

SIMBA STEELS LTD

MINUTE SHEET

Dokezo
No.

1.0

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 USD 7.1 M
- (b) Legal entity has been incorporated under certificate
No. 34324 of 08/05/98

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

Submitted for signature.



N. A. Senzia

DIF

5th March, 2012



2.0

EXD

In response to the TIC letter of registration dated 5th March 2012

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from National Bank of Commerce Ltd
- (c) Title deed as evidence of land.

With the above submission EXD is requested to sign Certificate of Incentives No. 042170 herein attached.

15/03/2012


DIF

MINUTE SHEET

Dokezo
No.

SIMBA STEELS LIMITED

FEASIBILITY STUDY FOR THE STEEL PRODUCTS

FEBRUARY 2012

Prepared by:
SIMBA STEELS LIMITED
P.O. Box 21916
Dar-es-Salaam

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1.0 INTRODUCTION

It is encouraging to note that Tanzania is endowed with vast deposits of iron ore and coal. However, to date there are very few basic production of iron and steel mainly due to the massive investment required. The social and economic development of the country has as a result been highly hindered by lack of this basic development tool.

One of the basic necessities for the establishment of this basic industry is the availability of an adequate local market for its output. This is because the world over, there is an oversupply of this product and export markets are very competitive. It is rational for local Governments, therefore, to encourage and promote the growth of the local engineering sub-sector which will ultimately consume the local based iron and steel industry's output.

1.1 Objective Of Study

The purpose of this feasibility study is to work out the technical and commercial details and financial viability for the establishment of manufacturing facilities for steel products.

The proposed steel products mill will use locally available steel scrap to produce steel products bars that will be hot rolled in-house into a variety of shapes and profiles for various end users such as civil work construction and engineering works.

1.2 Project Promoters

The proposed steel mill is being promoted by a locally registered company, namely SIMBA STEELS LIMITED of P.O. Box 21916, Dar es Salaam.

Name of Director	Percentage Share	Nationality
Amin Ramji	22.5	TANZANIAN
AbdulAziz Lalane	22.5	KENYAN
Mahboob Ramji	22.5	TANZANIAN
Sadrudin Mangaje	22.5	CANADIAN
Sarah Shamji	22.5	CANADIAN

20. EXECUTIVE SUMMARY

2.1 Introduction

This study examines the possibility of producing Steel Products and reinforcement bars by using induction furnace and hot rolling technologies and locally available steel scrap. A techno-economic evaluation has been carried out to determine the viability of the project .

2.2 Market and Marketing Aspects

The market survey carried out reveals that the demand for steel products is raising rapidly.

The survey concludes that the proposed production of about 7000 tons of steel Products per annum will not face any market problems.

2.3 Process and Technology

There are various methods for producing steel Products . The most widely used method is the basic process. This includes the converter and the heath methods.

The electric methods fall under the heath method and employ electricity as the energy for melting the inputs. Two methods are used, namely the arc furnace and induction furnace. The former uses electrodes for current circulation while the latter used frequency. The proposed project will employ the induction method, a method which is more economical for high quality steel. The process involved sorting out the crucible of the furnace, heating and melting it and finally pouring the liquid steel into moulds where they solidify. Thereafter the ingots are reheated to even internal temperatures and then hot-rolled. The requisite machinery for the production include a 4 tone charge induction furnace, a reheating furnace and steel re-rolling mills and accessories such as pouring and moulding equipment.

2.4 Production Inputs

The most critical inputs into the plant are steel scrap and electric power. Electric power in the magnitude of 2000 KVA will be required be supplied by Tanzania Electric Supply Company Limited.

A considerable amount of water will be required for cooling. However, it will be recycled. Other production inputs include fuel oil, alloying elements, graphite powder and limestone.

2.5 Location

The plant will be located in Nelson Mandela road ,Dar-es-Salaam Region. Production will be in an operation shed to be constructed within the plot. The owner of the plot will also construct an office block and other minor structures.

2.6 Manpower Requirements

The plant management will comprise 3 people out of a total workforce of 325 people. There will be 5 expatriates and the rest in direct workforce. The plant will operate on a 3-shift per day basis. The plant will be organized into three departments, namely production, finance and Administration and technical services (repair, maintenance and quality control).

2.7 Implementation

The Major activities include registration and approval by the Tanzania Investment Centre and mobilization of funds from sponsors and banking institutions. A total of four months is planned for the above activities.

Civil works design, tendering and construction will be carried out immediately after project is approved and would take about six months.

Machinery will be ordered after funds are committed. These will be fabricated, shipped for activities related to machinery up to their receipt at site.

Training, machinery installation and commissioning will be undertaken within another two months.

Activities related to civil works and machinery will take place simultaneously.

2.8 Project Economics

2.8.1 Capital Investment Requirements

US\$

DESCRIPTION	LOCAL	TOTAL
Land and Building	2,000,000	2,000,000
Plant & Machinery	3,500,000	3,500,000
Furniture & Fitting	300,000	300,000
Vehicles	400,000	400,000
Pre-Operational Expenses	200,000	200,000
Others	100,000	100,000
Working Capital	1,500,000	1,500,000
TOTAL INVESTMENT	8,000,000	8,000,000

2.8.2 Financing Scheme

- i) Fixed Assets and Pre-operational costs

US\$

Equity	8,000,000
Total	8,000,000

2.8.3 Expenditure and Profitability

The major expenditure item is the cost of electricity. This is followed by steel scrap. Total expenditure will be about 65% at sustainable levels of production.

2.9 Recommendations

The study shows that steel production is both technically and financially a feasible undertaking. Furthermore, it will cut down on imports of this important product. In view of the findings the project is recommended for implementation.

3.0 MARKET AND MARKETING

In this chapter, we look into whether there is a market for the proposed product and how the promoter should approach that market.

3.1 Product

The product which this steel plant is going to produce for sale is Steel products

3.2 Demand

Demand for the proposed product has been derived on the basis of the end use method. The products are used in reinforcement of buildings and other civil work constructions, in manufacturing of security grills and fences, and as raw materials for the manufacture of industrial products and machinery parts.

3.2.1 Reinforcement Steel

The demand for reinforcement steel has been derived on the basis of demand for houses, and other civil works structures like bridges, etc. new house are needed in the country every year. Houses are needed due to population increases. Out of total requirement, 84% is for rural areas and the balance (16%) is for urban areas. 3% and 30% of needed houses in rural and urban areas respectively are buildings of improved walls (either concrete blocks, burnt bricks or cast concrete) and consume some steel.

3.2.2 Demand for steel for Security Windows, Grills and fences

The demand for steel for security windows, grills and fences has also been derived on the basis of demand for houses. Future demand for steel for security purposes is estimated on the current average growth rate of population, namely 2.8%.

3.2.3 Demand for steel Bars as Raw Materials for Manufacture of Industrial Products and Machinery Parts. The demand for steel bars/hot rolled sections as raw materials for the manufacture of industrial products and machinery parts analysis has revealed there is a decrease which is caused by shortage of raw materials, old machineries and import of manufactured goods. Given the current improvements in the national economy, it is expected that the average capacity utilization of the past 5 years to at least 70%. It is also expected that the average growth rate of usage of steel bars as raw materials will equal to the growth rate of GDP for the industrial sector.

3.3 Supply

There exist numerous factories which supply steel products. The quantity imported has been declining over the years. The declining trend is as a result of increasing number of steel company being opened in the country. The future supply of steel products has been estimated on the basis of average growth rate of industrial sector and average growth rate of construction sector for local supply and imports respectively.

3.4 Demand – Supply gap and Plant Capacity

There exists the project demand-supply gap for steel products in Tanzania.

The promoters' intention to put up a plant with capacity to produce 7000 tons of various sizes of the product in question. It is a safe in investment and product will be easily purchased in the market because it is below the projected gap between demand and supply.

3.5 Distribution Channels

Steel products are heavy and bulky products. Hence, they can be easily distributed to final consumers either directly (one level channel) to final consumers or by using only one intermediary who will resale to final consumers (two level channel). It is important for these channels to be adopted because they reduce costs of distribution and avoid several profit margins of distributions, hence making the product price competitive in the market place.

3.6 Promotion

As mentioned elsewhere in this report, steel bars are heavy and bulky. Their unit costs are high and are usually bought in large quantities.

Experience of selling this product prescribes that they can be easily sold through personal selling (personal solicitations of orders) to potential big customers and advertisement with emphasis on product availability, quality and persuasion.

3.7 Environment Protection

During the process of melting steel scrap there will be emission of dust and gaseous fumes. Fumes especially are toxic and of complex composition. The most common are sulphur and nitrogen oxides (SO_x, NO_x). In the developed world where there are many steel works this is of concern. Therefore, it is recommended to arrest this problem right from the beginning in countries entering the steel industry.

In the recommended technology i.e. induction furnace, the amount of hazardous gases emitted will be very small especially because only cleaned raw materials will be used. There is therefore no environmental hazardous waste expected from this project.

4.0 MACHINERY, EQUIPMENT AND CIVIL WORKS

Steel production by the induction furnace is the technology proposed by the project promoters and adopted in this study. The main equipment includes induction melting installation, teeming equipment and auxiliary equipment.

5.0 Plant Location and Civil Works

The plant will be located in Dar-es Salaam Region. Production Building Required An open shed roofed with GCI sheets, and constructed from reinforced concrete slab in site is ideal for both the furnace and rolling mill facilities. The scrap and finished products would both be stored in the open.

5.0.1 Office Building

An office block to accommodate the clerical staff will also be required.

Utility Services

5.0.2 Water

The site has already been supplied with water. A 3 inch diameter pipeline connects the plot to the main pipeline.

The plant water requirement is basically for cooling purposes and water will be recycled. Therefore, a water reservoir of capacity 30,000 litres is recommended to be constructed.

5.0.3 Electricity

The site will tap its power from substation nearby. The power requirement for production is four fold. Therefore a new transformer of 2,000kVA has to be installed.

5.0.4 Compressed Air

A number of machines will be premedical operated. There will therefore be a need to have a central compressor station which will generate the compressed air requirements.

5.0.5 Material Handling Equipment

The plant will require the services of an overhead crane which will be employed for lifting the scrap containers for feeding the furnace as well as move the ladles with liquid steel into the casting area.

5.0.6 Weighing Scales

A road vehicle weigh bridge and a portable dial platform scale will be required at the plant site for weighing incoming trucks with scrap and weighing the production inputs during production.

5.0.7 Oxygen and Acetylene Gas Cutting Equipment

Several gases cutting equipment of the type mentioned above and their corresponding cutting torches will also be required for the steel mill.

5.0.8 Workshop Facility

In order to enable the company to handle small repairs to its assets we recommend the acquisition of a minimum number of metal working machines such as one lathe, a milling/drilling machine, power hacksaw and tool kits.

6.0 RAW MATERIALS AND OTHER PRODUCTION INPUTS: REQUIREMENT AND AVAILABILITY

Steel Scrap

The main raw-material for the proposed steel mill is steel scrap from local sources. Steel scrap in various forms is scattered all over the country. At present the market for scrap is small and scrap price is not attractive.

The steel scrap form varies from automotive bodies/parts, rolling stock, chipping, turnings and section from engineering, machining and fabrication shops. The scrap form is therefore very complicated for cut into small pieces, compact and transport to the mill.

Sorting is a prerequisite activity in order to get good quality scrap. All metallic components containing copper, zinc, lead and tin which are common metals used in engineering works mix with steel scrap and have to be removed.

Rolling stock is the main source of steel scrap in the sense that its construction is based on massive steel metal. The rolling stock scrap is comprised of condemned wagons, rails, wheels, locomotives and associated equipment. Another major source of steel scrap is written off motor vehicles. In order to estimate the amount of steel scrap generated by this source the following assumptions have been taken into consideration:-

- Life time of motor vehicle is 15 years for saloons and light commercial vehicles and 10 years for busses and trucks.
- Amount of steel scrap for each category of vehicle is as follows:-

	Tons
Saloon	0.5
Light Commercial vehicle	1.0
Busses and truck	4.0

The above weight excludes vehicle parts made out of cast iron, non-ferrous and other materials. The proposed plant with an annual requirement of 7,000 tons per annum of steel scrap is therefore a safe investment from scrap availability point of view.

Other Processing Materials In Steel Production

The following materials are also used with scrap for steel production in furnaces;

Limestone

Limestone is required mainly for slag formation which is vital for metallurgical work – e.g. dephosphorisation.

Bauxite

Bauxite is used as a flux which lowers the melting point of basic slag and increases fluidity, and this accelerates slag formation. Bauxite is an oxide of aluminium.

Fluorspar

Fluorspar is used to dissolve lime in basic slag and increase the slag fluidity.

Oxidants

These accelerate the oxidation of carbon and other impurities. They are divided into:-

a) Solid Oxidants

- Iron ore, sinter
- Mill scale, rolling scale

b) Gaseous oxidants

- Compressed air
- Oxygen
- Various mixtures - Oxygen

- Steam
- Carbon dioxide

Deoxidants and Alloy ants

The removal of dissolved oxygen in steel is termed deoxidation and elements required for the job-deoxidants. Deoxidants and alloyants used are as follows:-

- a) **Manganese:** Manganese is both an alloyant and deoxidant and added to the liquid metal at the end of a heat as an alloy with iron Ferro-manganese.
- b) **Silicon:** silicon is added to the hot metal as an iron-silicon alloy (Ferro-silicon), most often 45% ferro-silicon with roughly 45% Silicon too is both a deoxidant and an alloyant.
- c) **Aluminium:** Aluminium is added in the form of aluminium bars or in the composition for certain aluminium alloys.

Refractories

Refractories are employed for heat transfer purposes. Commonly used refractories are magnesite and fire bricks. Refractories used in steel making plants must have high refractory characteristics. The characteristics are:

- a) High Refractoriness

Refractories are grouped according to their refractoriness index – this is the temperature at which the heated refractory begins to deform under the gravitational force e.g.

Group of Refractories	Temperature
Common	1580-1770C
High Refractoriness	1770 – 000C
Highest refractoriness	> 2000C

B Thermal Stability

This is the ability of the refractory to withstand sharp temperature changes without fracture. A measure for this is the thermal stability index which is the number of heating and cooling cycles to fracture.

e.g	Common magnesite	1 – 3 cycles
	Chrome magnesite	- 40 cycles
	High alumina	150 cycles

b) High mechanical Strength at High temperature

Refractories are subjected to mechanical loads. They must therefore be able to withstand loads at high temperatures.

c) Refractory consumption

The consumption of refractories can be reduced by the following measures:

- using refractory of better quality
- running the heats properly
- Repairing the working layer of refractory lining periodically.

6.0 Utilities

6.0.1 Water

In steel production and rolling a lot of water is required for cooling and lubrication purposes. For this reason water is normally recycled by pumping from a water pool to production machinery and draining it back into the pool.

6.0.2 Power

As said elsewhere in this report, the source of energy for melting the scrap will be electric power. Power is consumed in very large quantities and it is among the biggest cost element in this type of steel production. The demand for this plan is estimated at around 2000kVA.

7.0 MANPOWER AND ORGANISATION

The proposed steel mill complex will have three independent departments, namely administration and finance, production and technical staff.

Organisation

The top most people in the day-to-day running of the company will be General Manager. Under the General Manager's office will be three departments, namely finance/administration, production and technical services. Each department will be under a Manager and will comprise a number of sections each headed by section head.

Production Department:

- Quality control
- Research/Department
- Repair/Maintenance

Each section will be manned by a number of personnel with varying education levels and work experiences. The management team will comprise the General Manager, Chief Accountant and the four expatriates who will head the different production and service department.

7.0 Manpower Requirement

The manpower requirement for running the proposed steel and rolling mill is 325 people. The administration staff will work on one shift per day. The production and technical departments will work on 3 shifts per day basis.

7.1 Source of Manpower and Wage Bill

Manpower for the proposed project will be employed from local sources, except for few expatriates who would basically be engaged in the training of local staff. The workers will be given on-the-job training to familiarize them with the proposed machinery and equipment.

After the initial 2 years, depending on the results of the training, the expatriates will be replaced by local counterparts.

8.0 INVESTMENT AND FINANCING

8.0 Assumptions

The financial projections to determine the viability of the steel mill project are based on the following key assumptions:

- The project will operate at 50% capacity in year 1, 60% in year 2, 70% in year 3 from year 4 and thereafter.
- Plant will operate on three shifts per day for 250 days per year.
- The whole project output will be sold locally.

- The project has adopted the currency exchange rate of United state Dollar 1 = US\$.1600.00

8.1 Summary of Capital Costs

The total initial investment required for undertaking the project is estimated at US\$. 8.0 million Spread over a year as shown. The breakdown of the capital investments is presented in table below:-

DESCRIPTION	LOCAL	TOTAL
Land and Building	2,000,000	2,000,000
Plant & Machinery	3,500,000	3,500,000
Furniture & Fitting	300,000	300,000
Vehicles	400,000	400,000
Pre-Operational Expenses	200,000	200,000
Others	100,000	100,000
Working Capital	1,500,000	1,500,000
TOTAL INVESTMENT	8,000,000	8,000,000

8.2 Buildings and Civil Works Costs

The premises and buildings will be rented. Civil work necessary are those for constructions for plant installation only. These are estimated and given under cost of machinery.

8.3 Plant Machinery and Equipment Costs

The main machinery for the envisaged project will be electric furnace, steaming ladles and moulds, reheating various tools, accessories etc,

Furniture and Fittings

The items to be purchased will comprise office furniture and computers for office and factory.

Vehicles

A 15 toner truck and a 5 toner truck that will be used for transportation of raw materials and finished products and other office activities are recommended. A bus of 45 seats will be provided for workers' transport and two saloon cars for the top management.

8.4 Pre-Production Capital Expenditures

These include project development cost for feasibility study and start-up expenses including interest on loan taken for capital investment. In the pre-production period.

8.5 Initial Working Capital

Initial working capital requirements for the proposed steel mill project works out at about US\$.1.50 million

Financing Pattern

The financing of the project will be form shareholders' equity

9.0 COST OF OPERATION

The anticipated costs for operating the project are detailed in the following sections. The capacity utilization has been assumed to grow at a rate of 50% in year 1, 60% in year 2, 70% in year 3 while stabilized production is envisaged from the fourth year at 80% of rated capacity. 80% will be the sustainable production level.

9.0 Raw Materials Cost

9.0.1 Steel Scrap

The major raw materials for the project are steel scrap

9.0.2 Bricks

Under the list of raw materials included are refractory bricks (fire and magnesite bricks) which will have to be imported

Consumables

In order to conduct smooth production a number of other inputs will be used. Other items considered under consumable include charcoal, lancing pipes and sodium silicate.

10.0 FINANCIAL ANALYSIS

10.0 Income and Expenditure

10.0.1 Income

The proposed steel mill project expects to earn its income through the sale of reinforcement steel products mainly at sustainable level of production; the total sales are expected to stand at US\$.1.63 million from the fourth year of production onwards by selling a total of 7000t of final products.

Expenditure

A total of US\$ million (which excludes the cost of finance and depreciation) is expected to be spend in year 1 and this will grow to US\$. from year 4 onwards.

10.1 Net Income Statement

The project generates profit right from year 2. A total of US\$.0.74 million will be generated in that year. The project is expected to generate accumulated undistributed profits of US\$. 0.435 Million during the ten years of operation.

10.2 Cash Flow statement

The project's cash flow is impressive as the need for external assistance arises only in the initial stages of the project investment.

11.0 IMPLEMENTATION SCHEDULE

11.0 Sequence of activities

The total project's implementation period is tentatively worked out at about three years.

The sequences of activities required for realising the project after the study is completed are as follows:-

11.1 Registration with TIC

The project promoters will forward copies of the same, together with the application forms, to the Tanzania Investment Centre (TIC). This will help the firm to get the investment incentives currently offered by the Government through TIC which include exemption from paying customs duty and VAT on imported capital items, and tax allowances. .

11.2 Bill of Quantities and Ordering of Machines and Installations

This process is expected to be completed in two months; period after the funds are committed. After orders are put it will take about 6 months for the same to be fabricated and shipped and received in Dar es Salaam.

11.3 Installation of Machinery and Commissioning

Installation of machines and equipment would be carried out immediately they are cleared from the port. Port clearance, transportation to site and installation of machines will take about 3 months. Commissioning will be undertaken a month or two thereafter. In other words, machinery should be ordered in about 9 months before their services are required.

12.0 Economic Development Considerations

Employment creation

The project will create approximately 325 jobs with capacity to expand the employment levels in the later years.

Foreign exchange earnings

The project will save foreign Exchange in the way of import substitution. This is great contribution to the country in foreign exchange earnings.

13.0 CONCLUSION AND RECOMMENDATIONS

Analysis of the viability of the M/S Simba steel mills limited, Project aimed at expanding its activities and that the proposal is financially viable and commercially attractive. The short implementation period combined with the envisaged financial returns makes the proposal highly attractive and ideal for supporting. This study recommends timely implementation of the proposal.

SIMBA STEELS LIMITED**INVESTMENT COST**

US\$

DESCRIPTION	LOCAL	TOTAL
Land and Building	2,000,000	2,000,000
Plant & Machinery	3,500,000	3,500,000
Furniture & Fitting	300,000	300,000
Vehicles	400,000	400,000
Pre-Operational Expenses	200,000	200,000
Others	100,000	100,000
Working Capital	1,500,000	1,500,000
TOTAL INVESTMENT	8,000,000	8,000,000

APPENDIX: 2

SIMBA STEELS LIMITED
PROJECT FINANCING

US\$

DESCRIPTION	FOREIGN	LOCAL	TOTAL
Equity		8,000,000	8,000,000
TOTAL INVESTMENT		8,000,000	8,000,000

SIMBA STEELS LIMITED

CASH FLOW FORECAST

	0	1	2	3	4	5	6	7	8	9	10
RECEIPTS											
Equity	8,000,000										
PAYMENTS											
Investment	8,000,000										
Salaries		19305	19305	19305	19305	19305	19305	19305	19305	19305	19305
Postage & Stamp		1020	1020	1020	1020	1020	1020	1020	1020	1020	1020
Telephone		1326	1326	1326	1326	1326	1326	1326	1326	1326	1326
Motor & Travel Expenses		15422	15422	15422	15422	15422	15422	15422	15422	15422	15422
Legal & Profession Fees		3060	3060	3060	3060	3060	3060	3060	3060	3060	3060
Audit/Accountancy		2720	2720	2720	2720	2720	2720	2720	2720	2720	2720
Advertising & Marketing		510	510	510	510	510	510	510	510	510	510
Insurance		1360	1360	1360	1360	1360	1360	1360	1360	1360	1360
Bank Charge		4420	4420	4420	4420	4420	4420	4420	4420	4420	4420
TOTAL PAYMENT	8,000,000	49,143	49143	49143	49143	49143	49143	49143	49143	49143	49143
NET CASH FLOW	-	638012	775393	940360	940360	940360	940360	940360	940360	940360	940360
OPENING BANK	-	-	638012	143405	2353765	3294125	3294125	423485	5174846	6115200	7055565
CLOSING BANK	-	638,012	143,405	2,353,765	3,294,125	3,294,125	4,234,850	5,174,846	6,115,200	7,055,565	7,995,925



BAKER TILLY
DGP & CO
Certified Public Accountant

SIMBA STEELS LIMITED
P. O. Box 21916,
Dar es Salaam,
Annual Report 2009



an independent member of
BAKER TILLY
INTERNATIONAL

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 2009

1 The Directors present their report and financial statements for the year ended 31st December, 2009

2 **ACTIVITIES**

The principal activity of the company is manufacturing and selling of High Tensile and Mild Steel Bars.

3 **DIRECTORS RESPONSIBILITY**

As Directors, it is our responsibility to prepare the financial statements for each financial year that give a true and fair view of the state of affairs of the company at the end of financial year. We are also responsible for keeping proper accounting records in line with the provisions of S.122 of the Companies Ordinance Cap.212 for taking reasonable steps to safeguard the assets of the company and to prevent and detect any fraud or other irregularities.

4 **FINANCIAL RESULTS**

The financial results of the company are set out in the financial statements presented herewith.

5 **DIVIDENDS**

The Directors do not recommended any dividends during the year.

6 **DIRECTORS**

The Directors of the company at the date of the report, all of whom have served during the year are:-

<u>NAME</u>	<u>NATIONALITY</u>
Aziz Lalani	Kenyan
Amin Ramji	Tanzanian
Mehboob Ramji	Tanzanian
Sadruddin Mangalji	Canadian
Sarah Shamji	Canadian

7 **AUDITORS**

M/s. Baker Tilly DGP & Co. Certified Public Accountants
have expressed their willingness to be re-appointed as auditors of the company.

BY THE ORDER OF THE BOARD

Dar-es-Salaam
Date: 24 JUL 2010


.....
DIRECTOR


.....
DIRECTOR



BAKER TILLY DGP & CO

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIMBA STEELS LIMITED

We have audited the accompanying financial statements of Simba Steels Limited, set out herewith, which comprises of Balance sheet as at 31st December 2009, Profit and loss account, and cash flow statement for the year then ended, summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described in the Directors' report, the company's Board of Directors is responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards and in compliance with Companies Act 2002. This responsibility includes: design, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We report:

1. The stock as at the balance sheet date is physically verified and valued by the Management.
2. The balances of debtors and creditors are subject to confirmation and reconciliation, if any at the balance sheet date except for group company accounts.

Emphasis of the matter

Attention is drawn to Note No. 6 to the financial statements regarding going concern assumption. The Directors have prepared the financial statements on Going Concern basis on the assumption that the Company will continue to be operational for a foreseeable future. The validity of these assumptions depends on the Company being able to meet its obligation as they fall due and the availability of funds with the Directors.

Opinion

In our opinion, the financial statements of the company, subject to above, give a true and fair view of the state of affairs of the company as on 31st December 2009 and of its profit for the year then ended and its cash flows for the period then ended and are not prepared in accordance with the International Financial Reporting Standards and not complying with the requirements of the Companies Act, 2002.

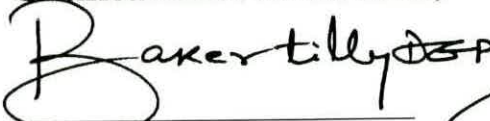
Report on other Legal and Regulatory Requirements

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

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

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

For Baker Tilly DGP & Co.
Certified Public Accountants,



K. S. Bhattbhatt
Partner



Place : Dar Es Salaam

Dated : 25 JUL 2010

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

BALANCE SHEET AS AT 31ST DECEMBER, 2009

	<u>NOTE</u>	<u>2009</u> <u>Tshs</u>	<u>2008</u> <u>Tshs</u>
<u>NON CURRENT ASSETS</u>			
Fixed Assets	7	3,409,509,515	2,845,440,250
Capital Work-in-Progress	7	-	1,037,701,896
		<u>3,409,509,515</u>	<u>3,883,142,146</u>
<u>CURRENT ASSETS</u>			
Stocks	8	1,522,749,594	1,682,089,843
Sundry Debtors		374,963,627	109,218,727
Deposits, Prepayments & Advances	9	29,591,991	359,452,177
Dues from Associate company		421,763,799	669,013,799
Bank Balances & Cash	10	8,197,516	1,057,474
		<u>2,357,266,527</u>	<u>2,820,832,020</u>
<u>CURRENT LIABILITIES</u>			
Bank Overdrafts	11	2,532,218,164	2,674,343,091
Sundry Creditors		83,358,625	315,592,297
Taxation		11,468,318	-
Other Liabilities	12	144,148,580	118,246,790
		<u>2,771,193,687</u>	<u>3,108,182,178</u>
NET CURRENT ASSETS		(413,927,160)	(287,350,158)
PROFIT & LOSS ACCOUNT		2,243,417,645	1,943,208,012
NET ASSETS		<u><u>5,239,000,000</u></u>	<u><u>5,539,000,000</u></u>
<u>FINANCED BY:</u>			
Share Capital	13	4,364,000,000	4,364,000,000
Term Loans	14	875,000,000	1,175,000,000
		<u><u>5,239,000,000</u></u>	<u><u>5,539,000,000</u></u>

The financial statements on pages 4 to 12 were approved by the Board of Directors in its meeting were signed on their behalf:-

Notes on Pages 7 to 12 form an integral part of these financial statements.

Report of Auditors - Page 2


.....
DIRECTOR

Date: - 24 JUL 2010



.....
DIRECTOR

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2009

	<u>NOTES</u>	<u>2009</u> <u>Tshs</u>	<u>2008</u> <u>Tshs</u>
<u>INCOME</u>			
Sale of Iron Bars		3,822,772,782	2,516,501,873
LESS: COST OF SALES	15	<u>3,151,558,080</u>	<u>2,403,493,613</u>
GROSS PROFIT		671,214,702	113,008,260
<u>LESS: EXPENSES</u>			
Administration & Establishment	16	656,875,803	474,002,217
Selling & Distribution	17	10,444,930	8,645,603
Financial Charges	18	<u>528,353,351</u>	<u>329,257,986</u>
		<u>1,195,674,084</u>	<u>811,905,807</u>
Operating Loss		(524,459,383)	(698,897,546)
Add: Other Incomes	19	<u>267,675,276</u>	<u>(68,000)</u>
Operating Loss Before Taxation		(256,784,107)	(698,965,546)
Provision for Tax		11,468,318	-
Loss for the Year After Tax		<u>(268,252,425)</u>	<u>(698,965,546)</u>
Add: Balance Brought Forward		(1,943,208,012)	(1,235,235,931)
Less: Prior Year Expenses		31,957,208	9,006,535
Less: Short provision for tax for earlier year		-	-
		(2,243,417,645)	(1,943,208,012)

Notes on Pages 7 to 12 form an integral part of these financial statements.


.....
DIRECTOR
Date 24 JUL 2010


.....
DIRECTOR

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2009

	<u>2009</u>	<u>2008</u>
	<u>Tshs</u>	<u>Tshs</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit Before Tax	(256,784,107)	(698,965,546)
Adjustment For: Depreciation	574,329,886	402,604,640
	<u>317,545,779</u>	<u>(296,360,906)</u>
(Increase)/Decrease in Stocks	159,340,249	(1,053,307,405)
(Increase)/Decrease in Debtors, Prepayments & Advances	64,115,286	(86,621,533)
(Increase)/Decrease in Dues from Associate company	247,250,000	(574,158,534)
Increase/(Decrease) in Creditors, Advances & Other Liabilities	(206,331,883)	3,635,109
	<u>264,373,652</u>	<u>(1,710,452,363)</u>
CASH GENERATED FROM OPERATIONS	581,919,432	(2,006,813,269)
Less: Tax paid	-	
: Prior year adjustments	(31,957,208)	(9,006,536)
NET CASH FROM OPERATING ACTIVITIES A	<u>549,962,224</u>	<u>(2,015,819,805)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Increase/(Decrease) in Bank Overdraft	(142,124,927)	711,981,032
Increase/(Decrease) in Long Term Loans	(300,000,000)	(300,000,000)
Increase/(Decrease) in Share Capital	-	4,363,800,000
Increase/(Decrease) in Shareholders Funds	-	(2,072,454,042)
NET CASH USED IN FINANCING ACTIVITIES B	<u>(442,124,927)</u>	<u>2,703,326,991</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Assets	(1,138,399,152)	(459,743,711)
Capital Work In Progress	1,037,701,896	(228,509,409)
NET CASH USED IN INVESTING ACTIVITIES C	<u>(100,697,256)</u>	<u>(688,253,120)</u>
Increase/(Decrease) in Cash & Cash Equivalents A+B+C	7,140,041	(745,934)
	1,057,474	1,803,408
Cash & Cash Equivalents as at 31st December	<u>8,197,516</u>	<u>1,057,474</u>

Notes on Pages 7 to 12 form an integral part of these financial statements.



DIRECTOR

Date: 24 JUL 2010



DIRECTOR

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2009

1 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company has not adopted the International Financial Reporting Standards for the preparation and presentation of its financial statements. In the circumstances, these Financial Statements have been prepared under the generally accepted accounting principles.

2 SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention

The Financial Statements have been prepared under the historical cost convention. A Summary of more important accounting policies is set out below:

1.2 Turnover

Turnover represents the invoiced value of goods supplied net of VAT and Trade Discounts

1.3 Fixed Assets

Fixed Assets are stated in the Balance Sheet at cost less depreciation. Continuing existence and verification of Fixed Assets is certified by the management.

1.4 Depreciation

Depreciation is provided so as to write off the fixed assets on straight line basis. The principal annual rates used for this purpose which are consistent with those of last year are:

<u>Nature of Asset</u>	<u>Rate per annum</u>
Land & Building	5.00%
Plant & Machinery	12.50%
Motor Vehicles	25.00%
Gas Cylinder Plant	12.50%
Furniture	12.50%
Office Equipments	12.50%

1.5 Stocks

Stocks are valued and verified by the Management at the lower of cost or net realisable value.

1.6 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are attributable to the acquisition, construction, or production of an asset till put for its intended use is capitalized as part of the cost of the asset.

3 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are converted into Tanzanian Shillings at the exchange rate prevailing at the date of the transaction. Assets and Liabilities at the Balance Sheet Date which are expressed in Foreign Currency are translated into Tanzanian Shillings at the rate ruling at that date. The resulting difference from conversions and translations are dealt with in the profit and loss account in the year in which they arise.

4 REGROUPING

Previous year figures have been rearranged and regrouped wherever necessary to make them comparable with the current year's figures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 BRANCHES

During the year the board of directors decided to close down the Zanzibar branch that was opened in August 2008 as no favourable business opportunities were available.

6 GOING CONCERN

At the balance sheet date, the company is having a carry forward loss of Tshs 2243.42 Millions which has eroded almost 50% of the Net worth of the Company. The Current Liabilities have exceeded the Current Assets by Tshs 414 Millions. The Directors of the Company are confident that the Company will be able to revive from this loss in the near future as the the operation of the new furnace and plant and machinery is started.

In view of the above, the Financial statements have been prepared on a going concern basis which assumes that the company will continue to be operational for a foreseeable period of time.

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 FIXED ASSETS SCHEDULE

Sr. No.	Particulars	COST				DEPRECIATION			NET BLOCK	
		As at 01.01.2009 Tshs	Additions Tshs	Transfers/ Disposals Tshs	As at 31.12.2009 Tshs	As at 01.01.2009 Tshs	Charge for the year Tshs	As at 31.12.2009 Tshs	As at 31.12.2009 Tshs	As at 31.12.2008 Tshs
1	Land & Building	789,734,981	-	-	789,734,981	118,309,740	39,486,749	157,796,489	631,938,492	671,425,241
2	Plant & Machinery	3,171,190,982	100,697,256	1,037,701,896	4,309,590,134	1,025,086,421	529,523,410	1,554,609,830	2,754,980,303	2,146,104,561
3	Motor Vehicles	27,051,327	-	-	27,051,327	27,051,326	-	27,051,326	1	1
4	Furniture	21,925,332	-	-	21,925,332	6,998,452	2,740,667	9,739,119	12,186,214	14,926,880
5	Office Equipment	20,632,489	-	-	20,632,489	7,648,922	2,579,061	10,227,983	10,404,506	12,983,567
	Total	3,490,837,909	100,697,256	1,037,701,896	5,168,934,262	1,185,094,861	574,329,886	1,759,424,747	3,409,509,515	2,845,440,250
	Capital Work in Progress	1,037,701,896		(1,037,701,896)	-	-	-	-	-	1,037,701,896

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2009</u>	<u>2008</u>
	<u>Tshs</u>	<u>Tshs</u>
8 <u>STOCKS</u>		
Raw Materials	326,079,125	161,362,390
Finished Goods	591,286,049	1,230,911,209
Farm Implements	-	18,043,736
Stores & Consumables	605,384,421	271,772,508
	<u>1,522,749,594</u>	<u>1,682,089,843</u>
9 <u>DEPOSITS, PREPAYMENTS & ADVANCES</u>		
Prepaid Expenses	13,073,710	16,868,559
Cylinder Deposits	554,167	554,167
Telephone Deposit	125,000	125,000
Margin Money for LC and Bank Guarantee	-	1,213,635
Madona Hospital Deposit	80,350	80,350
TanESCO Deposit	500,000	500,000
Oryx Oil Company Limited	565,200	565,200
VAT Recoverable	-	197,393,948
Unclaimed Input VAT	-	32,407,097
Advance Tax	-	825,000
Loans to Staff & Workers	5,811,723	1,129,603
Advance to Suppliers	8,881,841	102,480,874
Insurance Claim Receivable	-	5,308,744
	<u>29,591,991</u>	<u>359,452,177</u>
10 <u>BANK BALANCES & CASH</u>		
Balance with Bank	2,857,639	204,429
Cash in Hand	5,339,877	853,046
	<u>8,197,516</u>	<u>1,057,474</u>
11 <u>BANK OVERDRAFT</u>		
Overdraft Facility from NBC	2,532,218,164	2,674,343,091
	<u>2,532,218,164</u>	<u>2,674,343,091</u>

Overdraft facilities from NBC are secured as under

(A) Legal Mortgage over CT 52592 being plot no. 317 Mandela Road, Tabata Light Industrial Area

(B) Chattel Mortgage over the Plant & Machinery located at plot no. 317 Mandela Road, Tabata Light Industrial Area.

(C) Debenture over the Company's Fixed and Floating Assets

(D) Joint Guarantee of the Shareholders

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2009</u>	<u>2008</u>
	<u>Tshs</u>	<u>Tshs</u>
12 OTHER LIABILITIES		
Advance from Customers	11,730,000	101,704,044
Audit Fees Payable	2,888,600	1,469,800
City Service Levy Payable	6,134,161	1,885,757
Electricity Charges Payable	104,708,234	12,024,655
NSSF Payable	1,586,458	687,450
PAYE Payable	276,780	248,237
ROC Fees Payable	-	24,000
SDL Payable	933,772	202,847
Telephone charges payable	770,000	-
TUICO Contribution payable	241,477	-
VAT Payable	14,879,098	-
	<u>144,148,580</u>	<u>118,246,790</u>
13 SHARE CAPITAL		
<u>Authorised Share Capital</u>		
60,000 Ordinary Shares of Shs. 100,000/- each	<u>6,000,000,000</u>	<u>6,000,000,000</u>
<u>Issued & Paid Up Capital</u>		
43640 Ordinary Shares of Shs. 100,000/- each	<u>4,364,000,000</u>	<u>4,364,000,000</u>
14 TERM LOANS		
NBC Term Loan	<u>875,000,000</u>	<u>1,175,000,000</u>
	<u>875,000,000</u>	<u>1,175,000,000</u>
Term Loan from NBC is secured as under		
(A) Legal Mortgage over CT 52592 being plot no. 317 Mandela Road, Tabata Light Industrial Area.		
(B) Chattel Mortgage over the Plant & Machines located at plot no. 317 Mandela Road, Tabata Light Industrial Area.		
(C) Debenture over the Company's Fixed and Floating Assets		
(D) Joint Guarantee of the Shareholders		
15 COST OF SALES		
Opening Stock	1,682,089,844	628,782,438
A MATERIAL		
Material Purchased	970,228,337	2,378,214,882
B LABOUR		
Salaries, Wages & Related Cost	159,400,515	178,407,656
C FACTORY OVERHEADS		
Electricity & Water	1,030,097,440	477,058,583
Purchase of Coal. Fuel, Furnace Oil and Lubricants	495,781,552	254,970,136
Stores, Spares & Consumables	313,763,376	146,996,411
Factory Overheads and Machinery Rep. & Maint.	1,465,487	806,083
Insurance	21,481,124	20,347,266
MANUFACTURING COST INCURRED DURING THE YEAR	A+B+C	
	4,674,307,674	4,085,583,456
Less: Closing Stock	1,522,749,594	1,682,089,843
COST OF SALES	<u>3,151,558,080</u>	<u>2,403,493,613</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2009</u>	<u>2008</u>
	<u>Tshs</u>	<u>Tshs</u>
16 ADMINISTRATIVE & ESTABLISHMENT		
Audit Fees	2,888,600	1,300,000
Computer Maintenance & Repairs	5,000	140,000
Conveyance Expenses	97,700	1,375,400
Depreciation	574,329,886	402,604,640
Electricity & Water	973,540	1,094,941
Land Rent	2,003,187	986,160
Legal & Professional Fees	740,000	1,085,000
Medical Expenses	2,784,975	2,054,890
Office Expenses	3,313,331	4,234,030
Postage, Telephone & Internet Charges	12,955,303	11,288,831
Printing & Stationery	2,115,588	1,796,115
Repairs & Maintenance	1,109,667	365,000
ROC Filing Fees	199,500	4,147,000
Salary & Wages	23,925,338	23,778,781
Security Charges	22,800,000	15,358,405
Travelling	5,068,400	-
Vehicle Running Expenses	1,565,788	2,393,025
	<u>656,875,803</u>	<u>474,002,217</u>
17 SELLING & DISTRIBUTION		
Advertisement & Business Promotion	-	2,846,000
City Service Levy	10,444,930	5,799,603
	<u>10,444,930</u>	<u>8,645,603</u>
18 FINANCIAL CHARGES		
Bank Charges	22,586,277	15,362,943
Interest To Bank	505,767,075	313,895,043
	<u>528,353,351</u>	<u>329,257,986</u>
19 OTHER INCOMES		
Credit balance written back	267,651,211	-
Exchange Gain / (Loss)	24,065	(68,000)
	<u>267,675,276</u>	<u>(68,000)</u>

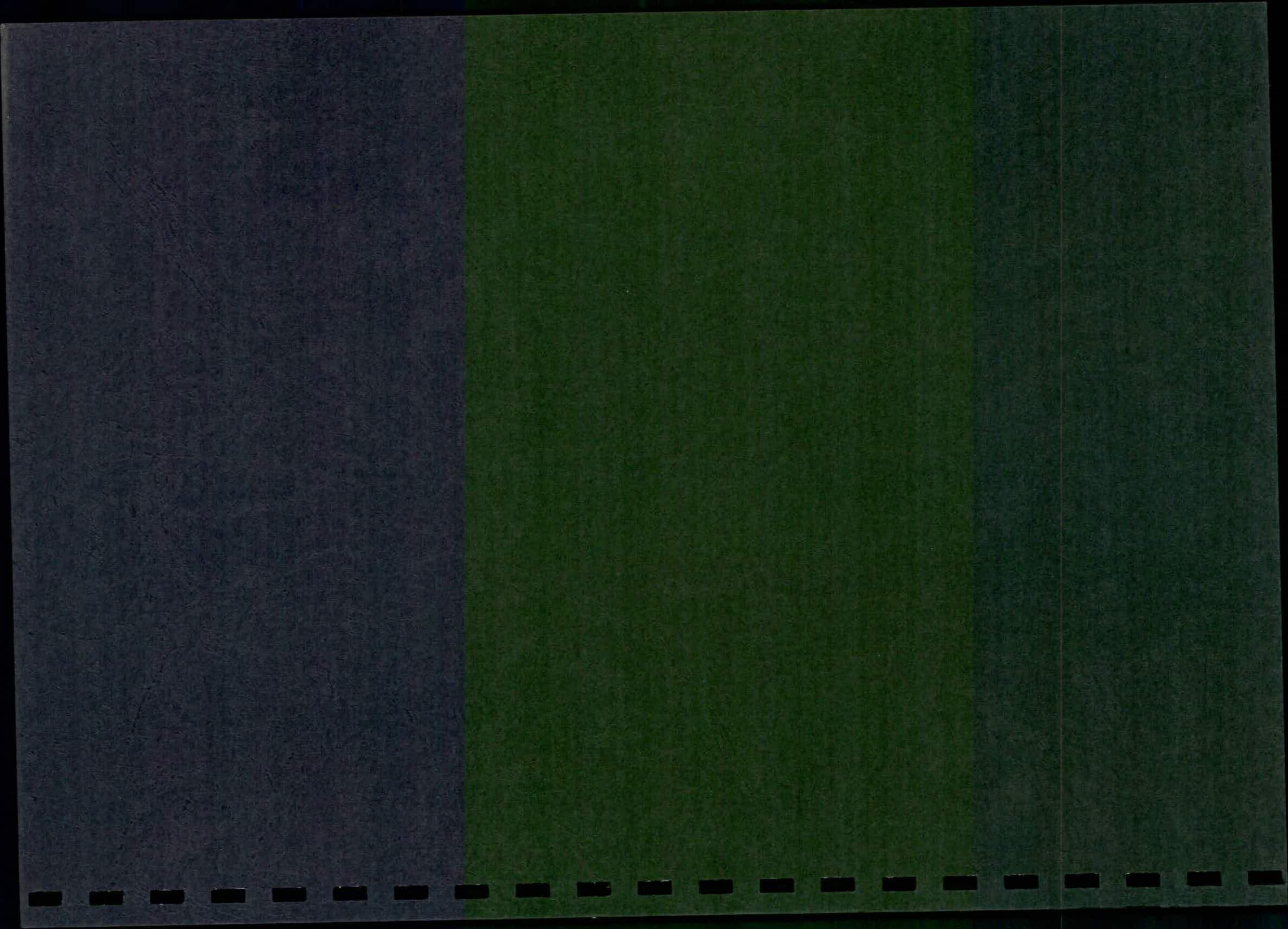
SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

COMPUTATION OF TAXABLE INCOME

	2009	2008
(Loss) as per Accounts	(268,252,425)	(698,965,546)
Add: Disallowable & Private element		
Depreciation	574,329,886	402,604,640
Private use of Vehicles (15%)	234,868	358,954
Private use of Telephone (15%)	1,943,295	1,693,325
Work Permit and Visa Fees	-	4,112,260
Legal & Professional Fees	740,000	1,085,000
	<u>308,995,625</u>	<u>(289,111,368)</u>
Less: Wear & Tear	677,080,980	287,270,783
TAXABLE PROFIT FOR THE YEAR	(368,085,355)	(576,382,151)
Add: Loss Brought Forward from Previous Years	(839,862,398)	(373,710,305)
Loss Carried Forward to Next Year	<u>(1,207,947,754)</u>	<u>(950,092,457)</u>

WEAR & TEAR SCHEDULE FOR TAX PURPOSE

	CLASS I	CLASS II	CLASS III	CLASS VI	TOTAL
Balance B/Fwd	4,263,508	278,841,293	21,684,176	677,234,866	982,023,844
Additions		1,138,399,152			1,138,399,152
	<u>4,263,508</u>	<u>1,417,240,445</u>	<u>21,684,176</u>	<u>677,234,866</u>	<u>2,120,422,996</u>
Less: Wear & Tear	1,598,816	69,710,323	2,710,522	33,861,743	107,881,404
: 50% on Additions	-	569,199,576	-	-	569,199,576
	<u>1,598,816</u>	<u>638,909,899</u>	<u>2,710,522</u>	<u>33,861,743</u>	<u>677,080,980</u>
Balance C/Fwd	<u>2,664,693</u>	<u>778,330,546</u>	<u>18,973,654</u>	<u>643,373,123</u>	<u>1,443,342,015</u>



SIMBA STEELS LIMITED
P. O. Box 21916,
Dar es Salaam,
Annual Report 2010

M/S. SIMBA STEELS LIMITED. P.O.BOX 21916 – DAR-ES-SALAAM

CORPORATE INFORMATION

Board of Directors	: Mr Amin Ramji	Director
	: Mr. Aziz Lalani	Director
	: Mr. Mehboob Ramji	Director
	: Mr. Sadruddin Mangalgi	Director
	: Mrs. Sarah Shamji	Director

Registered & Works Office : Plot No. 317,
Nelson Mandela Road,
P. O. Box 21916
Dar-es-salaam

Auditors : Baker Tilly DGP & Co.,
Certified Public Accountants,
P.O.Box 1314
Dar-es-salaam

Principal Bankers : National Bank of Commerce
P.O.Box 9062
Dar-es-salaam

M/S. SIMBA STEELS LIMITED, P.O.BOX 21916 – DAR-ES-SALAAM

REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
DECEMBER 2010

<u>CONTENTS</u>	<u>PAGE</u>
Directors Report	1
Auditors Report	2-3
Balance Sheet	4
Profit & Loss Account	5
Cash Flow Statement	6
Notes to the Financial Statements	7-12

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

1. The Directors have pleasure in submitting their report together with the audited Financial Statements for the year ended 31st December 2010, which disclose the state of affairs of the company.

2. Principal Activities

The principal activities of the company continued to be manufacturing and selling of High tensile & Mild Steel Bars.

3. Administrative Efficiency

Payments of all the statutory dues such as Pay As You Earn, National Social Security Fund, Skills & Development Levy and VAT were generally made in time.

4. Employee Welfare

Regular in house training facilities have continued to be a feature of the company's employee upgrading plans.

The Management/Employee relationship remained cordial throughout the year.

5. Factors Affecting the Solvency of the Company

The Financial position of the company is shown in the Financial Statements presented herewith.

The company has secured the term loans facilities from NBC Bank by securing the first charge on the factory land & building.

6. Related Party Transactions

There were transactions of sale and purchase of goods with Companies in which Directors are interested. We believe that transactions with all such parties have been entered at an arms' length.

7. Dividends

The Directors do not recommend any dividend for the year.

8. Directors Responsibilities

As Directors, it is our responsibility to prepare the financial statements for each financial year that gives a true and fair view of the state of affairs of the company at the end of the financial year. We are also responsible for keeping proper accounting records in line with the provisions of section 122 of the Companies Act, 2002 for taking reasonable steps to safeguard the assets of the company, to prevent, detect fraud and other irregularities.

We confirm that suitable accounting policies have been adopted and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the Financial Statements for the year ended on 31st December 2010. We also confirm that the applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

9. Directors

The Directors of the company who were on Board during the year were:

<u>Name</u>	<u>Nationality</u>	<u>Changes Thereof</u>
Mr. Aziz Lalani	Kenyan	-
Mr. Amin Ramji	Tanzanian	-
Mr. Mehboob Ramji	Tanzanian	-
Mr. Sadruddin Mangalji	Canadian	-
Mrs. Sarah Shamji	Canadian	-

10. Auditors

The auditors, M/s. Baker Tilly DGP & Co. Certified Public Accountants have expressed their willingness to continue in office and are eligible for re-appointment.

BY ORDER OF THE BOARD


.....
DIRECTOR


.....
DIRECTOR

DAR-ES-SALAAM
DATE: 22 JUN 2011

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIMBA STEELS LIMITED

We have audited the accompanying financial statements of Simba Steels Limited, set out herewith, which comprises of Balance sheet as at 31st December 2010, Profit and loss account, and cash flow statement for the year then ended, summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described in the Directors' report, the company's Board of Directors is responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards and in compliance with Companies Act 2002. This responsibility includes: design, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We report:

1. The stock as at the balance sheet date is physically verified and valued by the Management.
2. The balances of debtors and creditors are subject to confirmation and reconciliation, if any at the balance sheet date except for group company accounts.

Emphasis of the matter

Attention is drawn to Note No. 6 to the financial statements regarding going concern assumption. The Directors have prepared the financial statements on Going Concern basis on the assumption that the Company will continue to be operational for a foreseeable future. The validity of these assumptions depends on the Company being able to meet its obligation as they fall due and the availability of funds with the Directors.

Opinion

In our opinion, the financial statements of the company, subject to above, give a true and fair view of the state of affairs of the company as on 31st December 2010 and of its profit for the year then ended and its cash flows for the period then ended and are not prepared in accordance with the International Financial Reporting Standards and not complying with the requirements of the Companies Act, 2002.

Report on other Legal and Regulatory Requirements

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

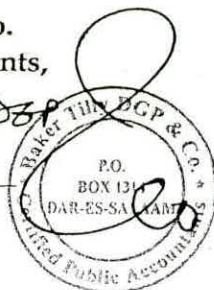
As required by the Companies Act 2002, we report to you, based on our audit that:

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

For Baker Tilly DGP & Co.
Certified Public Accountants,

Baker Tilly DGP & Co.

K. S. Bhattbhatt
Partner



Place : Dar Es Salaam

Dated : 23 JUN 2011

BALANCE SHEET AS AT 31ST DECEMBER, 2010

	<u>NOTE</u>	<u>2010</u> <u>Tshs</u>	<u>2009</u> <u>Tshs</u>
<u>NON CURRENT ASSETS</u>			
Fixed Assets	6	2,928,213,899	3,409,509,515
Capital Work-in-Progress	6	54,793,029	-
		<u>2,983,006,928</u>	<u>3,409,509,515</u>
<u>CURRENT ASSETS</u>			
Stocks	7	2,173,304,075	1,522,749,595
Sundry Debtors		478,158,809	374,963,627
Deposits, Prepayments & Advances	8	131,404,651	29,591,991
Dues from Associate company		615,114,074	421,763,799
Bank Balances & Cash	9	116,489,957	8,197,516
		<u>3,514,471,566</u>	<u>2,357,266,528</u>
<u>CURRENT LIABILITIES</u>			
Bank Overdrafts	10	1,666,947,564	2,532,218,164
Sundry Creditors	11	223,621,594	83,358,625
Taxation		8,277,718	11,468,318
Other Liabilities	12	264,673,541	144,148,580
		<u>2,163,520,417</u>	<u>2,771,193,687</u>
NET CURRENT ASSETS		1,350,951,149	(413,927,159)
PROFIT & LOSS ACCOUNT		2,072,677,951	2,243,417,646
NET ASSETS		<u><u>6,406,636,026</u></u>	<u><u>5,239,000,000</u></u>
<u>FINANCED BY:</u>			
Share Capital	13	4,364,000,000	4,364,000,000
Term Loans	14	2,042,636,026	875,000,000
		<u><u>6,406,636,026</u></u>	<u><u>5,239,000,000</u></u>

The financial statements on pages 4 to 12 were approved by the Board of Directors in its meeting
were signed on their behalf:-

Notes on Pages 7 to 12 form an integral part of these financial statements.

Report of Auditors - Page 2


.....
DIRECTOR

Date: - 22 JUN 2011


.....
DIRECTOR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2010

	NOTE:	2010 Tshs	2009 Tshs
INCOME			
Sale of Iron Bars		4,375,424,719	3,822,772,782
LESS: COST OF SALES	15	<u>3,124,830,732</u>	<u>3,151,558,081</u>
GROSS PROFIT		1,250,593,987	671,214,701
LESS: EXPENSES			
Administration & Establishment	16	702,457,015	656,875,803
Selling & Distribution	17	12,641,316	10,444,930
Financial Charges	18	<u>401,386,747</u>	<u>528,353,352</u>
		<u>1,116,485,078</u>	<u>1,195,674,085</u>
Operating Profit/ Loss		134,108,909	(524,459,384)
Add: Other Incomes	19	<u>92,453,691</u>	<u>267,675,276</u>
Operating Profit / Loss Before Taxation		226,562,600	(256,784,108)
Provision for Tax		<u>8,277,718</u>	<u>11,468,318</u>
Profit/ Loss for the Year After Tax		218,284,882	(268,252,426)
Add: Balance Brought Forward		(2,243,417,646)	(1,943,208,012)
Less: Prior Year Expenses		47,545,186	31,957,208
Less: Short provision for tax for earlier year		-	-
		(2,072,677,951)	(2,243,417,646)

Notes on Pages 7 to 12 form an integral part of these financial statements.



 DIRECTOR
 Date: 22 JUN 2011



 DIRECTOR

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2010

	<u>2010</u> <u>Tshs</u>	<u>2009</u> <u>Tshs</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit Before Tax	226,562,600	(256,784,107)
Adjustment For: Depreciation	598,106,619	574,329,886
	<u>824,669,219</u>	<u>317,545,779</u>
(Increase)/Decrease in Stocks	(650,554,480)	159,340,249
(Increase)/Decrease in Debtors, Prepayments & Advances	(205,007,842)	64,115,286
(Increase)/Decrease in Dues from Associate company	(193,350,275)	247,250,000
Increase/(Decrease) in Creditors, Advances & Other Liabilities	260,787,930	(206,331,883)
	<u>(788,124,668)</u>	<u>264,373,652</u>
CASH GENERATED FROM OPERATIONS	36,544,551	581,919,432
Less: Tax paid	(11,468,318)	-
: Prior year adjustments	(47,545,186)	(31,957,208)
NET CASH FROM OPERATING ACTIVITIES A	<u>(22,468,953)</u>	<u>549,962,224</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Increase/(Decrease) in Bank Overdraft	(865,270,600)	(142,124,927)
Increase/(Decrease) in Long Term Loans	1,167,636,026	(300,000,000)
Increase/(Decrease) in Share Capital	-	-
Increase/(Decrease) in Shareholders Funds	-	-
NET CASH USED IN FINANCING ACTIVITIES B	<u>302,365,426</u>	<u>(442,124,927)</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Assets	(116,811,002)	(1,138,399,152)
Capital Work In Progress	(54,793,029)	1,037,701,896
NET CASH USED IN INVESTING ACTIVITIES C	<u>(171,604,031)</u>	<u>(100,697,256)</u>
Increase/(Decrease) in Cash & Cash Equivalents A+B+C	108,292,442	7,140,041
	8,197,515	1,057,474
Cash & Cash Equivalents as at 31st December	<u>116,489,957</u>	<u>8,197,515</u>

Notes on Pages 7 to 12 form an integral part of these financial statements.

.....
DIRECTOR

Date: 22 JUN 2011

.....
DIRECTOR

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

1 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company has not adopted the International Financial Reporting Standards for the preparation and presentation of its financial statements. In the circumstances, these Financial Statements have been prepared under the generally accepted accounting principles.

2 SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention

The Financial Statements have been prepared under the historical cost convention. A Summary of more important accounting policies is set out below:

1.2 Turnover

Turnover represents the invoiced value of goods supplied net of VAT and Trade Discounts

1.3 Fixed Assets

Fixed Assets are stated in the Balance Sheet at cost less depreciation. Continuing existence and verification of Fixed Assets is certified by the management.

1.4 Depreciation

Depreciation is provided so as to write off the fixed assets on straight line basis. The principal annual rates used for this purpose which are consistent with those of last year are:

<u>Nature of Asset</u>	<u>Rate per annum</u>
Land & Building	5.00%
Plant & Machinery	12.50%
Motor Vehicles	25.00%
Gas Cylinder Plant	12.50%
Furniture	12.50%
Office Equipments	12.50%

1.5 Stocks

Stocks are valued and verified by the Management at the lower of cost or net realisable value.

1.6 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are attributable to the acquisition, construction, or production of an asset till put for its intended use is capitalized as part of the cost of the asset.

3 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are converted into Tanzanian Shillings at the exchange rate prevailing at the date of the transaction. Assets and Liabilities at the Balance Sheet Date which are expressed in Foreign Currency are translated into Tanzanian into Tanzanian Shillings at the rate ruling at that date. The resulting difference from conversions and translations are dealt with in the profit and loss account in the year in which they arise.

4 REGROUPING

Previous year figures have been rearranged and regrouped wherever necessary to make them comparable with the current year's figures.

SHIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 FIXED ASSETS SCHEDULE

Sr. No.	Particulars	COST				DEPRECIATION			NET BLOCK	
		As at 01.01.2010 Tshs	Additions Tshs	Transfers/ Disposals Tshs	As at 31.12.2010 Tshs	As at 01.01.2010 Tshs	Charge for the year Tshs	As at 31.12.2010 Tshs	As at 31.12.2010 Tshs	As at 31.12.2009 Tshs
1	Land & Building	789,734,981	-	-	789,734,981	157,796,489	39,486,749	197,283,238	592,451,743	631,938,492
2	Plant & Machinery	4,309,590,134	115,055,155	-	4,424,645,289	1,554,609,830	553,080,661	2,107,690,491	2,316,954,798	2,754,980,304
3	Motor Vehicles	27,051,327	-	-	27,051,327	27,051,326	-	27,051,326	1	1
4	Furniture	21,925,332	-	-	21,925,332	9,739,119	2,740,667	12,479,786	9,445,547	12,186,213
5	Office Equipment	20,632,489	1,755,847	-	22,388,336	10,227,983	2,798,542	13,026,525	9,361,811	10,404,506
	Total	5,168,934,263	116,811,002	-	5,285,745,265	1,759,424,747	598,106,619	2,357,531,366	2,928,213,899	3,409,509,516
	Capital Work in Progress	-	54,793,029	-	54,793,029	-	-	-	54,793,029	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2010</u> <u>Tshs</u>	<u>2009</u> <u>Tshs</u>
7 STOCKS		
Raw Materials	385,240,889	326,079,125
Finished Goods	1,074,494,422	591,286,049
Farm Implements	-	-
Stores & Consumables	713,568,764	605,384,421
	<u>2,173,304,075</u>	<u>1,522,749,595</u>
8 DEPOSITS, PREPAYMENTS & ADVANCES		
Prepaid Expenses	17,121,411	13,073,710
Cylinder Deposits	554,167	554,167
Container Deposit	2,658,351	-
Telephone Deposit	125,000	125,000
Madona Hospital Deposit	80,350	80,350
TanESCO Deposit	500,000	500,000
Oryx Oil Company Limited	565,200	565,200
Loans to Staff & Workers	9,801,848	5,811,723
Advance to Suppliers	99,998,324	8,881,841
	<u>131,404,651</u>	<u>29,591,991</u>
9 BANK BALANCES & CASH		
Balance with Bank	3,600,435	2,857,639
Cash in Hand	112,889,522	5,339,877
	<u>116,489,957</u>	<u>8,197,516</u>
10 BANK OVERDRAFT		
Overdraft Facility from NBC	1,666,947,564	2,532,218,164
	<u>1,666,947,564</u>	<u>2,532,218,164</u>
11 SUNDRY CREDITORS		
Trade Creditors	190,650,005	-
Suspense a/c	32,971,589	-
	<u>223,621,594</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2010</u> <u>Tshs</u>	<u>2009</u> <u>Tshs</u>
12 OTHER LIABILITIES		
Advance from Customers.	11,590,000	11,730,000
Audit Fees Payable	3,198,800	2,888,600
City Service Levy Payable	-	6,134,161
Electricity Charges Payable	144,531,736	104,708,234
NSSF Payable	1,483,244	1,586,458
PAYE Payable	210,438	276,780
Assessment Tax 2008 & 2009	47,545,186	-
SDL Payable	562,489	933,772
Telephone charges payable	616,719	770,000
TUICO Contribution payable	(316,986)	241,477
VAT Payable	55,251,914	14,879,098
	<u>264,673,541</u>	<u>144,148,580</u>
13 SHARE CAPITAL		
<u>Authorised Share Capital</u>	<u>6,000,000,000</u>	<u>6,000,000,000</u>
60,000 Ordinary Shares of Shs. 100,000/- each		
<u>Issued & Paid Up Capital</u>	<u>4,364,000,000</u>	<u>4,364,000,000</u>
43640 Ordinary Shares of Shs. 100,000/- each		
14 TERMLOANS		
NBC Term Loan	<u>2,042,636,026</u>	<u>875,000,000</u>
	<u>2,042,636,026</u>	<u>875,000,000</u>
Overdraft and Term Loan facilities from NBC are secured as under (For Notes 10 & 13)		
(A) Legal Mortgage over CT 52592 being plot no. 317 Mandela Road, Tabata Light Industrial Area.		
(B) Chattel Mortgage over the Plant & Machinery located at plot no. 317 Mandela Road, Tabata Light Industrial Area.		
(C) Debenture over the Company's Fixed and Floating Assets		
(D) Joint Guarantee of the Shareholders		
15 COST OF SALES	1,522,749,594	1,682,089,844
Opening Stock		
A MATERIAL	1,157,276,286	970,228,337
Material Purchased		
B LABOUR	153,089,969	159,400,515
Salaries, Wages & Related Cost		
C FACTORY OVERHEADS	1,415,795,150	1,030,097,440
Electricity & Water	613,406,261	495,781,552
Purchase of Coal, Fuel, Furnace Oil and Lubricants	402,958,773	313,763,376
Stores, Spares & Consumables	-	1,465,487
Factory Overheads and Machinery Rep. & Maint.	10,200,000	-
Transport Expenses	22,658,774	21,481,124
Insurance		
MANUFACTURING COST INCURRED DURING THE YEAR	<u>5,298,134,806</u>	<u>4,674,307,675</u>
Less: Closing Stock	2,173,304,075	1,522,749,594
COST OF SALES	<u>3,124,830,732</u>	<u>3,151,558,081</u>
	A+B+C	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2010</u>	<u>2009</u>
	Tshs	Tshs
16 <u>ADMINISTRATIVE & ESTABLISHMENT</u>		
Audit Fees	3,198,800	2,888,600
Computer Maintenance & Repairs	-	5,000
Conveyance Expenses	98,000	97,700
Depreciation	598,106,619	574,329,886
Electricity & Water	1,914,494	973,540
Land Rent	986,160	2,003,187
Consultancy Fees	6,520,800	740,000
Licence Fee	2,060,000	-
Medical Expenses	11,790,889	2,784,975
Office Expenses	2,440,821	3,313,331
Postage, Telephone & Internet Charges	10,364,181	12,955,303
Printing & Stationery	2,379,052	2,115,588
Property Tax	300,000	-
Repairs & Maintenance	4,291,882	1,109,667
ROC Filing Fees	-	199,500
Salary & Wages	20,184,400	23,925,338
Security Charges	35,475,283	22,800,000
Travelling	-	5,068,400
Vehicle Running Expenses	2,345,634	1,565,788
	<u>702,457,015</u>	<u>656,875,803</u>
17 <u>SELLING & DISTRIBUTION</u>		
Advertisement & Business Promotion	-	-
City Service Levy	12,641,316	10,444,930
	<u>12,641,316</u>	<u>10,444,930</u>
18 <u>FINANCIAL CHARGES</u>		
Bank Charges	9,333,362	22,586,277
Interest To Bank	392,053,385	505,767,075
	<u>401,386,747</u>	<u>528,353,352</u>
19 <u>OTHER INCOMES</u>		
Credit balance written back	-	267,651,211
Insurance Claim Received	90,966,550	-
Exchange Gain / (Loss)	1,487,141	24,065
	<u>92,453,691</u>	<u>267,675,276</u>

COMPUTATION OF TAXABLE INCOME

	2010	2009
(Loss)/ Profit as per Accounts	226,562,600	(268,252,425)
<u>Add: Disallowable & Private element</u>		
Depreciation	598,106,619	574,329,886
Private use of Vehicles (15%)	351,845	234,868
Private use of Telephone (15%)	1,554,627	1,943,295
Legal & Professional Fees	-	740,000
	826,575,691	308,995,624
	287,869,318	677,080,980
Less: Wear & Tear	538,706,373	(368,085,356)
TAXABLE PROFIT FOR THE YEAR	(511,113,979)	(839,862,398)
Add: Loss Brought Forward from Previous Years		
NET TAXABLE PROFIT	27,592,394	(1,207,947,754)
	8,277,718	-
TAX @ 30%		

WEAR & TEAR SCHEDULE FOR TAX PURPOSE

	CLASS I	CLASS II	CLASS III	CLASS VI	TOTAL
Balance B/Fwd	2,664,693	778,330,546	18,973,654	643,373,123	1,443,342,016
Additions	-	115,055,155	1,755,847	-	116,811,002
	2,664,693	893,385,701	20,729,501	643,373,123	1,560,153,018
Less: Wear & Tear	999,260	194,582,637	2,591,188	32,168,656	230,341,740
: 50% on Additions	-	57,527,578	-	-	57,527,578
	999,260	252,110,214	2,591,188	32,168,656	287,869,318
Balance C/Fwd	1,665,433	641,275,487	18,138,313	611,204,467	1,272,283,700

THE COMPANIES ORDINANCE
(CAP. 212)

COMPANY LIMITED BY SHARES

MEMORANDUM AND ARTICLES

OF

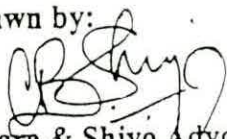
ASSOCIATION

OF

SIMBA STEELS LIMITED

Incorporated this..... day of, 1998

Drawn by:



Sinare & Shiyo Advocates
5th Floor, Sukari house,
Sokoine Drive/ Ohio Street
P. O. Box 13179
DAR ES SALAAM

THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

SIMBA STEELS LIMITED

1. The name of this Company is **SIMBA STEELS LIMITED**.
2. The registered office of this Company will be situated in Tanzania.
3. The objects for which this Company is established are to:
 1. carry on business of manufacturing and marketing steel ingots, bars, rolled products, agricultural implements and allied products.
 2. acquire and possess the tools of trade essential to carry on business of manufacturing and marketing of steel ingots, bars, rolled products, agricultural implements and allied products.
 3. carry on business as traders of steel ingots, bars, rolled products, agricultural implements and allied products within or outside the United Republic, import raw materials useful for the production of such products, trade on such raw materials and by-products;

TANZANIA
STAMP DUTY PAID
1207/-
STAMP DUTY No. 06027429
ON ORIGINAL RECEIPT No. 3-8-98
OF _____
STAMP DUTY OFFICER

TANZANIA
Stamp Duty Paid
06027429 3-8-98
Receipt No. _____
Registrar of Companies

4. carry on business of manufacturing and traders of any other industrial and consumer products which in the opinion of the Board of Directors is conducive for **this Company** in connection with or supplementary to any of the above business or the general business of **this Company**;
5. manufacture, buy, sell, exchange, alter, improve, prepare for market and otherwise deal in all kinds of machinery, plants, apparatus, materials and other things essential and conducive to any of the businesses of **this Company**;
6. carry on any other trade or business whatsoever which can, in the opinion of the Board of Directors, be advantageously carried on by **this Company** in connection with or as ancillary to any of the above businesses or the general business of **this Company**;
7. purchase, take on lease or in exchange hire or otherwise acquire and hold for any estate or interest any lands, buildings, easements, rights, privileges, concessions, patents, patent rights, trade marks, registered designs, licenses, secret processes, machinery, plant, stock-in-trade, and any real or personal property of any kind necessary or convenient for the purposes or in connection with **this Company's** business or any branch or department thereof;
8. borrow or raise or secure the payment of money for the purposes of or in connection with **this Company's** business or any branch or department thereof;
9. mortgage and charge the undertaking and all or any of the real and personal property and assets, present or future, and all or any of the uncalled capital for the time being of **this Company**, and to issue at par or at a premium or discount, and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures or debenture stock, either permanent or redeemable or repayable and collaterally or further to secure any securities of **this Company** by a trust deed or other assurance;
10. issue and deposit any securities which **this Company** has the 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 or obligations of **this Company** or of its customers or other persons or corporations having dealings with **this Company** or in whose

business or undertakings **this Company** is interested, whether directly or indirectly;

11. receive money on deposit or loan upon such terms as **this Company** may approve;
12. (a) give guarantees and indemnities of all kinds and for all purposes;
- (b) guarantee and/or secure, either by personal obligation or by mortgaging or charging all or any part of the undertaking property and assets (both present and future) and uncalled capital of **this Company**, or by both such methods, the performance of any contract or obligation of any person firm or company whatsoever;
13. make advances to customers and others with or without security, and upon such terms as **this Company** may approve, and generally to act as bankers for customers and others;
14. grant pensions, allowances, gratuities and bonuses to officers or employees or ex-officers or ex-employees (including directors or ex-directors) of **this Company** or its predecessors in business and maintain or concur in establishing and maintaining trusts funds or schemes (whether contributory or non-contributory) with a view to providing pensions or other benefits for any such persons as aforesaid, their dependants or connections, and to support or subscribe to any charitable funds or institutions, the support of which may, in the opinion of the directors, be calculated directly or indirectly to benefit **this Company** or its employees and to institute and maintain any club or other establishment or profit-sharing scheme calculated to advance the interests of **this Company** or its officers or employees;
15. draw, make, accept, endorse, negotiate, discount and execute promissory notes, bills of exchange and other negotiable instruments;
16. pay for any property or rights acquired by **this Company**, either in cash or fully or partly paid-up shares, with or without preferred or deferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or by any securities which **this Company** has power to issue or partly in one mode and partly in another, and generally on such terms as **this Company** may determine;

17. accept payment for any property or rights sold or otherwise disposed of or dealt with by **this Company**, either in cash, by installments or otherwise, or in fully or partly paid-up shares of any company or corporation, with or without deferred or preferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or in debentures or mortgage debentures or debenture stock, mortgages or other securities of any company or corporation or partly in one mode and partly in another, and generally on such terms as **this Company** may determine, and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired;
18. enter into any partnership or joint-venture arrangement or arrangement for sharing profits union of interest or co-operation with any company, firm or person carrying on or proposing to carry on any business within the objects of **this company**, and to acquire and hold, sell, deal with or dispose of shares, stock or securities of any such company, and to guarantee the contracts or liabilities of, or the payment of the dividends, interest or capital of any shares, stock or securities of and to subsidise or otherwise assist any such company;
19. establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition and taking over of all or any of the assets and liabilities of this company or the promotion of which shall be in any manner calculated to advance directly or indirectly the objects or interests of **this company**, and to acquire and hold or dispose of shares, stock or securities of and guarantee the payment of the dividends, interest or capital of any shares, stock or securities issued by or any other obligations of any such company;
20. purchase or otherwise acquire and undertake all or any part of the business, property, assets, liabilities and transactions of any person, firm or company carrying on any business which **this company** is authorized to carry on;
21. sell, improve, manage, develop, turn to account, exchange, let on rent, royalty, share of profits or otherwise, grant licenses, easements and other rights, in or over, and in any other manner deal with or dispose of the undertaking and all or any of the property and assets for the time being of **this Company** for such consideration as **this Company** may think fit;
22. amalgamate with any other company whose objects are or include objects similar to those of this company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of all


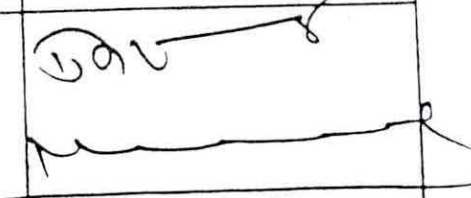
or a controlling interest in the shares or stock or this or any other company as aforesaid or by partnership, or any arrangements of the nature of partnership, or in any other manner;

23. distribute among the members in specie any property of **this Company**, or any proceeds of sale or disposal of any property of **this Company**, or any proceeds of sale or disposal of any property of **this Company** but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law;
24. do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors, or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise;
25. do all such other things as are incidental or conducive to the above objects or any of them.

And it is hereby declared that the word "company" in this clause shall, except when used with reference to **this Company** be deemed to include any incorporated body and any partnership or other body of persons, whether domiciled in the United Republic or elsewhere, and the objects specified in each of the paragraphs of this clause shall be regarded as independent objects, and accordingly shall be in no way limited by reference to any other paragraph or by the name of **this Company**.

4. The liability of the members is limited.
5. The share capital of **this Company** is Tanzanian Shillings Four Billion (Tshs 4,000,000,000/-) divided into 40,000 shares of Tanzanian Shillings One Hundred Thousand (Tshs 100,000/-) each, with the power for **this Company** to reduce or increase the same and alter the value of the share or to convert the same into stock and to issue shares at par or at a premium with preferential, deferred, qualified or special rights as **this Company** may determine.

We, the several persons whose names and addresses are subscribed hereinbelow are desirous of being formed into a company in persuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of this company opposite our respective names.

Name, Address and Description of Subscribers	Number of Shares taken by each Subscriber	Signature of Subscriber
CMG Investments Ltd. P.O. Box 235 Mwanza	1	
Shivagrigo Impliments Ltd. A-404-405, Adinath Apts. 281 Tardeo Road, Mumbai 400 007 India	1	

Dated this 31ST day of July, 1998.

Witness to the above signatures

Name: VINTAN WILLGIS MBIRO

Signature:  VINTAN WILLGIS MBIRO
LL.B (HONS) LL.M
ADVOCATE NOTARY PUBLIC
& COMMISSIONER FOR OATHS

Address: P.O. Box 45
DAR-WE-SALAM

Qualification: ADVOCATE

THE COMPANIES ORDINANCE
(CAP. 212)

COMPANY LIMITED BY SHARES

ARTICLES

OF

ASSOCIATION

OF

SIMBA STEELS LIMITED

TANZANIA

1200/0600/98
STAMP DUTY No. 3-8-98
ON ORIGINAL RECEIPT No. 3-8-98

OF
STAMP DUTY OFFICER

TABLE A

The regulations in Table A in the First Schedule to the Companies Ordinance shall not apply to the Company save if the same is repeated or contained in these Articles.

TANZANIA
Stamp Duty Paid 3-8
Receipt No. 0607429
Asst. Registrar of Companies

INTERPRETATION

2. In these Articles unless the context otherwise requires:

- "Articles"** means these Articles of Association of SIMBA STEELS LIMITED;
- "Board"** means the Board of Directors of the Company or if the Directors present at a duly convened meeting of Directors at which quorum has been attained;
- "Chairman"** means the Chairman of the Company;
- "CMG"** means CMG Investment Ltd a party to the Shareholders Agreement.
- "Company"** means Simba Steels Limited a company formed under the Shareholders Agreement between Shivagrigo Implements Ltd and CMG Investments Ltd;
- "Directors"** means the Directors for the time being of the Company if there be only one Director then such one Director;
- "Member"** means a registered shareholder in the Company;
- "Fair Value of Shares"** means the average value (simple) as determined by the firm of Chartered Accountants of international repute, worked out on the basis of audited balance sheet
- "Memorandum"** means the Memorandum of Association of the Company;
- "Month"** means Calendar Month;

- "Objects"** means the objects of the Company;
- "Office"** means the Registered Office of the Company;
- "Ordinance"** means the Companies Ordinance (Cap. 212) or any statutory re-enactment or modification thereof for the time being in force, and reference to any section or provisions of the Ordinance shall include reference to any statutory re-enactment or modification of such section or provision for the time being in force;
- "Seal"** means the Common Seal of the Company;
- "SA"** means Shareholders Agreement;
- "SIL"** means Shrivagrigo Implements Limited a party to the Shareholders Agreement;
- "Year"** means from 1st January to 31st December inclusive; and
- "writing"** includes printing and lithography and any other mode or modes of representing or producing words in a visible form.

3. Subject as aforesaid, any words or expression defined in the Ordinance shall, except where the subject or context forbids, bear the same meaning in these Articles.

PRIVATE COMPANY

4. The Company is a Private Company, and accordingly:
- (a) no invitation shall be issued to the public to subscribe for any shares or debentures of the Company;
 - (b) the number of the Members of the Company, not including persons who are in the employment of the Company is limited to (50) fifty: Provided that, for the purpose of this provision, where two or more persons hold one or more shares in the Company jointly, they shall be treated as a single Member;

- (c) the right to transfer the shares of the Company is restricted in the manner hereinafter provided; and
- (d) no bearer Share Warrant shall be issued.

BUSINESS

5. Any branch or kind of business which the Company is either expressly or by implication authorised to undertake in terms of its objects, may be undertaken by the Board at such time or times as it shall think fit, and further may be suffered by it to be in abeyance, whether such branch or kind of business may have been actually commenced or proceeded with the same.
6. The Office shall be at such place in Tanzania as the Board shall from time to time decide.
7. No part of the funds of the Company shall directly or indirectly be employed in the purchase of or in loans upon the security of the Company's shares, provided that nothing in this Article shall prohibit transactions mentioned in the proviso of section 46 (l) of the Ordinance.

SHARE CAPITAL

8. The share capital of the Company is Tanzanian Shillings Four Billion (Tshs 4,000,000,000) divided into Fourty Thousand ordinary shares (40,000) of Tanzanian Shillings One Hundred Thousand (Tshs 100,000) each.
9. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the original capital or not) may be issued with any such preferred, deferred or other special rights or subject in regard to dividend returns of capital, voting or otherwise as the Company may from time to time, by resolution, determine or in the case of any shares in respect of which there has been no such determination as the Board may direct.
10. Subject to the provisions of section 47 of the Ordinance any preference shares may be issued on the terms that they are, or at the option of the Company are to be liable, to be redeemed on such terms and in such manner as the Company may, by special resolution, determine.

11. The Company may, from time to time by special resolution, increase its share capital by such sum, to be divided into shares of such amount as the resolution shall prescribe.

MODIFICATION OF CLASS OF SHARES

12. All or any of the special rights and privileges for the time being attached to any class of shares issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent, in writing, of the holders of no less than three - fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of these Articles as to the general meeting of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy no less than one-third of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and that if at any adjourned meeting of such holders a quorum as above defined be not present, those of such holders who are present shall be a quorum.
13. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided by the conditions of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking, *pari passu* therewith.

SHARES

14. Subject to the provisions of these Articles, the unissued shares of the Company shall be at the disposal of the Board, which may allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may determine, but so that no shares shall be issued at a discount except in accordance with section 48 of the Ordinance.
15. The Company may exercise the powers of paying commissions conferred by section 44 of the Ordinance, provided that the rate or amount of the commission paid or agreed to be paid and the number of shares which persons have agreed for a commission to subscribe absolutely shall be disclosed in the manner required by the said section, and that such commission shall not exceed 10 per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

16. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions set out in section 55 of the Ordinance, pay interest on so much of such share capital as is for the time being paid up and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of plant.
17. Except as ordered by a court of competent jurisdiction or as by law required, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

SHARE CERTIFICATES

18. Every person whose name is entered as a Member in the Register shall be entitled, without payment, to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares of any one class, or several certificates each for one or more of his shares of such class upon payment of such sum for every certificate after the first as the Board shall from time to time determine. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all. If a Member shall sell or transfer part of the shares comprised in his holding he shall be entitled to a certificate for the balance without charge.
19. If a share certificate be defaced, lost or destroyed it may be replaced on payment of such fee (if any) as may be determined by the Board and on such terms (if any) as to evidence and indemnity and payment of the out-of-pocket expenses of the Company of investigating such evidence as the Board may think fit and, in case of defacement, on delivery of the old certificate to the Company.

LIEN

20. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share, and the Company shall also have a first and paramount lien and charge on all shares (other than fully paid shares) standing registered in the name of a single Member for all the debts and liabilities of such Member or his estate to the Company, and whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such Member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person whether a Member of the Company or not. The Company's lien on a share shall extend to all dividends payable thereon. But the Board may at any time declare any share to be wholly or in part exempt from the provisions of this article, and, unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
21. The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default shall have been given to the holder for the time being of the share or to the person entitled by reason of his death or bankruptcy to the share.
22. The net proceeds of sale shall be applied in or towards payment or satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For giving effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

CALLS ON SHARES

23. The Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall exceed one-fourth of the nominal amount of the shares or be payable at less than one month from the date fixed for payment of the last previous call, and each Member shall (subject to the Company giving to him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.
24. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.
25. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
26. If a sum called in respect of a share be not paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 10 per cent per annum, as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.
27. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
28. The Board may make arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and in the times of payment.

29. The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate, as may be agreed upon between the Board and the Member paying such sum in advance. The Directors may at any time on giving not less than three months' notice in writing to such Member repay to him the amount by which any such advance exceeds the amount actually called up on the shares.
30. Where an offer for the purchase of shares held by either Shivagrigo Implements Limited or CMG Investments Limited is received, the party to whom the offer is made shall bring the matter to the notice of the other party and, unless the offer is approved by the Board the sale of the shares shall not take effect.

TRANSFER OF SHARES

31. No shareholder shall be entitled to sell, assign, pledge, create a charge, encumbrance, or create any security, interest or lien, either directly or indirectly in any manner, on all or any of its shares or otherwise transfer any shares without the prior written consent of the other shareholders except as provided in this Part.
32. Notwithstanding anything contained in this Part, any shareholder may transfer all or part of its shares to its Affiliate, provided that, the party wishing to transfer shares shall notify the other Shareholder and guarantee, jointly or severally, to the other party that any such Affiliate shall comply with the provisions of the SA and that the shares so transferred to the Affiliate shall be retransferred to the transferor if and when the Affiliate ceases to be an Affiliate of the transferor.
33. Where at any time, either Party wishes to sell or transfer its shares in the Company it will be under an obligation to first offer the shares to the other Party, that is, to SIL or CMG, as the case may be, in accordance with this Article and the Party desirous of selling its shares (the "Selling Shareholder") shall serve a notice on the other (the Non-Shareholder) in writing stipulating the terms and conditions of the offer including the sale price.
34. Upon the service of a notice, the Non-Selling Shareholder shall within a period of 14 (Fourteen) days inform the Selling Shareholder whether it wishes to purchase the said shares by way of a Letter of Intent which shall not be binding on the Non-Selling Shareholder and

the Selling Shareholder. Provided that if the Non-Selling Shareholder does not accept the price quoted for the shares, but wishes to acquire the shares then **Article 40** shall apply.

35. Where the non-Selling Shareholder accept the offer unconditionally and the price quoted by the Selling Shareholder or the "Sale Price" as determined by the Chartered Accountants under **Article 40** below, the Non-Selling Shareholder shall within 15 days thereof issue a Letter of Acceptance to the Selling Shareholder, which shall be binding on the Non-Selling Shareholder and on the Selling Shareholder. The Non-Selling Shareholder shall be entitled to purchase either by itself or through its wholly owned subsidiaries, all of the shares offered by the Selling Shareholder. The Non-Selling Shareholder shall complete the transaction by payment of the purchase consideration within 45 days of the date of the Letter of Acceptance mentioned in this clause.
36. Where the completion of transaction requires approvals from Regulatory authorities, the Selling Shareholder and Non-Selling Shareholder shall make the necessary applications to the concerned regulatory authorities. In computing the period stated in **Article 34** above, within which the transaction should be completed, the time required for obtaining the necessary approvals for the purchase of the shares shall not be included. This time shall be calculated from the date of making of the necessary applications to the date of receipt of approvals.
37. Where the Parties fail to obtain an approval referred to in **Article 35** above or if for any reason such approvals are not received, then the Non-Selling Shareholder may acquire the shares through any party nominated by it to acquire the shares at the agreed price, provided such third party is acceptable to the selling shareholder.
38. Where the Non-Selling Shareholder is not desirous of purchasing the shares offered by the Selling Shareholder for reasons other than the price quoted for the Shares, the Selling shareholder shall be entitled to transfer all of its shares (within 90 days of non-acceptance of offer by the Non-Selling Shareholder) to any third party on terms not more favourable than those offered to the Non-Selling Shareholder. Further, the Selling Shareholder shall use its best endeavours to ensure that no prejudice is caused to the other party or to the Company from such transfer of shares to third party. Further, if the Selling Shareholder fails to transfer its shares within the period specified in this clause, it shall not be entitled to transfer its shares to any third party, without re-offering the said shares to the other party.

DEED OF ADHERENCE

THIS DEED OF ADHERENCE is made the ____ day of _____,
1998

BETWEEN:

(1) _____ of _____ (TRANSFeree) to
whom shares of THE COMPANY have been transferred by (THE
TRANSFERRING SHAREHOLDER) (hereinafter referred to as "the
Covenantor");

AND

(2) _____ of _____ (THE
CONTINUING SHAREHOLDERS) OF THE COMPANY

THIS AGREEMENT IS SUPPLEMENTAL to a shareholders
Agreement ("the Agreement") made the ____ day of _____,
1998 between (1) SIL and (2) ÇMG.

43. No transfer shall be registered unless a proper instrument of transfer shall have been delivered to the Company. The instrument of transfer of a share shall be executed by both the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. All instruments of transfer, when registered, shall be retained by the Company.
44. The Board may, in its absolute discretion and without assigning any reason therefor, decline to register any transfer of shares (other than fully paid shares) to a person of whom it shall not approve. The Board may also decline to register any transfer of shares on which the Company has a lien.
45. The Board may decline to recognise any instrument of transfer unless:
- (a) such fee to be determined by the Board is paid to the Company in respect thereof;
 - (b) the instrument of transfer is lodged with the Company at the registered office of the Company accompanied by the

certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

- (c) the instrument to transfer is in respect of only one class of shares.

- 46. If the Board refuses to register a transfer it shall, within two months after the date on which the transfer was lodged, send to the transferee notice of the refusal and the instrument of transfer which the Board has refused to register shall be returned to the transferee.
- 47. The Company shall be entitled to charge a fee to be determined by the Board on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, or other instrument relating to or affecting the title to any share.

TRANSMISSION OF SHARES

- 48. In case of the death of a Member the survivor or survivors where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him with other persons.
- 49. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided either be registered himself as holder of the share or elect to have some person nominated by him registered as the transferee thereof.
- 50. If the person so becoming entitled shall elect to be registered himself he shall deliver or send to the Company a notice in writing signed by him, stating that he so elects. If he shall elect to have his nominee registered he shall testify his election by executing to his nominee a transfer of such share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member.

51. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Member until he shall have become registered as the holder thereof.

FORFEITURE OF SHARES

52. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest and expenses which may have accrued.
53. The notice shall name a further day (not being less than fourteen days from the date of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references herein to forfeiture shall include surrender.
54. If the requirements of any such notice as aforesaid be not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
55. When any share has been forfeited, notice of the forfeiture shall forthwith be given to the holder of the share or the person entitled to the share by reason of the death or bankruptcy of the holder (as the case may be); but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.
56. A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Board shall think fit, and at any time before a sale or

disposition, the forfeiture may be cancelled on such terms as the Board may think fit.

57. A Member whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon at such rate as the Board may determine, not exceeding ten per cent per annum, from the date of forfeiture until payment but the Board may waive payment of such interest either wholly or in part.
58. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the same is sold or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

INCREASE OF CAPITAL

59. The Company may from time to time by special resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.
60. The Company may, by the resolution increasing the capital, direct that the new shares or any of them shall be offered either at par or at a premium or (subject to the provisions of section 48 of the Ordinance) at a discount or may make any other provisions as to the issue of the new shares. In default of any such direction or so far as the same shall not extend the provisions of **Article 14** shall apply to such shares.
61. The new shares shall be subject to all the provisions of these Articles with reference to payment of calls, lien, transfer, transmission, forfeiture and otherwise and, unless otherwise provided in accordance with these Articles, shall be issued as Ordinary Shares.
62. Where the Company needs additional funding, the Shareholders shall contribute to the required amount pro rata to their then existing shareholding.

ALTERATIONS OF CAPITAL

63. The Company may from time to time by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than of its existing shares;
 - (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of Association (subject, nevertheless, to the provisions of section 51 (1) (d) of the Ordinance), and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over, or may have such qualified or deferred rights or be subject to any such restrictions over the power to attach unissued or new shares;
 - (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and

And may also by special resolution:

- (d) reduce its share capital or any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorised by the Ordinance.

GENERAL MEETINGS

64. Subject to **Article 121** the Company shall in each year within six months following the end of the fiscal year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and not more than fifteen months shall elapse between the date of one Ordinary General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Board shall decide.
65. All General Meetings other than Ordinary General Meeting shall be called Extraordinary General Meetings.
66. The Board may, whenever it thinks fit, convene an Extra-Ordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 114 of the Ordinance. If at any time there are not within Tanzania Territory sufficient Directors capable of acting to form a quorum, any Director or any two Members

ALTERATIONS OF CAPITAL

63. The Company may from time to time by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than of its existing shares;
 - (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of Association (subject, nevertheless, to the provisions of section 51 (1) (d) of the Ordinance), and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over, or may have such qualified or deferred rights or be subject to any such restrictions over the power to attach unissued or new shares;
 - (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
- And may also by special resolution:
- (d) reduce its share capital or any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorised by the Ordinance.

GENERAL MEETINGS

64. Subject to **Article 121** the Company shall in each year within six months following the end of the fiscal year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and not more than fifteen months shall elapse between the date of one Ordinary General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Board shall decide.
65. All General Meetings other than Ordinary General Meeting shall be called Extraordinary General Meetings.
66. The Board may, whenever it thinks fit, convene an Extra-Ordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 114 of the Ordinance. If at any time there are not within Tanzania Territory sufficient Directors capable of acting to form a quorum, any Director or any two Members

of the Company may convene an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Board. In the case of an Extraordinary General Meeting called pursuant to a requisition, no business other than that stated in the requisition as the subject of such meeting shall be transacted unless such meeting shall have been called by the Board.

NOTICE OF GENERAL MEETINGS

67. An Annual General Meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least, and a meeting other than an Annual General Meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting, and, in the case of special business, the general nature of that business. The notice convening an Annual General Meeting shall specify the meeting as such, and the notice convening a meeting to pass a special or extraordinary resolution shall specify the intention to propose the resolution as a special or extraordinary resolution as the case may be. Notice of every General Meeting shall be given in manner hereinafter mentioned to such persons as are, in accordance with the provisions of these Articles, entitled to receive such notices from the Company, and also to the Auditors of the Company for the time being:

Provided that with the consent of all the Members entitled to receive notice of some particular meeting, that meeting may be convened by such shorter notice and in such manner as those Members may think fit.

In every notice calling a meeting there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a Member.

68. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

69. All business shall be deemed special that is transacted at an Extra - Ordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the declaration and sanctioning of dividends, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors, the election of Directors and Auditors and other officers in place of those retiring by rotation or otherwise, and the fixing of the remuneration of the Auditors and the voting of remuneration to the Directors.
70. No business shall be transacted at any General Meeting unless a quorum be present when the meeting proceeds to business. Save as otherwise provided by these Articles, two Members present in person or by proxy entitled to vote shall be a quorum for all purposes. A corporation being a Member shall be deemed for the purpose of this Article to be personally present if represented by proxy or in accordance with the provisions of section 116 of the Ordinance.
71. If within half an hour from the time appointed for a meeting a quorum be not present the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Board may determine, and the provisions of Article 74 shall apply. If at such adjourned meeting a quorum as above defined be not present within half an hour from the time appointed for holding the meeting the Members present in person or by proxy shall be a quorum.
72. The Chairman (if any) of the Board shall preside as Chairman at every General Meeting of the Company.
73. If there be no such Chairman or if at any meeting the Chairman be not present within half an hour after the time appointed for holding the meeting, the Members present shall choose any of the Directors present at the meeting to act, or if one Director only be present he shall preside as Chairman if willing to act. If no Director be present, or if all the Directors present decline to take the chair, the Members present shall choose one of their number to be Chairman.
74. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given

as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

75. At any General Meeting, a resolution put to the vote of the meeting shall be decided on one vote one share basis on a show of hands unless (before or on the declaration of the result of the show of hands) a poll be so demanded by the Chairman, or by at least three Members representing one-third the total voting rights of all Member having the right to vote at the meeting a declaration by the Chairmar that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such a resolution.
76. If any votes shall be counted which ought not to have been counted or might have been rejected the error shall not vitiate the resolution unless it be pointed out at the same meeting and not in that case unless it shall, in the opinion of the Chairman of the meeting, be of sufficient magnitude to vitiate the resolution.
77. If a poll be duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
78. In case of an equality of votes at a General Meeting, whether on a show of hands or on a poll, the Chairman of such meeting shall be entitled to a second or casting vote.
79. A poll demanded on the election of a Chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place and in such manner as the Chairman directs.
80. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded, and it may be withdrawn at any time before the next business is proceeded with.

VOTES OF MEMBERS

81. Shivagrigo Implements Limited and CMG Investments Limited shall have sole voting power with respect to their shares and shall grant proxy with respect to such shares to its own officers or agents to enter into any voting trust or other voting agreement or arrangement with respect to such shares or grant any other rights to vote such shares other than as set herein. Voting rights at the Annual

General Meeting shall be proportionate to the shares held, and the shareholders shall have a right to appoint proxy.

82. Subject to any special terms as to voting upon which any share capital may be issued or may for the time being be held on a show of hands every Member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under section 116 of the Ordinance shall have one vote. On a poll every Member who is present in person or by proxy shall have one vote for every shillings one thousand nominal amount of ordinary share capital of which he is the holder.
83. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register.
84. In accordance with section 116 of the Ordinance a corporation being a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting of the Company or of any class of Members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation he represents as that corporation could exercise if it were an individual Member of the Company.
85. A Member of unsound mind or in respect of whom an order has been made by any court having jurisdiction for the protection of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his committee, *curator bonis* or other person in the nature of a committee or *curator bonis* appointed by such court, and such committee, *curator bonis* or other person may vote on a poll by proxy.
86. No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
87. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
88. On a poll votes may be given either personally or by proxy.

93. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, or the transfer of the share in respect of which the instrument of proxy is given, provided that no information in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

94. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

DIRECTORS

95. (a) The Board of Directors of the Company shall consist of not less than three and not more than six Directors. **Shivagrigo Implements Limited** shall appoint three (3) Directors and **CMG Investments Limited** shall appoint another three (3). The first Directors of the Company are:

1. VIMALCHAND MULCHAND JAIN
2. CHRISTOPHER MWITA GACHUMA
3. NAVARATAN MULCHAND RANAWAT
4. SURAJ CHANDALIYA

(b) **Shivagrigo Investment Limited** and **CMG Investment Limited** shall have, on a rotational basis, one of its Directors as Chairman of the Board whose term of office shall be one year with the initial Chairman being a **CMG** Director. Remuneration shall be fixed by the Board. The Chairman of the Board shall also be the Chairman of the General Meeting of the Company.

96. **CMG Investment Limited** and **Shivagrigo Investment Limited** shall, respectively, have the right at any time and from time to time to remove or change anyone or more of the Directors and to appoint another or others in his place or their place or in the place of any such Director who resigns or other wise vacates his office for any reason.

97. Each Director shall have the power to appoint an alternate Director to act in his place during his absence and may at his discretion, remove such alternate Director. A person so appointed shall be subject to all respects to the terms and conditions existing in respect of Directors and each alternate Director, while so acting shall exercise and

discharge all functions, powers and duties as a Director of his appointor in such appointor's absence. An acting Director shall *ipso facto* cease to be an alternate Director if his appointor ceases, for any reason, to be a Director: Provided that if any Director retires by rotation or otherwise but is re-elected at the same meeting, any appointment made by him pursuant to this Article which was in force immediately before his retirement shall remain in force as though he had not retired.

98. All appointments and removals of an alternate Director shall be effected by instrument in writing delivered at the Office and signed by the appointor or by telex or telefax addressed to the Board of Directors of the **Shivagrigo Investment Limited** or **CMG Investment Limited**.
99. Each of the Directors, other than the Chairman of the Board, shall be entitled to remuneration at such rate as the Company in General Meeting may from time to time determine and the Chairman shall be entitled to remuneration at such higher rate as the Company in General Meeting may from time to time determine. Any Director holding office for less than a year shall only rank for remuneration in proportion to the period during which he has held office during such year. The Directors (including alternate Directors) shall be entitled to be paid their reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or General Meetings or otherwise incurred while engaged on the business of the Company.
100. Any Director who, by request, performs special services or who otherwise performs services which, in the opinion of the Board, are outside the normal scope of the usual duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine which shall be charged as part of the Company's ordinary working expenses.
101. A Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested, and no such Director shall be accountable for any remuneration or other benefits received by him as a Director or officer of or from his interest in such other company. The Board may also exercise the voting power conferred by the shares in any other company held or owned by the Company in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the members of the Board or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company, and any Director of the Company may vote in favour of the exercise of such voting rights

in manner aforesaid notwithstanding that he may be or be about to become a director or officer of such other company and as such, or in any other manner, is or may be interested in the exercise of such voting rights in manner aforesaid.

102. (a) Subject to the provisions of **Article 102 (e)**, a Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director upon such terms as the Board may determine, and receive such remuneration therefore as the Board may think fit in addition to any other remuneration hereunder. Subject to the next paragraph of this Article, no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place or profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director has in any interest be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- (b) A Director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if his interest then exists, or in any other case at the first meeting of the Board after he becomes so interested. A general notice to the Board given by a Director to the effect that he is member of a specified company or firm and is to be regarded interested in all transactions with such company or firm shall be a sufficient declaration of interest under this Article, and after such general notice it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm provided that either the notice is given at a meeting of the Board or the Director giving the same takes reasonable steps to ensure that it is brought up and read at the next Board meeting after it is given.
- (c) A Director shall not vote (nor be counted in the quorum) in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted but the prohibition shall not apply to any arrangement for giving to any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company, nor to any arrangement for the giving

by the Company of any security to a third party in respect of a debt or obligation of the Company which the Director has himself guaranteed or secured, nor to any contract by a Director to subscribe for or underwrite shares or debentures of the Company, nor to any contract or arrangement with a corporation in which he is interested only by reason of being a director, officer, creditor or member of such corporation or of any shareholder of such corporation, and it may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, by the Company in General Meeting.

- (d) A Director, notwithstanding his interest, may be counted in the quorum present for the purpose of considering the appointment of himself or of any other Director to hold any such office or place of profit under the Company as aforesaid or of arranging the terms of any such appointment, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.
- (e) Any Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

103. A Director shall not require any share qualification.

104. Without prejudice to the last preceding Article and to the provisions for retirement by rotation or otherwise hereinafter contained, the office of a Director shall be vacated in any of the events following, namely if:

- (a) he resigns his office by writing under his hand left at the Office; or
- (b) he be found lunatic or become of unsound mind or a receiving order is made against him or he compounds with his creditors; or
- (c) without leave, he be absent, otherwise than on the business of the Company, from meetings of the Board for six consecutive months, and the Board resolved that his office be vacated; or
- (d) he be prohibited from being a Director by reason of any order made under sections 213 or 269 of the Ordinance; or
- (e) without the consent of the remaining Directors he holds any office or place of profit under the Company other than that of

Managing Director, Manager or Trustee of any deed for securing debentures of the Company; or

- (f) he be removed by either an extra-ordinary resolution, or an ordinary resolution of the Company, twenty-eight days' notice of intention to move such resolution having been given; or
- (g) he be requested, in writing, by all the other Directors to resign.

POWERS AND DUTIES OF DIRECTORS

105. The business of the Company shall be managed by the Board, which may exercise all such powers of the Company as are not by the Ordinance or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to the provisions of these Articles and of the Ordinance and to such regulations being not inconsistent with such provisions as may be prescribed by the Company in General Meeting, but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.
106. The Board may from time to time and at any time by power of attorney under the Company's Seal appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or those conferred upon the Board by this Article) and for such period and subject to such conditions as it may think fit, and may such and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.
107. The Company may exercise the powers conferred by section 33 of the Ordinance with regard to having an Official Seal for use abroad and such powers shall be vested in the Board.
108. The Company may exercise the powers conferred by sections 104 to 107 of the Ordinance with regard to the keeping of a branch Register in any part of the world and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit in respect of the keeping of any such Register.

Managing Director, Manager or Trustee of any deed for securing debentures of the Company; or

- (f) he be removed by either an extra-ordinary resolution, or an ordinary resolution of the Company, twenty-eight days' notice of intention to move such resolution having been given; or
- (g) he be requested, in writing, by all the other Directors to resign.

POWERS AND DUTIES OF DIRECTORS

105. The business of the Company shall be managed by the Board, which may exercise all such powers of the Company as are not by the Ordinance or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to the provisions of these Articles and of the Ordinance and to such regulations being not inconsistent with such provisions as may be prescribed by the Company in General Meeting, but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.
106. The Board may from time to time and at any time by power of attorney under the Company's Seal appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or those conferred upon the Board by this Article) and for such period and subject to such conditions as it may think fit, and may such and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.
107. The Company may exercise the powers conferred by section 33 of the Ordinance with regard to having an Official Seal for use abroad and such powers shall be vested in the Board.
108. The Company may exercise the powers conferred by sections 104 to 107 of the Ordinance with regard to the keeping of a branch Register in any part of the world and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit in respect of the keeping of any such Register.

BORROWING POWERS

109. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party: Provided that the aggregate amount for the time being remaining outstanding of moneys so borrowed or secured and of moneys borrowed or secured by any subsidiary of the Company (exclusive of moneys outstanding in respect of borrowings by the Company from any such subsidiary or by any such subsidiary from another such subsidiary or from the Company) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed the aggregate of the nominal amount of the issued and paid up share capital and the amount of any share premium account for the time being of the Company, but no debt incurred or security given in respect of moneys borrowed or secured in excess of the limit hereby imposed shall be invalid or ineffectual except in the case of express notice at the time the debt was incurred or the security given that the limit hereby imposed had been or was thereby exceeded.
110. All cheques, promissory notes, drafts, bills of exchange and other negotiable and transferable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

MINUTES

111. The Board shall cause minutes to be made in books provided for the purpose of:
- (a) all appointments of officers made by the Board;
 - (b) the names of the Directors present at each Board or Committee meeting;
 - (c) all resolutions and proceedings at all meetings of the Company and of the Board and of the Committees.

MANAGING DIRECTOR

112. The Board may from time to time appoint one or more of its body to the office of Managing Director or Assistant Managing Director for such period and upon such terms as it thinks fit and, subject to the provisions of any agreement entered into in any particular case, may

revoke such appointment. A Director so appointed shall not, while holding such office, be subject to retirement by rotation or taken into account in determining the rotation of retirement of Directors, but his appointment shall (without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company) *ipso facto* determine if he ceases from any cause to be a Director.

113. A Managing Director or Assistant Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

114. The Board may entrust to and confer upon a Managing Director or Assistant Managing Director any of the powers exercisable by it and necessary for day to day management of the Company upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with or to the exclusion of its own powers, and may from time to time (subject to the terms of any agreement entered into in any particular case) revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

115. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board. The Secretary shall report to the Chairman.

116. A provision of the Ordinance or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

PENSIONS AND ALLOWANCES

117. The Board may grant retiring pensions or annuities or other allowances, including allowances on death, to any person or to the widow or dependants of any person in respect of services rendered by him to the Company as Managing Director, Assistant Managing Director, or in any other executive office or employment under the Company or indirectly as an executive officer or employee of any subsidiary company of the Company or of its holding company (if any), notwithstanding that he may be or may have been a Director of the Company and may make payments towards insurances or trusts for such purposes in respect of any such person and may include rights in respect of such pensions, annuities and allowances in the terms of engagement of any such person.

THE SEAL

118. The Board shall provide for the safe custody of the Seal, which shall not be affixed to any instrument except in the presence of at least two Directors or at least one Director and the Secretary and such Directors or Director and Secretary shall sign every instrument to which the Seal is so affixed in their presence. All forms of certificate for shares, stock or debentures or representing any other form of security (other than letters of allotment, scrip certificates and other like documents) shall be issued under the Seal and bear the autographic signatures of one or more Directors and the Secretary Provided that the Directors may resolve that some method of mechanical signature which is controlled by the Auditors, Transfer Auditors or Bankers of the Company be adopted, in which case any such certificate may bear the mechanical instead of the autographic signature of a Director.

AUTHENTICATION OF DOCUMENTS

119. Any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the Company (except the Memorandum and Articles of Association which must be authenticated by the Registrar of Companies) and any resolutions passed by the Board, and any books, records, documents and accounts relating to the business of the Company and to certify copies thereof or extracts therefrom as true copies or extracts and where any books, records, documents or accounts are elsewhere than at the office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.

ROTATION OF BOARD

120. At every Annual General Meeting one-third of the Directors for the time being or if their number be not a multiple of three then the number nearest to but not exceeding one-third shall retire from office, provided that one Director each out of the three Directors appointed by each shareholder shall not be liable to retire. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.
121. The Directors to retire on each occasion shall be those who have been longest in office since their last election, but as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

122. A retiring Director shall be eligible for re-election.
123. The Company at the meeting at which a Director retires in the manner aforesaid shall fill up the vacated office by electing a person thereto unless at such meeting it be expressly resolved not to fill up such vacated office. The Company may also in General Meeting (subject to the provisions of Article 124) elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles.
124. The election or appointment of any person proposed as a Director shall be effected by a separate resolution, and a single resolution purporting to elect or appoint two or more persons to be Directors shall be ineffective and void, unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it.
125. No person, other than a Director retiring at the meeting, shall, unless recommended by the Board, be eligible for election to the office of a Director at any General Meeting unless, not less than three and not more than twenty-one clear days before the day appointed for the meeting, shall have been given to the Secretary notice in writing by some Member duly qualified to be present and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
126. If at any meeting at which an election of Directors ought to take place the place of any retiring Director be not filled such Director, if offering himself for re-election, shall be deemed to have been re-elected unless at such meeting it be expressly resolved not to fill up such place or unless either a motion that he be not re-elected is carried or a motion that he be re-elected is put to the meeting and defeated.
127. The Company in General Meeting may from time to time increase or reduce the number of Directors and may also determine in what rotation such increased or reduced number is to go out of office.
128. Without prejudice to the power of the Company in General Meeting in pursuance of any of the provisions of these Articles to appoint any person to be a Director, the Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles. Any Director so appointed shall hold office only until the next following Annual

General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

129. The Company may by special resolution, or by ordinary resolution of which twenty-eight days' notice has been given in accordance with **Article 104(f)** remove any Director before the expiration of his period of office (but so that such removal shall be without prejudice to any claim such Director may have for breach of any contract of service between him and the Company) and may (subject to the provisions of **Article 124**) by an ordinary resolution appoint another person in his stead. The person so appointed shall be subject to retirement at the time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

PROCEEDINGS OF BOARD

- 130 The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. The Chairman shall have the power to cast deciding vote in any resolution of the Board. A Director may and the Secretary on the requisition of a Director shall at any time summon a Board meeting.
- 131 The quorum necessary for the transaction of the business of the Board shall consist of at least three Directors of which at least one shall be a Director appointed by SIL and one by CMG, who shall ensure the presence of a quorum at and throughout each meeting of the Board.
- 132 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number be reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors may act for the purpose of filling up vacancies in their body or of summoning general meetings of the Company but not for any other purpose, and may act for either of the purposes aforesaid whether or not their number be reduced below the number fixed by or in accordance with these Articles as the quorum.
- 133 If at any meeting the Chairman be not present within half an hour after the time appointed for holding the same the Directors present may choose one of their number to be Chairman of the meeting.
- 134 (a) A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Board.

- (b) Provided that the requisite notices are served upon Directors and subject to the consent of a majority of such Directors, Directors can conduct their meetings on telephone and all meetings so conducted shall be deemed to have the same status as meetings at which the Directors have physically convened.
- (c) The secretary shall give each Director a written notice of at least thirty (30) days prior to the date of the meeting. The notice shall provide the Agenda, the time and place of the meeting. Only the agenda as specified in the notice or shorter notice will be considered at the Board meeting and any change of the agenda will require the approval of at least one Director appointed by each shareholder. A shorter written notice can be given if all the Directors entitled to vote accord their consent thereto.
135. The Board may delegate any of its powers (other than the power conferred by this Article) to a committee or committees, whether consisting of a member or members of its body or not, as it thinks fit. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
136. The meeting and proceedings of any committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article.
137. A resolution in writing signed by all the Directors for and entitled to receive notice of a meeting of the Board or by all the members of a committee or by teleconferencing by phone either by all the Directors or by number thereof constituting a quorum, shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Except for teleconferencing such resolution may be contained in one document or in several documents in like form each signed by one or more of such Directors or members of the committee concerned. Provided that no resolution shall be deemed to have been duly passed by the Board by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors and Alternate Directors, if any, and has been approved by them or by a majority of such of them as are entitled to vote on the resolution.

138. Every act done by any Board or committee or by any person acting as a Director or member of such committee, notwithstanding it be afterwards discovered that there was some defect in the appointment of such Board or committee or of any person acting as aforesaid or that they or any of them were disqualified or had vacated office, shall be as valid as if every such Board or committee or person had been duly appointed and was qualified and had continued in office down to the time of performance of such act.

DIVIDENDS

139. The Company in General Meeting may from time to time declare dividends to be paid to the Members according to their rights and interests in the profits, but no dividend shall be declared in excess of the amount recommended by the Board.
140. All dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. All dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share be issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
141. The Board may from time to time pay to the Members such interim dividends as appears to the Board to be justified by the position of the Company; the Board may also pay the fixed dividend payable on any preference shares of the Company half-yearly or otherwise on fixed dates, whenever such position, in the opinion of the Board, justifies that course.
142. The Board may deduct from any dividend or bonus payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
143. No dividend shall bear interest against the Company.
144. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque addressed to the holder at his registered address or, in the case of joint holders, addressed at his registered address to the holder whose name stands first on the Register in respect of the shares or by telegraphic transfer. Every such cheque or telegraphic transfer shall, unless the holder otherwise directs, be made payable to the order of the registered holder or, in the case of joint holders, to the order of the holder whose name

stands first on the Register in respect of such shares, and shall be sent at his or their risk. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable in respect of the shares held by such joint holders.

145. Any general meeting declaring a dividend may, upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and the Board shall give effect to such direction, and where any difficulty arises in regards to such distribution the Board may settle it as it thinks expedient, and in particular may fix the value for distribution of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution.
146. Dividends may, by the unanimous decision of the shareholders, be postponed to the following fiscal year.

RESERVES

147. The Board may before recommending any dividend set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company or its holding company, if any) as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to divide.
148. The Board shall transfer to share premium account sums equal to the amount or value of any premiums at which shares of the Company may be issued, and the provisions of these Articles relating to reserves shall be applicable to the sums of the time being standing to the credit of share premium account.

CAPITALISATION OF PROFITS

149. The Company in General Meeting may upon the recommendation of the Board, at any time and from time to time, pass a resolution to the effect that it is desirable to capitalise any part of the amounts for the time being standing to the credit of any of the Company's reserves or to the credit of the profit and loss account of otherwise available for distribution and not required for the payment of the fixed dividends on any preference shares of the Company and accordingly that such sum be set free for distribution among the Members or any class of

Members who would be entitled to such profits if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members or partly in one way and partly in the other, and the Board shall give effect to such resolution. Provided that a share premium account and a capital redemption reserve may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.

150. Where any difficulty arises in regard to any distribution under the last preceding Article the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract requisite or convenient for giving effect thereto and such appointment shall be effective and binding upon the Members.

ACCOUNTS

151. The Board shall cause true accounts to be kept of:
- (a) the sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure take place; and
 - (b) all sales and purchases of goods by the Company; and
 - (c) the assets and liabilities of the Company.
152. The books of account shall be kept at the Office or at such other place or places as the Board may think fit and shall always be open to the inspection of the Directors. No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board.
153. The Board shall from time to time, in accordance with **section 123** of the Ordinance, cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets, and reports as are referred to in that section.

154. At the end of each accounting year, an account of the business carried on in that year will be made and the statement of accounts, namely a Balance Sheet and Profit and Loss Account shall be prepared and audited. The accounts shall be signed by at least two Directors, one of whom shall be a director nominated by **CMG** and the other nominated by **SIL**.
155. A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meetings and of the Directors' and Auditors' reports shall, not less than twenty-one days before the date of the meeting, be sent to every Member and to every holder of debentures of the Company and copies of each of these documents shall at the same time be forwarded to all persons entitled to receive notices of General Meetings of the Company: Provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

AUDIT

156. Auditors shall be appointed and their duties regulated in accordance with sections 132, 133, and 134 of the Ordinance.

NOTICES

157. Any notice or other document may be served by the Company on any Member either personally or by sending it through the post in a prepaid letter or by telex or telecopier addressed to such Member at his registered address as appearing in the Company's Register or in any Branch Register. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register or Branch Register, and notice so given shall be sufficient notice to all the joint holders.
158. Any Member who is not registered in a Branch Register and who is described in the Company's Register by an address not within Tanzania who shall, from time to time, give to the Company an address within Tanzania at which notices may be served upon him and shall be entitled to have notices served upon him at such address, but save as aforesaid no Member other than a Member described in the Register by an address within Tanzania or registered in a Branch Register shall be entitled to receive any notice from the Company: Provided that any notice which is sent by post to a Member registered in a Branch Register shall not be deemed to have been duly served in pursuance of this Article unless it shall have been posted in the country in which such Branch Register is established.

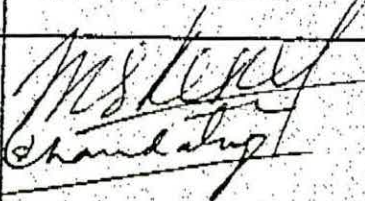
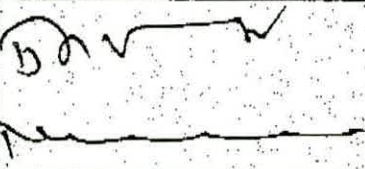
159. Any notice or other document, if served by post, telex or telecopier shall be deemed to have been served at the time when the same was put into the post office, or transmitted by telex or telecopier and in proving such service shall be sufficient to prove that the notice or document was properly addressed, stamped and put into the post office or if by telex or telecopier was actually transmitted.
160. Any notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these presents shall, notwithstanding that such member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder unless his name shall at the time of the service of the notice or document, have been removed from the Company's Register or Branch Register as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
161. Save as hereinbefore provided, notice of every General Meeting shall be given to every Member of the Company.

WINDING-UP

162. With the sanction of an extraordinary resolution of Members, any part of the assets of the Company, including any shares in or securities of other companies, may be divided among the Members of the Company in specie or may be vested in trustees for the benefit of such Members, and in liquidation of the Company may be closed and the Company dissolved, but, so that no Member shall be compelled to accept any shares whereon there is any liability.

IDEMNTITY

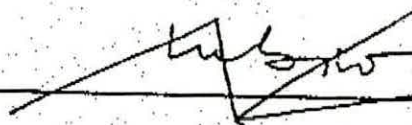
163. Subject to the requirements of section 153 of the Ordinance every Director, Managing Director, Manager, office and Auditor of the Company shall be idemnified out of the funds of the Company against all losses or liabilities incurred by him as such Director, execution of his duties and no director or other office shall be liable for any loss which may be incurred by the company executionnor 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.

Name, Address and Description of Subscribers	Number of Shares taken by each Subscriber	Signature of Subscriber
CMG Investments Ltd. P.O. Box 235 Mwanza	1	
Shivagrigo Impliments Ltd. A-404-405, Adinath Apts. 281 Tardeo Road, Mumbai 400 007 India	1	

Dated this 31st day of JULY, 1998.

Witness to the above signatures

Name : VINTAN WILLGJS MBIRD

Signature: 
VINTAN WILLGJS MBIRD
LL.B (HONS) LL.M
ADVOCATE NOTARY PUBLIC
& COMMISSIONER FOR OATHS

Address: P.O. BOX 45
DAQES-SALAMU

Qualification: ADVOCATE

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL
Asst. Registrar of Companies
Date 17/05/09

TANZANIA



Certificate of Incorporation

No. 34574.....

I HEREBY CERTIFY THAT

SIMBA STEELS

..... 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 5th day of AUGUST,

One thousand nine hundred and NINETY EIGHT

D. U. E. Mwanishi

PRINC. ASST. Registrar of Companies



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)

SIMBA STEEL LTD

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 MR. AMIN RAMZI

(director/directors/agent of SIMBA STEELS LTD

(name of business enterprise) apply for registration of

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: 317, P.O. BOX 21916

NELSON MANDELA ROAD, 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 NELSON MANDELA ROAD DSM

4. The Principal Officers of the Company are

N/A

5. Auditors of the Company are

BAKER TILLY DGP & CO

6. The authorized share capital of the Company is Tshs./US\$

6,000,000,000

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 8 M.
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\$

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

I, AMIN RAMJI of Post Office Number

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

authorized agent of SIMBA STEELS LTD

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 03 day of MARCH 2012



Before me:

.....
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: SIMBA STEELS LTD

Certificate of Incorporation Number: 34324 Status:

Certificate of Incorporation Date: 05-08 1998

Post Box: 21916

Town: DSM

Sector: IRON & STEEL

Sub-Sector: IRON BARS

Investment Financing Plan in Million US\$/Tshs

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>8.0</u>	<u>SH. 1264 K</u>	<u>—</u>	<u>—</u>

Project Objectives: TO ESTABLISH MANUFACTURING FOR STEEL PRODUCTS

Capacity: 2000 TON

Employment: Foreign: 15 Local: 310 Total: 325

Implementation Period: 3

Project Location

Site/Plot/Block No.: 317

Street: NELSON MANDELA District: KIMONDOINI Region: DAR ES SALAM
(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>AMIN RAMJI</u>	<u>TANZANIAN</u>	<u>22.5</u>
<u>ABDUL AZIZ LALANI</u>	<u>KENYAN</u>	<u>22.5</u>
<u>MAITBOOB RAMJI</u>	<u>TANZANIAN</u>	<u>22.5</u>
<u>SADRUDIN MASHJI</u>	<u>CANADIAN</u>	<u>22.5</u>
<u>SARAH SHAMJI</u>	<u>CANADIAN</u>	<u>10</u>

Investment Breakdown	US\$/Tsh.M
Land/Building	2 ^{u.s\$}
Plant	3.5
Vehicles	300
Furniture & Fittings	300
Pre-expenses	200
Others	100
Working Capital	1.5M
TOTAL	8 M

Contact Details:

Name: NASA RAJU CH.

Title: GENERAL MANAGER

Telephone: 022 2400614

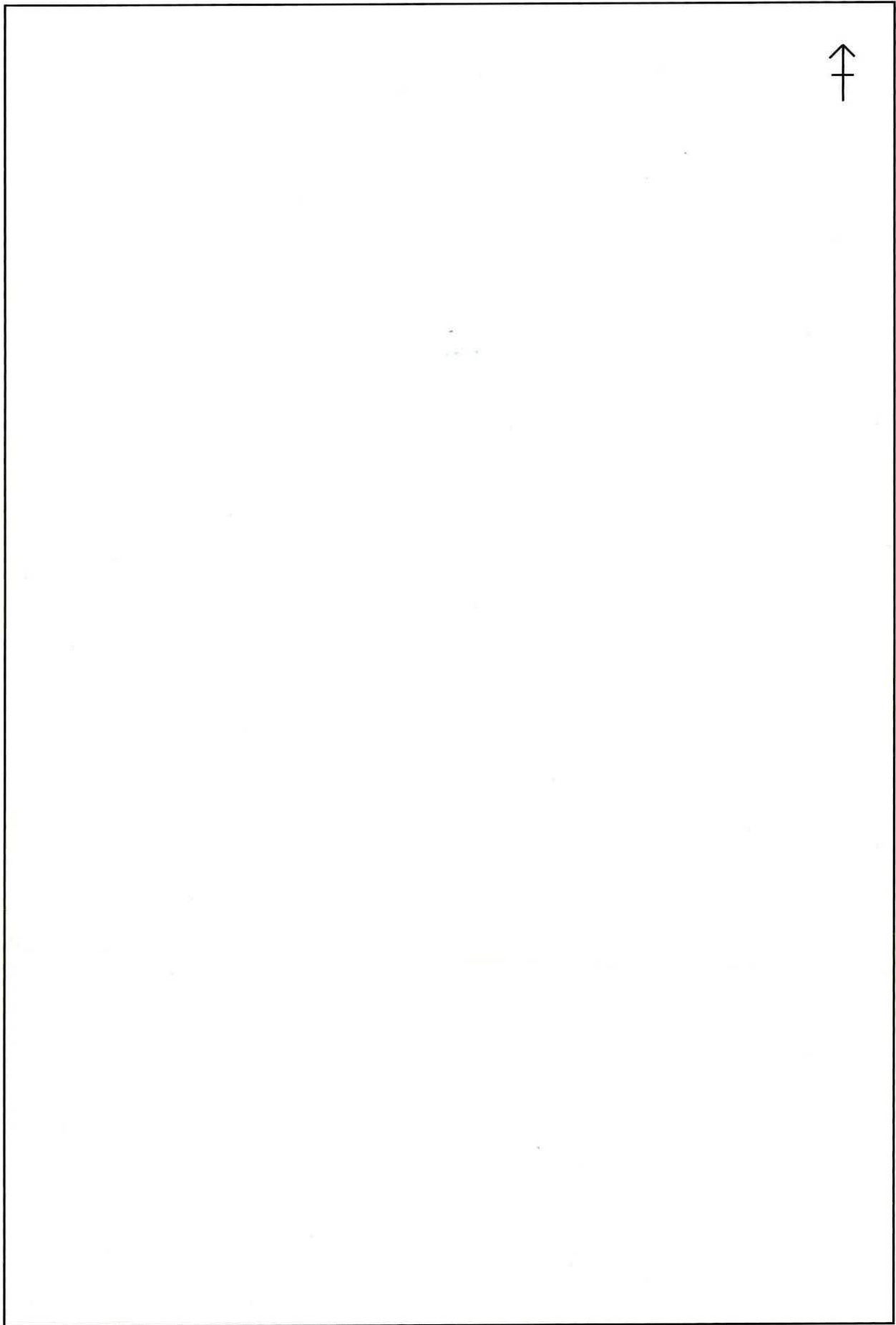
Fax: 022 2401099

Email: simbnsteelsCo bol.co.tz

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





SIMBA STEELS LIMITED

EXTRACT OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF SIMBA STEELS LTD

THE FOLLOWING WERE PRESENT

- | | | |
|----------------------------|---|----------|
| 1. Mr. ABDUL AZIZ LALANI | - | DIRECTOR |
| 2. Mr. AMIN MOHAMMAD RAMJI | - | DIRECTOR |
| 3. Mr. MEHBOOB RAMJI | - | DIRECTOR |

The Board Meeting unanimously passed the following resolutions:

- The Steel project which will be located at Tabata will be the partly financed by share holders contribution and the other part, will be covered by a loan.
- Also if the loan will be not be available in time, shareholders will contribute the remaining balance.
- The project investment cost will be US \$: 8M

Signed by:



CHAIRMAN



SECRETARY

DATE



WAKALA WA USAJILI WA BIASHARA NA LESENI.

S.L.P 9393, Dar-es-Salaam.

SIMU : +255 22 2180141, 2180113, 2181113. NUKUSHI: +255 22 2180371

BARUA PEPE: usajili@cats-net.com, brela@cats-net.com

TOVUTI: <http://www.brela-tz.com>



RECEIPT NO: 00091369

NIMEPOKEA KWA
Received from

SIMBA STEELS LTD

KIASI CHA SHILINGI (KWA MANENO)
Sum of Shillings (In words)

SEVENTY-EIGHT THOUSAND TANZANIAN SHILLINGS ONLY.

KWA MALIPO YA
In respect of

FILLING FEES [TSHS78,000]
TOTAL TSHS : 78,000

KWA FEDHA TASLIMU/HUNDI NAMBA
By cash/cheque No.

CASH

KITUO
Station



SAHIHI YA MPOKEAJI
Receiving officer's sign

CHEO
Title

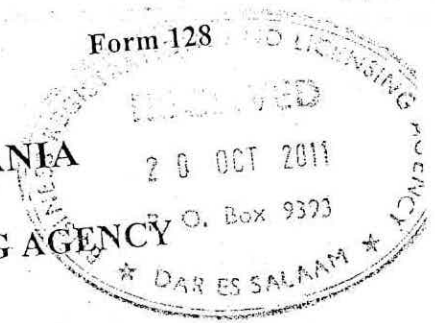
TAREHE
Date

ARTHUR A.K

CASHIER

20/10/2011

THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY



Filling Fee Shs. 15,000/=

FORM OF ANNUAL RETURN OF A COMPANY
HAVING A SHARE CAPITAL

The Companies Act 2002, Section 128

SIMBA STEELS LIMITED

2010

THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENCING AGENCY

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

Company Number

34524

Name of the Company
(Full Name)

SIMBA STEELS LIMITED

The information in this return is made up to 31st Day of December 2010Address of Registered Office of the Company *Plot No: 317, Tabata, Industrial Area, Nelson Mandela Road – Dar-es-salaam*Company Type *Private*

(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 *Steel & Iron bar Manufacturers*

If different from the registered Office, state address where the Register of members or any Register of debenture holders Is kept

Register of Members *Same as Above*Register of Debenture Holders *Same as Above*

Company Secretary

Name

Baker Tilly DGP & Co., Certified Public Accountants

Previous Name(s)

None

Address

P.O. Box 1314 – Dar-es-salaam

FOR OFFICIAL USE ONLY

Directors

(Use additional copies of this sheet if necessary)

Name <i>Abdulaziz Lalani</i>	Business Occupation <i>Director</i>
Previous Name(s) <i>None</i>	Nationality <i>Kenyan</i>
Address <i>Plot No: 124B, Uganda Avenue – Dar-es-salaam</i>	Date of Birth <i>06/04/1949</i>
Other relevant past or present directorships <i>Director in New Kilimanjaro Textile Mills Ltd, Nyakato Steel Mills Ltd, Musoma Textile Mills Tanzania Ltd, Adept Impex Ltd, MV Safari Ltd, Iron & Steel Ltd & Regency Medical Centre Ltd</i>	

Name <i>Mehboob Ramji</i>	Business Occupation <i>Director</i>
Previous Name(s) <i>None</i>	Nationality <i>Tanzanian</i>
Address <i>Plot No: 399/9 Indira Gandhi Street – Dar-es-salaam</i>	Date of Birth <i>12/12/1957</i>
Other relevant past or present directorships <i>Director in New Kilimanjaro Textile Mills Ltd, Nyakato Steel Mills Ltd & Musoma Textile Mills Tanzania Ltd</i>	

Name <i>Amin Mohamed Ramji</i>	Business Occupation <i>Director</i>
Previous Name(s) <i>None</i>	Nationality <i>Tanzanian</i>
Address <i>Plot No: 399/9, Indira Gandhi Street – Dar-es-salaam</i>	Date of Birth <i>07/07/1951</i>
Other relevant past or present directorships <i>Director in New Kilimanjaro Textile Mills Ltd, Iron & Steel Ltd & Musoma Textile Mills Tanzania Ltd</i>	

Name <i>Sadrudin Mangalji</i>	Business Occupation <i>Director</i>
Previous Name(s) <i>None</i>	Nationality <i>Canadian</i>
Address <i>C/O JPF Investments Ltd, 1500-701W, Georgia Street, Vancouver BC, PC V7Y1A1 - Canada</i>	Date of Birth <i>06/05/1931</i>
Other relevant past or present directorships <i>Director in Iron & Steel Ltd, Nyakoto Steel Mills Ltd & Kilimanjaro Textile Mills Ltd</i>	

Name <i>Sarah Shamji</i>	Business Occupation <i>Director</i>
Previous Name(s) <i>None</i>	Nationality <i>Canadian</i>
Address <i>Box 258, Kinshasha - DRC</i>	Date of Birth <i>Adult</i>
Other relevant past or present directorships <i>None</i>	

Form 128: Annual Return

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	20,730	2,073,000,000/=
2			
3			
4			
5			

Totals:

20,730	2,073,000,000/=
--------	-----------------

List of past and present members There were no changes in the period X
 A full list is required if one was not
 Included with either of the last two returns.

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

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

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

SignedDate.....

Director/Secretary

LIST OF PAST AND PRESENT MEMBERS (Continued on Page 5)
 (Use additional copies of this sheet if necessary)

	Names and Addresses
1	<i>Abdul Aziz Lalalni, P.O. Box 20427 – Dar-es-salaam</i>
2	<i>Mehboob Ramji, P.O. Box 347 - Mwanza</i>
3	<i>Sadrudin Mangalji, C/O JPF Investments Ltd, 1500-701W, Georgia Street, Vancouver, PC V7Y1A1 - Canada</i>
4	<i>Amin Ramji, P.O. Box 100 – Dar-es-salaam</i>
5	<i>Shamir Ramji, P.O. Box 100 – Dar-es-salaam</i>
6	<i>Sarah Shamji, Box 258, Kinshasha - DRC</i>
7	<i>Avelino Foundation, C/O Credit Agricool Indosuez, Geneva - Switzerland</i>
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

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 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	Remarks
1	<i>1</i>		
2	<i>4,664</i>		
3	<i>4,664</i>		
4	<i>2,592</i>		
5	<i>2,073</i>		
6	<i>2,073</i>		
7	<i>4,663</i>		
8	<u><i>20,730</i></u>		
9			
10			
11			
12			
13			
14			
15			
16			
17			

TANZANIA

Land Form 4-23A.

THE LAND ACT NO.4 OF 1999

CERTIFICATE OF OCCUPANCY

(Under Section 29)
(Issued under Section 9 of the Land Ordinance)

Date of Issue:

Title Number: 52 592


Land Office Number: 203186.

Land: PLOT NO.317 MANDELA ROAD/DAR ES SALAAM CITY. / TABATA

Terms: NINETY NINE YEARS.

TANGANYIKA STAMP DUTY ACT.
 Stamp Duty Shs. 100/= Paid
 and Revenue Receipt No. 15638859
 of 19.4.2002 Issued.
 Land Form No. 22 *Mono*
 Stamp Duty Officer

TITLE No. 52592
REGISTERED 27.6.2002
 At **11:00 A.M**
Mono
 Senior Asst. Registrar of Titles



TANGANYIKA STAMP DUTY ACT.
 Stamp Duty Shs. 44,900/= Paid
 on original Receipt No. 15638859
 of 19.4.2002.
Mono
 Stamp Duty Officer

THE UNITED REPUBLIC OF TANZANIA

L.O. No. 203186.
L.D. No. 199279.

THE LAND ACT NO.4 OF 1999
CERTIFICATE OF OCCUPANCY

(Under Section 29)

Title No. 52592.

The 24th day of June, Two thousand and two.

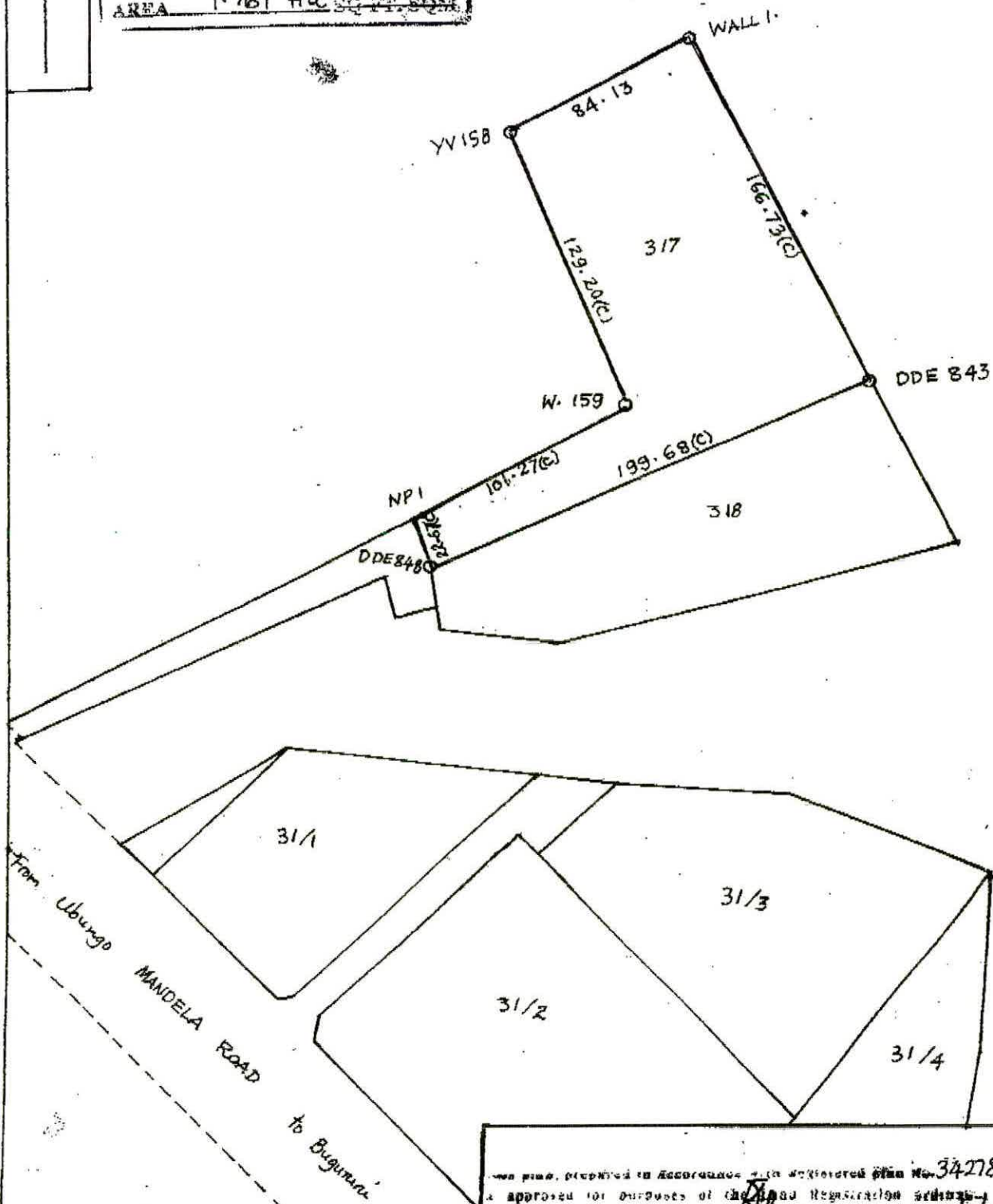
THIS IS TO CERTIFY that M/S SIMBA STEELS LIMITED, a limited liability Company incorporated under the Companies Ordinance (Cap. 212) and having its registered office in Dar es salaam of P.O. Box 5686, DAR ES SALAAM (hereinafter called "the Occupier") is entitled to the Right of Occupancy (hereinafter called "the Right") in and over the land described in the Schedule hereto (hereinafter called "the Land") for a term of **ninety nine** years from the **first day of April, Two Thousand and two** according to the true intent and meaning of the Land Act and subject to the provisions thereof and to any regulations made thereunder and to any enactment in substitution therefor or amendment thereof and to the following special conditions:-

1. The Occupier having paid rent up to the thirtieth day of June, 2002, shall thereafter pay rent of shillings **eight hundred eighty thousand six hundred (T.Shs. 880,600/=)** only a year in advance on the first day of July in every year of the term without deduction PROVIDED that the rent may be revised by the Commissioner for Lands.
2. The Occupier shall:-
 - (i) Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the Occupier's expenses as assessed by the Director responsible for Surveys and Mapping.

DAR ES SALAAM CITY



LOCATION MANDELA ROAD-TABATA
 BLOCK _____
 PLOT No. 317
 L.O. No. 203186
 AREA 1.761 Ha. SQ. FT. 80M



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

This plan, prepared in accordance with registered plan No. 34278
 is approved for purposes of the Land Registration Ordinance
 Minister of Lands and Housing *Defenga* Date 13/5/2002
 Ministry of Lands, Housing and Urban Development, Dar es Salaam

Given under my hand and my hand and my official seal the day and year first above written


COMMISSIONER FOR LANDS

The within named **M/S SIMBA STEELS LIMITED** HEREBY accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SEALED with the COMMON SEAL of the said
SIMBA STEELS LIMITED and DELIVERED
in the presence of us this 14th day of May 2002

Signature..... M. S. Keref

Postal Address: P.O. Box 2086
MWANZA

Qualification MS DIRECTOR

Signature..... Chandhuj

Postal Address: P.O. Box 5686
DAR ES SALAAM

Qualification DIRECTOR

UNITED REPUBLIC OF TANZANIA
MINISTRY OF LANDS AND HUMAN SETTLEMENTS DEVELOPMENT

LAND REGISTRY,
P. O. BOX 1191,
DAR-ES-SALAAM.

05 July 2002.

Ref: No. LR/T/ 52592/3
TO M/S Simba Steels Limited
of P.O. Box 5686
Dsm.

TITLE NO. 52592 LAND OFFICE NO. 203186
PLOT NO. 317 Mandale Road Tabata
Dsm City.

I have the honour to enclose here with duplicate of the Certificate of Title
Numbered as above please.


Asst. REGISTRAR OF TITLES

Copy to Commissioner for Lands
Your LD File No. 199279 refers.



BAKER TILLY
DGP & CO
Certified Public Accountants

SIMBA STEELS LIMITED
P. O. BOX 21916,
DAR ES SALAAM
ANNUAL REPORT 2008



an independent member of
BAKER TILLY
INTERNATIONAL

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 2008

1 The Directors present their report and financial statements for the year ended 31st December, 2008

2 ACTIVITIES

The principal activity of the company is manufacturing and selling of High Tensile and Mild Steel Bars.

3 DIRECTORS RESPONSIBILITY

As Directors, it is our responsibility to prepare the financial statements for each financial year that give a true and fair view of the state of affairs of the company at the end of financial year. We are also responsible for keeping proper accounting records in line with the provisions of S.122 of the Companies Ordinance Cap.212 for taking reasonable steps to safeguard the assets of the company and to prevent and detect any fraud or other irregularities.

4 FINANCIAL RESULTS

The capacity utilisation of the plant continued to remain low during the year. Further, the loss during the year is attributable to high depreciation on newly installed plant and machinery and high interest cost on term loans.

Your directors are optimistic about better capacity utilisation and improved profitability during the coming years.

5 DIVIDENDS

The Directors do not recommended any dividends during the year.

6 DIRECTORS

The Directors of the company at the date of the report, all of whom have served during the year are:-

<u>NAME</u>	<u>NATIONALITY</u>
Aziz Lalani	Kenyan
Amin Ramji	Tanzanian
Mehboob Ramji	Tanzanian
Sadrudin Mangalji	Canadian
Sarah Shamji	Canadian

7 AUDITORS

M/s. Baker Tilly DGP & Co. Certified Public Accountants (formerly known as M/s. D. G. Patel & Co.) have expressed their willingness to be re-appointed as auditors of the company.

BY THE ORDER OF THE BOARD

Dar-es-Salaam

Date: 26 SEP 2009


.....
DIRECTOR


.....
DIRECTOR



BAKER TILLY DGP & CO

Certified Public Accountant

2nd Floor, Mahavir Building,
Opp. Econo Lodge, Off Libya Street
P. O. Box - 1314, Dar es Salaam
Tanzania
Tel: +255 22 2112128, 2125597
Fax: +255 22 2122300
Email: info@bakertillydgp.com
www.bakertillydgp.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIMBA STEELS LIMITED

We have audited the accompanying financial statements of Simba Steels Limited, set out herewith, which comprises of Balance sheet as at 31st December 2008, Profit and loss account, and cash flow statement for the year then ended, summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described in the Directors' report, the company's Board of Directors is responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards and in compliance with Companies Act 2002. This responsibility includes: design, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We report:

1. The stock as at the balance sheet date is physically verified and valued by the Management.
2. The balances of debtors and creditors are subject to confirmation and reconciliation, if any at the balance sheet date except for group company accounts.

Emphasis of the matter

Attention is drawn to Note No. 6 to the financial statements regarding going concern assumption. The Directors have prepared the financial statements on Going Concern basis on the assumption that the Company will continue to be operational for a foreseeable future. The validity of these assumptions depends on the Company being able to meet its obligation as they fall due and the availability of funds with the Directors.

Opinion

In our opinion, the financial statements of the company, subject to above, give a true and fair view of the state of affairs of the company as on 31st December 2008 and of its profit for the year then ended and its cash flows for the period then ended and are not prepared in accordance with the International Financial Reporting Standards and not complying with the requirements of the Companies Act, 2002.

Report on other Legal and Regulatory Requirements

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

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

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

For Baker Tilly DGP & Co.
Certified Public Accountants,



K. S. Bhattbhatt
Partner



Place : Dar Es Salaam

Dated : 26 SEP 2009

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

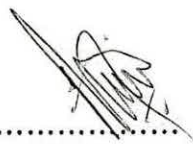
BALANCE SHEET AS AT 31ST DECEMBER, 2008

	<u>NOTE</u>	<u>2008</u> <u>Tshs</u>	<u>2007</u> <u>Tshs</u>
<u>NON CURRENT ASSETS</u>			
Fixed Assets	7	2,845,440,250	2,788,301,179
Capital Work-in-Progress	7	1,037,701,896	809,192,487
		3,883,142,146	3,597,493,665
<u>CURRENT ASSETS</u>			
Stocks	8	1,682,089,843	628,782,438
Sundry Debtors		109,218,727	179,258,987
Deposits, Prepayments & Advances	9	1,028,465,976	297,645,648
Bank Balances & Cash	10	1,057,474	1,803,408
		2,820,832,020	1,107,490,482
<u>CURRENT LIABILITIES</u>			
Bank Overdrafts	11	2,674,343,091	1,962,362,059
Sundry Creditors		315,592,297	299,860,830
Other Liabilities	12	118,246,790	130,343,148
		3,108,182,178	2,392,566,037
NET CURRENT ASSETS		(287,350,158)	(1,285,075,555)
PROFIT & LOSS ACCOUNT		1,943,208,012	1,235,235,931
NET ASSETS		5,539,000,000	3,547,654,041
<u>FINANCED BY:</u>			
Share Capital	13	4,364,000,000	200,000
Loan from Shareholders		-	2,072,454,042
Term Loans	14	1,175,000,000	1,475,000,000
		5,539,000,000	3,547,654,041

The financial statements on pages 4 to 12 were approved by the Board of Directors in its meeting were signed on their behalf:-

Notes on Pages 7 to 12 form an integral part of these financial statements.

Report of Auditors - Page 2



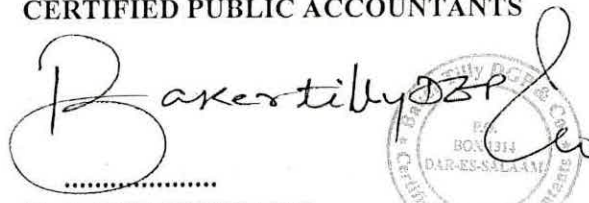
DIRECTOR

Date: - 26 SEP 2009



DIRECTOR

As per our report of even date
For BAKER TILLY DGP & CO.
CERTIFIED PUBLIC ACCOUNTANTS



K. S. BHATTBHATT
Partner

Dar-es-Salaam, Tanzania

Date: 26 SEP 2009



SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2008

	<u>NOTES</u>	<u>2008</u> <u>Tshs</u>	<u>2007</u> <u>Tshs</u>
<u>INCOME</u>			
Sale of Iron Bars		2,516,501,873	3,701,558,485
LESS: COST OF SALES	15	<u>2,403,493,613</u>	<u>3,232,058,059</u>
GROSS PROFIT		113,008,260	469,500,426
<u>LESS: EXPENSES</u>			
Administration & Establishment	16	474,002,217	535,588,588
Selling & Distribution	17	8,645,603	35,455,670
Financial Charges	18	<u>329,257,986</u>	<u>231,430,215</u>
		<u>811,905,807</u>	<u>802,474,473</u>
Operating Profit/(Loss)		(698,897,546)	(332,974,046)
Add: Other Incomes	19	<u>(68,000)</u>	<u>39,003,304</u>
Operating Profit/(Loss) Before Taxation		(698,965,546)	(293,970,742)
Provision for Tax		-	-
Profit/(Loss) for the Year After Tax		<u>(698,965,546)</u>	<u>(293,970,742)</u>
Add: Balance Brought Forward		(1,235,235,931)	(912,271,625)
Less: Prior Year Expenses		9,006,535	5,775,588
Less: Short Provision for Tax for Earlier Years		-	23,217,975
		(1,943,208,012)	(1,235,235,931)

Notes on Pages 7 to 12 form an integral part of these financial statements.

.....

DIRECTOR

Date: 26 SEP 2009

.....

DIRECTOR

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2008

	<u>2008</u>	<u>2007</u>
	<u>Tshs</u>	<u>Tshs</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit Before Tax	(698,965,546)	(293,970,743)
Adjustment For: Depreciation	402,604,640	390,500,220
	<u>(296,360,907)</u>	<u>96,529,477</u>
(Increase)/Decrease in Stocks	(1,053,307,405)	143,405,715
(Increase)/Decrease in Debtors, Prepayments & Advances	(660,780,067)	4,623,676
Increase/(Decrease) in Creditors, Advances & Other Liabilities	3,635,109	76,374,811
	<u>(1,710,452,363)</u>	<u>224,404,203</u>
CASH GENERATED FROM OPERATIONS	(2,006,813,270)	320,933,680
Less: Tax paid	-	(23,217,975)
: Prior year adjustments	(9,006,536)	(5,775,589)
NET CASH FROM OPERATING ACTIVITIES A	<u>(2,015,819,805)</u>	<u>291,940,116</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Increase/(Decrease) in Bank Overdraft	711,981,032	1,346,847,218
Increase/(Decrease) in Long Term Loans	(300,000,000)	526,033,375
Increase/(Decrease) in Treasury Loan	-	(41,288,190)
Increase/(Decrease) in Share Capital	4,363,800,000	-
Increase/(Decrease) in Shareholders Funds	(2,072,454,042)	(1,273,939,947)
NET CASH USED IN FINANCING ACTIVITIES B	<u>2,703,326,991</u>	<u>557,652,457</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Assets	(459,743,711)	(79,953,490)
Capital Work In Progress	(228,509,409)	(768,812,441)
NET CASH USED IN INVESTING ACTIVITIES C	<u>(688,253,120)</u>	<u>(848,765,931)</u>
Increase/(Decrease) in Cash & Cash Equivalents A+B+C	(745,934)	826,641
	<u>1,803,408</u>	<u>976,767</u>
Cash & Cash Equivalents as at 31st December	<u>1,057,474</u>	<u>1,803,408</u>

Notes on Pages 7 to 12 form an integral part of these financial statements.

.....

DIRECTOR
 Date: 26 SEP 2009

.....

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2008

1 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company has not adopted the International Financial Reporting Standards for the preparation and presentation of its financial statements. In the circumstances, these Financial Statements have been prepared under the generally accepted accounting principles.

2 SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention

The Financial Statements have been prepared under the historical cost convention. A Summary of more important accounting policies is set out below:

1.2 Turnover

Turnover represents the invoiced value of goods supplied net of VAT and Trade Discounts

1.3 Fixed Assets

Fixed Assets are stated in the Balance Sheet at cost less depreciation. Continuing existence and verification of Fixed Assets is certified by the management.

1.4 Depreciation

Depreciation is provided so as to write off the fixed assets on reducing instalment basis. The principal annual rates used for this purpose which are consistent with those of last year are:

<u>Nature of Asset</u>	<u>Rate per annum</u>
Land & Building	5.00%
Plant & Machinery	12.50%
Motor Vehicles	25.00%
Gas Cylinder Plant	12.50%
Furniture	12.50%
Office Equipments	12.50%

1.5 Stocks

Stocks are valued and verified by the Management at the lower of cost or net realisable value.

1.6 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are attributable to the acquisition, construction, or production of an asset till put for its intended use is capitalised as part of the cost of the asset.

3 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are converted into Tanzanian Shillings at the exchange rate prevailing at the date of the transaction. Assets and Liabilities at the Balance Sheet Date which are expressed in Foreign Currency are translated into Tanzanian Shillings at the rate ruling at that date. The resulting difference from conversions and translations are dealt with in the profit and loss account in the year in which they arise.

4 REGROUPING

Previous year figures have been rearranged and regrouped wherever necessary to make them comparable with the current year's figures.

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 BRANCHES

The Company opened a branch office in Zanzibar in August 2008. The Branch has not yet started any business activities. All expenses incurred for the formation of branch have been charged to the Profit and Loss Account.

6 GOING CONCERN

At the balance sheet date, the company is having a carry forward loss of Tshs 1943.21 Millions which has eroded almost 50% of the Networth of the Company. The Current Liabilities have exceeded the Current Assets by Tshs 287 Millions. The Directors of the Company are confident that the Company will be able to revive from this loss in the near future once the operation of the new furnace and plant and machinery is stabilized.

In view of the above, the Financial statements have been prepared on a going concern basis which assumes that the company will continue to be operational for a foreseeable period of time.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 FIXED ASSETS SCHEDULE

Sr. No.	Particulars	COST				DEPRECIATION			NET BLOCK	
		As at 01.01.2008 Tshs	Additions Tshs	Transfers/ Disposals Tshs	As at 31.12.2008 Tshs	As at 01.01.2008 Tshs	Charge for the year Tshs	As at 31.12.2008 Tshs	As at 31.12.2008 Tshs	As at 31.12.2007 Tshs
1	Land & Building	789,734,981	-	-	789,734,981	78,822,990	39,486,750	118,309,740	671,425,241	710,911,991
2	Plant & Machinery	2,712,119,279	459,071,703	-	3,171,190,982	671,725,520	353,360,901	1,025,086,421	2,146,104,561	2,040,393,759
3	Motor Vehicles	27,051,327	-	-	27,051,327	22,614,067	4,437,259	27,051,326	1	4,437,260
4	Furniture	21,925,332	-	-	21,925,332	4,257,782	2,740,670	6,998,452	14,926,880	17,667,550
5	Office Equipment	19,960,481	672,008	-	20,632,489	5,069,862	2,579,060	7,648,922	12,983,567	14,890,619
	Total	3,490,837,909	459,743,711	-	4,030,535,110	391,990,001	402,604,640	1,185,094,861	2,845,440,250	2,788,301,179
	Capital Work in Progress	809,192,487	590,564,646	(362,055,237)	1,037,701,896	-	-	-	1,037,701,896	809,192,487

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2008</u> <u>Tshs</u>	<u>2007</u> <u>Tshs</u>
8 <u>STOCKS</u>		
Raw Materials	161,362,390	201,401,659
Finished Goods	1,230,911,209	239,866,342
Farm Implements	18,043,736	18,043,736
Furnace Oil & Coal	-	31,345,978
Stores & Consumables	271,772,508	138,124,723
	<u>1,682,089,843</u>	<u>628,782,438</u>
9 <u>DEPOSITS, PREPAYMENTS & ADVANCES</u>		
Prepaid Expenses	16,868,559	11,946,550
Cylinder Deposits	554,167	554,167
Telephone Deposit	125,000	125,000
Margin Money for LC and Bank Guarantee	1,213,635	1,213,635
Madona Hospital Deposit	80,350	80,350
Tanesco Deposit	500,000	500,000
Oryx Oil Company Limited	565,200	565,200
VAT Recoverable	197,393,948	-
Unclaimed Input VAT	32,407,097	-
Advance Tax	825,000	825,000
Loans to Staff & Workers	1,129,603	2,855,522
Advance to Suppliers	771,494,673	272,381,354
Insurance Claim Receivable	5,308,744	6,598,870
	<u>1,028,465,976</u>	<u>297,645,648</u>
10 <u>BANK BALANCES & CASH</u>		
Balance with Bank	204,429	-
Cash in Hand	853,046	1,803,408
	<u>1,057,474</u>	<u>1,803,408</u>
11 <u>BANK OVERDRAFT</u>		
Overdraft Facility from NBC	2,674,343,091	1,962,362,059
	<u>2,674,343,091</u>	<u>1,962,362,059</u>
Overdraft facilities from NBC are secured as under		
(A) Legal Mortgage over CT 52592 being plot no. 317 Mandela Road, Tabata Light Industrial Area.		
(B) Chattel Mortgage over the Plant & Machiners located at plot no. 317 Mandela Road, Tabata Light Industrial Area.		
(C) Debenture over the Company's Fixed and Floating Assets		
(D) Joint Guarantee of the Shareholders		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2008</u>	<u>2007</u>
	<u>Tshs</u>	<u>Tshs</u>
12 OTHER LIABILITIES		
Audit Fees Payable	1,469,800	1,301,800
City Service Levy Payable	1,885,757	4,800,404
NSSF Payable	687,450	1,477,531
PAYE Payable	248,237	329,524
SDL Payable	202,847	441,707
VAT Payable	-	1,318,251
Electricity Charges Payable	12,024,655	11,979,271
Provision for Expenses	-	776,828
ROC Fees Payable	24,000	-
Advance from Customers	101,704,044	107,917,832
	<u>118,246,790</u>	<u>130,343,148</u>
13 SHARE CAPITAL		
<u>Authorised Share Capital</u>		
60,000 Ordinary Shares of Shs. 100,000/- each (P. Y.		
40,000 Ordinary Shares of Shs. 100,000/- each)	<u>6,000,000,000</u>	<u>4,000,000,000</u>
<u>Issued & Paid Up Capital</u>		
43640 Ordinary Shares of Shs. 100,000/- each (Previous		
Year 2 Ordinary Shares of Tshs 100,000/- each)	<u>4,364,000,000</u>	<u>200,000</u>
14 TERM LOANS		
NBC Term Loan	<u>1,175,000,000</u>	<u>1,475,000,000</u>
	<u>1,175,000,000</u>	<u>1,475,000,000</u>
Term Loan from NBC is secured as under		
(A) Legal Mortgage over CT 52592 being plot no. 317 Mandela Road, Tabata Light Industrial Area.		
(B) Chattel Mortgage over the Plant & Machiners located at plot no. 317 Mandela Road, Tabata Light Industrial Area.		
(C) Debenture over the Company's Fixed and Floating Assets		
(D) Joint Guarantee of the Shareholders		
15 COST OF SALES		
Opening Stock	628,782,438	772,188,153
A MATERIAL		
Material Purchased	2,378,214,882	2,094,751,043
B LABOUR		
Salaries, Wages & Related Cost	178,407,656	245,468,397
C FACTORY OVERHEADS		
Electricity & Water	477,058,583	135,158,526
Purchase of Coal. Fuel, Furnace Oil and Lubricants	254,970,136	314,449,154
Stores, Spares & Consumables	146,996,411	278,338,665
Factory Overheads and Machinery Rep. & Maint.	806,083	338,000
Insurance	20,347,266	20,148,559
MANUFACTURING COST INCURRED DURING THE YEAR	<u>A+B+C</u>	<u>3,860,840,497</u>
Less: Closing Stock	<u>1,682,089,843</u>	<u>628,782,438</u>
COST OF SALES	<u>2,403,493,613</u>	<u>3,232,058,059</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>2008</u> <u>Tshs</u>	<u>2007</u> <u>Tshs</u>
16 <u>ADMINISTRATIVE & ESTABLISHMENT</u>		
Audit Fees	1,300,000	1,301,800
Computer Maintenance & Repairs	140,000	820,133
Conveyance Expenses	1,375,400	14,255,587
Donation	-	1,000,000
Depreciation	402,604,640	390,500,220
Electricity & Water	1,094,941	1,953,829
Land Rent	986,160	80,000
Miscellaneous Expenses	2,293,848	4,618,720
Medical Expenses	2,054,890	5,584,284
Postage, Telephone & Internet Charges	11,288,831	15,296,673
Legal & Professional Fees	1,085,000	3,900,000
Printing & Stationery	1,796,115	2,988,884
Repairs & Maintenance	365,000	555,000
ROC Filing Fees	4,147,000	-
Salary & Wages	23,778,781	51,965,537
Security Charges	15,358,405	2,415,417
Vehicle Running Expenses	2,393,025	21,881,371
Office Expenses	1,940,182	16,310,633
Workmens Compensation	-	160,500
	<u>474,002,217</u>	<u>535,588,588</u>
17 <u>SELLING & DISTRIBUTION</u>		
Advertisement & Business Promotion	2,846,000	1,257,000
City Service Levy	5,799,603	10,824,078
Freight Outward Expenses	-	2,201,000
Sales Commission & Discount	-	1,226,000
Export Expenses	-	85,500
Traveling And Accommodation	-	19,862,092
	<u>8,645,603</u>	<u>35,455,670</u>
18 <u>FINANCIAL CHARGES</u>		
Bank Charges	15,362,943	50,819,573
Interest To Bank	313,895,043	180,610,642
	<u>329,257,986</u>	<u>231,430,215</u>
19 <u>OTHER INCOMES</u>		
Exchange Gain / (Loss)	(68,000)	39,003,304
	<u>(68,000)</u>	<u>39,003,304</u>

SIMBA STEELS LIMITED, P. O. BOX 21916, DAR-ES-SALAAM

COMPUTATION OF TAXABLE INCOME

	<u>2008</u>	<u>2007</u>
Profit/(Loss) as per Accounts	(698,965,546)	(293,970,742)
Less: Profit on Sale of Assets	-	-
	<u>(698,965,546)</u>	<u>(293,970,742)</u>
<u>Add: Disallowable & Private element</u>		
Depreciation	402,604,640	390,500,220
Private use of Vehicles (15%)	358,954	3,282,206
Donations	-	1,000,000
Private use of Telephone (15%)	1,693,325	2,294,501
Work Permit and Visa Fees	4,112,260	4,112,260
Legal & Professional Fees	1,085,000	3,900,000
	<u>(289,111,368)</u>	<u>111,118,444</u>
Less: Wear & Tear	287,270,783	83,782,164
TAXABLE PROFIT FOR THE YEAR	<u>(576,382,152)</u>	<u>27,336,281</u>
Add: Loss Brought Forward from Previous Years	(373,710,305)	(401,046,586)
Loss Carried Forward to Next Year	<u><u>(950,092,457)</u></u>	<u><u>(373,710,305)</u></u>

WEAR & TEAR SCHEDULE FOR TAX PURPOSE

	<u>CLASS I</u>	<u>CLASS II</u>	<u>CLASS III</u>	<u>CLASS VI</u>	<u>TOTAL</u>
Balance B/Fwd	6,821,613	65,740,589	24,109,907	712,878,807	809,550,916
Additions	-	459,071,703	672,008	-	459,743,711
	<u>6,821,613</u>	<u>524,812,292</u>	<u>24,781,915</u>	<u>712,878,807</u>	<u>1,269,294,627</u>
Less: Wear & Tear	2,558,105	16,435,147	3,097,739	35,643,940	57,734,932
: 50% on Additions	-	229,535,851	-	-	229,535,851
	<u>2,558,105</u>	<u>245,970,999</u>	<u>3,097,739</u>	<u>35,643,940</u>	<u>287,270,783</u>
Balance C/Fwd	<u><u>4,263,508</u></u>	<u><u>278,841,293</u></u>	<u><u>21,684,176</u></u>	<u><u>677,234,866</u></u>	<u><u>982,023,844</u></u>

SIMBA STEELS LIMITED

EXTRACT OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF SIMBA STEELS LTD

THE FOLLOWING WERE PRESENT

- | | | |
|----------------------------|---|----------|
| 1. Mr. ABDUL AZIZ LALANI | - | DIRECTOR |
| 2. Mr. AMIN MOHAMMAD RAMJI | - | DIRECTOR |
| 3. Mr. MEHBOOB RAMJI | - | DIRECTOR |

The Board Meeting unanimously passed the following resolutions:

- The Steel project which will be located at Tabata will be the partly financed by share holders contribution and the other part, will be covered by a loan.
- Also if the loan will be not be available in time, shareholders will contribute the remaining balance.
- The project investment cost will be US \$: 8M

Signed by:


CHAIRMAN


SECRETARY

DATE

SIMBA STEELS LIMITED

06th February, 2012

Executive Directors
Tanzania Investment Centre
P.O. Box No: 938
Dar es Salaam

Re: **APPLICATION FOR THE CERTIFICATION OF INCENTIVES**

We have decided to establish a project to manufacture of steel.

In that respect we have decided to apply for the Certificate of Incentives in order to benefit from the incentives obtained at your office.

We are attaching the following documents on order to enable the Centre issue the Certificate.

1. Application Form
2. Certificate of Incorporation
3. Memorandum and Articles of Association
4. Business Plan
5. Evidence of Land Ownership
6. Bank reference letter
7. Board resolution
8. Audited accounts for the past three years.

We hope our application will be considered favorably at the earliest.

Yours faithfully

For Simba Steels Ltd



DIRECTOR



National Bank of Commerce Limited

Head of Corporate Banking

P. O. Box 1863, Dar es Salaam, Tanzania
Infosys House, Plot 17 Mwindu Lane - Kinondoni

Tel: +255 (0) 22 2666815

Fax: +255 (0) 22 2666062

Swift address: NLCBTZTX

e-mail: corpbanking@nbctz.com

www.nbctz.com

Private and Confidential

Friday, February 03, 2012

Tanzania Investment Centre
Shaaban Robert Street
P.O. Box 938
Dar es Salaam
Tanzania

Dear Sir,

BANKERS' REFERENCE: SIMBA STEEL COMPANY LTD

Simba Steel Company limited is a valued corporate customer of NBC Limited. From our knowledge of the shareholders, directors and senior management team of the company, we believe them to be honest and of high integrity. We believe that it is unlikely they would commit the company beyond its ability to honor the company's obligations.

NBC limited has extended financial assistance to the group to finance the group's working capital facilities and would be happy to support the group in the future.

This information is strictly provided for normal business transactions and NBC Ltd will not be liable for any misconduct whatsoever arising during the course of business.

This reference is given without commitment from the Bank or any of its officers.

Yours faithfully,



Mapfired Darr

AG: Head of Corporate Banking

National Bank of Commerce Limited Reg. No. 32700

DIRECTORS: Dr. M.J. ASSAD* (Chairman), A. ST .V. DE LA RUE **** (Non-Executive),
L.N.MAFURU* (Managing-Executive), F. J. DU TOIT** (Non-Executive), A. R. MPUNGWE* (Non-Executive),
S. C. MSANGI* (Non Executive), Dr. K. HUSSEIN* (Non Executive), A.P. VAN JAARVELD** (Executive),
D. J. BRITS** (Non-Executive), JOHN GACHORA*** (Non-Executive), C. RUBAMBE*(Company Secretary).

(* TANZANIAN, ** SOUTH AFRICAN, *** KENYAN, **** BRITISH).



TIC Evaluation Report

Name of the Company
Simba Steels Ltd.

Post Box	Nelson Mandela, Plot No. 317	COI Number	34324	Contact	Mr. Naga Raju Ch.
Post Office	21916	COI Date	08/05/98	Designation	General Manager
Region	Dar Es Salaam	Application F. No	09860	Phone	022 2400614
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0
		Sub Sector	Iron And Steel	Fax	022 2401099
		File No	042190	E-Mail Address	Simbasteels@Bol.Co.Tz

Project Location		Investment Finance Plan in Millions USD											
Plot No.	Plot No. 317	<table border="1"> <thead> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> </thead> <tbody> <tr> <td>7.9</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	7.9	0	0	0			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
7.9	0		0	0									
Street	Nelson Mandela												
District	Kinondoni												
Region	Dar es Salaam												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	Plant
Arash Shamji	Canadian	10	2	3.5
Madrudin Maghji	Canadian	22.5	Vehicles	0.3
Mahboob Ramji	Tanzanian	22.5	Furniture & Fittings	0.3
Mudul Aziz Lalani	Kenyan	22.5	Pre-expenses	0.2
Momin Ramji	Tanzanian	22.5	Others	0.1
			Working Capital	1.5
			Total	7.9

Employment	325	Evaluated By	wf officer4
Capacity	2000 ton	Drawn By	wf regist3
Project Turn Over		Project Type	Foreign

Description
Establish steel products manufacturing facility

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

Decision
Approved
Ag ExD
27/02/12

SIMBA STEELS LIMITED

06th February, 2012

Executive Directors
Tanzania Investment Centre
P.O. Box No: 938
Dar es Salaam



Re: APPLICATION FOR THE CERTIFICATION OF INCENTIVES

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8. Audited accounts for the past three years.

We hope our application will be considered favorably at the earliest.

Yours faithfully

For Simba Steels Ltd

A handwritten signature in blue ink, appearing to be "Simba", written over a horizontal line.

DIRECTOR



SIMBA STEELS LIMITED

06th February, 2012

Executive Directors
Tanzania Investment Centre
P.O. Box No: 938
Dar es Salaam



Re: APPLICATION FOR THE CERTIFICATION OF INCENTIVES

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7. Board resolution
8. Audited accounts for the past three years.

We hope our application will be considered favorably at the earliest.

Yours faithfully

For Simba Steels Ltd

A handwritten signature in dark ink, appearing to be a stylized name.

DIRECTOR





TANZANIA INVESTMENT CENTRE

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

RECEIPT

No. 001215

Received from : SIMBA STEEL LTD

Address P.O BOX 21916 DSM

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



*For Executive Director
Tanzania Investment Centre*

Being payment in respect of: CERTIFICATE OF INCENTIVES FEES

Amount : USD 750.00

Cash / Cheque No: D/deposit 07/3

J Simba

Date : 14-Mar-2012

Receiving Officer

Aug '11

53980

TICC/PP.10/042190/3

5th March, 2012

Managing Director,
Simba Steels Ltd.,
P.O. Box 21916,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF STEEL PRODUCTS MANUFACTURING FACILITY**

We wish to acknowledge receipt of your project proposal to establish steel products manufacturing facility as presented in the TIC P.A. 1 Form No. 09860 and Feasibility Study with a projected investment of USD 7.9m.

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

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

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

.../2

TICC/PP.10/042190/3

5th 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



00218569

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042190

This is to certify that

SIMBA STEELS LIMITED

of address P.O. BOX 21916

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXX~~ enterprise known as

SIMBA STEELS LIMITED

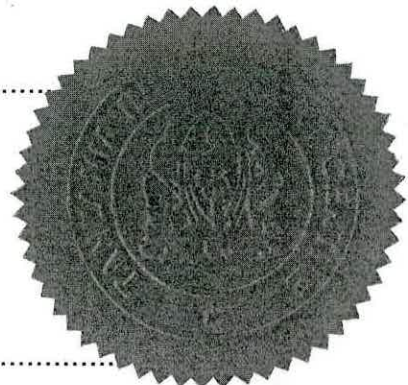
Which is located at PLOT NO. 317, NELSON MANDELA ROAD

KINONDONI - DAR ES SALAAM

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

Ag. Executive Director

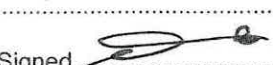
Tanzania Investment Centre
P.O. Box 938, Dar es Salaam



Dated 15TH MARCH 2012

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

1. Shareholders
- | Shareholders | Nationality | Shareholding (%) |
|--------------------|-------------|------------------|
| Sarah Shamji | Canadian | 10 |
| Sadrudin Maghji | Canadian | 22.5 |
| Mahboob Ramji | Tanzanian | 22.5 |
| Abdul Aiziz Lalani | Kenyan | 22.5 |
| Amin Ramji | Tanzanian | 22.5 |
2. Proposed Activities : **To establish steel products manufacturing facility**
3. Sector: **Manufacturing** Subsector **Iron & Steel Manufacturers**
4. Investment cost: Foreign **USD 7.9m.** Local **-** Total **USD 7.9m.**
5. Project Financing:
Equity **USD 7.9m.** Loans **-** Total **USD 7.9m.**
6. Source, terms and conditions of loan
7. Assets to be invested:
- | Capital items: | Foreign | Local | Total |
|----------------|------------------|----------|------------------|
| | USD 7.9m. | - | USD 7.9m. |
8. Technology Agreement **None**
9. Date of TIC Registration: **5th March 2012**
10. Implementation period **March 2012 - February 2015**
11. Operative date **March 2015**
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
- (i) Applicable Import Duty **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**
- (ii) Applicable with-holding Tax **As per Income Tax Act, 2004 (as amended)**
- (iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
- (i) Date of Commencement of investment has to be notified to the Centre.
- (ii) Certificate not to be transferred, assigned or amended
- (iii) Failure to commence implementation within two years invalidates Certificate
- (iv) Failure to operate investment must be notified to the Centre
- (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed 
Ag. Executive Director