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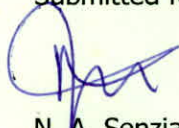
EXD

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

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 0.1165.....
- (b) Legal entity has been incorporated under certificate No. 51929..... of 24/03/2005.....

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

2nd March 2009

20

EXD

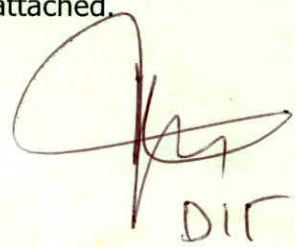
In response to the TIC letter of registration dated 2nd March 2009.....

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from Standard Bank of Commerce.....
- (c) title deed and affidavits as evidence of land.....

With the above submission EXD is requested to sign Certificate of Incentives No. 041643..... herein attached.

13/03/09


DIF

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PAGE NO. _____

92 CYCLE AND HARDWARES
LIMITED

AN
INTERGRATED
CEREAL PROCESSING PROJECT

A FEASIBILITY STUDY REPORT

PREPARED BY

92 Cycle and Hardwares Ltd

P.O. BOX 965 Makambako

IRINGA.

FEBRUARY, 2009

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1.0 EXECUTIVE SUMMARY

1.1 Background Information

M/S 92 CYCLE AND HARDWARES LIMITED is a local private company registered under Certificate of Incorporation No: 51929 dated 24th March 2005. The company wishes to undertake cereal processing and distribution project for the local and export market to be located at Plot No: 359 Makambako urban Area, Iringa region.

The purpose of this study is to assess the commercial viability and operational feasibility of the project being undertaken by the company. Most of the data has been compiled by the promoters' own research and study in Tanzania and is first hand information. The financials have also been worked out on the basis of market and cost information provided by the promoters of the project.

This report has additionally deliberated upon the social and related economic benefits (net) that will accrue to the nation and has given adequate weight age for the same in the conclusion & recommendation paragraph.

1.2 Project Description

M/S 92 CYCLE AND HARDWARES LIMITED has for long time involved in hardware business; the company sees a bright future in agro-processing in Tanzania and therefore resolved to diversify its business by establish a cereal processing and distribution project.

This feasibility study report sets out a proposal for the establishing cereal processing plant. The company proposes to acquire processing/milling machines from China and also acquire light duty trucks for collecting cereals from farmers and distributing cereal products to our customers.

1.3 The Project Promoters

The project is being promoted by M/S 92 CYCLE AND HARDWARES LIMITED whose shareholders and directors have vast experience in this particular line of business. The current company shareholders are as shown below;

S/NO	NAME AND ADDRESS OF SHAREHOLDER	NATIONALITY	SHARE (%)
1.	Leonard Msigwa P O BOX 965 MAKAMBAKO	Tanzanian	75
2	Karina Msigwa P O BOX 965 MAKAMBAKO	Tanzanian	15
3	Calista Msigwa P O BOX 965 MAKAMBAKO	Tanzanian	5
4	Elasto Mwalongo P O BOX 965 MAKAMBAKO	¹ Tanzanian	5

1.4 Investment Cost

The capital cost of the project is currently estimated at approximately US\$ 1, 165, 000. The amount will be used for renovation of the existing factory building, acquiring of cereal processing machines and procurement of light duty trucks and cars for managers among others

1.5 Financing Plan

The fixed capital cost of the project will be financed wholly by equity as well as profit ploughed back from on-going operations.

1.6 Implementation Period

The project is expected to start in March 2009 and it will take five years to complete according to this plan. Full commercial operation of the project will commence in April 2014

2.0 THE PROJECT

2.1 The project Description

M/S 92 CYCLE AND HARDWARES LIMITED envisages establishing cereal processing and distribution project. The project will involve acquiring of processing/milling machines from China and also acquiring light duty trucks for collecting cereals from farmers and distributing cereal products to our customers. The company will on seasonal bases procure large quantities of cereals especially maize and stock it for processing/milling and selling.

The company is interested in venturing into this area, as they are confident on the latest technology and manufacturing process. The company is sure to process high quality cereal products for the domestic and later export market.

The project will create 10 permanent employment opportunities directly and may more indirectly. Many workers will be employed on casual and on need bases. Apart from adding to the wealth of the nation, it shall also increase the purchasing power of the community thereby leading to an overall increase in demand for other consumable products, which shall in turn lead to better economy conditions.

The project shall bring in plant and machinery from outside the country and shall eventually train the local population in the running of the plant. The project will thus contribute towards the manufacturing sector of the economy.

2.2 Project Location

The company has acquired a piece of land located at plot no 359 Makambako urban Area, Iringa region, measuring 3,352.44 square metres. The land has been assigned to M/S 92 CYCLE AND HARDWARES LTD by Mr. Leonard Katemba Msigwa who is a majority shareholder of the company. It is expected that the land is large enough to accommodate a milling machines, a warehouse, parking lot and an open space for cleaning and drying cereals

2.3 The Products and Marketing Strategies

The highly growing population in Tanzania has its corresponding effect on demand for foodstuffs. Therefore traders in this line have an all -year long demand schedule. This potential has sometimes led to cereals shortage due to a large number of middlemen buying and hoarding stocks in anticipation of higher price

Two broad categories of products to be produced at varying tonnages are as shown below;

Product	Packing Quantities kgs	Targeted customers
Maize flour (mealie meal)	50, 25, 10 and 5	Retailers in Iringa and other regions, Institutions; schools, Armies, hospitals, prisons etc,
Legumes	25 and 50	Retailers and institutions
Maize husks (by products)	25 and 50	Poultry – farmers in Iringa

The company marketing strategy is to represent services offered by the company as the best and most logical solution to customers' needs. The promoters position the company as the low-cost, highest quality, best value producer and provider of the product and service in the marketplace. The company will use variety of marketing approaches and materials including brochures, billboards and simple word of mouth.

2.4 Investment Cost and Financing plan

2.4.1 Investment Cost

The project is estimated at US Dollars 1,165,000 to cover for the purchase of cereal processing machines and equipments, light duty trucks and initial working capital. Breakdown of the total investment is given here below.

PROJECT COST SUMMARY	AMOUNT	TOTAL AMOUNT
	USD \$	USD \$
Land & Buildings	50,000	50,000
Plant Machinery & Equipments	800,000	800,000
Motor Vehicles	250,000	250,000
Furniture & Fittings	5,000	5,000
Others	5,000	5,000
Pre expenses	10,000	10,000
Total Capital Cost	1,120,000	1,120,000
Working Capital	45,000	45,000
TOTAL PROJECT COST	1,165,000	1,165,000

2.4.2 Financing plan

The fixed capital cost of the project will be financed wholly by equity as well as profit ploughed back from on-going operations

FINANCING PLAN	AMOUNT	PERCENT
EQUITY	1,165,000	100.00
LOAN	0	0.00
TOTAL FINANCING	1,165,000	100.0

The total cost of the project has been estimated at US \$ 1,165,000 as can be seen from the above chart; majority of the expenses will be on plant and machineries with initial processing capacity of 50 tones per day and vehicles. Details of some of the plant, machinery and motor vehicles to be imported are attached in the appendix.

The company will acquire five light trucks mainly fusso type to be used for transporting cereals from farmers to warehouses and moving processed products to our target customers, it also proposed to acquire five cars for management team and senior staffs.

Office furniture will be bare minimum and so will be computers (may be three sets). Telephone lines; fax line and Internet line will be kept handy at the factory to ensure speedy and cheap communication.

Pre-operating costs will take care of the preliminary expenses, initial survey and travel costs including accommodation charges, professional charges for preparation of reports etc and shall also cover for the initial joining costs of various key personnel till the real operations commence.

Initial working capital shall include the money required to bring in enough quantity of cereals to the site, spend for the revenue expenses for the process carried out on them and the financing of other revenue costs till the time money starts flowing back from the debtors for the goods sold to them on credit.

The project promoters are in possession of the required finances for the project. Profit obtained in early years will be made available for re-investment into the project

2.5 Project management and Manpower requirement

The importance of well-informed promoters and professional management can never be underestimated for successful implementation of the any project. It is said that well — informed promoter and professional management can make even a not so viable project otherwise and vice-a-versa.

The core management team of the company includes executives with successful backgrounds and experience in the manufacturing industry. In total, the project will employ 10 people with various disciplines to enable smooth implementation of the project (see table and chart below). The company's management philosophy is based on responsibility and mutual respect. The company maintains an environment and structure that encourage productivity and respect for customers and fellow employees. Additionally, the environment encourages employees to have fun by allowing creative independence and providing challenges that are realistic and rewarding.

Manpower Requirement and Emoluments

SALARIES & WAGES	NUMBER	MONTHLY PAY	MONTHS	ANNUAL PAY
General Manager	1	1000	12	12,000
Production Engineer	1	800	13	10,400
Marketing Manager	1	350	12	4,200
Technician	2	200	12	4,800
Drivers	6	200	12	14,400
Secretary	1	150	12	1,800
	10	3,967	12	47,600
Add Allowances 30%		1190		14,280
Sub -Total	10	5157		61,880
GRAND TOTAL SALARIES				61,880

2.6 Project Implementation Period

The envisaged period for total project implementation is three years

3.0 Manufacturing sector

Sector Growth

In 2006, the manufacturing sector grew by 8.6 percent, compared to 9.0 percent in 2005. The decline in growth of the sector was caused by increase in cost of electricity and industrial oil, and transportation cost. However, the sector's contribution to GDP increased to 9.2 in 2006 percent from 9.0 percent in 2005.

The increase in contribution of the sector to GDP was attributed to a substantial decline in the growth and contribution of agriculture during the year, coupled with an increase in production of cement, plastic, aluminium sheet, corrugated iron, steel iron, plastic material, textile and beverages.

In 2006, the Export Processing Zone Authority was established. Areas proposed for EPZs are in Dar es Salaam, Tanga, Mwanza, Arusha, Kilimanjaro, Morogoro, Lindi, Mtwara, Mara, Ruvuma, Kigoma, Kagera and Pwani regions.

During the same year, the government continued to implement the Small and Medium Enterprises Policy including building capacity of entrepreneurs. The Government through SIDO conducted training for 5,478 entrepreneurs and 184 instructors.

In addition, SIDO extended credit worth shs. 2.506 billion to various groups of entrepreneurs.

Cost of Production

In 2006, the cost of production in the manufacturing sector increased to shs. 2,177,611 million, from shs. 1,957,757 million in 2005, equivalent to an increase of 11.2 percent. The increase was caused by an increase in the cost of electricity, fuel for operating industrial plants and increased transport costs. Likewise, poor infrastructure especially roads and railway networks continued to contribute substantially to the increase in the cost of production.

Production in Selected Industries

In 2006, production of corrugated iron sheets increased to 29,898 tons, from 29,737 tons in 2005, equivalent to an increase of 0.54 percent. The production of paints increased to 18,402 million litres in 2006 from 16,608 million litres in 2005 to, equivalent to an increase of 13.0 percent. Production of steel and steel products increased to 44,482 tons in 2006, from 41,299 tons in 2005 equivalent to an increase of 7.7 percent.

Production of aluminium products increased to 185 tons in 2005, from 183 tons 2006, equivalent to an increase of 1.0 percent. Production of cement increased to 1,422 million tons in 2006, from 1,375 million tons in 2005, equivalent to an increase of 3.4 percent.

In 2006, textile production increased to 108,461 million square meters, from 102,532 million square meters in 2005, equivalent to an increase of 5.7 percent. Production of sisal ropes declined to 5,854 tons from 5,943 tons in 2005, equivalent to a decrease of 1.5 percent. Fishnets production declined to 124 tons in 2006, from 274 tons in 2005, equivalent to a decrease of 54.7 percent.

In 2006, production of wheat flour increased to 421,973 tons, from 368,019 tons in 2005, equivalent to an increase of 14.6 percent. Production of biscuits and spaghetti declined from 10,912 tons in 2005, to 10,565 tons in 2006, equivalent to a decrease of 3.2 percent. Production of sugar decreased from 268,772 tons in 2005, to 164,773 tons in 2006, equivalent to a decrease of 39.0 percent.

The decline in sugar production was caused by drought which adversely affected sugar cane production.

In 2006 Production of beer increased to 274,853,000 litres from 216,604,000 litres in 2005, equivalent to an increase of 11.0 percent. Similarly, the production of Kibuku brew in 2006 increased to 11,559,000 litres from 11,106,000 litres in 2005, equivalent to an increase of 4.0 percent. Production of spirits increased to 4,982,000 litres in 2006, from 4,489,000 litres in 2005, equivalent to an increase of 11.0 percent. In 2006, production of cigarette increased to 4,800,000 million pieces, from 4,445,000 million pieces in 2005, equivalent to an increase of 8.0 percent.

4.0 FINANCIAL ANALYSIS

4.1 Assumptions

- Revenue from operations increases by 10% per annum
- Exchange rate of \$1:TZS 1,300
- Weather condition remain fairly good throughout

4.2 Major Production and Operating Costs

Production and operating costs have been based on the current open market prices and costs as appearing under Annual Costs of Products section of the Financial Statements Appendix. The following are the major items:

ADMINISTRATION EXPENSES	2010	2011	2012	2013	2014
ITEM	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Salaries & Wages	61,880	61,880	61,880	61,880	61,880
Nssf	6,188	6,188	6,188	6,188	6,188
Insurance	69,900	69,900	69,900	69,900	69,900
Audit Fees	15,000	15,000	15,500	15,500	15,500
Telephone Fax Charges	2,654	2,787	2,926	3,072	3,226
Printing & Stationery	2,655	2,735	2,817	2,901	2,988
Travelling Expenses	5,000	5,150	5,305	5,464	5,628
Motor Vehicle Running Expenses	42,500	43,775	45,088	46,441	47,834
Marketing & Advertising 1%	10,880	11,560	12,852	14,244	14,244
Director's Housing Rent	6,000	6,000	6,000	6,000	6,000
Government I Fees(Permits)	2,660	2,660	2,760	2,760	2,860
Uniforms	500	500	500	600	600
Miscellaneous Expenses	23,004	24,154	25,362	26,630	27,962
Management Fees(3%Turnover)	5,440	5,780	6,426	7,122	7,478
Total Admin Expenses	254,261	258,069	263,504	268,703	272,288

4.3 Revenue and Profitability.

Project financial evaluation shows attractive profits which are realized right from the first year of operations. Net profit is project to increase from \$ 87,155 in year 1 to \$ 829,840 in year 5. This is based on the assumption that the project will be granted fiscal incentives as provided for under Tanzania Investment Act, 1997 for investors registered by the Tanzania Investment Centre.

4.4 Projected Cash flows:

The projected cash flow of the project reveals a health financial position throughout the 5 years under projection. Cash surplus is projected to increase from \$ 193,123 in year 1 to \$ 1,116,375 in year 5. However, accumulated amounts would be available for re-investment into the project.

5.0 Social & Development Benefits

- **Employment creation**

As has been observed earlier this project will provide direct employment opportunities to more than 10 people and many more casual bases and indirectly. In nutshell it can be concluded that this project will have a very positive impact on the level of employment in the country.

- **Transfer of technology**

This project being a processing project will usher in the country technology. Although the technology is simple the advantages to the country are quite significant. The country will get the advantage of value addition on agricultural crops due to such incoming technology. Further more Local employees will get on-the-job training from the experts (expatriate) employed and in long run will improve the technical competence of the local population.

- **Positive cascading impact on the nation's economy.**

This project will have overall positive impact on the society. it will not only save the precious foreign currency reserves of the country by producing import substitute products, and by exporting the final product, but will also generate direct employment to more than 10 individuals and will provide means of livelihood to many as indirect employment. The cascading positive impact on the society will be too great. This project will lead to creation of national wealth.

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

M/S 92 CYCLE AND HARDWARES LIMITED proposes to undertake cereal processing and distribution project for the local and export market to be located at Plot No: 359 Makambako urban Area, Iringa region. The investment and development of this Integrated Project is in line with the Government objective of encouraging proper development of milling plants in the country.

In addition, it will have a positive impact on the development of the country, as it would generate a number of benefits and more positive impact on the economy.

As noted above, this undertaking will bring about the generation of a number of benefits and reliable incomes for the employees of the project and providers of the services and goods demanded by the project's workforce / their families.

This document has provided a full analysis on the financial, Techno – economic viability on the establishment / operation of the Integrated cereal processing project along with which the financing requirements / parameters have been considered and have been established that the proposed project is technically sound, financially viable, and economically / socially beneficial.

In order to ensure prompt implementation of the project and achieving the production targets, a number of factors have to be taken into account. This will include the level of the proposed investment in this project, economic impact anticipated, the overall status of the national economy, and the proposed project area.

6.2 Recommendations

In the context of the immense useful potential of this project, the management of M/S 92 CYCLE AND HARDWARES LIMITED anticipates that all interested parties including the Government of Tanzania will give their full support so as to ensure timely implementation of the project and apprehension of successful operation.

Therefore, it is strongly recommended that the sponsors, M/S 92 CYCLE AND HARDWARES LIMITED be provided with the required institutional assistance so as to enable them establish the propose project.

Provided all other economic factors remain substantially the same, it is strongly recommended that the project be implemented with immediate effect. It is further recommended that TIC Certificate of Investment Incentives be granted to enable smooth implementation of the project.

**FINANCIAL STATEMENTS
&
OTHER SCHEDULES**

92 CYCLE AND HARDWARES LTD
PROJECTED PROFIT AND LOSS STATEMENTS FOR THE PERIOD

	2010	2011	2012	2013	2014
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
	USD \$	USD \$	USD \$	USD \$	USD \$
Sales Revenue	1,088,000	1,156,000	1,285,200	1,424,430	1,495,652
Less: Cost of Sales	575,106	608,329	644,103	677,839	690,109
Gross Profit	512,894	547,671	641,097	746,591	805,542
Administration Expenses	254,261	258,069	263,504	268,703	272,288
Operating Profit	258,633	289,602	377,593	477,889	533,254
Capital & Financial Charges					
Depreciation	134,125	134,125	134,125	134,125	134,125
Loan Interest	0	0	0	0	0
Sub Total	134,125	134,125	134,125	134,125	134,125
Profit before Tax	124,508	155,477	243,468	343,764	399,129
Taxable Income	124,508	155,477	243,468	343,764	399,129
Tax (30%)	37,352	46,643	73,040	103,129	119,739
Profit After Tax	87,155	108,834	170,428	240,635	279,390
Profit brought Forward	0	87,155	186,190	338,787	550,450
Profit for Appropriation	87,155	195,989	356,618	579,421	829,840
APPROPRIATION ACCOUNT					
Dividends Rate	0	5%	5%	5%	5%
Amount	0	9,799	17,831	28,971	41,492
Revenue Reserve	87,155	186,190	338,787	550,450	788,348
Total	87,155	195,989	356,618	579,421	829,840

92 CYCLE AND HARDWARES LTD
PROJECTED CASH FLOW STATEMENTS FOR THE PERIOD

	2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
CASHFLOW FROM OPERATIONS					
Sales	1,055,360	1,121,320	1,246,644	1,353,209	1,450,782
Subtotal Cash Received	1,055,360	1,121,320	1,246,644	1,353,209	1,450,782
Expenditures from Operations:					
Cost of Sales	575,106	608,329	594,103	677,839	690,109
Administrative expenses	287,131	303,597	333,376	368,221	390,034
Subtotal Cash payment	862,237	911,926	927,480	1,046,060	1,080,143
Cashflow From Operations	193,123	209,394	319,164	307,149	370,639
CASH FROM INVESTMENTS:					
Investments Outflow	-1,165,000				
Re-Investment				-185,000	
Cash from Investment	-1,165,000	0	0	-185,000	0
CASH FLOW FROM FINANCING:					
Owners Equity	1,165,000				
Bank Loan	0				
Interest on Loan	0	0	0	0	0
Loan repayment	0	0	0	0	0
Dividends	0	-9,799	-17,831	-28,971	-41,492
Cash from Financing	1,165,000	-9,799	-17,831	-28,971	-41,492
NET CASHFLOW FOR PERIOD	193,123	199,595	301,333	93,178	329,147
CASHFLOW AT START OF YEAR		193,123	392,717	694,051	787,228
CASHFLOW AT THE END OF YEAR	193,123	392,717	694,051	787,228	1,116,375

92 CYCLE AND HARDWARES LTD

PROJECTED BALANCE SHEET FOR THE PERIOD

	2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
NON CURRENT ASSETS					
Land & Buildings	50,000	50,000	50,000	50,000	50,000
Plant Machinery & Equipments	800,000	800,000	800,000	800,000	800,000
Motor Vehicles	250,000	250,000	250,000	250,000	250,000
Furniture & Fittings	5,000	5,000	5,000	5,000	5,000
Pre operational Expenses	5,000	5,000	5,000	5,000	5,000
Total	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
Less Accumulated Depreciation	134,125	268,250	402,375	286,500	420,625
Non Current Assets	975,875	841,750	707,625	823,500	689,375
CURRENT ASSETS					
Stocks	68,238	66,926	48,844	48,504	82,525
Debtors	60,667	69,360	73,112	85,146	89,739
Cash and Bank Balance	193,123	392,717	694,051	787,228	1,116,375
Total Current Assets	322,027	529,003	816,006	920,878	1,288,639
CURRENT LIABILITIES					
Creditor	41,264	13,966	11,079	16,552	15,297
Tax Payable	4,482	5,597	8,765	12,375	9,369
Total Current Liabilities	45,747	19,564	19,844	28,927	24,666
NET CURRENT ASSETS	276,281	509,440	796,162	891,950	1,263,973
TOTAL NET ASSETS	1,252,156	1,351,190	1,503,787	1,715,450	1,953,348
FINANCED BY					
Share Capital	1,165,000	1,165,000	1,165,000	1,165,000	1,165,000
Revenue Reserve	87,155	186,190	338,787	550,450	788,348
Networth	1,252,155	1,351,190	1,503,787	1,715,450	1,953,348
Loan	0	0	0	0	0
TOTAL	1,252,155	1,351,190	1,503,787	1,715,450	1,953,348

92 CYCLE & HARDWARES LTD

SCHEDULES AND TABLES

1

FINANCING PLAN	AMOUNT	PERCENT
EQUITY	1,165,000	100.00
LOAN	0	0.00
TOTAL FINANCING	1,165,000	100.0

2

PROJECT COST SUMMARY	2009 AMOUNT USD \$	2010 AMOUNT USD \$	TOTAL AMOUNT USD \$
Land & Buildings	50,000	0	50,000
Plant Machinery & Equipments	800,000	0	800,000
Motor Vehicles	250,000	0	250,000
Furniture & Fittings	5,000	0	5,000
Others	5,000	0	5,000
Pre expenses	10,000	0	10,000
Total Capital Cost	1,120,000	0	1,120,000
Working Capital	45,000	0	45,000
TOTAL PROJECT COST	1,165,000	0	1,165,000

3

COST OF CARS	QTY	PRICE USD \$	AMOUNT USD \$
Fusso trucks	5	30000	150,000
Toyota hardtops	5	20,000	100,000
TOTAL COST OF CARS			250,000

DEPRECIATION & AMORTISATION SCHEDULE

GROSS FIXED ASSETS		2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
Land & Buildings		50,000	50,000	50,000	50,000	50,000
Plant Machinery & Equipments		800,000	800,000	800,000	800,000	800,000
Motor Vehicles		250,000	250,000	250,000	250,000	250,000
Furniture & Fittings		5,000	5,000	5,000	5,000	5,000
Computer and software		5,000	5,000	5,000	5,000	5,000
TOTAL		1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
ANNUAL DEPRECIATION	RATE	AMOUNT				
Land & Buildings	2%	1,000	1,000	1,000	1,000	1,000
Plant Machinery & Equipments	12.50%	100,000	100,000	100,000	100,000	100,000
Motor Vehicles	12.50%	31,250	31,250	31,250	31,250	31,250
Furniture & Fittings	12.50%	625	625	625	625	625
Computer and software	25%	1,250	1,250	1,250	1,250	1,250
Total Annual Depreciation		134,125	134,125	134,125	134,125	134,125
Accummulated Depreciation		134,125	268,250	402,375	286,500	420,625
NET FIXED ASSETS		975,875	841,750	707,625	823,500	689,375

6

SALARIES & WAGES	NUMBER	MONTHLY PAY	MONTHS	ANNUAL PAY
General Manager	1	1000	12	12,000
Production Engineer	1	800	13	10,400
Marketing Manager	1	350	12	4,200
Technician	2	200	12	4,800
Drivers	6	200	12	14,400
Secretary	1	150	12	1,800
	10	3,967	12	47,600
Add Allowances 30%		1190		14,280
Sub -Total	10	5157		61,880
GRAND TOTAL SALARIES				61,880

7

REVENUE ESTIMATES	2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
Daily installed Capacity	5000	5050	5060	5090	5140
Annual working Days	320	320	320	320	320
Annual Installed Capacity Litre	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Production Target %ageof Capacity	80%	85%	90%	95%	95%
Planned Production Kg	1,280,000	1,360,000	1,440,000	1,520,000	1,520,000
Planned Extraction Recovery Rate	0.250%	0.00225	0.00225	0.00225	0.00225
Average Price per Kg Us\$	0.85	0.85	0.89	0.94	0.98
Planned Revenue Export Sales Us\$	1,088,000	1,156,000	1,285,200	1,424,430	1,495,652
VAT	20%	20%	20%	20%	20%
Value of Tax Us\$	217,600	231,200	257,040	284,886	299,130
Net Sales Revenue	1,088,000	1,156,000	1,285,200	1,424,430	1,495,652

COST OF SALES	2009	2010	2011	2012	2013
ITEM	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Output in Kg	1,280,000	1,360,000	1,440,000	1,520,000	1,520,000
Cost of Raw Materials					
Average cost@ Kg of materials	\$ 0.255	0.255	0.255	0.255	0.255
Cost of Materials	\$ 342,720	364,140	385,560	406,980	406,980
Packing materials (1% Sales)	10,880	11,560	12,852	14,244	14,957
Sub Total Cost Us\$	353,600	375,700	398,412	421,224	421,937
Utilities	18,503	19,477	21,191	21,595	22,064
Consumables	16,000	16,800	17,640	18,522	19,448
Oil & lubricants	20,000	21,000	22,050	23,153	24,310
Repair & Maintenance	74,250	77,938	81,809	85,875	90,144
Total inputs	482,353	510,914	541,103	570,369	577,902
<i>Capacity Utilisation</i>	80%	85%	90%	95%	95%
<i>Cost of Electricity kwh</i>	90 94	99	95	99	104
<i>Estiamted cost@kwh</i>	\$ 0.07	0.07	0.07	0.07	0.08
<i>Cost of Electricity Power</i>	3,846	4,048	4,048	4,452	4,921
	0	0	0	0	0
Sub Total Energy cost (\$)	3,846	4,048	4,048	4,452	4,921
<i>Water Requirement (Kg)</i>	120000 102600	108000	120000	120000	120000
<i>Cost@ Kg</i>	\$ 0.14	0.14	0.14	0.14	0.14
Total Cost of Water	14,657	15,429	17,143	17,143	17,143
Total Utilities Cost	18,503	19,477	21,191	21,595	22,064
Consumables Spares (2%Machinery value)	16,000	16,800	17,640	18,522	19,448
Oils/lubricants(10%Machinery value)	20,000	21,000	22,050	23,153	24,310
Maintenance Productive Assets					
Buildings(1%of value)	1% 500	500	500	500	500
Motor Vehicles (15%of value)	15% 37,500	39,375	41,344	43,411	45,581
Furniture& Fittings (5%of value)	5% 250	263	276	289	304
Sub Total Maintenance cost	74,250	77,938	81,809	85,875	90,144
COST OF SALES	575,106	608,329	644,103	677,839	690,109

ADMINISTRATION EXPENSES	2010	2011	2012	2013	2014
ITEM	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Salaries & Wages	61,880	61,880	61,880	61,880	61,880
Nssf	6,188	6,188	6,188	6,188	6,188
Insurance	69,900	69,900	69,900	69,900	69,900
Audit Fees	15,000	15,000	15,500	15,500	15,500
Telephone Fax Charges	2,654	2,787	2,926	3,072	3,226
Printing & Stationery	2,655	2,735	2,817	2,901	2,988
Travelling Expenses	5,000	5,150	5,305	5,464	5,628
Motor Vehicle Running Expenses	42,500	43,775	45,088	46,441	47,834
Marketing & Advertising 1%	10,880	11,560	12,852	14,244	14,244
Director's Housing Rent	6,000	6,000	6,000	6,000	6,000
Government I Fees(Permits)	2,660	2,660	2,760	2,760	2,860
Uniforms	500	500	500	600	600
Miscellaneous Expenses	23,004	24,154	25,362	26,630	27,962
Management Fees(3%Turnover)	5,440	5,780	6,426	7,122	7,478
Total Admin Expenses	254,261	258,069	263,504	268,703	272,288

INTERNAL RATE OF RETURN

	0	2010	2011	2012	2013	2014
	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
INFLOWS						
Operating Profit		258,633	289,602	377,593	477,889	533,254
Residual Value						
Recoupment of Working Capital						
Total		258,633	289,602	377,593	477,889	533,254
OUTFLOWS						
Investments	1,165,000					
Re -Investments		0	0	0	-185,000	0
Taxation		37,352	46,643	73,040	103,129	119,739
Change in Working Capital		108,063	93,395	81,626	67,127	57,971
Total		145,416	140,038	154,667	-14,744	177,710
NET CASHFLOW		113,217	149,564	222,926	492,633	355,544
DCF (20%)	0.2	0.833	0.694	0.579	0.683	0.621
NPV AT (20%DCF)		94,347	103,864	129,008	336,468	220,793
Total NPV at 20% DCF		884,481				
DCF(10%)	0.1	0.909	0.826	0.751	0.683	0.621
NPV AT (10%DCF)		102,924	123,607	167,488	336,468	220,793
Total NPV at 10% DCF		951,280				
IRR=		15.18				

PAYBACK PERIOD ANALYSIS

	YEAR 0	2010	2011	2012	2013	2014
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
	USD \$	USD \$	USD \$	USD \$	USD \$	USD \$
Profit After Tax		87,155	108,834	170,428	240,635	279,390
Depreciation		134,125	134,125	134,125	134,125	134,125
Total		221,280	242,959	304,553	374,760	413,515
Discounted Cashflow		193,258	212,191	265,985	327,301	361,149
Capital Cost	1,165,000					
Remaining amount		-971,742	-759,551	-493,566	-166,265	194,884
Pay Back Period						5

BREAK EVEN ANALYSIS

	2008	2010	2011	2012	2013	2014
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
	USD \$	USD \$	USD \$	USD \$	USD \$	USD \$
Sales Revenue		1,088,000	1,156,000	1,285,200	1,424,430	1,495,652
Variable Costs		575,106	608,329	644,103	677,839	690,109
Contribution Margin		512,894	547,671	641,097	746,591	805,542
Fixed Costs		388,386	392,194	397,629	402,828	406,413
Contribution Margin Ratio %		47.14	47.38	49.88	52.41	53.86
Beak even Sales		8,239	8,278	7,971	7,686	7,546
Break even Point (%)		0.76	0.72	0.62	0.54	0.50

ANALYSIS OF KEY FINANCIAL RATIOS

	2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
A SOLVENCY LIQUIDITY					
1 Current Ratio	7.04	27.04	41.12	31.83	52.24
2 Quick Acid Test Ratio	5.55	23.62	38.66	30.16	48.90
3 Liquid Ratio	4.22	20.07	34.98	27.21	45.26
4 Debtors/Sales Ratio	0.06	0.06	0.06	0.06	0.06
B PROFITABILITY					
5 Return on Investment(%)	6.96	8.05	11.33	14.03	14.30
6 Return on Net Assets(%)	6.96	8.05	11.33	14.03	14.30
7 Return on Fixed Asset(%)	8.93	12.93	24.08	29.22	40.53
8 Return on Fixed Capital(%)	8.93	12.93	24.08	29.22	40.53
9 Return on Sales(%)	8.01	9.41	13.26	16.89	18.68
10 Return/Current Assets (%)	27.06	20.57	20.89	26.13	21.68
11 Sales/Debtors Ratio	25.94	26.08	30.84	33.62	35.35
12 Cost of Sales /Sales Ratio(%)	52.86	52.62	50.12	47.59	46.14
13 Fixed Assets/ Total Assets	77.94	62.30	47.06	48.00	35.29
14 Period cost/Sales Ratio(%)	35.70	33.93	30.94	28.28	27.17
15 Gross Profit/Sales Ratio(%)	47.14	47.38	49.88	52.41	53.86
16 Return on Networth(%)	33.70	37.58	45.14	50.35	52.39
17 Growth in Profits		24.87	56.59	41.19	16.11
C EFFICIENCY					
18 Debtors Turnover	17.93	16.67	17.58	16.73	16.67
19 Average Collection Period	20.35	21.90	20.76	21.82	21.90
20 Inventory/Current Assets Ratio(%)	21.19	12.65	5.99	5.27	6.40
21 Inventory Turnover	15.94	17.27	26.31	29.37	18.12
22 Fixed Assets Turnover	1.11	1.37	1.82	1.73	2.17
23 Total Assets Turnover	0.87	0.86	0.85	0.83	0.77
24 Working Capital Turnover	3.94	2.27	1.61	1.60	1.18
25 Sales Growth (Annual)		6.25	11.18	10.83	5.00
D LEVERAGE					
26 Total Debt Ratio (%)	0.0	0.0	0.0	0.0	0.0
27 Debt Service Coverage Ratio	294.0	687.4	677.7	464.9	545.2
28 Burden Coverage	1.93	2.16	2.82	3.56	3.98
29 Debt /Equity Ratio	3.65	1.45	1.32	1.69	1.26

92 CYCLE AND HARDWARES
LIMITED

AN
INTERGRATED
CEREAL PROCESSING PROJECT

A FEASIBILITY STUDY REPORT

PREPARED BY

92 Cycle and Hardwares Ltd

P.O. BOX 965 Makambako

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- 2.6 Project Implementation Period

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1.0 EXECUTIVE SUMMARY

1.1 Background Information

M/S 92 CYCLE AND HARDWARES LIMITED is a local private company registered under Certificate of Incorporation No: 51929 dated 24th March 2005. The company wishes to undertake cereal processing and distribution project for the local and export market to be located at Plot No: 359 Makambako urban Area, Iringa region.

The purpose of this study is to assess the commercial viability and operational feasibility of the project being undertaken by the company. Most of the data has been compiled by the promoters' own research and study in Tanzania and is first hand information. The financials have also been worked out on the basis of market and cost information provided by the promoters of the project.

This report has additionally deliberated upon the social and related economic benefits (net) that will accrue to the nation and has given adequate weight age for the same in the conclusion & recommendation paragraph.

1.2 Project Description

M/S 92 CYCLE AND HARDWARES LIMITED has for long time involved in hardware business; the company sees a bright future in agro-processing in Tanzania and therefore resolved to diversify its business by establish a cereal processing and distribution project.

This feasibility study report sets out a proposal for the establishing cereal processing plant. The company proposes to acquire processing/milling machines from China and also acquire light duty trucks for collecting cereals from farmers and distributing cereal products to our customers.

1.3 The Project Promoters

The project is being promoted by M/S 92 CYCLE AND HARDWARES LIMITED whose shareholders and directors have vast experience in this particular line of business. The current company shareholders are as shown below;

S/NO	NAME AND ADDRESS OF SHAREHOLDER	NATIONALITY	SHARE (%)
1.	Leonard Msigwa P O BOX 965 MAKAMBAKO	Tanzanian	75
2	Karina Msigwa P O BOX 965 MAKAMBAKO	Tanzanian	15
3	Calista Msigwa P O BOX 965 MAKAMBAKO	Tanzanian	5
4	Elasto Mwalongo P O BOX 965 MAKAMBAKO	Tanzanian	5

1.4 Investment Cost

The capital cost of the project is currently estimated at approximately US\$ 1, 165, 000. The amount will be used for renovation of the existing factory building, acquiring of cereal processing machines and procurement of light duty trucks and cars for managers among others

1.5 Financing Plan

The fixed capital cost of the project will be financed wholly by equity as well as profit ploughed back from on-going operations.

1.6 Implementation Period

The project is expected to start in March 2009 and it will take five years to complete according to this plan. Full commercial operation of the project will commence in April 2014

2.0 THE PROJECT

2.1 The project Description

M/S 92 CYCLE AND HARDWARES LIMITED envisages establishing cereal processing and distribution project. The project will involve acquiring of processing/milling machines from China and also acquiring light duty trucks for collecting cereals from farmers and distributing cereal products to our customers. The company will on seasonal bases procure large quantities of cereals especially maize and stock it for processing/milling and selling.

The company is interested in venturing into this area, as they are confident on the latest technology and manufacturing process. The company is sure to process high quality cereal products for the domestic and later export market.

The project will create 10 permanent employment opportunities directly and may more indirectly. Many workers will be employed on casual and on need bases. Apart from adding to the wealth of the nation, it shall also increase the purchasing power of the community thereby leading to an overall increase in demand for other consumable products, which shall in turn lead to better economy conditions.

The project shall bring in plant and machinery from outside the country and shall eventually train the local population in the running of the plant. The project will thus contribute towards the manufacturing sector of the economy.

2.2 Project Location

The company has acquired a piece of land located at plot no 359 Makambako urban Area, Iringa region, measuring 3,352.44 square metres. The land has been assigned to M/S 92 CYCLE AND HARDWARES LTD by Mr. Leonard Katemba Msigwa who is a majority shareholder of the company. It is expected that the land is large enough to accommodate a milling machines, a warehouse, parking lot and an open space for cleaning and drying cereals

2.3 The Products and Marketing Strategies

The highly growing population in Tanzania has its corresponding effect on demand for foodstuffs. Therefore traders in this line have an all -year long demand schedule. This potential has sometimes led to cereals shortage due to a large number of middlemen buying and hoarding stocks in anticipation of higher price

Two broad categories of products to be produced at varying tonnages are as shown below;

Product	Packing Quantities kgs	Targeted customers
Maize flour (mealie meal)	50, 25, 10 and 5	Retailers in Iringa and other regions, Institutions; schools, Armies, hospitals, prisons etc,
Legumes	25 and 50	Retailers and institutions
Maize husks (by products)	25 and 50	Poultry – farmers in Iringa

The company marketing strategy is to represent services offered by the company as the best and most logical solution to customers' needs. The promoters position the company as the low-cost, highest quality, best value producer and provider of the product and service in the marketplace. The company will use variety of marketing approaches and materials including brochures, billboards and simple word of mouth.

2.4 Investment Cost and Financing plan

2.4.1 Investment Cost

The project is estimated at US Dollars 1,165,000 to cover for the purchase of cereal processing machines and equipments, light duty trucks and initial working capital. Breakdown of the total investment is given here below.

PROJECT COST SUMMARY	AMOUNT	TOTAL AMOUNT
	USD \$	USD \$
Land & Buildings	50,000	50,000
Plant Machinery & Equipments	800,000	800,000
Motor Vehicles	250,000	250,000
Furniture & Fittings	5,000	5,000
Others	5,000	5,000
Pre expenses	10,000	10,000
Total Capital Cost	1,120,000	1,120,000
Working Capital	45,000	45,000
TOTAL PROJECT COST	1,165,000	1,165,000

2.4.2 Financing plan

The fixed capital cost of the project will be financed wholly by equity as well as profit ploughed back from on-going operations

FINANCING PLAN	AMOUNT	PERCENT
EQUITY	1,165,000	100.00
LOAN	0	0.00
TOTAL FINANCING	1,165,000	100.0

The total cost of the project has been estimated at US \$ 1,165,000 as can be seen from the above chart; majority of the expenses will be on plant and machineries with initial processing capacity of 50 tones per day and vehicles. Details of some of the plant, machinery and motor vehicles to be imported are attached in the appendix.

The company will acquire five light trucks mainly fusso type to be used for transporting cereals from farmers to warehouses and moving processed products to our target customers, it also proposed to acquire five cars for management team and senior staffs.

Office furniture will be bare minimum and so will be computers (may be three sets). Telephone lines; fax line and Internet line will be kept handy at the factory to ensure speedy and cheap communication.

Pre-operating costs will take care of the preliminary expenses, initial survey and travel costs including accommodation charges, professional charges for preparation of reports etc and shall also cover for the initial joining costs of various key personnel till the real operations commence.

Initial working capital shall include the money required to bring in enough quantity of cereals to the site, spend for the revenue expenses for the process carried out on them and the financing of other revenue costs till the time money starts flowing back from the debtors for the goods sold to them on credit.

The project promoters are in possession of the required finances for the project. Profit obtained in early years will be made available for re-investment into the project

2.5 Project management and Manpower requirement

The importance of well-informed promoters and professional management can never be underestimated for successful implementation of the any project. It is said that well — informed promoter and professional management can make even a not so viable project otherwise and vice-a-versa.

The core management team of the company includes executives with successful backgrounds and experience in the manufacturing industry. In total, the project will employ 10 people with various disciplines to enable smooth implementation of the project (see table and chart below). The company's management philosophy is based on responsibility and mutual respect. The company maintains an environment and structure that encourage productivity and respect for customers and fellow employees. Additionally, the environment encourages employees to have fun by allowing creative independence and providing challenges that are realistic and rewarding.

Manpower Requirement and Emoluments

SALARIES & WAGES	NUMBER	MONTHLY PAY	MONTHS	ANNUAL PAY
General Manager	1	1000	12	12,000
Production Engineer	1	800	13	10,400
Marketing Manager	1	350	12	4,200
Technician	2	200	12	4,800
Drivers	6	200	12	14,400
Secretary	1	150	12	1,800
	10	3,967	12	47,600
Add Allowances 30%		1190		14,280
Sub -Total	10	5157		61,880
GRAND TOTAL SALARIES				61,880

2.6 Project Implementation Period

The envisaged period for total project implementation is three years

3.0 Manufacturing sector

Sector Growth

In 2006, the manufacturing sector grew by 8.6 percent, compared to 9.0 percent in 2005. The decline in growth of the sector was caused by increase in cost of electricity and industrial oil, and transportation cost. However, the sector's contribution to GDP increased to 9.2 in 2006 percent from 9.0 percent in 2005.

The increase in contribution of the sector to GDP was attributed to a substantial decline in the growth and contribution of agriculture during the year, coupled with an increase in production of cement, plastic, aluminium sheet, corrugated iron, steel iron, plastic material, textile and beverages.

In 2006, the Export Processing Zone Authority was established. Areas proposed for EPZs are in Dar es Salaam, Tanga, Mwanza, Arusha, Kilimanjaro, Morogoro, Lindi, Mtwara, Mara, Ruvuma, Kigoma, Kagera and Pwani regions.

During the same year, the government continued to implement the Small and Medium Enterprises Policy including building capacity of entrepreneurs. The Government through SIDO conducted training for 5,478 entrepreneurs and 184 instructors.

In addition, SIDO extended credit worth shs. 2.506 billion to various groups of entrepreneurs.

Cost of Production

In 2006, the cost of production in the manufacturing sector increased to shs. 2,177,611 million, from shs. 1,957,757 million in 2005, equivalent to an increase of 11.2 percent. The increase was caused by an increase in the cost of electricity, fuel for operating industrial plants and increased transport costs. Likewise, poor infrastructure especially roads and railway networks continued to contribute substantially to the increase in the cost of production.

Production in Selected Industries

In 2006, production of corrugated iron sheets increased to 29,898 tons, from 29,737 tons in 2005, equivalent to an increase of 0.54 percent. The production of paints increased to 18,402 million litres in 2006 from 16,608 million litres in 2005 to, equivalent to an increase of 13.0 percent. Production of steel and steel products increased to 44,482 tons in 2006, from 41,299 tons in 2005 equivalent to an increase of 7.7 percent.

Production of aluminium products increased to 185 tons in 2005, from 183 tons 2006, equivalent to an increase of 1.0 percent. Production of cement increased to 1,422 million tons in 2006, from 1,375 million tons in 2005, equivalent to an increase of 3.4 percent.

In 2006, textile production increased to 108,461 million square meters, from 102,532 million square meters in 2005, equivalent to an increase of 5.7 percent. Production of sisal ropes declined to 5,854 tons from 5,943 tons in 2005, equivalent to a decrease of 1.5 percent. Fishnets production declined to 124 tons in 2006, from 274 tons in 2005, equivalent to a decrease of 54.7 percent.

In 2006, production of wheat flour increased to 421,973 tons, from 368,019 tons in 2005, equivalent to an increase of 14.6 percent. Production of biscuits and spaghetti declined from 10,912 tons in 2005, to 10,565 tons in 2006, equivalent to a decrease of 3.2 percent. Production of sugar decreased from 268,772 tons in 2005, to 164,773 tons in 2006, equivalent to a decrease of 39.0 percent.

The decline in sugar production was caused by drought which adversely affected sugar cane production.

In 2006 Production of beer increased to 274,853,000 litres from 216,604,000 litres in 2005, equivalent to an increase of 11.0 percent. Similarly, the production of Kibuku brew in 2006 increased to 11,559,000 litres from 11,106,000 litres in 2005, equivalent to an increase of 4.0 percent. Production of spirits increased to 4,982,000 litres in 2006, from 4,489,000 litres in 2005, equivalent to an increase of 11.0 percent. In 2006, production of cigarette increased to 4,800,000 million pieces, from 4,445,000 million pieces in 2005, equivalent to an increase of 8.0 percent.

4.0 FINANCIAL ANALYSIS

4.1 Assumptions

- Revenue from operations increases by 10% per annum
- Exchange rate of \$1:TZS 1,300
- Weather condition remain fairly good throughout

4.2 Major Production and Operating Costs

Production and operating costs have been based on the current open market prices and costs as appearing under Annual Costs of Products section of the Financial Statements Appendix. The following are the major items:

ADMINISTRATION EXPENSES	2010	2011	2012	2013	2014
ITEM	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Salaries & Wages	61,880	61,880	61,880	61,880	61,880
Nssf	6,188	6,188	6,188	6,188	6,188
Insurance	69,900	69,900	69,900	69,900	69,900
Audit Fees	15,000	15,000	15,500	15,500	15,500
Telephone Fax Charges	2,654	2,787	2,926	3,072	3,226
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Travelling Expenses	5,000	5,150	5,305	5,464	5,628
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Marketing & Advertising 1%	10,880	11,560	12,852	14,244	14,244
Director's Housing Rent	6,000	6,000	6,000	6,000	6,000
Government I Fees(Permits)	2,660	2,660	2,760	2,760	2,860
Uniforms	500	500	500	600	600
Miscellaneous Expenses	23,004	24,154	25,362	26,630	27,962
Management Fees(3%Turnover)	5,440	5,780	6,426	7,122	7,478
Total Admin Expenses	254,261	258,069	263,504	268,703	272,288

4.3 Revenue and Profitability.

Project financial evaluation shows attractive profits which are realized right from the first year of operations. Net profit is project to increase from \$ 87,155 in year 1 to \$ 829,840 in year 5. This is based on the assumption that the project will be granted fiscal incentives as provided for under Tanzania Investment Act, 1997 for investors registered by the Tanzania Investment Centre.

4.4 Projected Cash flows:

The projected cash flow of the project reveals a health financial position throughout the 5 years under projection. Cash surplus is projected to increase from \$ 193,123 in year 1 to \$ 1,116,375 in year 5. However, accumulated amounts would be available for re-investment into the project.

5.0 Social & Development Benefits

- **Employment creation**

As has been observed earlier this project will provide direct employment opportunities to more than 10 people and many more casual bases and indirectly. In nutshell it can be concluded that this project will have a very positive impact on the level of employment in the country.

- **Transfer of technology**

This project being a processing project will usher in the country technology. Although the technology is simple the advantages to the country are quite significant. The country will get the advantage of value addition on agricultural crops due to such incoming technology. Further more Local employees will get on-the-job training from the experts (expatriate) employed and in long run will improve the technical competence of the local population.

- **Positive cascading impact on the nation's economy.**

This project will have overall positive impact on the society. it will not only save the precious foreign currency reserves of the country by producing import substitute products, and by exporting the final product, but will also generate direct employment to more than 10 individuals and will provide means of livelihood to many as indirect employment. The cascading positive impact on the society will be too great. This project will lead to creation of national wealth.

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

M/S 92 CYCLE AND HARDWARES LIMITED proposes to undertake cereal processing and distribution project for the local and export market to be located at Plot No: 359 Makambako urban Area, Iringa region. The investment and development of this Integrated Project is in line with the Government objective of encouraging proper development of milling plants in the country.

In addition, it will have a positive impact on the development of the country, as it would generate a number of benefits and more positive impact on the economy.

As noted above, this undertaking will bring about the generation of a number of benefits and reliable incomes for the employees of the project and providers of the services and goods demanded by the project's workforce / their families.

This document has provided a full analysis on the financial, Techno – economic viability on the establishment / operation of the Integrated cereal processing project along with which the financing requirements / parameters have been considered and have been established that the proposed project is technically sound, financially viable, and economically / socially beneficial.

In order to ensure prompt implementation of the project and achieving the production targets, a number of factors have to be taken into account. This will include the level of the proposed investment in this project, economic impact anticipated, the overall status of the national economy, and the proposed project area.

6.2 Recommendations

In the context of the immense useful potential of this project, the management of M/S 92 CYCLE AND HARDWARES LIMITED anticipates that all interested parties including the Government of Tanzania will give their full support so as to ensure timely implementation of the project and apprehension of successful operation.

Therefore, it is strongly recommended that the sponsors, M/S 92 CYCLE AND HARDWARES LIMITED be provided with the required institutional assistance so as to enable them establish the propose project.

Provided all other economic factors remain substantially the same, it is strongly recommended that the project be implemented with immediate effect. It is further recommended that TIC Certificate of Investment Incentives be granted to enable smooth implementation of the project.

**FINANCIAL STATEMENTS
&
OTHER SCHEDULES**

92 CYCLE AND HARDWARES LTD
PROJECTED PROFIT AND LOSS STATEMENTS FOR THE PERIOD

	2010	2011	2012	2013	2014
	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Sales Revenue	1,088,000	1,156,000	1,285,200	1,424,430	1,495,652
Less: Cost of Sales	575,106	608,329	644,103	677,839	690,109
Gross Profit	512,894	547,671	641,097	746,591	805,542
Administration Expenses	254,261	258,069	263,504	268,703	272,288
Operating Profit	258,633	289,602	377,593	477,889	533,254
Capital & Financial Charges					
Depreciation	134,125	134,125	134,125	134,125	134,125
Loan Interest	0	0	0	0	0
Sub Total	134,125	134,125	134,125	134,125	134,125
Profit before Tax	124,508	155,477	243,468	343,764	399,129
Taxable Income	124,508	155,477	243,468	343,764	399,129
Tax (30%)	37,352	46,643	73,040	103,129	119,739
Profit After Tax	87,155	108,834	170,428	240,635	279,390
Profit brought Forward	0	87,155	186,190	338,787	550,450
Profit for Appropriation	87,155	195,989	356,618	579,421	829,840
APPROPRIATION ACCOUNT					
Dividends Rate	0	5%	5%	5%	5%
Amount	0	9,799	17,831	28,971	41,492
Revenue Reserve	87,155	186,190	338,787	550,450	788,348
Total	87,155	195,989	356,618	579,421	829,840

92 CYCLE AND HARDWARES LTD
PROJECTED CASH FLOW STATEMENTS FOR THE PERIOD

	2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
CASHFLOW FROM OPERATIONS					
Sales	1,055,360	1,121,320	1,246,644	1,353,209	1,450,782
Subtotal Cash Received	1,055,360	1,121,320	1,246,644	1,353,209	1,450,782
Expenditures from Operations:					
Cost of Sales	575,106	608,329	594,103	677,839	690,109
Administrative expenses	287,131	303,597	333,376	368,221	390,034
Subtotal Cash payment	862,237	911,926	927,480	1,046,060	1,080,143
Cashflow From Operations	193,123	209,394	319,164	307,149	370,639
CASH FROM INVESTMENTS:					
Investments Outflow	-1,165,000				
Re-Investment				-185,000	
Cash from Investment	-1,165,000	0	0	-185,000	0
CASH FLOW FROM FINANCING:					
Owners Equity	1,165,000				
Bank Loan	0				
Interest on Loan	0	0	0	0	0
Loan repayment	0	0	0	0	0
Dividends	0	-9,799	-17,831	-28,971	-41,492
Cash from Financing	1,165,000	-9,799	-17,831	-28,971	-41,492
NET CASHFLOW FOR PERIOD	193,123	199,595	301,333	93,178	329,147
CASHFLOW AT START OF YEAR		193,123	392,717	694,051	787,228
CASHFLOW AT THE END OF YEAR	193,123	392,717	694,051	787,228	1,116,375

92 CYCLE AND HARDWARES LTD

PROJECTED BALANCE SHEET FOR THE PERIOD

	2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
NON CURRENT ASSETS					
Land & Buildings	50,000	50,000	50,000	50,000	50,000
Plant Machinery & Equipments	800,000	800,000	800,000	800,000	800,000
Motor Vehicles	250,000	250,000	250,000	250,000	250,000
Furniture & Fittings	5,000	5,000	5,000	5,000	5,000
Pre operational Expenses	5,000	5,000	5,000	5,000	5,000
Total	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
Less Accumulated Depreciation	134,125	268,250	402,375	286,500	420,625
Non Current Assets	975,875	841,750	707,625	823,500	689,375
CURRENT ASSETS					
Stocks	68,238	66,926	48,844	48,504	82,525
Debtors	60,667	69,360	73,112	85,146	89,739
Cash and Bank Balance	193,123	392,717	694,051	787,228	1,116,375
Total Current Assets	322,027	529,003	816,006	920,878	1,288,639
CURRENT LIABILITIES					
Creditor	41,264	13,966	11,079	16,552	15,297
Tax Payable	4,482	5,597	8,765	12,375	9,369
Total Current Liabilities	45,747	19,564	19,844	28,927	24,666
NET CURRENT ASSETS	276,281	509,440	796,162	891,950	1,263,973
TOTAL NET ASSETS	1,252,156	1,351,190	1,503,787	1,715,450	1,953,348
FINANCED BY					
Share Capital	1,165,000	1,165,000	1,165,000	1,165,000	1,165,000
Revenue Reserve	87,155	186,190	338,787	550,450	788,348
Networth	1,252,155	1,351,190	1,503,787	1,715,450	1,953,348
Loan	0	0	0	0	0
TOTAL	1,252,155	1,351,190	1,503,787	1,715,450	1,953,348

92 CYCLE & HARDWARES LTD

SCHEDULES AND TABLES

1

FINANCING PLAN	AMOUNT	PERCENT
EQUITY	1,165,000	100.00
LOAN	0	0.00
TOTAL FINANCING	1,165,000	100.0

2

PROJECT COST SUMMARY	2009	2010	TOTAL
	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Land & Buildings	50,000	0	50,000
Plant Machinery & Equipments	800,000	0	800,000
Motor Vehicles	250,000	0	250,000
Furniture & Fittings	5,000	0	5,000
Others	5,000	0	5,000
Pre expenses	10,000	0	10,000
Total Capital Cost	1,120,000	0	1,120,000
Working Capital	45,000	0	45,000
TOTAL PROJECT COST	1,165,000	0	1,165,000

3

COST OF CARS	QTY	PRICE USD \$	AMOUNT USD \$
Fusso trucks	5	30000	150,000
Toyota hardtops	5	20,000	100,000
TOTAL COST OF CARS			250,000

DEPRECIATION & AMORTISATION SCHEDULE

GROSS FIXED ASSETS		2010	2011	2012	2013	2014
		AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Land & Buildings		50,000	50,000	50,000	50,000	50,000
Plant Machinery & Equipments		800,000	800,000	800,000	800,000	800,000
Motor Vehicles		250,000	250,000	250,000	250,000	250,000
Furniture & Fittings		5,000	5,000	5,000	5,000	5,000
Computer and software		5,000	5,000	5,000	5,000	5,000
TOTAL		1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
ANNUAL DEPRECIATION	RATE	AMOUNT				
Land & Buildings	2%	1,000	1,000	1,000	1,000	1,000
Plant Machinery & Equipments	12.50%	100,000	100,000	100,000	100,000	100,000
Motor Vehicles	12.50%	31,250	31,250	31,250	31,250	31,250
Furniture & Fittings	12.50%	625	625	625	625	625
Computer and software	25%	1,250	1,250	1,250	1,250	1,250
Total Annual Depreciation		134,125	134,125	134,125	134,125	134,125
Accumulated Depreciation		134,125	268,250	402,375	286,500	420,625
NET FIXED ASSETS		975,875	841,750	707,625	823,500	689,375

6

SALARIES & WAGES	NUMBER	MONTHLY PAY	MONTHS	ANNUAL PAY
General Manager	1	1000	12	12,000
Production Engineer	1	800	13	10,400
Marketing Manager	1	350	12	4,200
Technician	2	200	12	4,800
Drivers	6	200	12	14,400
Secretary	1	150	12	1,800
	10	3,967	12	47,600
Add Allowances 30%		1190		14,280
Sub -Total	10	5157		61,880
GRAND TOTAL SALARIES				61,880

7

REVENUE ESTIMATES	2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
Daily installed Capacity	5000	5050	5060	5090	5140
Annual working Days	320	320	320	320	320
Annual Installed Capacity Litre	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Production Target %ageof Capacity	80%	85%	90%	95%	95%
Planned Production Kg	1,280,000	1,360,000	1,440,000	1,520,000	1,520,000
Planned Extraction Recovery Rate	0.250%	0.00225	0.00225	0.00225	0.00225
Average Price per Kg Us\$	0.85	0.85	0.89	0.94	0.98
Planned Revenue Export Sales Us\$	1,088,000	1,156,000	1,285,200	1,424,430	1,495,652
VAT	20%	20%	20%	20%	20%
Value of Tax Us\$	217,600	231,200	257,040	284,886	299,130
Net Sales Revenue	1,088,000	1,156,000	1,285,200	1,424,430	1,495,652

COST OF SALES	2009	2010	2011	2012	2013
ITEM	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Output in Kg	1,280,000	1,360,000	1,440,000	1,520,000	1,520,000
Cost of Raw Materials					
Average cost@ Kg of materials	\$ 0.255	0.255	0.255	0.255	0.255
Cost of Materials	\$ 342,720	364,140	385,560	406,980	406,980
Packing materials (1% Sales)	10,880	11,560	12,852	14,244	14,957
Sub Total Cost Us\$	353,600	375,700	398,412	421,224	421,937
Utilities	18,503	19,477	21,191	21,595	22,064
Consumables	16,000	16,800	17,640	18,522	19,448
Oil & lubricants	20,000	21,000	22,050	23,153	24,310
Repair & Maintenance	74,250	77,938	81,809	85,875	90,144
Total inputs	482,353	510,914	541,103	570,369	577,902
<i>Capacity Utilisation</i>	80%	85%	90%	95%	95%
<i>Cost of Electricity kwh</i>	90 94	99	95	99	104
<i>Estiamted cost@kwh</i>	\$ 0.07	0.07	0.07	0.07	0.08
<i>Cost of Electricity Power</i>	3,846	4,048	4,048	4,452	4,921
	0	0	0	0	0
Sub Total Energy cost (\$)	3,846	4,048	4,048	4,452	4,921
<i>Water Requirement (Kg)</i>	120000 102600	108000	120000	120000	120000
<i>Cost@ Kg</i>	\$ 0.14	0.14	0.14	0.14	0.14
Total Cost of Water	14,657	15,429	17,143	17,143	17,143
Total Utilities Cost	18,503	19,477	21,191	21,595	22,064
Consumables Spares (2%Machinery value)	16,000	16,800	17,640	18,522	19,448
Oils/lubricants(10%Machinery value)	20,000	21,000	22,050	23,153	24,310
Maintenance Productive Assets					
Buildings(1%of value)	1% 500	500	500	500	500
Motor Vehicles (15%of value)	15% 37,500	39,375	41,344	43,411	45,581
Furniture& Fittings (5%of value)	5% 250	263	276	289	304
Sub Total Maintenance cost	74,250	77,938	81,809	85,875	90,144
COST OF SALES	575,106	608,329	644,103	677,839	690,109

ADMINISTRATION EXPENSES	2010	2011	2012	2013	2014
ITEM	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Salaries & Wages	61,880	61,880	61,880	61,880	61,880
Nssf	6,188	6,188	6,188	6,188	6,188
Insurance	69,900	69,900	69,900	69,900	69,900
Audit Fees	15,000	15,000	15,500	15,500	15,500
Telephone Fax Charges	2,654	2,787	2,926	3,072	3,226
Printing & Stationery	2,655	2,735	2,817	2,901	2,988
Travelling Expenses	5,000	5,150	5,305	5,464	5,628
Motor Vehicle Running Expenses	42,500	43,775	45,088	46,441	47,834
Marketing & Advertising 1%	10,880	11,560	12,852	14,244	14,244
Director's Housing Rent	6,000	6,000	6,000	6,000	6,000
Government I Fees(Permits)	2,660	2,660	2,760	2,760	2,860
Uniforms	500	500	500	600	600
Miscellaneous Expenses	23,004	24,154	25,362	26,630	27,962
Management Fees(3%Turnover)	5,440	5,780	6,426	7,122	7,478
Total Admin Expenses	254,261	258,069	263,504	268,703	272,288

INTERNAL RATE OF RETURN

	0	2010	2011	2012	2013	2014
	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
INFLOWS						
Operating Profit		258,633	289,602	377,593	477,889	533,254
Residual Value						
Recoupment of Working Capital						
Total		258,633	289,602	377,593	477,889	533,254
OUTFLOWS						
Investments	1,165,000					
Re -Investments		0	0	0	-185,000	0
Taxation		37,352	46,643	73,040	103,129	119,739
Change in Working Capital		108,063	93,395	81,626	67,127	57,971
Total		145,416	140,038	154,667	-14,744	177,710
NET CASHFLOW		113,217	149,564	222,926	492,633	355,544
DCF (20%)	0.2	0.833	0.694	0.579	0.683	0.621
NPV AT (20%DCF)		94,347	103,864	129,008	336,468	220,793
Total NPV at 20% DCF	884,481					
DCF(10%)	0.1	0.909	0.826	0.751	0.683	0.621
NPV AT (10%DCF)		102,924	123,607	167,488	336,468	220,793
Total NPV at 10% DCF	951,280					
IRR=	15.18					

PAYBACK PERIOD ANALYSIS

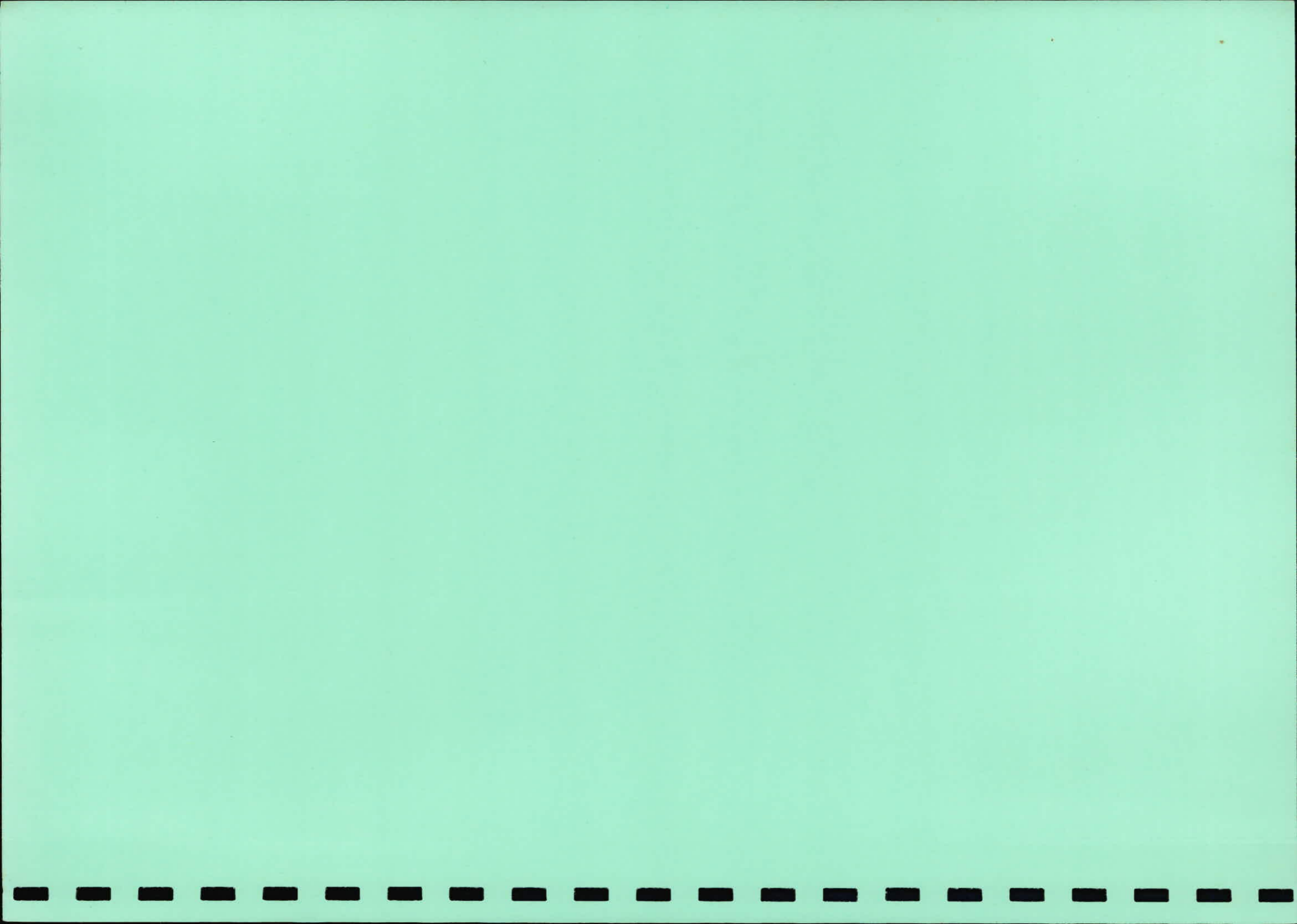
	YEAR 0	2010	2011	2012	2013	2014
	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Profit After Tax		87,155	108,834	170,428	240,635	279,390
Depreciation		134,125	134,125	134,125	134,125	134,125
Total		221,280	242,959	304,553	374,760	413,515
Discounted Cashflow		193,258	212,191	265,985	327,301	361,149
Capital Cost	1,165,000					
Remaining amount		-971,742	-759,551	-493,566	-166,265	194,884
Pay Back Period						5

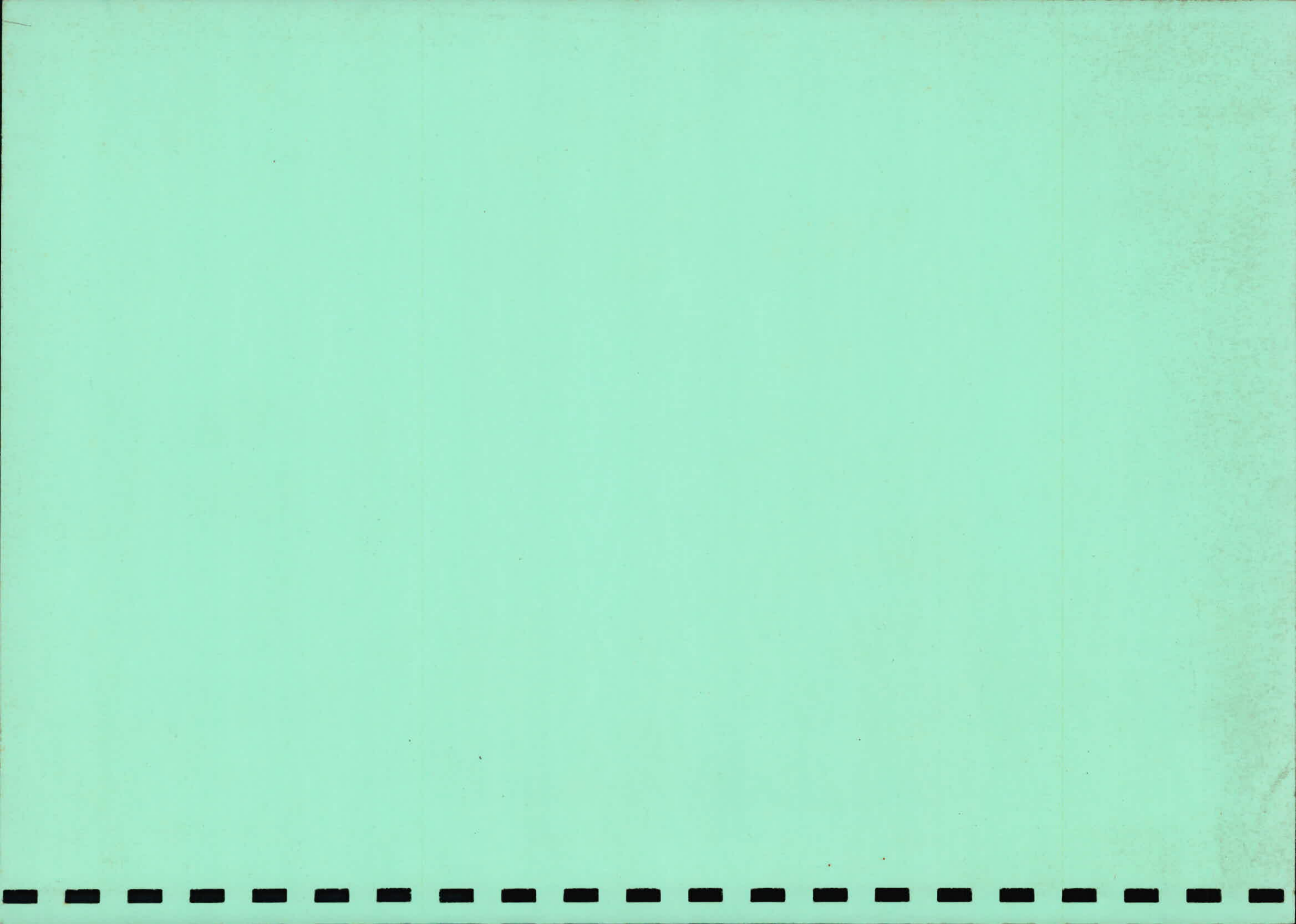
BREAK EVEN ANALYSIS

	2008	2010	2011	2012	2013	2014
	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$	AMOUNT USD \$
Sales Revenue		1,088,000	1,156,000	1,285,200	1,424,430	1,495,652
Variable Costs		575,106	608,329	644,103	677,839	690,109
Contribution Margin		512,894	547,671	641,097	746,591	805,542
Fixed Costs		388,386	392,194	397,629	402,828	406,413
Contribution Margin Ratio %		47.14	47.38	49.88	52.41	53.86
Beak even Sales		8,239	8,278	7,971	7,686	7,546
Break even Point (%)		0.76	0.72	0.62	0.54	0.50

ANALYSIS OF KEY FINANCIAL RATIOS

	2010 AMOUNT USD \$	2011 AMOUNT USD \$	2012 AMOUNT USD \$	2013 AMOUNT USD \$	2014 AMOUNT USD \$
A SOLVENCY LIQUIDITY					
1 Current Ratio	7.04	27.04	41.12	31.83	52.24
2 Quick Acid Test Ratio	5.55	23.62	38.66	30.16	48.90
3 Liquid Ratio	4.22	20.07	34.98	27.21	45.26
4 Debtors/Sales Ratio	0.06	0.06	0.06	0.06	0.06
B PROFITABILITY					
5 Return on Investment(%)	6.96	8.05	11.33	14.03	14.30
6 Return on Net Assets(%)	6.96	8.05	11.33	14.03	14.30
7 Return on Fixed Asset(%)	8.93	12.93	24.08	29.22	40.53
8 Return on Fixed Capital(%)	8.93	12.93	24.08	29.22	40.53
9 Return on Sales(%)	8.01	9.41	13.26	16.89	18.68
10 Return/Current Assets (%)	27.06	20.57	20.89	26.13	21.68
11 Sales/Debtors Ratio	25.94	26.08	30.84	33.62	35.35
12 Cost of Sales /Sales Ratio(%)	52.86	52.62	50.12	47.59	46.14
13 Fixed Assets/ Total Assets	77.94	62.30	47.06	48.00	35.29
14 Period cost/Sales Ratio(%)	35.70	33.93	30.94	28.28	27.17
15 Gross Profit/Sales Ratio(%)	47.14	47.38	49.88	52.41	53.86
16 Return on Networth(%)	33.70	37.58	45.14	50.35	52.39
17 Growth in Profits		24.87	56.59	41.19	16.11
C EFFICIENCY					
18 Debtors Turnover	17.93	16.67	17.58	16.73	16.67
19 Average Collection Period	20.35	21.90	20.76	21.82	21.90
20 Inventory/Current Assets Ratio(%)	21.19	12.65	5.99	5.27	6.40
21 Inventory Turnover	15.94	17.27	26.31	29.37	18.12
22 Fixed Assets Turnover	1.11	1.37	1.82	1.73	2.17
23 Total Assets Turnover	0.87	0.86	0.85	0.83	0.77
24 Working Capital Turnover	3.94	2.27	1.61	1.60	1.18
25 Sales Growth (Annual)		6.25	11.18	10.83	5.00
D LEVERAGE					
26 Total Debt Ratio (%)	0.0	0.0	0.0	0.0	0.0
27 Debt Service Coverage Ratio	294.0	687.4	677.7	464.9	545.2
28 Burden Coverage	1.93	2.16	2.82	3.56	3.98
29 Debt /Equity Ratio	3.65	1.45	1.32	1.69	1.26





THE COMPANIES ORDINANCE (Cap. 212)

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

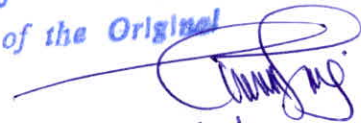
92 CYCLE AND HARDWARES LTD.

Incorporated this day of, 2005

Drawn By:

MKALI & CO., ADVOCATES
ATC HOUSE, 3RD FLOOR
CITY GARDEN/OHIO STREET
P. O. Box 14473
DAR ES SALAAM.

*Certified as a True
Copy of the Original*



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THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

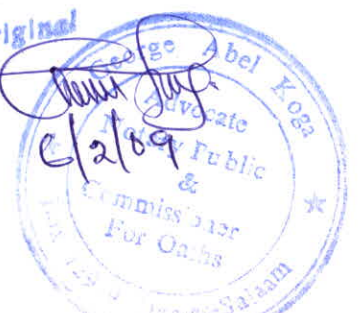
MEMORANDUM OF ASSOCIATION

OF

92 CYCLE AND HARDWARES LTD

1. The name of the Company is **"92 CYCLE AND HARDWARES LTD"** The registered office of the Company will be situated in Tanzania
2. The objects for which the Company is established are:
 - (a) To carry on all an/or any type of Hard wares business/activities and associated/allied activities thereof.
 - (b) To carry on the business of sellers, buyers, Importers, Suppliers, Distributors and dealers in motor vehicle spare part and accessories, and in products or commodities of all kinds comprising or constituting components of or being associated with, or in connection with, and suppliers of services in relation to, vehicles of all description, including motor vehicles, air crafts and ships.
 - (c) To manufacture, manipulate, Improve, Recondition, Prepare for market, Buy, Sell let on hire and general deal in all kinds of articles and things, Plant, Machinery, Spares accessories, apparatus, Tools, Utensils, Materials, Produce and substances of whatever nature and description.
 - (d) To carry on the business of general agents, manufacturers and sales representatives, commission agents advertisers, Promoters, Brokers, del credere agents, merchants or any other commercial or Industrial business, and to transact in every kind agency, commission, mercantile and financial business.
 - (e) To carry on the business of transporters of public general cargo, haulers, agents, removal contractors or agents, transport agents, hirers and proprietors of vehicles of all kinds however propelled
 - (f) To carry on the business of Purchasing, importing and selling farm implements (e.g. medicine, fertilizers and farming machine spare parts of different types) building and electrical materials of different categories, spare parts of different kinds, domestic utensils and or materials such as but not limited to Television sets, Television spare parts, fridge, Air condition fans and furniture materials.

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Copy of the Original*



- (g) To carry on the business of computer systems, accessories, spares, hardware, software and to import and sale of all related items, all types of information systems, consultancy, general computer knowledge, telecommunication, computer training and programming, dealers of teleprints, video, computer equipments discs and any other related machinery.
- (h) To carry on the business of importers and exporters of all types of electronic systems whatever name and description. To carry on or engage in the business of general trading both retail as well as wholesale, general merchants and shop and store keepers.
- (i) To manufacture, fabrication, electronic equipments, put up and use telephones, telegraphs (wireless or other) photographs, dynamos, accumulators, lamps and all apparatus now known or that may hereafter be invented, connected with telecommunication's or any method of communication by sound or vision, including all cables, wires or appliances for connecting apparatus at a distance with other apparatus, and including the formation of exchanges or centers.
- (j) To carry on business as communication engineers generally, electronics and software engineers and to act as consultants in communications engineering and electronics engineering in all fields including radio and T. V. communications, telecommunications, electro-mechanical control of every description whether industrial or otherwise.
- (k) To carry on the business of insurance agents, brokers, travel and tourist agents, tour operators and to undertake any other agency on behalf of any individual, corporation or institution both local and foreign.
- (l) To take, purchase, receive, hold, transfer, grant convey and assign all property real or personal, which may be granted, conveyed or committed to this company.
- (m) To carry on the business of builders, contractors decorators, plumbers, merchants and dealers in stone, sand, lime, bricks, timer, hardware, tiles terracotta markers and other building hardware; and engage in civil, structural, mechanical, heat, sound, ventilating, construction, water and sanitary engineering which is relevant or supplements to building construction.
- (n) To engage in all or any of the business of farmers glaziers, breeders of and dealers in livestock and poultry and generally deal and engage

- in the business of agriculturalists, horticulturalists, dairymen, and any other trade or business designed to supplement or complement the above in order to benefit the company.
- (o) To undertake and carry on the business of fishing, fish farming, fish breeding, processing, smoking and stock fish fresh or smoked fish for distribution both locally and overseas.
 - (p) To engage in the business of tree breeding, growers and log fellers, saw millers and manufacturers of furniture of all types and deal in sales and distribution of logs, timbers and furniture both locally and outside the country.
 - (q) To carry on the trade and business of warehousing, removers, clearing and forwarding, stores and packers of goods of every kind and description and to arrange for transportation, insurance and haulage of all types of goods from one destination to another.
 - (r) To carry on the business of importers of chemical substances used for agricultural, horticultural, veterinary, poultry, sanitary machinery, marine, implements and spares, tractors, lorries tyres, tubes, batteries, solution and all other spares, accessories, bearings, and goods as may be conveniently sold therewith and things necessary or convenient for carrying on any of the business specified herein or proceeding or usually dealt in by persons engaged in the like.
 - (s) To transact any and every description of agency, commission, commercial, industrial, manufacturing mercantile and financial business, and to carry on business of clearing and forwarding agents, shipping agents, commission agents, customs agents, provisional merchants, stockiest, importers, exporters retailers and wholesalers, Transporters of passengers and goods, motorcars, omnibuses and coach proprietors and a carrier, boat owners, ship owners, amusement carriers and job masters.
 - (t) To invest and deal with moneys of the company not immediately required upon each security and in such manner as may from time to time be determined.
 - (u) To establish and carry on the business of manufacturing making and producing all types of industrial starch, animal feed from flour, malt, hops, grains, meal, yest cassava, maize, rice, corn, gari.
 - (v) To carry on business of petrol service station and deal in petrol, diesel, oil kerosene, mineral oil, crude oil, lubricating oil, grease and/or fuel oil, of all kinds and all other kind of mineral and

petroleum products as an importer, dealer or distributors and servicing and repairing of vehicles of all types generally.

- (w) To lend and advance money or give, credit to such persons, firm or companies and on such terms as may seem expedient, and in particular to customers and others having dealings with the company, and to give guarantee to become surety for any persons, firms or companies for the due payment of money for the performance of any obligations or liabilities
- (x) To carry on the business of photography, photocopying, duplicating, stationers, printers, publishers, engravers, lithographers and the provision of secretarial services generally.
- (y) To acquire and hold by way of investment for any estate or interest on any tenure, land, buildings and rights and privileges relating thereto and any other real or personal property of any kind in any part of the world.
- (z) To erect and construct houses, buildings or works of every description on any land of the Company or upon any other lands or hereditaments and to pull down, rebuild, enlarge, alter and improve existing houses buildings or works thereon, and generally to deal with and improve the property of the Company.
- (aa) To purchase, sell, lease, let, mortgage or otherwise dispose of lands, houses, buildings, hereditaments or other property of the Company.
- (bb) To undertake or direct the management of property, buildings, lands and estates (of any tenure or kind) of any persons, whether members of the Company or not, in the capacity of stewards or receivers or otherwise.
- (cc) To carry on business as an investment trust Company and to acquire and hold by way of investment shares stocks, debentures, bonds and securities of every description.
- (dd) To establish and carry on the business of ranching and keeping cattle, sheep, goats, poultry, game, fish, prawns and other livestock of every description, and to sell, breed, export, import, improve, prepare, deal and trade in stock of every description whether live or dead and generally to carry on the business as cow-keepers, farmers, and market gardeners, and as manufacturers of all kinds of milk, jam, pickles, cider, and preserved provisions of all kinds.

- (ee) To erect and construct houses, buildings, abattoirs, slaughter houses, freezing houses, warehouses, sheds, factories, plants or works of every description on any land of the Company or upon any other lands or hereditaments and to pull down, rebuild, enlarge, alter and improve existing houses, buildings or works thereon, and generally to deal with and improve the property of the Company.
- (ff) To carry on the business of cattle rearers and sheep farmers, fell mongering, tanning and warehousing generally, preserved meat manufacturers, dealers in hides, fat, tallow, grease, and other animal products.
- (gg) To make experiments in connection with any business or proposed business of the Company and to apply for or otherwise acquire in any part of the world any patents, patent rights, brevets, d'invention, licenses, protections and concessions which may appear likely to be advantageous or useful to the Company, and to use and manufacture under grant or licences or privileges in respect of the same, and to expend money in experimenting upon and testing and improving or seeking to improve any patents, inventions, or rights which the Company may acquire or propose to acquire.
- (hh) To take part in formation, supervision or control of the business or operations of any other company, firm, association, trust or person, and to act as management consultants, directors, managing agents, administrators, supervisors, executors or other officers of the company firm, association, trust or person and connection therewith to appoint and remunerate directors, accountants, assistants and other officers or experts or agents.
- (ii) To advance and lend money, upon such security as may be thought fit or to finance or invest and deal with the moneys of the Company not immediately required in such manner as may from time be determined or to receive money or deposit from such persons, firms, or companies and on such terms as may seem expedient and, in particular from customers and others having dealings with the Company and to give guarantees or become security for any such persons, firms or companies.
- (jj) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, and other negotiable or transferable instruments.
- (kk) To amalgamate with any other company having similar or identical objects altogether or in part to those of this company.

- (ll) To remunerate any person, firm, or company for services rendered or to be rendered to this Company either by cash payments or by the allotment to him or them shares or securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.
- (mm) To purchase, lease, hire, take in exchange or otherwise acquire and hold any lands, buildings, and premises and any other estates and to acquire any concessions, licences, patents, copy rights and any real and personal property calculated directly or indirectly to benefit the Company.
- (nn) To establish agencies and local boards in Tanzania and elsewhere and to regulate and discontinue the same.
- (oo) To seek from any source, openings for the employment of capital in any part of the world and with a view thereto to prospect, inquire, examine, explore and test and to employ and to dispatch expeditions, commissioners, experts and such agents.
- (pp) To acquire from any foreign state or authority supreme or local or otherwise any concessions, grants, decree, rights or privileges whatsoever capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.
- (qq) To procure the Company to be registered or recognized in any foreign country or place.
- (rr) To guarantee and/or to pledge the Company's assets for the payment of any debentures, stock, bonds, mortgages, charges, obligations, interest, dividends, securities, monies, or shares or the performance of contracts or engagements of any other company or firm or person and to give indemnities and guarantees or all kinds and enter into partnership or any joint purpose or arrangements having or its objects similar to those this Company or any of them.
- (ss) To borrow or raise money by the issue of debentures, debenture stock (perpetual or terminable), bonds, mortgages, or any of the property and rights of the Company, including its uncalled capital or without any such security, and upon as such terms as to priority or otherwise as the Company shall think fit.
- (tt) To dispose by any means of the whole or any part of the assets of the Company.

- (uu) To distribute among the members of the Company in kind any assets.
- (vv) To pay out the funds of the Company all expenses which the Company may lawfully pay with respect to the formation and registration of the Company and the issue of its capital, including brokerage and commissions for obtaining applications for or taking, placing or underwriting or procuring the underwriting of shares debenture, or other securities of the Company.
- (ww) To advertise all or any of the services of the Company in any way that may be thou advisable including the posting of bills in relation thereto and the issue of books, pamphlets, and price lists and the conducting of competitions and the giving of prizes thereof.
- (xx) To do any of the matters hereby authorized in any part of the world either alone or in conjunction with or as, by or through trustees or agents.
- (yy) To provide funds for the purpose of investigation and experiment to any person, firm or company with a view of furthering any or all of the objects of the Company.
- (zz) Generally to do all such other things as may appear to be incidental or conducive to the attainment of the above object or any of them.

And it is hereby declared that in the interpretation of this clause the powers conferred upon the Company by any paragraph shall not be restricted by reference to any other paragraph or to the name of the Company or by the juxtaposition of the two or more objects, nor shall any of the aforesaid objects or powers be deemed subsidiary or auxiliary merely to the objects mentioned in the first or any other paragraph save as expressly provided, but so that the Company shall have full powers to exercise all or any of the powers conferred by any part of this clause in any part of the world and in event of any ambiguity this clause and every paragraph hereof shall be construed in such a way as to widen and not to restrict the powers of the Company.

3. The liability of the members is limited
4. The share capital of the Company is Shillings FORTY MILLION ONLY (40,000,000/-) divided into FORTY THOUSAND ORDINARY (40,000) shares of Shillings (1,000/-) ONE THOUSAND Only each with power of

the Company to increase or reduce the said capital into several classes or otherwise and to attach thereto respectively preferential, qualified or special rights, privileges and conditions.

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

NAMES ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS	NUMBER OF SHARES	SIGNATURE
1. Mr. LEONARD MSIGWA P.O. BOX 965 MAAKAMBALI	750	<i>L.K. Msigwa</i>
2. Mr. KARINA MSIGWA P.O. BOX 965 MAAKAMBALI	150	<i>K.L. Msigwa</i>
3. Mr. CALISTA MSIGWA P.O. BOX 965 MAAKAMBALI	50	<i>C.L. Msigwa</i>
4. Mr. ELASTO MWALONGO P.O. BOX 965 MAAKAMBALI	50	<i>E. Mwalongo</i>

Dated at Dar es Salaam this 23RD day of MARCH 2005

Witness to the above signatures:

NAME: George Abel Koga

SIGNATURE: *[Signature]*

POSTAL ADDRESS: Box 12929

Dar es Salaam

QUALIFICATION: ADVOCATE



Certified as a True Copy of the Original

[Signature]

6/2/09



Stock
23173898
24-3-05
[Signature]

THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

92 CYCLE AND HARDWARES LTD

23173898
24-3-05
[Signature]

PRELIMINARY

1. In these Regulations:

“The Ordinance” means the Companies Ordinance Chapter 212 of the Laws of Tanzania.

“The Company” means **92 CYCLE AND HARDWARES LTD**”

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

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

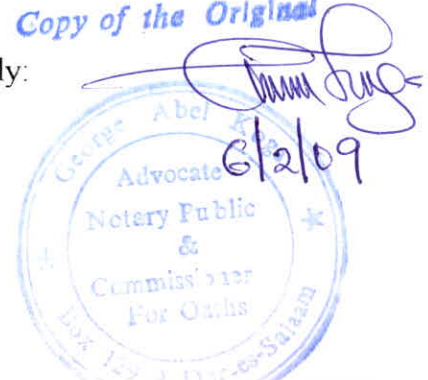
Any words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and the words importing persons shall include bodies corporate, partnership, firms, cooperative societies, etc.

The Regulations contained in Table ‘A’ in the first schedule to the Ordinance (hereinafter referred to as Table A) shall apply to the Company save in so far as they are varied or excluded hereby, but in case of any conflict between the provisions herein and the provisions under Table A the former shall prevail.

PRIVATE COMPANY

2. The company is a PRIVATE COMPANY and accordingly:

*Certified as a True
Copy of the Original*



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

PROVIDED THAT where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this Article be treated as a single Member.

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

SHARES

- 4. THE INITIAL SHARE CAPITAL OF THE COMPANY IS TANZANIA SHILLINGS FORTY MILLION ONLY (40,000,000/-) DIVIDED INTO FORTY THOUSAND ORDINARY (40,000) SHARES OF SHILLINGS ONE THOUSAND ONLY (1,000/-) EACH With such rights, privileges and conditions respectively attached thereto as may from time to time be conferred by the regulations of the company with power to increase and reduce the capital for the time being into several classes and attached thereto respectively such preferred, qualified or special accordance with the regulations of the company, and to vary, modify or abrogate any such rights privileges or conditions in such manner as may for the time being be provided by the regulations of the company.
- 5. Without prejudice to any special rights previously conferred on the holders of any existing shares, any shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may from time to time by Ordinary Resolution determine.
- 6. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking '*pari passu*' therewith.

CERTIFICATES

7. Every person whose name is entered as a member in the register shall, without Payment be entitled to receive within two months after allotment or lodgement of transfer, within such other period as the conditions of issue shall provide a certificate under the Seal specifying the shares allotted or transferred to him and the amount paid thereon. PROVIDED THAT in the case of joint holders, the company shall not be bound to issue more that one certificate to each of the joint holder, and delivery of such certificates to any one of them shall be sufficient delivery to all.
8. If any such certificate shall be worn out, defaced, destroyed or lost, it be renewed on such evidence being produced as the Directors shall require, and in case of wearing out or defacement on delivery of the old certificate and in case of destruction or loss on execution of an indemnity. In case of destruction or loss the member or whom such reviewed certificate is given shall also bear and pay to the company of the evidence of such destruction or loss and to such indemnity.

PROHIBITION OF DEALING IN COMPANY'S SHARES

9. The company shall not give, whether directly or indirectly or whether by means of a loan guarantee, the provision of security or other financial assistance for the purpose of or in connection with the purchase or subscription made or to be made by any person or for any shares in the company or in its holding company (if any) nor shall the company make a loan for any purpose whatsoever in and/or the security of its shares or those of its holding company (if any) but proviso to section 46(1) of the Ordinance.

LIEN

10. The company shall have a first and paramount lien on every share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the company's lien, if any, on a share shall extend to all dividends payable thereon.

CALLS ON SHARES

11. The Directors may, subject to the provisions of these Articles and to any conditions of allotment, from time to time make such calls upon the shareholders in respect of all moneys unpaid on their shares as they think fit.

TRANSFER OF SHARES

12. All transfer of shares in so far as they are not prohibited by the agreement may be effected by transfer in writing in the usual common form under hand only, and in compliance with the terms of the agreement.
13. All instrument of transfer of a share shall be signed by or on behalf of the transferor and transferee and the transfer shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof.
14. The Directors, may in their absolute discretion, and without specifying any ground, refuse to register a transfer of any share to any person.
15. The Directors may refuse to register any transfer of a share where the company has a lien on the share.
16. If the Directors refuse to register any transfer they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.
17. The Directors may decline to recognize any instrument of transfer unless the instrument of the transfer is deposited at the office or such other place as the Directors may appoint accompanied by the certificate of the shares to which it related, and such other evidence as the Directors any reasonably require to show the right of the transferor to make the transfer.

TRANSMISSION OF SHARES

18. In case of the death of a shareholder the survivors or survivor where deceased was a joint holder, and the executors or administrators of the deceased where he/she was a sole or only surviving holder, shall be the only persons recognised by the company as having any title to his/her shares, but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.
19. Subject to any other provision of the Articles, any person becoming entitled to a share in consequence of the death or bankruptcy of a member, may upon such evidence as to his/her title being produced as may from time to time be required by the Directors, and subject as hereinafter provided, be registered himself/herself as a holder of the share or elect to have some person nominated by him registered as the transferee thereof.
20. Subject to any other provision of the Articles, if the person so becoming entitled shall elect to be/or registered himself/herself, he/she shall elect to be or shall deliver or send to the company a Notice in writing signed by him

stating that he/she so elects. If he/she shall testify his/her election by executing to his/her nominee a transfer of such share. All the limitations, restrictions and provisions of these Articles, relating to the rights 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 has not occurred and the Notice or transfer executed by such member.

21. Shares shall be transferred in the following form, in case of death or in any usual or common form which the Directors shall approve:

'I of in consideration of Shs..... paid to me by [hereinafter called 'the transferee'] do hereby transfer to the said transferee the share [or shares] numbered in the undertaking called: **92 CYCLE AND HARDWARES LTD**

To hold unto the said transferee, subject to the several conditions on which I hold the same and I the said transferee, do hereby agree to take the said share [or shares] subject to the conditions aforesaid.

As witness our hands the day of, 2004

22. 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 good discharge for all dividends and other money s payable in respect thereof, but shall not be entitled to receive Notices of or to attend or vote at meetings of the company, or safe as aforesaid, to any of or the rights or privileges of a member until he/she shall have become a member in respect of the share.

FORFEITURE OF SHARES

23. If any member fails to pay the whole or any part of any call on or before the day appointed thereof the Directors may at any time thereafter during such time as the call, or any part thereof, remains unpaid, serve a Notice on him requiring him to pay such call, or such part thereof as remains unpaid together with any accrued interest, and any expenses incurred by the company by reason of such non-payments
24. The Notice shall name a further day [not being less than fourteen days from the date of the Notice] on or before which such call, or any thereof as aforesaid, and all such interest as aforesaid, are to be paid. It shall also name the place where payment is to be made, and shall state that in the event of non-payment, the shares in respect of which such call was made will be liable to be forfeited.
25. If the requirements of any such Notice as aforesaid are not complied with, any share in respect of which such Notice has been given may at any time

- thereafter, before payment of all calls and expenses due in respect thereof has been made, be forfeited by a Resolution of the Directors to that effect.
26. A forfeiture of shares under the preceding Article shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
 27. Where any share has been forfeited in accordance with these Articles, Notice of the forfeiture shall forthwith be given to the holder of the shares, or the person entitled to be holder of the shares, by transmission, as the case may be, and an entry of such Notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the register opposite to the entry of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give such Notice or to make such entry as aforesaid.
 28. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, permit the share so forfeiture to be redeemed upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the shares, and upon any further or other terms they may think fit.
 29. Every share which shall be forfeited shall thereupon become the property of the company, and may be either cancelled or sold, or reallocated 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 in such manner as the Board shall think fit, and whether with all or any part of the amount previously paid. The Directors may, if necessary, authorize some person to transfer a forfeited share to any such person as aforesaid.
 30. A person 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, at such as the Directors may determine, but his/her liability shall cease if and when the company receives payment in full of the nominal amount of the shares.
 31. A Statutory Declaration in writing that the Declaring is a Director of the company and that a share in the company 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 any sale or disposition, if any, given thereof and may execute a transfer of the

share in favour of the person to whom the share is sold or disposed of and he/she 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/her 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.

32. The provisions of these regulations as to forfeiture shall apply in case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

INCREASE OF CAPITAL

33. The company may from time to time by Ordinary Resolution increase the share capital by such sums, to be divided into shares of such amount, as the Resolution shall prescribe.
34. The company, by the Resolution increasing the capital may direct that the new shares or any of them be offered in the first instance either at par or at a premium or [subject to the provisions of Section 38 of the Ordinance] at a discount to all the holders from the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or may make any other provisions as to the issue to the new shares. In default of any such direction or so far as the same shall not extend the new shares shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons and on such terms as it shall think fit.
35. Unless otherwise stated in the terms of their issue the new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture, and otherwise as the original share capital.

ALTERATION OF CAPITAL

36. The company may by Ordinary Resolution:
- (1) Consolidate and divide all or any its share capital into shares of larger amount than its existing shares;
 - (2) Sub-divide its existing 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;

- (3) Cancel any shares, which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its capital by the amount of shares so cancelled.
37. The company may by Special Resolution reduce its share capital and any capital redemption reserve fund in any manner and consent with and subject to any incident authorized and authorized consent required by law.

BORROWING POWERS

38. The Directors 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, debenture stock and other securities whether outright or as security for any debt, liability, or obligation of the company or of any third part. A register of the holders of the debentures of the company, shall be kept at the registered office of the Company and shall be open to the inspection of the registered holders of such debentures and to the Member of the Company at all times provided that the Directors may close such register for such period or periods as they may think fit not exceeding in the aggregate thirty (30) days in each calendar year.

GENERAL MEETINGS

39. Subject to the provisions of Section 112 of the Ordinance, General Meetings shall be held once at least in every calendar year at such time not being more than fifteen months after the holding of the last preceding General Meeting, and at such place as may be determined by the Board. Such General Meetings shall be called "Ordinary General Meetings" and all other meetings of the company shall be called 'Extraordinary General Meetings'.
40. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and they shall, on the request in writing of the holders of not less than one-tenth of the issued capital of the company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting, and the provisions of Section 114 of the Ordinance shall apply.
41. If at any time there are not within Tanzania sufficient Directors capable of acting to form a quorum any Director or any two, all Directors shall be present. Members of the company may convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

42. Subject to the provisions of Section 113 and 117 of the Ordinance twenty on [21] days Notice at the least exclusive of the day on which the Notice is served or deemed to be served, but inclusive of the day of which Notice is given, specifying the place, the day and the honour of meeting and in case of special business, shall be given in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by the company in General Meeting, to such persons as are, under the regulations of the company, entitled to receive such Notices from the Company, but with the consent of all the members entitled to receive Notice of some particular meeting, that meeting may be convened by such a shorter Notice and in such manner as the members may think fit.
43. The accidental omission to give Notice of a meeting or the non-receipt of the Notice of a meeting by any member shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETING

44. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all business that is transacted at an Ordinary General Meeting, with the exception of the declaration and sanctioning of a dividend, the consideration of the Accounts, Balance Sheet and the Ordinary Report of the Directors and other officers and the appointment and fixing of the remuneration of the Auditor.
45. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided two members personally present shall be a quorum. For the purpose of this Article a Corporation, being a member, shall be deemed to be personally present if represented by proxy or in accordance with Article 83.
46. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon 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, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum. It shall not be necessary to give Notice of any such adjourned meetings.
47. **LEONARD MSIGWA** shall be the Managing Director of the Board of Directors and the company. He shall preside as Chairman at every meeting of the Company. If at any meeting either of the Board of Directors or the Company Managing Director shall not be present or shall not have arrived at

such meeting within fifteen minutes after the time appointed for the meeting or shall for any cause whatsoever be unwilling to act as Managing Director, the members present, as the case may be, shall choose one of their member to be Managing Director.

48. The Managing Director 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 and from place but not business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. So when a meeting is adjourned for ten 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.

49. At any General Meeting a Resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by a member present in person or by proxy and entitled to vote, and unless a poll is so demanded, a declaration by the Managing Director 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 proceedings of the company, shall be conclusive evidence of the votes recorded in favor of or against such Resolution.

50. If a poll is duly demanded it shall be taken in such manner as the Managing Director directs, and the result of the poll shall be deemed to be the Resolution of the meeting at which the poll is demanded. A demand for a poll may be withdrawn at any time before the next business is proceeded with.

51. In case of an equality of votes, whether on a show of hands or on a poll, the Managing Director of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

52. A poll demanded on the election of Managing Director or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Managing Director of the meeting directs, not being more than fourteen days from the date of the meeting.

VOTES OF MEMBERS

53. A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

54. On a show of hands every member present in person shall have one vote and for this purpose a person who is present as the representative of a Corporation shall be treated as if he/she was a member present in person or by proxy shall have one vote for each share of which he/she is the holder.
55. No member shall be entitled to be present or to vote at any General Meeting, either personally or by proxy, or as proxy for another member, or to exercise any privilege as a member, unless all calls or other sums presently payable by him in respect of shares in the company have been paid whether such shares are held by him alone or jointly with any other person or persons.
56. 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 objected to is given or tendered, and every 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 Managing Director of the meeting, whose decision shall be final and conclusive.
57. On a poll votes may be given either personally or by proxy.
58. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a Corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a member of company.
59. Any corporation which is a member of the company may by Resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any class of members of the company, and the person so authorized shall be entitled to exercise the same powers on behalf of the Corporation which he/she represents as the corporation could exercise if it were an individual member of the company.
60. The instrument appointing a proxy shall be deemed to confer Authority to demand or jointly in demanding a poll and generally to act at the meeting for the person giving the power.
61. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a naturally certified copy of that power or authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid.

62. The instrument appointing a proxy may be in the following form, or any other form which the Directors shall approve:

92 CYCLE AND HARDWARES LTD.

I, _____ of _____
being a member of **92 CYCLE AND HARDWARES LTD** of _____
as my proxy, to vote for me and on my behalf at the
(Annual General Meeting or Extraordinary General Meeting, to vote as the case
may be General Meeting of the company to be held on _____ day of
_____ 200.... and at any adjournment thereof.

Signed this _____ day of _____ 200.....

[Signature of Member]

63. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or revocation of the proxy, or the transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is intended to be used.

BOARD OF DIRECTORS

64. (1) Unless and until otherwise determined by the company by Ordinary Resolution the number of Directors [excluding Alternate Directors] shall not be less than two and not more than seven.
- (2) The names of the First Directors of the company shall be:
1. **LEONARD SIGWA**
 2. **ELASTO MWALONGO**
65. There shall be no share qualification for Director.
66. The remuneration of the Directors shall from time to time determined by the company in General Meeting.
67. The Directors shall be entitled to be repaid all traveling, hotels and other expenses incurred by them in and about the business of the company,

including their expenses of traveling to and from Board and Committee Meetings or General Meetings.

68. If any Director, being willing, shall be called upon to perform extra services for the purposes of the company, the company shall remunerate such Director in such manner as may be determined by the board, and such remuneration may be either in addition to, or in substitution for, his/her remuneration above.

POWER OF DIRECTORS

69. The business of the company managed by the Directors, who may pay all expenses incurred in getting up and registering the company, and may exercise all such powers of the company as are not by the Ordinance or any law or by these Articles required to be exercised by the company in General Meeting, subject to nevertheless to any regulations of these Articles, to the provisions of the Ordinance or any law and to such regulations, or provisions, as may be prescribed by the company in General Meeting, shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The General Powers given by this Article shall not be limited or restricted by any special Article.
70. The Board may arrange that any branch of the business carried on the company or any other business in which the company may be interested shall be carried on by or through the one or more subsidiary companies, and may, on behalf of the company, make such arrangements as it thinks advisable for making such arrangements as it thinks advisable for taking the profits or bearing the loss of any branch or business so carried on or for financing, assisting or subsidizing any such subsidiary company or guaranteeing its contracts, obligations or liabilities, and it may appoint, remove and reappoint any person [so whether members of its own body or not] to act as Directors or Managing Director or Managers of any such company or any other company in which the company may be interested and may determine the remuneration [whether by way of salary, commission or profits or otherwise] of any person so appointed and any Director of the company may retain any remuneration so payable to them.
71. The Directors may from time to time and at any time by power of attorney under the Seal appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the 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

exercisable by the Board under these Articles] and for such period and subject to such conditions as they may think fit, and any such Power of Attorney may contain such provisions for the protection and convenience of persons dealing with any such Attorney as the Board may think fit and may also authorize any such Attorney to sub delegate all or any of the Power, Authorities and discretions vested in him.

72. (1) A Director who is in any way interested whether directly or indirectly in a contract or proposed contract with the company shall declare the nature of his/her interest to the Board.
- (2) A Director shall not vote in respect of any contract in which he/she is interested, and if he/she shall do so his/her vote shall not be counted, but these prohibitions may be relaxed to any extent by the company in General Meeting.
- (3) Any Director may act by himself/herself or his/her firm in a professional capacity for the company, and he/she or his/her firm shall be entitled to remuneration for professional services as if he/she were not a Director. PROVIDED THAT this provision shall not authorize a Director or his/her firm to act as Auditor to the company.

73. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all other documents, 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 may from time to time determine.

74. The Directors shall cause minutes to be made in Books provided for purpose:

- (1) All the names of the Directors present at each meeting of the Directors and of any Committee of Board of Directors; and
- (2) All appointments of officers made by the Directors; and
- (3) All Resolutions and proceedings of General Meetings and of Meetings of the Directors and Committees.

DISQUALIFICATION OF DIRECTORS

75. The office of a Director shall 'ipso facto' be vacated:

- (1) If he/she be found lunatic or becomes of unsound mind;
- (2) If he/she becomes bankrupt or compounds with his/her creditors;

- (3) If he/she absents himself/herself from the meetings of the Directors for a continuous period of six months without special leave of absence from the Directors and the Directors resolved that his/her office be vacated;
- (4) If, by Extraordinary Resolution, he/she be removed from office.
- (5) If by Notice in writing to the company he/she be resigns his/her office;
- (6) If he/she shall pursuant to the statutes he/she be prohibited from acting as a Director.

ALTERNATE DIRECTORS

76. Any Director who is unable for any reason whatsoever to carry out his/her duties as a Director may with the approval of the Directors appoint any person as his/her Alternate to act for him.
77. Such Alternate shall in all respects be bound by the rules and regulations affecting the Directors in the same manner as the Director for whom he/she acts is bound. The appointment of an Alternate shall in all respects be bound by the rules and regulations affecting the Directors in the same manner as the Director for whom he/she acts is bound. The appointment of an Alternate Director shall not be considered an assignment of the office subject to the provisions of Section 152 of the Ordinance.
78. The Board may fix the quorum necessary for the transaction of the business of the Board, and unless so fixed shall be three.
79. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the company as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or summoning a General Meeting of the company, but for no other purpose.
80. The Board may delegate any of its powers, other than its powers to borrow and make calls, to Committees, consisting of such members of its body as it thinks fit, and Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors.
81. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the last preceding Article.

82. All acts done by any meeting of the Board or a Committee of Directors, or by any person acting as a Director, shall, as regards all persons dealing in good faith with the company, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, in that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
83. A Resolution in writing, signed by all the Directors for the time being shall be as effective as a Resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form each signed by one or more of the Directors.
84. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

MANAGING DIRECTOR

85. The Managing Director shall be **LEONARD MSIGWA** who shall hold office until such time that he shall from any cause whatsoever cease to be a Director. The remuneration of the Managing Director and the terms and conditions of his office shall be such as may be agreed upon by the Directors.
86. The Directors may entrust to or confer upon a General Manager any of
87. the powers exercisable by them upon such period, and/or such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

DIVIDENDS

88. The profits of the company available for dividends and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The company in General Meeting may declare dividends accordingly.
89. No dividend shall be payable except out of the profits of the company or in excess of the amount recommended by the Board or as envisaged by the agreement.
90. Here any asset, business or property is bought by the company as from a past date [whether such date be before or after the incorporation of the

company] upon the terms that the company shall as from that date take the profits and bear the losses thereof, such profits or losses as the case may be shall, at the discretion of the Board, be credited or debited wholly or in part to revenue account and in that case the amount so credited or debited shall, for the purpose of ascertaining the funds available for dividend, be treated as a profit or loss arising from the business of the company and available for dividend accordingly. If any shares or securities are purchased dividend or interest, such dividend or interest when paid may at the discretion of the Directors be treated, as revenue and it shall not be obligatory to capitalize the same or any part thereof.

91. Sums representing appreciation over cost prices or written down book values, raised on the sale or disposal by the company of any of its capital assets, fully paid bonus shares received by the company in respect of shares in other companies held by it, and any other accretions to capital assets of the company may be distributed by the Board, either in cash or (as regards shares in other companies or other assets capable of being distributed) in special or specie among the shareholders by way of special capital bonus or accretion to the capital of the

Ordinary Shares in the company held by them, and in proportion to the amounts paid up on those shares. **PROVIDED THAT** no such distribution shall be made unless:

- (1) It shall have been sanctioned by Resolution of the company in General Meetings:
- (2) The Directors are satisfied that the assets of the company exclusive of the sum or assets proposed to be distributed, are of a value at least equal to the aggregate amount of the company's debts and liabilities and its paid-up share capital.

92. All dividends shall be declared and paid according to the amounts paid on the shares in respect whereof the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as 'pro rata' according to the amounts paid in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for

Dividend as from a particular date, such share shall rank for dividend accordingly.

93. The Directors may if they think fit from time to time by paying to the members in respect of those shares in the capital of the company which confer on the holders thereof deferred rights as well as in respect of those

shares which confer on the holders thereto preferential rights with regard to dividend such interim dividends as appear to the Director to be justified by the profits of the company, and provided that the Directors act 'bona fide' they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares giving deferred rights. The Directors may also pay yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that profits justify the payments.

94. The Directors 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.
95. The Directors may retain any dividends and bonuses payable on shares on which the company has a lien and may apply the same in or towards satisfaction of the liability in respect of which the lien exists.
96. No unpaid dividends, bonus or interest shall bear interest as against the company.

RESERVES

97. The Directors may before recommending any dividends whether preferential or otherwise, carry to reserve out of the profits of the company such sums as they think proper and may also carry to reserve any premiums received upon the issue of shares, securities or obligations of the company. All sums standing to reserve may be applied from time to time at the discretion of the Directors for meeting depreciation or contingencies or for repairing, improving or maintaining any of the property of the company, or for such other purposes as the Directors may think conducive to the objects of the company or any of them, and pending such application may at the like discretion either be employed in the business of the company or be invested in such investments as the Directors think fit.

The Directors may divide the reserve into such special funds as they think fit, and may consolidate into one fund any special funds as they think fit/or any parts of any special funds into which the reserve may have been divided as they think fit. The Directors may also without placing the same to reserve, carry over any profits, which they may think fit, prudent to divide.

CAPITALIZATION OF PROFITS AND RESERVES

98. Subject to all necessary sanctions and consents, if any, being obtained, the company in General Meetings may, upon the recommendation of the Directors, resolved that it is desirable to capitalize any undivided profits of the company not required for paying the fixed dividends or any preference shares [including profits carried and standing to the credit on any reserved or reserves or other special accounts], and accordingly that the Directors be authorized and directed to appropriate the profits resolved to be capitalized to the members who would have been entitled to receive the same had such sums been distributed in cash in accordance with their rights, and to apply such profits on their behalf, either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by such members respectively, or in paying up in full unissued shares, debentures or securities of the company of a nominal amount equal to such profits, such shares, debentures or securities to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportion aforesaid, or partly in one way and partly in the other.
- PROVIDED THAT** a share premium account and a capital redemption reserve fund may, for the purpose 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.
98. Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, debentures or securities, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares, debentures or securities becoming distributable in fractions, and also where necessary to deliver a proper contract for registration as required by the statutes to authorize any person to enter on behalf of all members interested into an agreement with the company providing for the allotment to them the company providing for the allotment to them receptively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, and any agreement made under such authority shall be effective and binding on all such members.
99. A General Meeting may resolve that any surplus moneys arising from the accretion of any capital assets of the company, or any investments representing the same, or any other undistributed profits of the company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

SECRETARY

100. The Secretary shall be appointed by the Directors for such terms, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them.
101. No person shall be appointed or hold office as a Secretary who is:
 - (1) The sole Director of the company, or
 - (2) A Corporation the Sole Director of which is the Sole Director of the company; or
 - (3) The Sole Director of a Corporation, which is the Sole Director of the company.
102. A provision of the Ordinance or these regulations requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or go the same person acting both as Director and as, or in place of the Secretary.

ACCOUNTS

103. The Directors shall cause proper and complete Books of Accounts and records reflecting all expenditures made or accrued in the course of its operations as well as all moneys received or accrued from the sale of all minerals produced, and they shall generally keep proper Accounts reflecting all income and expenditure, all sales and purchases and all assets and liabilities of the company.
104. The Books of Accounts shall be kept at the registered office or (subject to the provisions of the Ordinance) at such other place or places as the Directors think fit, and shall always open to the inspection of the Directors.
105. The Directors shall from time to time, in accordance with Section 123 and 124 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.
106. A copy of every Balance Sheet including every document required by law to be annexed thereto which is to be laid before the company in General Meeting together with a copy of the Auditor's Report shall not less than fourteen days before the date of the meeting be sent to all persons entitled to receive notices of General Meetings of the company.

THE SEAL

107. The Seal shall not be affixed to any instrument except by the Authority of a Resolution of the Directors and shall be so affixed in the presence of at least one Director and the Secretary or some other persons approved by the Directors, both of whom shall sign every instrument to which the Seal is to be so affixed in their presence.

AUDIT

108. Auditors shall be appointed and their duties regulated in accordance with the Ordinance.

NOTICES

109. Any Notice or document may be served by the company upon any member, either personally or by sending it through the post in a prepaid letter, envelope or wrapper, addressed to such member at his/her registered place of address, or in such other manner as the Board may determine from time to time.
110. Notice of every General Meeting shall be given to every member of the company.

INDEMNITY

111. Save and except so far as the provisions of this Article shall be avoided by any provisions of the statutes, Directors, Auditors and Secretary and other officers for the time being of the company and the Trustees, if any, for the time being action in relation to any of the officers of the company shall be indemnified out of its assets against all costs, charges expenses, losses and liabilities sustained or incurred by any of them in the conduct of the company's business or in the discharge of his/her duties. PROVIDED THAT such indemnity shall not apply to any loss, costs, expenses or other liability which by virtue of any law would otherwise attach to any officer or servant in respect of any negligence, default, breach of duty or breach of Trust of which he/she may be quality in relation to the company.

ARBITRATION

112. Whenever any difference shall arise between the company and the Directors on the one hand and any of the member or their representatives on the other hand or between member or member or classes of members or between Directors with regard to the true construction of these presents or with regard to anything done, executed, omitted or suffered in pursuance of these present or the Companies Act or with regard to any breach or alleged breach of these

presents or any claim on Account of any such breach or alleged breach or otherwise relating to the premises or these presents or to any affairs of the company, every such difference shall be referred for decision, two Arbitrators to be appointed by each of the parties in difference any such reference shall be subject to all the provisions of the Arbitration Act.

WINDING UP

113. If the company shall be wound up, the Liquidator may, with the sanction of an Extraordinary Resolution of the company and any other sanction required by the Companies Ordinance, if any, and having due regard to the respective rights of the holders of different classes of shares to which special rights are attached, divide amongst the members in specified or kind the whole or any part of the assets of the company and may determine how such division shall be carried out as between the members of different classes of members. The Liquidator may with like sanction vest the whole or any part of such assets in Trustees upon such Trusts for the benefit of the contributories as the Liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

NAMES ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS	NUMBER OF SHARES	SIGNATURE
1. Mr. LEONARD MSIGWA P.O. BOX 965 MALICAMBAKU	750	<i>L. Msigwa</i>
2. Mr. KARINA MSIGWA P.O. BOX 965 MALICAMBAKU	150	<i>K.L. Msigwa</i>
3. Mr. CALISTA MSIGWA P.O. BOX 965 MALICAMBAKU	50	<i>C.L. Msigwa</i>
4. Mr. ELASTO MWALONGO P.O. BOX 965 MALICAMBAKU	50	<i>E. Mwalongo</i>

Dated at Dar es Salaam this 23RD day of MARCH 2005

Witness to the above signatures:

NAME: George Abel Koga

SIGNATURE: *[Signature]*

POSTAL ADDRESS: Box 1292

Dar-es Salaam

QUALIFICATION: Advocate



92 CYCLES & HARDWARE LIMITED

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2006

SHEBRILA & CO
CERTIFIED PUBLIC ACCOUNTANTS
IN PUBLIC PRACTICE
P. O. BOX 22131
TEL: 255-22-2443492
FAX: 255-22-2400131
MOB: 255-784-221248/305865
E-mail: shebrila@nyenziweb.com
DAR ES SALAAM - TANZANIA

M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965, MAKAMBAKO.

SCHEDULE OF FIXED ASSETS

NOTE 2

PARTICULARS	Furniture & Fittings TZS
Written Down Value as at 1.4.2005	342,500
	-
	342,500
Depreciation for the Year	42,813
Written Down Value as at 31.12.2005	299,688

M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965 MAKAMBAKO.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2005

PARTICULARS	31.12.2005 TZS
GROSS PROFIT FROM TRADING ACCOUNT	13,415,653
Less: OPERATING EXPENSES:	
Business Licence	20,000
Salaries and Wages	440,000
Staff Welfare	128,500
Electricity and Water	373,720
Telephone expenses	1,875,420
Rent	1,420,000
Loading and Offloading	1,828,000
Stationery and Printing	358,900
Travelling and Hotel	589,500
Bank Charges	154,800
Board Meeting Expenses	160,000
Directors Fees	240,000
Accountancy Fees	300,000
Depreciation	42,813
TOTAL OPERATING EXPENSES	<u>7,931,653</u>
Profit Before Tax	5,484,000
Taxation	1,645,200
Net Profit After Taxation	<u>4,350,794</u>
 NOTE 3	
SHARE CAPITAL	
Authorised Share Capital	<u>40,000,000</u>
 Issued and fully Paid	<u>1,000,000</u>
 NOTE 4	
PROFIT AND LOSS APPROPRIATION ACCOUNT	
Retained Profit Brought Forward	-
Net Profit for the Year	4,350,794
Retained Profit Carried Forward	<u>4,350,794</u>

92 CYCLE & HARDWARE LTD
P. O. BOX 965, MAKAMBAKO

REPORT OF THE AUDITORS

1. We have audited the financial statements of 92 Cycle & Hardware Ltd in accordance with generally accepted auditing standards. The financial statements are in agreement with the accounting records. We obtained all information and explanations we required.
2. The proprietor is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit of those statements and to report our opinion.
3. An audit includes examination, on a test check basis, of evidence relevant to the amount and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgement made by the proprietor in the preparation of the financial statements.
4. In common with many businesses of similar size and organization, the internal control system is dependent upon close involvement of the directors. Where documentary evidence was inadequate, we accepted assurances that all the business' transactions have been reflected in the financial statements.

Subject to the matter referred to in Para. 4 above, in our opinion the financial statements present fairly the financial position of the business of 92 Cycle & Hardware Ltd as at 31st December, 2007.

SHEBRILA & CO
CERTIFIED PUBLIC ACCOUNTANTS
IN PUBLIC PRACTICE
P.O. BOX 22131
Tele: 255-022-2443492
E-Mail: Shebrila@nyenziweb.com
DAR ES SALAAM - TANZANIA


B.R. KILAMILE - FCPA
PARTNER

MAY, 2008



M/S 92CYCLES AND HARDWARE LIMITED
P.O.BOX 965 MAKAMBAKO.

BALANCE SHEET AS AT 31ST DECEMBER 2007

	NOTE	2007 TZS	2006 TZS
ASSETS :			
FIXED ASSETS:	2	497,417	568,477
CURRENT ASSETS:			
Stock in Trade		255,658,677	18,863,500
Debtors and pre- payments		18,950,000	33,896,520
Cash and Bank		902,853	9,624,120
		<u>275,711,530</u>	<u>62,384,140</u>
CURRENT LIABILITIES:			
Trade Creditors		260,978,644	52,711,386
NET CURRENT ASSETS		<u>14,732,886</u>	<u>9,672,754</u>
TOTAL ASSETS		<u>15,230,303</u>	<u>10,241,231</u>
FINANCED BY:			
SHARE CAPITAL	3	1,000,000	1,000,000
PROFIT AND LOSS ACCOUNT	4	14,230,303	9,134,349
TOTAL FINANCING		<u>15,230,303</u>	<u>10,134,349</u>


.....
DIRECTOR


.....
DIRECTOR

M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965, MAKAMBAKO.

SCHEDULE OF FIXED ASSETS AS AT 31ST DECEMBER, 2006

NOTE 2

PARTICULARS	Furniture & Fittings TZS
Written Down Value as at 1.1.2006	299,688
Addition.	350000
Depreciation for the Year	649,688
Written Down Value as at 31.12.2006	81,211
	568,477

M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965 MAKAMBAKO.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006

PARTICULARS	31.12.2005 TZS	31.12.2006 TZS
GROSS PROFIT FROM TRADING ACCOUNT	14,185,471	16,587,640
Less:OPERATING EXPENSES:		
Business Licence	20,000	-
Salaries and Wages	440,000	1,660,000
Staff Welfare	128,500	56,000
Electricity and Water	373,720	396,840
Telephone expenses	1,875,420	2,746,850
Rent	1,420,000	1,420,000
Selling and Distribution	1,728,000	958,400
Stationery and Printing	358,900	448,700
Travelling and Hotel	589,500	1,029,200
Entertainment	54,800	-
Bank Charges	-	106,840
Board Meeting Expenses	180,000	120,000
Directors Fees	440,000	440,000
Accountancy Fees	300,000	300,000
Depreciation	81,211	81,211
TOTAL OPERATING EXPENSES	7,970,051	9,764,041
Profit Before Tax	6,215,420	6,823,499
Taxation	1,864,626	2,047,050
Net Profit	4,350,794	4,776,449

NOTE 3

SHARE CAPITAL

Authorised Share Capital	40,000,000	40,000,000
Issued and fully Paid up	1,000,000	1,000,000

NOTE 4

PROFIT AND LOSS APPROPRIATION ACCOUNT

Retained Profit Brought Forward	-	4,350,794
Net Profit for the Year	4,350,794	4,890,437
Retained Profit Carried Forward	4,350,794	9,241,231

M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965, MAKAMBAKO.

NOTES: 1 TRADING ACCOUNT
PARTICULAR/YEARS

	2005 TZS	2006 TZS
Shop Sales	2,086,179,319	2,323,056,959
COST OF SALES:		
Stock at 1st January,2006	14,548,700	12,538,994
Add: Purchases - Shop	2,070,753,960	2,312,783,925
Cost of Goods Available for Sale	<u>2,085,302,660</u>	<u>2,325,322,919</u>
Less: Stock at 31st December,2006	12,538,994	18,883,500
Cost of Goods Sold	<u>2,072,763,667</u>	<u>2,306,469,419</u>
Gross Profit to Profit & Loss A/C	<u>13,415,653</u>	<u>16,587,540</u>

M/S 92CYCLES AND HARDWARE LIMITED
P.O.BOX 965 MAKAMBAKO.

BALANCE SHEET AS AT 31ST DECEMBER 2006

	NOTE	2005 TZS	2006 TZS
ASSETS :			
FIXED ASSETS:	2	299,688	568,477
CURRENT ASSETS::			
Stock in Trade		12,538,994	18,863,500
Debtors and pre- payments		3,452,300	33,896,520
Cash and Bank		6,521,200	9,624,120
		22,512,494	62,384,140
CURRENT LIABILITIES:			
Trade Creditors		17,461,388	52,711,386
NET CURRENT ASSETS		5,051,106	9,672,754
TOTAL ASSETS		5,350,794	10,241,231
FINANCED BY:			
SHARE CAPITAL	3	1,000,000	1,000,000
PROFIT AND LOSS ACCOUNT	4	4,350,794	9,241,231
TOTAL FINANCING		5,350,794	10,241,231

.....
DIRECTOR

.....
DIRECTOR

92 CYCLES & HARDWARE LIMITED
P. O. BOX 965 MAKAMBAKO

REPORT OF THE AUDITORS

1. We have audited the financial statements of 92 Cycles & Hardware Limited in accordance with generally accepted auditing standards. The financial statements are in agreement with the accounting records. We obtained all information and explanations we required.
2. The Owner is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit of those statements and to report our opinion.
3. In common with many businesses of similar size and organization, the internal control system is dependent upon close involvement of the Directors. Where documentary evidence was inadequate, we accepted assurances that all the business' transactions have been reflected in the financial statements.

Subject to the matter referred to in Para. 3 above, in our opinion the financial statements present fairly the financial position of 92 Cycles & Hardware Limited as at 31 st December 2006.

SHEBRILA & CO
CERTIFIED PUBLIC ACCOUNTANTS
IN PUBLIC PRACTICE
P.O. BOX 22131
Tele: 255-022-2443492
E-Mail: Shebrila@nyenziweb.com
DAR ES SALAAM - TANZANIA



B.R. KILAMILE - FCPA 139
PARTNER

June, 2007

CUSTOMER'S NAME

L. msigwa

DATE: 16/01/89

NO 155

	DESCRIPTION	QUANTITY	@	AMOUNT
1)	Komeo	2 c/s	66000	✓ 132000
2)	Bawaba Ngito 4"	1 c/s	135000	✓ 135000
3)	Bawaba Shaba Ngito 4"	1x50	2800	✓ 140,000
4)	Tower Bolt 3"	1x210	375	✓ 78,750
5)	4"	1x180	475	✓ 85,500
6)	Clow Hammer 1602 sterry.	1x36 Pc	3750	✓ 135,000
7)	1602 stiffist	1x48 Pc	2000	✓ 96,000
8)	Hand Saw Panyi 18"	6 Pc	4500	✓ 27,000
9)	Brick Trowel 7"	5 D2	7000	✓ 35,000
10)	10"	5 D2	8550	✓ 42,750
11)	C.P. PAD LOCK 50mm	1x4 D2	26500	✓ 106,000
12)	60mm	1x4 D2	32500	✓ 130,000
13)	KARAMALA 11x5	1x5 D2	26000	✓ 130,000
14)	Shoe tacks 5/8 + 1"	2 c/s	40000	✓ 80,000
15)	Measuring Tape Oxford 3mt.	1x10 D2	5000	✓ 50,000
16)	5mt.	1x10 D2	8000	✓ 80,000
17)	PANYI 5mt.	12 Pc.	2000	✓ 24,000
18)	Stanley 8mt.	12 Pc.	3500	✓ 42,000
19)	PAINT SCRAPER 2"	2 D2	8500	✓ 17,000
20)	3"	2 D2	9500	✓ 19,000
21)	4"	2 D2	11000	✓ 22,000
22)	CIRCUIT BREAKER	1x50	8000	✓ 400,000
23)	MAIN SWITCH CHINA 3WAY	1x24	4500	✓ 108,000
24)	ENERGY SAVER 2U 7/5/11	60 Pc	2500	✓ 150,000
25)	3U 15/18	60 Pc	3500	✓ 210,000
26)	SPIRAL 20 wt.	30 Pc	5500	✓ 165,000
27)	30 wt.	50 Pc	6000	✓ 300,000
28)				
				3465000
				2,940,000
				525,000

92 CYCLE AND HARDWARE LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2005

PREPARED BY:
SHEBRILA & CO,
CERTIFIED PUBLIC ACCOUNTANTS,
IN PUBLIC PRACTICE,
SUITE 5 - EX TEXCO BUILDING
MABIBO - UBUNGO
Tel: 255-22-2443492
Fax: 255-22-2400131
E-mail: shebrila@nyenziweb.com
P. O. BOX 22131
DAR ES SALAAM

92 CYCLE AND HARDWARE LIMITED

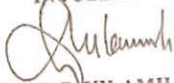
ACCOUNTANTS' REPORT

We have prepared the annexed Balance Sheet and Accounts of 92 CYCLE AND HARDWARE LIMITED for the year ended 31st December 2005 from Cash Book, Ledger, Journal Record, information and explanations given.

We have obtained all the information required for the preparation these accounts.

In our opinion the Balance Sheet and Accounts presents a true and fair view of state of the business affairs of 92 CYCLE AND HARDWARE LIMITED for the year ended 31st December, 2005 and of the trading results for the year ended on that date.

SHEBRILA & CO.
CERTIFIED PUBLIC ACCOUNTANTS
IN PUBLIC PRACTICE



B. R. KILAMILE - FCPA 139

DAR ES SALAAM

June, 2006



M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965, MAKAMBAKO.

NOTES: 1 TRADING ACCOUNT
PARTICULAR/YEARS

	2005
	<u>TZS</u>
Shop Sales	15,855,334
Cement	1,954,275,275
Sugar Sales	116,048,710
Total	<u>2,086,179,319</u>
COST OF SALES:	
Stock at April,2005	14,548,700
Add: Purchases - Shop	10,048,129
- Cement	1,945,532,831
- Sugar	115,175,000
Cost of Goods Available for Sale	<u>2,085,302,660</u>
Less: Stock at 31st December,2005	12,538,994
Cost of Goods Sold	<u>2,072,763,667</u>
Gross Profit to Profit & Loss A/C	<u>13,415,653</u>

M/S 92CYCLES AND HARDWARE LIMITED
P.O.BOX 965 MAKAMBAKO.
NJOMBE
BALANCE SHEET AS AT 31ST DECEMBER 2005

	NOTE	2005
ASSETS :		<u>TZS</u>
FIXED ASSETS:	2	299,688
CURRENT ASSETS::		
Stock in Trade		12,538,994
Debtors and pre- payments		3,452,300
Cash on hand		6,521,200
		<u>22,512,494</u>
CURRENT LIABILITIES:		
Trade Creditors		17,461,388
NET CURRENT ASSETS		<u>5,051,106</u>
TOTAL ASSETS		<u>5,350,794</u>
FINANCED BY:		
SHARE CAPITAL	3	1,000,000
PROFIT AND LOSS ACCOUNT	4	4,350,794
TOTAL FINANCING		<u>5,350,794</u>

dk/msid
.....
DIRECTOR

E. Mwalongo
.....
DIRECTOR

92 CYCLE & HARDWARE LTD
P. O. BOX 965, MAKAMBAKO

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2007

SHEBRILA & CO
CERTIFIED PUBLIC ACCOUNTANTS
IN PUBLIC PRACTICE
SUITE NO 5
EX TEXCO BUILDING, UBUNGO
P. O. BOX 22131
DAR ES SALAAM
Tel: 255-22-243492
Fax: 255-22-2400131
E-mail: Shebrila@nyenziweb.com

M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965, MAKAMBAKO.

SCHEDULE OF FIXED ASSETS AS AT 31ST DECEMBER, 2007

NOTE 2

PARTICULARS	Furniture & Fittings TZS
Written Down Value as at 1.1.2007	568,477
Addition.	-
Depreciation for the Year	568,477 71,060
Written Down Value as at 31.12.2007	497,417

M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965 MAKAMBAKO.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

PARTICULARS	31.12.2007 TZS	31.12.2006 TZS
GROSS PROFIT FROM TRADING ACCOUNT	22,243,800	16,587,540
Less: OPERATING EXPENSES:		
Salaries and Wages	1,840,000	1,660,000
Staff Welfare	60,000	56,000
Electricity and Water	296,800	396,840
Telephone expenses	2,089,500	2,746,850
Rent	1,420,000	1,420,000
Transport and Handling costs	5,906,608	958,400
Stationery and Printing	256,500	448,700
Travelling and Hotel	2,187,500	1,029,200
Bank Charges	185,900	106,840
Board Meeting Expenses	130,000	120,000
Directors Fees	220,000	440,000
Accountancy Fees	300,000	300,000
Depreciation	71,060	71,060
TOTAL OPERATING EXPENSES	14,963,866	9,753,890
Profit Before Tax	7,279,934	6,833,650
Taxation	2,183,980	2,050,095
Net Profit After Tax	5,095,954	4,783,555

NOTE 3

SHARE CAPITAL

Authorised Share Capital	40,000,000	40,000,000
Issued and fully Paid up	1,000,000	1,000,000

NOTE 4

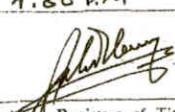
PROFIT AND LOSS APPROPRIATION ACCOUNT

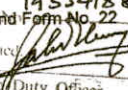
Retained Profit Brought Forward	9,134,349	4,350,794
Net Profit for the Year	5,095,954	4,890,437
Less, prior adjustment-overstated	-	106,882
Retained Profit Carried Forward	14,230,303	9,134,349

M/S 92 CYCLE & HARDWARE LIMITED
P. O. BOX 965, MAKAMBAKO.

TES: 1 TRADING ACCOUNT
PARTICULAR/YEARS

	2007 TZS	2006 TZS
Net Sales	2,213,341,850	2,323,056,959
NET OF SALES:		
Stock at 1st January, 2007	18,863,500	12,538,994
Net Purchases - Shop	<u>2,428,093,227</u>	<u>2,312,793,925</u>
Net of Goods Available for Sale	2,446,956,727	2,325,332,919
Less: Stock at 31st December, 2007	<u>255,858,677</u>	<u>18,863,500</u>
Net of Goods Sold	<u>2,191,098,050</u>	<u>2,306,469,419</u>
Net Profit to Profit & Loss A/C	<u>22,243,600</u>	<u>16,587,540</u>

TITLE NO. **8999 MBYLR**
 REGISTERED **9-3-2009**
 AT **1.00 PM**

 Registrar of Titles
 THE UNITED REPUBLIC OF TANZANIA

TANGANYIKA STAMP DUTY ACT
 Stamp Duty Shs: **14 950/=** Paid
 and Revenue Receipt **19534188**
 of **17-11-2003** Issued **Land Form No. 22**

 Stamp Duty Officer

THE LAND ACT, 1999
NO. 4 OF 1999

CERTIFICATE OF OCCUPANCY
(Under Section 29)

Title No. **8999-MBYLR**
 L.O. No. **185427**
 L.D. No. **NTP/9362**

The **16th** day of **February**, **2009**

THIS IS TO CERTIFY that **LEONARD KATEMBA MSIGWA OF P.O. Box 965, MAKAMBAKO**

(hereinafter called "the Occupier"/~~the Occupiers~~) is /~~are~~ entitle to a right of Occupancy (hereinafter called the Right) in and over the land described in the Schedule hereto (hereinafter called "the Land") as joint occupants/occupants in common in equare shares for a term of **thirty three** years from the first day of **October** Two Thousand **and three** 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(s) having paid rent up to the thirtieth day of June 20⁰⁴ shall thereafter pay rent of shillings **sixty seven thousand only (67,000/=)** 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 (s) 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.

*Certified as a True
Copy of the Original*



13th February, 2009



- ii) Do everything necessary to preserve the environment and protect the soil and prevent soil erosion on the land and do all things which may be required by the authorities responsible for environment and to achieve such objective.
- iii) **Make and maintain on the land throughout the term adequate arrangements for water supply, drainage and disposal of trade refuse and ofluent to the satisfaction of the Authority.**
- v) **Make and keep all the buildings on the land ratproof and carry out such measures as the Medical Officer of Health for the authority may require for this purpose.**
-) **Provide and maintain on the land such ablution facilities, take and maintain such hygienci measures as may be required by the said Medical Officer of Health.**

USER The land and the buildings to be erected thereon shall be used for Industrial purposes only use Group "M" use class (c) as defined in the Town and Country Planning use classes Regulations, 1960 as ammended in 1993.

The Occupier (g) shall not assign the right within three years of the date hereof without the prior approval of the Commissioner.

5. The Occupier (s) shall deliver to the Commissioner notification of disposition in prescribed form before or at the time the disposition is carried out together with the payment of all premia, taxes and dues prescribed in connection with that disposition.
6. The president may revoke the right for good cause or in public interest

SCHEDULE

All land known as **Plot No. 359**

situate at **Block "E"** in **Makambako Urban Area** containing **three thousand three hundred fifty two, point four four (3352.44)** square metres/square feet ~~shown for identification only edged red on the plan attached to this Certificate and defined on the registered Survey Plan Numbered 32528~~ deposited at the Office of the Director for Surveys and mapping at Dar es Salaam.

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



COMMISSIONER FOR LANDS

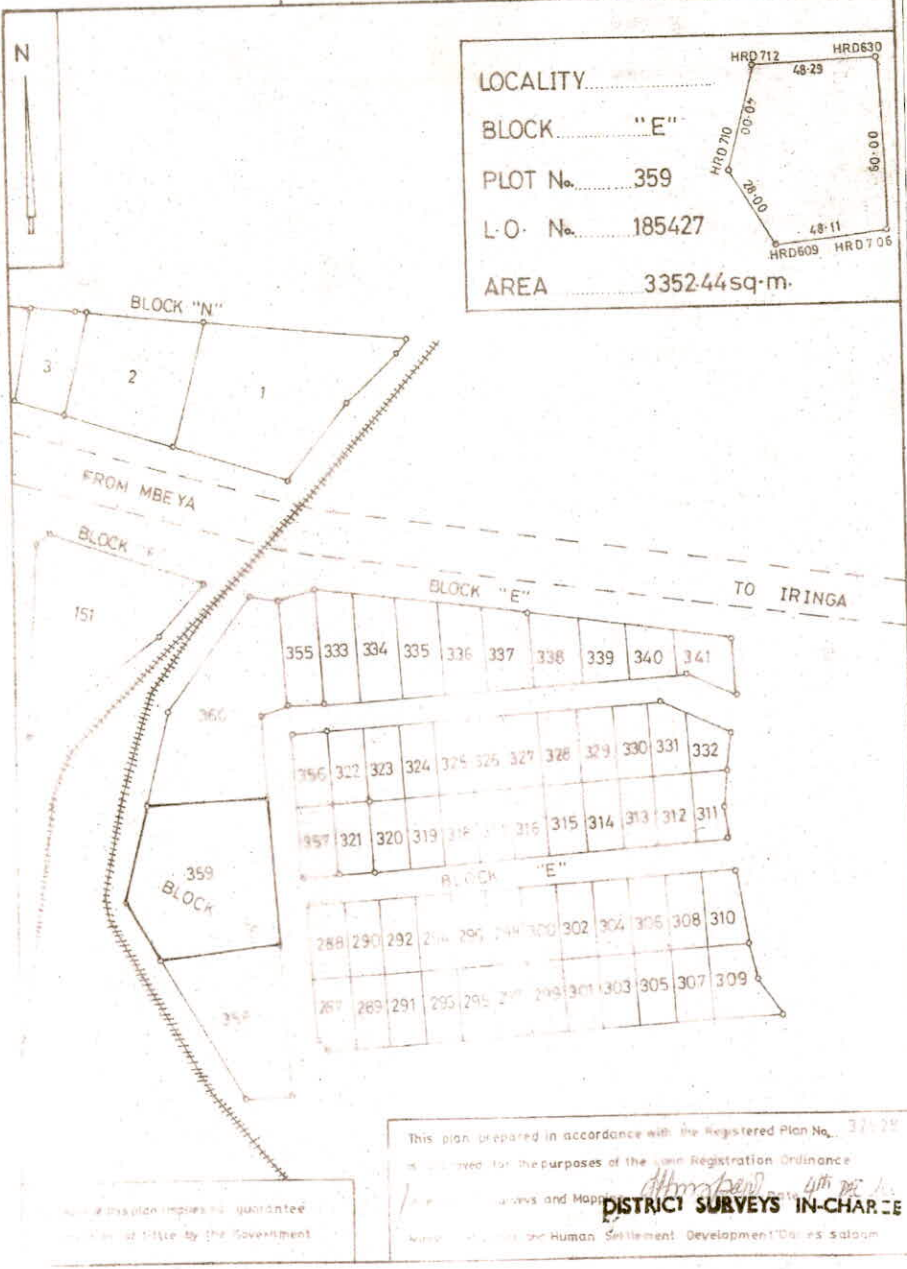
I, the within named **LEONARD KATEMBA MSIGWA** hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SIGNED and DELIVERED by the said
LEONARD KATEMBA MSIGWA who is known
to me personally/identified to me
by
the latter being known to me
personally in my presence this
23rd day of January
2004
Witness signature.....
Postal Address.....
.....
Qualification

x *dk-msigwa*

MSIGWA

MAKAMBAKO URBAN AREA



LOCALITY.....
 BLOCK..... "E"
 PLOT No..... 359
 L.O. No..... 185427
 AREA..... 3352.44sq-m.

This plan prepared in accordance with the Registered Plan No. 31128
 is intended for the purposes of the Land Registration Ordinance
 District Surveys in-Charge
 Ministry of Human Settlement Development, Dar es Salaam

This plan implies no guarantee
 of title by the Government

MINISTRY OF LANDS AND HUMAN SETTLEMENT DEVELOPMENT

Office of Registrar of Titles,
Ministry of Lands,
P.O. Box 2984,
NAIROBI.

Ref. No. LD/MB/151

10th MAY 1984

REGISTERED:

To: LEO MARI KATEMBA MUKIWA
P.O. BOX 985 WAKAMBAKI

Title No. 2998-MB/16 Land Office No. J.5327
Plot No. 359 Block No. F. WAKAMBAKI
Commissioner letter Ref. Your No. LD/230183 of 2-3-2004

I have the honour to enclose herewith duplicate of the Certificate of Title Numbered as above which have been Registered.

2. Please acknowledge receipt of the enclosure hereto.

ENCLOSURE No. 844-MB/16

.....
SENIOR ASSISTANT REGISTRAR OF TITLES.
.....





TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

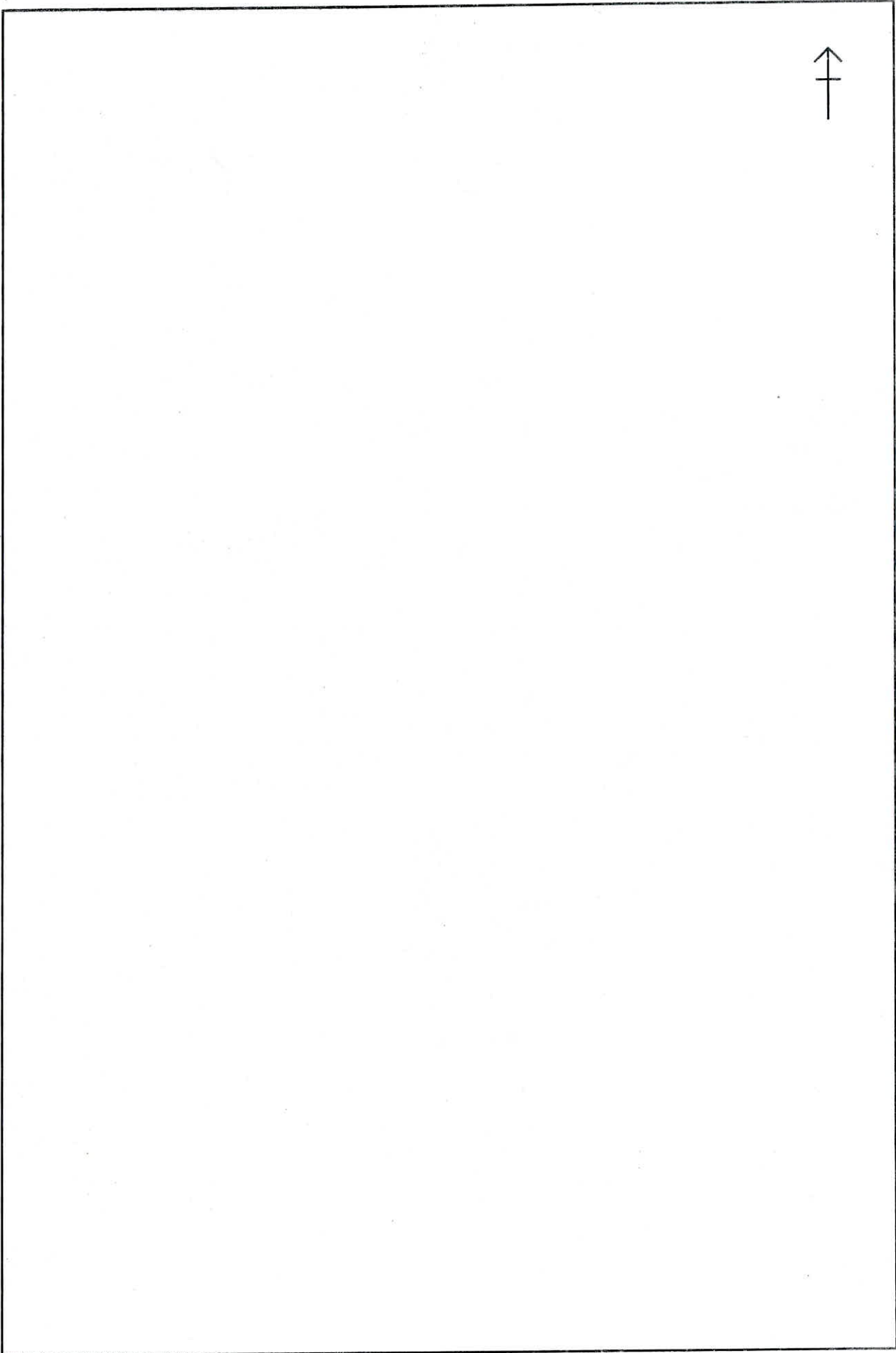
CERTIFICATE OF INCENTIVES

(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)

SKETCH MAP SHOWING PROJECT LOCATION





D.R. CONGO

RWANDA

BURUNDI

UGANDA

KENYA

D.R. CONGO

ZAMBIA

TANZANIA

MALAWI

MSUMBIJI

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 LEONARD KATEMA MSHIGWA
(director/directors/agent of 92 CYCLE & HARDWARE LTD
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES
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. 359
BLOCK 'E' MAKAMBAKO URBAN AREA
IRINGA

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 AS 2 ABOVE

4. The Principal Officers of the Company are LEONARD K. MSHIGWA
OLESTUSY MWAZONGO KARINTA
L. MSHIGWA, KARINA L. MSHIGWA

5. Auditors of the Company are SHEBRILA & CO

6. The authorized share capital of the Company is Tshs./US\$ 40,000,000/-

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 1165000
8. The month and day of the financial year end is DECEMBER 31st

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ 140,000 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, LEONARD MUGWA of Post Office Number 965 MAKAMBWA

do solemnly and sincerely declare that I am a director/duly authorized agent of 92 CYCLE & HARDWARE 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 13 day of FEBRUARY 2003

L. Mugwa
Applicant

Before me:

[Signature]
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: 92 CYCLE & HARDWARES LTD

Certificate of Incorporation Number: 51929 Status: NEW

Certificate of Incorporation Date: 24 MARCH 2005

Post Box: 965

Town: MAKAMBARO - IRINGA

Sector: MANUFACTURING Sub-Sector: CEREAL PROCESSING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity Local Equity Foreign Loan Local Loan

1165000

Project Objectives: TO ESTABLISH AN INTEGRATED CEREAL PROCESSING PROJECT

Capacity: 50 TONS/DAY

Employment: Foreign: 2 Local: 8 Total: 10

Implementation Period: 5 YEARS

Project Location

Site/Plot/Block No.: 359 Block E

Street: MWEMBETIWA District: MAKAMBARO N JOMBE Region: IRINGA

(Attach sketch map showing project location)

Shareholders	Nationality	%
LEONARD Mwigwa	TANZANIAN	75
KARINA NSIGWA	TANZANIAN	15
CALISTA Mwigwa	TANZANIAN	5
ELATO Mwalomio	TANZANIAN	5



National Bank of Commerce Limited

Kichwele Branch

P. O. Box 9044, Dar es Salaam, Tanzania

Tel: +255 (0) 22 211 6948

Fax: +255 (0) 22 213 8571

Swift address: NLCBTZTX

e-mail: kichwele@nbctz.com

www.nbctz.com

05.02.2009

Dear Sir,

In compliance to our customers' request, the following report is communicated to you without guarantee for your private use only and upon the express condition that neither this Bank nor any of its Officers shall be in any way responsible for giving it.

Yours faithfully,


G.W. NDOSSA

Branch Manager

TO: MANAGING DIRECTOR
TANZANIA INVESTMENT CENTER
DAR ES SALAAM..

CONFIDENTIAL STATUS REPORT

Name: Address: 92 CYCLE AND HARDWARE
P.O.Box 52042
DAR ES SALAAM

General remarks :

92 CYCLE AND HARDWARE are our customers maintaining account no 019103009907 since 07/09/2006
The account has been conducted satisfactorily

In view of the above information we consider him good for normal business transactions.

National Bank of Commerce Limited Reg. No. 32700

DIRECTORS: F J DU TOIT** (Non-Executive), B S NYONI* (Non-Executive), Dr M J ASSAD* (Non-Executive), A R MPUNGWE* (Non Executive), HON. A K A MALIMA* (Non-Executive), E B J LAURENTINO*** (Non-Executive), C P DE VRIES** (Managing/Executive), C J DE WET ** (Executive). SECRETARY: A R WOISO*

(* TANZANIAN, ** SOUTH AFRICAN,***BRAZILIAN).

TANZANIA



Certificate of Incorporation

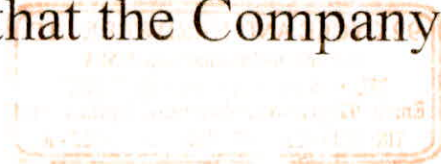
No 51929

I HEREBY CERTIFY THAT

92 CYCLE AND HARDWARES

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 **24TH** day of **MARCH**

TWO THOUSAND AND FIVE

*Certified as a True
Copy of the Original*

13th February, 2009



Asst. Registrar of Companies

**92 CYCLE AND HARDWARES LTD
P.O. BOX 965 MAKAMBAKO
IRINGA**

**BOARD RESOLUTION
EXTRACT FROM EXTRA ORDINARY BOARD MEETING
HELD ON 10TH JANUARY, 2008**

ATTENDANCE

All Company Directors attended the meeting as scheduled

AGENDA

Deliberate on the investment potential in Tanzania
Others

OPENNING OF MEETING

The chairman declared the meeting open at 11:00a.m

RESOLUTIONS

- It was resolved to establish a project for cereal processing to be located at Plot No: 359 Makambako urban Area, Iringa region
- To register the project with TIC in order to obtain Certificate of Incentives to enable smooth implementation of the project

CLOSURE OF THE MEETING

There being no other business for discussion the Chairman closed the meeting at around 13:45 p.m



.....
**MANAGING DIRECTOR
92 CYCLE AND HARDWARES LIMITED**



TIC Evaluation Report

Name of the Company
92 Cycle & Hardwares Ltd

Post Box	Makombako	COI Number	51929	Contact	Leonard Msigwa
Post Office	965	COI Date	24/03/2005	Designation	Director
Region	Iringa	Application F. No	07685	Phone	0
Country	Tanzania	Status	Expansion	Direct Phone	026 2730091
		Sector	Manufacturing	Cell Phone	0784 364176/ 0773 364176
		Sub Sector	Cereal Processing	Fax	026 2730091
		File No	041643	E-Mail Address	Msigwa77@Gmail.Com

Project Location		Investment Finance Plan in Millions USD												
Plot/Block	Plot no 359 Block E	<table border="1"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td>0</td> <td>0.1165</td> <td>0</td> <td>0</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0	0.1165	0	0				
Foreign Equity	Local Equity		Foreign Loan	Local Loan										
0	0.1165		0	0										
Street	Makambako													
District	Njombe													
Region	Iringa													

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.005
Elaito Mwalomo	Tanzania	5	Plant	0.08
Calista Msigwa	Tanzania	5	Vehicles	0.025
Karina Msigwa	Tanzania	15	Furniture & Fittings	0.0005
Leonard Msigwa	Tanzania	75	Pre-expenses	0.001
			Others	0.0005
			Working Capital	0.0045
			Total	0.1165

Employment	10	Evaluated By	Revocatus Arbogast
Capacity	50 tons	Drawn By	Sarah Registry
Project Turn Over			

Description
 To establish an integrated cereal processing plant

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

Decision
Approved

 AG EXD
 26/02/09

**92 CYCLE AND HARDWARES LTD
P.O. BOX 965 MAKAMBAKO
IRINGA**



Date: 12th February, 2009

EXECUTIVE DIRECTOR
TANZANIA INVESTMENT CENTRE
P.O. BOX 938
DAR ES SALAAM

RE: APPLICATION FOR CERTIFICATE OF INCENTIVES

We are a locally registered company wishing to establish a project for Cereal processing to be located at Plot No: 359 Makambako urban Area, Iringa region

We hereby apply for project approval/Certificate of Incentives to enable us undertake the envisaged project.

Enclosed herein please find;

- 3 copies of Business plan
- Certificate of Incorporation
- Memorandum and Articles of association ✓
- P.A 1 form duly filed
- Board resolution ✓
- Bank reference letter
- Certified copy of title deed for the location of the project

We hope our request will be considered and acted upon at your earliest convenience.

Yours sincerely,
92 CYCLE AND HARDWARES LIMITED

LK Mubanga
.....
MANAGING DIRECTOR

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TFN. 614 (Rev. 8.94)

● MHURI YA MUUNGANO WA TANZANIA
THE UNITED REPUBLIC OF TANZANIA
STAKABADHI YA SERIKALI
EXCHEQUER RECEIPT

30325189 1

NIMEPOKEA KWA
Received from



KIASI
Amount

Shs				Cts.
0	0	0	0	0

92 CYCLE HARDWARES LTD

JUMLA YA SHILINGI (Kwa maneno)
The Sum of Shillings (Words) US DOLLAR SEVEN HUNDRED FIFTY ONE

NA SENTI
And Cents

KWA MALIPO YA
In Respect of CERTIFICATE OF INCENTIVE

KWA FEDHA TASLIM/HUNDI NAMBA
By Cash/Cheque No. CASH

Kituo - Station

SAHIHI YA MPOKEAJI - Receiving Officer's
Signature.

CHEQUE TITLE

DATE

ASW

Govt. Press, Dsm.

AFFIDAVIT

I, **LEONARD KATEMA MSIGWA**, adult Christian of P.O. Box 965 Makambako Do hereby swear and state as follows:-

1. That, I am the citizen and resident of the United Republic of Tanzania and I am conversant with the facts I am about to depose.
2. That I am the registered owner of the premises situated on Plot No. 359 Block "E" Makambako Urban area.
Annexed herewith is a certified true copy of the Title Deed and leave is craved to refer it as part of the affidavit.
3. That on 10th February, 2009 the members of Board of Directors of **92, CYCLE AND HARD WARES LTD** requested me to allow them to install cereal processing machine (milling Machine) on my premises with the above particulars and open the company's office therein.
4. That, since I am among the Directors of the aforesaid company I have accepted the request in that the company is allowed to install its machines on my premises and open the offices therein at any date from the date of this affidavit.
5. That all what is stated herein above is true to the best of my personal knowledge and I conscientiously believe the same to be in accordance with Oaths (Judicial proceedings) and statutory Declaration Act, 1966.

Sworn at Dar es Salaam by the said }
LEONARD KATEMA MSIGWA who }
is known to me personally this 14th }
February, 2009 }


.....
DEPONENT

BEFORE ME


.....
COMMISSIONER FOR OATHS



TICC/PP.10/041643/2

2 March 2009

Managing Director,
92 Cycle & Hardwares Ltd,
P.O. Box 965,
IRINGA

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF AN INTEGRATED CEREAL PROCESSING
PLANT**

We wish to acknowledge receipt of your project proposal to establish an integrated cereal processing plant as presented in the TIC P.A. 1 Form No. 07685 and Feasibility Study with a projected investment of USD 0.117 m.

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/Affidavit required.

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 arrange to make payments at your earliest convenience.

.../2

TICC/PP.10/041643/2

2 March 2009

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 and Economic Affairs,
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

M/S 92 CYCLE AND HARDWARES LIMITED
P.O. BOX 965 IRINGA/TANZANIA
TEL: 0773-349965

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

17/03/2009

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



Dear Sir,

**RE: DUTY/VAT EXEMPTION ON THE CAPITAL/DEEMED CAPITAL GOODS OF
CERTIFICATE OF INCENTIVES NO. 041643**

We are TIC approved project with Certificate of incentives No:
041643 which is valid up to February 2012.

We have been registered with objectives of establishing an
integrated cereal processing plant.

Attached herewith please find a list of Capital/ Deemed Capital
Goods, TIN and certificate of incentives for duty & VAT exemption
approval Goods.

Yours sincerely

Leonard Msigwa
Managing Director



No. 00215418

Certified True Copy

of The Original

Signature *[Handwritten Signature]*

Date 17/03/2009

THE UNITED REPUBLIC OF TANZANIA

For: Executive Director
Tanzania Investment Centre

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041643

This is to certify that

92 CYCLE AND HARDWARES LTD

of address P.O. BOX 965

IRINGA

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

92 CYCLE AND HARDWARES LTD

Which is located at PLOT NO. 359, BLOCK E

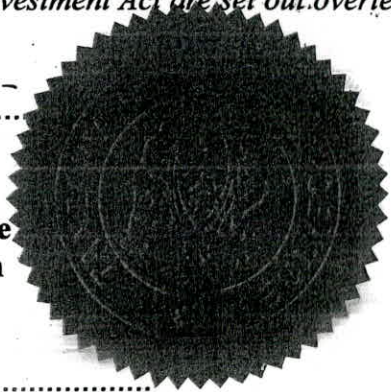
MAKAMBAKO - IRINGA

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

[Handwritten Signature]

Executive Director

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



Dated 13TH MARCH 2009

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

1. Shareholders
- | | Nationality | Shareholding (%) |
|----------------|-------------|------------------|
| Leonard Msigwa | Tanzanian | 75 |
| Karina Msigwa | Tanzanian | 15 |
| Calista Msigwa | Tanzanian | 5 |
| Elasto Mwalomo | Tanzanian | 5 |
2. Proposed Activities: To establish a integrated cereal processing plant
3. Sector: Manufacturing Subsector: Cereal processing
4. Investment cost: Foreign - Local USD 0.1165m. Total USD 0.1165m.
5. Project Financing: Equity USD 0.1165m Loans - Total USD 0.1165m.
6. Source, terms and conditions of loan.
7. Assets to be invested:
- | Capital items: | Foreign | Local | Total |
|----------------|---------|--------------|--------------|
| | - | USD 0.1165m. | USD 0.1165m. |
8. Technology Agreement: None
9. Date of TIC Registration: 2nd March 2009
10. Implementation period: March 2009 - February 2012
11. Operative date: 1st March 2012
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
- (i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
 - (ii) Applicable with-holding Tax As per Income tax Act, 2004 (as amended)
 - (iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
- (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
- Finished goods are not allowed under this Certificate

Signed


Executive Director

CTIN: 0312432



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION

FOR

TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 11 OF 2004)

THIS IS TO CERTIFY THAT

92 CYCLE AND HARDWARE LTD.

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

103-452-597

with effect from 01/04/2005

Ms. Christine Shekidele
COMMISSIONER FOR INCOME TAX

OFFICIAL SEAL

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

**LIST OF CAPITAL/DEEMED CAPITAL GOODS FOR 92
CYCLE & HARDWARES LTD SECTOR:
MANUFACTURING SUBSECTOR: CEREAL PROCESSING
TIC CERTIFICATE NO: 041643**

No.	DESCRIPTION/ ITEM	ITEM GROUP	QUANTITY	UNIT
1.	Plant machinery(mills)	Machines	5	Pcs
2.	Silos	Machine Equipment	5	Pcs
3.	Generators	Machine Equioment	5	Pcs
4.	Light truck	Vehicles	5	Pcs
5.	Truck/trailer	Vehicles	5	Pcs
6.	Truck(Fuso)	Vehicles	5	Pcs
7.	Factory	Building Materials	20 B0Q	
8.	Office Chairs	Furniture	20	Pcs
9.	Tables	Furniture	10	Pcs
10.	Pick Up	Vehicles	5	Pcs
11.	Security systems (CCTV) Monitor & cameras	Communication equipment	20	Pcs



No. 00215418

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THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041643

This is to certify that

92 CYCLE AND HARDWARES LTD

of address P.O. BOX 965

IRINGA

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

92 CYCLE AND HARDWARES LTD

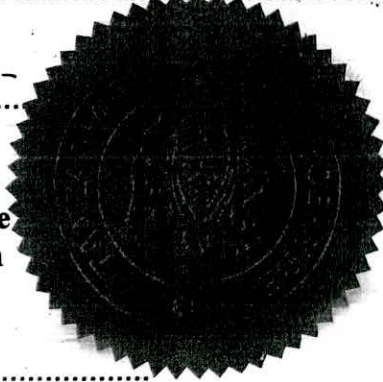
Which is located at PLOT NO. 359, BLOCK E

MAKAMBAKO - IRINGA

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

Executive Director

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



Dated 13TH MARCH 2009

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

1. Shareholders
- | | Nationality | Shareholding (%) |
|----------------|-------------|------------------|
| Leonard Msigwa | Tanzanian | 75 |
| Karina Msigwa | Tanzanian | 15 |
| Calista Msigwa | Tanzanian | 5 |
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3. Sector: Manufacturing Subsector Cereal processing
4. Investment cost: Foreign - Local USD 0.1165m. Total USD 0.1165m.
5. Project Financing: Equity USD 0.1165m Loans - Total USD 0.1165m.
6. Source, terms and conditions of loan.
7. Assets to be invested:
- | Capital items: | Foreign | Local | Total |
|----------------|---------|--------------|--------------|
| | - | USD 0.1165m. | USD 0.1165m. |
8. Technology Agreement None
9. Date of TIC Registration: 2nd March 2009
10. Implementation period March 2009 - February 2012
11. Operative date 1st March 2012
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
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- (iii) Failure to commence implementation within two years invalidates Certificate
- (iv) Failure to operate investment must be notified to the Centre
- (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
- Finished goods are not allowed under this Certificate

Signed


Executive Director

TICC/PP.10/041643/6

24/03/2009

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

Dear Sir,

**RE: DUTY/VAT EXEMPTION ON THE CAPITAL/DEEMED CAPITAL
GOODS OF CERTIFICATE OF INCENTIVES NO. 041643**

M/S 92 Cycle and Hardwares Limited is a TIC registered company with certificate of incentives **No. 041643** which is valid up to **March 2011**

The company has been registered with objectives of establishing an integrated cereal processing plant.

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

Yours sincerely

TANZANIA INVESTMENT CENTRE



N.A. Senzia

FOR: EXECUTIVE DIRECTOR