If the issue also relates to a modification of any remaining liability, then the issue shall be allocated to the liability which was extinguished and which remains. The difference between the carrying amount of the liability which was extinguished and the consideration paid shall be recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2010.

The company has adopted the amendment for the first time in the 2011 financial statements.

The impact of the amendment is not material.

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures

The effective date of the amendment is for years beginning on or after 01 January 2011.

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Notes to the Financial Statements

2. New Standards and Interpretations (continued)

The company has adopted the amendment for the first time in the 2011 financial statements.

The impact of the amendment is not material.

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The company has adopted the amendment for the first time in the 2011 financial statements.

The impact of the amendment is not material.

2010 Annual Improvements Project: Amendments to IAS 21 The Effects of Changes in Foreign Exchange rates

The amendment provides transitional provisions as a result of changes to IAS 27 Consolidated and Separate Financial Statements.

The effective date of the amendment is for years beginning on or after 01 July 2010.

The company has adopted the amendment for the first time in the 2011 financial statements.

The impact of the amendment is not material.

2010 Annual Improvements Project: Amendments to IAS 34 Interim Financial Reporting

The amendment provides additional examples of events and transactions which would be considered significant and therefore required to be disclosed in the interim financial report. In addition, the amendment removes references to only reporting certain items when they are material. Therefore, the list of items to be presented in addition to significant transactions and events are required irrespective of whether they are material.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The company has adopted the amendment for the first time in the 2011 financial statements.

The impact of the amendment is not material.

IAS 32 Financial Instruments: Presentation Amendment: Classification of Rights Issues

The amendment provides that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

The effective date of the amendment is for years beginning on or after 01 February 2010.

The company has adopted the amendment for the first time in the 2011 financial statements.

The impact of the amendment is not material.

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Notes to the Financial Statements

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2012 or later periods:

IFRS 12 Disclosure of Interests in Other Entities

The standard sets out disclosure requirements for investments in Subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January, 2013.

The company expects to adopt the standard for the first time in the 2013 financial statements.

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January, 2013.

The company expects to adopt the standard for the first time in the 2013 financial statements.

IAS 1 Presentation of Financial Statements

The amendment now requires items of other comprehensive income to be presented as:

- Those which will be reclassified to profit or loss
- Those which will not be reclassified to profit or loss.

The related tax disclosures are also required to follow the presentation allocation.

In addition, the amendment changed the name of the statement of comprehensive income to the statement of profit or loss and other comprehensive income.

The effective date of the amendment is for years beginning on or after 01 July, 2012.

The company expects to adopt the amendment for the first time in the 2013 financial statements.

IAS 19 Employee Benefits Revised

- Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements

- Introduce enhanced disclosures about defined benefit plans

- Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits

- Clarification of miscellaneous issues, including the classification of employee benefits, current estimates of

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Notes to the Financial Statements

2. New Standards and Interpretations (continued)

mortality rates, tax and administration costs and risk-sharing and conditional indexation features

The effective date of the amendment is for years beginning on or after 01 January, 2013.

The company expects to adopt the amendment for the first time in the 2013 financial statements.

3. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	2,783,015	(483,574)	2,299,441	2,783,015	(412,457)	2,370,558
Plant and machinery	1,125,588	(664,025)	461,563	1,099,766	(599,032)	500,734
Furniture and fixtures	55,947	(19,200)	36,747	47,599	(13,950)	33,649
Motor vehicles	498,957	(315,432)	183,525	404,025	(272,003)	132,022
Office equipment	179,001	(109,480)	69,521	182,799	(99,543)	83,256
Borehole Advance	5,513	-	5,513	5,513	-	5,513
Total	4,648,021	(1,591,711)	3,056,310	4,522,717	(1,396,985)	3,125,732

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Buildings	2,370,558	-	-	-	(71,117)	2,299,441
Plant and machinery	500,734	32,440	(5,791)	-	(65,820)	461,563
Furniture and fixtures	33,649	8,348	-	-	(5,250)	36,747
Motor vehicles	132,022	109,131	(890)	-	(56,738)	183,525
Office equipment	83,256	33,456	-	(37,255)	(9,936)	69,521
Borehole Advance	5,513	-	-	-	-	5,513
	3,125,732	183,375	(6,681)	(37,255)	(208,861)	3,056,310

4. Long Term Lease

	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Land & Building - Farm	209,892	(4,421)	205,471	90,811	(4,420)	86,391
Mwanza Land	25,000	-	25,000	-	-	-
Tanga Land	8,358	-	8,358	8,358	-	8,358
Total	243,250	(4,421)	238,829	99,169	(4,420)	94,749

Reconciliation of long term lease - 2011

	Opening balance	Additions	Total
Land & Building - Farm	86,391	119,080	205,471
Mwanza Land	-	25,000	25,000
Tanga Land	8,358	-	8,358
	94,749	144,080	238,829

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Notes to the Financial Statements

	2011 TSh '000	2010 TSh '000
5. Deferred tax		
Deferred tax asset		
Deferred Tax	(107,458)	(102,269)
Reconciliation of deferred tax asset (liability)		
At beginning of the year	(102,269)	(71,406)
Increase (decrease) in tax losses available for set off against future taxable income	(5,189)	(30,863)
	<u>(107,458)</u>	<u>(102,269)</u>
6. Inventories		
Goods in Transit	1,214,003	1,135,212
Raw Materials	897,738	594,103
Work in Progress	147,016	85,491
Finished Goods	803,735	407,006
Other Inventory	586,486	596,860
Cattle Stock	98,140	52,800
	<u>3,747,118</u>	<u>2,871,472</u>
7. Trade and other receivables		
Trade receivables	1,250,879	1,164,844
Loans and advances	433,018	387,701
Prepayments	78,181	30,820
Deposits	-	(14,998)
Directors Accounts	148	36,307
Advance to suppliers	25,330	54,859
Other receivable	84,543	102,409
	<u>1,872,099</u>	<u>1,761,942</u>
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	11,468	31,133
Bank balances	352,587	183,354
Bank overdraft	(3,317,617)	(1,605,286)
	<u>(2,953,562)</u>	<u>(1,390,799)</u>
Current assets	364,055	214,487
Current liabilities	(3,317,617)	(1,605,286)
	<u>(2,953,562)</u>	<u>(1,390,799)</u>

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Notes to the Financial Statements

	2011 TSh '000	2010 TSh '000
8. Cash and cash equivalents (continued)		
The bank overdraft is from CRDB Bank Plc and is secured to the extent of Tsh 3.5 billion by a first charge overlanded property on Plot No. 4, Block 'AA', CT No. 055034/5, LO No. 141238; Plot No.39 to 51 Block 'AA' CT No.5997, LO No. 41912 in Unga Industrial Area, first charge fixed and floating debentures on the company's entire fixed and current assets, guarantee by the company's shareholders. The overdraft attracts an interest rate of 11%.		
9. Share capital		
Authorised		
200,00 Ordinary shares of TSh 1,000 each	200,000	200,000
Issued		
105,000 Ordinary shares of TSh 1,000 each	105,000	105,000
10. Loan		
Held at amortised cost		
Bank loan	258	22,822
The term loan from CRDB Bank Plc and is secured to the extent of Tsh 80 million by a first charge over landed property on Plot No. 4, Block 'AA', CT No. 055034/5, LO No. 141238; Plot No.39 to 51 Block 'AA' CT No. 5997, LO No. 41912 in Unga Industrial Area, first charge fixed and floating debentures on the company's entire fixed and current assets, guarantee by the company's shareholders.		
Secured Loan - Arusha Region Education Trust	226,950	226,950
Jaffery Primary School - Loan	79,547	-
	<u>306,755</u>	<u>249,772</u>
Non-current liabilities		
At amortised cost	306,495	249,512
Current liabilities		
At amortised cost	260	260
	<u>306,755</u>	<u>249,772</u>
11. Trade and other payables		
Trade payables	1,972,560	2,265,460
Amounts Recieved in advance	80,837	92,542
Other Payables	156,380	127,230
VAT	94,886	45,137
Directors Account	3,691	82,816
Deposits received	201,243	245,551
	<u>2,509,597</u>	<u>2,858,736</u>

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Notes to the Financial Statements

	2011 TSh '000	2010 TSh '000
12. Revenue		
Mattresses and Cushions	12,510,415	10,962,224
By - Products	355,800	327,054
Others	130,668	133,487
	12,996,883	11,422,765
13. Other income		
Profit and loss on sale of assets and liabilities	8,599	-
Cattle Project	(10,873)	2,491
Other income	37,665	37,838
Farm Products Sales	8,595	-
Fixed Asset Purchased for sale	-	(3,944)
	43,986	36,385
14. Operating expense		
The following items are included within operating expenses:		
Auditors remuneration	31,377	14,535
Bad debts	34,423	-
Bank charges	39,685	60,118
Commission paid	236,499	34,042
Consulting and professional fees	127,023	13,046
Depreciation, amortisation and impairments	208,860	206,466
Donations	48,628	52,620
Employee costs	750,789	663,781
Visa & Permits	1,509	9,525
Godown Rent	94,368	82,387
Sales Promotion	168,752	195,358
Cash Discount	75,048	165,489
Outward Freight	115,187	119,027
Land Rent	4,827	752
Municipal Charges	984	-
Sisal Twine (Purchases)	8,276	5,192
Fines and penalties	50	-
Insurance	-	564
Rent - Corporate office	14,400	-
Levies	12,667	17,457
Motor vehicle expenses	484,483	369,152
Printing and stationery	22,785	11,453
Repairs and maintenance	82,062	24,853
Subscriptions	3,928	950
Telephone and fax	28,053	19,784
Transport and freight	1,867	150
Travel	136,236	108,857
Utilities	109,910	72,200
	2,842,676	2,247,758

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Notes to the Financial Statements

	2011 TSh '000	2010 TSh '000
15. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	14,400	-
Profit on sale of property, plant and equipment	8,599	-
Amortisation on intangible assets	-	908
Depreciation on property, plant and equipment	208,860	205,558
Employee costs	1,033,183	903,022
16. Investment revenue		
Dividend revenue		
Listed financial assets - Local	10,509	-
17. Finance costs		
Loss on foreign currency borrowings	52,540	(40,558)
Interest paid	388,762	320,683
	441,302	280,125
18. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	54,812	162,616
Deferred		
Originating and reversing temporary differences	5,189	30,863
	60,001	193,479
19. Auditor's remuneration		
Fees	31,377	14,535

Tanfoam Limited

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Financial Statements for the year ended 31 December 2011

Notes to the Financial Statements

	2011 TSh '000	2010 TSh '000
20. Cash used in operations		
Profit before taxation	43,129	443,112
Adjustments for:		
Depreciation and amortisation	208,860	206,466
Profit on sale of assets	(8,599)	-
Dividends received	(10,509)	-
Finance costs	441,302	280,125
Transfer of Asset	31,962	-
Changes in working capital:		
Inventories	(875,646)	(280,578)
Trade and other receivables	(110,157)	(298,204)
Trade and other payables	(349,139)	173,600
	<u>(628,797)</u>	<u>524,521</u>
21. Tax paid		
Balance at beginning of the year	66,492	40,882
Current tax for the year recognised in profit or loss	(54,812)	(162,616)
Balance at end of the year	<u>(133,397)</u>	<u>(66,492)</u>
	<u>(121,717)</u>	<u>(188,226)</u>

22. Contingencies

The directors are of the opinion that there are no contingent liabilities as at the year-end.

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Financial Statements for the year ended 31 December 2011

Notes to the Financial Statements

	2011 TSh '000	2010 TSh '000
23. Related parties		
Relationships		
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
A1P5 Corp. Limited	1,546	800
Due from Directors	243,919	232,043
J.R Rlectronics	2,714	2,714
Kilifoam Limited	75,119	130,808
Tropical Foods Limited	74,000	74,000
VIP Limited	(18,732)	-
Shareholders Accounts	(34,944)	-
VIP Project Services Limited	16,000	16,000
Related party transactions		
Sales to related parties		
Kilifoam Limited	516,672	550,617
Compensation to directors and other key management		
Short-term employee benefits	256,155	220,159
Post-employment benefits - Pension - Defined contribution plan	18,192	17,241
	274,347	237,400

24. Comparative figures

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

25. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Notes to the Financial Statements

	2011 TSh '000	2010 TSh '000
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25. Risk management (continued)

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years
At 31 December 2011		
Trade and other payables	2,509,597	-
Loan	260	306,495
Bank Overdraft	3,317,617	-
At 31 December 2010		
Trade and other payables	2,858,736	-
Loan	260	249,512
Bank Overdraft	1,605,286	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

	2011	2010
Financial instrument		
Trade and Other Receivables	1,872,098	1,761,942
Cash and Cash Equivalents	364,055	214,487

Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The company transacts partly in United States Dollar and GBP and its assets and liabilities are denominated in the Tanzanian Shillings. The foreign exchange exposures are reviewed and controlled by management on a regular and frequent basis.

Tanfoam Limited

(Registration number 3751)

Financial Statements for the year ended 31 December 2011

Notes to the Financial Statements

2011	2010
TSh '000	TSh '000

26. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

TANFOAM LIMITED
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Financial statements
for the year ended 31 December 2010

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

General Information

Country of incorporation and domicile	Tanzania, United Republic of
Directors	Riyazhussein Somji Muslim Mohamedtaki Remtula Imtiaz Mohamedbaker Somji Alnasir Mohamedbaker Somji Mathias Mutabihirwa
Registered office	P.O.Box 13092 Tanfoam Road Arusha Tanzania
Bankers	Diamond Trust Bank Limited CRDB Bank Plc Exim Bank (T) Limited
Auditors	Horwath Tanzania
Company registration number	3751

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

Index

The reports and statements set out below comprise the financial statements presented to the shareholders:

Index	Page
Report of the Independent Auditors	3 - 4
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Directors' Report	6 - 10
Statement of Financial Position	11
Statement of Comprehensive Income	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Accounting Policies	15 - 20
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Report of the Independent Auditors

To the shareholders of TANFOAM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TANFOAM LIMITED, which comprise the directors' report, the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 present fairly, in all material respects, the financial position of the company as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 2002.

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended 31 December 2010

Directors' Responsibilities and Approval

The directors are required by the Companies Act 2002, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

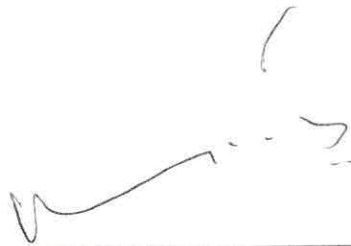
The directors have reviewed the company's cash flow forecast for the year to 31 December 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 3 - 4.

The financial statements set out on pages 6 to 30, which have been prepared on the going concern basis, were approved by the directors on the date of this statement and were signed on its behalf by:



Riyazhusein Somji
Director
Date:



Muslim Mohamedtaki Remtula
Director
Date:

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

Directors' Report

The Directors present this report and the audited financial statements for the financial year ended 31 December 2010 which disclose the state of affairs of the Company.

1. Incorporation

The company is incorporated in Tanzania under Companies Act as a private company limited by share.

2. Review of Activities

Main Business and Operations

The principal activity of the Company is manufacturing of Polyurethane Foam Mattresses, Cushions and related bedding products.

The 2010 Sales went up by 27% from 2009; due to increased marketing, addition of branches in Musoma and Mbeya. The 2010 Operating expenses went up by 31%; due to Volume growth, addition of branches resulting in additional operating costs; higher chemical prices and forex fluctuations.

The 2010 Selling / Financial charges shot up by 34% due to increased marketing drive which drove up selling charges; higher inventory level- resulting in higher borrowing.

Net profit of the company was TSh 249,635,000 (2009: TSh 422,798,000 profit), after taxation of TSh (193,479) (2009: TSh (197,243,000)).

3. Company's Mission

Our Mission Statement:

We strive to provide comfort by manufacturing superior quality products at an affordable price through continuous improvement and customer interaction.

4. Company's Vision

Providing sleep comfort at every stage of life.

5. Composition of the Board of Directors

The Directors of the Company at the date of this report and who have served is as follows:

Name	Position	Age	Nationality	Date of Appointment	Status
Riyazhussein Somji	Chairman	53	Tanzanian	1999	Current
Muslim Mohamedtaki Remtula	Managing Director	63	Tanzanian	Mid 1970's	Current
Imtiaz Mohamedbaker Somji	Director	47	Tanzanian	1999	Current
Alnasir Mohamedbaker Somji	Director	46	Tanzanian	1999	Current
Mathias Mutabihirwa	Director	65	Tanzanian	1999	Current

The Company Secretary as of 31.12. 2010 was R. Balasubramaniam.

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Financial Statements for the year ended 31 December 2010

Directors' Report

6. Corporate Governance

The Board of Directors consists of five (5) Directors. Apart from the Chairman and the Managing Director, no other Directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day to day management of the business to Managing Director assisted by General Manager. The General Manager is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

Tanfoam Limited is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. During the year the Board of Directors of the company had the following board sub-committees to ensure a high standard of corporate governance throughout the company.

Corporate Governance Committee

Name	Position	Nationality
Riyazhussein Somji	Chairman	Tanzanian
Muslim Mohamedtaki Remtula	Managing Director	Tanzanian

The Corporate Governance Committee reports to the Chairman.
The above Committee met four times during the year.

Audit Committee

Name	Position	Nationality
Riyazhussein Somji	Chairman	Tanzanian
Muslim Mohamedtaki Remtula	Managing Director	Tanzanian
R. Balasubramaniam	General Manager	Indian

The Audit Committee reports to the Chairman.
The Audit Committee met twice during the year.

7. Capital Structure

The company capital structure for the year under review is shown below:

105,000 ordinary shares of Tsh. 1,000 each.

8. Management

The Management of the Company is under the Managing Director and is organized in the following departments:

- .General Manager
- .Finance and Administration
- .Operations
- .Marketing
- .Sales

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

Directors' Report

9. Shareholders of the Company

The total number of shareholders during the year 2010 is five shareholders (previous year: five shareholders)

Directors holding shares are listed below

S/N	Name	Nationality	Number of Ordinary Shares	Number of Preference Shares
1.	Muslim Mohamedtaki Remtula	Tanzanian	10,500	None

The shares of the company are held as follows:

S/N	Name	Nationality	Number of Ordinary Shares	Number of Preference Shares
1.	Muslim Mohamedtaki Remtula	Tanzanian	10,500	None
2.	Others	Tanzanian	94,500	None

10. Future Development Plans

The company will continue to improve its profitability through the introduction of innovative products, focusing on value-added customer services and selective expansion of its branches while carefully managing both costs and risks. The company will continue to focus on improving productivity and introducing new products to the market.

11. Dividends

The Board of Directors is proposing a dividend of TShs 100,000,000/- relating to 2010 profit (previous year TShs 72,000,000/-)

12. Risk Management and Internal Control

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

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

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

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

The Board carries risk and internal control assessment through Corporate Governance Committee and Audit Committee.

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

Directors' Report

13. Solvency

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

14. Employees' Welfare

Management and Employees' Relationship

There were continued good relation between employees and management for the year 2010. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and trade union.

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

Training Facilities

The Company has continuous on the job training system for all levels of employees. Wherever necessary, company employees attend external training programs and seminars. Training programs has been and are continually being developed to ensure employees are adequately trained at all levels, all employees have some form of annual training to upgrade skills and enhance development.

Medical Assistance

All members of staff with a maximum number of four beneficiaries (dependents) for each employee were availed medical benefit guaranteed by the Board. Management staff are covered by medical insurance. Currently these services are provided by Strategis Insurance (T) Ltd.

Health and Safety

The company has a strong health and safety department which ensure that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Financial Assistance to Staff

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances. Management has established a Revolving Fund and has influenced staff to established and join Company Savings and Credit Co- operative Society (SACCOS) to assist in promoting the welfare of its employees.

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees Benefit Plan

The company pays contributions to a publicly administered pension plan on mandatory basis which qualifies to be a defined contribution plan.

The average number of employees during the year was 120 (previous year: 100)

Gender Parity

The company had 120 employees, out of which 42% were female and 58% were male (Previous year:40%/60%).

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

Directors' Report

15. Related Party Transactions

All related party transactions and balances are disclosed in note 23 to these financial statements.

16. Political and Charitable Donations

The company did not make any political donations during the year. Donations made to charitable organizations during the year amounted to TShs 26,990,575/- (TShs 20,399,000/- (previous year)).

17. Environmental Control Programme

The company recycles most of its by-products which reduces the impact of pollution on our environment.

18. Corporate Social Responsibility

Since its existence, Tanfoam continues to maintain positive, ethical and accountable relationships with all stakeholders including local communities, customers, employees, and the public sector. Tanfoam is committed to providing a working environment that is both safe and fit for the intended purpose and ensures that health and safety issues are a priority for all business operations. In order to promote the overall health of its workforce, the employee staff welfare was established 10 years ago. Essentially holistic in approach, the welfare aims to radically reduce the incidence of accident and illness at the workplace.

Tanfoam provides medical facility to all staff and their families, compulsory annual leave for each employee, Festival bonuses (IDD and Christmas), performance bonuses to each employee, balanced diet lunch is served at the staff canteen every day for all the employees, annual revision of salaries and providing food stuff for the employees' families every month.

These promote healthy lifestyles, leading to maximized potential and optimal quality of life.

19. Statement of Directors' Responsibilities

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

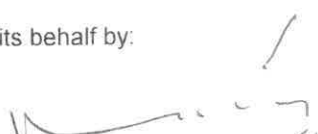
20. Auditors

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

Approved by the Board of Directors on the date of this report and signed on its behalf by:



Riyazhussein Somji
Director
Date:



Muslim Mohamedtaki Remtula
Director
Date:

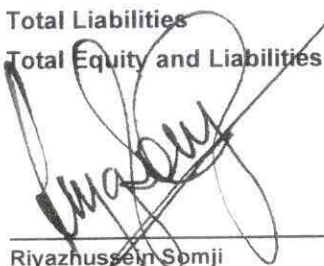
TANFOAM LIMITED

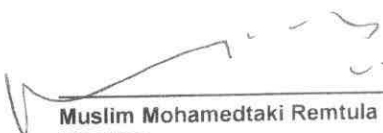
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Financial Statements for the year ended 31 December 2010

Statement of Financial Position

	Note(s)	2010 TSh '000	2009 TSh '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	3,134,090	3,035,785
Long term lease	4	86,391	84,299
Investments		239,536	225,284
Biological assets		151,463	83,230
		3,611,480	3,428,598
Current Assets			
Inventories	6	2,871,472	2,590,894
Other financial assets		1,000	-
Current tax receivable		66,492	40,882
Trade and other receivables	7	1,750,588	1,482,331
Cash and cash equivalents	8	214,487	189,387
		4,904,039	4,303,494
Total Assets		8,515,519	7,732,092
Equity and Liabilities			
Equity			
Share capital	9	105,000	105,000
Reserves		2,639,902	2,625,650
Retained income		965,911	788,276
		3,710,813	3,518,926
Liabilities			
Non-Current Liabilities			
Long term loan	10	249,512	46,181
Deferred tax	5	102,269	71,406
		351,781	117,587
Current Liabilities			
Long term loan	10	260	68,826
Trade and other payables	11	2,847,379	2,703,727
Bank overdraft	8	1,605,286	1,323,026
		4,452,925	4,095,579
Total Liabilities		4,804,706	4,213,166
Total Equity and Liabilities		8,515,519	7,732,092


 Riyazhusein Somji
 Director
 Date:


 Muslim Mohamedtaki Remtula
 Director
 Date:

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

Statement of Comprehensive Income

	Note(s)	2010 TSh '000	2009 TSh '000
Revenue	12	11,422,765	8,992,173
Cost of sales		(8,488,155)	(6,440,404)
Gross profit		2,934,610	2,551,769
Other income		36,386	26,968
Operating expenses		(2,247,757)	(1,729,159)
Operating profit	13	723,239	849,578
Finance costs	15	(280,125)	(233,713)
Profit before taxation		443,114	615,865
Taxation	16	(193,479)	(193,067)
Profit for the year		249,635	422,798
Other comprehensive income		-	-
Total comprehensive income		249,635	422,798
Total comprehensive income attributable to:			
Owners		249,635	422,798

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

Statement of Changes in Equity

	Share capital	Revaluation reserve	Retained income	Total equity
	TSh '000	TSh '000	TSh '000	TSh '000
Balance at 01 January 2009	105,000	2,624,650	491,478	3,221,128
Changes in equity				
Fair value gains, net of tax: Land and buildings	-	1,000	422,798	423,798
Dividends paid	-	-	(126,000)	(126,000)
Total changes	-	1,000	296,798	297,798
Balance at 01 January 2010	105,000	2,625,650	788,276	3,518,926
Changes in equity				
Fair value gains, net of tax: Land and buildings	-	14,252	249,635	263,887
Dividends	-	-	(72,000)	(72,000)
Total changes	-	14,252	177,635	191,887
Balance at 31 December 2010	105,000	2,639,902	965,911	3,710,813

Note(s)

9

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended 31 December 2010

Statement of Cash Flows

	Note(s)	2010 TSh '000	2009 TSh '000
Cash flows from operating activities			
Cash generated from operations	18	524,522	947,280
Dividends received		(16,114)	26,967
Finance costs		(280,125)	(233,713)
Tax paid	19	(188,226)	(258,366)
Net cash from operating activities		40,057	482,168
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(307,526)	(171,737)
Sale of property, plant and equipment	3	3,664	-
Addition to Land	4	(3,000)	-
Sale of financial assets		(1,000)	-
Addition of biological assets		(68,233)	(11,586)
Net cash from investing activities		(359,981)	(210,290)
Cash flows from financing activities			
Repayment of long term loan		134,765	48,374
Increase in fair value of investments		-	(126,875)
Dividend paid		(72,000)	(125,000)
Net cash from financing activities		62,765	(203,501)
Total cash movement for the year		(257,159)	68,377
Cash at the beginning of the year		(1,133,639)	(1,202,014)
Total cash at end of the year	8	(1,390,798)	(1,133,637)

TANFOAM LIMITED

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Financial Statements for the year ended 31 December 2010

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 2002. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Biological assets

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value, by equal installments over their useful lives as follows:

Cattle

In line with IAS 41, paragraph 13, Agriculture produces harvested from an entity's biological assets shall be measured at its fairvalue less estimated point-of-sale costs at the harvest.

Seedlings

In line with IAS 41, paragraph 30, plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses. Costs comprise all directly attributable costs and an appropriate proportional of field overheads incurred until the biological assets reaches fully productive capacity. Plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses instead of at annually appraised fair value (the benchmark presentation under IAS 41, Agriculture) because there are no active markets for plantation and alternative valuation model generated under unreliable estimates.

The plantations are depreciated on a straight-line basis over their expected useful economic life of 50 years.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

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Accounting Policies

1.2 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Percent
Land	1
Buildings	3
Plant and machinery	12.5
Furniture and fittings	12.5
Tools and equipment	12.5
Motor vehicles	25

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

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Accounting Policies

1.3 Financial instruments (continued)

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Fair value determination

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

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Accounting Policies

1.4 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

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Accounting Policies

1.6 Impairment of assets (continued)

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

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

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.9 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

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Accounting Policies

1.10 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

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Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2009 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment clarifies that a liability which could, at the option of the counterparty, result in its settlement by the issue equity instruments, does not affect its classification as current or non-current.

The effective date of the amendment is for years beginning on or after 01 January 2010

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 7 Statement of Cash Flows

The amendment provides that expenditure may only be classified as cash flows from investing activities' if it resulted in the recognition of an asset on the statement of financial position.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 17 Leases

The amendment removes the guidance that leases of land, where title does not transfer, are operating leases. The amendment therefore requires that lease classification for land be assessed in the same manner as for all leases. The amendment is to be applied retrospectively, unless the information is not available. In these cases, existing leases shall be reconsidered based on facts and circumstances existing at the date of adoption of the amendment. The lease asset and lease liability shall, in these cases be recognised at their fair values on that date, with any difference in those fair values recognised in retained earnings.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 18 Revenue

The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction.

The effective date of the amendment is for years beginning on or after 01 June 2009.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

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Notes to the Financial Statements

2. New standards and interpretations (continued)

2009 Annual Improvements Project: Amendments to IAS 39 Financial Instruments: Recognition and Measurement

In terms of the amendment, forward contracts to buy or sell an acquiree that will result in a business combination in the future, are only exempt from the Standard if the term of the contract does not exceed that which is reasonably necessary to obtain the required approval and complete the transaction. The amendment further clarifies that in a cash flow hedge of a forecast transaction, gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. The amendment also clarifies that a prepayment option is not closely related to the host contract unless the exercise price is approximately equal to the present value of the lost interest for the remaining term of the host contract.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material

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Notes to the Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2011 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value
- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 01 January 2013.

The company expects to adopt the standard for the first time in the 2013 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

IAS 24 Related Party Disclosures (Revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship
- Information about the nature and amount of each individually significant transaction and a quantitative or

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Notes to the Financial Statements

2. New standards and interpretations (continued)

qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient detail to allow users to understand the effect.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The company expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures

The effective date of the amendment is for years beginning on or after 01 January 2011.

The company expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The company expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

3. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	8,358	-	8,358	8,358	-	8,358
Buildings	2,783,015	(412,457)	2,370,558	2,783,015	(339,141)	2,443,874
Plant and machinery	1,099,766	(599,032)	500,734	972,422	(527,499)	444,923
Furniture and fittings	47,599	(13,950)	33,649	12,801	(9,142)	3,659
Motor vehicles	404,025	(272,003)	132,022	320,956	(227,997)	92,959
Tools and equipment	182,799	(99,543)	83,256	124,148	(87,649)	36,499
Borehole Advance	5,513	-	5,513	5,513	-	5,513
Total	4,531,075	(1,396,985)	3,134,090	4,227,213	(1,191,428)	3,035,785

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Notes to the Financial Statements

	2010 TSh '000	2009 TSh '000
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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Depreciation	Total
Land	8,358	-	-	-	8,358
Buildings	2,443,874	-	-	(73,316)	2,370,558
Plant and machinery	444,923	127,344	-	(71,533)	500,734
Furniture and fittings	3,659	34,797	-	(4,807)	33,649
Motor vehicles	92,959	83,070	-	(44,007)	132,022
Tools and equipment	36,499	62,315	(3,664)	(11,894)	83,256
Borehole Advance	5,513	-	-	-	5,513
	3,035,785	307,526	(3,664)	(205,557)	3,134,090

4. Long term lease

	2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Land	90,811	(4,420)	86,391	87,811	(3,512)	84,299

Reconciliation of long term lease - 2010

	Opening balance	Additions	Amortisation	Total
Land	84,299	3,000	(908)	86,391

5. Deferred tax

Deferred tax liability

Deferred tax	(102,269)	(71,406)
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Reconciliation of deferred tax asset (liability)

At beginning of the year	(71,406)	-
Originating temporary difference on tangible fixed assets	-	16,198
Increase (decrease) in tax losses available for set off against future taxable income	(30,863)	(87,604)
	(102,269)	(71,406)

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Notes to the Financial Statements

	2010 TSh '000	2009 TSh '000
6. Inventories		
Goods in transit	1,188,012	1,412,898
Raw materials	594,103	378,009
Work in progress	85,491	65,062
Finished goods	407,006	497,844
Other inventories	596,860	237,081
	<u>2,871,472</u>	<u>2,590,894</u>
7. Trade and other receivables		
Trade receivables	1,165,947	904,583
Loans and advances	375,242	149,453
Prepayments	30,820	18,701
Deposits	(14,998)	(8,298)
Directors account	36,307	36,307
Advance to suppliers	54,859	226,792
Related parties	102,411	154,793
	<u>1,750,588</u>	<u>1,482,331</u>
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	31,133	16,984
Bank balances	183,354	172,403
Bank overdraft	(1,605,286)	(1,323,026)
	<u>(1,390,799)</u>	<u>(1,133,639)</u>
Current assets	214,487	189,387
Current liabilities	(1,605,286)	(1,323,026)
	<u>(1,390,799)</u>	<u>(1,133,639)</u>
<p>The bank overdraft is from CRDB Bank Plc and is secured to the extent of Tsh 1.75 billion by a first charge over landed property on Plot No. 4, Block 'AA', CT No. 055034/5, LO No. 141238; Plot No.39 to 51 Block 'AA' CT No. 5997, LO No. 41912 in Unga Industrial Area, first charge fixed and floating debentures on the company's entire fixed and current assets, guarantee by the company's shareholders. The overdraft attracts an interest rate of 11%.</p>		
9. Share capital		
Authorised		
200,000 Ordinary shares of 1,000 each	<u>200,000</u>	<u>200,000</u>
Issued		
105,000 Ordinary shares of 1,000 each	<u>105,000</u>	<u>105,000</u>

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Notes to the Financial Statements

	2010 TSh '000	2009 TSh '000
10. Long term loan		
Bank loan	22,822	115,007
Secured Loan - Arusha Region Education Trust	226,950	-
	<u>249,772</u>	<u>115,007</u>
Non-current liabilities		
Long term loan	249,512	46,181
Current liabilities		
Long term loan - current portion	260	68,826
	<u>249,772</u>	<u>115,007</u>
<p>The term loan from CRDB Bank Plc and is secured to the extent of Tsh 80 million by a first charge over landed property on Plot No. 4, Block 'AA', CT No. 055034/5, LO No. 141238; Plot No.39 to 51 Block 'AA' CT No. 5997, LO No. 41912 in Unga Industrial Area, first charge fixed and floating debentures on the company's entire fixed and current assets, guarantee by the company's shareholders. The overdraft attracts an interest rate of 11%.</p>		
11. Trade and other payables		
Trade payables	2,265,460	1,965,086
Loans and advances	3,614	14,866
Other payables	89,463	53,623
Accruals	115,040	224,293
VAT	45,137	83,445
Director's account	82,816	141,765
Other advances	245,849	220,649
	<u>2,847,379</u>	<u>2,703,727</u>
12. Revenue		
Sale of mattresses and cushions	10,962,224	8,564,699
Sale of by products	327,054	318,610
Other sales	133,487	108,864
	<u>11,422,765</u>	<u>8,992,173</u>
13. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Amortisation on intangible assets	908	-
Depreciation on property, plant and equipment	205,558	174,958
Employee costs	903,022	970,850

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Notes to the Financial Statements

	2010 TSh '000	2009 TSh '000
14. Other income		
15. Finance costs		
Gain on Forex Fluctuations	(40,558)	(69,517)
Interest paid	320,683	303,230
	<u>280,125</u>	<u>233,713</u>
16. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	162,616	209,265
Deferred		
Originating and reversing temporary differences	30,863	(16,198)
	<u>193,479</u>	<u>193,067</u>
17. Auditors' remuneration		
Fees	14,535	9,554
18. Cash generated from operations		
Profit before taxation	443,114	615,865
Adjustments for:		
Depreciation and amortisation	206,466	174,958
Finance costs	280,125	233,713
Changes in working capital:		
Inventories	(280,578)	(95,443)
Trade and other receivables	(268,257)	(522,795)
Trade and other payables	143,652	540,982
	<u>524,522</u>	<u>947,280</u>
19. Tax paid		
Balance at beginning of the year	40,882	(8,219)
Current tax for the year recognised in profit or loss	(162,616)	(209,265)
Balance at end of the year	(66,492)	(40,882)
	<u>(188,226)</u>	<u>(258,366)</u>

20. Contingencies

The directors are of the opinion that there are no contingent liabilities as at the year-end.

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Notes to the Financial Statements

	2010 TSh '000	2009 TSh '000
21. Related parties		
Related party balances		
Due from/(to) related parties		
A1P5 Corp. Limited	800	800
Due from directors	232,043	36,307
J.R.Electronics	2,714	2,714
Kilifoam Limited	130,808	73,961
Tropical Foods Limited	74,000	78,209
Related party transactions		
Sales to related parties		
Kilifoam Limited	550,617	658,300

22. Comparative figures

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

23. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The management reviews this risk from time to time.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash the availability of funding through an adequate amount of committed funds from the shareholders. Due to the nature of the underlying business, operating expenses are managed strictly in accordance with pre-approved annual budget.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank overdrafts	1,605,286	-	-	-
Long term loan	260	249,512	-	-
Trade and other payables	2,847,379	-	-	-

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Financial Statements for the year ended 31 December 2010

Notes to the Financial Statements

		2010 TSh '000	2009 TSh '000	
23. Risk management (continued)				
At 31 December 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank overdraft	1,323,026	-	-	-
Long term loan	68,826	46,181	-	-
Trade and other payables	2,703,727	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2010	2009
Cash and bank	214,487	189,387
Trade and other receivables	1,750,588	1,482,331

Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The company transacts partly in United States Dollar and its assets and liabilities are denominated in the Tanzanian Shillings. The foreign exchange exposures are reviewed and controlled by management on a regular and frequent basis.

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The reports and statements set out below comprise the financial statements presented to the shareholders:

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Report of the Independent Auditors

To the shareholders of TANFOAM LIMITED Report on the Financial Statements

We have audited the accompanying financial statements of TANFOAM LIMITED, which comprise the directors' report, the statement of financial position as at December 31, 2009, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 26.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 present fairly, in all material respects, the financial position of the company as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Tanzanian Companies Act 2002.

Report on Other Legal and Regulatory Requirements

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


Horwath Tanzania

Signed by Christopher Msuya

August 18, 2010

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Directors' Responsibilities and Approval

The directors are required by the Tanzanian Companies Act 2002, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to December 31, 2010 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 3.

The financial statements set out on pages 5 to 28, which have been prepared on the going concern basis, were approved by the directors on the date of this statement and were signed on its behalf by:

Director

Director

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Financial Statements for the year ended December 31, 2009

Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended December 31, 2009.

1. Review of activities

Main business and operations

The principal activity of the company is that of manufacturing of polyurethane foam mattresses, cushions, sheets and pillows.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net profit of the company was TSh 422,952,000 (2008: TSh 222,898,000 profit), after taxation of TSh (197,243,000) (2008: TSh (292,878,000)).

2. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Directors' interest

The Directors beneficial interest in the issued share capital were as follows:

	Ordinary shares of TSh 1,000 each			
	2009		2008	
	Number	Value	Number	Value
Mr. Muslim Mohamedtaki Remtullah	10,500	10,500	10,500	10,500

Mr. Muslim Mohamedtaki Remtullah has a direct interest of 10% as well as an indirect interest of 4% in the shares of the company.

Mr. Imtiaz Mohamedbaker Somji has an indirect interest of 22.5% in the shares of the company.

4. Dividends

The dividend paid in 2009 was for the year 2008. The directors do not propose payment of a dividend for the current year.

5. Directors

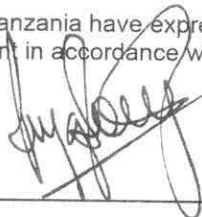
The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
Mr. Riyazhussein Somji	Tanzanian
Mr. Muslim Mohamedtaki Remtullah	Tanzanian
Mr. Imtiaz Mohamedbaker Somji	Tanzanian
Mr. Alnasir Mohamedbaker Somji	Tanzanian
Mr. Mathias Mutabihirwa	Tanzanian

6. Auditors

Horwath Tanzania have expressed their willingness to continue in office and will be recommended for re-appointment in accordance with the Companies Act 2002

Director



Director



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Financial Statements for the year ended December 31, 2009

Statement of Financial Position

	Note(s)	2009 TSh '000	2008 TSh '000
Assets			
Non-Current Assets			
Property, plant and equipment	4	3,027,582	3,029,769
Long term lease	5	92,657	93,535
Investments	6	225,284	98,409
Biological assets - seedlings		83,230	71,644
		<u>3,428,753</u>	<u>3,293,357</u>
Current Assets			
Inventories	8	2,590,894	2,495,451
Biological assets		-	-
Current tax receivable		40,882	-
Trade and other receivables	9	1,464,407	941,612
Cash and cash equivalents	10	189,387	165,579
		<u>4,285,570</u>	<u>3,602,642</u>
Total Assets		<u>7,714,323</u>	<u>6,895,999</u>
Equity and Liabilities			
Equity			
Share capital	11	105,000	105,000
Reserves		2,625,650	2,624,650
Retained income		788,430	491,478
		<u>3,519,080</u>	<u>3,221,128</u>
Liabilities			
Non-Current Liabilities			
Long term loan	12	46,181	46,233
Deferred tax	7	71,406	87,604
		<u>117,587</u>	<u>133,837</u>
Current Liabilities			
Long term loan	12	68,826	20,400
Current tax payable		-	8,219
Trade and other payables	13	2,685,804	2,144,822
Bank overdraft	10	1,323,026	1,367,593
		<u>4,077,656</u>	<u>3,541,034</u>
Total Liabilities		<u>4,195,243</u>	<u>3,674,871</u>
Total Equity and Liabilities		<u>7,714,323</u>	<u>6,895,999</u>

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Statement of Comprehensive Income

	Note(s)	2009 TSh '000	2008 TSh '000
Revenue	14	8,992,173	7,659,558
Cost of sales		(6,442,654)	(5,735,901)
Gross profit		2,549,519	1,923,657
Operating expenses		(1,726,754)	(1,317,563)
Operating profit	15	822,765	606,094
Other income	16	26,967	43,419
Finance costs	17	(233,713)	(133,737)
Profit before taxation		616,019	515,776
Taxation	18	(193,067)	(292,878)
Profit for the year		422,952	222,898
Other comprehensive income		-	-
Total comprehensive income		422,952	222,898

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Statement of Changes in Equity

	Share capital	Revaluation reserve	Retained income	Total equity
	TSh '000	TSh '000	TSh '000	TSh '000
Balance at January 01, 2008	3,500	2,603,610	495,080	3,102,190
Changes in equity				
Fair value gains, net of tax: Land and buildings	-	21,040	222,898	243,938
Issue of shares	101,500	-	(101,500)	-
Dividends paid	-	-	(125,000)	(125,000)
Total changes	101,500	21,040	(3,602)	118,938
Balance at January 01, 2009	105,000	2,624,650	491,478	3,221,128
Changes in equity				
Fair value gains, net of tax: Land and buildings	-	1,000	422,952	423,952
Dividends paid	-	-	(126,000)	(126,000)
Total changes	-	1,000	296,952	297,952
Balance at December 31, 2009	105,000	2,625,650	788,430	3,519,080
Note(s)	11			

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Statement of Cash Flows

	Note(s)	2009 TSh '000	2008 TSh '000
Cash flows from operating activities			
Cash generated from operations			
Dividends received	20	920,467	567,485
Finance costs		26,967	43,419
Tax paid		(233,713)	(133,737)
	21	(258,366)	(194,702)
Net cash from operating activities		455,355	282,465
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(171,893)	(146,551)
Sale of property, plant and equipment	4	-	1,605
Purchase of land	5	-	-
Decrease in biological assets - cattle		-	85,120
Purchase of biological assets - seedlings		(11,586)	(10,565)
Net cash from investing activities		(183,479)	(70,391)
Cash flows from financing activities			
Proceeds on share issue		-	-
Repayment of long term loan	11	48,374	(13,367)
Increase and fair value of investments		(126,875)	(23,040)
Dividend paid		(125,000)	(125,000)
Net cash from financing activities		(203,501)	(161,407)
Total cash movement for the year		68,375	50,667
Cash at the beginning of the year		(1,202,014)	(1,252,681)
Total cash at end of the year	10	(1,133,639)	(1,202,014)

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Financial Statements for the year ended December 31, 2009

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Tanzanian Companies Act 2002. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Biological assets

Cattle

In line with IAS 41, paragraph 13, Agriculture produces harvested from an entity's biological assets shall be measured at its fairvalue less estimated point-of-sale costs at the harvest.

Seedlings

In line with IAS 41, paragraph 30, plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses. Costs comprise all directly attributable costs and an appropriate proportional of field overheads incurred until the biological assets reaches fully productive capacity. Plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses instead of at annually appraised fair value (the benchmark presentation under IAS 41, Agriculture) because there are no active markets for plantation and alternative valuation model generated under unreliable estimates. The plantations are depreciated on a straight-line basis over their expected useful economic life of 50 years.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Percent
Land	1
Buildings	3
Plant and machinery	12.5

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Financial Statements for the year ended December 31, 2009

Accounting Policies

1.2 Property, plant and equipment (continued)

Furniture and fittings	12.5
Tools and equipment	12.5
Motor vehicles	25

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Fair value determination

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

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Accounting Policies

1.3 Financial instruments (continued)

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

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Financial Statements for the year ended December 31, 2009

Accounting Policies

1.5 Inventories (continued)

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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Financial Statements for the year ended December 31, 2009

Accounting Policies

1.6 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

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

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.9 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.10 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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Financial Statements for the year ended December 31, 2009

Accounting Policies

1.10 Translation of foreign currencies (continued)

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian shillings by applying to the foreign currency amount the exchange rate between the Tanzanian shillings and the foreign currency at the date of the cash flow.

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Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

2009	2008
TSh '000	TSh '000

2. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- IFRS5 Non-current Assets Held for Sale and Discontinued Operations
- IAS1 Presentation of Financial Statements
- IAS2 Inventories
- IAS10 Events after the Balance Sheet Date
- IAS17 Leases
- IAS21 The Effects of Changes in Foreign Exchange Rates
- IAS24 Related Party Disclosures
- IAS28 Investments in Associates
- IAS31 Interest in Joint Ventures
- IAS32 Financial Instruments: Disclosure and Presentation
- IAS33 Earnings per Share
- IAS39 Financial Instruments: Recognition and Measurement
- IAS40 Investment Property

IAS 1 Presentation of Financial Statements Revised

During the current year, the company adopted IAS 1 Presentation of Financial Statements - Revised.

The revisions resulted in several changes, including terminology changes. As such, the balance sheet will now be referred to as the statement of financial position and the cash flow statement as the statement of cash flows.

In accordance with the revisions, all non owner changes in equity are now presented in a single statement of comprehensive income.

The revisions also introduced the concept of other comprehensive income and require disclosure to be made of all reclassification adjustments and all taxation implications of each component of other comprehensive income. This information has been disclosed in the notes to the financial statements.

In addition, a statement of financial position and related notes have been presented for the earliest comparative period. This is in accordance with the requirements of the revised Standard to present such a statement of financial position whenever there is a retrospective restatement to the financial statements.

Dividend information will now only be disclosed either on the face of the statement of changes in equity or in the notes.

The Standard did not provide for any transitional provisions for the stated revisions. The changes are required to be applied retrospectively.

The change has been applied retrospectively.

IAS 23 Borrowing Costs

During the current year, the company changed its accounting policy for borrowing costs, by adopting the revised IAS 23 Borrowing Costs.

The revisions require that all borrowing costs incurred which are directly attributable to the acquisition, construction or production of qualifying assets must be capitalised to the cost of that asset.

The company has previously accounted for borrowing costs by expensing them as they are incurred.

The transitional provisions are such that the change in accounting policy is to be applied to borrowing costs directly

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

2009	2008
TSh '000	TSh '000

2. Changes in accounting policy (continued)

attributable to qualifying assets for which the commencement date for capitalisation is in years beginning on or after 1 January 2009, or any date selected by the company for early adoption.

The change has therefore been applied prospectively, in accordance with the transitional provisions of the Standard.

The aggregate effect of the changes in accounting policy on the financial statements for the year ended December 31, 2008 is as follows:

Management do not have sufficient records relating to interest capitalised on plant and equipment to enable retrospective expensing of borrowing cost. For this reason the change in accounting policy is applied prospectively.

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1:

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a statement of financial position at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after January 01, 2009.

The company has adopted the standard for the first time in the 2009 financial statements.

The impact of the standard is not material.

IAS 23 (Revised) Borrowing Costs

The revision requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

The effective date of the standard is for years beginning on or after January 01, 2009.

The company has adopted the standard for the first time in the 2009 financial statements.

The impact of the standard is not material.

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

3. New standards and interpretations (continued)

IFRS 8 Operating segments

IFRS 8 replaces IAS 14 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The effective date of the standard is for years beginning on or after January 01, 2009.

The company has adopted the standard for the first time in the 2009 financial statements.

The impact of the standard is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 1 Presentation of Financial Statements

The amendment is to clarify that financial instruments classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not always required to be presented as current assets/liabilities.

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors

The amendment clarified that Implementation Guidance related to any Standard is only mandatory when it is identified as an integral part of the Standard.

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 10 Events after the Reporting Period

The amendment clarified that if dividends are declared (appropriately authorised and no longer at the discretion of the entity) after the reporting period but before the financial statements are authorised for issue, the dividends may not be recognised as a liability as no obligation exists at the reporting date. Thus clarifying that in such cases a liability cannot be raised even if there is a constructive obligation.

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

3. New standards and interpretations (continued)

May 2008 Annual Improvements to IFRS's: Amendments to IAS 16 Property, Plant and Equipment

The term 'net selling price' has been replaced with 'fair value less cost to sell' in the definition of recoverable amount.

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 16 Property, Plant and Equipment

The amendment requires entities that routinely sell items of property, plant and equipment that they have previously held for rental to others, to transfer such assets to inventories at their carrying amount when they cease to be rented and are held for sale. The proceeds from the sale of such assets should be recognised as revenue in accordance with IAS 18 Revenue. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations does not apply in these situations.

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 7 Statement of Cash Flows

Cash payments to manufacture or acquire property, plant and equipment that entities routinely sell and which they have previously held for rentals to others, and cash receipts from rental and sale of such assets are to be included within operating activities.

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 18 Revenue

With regards to financial service fees, the term 'direct costs' have been replaced with 'transaction costs' as defined in IAS 39 Financial Instruments: Recognition and Measurement. This was in order to remove the inconsistency for costs incurred in originating financial assets and liabilities that should be deferred and recognised as an adjustment to the underlying effective interest rate.

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

3. New standards and interpretations (continued)

May 2008 Annual Improvements to IFRS's: Amendments to IAS 19 Employee Benefits

With regards to curtailments and negative past service costs, clarification has been made that:

- When a plan amendment reduces benefits, the effect of the reduction for future service is a curtailment and the effect of any reduction for past service is a negative past service cost;
- Negative past service cost arises when a change in the benefits attributable to past service results in a reduction in the present value of the defined benefit obligation; and
- A curtailment may arise from a reduction in the extent to which future salary increases are linked to the benefits payable for past service.

The definition of 'return on plan assets' has also been amended to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the actuarial assumptions used to measure the defined benefit obligation.

The term "fall due" in the definition of "short term employee benefits" has been replaced with "due to be settled"

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after January 01, 2009.

The company has adopted the amendment for the first time in the 2009 financial statements.

The impact of the standard is not material.

4. Property, plant and equipment

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	2,783,015	(339,141)	2,443,874	2,783,015	(264,873)	2,518,142
Plant and machinery	972,577	(527,499)	445,078	845,119	(476,625)	368,494
Furniture and fittings	12,801	(9,142)	3,659	11,145	(5,875)	5,270
Motor vehicles	320,956	(227,997)	92,959	302,891	(198,482)	104,409
Tools and equipment	124,148	(87,649)	36,499	104,949	(71,495)	33,454
Property, plant and equipment	5,513	-	5,513	-	-	-
Total	4,219,010	(1,191,428)	3,027,582	4,047,119	(1,017,350)	3,029,769

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

	2009 TSh '000	2008 TSh '000
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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Buildings	2,518,142	-	(74,268)	2,443,874
Plant and machinery	368,494	127,459	(50,875)	445,078
Furniture and fittings	5,270	1,657	(3,268)	3,659
Motor vehicles	104,409	18,065	(29,515)	92,959
Tools and equipment	33,454	19,199	(16,154)	36,499
Property, plant and equipment	-	5,513	-	5,513
	3,029,769	171,893	(174,080)	3,027,582

5. Long term lease

	2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Land	96,169	(3,512)	92,657	96,169	(2,634)	93,535

Reconciliation of long term lease - 2009

	Opening Balance	Amortisation	Total
Land	93,535	(878)	92,657

The prepaid lease rentals were in respect of 5,100 acres represented by title deed no. 104956 and 105456 for a farm at Loikisale in the Monduli District. The amount prepaid is amortised over a period of 100 years commencing 1 January 2006, being the period of lease.

The long term lease includes the cost of land at Kange Industrial Area in Tanga. The land acquired represents Plot No. 580, 581, 582 and 583, Block B. The registration of title deed in the name of the company is under process.

6. Investments

Dahaco	2,393	2,393
Kilifoam Limited	2,000	2,000
Tanga Cement Company Limited	44,000	46,500
Tanzania Cigarette Company Limited	45,000	41,500
Tanzania Portland Cement Company Limited	6,016	6,016
JR Electronics Limited	125,875	-
	225,284	98,409

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

	2009 TSh '000	2008 TSh '000
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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Buildings	2,518,142	-	(74,268)	2,443,874
Plant and machinery	368,494	127,459	(50,875)	445,078
Furniture and fittings	5,270	1,657	(3,268)	3,659
Motor vehicles	104,409	18,065	(29,515)	92,959
Tools and equipment	33,454	19,199	(16,154)	36,499
Property, plant and equipment	-	5,513	-	5,513
	3,029,769	171,893	(174,080)	3,027,582

5. Long term lease

	2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Land	96,169	(3,512)	92,657	96,169	(2,634)	93,535

Reconciliation of long term lease - 2009

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	225,284	98,409

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

	2009 TSh '000	2008 TSh '000
7. Deferred tax		
Deferred tax liability		
Deferred tax	<u>(71,406)</u>	<u>(87,604)</u>
Reconciliation of deferred tax asset (liability)		
At beginning of the year	(87,604)	(108,319)
Originating temporary difference on tangible fixed assets	16,198	20,715
	<u>(71,406)</u>	<u>(87,604)</u>
8. Inventories		
Goods in transit	1,412,898	1,375,096
Raw materials	378,009	537,738
Work in progress	65,062	74,109
Finished goods	497,844	277,374
Other inventories	237,081	231,134
	<u>2,590,894</u>	<u>2,495,451</u>
9. Trade and other receivables		
Trade receivables	886,659	584,629
Loans and advances	149,453	91,419
Prepayments	18,701	10,880
Deposits	(8,298)	(15,018)
Directors account	36,307	42,471
Advance to suppliers	226,792	93,306
Related parties	154,793	133,925
	<u>1,464,407</u>	<u>941,612</u>
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	16,984	6,509
Bank balances	172,403	159,070
Bank overdraft	<u>(1,323,026)</u>	<u>(1,367,593)</u>
	<u>(1,133,639)</u>	<u>(1,202,014)</u>
Current assets	189,387	165,579
Current liabilities	<u>(1,323,026)</u>	<u>(1,367,593)</u>
	<u>(1,133,639)</u>	<u>(1,202,014)</u>

The bank overdraft is from CRDB Bank Plc and is secured to the extent of Tsh 1.75 billion by a first charge over landed property on Plot No. 4, Block 'AA', CT No. 055034/5, LO No. 141238; Plot No.39 to 51 Block 'AA' CT No. 5997, LO No. 41912 in Unga Industrial Area, first charge fixed and floating debentures on the company's entire fixed and current assets, guarantee by the company's shareholders. The overdraft attracts an interest rate of 11%.

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

	2009 TSh '000	2008 TSh '000
11. Share capital		
Authorised		
200,000 Ordinary shares of 1,000 each	200,000	200,000
Issued		
3,500 Ordinary shares of 1,000 each	105,000	3,500
Ordinary Type A	-	101,500
	105,000	105,000
12. Long term loan		
Bank loan	115,007	66,633
Non-current liabilities		
Long term loan	46,181	46,233
Current liabilities		
Long term loan - current portion	68,826	20,400
	115,007	66,633
<p>The term loan from CRDB Bank Plc and is secured to the extent of Tsh 80 million by a first charge over landed property on Plot No. 4, Block 'AA', CT No. 055034/5, LO No. 141238; Plot No.39 to 51 Block 'AA' CT No. 5997, LO No. 41912 in Unga Industrial Area, first charge fixed and floating debentures on the company's entire fixed and current assets, guarantee by the company's shareholders. The overdraft attracts an interest rate of 11%.</p>		
13. Trade and other payables		
Trade payables	1,959,010	1,980,790
Loans and advances	14,866	647
Other payables	42,419	-
Accruals	241,453	81,127
VAT	83,445	35,431
Director's account	152,096	(7,221)
Other advances	192,515	54,048
	-	-
	2,685,804	2,144,822
14. Revenue		
Sale of mattresses and cushions	8,564,699	7,298,598
Sale of by products	318,610	281,178
Other sales	108,864	79,782
	8,992,173	7,659,558
15. Operating profit		

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

	2009 TSh '000	2008 TSh '000
15. Operating profit (continued)		
Operating profit for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	174,958	171,763
Employee costs	970,850	427,478
16. Other income		
Cattle project	(998)	(11,425)
Rental income	25,042	27,614
Tropical products	-	294
Disposal of fixed assets	-	8,812
Dividend income	2,923	16,874
Other income	-	1,250
	26,967	43,419
17. Finance costs		
Loss on foreign currency borrowings	(69,517)	(42,563)
Interest paid	303,230	176,300
	233,713	133,737
18. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	209,265	202,384
Local income tax - recognised in current tax for prior periods	-	110,365
Tax on investments	-	844
	209,265	313,593
Deferred		
Originating and reversing temporary differences	(16,198)	(20,715)
	193,067	292,878
19. Auditors' remuneration		
Fees	9,554	9,700
20. Cash generated from operations		
Profit before taxation	616,019	515,776
Adjustments for:		
Depreciation and amortisation	174,958	171,763
Dividends received	(26,967)	(43,419)
Finance costs	233,713	133,737
Adjustments on fair value of investments	-	21,040

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

	2009 TSh '000	2008 TSh '000
20. Cash generated from operations (continued)		
Changes in working capital:		
Inventories	(95,443)	(787,989)
Trade and other receivables	(522,795)	(244,052)
Trade and other payables	540,982	800,629
	<u>920,467</u>	<u>567,485</u>
21. Tax paid		
Balance at beginning of the year	(8,219)	110,672
Current tax for the year recognised in profit or loss	(209,265)	(313,593)
Balance at end of the year	(40,882)	8,219
	<u>(258,366)</u>	<u>(194,702)</u>

22. Contingencies

The directors are of the opinion that there are no contingent liabilities as at the year-end.

23. Related parties

Related party balances

Due from/(to) related parties

A1P5 Corp. Limited	800	800
Due from directors	36,307	60,293
J.R.Electronics	2,714	2,764
Kilifoam Limited	73,961	98,333
VIP Engineering Limited	-	4,558
Tropical Foods Limited	78,209	87,463

Related party transactions

Sales to related parties

Kilifoam Limited	658,300	586,453
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Purchases from related parties

J.R.Electronics	-	1,493
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Key staff remuneration

319,762	110,225
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24. Comparative figures

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

25. Risk management

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant

TANFOAM LIMITED

(Registration number 3751)

Financial Statements for the year ended December 31, 2009

Notes to the Financial Statements

	2009 TSh '000	2008 TSh '000
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25. Risk management (continued)

maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank overdrafts	1,323,026	-	-	-
Long term loan	68,826	46,181	-	-
Trade and other payables	2,685,804	-	-	-

At December 31, 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank overdraft	1,367,593	-	-	-
Long term loan	20,400	46,233	-	-
Trade and other payables	2,144,822	-	-	-

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2009	2008
Cash and bank	189,387	165,579
Trade and other receivables	1,464,407	941,612

Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The company transacts partly in United States Dollar and its assets and liabilities are denominated in the Tanzanian Shillings. The foreign exchange exposures are reviewed and controlled by management on a regular and frequent basis.

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Form 128

THE UNITED REPUBLIC OF TANZANIA
Date: 27/04/2009

15,000 =
30/4/09

Annual Return of a Company
Pursuant to Section 128 of the Companies Act 2002

Company Number

Company Name (in Full)

The information in this return is made up to: 30TH APRIL, 2009

Address of registered office of Company: UNGA LTD, PLOT NO. 4 - BLOCK 'A'
P.O Box 13092, ARUSHA.

Company type: PRIVATE COMPANY

(If the company does not have a share capital there must be annexed to the return a statement containing particulars of the total amount of indebtedness of the company in respect of all mortgages and charges required to be registered under the Act)

Principal business activities: MANUFACTURE AND SALE OF POLYURETHANE FOAM PRODUCTS
MATTRESSES, CUSHIONS, SHEETS, PILLOWS RAGS/LINEN

If different from the registered office, state address where the register of members or any register of debenture holders is kept

Register of members
AT THE REGISTERED OFFICE OF THE COMPANY AS ABOVE

Register of debenture holders
- NOT APPLICABLE -

Company Secretary

Name: RAMASWAMY BALASOBRAMANIAM

Previous name(s): - NOT APPLICABLE -

Address: UNGA LTD, PLOT NO. 4 - BLOCK 'A'
P.O Box 13092, ARUSHA

FOR OFFICIAL USE ONLY.

additional copies of this sheet if necessary)

Name	RIYAZ HUSSEIN SOMJI	Business occupation	DIRECTOR
Previous name(s)	- N.A. -	Nationality	TANZANIAN
Address	PO BOX 13092, ARUSHA	Date of birth	9/12/1958
Other relevant past or present directorships			

Name	MUSLIM MOHAMEDTAKI REMTOLA	Business occupation	DIRECTOR
Previous name(s)	- N.A. -	Nationality	TANZANIAN
Address	PO BOX 13092, ARUSHA	Date of birth	27/04/1948
Other relevant past or present directorships			

Name	INTIAZ MOHAMMEDBAKEER SOMJI	Business occupation	DIRECTOR
Previous name(s)	- N.A. -	Nationality	TANZANIAN
Address	5 SEA VIEW, DAR ES SALAAM	Date of birth	30/11/63
Other relevant past or present directorships			

additional copies of this sheet if necessary)

Name	AL NASIR MOHAMMED BAKEER SOHJI	Business occupation	DIRECTOR
Previous name(s)		Nationality	TANZANIAN
Address	PLOT NO. 919/60 APT, 102 OCEAN ROAD, DAR ES SALAAM.	Date of birth	02/04/1965
Other relevant past or present directorships			

Name	MATHIAS MUTABIHIRWA	Business occupation	DIRECTOR
Previous name(s)	- N.A.	Nationality	TANZANIAN
Address	BLOCK '3' PLOT NO 532, MBEZI BEACH, DAR ES SALAAM	Date of birth	12-5-1922
Other relevant past or present directorships			

Name		Business occupation	
Previous name(s)		Nationality	
Address		Date of birth	
Other relevant past or present directorships			

capital

Further details of all the shares in issue at the date of the return.

	Class	Number of shares issued	Aggregate nominal value
1	ORDINARY	105 000	TSh 1 000 /-
2			TSh
3			TSh
4			TSh
5			TSh

Totals:	105 000	TSh 105,000,000
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List of past and present members

A full list is required if one was not included with either of the last two returns.

There were no changes in the period

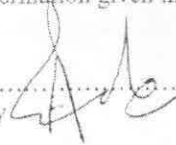
A list of changes is enclosed (pages 4 and 5)

 N/A

A full list of members is enclosed (pages 4 and 5)

I certify that the information given in this return is true to the best of my knowledge and belief.

Signed.....
Director / Secretary



Date.....

30 / NOV / 2009

LIST OF PAST AND PRESENT MEMBERS (Continued on page 5)
(use additional copies of this sheet if necessary)

	Names and addresses
1	VARIETY INDUSTRIAL PRODUCTS LTD.
2	
3	
4	RENTULLA PIRBHAI LIMITED
5	
6	JAMES RUGEMALIRA
7	
8	
9	MUSLIM MOHAMEDYAKI RENTULLA.
10	
11	
12	
13	MURTAZA AKBERALI WALZI
14	
15	
16	
17	

LIST OF PAST AND PRESENT MEMBERS (Continued from page 4)
 (use additional copies of this sheet if necessary)

Number	Number of shares or amount of stock held by existing members at date of return	Particulars of shares transferred since the date of the last return (or, in the case of the first return, of the incorporation of the company) by (a) persons who are still members, and (b) persons who have ceased to be members (note 12)		Remarks [SHAREHOLDERS/MEMBERS]
		Number/ amount transferred	Date of registration of transfer	
1	52500	- NIL -	- N.A -	VARIETY INDUSTRIAL PRODUCTS LIMITED
2				
3	21000	- NIL -	- N.A -	REMTULLA PIRBAAL LIMITED
4				
5	10500	- NIL -	- N.A -	JAMES RUGEMALIRA
6				
7	10500	- NIL -	- N.A -	MUSLIM MOHAMED TAKI REMTULLA
8				
9	10500	- NIL -	- N.A -	MURTAZA AKBERALI WALJI.
10				
11				
12				
13				
14				
15				
16				
17				

Statement of Machinery additions - 2013

Particulars		Origin	USD	Tsh
Maxfoam		Norway	1,150,000	1,840,000,000
Installation cost				100,000,000
D G Set	150 KVA	UK/India	21,500	34,400,000
	150 KVA	UK/India	21,500	34,400,000
Compressor		China	4,000	6,400,000
Tape edge Machine		China	50,000	80,000,000
Building renovation		Local		400,000,000
Fork lift	2 nos	Japan	28,000	44,800,000
Long conveyor cutting machine	1 nos	China	38,000	60,800,000
Delivery Trucks	10 nos	Local -Tata		700,000,000
Staff Vehicles	3 nos			150,000,000
				3,450,800,000

TANFOAM LIMITED
P.O. Box 13092
Plot 4, Tanfoam Road
Industrial Area
Arusha Tanzania

Tel: Office 255 27 2507416 / 2502006
2507563 / 2507557 / 2503983
Fax: 255 27 2548280 Email: info@tanfoam.co.tz
Website: www.tanfoam.com



SPECIAL RESOLUTION

At an Extra Ordinary meeting of the Board of Directors of Tanfoam Limited held at its registered offices at Plot Number 4, Unga Industrial Area, within Arusha Municipality on the 15th day of March, 2013 the following Special Resolution was passed, namely:-

“WHEREAS, the Board of Directors deems it desirable and in the best interest of this company to register the new expansion project / machinery investment with the Tanzania Investment Centre”.

NOW, THEREFORE, BE IT RESOLVED that this company registers the new expansion project / machinery investment with the Tanzania Investment Centre.

FURTHER RESOLVED THAT Mrs Mumtaz Ladak, General Manager of the company be and is hereby authorized to sign and submit necessary application and documents with Tanzania Investment Centre on behalf of the company.



Riyaz Somji
Chairman

Date: March 21, 2013



Muslim M Remtulla
Director

Date: March 21, 2013

LAADER BERG

WORLD CLASS STANDARD WITH MAXFOAM

Tanfoam Ltd.

P O BOX 13092
PLOT 4, UNGA LTD,
INDUSTRIAL AREA
ARUSHA
TANZANIA

INVOICE NO.60621

Page 1 of 2

Date: 18th February 2013

Your ref.: CRDB13-ILC024 Our ref.:5628/12-V2

DESC. OF GOODS/SERV :

ONE MAXFOAM 5010 FOAMING MACHINE WITH EQUIPMENT
SHIPPING TERMS: CFR TANGA PORT, TANZANIA

Total price Machine and equipment	NOK	6.077.500,-
Packing and FOB charges	NOK	152.600,-
Total price EXW (Incoterms 2010) Aalesund, Norway	NOK	6.230.100,-
Technical service charge for 8 weeks, excl. air-tickets, local transport and hotel & boarding	NOK	241.400,-
Freight charges to Tanga Port - Tanzania	NOK	76.000,-
TOTAL PRICE CFR (Incoterms 2010) Tanga Port - Tanzania	NOK	6.547.500,-

TERMS OF PAYMENT:

100% of amount, NOK 6.547.500,- to be paid
against Irrevocable Documentary Credit No. CRDB13-ILC024

The 100% to be paid in rates as specified below:

40% at sight
15% 180 days from B/L date
15% 360 days from B/L date
15% 540 days from B/L date
15% 720 days from B/L date

Laader Berg AS
P.O.Box 9514 Flisnes
6047 Aalesund
NORWAY

Phone: +47 70 17 74 00
Fax: +47 70 17 74 01
E-mail: post@laaderberg.com

Web: www.laaderberg.com
Org.No.: NO 950 945 524 VAT

LAADER BERG

WORLD CLASS STANDARD WITH MAXFOAM

Tanfoam Ltd.
Date: 18th February 2013

INVOICE NO. 60621
Page 2 of 2

PACKING : 17 wooden crates, 3 pallets and 17 unattached items loaded into two 40' containers.

13 wooden crates (No. 1 – 13) + 3 pallets (No. 14 – 16) loaded into one 40' Container
No. MSKU 9356847 , Seal : ML-NO 0370475

GROSS WEIGHT: 17.450 kgs.
NET WEIGHT: 14.533,79 kgs.
VOLUME: 61.27 cbm.

4 wooden crates (No. 17 – 20) + 17 unattached items (No. 21) loaded into one 40' Container
No. MRKU 0765755 , Seal : ML-NO 0370474

GROSS WEIGHT: 6.400 kgs.
NET WEIGHT: 6.007,71 kgs.
VOLUME: 39.17 cbm.

TOTAL FOR BOTH CONTAINERS :

GROSS WEIGHT: 23.850 kgs.
NET WEIGHT: 20.541,50 kgs.
VOLUME: 100.44 cbm.

HARMONIZED SYSTEM COMMODITY CODE NUMBER (HS-CODE): 847710 00

IRREVOCABLE DOCUMENTARY CREDIT NO.: CRDB13-ILC024

WE HEREBY CERTIFY THAT THE GOODS ARE AS PER PROFORMA INVOICE REF. 5628/12-V2
DATED 4TH DECEMBER 2012.

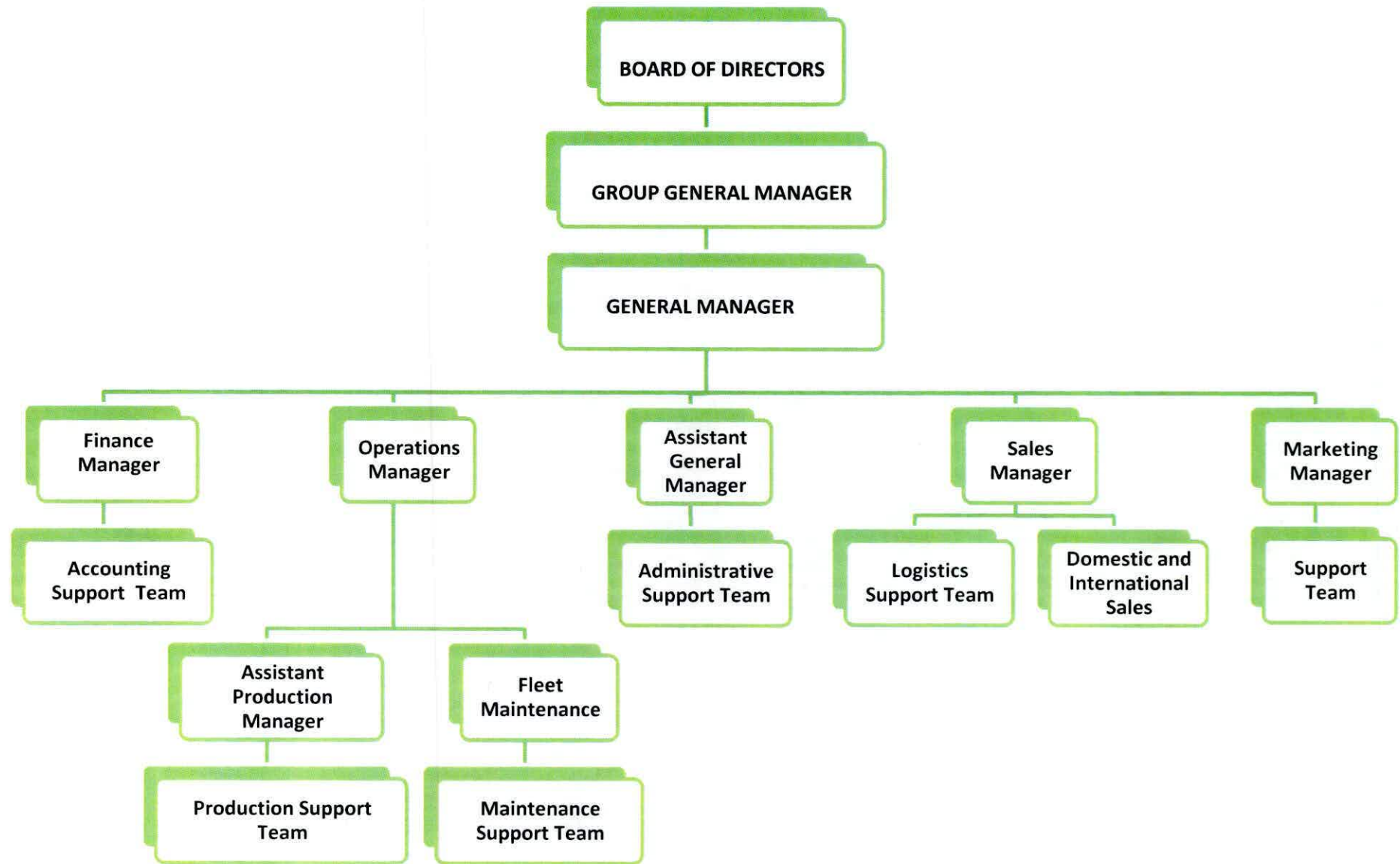
Laader Berg AS

LAADER BERG AS
Hildegunn B. Segafredo
Hildegunn Bjørge Segafredo

Laader Berg AS
P.O.Box 9514 Flisnes
6047 Aalesund
NORWAY

Phone: +47 70 17 74 00
Fax: +47 70 17 74 01
E-mail: post@laaderberg.com

Web: www.laaderberg.com
Org.No.: NO 950 945 524 VAT



THE UNITED REPUBLIC OF TANZANIA



Certificate of Incorporation

No. 3751

I HEREBY CERTIFY THAT

TANPCAM

- - - 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 15th day of December

One thousand nine hundred and sixty-five.

Registrar of Companies

THE COMPANIES ORDINANCE (CAP 212.)

COMPANY LIMITED BY SHARES

Memorandum

and

Articles of Association

of

Tanfoam Limited

Incorporated the 18th day of December, 1965.

Printed by
KOTCHA & Co.
ADVERTISERS
P. O. Box 402
DAR ES SALAM
Tanzania

THE UNITED REPUBLIC OF TANZANIA



Certificate of Incorporation

No. 3751

I HEREBY CERTIFY THAT

TANFOAM

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 15th day of December

One thousand nine hundred and sixty-five.

[Handwritten Signature]

Registrar of Companies



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR

TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 3A(4) OF THE INCOME TAX ACT NO. 33 OF 1973)
AS AMMENDED BY THE FINANCIAL LAWS (MISCELLANEOUS AMENDMENTS) 2000

THIS IS TO CERTIFY THAT

TANFOAM LIMITED

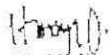
.....

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

100-230-550

.....

with effect from 11/10/1998


H. M. Kitiliya

COMMISSIONER FOR INCOME TAX

OFFICIAL SEAL

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



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
TANFOAM LIMITED

WHOSE TAXPAYER IDENTIFICATION NUMBER (TIN) IS
100-230-550

HAS BEEN REGISTERED FOR VALUE ADDED TAX (VAT)
AND ASSIGNED VAT REGISTRATION NUMBER (VRN)
11-011320-M

FOR BUSINESS LOCATED AT *JUNGA LIMITED, ARUSHA*
PLOT NO. 4, BLOCK AA

WITH EFFECT FROM *10th November 1998*

GIVEN UNDER MY HAND

THIS *13th* DAY OF *November 1998*

Geoga
COMMISSIONER FOR VAT

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

THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

Memorandum of Association
OF
TANFOAM LIMITED

1. The name of the Company is "TANFOAM LIMITED".
2. The Registered Office of the Company will be situate in Tanzania.
3. The objects for which the Company is established are:—
 - (a) To carry on the business of manufacturers, wholesalers, retailers, dealers, exporters and importers of mattresses, cushions and cushion materials, bath mats, plastic articles, rubber articles, and all types of allied products.
 - (b) To acquire, take over, promote, establish and carry on all or any of the business of manufacturers, semi-manufacturers, processors, oil millers oil extractors, glycerine and oil-cake manufacturers, seed and nut crushers, candle makers, canners and packers of any processed, semi-processed, manufactured, semi-manufactured and raw commodity of any kind, cardboard and any other kind of board manufacturers, soap boilers and manufacturers of cattle food and feeding and fattening preparations of every description; manufacturers and/or makers and/or assemblers of either wholly or partly of aluminiumware, brassware, galvanisedware, tinware, and/or any other product, board-sheets, rubber and sponge sheets, plastic, papers, iron, bolts, nuts, boxes, envelopes, cartons, bags, dresses, garments, earthenware, glassware, cycle and automobile spares, cutlery, hosiery, tobacco and general merchandise; makers and manufacturers of artificial manures and fertilizers of every description, chemicals, hair-dye, hair-oil, cosmetics, honey and wax refining, crockery, toys of all description from any product and by-product; manufacturers and makers of cigarettes, packers and distributors of local and or imported tea, tea shifting and coffee of all description; manufacturers and processing of any kind whatsoever and manufacturer of any by-product.

- (c) To acquire and hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in Kenya, Uganda, Tanzania, United Kingdom, India and or in any other foreign country and debentures, stocks, bonds obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body, or authority, supreme, municipal, local or otherwise, whether at home or abroad.
- (d) To acquire any such shares, stocks, debentures, debenture stock, bonds, obligations or securities by original subscription, tender, purchases, exchange or otherwise, and to subscribe for the same, either conditionally or otherwise and to guarantee the subscription thereof, and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof.
- (e) To enter into any arrangement with any government or authority, supreme, municipal, local or otherwise that may seem conducive to the Company's object or any of them and to obtain from any such government or authority any rights, privileges and concessions which the Company may think it desirable to obtain, and carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (f) To carry on business as distributors, manufacturer's representatives, importers, exporters, buyers and sellers of, agents for and dealers in merchandise of all kinds, including surplus stores and equipment, silk, satin, wool, velvet, yarn, linen, canvas, cotton and textiles and fabrics generally; flax, hemp, juts, sisal balata, fibrous material, rubber, sponges, plastic, cloth, clothes, wearing apparel, leather and leather goods, furniture, electrical goods, household goods, ivory, jewellery, gold, silver, precious stones and gems, plated goods; clocks and clockcases, metals, machinery, plant, tools and metal goods generally; skins, furs, foods, provisions, wood and timber, carpets and rugs, buliding requisites, coal, coke, patent fuel, oils, household fittings, toys, waste goods, and generally any articles or goods of any kind whether manufactured or not.
- (g) To carry on business as grain, seed and oil merchants, millers, manufacturers, producers and country produce dealers and agents in the widest sense of those terms and more particularly to carry on business as rice, flour and oil millers and soap manufacturers and to buy, sell, grow, prepare for market, manipulate, import, export and deal in grain and other country produce.
- (h) To carry on the business of automobile engineers and fitters, and deal in all types of motor vehicles, spares

accessories, tyres, tubes and such other goods as the Company may think fit and advantageous.

- (i) To acquire and work mines, plantations, forests, lands, licenses, leases and other rights and privileges.
- (j) To carry on business of carriers by land, water or air.
- (k) To carry on business as commission agents, agents for merchants, buyers, insurance companies, tradesmen or others, as shippers, carriers, forwarding agents, clearing agents, warehousemen, storage contractors, job stock buyers, land and estate agents, produce brokers, printers and stationers and merchants generally.
- (l) To carry on any other business of any description which may be capable of being advantageously carried on in connection with or ancillary to the objects of the Company or any of them.
- (m) To purchase, sell, exchange, improve, mortgage, charge, rent, let on lease, hire, surrender, license, accept surrender of and otherwise acquire and deal with any freehold, leasehold or other property; chattels and effects, erect, pull down, repair, alter, develop, decorate or otherwise deal with any building or buildings and adapt the same for the purposes of the Company's business.
- (n) To cultivate, grow, buy and prepare for market coffee, sisal, tea, rubber, cashewnuts and all other types of agricultural produce, fruits and vegetables; and to carry on business and/or deal in any such commodities, either in its raw or in its manufactured or processed state.
- (o) To carry on all kinds of agency business, and to take part in the management, supervision or control of the business or operations of any other company, firm, association, trust or person and to act as director, the managing agents, secretaries, administrators, executors or other officers of any company, firm, association, trust or person and in connection herewith to appoint and remunerate directors, accountants, assistants and other officers or experts or agents.
- (p) To purchase or otherwise acquire all or any part of the business or assets of any person, firm or company, carrying on or formed to carry on any business which this Company is authorised to carry on or possessed of property suitable to the purposes of this Company and to pay cash or to issue any shares, stocks, debentures or debenture stock of this Company as the consideration for such acquisition and to undertake any liabilities or obligations relating to the business or property so purchased or acquired.
- (q) To apply for, or otherwise purchase any patents, brevets d'invention, licences, concessions and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem

calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired.

- (r) To guarantee and/or to pledge the Company's assets for the payment of any debenture, debenture stock, bonds, mortgages, charges, obligations interest, dividends, securities, monies or share or the performance of contracts or engagements of any other company or firm or person and to give indemnities and guarantees of all kinds and enter into partnership or any joint purse arrangement with any person, persons, firm or company having for its objects similar objects to those of this Company or any of them.
- (s) To join with any other company or companies in the issue of a joint debenture or joint debentures or any other joint securities in respect of joint or several obligations of this Company and all or any of such other companies and in particular to secure and/or to guarantee the borrowing by this Company jointly or severally with all or any of such other companies.
- (t) To draw, accept and make, and to endorse, discount and negotiate, bills of exchange and promissory notes, and other negotiable instruments.
- (u) To borrow or raise money by the issue of debentures, debenture stock (perpetual or terminable), bonds, mortgages, or any other securities, founded or based upon all or any of the property and rights of the Company, including its uncalled capital or without any such security, and upon such terms as to priority or otherwise as the Company shall think fit.
- (v) To advance and lend money upon such security as may be thought proper, or without taking any security therefor.
- (w) To invest the money of the Company not immediately required in such manner, other than in the shares of this Company as may from time to time be determined.
- (x) To acquire by subscription, purchase, or otherwise, and to accept and take, hold or sell, shares or stocks in any company, society or undertaking, the objects of which shall, either in whole or in part be similar to those of this Company or such as may be likely to promote or advance the interest of this Company.
- (y) To establish agencies in East Africa and elsewhere, and to regulate and discontinue the same.
- (z) To provide for the welfare of persons in employment of the Company or formerly engaged in any business acquired by the Company, and the wives, widows and families of such persons by grants or money, pensions, or other payments and by grants of money, pensions or other payments and by providing or subscribing towards places of instructions and recreation, and hospitals, dispensaries, medical and other attendance, and other assistance, as the Company shall think fit, and to form, subscribe to, or otherwise aid benevolent, religious, scientific, national or other institutions or objects, which shall have any moral

or other claims to support or aid by the Company by reason of the nature or the locality of its operations or otherwise.

- (aa) From time to time to subscribe or contribute to any charitable, benevolent useful object of a public character the support of which will, in the opinion of the Company, tend to increase its repute or popularity among its employees, its customers or the public.
- (bb) To enter into and carry into effect any arrangement for joint working in business or for sharing of profits, or for amalgamation, with any company or any partnership or person carrying on business within the objects of this Company.
- (cc) To accept stock or shares in, or the debentures, mortgage debentures or other securities of any other company in payment or part payment for any services rendered or for any sale made to or debt owing from any such company.
- (dd) To distribute in specie or otherwise as may be resolved any assets of the Company among its members, and particularly the shares, debentures or other securities of any other company formed to take over the whole or any part of the assets or liabilities of this Company.
- (ee) To procure the Company to be registered or incorporated and recognised in any part of the world.
- (ff) To do all or any of the matters hereby authorised in any part of the world either alone or in conjunction with or as factors, trustees, or agents for any other companies.

And it is hereby expressly declared that the several sub-clauses of this clause and all the powers thereof are to be cumulative and in no case is the generality of any one sub-clause to be narrowed or restricted by any particularity of any other sub-clause nor is any general expression in any sub-clause to be narrowed or restricted by any particularity of expression in the same sub-clause or by the application of any rule of construction ejusdem or otherwise.

4. The liability of the members is limited.
5. The capital of the Company is Shs. 200,000/- divided into 200 shares of Shs. 1,000/- each, with rights, privileges and conditions respectively attached thereto as may be from time to time conferred by the regulations of the Company with power to increase and reduce the capital of the Company and to divide the shares in the capital for time being into several classes, and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

WE, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company

Names, Addresses and Description of Subscribers	Number of Shares
Anverali Mohamedali Rajpar, P. O. Box 3095, Dar es Salaam Chartered Accountant.	One
Amir Kassam P. O. Box 3095, Dar es Salaam Audit Manager	One

Dated this 14th day of December, 1965.

Witness to the above signatures:—

Mrs. Mira Mehta
P. O. Box 3095,
Dar es Salaam
Secretary

THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

Articles of Association
OF
TANFOAM LIMITED

1. The regulations contained in Table A in the First Schedule to the Companies Ordinance 1931 (hereinafter referred to as Table A) shall apply except in so far as they are excluded or varied hereby and in particular, Articles 11, 19, 45, 50, 58, 59, 64, 66, 69, 72, 73 to 80 inclusive, 82 and 101 shall not apply to this Company but in lieu thereof and in addition to the remaining articles of Table A, the following shall be the Regulations of the Company.
2. The Company is registered as a Private Company and accordingly:—
 - (a) The right to transfer the shares is restricted in the manner hereinafter provided.
 - (b) The number of Members of the Company (exclusive of persons who are in the employment of the Company and persons who having been formerly in the employment of the Company were while in such employment of the Company and have continued after the determination of employment to be Members of the Company) shall not exceed fifty. Provided that where two or more persons hold one or more shares jointly in the Company 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.

TRANSFER AND TRANSMISSION OF SHARES

3. Any share may be transferred at any time by a member to another member or to a wife, husband, son daughter, brother or nephew of the transferor member, and any share of a deceased member may be transferred by his legal personal representative, executor or administrator to any of the said relations of the deceased member (as hereinbefore specified) to

whom the deceased member may have specifically bequeathed the same, provided that the directors may decline to register any transfer of shares on which the Company has a lien and the Directors shall have an absolute right to refuse to register the transfer of any shares whether the proposed transferee be a member of the Company or one of the aforesaid relations of a member of the Company, or not without assigning any reason therefor.

4. Save as hereby otherwise provided, no share shall be transferred to any person who is not a member of the Company so long as any member of the Company is willing to purchase the same at the fair value which shall be determined by the Auditors and when occasion of such transfer arises the determination of Auditors shall be accepted by all parties as a "fair value".

BORROWING POWERS

5. The Directors may from time to time raise or borrow or may themselves lend for the purpose of the Company's business such sum or sums of money as they think fit, and may secure the repayment of or raise any such sum or sums as aforesaid, by mortgage or charge upon the whole or 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 bonds or debentures, either charged upon the whole or any part of the property and assets of the Company or any part of the property and assets of the Company or in such way as the Directors may think expedient.

PROCEEDINGS AT GENERAL MEETINGS

6. The quorum required by Articles 45 of Table A shall be three members present and the said Article 45 shall be modified accordingly.
7. Any ordinary resolution of the Company determined without any general meeting and evidenced by writing under the hands of a majority of the Directors and of the members of the Company holding three-fourths of the issued shares of the Company shall be valid and effectual as an ordinary resolution duly passed at a general meeting of the Company.
8. A general meeting, ordinary or extra-ordinary, may with the consent in writing of all members for the time being, be convened on a shorter notice than seven days or without notice.

DIRECTORS

9. The following persons shall be the first Directors of the Company:—
1. GULAMABBAS PIRBHAI
 2. FIDAHUSSEIN REMTULLA PIRBHAI
 3. MOHAMEDRAZA REMTULLA PIRBHAI

QUALIFICATION OF DIRECTORS

10. No Director shall be required to own any shares in the Company.

PROCEEDINGS OF DIRECTORS

11. A resolution in writing, signed or initialled by all the Directors in the Republic of Tanzania being not less than two shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.
12. The quorum for transacting business shall unless otherwise determined by the Directors be two.

INDEMNITY

13. No Director or other officer of the Company acting in good faith and within the scope of his duties, shall be liable for any loss, damage, or misfortune whatever may occur, whether the same be occasioned by any mistake, error, oversight or omission on his part or not.

ARBITRATION

14. Whenever there shall be an equality of votes amongst members or Directors or whenever any difference shall arise between the Company and the Directors on one hand and any of the members or class of members, with regard to the construction of these presents, or with regard to any thing done, executed, omitted or suffered in pursuance of these presents or the Companies Ordinance or with regard to any breach or alleged breach of these presents, or any claim on account of any such breach or alleged breach, or otherwise relating to these presents or to any of the affairs of the Company, every such difference of opinion shall be referred to the decision of two Arbitrators, one to be appointed by each of the parties in difference and any such reference shall be subject to all the provisions of the Arbitration Ordinance for the time being in force in the United Republic of Tanzania.

Names, Addresses and Description of Subscribers	Number of Shares
Anverali Mohamedali Rajpar, P. O. Box 3095, Dar es Salaam Chartered Accountant.	One
Amir Kassam P. O. Box 3095, Dar es Salaam Audit Manager	One

Dated this 14th day of December, 1965.

Witness to the above signatures:—

Mrs. Mira Mehta
 P. O. Box 3095,
 Dar es Salaam
 Secretary