

GABSONS (T) LTD

MINUTE SHEET

Dokezo
No.

Ag. EXD

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

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest *USA 0.46m*
- (b) Legal entity has been incorporated under certificate
No. *24907* of *11/03/1994*

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.



Revocatus Arbogast

Ag. DIF

9th March, 2012

MINUTE SHEET



Dokezo
No.

GABSONS (T) LIMITED

“BUSINESS PLAN”

FOR

STRENGTHENING CEREALS MILLING INDUSTRIES

ON

PLOT NO 67 EVARET, SERVICE TRADE AREA, TEMEKE MUNICIPALITY DAR ES SALAAM

Prepared for:-

Gabsons (T) Limited

P.O. Box 76110

Dar es Salaam

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TANZANIA – EAST AFRICA

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TANZANIA

JANUARY, 2012

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TANZANIA

JANUARY, 2012

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0.0 SUMMARY OF SALIENT FEATURES:

0.1 Name of Projects: Gabsons Flour Milling

0.2 Project concepts: Strengthening maize flour and bran milling activities

0.3 Project Sponsors: Gabsons (T) Limited

0.4 Project Location: Factory:

Plot No. 67 Evaret, Service Trade Area, Temeke Municipality Dar es Salaam, Tanzania.

Administrative office:

Plot No 9/68 Uhuru street

Ilala – Boma area

Clouds House

P.O. Box 76110 Dar es Salaam.

0.5 Project costs (Including existing assets: In Tshs “000”

SN	Project Components	Local cost	Foreign cost	Total cost
1.	Land & Building	1,500,000	500,000	2,000,000
2.	Plant & Machinery	480,000	1,820,000	2,300,000
3.	Motor Vehicles	200,000	850,000	1,050,000
4.	Tools & Equipment	300,000	200,000	500,000
5.	Furniture & Fittings	100,000	20,000	120,000
6.	Pre-operational Expenses	200,000	0	200,000
7.	Initial Working Capital	300,000	0	300,000
	TOTAL INVESTMENT/PROJECT COSTS	3,080,000	3,390,000	6,470,000

0.6 Proposed Financing Plan: In Tshs “000”

SN	Source of funds:	Local cost	Foreign cost	Total cost
1.	Equity	655,000	0	655,000
2.	Overdraft/ Initial Working capital	300,000	0	300,000
3.	Term Loan/Donation etc	1,725,000	3,390,000	5,115,000
4.	Others – will be scheduled/ Soft loan	400,000	0	400,000
	TOTAL PROJECT FINANCING	3,080,000	3,390,000	6,470,000

0.7 Profitability Indicators for the next five years: In Tshs “000”

SN	Details:	Years	1	2	3	4	5
1	Gross Sales Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600
2	Operating Surplus		107,528	115,893	124,094	124,094	124,094
3	Net Profit (Loss) After Tax		16,995	60,867	110,958	161,468	212,344
4	Net Margins	%	0.37	0.91	0.98	0.98	0.98
5	IRR = 14.6%		-	-	-	-	-

0.8 Debt/Equity Ratio: Averages at 38:62, over five years which is good. The central Bank of Tanzania prefers and advise at 40:60

0.9 Economic Indicators:(i) Economic Rate of Return works at 9.31%
(ii) Foreign Exchange Ratio = Not calculated.

0.10 Security proposed: (i) a first charge on the business fixed assets and stocks.
(ii) a personal guarantee of Directors
(iii) a collateral arrangement – Legal mortgage to be registered.

0.11 A Glossary of proposal Abbreviations:

- URT = United Republic of Tanzania
- NSGRP = National Strategy for Growth and Reduction of Poverty
- GCAP = Global Campaign Against Poverty and Hunger
- HBS = Household Budget Survey
- MDG = Millennium Development Goals
- GDP = Gross Domestic Product
- CSP = Country Strategic Paper
- WB = World Bank
- IMF = International Money Fund
- IBRD = International Bank for Reconstruction and Delevelopment
- SADC = Southern Africa Development Community
- EAC = East African Community
- TIC = Tanzania Investment Centre
- \$ = United States Dollar
- Tshs = Tanzanian Shillings
- S.L = Straight Line Method on depreciation
- D.B = Declining Baiance Method on depreciation
- IRR = Internal Rate of Return (DCF) Calculations
- DCF = Discounted Cashflows
- VAT = Value Added Tax

0.12 Commitment arrangement on the business are:-

- (i) Directors and Management of the company
- (ii) Deposit made showing interest to purchase the factory
- (iii) Business assets of the company.

0.13 Exchange Rate Used (January, 2012):

- 1 \$ = Tshs 1,600

1.0.0 BACKGROUND INTRODUCTION:

1.1.0 The Business and the Promoters:

1.1.1 The partners in Gabsons (T) Limited are business people with vast experience in farming, agro-processing and general trading in Tanzania and neighbouring states. The partners have successfully incorporated the business for possible investing in economic projects in response to a call by the government of Tanzania which invite the private sector to participate in supplementing government efforts in creating employment, agro-processing industries and utilization of local available raw materials in promoting local industries and development.

1.1.2 With the policy of trade liberalization in the country together with the opportunities available in promoting investments and trading environment in Tanzania, the partners decided to float a manufacturing company in a name of Gabsons (T) Limited for the purpose to carry on the business of flour milling from all variety of cereals and marketing the same.

1.2.0 The Company:

1.2.1 Gabsons (T) Limited is a private company incorporated in Tanzania as per provisions of the companies' laws. The company was incorporated on the 11th day of March, 1994 and was granted a certificate of incorporation No. 24907.

1.3.0 Main Objective:

1.3.1 The main objective for which the company was established among others, is to deal with and carry on the business of milling cereal flours and marketing the same, agro-processing and general trading in Tanzania and neighbouring states.

1.4.0 Capital:

1.4.1 The company has an authorized share capital of Tshs. 1,000,000,000/= divided into 10,000 shares of Tshs. 100,000/= each. The authorized share capital base is however, being enhanced to meet the investment requirements of the project strengthening into commercial production.

1.5.0 The Shareholders:-

1.5.1 The Principal shareholders of the company are as detailed below:-

Names	Number of Shares	Percentum
• Jonathan .B. Gabone	200	2.0
• Ramadhani .S. Guyana	100	1.0
• Consolata .R. Gabone	40	0.4
• Janeth .N. Gabone	40	0.4
• Salum Mgombaeka	20	0.2
• Unalloted	<u>9,600</u>	<u>96.0</u>
Total	<u>10,000</u>	<u>100%</u>

1.6.0 Members:

1.6.1 The following are members of the company:-

- Jonathan .B. Gabone
- Ramadhan .S. Guyana
- Consolata .R. Gabone
- Janeth .N. Gabone
- Salum Mgombaeka

1.7.0 Directors

1.7.1 The following are the current Directors of the company:-

- Jonathan .B. Gabone
- Ramadhan .S. Guyana

1.8.0 The purpose of this proposal:

1.8.1 This project proposal entails the study to examine technical feasibility, financial viability, commercial and economical desirability for re-opening of flour milling project located on plot No. 67 Evaret, Service Trade Area, Temeke, Dar es Salaam. The sponsors intend to use this study as a shopping document for possible search of financial support through financial institutions and implementing the re-opening plan.

1.9.0 Investment Opportunities in Tanzania:

1.9.1 Tanzania is an emerging economy with high growth potential. Whilst the economy is relative diversified, a number of opportunities remain untapped in many sectors. In an attempt to make Tanzania the preferred destination for foreign direct investment (FDI), continuous improvements towards the creation of an enabling environment have been made. Investment Opportunities existing in Tanzania have been categorized in terms of **lead sectors** and **priority sectors**. These includes:-

- **Lead Sectors:**

- (i) Agriculture
- (ii) Agro based Industries – such as flour milling, cooking oils, foods stuffs etc.
- (iii) Mining
- (iv) Petroleum and gas
- (v) Tourism
- (vi) Economic Infrastructure
- (vii) Energy
- (viii) Road Transport
- (ix) Railway Transport
- (x) Sea and Lake transport
- (xi) Air transport
- (xii) Telecommunication

- **Priority Sectors:**
 - (i) Manufacturing – factories etc
 - (ii) Natural Resources
 - (iii) Banking and Insurance services
 - (i) Human Resources Management and Consultancy
 - (ii) Radio and TV broadcasting
 - (iii) Export Oriented project
 - (iv) Real Estate developers

1.9.2 Agriculture Industry in Tanzania:

Agriculture is the leading sector in Tanzania economy. It count for about 50% of GDP, 75% of merchandise exports and is source of food and provides employment opportunities to about 80% of Tanzanians. It has linkages with the non-farm sector through linkages to agro-processing, consumption and export. Agriculture provides for raw materials to industries and a market for manufactured goods. The sector is well focused with storing position in several major export market.

The country is covered by 88 million hectares of suitable agriculture land of which 60million hectares are suitable for livestock production. **LOOK!** Only 5.5% of the Tanzania's arable land is utilized, mainly by small holder farmers. With irrigation, Tanzania can become a dominant grain exporter.

A future vision for Tanzania agriculture sector is to have a highly efficient and economically viable market-driven large scale-farming sector, characterised by a wide range of farming enterprises and **processing industries** of varying sizes having a positive influence to the rest of the economy.

Opportunities:

- Tanzania climatic condition and its arable land can accommodate production of wide variety of agricultural products. The use of necessary expertise and sound management skills, not only will make surplus production possible, but also ensure a steady supply of agriculture produce for export purposes.
- Opportunities in large commercial farming exist in various cash crops such as coffee, hay, cotton, tobacco, sisal, cashew nuts, sugar and pyrethrum.
- Opportunities in large commercial farming exist in food crops production such as cereals, Oil seed and legumes.

Opportunities:

- Manufacturing of seed cakes for industrial supply as well as for animal feeds.
- Milling of cereals and flour packing
- Manufacturing of cooking oil for food spices
- Manufacturing of pesticides and other agro-chemicals utilizing the abundant oil seeds available /grown in Singida, Mwanza, Mbeya, Iringa, Dodoma, Tabora etc.
- Manufacturing of chemicals from pyrethrum extracts
- Manufacturing medicinal and pharmaceuticals
- Manufacturing of basic industrial inputs
- Manufacturing of perfumes, detergents, soap, tissues and cosmetics
- Manufacturing of animal – feed processing, beverages and general canning processing.

According to a Government of Tanzania **Economic Survey Report (2006)**, Gross Domestic Product (GDP) grew by 6.2%. This is lower than the 2005 actual GDP growth rate of 6.7% attributed to a severe drought that hit the country during the 2005/2006 rain season, electricity shortage and increase of oil prices in the world market that affected **agriculture and industrial outputs**. **Agriculture continued to be the main contributor to economic growth**, compared to other sectors, Nonetheless, its Share in the overall GDP continues to decline, having reached 44.7% in 2006 from 48.1% in 2000, while the contribution of other sectors such as manufacturing, wholesales and retails trade, hotels and restaurants (including tourism), mining and infrastructures continues to rise, reflecting change in the structure of the economy. The annual average inflation rate for 2006 was 7.3%, compared to 5.0% in 2005. The upswing in inflation was caused by increased commodity prices, especially food as a result of drought and petroleum products which also led to higher costs of transportation and generation of thermal electricity.

The country's economic instability and the decline of the national GDP growth affect Tanzania's capacity to address the poverty widening gap between Tanzania and rich countries. Although poverty is widely spread in the country, rural population is highly affected because of limited capacity and technical know-how to effectively explore and utilize the available livelihood sources. Over 80% of poor people in Tanzania live in rural area. The 2000/2001 Household Budget Survey (HBS) indicated that 18.7% of the population is living below the food poverty line whereas about 33% of the population falls under the basic needs poverty line. It is estimated that over 12 million Tanzanians are food insecure and they hardly have any choice of food varieties. Therefore, a major challenge, the country is facing is how to sustain this growth rate at the same time encourage people invest in **commercial farming and agro-based industries** ensuring the benefits of growth are broadly shared among the citizens and investors.

1.9.3 Contextual Analysis:

Tanzania has been focusing on growth as a key element in the fighting against poverty. The establishment of National Strategy for Growth and Reduction of Poverty (NSGRP) known in Kiswahili as **MKUKUTA** is divided into **three clusters**. The first addresses the acceleration of **economic growth and reduction of income poverty**. The second is about improving the quality of life and social wellbeing of Tanzanians. The third addresses good governance and accountability. This can be done successfully by **promoting investment based on agro-processing manufacturing including milling and packing cereals for export market**.

2.0.0 PROJECT DESCRIPTIONS:-

2.1.0 The Purposes:-

2.1.1 The purpose of this project proposal is to examine the technical feasibility, economical viability and social desirability of strengthening the **commercial production of cereal milling and packaging industries such as Super sembe, wheat flour, seed cakes and bran for animal feeds**.

2.2.0 The Project:-

2.2.1 The project is commercial production of maize flour and bran to start with, later the factory will mill general cereals such as wheat, millets, sorghum for all food stuffs etc.

2.3.0 **The undertaking and owners:**

2.3.1 The current owners of the business is owned by Gabsons (T) Limited. The partners are as detailed under para 1.6.1 of this report.

2.4.0 **Production Process:**

2.4.1 The project envisages production of high quality sifted maize flour-super sembe. Sifted maize flour is produced by grinding of fully matured and clean whole grain of maize and removal of maize and removal of maize bran and germ. The same is reduced to a finer size to produce edible maize flour. During separation, course particles of maize grain may be separated, reground and recombined into finer flour particles.

2.4.2 The milling technology involved in this project will produce a range of by products which will be used in the preparation of animal feeds (**course bran**) and maize oil from the germ through its further processing. However, for the purpose of this study, on provision has been made to include extraction of oil from maize germs. Maize bran will generate additional income and the same has been taken into account in sales and cost accounting in the financial analysis.

2.5.0 **Manufacturing Industry in Tanzania:**

2.5.1 Tanzania is still undeveloped on manufacturing industries. Most of the consumed products are being imported from abroad for many years now. The government has been encouraging investors to venture into the manufacturing and agro-based processing. This will rescue the country from its GDP and stable economy. With the policy of trade liberalization introduced in Mid 1985's it is proposed that the manufacturing industries will boost the country's economy. Currently the manufacturing output contributes around 7.4% of GDP.

2.6.0 **Addressing the Issues – Work in progress:**

2.6.1 A number of initiatives have been taken by the government and development partners within the field of promoting and setting policies. The following agencies and partners keeps the industry progressive:-

- Ministry of Trade, Industry and Marketing
- Tanzania Investment Centre – TIC
- Bank of Tanzania – BOT
- Commercial Banks – Operating in the country like UBA, BOA, CRDB, NMB, Tanzania Investment Bank
- Tanzania Chamber of Commerce, Industries and Agriculture – TCCIA
- Confederation of Tanzania Industries – CTI
- Tanzania Private Sector Foundation - TPSF
- Tanzania Revenue Authority – TRA
- Tanzania Bureau of Standards – TBS

- National Environmental Management Council – NEMC
- UN-Agencies such as FAO, WHO, UNICEF, IMF, WB
- Donors such as JICA etc

2.7.0 Plant and Machinery:

2.7.1 These will include the following:-

- Milling Plant
- Generators and Transformer Unit
- Lab Equipment
- Weigh bridge
- Communications tools and Information Technology Equipment
- Safety and security tools
- Water storages
- Fuel storages
- Protection Equipment

2.8.0 Capacity:

2.8.1 The proposed re-opening and strengthening will have the following production capacities:-

SN	Details	Years	1	2	3	4	5
1.	Plant capacity in tons		12,000	12,000	12,000	12,000	12,000
2.	Used /assumed capacities %		80	85	90	90	90
3.	Total production per year in tons		9,600	10,200	10,800	10,800	10,800
4.	Efficiency and Recovery:-						
(a)	75% - Sifted maize flour = tons		7,200	7,650	8,100	8,100	8,100
(b)	20% - Milled bran = tons		1,920	2,040	2,160	2,160	2,160
(c)	5% - Waste/ Losses = tons		480	510	540	540	540

2.9.0 Land & Buildings:-

2.9.1 These include factory and all structures such as administrative buildings, loading/ off- loading bays, parking lanes, security fence, stores, waste water lagoons etc.

2.10.0 Motor Vehicles:

2.10.1 The company have trucks and administration cars. These vehicles will be required to be in good running condition for the transportation of goods and facilitating workmanship. The additional of motor vehicles is highly needed to this proposal.

2.11.0 **Factory facilities:-**

2.11.1 **These includes:-**

- Generators
- Security cables and camera CCTV
- Air compressors
- Water pumps
- Fire fighting equipment and Water hydrants

2.12.0 **Office Equipment:**

2.12.1 **These include:-**

- Computers & printers
- Telephones, cables and extension
- Safety and custody facilities
- Air conditioners
- Cabinets

2.13.0 **Furniture and Fittings:**

2.13.1 **These include:-**

- Tables
- Chairs
- Carpets
- Meeting room furnitures

2.14.0 **Pre-operational Expenses:-**

2.14.1 **These include:-**

- Company formation
- Project study, planning and documentation
- Loan application and processing
- Commitment fees and agreements
- Contractual and legal fees

2.15.0 **Investment plan:**

2.15.1 **The proposed project will be financed as detailed below:-**

Financing plan : IN TSHS "000"

SN	Source of funds:	Local cost	Foreign cost	Total cost
1.	Equity	655,000	0	655,000
2.	Overdraft/ Initial Working capital	300,000	0	300,000
3.	Term Loan/Donation etc	1,725,000	3,390,000	5,115,000
4.	Others – will be scheduled/ Soft loan	400,000	0	400,000
	TOTAL PROJECT FINANCING	3,080,000	3,390,000	6,470,000

3.0.0 SPONSORSHIP, GOVERNANCE AND TECHNICAL ASSISTANCE:

3.1.0 Sponsorship:

3.1.1 The project is sponsored by **Gabsons (T) Limited**, a private company incorporated in Tanzania as per provisions of companies' laws. The company will apply for credit facilities from the commercial banks currently operating in the country for possible financing the investment and strengthening of the project.

3.2.0 Governance:-

3.2.1 The project will be governed by rules, principles and laws stipulated in the memorandum and articles of association of the company. Financiers and other stakeholders in the industry will be given priorities through their representative to contribute their professionals, experience and financial support to make the project stand and still and thus, sustainable in commercial production.

3.3.0 Technical Assistance:

3.3.1 The project is located on plot No. 67 Evaret, Service Trade Temeke area in Dar es Salaam City. The project technology is sourced from Africa and China. Running plant in good conditions under supervision of professional Lab technicians and engineers assuring high quality production of the finished goods. There will be an agreement for exchange of skills with the manufacturers of plant/ Technical Assistance Agreement together with other experienced manufacturers such as ABC Hanses and Sango Milling services of South Africa.

4.0.0 MANAGEMENT AND INFORMATION SYSTEMS:-

4.1.0 Management:

4.1.1 The management of the company will consist the following people and department:-

- Board of Directors
- Managing Directors
- Finance and Administration
- Planning and Project Manager
- Accountant/ Financial Controller
- Marketing and Procurement Manager
- Factory/ plant Engineers – Quality control and monitoring
- Safety Manager
- Technical and Operation Manager
- Public Security and Safety
- Community Development and project officer

4.2.0 Project Implementation:-

4.2.1 The project is **inoperative**. The needed funds will be used for remodelling of the factory at the earliest time as detailed below:-

SN	Activities	2012 Months	May	June	July	August	September
1.	Funds Mobilization						
2.	Loan Applications						
3.	Funds disbursement						
4.	Modernization						
5.	Commercial Production						
6.	Progress and reporting						

4.3.0 Operational Management:-

4.3.1 Day to day Operational Management will be under the Directors of the company. In view of their limited time and experience on milling plant and production, the company will recruit a competent staff to run the factory professionally. For this case, professional engineers/ technicians are already recruited – see the attached CV's

4.4.0 Details of Directors:-

4.4.1 The details of the managing directors of the company are as detailed below for your perusal and records:-

- Full name : Jonathan .B. Gabone
Age : 56 years
Nationality : Tanzanian
Education : Graduate, Business Management
Residential Address: Tabata Bima area, Dar es Salaam
Marital status : Married with children
Current status : Director – Gabsons (T) Limited
Business Experience: Over 20 years in agro-processing industries.

- Full name : Ramadhan .S. Guyana
Age : 52 years
Nationality : Tanzanian
Education : Advanced Diploma in Banking
Residential Address: Mbagala Kibondemaji, Dar es Salaam.
Marital Status : Married with children
Current status : Director – Gabsons (T) Limited
Business Experience: Over 15 years in logistics and banking business

4.4.2 Details of key players at factory:-

The following are the key players at production unit:-

1. Chief Miller:

Full name: Ladislaus Kanywabale
Age : 49 years
Nationality : Tanzanian
Education : Bsc. Electrical & Milling technology
Marital status: Married with children
Experience : Over 18 years in food production and grain milling

2. Mechanical Technician:

Full name : Peter Rweyemamu
Age : 35 years
Nationality : Tanzanian
Education : FTC – Dar es Salaam
Marital status: Married with children
Experience : Over 7 years on filters and general mechanics.

3. Electrical Technician:

Full name : Hamis Mgya
Age : 40 years
Nationality : Tanzanian
Education : FTC – Electrical
Marital status: Married with children
Experience : Over 15 years on electrical matters

4. Administrator:

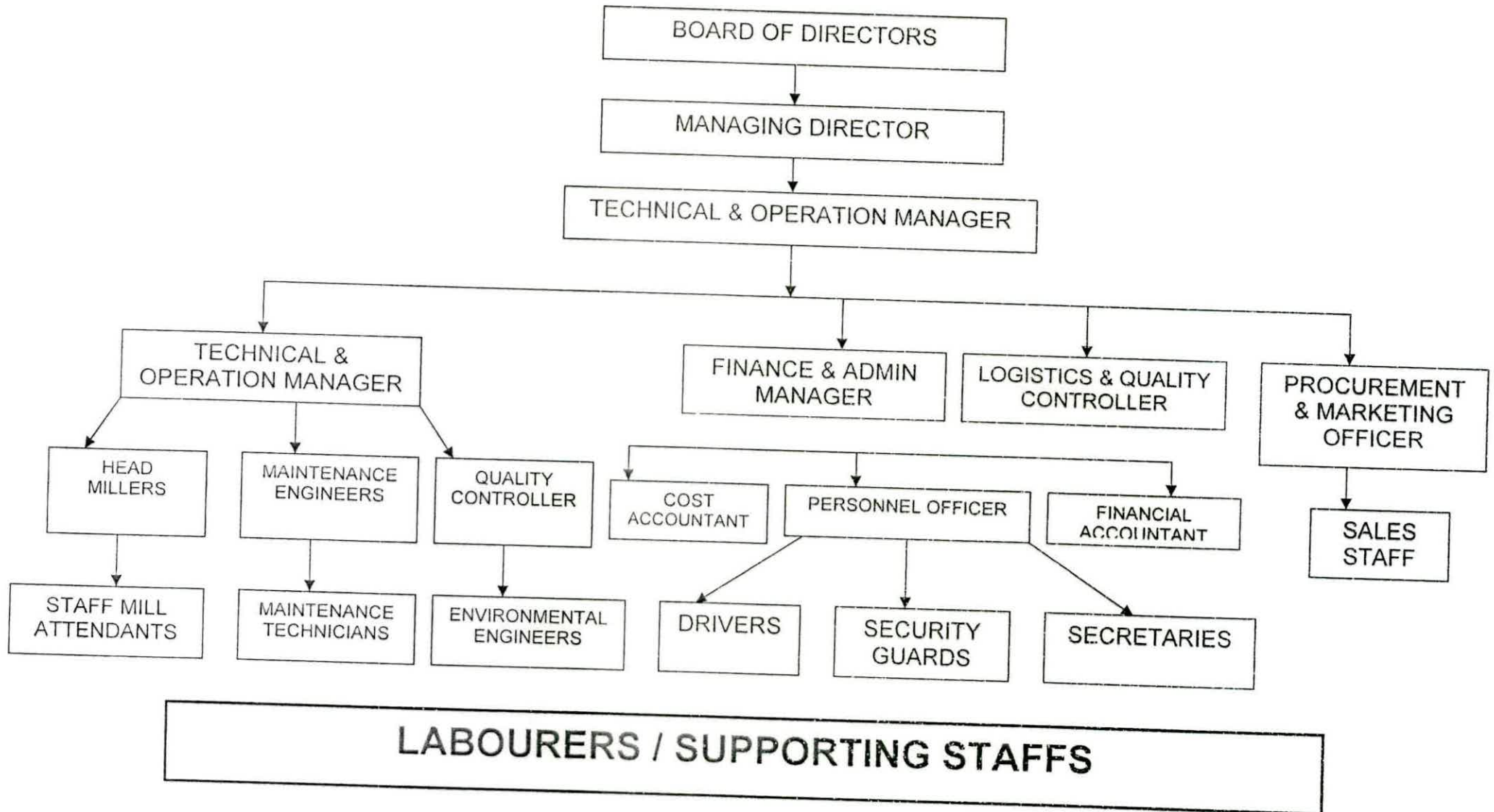
Full name : Consolata Gabone
Age : 48 years
Nationality : Tanzanian
Education : B.com
Marital status: Married with children
Experience : Over 5 years in personnels matters

4.5.0 Organisation chart and structures:

4.5.1 The organisation chart of the company will be fairly and simple look as shown overleaf:-

GABSONS (T) LIMITED

ORGANISATION CHART



4.6.0 **Board of Directors:-**

4.6.1 The Board of Directors is the highest policy making body of the company. All departments such as planning, controlling, monitoring, systems, existing and those to be put in place will be blessed by the Board of Directors through technical approving committee.

5.0.0 **TECHNICAL FEASIBILITY, MANPOWER, RAW MATERIALS AND ENVIRONMENT:-**

5.1.0 **Technical Feasibility:**

5.1.1 The technologies are imported from S.A/China -very modern milling plant with capacity to mill 40 tons of maize per day.

5.2.0 **Manpower:-**

5.2.1 Availability of manpower and necessary skills to run the factory is the basic duty to achieve production. The factory is equipped with all necessary skills. There will also be a **healthy international exchange of skills** to enable the company keep abreast of latest development in the milling oil production sector. The emphasis will be on development of new products, continuous training and adoption of new methods and approaches by injecting new technologies to ensure quality flour production.

5.3.0 **Production process:**

5.3.1 The plant will be able to produce super sembe and bran. The edible sifted flour will be extracted from Professional engineers/technicians are there to control quality. The produced products are in a brand name of **Jembe Super sembe**.

5.4.0 **Suppliers of Equipment:**

5.4.1 Machinery and Equipment that will produce sifted maize flour and bran are technologies imported from S.A and China and locally fabricated.

5.5.0 **Availability of raw materials:**

5.5.1 The raw materials for production of sifted flour and bran are maize seeds grown in various parts of Tanzania. The company has signed various contracts with farmers/ SACCOS/ peasant/ from Mbeya, Iringa, Dodoma, Singida, Tabora, Shinyanga, Mwanza for possible supply of maize and packing materials from local available producers.

The following are the local available raw materials and its costs:

SN	Sources:	Raw materials	Unit cost in Tshs
1.	Sumbawanga	Maize	Tshs 445/kg – Dar es Salaam
2.	Dodoma	Maize	Tshs 400/kg – Dar es Salaam
3.	Iringa	Maize	Tshs 400/kg – Dar es Salaam
4.	Dar – Factories:		
	For: flour:	(a) PP. Bags 50Kgs 12x12 mesh	Tshs 450/pc
		(b) PP. Bags 25Kgs 12x12 mesh	Tshs 340/pc
		(c) PP. Bags 10kgs 12x12 mesh	Tshs 330/pc
		(d) PP. Bags 5kgs 12x12 mesh	Tshs 320/pc
5	For: Bran/Husk:		
		(a) 100kgs 12x12 mesh - New	Tshs 460/pc
		(b) 100kgs 12x12 mesh - used	Tshs 350/pc
		(c) 70kgs 12x12 mesh - New	Tshs 340/pc
		(d) 70kgs 12x12 mesh - used	Tshs 330/pc
6.	Printing and design cost:-		
	Orders – 300pcs and above	(a) Large size	Tshs 100,000/ package
		(b) Small size	Tshs 50,000/ package

5.6.0 **Infrastructures and facilities:-**

5.6.1 The factory is located on a good quite undisturbed industrial area. Easy access by dual carriage way – highway. The energy supply in terms of power/ electricity is available from the national grid TANESCO. The factory is installed with generators. Water supply is available from city authority. The company has two boreholes for water supply. The factory is connected with landlines, CCTV cables, mobile phones and fenced with security alarms.

5.7.0 **Waste products and Management:**

5.7.1 A comprehensive and modern plant will be installed with cooperation from UNIDO for possible treating waste produces so that it will not pollute the environment.

5.8.0 **Environment Management:-**

5.8.1 Environment conservation and Management in Tanzania is a **duty of all** people in the country. Carefulness measures are under control. The process gives waste materials that are safely disposed – off in accordance with industrial waste disposal regulations. Precaution against health hazards to workers has been considered. Among others, face masks and other appropriate protective gears will be provided. Consultation through National Environmental Management Council (NEMC) have be communicated for possible supervision. This will be maintained during the project life.

5.9.0 **Production Assumptions:**

5.9.1 These assumptions have been detailed on table VI of this report. Kindly study it.

6.0.0 **INVESTMENT REQUIREMENTS AND PROJECT FINANCING:**

6.1.0 **Assumptions and Considerations:**

6.1.1 The following assumptions have been considered in financial analyses:-

- Capital cost are based on current market rates in Tanzania.
- The project life is assumed for five years. This is for analysis purposes
- The corporation tax at 30% of taxable profits have been considered.
- When foreign currencies are exchanged. The exchange rate of 1\$ = Tshs. 1,600 has been adopted.
- The project will be financed through equity funds and bank loan.
- The basic data underlying financial assumptions have been detailed on table VI attached to this report
- **Replacement of fixed assets have been considered as shown below:-**

Items:	Rates:
(i) Land and Buildings	0% D. B
(ii) Plant and Machinery	10% S. L
(iii) Motor Vehicles	25% S. L
(iv) Factory facilities	10% S. L
(v) Office Equipment and tools	10% S. L
(vi) Pre-operational Expenses	20% S. L

KEY:

- D. B = Declining Balance Method on depreciation
S. L = Straight Line Method on depreciation

6.2.0 Investment and costs:

6.2.1 The total investment for this project is estimated at Tshs 1,097,102 billion and is summarised as shown below in Tshs "000"

SN	Project Components	Local cost	Foreign cost	Total cost
1.	Land & Building	1,500,000	500,000	2,000,000
2.	Plant & Machinery	480,000	1,820,000	2,300,000
3.	Motor Vehicles	200,000	850,000	1,050,000
4.	Tools & Equipment	300,000	200,000	500,000
5.	Furniture & Fittings	100,000	20,000	120,000
6.	Pre-operational Expenses	200,000	0	200,000
7.	Initial Working Capital	300,000	0	300,000
	TOTAL INVESTMENT/PROJECT COSTS	3,080,000	3,390,000	6,470,000

6.3.0 Financing plan:-

6.3.1 The proposed investment will be financed as shown below in Tshs "000"

SN	Source of funds:	Local cost	Foreign cost	Total cost
1.	Equity	655,000	0	655,000
2.	Overdraft/ Initial Working capital	300,000	0	300,000
3.	Term Loan/Donation etc	1,725,000	3,390,000	5,115,000
4.	Others – will be scheduled/ Soft loan	400,000	0	400,000
	TOTAL PROJECT FINANCING	3,080,000	3,390,000	6,470,000

6.4.0 Working Capital Requirements:

6.4.1 The initial working capital requirements are estimated at Tshs 442.102 This is amount the company must have initially in order to run the production affairs smoothly. Kindly, study table VIII which provides assumptions regarding the working capital requirements. The company has requested for Tshs 300.0 million to start with.

6.5.0 Projected Income and Expenditure Statement

6.5.1 The income and expenditure statement for the next five years under review is given on table IX. This statement is derived from revenue and operating expense. The projections yield a profit from the first year of operations. The accumulated undistributed net profit after tax amount to Tshs 212.344 million at 5th year.

6.6.0 Projected Cash flow statement:

6.6.1 The details of sources and application of funds or cash flow are presented in table X of this report. The net cashflow is positive from the second year of operations. This shows that the project need no intermediate financing initial outlay.

6.7.0 Projected Balance Sheet:

6.7.1 The Balance sheet for the next five years is presented on table XI. The projections indicate strong capital structure the networth increases from Tshs 814.097 million first year to Tshs 1.009446 at 5th year.

6.8.0 **The Internal Rate of Return and other indicators:**

6.8.1 The financial analyses have shown that the project under reference is financially viable. The key financial indicators are presented below:-

- **Profitability:-**

Based on the discounted cashflow after tax, the average rate of return on investment (ROI) of the project stands at 9.8%. The project is generally profitable. The 9.8% implies that the annual earnings capacity of a shilling invested is 9.8% after Tax. This IRR is slightly comparable than that rate of return currently on schedule in Tanzania environment, which has been taken as 12%.

- **Profit:**

Net profit after Tax is assumed to be undistributed and no withholding taxes has been considered.

- **Value Added Tax:**

The Value Added Tax (VAT) is neither calculated nor included on assumptions that the project will enjoy incentives on capital goods/ items. For the sales, it is implicated to the final consumers.

- **Investment Incentives:**

The project will be registered at Tanzania Investment Centre, (TIC), therefore will be entitled for the investment incentives and benefits in terms of:

- (i) Customs and duty relief
- (ii) Tax holiday –corporation tax, if any
- (iii) The aforementioned depreciation rates.

- **Opportunity cost of capital:**

The Central Bank of Tanzania (BOT) discount rate at 12% per annum is taken as a proxy of the nominal opportunity cost of capital or the required rate of return. In using this cost of capital rate, the net cashflow are adjusted with the anticipated inflation rate of 10% per annum. The inflationary adjusted and discounted cashflow are presented on table XII to this report.

- **Break – Even point:**

The break-even point analysis calculated, indicates that at the assumed full capacity commercial application the break-even revenue will be Tshs 2.562300 billion p.a which is 50% of the annual earnings. This implies that the project is able to sustain its operating costs and can meet any maturing obligations in the case, even at 10% discounted saleable price regardless of unoccupied capacity utilization.

- **Payback period:**

The payback period calculated from the cashflow presented in this report translated into gross rate of return on capital outlay of around 9.8%. This rate is reflective of the fact that at the moment any **manufacturing projects** are pertinent in a gross rate of return between 7% and 21% which is good.

- **Net Present Value:**

The NPV is calculated on the basis of the cashflow as presented in table XII. The discounted NPV is at the nominal rate to opportunity cost of 12% and the cashflow adjusted by the annual rate at 10% underlying inflation rate. The positive NPV, which is indicative of the unrealized acreation of project under discussion. In other words, the monetary benefits associated with this project, outweigh the cost thereof. This is good investment and return.

6.9.0 Profitability statements:

6.9.1 The projections at normal analysis are detailed shown on table IX. The projections reflect positive margins throughout the five years as shown in the summary below in Tshs "000"

SN	Details:	Years	1	2	3	4	5
1	Gross Sales Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600
2	Operating Surplus		107,528	115,893	124,094	124,094	124,094
3	Net Profit (Loss) After Tax		16,995	60,867	110,958	161,468	212,344
4	Net Margins	%	0.37	0.91	0.98	0.98	0.98
5	IRR = 14.6%		-	-	-	-	-

6.10.0 Sensitivity Analysis:

6.10.1 The sensitivity analysis is worked out to asses the impact of key variables and sales revenues as the key areas on the project's viability. The following variables are considered significantly and the resultants effects are as analysed below:-

- **Factors:-**

IRR Results:

- | | |
|--------------------------------|------|
| (i) Base case (Borrowing rate) | 9.8% |
| (ii) Fall in prices: | 7.5% |

The project is sensitive to fall in sales prices at 10%. However, the sales prices used are lower than the expected market price for similar products. The project is thus, unlikely to be adversely affected by the increase either of the running costs or raw materials.

7.0.0 MARKETING AND SALES ASPECTS:

7.1.0 The products:

7.1.1 The project produces super sembe and bran for animal feeds at high quality using **JEMBE SUPER SEMBE brand**.

7.2.0 Market:-

7.2.1 The market for products will be for the general public of Tanzania and for export to any country that is already established as a basis necessity for the high quality products.

7.3.0 Ready Market:-

7.3.1 There is ready market for sifted maize flour and bran in Congo, Comoro, Zambia, Burundi, Kenya and Sudan. The company has signed agreements to supply flour as well as bran to many companies operating whole sales and retail shop in SADC/EAC region.

- **Maize flour:-**

This is very important item in staple calories and food. Thus, giving additive popular food intake in Africa dishes and diet.

- **Bran/Husks:-**

This is used for livestock it adds diet to make it more weigh before being slaughtered for fresh meat. There is huge demand for seed cake when mixed with bran by ranch keepers in South Africa, Namibia, Kenya and here in Tanzania (Local livestock keepers). Currently, local market has emerged from livestock marketers who uses the cake for fattening them before being offered for sales at auction or export.

7.3.2 Already Captured Clients:

The following are the already clientele with business:-

(i) **Dar es Salaam:**

- Baraka stores
- Oscar shop
- Simtoe shop
- Ndekidemi shopping centre
- Wande stores

(ii) **Zanzibar (Unguja + Pemba)**

- Kombo Ally Kombo shop
- Juma Othman stores
- Omar Amour stores
- Soud Abdallah shop
- Rabia Hamdani store
- Ally Said shopping centre

(iii) **Kenya:-**

- Uchumi supermarket
- Yaya shopping centre
- Galisa Food Stores

(iv) **Malawi:-**

- Super Bravo stores
- Blantyre foods and Vegetables
- Weekend Gardens

7.4.0 **Production and capacity:**

7.4.1 The proposed Strengthening will have the following capacities:

SN	Assumptions and details: Years	1	2	3	4	5
1.	Plant capacity per day = tons	40	40	40	40	40
2.	Number of working days per year	300	300	300	300	300
3.	Capacity utilization %	80	85	90	90	90
4.	Total production per year in tons	9,600	10,200	10,800	10,800	10,800
5.	Efficiency and Recovery rates:-					
(a)	75% - Sifted maize flour = tons	7,200	7,650	8,100	8,100	8,100
(b)	20% - Milled bran/husks = tons	1,920	2,040	2,160	2,160	2,160
©	5% - Waste = tons	480	510	540	540	540

7.5.0 **Price and pricing:**

7.5.1 The proposed prices for final saleable produces are as detailed below:-

SN	Products	Parked sizes	Selling Prices in TShs
1	Sifted Maize flour-super sembe:-		
(a)		50kgs	37,000/bag
(b)		25kgs	18,500/bag
(c)		10kgs	8,000/bag
(d)		5kgs	4,000/bag
2	Bran/Husks:-		
(a)		100kgs	13,000/bag
(b)		70kgs	10,000/bag

7.6.0 **Target Market:**

7.6.1 The company will target its market as detailed below:-

SN	Local market	Export
1	Wholesalers	Congo
2	Restaurants	Zambia
3	Groceries/ Bar / Pub/ Hotels	Burundi
4	School/ colleges/ universities	Commoro
5	Hospitals/ Health centres	Sudan
6	Militaries	Kenya
7	Super markets	Malawi
8	Individuals – Bulky buyers	Mozambique

7.7.0 Experience in Markets:

7.7.1 The partners in business have been marketing various goods for the last ten years to Southern Tanzania, Zambia, Congo and Malawi. This experience is advantage to her market coverage and shares.

7.8.0 Competition:

7.8.1 With the recent trade liberalization in the country (Tz), some companies have installed plant and started to produce flour and bran. Their production and capacities have not satisfied the need/ consumption even for local market. Most of these companies produces wheat flours and their capacities are small, lack working capital and their plants are with small capacities that they even cant afford to import raw materials from abroad. Therefore market for produced flours and bran are still there. The following companies are the competitors:-

SN	Manufacturing company	Location	Brand name/product	Remarks
1.	SSB Company Limited	Dar es Salaam	Azam Flour	Good
2.	Azania flours	Dar es Salaam	Azania	Good
3.	Kigoma posho mills	Dar es Salaam	Posho	Good
N:B The project's				
	Gabsons (T) Limited	Dar es Salaam	Jembe Super sembe	Good

7.9.0 Promotion and advertisement:-

7.9.1 These will be done occasionally through well established mass, print and electronic media.

7.10.0 The Growth of Manufacturing Industry:-

7.10.1 A general overview of manufacturing industries in Tanzania particularly in food, beverage, packing materials and soft drinks reveal a growing number of the same. What is attracting consumers in these produces are variety, flavours, tasty, basic necessity, quality and prices. The company has assessed the business opportunities and potentials through production of sifted flour in Tanzania and neighbouring States and are convinced of the same that there is a lucrative present and future market in this manufacturing venture.

7.11.0 Marketing Organisation:

7.11.1 The market for Gabsons super sembe brand and products will be for the general public. A good approach and alternative thereto will include distribution through wholesalers shops/stores, agents, bulk buyers and individual users.

7.12.0 Marketing Strategies:-

7.12.1 Gabsons's marketing strategy will include high quality production priority to attract consumers in a large number and family year round. Gabsons super sembe and bran are products produced by new modern plants and technologies.

8.0.0 INDUSTRY AND DYNAMICS:

8.1.0 The project's competitive advantages:

8.1.1 The proposed investment will use local raw materials as to encourage the local manufacturing and industries development for producing high quality sifted flour and bran. The location of plant/ factory at Dar es Salaam where land-locked countries of the EAC/SADC region coordinates business policies and development issues are the advantages for the proposed strengthen approach when we compare with other producers located up-country and other brands are being imported from abroad.

8.2.0 Major Competitors:-

8.2.1 The following are brands that will be on market line with **Jembe super sembe:-**

SN	Brand	Factory Location	Market share in percentum
1.	Azam	Dar es Salaam	22
2.	Azania	Dar es Salaam	9
3.	Posho	Dar es Salaam	1
4.	Zainab	Dar es Salaam	5

8.3.0 Market share of Gabsons super sembe brand:

8.3.1 The brand will cover 3% of the flour milled market in Tanzania. However, consumption level is envisaged to grow at an annual rate of 5% for the initial three years. Therefore production is expected to grow at a rate between 5 – 10% depending on the market. The proposed trade policy for the SADC/EAC regions will be advantages for the investment/ business.

8.4.0 List of Major Buyers:

8.4.1 The proposed strengthening of the factory will first maintain the already captured clients/ buyers. While the contracted buyers are detailed on the attached agreements to this report. See para 7.3.2 of this report.

8.5.0 List of Major Suppliers:

8.5.1 The suppliers of raw materials for production of sifted super sembe and bran are categorized into two types. One sources will be locally obtained through farmers, cooperative societies, peasant for cereals seeds grown in Tanzania and packing materials manufactured in the country by other factories. Terms of purchases are clear and negotiable depending on /with the volume ordered.

8.6.0 **Industry Risk and proposed mitigations:**

8.6.1 The project risks and uncertainties considered is inadequate working capital from the sponsors. However the promoters are arranging for an initial working capital facility and added capital for financing partly cost on the proposed strengthening of the factory. After trade liberalization of the country, financial sector/ institutions have been able to finance viable projects thus, working capital has become more readily available from the many competing financial institutions now operating in the country. The second arrangement is to approach other authorities such as WB/IMF/BOT/CTI/TCCIA/ TPSF and other stakeholders in industries development for possible supporting the proposed strengthening and maintaining commercial production. The World Bank / iBRD and IMF, both bilateral and multilateral donors have played a crucial role in developing the social and economic sectors. **With the Millenium Development Goals and Global Campaign Against poverty and Hunger policy**, we expect to be supported to this project proposal.

8.7.0 **Peak and Slack seasons:**

8.7.1 The proposed production will have average production capacity throughout the year. The use of local available raw materials will be very useful. Peak production is expected to be at harvesting season while the sales is expected to be constant since food is basic necessary for human survival.

9.0.0 **GOVERNMENTS, DONORS SUPPORT AND REGULATIONS**

9.1.0 **Government Economic Development:**

9.1.1 The problem of inadequate of staple calories foods in Tanzania, may be alleviated by the proposed strengthening of the proposed project. it is a public policy to encourage people eat balance diet atleast three round a day so that a society will fight starve.

9.1.2 The proposed project will create employments for Tanzanians mostly being youths who have completed their professional(s) studies. This employment will stimulate income distribution and in the process it will improve the standard of living of the employees their relative and dependants.

9.1.3 The project will be a source of government revenues in the form of taxes and levies.

9.2.0 Investment Incentives:-

9.2.1 The introduction of trade liberalization in Tanzania and investment promotion granted by the government will benefit the project. The project will be registered at T.I.C thus, entitled for the investment incentives and benefits in terms of:-

- Customs and duty relief
- Tax holiday – corporation tax, if any
- The aforementioned depreciation rates

9.3.0 Contribution of project to Economic Development:

9.3.1 Currently, the manufacturing output contributes around 7.4% of the national GDP. The government has placed great emphasis on industrial diversification. The diversification of Tanzania Manufacturing Sector has been expanding domestic market and regional market of SADC/EAC providing Tanzania with a promising potentials for possible fostering economic development. The project will have high forward linkage with all socio-economic activities throughout the project life. The project will provide agro-based processing industries and development.

9.4.0 Indicative and Extent for other support and Donors:

9.4.1 The government of Tanzania has been supporting investors by initiating a field of promoting good investment policies through development partners and agencies. The following agencies and business partners we expect them to support this project:-

- Ministry of Trade & Industry
- Tanzania Investment Centre
- Bank of Tanzania
- Commercial and Investment banks like T.I.B
- TCCIA
- CTI
- TPSF
- TRA
- TBS
- NEMC
- UN-Agencies like FAO, WHO, UNICEF etc
- JICA
- ETC.

10.0.0 SECURITY AND RISKS MITIGATIONS:

10.1.0 Security Arrangements:

10.1.1 The following are the proposed security on the proposed project commercial strengthening and production:-

- Factory on plot No. 67 Evaret-service trade area, Temeke Municipality, Dar es Salaam
- Business assets of the company
- Directors and Management of the company

10.2.0 Risks Mitigations:

10.2.1 The main risk considered is inadequate working capital and funds to remodelling the factory for possible strengthening into commercial production. However, the promoters have approached Commercial and investment Banks for possible securing working capital. After liberalization of the country's economy, working capital facilities have become more readily available from the many competing financial institutions now operating in the country. The government of Tanzania through central bank and Ministry of finance have been supporting investors by provisional of securities/ guarantees/ references etc.

11.0.0 TIME TABLE ENVISAGED FOR PROJECT IMPLEMENTATION AND COMPLETIONS:

11.1.0 Time Table Envisaged for project:

11.1.1 The proposed plan to strengthen the production is three months activity. The owner is searching for finance/ funds to enable the **business** be strengthened. The proposed time table is summarised as shown below:-

SN	Activities	2012	May	June	July	August	September
1.	Funds mobilization						
2.	Loan Application/ Approval						
3.	Disbursement of funds						
4.	Remodelling, Repairs, trial runs						
5.	Commercial strengthening/production						
6.	Progress & Reporting						

11.2.0 Implementation and Completion:

11.2.1 The project is a going on concern. The foregoing activity/ transaction is a matter of strengthening.

12.0.0 ECONOMIC BENEFITS AND ENVIRONMENTAL ISSUES:

12.1.0 Economic Benefits:

12.1.1 Project Priority to the Economy:

The problem of inadequate supply of staple food calories from sifted maize flour in Tanzania may be alleviated by strengthening the proposed project.

12.2.0 Employment Effect:-

12.2.1 The proposed strengthening will create employment for Tanzanians. **About 80 Tanzanians will be employed directly.** The employment will stimulate income distribution among others. The same distribution will improve the standard of living of employees, their relatives and dependants.

12.3.0 Fiscal Effect:

12.3.1 The project will be a source of government revenue in terms of taxes and levies.

12.4.0 Linkage Effect:

12.4.1 The project will have high forward linkage with all socio-economical activities throughout project life. The project will provide agro-based processing industries and development.

12.5.0 Capital Formation:

12.5.1 The undertaking and Strengthening of this project will also contribute to the national capital.

12.6.0 Community development:

12.6.1 In order to conserve socio-economic relations, we must also assist in conserving the welfare of the people who live in the project areas. The company is proud of its commitment in serving and helping the communities that border the project areas. Poverty alleviation, education and health care are highly given priority on our agenda in our community development programmes. Through the generous donations of our clients and friends. The company will contribute towards the building of schools and dispensaries, aided in the provision of education, sporting equipment, building materials and agricultural inputs to peasants in the areas where maize will be sourced. Additionally, the company will keep donating free food to alleviate starvation from droughts to disadvantaged group including HIV/AIDS affected people.

The company will drill and install water wells that provide clean water to communities that surround the project areas. The gift of clean water to people who suffer 80% of rural diseases due to contaminated water is truly an effective way of helping raise the standard of health and living in these slum communities.

Health and conservation education are being provided in all of our project areas. Our innovative, pragmatic and result oriented conservation programs have all resulted and continue to provide benefit to people who need it most. This will promote agro-processing industries and development.

12.7.0 Environment considerations:

12.7.1 Environmental conservation and management in Tanzania is a duty of every individual in the country. Carefulness measures will be taken during implementation of the proposed plan. Environmental and safety measures will be the company's duty at the project site. Consultation through the National Environmental Management Council (NEMC) have been communicated. This will be maintained during and beyond project life.

13.0.0 CONCLUSION AND RECOMMENDATIONS:

13.1.0 Conclusion:

13.1.1 The financial and economical evaluation of the proposed investment has revealed that:-

The project is socially accepted

The project is technically attractive

The project is economically viable

13.2.0 Recommendations:

13.2.1 It is highly recommended that the institutions with authority, assist the investor with her approach to strengthening the commercial production of the factory. Financial support is highly recommended.

X

X

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January, 2012

FINANCIAL ANALYSIS

GABSONS (T) LIMITED

P.O. BOX 76110 DAR ES SALAAM

ESTIMATED CAPITAL COST/EXPENDITURE: IN TSHS "000" TABLE I (a)

SN	Capital Items:-	Local Cost	Foreign Cost	Total Cost
1.	Land & Buildings:-			
(a)	Land Acquisition			
(b)	Factory Construction			
(c)	Administration Block			
(d)	Stores			
(e)	Fence etc			
	Sub – total Land & Buildings	1,500,000	500,000	2,000,000
2.	Plant & Machinery:-			
(a)	Grain processing Machines			
(b)	Laboratories Equipment			
(c)	Bags Printing Machines			
(d)	Factory accessories + connections			
	Sub – total Plant & Machinery	480,000	1,820,000	2,300,000
3.	Motor vehicles:-			
(a)	Trucks + Trailers			
(b)	Administrative Overhead(s) cars			
(c)	Min – buses			
(d)	Pick – ups			
	Sub – total	200,000	850,000	1,050,000

ESTIMATED CAPITAL COST/EXPENDITURE: IN TSHS "000" TABLE I (b)

SN	Continued	Local Cost	Foreign Cost	Total Cost
4.	Tools & Equipment			
(a)	Fire fighting equipment			
(b)	Generatator			
(c)	Fumigation equipment			
(d)	Sorting machines + tools			
	Sub – total Land & Buildings	300,000	200,000	500,000
5.	Furniture & Fittings:-			
(a)	Tables			
(b)	Chairs			
(c)	Pallets			
(d)	Fittings			
(e)	Boards + carpets			
	Sub – total Plant & Machinery	100,000	20,000	120,000
6.	Pre- operational Expenses:-			
(a)	Company Registration and establishment			
(b)	Project study			
(c)	Legal other professional fees			
(d)	Statutory fees			
(e)	Marketing			
(f)	Loan Commitment fees			
(g)	Others			
	Sub – total	200,000	0	200,000
	TOTAL CAPITAL COST/EXPENDITURE	2,780,000	3,390,000	6,170,000

INVESTMENT COST SUMMARY: IN TSHS "000" TABLE II (a)

SN	Project Components:-	Local Cost	Foreign Cost	Total Cost
1.	Land & Buildings	1,500,000	500,000	2,000,000
2.	Plant & Machinery	480,000	1,820,000	2,300,000
3.	Motor vehicles	200,000	850,000	1,050,000
4.	Tools & Equipment	300,000	200,000	500,000
5.	Furniture & Fittings	100,000	20,000	120,000
6.	Pre-operational Expenses	200,000	0	200,000
7.	Initial Working Capital	300,000	0	300,000
	TOTAL PROJECT/ INVESTMENT COST	3,080,000	3,390,000	6,470,000

INVESTMENT PLAN: IN TSHS "000" TABLE II (b)

SN	Assets Investments:-	Local Cost	Foreign Cost	Total Cost
1.	Current Assets	300,000	0	300,000
2.	Fixed Assets	2,780,000	3,390,000	6,170,000
	TOTAL ASSETS/INVESTMENT COST	3,080,000	3,390,000	6,470,000

FINANCING PLAN: IN TSHS "000" TABLE III

SN	Source of funds:-	Local Cost	Foreign Cost	Total Cost
1.	Equity	655,000	0	655,000
2.	Overdraft/ Initial Working Capital	300,000	0	300,000
3.	Term Loan / Donation etc	1,725,000	3,390,000	5,115,000
4.	Others will be scheduled / soft loan	400,000	0	400,000
	TOTAL PROJECT FINANCING/COST	3,080,000	3,390,000	6,470,000

PROJECTED CAPITAL INVENTORY REPLACEMENT & DEVELOPMENT:- IN TSHS "000" TABLE IV

SN	Details:	Years	-	-	1	2	3	4	5	TOTAL
A.	CAPITAL COST: Years		BOOK VALUE	DEPR. RATE	-	-	-	-	-	-
1	Land & Buildings		2,000,000	-	0	0	0	0	0	0
2	Plant & Machinery		2,300,000	-	0	-	-	-	1,050,000	1,050,000
3	Motor Vehicles		1,050,000	-	0	-	-	-	-	-
4	Tools & Equipment		500,000	-	0	-	-	-	-	-
5	Furniture & Fittings		120,000	-	0	-	-	-	-	-
6	Pre-operational Expenses		200,000	-	0	-	-	-	-	-
	TOTAL CAPITAL COST		6,170,000	-	0	0	0	0	1,050,000	1,050,000
B.	DEPRECIATION & AMORTIZATION:-									
1	Land & Buildings		2,000,000	0%	-	-	-	-	-	-
2	Plant & Machinery		2,300,000	10% S.L	230,000	230,000	230,000	230,000	230,000	1,150,000
3	Motor vehicles		1,050,000	25% S.L	262,500	262,500	262,500	262,500	262,500	1,312,500
4	Tools & Equipment		500,000	10% S.L	50,000	50,000	50,000	50,000	50,000	250,000
5	Furniture & Fittings		120,000	12.5% D.B	15,000	13,125	11,484	10,049	8,793	58,451
6	Pre-operational Expenses		200,000	20% S.L	40,000	40,000	40,000	40,000	40,000	200,000
	TOTAL DEPRECIATION & AMORTIZATION			-	597,500	595,625	593,984	592,549	591,293	2,970,951

KEY:

S.L = Straight Line Method on depreciation

D.B = Declining Balance Method on depreciation

OVERDRAFT FACILITY REPAYMENT SCHEDULE: IN TSHS " 000" TABLE V

		MONTHS	PRINCIPAL	INTEREST 18% p.a	REPAYMENT	TOTAL
		1	300,000	4,500	25,000	29,500
		2	275,000	4,125	25,000	29,125
		3	250,000	3,750	25,000	28,750
		4	225,000	3,375	25,000	28,375
		5	200,000	3,000	25,000	28,000
		6	175,000	2,625	25,000	27,625
		7	150,000	2,250	25,000	27,250
		8	125,000	1,875	25,000	26,875
		9	100,000	1,500	25,000	26,500
		10	75,000	1,125	25,000	26,125
		11	50,000	750	25,000	25,750
		12	25,000	375	25,000	25,375
	Total	0	0	29,250	300,000	329,250

SN	Assumptions:-	YEARS	1	2	3	4	5	TOTAL
1	Nature of activity - Maize (flour milling)							
2.	Products:-							
(a)	Super Sembe							
(b)	Maize bran							
3	Number of working days per year		300	300	300	300	300	1,500
4	Plant capacity per day in tons		40	40	40	40	40	200
5	Number of shift per day		2	2	2	2	2	10
6	Assumed capacity utilization %		80	85	90	90	90	435
7	Total production per year in tons		9,600	10,200	10,800	10,800	10,800	52,200
8	Efficiency and Recovery Rates							
(a)	75% - Sifted flour = tons		7,200	7,650	8,100	8,100	8,100	171,360
(b)	20% - Milled brans = tons		1,920	2,040	2,160	2,160	2,160	24,192
(c)	5% - Wastes = tons		480	510	540	540	540	6,048
9	Packing Methodologicals:-							
(a)	20% of sifted maize flour in 50kg = bags		28,800	30,600	32,400	32,400	32,400	156,600
(b)	50% of sifted maize flour in 25kg = bags		144,000	153,000	162,000	162,000	162,000	783,000
(c)	5% sifted maize flour in 10kg = bags		36,000	38,250	40,500	40,500	40,500	195,750
(d)	5% in sifted maize flour in 5kg = bags		72,000	76,500	81,000	81,000	81,000	391,500
(e)	100% of milled brans in 100kg = bags		19,200	20,400	21,600	21,600	21,600	104,400
	Sub-total bags		300,000	318,750	337,500	337,500	337,500	1,631,250
10	Cost of raw materials:							
(a)	Maize grains:-							
(i)	Maize grains required per year in tons		9,600	10,200	10,800	10,800	10,800	52,200
(ii)	Cost of maize grains per ton Tshs "000"		445	445	445	445	445	2,225
	Sub-total maize costs in Tshs "000"		4,272,000	4,539,000	4,806,000	4,806,000	4,806,000	23,229,000

PROJECTED PRODUCTION SCHEDULE AND FINANCIAL ASSUMPTIONS: IN TSHS "000" TABLE VI (b)

SN	Assumptions continued:-	Years	1	2	3	4	5	TOTAL
(b)	Cost of packing materials:-							
(i)	50kgs 12x12 Mesh @ Tshs 450 =		12,960	13,770	14,580	14,580	14,580	70,470
(ii)	25kgs 12x12 Mesh @ Tshs 340 =		48,960	52,020	55,080	55,080	55,080	266,220
(iii)	10kgs 12x12 Mesh @ Tshs 330 =		11,880	12,540	13,365	13,365	13,365	64,515
(iv)	5kgs 12 x 12 Mesh @ Tshs 320 =		23,040	24,480	25,920	25,920	25,920	125,280
(v)	100kgs 12x12 Mesh @ Tshs 460 =		8,832	9,384	9,936	9,936	9,936	48,024
(vi)	Label and printing @ bag Tshs 150 =		45,000	47,813	50,625	50,625	50,625	244,688
	Sub - total		150,672	160,007	169,506	169,506	169,506	819,197
11	Sales Revenues:-							
(a)	50kgs bags @ Tshs 37,000 =		1,065,600	1,132,200	1,198,800	1,198,800	1,198,800	5,794,200
(b)	25kgs bags @ Tshs 18,500 =		2,664,000	2,830,500	2,997,000	2,997,000	2,997,000	14,485,500
(c)	10kgs bags @ Tshs 8,000 =		288,000	306,000	324,000	324,000	324,000	1,566,000
(d)	5kgs bags @ Tshs 4,000 =		288,000	306,000	324,000	324,000	324,000	1,566,000
(e)	100kgs bags @ Tshs 13,000 =		249,600	265,200	280,800	280,800	280,800	1,357,200
	Total Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600	24,768,900

SUMMARY FOR PRODUCTION AND FINANCIAL ASSUMPTIONS: IN TSHS "000" TABLE VI (c)

SN	Details:	Years	1	2	3	4	5	TOTAL
1	Raw maize grains costs		4,272,000	4,539,000	4,806,000	4,806,000	4,806,000	23,229,000
2	Raw packing materials costs		150,672	160,007	169,506	169,506	169,506	819,197
	Sub-total		4,422,672	4,699,007	4,975,506	4,975,506	4,975,506	24,048,197
3	Gross Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600	24,768,900

PROJECTED VARIABLE AND FIXED COSTS IN TSHS "000" TABLE VII

SN	Details:	YEARS	1	2	3	4	5	TOTAL
A.	VARIABLE COSTS:-							
1	Raw materials purchases		4,422,672	4,699,007	4,975,506	4,975,506	4,975,506	24,048,197
2	Other variables		25,000	28,000	30,000	30,000	30,000	143,000
	Sub - total variable costs		4,447,672	4,727,007	5,005,506	5,005,506	5,005,506	24,191,197
B.	FIXED COSTS:-							
1	Administrative Overheads		15,000	15,000	15,000	15,000	15,000	75,000
2	Other Expenses		10,000	10,000	10,000	10,000	10,000	50,000
	Sub-total Fixed costs		25,000	25,000	25,000	25,000	25,000	125,000
	TOTAL OPERATING COSTS		4,472,672	4,752,007	5,030,506	5,030,506	5,030,506	24,316,197

ESTIMATED WORKING CAPITAL REQUIREMENTS: IN TSHS "000" TABLE VIII

SN	Details:	YEARS	1	2	3	4	5	TOTAL
A.	CURRENT ASSETS:							
1	Cash – 3 weeks of total operating costs		279,542	297,000	314,407	314,407	314,407	1,519,763
2	Stocks - 1 week purchases		92,660	98,479	104,281	104,281	104,281	503,982
3	Debtors - 1 week credit/ sales		94,900	100,831	106,763	106,763	106,763	516,020
	TOTAL CURRENT ASSETS		467,102	496,310	525,451	525,451	525,451	2,539,765
B	CURRENT LIABILITIES:-							
1	Creditors for:-							
(a)	Other variables – one month bill		15,000	15,000	15,000	15,000	15,000	75,000
(b)	Administration overheads – one month bill		10,000	10,000	10,000	10,000	10,000	50,000
	TOTAL CURRENT LIABILITIES		25,000	25,000	25,000	25,000	25,000	125,000
	Net Current Assets (Liabilities)		442,102	471,310	500,451	500,451	500,451	2,414,765
	Increase (decrease) in Working capital		442,102	29,208	29,141	0	0	500,451

PROJECTED PROFIT AND LOSS ACCOUNTS: IN TSHS "000" TABLE IX

SN	Details:-	YEARS	1	2	3	4	5	TOTAL
1	Gross Sales Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600	24,768,900
2	Less: Variable costs		4,422,672	4,699,007	4,975,506	4,975,506	4,975,506	24,048,197
3	Contribution Margins		132,528	140,893	149,094	149,094	149,094	720,703
4	Less: Fixed costs		25,000	25,000	25,000	25,000	25,000	125,000
5	Gross Operating Surplus		107,528	115,893	124,094	124,094	124,094	595,703
6	Less: Financial & capital charges:-							
(a)	Interest on term loan		0	0	0	0	0	0
(b)	Interest on overdraft		29,250	0	0	0	0	29,250
(c)	Depreciation		54,000	53,219	52,535	51,937	51,414	263,105
	Sub - total		83,250	53,219	52,535	51,937	51,414	292,355
7	Net profit (Loss) Before Tax		24,278	62,674	71,559	72,157	72,680	303,348
8	Less: Taxation at 30%		7,283	18,802	21,468	21,647	21,804	91,004
9	Net profit (Loss) After Tax		16,995	43,872	50,091	50,510	50,876	212,344
10	Accumulated profit (Loss)		16,995	60,867	110,958	161,468	212,344	-
11	Contribution Rates	%	2.91	2.91	2.91	2.91	2.91	-
12	Gross Margins	%	2.36	2.39	2.42	2.42	2.42	-
13	Net Margins	%	0.37	0.91	0.98	0.98	0.98	-

PROJECTED CASHFLOW STATEMENTS: IN TSHS TABLE X

SN	Details:	YEARS	1	2	3	4	5	TOTAL
A.	INFLOWS:-							
1	Gross Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600	24,768,900
2	Owners Equity		797,102	0	0	0	0	797,102
3	Overdraft facility		300,000	0	0	0	0	300,000
4	Economic Depreciation		54,000	53,219	52,535	51,937	51,414	263,105
	TOTAL CASH INFLOWS		5,706,302	4,893,119	5,177,135	5,176,537	5,176,014	26,129,107
B.	OUTFLOWS:-							
1	Investment		1,097,102	0	0	0	0	1,097,102
2	Reinvestments		0	0	0	0	75,000	75,000
3	Increase (decrease) in working capital		442,102	29,208	29,141	0	0	500,451
4	Variable costs		4,422,672	4,699,007	4,975,506	4,975,506	4,975,506	24,048,197
5	Fixed costs		25,000	25,000	25,000	25,000	25,000	125,000
6	Interest on overdraft		29,250	0	0	0	0	29,250
7	Repayment on overdraft		300,000	0	0	0	0	300,000
8	Taxation		7,283	18,872	21,468	21,647	21,804	91,004
	TOTAL OUTFLOWS		6,323,409	4,772,087	5,051,115	5,022,153	5,097,310	26,266,074
	Net Cashflows		(617,107)	121,032	126,020	154,384	78,704	(136,967)
	Accumulated cashflows		(617,107)	(496,075)	(370,055)	(215,671)	(136,967)	-

PROJECTED BALANCE SHEETS: IN TSHS "000" TABLE XI

SN	Details:	YEARS	1	2	3	4	5
A.	GENERAL ASSETS:						
1	Fixed Assets at cost		655,000	601,000	547,781	495,246	518,309
2	Less: Depreciation		54,000	53,219	52,535	51,937	51,414
3	Net Fixed Assets		601,000	547,781	495,246	443,309	466,895
B.	CURRENT ASSETS:						
1	Cash and Balance		(617,107)	121,032	126,020	154,384	78,704
2	Stocks		1,067,587	132,127	226,499	300,761	652,362
3	Debtors		94,900	100,831	106,763	106,763	106,763
	TOTAL CURRENT ASSETS		545,380	353,990	459,255	561,908	837,829
C.	CURRENT LIABILITIES:-						
1	Creditors		25,000	25,000	25,000	25,000	25,000
2	Overdraft		300,000	0	0	0	0
3	Taxation		7,283	18,802	21,468	21,647	21,804
	TOTAL CURRENT LIABILITIES		332,283	43,802	46,468	46,647	46,804
	Net Current Assets (Liabilities)		213,097	310,188	412,787	515,261	791,025
D.	LONG-TERM LIABILITIES:-						
1	Long-term loan		0	0	0	0	0
E.	TOTAL NET ASSETS - NETWORTHS		814,097	857,969	908,060	958,570	1,009,446
F.	FINANCED BY:-						
1	Owners Equity		797,102	797,102	797,102	797,102	797,102
2	Accumulated profit (Loss)		16,995	60,867	110,958	161,468	212,344
	TOTAL FINANCE AND EQUITY		814,097	857,969	908,060	958,570	1,009,446

PROJECTED PAYBACK PERIOD: IN TSHS "000" TABLE XIII

SN	YEARS	Profit (Loss) After Tax	Depreciation	Total Cashflows	Accumulated cashflows	Investments
	0	0	0		0	(1,097,102)
	1	16,995	54,000	70,995	70,995	(1,026,107)
	2	43,872	53,219	97,091	168,086	(858,021)
	3	50,091	52,535	102,626	270,712	(587,309)
	4	50,510	51,937	102,447	373,159	(214,150)
	5	50,876	51,414	102,290	475,449	261,299

NB: Payback period for the whole investment is four years. This is good according to the nature of the project.

PROJECTED SECURITY COVER RATIOS AND ANALYSIS: IN TSHS "000" TABLE XIV

SN	Details:	YEARS	1	2	3	4	5	TOTAL
1	Long-term loan		0	0	0	0	0	0
2	Overdraft facility		300,000	0	0	0	0	0
	Sub-total		300,000	0	0	0	0	0
3	Net Fixed Assets		610,000	547,781	495,246	443,309	466,895	-
4	Cover Ratios (times)		2.0	0	0	0	0	0
5	Financier's Exposure %		49.92	100.0	100.0	100.0	100.0	-

GABSONS (T) LIMITED

"BUSINESS PLAN"

FOR

STRENGTHENING CEREALS MILLING INDUSTRIES

ON

PLOT NO 67 EVARET, SERVICE TRADE AREA, TEMEKE MUNICIPALITY DAR ES SALAAM

Prepared for:-

Gabsons (T) Limited

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TANZANIA

JANUARY, 2012

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TANZANIA

JANUARY, 2012

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0.0 SUMMARY OF SALIENT FEATURES:

0.1 Name of Projects: Gabsons Flour Milling

0.2 Project concepts: Strengthening maize flour and bran milling activities

0.3 Project Sponsors: Gabsons (T) Limited

0.4 Project Location: Factory:

Plot No. 67 Evaret, Service Trade Area, Temeke Municipality Dar es Salaam, Tanzania.

Administrative office:

Plot No 9/68 Uhuru street

Ilala – Boma area

Clouds House

P.O. Box 76110 Dar es Salaam.

0.5 Project costs (Including existing assets: In Tshs “000”

SN	Project Components	Local cost	Foreign cost	Total cost
1.	Land & Building	1,500,000	500,000	2,000,000
2.	Plant & Machinery	480,000	1,820,000	2,300,000
3.	Motor Vehicles	200,000	850,000	1,050,000
4.	Tools & Equipment	300,000	200,000	500,000
5.	Furniture & Fittings	100,000	20,000	120,000
6.	Pre-operational Expenses	200,000	0	200,000
7.	Initial Working Capital	300,000	0	300,000
	TOTAL INVESTMENT/PROJECT COSTS	3,080,000	3,390,000	6,470,000

0.6 Proposed Financing Plan: In Tshs “000”

SN	Source of funds:	Local cost	Foreign cost	Total cost
1.	Equity	655,000	0	655,000
2.	Overdraft/ Initial Working capital	300,000	0	300,000
3.	Term Loan/Donation etc	1,725,000	3,390,000	5,115,000
4.	Others – will be scheduled/ Soft loan	400,000	0	400,000
	TOTAL PROJECT FINANCING	3,080,000	3,390,000	6,470,000

0.7 Profitability Indicators for the next five years: In Tshs “000”

SN	Details:	Years	1	2	3	4	5
1	Gross Sales Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600
2	Operating Surplus		107,528	115,893	124,094	124,094	124,094
3	Net Profit (Loss) After Tax		16,995	60,867	110,958	161,468	212,344
4	Net Margins	%	0.37	0.91	0.98	0.98	0.98
5	IRR = 14.6%		-	-	-	-	-

0.8 Debt/Equity Ratio: Averages at 38:62, over five years which is good. The central Bank of Tanzania prefers and advise at 40:60

0.9 Economic Indicators:(i) Economic Rate of Return works at 9.31%
(ii) Foreign Exchange Ratio = Not calculated.

0.10 Security proposed: (i) a first charge on the business fixed assets and stocks.
(ii) a personal guarantee of Directors
(iii) a collateral arrangement – Legal mortgage to be registered.

0.11 A Glossary of proposal Abbreviations:

- URT = United Republic of Tanzania
- NSGRP = National Strategy for Growth and Reduction of Poverty
- GCAP = Global Campaign Against Poverty and Hunger
- HBS = Household Budget Survey
- MDG = Millennium Development Goals
- GDP = Gross Domestic Product
- CSP = Country Strategic Paper
- WB = World Bank
- IMF = International Money Fund
- IBRD = International Bank for Reconstruction and Delevelopment
- SADC = Southern Africa Development Community
- EAC = East African Community
- TIC = Tanzania Investment Centre
- \$ = United States Dollar
- Tshs = Tanzanian Shillings
- S.L = Straight Line Method on depreciation
- D.B = Declining Balance Method on depreciation
- IRR = Internal Rate of Return (DCF) Calculations
- DCF = Discounted Cashflows
- VAT = Value Added Tax

0.12 Commitment arrangement on the business are:-

- (i) Directors and Management of the company
- (ii) Deposit made showing interest to purchase the factory
- (iii) Business assets of the company.

0.13 Exchange Rate Used (January, 2012):

- 1 \$ = Tshs 1,600

1.0.0 BACKGROUND INTRODUCTION:

1.1.0 The Business and the Promoters:

1.1.1 The partners in Gabsons (T) Limited are business people with vast experience in farming, agro-processing and general trading in Tanzania and neighbouring states. The partners have successfully incorporated the business for possible investing in economic projects in response to a call by the government of Tanzania which invite the private sector to participate in supplementing government efforts in creating employment, agro-processing industries and utilization of local available raw materials in promoting local industries and development.

1.1.2 With the policy of trade liberalization in the country together with the opportunities available in promoting investments and trading environment in Tanzania, the partners decided to float a manufacturing company in a name of Gabsons (T) Limited for the purpose to carry on the business of flour milling from all variety of cereals and marketing the same.

1.2.0 The Company:

1.2.1 Gabsons (T) Limited is a private company incorporated in Tanzania as per provisions of the companies' laws. The company was incorporated on the 11th day of March, 1994 and was granted a certificate of incorporation No. 24907.

1.3.0 Main Objective:

1.3.1 The main objective for which the company was established among others, is to deal with and carry on the business of milling cereal flours and marketing the same, agro-processing and general trading in Tanzania and neighbouring states.

1.4.0 Capital:

1.4.1 The company has an authorized share capital of Tshs. 1,000,000,000/= divided into 10,000 shares of Tshs. 100,000/= each. The authorized share capital base is however, being enhanced to meet the investment requirements of the project strengthening into commercial production.

1.5.0 The Shareholders:-

1.5.1 The Principal shareholders of the company are as detailed below:-

Names	Number of Shares	Percentum
• Jonathan .B. Gabone	200	2.0
• Ramadhani .S. Guyana	100	1.0
• Consolata .R. Gabone	40	0.4
• Janeth .N. Gabone	40	0.4
• Salum Mgombaeka	20	0.2
• Unalloted	<u>9,600</u>	<u>96.0</u>
Total	<u>10,000</u>	<u>100%</u>

1.6.0 Members:

1.6.1 The following are members of the company:-

- Jonathan .B. Gabone
- Ramadhan .S. Guyana
- Consolata .R. Gabone
- Janeth .N. Gabone
- Salum Mgombaeka

1.7.0 Directors

1.7.1 The following are the current Directors of the company:-

- Jonathan .B. Gabone
- Ramadhan .S. Guyana

1.8.0 The purpose of this proposal:

1.8.1 This project proposal entails the study to examine technical feasibility, financial viability, commercial and economical desirability for re-opening of flour milling project located on plot No. 67 Evaret, Service Trade Area, Temeke, Dar es Salaam. The sponsors intend to use this study as a shopping document for possible search of financial support through financial institutions and implementing the re-opening plan.

1.9.0 Investment Opportunities in Tanzania:

1.9.1 Tanzania is an emerging economy with high growth potential. Whilst the economy is relative diversified, a number of opportunities remain untapped in many sectors. In an attempt to make Tanzania the preferred destination for foreign direct investment (FDI), continuous improvements towards the creation of an enabling environment have been made. Investment Opportunities existing in Tanzania have been categorized in terms of **lead sectors** and **priority sectors**. These includes:-

- **Lead Sectors:**

- (i) Agriculture
- (ii) Agro based Industries – such as flour milling, cooking oils, foods stuffs etc.
- (iii) Mining
- (iv) Petroleum and gas
- (v) Tourism
- (vi) Economic Infrastructure
- (vii) Energy
- (viii) Road Transport
- (ix) Railway Transport
- (x) Sea and Lake transport
- (xi) Air transport
- (xii) Telecommunication

- **Priority Sectors:**
 - (i) Manufacturing – factories etc
 - (ii) Natural Resources
 - (iii) Banking and Insurance services
 - (i) Human Resources Management and Consultancy
 - (ii) Radio and TV broadcasting
 - (iii) Export Oriented project
 - (iv) Real Estate developers

1.9.2 Agriculture Industry in Tanzania:

Agriculture is the leading sector in Tanzania economy. It count for about 50% of GDP, 75% of merchandise exports and is source of food and provides employment opportunities to about 80% of Tanzanians. It has linkages with the non-farm sector through linkages to agro-processing, consumption and export. Agriculture provides for raw materials to industries and a market for manufactured goods. The sector is well focused with storing position in several major export market.

The country is covered by 88 million hectares of suitable agriculture land of which 60million hectares are suitable for livestock production. **LOOK!** Only 5.5% of the Tanzania's arable land is utilized, mainly by small holder farmers. With irrigation, Tanzania can become a dominant grain exporter.

A future vision for Tanzania agriculture sector is to have a highly efficient and economically viable market-driven large scale-farming sector, characterised by a wide range of farming enterprises and **processing industries** of varying sizes having a positive influence to the rest of the economy.

Opportunities:

- Tanzania climatic condition and its arable land can accommodate production of wide variety of agricultural products. The use of necessary expertise and sound management skills, not only will make surplus production possible, but also ensure a steady supply of agriculture produce for export purposes.
- Opportunities in large commercial farming exist in various cash crops such as coffee, hay, cotton, tobacco, sisal, cashew nuts, sugar and pyrethrum.
- Opportunities in large commercial farming exist in food crops production such as cereals, Oil seed and legumes.

Opportunities:

- Manufacturing of seed cakes for industrial supply as well as for animal feeds.
- Milling of cereals and flour packing
- Manufacturing of cooking oil for food spices
- Manufacturing of pesticides and other agro-chemicals utilizing the abundant oil seeds available /grown in Singida, Mwanza, Mbeya, Iringa, Dodoma, Tabora etc.
- Manufacturing of chemicals from pyrethrum extracts
- Manufacturing medicinal and pharmaceuticals
- Manufacturing of basic industrial inputs
- Manufacturing of perfumes, detergents, soap, tissues and cosmetics
- Manufacturing of animal – feed processing, beverages and general canning processing.

According to a Government of Tanzania **Economic Survey Report (2006)**, Gross Domestic Product (GDP) grew by 6.2%. This is lower than the 2005 actual GDP growth rate of 6.7% attributed to a severe drought that hit the country during the 2005/2006 rain season, electricity shortage and increase of oil prices in the world market that affected **agriculture and industrial outputs**. **Agriculture continued to be the main contributor to economic growth**, compared to other sectors, Nonetheless, its Share in the overall GDP continues to decline, having reached 44.7% in 2006 from 48.1% in 2000, while the contribution of other sectors such as manufacturing, wholesales and retails trade, hotels and restaurants (including tourism), mining and infrastructures continues to rise, reflecting change in the structure of the economy. The annual average inflation rate for 2006 was 7.3%, compared to 5.0% in 2005. The upswing in inflation was caused by increased commodity prices, especially food as a result of drought and petroleum products which also led to higher costs of transportation and generation of thermal electricity.

The country's economic instability and the decline of the national GDP growth affect Tanzania's capacity to address the poverty widening gap between Tanzania and rich countries. Although poverty is widely spread in the country, rural population is highly affected because of limited capacity and technical know-how to effectively explore and utilize the available livelihood sources. Over 80% of poor people in Tanzania live in rural area. The 2000/2001 Household Budget Survey (HBS) indicated that 18.7% of the population is living below the food poverty line whereas about 33% of the population falls under the basic needs poverty line. It is estimated that over 12 million Tanzanians are food insecure and they hardly have any choice of food varieties. Therefore, a major challenge, the country is facing is how to sustain this growth rate at the same time encourage people invest in **commercial farming and agro-based industries** ensuring the benefits of growth are broadly shared among the citizens and investors.

1.9.3 Contextual Analysis:

Tanzania has been focusing on growth as a key element in the fighting against poverty. The establishment of National Strategy for Growth and Reduction of Poverty (NSGRP) known in Kiswahili as **MKUKUTA** is divided into **three clusters**. The first addresses the acceleration of **economic growth and reduction of income poverty**. The second is about improving the quality of life and social wellbeing of Tanzanians. The third addresses good governance and accountability. This can be done successfully by **promoting investment based on agro-processing manufacturing including milling and packing cereals for export market**.

2.0.0 PROJECT DESCRIPTIONS:-

2.1.0 The Purposes:-

2.1.1 The purpose of this project proposal is to examine the technical feasibility, economical viability and social desirability of strengthening the commercial production of cereal milling and packaging industries such as Super sembe, **wheat flour, seed cakes and bran for animal feeds**.

2.2.0 The Project:-

2.2.1 The project is commercial production of maize flour and bran to start with, later the factory will mill general cereals such as wheat, millets, sorghum for all food stuffs etc.

2.3.0 **The undertaking and owners:**

2.3.1 The current owners of the business is owned by Gabsons (T) Limited. The partners are as detailed under para 1.6.1 of this report.

2.4.0 **Production Process:**

2.4.1 The project envisages production of high quality sifted maize flour-**super sembe**. Sifted maize flour is produced by grinding of fully matured and clean whole grain of maize and removal of maize bran and germ. The same is reduced to a finer size to produce edible maize flour. During separation, course particles of maize grain may be separated, reground and recombined into finer flour particles.

2.4.2 The milling technology involved in this project will produce a range of by products which will be used in the preparation of animal feeds (**course bran**) and maize oil from the germ through its further processing. However, for the purpose of this study, on provision has been made to include extraction of oil from maize germs. Maize bran will generate additional income and the same has been taken into account in sales and cost accounting in the financial analysis.

2.5.0 **Manufacturing Industry in Tanzania:**

2.5.1 Tanzania is still undeveloped on manufacturing industries. Most of the consumed products are being imported from abroad for many years now. The government has been encouraging investors to venture into the manufacturing and agro-based processing. This will rescue the country from its GDP and stable economy. With the policy of trade liberalization introduced in Mid 1985's it is proposed that the manufacturing industries will boost the country's economy. Currently the manufacturing output contributes around 7.4% of GDP.

2.6.0 **Addressing the Issues – Work in progress:**

2.6.1 A number of initiatives have been taken by the government and development partners within the field of promoting and setting policies. The following agencies and partners keeps the industry progressive:-

- Ministry of Trade, Industry and Marketing
- Tanzania Investment Centre – TIC
- Bank of Tanzania – BOT
- Commercial Banks – Operating in the country like UBA, BOA, CRDB, NMB, Tanzania Investment Bank
- Tanzania Chamber of Commerce, Industries and Agriculture – TCCIA
- Confederation of Tanzania Industries – CTI
- Tanzania Private Sector Foundation - TPSF
- Tanzania Revenue Authority – TRA
- Tanzania Bureau of Standards – TBS

- National Environmental Management Council – NEMC
- UN-Agencies such as FAO, WHO, UNICEF, IMF, WB
- Donors such as JICA etc

2.7.0 Plant and Machinery:

2.7.1 These will include the following:-

- Milling Plant
- Generators and Transformer Unit
- Lab Equipment
- Weigh bridge
- Communications tools and Information Technology Equipment
- Safety and security tools
- Water storages
- Fuel storages
- Protection Equipment

2.8.0 Capacity:

2.8.1 The proposed re-opening and strengthening will have the following production capacities:-

SN	Details	Years	1	2	3	4	5
1.	Plant capacity in tons		12,000	12,000	12,000	12,000	12,000
2.	Used /assumed capacities %		80	85	90	90	90
3.	Total production per year in tons		9,600	10,200	10,800	10,800	10,800
4.	Efficiency and Recovery:-						
(a)	75% - Sifted maize flour = tons		7,200	7,650	8,100	8,100	8,100
(b)	20% - Milled bran = tons		1,920	2,040	2,160	2,160	2,160
(c)	5% - Waste/ Losses = tons		480	510	540	540	540

2.9.0 Land & Buildings:-

2.9.1 These include factory and all structures such as administrative buildings, loading/ off- loading bays, parking lanes, security fence, stores, waste water lagoons etc.

2.10.0 Motor Vehicles:

2.10.1 The company have trucks and administration cars. These vehicles will be required to be in good running condition for the transportation of goods and facilitating workmanship. The additional of motor vehicles is highly needed to this proposal.

2.11.0 Factory facilities:-

2.11.1 These includes:-

- Generators
- Security cables and camera CCTV
- Air compressors
- Water pumps
- Fire fighting equipment and Water hydrants

2.12.0 Office Equipment:

2.12.1 These include:-

- Computers & printers
- Telephones, cables and extension
- Safety and custody facilities
- Air conditioners
- Cabinets

2.13.0 Furniture and Fittings:

2.13.1 These include:-

- Tables
- Chairs
- Carpets
- Meeting room furnitures

2.14.0 Pre-operational Expenses:-

2.14.1 These include:-

- Company formation
- Project study, planning and documentation
- Loan application and processing
- Commitment fees and agreements
- Contractual and legal fees

2.15.0 Investment plan:

2.15.1 The proposed project will be financed as detailed below:-

Financing plan : IN TSHS "000"

SN	Source of funds:	Local cost	Foreign cost	Total cost
1.	Equity	655,000	0	655,000
2.	Overdraft/ Initial Working capital	300,000	0	300,000
3.	Term Loan/Donation etc	1,725,000	3,390,000	5,115,000
4.	Others – will be scheduled/ Soft loan	400,000	0	400,000
	TOTAL PROJECT FINANCING	3,080,000	3,390,000	6,470,000

3.0.0 SPONSORSHIP, GOVERNANCE AND TECHNICAL ASSISTANCE:

3.1.0 Sponsorship:

3.1.1 The project is sponsored by **Gabsons (T) Limited**, a private company incorporated in Tanzania as per provisions of companies' laws. The company will apply for credit facilities from the commercial banks currently operating in the country for possible financing the investment and strengthening of the project.

3.2.0 Governance:-

3.2.1 The project will be governed by rules, principles and laws stipulated in the memorandum and articles of association of the company. Financiers and other stakeholders in the industry will be given priorities through their representative to contribute their professionals, experience and financial support to make the project stand and still and thus, sustainable in commercial production.

3.3.0 Technical Assistance:

3.3.1 The project is located on plot No. 67 Evaret, Service Trade Temeke area in Dar es Salaam City. The project technology is sourced from Africa and China. Running plant in good conditions under supervision of professional Lab technicians and engineers assuring high quality production of the finished goods. There will be an agreement for exchange of skills with the manufacturers of plant/ Technical Assistance Agreement together with other experienced manufacturers such as ABC Hanses and Sango Milling services of South Africa.

4.0.0 MANAGEMENT AND INFORMATION SYSTEMS:-

4.1.0 Management:

4.1.1 The management of the company will consist the following people and department:-

- Board of Directors
- Managing Directors
- Finance and Administration
- Planning and Project Manager
- Accountant/ Financial Controller
- Marketing and Procurement Manager
- Factory/ plant Engineers – Quality control and monitoring
- Safety Manager
- Technical and Operation Manager
- Public Security and Safety
- Community Development and project officer

4.2.0 Project Implementation:-

4.2.1 The project is **inoperative**. The needed funds will be used for remodelling of the factory at the earliest time as detailed below:-

SN	Activities	2012 Months	May	June	July	August	September
1.	Funds Mobilization						
2.	Loan Applications						
3.	Funds disbursement						
4.	Modernization						
5.	Commercial Production						
6.	Progress and reporting						

4.3.0 **Operational Management:-**

4.3.1 Day to day Operational Management will be under the Directors of the company. In view of their limited time and experience on milling plant and production, the company will recruit a competent staff to run the factory professionally. For this case, professional engineers/ technicians are already recruited – see the attached CV's

4.4.0 **Details of Directors:-**

4.4.1 The details of the managing directors of the company are as detailed below for your perusal and records:-

- Full name : Jonathan .B. Gabone
- Age : 56 years
- Nationality : Tanzanian
- Education : Graduate, Business Management
- Residential Address: Tabata Bima area, Dar es Salaam
- Marital status : Married with children
- Current status : Director – Gabsons (T) Limited
- Business Experience: Over 20 years in agro-processing industries.

- Full name : Ramadhan .S. Guyana
- Age : 52 years
- Nationality : Tanzanian
- Education : Advanced Diploma in Banking
- Residential Address: Mbagala Kibondemaji, Dar es Salaam.
- Marital Status : Married with children
- Current status : Director – Gabsons (T) Limited
- Business Experience: Over 15 years in logistics and banking business

4.4.2 Details of key players at factory:-

The following are the key players at production unit:-

1. Chief Miller:

Full name: Ladislaus Kanywabale
Age : 49 years
Nationality : Tanzanian
Education : Bsc. Electrical & Milling technology
Marital status: Married with children
Experience : Over 18 years in food production and grain milling

2. Mechanical Technician:

Full name : Peter Rweyemamu
Age : 35 years
Nationality : Tanzanian
Education : FTC – Dar es Salaam
Marital status: Married with children
Experience : Over 7 years on filters and general mechanics.

3. Electrical Technician:

Full name : Hamis Mgaya
Age : 40 years
Nationality : Tanzanian
Education : FTC – Electrical
Marital status: Married with children
Experience : Over 15 years on electrical matters

4. Administrator:

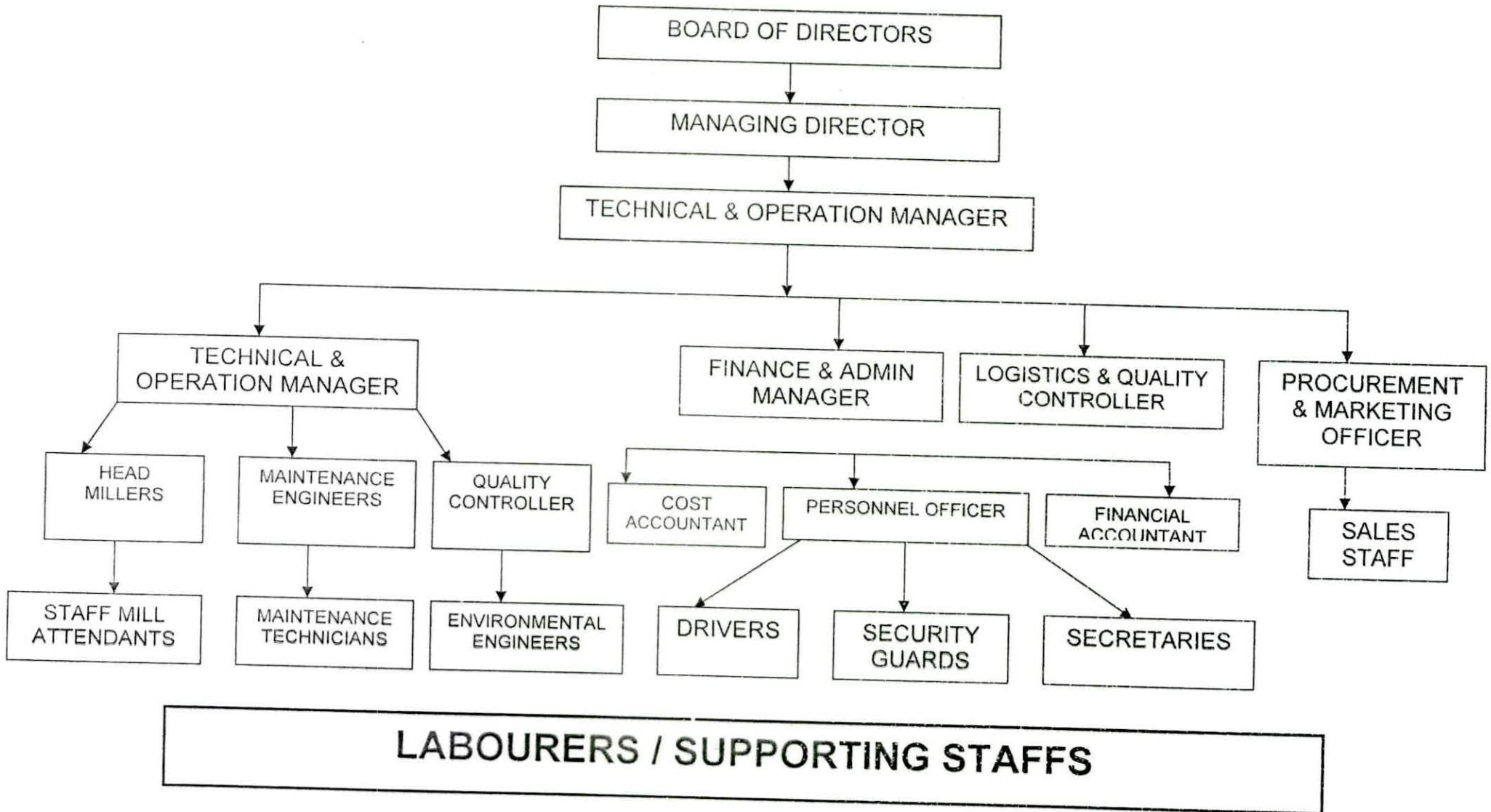
Full name : Consolata Gabone
Age : 48 years
Nationality : Tanzanian
Education : B.com
Marital status: Married with children
Experience : Over 5 years in personnels matters

4.5.0 Organisation chart and structures:

4.5.1 The organisation chart of the company will be fairly and simple look as shown overleaf:-

GABSONS (T) LIMITED

ORGANISATION CHART



4.6.0 **Board of Directors:-**

4.6.1 The Board of Directors is the highest policy making body of the company. All departments such as planning, controlling, monitoring, systems, existing and those to be put in place will be blessed by the Board of Directors through technical approving committee.

5.0.0 **TECHNICAL FEASIBILITY, MANPOWER, RAW MATERIALS AND ENVIRONMENT:-**

5.1.0 **Technical Feasibility:**

5.1.1 The technologies are imported from S.A/China -very modern milling plant with capacity to mill 40 tons of maize per day.

5.2.0 **Manpower:-**

5.2.1 Availability of manpower and necessary skills to run the factory is the basic duty to achieve production. The factory is equipped with all necessary skills. There will also be a **healthy international exchange of skills** to enable the company keep abreast of latest development in the milling oil production sector. The emphasis will be on development of new products, continuous training and adoption of new methods and approaches by injecting new technologies to ensure quality flour production.

5.3.0 **Production process:**

5.3.1 The plant will be able to produce super sembe and bran. The edible sifted flour will be extracted from Professional engineers/technicians are there to control quality. The produced products are in a brand name of **Jembe Super sembe**.

5.4.0 **Suppliers of Equipment:**

5.4.1 Machinery and Equipment that will produce sifted maize flour and bran are technologies imported from S.A and China and locally fabricated.

5.5.0 **Availability of raw materials:**

5.5.1 The raw materials for production of sifted flour and bran are maize seeds grown in various parts of Tanzania. The company has signed various contracts with farmers/ SACCOS/ peasant/ from Mbeya, Iringa, Dodoma, Singida, Tabora, Shinyanga, Mwanza for possible supply of maize and packing materials from local available producers.

The following are the local available raw materials and its costs:

SN	Sources:	Raw materials	Unit cost in Tshs
1.	Sumbawanga	Maize	Tshs 445/kg – Dar es Salaam
2.	Dodoma	Maize	Tshs 400/kg – Dar es Salaam
3.	Iringa	Maize	Tshs 400/kg – Dar es Salaam
4.	Dar – Factories:		
	For: flour:	(a) PP. Bags 50Kgs 12x12 mesh	Tshs 450/pc
		(b) PP. Bags 25Kgs 12x12 mesh	Tshs 340/pc
		(c) PP. Bags 10kgs 12x12 mesh	Tshs 330/pc
		(d) PP. Bags 5kgs 12x12 mesh	Tshs 320/pc
5	For: Bran/Husk:		
		(a) 100kgs 12x12 mesh - New	Tshs 460/pc
		(b) 100kgs 12x12 mesh - used	Tshs 350/pc
		(c) 70kgs 12x12 mesh - New	Tshs 340/pc
		(d) 70kgs 12x12 mesh - used	Tshs 330/pc
6.	Printing and design cost:-		
	Orders – 300pcs and above	(a) Large size	Tshs 100,000/ package
		(b) Small size	Tshs 50,000/ package

5.6.0 **Infrastructures and facilities:-**

5.6.1 The factory is located on a good quite undisturbed industrial area. Easy access by dual carriage way – highway. The energy supply in terms of power/ electricity is available from the national grid TANESCO. The factory is installed with generators. Water supply is available from city authority. The company has two boreholes for water supply. The factory is connected with landlines, CCTV cables, mobile phones and fenced with security alarms.

5.7.0 **Waste products and Management:**

5.7.1 A comprehensive and modern plant will be installed with cooperation from UNIDO for possible treating waste produces so that it will not pollute the environment.

5.8.0 **Environment Management:-**

5.8.1 Environment conservation and Management in Tanzania is a duty of all people in the country. Carefulness measures are under control. The process gives waste materials that are safely disposed – off in accordance with industrial waste disposal regulations. Precaution against health hazards to workers has been considered. Among others, face masks and other appropriate protective gears will be provided. Consultation through National Environmental Management Council (NEMC) have be communicated for possible supervision. This will be maintained during the project life.

5.9.0 **Production Assumptions:**

5.9.1 These assumptions have been detailed on table VI of this report. Kindly study it.

6.0.0 **INVESTMENT REQUIREMENTS AND PROJECT FINANCING:**

6.1.0 **Assumptions and Considerations:**

6.1.1 The following assumptions have been considered in financial analyses:-

- Capital cost are based on current market rates in Tanzania.
- The project life is assumed for five years. This is for analysis purposes
- The corporation tax at 30% of taxable profits have been considered.
- When foreign currencies are exchanged. The exchange rate of 1\$ = Tshs. 1.600 has been adopted.
- The project will be financed through equity funds and bank loan.
- The basic data underlying financial assumptions have been detailed on table VI attached to this report
- **Replacement of fixed assets have been considered as shown below:-**

Items:	Rates:
(i) Land and Buildings	0% D. B
(ii) Plant and Machinery	10% S. L
(iii) Motor Vehicles	25% S. L
(iv) Factory facilities	10% S. L
(v) Office Equipment and tools	10% S.L
(vi) Pre-operational Expenses	20% S.L

KEY:

- D. B = Declining Balance Method on depreciation
S. L = Straight Line Method on depreciation

6.2.0 Investment and costs:

6.2.1 The total investment for this project is estimated at Tshs 1,097,102 billion and is summarised as shown below in Tshs "000"

SN	Project Components	Local cost	Foreign cost	Total cost
1.	Land & Building	1,500,000	500,000	2,000,000
2.	Plant & Machinery	480,000	1,820,000	2,300,000
3.	Motor Vehicles	200,000	850,000	1,050,000
4.	Tools & Equipment	300,000	200,000	500,000
5.	Furniture & Fittings	100,000	20,000	120,000
6.	Pre-operational Expenses	200,000	0	200,000
7.	Initial Working Capital	300,000	0	300,000
	TOTAL INVESTMENT/PROJECT COSTS	3,080,000	3,390,000	6,470,000

6.3.0 Financing plan:-

6.3.1 The proposed investment will be financed as shown below in Tshs "000"

SN	Source of funds:	Local cost	Foreign cost	Total cost
1.	Equity	655,000	0	655,000
2.	Overdraft/ Initial Working capital	300,000	0	300,000
3.	Term Loan/Donation etc	1,725,000	3,390,000	5,115,000
4.	Others – will be scheduled/ Soft loan	400,000	0	400,000
	TOTAL PROJECT FINANCING	3,080,000	3,390,000	6,470,000

6.4.0 Working Capital Requirements:

6.4.1 The initial working capital requirements are estimated at Tshs 442.102 This is amount the company must have initially in order to run the production affairs smoothly. Kindly, study table VIII which provides assumptions regarding the working capital requirements. The company has requested for Tshs 300.0 million to start with.

6.5.0 Projected Income and Expenditure Statement

6.5.1 The income and expenditure statement for the next five years under review is given on table IX. This statement is derived from revenue and operating expense. The projections yield a profit from the first year of operations. The accumulated undistributed net profit after tax amount to Tshs 212.344 million at 5th year.

6.6.0 Projected Cash flow statement:

6.6.1 The details of sources and application of funds or cash flow are presented in table X of this report. The net cashflow is positive from the second year of operations. This shows that the project need no intermediate financing initial outlay.

6.7.0 Projected Balance Sheet:

6.7.1 The Balance sheet for the next five years is presented on table XI. The projections indicate strong capital structure the networth increases from Tshs 814.097 million first year to Tshs 1.009446 at 5th year.

6.8.0 **The Internal Rate of Return and other indicators:**

6.8.1 The financial analyses have shown that the project under reference is financially viable. The key financial indicators are presented below:-

- **Profitability:-**

Based on the discounted cashflow after tax, the average rate of return on investment (ROI) of the project stands at 9.8%. The project is generally profitable. The 9.8% implies that the annual earnings capacity of a shilling invested is 9.8% after Tax. This IRR is slightly comparable than that rate of return currently on schedule in Tanzania environment, which has been taken as 12%.

- **Profit:**

Net profit after Tax is assumed to be undistributed and no withholding taxes has been considered.

- **Value Added Tax:**

The Value Added Tax (VAT) is neither calculated nor included on assumptions that the project will enjoy incentives on capital goods/ items. For the sales, it is implicated to the final consumers.

- **Investment Incentives:**

The project will be registered at Tanzania Investment Centre, (TIC), therefore will be entitled for the investment incentives and benefits in terms of:

- (i) Customs and duty relief
- (ii) Tax holiday –corporation tax, if any
- (iii) The aforementioned depreciation rates.

- **Opportunity cost of capital:**

The Central Bank of Tanzania (BOT) discount rate at 12% per annum is taken as a proxy of the nominal opportunity cost of capital or the required rate of return. In using this cost of capital rate, the net cashflow are adjusted with the anticipated inflation rate of 10% per annum. The inflationary adjusted and discounted cashflow are presented on table XII to this report.

- **Break – Even point:**

The break-even point analysis calculated, indicates that at the assumed full capacity commercial application the break-even revenue will be Tshs 2.562300 billion p.a which is 50% of the annual earnings. This implies that the project is able to sustain its operating costs and can meet any maturing obligations in the case, even at 10% discounted saleable price regardless of unoccupied capacity utilization.

- **Payback period:**

The payback period calculated from the cashflow presented in this report translated into gross rate of return on capital outlay of around 9.8%. This rate is reflective of the fact that at the moment any **manufacturing projects** are pertinent in a gross rate of return between 7% and 21% which is good.

- **Net Present Value:**

The NPV is calculated on the basis of the cashflow as presented in table XII. The discounted NPV is at the nominal rate to opportunity cost of 12% and the cashflow adjusted by the annual rate at 10% underlying inflation rate. The positive NPV, which is indicative of the unrealized acreation of project under discussion. In other words, the monetary benefits associated with this project, outweigh the cost thereof. This is good investment and return.

6.9.0 Profitability statements:

6.9.1 The projections at normal analysis are detailed shown on table IX. The projections reflect positive margins throughout the five years as shown in the summary below in Tshs "000"

SN	Details:	Years	1	2	3	4	5
1	Gross Sales Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600
2	Operating Surplus		107,528	115,893	124,094	124,094	124,094
3	Net Profit (Loss) After Tax		16,995	60,867	110,958	161,468	212,344
4	Net Margins	%	0.37	0.91	0.98	0.98	0.98
5	IRR = 14.6%		-	-	-	-	-

6.10.0 Sensitivity Analysis:

6.10.1 The sensitivity analysis is worked out to asses the impact of key variables and sales revenues as the key areas on the project's viability. The following variables are considered significantly and the resultants effects are as analysed below:-

- **Factors:-**

IRR Results:

- | | |
|--------------------------------|------|
| (i) Base case (Borrowing rate) | 9.8% |
| (ii) Fall in prices: | 7.5% |

The project is sensitive to fall in sales prices at 10%. However, the sales prices used are lower than the expected market price for similar products. The project is thus, unlikely to be adversely affected by the increase either of the running costs or raw materials.

7.0.0 **MARKETING AND SALES ASPECTS:**

7.1.0 **The products:**

7.1.1 The project produces super sembe and bran for animal feeds at high quality using **JEMBE SUPER SEMBE brand**.

7.2.0 **Market:-**

7.2.1 The market for products will be for the general public of Tanzania and for export to any country that is already established as a basis necessity for the high quality products.

7.3.0 Ready Market:-

7.3.1 There is ready market for sifted maize flour and bran in Congo, Comoro, Zambia, Burundi, Kenya and Sudan. The company has signed agreements to supply flour as well as bran to many companies operating whole sales and retail shop in SADC/EAC region.

- **Maize flour:-**

This is very important item in staple calories and food. Thus, giving additive popular food intake in Africa dishes and diet.

- **Bran/Husks:-**

This is used for livestock it adds diet to make it more weigh before being slaughtered for fresh meat. There is huge demand for seed cake when mixed with bran by ranch keepers in South Africa, Namibia, Kenya and here in Tanzania (Local livestock keepers). Currently, local market has emerged from livestock marketers who uses the cake for fattening them before being offered for sales at auction or export.

7.3.2 Already Captured Clients:

The following are the already clientele with business:-

(i) **Dar es Salaam:**

- Baraka stores
- Oscar shop
- Simtoe shop
- Ndekidemi shopping centre
- Wande stores

(ii) **Zanzibar (Unguja + Pemba)**

- Kombo Ally Kombo shop
- Juma Othman stores
- Omar Amour stores
- Soud Abdallah shop
- Rabia Hamdani store
- Ally Said shopping centre

(iii) **Kenya:-**

- Uchumi supermarket
- Yaya shopping centre
- Galisa Food Stores

(iv) **Malawi:-**

- Super Bravo stores
- Blantyre foods and Vegetables
- Weekend Gardens

7.4.0 **Production and capacity:**

7.4.1 The proposed Strengthening will have the following capacities:

SN	Assumptions and details: Years	1	2	3	4	5
1.	Plant capacity per day = tons	40	40	40	40	40
2.	Number of working days per year	300	300	300	300	300
3.	Capacity utilization %	80	85	90	90	90
4.	Total production per year in tons	9,600	10,200	10,800	10,800	10,800
5.	Efficiency and Recovery rates:-					
(a)	75% - Sifted maize flour = tons	7,200	7,650	8,100	8,100	8,100
(b)	20% - Milled bran/husks = tons	1,920	2,040	2,160	2,160	2,160
©	5% - Waste = tons	480	510	540	540	540

7.5.0 **Price and pricing:**

7.5.1 The proposed prices for final saleable produces are as detailed below:-

SN	Products	Parked sizes	Selling Prices in TShs
1	Sifted Maize flour-super sembe:-		
(a)		50kgs	37,000/bag
(b)		25kgs	18,500/bag
(c)		10kgs	8,000/bag
(d)		5kgs	4,000/bag
2	Bran/Husks:-		
(a)		100kgs	13,000/bag
(b)		70kgs	10,000/bag

7.6.0 **Target Market:**

7.6.1 The company will target its market as detailed below:-

SN	Local market	Export
1	Wholesalers	Congo
2	Restaurants	Zambia
3	Groceries/ Bar / Pub/ Hotels	Burundi
4	School/ colleges/ universities	Commoro
5	Hospitals/ Health centres	Sudan
6	Militaries	Kenya
7	Super markets	Malawi
8	Individuals – Bulky buyers	Mozambique

7.7.0 Experience in Markets:

7.7.1 The partners in business have been marketing various goods for the last ten years to Southern Tanzania, Zambia, Congo and Malawi. This experience is an advantage to her market coverage and shares.

7.8.0 Competition:

7.8.1 With the recent trade liberalization in the country (Tz), some companies have installed plant and started to produce flour and bran. Their production and capacities have not satisfied the need/ consumption even for local market. Most of these companies produce wheat flours and their capacities are small, lack working capital and their plants are with small capacities that they even can't afford to import raw materials from abroad. Therefore market for produced flours and bran are still there. The following companies are the competitors:-

SN	Manufacturing company	Location	Brand name/product	Remarks
1.	SSB Company Limited	Dar es Salaam	Azam Flour	Good
2.	Azania flours	Dar es Salaam	Azania	Good
3.	Kigoma posho mills	Dar es Salaam	Posho	Good
N:B The project's				
	Gabsons (T) Limited	Dar es Salaam	Jembe Super sembe	Good

7.9.0 Promotion and advertisement:-

7.9.1 These will be done occasionally through well established mass, print and electronic media.

7.10.0 The Growth of Manufacturing Industry:-

7.10.1 A general overview of manufacturing industries in Tanzania particularly in food, beverage, packing materials and soft drinks reveal a growing number of the same. What is attracting consumers in these products are variety, flavours, tasty, basic necessity, quality and prices. The company has assessed the business opportunities and potentials through production of sifted flour in Tanzania and neighbouring States and are convinced of the same that there is a lucrative present and future market in this manufacturing venture.

7.11.0 Marketing Organisation:

7.11.1 The market for Gabsons super sembe brand and products will be for the general public. A good approach and alternative thereto will include distribution through wholesalers shops/stores, agents, bulk buyers and individual users.

7.12.0 Marketing Strategies:-

7.12.1 Gabsons's marketing strategy will include high quality production priority to attract consumers in a large number and family year round. Gabsons super sembe and bran are products produced by new modern plants and technologies.

8.0.0 INDUSTRY AND DYNAMICS:

8.1.0 The project's competitive advantages:

8.1.1 The proposed investment will use local raw materials as to encourage the local manufacturing and industries development for producing high quality sifted flour and bran. The location of plant/ factory at Dar es Salaam where land-locked countries of the EAC/SADC region coordinates business policies and development issues are the advantages for the proposed strengthen approach when we compare with other producers located up-country and other brands are being imported from abroad.

8.2.0 Major Competitors:-

8.2.1 The following are brands that will be on market line with **Jembe super sembe**:-

SN	Brand	Factory Location	Market share in percentum
1.	Azam	Dar es Salaam	22
2.	Azania	Dar es Salaam	9
3.	Posho	Dar es Salaam	1
4.	Zainab	Dar es Salaam	5

8.3.0 Market share of Gabsons super sembe brand:

8.3.1 The brand will cover 3% of the flour milled market in Tanzania. However, consumption level is envisaged to grow at an annual rate of 5% for the initial three years. Therefore production is expected to grow at a rate between 5 – 10% depending on the market. The proposed trade policy for the SADC/EAC regions will be advantages for the investment/ business.

8.4.0 List of Major Buyers:

8.4.1 The proposed strengthening of the factory will first maintain the already captured clients/ buyers. While the contracted buyers are detailed on the attached agreements to this report. See para 7.3.2 of this report.

8.5.0 List of Major Suppliers:

8.5.1 The suppliers of raw materials for production of sifted super sembe and bran are categorized into two types. One sources will be locally obtained through farmers, cooperative societies, peasant for cereals seeds grown in Tanzania and packing materials manufactured in the country by other factories. Terms of purchases are clear and negotiable depending on /with the volume ordered.

8.6.0 **Industry Risk and proposed mitigations:**

8.6.1 The project risks and uncertainties considered is inadequate working capital from the sponsors. However the promoters are arranging for an initial working capital facility and added capital for financing partly cost on the proposed strengthening of the factory. After trade liberalization of the country, financial sector/ institutions have been able to finance viable projects thus, working capital has become more readily available from the many competing financial institutions now operating in the country. The second arrangement is to approach other authorities such as WB/IMF/BOT/CTI/TCCIA/ TPSF and other stakeholders in industries development for possible supporting the proposed strengthening and maintaining commercial production. The World Bank / IBRD and IMF, both bilateral and multilateral donors have played a crucial role in developing the social and economic sectors. **With the Millenium Development Goals and Global Campaign Against poverty and Hunger policy**, we expect to be supported to this project proposal.

8.7.0 **Peak and Slack seasons:**

8.7.1 The proposed production will have average production capacity throughout the year. The use of local available raw materials will be very useful. Peak production is expected to be at harvesting season while the sales is expected to be constant since food is basic necessary for human survival.

9.0.0 **GOVERNMENTS, DONORS SUPPORT AND REGULATIONS**

9.1.0 **Government Economic Development:**

9.1.1 The problem of inadequate of staple calories foods in Tanzania, may be alleviated by the proposed strengthening of the proposed project. it is a public policy to encourage people eat balance diet atleast three round a day so that a society will fight starve.

9.1.2 The proposed project will create employments for Tanzanians mostly being youths who have completed their professional(s) studies. This employment will stimulate income distribution and in the process it will improve the standard of living of the employees their relative and dependants.

9.1.3 The project will be a source of government revenues in the form of taxes and levies.

9.2.0 Investment Incentives:-

9.2.1 The introduction of trade liberalization in Tanzania and investment promotion granted by the government will benefit the project. The project will be registered at T.I.C thus, entitled for the investment incentives and benefits in terms of:-

- Customs and duty relief
- Tax holiday – corporation tax, if any
- The aforementioned depreciation rates

9.3.0 Contribution of project to Economic Development:

9.3.1 Currently, the manufacturing output contributes around 7.4% of the national GDP. The government has placed great emphasis on industrial diversification. The diversification of Tanzania Manufacturing Sector has been expanding domestic market and regional market of SADC/EAC providing Tanzania with a promising potentials for possible fostering economic development. The project will have high forward linkage with all socio-economic activities throughout the project life. The project will provide agro-based processing industries and development.

9.4.0 Indicative and Extent for other support and Donors:

9.4.1 The government of Tanzania has been supporting investors by initiating a field of promoting good investment policies through development partners and agencies. The following agencies and business partners we expect them to support this project:-

- Ministry of Trade & Industry
- Tanzania Investment Centre
- Bank of Tanzania
- Commercial and Investment banks like T.I.B
- TCCIA
- CTI
- TPSF
- TRA
- TBS
- NEMC
- UN-Agencies like FAO, WHO, UNICEF etc
- JICA
- ETC.

10.0.0 SECURITY AND RISKS MITIGATIONS:

10.1.0 Security Arrangements:

10.1.1 The following are the proposed security on the proposed project commercial strengthening and production:-

- Factory on plot No. 67 Evaret-service trade area, Temeke Municipality, Dar es Salaam
- Business assets of the company
- Directors and Management of the company

10.2.0 Risks Mitigations:

10.2.1 The main risk considered is inadequate working capital and funds to remodelling the factory for possible strengthening into commercial production. However, the promoters have approached Commercial and investment Banks for possible securing working capital. After liberalization of the country's economy, working capital facilities have become more readily available from the many competing financial institutions now operating in the country. The government of Tanzania through central bank and Ministry of finance have been supporting investors by provisional of securities/ guarantees/ references etc.

11.0.0 TIME TABLE ENVISAGED FOR PROJECT IMPLEMENTATION AND COMPLETIONS:

11.1.0 Time Table Envisaged for project:

11.1.1 The proposed plan to strengthen the production is three months activity. The owner is searching for finance/ funds to enable the **business** be strengthened. The proposed time table is summarised as shown below:-

SN	Activities	2012	May	June	July	August	September
1.	Funds mobilization						
2.	Loan Application/ Approval						
3.	Disbursement of funds						
4.	Remodelling, Repairs, trial runs						
5.	Commercial strengthening/production						
6.	Progress & Reporting						

11.2.0 Implementation and Completion:

11.2.1 The project is a going on concern. The foregoing activity/ transaction is a matter of strengthening.

12.0.0 ECONOMIC BENEFITS AND ENVIRONMENTAL ISSUES:

12.1.0 Economic Benefits:

12.1.1 Project Priority to the Economy:

The problem of inadequate supply of staple food calories from sifted maize flour in Tanzania may be alleviated by strengthening the proposed project.

12.2.0 Employment Effect:-

12.2.1 The proposed strengthening will create employment for Tanzanians. **About 80 Tanzanians will be employed directly.** The employment will stimulate income distribution among others. The same distribution will improve the standard of living of employees, their relatives and dependants.

12.3.0 Fiscal Effect:

12.3.1 The project will be a source of government revenue in terms of taxes and levies.

12.4.0 Linkage Effect:

12.4.1 The project will have high forward linkage with all socio-economical activities throughout project life. The project will provide agro-based processing industries and development.

12.5.0 Capital Formation:

12.5.1 The undertaking and Strengthening of this project will also contribute to the national capital.

12.6.0 Community development:

12.6.1 In order to conserve socio-economic relations, we must also assist in conserving the welfare of the people who live in the project areas. The company is proud of its commitment in serving and helping the communities that border the project areas. Poverty alleviation, education and health care are highly given priority on our agenda in our community development programmes. Through the generous donations of our clients and friends. The company will contribute towards the building of schools and dispensaries, aided in the provision of education, sporting equipment, building materials and agricultural inputs to peasants in the areas where maize will be sourced. Additionally, the company will keep donating free food to alleviate starvation from droughts to disadvantaged group including HIV/AIDS affected people.

The company will drill and install water wells that provide clean water to communities that surround the project areas. The gift of clean water to people who suffer 80% of rural diseases due to contaminated water is truly an effective way of helping raise the standard of health and living in these slum communities.

Health and conservation education are being provided in all of our project areas. Our innovative, pragmatic and result oriented conservation programs have all resulted and continue to provide benefit to people who need it most. This will promote agro-processing industries and development.

12.7.0 Environment considerations:

12.7.1 Environmental conservation and management in Tanzania is a duty of every individual in the country. Carefulness measures will be taken during implementation of the proposed plan. Environmental and safety measures will be the company's duty at the project site. Consultation through the National Environmental Management Council (NEMC) have been communicated. This will be maintained during and beyond project life.

13.0.0 CONCLUSION AND RECOMMENDATIONS:

13.1.0 Conclusion:

13.1.1 The financial and economical evaluation of the proposed investment has revealed that:-

The project is socially accepted

The project is technically attractive

The project is economically viable

13.2.0 Recommendations:

13.2.1 It is highly recommended that the institutions with authority, assist the investor with her approach to strengthening the commercial production of the factory. Financial support is highly recommended.

X

X

BY:

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January, 2012

FINANCIAL ANALYSIS

GABSONS (T) LIMITED

P.O. BOX 73110 DAR ES SALAAM

ESTIMATED CAPITAL COST/EXPENDITURE: IN TSHS "000" TABLE I (a)

SN	Capital Items:-	Local Cost	Foreign Cost	Total Cost
1.	Land & Buildings:-			
(a)	Land Acquisition			
(b)	Factory Construction			
(c)	Administration Block			
(d)	Stores			
(e)	Fence etc			
	Sub – total Land & Buildings	1,500,000	500,000	2,000,000
2.	Plant & Machinery:-			
(a)	Grain processing Machines			
(b)	Laboratories Equipment			
(c)	Bags Printing Machines			
(d)	Factory accessories + connections			
	Sub – total Plant & Machinery	480,000	1,820,000	2,300,000
3.	Motor vehicles:-			
(a)	Trucks + Trailers			
(b)	Administrative Overhead(s) cars			
(c)	Min – buses			
(d)	Pick – ups			
	Sub – total	200,000	850,000	1,050,000

ESTIMATED CAPITAL COST/EXPENDITURE: IN TSHS "000" TABLE I (b)

SN	Continued	Local Cost	Foreign Cost	Total Cost
4.	Tools & Equipment			
(a)	Fire fighting equipment			
(b)	Generatator			
(c)	Fumigation equipment			
(d)	Sorting machines + tools			
	Sub – total Land & Buildings	300,000	200,000	500,000
5.	Furniture & Fittings:-			
(a)	Tables			
(b)	Chairs			
(c)	Pallets			
(d)	Fittings			
(e)	Boards + carpets			
	Sub – total Plant & Machinery	100,000	20,000	120,000
6.	Pre- operational Expenses:-			
(a)	Company Registration and establishment			
(b)	Project study			
(c)	Legal other professional fees			
(d)	Statutory fees			
(e)	Marketing			
(f)	Loan Commitment fees			
(g)	Others			
	Sub – total	200,000	0	200,000
	TOTAL CAPITAL COST/EXPENDITURE	2,780,000	3,390,000	6,170,000

INVESTMENT COST SUMMARY: IN TSHS "000" TABLE II (a)

SN	Project Components:-	Local Cost	Foreign Cost	Total Cost
1.	Land & Buildings	1,500,000	500,000	2,000,000
2.	Plant & Machinery	480,000	1,820,000	2,300,000
3.	Motor vehicles	200,000	850,000	1,050,000
4.	Tools & Equipment	300,000	200,000	500,000
5.	Furniture & Fittings	100,000	20,000	120,000
6.	Pre-operational Expenses	200,000	0	200,000
7.	Initial Working Capital	300,000	0	300,000
	TOTAL PROJECT/ INVESTMENT COST	3,080,000	3,390,000	6,470,000

INVESTMENT PLAN: IN TSHS "000" TABLE II (b)

SN	Assets Investments:-	Local Cost	Foreign Cost	Total Cost
1.	Current Assets	300,000	0	300,000
2.	Fixed Assets	2,780,000	3,390,000	6,170,000
	TOTAL ASSETS/INVESTMENT COST	3,080,000	3,390,000	6,470,000

FINANCING PLAN: IN TSHS "000" TABLE III

SN	Source of funds:-	Local Cost	Foreign Cost	Total Cost
1.	Equity	655,000	0	655,000
2.	Overdraft/ Initial Working Capital	300,000	0	300,000
3.	Term Loan / Donation etc	1,725,000	3,390,000	5,115,000
4.	Others will be scheduled / soft loan	400,000	0	400,000
	TOTAL PROJECT FINANCING/COST	3,080,000	3,390,000	6,470,000

PROJECTED CAPITAL INVENTORY REPLACEMENT & DEVELOPMENT:- IN TSHS "000" TABLE IV

SN	Details:	Years	-	-	1	2	3	4	5	TOTAL
A.	CAPITAL COST: Years		BOOK VALUE	DEPR. RATE	-	-	-	-	-	-
1	Land & Buildings		2,000,000	-	0	0	0	0	0	0
2	Plant & Machinery		2,300,000	-	0	-	-	-	1,050,000	1,050,000
3	Motor Vehicles		1,050,000	-	0	-	-	-	-	-
4	Tools & Equipment		500,000	-	0	-	-	-	-	-
5	Furniture & Fittings		120,000	-	0	-	-	-	-	-
6	Pre-operational Expenses		200,000	-	0	-	-	-	-	-
	TOTAL CAPITAL COST		6,170,000	-	0	0	0	0	1,050,000	1,050,000
B.	DEPRECIATION & AMORTIZATION:-									
1	Land & Buildings		2,000,000	0%	-	-	-	-	-	-
2	Plant & Machinery		2,300,000	10% S.L	230,000	230,000	230,000	230,000	230,000	1,150,000
3	Motor vehicles		1,050,000	25% S.L	262,500	262,500	262,500	262,500	262,500	1,312,500
4	Tools & Equipment		500,000	10% S.L	50,000	50,000	50,000	50,000	50,000	250,000
5	Furniture & Fittings		120,000	12.5% D.B	15,000	13,125	11,484	10,049	8,793	58,451
6	Pre-operational Expenses		200,000	20% S.L	40,000	40,000	40,000	40,000	40,000	200,000
	TOTAL DEPRECIATION & AMORTIZATION			-	597,500	595,625	593,984	592,549	591,293	2,970,951

KEY:

S.L = Straight Line Method on depreciation

D.B = Declining Balance Method on depreciation

OVERDRAFT FACILITY REPAYMENT SCHEDULE: IN TSHS " 000" TABLE V

		MONTHS	PRINCIPAL	INTEREST 18% p.a	REPAYMENT	TOTAL
		1	300,000	4,500	25,000	29,500
		2	275,000	4,125	25,000	29,125
		3	250,000	3,750	25,000	28,750
		4	225,000	3,375	25,000	28,375
		5	200,000	3,000	25,000	28,000
		6	175,000	2,625	25,000	27,625
		7	150,000	2,250	25,000	27,250
		8	125,000	1,875	25,000	26,875
		9	100,000	1,500	25,000	26,500
		10	75,000	1,125	25,000	26,125
		11	50,000	750	25,000	25,750
		12	25,000	375	25,000	25,375
	Total	0	0	29,250	300,000	329,250

SN	Assumptions:-	YEARS	1	2	3	4	5	TOTAL
1	Nature of activity - Maize (flour milling)							
2	Products:-							
(a)	Super Sembe							
(b)	Maize bran							
3	Number of working days per year		300	300	300	300	300	1,500
4	Plant capacity per day in tons		40	40	40	40	40	200
5	Number of shift per day		2	2	2	2	2	10
6	Assumed capacity utilization %		80	85	90	90	90	435
7	Total production per year in tons		9,600	10,200	10,800	10,800	10,800	52,200
8	Efficiency and Recovery Rates							
(a)	75% - Sifted flour = tons		7,200	7,650	8,100	8,100	8,100	171,360
(b)	20% - Milled brans = tons		1,920	2,040	2,160	2,160	2,160	24,192
(c)	5% - Wastes = tons		480	510	540	540	540	6,048
9	Packing Methodologicals:-							
(a)	20% of sifted maize flour in 50kg = bags		28,800	30,600	32,400	32,400	32,400	156,600
(b)	50% of sifted maize flour in 25kg = bags		144,000	153,000	162,000	162,000	162,000	783,000
(c)	5% sifted maize flour in 10kg = bags		36,000	38,250	40,500	40,500	40,500	195,750
(d)	5% in sifted maize flour in 5kg = bags		72,000	76,500	81,000	81,000	81,000	391,500
(e)	100% of milled brans in 100kg = bags		19,200	20,400	21,600	21,600	21,600	104,400
	Sub-total bags		300,000	318,750	337,500	337,500	337,500	1,631,250
10	Cost of raw materials:							
(a)	Maize grains:-							
(i)	Maize grains required per year in tons		9,600	10,200	10,800	10,800	10,800	52,200
(ii)	Cost of maize grains per ton Tshs "000"		445	445	445	445	445	2,225
	Sub-total maize costs in Tshs "000"		4,272,000	4,539,000	4,806,000	4,806,000	4,806,000	23,229,000

PROJECTED PRODUCTION SCHEDULE AND FINANCIAL ASSUMPTIONS: IN TSHS "000" TABLE VI (b)

SN	Assumptions continued:-	Years	1	2	3	4	5	TOTAL
(b)	Cost of packing materials:-							
(i)	50kgs 12x12 Mesh @ Tshs 450 =		12,960	13,770	14,580	14,580	14,580	70,470
(ii)	25kgs 12x12 Mesh @ Tshs 340 =		48,960	52,020	55,080	55,080	55,080	266,220
(iii)	10kgs 12x12 Mesh @ Tshs 330 =		11,880	12,540	13,365	13,365	13,365	64,515
(iv)	5kgs 12 x 12 Mesh @ Tshs 320 =		23,040	24,480	25,920	25,920	25,920	125,280
(v)	100kgs 12x12 Mesh @ Tshs 460 =		8,832	9,384	9,936	9,936	9,936	48,024
(vi)	Label and printing @ bag Tshs 150 =		45,000	47,813	50,625	50,625	50,625	244,688
	Sub - total		150,672	160,007	169,506	169,506	169,506	819,197
11	Sales Revenues:-							
(a)	50kgs bags @ Tshs 37,000 =		1,065,600	1,132,200	1,198,800	1,198,800	1,198,800	5,794,200
(b)	25kgs bags @ Tshs 18,500 =		2,664,000	2,830,500	2,997,000	2,997,000	2,997,000	14,485,500
(c)	10kgs bags @ Tshs 8,000 =		288,000	306,000	324,000	324,000	324,000	1,566,000
(d)	5kgs bags @ Tshs 4,000 =		288,000	306,000	324,000	324,000	324,000	1,566,000
(e)	100kgs bags @ Tshs 13,000 =		249,600	265,200	280,800	280,800	280,800	1,357,200
	Total Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600	24,768,900

SUMMARY FOR PRODUCTION AND FINANCIAL ASSUMPTIONS: IN TSHS "000" TABLE VI (c)

SN	Details:	Years	1	2	3	4	5	TOTAL
1	Raw maize grains costs		4,272,000	4,539,000	4,806,000	4,806,000	4,806,000	23,229,000
2	Raw packing materials costs		150,672	160,007	169,506	169,506	169,506	819,197
	Sub-total		4,422,672	4,699,007	4,975,506	4,975,506	4,975,506	24,048,197
3	Gross Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600	24,768,900

PROJECTED VARIABLE AND FIXED COSTS IN TSHS "000" TABLE VII

SN	Details:	YEARS	1	2	3	4	5	TOTAL
A.	VARIABLE COSTS:-							
1	Raw materials purchases		4,422,672	4,699,007	4,975,506	4,975,506	4,975,506	24,048,197
2	Other variables		25,000	28,000	30,000	30,000	30,000	143,000
	Sub - total variable costs		4,447,672	4,727,007	5,005,506	5,005,506	5,005,506	24,191,197
B.	FIXED COSTS:-							
1	Administrative Overheads		15,000	15,000	15,000	15,000	15,000	75,000
2	Other Expenses		10,000	10,000	10,000	10,000	10,000	50,000
	Sub-total Fixed costs		25,000	25,000	25,000	25,000	25,000	125,000
	TOTAL OPERATING COSTS		4,472,672	4,752,007	5,030,506	5,030,506	5,030,506	24,316,197

ESTIMATED WORKING CAPITAL REQUIREMENTS: IN TSHS "000" TABLE VIII

SN	Details:	YEARS	1	2	3	4	5	TOTAL
A.	CURRENT ASSETS:							
1	Cash – 3 weeks of total operating costs		279,542	297,000	314,407	314,407	314,407	1,519,763
2	Stocks - 1 week purchases		92,660	98,479	104,281	104,281	104,281	503,982
3	Debtors - 1 week credit/ sales		94,900	100,831	106,763	106,763	106,763	516,020
	TOTAL CURRENT ASSETS		467,102	496,310	525,451	525,451	525,451	2,539,765

B	CURRENT LIABILITIES:-							
1	Creditors for:-							
(a)	Other variables – one month bill		15,000	15,000	15,000	15,000	15,000	75,000
(b)	Administration overheads – one month bill		10,000	10,000	10,000	10,000	10,000	50,000
	TOTAL CURRENT LIABILITIES		25,000	25,000	25,000	25,000	25,000	125,000
	Net Current Assets (Liabilities)		442,102	471,310	500,451	500,451	500,451	2,414,765
	Increase (decrease) in Working capital		442,102	29,208	29,141	0	0	500,451

PROJECTED PROFIT AND LOSS ACCOUNTS: IN TSHS "000" TABLE IX

SN	Details:-	YEARS	1	2	3	4	5	TOTAL
1	Gross Sales Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600	24,768,900
2	Less: Variable costs		4,422,672	4,699,007	4,975,506	4,975,506	4,975,506	24,048,197
3	Contribution Margins		132,528	140,893	149,094	149,094	149,094	720,703
4	Less: Fixed costs		25,000	25,000	25,000	25,000	25,000	125,000
5	Gross Operating Surplus		107,528	115,893	124,094	124,094	124,094	595,703
6	Less: Financial & capital charges:-							
(a)	Interest on term loan		0	0	0	0	0	0
(b)	Interest on overdraft		29,250	0	0	0	0	29,250
(c)	Depreciation		54,000	53,219	52,535	51,937	51,414	263,105
	Sub - total		83,250	53,219	52,535	51,937	51,414	292,355
7	Net profit (Loss) Before Tax		24,278	62,674	71,559	72,157	72,680	303,348
8	Less: Taxation at 30%		7,283	18,802	21,468	21,647	21,804	91,004
9	Net profit (Loss) After Tax		16,995	43,872	50,091	50,510	50,876	212,344
10	Accumulated profit (Loss)		16,995	60,867	110,958	161,468	212,344	-
11	Contribution Rates	%	2.91	2.91	2.91	2.91	2.91	-
12	Gross Margins	%	2.36	2.39	2.42	2.42	2.42	-
13	Net Margins	%	0.37	0.91	0.98	0.98	0.98	-

PROJECTED CASHFLOW STATEMENTS: IN TSHS TABLE X

SN	Details:	YEARS	1	2	3	4	5	TOTAL
A.	INFLOWS:-							
1	Gross Revenues		4,555,200	4,839,900	5,124,600	5,124,600	5,124,600	24,768,900
2	Owners Equity		797,102	0	0	0	0	797,102
3	Overdraft facility		300,000	0	0	0	0	300,000
4	Economic Depreciation		54,000	53,219	52,535	51,937	51,414	263,105
	TOTAL CASH INFLOWS		5,706,302	4,893,119	5,177,135	5,176,537	5,176,014	26,129,107
B.	OUTFLOWS:-							
1	Investment		1,097,102	0	0	0	0	1,097,102
2	Reinvestments		0	0	0	0	75,000	75,000
3	Increase (decrease) in working capital		442,102	29,208	29,141	0	0	500,451
4	Variable costs		4,422,672	4,699,007	4,975,506	4,975,506	4,975,506	24,048,197
5	Fixed costs		25,000	25,000	25,000	25,000	25,000	125,000
6	Interest on overdraft		29,250	0	0	0	0	29,250
7	Repayment on overdraft		300,000	0	0	0	0	300,000
8	Taxation		7,283	18,872	21,468	21,647	21,804	91,004
	TOTAL OUTFLOWS		6,323,409	4,772,087	5,051,115	5,022,153	5,097,310	26,266,074
	Net Cashflows		(617,107)	121,032	126,020	154,384	78,704	(136,967)
	Accumulated cashflows		(617,107)	(496,075)	(370,055)	(215,671)	(136,967)	-

PROJECTED BALANCE SHEETS: IN TSHS "000" TABLE XI

SN	Details:	YEARS	1	2	3	4	5
A.	GENERAL ASSETS:						
1	Fixed Assets at cost		655,000	601,000	547,781	495,246	518,309
2	Less: Depreciation		54,000	53,219	52,535	51,937	51,414
3	Net Fixed Assets		601,000	547,781	495,246	443,309	466,895
B.	CURRENT ASSETS:						
1	Cash and Balance		(617,107)	121,032	126,020	154,384	78,704
2	Stocks		1,067,587	132,127	226,499	300,761	652,362
3	Debtors		94,900	100,831	106,763	106,763	106,763
	TOTAL CURRENT ASSETS		545,380	353,990	459,255	561,908	837,829
C.	CURRENT LIABILITIES:-						
1	Creditors		25,000	25,000	25,000	25,000	25,000
2	Overdraft		300,000	0	0	0	0
3	Taxation		7,283	18,802	21,468	21,647	21,804
	TOTAL CURRENT LIABILITIES		332,283	43,802	46,468	46,647	46,804
	Net Current Assets (Liabilities)		213,097	310,188	412,787	515,261	791,025
D.	LONG-TERM LIABILITIES:-						
1	Long-term loan		0	0	0	0	0
E.	TOTAL NET ASSETS - NETWORTHS		814,097	857,969	908,060	958,570	1,009,446
F.	FINANCED BY:-						
1	Owners Equity		797,102	797,102	797,102	797,102	797,102
2	Accumulated profit (Loss)		16,995	60,867	110,958	161,468	212,344
	TOTAL FINANCE AND EQUITY		814,097	857,969	908,060	958,570	1,009,446

PROJECTED PAYBACK PERIOD: IN TSHS "000" TABLE XIII

SN	YEARS	Profit (Loss) After Tax	Depreciation	Total Cashflows	Accumulated cashflows	Investments
	0	0	0		0	(1,097,102)
	1	16,995	54,000	70,995	70,995	(1,026,107)
	2	43,872	53,219	97,091	168,086	(858,021)
	3	50,091	52,535	102,626	270,712	(587,309)
	4	50,510	51,937	102,447	373,159	(214,150)
	5	50,876	51,414	102,290	475,449	261,299

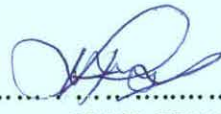
NB: Payback period for the whole investment is four years. This is good according to the nature of the project.


PROJECTED SECURITY COVER RATIOS AND ANALYSIS: IN TSHS "000" TABLE XIV

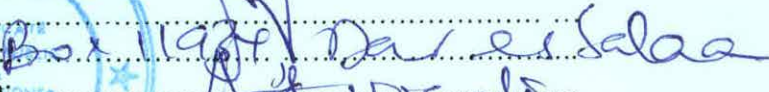
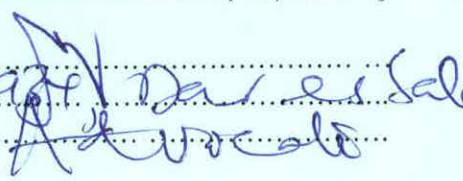
SN	Details:	YEARS	1	2	3	4	5	TOTAL
1	Long-term loan		0	0	0	0	0	0
2	Overdraft facility		300,000	0	0	0	0	0
	Sub-total		300,000	0	0	0	0	0
3	Net Fixed Assets		610,000	547,781	495,246	443,309	466,895	-
4	Cover Ratios (times)		2.0	0	0	0	0	0
5	Financier's Exposure %		49.92	100.0	100.0	100.0	100.0	-

8. MPANGISHAJI watakuwa huru kutumia fremu mbili zilizopo nje ya YARD hiyo bila kubughudhiwa kwamba hazitapangishwa bali kwa matumizi yake mwenyewe.
9. Kwamba MPANGISHAJI na MPANGAJI wanakubaliana kwamba kodi italipwa kwa advance ya miezi sita (6) na baadaye miezi kumi na nane (18) ili kodi yote iwe imelipwa kwa miaka 2 (miezi 24).
10. Baada ya kipindi cha mkataba wa miaka 3 kwisha MPANGISHAJI na MPANGAJI watakuwa huru kuingia makubalino mapya yanayohusu kodi ya pango hayatabanwa na mkataba huu.
11. Kwamba mkataba huu umefikiwa kwa maridhinao ya pande zote mbili, ambapo iwapo kutatokea kutoelewana baina ya MPANGAJI na MPANGISHAJI watatafuta suluhu mahakamani kwa mujibu wa sheria za nchi ya Tanzania.

KWA KUTHIBITISHA haya yote pande zote mbili wameweka saini zao hapa, siku na tarehe iliyoonyeshwa hapa chini:-

IMEWEKWA SAINI na KUTOLEWA na] 
 HAJI CHANDE ambaye amefahamishwa kwangu]
 na.....] HAJI CHANDE
 ambaye mimi namfahamu leo tarehe 22/4/2010] k.n.y.
 Mbele yangu:] MZEE CHANDE

IMEWEKWA SAINI na KUTOLEWA kwa niaba] 
 ya GABSONS (T) LIMITED na.....]
 ambaye amefa-]
 hamishwa kwangu na.....] k.n.y.
 ambaye mimi namfahamu leo tarehe 22/4/2010] GABSONS (T) LIMITED

Mbele yangu:
 Saini:.....
 Anwani: 
 Wadhifa: 

Umetayarishwa na:
 Haji Chande kwa niaba ya Mzee Chande,
 S.L.P. 453102,
 Dar es Salaam.

MKATABA WA KUPANGISHA NYUMBA

MKATABA huu umefanyika tarehe 22 mwezi April, 2010.

Kati ya

HAJI CHANDE kwa niaba ya **MZEE CHANDE** wa S.L.P. 453102 Dar es Salaam, (ambaye katika mkataba huu atajulikana kama "MPANGISHAJI") wa upande mmoja.

na

GABSONS (T) LIMITED wa S.L.P. 76110, Dar es Salaam, (ambaye katika mkataba huu atajulikana kama "MPANGAJI") wa upande wa pili.

MKATABA HUU UNASHUHUDIA NA PANDE ZOTE MBILI

WAMEKUBALIANA ifuatavyo:-

1. MPANGISHAJI ni mmiliki halali wa nyumba ya inayotumika kama **YARD** iliyopo eneo la **Service Trade Plot No. 67, Wilaya Temeke, Dar es Salaam**, anapenda kumpangisha MPANGAJI YARD hiyo na MPANGAJI amekubali kupanga YARD hiyo kwa bei ya shilingi laki nne (**Tshs 400,000.00**) kwa mwezi.
2. Mkataba huu ni wa miaka mitatu (3) ambapo unaanza tarehe **17/08/2010** mpaka tarehe **17/08/2013**.
3. Baada ya kipindi cha kwanza cha miaka miwili bila ongezeko la kodi kwisha, mwaka wa tatu pande zote mbili zitakubaliana kuwa kodi ya pango iongezeke kwa kiasi cha asilimia 25% ambapo kiasi hicho kitabaki kwa MPANGAJI kama makato ya ujenzi.
4. Gharama za matengezo ambazo MPANGAJI atatumia kujenga na kuweka kifusi zitaendelea kufidiwa na sehemu ya pango hadi zitakapokuwa zimekwisha kwa masharti yatakayowekwa hapa chini.
5. Kama MPANGISHAJI anataka kuuza MPANGAJI atapewa nafasi ya kwanza ya kununua na pale atakaposhindwa basi wengine watafuata bila kuathiri haki ya upangaji ya MPANGAJI
6. Kwamba MPANGAJI atakuwa na wajibu wa kutunza YARD hiyo na mazingira yake kwa muda wa mkataba wake wote miaka mitatu (5).
7. Kwamba pande zote mbili zinakubaliana kuwa MPANGAJI atalipa kodi ya umeme ya hapo YARD na maji na gharama nyingine za uendeshaji.

ADDENDUM TO AGREEMENT

Date: 25 July 2011

THE LENDER

GROFIN AFRICA FUND (Registration nr: 81602/C1/GBL) and GROFIN CAPITAL (PTY) LTD (Registration nr: 2003/013210/07) herein jointly being the Lender pursuant to the terms and conditions of the Co-Investment Agreement dated 11 August 2008

Address: Office 229A, 2nd Floor Harbour View Towers Centre, Samora Avenue

Contact Number: (+255) 22 212 0815/6

Business Development Manager: Stephan Wambura

THE BORROWER

GroFin ID: TZ018

Registered name: Gabsons (T) Limited

Trading name: Gabsons (T) Limited

Company registration number: 24907

PART A: DETAILS OF FACILITY

Type of facility: Loan facility

Existing Loan 1: For equipment	TZS 455,000,000.00
Existing Loan 2: For working capital	TZS 274,000,000.00
Additional Loan (Loan 3): For Enhancement	TZS 300,439,985.00

PART B: INTEREST RATE ON FACILITY

Existing Loan 1: For equipment	23% per annum calculated on the outstanding balance, monthly in arrears
Existing Loan 2: For working capital	23% per annum calculated on the outstanding balance, monthly in arrears
Additional Loan (Loan 3): For Enhancement	23% per annum calculated on the outstanding balance, monthly in arrears

PART D: REPAYMENT AND INSTALMENT


Existing Loan 1	Instalment:	TZS 13,806,507.00 per month	Term: 84Months
	Interest moratorium:	First interest is due and payable on or before the 7 th of February 2012, and thereafter on or before the 1 st day of each subsequent month until date of final payment.	
	Capital moratorium:	First full instalment is due and payable on or before the 7 th of February 2012, and thereafter on or before the 1 st day of each subsequent month until date of final payment.	
Existing Loan 2	Instalment:	TZS 10,677,812.00 per month	Term: 84Months
	Interest moratorium:	First interest is due and payable on or before the 7 th of February 2012, and thereafter on or before the 1 st day of each subsequent month until date of final payment.	
	Capital moratorium:	First full instalment is due and payable on or before the 7 th of February 2012, and thereafter on or before the 1 st day of each subsequent month until date of final payment.	
Additional Loan (Loan 3)	Instalment:	TZS 8,888,659.00 per month	Term: 84Months
	Interest moratorium:	First interest is due and payable on or before the 7 th of February 2012, and thereafter on or before the 1 st day of each subsequent month until date of final payment.	
	Capital moratorium:	First full instalment is due and payable on or before the 7 th of February 2012, and thereafter on or before the 1 st day of each subsequent month until date of final payment.	

FURTHER INFORMATION ON RIGHTS AND OBLIGATIONS

This Addendum will be an amendment of the terms and conditions contained in the Agreement and will form an integral part of the Agreement as well as the schedules and annexures thereto.

Signature:

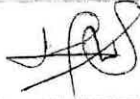
Signature:



Duly authorised representative of the Lender

Duly authorised representative of the Borrower

1. Witness:



1. Witness:



2. Witness:



2. Witness:



~~1/1~~
FEE PAID SHS. 3600/=
RECEIPT NO. 2406/061
DATE 29/7/07

PF 3600/=
Dr 29/7/07

No. of Company 24907

Form No. 14

THE UNITED REPUBLIC OF TANZANIA
THE COMPANIES ORDINANCE (CAP. 212)

Filing Fee Shs. 2,400/=

Particulars of Directors of Managers and of any changes therein.

Pursuant to Section 145.

Name of Company GABSONS (T) LIMITED
..... P. O. BOX 40953 DAR ES SALAAM

Presented by: JONATHAN GABSONS
..... DIRECTOR
.....

RE-SIGNED.

AND ANY CHANGES.

USUAL RESIDENTIAL	Other business occupation or Directorships if any. If none state so (c)	Changes and date thereof (d)
PLOT 107 Block C TARABA - DSM	BUSINESS	EXIST - DIRECTOR
KUMUKU - MULEBA KALERA REFUOD	FARMER	1 JULY 2004 RE-SIGNED - DIRECTOR
PLOT 107 BLOCK C BX 74112, DSM - TARABA	BUSINESS/STUDENT.	1 JULY 2005 JOINED AS DIRECTOR

Signature: *Jonathan B*

State whether Director or Manager or Secretary DIRECTOR

Dated the 28th day of June 2005

- (a) "Director" includes any person who occupies the position of a Director by whatever name called, and any person in accordance with whose directions or instructions the Directors of a Company are accustomed to act.
- (b) In the case of a corporation, its corporate name and registered or principal office should be shown.
- (c) In the case of an individual who has no business occupation but hold any other directorship or directorships, particulars of that directorship or of some one of those directorships must be entered.
- (d) A Complete list of the Directors or Managers shown as existing in the last particulars delivered should always be given. A note of the changes since the last list should be made in this column, e.g., by placing against a new director's name the words "in place of" and by writing against any former director's name the words "dead", "re-signed", or as the case may be.

GABSONS (T) LIMITED

EXTRACT OF BOARD OF DIRECTORS RESOLUTION FROM THE EXTRA ORDINARY MEETING OF THE COMPANY HELD AT COMPANY HEAD OFFICE, PLOT BLOCK 9, 2ND FLOOR UHURU STREET ON 26TH JANUARY, 2010.

THE FOLLOWING PASSED AS A SPECIAL RESOLUTION:

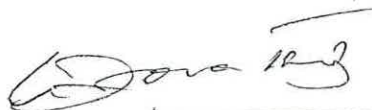
2. DIRECTORS RESIGNATION AND INCOMING:

THAT MISS. JANETH NAMAKA GABONE RESIGNED FROM DIRECTORSHIP AND GODWIN JULIUS GABONE JOIN AS DIRECTOR.

3. THE COMPANY SHARES%

THAT THE COMPANY SHARE BE ALLOTTED EQUALLY FOR DIRECTORS, JONATHAN BYAMUNGU GABONE 50% AND GODWIN JULIUS GABONE 50%.

CERTIFIED TRUE EXTRACT



JONATHAN B. GABONE
MANAGING DIRECTOR

GABSONS (T) LIMITED

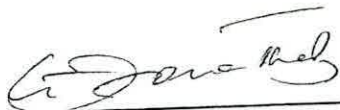
EXTRACT OF BOARD OF DIRECTORS MEETING

AT ITS EXTRA ORDINARY MEETING OF BOARD OF DIRECTORS ON
1ST MARCH, 2010.

THE FOLLOWING PASSED AS A SPECIAL RESOLUTION:

1. INCREASE OF SHARE CAPITAL TO TSHS. 1.0BILLION:
THE COMPANY DIRECTORS AGREED TO INCREASE THE
SHARE CAPITAL NOMINAL VALUE FROM TSHS. 3,000/= PER
SHARE TO TSHS. 100,000/= PER SHARE.

CERTIFIED TRUE EXTRACT



JONATHAN B. GABONE
MANAGING DIRECTOR

GABSONS (T) LIMITED
P.O.BOX 76110
DAR ES SALAAM

EXTRACT FROM MINUTES OF THE EXTRA- ORDINARY MEETING
OF THE MEMBERS OF GABSONS (T) LIMITED HELD AT ITS
OFFICE AT PLOT No.9 BLOCK 68 CLOUD HOUSE 2ND FLOOR
UHURU STREET ON 20th – APRIL 2011

SPECIAL RESOLUTION

It was unanimously RESOLVED that the following resolution be and was adopted.

1. That GODWIN JULIUS GABONE resigned from directorship and RAMADHANI SHABAN GUYANA join as director.

2. That the following listed below join as shareholders

- 1 Janeth Namara Gabone
- 2 Consolata Rwechungura Gabone
- 3 Salum Magombeheka

3. That the 50% of ordinary shares of the resigned director to be and hereby allocated to the following members who has applied and willing to pay for them in cash.

- | | |
|--------------------------------|------------|
| 1 Ramadhan Shaban Guyana | 100 shares |
| 2 Consolata Rwechungura Gabone | 40 shares |
| 3 Janeth Namara Gabone | 40 shares |
| 4 Salum Magombeheka | 20 shares |

We hereby certified that above a true copy from minutes


.....
CHAIRMAN


.....
SECRETARY



THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATION AND LICENSING AGENCY

FF 16 Soc
11/5/11

Appointment of a Director or Secretary
(Not for resignation (Use Form 210b) or change of particulars (Use Form 210c))
Pursuant to Section 210 of the Companies Act, 2002

Company Number

Company Name (in full)

Date of appointment

Appointment as director: Appointment as Secretary

Name: (First names(s))

(Surname)

Previous name(s)

Address: (usual residential)

Nationality:

Date of Birth:

(Continue on next page)

FOR OFFICIAL USE ONLY

FR 18,000/-

Form 128

11/5/11



THE UNITED REPUBLIC OF TANZANIA

BUSINESS REGISTRATIONS AND LICENSING AGENCY

Annual Return of a Company Pursuant to Section 128 of the Companies Act 2002

Company Number 24707

Company Name (in Full) GRABSONS (P) LIMITED P.O. BOX 76110 DSM

The information in this return is made up to: 11th MARCH 2011

Address of registered office of Company: P.O. BOX 76110 DSM.

KITURU STR PLOT 68 BLOCK 9 - ILALA - DODOMA.

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: SUPPLIES OF GOODS & SERVICES & GRAIN MILLERS.

If different from the registered office, state address where the register of members or any register of debenture holders is kept

Register of members Register of debenture holders

Company Secretary

Name JANETH NAMARA Previous name(s) N/A Address P.O. BOX 40953 DSM UNSURVEYED PLOT BOYOLA H/SCHOOL - MURURAHATI - DSM

FOR OFFICIAL USE ONLY.

Issued share capital

Enter details of all the shares in issue at the date of the return.

Class	Number of shares issued	Aggregate nominal value
1 ORDINARY	400	TSh 2000/-
2	/	TSh
3		TSh
4		TSh
5		TSh
Totals:		TSh

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

N/A

A list of changes is enclosed (pages 4 and 5)

N/A

A full list of members is enclosed (pages 4 and 5)

N/A

I certify that the information given in this return is true to the best of my knowledge and belief.

Signed.....Donetab.....
Director / Secretary

Date.....11/ April 2011.....

LIST OF PAST AND PRESENT MEMBERS (Continued from page 4)
 (use additional copies of this sheet if necessary)

	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
		Number/ amount transferred	Date of registration of transfer	
1	400	N/A	N/A	
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				

COPY

NO. of Company.....

Form No. 16

Filing Fee 500/=

117,400/-
05292197
27/1/98

THE COMPANIES ORDINANCE
NOTICE OF INCREASE IN NOMINAL CAPITAL
Pursuant to Section 53

Name) Gabsons (T) Limited
of)
Company)

Presented by: Jonathan Gabone
P. O - BOX 71257
DSM

The Registrar of Companies;
Gabsons (T) Limited
.....
..... Company.....

hereby gives you notice pursuant to section 53 of the Companies Ordinance that by

(a) Special
Resolution of the Company dated the 26th
day of JANUARY 1998 the nominal Capital of the Company has been
increased by the addition thereto of the sum of Shs. 58800000
beyond the registered Capital of shs. 1,200,000/-

The addition Capital is divided as follows:

Number of shares	Class of Share	Nominal Amount of each share
19600	Ordinary	3000/-

The conditions (e.g. voting rights, dividends etc) subject to which the new share have been or are to be issued as follows:-

State whether director or Manager or Secretary..... Director

Dated the 26th day of JANUARY 1998

(a) "Ordinary" "Extraordinary" or "Special"

Signature: Jonathan Gabone

Company No. 24907

FREE PAID STS. 24001 - #6 dello
RECEIPT NO. 05892707
DATE 28/1/98

Copy

GABSONS (T) LIMITED

EXTRA RESOLUTION FROM MINUTES OF THE EXTRA ORDINARY
MEETING OF MEMBERS OF THE COMPANY HELD AT THE
COMPANY'S OFFICE, DAR ES SALAAM ON 26TH JANUARY 1998.
THE FOLLOWING WERE PASSED AS SPECIAL RESOLUTION.

1. INCREASE OF AUTHORISED SHARE CAPITAL

"IT WAS unanimously resolved that the authorised share capital of the Company be and is hereby increased from Tshs. 1,200,000/= to Tshs. 60,000,000/= by creation of 19600 ordinary shares of Tshs. 3,000/= each ranking in all respects pari passu with the existing shares of the Company."

Certified true Extract


JONATHAN GABONE
DIRECTOR

THE COMPANIES ORDINANCE (CAP.212)

COMPANY LIMITED BY SHARES,

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

GABSONS (T) LIMITED

Incorporated this _____ day of _____ 1993

**DRAWN BY
JONATHAN B. GABONE
DIRECTOR/SUBSCRIBER
P. O. BOX 71257
DAR ES SALAAM**

200/-
1/306201 27-6-2000

THE COMPANIES ORDINANCE (CAP.212)
COMPANY LIMITED BY SHARES,
MEMORANDUM OF ASSOCIATION
OF
GABSONS (T) LIMITED

1. The Name of the Company is "GABSONS (T) LIMITED".
2. The registered office of the Company will be situated in the United Republic of Tanzania.
3. The objects for which the Company is established are:-

TANZANIA
Stamp Duty Shs. 50/- Paid
Receipt No: B4/108158-103-94
Asst: Registrar of Companies

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL

ASST. REGISTRAR OF COMPANIES

(a) 

- (a) To carry on the business of manufacturing, buying, selling, exporting, importing, supplying and dealing (wholesale or retain) in industrial, agricultural, electrical equipments, building materials, household equipments, capital consumer goods including television, video, video-cassette, radio cassettes, refrigerators, air conditioner, deep freezers, electric cookers, sewing machines, electric fans, photographic camera, switches and general deal in all manufactured good of all types and description and merchandise of all kinds.
- (b) To carry on the business of dealers in and supplies of stationery, writing materials and equipments and materials of all kinds for use in schools, colleges, offices.
- (c) To carry on the business of publishers, booksellers, newspapers and journal proprietors, advertising agents, printers, bookbinders, designers and as agents for the sale of books, journals and other publication of all kinds.
- (d) To carry on the business of tailoring, selling and marketing of all forms of textiles, uniforms, pullovers, jersey, vesta, truck suits, shorts, pants, trousers, jackets and all forms and types of ladies, mens and childrens wear.
- (e) To carry on the business of timber merchants, saw mill proprietors and to buy, sell, grow prepare for market, manipulate, import, export and deal in timber and wood of all kinds and to manufacture and deal in articles of all kinds in the manufacture of which timber or wood is used.
- (g) To carry on the business of carpenters, furniture makers, coach and cabinet makers, body-builders, upholsterers and repaired of all kinds of furniture and woodworks.

(h) To carry on and deal in all types of fishing business including cultivation, fish farming, processing and canning, fish meal manufacturing, utilization of fish refuse, manure manufacturing, ice making, refrigerated storekeeping and the like.

(i) To carry on all or any of the business of manufacturers of and dealers in cement, lime, plasters, whittings, clay gravel, sand, stone, minerals, earth, fuels, artificial stone bricks, tiles, pipes, pitter, earth wrecking and builders requisites and conveniences of all kinds and as quarry owners, builders, general contractors and a carriers.

To carry on the business of diary and agricultural produce of all kinds and in particular mild, cream butter, cheese, poultry and eggs, fruits and vegetables of all kinds and to be cow-keepers, farmers milliners and market agricultural produce and to trade and manufacturers of all kinds of condensed milk, jam, pickles, cider, orange, lemon and preserved provisions of all kinds and export all the above items and import the required equipments.

(k) To carry on business of buying, selling, letting on hire, hire purchase, or easy payment system and manufacturing and contractors of and dealers in motor-cars, taxi cabs, automobiles, tramcars, motor lorries, vans, wagon of all kinds and descriptions, cycles, motorcycles, coaches, carriage and all other vehicles of kinds whatsoever kind.

(l) To carry on the business of import, dealers and distributes of kerosene, petrol, motor spirit, mineral oil, crude oil, petroleum, lubricating oil, grease and all other kinds of mineral and petroleum products.

(m) To act as agents for any company or companies engaged in life insurance, fire insurance, marine insurance, insurance of motor cars, lorries, machinery and other things, insurance of owners and users of vehicles and other insurance of all kinds.

(n) To carry on the business of tax consultants, advisers on problems relating to legal aspects of international trade, export and import law, corporate law, investment law and all legal problems affecting corporate bodies.

(o) To carry on the business of corporate secretarial services and procure the company to be registered or recognised in any part of the world.

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ASST. CONSUL (COMMERCIAL)
Date

- 4
- (p) To carry on all or any of the business by wholesale, and/or retail as gemstones merchants, jewelers and/or dealers in and or to buy, sell, market, import, export and or generally deal in al or any kind of gemstones, precious stone, gold, silver and precious metal and minerals of whatsoever kind or description.
 - (q) To carry on the business of fumigation, distribution and supply of fumigants, livestock's medicaments, crop storage facilities, deal in sales and services in supply and sales of protective general gears for hospital, motor and machinery workshops, climbing mountain gears, sports protective gears and mining protective gears.
 - (r) To acquire and hold shares, stocks, debentures, debenture stock, scrip, bonds, notes, securities, obligations issued or guaranteed by any company constituted of carrying on business in any part of the world, and funds, loans, securities or obligations of or issued or guarantee by any government, state or dominion, public body or authority, supreme, municipal, local or otherwise, whether at home or abroad.
 - (s) To acquire any such shares, stocks, debentures, debenture stock, scrip, bonds, notes, securities, obligations, funds or loans by original subscription, tender, purchase, participation, in syndicates, exchange or otherwise, and whether or not fully paid up, 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, and to vary and transpose from time to time as may be considered expedient any of the Company's investments for the time being.
 - (t) To carry on any business of electronics' consultants, services and supplies e.g. computers, telephone exchanges, computer software, computer training and supplies of office machineries and equipments.
 - (u) To build, contact, maintain. Alter enlarge, pull down, remove and replace any shops, buildings, offices, foundries, furnaces, factories, mills, works, walls, wharves roads, railways, tramways, machinery, engines, fences, banks, dams, sluices or watercourses, and, to carry out any other works which may be convenient or necessary in connection with any business or object of the company.

- (v) To apply for, purchase, take out or otherwise acquire any patents, patent rights, licences, concessions or inventions, copyright or secret processes which may be useful for the company's objects, and to grant licences to use the same or to sell the same outright or on any terms which may, in the opinion of the Directors, be to the interests of the Company, and to make, subsidies or assist in experiments, investigations and researches.

To guarantee the capital, dividends or interest of or upon any shares, stock, debentures, bond, scrip, or other securities or any obligation or contract entered into by any company, association, body, person or authority, and to arrange for and do all acts and things (whether by way of promotion of companies or otherwise) necessary or convenient for the amalgamation or joint working of undertakings, trades or industries of any kind or for the promotion and establishment of selling organisations for their products.

To acquire and take over the whole or any part of the business, property and liabilities of any company or person carrying on any business which the company is authorised to carry on, or possessed of any property or assets suitable for the purposes of the Company.

- (y) To pay for any property or assets acquired by the Company either in cash or fully or partly paid shares or by the issue of securities or obligations, or partly in one mode and partly in another and generally on such terms as may be determined.
- (z) To lend money, and to guarantee the performance of the contracts or obligations of any company, firm or person, and the payment and repayment of the capital and principal of, and dividends, interest or premium on, any stock, shares and securities of any company, whether having objects similar to those of the Company or not, and to give all kinds of indemnities.
- (aa) To borrow or raise or secure the payment of money by bank overdrafts, by mortgage, or by the issue of debentures or debenture stock, perpetual or otherwise, or in such other manner as the Company shall think fit, and for the purposes aforesaid or for any other lawful purpose to charge all or any of the Company's property or assets, present and future, including its uncalled capital, and collaterally or further to secure any securities of the Company by a trust deed or other assurance.

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Asst. Registrar of Companies
(X) Date

(bb) To issue and deposit any securities which the Company has power to issue by way of mortgage to secure any sum less than the nominal amount of such securities, and also by way of security for the performance of any contracts of obligations of the Company or of its customers or of any other Company or person having dealings with the Company, or in whose business or undertaking the Company is interested.

(cc) To receive money on deposit or without interest thereon.

(dd) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and clubs calculated to benefit the employees or ex-employees of the Company, or any of its predecessors in business, or of any company which is a subsidiary company of the Company or is allied thereto or associated therewith, or the dependents or connections of such persons, and to grant or provide pensions and allowances, to make or enter into arrangements for the provision of policies of life assurance, pensions or other benefits to or for any Directors or employees of the Company, or any such predecessor of such company as aforesaid, or the relations, connections, or dependents of any such persons, to pay or contribute towards the payment of premiums in respect of any such policies, pensions, or benefits, to establish or support funds, trusts and schemes (including funds, trusts and schemes providing for payment towards insurance) which may be considered calculated to promote such purposes or to benefit any such persons or otherwise to advance the interests of the Company or its members.

(ee) To conduct and carry out, or cause or procure to be conducted and carried out any kind of research work calculated to advance any business or activity which the Company is authorised to carry on, or in any way related to or connected with any such business or activity, to institute, promote or undertake any educational work or training which may be thought advantageous to the Company/or conducive to the welfare of its employees, to pay or contribute to the expense of such research or educational work or training as aforesaid, to employ or engage persons to conduct and carry on the same, and to subscribe or contribute to the funds of any institution, society or organisation (commercial or otherwise) which undertakes, promotes, conducts or carries out any such research or educational work or training as aforesaid.

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ASST. REGISTRAR OF COMPANIES

Date

22/6/2023

(ff) To purchase with a view to closing or re-selling or otherwise dealing with in whole or in part any business or properties which may be deemed likely to injure by competition or otherwise any business or branch of business which the Company is authorised to carry on.

(gg) To enter into any partnership or arrangement in the nature of a partnership, co-operation or union of interests, with any company or person engaged or interested or about to become engaged or interested in the carrying on or conduct of any business which the Company is authorised to carry on or conduct or from which the Company would or might derive any benefit, whether direct or indirect, and to finance, subsidies, make donations to or assist any company or person as may be deemed expedient.

(hh) To establish or promote, or join in the establishment or promotion of, any other company whose objects shall include the taking over of any of the assets and liabilities of the Company or the promotion of which shall be calculated to advance its interests.

(ii) To amalgamate with any other company.

(jj) To sell, lease, grant licences, easements and other rights over or in any other manner to deal with or dispose of the undertaking, property and assets of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares (fully or partly paid up), debentures, debenture stock, securities or obligations of any other company, whether promoted by the Company for the purpose or not.

(kk) To take all necessary and proper steps with the authorities, national, local, municipal or otherwise, of any place in which the Company may have interests, and to carry on any negotiations or directly carrying out the objects of the Company or effecting any modification in the constitution of the Company or furthering the interests of its members, and to oppose any steps taken by any other company or person which may be considered likely directly or indirectly to prejudice the interests of the Company or its members.

(ll) To draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, debentures of other negotiable or transferable instruments.

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Asst. Registrar of Companies

Date

(mm) To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the Press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals, and by granting prizes, rewards and donations.

(nn) To distribute any of the Company's property or assets among the members in specie.

To produce the registration or incorporation of the Company in or under the laws of any place outside the United Republic of Tanzania.

To do all or any of the above things in any part of the world, and either as principal, agent, trustee or otherwise, and either alone or in conjunction with others, and by or through agents, sub-contractors, trustees or otherwise.

(qq) To do all such other things as are incidental or the Company may think conducive to the attainment of the above objects or any of them.

(rr) To carry and conduct the business of Insurance Agent for local and foreign Insurance Companies as per law of contract regulations.

4.0 The liability of the members of the Company is limited.

5.0 The share capital of the Company is Tanzania Shilling One million two hundred thousands only (SHS. 1,200,000/=) divided into four hundred (400) ordinary shares of Tanzania Shillings three thousand (SHS. 3,000/=) each, with such rights, privileges and conditions respectively attached thereto as may be from time to time conferred by the regulation of the Company, with power to increase and reduce the Capital of the Company and to divide the shares in Capital for the 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 the number of shares in the capital of the Company set opposite our respective names:-

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL

Asst. Registrar of Companies

Date

(pp)

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL

9

Ass. Registrar

Date

2/6/2000

Names, Addresses and Descriptions of Subscribers	Number of Shares taken	Signature
1. JONATHAN B. GABONE P.O. BOX 71257 DAR ES SALAAM.	THREE HUNDRED	<i>[Signature]</i>
2. JOHN B. GABONE P. O. BOX 12 MULEBA KAGERA	ONE HUNDRED	<i>[Signature]</i>

DATED at Dar es Salaam this 4th day of Feb 1994

WITNESS to the above Signatures:

SIGNATURE: *[Signature]*

DESIDERI SEBASTIAN NGALO
POSTAL ADDRESS: ADVOCATE

Box 72349 DAR-ES-SALAAM

QUALIFICATIONS: Advocate



THE COMPANIES ORDINANCE (CAP.212)
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

OF

GABSONS (T) LIMITED

PRELIMINARY:

1. In these Regulations:-

"The Ordinance" means the Companies Ordinance Chapter 212
Laws of Tanzania.

When any provision of the Ordinance is referred to, the reference is that
provision as modified by any law for the time being in force.

Unless the context otherwise required, the expression defined in the
Ordinance of any Statutory modification thereof in force at the date at
which these Regulations become binding on the Company shall have the
meanings so defined.

Any words importing the singular shall include the plural and vice versa, and
the words importing the masculine gender shall include females, and the
words importing persons shall include bodies corporate, partnership, firms,
co-operative societies etc.

The Regulations of Table 'A' in the First Schedule to the Companies
Ordinance (hereinafter call Table 'A') shall apply to the Company save
insofar as they are varied or excluded hereby, but in case of may conflict
between the former shall prevail; and in addition to substitution former
modification of the provision of Table 'A' the following shall be the
regulations of the Company.

PRIVATE COMPANY:

2. The Company is a Private Company and accordingly:-

- a) The right to transfer shares is restricted in manner hereinafter prescribed.
- b) The number of members of the Company (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment of the Company were while in such employment and have continued after the determination of such employment to be members of the Company) is limited to fifty;

TANZANIA
Stamp Duty Shts: 80/- Paid
Receipt No. B410815 of 103-94
Asst: Registrar of Companies

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TRUE COPY OF THE ORIGINAL

Asst Registrar of Companies
Date 29/6/2000

200/-
1130801
2766-2000

provided that where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this regulation be treated as a single member.

- c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.
- d) The Company shall not have power to issue shares warrants to bearer.

TRANSFER OF SHARES:

3. The Directors may in their discretion and without assigning any reason thereof refuse to register the transfer of any share to person whom it shall in their opinion be undesirable for any reason whatsoever to admit to membership.

4. Subject to Clauses 2 and 3 hereof the right to members to transfer their shares shall be restricted as follows:-

- a) No shares shall be transferred to a person who is not a member so long as any person selected by the Directors as one who it is desirable in the interest of the Company to admit to Membership.

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Asst. Registrar of Companies

Date

Every shareholder or trustees in bankruptcy, or any person who may desire to sell or transfer any such shares and very person; representative of a deceased shareholder shall give notice in writing to the Directors that he desires to make such sale or transfer. Such notice shall constitute the Board of Directors of any members of the Company at a price to be agreed upon between the party giving such notice and the Board, or in case of difference to be determined by the Auditor of the Company.

- c) Upon price of such shares being agreed on or determined as per clauses (b) above, the Board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell of transfer the said shares stating the number and price of such shares inviting the person to whom notice is sent to state within 21 days from the date of which notice whether he is willing to purchase any if so what maximum number of such shares. At the expiration of such 21 days notice the Board shall apportion such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase the same and as far as may be pro-rata according to the number of shares already held by them respectively, or if there be only one such shareholder, the whole of such shares shall be obliged to take more that the maximum of such shares stated in his answer to the said notice.

Upon such apportionment being made or such one shareholder notifying his intention to purchase, as the case may be bound upon payment of the said price to transfer the shares to the respectively shareholders or to the single shareholder who shall have agreed to purchase the same.

GENERAL MEETINGS:

NOTICE OF GENERAL MEETINGS AND PROCEEDINGS AT GENERAL MEETINGS:

5. Articles 39 to 53 of Table 'A' shall apply subject to the following variations.

a) A General Meeting, ordinary or extraordinary may with the consent in writing of all members, be convened on a shorter notice than seven days or without notice.

Two members, present either personally or by proxy shall form a quorum.

Any ordinary resolution of the Company determined without any General Meeting and evidenced by writing under the hands of 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.

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Asst. Registrar of Companies

Date

6. **DIRECTORS:**

a) Until otherwise determined by the Company in a General Meeting the Directors shall not be less than two and not more than seven in number.

b) The following person shall be the first Director of the Company.

1. JONATHAN B. GABONE
2. JOHN B. GABONE

7. The shareholding qualification for the Directors may be fixed by the Company in General Meeting and unless and until so fixed no qualification shall be required.

8. The quorum of Directors for transacting business shall unless otherwise fixed by the Executive Directors.

9. A resolution in writing signed by all the Directors then in Tanzania shall be as valid and effectual as if it has been passed at a Meeting of Directors duly

10. The Directors may from time to time borrow or raise any moneys for the purpose of the Company which may exceed the issued share capital of the Company.

BORROWING POWERS:

11. The Directors may raise or borrow for the purpose of the Company's business such sum or sums of money as they think fit and they may secure the repayment of or raise any such sum or sums as afore said by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, including its uncalled or unissued 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 not charged, or in such other way as the Directors may think expedient.

ALTERNATE DIRECTORS:

12. Each Director may nominate a person, who shall be approved of in writing by the other Directors, to act as an Alternate in his place during his absence from Tanzania or liability to act as such Director. Such Alternate Director shall be subject in all other respects to the terms and conditions existing with reference to the Directors being unable to act during the absence or inability to act as the Director whom he represents he may subject to the like approval of the other Directors appoint a duly qualified person to act in his place.

SECRETARY:

13. The Secretary shall be appointed by the Board for such terms at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board.

WINDING UP:


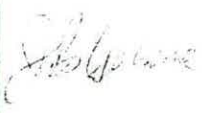
14. With the sanction of a Special Resolution of the Shareholders any of the assets of the Company including any shares in other companies may be divided between the Members of the Company in specie or may be vested in Trustees for the benefit of such member shall be compelled to accept any shares whereupon there is any liability.

INDEMNITY:

15. Every Director, Managing Director, Agent, Auditor, Secretary, and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability increased by him to defending any proceedings, whether Civil or Criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application (under section 345 of the Ordinance) in which relief is granted to him by the Court.

ALTERATION OR ADDITIONS:

16. Subject to the provisions of the Ordinance and those contained in the Memorandum of Association of the Company may be special resolution make alterations or additions to its Articles of Association and any such alteration or addition so made shall be as valid and effectual as if originally contained in these Articles and be subject in like manner to alteration by special resolution.

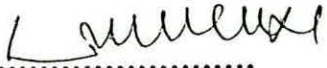
Names, Addresses and Descriptions of Subscribers	Number of Shares taken	Signature
1. JONATHAN B. GABONE P.O. BOX 71257 DAR ES SALAAM.	THREE HUNDRED	
2. JOHN B. GABONE P. O. BOX 12 MULEBA KAGERA	ONE HUNDRED	

DATED at DAR ES SALAAM this 4th day of FEB 1994

HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL

Asst. Registrar of Companies
Date 29/2/94

WITNESS to the above signatures:-

Signatures: 
 DESIDERI SEBASTIAN NGALO
 Postal Address: ADVOCATE
 Box 72349 DAR-ES-SALAAM



Qualifications: Advocate

TANZANIA



Certificate of Incorporation

No. 24907

I HEREBY CERTIFY THAT

GABSONS (T)

..... 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 11th day of March,

One thousand nine hundred and Ninety Four

Sen. Asst. Registrar of Companies

/ dak.

CTIN.: 0056136



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

GABSONS (T) LIMITED
.....

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

100-243-156
.....

with effect from 01/07/1999
.....

OFFICIAL SEAL


H. M. Kitillya
COMMISSIONER FOR INCOME TAX

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



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 JONATHAN GABONE AND RAMADHAN GUYANA
(director/directors/agent of GABONS (T) LIMITED
(name of business enterprise) apply for registration of FOOD PROCESSING 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 PLOT NO. 67 EVARET
SERVICE TRADE AREA, TEMBEKA, DAR-ES-SALAAM

Copies of the following documents are attached to this application:

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

3. The Head Office of the Company will be situated at PLOT NO. 67 EVARET STREET, DAR ES SALAAM

4. The Principal Officers of the Company are 1. JONATHAN .B. GABONE
2. RAMADHAN.S. GUYANA

5. Auditors of the Company are

6. The authorized share capital of the Company is Tshs./US\$ 1,000,000,000/=
DIVIDED INTO 10,000 SHARES OF TSHS 100,000/= EACH

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 6.470000 BILLIONS
8. The month and day of the financial year end is 31ST DECEMBER

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

ONE HUNDRED Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, JONATHAN GABONE of Post Office Number 76 110

DISALAAM do solemnly and sincerely declare that I am a director/duly

authorized agent of GABSONS (T) 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 27TH day of JANUARY 2012 }



Applicant

Before me:



AC
.....
Commissioner for Oaths

APPLICATION SUMMARY

Company Name: GABSONS (T) LIMITED

Certificate of Incorporation Number: 24907 Status: PRIVATE, LIMITED

Certificate of Incorporation Date: 11TH MARCH, 1994

Post Box: 76110

Town: DAR - ES - SALAM

Sector: FOOD PROCESSING Sub-Sector: CEREALS MILLING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>0</u>	<u>0.655</u>	<u>5.115</u>	<u>0.700</u>

Project Objectives: STRENGTHENING CEREALS MILLING INDUSTRIES ABOVE 10800 MT PER YEAR

Capacity: TO GENERATE A TURNOVER ABOVE TSHS 5.1246 BILLION PER YEAR

Employment: Foreign: 5 Local: 120 Total: 125

Implementation Period: MARCH 2012 / FEBRUARY 2016

Project Location

Site/Plot/Block No.: 67

Street: EVARET District: TEMEKE Region: D/SALAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
1. <u>JONATHAN . B. GABONE</u>	<u>TANZANIAN</u>	<u>2.0</u>
2. <u>RAMADHAN S. GUYANA</u>	<u>TANZANIAN</u>	<u>1.0</u>
3. <u>CONSOLATA . R. GABONE</u>	<u>TANZANIAN</u>	<u>0.4</u>
4. <u>JANETH . N. GABONE</u>	<u>TANZANIAN</u>	<u>0.4</u>
5. <u>SALUM MGOBBEKA</u>	<u>TANZANIAN</u>	<u>0.2</u>
6. <u>UNALLOTTED SHARES</u>	<u>—</u>	<u>96.0</u>
<u>TOTAL</u>		<u>100%</u>

Investment Breakdown	US\$/Tshs.M
Land/Building	2,000
Plant	2,300
Vehicles	1,050
Furniture & Fittings	120
Pre-expenses	200
Others	500
Working Capital	300
TOTAL	6,470

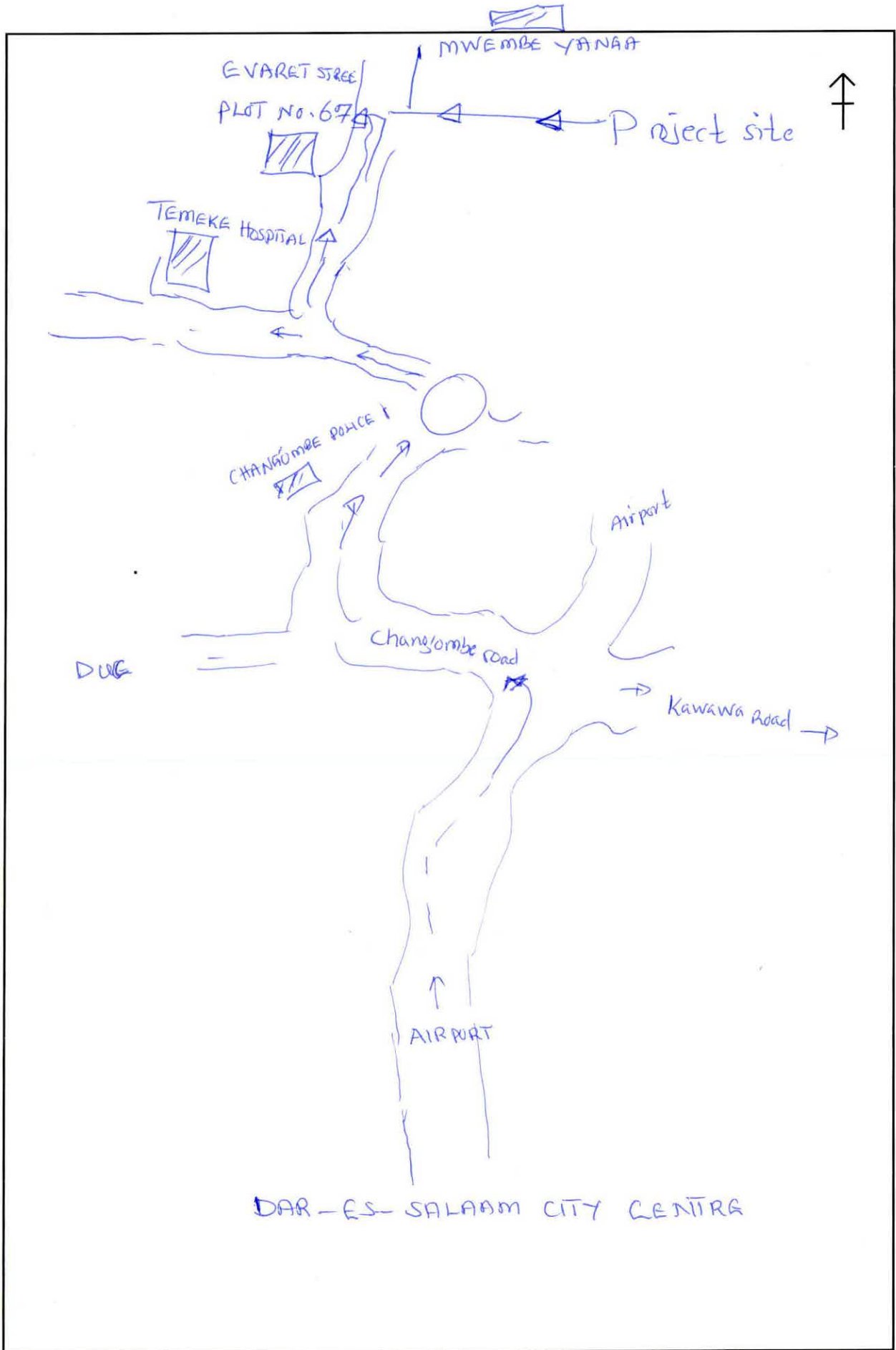
Contact Details:

Name: JONATHAN GABONE Title: DIRECTOR
 Telephone: +255-22-2861479 Fax: +255-22-2861479
 Email: gabsons200@yahoo.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





GABSONS (T) LIMITED

P.O. Box 76110 Dar es Salaam, TANZANIA
Tel: +255-22-2861479, Fax: +255-22-2861479
Cellulars: 0754-432864/ 0652-664137
E-mail: gabsons200@yahoo.com

1

Ref: GTL/TIC/2012/001

Date: 27th January, 2012

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



Dear Sir,


RE: APPLICATION FOR A CERTIFICATE OF INCENTIVES

- **GABSONS (T) LIMITED** is applying for a Certificate of Incentives through Tanzania Investment Centre Directorate.
- **GABSONS (T) LIMITED** will invest in food processing industry under cereals milling industries sub-sector of the economy.
- The total project cost is estimated at Tshs. 6.470000 Billion
- **Necessary Attachment:**
 - (i) TIC Application Forms
 - (ii) Detailed "Business Plan"
 - (iii) Certificate of Incorporation
 - (iv) Memorandum and Articles of Association
 - (v) A brief profile of investors / Directors
 - (vi) Evidence of land for the project location
 - (vii) Project implementation schedule
 - (viii) Bank reference letter
 - (ix) Resolutions to register the project at TIC finance the project from equity funds, and bank loan.
 - (x) Audited accounts for the past three years
- We hope the application will be considered favourably from your good office.
- We thank you in advance and remain.



Yours faithfully,

GABSONS (T) LIMITED


.....
Jonathan Gabone
MANAGING DIRECTOR

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF GABSONS (T)
LIMITED HELD AT THE REGISTRERED OFFICE OF THE COMPANY ON 20TH
JANUARY, 2012 AT 16:30 HOURS.

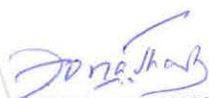
PRESENT 1. Jonathan .B. Gabone - Chairman
2. Ramadhan .S. Guyana - Secretary

CHAIRMANSHIP: "Mr. Jonathan B. Gabone took the chair and confirmed that he meeting was constituted."

RESOLUTION:

1. It was unanimously agreed that **GABSONS (T) LIMITED** register its food processing project at Tanzania Investment Centre (TIC)
2. It was further agreed that **GABSONS (T) LIMITED** will finance the proposed investment through equity funds, Bank loan and Donors support.

VOTE OF THANKS: As there was no further business, the meeting ended with vote of thanks to the chair at 18:30 Hours.



Jonathan .B. Gabone
CHAIRMAN



Ramadhan .S. Guyana
SECRETARY



TIC Evaluation Report

Name of the Company
Gabsons (T) Ltd.

Post Box	Evaret, Plot No. 67	COI Number	24907	Contact	Mr. Jonaihan Gabone
Post Office	76110	COI Date	03/11/94	Designation	Director
Region	Dar Es Salaam	Application F. No	09808	Phone	022 2861479
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0
		Sub Sector	Cereals Milling	Fax	022 2861479
		File No	042191	E-Mail Address	Gabsons200@Yahoo.Com

Project Location		Investment Finance Plan in Millions USD										
Plot/Block	Plot No. 67	<table border="1"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td>0</td> <td>0.65</td> <td>5.11</td> <td>0.7</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0	0.65	5.11	0.7		
Foreign Equity	Local Equity		Foreign Loan	Local Loan								
0	0.65		5.11	0.7								
Street	Evaret											
District	Temeke											
Region	Dar es Salaam											

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	Plant
Unallocated Shares	Tanzanian	96	2	2.29
Salum Mgombaeka	Tanzanian	2	Vehicles	1.05
Janeth N. Gabone	Tanzanian	4	Furniture & Fittings	0.12
Consolata R. Gabone	Tanzanian	4	Pre-expenses	0.2
Ramadhan S. Guyana	Tanzanian	1	Others	0.5
Jonaihan B. Gabone	Tanzanian	2	Working Capital	0.3
			Total	6.46

Employment	125	Evaluated By	wf officer4
Capacity	xxxxx	Drawn By	wf registry2
Project Turn Over		Project Type	Mixed(Local & Foreign)

Description
 To establish Milling plant

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

Decision
Approved

 AG EXD
 07/03/12

TICC/PP.10/042191/3

9th March, 2012

Managing Director,
Gabsons (T) Ltd,
P.O. Box 76110,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF MILLING PLANT**

We wish to acknowledge receipt of your project proposal to establish a project for Milling plant as presented in the TIC P.A. 1 Form No. 09900 and Feasibility Study with a projected investment of USD 6.46m.

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:-

- Bank Reference for equity funding or a letter from Bank/Financial Institution that a loan is granted or is under consideration as required by Section 17(3)(F) of Tanzania Investment Act, 1997.

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.10/042191/

9th March, 2012

*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


B.D. Chonjo

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
Gabsons (T) Ltd.

Post Box	Evaret, Plot No. 67	COI Number	24907	Contact	Mr. Jonaihan Gabone
Post Office	76110	COI Date	03/11/94	Designation	Director
Region	Dar Es Salaam	Application F. No	09808	Phone	022 2861479
Country	Tanzania	Status		Direct Phone	0
		Sector	Manufacturing	Cell Phone	0
		Sub Sector	Cereals Milling	Fax	022 2861479
		File No	042191	E-Mail Address	Gabsons200@Yahoo.Com

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Jonaihan B. Gabone	Tanzanian	2

Investment Breakdown (USD Million)	
Land/Building	2
Plant	2.29
Vehicles	1.05
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Decision