

YOLKOS ENTERPRISES

(E.A) MID

1.0

EXD

✓ h

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

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 1.683M
- (b) Legal entity has been incorporated under certificate No. 56763 of 07/06/2006

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
15th January 2009

2.0

EXD

In response to the TIC letter of registration dated... 15th January 2009

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from... NORNB LTD
- (c) Lease Agreement

With the above submission EXD is requested to sign Certificate of Incentives No. 041628 herein attached.

22/01/2009


DIF

3.0

IFM/A

Please make a project visit on this project.

Please include TRM & labor offer

5/09/2011

[Signature]
DIR

4.0 TRA (Adam) and Labour (Daudi) M. 3.0 FT&F.

As communicate to you earlier on this morning, I wish to inform you that we should arrange a site visit to take place on Friday 11th November 2011. For your information

[Signature]
IFM(A)
9/11/2011

TICC/PP.10/041628/10

18/11/2011

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

Dear Sir,

**RE: DUTY/ VAT REMISSIONS ON CAPITAL/ DEEMED CAPITAL
GOODS – CERTIFICATE OF INCENTIVES No: 041628**

M/S Yukos Enterprises Limited is a TIC registered company with certificate of incentives **No. 041628** which is valid up to **December 2011**

The company has been registered with objectives of establishing a modern printing plant.

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

Yours sincerely

TANZANIA INVESTMENT CENTRE



N.A. Senzia

FOR: EXECUTIVE DIRECTOR

PROJECT VISIT REPORT

NAME OF THE PROJECT: M/S YUKOS ENTERPRISES (E.A) LIMITED

DATE :11th NOVEMBER, 2011

PRESENT:

- | | |
|---------------------|-------------------------------|
| Mrs. Glory Bildard | - IFM(A) |
| Mr. Adam Ling'wentu | -TRA Officer/TIC |
| Mr. Daudi Silas | - Labour officer/TIC |
| Mr. Magila Magoma | - Project's Managing Director |

LOCATION:

Plot No: 23, – Kiluvya 'A", Kisarawe/ Coast Region

INTRODUCTION:

M/S Yukos Enterprises (E.A) Limited is a TIC approved project with certificate of incentives **No: 041628**. The Company has been registered with objectives of establishing a modern printing plant. The Project is locally owned with Capital Investment Cost of USD \$ 1.683m and employed over 100 skilled and non-skilled Tanzanians.

The project was registered by the Centre and issued certificate of incentives in January 22nd, 2009. However the implementation period of the certificate of incentives expires on December, 2011. The Visiting Team visited Yukos Enterprises Ltd following the instructions by DIF as requested by the Yukos' Managing Director.

ISSUE

The Printing project ~~has~~ was granted tax remissions on Capital/ Deemed Capital Goods vide Ref No: TRA/CE/C/P.20/08/1578 OF 15/6/2009 However some of the utility vehicles were cancelled by Commissioner for Customs.

PURPOSES OF THE VISIT:

- To know/ establish its existence and the status of development on how far the project has reached and to assist if there is any problems faced in its implementation. As the major problem was the refusal of the Utility Vehicles.

OBSERVATIONS:

The Team visited the main office (administration block) and later factory and saw heavy duty printing and paper cutting machinery, workers, stores with printing paper, equipment, toner, computers etc The Visiting Team found other constructions are still underway.

The whole place surrounded with fence and the security was very tight due to the nature of the project which is printing high level confidential and sensitive documents (National Examinations Papers). These require maximum security.

CONCLUSION:

As the project invested heavily in this particular project by putting in place sophisticated machines, security system, high printing technology that need to be commended and rewarded especially the Utility Vehicles for the project facilitation and transportation of sensitive/ confidential examination papers.

RECOMMENDATIONS:

Based on what was observed during site visit we recommend that the company should also be allowed utility vehicles (trucks, light trucks, hardtops and pickups) as currently there is no refusal on that following resolutions made by TRA/TIC Joint Committee on utility vehicles in every sector (Revised List of Deemed Capital Goods).

The Visiting Team advised the investor to resubmit its list of utility Vehicles for processing of Tax remissions and to be forwarded to Commissioner for Customs for approval.

We Submit;

PARTICIPANTS:

SIGNATURE:

Mrs. Glory Bildard
Mr. Adam Ling'wentu
Mr. Daudi Silas

- IFM(A)
-TRA Officer/TIC.....
- Labour officer/TIC.....

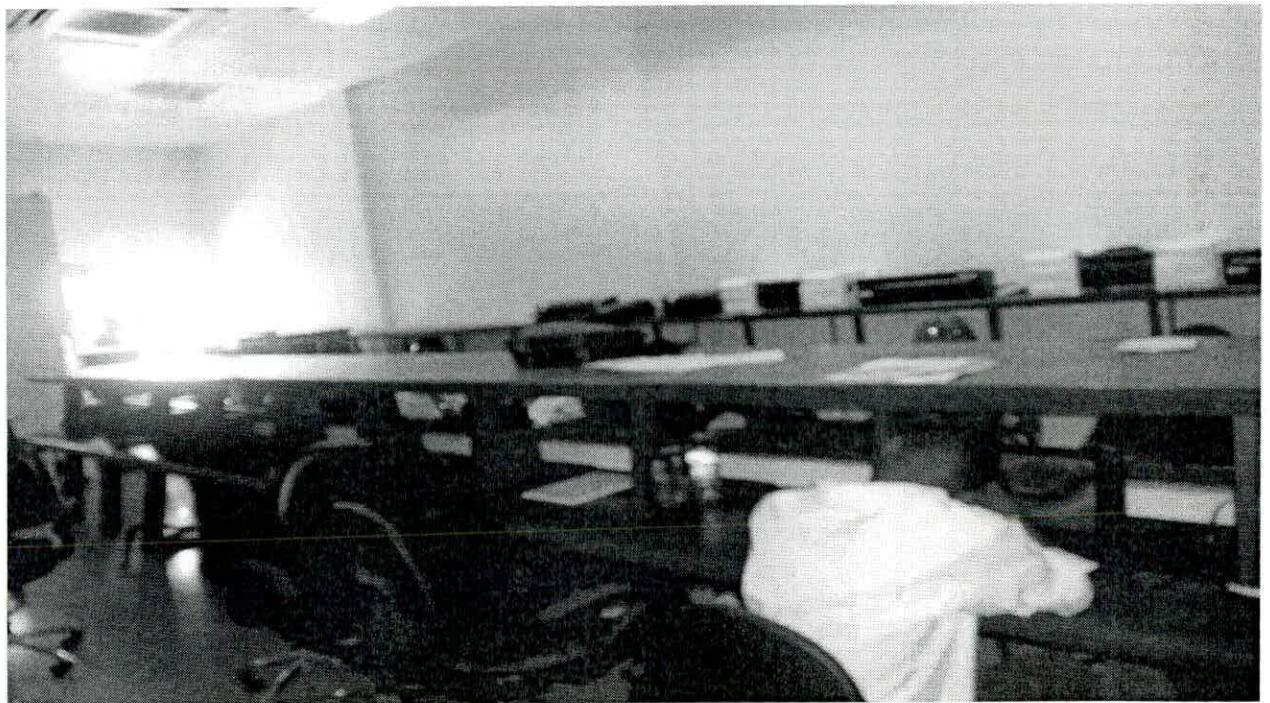




YUKO ENTERPRISE LTD LOCATED IN KIBAHA KILUVYA



Yuko's Main Building



Laboratory

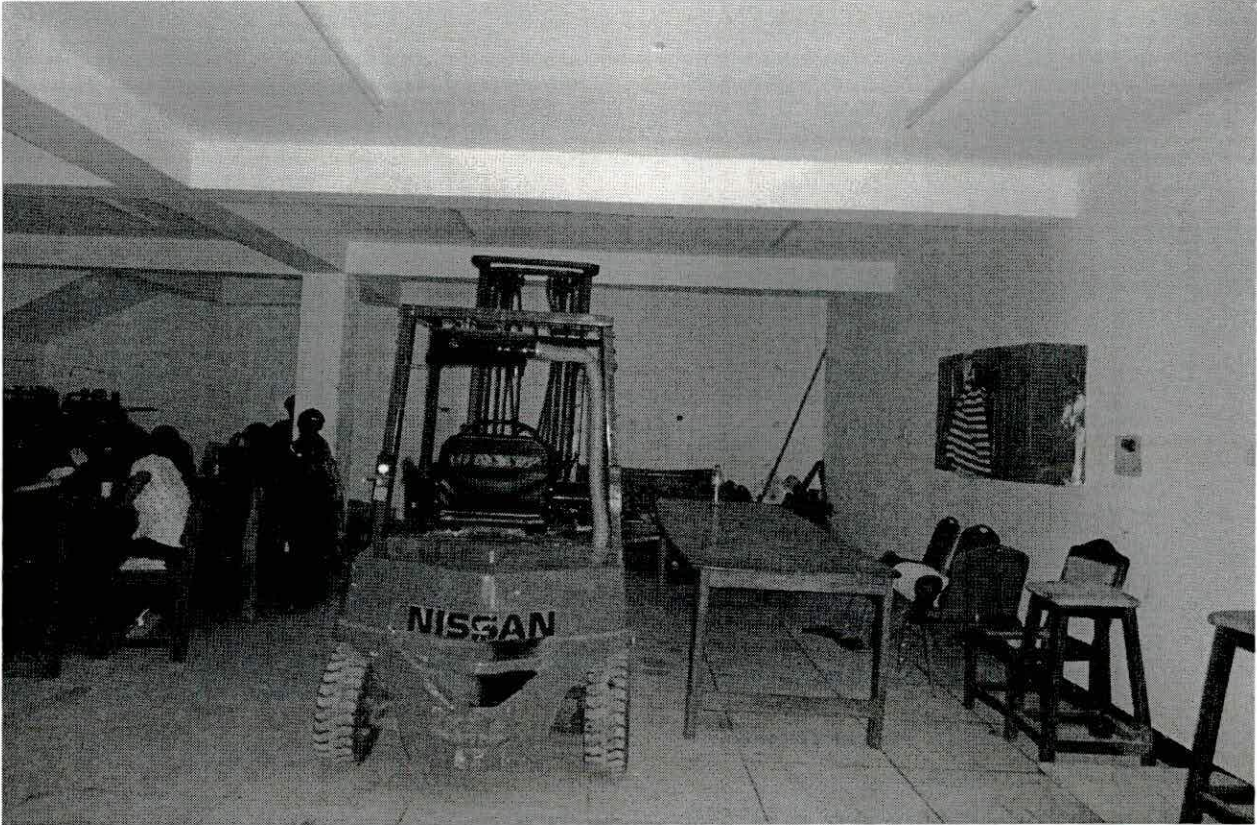
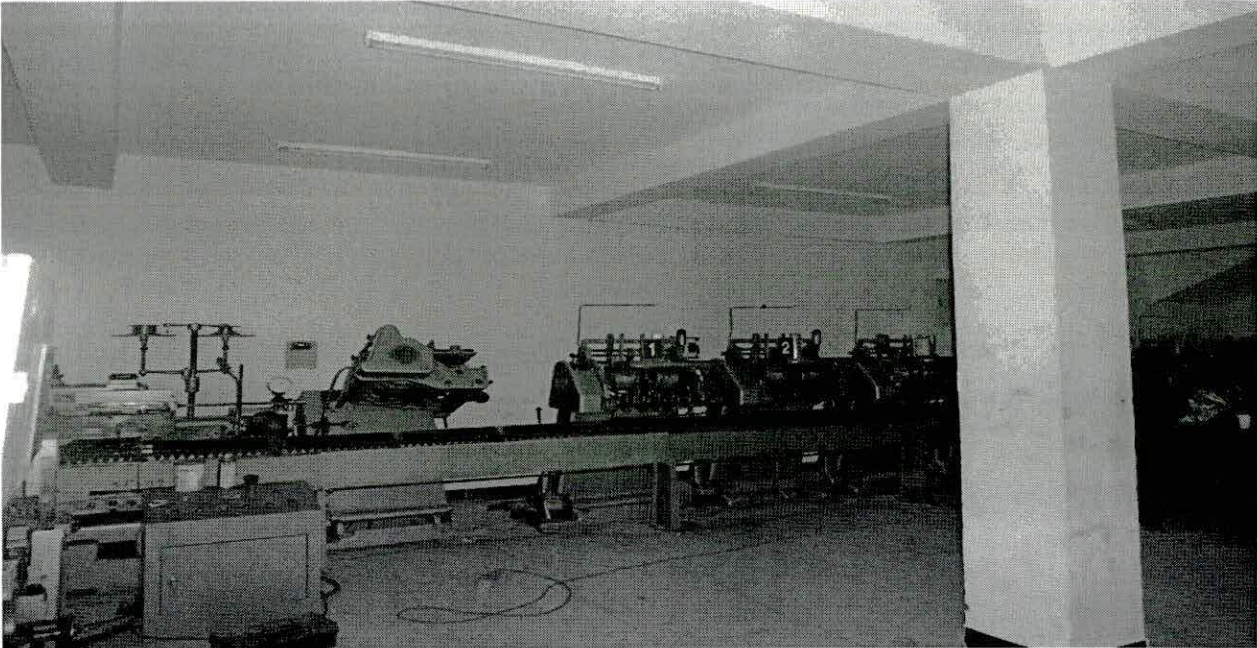
Materials for printing



Scanning machine for safety



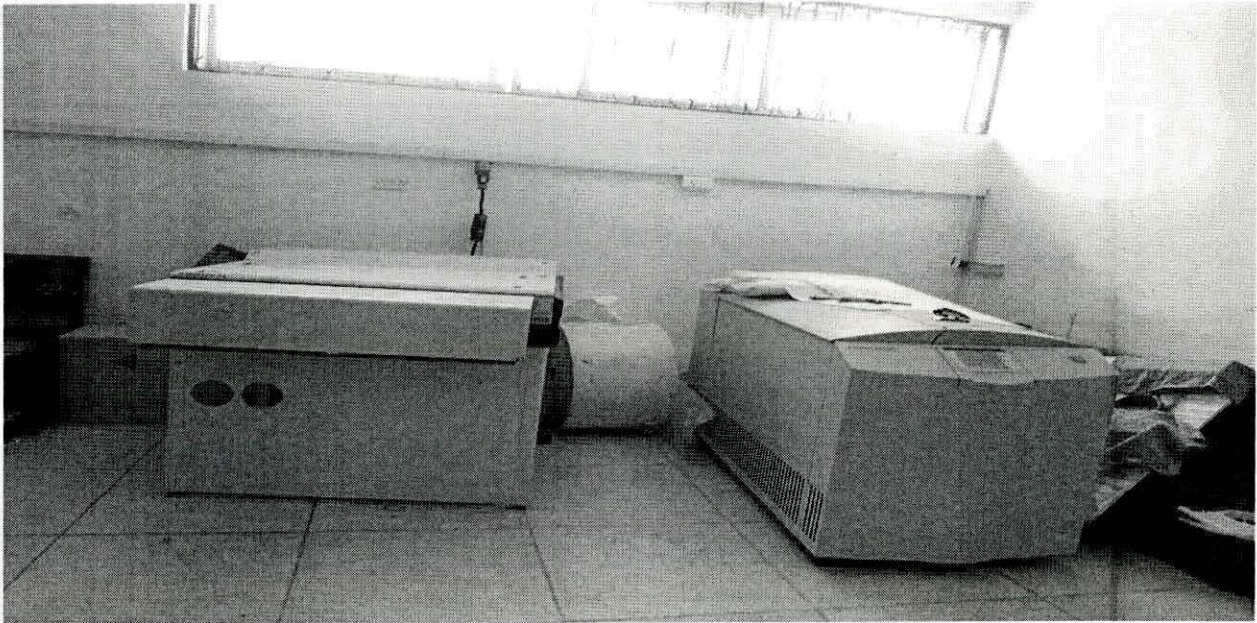
Plant machines for printing



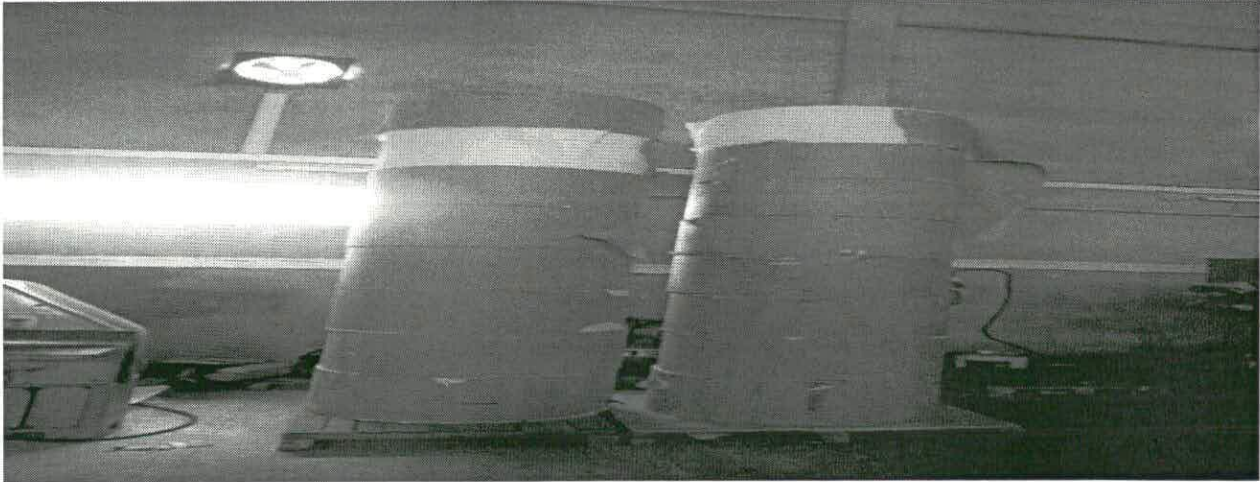
Generator



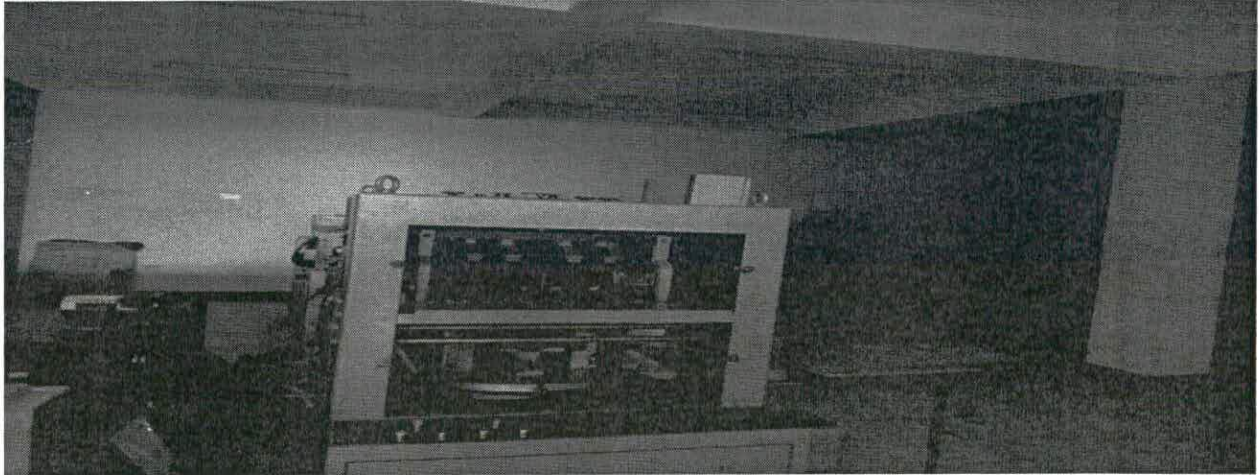
Modern Machines for printing



Paper rolls



Variety of Printing Machines



TIC

YUKO'S ENTERPRISES (E.A) LTD

Dealers in Printing & Stationery P.O Box: 8440 Dar es Salaam, Kiluvya Plot No. 23
Kisarawe, Coast Region, Tanzania, Tel: 0732 923528, Fax: 0732 999726

Email: yukosenterprises@yahoo.com

Ref No. YEEL/TIC/02/98/2011

COMMISSIONER FOR CUSTOMS & EXCISE

Date 11th NOV 2011

BOX 9053

DSM

UFS

EXECUTIVE DIRECTOR

Tanzania Investment Centre

Box 938

DSM

RE: DUTY/VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS

We are TIC approved project with Certificate of Incentives No: 041628 which is valid up to December 2011.

We have been registered with objectives of establishing a modern printing plant.

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

Yours Sincerely



.....
MAGIRA MAGOMA

MANAGING DIRECTOR





No. 00215302

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041628

This is to certify that

YUKOS ENTERPRISES (EA) LIMITED

of address P.O. BOX 8440

DAR ES SALAAM

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

YUKOS ENTERPRISES (EA) LIMITED

Which is located at PLOT NO. 23 KILUVYA "A", KISARAWA

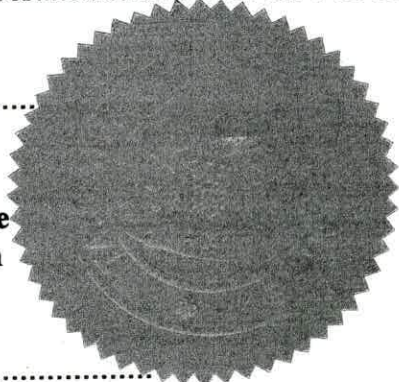
COAST REGION

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 22nd JANUARY 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 (%)
Magira Magoma	Tanzanian	80
Magoma Magira	Tanzanian	20
.....
.....

2. Proposed Activities To establish a modern printing plant

3. Sector: Manufacturing Subsector Printing

4. Investment cost: Foreign - Local USD 1.683m. Total USD 1.683m.

5. Project Financing:

Equity <u>USD 0.984m.</u>	Loans <u>USD 0.700m.</u>	Total <u>USD 1.683m.</u>
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6. Source, terms and conditions of loan.....

7. Assets to be invested:

Capital items:	Foreign	Local	Total
.....	-	USD 1.683m.	USD 1.683m.

8. Technology Agreement None

9. Date of TIC Registration: 15th January 2009

10. Implementation period January 2009 - December 2011

11. Operative date January 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

None

Signed 
Executive Director

CTIN.: 00113214



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


YUKOS ENTERPRISES (E.A.) LIMITED.

.....

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

104-710-530

with effect from 09-Jun-2006


JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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

TIC
IRA

8

YUKO'S ENTERPRISES (E.A) LTD

Dealers in Printing & Stationery P.O Box: 8440 Dar es Salaam, Kiluvya Plot No. 23
Kisarawe, Coast Region, Tanzania, Tel: 0732 923528, Fax: 0732 999726
Email: yukosenterprises@yahoo.com

Ref No. YEEL/TIC/02/98/2011

COMMISSIONER FOR CUSTOMS & EXCISE

Date 11th NOV 2011

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Tanzania Investment Centre

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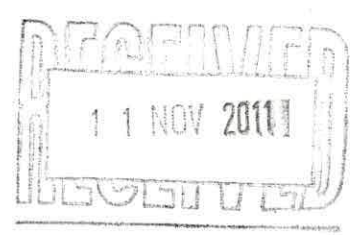
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Yours Sincerely



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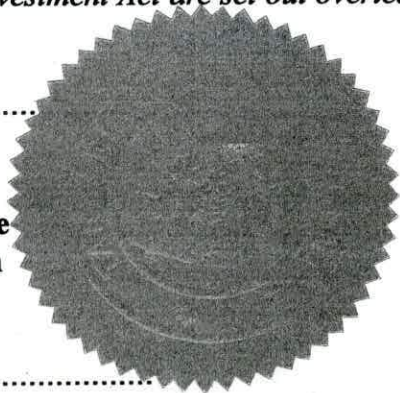
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Executive Director

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

Dated 22nd JANUARY 2009



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2. Proposed Activities To establish a modern printing plant
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4. Investment cost: Foreign - Local USD 1.683m. Total USD 1.683m.
5. Project Financing:
Equity: USD 0.984m. Loans: USD 0.700m. Total: USD 1.683m.
6. Source, terms and conditions of loan
7. Assets to be invested:

Capital items:	Foreign	Local	Total
	<u>-</u>	<u>USD 1.683m.</u>	<u>USD 1.683m.</u>
8. Technology Agreement None
9. Date of TIC Registration: 15th January 2009
10. Implementation period January 2009 - December 2011
11. Operative date January 2012
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15. Additional conditions attached to Certificate
None

Signed


Executive Director

CTIN: 00113214



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION

FOR

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COMMISSIONER FOR DOMESTIC REVENUE

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



TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/8 | 1578

15/06/2009

The Managing Director,
Yukos Enterprises (EA) limited,
P.O. Box 8440,
Dar es Salaam,

Dear Sir,

**RE: DUTY/VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS-
CERTIFICATE OF INCENTIVES NO. 041628 OF 22.01.2009.**

We acknowledge receipt of your letter YUKOS/ADM/02/2009 of 03/02/2009 and letter TICC/PP.10/041628/5 of 10/02/2009 from Tanzania Investment Center regarding the captioned subject.

We hereby confirm and approve **five page** lists of goods as capital/deemed capital goods to establish manufacturing with certificate of incentives herein. It is a condition that all locally manufactured items should be purchased locally. However some items have not being approved as they do not form part of deemed capital goods under this sector

The approved goods will be subject to 0% import duty and VAT relief under the 3rd Schedule to the VAT Act, 1997; subject to completion of form VAT 224 duly approved by the Commissioner for Customs and Excise.

Sincerely yours,

Said Athumani

For: COMMISSIONER FOR CUSTOMS AND EXCISE

RS/

c.c. Manager - Customs Service centre,
c.c. General Manager,
Tiscan Limited,
Dar es Salaam,
c.c. Executive Director,
Tanzania Investment Centre,
P. O. Box 938,
Dar es Salaam,

CUSTOMS & EXCISE DEPARTMENT

Sokoine Drive, P.O. Box 9053, Dar es Salaam, Tanzania
Tel: 255-22-2117765 or 255-22-2127783/4/6/8 Fax: 255-22-2138878/2135193

**PROPOSED PRINTING UNIT FOR YUKOS ENTERPRISES (EA) LIMITED
TO BE BUILT ON PLOT NO.23, KILUVYA 'A' IN KIBAHU DISTRICT -
COAST REGION**

**LIST OF BUILDING MATERIALS, FURNITURE EQUIPMENTS,
MACHINERY AND MOTOR VEHICLES**

BUILDING MATERIALS

1	Cement	950	Tons
2	Reinforcement Steel	355	Tons
3	Door lockers (card system)	25	Pcs
4	Wall tiles	3,500	m ²
5	Ceramic floor tiles	659	m ²
6	Gleu for tiles	15	Tins
7	White Cement	50	Tons
8	Wall paints (oil, marine paint, water) @20ltr	900	Tins

Reinforcement:

9	8mm Bar	75	Tons
10	10mm Bar	70	Tons
11	12mm Bar	120	Tons
12	16mm Bar	55	Tons
13	20mm Bar	35	Tons

Roofing Tiles:

14	Harvey tiles Ex South Africa	3,500	Pcs
15	WC Toilets	23	No.
16	Shower trays	16	No.
17	Shower mixer	30	No.
18	Washing sink	15	No.
19	Water heater tanks	10	No.
20	Hand driers	23	No.
21	Urinals	16	Pcs
22	Modern water tap	45	Pcs
23	Soap dishes/containers	23	Pcs
24	Manhole covers	15	Pcs
25	Curtains (3.4m x 2.5m)	400	m
26	Air Conditioners 1.8 btu Split Unit/Window type	25	Pcs
27	Simtank 10,000 ltr	10	Pcs

FURNITURES

1	Television/video - 21'	5	Pcs
2	Television -Giant Screen	2	Pcs
3	Small refrigerators	5	Pcs
4	Radio piped music	2	Pcs
5	Sofa set - 2 pcs	4	Pcs
6	Coffee table	8	Pcs
7	Telephone head set	6	Pcs
8	Dressing-stool	5	Pcs
9	Satelite dish 16 ft c/w fitting, Decorders	4+5	Pcs

Conference Rooms

1	Conference chairs	25	Pcs
2	Conference tables	5	Pcs
3	Television/video 21"	2	Pcs
4	Overhead projectors	2	Pcs
5	Public address system	4	Set
6	Multi language-translating equipment	4	Set
7	Beepers	8	Set

*SKP
Approved*

15 JUN 1999



[Handwritten Signature]

**PROPOSED PRINTING UNIT FOR YUKOS ENTERPRISES (EA) LIMITED
TO BE BUILT ON PLOT NO.23, KILUVYA 'A' IN KIBAHA DISTRICT -
COAST REGION**

**LIST OF BUILDING MATERIALS, FURNITURE EQUIPMENTS,
MACHINERY AND MOTOR VEHICLES**

Offices

1	Filing cabinet	20	Pcs
2	Safe	5	Pcs
3	Tables c/w chairs	46	Pcs

Reception

1	Reception Station	2	Pcs
2	Telephone billing machine	4	Pcs
3	Telephone multiplexer	2	Pcs
4	Visitors chairs	10	Pcs

EQUIPMENT AND UTENSILS

Factory canteen

1	Bottle coolers	8	Pcs
2	Ice maker	2	Pcs
3	Juice Dispenser	4	Pcs
4	Insectocolor	2	Pcs
5	Dinning table	50	Pcs
6	Dinning chairs	150	Pcs
7	Tea coffee ums	6	Pcs
8	Chaffin dishes	20	
9	Coffee/tea pots	100	Sets
10	Music system	2	
11	Flamee trolleys	6	Pcs
12	Sweet cheese trolley	6	Pcs
13	Ice bucket	16	
14	Deep freezer	3	Pcs

Cutlery/Crockery/Glass

1	Plates (soup, rice, side etc) @ 2000 pcs		
2	Table spoon, knives, forks etc @ 2000 pcs	500	
3	Tea cups	500	Pcs
4	Tea spoons	500	Pcs
5	Salt/paper shakers	200	Pcs
6	Glasses (brand, wine, whisky, tumblers, champagne, etc) @ 1000pcs	Various	
7	Serving trays	56	Pcs
8	Butter dishes	34	Pcs

Food Store

1	Chest freezer	4	Pcs
2	Cold rooms	2	Pcs
3	Trolleys with gastronomes	4	Pcs
4	Weighing machine (Heavy duty)	2	Pcs
5	Upright freezers (meat, fish, chicken etc)	5	Pcs
6	Meat mincers	2	Pcs

Kitchen

1	Hot plate cabinet	4	Pcs
2	Electric cookers	4	Pcs
3	Dish washing machine	4	Pcs
4	Baking machine	4	Pcs
5	Potato peeler	4	Pcs
6	Microwave	4	Pcs

JWR
Approved



[Signature]

15 JUN 2009 2

**PROPOSED PRINTING UNIT FOR YUKOS ENTERPRISES (EA) LIMITED
TO BE BUILT ON PLOT NO.23, KILUVYA 'A' IN KIBAHA DISTRICT -
COAST REGION**

**LIST OF BUILDING MATERIALS, FURNITURE EQUIPMENTS,
MACHINERY AND MOTOR VEHICLES**

7	Trolleys	4	Pcs
8	Frying pans flat bottom	4	Sets
9	Ovens	4	Pcs
10	Gas cookers	5	Pcs
11	Cutting boards	20	Pcs
12	Display warmer table top	5	Sets
13	Tea and coffee servers	10	Pcs
Workshop			
1	Digit Multi Meter	5	Pcs
2	Welding machine	3	Sets
3	Hexagon Wrenches (Allen keys)	4	Sets
4	Portable copper tube blender	2	Pcs
5	Angle grinder machine	5	Pcs
6	Electrical gadget (Socket, tube lights, conduit, plugs, fittings- bulbs, PVC wire	Various	
7	Spanners	10	Sets
8	Betry charger machine	5	Pcs
9	Compressor	5	Pcs
10	Heavy duty jack	4	Pcs
11	Vice	2	Pcs
12	Car washing machines	3	Sets
13	Tyre changer machines	5	Pcs
14	Wheel alignment machines	5	Pcs
Factory machines and Equipments			
1	Computers (i mac)	5	Pcs
2	Laser Printer A3	5	Pcs
3	Image setter	2	Pcs
4	Plate maker	2	Pcs
5	C T P	2	Pcs
6	Color laser A3	5	Pcs
7	Projector	8	Pcs
8	Projector white board	8	Pcs
9	Scanner heavy duty	2	Pcs
10	Plate processor	2	Pcs
offsetting printing			
1	1 colour A4 ✕	4	Pcs
2	1 colour A3	4	Pcs
3	1 colour A2 ✕	2	Pcs
4	1 colour A1	2	Pcs
5	2 colour A2	3	Pcs
6	4 colour A2	2	Pcs
7	Webb offset	2	Pcs
8	Digital printing machine	2	Pcs
9	Flexor graph machine	2	Pcs
Post press			
1	Folding	2	Pcs
2	Stitching monotype -	2	Pcs
3	Gang stitches ✕	2	Pcs
4	Guillotine ✕	4	Pcs
5	Perfect binding (hot/cold glue)	2	Pcs
6	Lamination machine	2	Pcs
7	Paper counting machine	10	Pcs
8	Jogger	4	Pcs



15 JUL 2019

Approved

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COAST REGION**

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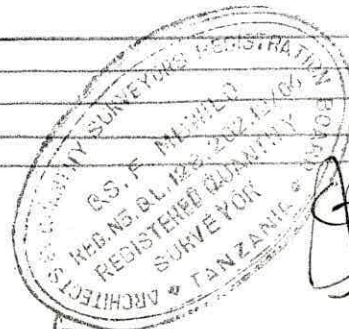
9	Perforating machine	4	Pcs
10	Numbering machine	2	Pcs
11	Three knife trimmer	2	Pcs
12	Die - cutting machine	2	Pcs
13	Parking machine	4	Pcs
14	Paper punching machine	2	Pcs
15	Collating	2	Pcs

Other machinery / accessories

1	Hologram and hot foil printer	2	Pcs
2	Metal Engraving x	2	Pcs
3	Pallet Jack	2	Pcs
4	Pallet jack self propelled	8	Pcs
5	Folk lift 5ton	4	Pcs
6	Folk lift 2ton -	2	Pcs
7	Sheeting machine	2	Pcs
8	Network and Intercom ^	1	set
9	Server	2	Pcs
10	Back up power system (UPS)	3	Pcs
11	Standby generator	2	Pcs
12	Fax machines	4	Pcs

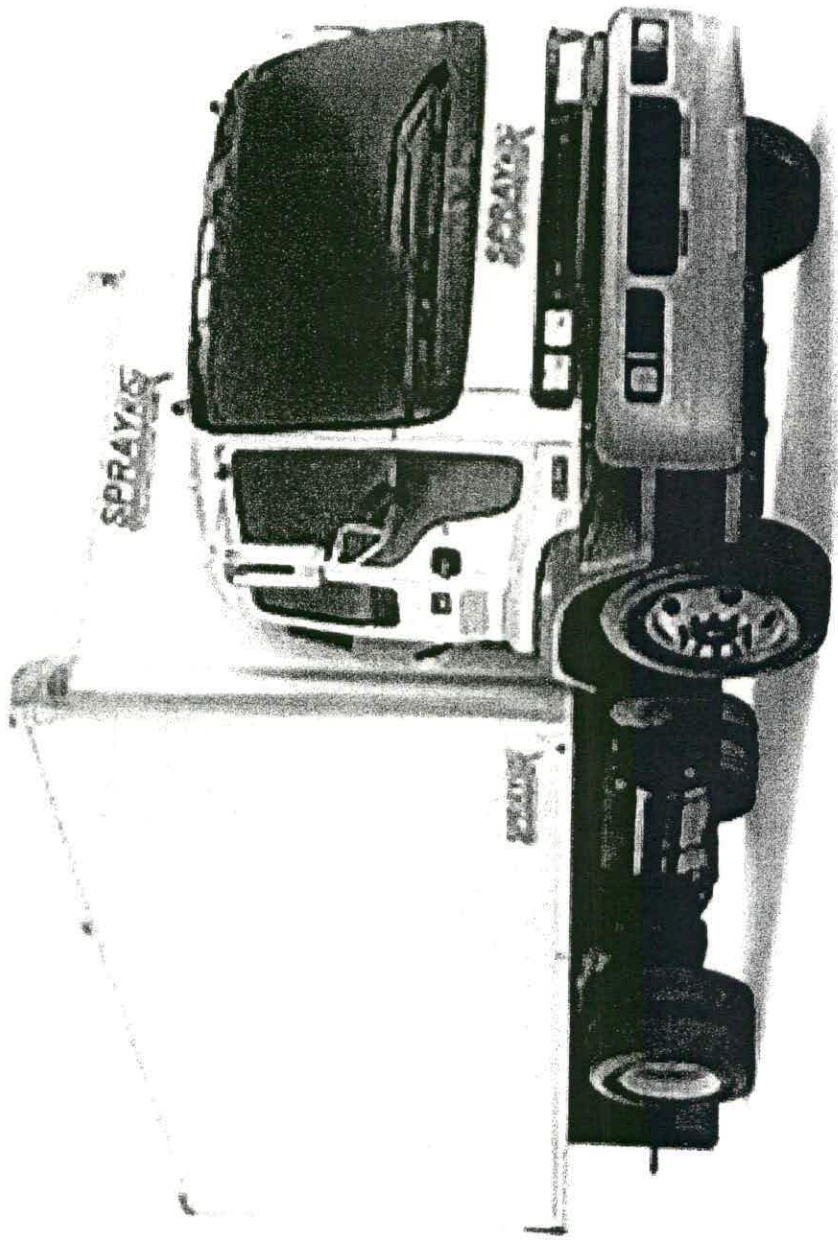
MOTOR VEHICLES/MACHINERY

1	Saloon Cars	4	Units
2	Four Wheel Drives	5	Units
3	Station Wagon	3	Units
4	Mini Buses - Coaster	5	Units
5	Mini Buses - Hiace	5	Units
6	Pick Ups Single Cabin	3	Units
7	Pick Ups Double Cabin	5	Units
11	Land Cruiser Hard Top	2	Units
12	Trucks	5	Units
13	Light Trucks	5	Units
16	Motor Bicycles	10	Units
17	Generators	2	Units
18	Radio calls hand set	15	Units
19	Radio Base Station	2	Units
20	GPS Systems (- installation in every car)	20	Units
21	Security Systems (CCTC)	10	Sets
22	Fire Fighting Equipments (for each car)	50	Sets
24	Laptops for GPS Systems	30	Pcs
25	Fax machines	5	Pcs
26	Alarm System - for cars	150	Pcs
31	Satelite Dishes	7	Sets
32	Water Pumps	50	Pcs



15 JUN 2009

Approved.



SPECIAL TRANSPORTATION TRUCKS

No	ITEM NAME	QUANTITY
1.	Special Transportation Trucks	2
2.	Light Trucks	2
3.	Pick ups	2
4.	Hard Top	2
5.	Minibus	2
6.	CCTV: Tv Cameras	4 40
7.	Fax	2
8.	Telephone	10
9.	Gps Tracking System	10
10.	Radio call: Base station Handsets	2 15

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PROJECT VISIT REPORT ON YUKOS ENTERPRISES (EA) LTD CONDUCTED ON 7th OCTOBER, 2011

INTRODUCTION

On the 7th October, 2011, a team of two people from the Aftercare Section, IFM (A) Glory Bildard and George Mukono paid a visit to Yuko's Enterprises (EA) Ltd. following the instruction by DIF that PVV should be conducted to the project as requested by the Managing Director of Yuko's Enterprises Ltd.

OBJECTIVE OF THE VISIT

The objective of the visit was to oversee the implementation status of project, progress achieved so far and if there is any problems faced by the project. In their daily operational activities due to the refusal of TRA to grant approval of vital items that are necessary for the project.

OBSERVATION DURING THE SITE VISIT

The team observed the following:

- Yuko's Enterprises (EA) Ltd projects under the current Certificate of Incentives No. 041628 is located at Plots No. 23, Kiluvya "A" Kisarawe Coast Region.
- The project is locally owned with projected investment of USD 1.683m which has employed over 100 skilled and non-skilled Tanzanians.
- The project has started its operations while other constructions are still underway.
- Yuko's Enterprises (EA) Ltd operates modern printing facilities and handles high level confidential materials for instance examinations which requires maximum security
- Due to the nature of printing that the project is executing and the timing when the site visit was conducted the team were not allowed to enter the printing facilities; however the team had an opportunity to visit other offices and the compound of the plant as per attached photos.
- It was also observed that, the project has invested heavily in this particular project by putting in place sophisticated machines, security system, high printing technology that need to be commended and rewarded.

RECOMMENDATION AFTER SITE VISIT

Based on what was observed during site visit, the below are the recommendations that can assist this project to execute most of its planned activities while creating employment opportunity to locals and contributing to more taxes.

- Since the project is involved with printing and transporting confidential documents such as examinations, the project requires sophisticated transport that will provide maximum security and confidentiality. We therefore recommend for this project be given the necessary approval to utilize Certificate of Incentive for the purchase of remaining deemed capital goods especially (Special Vehicles with maximum security) that are crucial for the transportation of confidential materials so that it enable the project to implement its activities at full potential.

We submit

Glory Bildard – IFM (A)

George Mukono (Ass. AO).....

YUKO'S ENTERPRISES (E.A) LTD

Dealers in Printing & Stationery P.O Box: 8440 Dar es Salaam, Kiluvya Plot No. 23
Kisarawe, Coast Region, Tanzania, Tel: 0732 923528, Fax: 0732 999726
Email: yukosenterprises@yahoo.com

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Ref No. YEEL/TIC/01/98/2011

Date: 24th August 2011

Executive Director,

Tanzania Investment Centre,

P.O. Box 938,

DAR ES SALAAM.

For the Attention of Mrs. Senzia.

Dear Sir,

RE: REQUEST TO BE VISITED BY TIC OFFICIALS

Please refer to the captioned subject.

We are registered investors by the Tanzania Investment Centre with Certificate of Incentive number 041628 issued on 22nd January 2009.

According to terms and conditions given by TIC, the operative date was January 2012, but thank God we have managed to commence before the deadline.

Problems that we are facing in our operations are mainly caused by the refusal of TRA to grant approval of vital items that are necessary for our project. In actual fact, we are intending to appeal on some items that were stricken.

The purpose of this letter is to invite a team of officials from your good office to visit our site and see our progress as soon as possible.

We wish to register our appreciation for your efforts that in encouraging investors and particularly local investors to invest in Tanzania.

Please confirm with the undersigned through telephone number 0784 507 532 or 0732 923 528 on the date and time for your visit.

Yours sincerely,



Magila Magoma Masegesa

Managing Director



Urgent!

DIF

Pls facilitate

Soonest.

fu

Ag EXD

02-09-11

5

TICC/PP.10/041628/5

10/02/2009

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. 041628**

M/S Yukos Enterprises (EA) Limited is a TIC registered company with certificate of incentives **No. 041628** which is valid up to **December 2011**

The company has been registered with objectives of establishing and operating a project for modern printing 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

041628

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YUKO'S ENTERPRISES (EA) LIMITED

Dealers in Printing, Stationary & Hospital Equipment
P.O Box: 8440, Cell: 0748 - 507532, Fax: 255 22 2170881, Dar es Salaam
Morogoro Road - Mwembechai Plaza 2nd Floor Room No.9 Opp. Mwembechai Bus Stand

REF: YUKOS/ADM/02/2009

DATE: 03rd February, 2009

COMMISSIONER FOR CUSTOM AND EXCISE
P.O.BOX 9053,
DAR ES SALAAM,

UFS

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



**RE: DUTY/VAT EXEMPTION ON CAPITAL / DEEMED
CAPITAL GOODS**

Attached with this letter please find one (1) original and ten (10) copied of 4 pages binded list of building materials furniture, Factory equipment, machinery and vehicles as prepared by the project quantity surveyor as capital / deemed capital goods.

I will appreciate your co-operation.

Yours,

YUKOS ENTERPRISES (EA) LIMITED.


Magoma M. Masegesa
Director /Company Secretary

**PROPOSED PRINTING UNIT FOR YUKOS ENTERPRISES (EA) LIMITED
TO BE BUILT ON PLOT NO.23, KILUVYA 'A' IN KIBAHA DISTRICT -
COAST REGION**

**LIST OF BUILDING MATERIALS, FURNITURE EQUIPMENTS,
MACHINERY AND MOTOR VEHICLES**

BUILDING MATERIALS

1	Cement	950	Tons
2	Reinforcement Steel	355	Tons
3	Door lockers (card system)	25	Pcs
4	Wall tiles	3,500	m ²
5	Ceramic floor tiles	659	m ²
6	Gleu for tiles	15	Tins
7	White Cement	50	Tons
8	Wall paints (oil, marine paint, water) @20ltr	900	Tins

Reinforcement:

9	8mm Bar	75	Tons
10	10mm Bar	70	Tons
11	12mm Bar	120	Tons
12	16mm Bar	55	Tons
13	20mm Bar	35	Tons

Roofing Tiles:

14	Harvey tiles Ex South Africa	3,500	Pcs
15	WC Toilets	23	No.
16	Shower trays	16	No.
17	Shower mixer	30	No.
18	Washing sink	15	No.
19	Water heater tanks	10	No. Qty
20	Hand driers	23	No.
21	Urinals	16	Pcs too much
22	Modern water tap	45	Pcs
23	Soap dishes/containers	23	Pcs
24	Manhole covers	15	Pcs
25	Curtains (3.4m x 2.5m)	400	m
26	Air Conditioners 1.8 btu Split Unit/Window type	25	Pcs
27	Simtank 10,000 ltr	10	Pcs

FURNITURES

1	Television/video - 21"	5	Pcs
2	Television Giant Screen	2	Pcs
3	Small refrigerators	5	Pcs
4	Radio piped music	2	Pcs
5	Sofa set - 2 pcs	4	Pcs
6	Coffee table	8	Pcs
7	Telephone head set	6	Pcs
8	Dressing stool	5	Pcs
9	Satelite dish 16 ft c/w fitting, Decorders	4+5	Pcs

Conference Rooms

1	Conference chairs	25	Pcs
2	Conference tables	5	Pcs
3	Television/video 21"	2	Pcs
4	Overhead projectors	2	Pcs
5	Public address system	4	Set
6	Multi language translating equipment	4	Set
7	Beepers	8	Set



**PROPOSED PRINTING UNIT FOR YUKOS ENTERPRISES (EA) LIMITED
TO BE BUILT ON PLOT NO.23, KILUVYA 'A' IN KIBAHA DISTRICT -
COAST REGION**

**LIST OF BUILDING MATERIALS, FURNITURE EQUIPMENTS,
MACHINERY AND MOTOR VEHICLES**

Offices

1	Filing cabinet	20	Pcs
2	Safe	5	Pcs
3	Tables c/w chairs	46	Pcs

Reception

1	Reception Station	2	Pcs
2	Telephone billing machine	4	Pcs
3	Telephone multiplexer	2	Pcs
4	Visitors chairs	10	Pcs

EQUIPMENT AND UTENSILS

Factory canteen

1	Bottle coolers	8	Pcs
2	Ice maker	2	Pcs
3	Juice Dispenser	4	Pcs
4	Insectocolor	2	Pcs
5	Dinning table	50	Pcs
6	Dinning chairs	150	Pcs
7	Tea coffee ums	6	Pcs
8	Chaffin dishes	20	
9	Coffee/tea pots	100	Sets
10	Music system	2	
11	Flamee trolleys	6	Pcs
12	Sweet cheese trolley	6	Pcs
13	Ice bucket	16	
14	Deep freezer	3	Pcs

Cutlery/Crockery/Glass

1	Plates (soup, rice, side etc) @ 2000 pcs		
2	Table spoon, knives, forks etc @ 2000 pcs	500	
3	Tea cups`	500	Pcs
4	Tea spoons	500	Pcs
5	Salt/paper shakers	200	Pcs
6	Glasses (brand, wine, whisky, tumblers, champagne, etc) @ 1000pcs	Various	
7	Serving trays	56	Pcs
8	Butter dishes	34	Pcs

Food Store

1	Chest freezer	4	Pcs
2	Cold rooms	2	Pcs
3	Trolleys with gastronomes	4	Pcs
4	Weighing machine (Heavy duty)	2	Pcs
5	Upright freezers (meat, fish, chicken etc)	5	Pcs
6	Meat mincers	2	Pcs

Kitchen

1	Hot plate cabinet	4	Pcs
2	Electric cookers	4	Pcs
3	Dish washing machine	4	Pcs
4	Baking machine	4	Pcs
5	Potato peeler	4	Pcs
6	Microwave	4	Pcs



**PROPOSED PRINTING UNIT FOR YUKOS ENTERPRISES (EA) LIMITED
TO BE BUILT ON PLOT NO.23, KILUVYA 'A' IN KIBAHA DISTRICT -
COAST REGION**

**LIST OF BUILDING MATERIALS, FURNITURE EQUIPMENTS,
MACHINERY AND MOTOR VEHICLES**

7	Trolleys	4	Pcs
8	Frying pans flat bottom	4	Sets
9	Ovens	4	Pcs
10	Gas cookers	5	Pcs
11	Cutting boards	20	Pcs
12	Display warmer table top	5	Sets
13	Tea and coffee servers	10	Pcs

Workshop

1	Digit Multi Meter	5	Pcs
2	Welding machine	3	Sets
3	Hexagon Wrenches (Allen keys)	4	Sets
4	Portable copper tube blender	2	Pcs
5	Angle grinder machine	5	Pcs
6	Electrical gadget (Socket, tube lights, conduit, plugs, fittings bulbs, PVC wire)	Various	
7	Spanners	10	Sets
8	Betry charger machine	5	Pcs
9	Compressor	5	Pcs
10	Heavy duty jack	4	Pcs
11	Vice	2	Pcs
12	Car washing machines	3	Sets
13	Tyre changer machines	5	Pcs
14	Wheel alignment machines	5	Pcs

Factory machines and Equipments

1	Computers (i mac)	5	Pcs
2	Laser Printer A3	5	Pcs
3	Image setter	2	Pcs
4	Plate maker	2	Pcs
5	C T P	2	Pcs
6	Color laser A3	5	Pcs
7	Projector	8	Pcs
8	Projector white board	8	Pcs
9	Scanner heavy duty	2	Pcs
10	Plate processor	2	Pcs
	offsetting printing		
1	1 colour A4	4	Pcs
2	1 colour A3	4	Pcs
3	1 colour A2	2	Pcs
4	1 colour A1	2	Pcs
5	2 colour A2	3	Pcs
6	4 colour A2	2	Pcs
7	Webb offset	2	Pcs
8	Digital printing machine	2	Pcs
9	Flexor graph machine	2	Pcs
	Post press		
1	Folding	2	Pcs
2	Stitching monotype	2	Pcs
3	Gang stitches	2	Pcs
4	Guillotine	4	Pcs
5	Perfect binding (hot/cold glue)	2	Pcs
6	Lamination machine	2	Pcs
7	Paper counting machine	10	Pcs
8	Jogger	4	Pcs



**PROPOSED PRINTING UNIT FOR YUKOS ENTERPRISES (EA) LIMITED
TO BE BUILT ON PLOT NO.23, KILUVYA 'A' IN KIBAHA DISTRICT -
COAST REGION**

**LIST OF BUILDING MATERIALS, FURNITURE EQUIPMENTS,
MACHINERY AND MOTOR VEHICLES**

9	Perforating machine		
10	Numbering machine	4	Pcs
11	Three knife trimmer	2	Pcs
12	Die - cutting machine	2	Pcs
13	Parking machine	2	Pcs
14	Paper punching machine	4	Pcs
15	Collating	2	Pcs

Other machinery / accessories

1	Hologram and hot foil printer		
2	Metal Engraving	2	Pcs
3	Pallet Jack	2	Pcs
4	Pallet jack self propelled	2	Pcs
5	Folk lift 5ton	8	Pcs
6	Folk lift 2ton	4	Pcs
7	Sheeting machine	2	Pcs
8	Network and Intercom	2	Pcs
9	Server	1	set
10	Back up power system (UPS)	2	Pcs
11	Standby generator	3	Pcs
12	Fax machines	2	Pcs
		④	Pcs

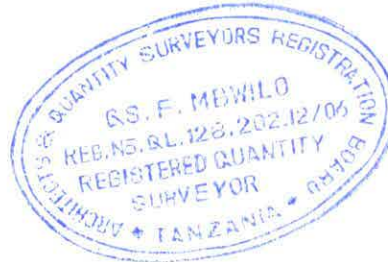
MOTOR VEHICLES/MACHINERY

1	Saloon Cars		
2	Four Wheel Drives	4	Units
3	Station Wagon	5	Units
4	Mini Buses - Coaster	3	Units
5	Mini Buses - Hiace	5	Units
6	Pick Ups Single Cabin	⑤	Units
7	Pick Ups Double Cabin	3	Units
11	Land Cruiser Hard Top	5	Units
12	Trucks	2	Units
13	Light Trucks	⑤	Units
16	Motor Bicycles	⑤	Units
17	Generators	10	Units
18	Radio calls hand set	2	Units
19	Radio Base Station	15	Units
20	GPS Systems (installation in every car)	2	Units
21	Security Systems (CCTC)	20	Units
22	Fire Fighting Equipments (for each car)	10	Sets
24	Laptops for GPS Systems	50	Sets
25	Fax machines	③①	Pcs
26	Alarm System - for cars	5	Pcs
31	Satelite Dishes	150	Pcs
32	Water Pumps	7	Sets
		50	Pcs



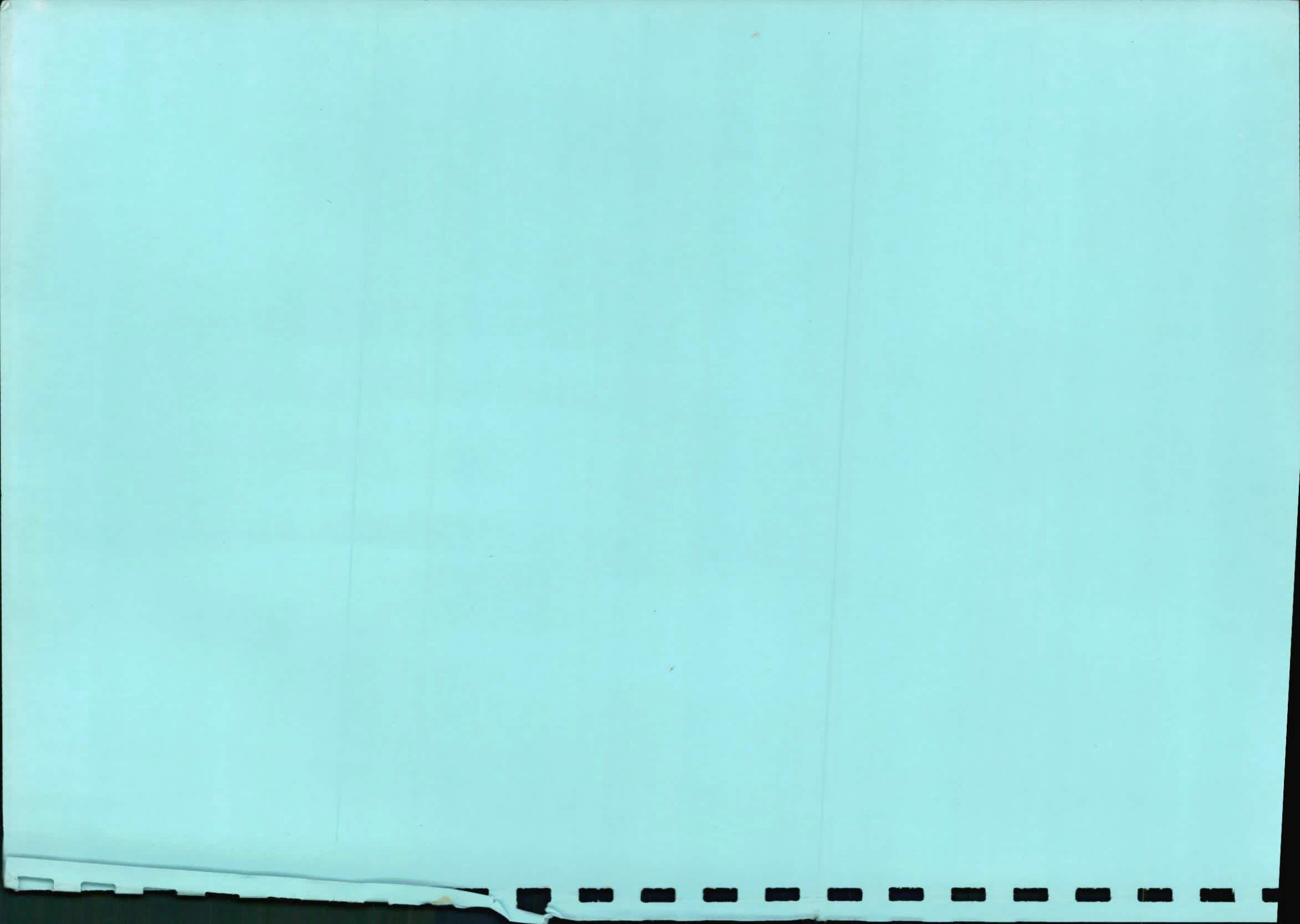
DECLARATION

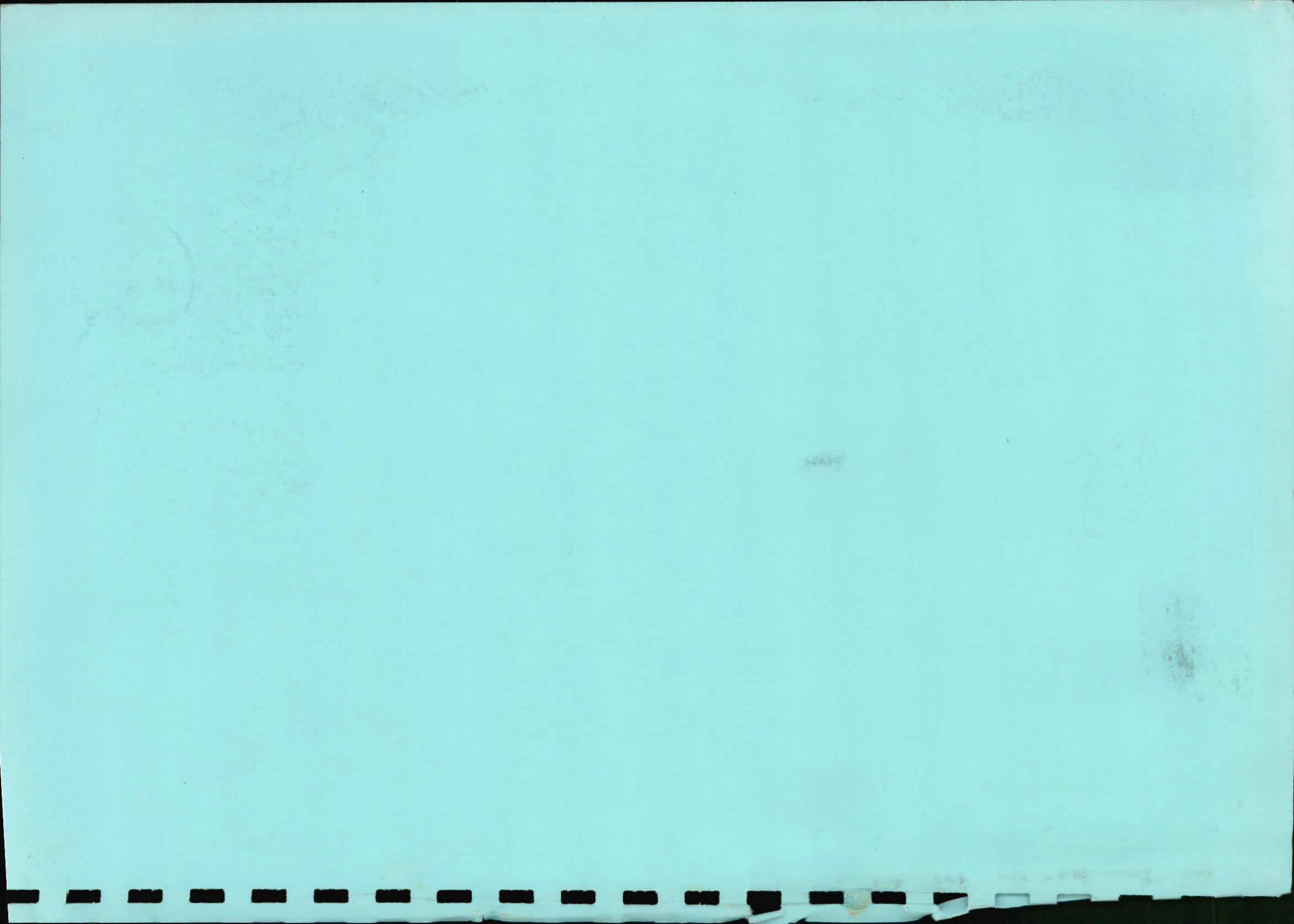
I QS MBWILO FURAHINI declare that the list of materials in this bill to be correctly extracted from the Architectural and Engineering drawings for the proposed Construction of **PRINTING FACTORY FOR YUKOS ENTERPRISES (EA) LTD TO BE BUILT ON PLOT NO.23, KILUVYA 'A' IN KIBAHA DISTRICT – COAST REGION** as capital goods for the project.



Signature.....

G.S.F. MBWILO







No. 00215302

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041628

This is to certify that

YUKOS ENTERPRISES (EA) LIMITED

of address P.O. BOX 8440

DAR ES SALAAM

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

YUKOS ENTERPRISES (EA) LIMITED

Which is located at PLOT NO. 23 KILUVYA "A", KISARAWA

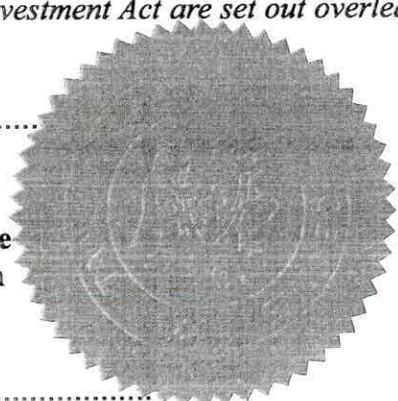
COAST REGION

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 22nd JANUARY 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 (%)
Magira Magoma	Tanzanian	80
Magoma Magira	Tanzanian	20
.....
.....

2. Proposed Activities: To establish a modern printing plant

3. Sector: Manufacturing Subsector: Printing

4. Investment cost: Foreign - Local USD 1.683m. Total USD 1.683m.

5. Project Financing:
Equity: USD 0.984m. Loans: USD 0.700m. Total: USD 1.683m.

6. Source, terms and conditions of loan:

7. Assets to be invested:

Capital items:	Foreign	Local	Total
.....	<u>-</u>	<u>USD 1.683m.</u>	<u>USD 1.683m.</u>

8. Technology Agreement: None

9. Date of TIC Registration: 15th January 2009

10. Implementation period: January 2009 - December 2011

11. Operative date: January 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: None

Signed 
Executive Director

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LEASE AGREEMENT

THIS AGREEMENT is made this 15th day of January 2009 between MAGIRA MAGOMA of P.O Box 8440 Dar es Salaam (hereinafter referred to as the Lesser) of the one part.

AND

YUKOS ENTERPRESES EAST AFRICA LIMITED of P.O BOX 8440 Dar es salaam (hereinafter referred to as the lessee) of the other part.



WHEREAS the lesser is the lawful registered owner of all that land known as Plot no. 23 Kiluvya "A" Title No 78182

AND

WHEREAS the lessor is desirous of leasing the said premises to the lessee and the latter is able and willing to take the lease upon the terms and conditions here in after appearing but free from any encumbrances.

NOW THIS AGREEMENT WITNESSETH as follows:-

1. The lessor hereby lease and the lessee take the lease of one part of the demised premises at a monthly rent of Tshs 200,000/= payable in a single lump sum at the commencement of the lease subject for review after every 3 years.
2. That the lessee shall built premises where it's printing machines and its accessories shall be kept and printing business carried out.
3. That construction cost shall be borne by the lessee and upon expiry of the lease term herein created all fixtures shall be property of the lessor except movable which may be taken by the lessor.
4. The LESSE hereby covenant with lessor as follows:-
 - a) To pay rent timely and in the manner agreed without fail.
 - b) To pay all electricity, water and telephone bills during the lease period
 - c) To use the demised premises for the aforesaid purposes only.
 - d) To keep the premise in good clean and tenantable state the demised premise during the lease period.
 - e) Not to lease sublet, assign or part with possession of the leased premises without written consent from the lessor.

- f) To allow the lessor to visit and inspect the leased premises provided a reasonable notice is given.
- g) Not to damage, injure or destroy the demised premises.
- h) To yield vacant possession peaceful upon expiry of the term herein created

5. The Lessor hereby covenants with the lessee as follows:-

- a) That the lessee shall enjoy peaceful possession of the demised premises provided all covenants on her part are observed to the letter.
- b) That shall pay all land rent during the terms stated herein.

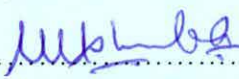


6. That both parties agree and state that:

- a) Shall endeavor to observe all terms of this agreement.
- b) That this agreement may be renewed and/ or terminated upon giving either party 3 month notice in advance.
- c) That renewal shall be subject to the terms and conditions to be agreed between the parties herein.

IN WITNESS WHEREOF the parties have signed these presents in the manner here in after appearing

SIGNED and DELEVERED by
 the said MAGIRA MAGOMA
 who is known / identified to
 me by
 The letter being known to me
 Personally this 15th day of January, 2009.

} 

Signature 
 Address 
 Qualification 



SEALED with the common seal of
YUKOS ENTERPRISES EAST
AFRICA LIMITED and DELIVERED
In our presence this 15th day
Of January, 2009

} _____

Name MAGOMA MATHIRA

Signature MAGOMA M.

Address Box 8440 DSM

Qualification DIRECTOR

Name Frank Usari Lema

Signature Lema


Address P.O. Box 22333 DSM

Qualification SECRETARY

Drawn by
Mushumba & Co. Advocate
Lide hense – Apt No. 219
Nkrumah Street
P.O. BOX 10855
DAR ES SALAAM.

TITLE NO. 78182
 REGISTERED 5-12-2007
 AT 1-00 Pm

[Signature]
 Senior Asst. Registrar of Titles



TANZANIA STAMP DUTY ACT
 Stamp Duty 100/=
 and Revenue Receipt No. 28232362
 of 25-9-2007 Land form 22
[Signature]
 Stamp Duty Officer

TANZANIA STAMP DUTY ACT
 Stamp Duty 1,840/=
 and original Receipt No. 28232362
 of 25-9-2007
[Signature]
 Stamp Duty Officer

THE UNITED REPUBLIC OF TANZANIA
 THE LAND ACT, 1999
 (NO. 4 OF 1999)

CERTIFICATE OF OCCUPANCY
 (Under section 29)

Title No: 78182
 L.O. No: 198988
 L.D. No: KSW/2292

The 23rd day of November, Two thousand and Seven.

This is to certify that MAGIRA MAGOMA MASEGESA OF P.O.BOX 8440 DAR-ES-SALAAM (Hereinafter called "the Occupier") is entitled to a right of Occupancy. (Hereinafter called "the Right") in and over the land described in the Schedule hereto. (Hereinafter called "the Land") for a term of thirty three years from the first day of July two thousand and seven according to the true intent and meaning of the Land Act and subject to the provisions there of and to regulations made there under and to any enactment in substitution therefore or amendment thereof and to the following special conditions:-

1. The occupier having paid rent up to the thirtieth day of June 2008 Shall thereafter pay rent of shillings thirty six thousands and five hundred (Tshs.36,500/=) A year in advance on the first day of July in every year of the term without any deduction PROVIDED that the rent may be revised by the Commissioner for Lands.
2. The Occupier shall:
 - i. Be responsible for the protection of all beacons of the land throughout the term of the right missing beacons will have to be re-established at any time at the occupiers expenses as assessed by the Director responsible for survey and mapping.

GRACE GODFREY MALEKANO
 Advocate, Notary Public &
 Commissioner for Oaths
 P. O. Box 13108
 DAR ES SALAAM

Certified as a true copy of original

Land Form 23A

TANZANIA

THE LAND ACT 1999

(NO.4 OF 1999)

CERTIFICATE OF OCCUPANCY

(Under Section 29)

Date of Issue:

Title Number: 78182

Land Office Number: 198983

Land: PLOT NO. 23 AT KILUVYA "A"
KISARAWA DISTRICT

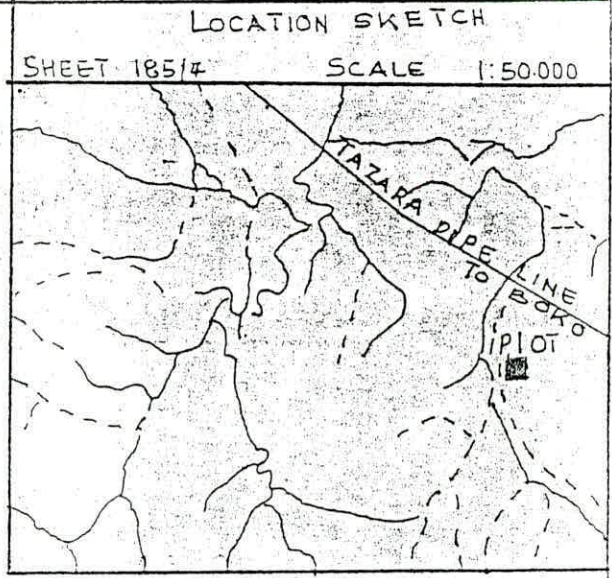
ABMART

Term: THIRTY THREE YEARS.

KISARAWA DISTRICT

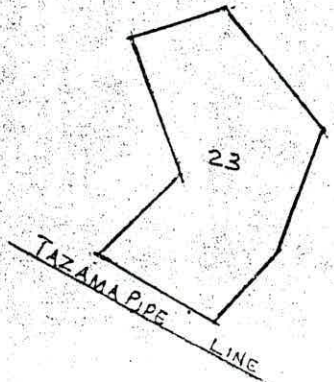
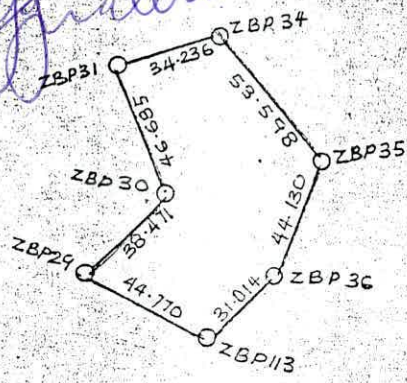


LOCATION..... KILUVYA 'A'
 BLOCK.....
 PLOT No..... 23
 L.O. No..... 198988
 AREA..... 4560 SQ FT. SQM



GRACE GODFREY MAEBKANO
 Advocate, Notary Public &
 Commissioner for Oaths
 P. O. Box 13108
 DAR ES SALAAM

Cutted as a true copy
 of original
 gazettes



so made, prepared in accordance with Memorandum No. 45785
 approved for purposes of the Land Use Act, 1967
 Director of Surveys and Mapping..... *Thamias* 15.11.07
 Ministry of Lands, Housing and Urban Development, Dar es Salaam

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

4. (i) The occupier shall not subdivide the land or assign, sublet or other wise dispose of or deal with the whole or any part of it or of any building on it without the precious written consent of the Commissioner.
- (ii) Occupation or use of the whole or any part of the land or building on it by any person other than the Occupier or his employees agents contractors or members of the household shall be deemed a dealing with the land or buildings.
- 5 The occupier shall deliver to the commissioner notification of disposition in prescribed form before or at the time the disposition is carried out together with the payments of all premier, taxes and dues prescribed in connection with that disposition.
- 6 The President may revoke the right for good cause and in public interest.

SCHEDULE

All that Land known as *plot No. 23 At Kiluvya ^(A) B Kisarawe, Kisarawe District* containing *four thousand five hundred and sixty (4560) square meters* shown for identification only edged red on the plan attached to the certificate and defined on the registered survey plan numbered 45785 deposited at the office of the Director for Surveys and Mapping at Dar es Salaam. ABUJARI

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


COMMISSIONER FOR LANDS

I, the within-named **MAGIRA MAGOMA MASEGESA** hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SIGNED and DELIVERED by the said.)
MAGIRA MAGOMA MASEGESA) *M. Magoma*

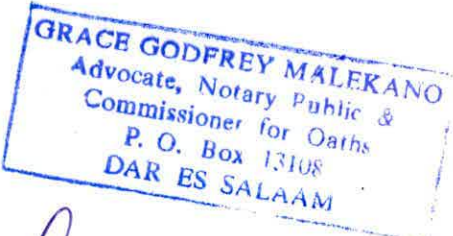
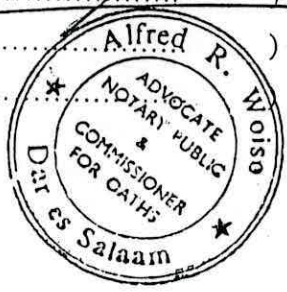
Who is known to me personally/identified)
to me by *Atloyce Mrema* the latter being) X

known to me personally in my presence)
this *19th* day of *November* 2007)

Witness's
Signature *[Signature]*)

Postal address)

Qualification)



*Copied as a true copy
of original
granted*

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

TFN. 614 (Rev. 8.94)

NIMBA KWA
 Received from

hsv CONSULTANTS LTD.

31916820 1

KIASI
 Amount

2001-090221

Shs.					Cts.
6	4	00	00	00	00

JUMLA YA SHILINGI (Kwa maneno)
 The sum of Shillings (Words)

Six thousand four hundred only

KWA MALIPO YA
 In Respect of

VAL APPROVED ON PLOT No. 23

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

Cash

KITUO - Station

KILUVYA 'A' AREA
 KISARAWA DISTRICT

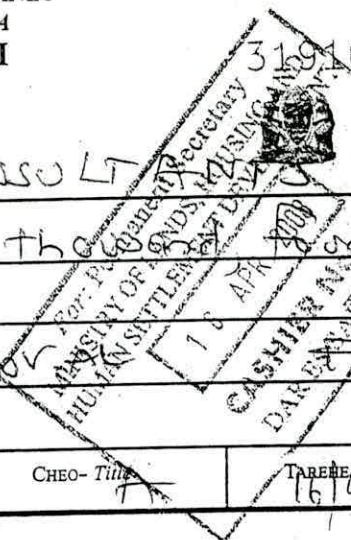
SAHIHI YA MPOKEAJI - Receiving Officer's
 Signature.

[Signature]

CHEO - Title

TAREHE - Date

16/4/01



AFFIDAVIT

MAGIRA MAGOMA, adult, Christian of P.o Box. 8440 Dar es Salaam do hereby MAKE OATH and state as follows:-


1. That I am one of the Directors of YUKOS ENTERPRISES EAST AFRICA LIMITED.
2. THAT I also own a landed property properly known as plot No. 23 Kiluvya "A".
3. THAT the said YUKOS ENTERPRISES EAST AFRICA LIMITED is dealing In printing industry and has imported various printing machines and its accessories from abroad for the said purposes.
4. THAT the said machines and its accessories shall be put and installed in my Property on where the said printing business shall be carried out.
5. THAT the said YUKOS ENTERPRISES EAST AFRICA limited have taken my property on lease basis for a term of 15 years with an option for renewal.
6. THAT I have leased the said property on my own free will without any duress Or undue influences from any person howsoever.

All what is stated above is true to the best of my own knowledge.
Best of my own knowledge

SWORN at Dar es Salaam
By the said MAGIRA
MAGOMA who is known
To me personally this
17th day of January, 2009.

} _____


Before me

Name GEORGE KATO MUSHUMBA
 Signature 
 Address Box 10855 Dsm
 Qualification ADVOCATE



TICC/PP.10/041628/2

15th January 2009

Managing Director,
Yukos Enterprises (EA) Ltd,
P.O. Box 8440,
DAR ES SALAAM.

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF A MODERN PRINTING PLANT**

We wish to acknowledge receipt of your project proposal to establish modern printing plant as presented in the TIC P.A. 1 Form No.07611 and Feasibility Study with a projected investment of USD. 1.683 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 showing the land owner is willing to let the project utilized the land)

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 collection of your Certificate of Incentives. Please arrange to make payments at your earliest convenience

.../2

TICC/PP.10/041628/2

15th January 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 and Commerce,
P.O. Box 9503,
DAR ES SALAAM

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



TIC Evaluation Report

Name of the Company
Yukos Enterprises (Ea) Ltd

Post Box	Kiluvya A	COI Number	56703	Contact	Magira Magoma Masegesa
Post Office	8440	COI Date	07/06/2006	Designation	Managing Director
Region	Dar Es Salaam	Application F. No	07611	Phone	0
Country	Tanzania	Status	Expansion new	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0784 507532
		Sub Sector	Printing	Fax	0
		File No	041628	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD										
Plot/Block	Plot no 23	<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>0.984</td> <td>0</td> <td>0.7</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0	0.984	0	0.7		
Foreign Equity	Local Equity		Foreign Loan	Local Loan								
0	0.984		0	0.7								
Street	Kiluvya A											
District	Ilala											
Region	Dar es Salaam											

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.579
Magoma Magira	Tanzania	20	Plant	0.585
Magira Magoma	Tanzania	80	Vehicles	0.295
			Furniture & Fittings	0.06
			Pre-expenses	0.025
			Others	0.014
			Working Capital	0.125
			Total	1.683

Employment	90	Evaluated By	Revocatus Arbogast
Capacity	90	Drawn By	Dorah Registry
Project Turn Over			

Description
To establish a modern printing plant

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

Decision
Approved.

AgEXD
14/01/09

YUKOS ENTERPRISES (E.A) LIMITED

P. O. BOX 8440 DAR ES SALAAM



OUR REF: YEL/TIC/VOL.012/08

Date: 22ND December 2008

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



Dear Sir,

Re: **Application for Certificate of Incentives**

We hereby submit our captioned application for Certificate of Incentives for a project of establishing a modern Printing Plant at Kiluvya, Kisarawe District-Coast Region.

As per the TIC requirements, we are pleased to enclose the following in this connection for your approval.

01. Business Plan for the said Project.
02. A certified copy of Memorandum Articles of Association.
03. A certified copy of Certificate of Incorporation.
04. Evidence of land ownership for the project
05. Evidence of financing

Any further information will be submitted immediately on demand for enabling you to approve our project.

Thanking you,

Yours faithfully,

For **YUKOS ENTERPRISES (E.A) LIMITED**

Magira Magoma Masegesa
DIRECTOR



Ilala Branch
P.O Box 25431,
Dar es Salaam

ref.: NMB/160304/CUST/G.10/01

06 January 2009

The General Manager
Tanzania Investment Centre (TIC)
P.O. Box
Dar es Salaam.

Dear Sir/Madame

RE: ACCOUNT CONFIRMATION YUKOS GENERAL SUPPLIES:

We refer to our customer letter with REF.YEL/NMB.VOL.012/08 dated 22nd December 2008 on the above subject. The above named customer holder of account number 2036600014 maintains a Business account in our books since 23.01.2004.

For the period the account maintained by us it has been operated normally to our entire satisfaction. In this regard we recommend them for the consideration for any assistance they may require from you.

Yours truly,
NATIONAL MICROFINANCE BANK PLC



Catherine H. Ringo
Branch Manager

TANZANIA
LAND REGISTRY
APPLICATION FOR OFFICIAL SEARCH

✓ To: The Registrar of Titles
WE, H & R CONSULTANTS LTD,

Title no: 78182

Hereby request to you to search the register in respect of the above and to advise us of the subsisting entries.

Shs.2000/= Search fee is enclosed

From, H & R CONSULTANTS LTD,
P. O. BOX 70703,
DAR ES SALAAM.

Date: 03.04.2008

Signature: _____

For Official use

E.R.V.NO. 31725939 of 03.04.2008

Issued Shs.2 000/=

Search No:
OFFICIAL SEARCH

Title no: 78182

The following is a summary of the subsisting entries on property:-

District: KISARAWA IN COAST REGION.

Place: KILUVYA A.

Description: L.O NO. 198988, PLOT NO.23.

Tenure: RIGHT OF OCCUPANCY

Term: 33 YEARS FROM 1ST JULY, 2007.

Rent: TSHS 36500/= PER ANNUM (SUBJECT TO REVISION)

Area: 4560 SQ M

Reservation: Terms and Conditions as contained in Right of Occupancy.

Owner: MAGIRA MAGOMA MASEGESA P.O BOX 8440, DAR ES SALAAM.

Encumbrance: NIL.

Date:  APRIL, 2008.


ASSISTANT REGISTRAR OF TITLES

YUKOS ENTERPRISES (E.A) LIMITED

RESOLUTION OF THE BOARD OF DIRECTORS OF YUKOS ENTERPRISES (E.A) LIMITED

EXTRACT FROM MINUTES OF THE BOARD OF DIRECTORS MEETING DATED 1ST
DECEMBER 2008 HELD AT THE REGISTERED OFFICE

MEMBERS PRESENT:

MAGIRA MAGOMA MASEGESA.....CHAIRMAN/DIRECTOR
MAGOMA MAGIRA.....DIRECTOR
MANGAKA MAGOMA..... BOARD MEMBER
FRANK N. LEMA.....SECRETARY TO THE BOARD

RESOLUTION

RESOLVED THAT, members resolved that the company is to make an application to Tanzania Investment Centre (TIC) for a Certificate Of Incentives and submit business plan for approval.

RESOLVED FURTHER THAT, Mr. Frank N. Lema to process and make follow-up with Tanzania Investment Centre for the above mentioned issues on behalf of the company.


.....
CHAIRMAN

.....
SECRETARY

TANZANIA



Certificate of Incorporation

Section 15

No 56703

I HEREBY CERTIFY THAT

YUKOS ENTERPRISES (E.A) LIMITED =====

is this day incorporated under the Companies Act, 2002 and that the Company is Limited.

Given under my hand at Dar es salaam

this **7TH** day of **JUNE**

TWO THOUSAND AND SIX

.....
Assistant Registrar of Companies

CTIN.: 00113214



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

YUKOS ENTERPRISES (E.A.) LIMITED.

.....


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

104-710-530

.....

with effect from 09-Jun-2006

.....


JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

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

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

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

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

1. I/We MAGIRA MAGOMA MASEGESA
(director/directors/agent of YUKOS ENTERPRISES (EA) 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 23 at
KILUYA "A", KISARAWA DISTRICT, COAST REGION

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
 - (ii) Certificate of Incorporation/Registration
 - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
 - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at PLOT 23, KILUYA "A", KISARAWA
4. The Principal Officers of the Company are (1) MAGIRA MAGOMA MASEGESA
(2) MAGOMA MAGIRA
5. Auditors of the Company are E. K. MANGESHO & COMPANY
of P.O. Box 20098, Dar es Salaam
6. The authorized share capital of the Company is Tshs./US\$ 10,000,000 =

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 1,684,035,700/=
8. The month and day of the financial year end is 31ST DECEMBER

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ 130,000= Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, MAGIRA M. MASEGESA of Post Office Number 8440, D'Salaam

do solemnly and sincerely declare that I am a director/~~duly~~ authorized agent of YUKOS ENTERPRISES (EA) 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 22ND day of DECEMBER 2008 }

[Signature]
Applicant

Before me:

[Signature]
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: YUKOS ENTERPRISES (EA) LIMITED

Certificate of Incorporation Number: 56703 Status: LIMITED BY SHARE

Certificate of Incorporation Date: 7th JUNE 2006

Post Box: 8440

Town: DAR ES SALAAM

Sector: INDUSTRY Sub-Sector: PRINTING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
—	984,035,700=	—	700,000,000=

Project Objectives: ESTABLISHMENT OF A MODERN PRINTING PLANT

Capacity: 90 (NINETY)

Employment: Foreign: 2 Local: 88 Total: 90

Implementation Period: 3 (THREE) YEARS

Project Location

Site/Plot/Block No.: 23

Street: KILUYA "A" District: KISARAWÉ Region: COAST

(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>MAGIRA MASOMA MASEGEJA</u>	<u>TANZANIAN</u>	<u>80</u>
<u>MAGOMA MAGIRA</u>	<u>TANZANIAN</u>	<u>20</u>
<u>2</u>	<u>2</u>	<u>2</u>
<u>2</u>	<u>2</u>	<u>2</u>
<u>2</u>	<u>2</u>	<u>2</u>

Investment Breakdown US\$/Tshs.M

Land/Building	579,249,000=
Plant	585,055,000=
Vehicles	295,000,000=
Furniture & Fittings	60,000,000=
Pre-expenses	25,000,000=
Others	14,000,000=
Working Capital	125,731,700=
TOTAL	1,684,035,700=

Contact Details:

Name: MAGIRA MAGOMA MASEGESA Title: MANAGING DIRECTOR

Telephone: 0784 507532 Fax:

Email:

Payments to be made payable to:

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

SKETCH MAP SHOWING PROJECT LOCATION





**PROPOSED CONSTRUCTION OF PRINTING FACTORY FOR
YUKOS ENTERPRISES (EA) LIMITED ON PLOT NO. 23,
KILUVYA 'A' IN KIBAHA DISTRICT – COAST REGION**

**LIST OF BUILDING MATERIALS, FURNITURE EQUIPMENTS,
MACHINERY AND VEHICLES**

FIRST SUBMISSION.

PREPARED BY:

**QS Furahini Mbwilo
P.O.BOX 13708
Tel: 2774300
Dar es Salaam**

February, 2009



THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

YUKOS ENTERPRISES (E.A) LIMITED

Incorporated this day of.....2006

Drawn by:

Magira Magoma
(Subscriber)
P. O. Box 8440
DAR ES SALAAM

7

THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

YUKOS ENTERPRISES (E.A) LIMITED

Incorporated this day of.....2006

Drawn by:

Magira Magoma
(Subscriber)
P. O. Box 8440
DAR ES SALAAM

THE UNITED REPUBLIC OF TANZANIA



Certificate of Incorporation

No.

I hereby certify that

YUKOS ENTERPRISES (E.A) LIMITED

Is this day incorporated under the Companies Act 2002, and that the Company is Limited

Given under my hand at Dar es Salaam this.....day
of.....Two thousand and six.

Seal

Registrar of Companies

THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

YUKOS ENTERPRISES (E.A) LIMITED

1. The name of the company "YUKOS ENTERPRISES (E.A) LIMITED
2. The Registered office of the Company will be situated in Tanzania.
3. The objects for which the Company is established are:-
 - (a) To carry on all or any business of printing, publishing, distributing and selling of business, management, industrial, scientific, academic, communications, financial, agricultural, social and environmental information technology periodicals, brochures and books and any other reading materials.
 - (b) To carry on all or any of the stationers, printers, lithographers, stereotypes, electrotypes, engravers, photographers, printers, photolithographic, typesetting machine operators, die sinkers, envelope makers, book binders, account book manufacturers, machine, rulers, numerical printers, paper makers, paper baffles and account book makers, box makers, cardboard manufactures, type of founders, photographers, manufacturers, manufacturers of and dealers in playing, visiting, railways, festivals invitation complimentary and fancy cards and valentine, dealers in parchment stamp, agents for payment of stamps and other duties, advertising agents, designers, screen printing T.shirts, stickers, draftsman, manufacture of sellers, publishers and dealers in materials used in the manufacture of paper, cabinet makers, file rack makers and dealers in or manufacturers of any other articles or things of a character similar of analogous to the foregoing or any of them or connected therewith and to deal in the manufacture of and sell by wholesale or retail of school chalks and secretarial services.
 - (c) To carry on the business of publishers, editors, distributors, proprietors, importers, exporters and sellers of books, periodicals, magazines, newspapers, journals, programmes, publications and other literacy and artistic works of every kind, press agents, news agents, journalists and advertising, designs, publicity and literary agents.
 - (d) To engage in promotion, advertising, marketing, consultancy, telecommunication equipment and contractual jobs regarding cellular operations, services and surveys, professional publishers, producers of newspapers, bulletions, journals, periodicals, magazines, programmer, advertisements, to be promoters and financiers of publicity and/or publications, newsagents, to offer and or render communication services, transportation facilities, telephones, telex, telefax, audio visual films, to be news collectors, editors, disseminators, television, radio broadcasting, buyers, sellers, importers, distributors, suppliers of all kinds of photographic equipments, story books and or booklets, pictorial albums, to be consultants, promoters, financiers and participants in either industrial commercial projects both nationally and internationally.
 - (e) To carry on all or any business of providing local and international communication through computerised information.

TANZANIA
Stamp Duty Paid
Stamp Duty Office
ORIGINAL
26/08/2002
Receipt No. 2/6/02

TANZANIA
Stamp Duty Paid
Stamp Duty Office
Receipt No. 2/6/02
Asst Registrar of Companies

- (f) To carry on the business of dealing in marketing, manufacturing, importing, exporting, stocking, buying, selling whether by wholesale or retail of various categories of goods and merchandise, and to act as commission agents and manufacturers, representatives in all fields. To establish business enterprises whether small scale, industries and generally deal in all kinds of general merchants and to import, export and all either by merchandise and articles of all description.
- (g) To carry on the business as general suppliers of all sorts and types of goods and services to individuals, offices, industries, shops, schools, factories, hospitals, army, military, ministries and all other government offices, universities and all other places where the services of a supplier are needed.
- (h) To carry on the business of marketing, services, consultancy and selling of all types of information technologies, computer systems, conference systems, telecommunication systems, security systems, public address systems, data communication and to train, research, install and after sale services of electronic systems, voice and data networks and any other systems or components which the company may think fit, necessary or incidental to this business.
- (i) To carry on the business of mechanical engineering, electrical engineering, electronic telecommunication engineering, to design, manufacture, assemble, repair any electrical and electronic apparatus, component or system, to act as manufactures' representatives, commission agents, merchants or brokers and to import, export, hire, sell, purchase or otherwise dealing in all kinds of mechanical, electrical and electronic systems.
- (j) To carry on the business of transportation, cargo and travel agents, commission agents, customs agents, insurance agents, tourist agents, manufacturers representatives, clearing and forwarding agents, road contractors, cargo superintendents, packers, machinery haulage specialists, warehousemen, engineers, electricians, motor cars, cabs, omnibus, lorries, oil tank and coach proprietors and transporters by any other means of conveyance of people and goods in Tanzania and the neighbouring countries and in such other place or places as may from time to time determined by the Company.
- (k) To carry on the business of establishing and running supermarkets, department stores, shopping malls, provision stores, groceries and shops of all kinds and description and generally to deal with such activities.
- (l) To carry on the business of general merchants, general storekeepers, importers, exporters, and wholesale and/or retail traders of or otherwise dealers of and in piece goods, hardware, glassware, crockery, cutlery, hosiery, enamelware, ironmongery, machinery, turners, spare parts of every description and other household fittings, and requirements and other articles and commodities of personal, household use and consumption provisions, groceries, medicines, drugs, wines spirits, liquors, surgical, optical, photographic and other instruments apparatus stationery and material and generally in all manufactured goods of all types, and merchandise of all kinds.
- (m) To carry on the business of household, domestic appliance and electrical goods, audio visual goods, electronic items, building material, hardwares, foodstuff, agricultural products

and merchandise of every nature, kind and description whatsoever as a dealer, wholesaler, retailer, distributor, importer, exporter and after sales service and repairing.

- (n) To carry on the business of wholesalers, retailers, general traders, suppliers, merchants, importers, exporters, stockists and dealers in all types of clothes, textile materials, tie and dye, boutique, shoes, caps, bags, selling second hand clothing, dresses of types and description whatsoever.
- (o) To carry on the business as importers, exporters, general suppliers, traders, merchants, stockists, wholesalers, retailers and dealers in all types of electrical goods, hardware, building materials, timber, fishing gears, groceries, computers, office equipments, stationeries, cooking oils, salts, foodstuffs, cosmetics, oils, spare parts and maintenance, tyres, tubes, tools and accessories for all types of automotive, motor vehicles, agricultural machinery, implements, equipment, all kinds of industrial projects machinery and equipment, paints, spirits sheets, hinges, screws, iron mongery, textiles piece goods, all types of leather goods, shoes, bags and other similar goods.
- (p) To act as investment company, holding company, finance company and to deal in all types of investment whatsoever. To hold and own shares, land, buildings, shopping malls, residential houses, commercial buildings, invest in securities, bond share, debentures, options, warrants, convertible stock, promissory notes, bills of exchange, loans, bills, shipping documents, ships, aircraft, self propelling vehicles and all types of property whatsoever.
- (q) To carry on the business of general carriers and traders of goods, mails, passengers, cattle, and public or private conveyors by land, water or air, haulers, haulage contractors, railway, shipping and forwarding agents, truckers, warehousemen, wharfingers, vehicles, lorry proprietors, bonded Carmen, common Carmen and agents, for transport of every description.
- (r) To carry on the business of importers, exporters, buying selling, dealers in building materials, hardware, sanitary-ware, wall papers, roofing tiles, flooring tiles, supplying industrial equipment's agricultural implements and equipment's spares of every description, plumbers, decorators, steel fabrication, machine shop, nickel plating, electric plating, making steel windows, doors, frames and roof tresses.
- (s) To promote tourism in Tanzania and elsewhere in Africa, to carry on business of travel and tourist agents and tour operators, to promote facilitate traveling to organise hunting, tented-camps, fishing and diving expeditions, safari promoters and undertakers generally and in particular to arrange and manager hunting safaris, photo safaris adventure tours, fishing trips, handling of game trophies and animal skins, catching, harbouring, transporting, wildlife and marine products of all kind.
- (t) To carry on the business of real estate agents, property managers, and realty administrators of buildings, services of letting or valuation, builders, contractors for construction works, renovation, decoration and demolition and to purchase otherwise acquire land for houses, offices, workshops and building premises.
- (u) To carry on the business of miners and mining in all their branches and for the said purpose to peg, purchase, take on lease, or exchange or otherwise acquire concessions,

grants, easements, options, claims, properties, cassettes- and effects supposed to contain minerals, diamonds, or other precious stones, and any interest therein, and to explore, mine, work, excise develop and turn to account mines and mining rights and any undertaking connected therewith.

- (v) To purchase, take on lease and otherwise acquire for investment or resale any estate, land, buildings, easements and other rights and interests in immovable property or any tenure in Tanzania and elsewhere and to sell let or lease exchange or otherwise dispose of or grant rights over any immovable property, belong to the company.
- (w) To purchase, take or lease or in exchange, hire or otherwise acquire and hold any state or interest in any lands buildings, casements, rights, licenses secret processes, machinery, plants, stock, in trade and real or personal property of any kind.
- (x) To accept payment for any property or rights sold or otherwise disposed or dealt with by the company either in cash, by installment or otherwise or in fully or partly paid up shares of the company or corporation, with or without deferred or preferred or guaranteed rights.
- (y) To carry any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on by the Company in connection with the above business or the general business of the company.
- (z) To act as agents for the sale and purchase of any stocks shares or securities or for any other monetary or mercantile transactions.
- (aa) To act as executors and trustees of wills and settlements made by customers and others and undertake and execute trusts of all kinds.
- (bb) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others and either or though agents, sub-contractors, trustees and otherwise.
- (cc) To remunerate any person, firm or company rendering services to this company, whether by cash payments or by allotment to him or them of shares or securities of the Company credited and paid in full or in part, otherwise.
- (dd) To accept for safe custody and keep for customers of the company all kinds of securities valuables and things.
- (ee) To lend money on any terms that may thought fit, and particularly to customers or other person or corporations having dealing with societies and to give any guarantees that may be expedient..
- (ff) To advance money to shareholders in the company, and other to the purpose of enabling the person borrowing the same erect or purchase, or enlarge or repair any house or building or to purchase the fee simple or any less estate or interest in, or to take a demise for any term or terms of years of any freehold or leasehold property upon such terms and conditions as the company may think fit.

- (gg) To invest and deal with the moneys of the Company not immediately required, upon such securities and in such manner as may from time to time be determined.
- (hh) To distribute among the members in pieces any property of the company, or any proceeds of sale or disposal of any property of the company.
- (ii) To draw, make, accept, endorse, discount execute and issue promissory notes, bills of lading, warrants, debentures and negotiable or transferable instruments.
- (jj) To act as agents or brokers, and as trustees for any person firm or company, and to undertake and perform sub-contracts and also to act in any other business of the company through or by means of agents, brokers, sub-contractors or others.
- (kk) To obtain any provisional order, ordinance or act of Parliament for enabling the Company to carry any of its objects into effect, or for affecting any modification of the Company's constitution, or any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the company's interest.
- (ll) To take or otherwise and hold shares in any other company having objects altogether or in part similar to this company, or carrying on any business capable of being conducted so as directly or indirectly to benefit the company.
- (mm) To transact or carry on all kinds of Agency business and in particular in relation to the investment of money, the sale of property, and the collection and receipt of money.
- (nn) To do all other things as may be deemed incidental or conducive to the attainment of the objects or any of them.

And it is hereby declared that:-

The word "company" in this clause, except where used in reference to this Company, shall be deemed to include any partnership or other body of persons, whether corporate or incorporate, and whether domiciled in the United Republic of Tanzania or elsewhere.


The object specified in each of the paragraphs of the paragraph of this clause shall be regarded as independent objects, and accordingly shall in no way be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph of the name of the Company but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraph define the objects of the separate and distinct compound.

That the meaning of any general word or words in any paragraph of this clause shall not be restricted by being construed ejusdem generis with any particular word or words in the same paragraph.

4. The Liability of the Members is Limited.
5. The capital of the Company is Shillings 10,000,000/= divided into 1,000 shares of Shillings 10,000/= each.

The Company shall have powers to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company.

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

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
MAGIRA MAGOMA P. O. BOX 8440 DAR ES SALAAM	80	
MAGOMA MAGIRA P. O. BOX 8440 DAR ES SALAAM	20	M Magira

Dated at DSM this 7TH day of JUNE 2006.

Witness to the above signatures

Name :

SAMSON RUSSUMO

Signature :



Postal Address :

P.O. BOX 46012 DSM

Qualification :

ADVOCATE



THE COMPANIES ACT

(ACT NO. 12 OF 2002)

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION TO A COMPANY PRECEDING

MEMORANDUM OF ASSOCIATION

OF

YUKOS ENTERPRISES (E.A) LIMITED

INTERPRETATION

TANZANIA

Stamp Duty Shs. 5000/-

PAID ON ORIGINAL

Receipt No. 26243202

Stamp Duty Shs. 5000/-

Stamp Duty Shs. 5000/-

Stamp Duty Shs. 5000/-

Stamp Duty Shs. 5000/-

20/10/2006
26243202
Stamp Duty Shs. 5000/-

1. In these articles:-

"the Act" means the Companies Act;

"the articles" means the articles of the company;

"clear days" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"the seal" means any person appointed to perform the duties of the secretary of the company;

"Secretary" shall mean any person appointed to perform the duties of Secretary of the Company;

Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photograph, and other modes of representing or reproducing words in a visible form.

Unless the context otherwise requires, words or expressions contained in these articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these articles become binding on the company.

MEMBERS

2. The number of members with which the company proposes to be registered is two but the directors may from time to time register an increase of members.
3. The subscribers to the memorandum of association and such other persons as the directors shall admit to membership shall be members of the company.

GENERAL MEETINGS

4. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next.

Provided that so long as the company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place, as the directors shall appoint.

5. All general meetings other than annual general meetings shall be called extraordinary general meetings.
6. The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or in default, may be convened by such requisitionists, as provided by section 133 of the Act. If at any time there are not within the Tanzania sufficient directors capable of acting to form a quorum, any director or any two members of the company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meeting may be convened by the directors.

NOTICE OF GENERAL MEETINGS

7. Every general meeting shall be called by twenty-one clear days' notice in writing at the least. The notice shall specify the place, the day and hour of meeting and, in case of special business, the general nature of that business:

Provided that a meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this article be deemed to have been duly called if it so agreed:-

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representation not less than ninety – five percent of the total voting rights at that meeting of all the members.
8. Subject to the provisions of the articles, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors. The accidental omission to give notice of a meeting to, or the non receipt to notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

9. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.
10. 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; two persons, entitled to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorized representative of a corporation, shall be a quorum.
11. If within half an hour from the time appointed for the meeting quorum is not present, or if during the course of a meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the directors may determine.
12. The Chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the general meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for the holding of the meeting and willing to act, the directors present shall elect one of their number to be chairman of the meeting and, if there is only one director and willing to act, he shall be chairman.
13. If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be a chairman of the meeting.
14. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days notice of the adjourned meeting shall be given specifying the time and place of the meeting and the general nature of the business to be transacted. 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.
15. 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 demand:-
 - (a) by the chairman; or
 - (b) by at least (three) members present in person or by proxy; or
 - (c) by any member or members present in person or by proxy and representing not less than one – tenth of the total voting rights of all the members having the right to vote at the meeting.

Unless a poll be so demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to the effect in the book containing the minutes of proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may, before the poll is taken, be withdrawn

16. Except as provided in article 18, if a poll is duly demand it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demand.
17. In the case of an equality of votes, whether on a shoe of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.
18. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time as the chairman of the meeting directs, and any business other than upon which a poll has been demanded may be proceeded with pending the taking of the poll.
19. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall have effect as if it had been passed at a general meeting duly convened and held, and consist of several instruments in the like form each executed by or on behalf of one or more member.

VOTE OF MEMBERS

20. Every member shall have one vote.
21. A member in respect of whose estate a manager has been appointed under section 26 of the Mental Diseases Ordinance, may vote, whether on a show of hands or on a poll, by his said manager, and any such manager may, on a poll, vote by proxy.
22. No member shall be entitled to vote at any general meeting unless all moneys presently payable by him to the company have been paid.
23. On a poll votes may be given either personally or by proxy.
24. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under sea) or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the company.
25. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company or at such other place within the Territory as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting of adjourned meeting at which the per son named in the instrument proposes to vote, or, in the case of a poll, not less

than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

26. An instrument appointing a proxy shall be in the following form or a form as near hereto as circumstances admit:-

" Limited
I/We of, being a member/ members
of the above – named company, hereby appoint
, of
or failing him of, as my/our proxy to vote for
me/us on my/or behalf at the {annual or extraordinary, as the case maybe} general
meeting of the
company to be held on theday of200....., and at any
adjournment thereof.

Signed this day of,2000"

27. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:-

" Limited.

I/Weof Being a member/members of the above named
company, hereby appoint of of or failing
him of, as my/our proxy to vote for me/us on my/our behalf at
the {annual or extraordinary, as the case may be}general meeting of the company to
be held on theday of.....200....., and at any adjournment
thereof.

Signed thisday of.....200"

This form is to be used* in favour of/against the resolution. Unless otherwise instructed, the proxy will vote as he thinks fit.

*Strike out which ever is not desire"

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

29. A vote given in accordance with the terms of an instrument of proxy, or poll demanded by proxy, or by the duty authorized representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the company at its registered office (or at such other place at which the instrument of proxy was duly deposited) before the commencement of the meeting or adjourned meeting at which the proxy is used.

CORPORATIONS ACTING BY REPRESENTATION AT MEETINGS

30. 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 meeting of the company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the company.

DIRECTORS

31. The Number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum of association or a majority of them and until such determination the signatories to the Memorandum of Association shall be the first directors. Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum but shall be not less than two.
32. The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors shall also be paid all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.

BORROWING POWERS

33. The director may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking and property, 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 any third party.

POWERS AND DUTIES OF DIRECTORS

34. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the directors, who may exercise all the powers of the company, shall manage the business of the company. No alteration of the memorandum or articles and no such directions shall invalidate any prior act of the directors, which would otherwise have been valid. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
35. The directors may by power of attorney appoint any person to be the attorney or agent of the company for such purposes and on such conditions as they determine, including authority for the attorney or agent to delegate all or any of his powers.
36. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as they case may be, in such manner as the directors shall from time to time by resolution determine,

37. The directors shall cause minutes to be made in books provided for the purpose:-
- (a) of all appointments of officers made by the directors;
 - (b) of the names of the directors present at each meeting of the directors and of any committees of the directors;
 - (c) of all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors.

DISQUALIFICATION OF DIRECTORS

38. The office of director shall be vacated if the directors:-
- (a) Without the consent of the company in general meeting holds any other office of profit under the company; or
 - (b) Becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) Ceases to be a director by virtue of any provision of the Act or becomes prohibited by law from being a director; or
 - (d) Becomes of unsound mind; or
 - (e) Resigns his office by notice in writing to the company; or
 - (f) Is directly or indirectly interested in any contract with the company and fails to declare the nature of his interest in manner required by the Act.

A director shall not vote in respect of any contract in which he is interested or any matter arising thereat, and if he does so vote shall not be counted.

39. The company may by ordinary resolution appoint a person who is willing to act as director to fill a vacancy or be an additional director.
40. The directors may appoint a person who is to act to be a director, either to fill a vacancy or as an additional director, but so that the total number of directors shall not at anytime exceed the number fixed by or in accordance with these articles. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re – election.
41. The company may by ordinary resolution, of which special notice had been given in accordance with section 144 of the Act, remove any director before the expiration of his period of office notwithstanding anything in the article or any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company.
42. The company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding article. Without prejudice to the powers of the directors under article 40 the company in general meeting may appoint any person to be a director either to fill a vacancy or as an additional director.

43. Subject to the provisions of the articles, the directors may regulate their meetings as they think fit. Questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting of directors to any directors who are absent from Tanzania.
44. The quorum necessary for the transaction of the business of the directions may be fixed by the directors, and unless so fixed shall be two.
45. The continuing directors may act notwithstanding any vacancy but, if and so long as their number is reduced below the number fixed by or pursuant to the articles of the 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.
46. The directors may appoint one of their numbers to be the chairman of the board of directors and determine the period of which he is to hold office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if no such chairman is appointed, or if he is unwilling to preside, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.
47. The directors may delegate any of their powers to any committee consisting of one or more directors; any committees so formed shall in the exercise of the powers so to any such regulations, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.
48. All act done by a meeting of the directors or of a committee of directors or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director, or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and was entitled to vote.
49. A resolution in writing signed by all the directors entitled to receive notice of a meeting of the directors, or of a committee of directors, shall be as valid and effectual as if it had been passed at a meeting of the directors or {as the case may be} a committee of directors duly convened and held, and may consist of several documents in the like form each signed by one or more directors.

SECRETARY

50. The Secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

51. A provisions of the Act or these articles 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 to the same person acting both as director and as, or in place of, the secretary.

THE SEAL

52. The seal shall only be used by the authority of the directors or of a committee of the directors authorized by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.
53. The directors shall cause proper books of account to be kept with respect to:-
- (a) all sums of money received and expended by the company and the matters in respect to which the receipt and expenditure takes place;
 - (b) all sales and purchase of goods by the company; and
 - (c) the assets and liabilities of the company.

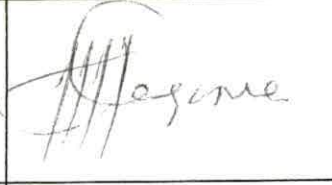
Property books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and air view of the state of the company's affairs and to explain its transactions.

54. The books of account shall be kept at the registered officer of the company, or subject to section 151 (4) of the Act, at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.
55. No number shall (as such) have right of inspecting any accounting records or other book or document of the company except as conferred by statue or authorized by the directories or by ordinary resolution of the company.
56. The directors shall from time to time in accordance with sections 153,155 and 150 of the Act, cause to be prepared and to be laid before the company in general meeting, such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those sections.
57. In accordance with section 164 of the Act, the copy of the company's annual accounts to be laid before the company in general meeting together with a copy of the directors' report and the auditors shall not less than twenty – one days before the date of the meeting be sent to every member of, and every holder of debentures of, the company. Provided that this regulation shall not require a copy of those documents to be sent to any person of whose address the company is not aware or to more than one of the joint holders of any debentures.

AUDIT


58. Auditors shall be appointed and their duties regulated in accordance with sections 170 to 179 of the Act.

59. Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of directors need not be in writing. The company may give any notice to a member either personally or by sending it by post in a prepared envelope addressed to the member at his registered address, or by leaving it at that address. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected at the expiration of seventy – two hours after the letter containing the same was posted. A member whose registered address is not within the Tanzania and who gives to the company an address within the Tanzania at which notices may be given him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the company.

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
MAGIRA MAGOMA P. O. BOX 8440 DAR ES SALAAM	80	
MAGOMA MAGIRA P. O. BOX 8440 DAR ES SALAAM	20	M Magira,

Dated at DSM this 7TH day of JUNE 2006.

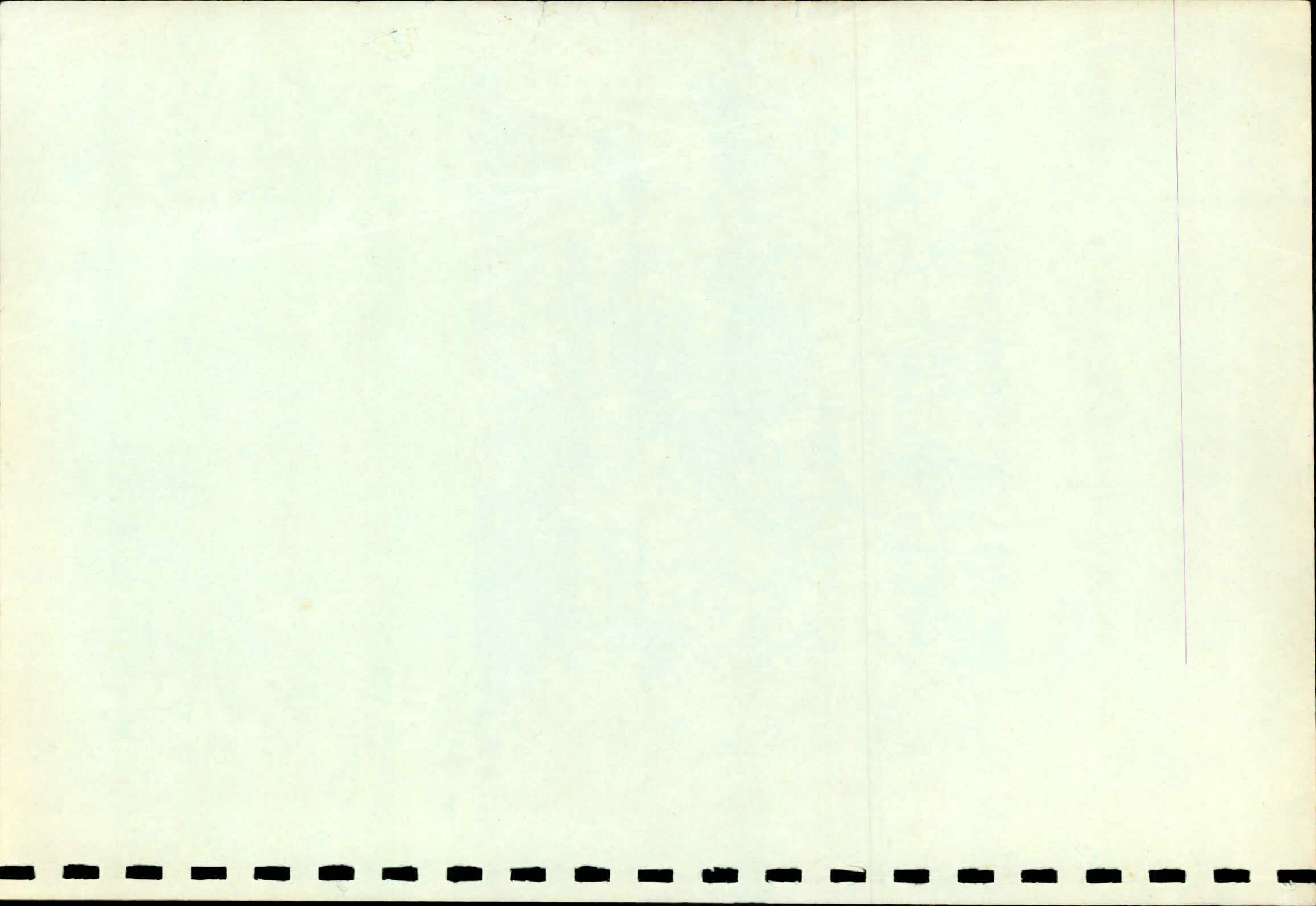
WITNESS to the above Signatures:-

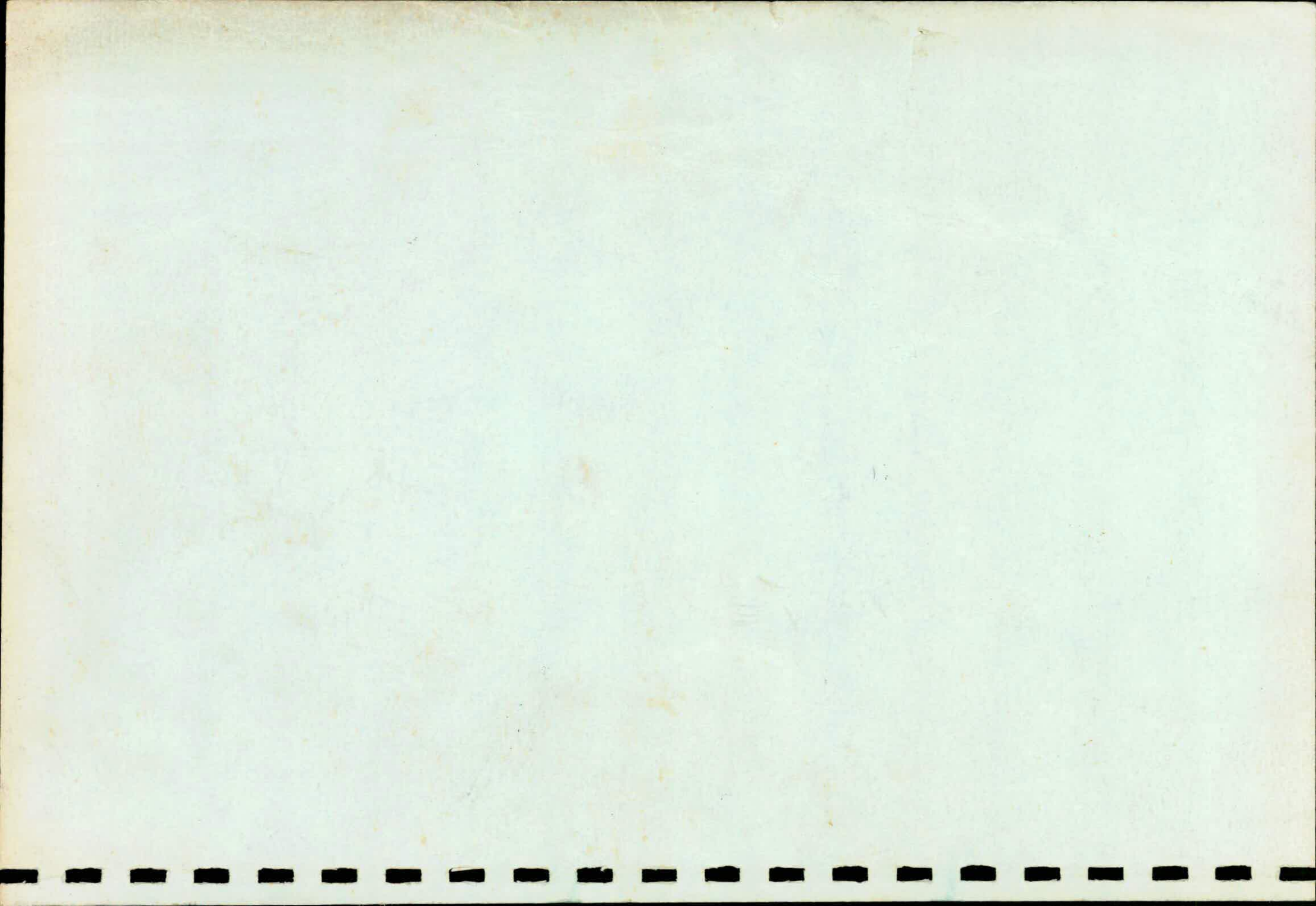
Signature : 

Postal Address : P.O. BOX 46012
DAR-ES-SALAAM

Qualification : ADVOCATE







BUSINESS PLAN

FOR

YUKOS ENTERPRISES (E.A) LIMITED

P.O. BOX 8440

DAR-ES-SALAAM

PREPARED BY

**MAGIRA M. MASEGESA
P.O. BOX 8840
DAR-ES-SALAAM**

YUKOS ENTERPRISES (E.A) LIMITED

BUSINESS PLAN

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YUKOS ENTERPRISES LIMITED

P. O. Box 8440, Dar-es-Salaam.

1. EXECUTIVE SUMMARY:

1.1 Executive summary

By focusing on its commitment to helping businesses obtain the printing products and services they need, YUKOS Enterprises Limited will increase its sales to more than TShs. 1.2 Billion in year one , while improving the gross margin. YUKOS Enterprises will distinguish themselves by reinforcing reliability and expertise with competitive pricing.

Highlights

1.2 Objectives

1. Sell TShs. 1.271 billion in the first year.
2. Increase sales to more than TShs. 2.2 billion by the third year.
3. Bring gross margin up above 30%, and maintain that level.
4. Retain client base from previous relationships, and obtain 20 new clients by the end of the first year

1.3 Mission

YUKOS Enterprises Limited is dedicated to helping businesses obtain the printing products and services they need. YUKOS offers a high level of practical experience, know-how, and a network of industry contacts, so clients save money and time by allowing a printing professional to handle their printing needs. Very few print shops possess all the equipment and products that most businesses require for all of their printing they rely on the knowledge of a professional that can provide one-stop shopping for all services, paper, bindery, and graphics at a reasonable cost, while overseeing the printing process to ensure the highest quality possible.

YUKOS is such a vendor. We make it our number one goal that our clients receive the quality of printing they need, with maximum efficiency and reliability. By providing fast response, expertise, and high-quality solutions, YUKOS generates satisfied repeat customers. This provides a stable retainer base that creates consistent profits.

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1.4 Keys to Success

The keys to the success in this business are:

- Consistent, timely, and accurate expertise and information to fulfil the client's printing needs.
- Offer one-stop-shopping with competitive pricing for the quality of products and services offered.
- Build long-term relations with clients to develop a loyal repeat customer base.

2. COMPANY SUMMARY

2.0 Company Ownership

YUKOS Enterprises (E.A) is a Limited by share Company owned by two shareholders, Mr. Magira Magoma Masegesa and Magoma Magira, of P.O. Box 8440 Dar es Salaam. The company is Incorporated under Company Act. 2002 in Dar es Salaam, on 7th June 2006.

The shareholders have extensive prior experience as senior sales executive in the printing industry.

YUKOS Enterprises Limited authorized share capital is TSh. 10,000,000/= of which is issued and paid-up as shown hereunder:

Sr. No.	Particular	No. of Shares	% Holding
01.	Magira Magoma	80	80%
02.	Magoma Magira	20	20%
	TOTAL	100	100%

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2.1 Company Locations and Facilities

We believe that availability of adequate manpower and infrastructure is a must for success of any organization or enterprise.

We have a very spacious office in Kisarawe District in the Coast Region, located on Plot No. 23 at Kiluvya "A" near Dar Es Salaam City. Our office is equipped with latest equipments, computers and the necessary communication accessories. We can be reached through fax, e-mail and by telephone. All our senior staff are available on mobile phone.

3. MARKET ANALYSIS SUMMARY

3.0 Market Analysis Summary

YUKOS Enterprises Limited Printing focuses on local large businesses that utilize a variety of printed materials.

3.1 Market Segmentation

Our market segmentation scheme allows room for estimates and non-specific definitions. We focus on large companies, and it is hard to find information to make exact classifications. Our target companies are large enough to utilize a great deal of print products, but small enough that they do not have in-house printing equipment. We say that our target market company has at least 50 people.

3.2 Target Market Segment Strategy

Our target markets are larger companies that utilize diverse printed materials. We chose this group because the marketing and purchasing departments are generally too busy to research and follow a printed product from beginning to end. They usually rely on the expertise and knowledge of a print vendor they can trust. The focal point of our marketing strategy will be direct face-to-face contact with those individuals that make the print vendor choice.

3.2.1 Market Needs

The most important market needs are knowledge, reliability, pricing, timely, completion and high quality. One of the key points of our strategy is to focus on those decision making individuals that know and understand these needs.

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3.2.2 Market Growth

Tanzania offers a huge market potential for the products envisaged by this expansion project. As on date there is a big demand-supply gap and the same is being filled up by imports. YUKOS Enterprises has been exposed to the printing market, now for more than a decade and they have done their in-house study which reveals that the current constraint in the economy is capacity to locally process and supply good quality printing products and services. As per the survey made by the promoters who are in this field for many years, it is estimated that between 15,000 tonnes to 20,000 tonnes of printing products are being imported in Tanzania per annum. Hence, the demand is guaranteed throughout the year for full installed capacity of the plant. They have a large network of agents throughout Tanzania for their existing product range. The same agents shall sell their new products. Also they intend to promote the new range of products through electronic and print media.

3.3 Service Business Analysis

The following is a description of market segmentation, strategies, and industry analysis.

3.3.1 Business Participants

- The printing industry is similar to many others. There are;
- Large national franchises, such as KIUTA, Transpaper to mention a few.
 - Large local commercial printing companies that do large projects, are such as the Printech Company Limited, Jamana Printers and Tanzania Printers.
 - Medium sized commercial printing companies that produce large quantity of full colour work, such as 50,000 full colour brochures or flyers.
 - Small quick print shops, that are individually owned, that do work such as copy, stationery, business cards, newsletters, etc.
 - Print brokers provide all the above as one-stop-shopping.
- According to survey done by the company, the printing field is dominated by relatively small, privately owned businesses.

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3.3.2 Distributing a Service

The primary distribution pattern in the printing business is from supplier to agent to consumer. The agent can be an in-house sales person or independent broker.

3.3.3 Competition and Buying Patterns

Printing is generally considered a commodity bought at the lowest price on a bid basis for every job. Service, quality, reputation, and timely production are also factors that effect the final decision to which the project is awarded.

3.3.4 Main Competitors

Other Print Brokers:

There are numerous print brokers already established. Some of which have been highly successful due to their number of years in the business and established client base. These brokers already have more work than they can handle.

Commercial Printing Companies:

This field is dominated by individually owned print shops that can turn around the work quickly when sold in-house. However, high turnover in employees, especially sales people, makes it hard for them to retain long-term clients.

4. STRATEGY AND IMPLEMENTATION SUMMARY

4.0 Strategy and Implementation Summary

In order to reach its goal of becoming a successful printing company, YUKOS Enterprises Limited will adopt the following strategy:

1. Emphasize expertise, professionalism, and reliability.
2. Build a long-term relationship-oriented business.
3. Provide solutions, service, and quality printing to our clients.

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4.1 Strategy Pyramids

YUKOS's marketing efforts depend on recognition for expertise, professionalism, and reliability. It starts with our known contacts, recommendations from satisfied clients, and continues with long-term fulfillments of our promises.

We have already developed a database of contacts from previous sales positions. We utilize our database to make regular contact and updates; most of our contact is face-to-face. This keeps our name and reputation in view of the customer as much as possible, so when a print need approaches these consumers choose YUKOS Enterprises for their printing needs.

4.2 Value Proposition

Our value proposition has to be different from the standard printing vendor. We offer our clients a vendor who is an ally, who is going to work for them and with them to obtain the product and service they want. Our confidence and ability translates into confidence for the consumer and a starting point towards developing long-term relationships and trust.

4.3 Competitive Edge

Our most important competitive edge is our relationship with our clients as a strategic ally. By building a business based on long-standing relationships with satisfied clients we simultaneously build defences against competition. The longer the relationship stands, the more we help our clients understand what we offer and why they need it.

4.4 Marketing Strategy

YUKOS Enterprises adheres to the theory that the goal of business is to create and keep customers. The marketing strategy will reflect this goal as YUKOS builds its reputation. Our focus will be:

1. Reliability, expertise, and quality.
2. Building long-term personal relationships with those that make the printing decisions for a company.
3. Establishing face-to-face contact with the client as much as possible.

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4.4.1 Positioning Statements

For business professionals who want their printing accurate, on time, with the utmost reliability, YUKOS Enterprises is a vendor and ally who ensures high quality printing, fair pricing, and personal service. Unlike other printing vendors, YUKOS Enterprises establishes personal long-term relationships, goes to the customer to offer proactive ideas, solutions, services and quality printing.

4.4.2 Pricing Strategy

Much of our pricing is determined by market standards. YUKOS Enterprises will attempt to maintain margins of 30% to 35%. We will make every effort to maintain a competitive pricing policy.

4.4.3 Promotion Strategy

During our first few weeks of operation, we plan to mail a personal letter to all of our previous contacts, expressing our excitement of our new company, and offer quality printing and service. We will enclose our business cards in each letter so all contact information is easily accessible. We will also call and go directly to previous contacts in order to emphasize our personal service. We will depend on word of mouth by our satisfied clients, which will always be our most important means of promotion.

4.4.4 Distribution Strategy

YUKOS Enterprises' distributing strategy will focus on the target market in the country to which it will sell directly.

4.4.5 Marketing Programs

The most important marketing program for YUKOS Enterprises is to get the word out, through a combination of the following:

1. Sending a letter of announcement with enclosed business cards to all existing contacts. Magira Magori will be responsible with a budget of TShs. 2,000,000 and a milestone date of October 15, 2009. This program is intended to inform them of our services, excite the potential clients about our new endeavours, and create interest in YUKOS Enterprises. Achievement should be measured by the number of requests for printing quotes by these individuals.

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2. Making personal contact by calling and paying a personal visit to existing contacts. Magira Magori will be responsible with a budget of TShs. 1,000,000 and a milestone to October 16, 2009. This program is intended to establish personal relationships, and inform the contacts of our services. Achievement should be measured by the number of requests for printing quotes by these individuals.

4.5 Sales Strategy

Sales strategy for YUKOS Enterprises is simple and straightforward: customer satisfaction. Happy customers will be repeat customers, and they will provide referrals to new customers.

Sales forecast figures are based on YUKOS supplies' of last five years of performance in this field while employed by Sister printing company.

4.5.1 Sales Forecast

The important elements of the sales forecast are shown in the Sales Monthly chart and table. We expect a steady fast paced growth during the first year. Sales growth is estimated to grow at an estimated 30% annually through the first three years of operation.

Sales Forecast

Sales Forecast

TShs. "000"

	FY 2001	FY 2002	FY 2003
Sales			
Sales	1,271,762	1,653,292	2,149,279
Other	0	0	0
Total Sales	1,271,762	1,653,292	2,149,279
Direct Cost of Sales	FY 2001	FY 2002	FY 2003
Sales	890,234	1,157,304	1,504,496
Other	0	0	0
Subtotal Direct Cost of Sales	890,234	1,157,304	1,504,496

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5. Estimated Financial & Development Benefits:

The Project envisages an investment of TSh. 700 millions. We anticipate continuation of the existing working capital limits during the first year of operations expected to be granted by you. The project will result into import of machineries and technology in to the country. The money spent will result into employment to various individuals within the country in direct as well as in indirect manner. During the implementation period it is expected that nearly 100 local direct employments will be generated and after completion of the project nearly 25 will secure permanent employment.

Apart from employment generation, the project shall also contribute towards the finances of local bodies by contributing towards, different levies like,

PAYE, Skills & Development Levy, City Service Levy, VAT and Corporate Tax.

The above mentioned are direct development benefits of the envisaged project, however there will be considerable advantages coming out to the society out of such project. It will lead to creation of demand in various other consumables and thereby support the consumer goods industry to develop within Tanzania. It will also provide impetus to better standard of living among the residents of the country and as such the project shall contribute positively to Nations' economic development.

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Conclusion:

The conclusion, based on above brief is to go ahead as envisaged and establish the contemplated manufacturing facilities as early as possible. The immediate and long-term benefits of the project are quite attractive from everybody's angle.

The entrepreneurs will earn profits, the labourers will get their share, the government will benefit out of the taxes and levies, the national economy will benefit out of increased supply, there will be saving of scarce foreign exchange as the output of this project will prove to be import substitute. Besides latest technology will come to this country, technical, managerial and marketing expertise will come to this country. The project will also lead to so many other indirect benefits in terms of ancillary businesses and overall growth for demand of consumer products leading to growth of those industries within Tanzania and thereby leading to overall growth of the economy.

On careful evaluation of such factors, it is a very obvious conclusion that the project is technically, commercially and financially feasible and viable. It is therefore recommended to consider this project, as feasible and all concerned authorities should accord all required support in completing the setting up of this project.

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6.0 TANZANIA – General:

The United Republic of Tanzania is located in East Africa. It borders Kenya, Uganda, Rwanda, Burundi, The Democratic Republic of Congo, Zambia, Malawi & Mozambique. The country has a wide range of valuable natural resources. The country also has significant hydropower potential. Its population is 35,257,081 Millions including 1,007,534 of Zanzibar. The main cities and municipalities are as under:

Name of city	Population in Millions (2003 Estimates)
Dar es Salaam	2.58
Mwanza	3.01
Mbeya	2.11
Arusha	1.32
Tanga	1.66

Tanzania has been experiencing a very stable political scenario. In 1986, structural reforms were introduced to enhance the privatization of parastatals, improvement of investment climate and broaden the role of private sector in the economic activities. The role of the state has been re-defined essentially in terms of regulatory and facilitative functions, so as to make the private sector occupy the centre stage of the economy.

In the African continent, Tanzania is among the fastest developing economies. Tanzania has clinched the **top slot** in the improvement index as published by the Centre for International Development at Harvard University. The report titled "**The Africa Competitiveness Report 2000/2001**" ranks Tanzania as first on improvement index.

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Investors in Tanzania are highly optimistic of the future of the economy. Low inflation, a reasonable stable currency, friendly government and

Peaceful country are what most of the international company chiefs quoted as being economic driving force.

TANZANIA – Economy:

Tanzania has been witnessing favourable macroeconomic environment, which is characterized by an annual average economic growth of around 6%. According to the World Bank estimates, GDP growth rate is around 5.7% between 1999 & 2003.

Following table depicts the key figures of GDP for the year 2003.

Particulars	Measures
GDP(At constant prices-1992)	TSH. 1,962,040 Million
GDP per Capita	TSH. 57,370
GDP Growth	5.6%
Sectoral Contribution	
Agriculture Value Added	46.8%
Mining, Quarry and Construction	8.2%
Manufacturing	8.6%
Trade, Hotels & Restaurants	16.8%
Financial Services	9.9%
Other Services	9.7%
Source: National Bureau of Statistics	

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Tanzania export trade is dominated by agricultural produce. The leading foreign exchange earners include coffee, tea, tobacco, cotton, sisal and cashew nuts, while major imports into Tanzania consist of machinery, industrial raw materials, building and construction equipment and consumer goods.

Since the country started to implement economic and institutional reforms, there has been a steady increase of Foreign Direct Investment (FDI) inflows in the economy. Inflows have risen from US \$ 172.22 Millions in 1998 to US \$ 240.4 Millions in 2002 and to US \$ 300.0 Millions in the year 2003. Such an increase in foreign direct investments, apparently, indicates that the country's investment environment has increasingly improved in the manner that investors are now able to predict more precisely profits to be accrued from their investments.

The World Bank and other donors fully endorse Tanzania's economic and institutional reform efforts, as evidenced by an expanded level of donor support. There are also a large number of non-governmental organizations working in Tanzania.

Agriculture is the leading economic sector in Tanzania. It accounts for about 50% of GDP, 75% of merchandise exports and is source of food and provides employment opportunities to about 80% of Tanzanians.

Following chart shows various regions with potential for large commercial farming of cash crops.

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Crops	Regions
Coffee	Kilimanjaro, Arusha, Ruvuma, Mbeya, Iringa, Parts of Lushoto
Cotton	Mara, Mwanza, Tabora, Shinyanga, Kigoma, Singida & Tanga
Tea	Iringa, Tanga, Mbeya & Kagera
Tobacco	Tabora, Iringa, Kigoma, Shinyanga, Ruvuma & Kahera
Sisal	Tanga, Morogoro, Arusha, Kilimanjaro, Lindi & Matwara
Cashewnuts	Mtwara, Lindi, Tanga & Coast
Sugar	Morogoro, Mara, Mbeya, Mtwara & Kilimanjaro
Maize	Mbeya, Iringa, Ruvuma, Rukwa, Tanga, Kilimanjaro, & Morogoro.
Wheat	Arusha, Kilimanjaro, Mbeya, Iringa & Rukwa.
Rice	Mbeya, Morogoro, Coast, Rukwa, Tanga, Kilimanjaro & Shinyanga
Millet	Dodoma, Arusha, Singida, Shinyanga & Mwanza
Potatoes	Kilimanjaro, Arusha, Mbeya, Kagera & Morogoro
Bananas	Kilimanjaro, Arusha, Kagera, Mbeya & Morogoro
Chicken peas	Mwanza, Shinyanga and Mara
Pigeon	Arusha, Morogoro & Dodoma

7.0 The Project Concept:

The project contemplates setting up of processing facilities for printing of various printing products and services thus leading to high quality and export printing products.

The processing capacity envisaged for this project is to the tune of 12 tonnes per day, which works out to 3,600 tonnes per annum with 300 working days. Starting with a capacity utilization of 45% in the first year the overall production will be at 58% in the third

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year of operations. We aim to manufacture 1,500 tonnes per annum during the first year of operations against the installed capacity of 3,600 tonnes per annum. The project cost has been estimated at TSh. 1,684,035,700. Machinery cost is to the tune of Tshs. 585,055,000. The project envisages employment of 24 individuals with 2 expatriates at its initial stage. The break-even for the project is around 23% to 30% and the payback period is 5 years. For such a project a pay-back period of 5 years is quite reasonable.

Following factors have been deemed to be instrumental in conceiving of this project.

- a) The Promoters are experienced business people with vast experience and international exposure. Since promoters have been in business since 1980 in this line their knowledge and exposure related to this market and industry is quite authentic and up to date.
- b) Tanzania printing export market has huge potential and the demand supply gap is quite huge. Such situation ensures very less marketing efforts.
- c) Tanzania is perceived as one of the most stable countries in the East African belt and therefore it has been thought more proper to expand the base in Tanzania rather than any other country in the African continent.

All machines will be imported from German and as per the estimates of the promoters, the project should be through by November 2009 including installation, testing and commissioning

Out of the total printing processing capacity, 90% has been planned for printing products and the balance 10% will be used for services. Also there will be by-products in the form of printing

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material which will market into various items pertaining to stationeries. In order to run the machineries, furnace oil, electricity, diesel, lubricants and machinery spares will be required and these are easily available locally. Man-power except for technical expert is available locally. The project envisages employment on a permanent basis for nearly 88 Tanzanians once the capacity utilization touches 90%. Casual labourers will also be hired from time to time to meet the market demands. Provision for 2 expatriate staff (technical and commercial) has been made.

The demand for the product is so heavy that all the output will be sold in export market and that makes the distribution of goods an easy task. The company will sell the products ex-factory and will ensure proper stockyard within the factory premises, to keep adequate stocks of finished products.

The promoters of this project are in possession of an infrastructure which is worth nearly TShs. 1,684 million (machineries TShs. 585.055 million and remaining balance for renovation of the existing building and others associated costs), moreover they have adequate liquidity to see through this project. They have interacted with share holders advances and existing paid-up capital for supporting the entire project. They are confident that they will be in a position to secure the term loan from directors as considered in this project financials and that too on the terms considered. I.e. non interest subjected with re-payment upon realization of profit.

As will be seen in the project financials discussed elsewhere in this report, the project does seem to be technically and financially viable.

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8.0 Brief Profile Of The Promoters:

The Project is sponsored by YUKOS Enterprises Limited, with its two director-shareholders. A copy of Articles and Memorandum of the company has been attached with report and regarding the main promoters, their profiles are also attached. As can be observed, the promoters are well qualified and experienced in printing industries line. In other words, the promoters are quite capable of seeing through the project and can take up the responsibility of making the project a success story.

9.0 The Market:

As stated in the executive summary there is tremendous demand for export for the products envisaged by the project.

YUKOS Enterprises Limited envisages production of following products initially:

- a) Printing products.
- b) Printing services.

In immediate plans the company is to export the products as its own study indicates tremendous demand on export front. The real challenge is to set up most effective channel for marketing the products and operate a very flexible product mix. Since the current management have adequate exposure in these areas no major challenge is envisaged as far as marketing of the timber is concerned.

In other words the challenge in front of this project is not how to market, but to produce cost effectively and distribute the project effectively and keep the quality of the exercise books comparable internationally.

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10. Production Process & Technology:

The unit as envisaged by this project starts from imported semi processed material as the basic raw material and ends with processed books. The production process of exercise books and stationeries is very simple but requires methodical and consistent step by step processes to ensure the quality of final product for export market.

A separate quality control department is also envisaged to be established to ensure that the output meets quality requirements of the export markets. Quality control checks will be done at various stages of production and necessary corrections carried out.

The promoters have easy access to the technical persons for the running of the unit and coupled with latest machines with modern technology it is estimated that production will not be a limiting factor. In other words cost effective production of books is anticipated.

11. Manpower Estimates:

The project will create permanent jobs for nearly 90 individuals including eighteen expatriates. However during the setting-up stage the need for labour will be higher. After that the project will also provide labour to some casual employees on a seasonal basis.

The break-up expected for total employment of 90 individuals including the expatriates is as under:

Skilled (basically expatriate staff)	5
Semi-Skilled Staff	20
Un-Skilled Staff	62
Technical & Managerial	2
	<hr/>
	89
	===

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Expatriate staff will cater to the positions of Processing Manager and Mechanical Engineer.

Semi-Skilled staff will consist of production supervisors, technical assistants, stores personnel, finance and accounts assistant and marketing assistant.

Un-Skilled labour consists of helpers, load pullers and loading and unloading individuals.

It is estimated that the total manpower cost for the project will be approximately TShs. 196 million at 90% of the envisaged capacity by this project.

12. Project Implementation Schedule:

The Project will take nearly thirteen months to become commercially operational. Considering October 2008 as the first month of the project, it is expected that commercial operations should start by November 2009. Since the Directors have adequate knowledge about the setting - up and running of such unit and also have established contacts with suppliers of the machines and technical experts who can assist in installation and commissioning of the plant, the implementation period has been worked out on tight margins.

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Activity	From	To	No. of Months
Feasibility Study & Mobilization	Nov 2008	Dec 2008	02
Site Development and designing of Plant Layout	Jan 2009	Mar 2009	02
Factory Shed Construction	Mar 2009	May 2009	03
Selection & Orders for Machinery	May 2009	Jun 2009	01
Shipment of Machines and Handling	Jun 2009	Jul 2009	01
Personnel Recruitment	Jul 2009	Aug 2009	01
Plant Installation & Commissioning	Aug 2009	Sept 2009	01
Import of Inputs including semi product and Chemicals	Sept 2009	Oct 2009	01
Trial Runs, Testing and Commencement of Commercial operations.	Oct 2009	Nov 2009	01

13. Investment And Financing:

a. Assumptions:

- a) Prices used are those prevailing in October 2008. Any price increase of inputs is expected to be compensated by a proportionate rise in the selling price.
- b) The project implementation period is 6 months. The first year will be from Nov 2009.
- c) Projections have been made for three years (2009 to 2011) and it has been assumed that the life of the project is nearly 20 years.
- d) The unit of account in all financial analysis is Tanzanian Shilling (denoted as TShs.) and wherever costs and

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revenue figures are available only in US \$ the conversion to TShs. has been done at a standard rate of T.Shs. 1,300 = 1 US \$.

- e) Cost of Machines to be imported is inclusive of any technical support required for installation, testing and commissioning up of the said machines.

b. Estimated Capital Cost Of The Project:

Sr.No.	Item	TShs.
01.	Land & Buildings	579,249,000/-
02.	Plant & Machinery	579,786,700/-
	Installation & Training	5,268,300/=
03.	Motor vehicles	295,000,000/-
04.	Pre-operational & Contingency	25,000,000/-
05.	Working Capital Margin	125,731,700/-
06.	Furniture & Fittings	60,000,000/-
07.	Others	14,000,000/-
	TOTAL	1,684,035,700/-

c. Financing Of The Project:

Sr.No.	Item	TShs.
01.	Capital (paid up capital)	441,288,298/-
02.	Long term loan from Directors	542,747,402/-
02.	Term loan from Bank	500,000,000/-
02.	Overdraft facility from Bank	200,000,000/-
	TOTAL	1,684,035,700/-

As of now the promoters have an investment in terms of buildings, and plant & machinery valued at TShs. 579 million. The current plan has been envisaged to be funded by fresh injected funds from Directors. In addition the company is applying for a working capital facility of TShs. 200 million. Once are in place, the company will have shareholders' funds of about TShs. 984 millions in terms of paid up capital and unsecured loan from directors.

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d. Details of Cost of the Project:

The Company shall be entering into a agreement with one of its shareholder, who is in possession of premises located at Plot No. 23 at Kiluvya "A", Kisarawe District. As far as building shed and plant and machinery are concerned, the company is proposing to transfer the existing production facility. Another one set of full production line proposed to be imported from German, Machines and Printing Machines will be to the tune of TShs. 585 millions. The machinery will have an annual installed capacity of processing as per detailed list of plant and machinery and supporting equipments required for the project is as per project cost details attached herewith.

Considering the size of this Project, and also keeping in mind the 13 months of implementation period the contingencies and pre-operational expenses have been estimated at TShs. 25 millions up to the stage of commencement of commercial operations. The same will be apportioned to all assets on completion of the Project.

The Initial Working Capital has been estimated at T.Shs. 100 millions with a margin money requirement of T.Shs. 199 millions and the components thereof are assumed as explained in this paragraph. Raw Materials have been assumed at 15 days, Finished Goods at 15days, Work-in-Process of 10 days. Debtors have been estimated at 30 days. 7 days credit has been considered from creditors of goods and services.

The entire capital cost of the project thus works out to T.Shs. 1,684millions.

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14. Cost And Revenue Estimates:

a. Assumptions:

- a) The Project will have an effective life of 15 years.
- b) The Project will start its commercial operations from November, 2009.
- c) The Project will start its operations at 60% of capacity in the first year and increasing at a steady rate of 15% of the total capacity it will reach 90% of the capacity from the year 2010 onwards.
- d) All prices ruling during the month of October 2008 have been considered. It has been estimated that they will remain constant throughout the period of the Project. It has been also assumed that any increase in prices of input will be compensated by proportionate increase in the selling price of the finished product.
- e) Supply of power, water, raw material and other inputs has been assumed to be available without any major interruptions.
- f) Availability of adequate skilled and semi-skilled labour in the country has been assumed.

b. Cost Estimates:

Manpower cost has been actually worked out and production related labour cost has been taken according to the capacity utilization, whereas the administrative manpower cost has been taken on the basis of period. Production, Administration, Selling and Distribution costs have been estimated after considering the specific requirement of the Project.

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c. Revenue Estimates:

The Project envisages production and sale of various printing products and services. There is an established export market. Out of the total capacity of 3,000 cubic meters per annum (with 300 working days) the utilization factor has been considered as under:

<u>Year</u>	<u>%</u>	<u>Cubic Mtrs</u>
Year 1 (2009)	60%	800
Year 2 (2010)	75%	1,250
Year 3 (2011)	90%	1,700

After taking cognizance of above capacity utilizations and the selling price estimates the annual turnover for year 1 to year 3 are as shown in enclosed table.

15. Financial Analysis:

a. Projected Profitability Statement:

As can be seen from the appended projections of profitability for the Project, the company will earn profit before tax and interest expense of TShs. 220 millions for the first year of operation, however will generate TShs. 49.6 millions of cash surplus for the first year which is quite encouraging. The company will thereafter earn considerable profits in absolute terms.

The company will earn gross profit of 30% throughout the first three years starting from 2009 to 2011. The net profit will range from 10.40% in the year 2009 to 17.99% in the year 2011. Net profit of around 10% to 15% even in long run for such a large scale project should be considered as very encouraging. The selling prices for the products to be manufactured by this project have been kept very competitive in order to grab large share of export market and this explains the low percentage (%) of net profit. Selling prices of the products and related costs except for

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some manpower related costs have been assumed to be constant. It has been further assumed that any changes in the costs will be off-set by equivalent increase in the selling price of the product.

Cash profits start from the year one and over the three years projections made; the company will generate an aggregate of TShs. 708.142 Millions.

b. Projected Cashflow Statement:

The appended projected cash flow statement shows that the initial funding will be arranged from promoters. Out of the total funds approximately TShs. 880 million will be utilized for creation of assets and balance will be for working capital including payment of the loans on free interest during the period of moratorium & establishment of processing facilities.

The cash flow statement also reveal that over a period of three years the total inflow from operations is to the tune of TShs. 249 million and the project shows a comfortable cash balance. Further the project generates enough balance to re-pay the loans in three years.

c. Projected Balance Sheet:

The Projected Balance Sheet shows that despite heavy investment in fixed assets, initial working capital requirement is also quite substantial.

The level of term loan drops down gradually to nil over three years. It implies that the project is economically independent after the initial support. This leads one to the conclusion that the project is financially viable.

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d. Projected Working Capital Estimates:

As can be seen from the appended statement on working capital, the initial requirement is T.Shs. 441 millions which subsequently increases to TShs. 984 millions in the year 2009. This is despite the fact that the manufacturing process is not very long. This is due to the size of the unit. Raw Material stock has been estimated at 15 days requirement, finished goods of 15 days and WIP of 10 days, with debtors' level estimated at 15 days.

e. Projected Depreciation Schedule:

Depreciation has been taken as per the provisions of Income Tax Law. No depreciation for land has been assumed and. It has been estimated on WDV method as under:

a) Plant & Machinery	6.50%
b) Land & Building	NIL
c) Others	12.5%

As can be observed from the appended statement showing calculation of depreciation, pre-operative and contingency expenses amounting to TShs. 25 millions has been apportioned to the Plant and Machinery in the proportion of their weight age in the original block of assets.

f. Projected Break-Even Statement:

Break-even position reveals the stage when the project becomes self-sufficient or independent. It is the position of no loss no profit. As can be seen from the appended statement the project enjoys break-even at 45.66% on 90% capacity utilization. This indicates that the project will generate higher profits at higher level of capacity utilization. The break-even is shown in % of capacity utilization.

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The last row on the appended statement showing break-even analysis shows the margin of safety in terms of cubic meters of timber. In other words it shows the cubic meters of timber, which the company can afford as sales drop, without entering loss zone.

16. Project Development Benefits:

- a) The Project envisages an investment of TShs. 585 millions. This investment will result into bringing in plant and machinery and will thus increase the productive capacity in the country. This will help the country in increasing the share of industrial output in its GDP, which is as of date very low.
- b) The project envisages employment of 88 locals on a permanent basis and equal number of casuals as per the requirement will be employed.
- c) The employment generation stated in point (b) above will have cascading impact on the overall economy in a positive manner.
- d) Along with machines, there will be inflow of foreign technology. This will help the country in updating the State of the Art technology within the country as far as textile industry is concerned.
- e) The Project will also have an in-house training center and as such it will help the local community to improve upon their technical skills.

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17. CONCLUSION AND RECOMMENDATION:

The above study of the Project reveals that the Project is technically, commercially and economically feasible, viable and is desirable for country's economy. Since it will result into many social benefits like employment generation, related development in society, inflow of foreign exchange, inflow of foreign technology, strengthening of manufacturing base within the country, inflow of technical and managerial expertise, creation of many other ancillary industries and businesses etc, the Project is desirable socially also.

In light of anticipated financial, social and development benefits the Project qualifies for positive recommendation for immediate implementation. Since the promoters are confident of arranging the required funds from banks and of establishing the Project within the committed time frame the conclusion is to recommend to all concerned authorities to accord utmost support to this Project so as to enable the country to realize the benefits as perceived in this report.

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Project Feasibility Study.

PROJECTED BALANCE SHEET

T.Shs.

SR.NO.	DETAILS	2009	2010	2011
A	FIXED ASSETS	1,093,607,288	1,107,186,804	1,066,984,578
B	CURRENT ASSETS			
1	Inventories	148,372,346	192,884,050	250,749,264
2	Debtors	121,949,873	113,239,168	147,210,918
3	Loans & Advances	-	-	-
4	Cash & Bank Balances	49,619,975	9,227,126	26,096,325
	Total	319,942,194	315,350,344	424,056,508
C	CURRENT LIABILITIES			
1	Accounts Payable	2,438,997	3,170,697	4,121,906
2	Others	2,036,075	2,341,486	2,692,709
	Total	4,475,072	5,512,183	6,814,615
D	NET CURRENT ASSETS	315,467,121	309,838,161	417,241,893
E	TOTAL NET ASSETS	1,409,074,410	1,417,024,965	1,484,226,472
F	FINANCED BY:-			
1	Equity Share Capital	441,288,298	441,288,298	441,288,298
2	Profit & Loss Appropriation A/c	556,697,285	727,257,647	997,938,174
3	Term loan from Bank	363,588,827	198,879,021	-
4	Bank Overdraft	47,500,000	49,600,000	45,000,000
4	Long term from Directors	-	-	-
G	TOTAL FINANCING	1,409,074,410	1,417,024,966	1,484,226,472

appendix to Business plan

YUKOS ENTERPRISES (E.A) LIMITED.

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Project Feasibility Study.

PROJECTED PROFITABILITY STATEMENT				
			T.Shs.	
SR.NO.	DETAILS	2009	2010	
			2011	
SALES REVENUE				
1	Sales During The Year	1,271,762,964	1,653,291,853	2,149,279,409
TOTAL TURNOVER		1,271,762,964	1,653,291,853	2,149,279,409
COST OF PRODUCTION				
	Total	890,234,075	1,157,304,297	1,504,495,586
	Gross Profit	381,528,889	495,987,556	644,783,823
	% of G.P. to Turnover	30.00%	30.00%	30.00%
D	ADMIN., SELLING & DIST. COSTS			
1	Operating Costs	78,849,304	102,504,095	133,255,323
2	Sales & Distribution Exp	29,250,548	38,025,713	49,433,426
	Total	108,099,852	140,529,808	182,688,750
E	Finance Cost			
1	Interest on Bank Loan.	88,524,947	60,226,313	26,057,100
2	Bank charges & Commission	1,271,763	1,653,292	2,149,279
3	Others	2,000,000	5,000,000	7,000,000
		91,796,710	66,879,605	35,206,379
E	DEPRECIATION	49,368,608	44,920,484	40,202,226
F	TOTAL COST OF SALES	1,139,499,245	1,409,634,194	1,762,592,942
G	PROFIT / (LOSS) FOR THE YEAR	132,263,719	243,657,660	386,686,468
	% of Profit to Turnover	10.40%	14.74%	17.99%
H	TAXATION	39,679,116	73,097,298	116,005,940
I	PROFIT AFTER TAX	92,584,604	170,560,362	270,680,527
J	Proposed Dividends	-	-	-
K	PROFIT C/F TO THE BALANCE SHEET	92,584,604	170,560,362	270,680,527
L	CASH GENERATED FROM OPERATIONS	181,632,327	288,578,144	426,888,694
	Accumulated Cash Accruals	1,572,707,552	1,861,285,696	2,288,174,390

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COST OF THE PROJECT AND MEANS OF FINANCE

SR.NO.	ITEM NAME/DESCRIPTION	US \$	T.Shs.	TOTAL T.Shs.
A.	<u>COST OF THE PROJECT</u>			
01.	FACTORY & OFFICE CONSTRUCTION Construction of new building for office and factory		579,249,000	579,249,000
02.	PLANT & MACHINERY			
a)	CIF Including PSI fees	-	579,786,700	
b)	Installation & Training	-	5,268,300	585,055,000
03.	VEHICLES	-	295,000,000	295,000,000
	FURNITURE & FITTINGS		60,000,000	60,000,000
	OTHERS		14,000,000	14,000,000
03.	PREOPERATIONAL & CONTINGENCY (Including Interest Capitalised)	-	25,000,000	25,000,000
04.	INITIAL WORKING CAPITAL REQUIREMENT	-	125,731,700	125,731,700
	TOTAL COST OF THE PROJECT		1,684,035,700	1,684,035,700
B.	<u>MEANS OF FINANCE</u>			
01.	EQUITY SHARE CAPITAL			441,288,298
02.	TERM LOAN FROM BANK			500,000,000
03.	OVERDRAFT FACILITY FROM BANK			200,000,000
04.	LONG TERM FROM DIRECTORS			542,747,402
	TOTAL FINANCING			1,684,035,700

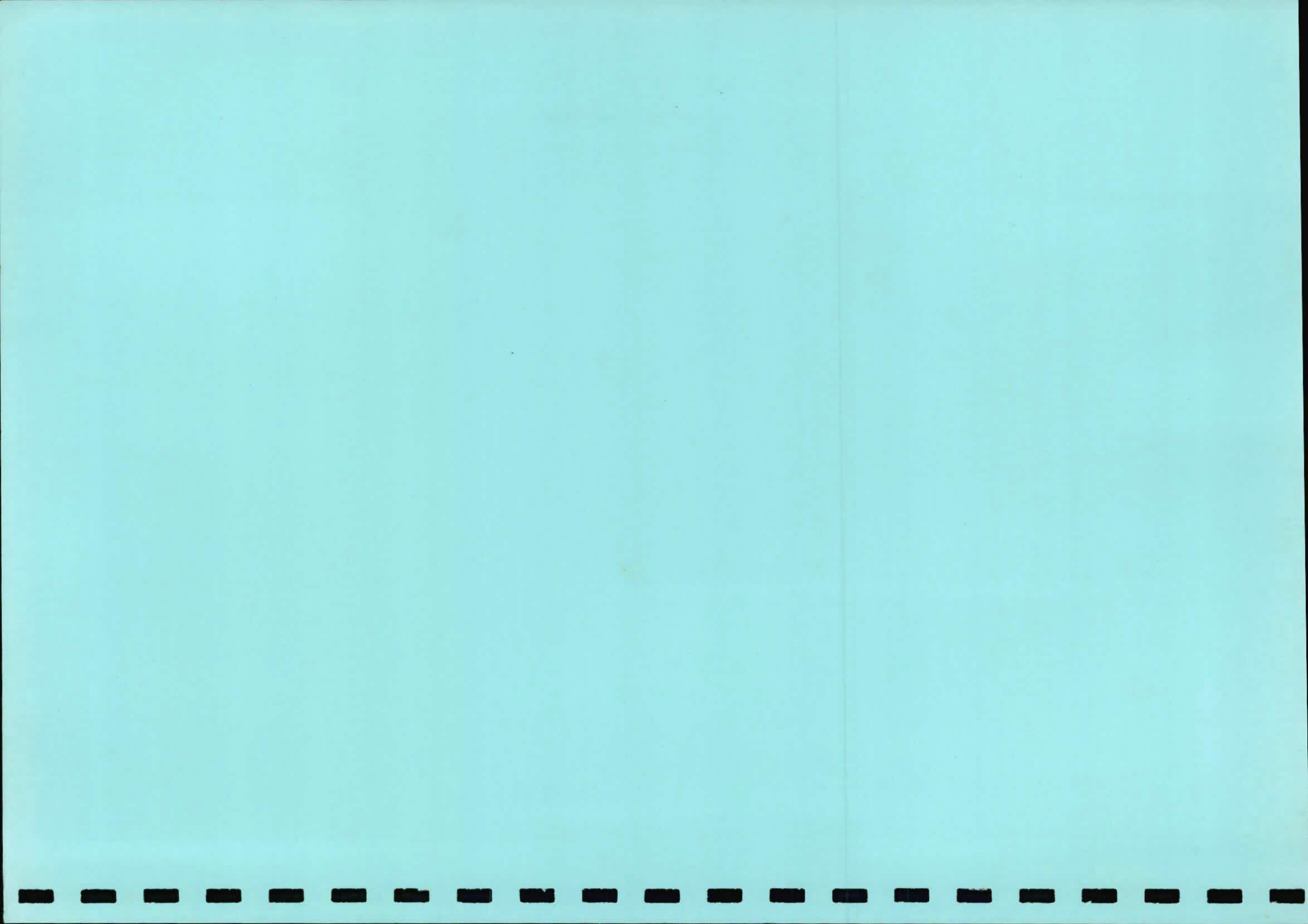
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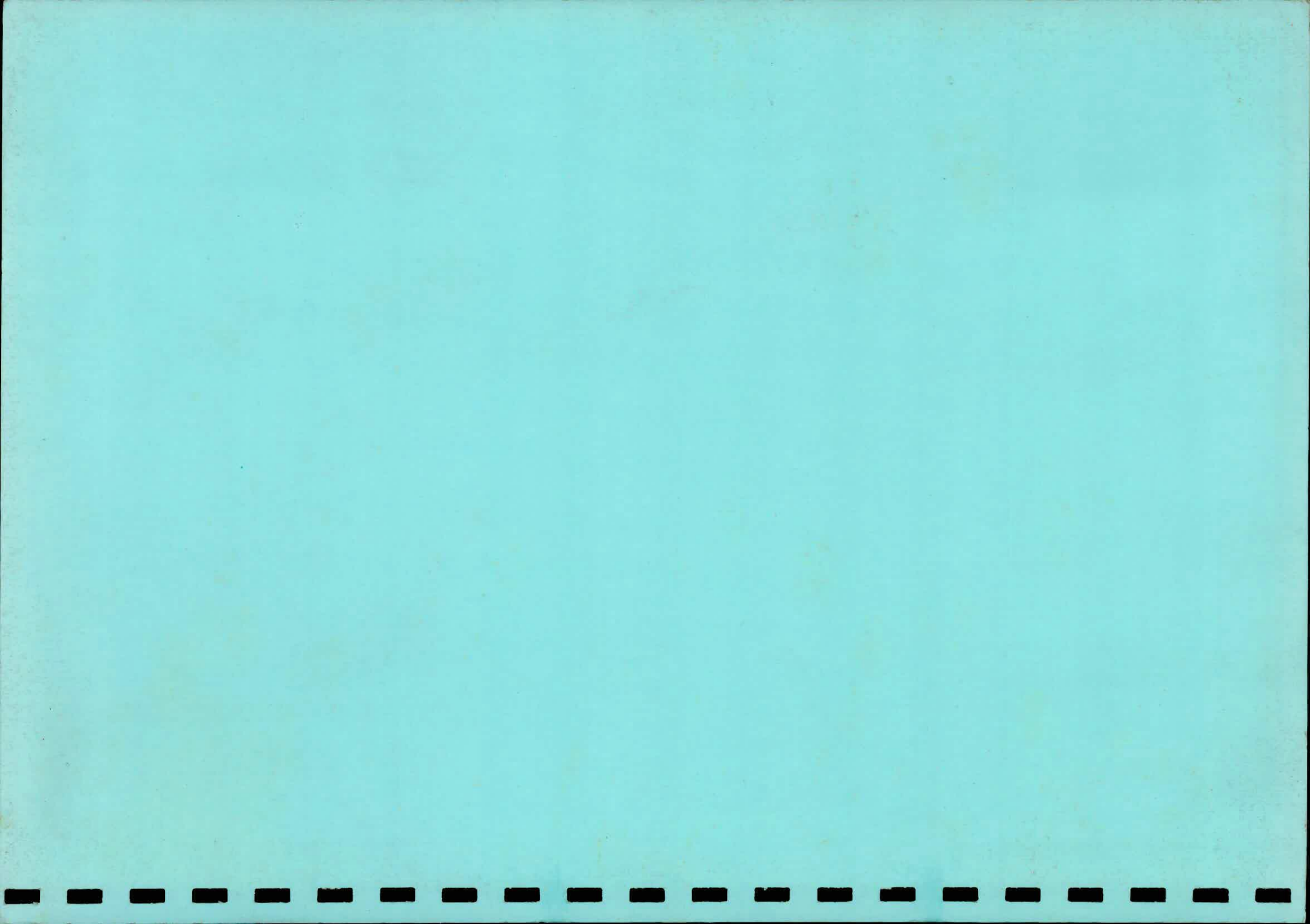
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Project Feasibility Study.

PROJECT IMPLEMENTATION SCHEDULE

EVENT	Nov-08	Dec-08	Jan-09	Mar-09	Jun-09	Sep-09	Nov-09
FEASIBILITY STUDY & FUND MOBILIZATION							
SITE DEVELOPMENT AND DESIGNING OF PLANT LAYOUT							
FACTORY SHED MODIFICATION							
ORDERS FOR MACHINERY							
SHIPMENT OF MACHINES AND HANDLING							
PERSONNEL RECRUITMENT & TRAINING							
PLANT INSTALLATION COMMISSIONING							
IMPORT OF INPUTS INCLUDING KRAFT & FLUTTING							
TRIAL RUNS, TESTING AND COMMENCEMENT OF COMMERCIAL OPERATIONS							





BUSINESS PLAN

FOR

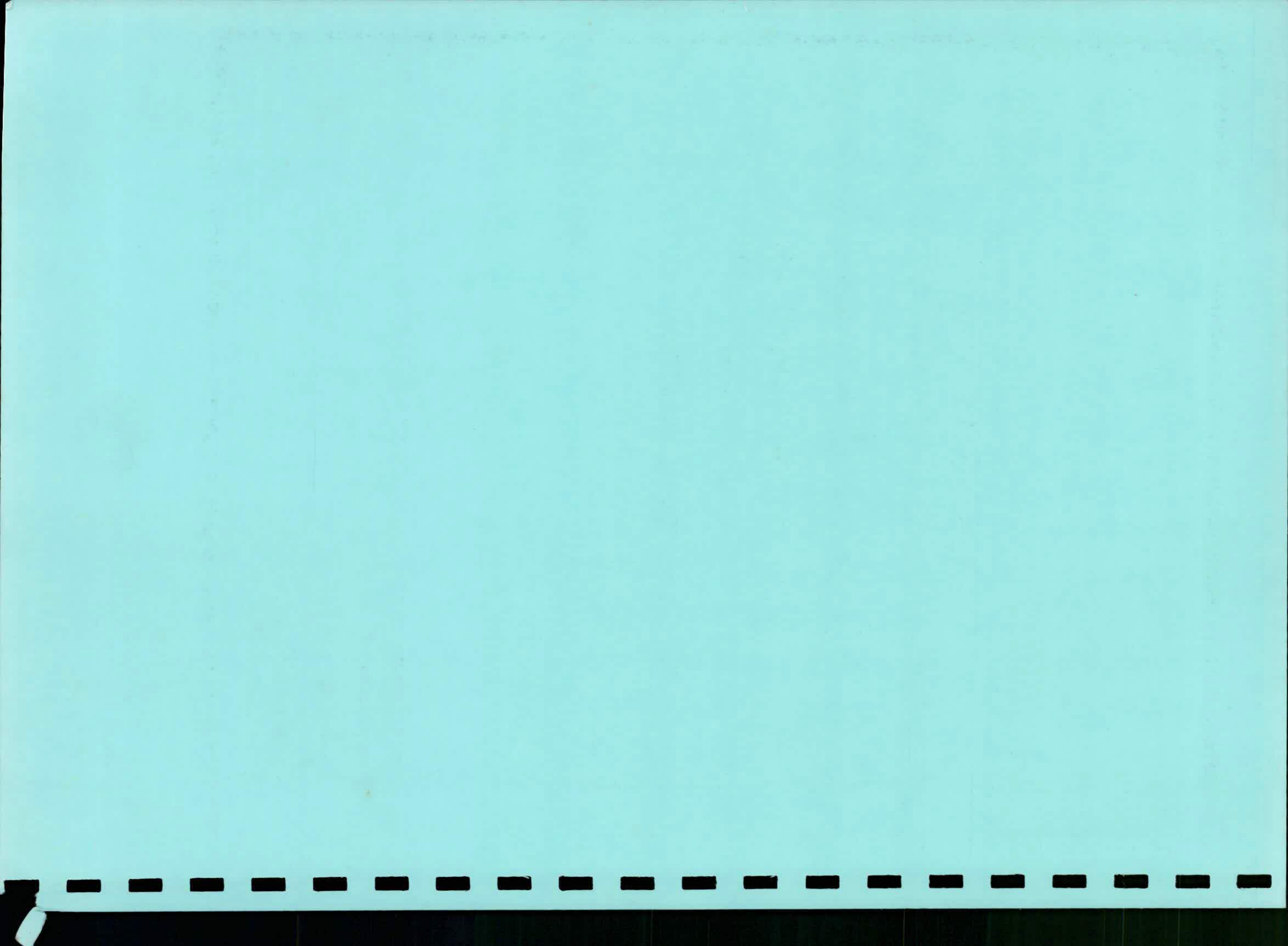
YUKOS ENTERPRISES (E.A) LIMITED

P.O. BOX 8440

DAR-ES-SALAAM

PREPARED BY

**MAGIRA M. MASEGESA
P.O. BOX 8840
DAR-ES-SALAAM**



BUSINESS PLAN

FOR

YUKOS ENTERPRISES (E.A) LIMITED

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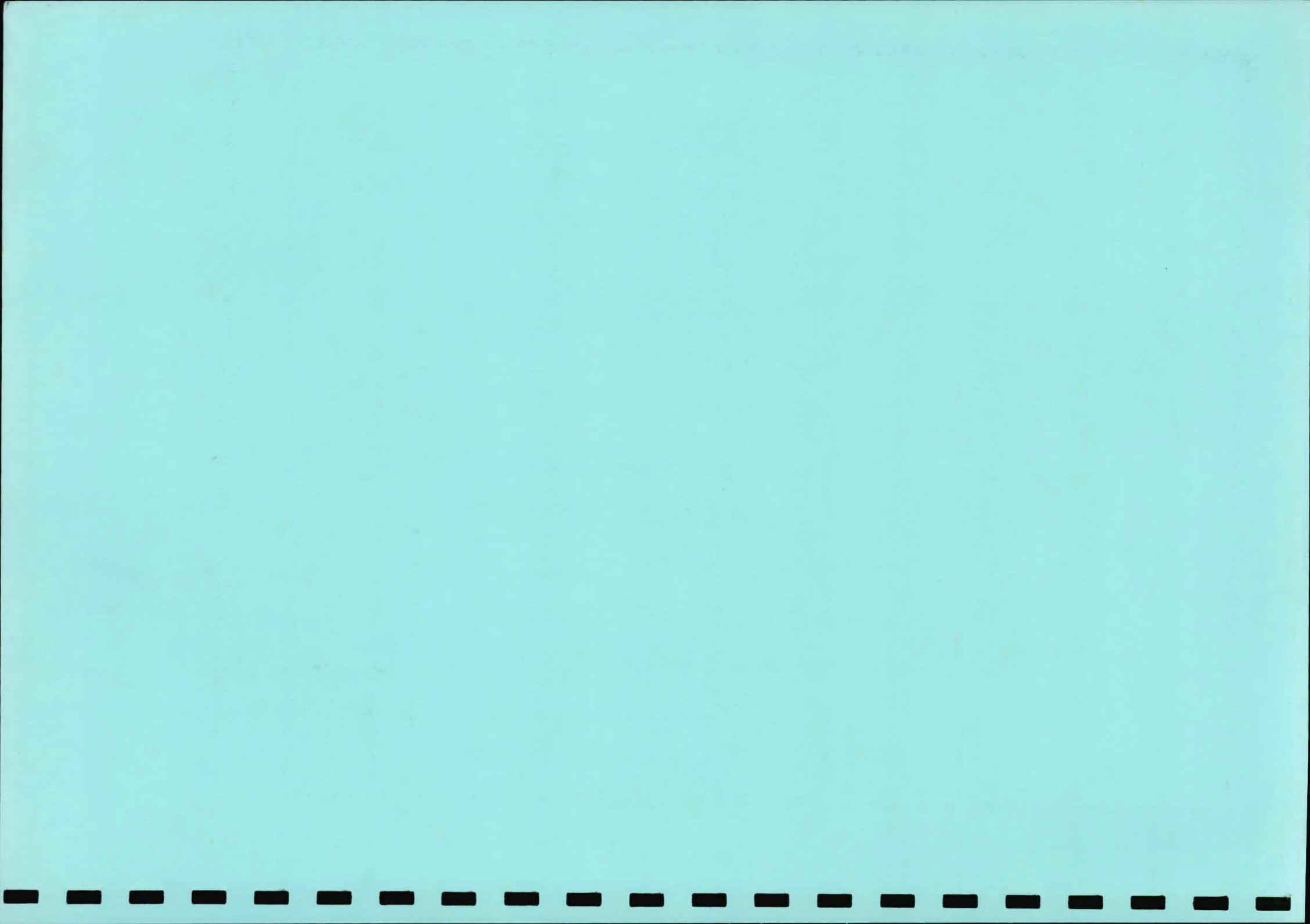
DAR-ES-SALAAM

PREPARED BY

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BUSINESS PLAN

FOR

YUKOS ENTERPRISES (E.A) LIMITED

P.O. BOX 8440

DAR-ES-SALAAM

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YUKOS ENTERPRISES (E.A) LIMITED

BUSINESS PLAN

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1. EXECUTIVE SUMMARY:

1.1 Executive summary

By focusing on its commitment to helping businesses obtain the printing products and services they need, YUKOS Enterprises Limited will increase its sales to more than TShs. 1.2 Billion in year one , while improving the gross margin. YUKOS Enterprises will distinguish themselves by reinforcing reliability and expertise with competitive pricing.

Highlights

1.2 Objectives

1. Sell TShs. 1.271 billion in the first year.
2. Increase sales to more than TShs. 2.2 billion by the third year.
3. Bring gross margin up above 30%, and maintain that level.
4. Retain client base from previous relationships, and obtain 20 new clients by the end of the first year

1.3 Mission

YUKOS Enterprises Limited is dedicated to helping businesses obtain the printing products and services they need. YUKOS offers a high level of practical experience, know-how, and a network of industry contacts, so clients save money and time by allowing a printing professional to handle their printing needs. Very few print shops possess all the equipment and products that most businesses require for all of their printing they rely on the knowledge of a professional that can provide one-stop shopping for all services, paper, bindery, and graphics at a reasonable cost, while overseeing the printing process to ensure the highest quality possible.

YUKOS is such a vendor. We make it our number one goal that our clients receive the quality of printing they need, with maximum efficiency and reliability. By providing fast response, expertise, and high-quality solutions, YUKOS generates satisfied repeat customers. This provides a stable retainer base that creates consistent profits.

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1.4 Keys to Success

The keys to the success in this business are:

- Consistent, timely, and accurate expertise and information to fulfil the client's printing needs.
- Offer one-stop-shopping with competitive pricing for the quality of products and services offered.
- Build long-term relations with clients to develop a loyal repeat customer base.

2. COMPANY SUMMARY

2.0 Company Ownership

YUKOS Enterprises (E.A) is a Limited by share Company owned by two shareholders, Mr. Magira Magoma Masegesa and Magoma Magira, of P.O. Box 8440 Dar es Salaam. The company is Incorporated under Company Act. 2002 in Dar es Salaam, on 7th June 2006.

The shareholders have extensive prior experience as senior sales executive in the printing industry.

YUKOS Enterprises Limited authorized share capital is TSh. 10,000,000/= of which is issued and paid-up as shown hereunder:

Sr. No.	Particular	No. of Shares	% Holding
01.	Magira Magoma	80	80%
02.	Magoma Magira	20	20%
	TOTAL	100	100%

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2.1 Company Locations and Facilities

We believe that availability of adequate manpower and infrastructure is a must for success of any organization or enterprise.

We have a very spacious office in Kisarawe District in the Coast Region, located on Plot No. 23 at Kiluvya "A" near Dar Es Salaam City. Our office is equipped with latest equipments, computers and the necessary communication accessories. We can be reached through fax, e-mail and by telephone. All our senior staff are available on mobile phone.

3. MARKET ANALYSIS SUMMARY

3.0 Market Analysis Summary

YUKOS Enterprises Limited Printing focuses on local large businesses that utilize a variety of printed materials.

3.1 Market Segmentation

Our market segmentation scheme allows room for estimates and non-specific definitions. We focus on large companies, and it is hard to find information to make exact classifications. Our target companies are large enough to utilize a great deal of print products, but small enough that they do not have in-house printing equipment. We say that our target market company has at least 50 people.

3.2 Target Market Segment Strategy

Our target markets are larger companies that utilize diverse printed materials. We chose this group because the marketing and purchasing departments are generally too busy to research and follow a printed product from beginning to end. They usually rely on the expertise and knowledge of a print vendor they can trust. The focal point of our marketing strategy will be direct face-to-face contact with those individuals that make the print vendor choice.

3.2.1 Market Needs

The most important market needs are knowledge, reliability, pricing, timely, completion and high quality. One of the key points of our strategy is to focus on those decision making individuals that know and understand these needs.

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3.2.2 Market Growth

Tanzania offers a huge market potential for the products envisaged by this expansion project. As on date there is a big demand-supply gap and the same is being filled up by imports. YUKOS Enterprises has been exposed to the printing market, now for more than a decade and they have done their in-house study which reveals that the current constraint in the economy is capacity to locally process and supply good quality printing products and services. As per the survey made by the promoters who are in this field for many years, it is estimated that between 15,000 tonnes to 20,000 tonnes of printing products are being imported in Tanzania per annum. Hence, the demand is guaranteed throughout the year for full installed capacity of the plant. They have a large network of agents throughout Tanzania for their existing product range. The same agents shall sell their new products. Also they intend to promote the new range of products through electronic and print media.

3.3 Service Business Analysis

The following is a description of market segmentation, strategies, and industry analysis.

3.3.1 Business Participants

- The printing industry is similar to many others. There are;
- Large national franchises, such as KIUTA, Transpaper to mention a few.
 - Large local commercial printing companies that do large projects, are such as the Printech Company Limited, Jamana Printers and Tanzania Printers.
 - Medium sized commercial printing companies that produce large quantity of full colour work, such as 50,000 full colour brochures or flyers.
 - Small quick print shops, that are individually owned, that do work such as copy, stationery, business cards, newsletters, etc.
 - Print brokers provide all the above as one-stop-shopping.
- According to survey done by the company, the printing field is dominated by relatively small, privately owned businesses.

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3.3.2 Distributing a Service

The primary distribution pattern in the printing business is from supplier to agent to consumer. The agent can be an in-house sales person or independent broker.

3.3.3 Competition and Buying Patterns

Printing is generally considered a commodity bought at the lowest price on a bid basis for every job. Service, quality, reputation, and timely production are also factors that effect the final decision to which the project is awarded.

3.3.4 Main Competitors

Other Print Brokers:

There are numerous print brokers already established. Some of which have been highly successful due to their number of years in the business and established client base. These brokers already have more work than they can handle.

Commercial Printing Companies:

This field is dominated by individually owned print shops that can turn around the work quickly when sold in-house. However, high turnover in employees, especially sales people, makes it hard for them to retain long-term clients.

4. STRATEGY AND IMPLEMENTATION SUMMARY

4.0 Strategy and Implementation Summary

In order to reach its goal of becoming a successful printing company, YUKOS Enterprises Limited will adopt the following strategy:

1. Emphasize expertise, professionalism, and reliability.
2. Build a long-term relationship-oriented business.
3. Provide solutions, service, and quality printing to our clients.

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4.1 Strategy Pyramids

YUKOS's marketing efforts depend on recognition for expertise, professionalism, and reliability. It starts with our known contacts, recommendations from satisfied clients, and continues with long-term fulfillments of our promises.

We have already developed a database of contacts from previous sales positions. We utilize our database to make regular contact and updates; most of our contact is face-to-face. This keeps our name and reputation in view of the customer as much as possible, so when a print need approaches these consumers choose YUKOS Enterprises for their printing needs.

4.2 Value Proposition

Our value proposition has to be different from the standard printing vendor. We offer our clients a vendor who is an ally, who is going to work for them and with them to obtain the product and service they want. Our confidence and ability translates into confidence for the consumer and a starting point towards developing long-term relationships and trust.

4.3 Competitive Edge

Our most important competitive edge is our relationship with our clients as a strategic ally. By building a business based on long-standing relationships with satisfied clients we simultaneously build defences against competition. The longer the relationship stands, the more we help our clients understand what we offer and why they need it.

4.4 Marketing Strategy

YUKOS Enterprises adheres to the theory that the goal of business is to create and keep customers. The marketing strategy will reflect this goal as YUKOS builds its reputation. Our focus will be:

1. Reliability, expertise, and quality.
2. Building long-term personal relationships with those that make the printing decisions for a company.
3. Establishing face-to-face contact with the client as much as possible.

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4.4.1 Positioning Statements

For business professionals who want their printing accurate, on time, with the utmost reliability, YUKOS Enterprises is a vendor and ally who ensures high quality printing, fair pricing, and personal service. Unlike other printing vendors, YUKOS Enterprises establishes personal long-term relationships, goes to the customer to offer proactive ideas, solutions, services and quality printing.

4.4.2 Pricing Strategy

Much of our pricing is determined by market standards. YUKOS Enterprises will attempt to maintain margins of 30% to 35%. We will make every effort to maintain a competitive pricing policy.

4.4.3 Promotion Strategy

During our first few weeks of operation, we plan to mail a personal letter to all of our previous contacts, expressing our excitement of our new company, and offer quality printing and service. We will enclose our business cards in each letter so all contact information is easily accessible. We will also call and go directly to previous contacts in order to emphasize our personal service. We will depend on word of mouth by our satisfied clients, which will always be our most important means of promotion.

4.4.4 Distribution Strategy

YUKOS Enterprises' distributing strategy will focus on the target market in the country to which it will sell directly.

4.4.5 Marketing Programs

The most important marketing program for YUKOS Enterprises is to get the word out, through a combination of the following:

1. Sending a letter of announcement with enclosed business cards to all existing contacts. Magira Magori will be responsible with a budget of TShs. 2,000,000 and a milestone date of October 15, 2009. This program is intended to inform them of our services, excite the potential clients about our new endeavours, and create interest in YUKOS Enterprises. Achievement should be measured by the number of requests for printing quotes by these individuals.

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2. Making personal contact by calling and paying a personal visit to existing contacts. Magira Magori will be responsible with a budget of TShs. 1,000,000 and a milestone to October 16, 2009. This program is intended to establish personal relationships, and inform the contacts of our services. Achievement should be measured by the number of requests for printing quotes by these individuals.

4.5 Sales Strategy

Sales strategy for YUKOS Enterprises is simple and straightforward: customer satisfaction. Happy customers will be repeat customers, and they will provide referrals to new customers.

Sales forecast figures are based on YUKOS supplies' of last five years of performance in this field while employed by Sister printing company.

4.5.1 Sales Forecast

The important elements of the sales forecast are shown in the Sales Monthly chart and table. We expect a steady fast paced growth during the first year. Sales growth is estimated to grow at an estimated 30% annually through the first three years of operation.

Sales Forecast

Sales Forecast

TShs. "000"

	Sales	FY 2001	FY 2002	FY 2003
	Sales	1,271,762	1,653,292	2,149,279
	Other	0	0	0
	Total Sales	1,271,762	1,653,292	2,149,279
	Direct Cost of Sales	FY 2001	FY 2002	FY 2003
	Sales	890,234	1,157,304	1,504,496
	Other	0	0	0
	Subtotal Direct Cost of Sales	890,234	1,157,304	1,504,496

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5. Estimated Financial & Development Benefits:

The Project envisages an investment of TSh. 700 millions. We anticipate continuation of the existing working capital limits during the first year of operations expected to be granted by you. The project will result into import of machineries and technology in to the country. The money spent will result into employment to various individuals within the country in direct as well as in indirect manner. During the implementation period it is expected that nearly 100 local direct employments will be generated and after completion of the project nearly 25 will secure permanent employment.

Apart from employment generation, the project shall also contribute towards the finances of local bodies by contributing towards, different levies like,

PAYE, Skills & Development Levy, City Service Levy, VAT and Corporate Tax.

The above mentioned are direct development benefits of the envisaged project, however there will be considerable advantages coming out to the society out of such project. It will lead to creation of demand in various other consumables and thereby support the consumer goods industry to develop within Tanzania. It will also provide impetus to better standard of living among the residents of the country and as such the project shall contribute positively to Nations' economic development.

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Conclusion:

The conclusion, based on above brief is to go ahead as envisaged and establish the contemplated manufacturing facilities as early as possible. The immediate and long-term benefits of the project are quite attractive from everybody's angle.

The entrepreneurs will earn profits, the labourers will get their share, the government will benefit out of the taxes and levies, the national economy will benefit out of increased supply, there will be saving of scarce foreign exchange as the output of this project will prove to be import substitute. Besides latest technology will come to this country, technical, managerial and marketing expertise will come to this country. The project will also lead to so many other indirect benefits in terms of ancillary businesses and overall growth for demand of consumer products leading to growth of those industries within Tanzania and thereby leading to overall growth of the economy.

On careful evaluation of such factors, it is a very obvious conclusion that the project is technically, commercially and financially feasible and viable. It is therefore recommended to consider this project, as feasible and all concerned authorities should accord all required support in completing the setting up of this project.

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6.0 TANZANIA – General:

The United Republic of Tanzania is located in East Africa. It borders Kenya, Uganda, Rwanda, Burundi, The Democratic Republic of Congo, Zambia, Malawi & Mozambique. The country has a wide range of valuable natural resources. The country also has significant hydropower potential. Its population is 35,257,081 Millions including 1,007,534 of Zanzibar. The main cities and municipalities are as under:

Name of city	Population in Millions (2003 Estimates)
Dar es Salaam	2.58
Mwanza	3.01
Mbeya	2.11
Arusha	1.32
Tanga	1.66

Tanzania has been experiencing a very stable political scenario. In 1986, structural reforms were introduced to enhance the privatization of parastatals, improvement of investment climate and broaden the role of private sector in the economic activities. The role of the state has been re-defined essentially in terms of regulatory and facilitative functions, so as to make the private sector occupy the centre stage of the economy.

In the African continent, Tanzania is among the fastest developing economies. Tanzania has clinched the **top slot** in the improvement index as published by the Centre for International Development at Harvard University. The report titled "**The Africa Competitiveness Report 2000/2001**" ranks Tanzania as first on improvement index.

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Investors in Tanzania are highly optimistic of the future of the economy. Low inflation, a reasonable stable currency, friendly government and

Peaceful country are what most of the international company chiefs quoted as being economic driving force.

TANZANIA – Economy:

Tanzania has been witnessing favourable macroeconomic environment, which is characterized by an annual average economic growth of around 6%. According to the World Bank estimates, GDP growth rate is around 5.7% between 1999 & 2003.

Following table depicts the key figures of GDP for the year 2003.

Particulars	Measures
GDP(At constant prices-1992)	TSH. 1,962,040 Million
GDP per Capita	TSH. 57,370
GDP Growth	5.6%
Sectoral Contribution	
Agriculture Value Added	46.8%
Mining, Quarry and Construction	8.2%
Manufacturing	8.6%
Trade, Hotels & Restaurants	16.8%
Financial Services	9.9%
Other Services	9.7%
Source: National Bureau of Statistics	

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Tanzania export trade is dominated by agricultural produce. The leading foreign exchange earners include coffee, tea, tobacco, cotton, sisal and cashew nuts, while major imports into Tanzania consist of machinery, industrial raw materials, building and construction equipment and consumer goods.

Since the country started to implement economic and institutional reforms, there has been a steady increase of Foreign Direct Investment (FDI) inflows in the economy. Inflows have risen from US \$ 172.22 Millions in 1998 to US \$ 240.4 Millions in 2002 and to US \$ 300.0 Millions in the year 2003. Such an increase in foreign direct investments, apparently, indicates that the country's investment environment has increasingly improved in the manner that investors are now able to predict more precisely profits to be accrued from their investments.

The World Bank and other donors fully endorse Tanzania's economic and institutional reform efforts, as evidenced by an expanded level of donor support. There are also a large number of non-governmental organizations working in Tanzania.

Agriculture is the leading economic sector in Tanzania. It accounts for about 50% of GDP, 75% of merchandise exports and is source of food and provides employment opportunities to about 80% of Tanzanians.

Following chart shows various regions with potential for large commercial farming of cash crops.

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Crops	Regions
Coffee	Kilimanjaro, Arusha, Ruvuma, Mbeya, Iringa, Parts of Lushoto
Cotton	Mara, Mwanza, Tabora, Shinyanga, Kigoma, Singida & Tanga
Tea	Iringa, Tanga, Mbeya & Kagera
Tobacco	Tabora, Iringa, Kigoma, Shinyanga, Ruvuma & Kahera
Sisal	Tanga, Morogoro, Arusha, Kilimanjaro, Lindi & Matwara
Cashewnuts	Mtwara, Lindi, Tanga & Coast
Sugar	Morogoro, Mara, Mbeya, Mtwara & Kilimanjaro
Maize	Mbeya, Iringa, Ruvuma, Rukwa, Tanga, Kilimanjaro, & Morogoro.
Wheat	Arusha, Kilimanjaro, Mbeya, Iringa & Rukwa.
Rice	Mbeya, Morogoro, Coast, Rukwa, Tanga, Kilimanjaro & Shinyanga
Millet	Dodoma, Arusha, Singida, Shinyanga & Mwanza
Potatoes	Kilimanjaro, Arusha, Mbeya, Kagera & Morogoro
Bananas	Kilimanjaro, Arusha, Kagera, Mbeya & Morogoro
Chicken peas	Mwanza, Shinyanga and Mara
Pigeon	Arusha, Morogoro & Dodoma

7.0 The Project Concept:

The project contemplates setting up of processing facilities for printing of various printing products and services thus leading to high quality and export printing products.

The processing capacity envisaged for this project is to the tune of 12 tonnes per day, which works out to 3,600 tonnes per annum with 300 working days. Starting with a capacity utilization of 45% in the first year the overall production will be at 58% in the third

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year of operations. We aim to manufacture 1,500 tonnes per annum during the first year of operations against the installed capacity of 3,600 tonnes per annum. The project cost has been estimated at TSh. 1,684,035,700. Machinery cost is to the tune of Tshs. 585,055,000. The project envisages employment of 24 individuals with 2 expatriates at its initial stage. The break-even for the project is around 23% to 30% and the payback period is 5 years. For such a project a pay-back period of 5 years is quite reasonable.

Following factors have been deemed to be instrumental in conceiving of this project.

- a) The Promoters are experienced business people with vast experience and international exposure. Since promoters have been in business since 1980 in this line their knowledge and exposure related to this market and industry is quite authentic and up to date.
- b) Tanzania printing export market has huge potential and the demand supply gap is quite huge. Such situation ensures very less marketing efforts.
- c) Tanzania is perceived as one of the most stable countries in the East African belt and therefore it has been thought more proper to expand the base in Tanzania rather than any other country in the African continent.

All machines will be imported from German and as per the estimates of the promoters, the project should be through by November 2009 including installation, testing and commissioning

Out of the total printing processing capacity, 90% has been planned for printing products and the balance 10% will be used for services. Also there will be by-products in the form of printing

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material which will market into various items pertaining to stationeries. In order to run the machineries, furnace oil, electricity, diesel, lubricants and machinery spares will be required and these are easily available locally. Man-power except for technical expert is available locally. The project envisages employment on a permanent basis for nearly 88 Tanzanians once the capacity utilization touches 90%. Casual labourers will also be hired from time to time to meet the market demands. Provision for 2 expatriate staff (technical and commercial) has been made.

The demand for the product is so heavy that all the output will be sold in export market and that makes the distribution of goods an easy task. The company will sell the products ex-factory and will ensure proper stockyard within the factory premises, to keep adequate stocks of finished products.

The promoters of this project are in possession of an infrastructure which is worth nearly TShs. 1,684 million (machineries TShs. 585.055 million and remaining balance for renovation of the existing building and others associated costs), moreover they have adequate liquidity to see through this project. They have interacted with share holders advances and existing paid-up capital for supporting the entire project. They are confident that they will be in a position to secure the term loan from directors as considered in this project financials and that too on the terms considered. I.e. non interest subjected with re-payment upon realization of profit.

As will be seen in the project financials discussed elsewhere in this report, the project does seem to be technically and financially viable.

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8.0 Brief Profile Of The Promoters:

The Project is sponsored by YUKOS Enterprises Limited, with its two director-shareholders. A copy of Articles and Memorandum of the company has been attached with report and regarding the main promoters, their profiles are also attached. As can be observed, the promoters are well qualified and experienced in printing industries line. In other words, the promoters are quite capable of seeing through the project and can take up the responsibility of making the project a success story.

9.0 The Market:

As stated in the executive summary there is tremendous demand for export for the products envisaged by the project.

YUKOS Enterprises Limited envisages production of following products initially:

- a) Printing products.
- b) Printing services.

In immediate plans the company is to export the products as its own study indicates tremendous demand on export front. The real challenge is to set up most effective channel for marketing the products and operate a very flexible product mix. Since the current management have adequate exposure in these areas no major challenge is envisaged as far as marketing of the timber is concerned.

In other words the challenge in front of this project is not how to market, but to produce cost effectively and distribute the project effectively and keep the quality of the exercise books comparable internationally.

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10. Production Process & Technology:

The unit as envisaged by this project starts from imported semi processed material as the basic raw material and ends with processed books. The production process of exercise books and stationeries is very simple but requires methodical and consistent step by step processes to ensure the quality of final product for export market.

A separate quality control department is also envisaged to be established to ensure that the output meets quality requirements of the export markets. Quality control checks will be done at various stages of production and necessary corrections carried out.

The promoters have easy access to the technical persons for the running of the unit and coupled with latest machines with modern technology it is estimated that production will not be a limiting factor. In other words cost effective production of books is anticipated.

11. Manpower Estimates:

The project will create permanent jobs for nearly 90 individuals including eighteen expatriates. However during the setting-up stage the need for labour will be higher. After that the project will also provide labour to some casual employees on a seasonal basis.

The break-up expected for total employment of 90 individuals including the expatriates is as under:

Skilled (basically expatriate staff)	5
Semi-Skilled Staff	20
Un-Skilled Staff	62
Technical & Managerial	2
	<hr/>
	89
	===

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Expatriate staff will cater to the positions of Processing Manager and Mechanical Engineer.

Semi-Skilled staff will consist of production supervisors, technical assistants, stores personnel, finance and accounts assistant and marketing assistant.

Un-Skilled labour consists of helpers, load pullers and loading and unloading individuals.

It is estimated that the total manpower cost for the project will be approximately TShs. 196 million at 90% of the envisaged capacity by this project.

12. Project Implementation Schedule:

The Project will take nearly thirteen months to become commercially operational. Considering October 2008 as the first month of the project, it is expected that commercial operations should start by November 2009. Since the Directors have adequate knowledge about the setting - up and running of such unit and also have established contacts with suppliers of the machines and technical experts who can assist in installation and commissioning of the plant, the implementation period has been worked out on tight margins.

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Activity	From	To	No. of Months
Feasibility Study & Mobilization	Nov 2008	Dec 2008	02
Site Development and designing of Plant Layout	Jan 2009	Mar 2009	02
Factory Shed Construction	Mar 2009	May 2009	03
Selection & Orders for Machinery	May 2009	Jun 2009	01
Shipment of Machines and Handling	Jun 2009	Jul 2009	01
Personnel Recruitment	Jul 2009	Aug 2009	01
Plant Installation & Commissioning	Aug 2009	Sept 2009	01
Import of Inputs including semi product and Chemicals	Sept 2009	Oct 2009	01
Trial Runs, Testing and Commencement of Commercial operations.	Oct 2009	Nov 2009	01

13. Investment And Financing:

a. Assumptions:

- a) Prices used are those prevailing in October 2008. Any price increase of inputs is expected to be compensated by a proportionate rise in the selling price.
- b) The project implementation period is 6 months. The first year will be from Nov 2009.
- c) Projections have been made for three years (2009 to 2011) and it has been assumed that the life of the project is nearly 20 years.
- d) The unit of account in all financial analysis is Tanzanian Shilling (denoted as TShs.) and wherever costs and

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revenue figures are available only in US \$ the conversion to TShs. has been done at a standard rate of T.Shs. 1,300 = 1 US \$.

- e) Cost of Machines to be imported is inclusive of any technical support required for installation, testing and commissioning up of the said machines.

b. Estimated Capital Cost Of The Project:

Sr.No.	Item	TShs.
01.	Land & Buildings	579,249,000/-
02.	Plant & Machinery	579,786,700/-
	Installation & Training	5,268,300/=
03.	Motor vehicles	295,000,000/-
04.	Pre-operational & Contingency	25,000,000/-
05.	Working Capital Margin	125,731,700/-
06.	Furniture & Fittings	60,000,000/-
07.	Others	14,000,000/-
	TOTAL	1,684,035,700/-

c. Financing Of The Project:

Sr.No.	Item	TShs.
01.	Capital (paid up capital)	441,288,298/-
02.	Long term loan from Directors	542,747,402/-
02.	Term loan from Bank	500,000,000/-
02.	Overdraft facility from Bank	200,000,000/-
	TOTAL	1,684,035,700/-

As of now the promoters have an investment in terms of buildings, and plant & machinery valued at TShs. 579 million. The current plan has been envisaged to be funded by fresh injected funds from Directors. In addition the company is applying for a working capital facility of TShs. 200 million. Once are in place, the company will have shareholders' funds of about TShs. 984 millions in terms of paid up capital and unsecured loan from directors.

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d. Details of Cost of the Project:

The Company shall be entering into a agreement with one of its shareholder, who is in possession of premises located at Plot No. 23 at Kiluvya "A", Kisarawe District. As far as building shed and plant and machinery are concerned, the company is proposing to transfer the existing production facility. Another one set of full production line proposed to be imported from German, Machines and Printing Machines will be to the tune of TShs. 585 millions. The machinery will have an annual installed capacity of processing as per detailed list of plant and machinery and supporting equipments required for the project is as per project cost details attached herewith.

Considering the size of this Project, and also keeping in mind the 13 months of implementation period the contingencies and pre-operational expenses have been estimated at TShs. 25 millions up to the stage of commencement of commercial operations. The same will be apportioned to all assets on completion of the Project.

The Initial Working Capital has been estimated at T.Shs. 100 millions with a margin money requirement of T.Shs. 199 millions and the components thereof are assumed as explained in this paragraph. Raw Materials have been assumed at 15 days, Finished Goods at 15days, Work-in-Process of 10 days. Debtors have been estimated at 30 days. 7 days credit has been considered from creditors of goods and services.

The entire capital cost of the project thus works out to T.Shs. 1,684millions.

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14. Cost And Revenue Estimates:

a. Assumptions:

- a) The Project will have an effective life of 15 years.
- b) The Project will start its commercial operations from November, 2009.
- c) The Project will start its operations at 60% of capacity in the first year and increasing at a steady rate of 15% of the total capacity it will reach 90% of the capacity from the year 2010 onwards.
- d) All prices ruling during the month of October 2008 have been considered. It has been estimated that they will remain constant throughout the period of the Project. It has been also assumed that any increase in prices of input will be compensated by proportionate increase in the selling price of the finished product.
- e) Supply of power, water, raw material and other inputs has been assumed to be available without any major interruptions.
- f) Availability of adequate skilled and semi-skilled labour in the country has been assumed.

b. Cost Estimates:

Manpower cost has been actually worked out and production related labour cost has been taken according to the capacity utilization, whereas the administrative manpower cost has been taken on the basis of period. Production, Administration, Selling and Distribution costs have been estimated after considering the specific requirement of the Project.

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c. Revenue Estimates:

The Project envisages production and sale of various printing products and services. There is an established export market. Out of the total capacity of 3,000 cubic meters per annum (with 300 working days) the utilization factor has been considered as under:

<u>Year</u>	<u>%</u>	<u>Cubic Mtrs</u>
Year 1 (2009)	60%	800
Year 2 (2010)	75%	1,250
Year 3 (2011)	90%	1,700

After taking cognizance of above capacity utilizations and the selling price estimates the annual turnover for year 1 to year 3 are as shown in enclosed table.

15. Financial Analysis:

a. Projected Profitability Statement:

As can be seen from the appended projections of profitability for the Project, the company will earn profit before tax and interest expense of TShs. 220 millions for the first year of operation, however will generate TShs. 49.6 millions of cash surplus for the first year which is quite encouraging. The company will thereafter earn considerable profits in absolute terms.

The company will earn gross profit of 30% throughout the first three years starting from 2009 to 2011. The net profit will range from 10.40% in the year 2009 to 17.99% in the year 2011. Net profit of around 10% to 15% even in long run for such a large scale project should be considered as very encouraging. The selling prices for the products to be manufactured by this project have been kept very competitive in order to grab large share of export market and this explains the low percentage (%) of net profit. Selling prices of the products and related costs except for

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some manpower related costs have been assumed to be constant. It has been further assumed that any changes in the costs will be off-set by equivalent increase in the selling price of the product.

Cash profits start from the year one and over the three years projections made; the company will generate an aggregate of TShs. 708.142 Millions.

b. Projected Cashflow Statement:

The appended projected cash flow statement shows that the initial funding will be arranged from promoters. Out of the total funds approximately TShs. 880 million will be utilized for creation of assets and balance will be for working capital including payment of the loans on free interest during the period of moratorium & establishment of processing facilities.

The cash flow statement also reveal that over a period of three years the total inflow from operations is to the tune of TShs. 249 million and the project shows a comfortable cash balance. Further the project generates enough balance to re-pay the loans in three years.

c. Projected Balance Sheet:

The Projected Balance Sheet shows that despite heavy investment in fixed assets, initial working capital requirement is also quite substantial.

The level of term loan drops down gradually to nil over three years. It implies that the project is economically independent after the initial support. This leads one to the conclusion that the project is financially viable.

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d. Projected Working Capital Estimates:

As can be seen from the appended statement on working capital, the initial requirement is T.Shs. 441 millions which subsequently increases to TShs. 984 millions in the year 2009. This is despite the fact that the manufacturing process is not very long. This is due to the size of the unit. Raw Material stock has been estimated at 15 days requirement, finished goods of 15 days and WIP of 10 days, with debtors' level estimated at 15 days.

e. Projected Depreciation Schedule:

Depreciation has been taken as per the provisions of Income Tax Law. No depreciation for land has been assumed and. It has been estimated on WDV method as under:

a) Plant & Machinery	6.50%
b) Land & Building	NIL
c) Others	12.5%

As can be observed from the appended statement showing calculation of depreciation, pre-operative and contingency expenses amounting to TShs. 25 millions has been apportioned to the Plant and Machinery in the proportion of their weight age in the original block of assets.

f. Projected Break-Even Statement:

Break-even position reveals the stage when the project becomes self-sufficient or independent. It is the position of no loss no profit. As can be seen from the appended statement the project enjoys break-even at 45.66% on 90% capacity utilization. This indicates that the project will generate higher profits at higher level of capacity utilization. The break-even is shown in % of capacity utilization.

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The last row on the appended statement showing break-even analysis shows the margin of safety in terms of cubic meters of timber. In other words it shows the cubic meters of timber, which the company can afford as sales drop, without entering loss zone.

16. Project Development Benefits:

- a) The Project envisages an investment of TShs. 585 millions. This investment will result into bringing in plant and machinery and will thus increase the productive capacity in the country. This will help the country in increasing the share of industrial output in its GDP, which is as of date very low.
- b) The project envisages employment of 88 locals on a permanent basis and equal number of casuals as per the requirement will be employed.
- c) The employment generation stated in point (b) above will have cascading impact on the overall economy in a positive manner.
- d) Along with machines, there will be inflow of foreign technology. This will help the country in updating the State of the Art technology within the country as far as textile industry is concerned.
- e) The Project will also have an in-house training center and as such it will help the local community to improve upon their technical skills.

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17. CONCLUSION AND RECOMMENDATION:

The above study of the Project reveals that the Project is technically, commercially and economically feasible, viable and is desirable for country's economy. Since it will result into many social benefits like employment generation, related development in society, inflow of foreign exchange, inflow of foreign technology, strengthening of manufacturing base within the country, inflow of technical and managerial expertise, creation of many other ancillary industries and businesses etc, the Project is desirable socially also.

In light of anticipated financial, social and development benefits the Project qualifies for positive recommendation for immediate implementation. Since the promoters are confident of arranging the required funds from banks and of establishing the Project within the committed time frame the conclusion is to recommend to all concerned authorities to accord utmost support to this Project so as to enable the country to realize the benefits as perceived in this report.

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Project Feasibility Study.

PROJECTED BALANCE SHEET

T.Shs.

SR.NO.	DETAILS	2009	2010	2011
A	FIXED ASSETS	1,093,607,288	1,107,186,804	1,066,984,578
B	CURRENT ASSETS			
1	Inventories	148,372,346	192,884,050	250,749,264
2	Debtors	121,949,873	113,239,168	147,210,918
3	Loans & Advances	-	-	-
4	Cash & Bank Balances	49,619,975	9,227,126	26,096,325
	Total	319,942,194	315,350,344	424,056,508
C	CURRENT LIABILITIES			
1	Accounts Payable	2,438,997	3,170,697	4,121,906
2	Others	2,036,075	2,341,486	2,692,709
	Total	4,475,072	5,512,183	6,814,615
D	NET CURRENT ASSETS	315,467,121	309,838,161	417,241,893
E	TOTAL NET ASSETS	1,409,074,410	1,417,024,965	1,484,226,472
F	FINANCED BY:-			
1	Equity Share Capital	441,288,298	441,288,298	441,288,298
2	Profit & Loss Appropriation A/c	556,697,285	727,257,647	997,938,174
3	Term loan from Bank	363,588,827	198,879,021	-
4	Bank Overdraft	47,500,000	49,600,000	45,000,000
4	Long term from Directors	-	-	-
G	TOTAL FINANCING	1,409,074,410	1,417,024,966	1,484,226,472

appendix to Business plan

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Project Feasibility Study.

PROJECTED PROFITABILITY STATEMENT			
			T.Shs.
SR.NO.	DETAILS	2009	2010
		2011	
SALES REVENUE			
1	Sales During The Year	1,271,762,964	1,653,291,853
			2,149,279,409
	TOTAL TURNOVER	1,271,762,964	1,653,291,853
			2,149,279,409
COST OF PRODUCTION			
	Total	890,234,075	1,157,304,297
	Gross Profit	381,528,889	495,987,556
	% of G.P. to Turnover	30.00%	30.00%
			30.00%
D	ADMIN., SELLING & DIST. COSTS		
1	Operating Costs	78,849,304	102,504,095
2	Sales & Distribution Exp	29,250,548	38,025,713
	Total	108,099,852	140,529,808
E	Finance Cost		
1	Interest on Bank Loan.	88,524,947	60,226,313
2	Bank charges & Commission	1,271,763	1,653,292
3	Others	2,000,000	5,000,000
		91,796,710	66,879,605
E	DEPRECIATION	49,368,608	44,920,484
			40,202,226
F	TOTAL COST OF SALES	1,139,499,245	1,409,634,194
			1,762,592,942
G	PROFIT / (LOSS) FOR THE YEAR	132,263,719	243,657,660
			386,686,468
	% of Profit to Turnover	10.40%	14.74%
			17.99%
H	TAXATION	39,679,116	73,097,298
			116,005,940
I	PROFIT AFTER TAX	92,584,604	170,560,362
			270,680,527
J	Proposed Dividends	-	-
K	PROFIT C/F TO THE BALANCE SHEET	92,584,604	170,560,362
			270,680,527
L	CASH GENERATED FROM OPERATIONS	181,632,327	288,578,144
	Accumulated Cash Accruals	1,572,707,552	1,861,285,696
			2,288,174,390

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COST OF THE PROJECT AND MEANS OF FINANCE

SR.NO.	ITEM NAME/DESCRIPTION			TOTAL
		US \$	T.Shs.	T.Shs.
A.	<u>COST OF THE PROJECT</u>			
01.	FACTORY & OFFICE CONSTRUCTION Construction of new building for office and factory		579,249,000	579,249,000
02.	PLANT & MACHINERY			
a)	CIF Including PSI fees	-	579,786,700	
b)	Installation & Training	-	5,268,300	585,055,000
03.	VEHICLES	-	295,000,000	295,000,000
	FURNITURE & FITTINGS		60,000,000	60,000,000
	OTHERS		14,000,000	14,000,000
03.	PREOPERATIONAL & CONTINGENCY (Including Interest Capitalised)	-	25,000,000	25,000,000
04.	INITIAL WORKING CAPITAL REQUIREMENT	-	125,731,700	125,731,700
	TOTAL COST OF THE PROJECT		1,684,035,700	1,684,035,700
B.	<u>MEANS OF FINANCE</u>			
01.	EQUITY SHARE CAPITAL			441,288,298
02.	TERM LOAN FROM BANK			500,000,000
03.	OVERDRAFT FACILITY FROM BANK			200,000,000
04.	LONG TERM FROM DIRECTORS			542,747,402
	TOTAL FINANCING			1,684,035,700

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Project Feasibility Study.

PROJECT IMPLEMENTATION SCHEDULE

EVENT	Nov-08	Dec-08	Jan-09	Mar-09	Jun-09	Sep-09	Nov-09
FEASIBILITY STUDY & FUND MOBILIZATION	■	■					
SITE DEVELOPMENT AND DESIGNING OF PLANT LAYOUT		■	■	■			
FACTORY SHED MODIFICATION			■	■			
ORDERS FOR MACHINERY				■	■		
SHIPMENT OF MACHINES AND HANDLING					■	■	
PERSONNEL RECRUITMENT & TRAINING					■	■	■
PLANT INSTALLATION COMMISSIONING							■
IMPORT OF INPUTS INCLUDING KRAFT & FLUTTING						■	■
TRIAL RUNS, TESTING AND COMMENCEMENT OF COMMERCIAL OPERATIONS							■

BUSINESS PLAN

FOR

YUKOS ENTERPRISES (E.A) LIMITED

P.O. BOX 8440

DAR-ES-SALAAM

PREPARED BY

MAGIRA M. MASEGESA

P.O. BOX 8840

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YUKOS ENTERPRISES (E.A) LIMITED

BUSINESS PLAN

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YUKOS ENTERPRISES LIMITED

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1. EXECUTIVE SUMMARY:

1.1 Executive summary

By focusing on its commitment to helping businesses obtain the printing products and services they need, YUKOS Enterprises Limited will increase its sales to more than TShs. 1.2 Billion in year one , while improving the gross margin. YUKOS Enterprises will distinguish themselves by reinforcing reliability and expertise with competitive pricing.

Highlights

1.2 Objectives

1. Sell TShs. 1.271 billion in the first year.
2. Increase sales to more than TShs. 2.2 billion by the third year.
3. Bring gross margin up above 30%, and maintain that level.
4. Retain client base from previous relationships, and obtain 20 new clients by the end of the first year

1.3 Mission

YUKOS Enterprises Limited is dedicated to helping businesses obtain the printing products and services they need. YUKOS offers a high level of practical experience, know-how, and a network of industry contacts, so clients save money and time by allowing a printing professional to handle their printing needs. Very few print shops possess all the equipment and products that most businesses require for all of their printing they rely on the knowledge of a professional that can provide one-stop shopping for all services, paper, bindery, and graphics at a reasonable cost, while overseeing the printing process to ensure the highest quality possible.

YUKOS is such a vendor. We make it our number one goal that our clients receive the quality of printing they need, with maximum efficiency and reliability. By providing fast response, expertise, and high-quality solutions, YUKOS generates satisfied repeat customers. This provides a stable retainer base that creates consistent profits.

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1.4 Keys to Success

The keys to the success in this business are:

- Consistent, timely, and accurate expertise and information to fulfil the client's printing needs.
- Offer one-stop-shopping with competitive pricing for the quality of products and services offered.
- Build long-term relations with clients to develop a loyal repeat customer base.

2. COMPANY SUMMARY

2.0 Company Ownership

YUKOS Enterprises (E.A) is a Limited by share Company owned by two shareholders, Mr. Magira Magoma Masegesa and Magoma Magira, of P.O. Box 8440 Dar es Salaam. The company is Incorporated under Company Act. 2002 in Dar es Salaam, on 7th June 2006.

The shareholders have extensive prior experience as senior sales executive in the printing industry.

YUKOS Enterprises Limited authorized share capital is TSh. 10,000,000/= of which is issued and paid-up as shown hereunder:

Sr. No.	Particular	No. of Shares	% Holding
01.	Magira Magoma	80	80%
02.	Magoma Magira	20	20%
	TOTAL	100	100%

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2.1 Company Locations and Facilities

We believe that availability of adequate manpower and infrastructure is a must for success of any organization or enterprise.

We have a very spacious office in Kisarawe District in the Coast Region, located on Plot No. 23 at Kiluvya "A" near Dar Es Salaam City. Our office is equipped with latest equipments, computers and the necessary communication accessories. We can be reached through fax, e-mail and by telephone. All our senior staff are available on mobile phone.

3. MARKET ANALYSIS SUMMARY

3.0 Market Analysis Summary

YUKOS Enterprises Limited Printing focuses on local large businesses that utilize a variety of printed materials.

3.1 Market Segmentation

Our market segmentation scheme allows room for estimates and non-specific definitions. We focus on large companies, and it is hard to find information to make exact classifications. Our target companies are large enough to utilize a great deal of print products, but small enough that they do not have in-house printing equipment. We say that our target market company has at least 50 people.

3.2 Target Market Segment Strategy

Our target markets are larger companies that utilize diverse printed materials. We chose this group because the marketing and purchasing departments are generally too busy to research and follow a printed product from beginning to end. They usually rely on the expertise and knowledge of a print vendor they can trust. The focal point of our marketing strategy will be direct face-to-face contact with those individuals that make the print vendor choice.

3.2.1 Market Needs

The most important market needs are knowledge, reliability, pricing, timely, completion and high quality. One of the key points of our strategy is to focus on those decision making individuals that know and understand these needs.

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3.2.2 Market Growth

Tanzania offers a huge market potential for the products envisaged by this expansion project. As on date there is a big demand-supply gap and the same is being filled up by imports. YUKOS Enterprises has been exposed to the printing market, now for more than a decade and they have done their in-house study which reveals that the current constraint in the economy is capacity to locally process and supply good quality printing products and services. As per the survey made by the promoters who are in this field for many years, it is estimated that between 15,000 tonnes to 20,000 tonnes of printing products are being imported in Tanzania per annum. Hence, the demand is guaranteed throughout the year for full installed capacity of the plant. They have a large network of agents throughout Tanzania for their existing product range. The same agents shall sell their new products. Also they intend to promote the new range of products through electronic and print media.

3.3 Service Business Analysis

The following is a description of market segmentation, strategies, and industry analysis.

3.3.1 Business Participants

The printing industry is similar to many others. There are;

- Large national franchises, such as KIUTA, Transpaper to mention a few.
- Large local commercial printing companies that do large projects, are such as the Printech Company Limited, Jamana Printers and Tanzania Printers.
- Medium sized commercial printing companies that produce large quantity of full colour work, such as 50,000 full colour brochures or flyers.
- Small quick print shops, that are individually owned, that do work such as copy, stationery, business cards, newsletters, etc.
- Print brokers provide all the above as one-stop-shopping.

According to survey done by the company, the printing field is dominated by relatively small, privately owned businesses.

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3.3.2 Distributing a Service

The primary distribution pattern in the printing business is from supplier to agent to consumer. The agent can be an in-house sales person or independent broker.

3.3.3 Competition and Buying Patterns

Printing is generally considered a commodity bought at the lowest price on a bid basis for every job. Service, quality, reputation, and timely production are also factors that effect the final decision to which the project is awarded.

3.3.4 Main Competitors

Other Print Brokers:

There are numerous print brokers already established. Some of which have been highly successful due to their number of years in the business and established client base. These brokers already have more work than they can handle.

Commercial Printing Companies:

This field is dominated by individually owned print shops that can turn around the work quickly when sold in-house. However, high turnover in employees, especially sales people, makes it hard for them to retain long-term clients.

4. STRATEGY AND IMPLEMENTATION SUMMARY

4.0 Strategy and Implementation Summary

In order to reach its goal of becoming a successful printing company, YUKOS Enterprises Limited will adopt the following strategy:

1. Emphasize expertise, professionalism, and reliability.
2. Build a long-term relationship-oriented business.
3. Provide solutions, service, and quality printing to our clients.

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4.1 Strategy Pyramids

YUKOS's marketing efforts depend on recognition for expertise, professionalism, and reliability. It starts with our known contacts, recommendations from satisfied clients, and continues with long-term fulfilments of our promises.

We have already developed a database of contacts from previous sales positions. We utilize our database to make regular contact and updates; most of our contact is face-to-face. This keeps our name and reputation in view of the customer as much as possible, so when a print need approaches these consumers choose YUKOS Enterprises for their printing needs.

4.2 Value Proposition

Our value proposition has to be different from the standard printing vendor. We offer our clients a vendor who is an ally, who is going to work for them and with them to obtain the product and service they want. Our confidence and ability translates into confidence for the consumer and a starting point towards developing long-term relationships and trust.

4.3 Competitive Edge

Our most important competitive edge is our relationship with our clients as a strategic ally. By building a business based on long-standing relationships with satisfied clients we simultaneously build defences against competition. The longer the relationship stands, the more we help our clients understand what we offer and why they need it.

4.4 Marketing Strategy

YUKOS Enterprises adheres to the theory that the goal of business is to create and keep customers. The marketing strategy will reflect this goal as YUKOS builds its reputation. Our focus will be:

1. Reliability, expertise, and quality.
2. Building long-term personal relationships with those that make the printing decisions for a company.
3. Establishing face-to-face contact with the client as much as possible.

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4.4.1 Positioning Statements

For business professionals who want their printing accurate, on time, with the utmost reliability, YUKOS Enterprises is a vendor and ally who ensures high quality printing, fair pricing, and personal service. Unlike other printing vendors, YUKOS Enterprises establishes personal long-term relationships, goes to the customer to offer proactive ideas, solutions, services and quality printing.

4.4.2 Pricing Strategy

Much of our pricing is determined by market standards. YUKOS Enterprises will attempt to maintain margins of 30% to 35%. We will make every effort to maintain a competitive pricing policy.

4.4.3 Promotion Strategy

During our first few weeks of operation, we plan to mail a personal letter to all of our previous contacts, expressing our excitement of our new company, and offer quality printing and service. We will enclose our business cards in each letter so all contact information is easily accessible. We will also call and go directly to previous contacts in order to emphasize our personal service. We will depend on word of mouth by our satisfied clients, which will always be our most important means of promotion.

4.4.4 Distribution Strategy

YUKOS Enterprises' distributing strategy will focus on the target market in the country to which it will sell directly.

4.4.5 Marketing Programs

The most important marketing program for YUKOS Enterprises is to get the word out, through a combination of the following:

1. Sending a letter of announcement with enclosed business cards to all existing contacts. Magira Magori will be responsible with a budget of TShs. 2,000,000 and a milestone date of October 15, 2009. This program is intended to inform them of our services, excite the potential clients about our new endeavours, and create interest in YUKOS Enterprises. Achievement should be measured by the number of requests for printing quotes by these individuals.

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2. Making personal contact by calling and paying a personal visit to existing contacts. Magira Magori will be responsible with a budget of TShs. 1,000,000 and a milestone to October 16, 2009. This program is intended to establish personal relationships, and inform the contacts of our services. Achievement should be measured by the number of requests for printing quotes by these individuals.

4.5 Sales Strategy

Sales strategy for YUKOS Enterprises is simple and straightforward: customer satisfaction. Happy customers will be repeat customers, and they will provide referrals to new customers.

Sales forecast figures are based on YUKOS supplies' of last five years of performance in this field while employed by Sister printing company.

4.5.1 Sales Forecast

The important elements of the sales forecast are shown in the Sales Monthly chart and table. We expect a steady fast paced growth during the first year. Sales growth is estimated to grow at an estimated 30% annually through the first three years of operation.

Sales Forecast

Sales Forecast

TShs. "000"

	Sales	FY 2001	FY 2002	FY 2003
	Sales	1,271,762	1,653,292	2,149,279
	Other	0	0	0
	Total Sales	1,271,762	1,653,292	2,149,279
	Direct Cost of Sales	FY 2001	FY 2002	FY 2003
	Sales	890,234	1,157,304	1,504,496
	Other	0	0	0
	Subtotal Direct Cost of Sales	890,234	1,157,304	1,504,496

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5. Estimated Financial & Development Benefits:

The Project envisages an investment of TSh. 700 millions. We anticipate continuation of the existing working capital limits during the first year of operations expected to be granted by you. The project will result into import of machineries and technology in to the country. The money spent will result into employment to various individuals within the country in direct as well as in indirect manner. During the implementation period it is expected that nearly 100 local direct employments will be generated and after completion of the project nearly 25 will secure permanent employment.

Apart from employment generation, the project shall also contribute towards the finances of local bodies by contributing towards, different levies like,

PAYE, Skills & Development Levy, City Service Levy, VAT and Corporate Tax.

The above mentioned are direct development benefits of the envisaged project, however there will be considerable advantages coming out to the society out of such project. It will lead to creation of demand in various other consumables and thereby support the consumer goods industry to develop within Tanzania. It will also provide impetus to better standard of living among the residents of the country and as such the project shall contribute positively to Nations' economic development.

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Conclusion:

The conclusion, based on above brief is to go ahead as envisaged and establish the contemplated manufacturing facilities as early as possible. The immediate and long-term benefits of the project are quite attractive from everybody's angle.

The entrepreneurs will earn profits, the labourers will get their share, the government will benefit out of the taxes and levies, the national economy will benefit out of increased supply, there will be saving of scarce foreign exchange as the output of this project will prove to be import substitute. Besides latest technology will come to this country, technical, managerial and marketing expertise will come to this country. The project will also lead to so many other indirect benefits in terms of ancillary businesses and overall growth for demand of consumer products leading to growth of those industries within Tanzania and thereby leading to overall growth of the economy.

On careful evaluation of such factors, it is a very obvious conclusion that the project is technically, commercially and financially feasible and viable. It is therefore recommended to consider this project, as feasible and all concerned authorities should accord all required support in completing the setting up of this project.

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6.0 TANZANIA – General:

The United Republic of Tanzania is located in East Africa. It borders Kenya, Uganda, Rwanda, Burundi, The Democratic Republic of Congo, Zambia, Malawi & Mozambique. The country has a wide range of valuable natural resources. The country also has significant hydropower potential. Its population is 35,257,081 Millions including 1,007,534 of Zanzibar. The main cities and municipalities are as under:

Name of city	Population in Millions (2003 Estimates)
Dar es Salaam	2.58
Mwanza	3.01
Mbeya	2.11
Arusha	1.32
Tanga	1.66

Tanzania has been experiencing a very stable political scenario. In 1986, structural reforms were introduced to enhance the privatization of parastatals, improvement of investment climate and broaden the role of private sector in the economic activities. The role of the state has been re-defined essentially in terms of regulatory and facilitative functions, so as to make the private sector occupy the centre stage of the economy.

In the African continent, Tanzania is among the fastest developing economies. Tanzania has clinched the **top slot** in the improvement index as published by the Centre for International Development at Harvard University. The report titled "**The Africa Competitiveness Report 2000/2001**" ranks Tanzania as first on improvement index.

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Investors in Tanzania are highly optimistic of the future of the economy. Low inflation, a reasonable stable currency, friendly government and

Peaceful country are what most of the international company chiefs quoted as being economic driving force.

TANZANIA – Economy:

Tanzania has been witnessing favourable macroeconomic environment, which is characterized by an annual average economic growth of around 6%. According to the World Bank estimates, GDP growth rate is around 5.7% between 1999 & 2003.

Following table depicts the key figures of GDP for the year 2003.

Particulars	Measures
GDP(At constant prices-1992)	TSH. 1,962,040 Million
GDP per Capita	TSH. 57,370
GDP Growth	5.6%
Sectoral Contribution	
Agriculture Value Added	46.8%
Mining, Quarry and Construction	8.2%
Manufacturing	8.6%
Trade, Hotels & Restaurants	16.8%
Financial Services	9.9%
Other Services	9.7%
Source: National Bureau of Statistics	

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The last row on the appended statement showing break-even analysis shows the margin of safety in terms of cubic meters of timber. In other words it shows the cubic meters of timber, which the company can afford as sales drop, without entering loss zone.

16. Project Development Benefits:

- a) The Project envisages an investment of TShs. 585 millions. This investment will result into bringing in plant and machinery and will thus increase the productive capacity in the country. This will help the country in increasing the share of industrial output in its GDP, which is as of date very low.
- b) The project envisages employment of 88 locals on a permanent basis and equal number of casuals as per the requirement will be employed.
- c) The employment generation stated in point (b) above will have cascading impact on the overall economy in a positive manner.
- d) Along with machines, there will be inflow of foreign technology. This will help the country in updating the State of the Art technology within the country as far as textile industry is concerned.
- e) The Project will also have an in-house training center and as such it will help the local community to improve upon their technical skills.

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d. Projected Working Capital Estimates:

As can be seen from the appended statement on working capital, the initial requirement is T.Shs. 441 millions which subsequently increases to TShs. 984 millions in the year 2009. This is despite the fact that the manufacturing process is not very long. This is due to the size of the unit. Raw Material stock has been estimated at 15 days requirement, finished goods of 15 days and WIP of 10 days, with debtors' level estimated at 15 days.

e. Projected Depreciation Schedule:

Depreciation has been taken as per the provisions of Income Tax Law. No depreciation for land has been assumed and. It has been estimated on WDV method as under:

a) Plant & Machinery	6.50%
b) Land & Building	NIL
c) Others	12.5%

As can be observed from the appended statement showing calculation of depreciation, pre-operative and contingency expenses amounting to TShs. 25 millions has been apportioned to the Plant and Machinery in the proportion of their weight age in the original block of assets.

f. Projected Break-Even Statement:

Break-even position reveals the stage when the project becomes self-sufficient or independent. It is the position of no loss no profit. As can be seen from the appended statement the project enjoys break-even at 45.66% on 90% capacity utilization. This indicates that the project will generate higher profits at higher level of capacity utilization. The break-even is shown in % of capacity utilization.

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some manpower related costs have been assumed to be constant. It has been further assumed that any changes in the costs will be off-set by equivalent increase in the selling price of the product.

Cash profits start from the year one and over the three years projections made; the company will generate an aggregate of TShs. 708.142 Millions.

b. Projected Cashflow Statement:

The appended projected cash flow statement shows that the initial funding will be arranged from promoters. Out of the total funds approximately TShs. 880 million will be utilized for creation of assets and balance will be for working capital including payment of the loans on free interest during the period of moratorium & establishment of processing facilities.

The cash flow statement also reveal that over a period of three years the total inflow from operations is to the tune of TShs. 249 million and the project shows a comfortable cash balance. Further the project generates enough balance to re-pay the loans in three years.

c. Projected Balance Sheet:

The Projected Balance Sheet shows that despite heavy investment in fixed assets, initial working capital requirement is also quite substantial.

The level of term loan drops down gradually to nil over three years. It implies that the project is economically independent after the initial support. This leads one to the conclusion that the project is financially viable.

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c. Revenue Estimates:

The Project envisages production and sale of various printing products and services. There is an established export market. Out of the total capacity of 3,000 cubic meters per annum (with 300 working days) the utilization factor has been considered as under:

<u>Year</u>	<u>%</u>	<u>Cubic Mtrs</u>
Year 1 (2009)	60%	800
Year 2 (2010)	75%	1,250
Year 3 (2011)	90%	1,700

After taking cognizance of above capacity utilizations and the selling price estimates the annual turnover for year 1 to year 3 are as shown in enclosed table.

15. Financial Analysis:

a. Projected Profitability Statement:

As can be seen from the appended projections of profitability for the Project, the company will earn profit before tax and interest expense of TShs. 220 millions for the first year of operation, however will generate TShs. 49.6 millions of cash surplus for the first year which is quite encouraging. The company will thereafter earn considerable profits in absolute terms.

The company will earn gross profit of 30% throughout the first three years starting from 2009 to 2011. The net profit will range from 10.40% in the year 2009 to 17.99% in the year 2011. Net profit of around 10% to 15% even in long run for such a large scale project should be considered as very encouraging. The selling prices for the products to be manufactured by this project have been kept very competitive in order to grab large share of export market and this explains the low percentage (%) of net profit. Selling prices of the products and related costs except for

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14. Cost And Revenue Estimates:

a. Assumptions:

- a) The Project will have an effective life of 15 years.
- b) The Project will start its commercial operations from November, 2009.
- c) The Project will start its operations at 60% of capacity in the first year and increasing at a steady rate of 15% of the total capacity it will reach 90% of the capacity from the year 2010 onwards.
- d) All prices ruling during the month of October 2008 have been considered. It has been estimated that they will remain constant throughout the period of the Project. It has been also assumed that any increase in prices of input will be compensated by proportionate increase in the selling price of the finished product.
- e) Supply of power, water, raw material and other inputs has been assumed to be available without any major interruptions.
- f) Availability of adequate skilled and semi-skilled labour in the country has been assumed.

b. Cost Estimates:

Manpower cost has been actually worked out and production related labour cost has been taken according to the capacity utilization, whereas the administrative manpower cost has been taken on the basis of period. Production, Administration, Selling and Distribution costs have been estimated after considering the specific requirement of the Project.

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d. Details of Cost of the Project:

The Company shall be entering into a agreement with one of its shareholder, who is in possession of premises located at Plot No. 23 at Kiluvya "A", Kisarawe District. As far as building shed and plant and machinery are concerned, the company is proposing to transfer the existing production facility. Another one set of full production line proposed to be imported from German, Machines and Printing Machines will be to the tune of TShs. 585 millions. The machinery will have an annual installed capacity of processing as per detailed list of plant and machinery and supporting equipments required for the project is as per project cost details attached herewith.

Considering the size of this Project, and also keeping in mind the 13 months of implementation period the contingencies and pre-operational expenses have been estimated at TShs. 25 millions up to the stage of commencement of commercial operations. The same will be apportioned to all assets on completion of the Project.

The Initial Working Capital has been estimated at T.Shs. 100 millions with a margin money requirement of T.Shs. 199 millions and the components thereof are assumed as explained in this paragraph. Raw Materials have been assumed at 15 days, Finished Goods at 15days, Work-in-Process of 10 days. Debtors have been estimated at 30 days. 7 days credit has been considered from creditors of goods and services.

The entire capital cost of the project thus works out to T.Shs. 1,684millions.

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revenue figures are available only in US \$ the conversion to TShs. has been done at a standard rate of T.Shs. 1,300 = 1 US \$.

- e) Cost of Machines to be imported is inclusive of any technical support required for installation, testing and commissioning up of the said machines.

b. Estimated Capital Cost Of The Project:

Sr.No.	Item	TShs.
01.	Land & Buildings	579,249,000/-
02.	Plant & Machinery	579,786,700/-
	Installation & Training	5,268,300/=
03.	Motor vehicles	295,000,000/-
04.	Pre-operational & Contingency	25,000,000/-
05.	Working Capital Margin	125,731,700/-
06.	Furniture & Fittings	60,000,000/-
07.	Others	14,000,000/-
	TOTAL	1,684,035,700/-

c. Financing Of The Project:

Sr.No.	Item	TShs.
01.	Capital (paid up capital)	441,288,298/-
02.	Long term loan from Directors	542,747,402/-
02.	Term loan from Bank	500,000,000/-
02.	Overdraft facility from Bank	200,000,000/-
	TOTAL	1,684,035,700/-

As of now the promoters have an investment in terms of buildings, and plant & machinery valued at TShs. 579 million. The current plan has been envisaged to be funded by fresh injected funds from Directors. In addition the company is applying for a working capital facility of TShs. 200 million. Once are in place, the company will have shareholders' funds of about TShs. 984 millions in terms of paid up capital and unsecured loan from directors.

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Activity	From	To	No. of Months
Feasibility Study & Mobilization	Nov 2008	Dec 2008	02
Site Development and designing of Plant Layout	Jan 2009	Mar 2009	02
Factory Shed Construction	Mar 2009	May 2009	03
Selection & Orders for Machinery	May 2009	Jun 2009	01
Shipment of Machines and Handling	Jun 2009	Jul 2009	01
Personnel Recruitment	Jul 2009	Aug 2009	01
Plant Installation & Commissioning	Aug 2009	Sept 2009	01
Import of Inputs including semi product and Chemicals	Sept 2009	Oct 2009	01
Trial Runs, Testing and Commencement of Commercial operations.	Oct 2009	Nov 2009	01

13. Investment And Financing:

a. Assumptions:

- a) Prices used are those prevailing in October 2008. Any price increase of inputs is expected to be compensated by a proportionate rise in the selling price.
- b) The project implementation period is 6 months. The first year will be from Nov 2009.
- c) Projections have been made for three years (2009 to 2011) and it has been assumed that the life of the project is nearly 20 years.
- d) The unit of account in all financial analysis is Tanzanian Shilling (denoted as TShs.) and wherever costs and

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Expatriate staff will cater to the positions of Processing Manager and Mechanical Engineer.

Semi-Skilled staff will consist of production supervisors, technical assistants, stores personnel, finance and accounts assistant and marketing assistant.

Un-Skilled labour consists of helpers, load pullers and loading and unloading individuals.

It is estimated that the total manpower cost for the project will be approximately TShs. 196 million at 90% of the envisaged capacity by this project.

12. Project Implementation Schedule:

The Project will take nearly thirteen months to become commercially operational. Considering October 2008 as the first month of the project, it is expected that commercial operations should start by November 2009. Since the Directors have adequate knowledge about the setting - up and running of such unit and also have established contacts with suppliers of the machines and technical experts who can assist in installation and commissioning of the plant, the implementation period has been worked out on tight margins.

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10. Production Process & Technology:

The unit as envisaged by this project starts from imported semi processed material as the basic raw material and ends with processed books. The production process of exercise books and stationeries is very simple but requires methodical and consistent step by step processes to ensure the quality of final product for export market.

A separate quality control department is also envisaged to be established to ensure that the output meets quality requirements of the export markets. Quality control checks will be done at various stages of production and necessary corrections carried out.

The promoters have easy access to the technical persons for the running of the unit and coupled with latest machines with modern technology it is estimated that production will not be a limiting factor. In other words cost effective production of books is anticipated.

11. Manpower Estimates:

The project will create permanent jobs for nearly 90 individuals including eighteen expatriates. However during the setting-up stage the need for labour will be higher. After that the project will also provide labour to some casual employees on a seasonal basis.

The break-up expected for total employment of 90 individuals including the expatriates is as under:

Skilled (basically expatriate staff)	5
Semi-Skilled Staff	20
Un-Skilled Staff	62
Technical & Managerial	2
	<hr/>
	89
	===

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8.0 Brief Profile Of The Promoters:

The Project is sponsored by YUKOS Enterprises Limited, with its two director-shareholders. A copy of Articles and Memorandum of the company has been attached with report and regarding the main promoters, their profiles are also attached. As can be observed, the promoters are well qualified and experienced in printing industries line. In other words, the promoters are quite capable of seeing through the project and can take up the responsibility of making the project a success story.

9.0 The Market:

As stated in the executive summary there is tremendous demand for export for the products envisaged by the project.

YUKOS Enterprises Limited envisages production of following products initially:

- a) Printing products.
- b) Printing services.

In immediate plans the company is to export the products as its own study indicates tremendous demand on export front. The real challenge is to set up most effective channel for marketing the products and operate a very flexible product mix. Since the current management have adequate exposure in these areas no major challenge is envisaged as far as marketing of the timber is concerned.

In other words the challenge in front of this project is not how to market, but to produce cost effectively and distribute the project effectively and keep the quality of the exercise books comparable internationally.

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material which will market into various items pertaining to stationeries. In order to run the machineries, furnace oil, electricity, diesel, lubricants and machinery spares will be required and these are easily available locally. Man-power except for technical expert is available locally. The project envisages employment on a permanent basis for nearly 88 Tanzanians once the capacity utilization touches 90%. Casual labourers will also be hired from time to time to meet the market demands. Provision for 2 expatriate staff (technical and commercial) has been made.

The demand for the product is so heavy that all the output will be sold in export market and that makes the distribution of goods an easy task. The company will sell the products ex-factory and will ensure proper stockyard within the factory premises, to keep adequate stocks of finished products.

The promoters of this project are in possession of an infrastructure which is worth nearly TShs. 1,684 million (machineries TShs. 585.055 million and remaining balance for renovation of the existing building and others associated costs), moreover they have adequate liquidity to see through this project. They have interacted with share holders advances and existing paid-up capital for supporting the entire project. They are confident that they will be in a position to secure the term loan from directors as considered in this project financials and that too on the terms considered. I.e. non interest subjected with re-payment upon realization of profit.

As will be seen in the project financials discussed elsewhere in this report, the project does seem to be technically and financially viable.

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Tanzania export trade is dominated by agricultural produce. The leading foreign exchange earners include coffee, tea, tobacco, cotton, sisal and cashew nuts, while major imports into Tanzania consist of machinery, industrial raw materials, building and construction equipment and consumer goods.

Since the country started to implement economic and institutional reforms, there has been a steady increase of Foreign Direct Investment (FDI) inflows in the economy. Inflows have risen from US \$ 172.22 Millions in 1998 to US \$ 240.4 Millions in 2002 and to US \$ 300.0 Millions in the year 2003. Such an increase in foreign direct investments, apparently, indicates that the country's investment environment has increasingly improved in the manner that investors are now able to predict more precisely profits to be accrued from their investments.

The World Bank and other donors fully endorse Tanzania's economic and institutional reform efforts, as evidenced by an expanded level of donor support. There are also a large number of non-governmental organizations working in Tanzania.

Agriculture is the leading economic sector in Tanzania. It accounts for about 50% of GDP, 75% of merchandise exports and is source of food and provides employment opportunities to about 80% of Tanzanians.

Following chart shows various regions with potential for large commercial farming of cash crops.

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Crops	Regions
Coffee	Kilimanjaro, Arusha, Ruvuma, Mbeya, Iringa, Parts of Lushoto
Cotton	Mara, Mwanza, Tabora, Shinyanga, Kigoma, Singida & Tanga
Tea	Iringa, Tanga, Mbeya & Kagera
Tobacco	Tabora, Iringa, Kigoma, Shinyanga, Ruvuma & Kahera
Sisal	Tanga, Morogoro, Arusha, Kilimanjaro, Lindi & Matwara
Cashewnuts	Mtwara, Lindi, Tanga & Coast
Sugar	Morogoro, Mara, Mbeya, Mtwara & Kilimanjaro
Maize	Mbeya, Iringa, Ruvuma, Rukwa, Tanga, Kilimanjaro, & Morogoro.
Wheat	Arusha, Kilimanjaro, Mbeya, Iringa & Rukwa.
Rice	Mbeya, Morogoro, Coast, Rukwa, Tanga, Kilimanjaro & Shinyanga
Millet	Dodoma, Arusha, Singida, Shinyanga & Mwanza
Potatoes	Kilimanjaro, Arusha, Mbeya, Kagera & Morogoro
Bananas	Kilimanjaro, Arusha, Kagera, Mbeya & Morogoro
Chicken peas	Mwanza, Shinyanga and Mara
Pigeon	Arusha, Morogoro & Dodoma

7.0 The Project Concept:

The project contemplates setting up of processing facilities for printing of various printing products and services thus leading to high quality and export printing products.

The processing capacity envisaged for this project is to the tune of 12 tonnes per day, which works out to 3,600 tonnes per annum with 300 working days. Starting with a capacity utilization of 45% in the first year the overall production will be at 58% in the third

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year of operations. We aim to manufacture 1,500 tonnes per annum during the first year of operations against the installed capacity of 3,600 tonnes per annum. The project cost has been estimated at TSh. 1,684,035,700. Machinery cost is to the tune of Tshs. 585,055,000. The project envisages employment of 24 individuals with 2 expatriates at its initial stage. The break-even for the project is around 23% to 30% and the payback period is 5 years. For such a project a pay-back period of 5 years is quite reasonable.

Following factors have been deemed to be instrumental in conceiving of this project.

- a) The Promoters are experienced business people with vast experience and international exposure. Since promoters have been in business since 1980 in this line their knowledge and exposure related to this market and industry is quite authentic and up to date.
- b) Tanzania printing export market has huge potential and the demand supply gap is quite huge. Such situation ensures very less marketing efforts.
- c) Tanzania is perceived as one of the most stable countries in the East African belt and therefore it has been thought more proper to expand the base in Tanzania rather than any other country in the African continent.

All machines will be imported from German and as per the estimates of the promoters, the project should be through by November 2009 including installation, testing and commissioning

Out of the total printing processing capacity, 90% has been planned for printing products and the balance 10% will be used for services. Also there will be by-products in the form of printing

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17. CONCLUSION AND RECOMMENDATION:

The above study of the Project reveals that the Project is technically, commercially and economically feasible, viable and is desirable for country's economy. Since it will result into many social benefits like employment generation, related development in society, inflow of foreign exchange, inflow of foreign technology, strengthening of manufacturing base within the country, inflow of technical and managerial expertise, creation of many other ancillary industries and businesses etc, the Project is desirable socially also.

In light of anticipated financial, social and development benefits the Project qualifies for positive recommendation for immediate implementation. Since the promoters are confident of arranging the required funds from banks and of establishing the Project within the committed time frame the conclusion is to recommend to all concerned authorities to accord utmost support to this Project so as to enable the country to realize the benefits as perceived in this report.

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Project Feasibility Study.

PROJECTED BALANCE SHEET

T.Shs.

SR.NO.	DETAILS	2009	2010	2011
A	FIXED ASSETS	1,093,607,288	1,107,186,804	1,066,984,578
B	CURRENT ASSETS			
1	Inventories	148,372,346	192,884,050	250,749,264
2	Debtors	121,949,873	113,239,168	147,210,918
3	Loans & Advances	-	-	-
4	Cash & Bank Balances	49,619,975	9,227,126	26,096,325
	Total	319,942,194	315,350,344	424,056,508
C	CURRENT LIABILITIES			
1	Accounts Payable	2,438,997	3,170,697	4,121,906
2	Others	2,036,075	2,341,486	2,692,709
	Total	4,475,072	5,512,183	6,814,615
D	NET CURRENT ASSETS	315,467,121	309,838,161	417,241,893
E	TOTAL NET ASSETS	1,409,074,410	1,417,024,965	1,484,226,472
F	FINANCED BY:-			
1	Equity Share Capital	441,288,298	441,288,298	441,288,298
2	Profit & Loss Appropriation A/c	556,697,285	727,257,647	997,938,174
3	Term loan from Bank	363,588,827	198,879,021	-
4	Bank Overdraft	47,500,000	49,600,000	45,000,000
4	Long term from Directors	-	-	-
G	TOTAL FINANCING	1,409,074,410	1,417,024,966	1,484,226,472

appendix to Business plan

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Project Feasibility Study.

PROJECTED PROFITABILITY STATEMENT

		T.Shs.		
SR.NO.	DETAILS	2009	2010	2011
SALES REVENUE				
1	Sales During The Year	1,271,762,964	1,653,291,853	2,149,279,409
TOTAL TURNOVER		1,271,762,964	1,653,291,853	2,149,279,409
COST OF PRODUCTION				
	Total	890,234,075	1,157,304,297	1,504,495,586
	Gross Profit	381,528,889	495,987,556	644,783,823
	% of G.P. to Turnover	30.00%	30.00%	30.00%
D	ADMIN., SELLING & DIST. COSTS			
1	Operating Costs	78,849,304	102,504,095	133,255,323
2	Sales & Distribution Exp	29,250,548	38,025,713	49,433,426
	Total	108,099,852	140,529,808	182,688,750
E	Finance Cost			
1	Interest on Bank Loan.	88,524,947	60,226,313	26,057,100
	Bank charges & Commission	1,271,763	1,653,292	2,149,279
3	Others	2,000,000	5,000,000	7,000,000
	Total	91,796,710	66,879,605	35,206,379
E	DEPRECIATION	49,368,608	44,920,484	40,202,226
F	TOTAL COST OF SALES	1,139,499,245	1,409,634,194	1,762,592,942
G	PROFIT / (LOSS) FOR THE YEAR	132,263,719	243,657,660	386,686,468
	% of Profit to Turnover	10.40%	14.74%	17.99%
H	TAXATION	39,679,116	73,097,298	116,005,940
I	PROFIT AFTER TAX	92,584,604	170,560,362	270,680,527
J	Proposed Dividends	-	-	-
K	PROFIT C/F TO THE BALANCE SHEET	92,584,604	170,560,362	270,680,527
L	CASH GENERATED FROM OPERATIONS	181,632,327	288,578,144	426,888,694
	Accumulated Cash Accruals	1,572,707,552	1,861,285,696	2,288,174,390

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COST OF THE PROJECT AND MEANS OF FINANCE

SR.NO.	ITEM NAME/DESCRIPTION	TOTAL	
		US \$	T.Shs.
A.	<u>COST OF THE PROJECT</u>		
01.	FACTORY & OFFICE CONSTRUCTION Construction of new building for office and factory		579,249,000
02.	PLANT & MACHINERY		
a)	CIF Including PSI fees	-	579,786,700
b)	Installation & Training	-	5,268,300
03.	VEHICLES	-	295,000,000
	FURNITURE & FITTINGS		60,000,000
	OTHERS		14,000,000
03.	PREOPERATIONAL & CONTINGENCY (Including Interest Capitalised)	-	25,000,000
04.	INITIAL WORKING CAPITAL REQUIREMENT	-	125,731,700
	TOTAL COST OF THE PROJECT		1,684,035,700
B.	<u>MEANS OF FINANCE</u>		
01.	EQUITY SHARE CAPITAL		441,288,298
02.	TERM LOAN FROM BANK		500,000,000
03.	OVERDRAFT FACILITY FROM BANK		200,000,000
04.	LONG TERM FROM DIRECTORS		542,747,402
	TOTAL FINANCING		1,684,035,700

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Project Feasibility Study.

PROJECT IMPLEMENTATION SCHEDULE

EVENT	Nov-08	Dec-08	Jan-09	Mar-09	Jun-09	Sep-09	Nov-09
FEASIBILITY STUDY & FUND MOBILIZATION							
SITE DEVELOPMENT AND DESIGNING OF PLANT LAYOUT							
FACTORY SHED MODIFICATION							
ORDERS FOR MACHINERY							
SHIPMENT OF MACHINES AND HANDLING							
PERSONNEL RECRUITMENT & TRAINING							
PLANT INSTALLATION COMMISSIONING							
IMPORT OF INPUTS INCLUDING KRAFT & FLUTTING							
TRIAL RUNS, TESTING AND COMMENCEMENT OF COMMERCIAL OPERATIONS							