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BUSINESS PLAN/FEASIBILITY REPORT

Introduction:

Bidco acquired the assets for the manufacture of soaps, including Land and Buildings from Shivji and Sons Limited during the year 2001. A new Company called Shivji Tanzania Limited was formed. Subsequently the name of the company was changed to BIDCO TANZANIA LIMITED and then to BIDCO OIL AND SOAP LIMITED.

Group Profile:

Bidco is the largest and fastest growing manufacturer of Vegetable oils, fats, margarines, soaps and protein concentrates and marketing company in the region. It has the most versatile completely integrated and most advanced technology plants in the region. The company converts farm seeds into final consumer products through its committed quality systems. This has enabled the company to offer the largest variety and widest range of cooking oil, fats and soaps to the final consumers in East & Central Africa. The company has been in this business for over 32 years. The manufacturing and distribution operations of the company are based at Dar es Salaam (after acquisition of the soap plant and setting up the Edible Oil Plant) in Tanzania, Thika and Nakuru in Kenya, Jinja in Uganda.

Tanzania imports large quantities of crude oils and is one of the biggest consumers of edible oils and fats in the East & Central African Region. Bidco was the only company of its kind in the region to implement a fully integrated Baan Enterprise Resource Planning (ERP) and Intelligent Resource Planning (IRP) systems. The company maintains full quality control at every step of each process, to ensure the global standards of quality that earned Bidco the ISO 9002 certification by the Bureau Veritas Quality international of Geneva. Bidco was the first Sub Sahara edible Oil Company outside of South Africa to be awarded this certification by Bureau Veritas.

African born and proud of its African Heritage, Bidco believes in the future of Africa. BIDCO works for an optimistic future of economic growth built around the backbone of progressive agribusiness. In the poll of Most Respected East African companies undertaken by Price Waterhouse Coopers and the National Media Group in November 2005, Bidco was ranked the 2nd most Respected Company. BIDCO has been awarded by the Kenya Institute of Management for the best management practices in areas of:

- Information and Communication Technology-2000 & 2002
- Corporate Planning & Management practices-2001
- Marketing Management practices-2002
- 2nd runner-up for the Best Overall Company of the year-2001 & 2002
- Best Professional Manager-Mr. Vimal Shah-2001



Primary objectives & Rationale behind the additional capital:

- Tanzania has a total market of more than 200,000 tons per annum for both Oils & Fats, again Laundry & Toilet soaps market is in the region of 130,000 to 140,000 tons per annum.
- Tanzania being strategically located in terms of logistics to tap many of the unexploited export markets for these products in Rwanda, Burundi, Zaire, DR of

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Congo, Mozambique etc. The projects are expected to earn significant foreign exchange to the country.

- Tanzanians prefer oils to fats and their present per capita consumption is about 3.60 Kgs compared to world average of 15 Kgs.
- Expected growth of the market during the next 7 years is about 3% to 4% per annum.
- The group has a strong technical and managerial expertise and has already established a strong brand image in the market for oils & fats and soaps.
- The group has a strong marketing team with clear strategies and has established a pro-active distribution network, to meet the different consumer requirements in terms of versatility and wide range of products.
- This capital is addition to the operations of existing facilities at Dar es Salaam

Investment Cost and Means of Financing & Financials:

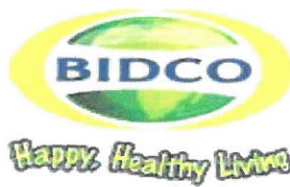
The total investment is now at the tune of 52.405 million United States dollars, inclusive Usd 1.193million pre-operational expenses and Usd 41.107million working sub-total capital. This was financed through local loans (bank facilities) to the extent of Usd 9.396 million and Equity contribution/Shareholders' funds to the extent of Usd 43.009 million.

Project Financial Expenditure to date(USD):	Foreign(USD)	Local(USD)	Total(USD)
Land and Buildings	0	1.661 m	1.661 m
Plant and Machinery	6.975 m	1.116 m	8.091 m
Vehicles	0	0.112 m	0.112 m
Furniture	0.012 m	0.047 m	0.059 m
Office equipment	0	0.180 m	0.180 m
Insurance Cover	0	0	0
Pre-operational expenses	0	1.193 m	1.193 m
Working sub-total capital	36.021 m	5.086 m	41.107 m
GRAND TOTAL	43.009 m	9.396 m	52.405 m
Project Financing	Amount(USD)	Source Country	
Local Equity	0	Tanzania	
Local Loans(Bank Facilities)	9.396 m	Tanzania	
Foreign Equity	43.009 m	Mauritius, Kenya, India	
Foreign Loan	0		
Total Investment	52.405 m		

The company proceeds to negotiate to borrow on long term basis through commercial banks/development institutions at a competitive market rate in local currency, and try to

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avoid hard currency borrowing to mitigate any future fluctuations of the hard currencies against local shillings, during the period of the loan.

Operational aspects:

The company expects to achieve a turnover of Tshs.300 billion during a span of 5 years in the operational period. The profits expected during this period will be more than comfortable to service the interest and repayment of debt financing. Debt financing are in progress. Basic raw material are sourced from South East Asian countries while the country is in arrangement for sufficient local plantations to substitute the raw material import (Crude Palm oil).

The plant is eco-friendly and free from any smoke or environmental issues.

Project Benefits:

- Employment to about 1,000 to 1,200 Tanzanians-both directly and indirectly.
- Superior Quality products to consumers at a competitive price.
- Wide range of branded products for the consumers to select from and established manufacturer.
- Distribution network to cover the entire nation, including remote areas.
- Expects to earn foreign exchange through exports to neighboring countries.
- Enhanced revenue to the port of Dar es Salaam, as the on the volume increases and increase in turnover to TRA Through customs duty & VAT on the inputs.
- Promotes many ancillary businesses, such as packaging & Transportation industries as the group's primary focus is on the core business of manufacture and distribution of Oils, fats and soaps.
- Contributes towards the growth of the country's industrialization plans.

Market study:

The group has been in the business of manufacturing and distribution of oils, fats and soaps for over 32 years, in the region. The existing and future market situation for these products in the country is as under:

- Oils-Soft and Palm Oil: Market is more than 200,000 Tons per Annum.
- Neighboring countries like Rwanda, Burundi, Zambia, Zaire, Mozambique, Ethiopia and DRC are mainly dependent on supplies from Tanzania. This provides a huge export market potential. Export market potential is about 50,000 to 60,000 tons.
- Margarine market in Tanzania is about 6,000 tons per annum.
- Soap market-Laundry and toilet categories for about 120,000 to 130,000 tons
- Per capita consumption oils is about 3.60 Kgs & considering a total population of 56 million
- Market is expected to grow at the rate of about 5% to 6% per annum during the next 10 years.
- The project expects to achieve a domestic market share of about 35% besides export markets.

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Project capacity:

The manufacturing facilities of the already installed Edible Oil Refinery and Soap plant will enhance the annual production capacity to 110,000 tons of oils & 40,000 tons of Soap. Overall the company expects a capacity utilization of about 35 to 45% including exports.

Production Processes:

Process Flow for Soap:

Raw Material (From Refinery/Offloading)
Material Tank Farm area (MTF)
Blending in Blend Tanks
Transfer to overhead service Tank
Soap making operation
Atomiser operation
Prodger operation
Cutting in to specific length
Stamping
Stacking
Packing

Process flow for Edible Oil Refining/Fat /Margarine

This extends to the already started project with the following:

- Input of Crude Oil
- Dry pretreatment/Degumming
- Beaching
- Deodorizing
- Fractionation

Degumming:

Hydratable phospholipids are removed from oil.

Neutralisation:

Neutralising the free fatty acids using caustic soda. This process transforms the free fatty acids into soaps. This is usually done through a process of centrifugal force of decantation.

Beaching:

This process removes the colouring compounds (like carotene, chlorophyll). The residual phosphatides, metals and oxidative products are removed before undergoing the deodorizing process.

Deodorization:

It is done through a process of heating, deodorization, steam stripping, heat recovery and cooking. The main purpose of this process is to remove those substances that are responsible for off-flavours and odour in physical refining, as it also removes the free fatty acids.

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The output is termed as Refined bleached deodorized oil.

Environment:

With the installed ETP the above process is eco-friendly and with no smoke or waste emission, and the plant is absolutely free from environmental issues.

Expected Employment Generation:

Expected employment is about 1,000 to 1,200 Tanzanians directly and indirectly. Further increase in employment potential could not be ruled out from the growth in ancillary industries like packaging and transportation. The group focuses on the core activities of manufacture and distribution of Oils, fats and Soaps. As a result, all packaging materials and transport facilities are outsourced. The company believes in promoting existing/new and dynamic groups and follows JIT-Just in time system of inventory management. This provides a great opportunity for others to expand or establish new businesses and create additional employment to Tanzanians.

Proposed Implementation Schedule:

Expansion project started in February 2006. All civil and structural works, mechanical erection of plant and machinery, electrical installation done accordingly and plant was tested, commissioned and in operation since 2006.

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