



ARUNSHA ENTREPRENEURS  
ASSOCIATION LTD



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7.0

**EXD**

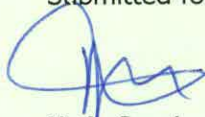
The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest ..... us\$ 0.4427 .....
- (b) Legal entity has been incorporated under certificate

No. 64633 ..... of 12/03/2008 .....

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**

27<sup>th</sup> March 2009

2.0

**EXD**

In response to the TIC letter of registration dated 27<sup>th</sup> March 2007 .....

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from Bank of Baroda T/P .....
- (c) Lease Agreement as evidence of land .....

With the above submission EXD is requested to sign Certificate of Incentives No. 041671 ..... herein attached.

8/4/09



DIF

MINUTE

PAGE NO. \_\_\_\_\_



①

# ARUSHA ENTREPRENEURS ASSOCIATION LIMITED

P.O Box 3072 Arusha, TANZANIA  
Tel 255 788 531 121,  
E-Mail Address; [eae@cybernet.co.tz](mailto:eae@cybernet.co.tz)

Our Ref.: AEAL/AR/02/09

Date: 17<sup>th</sup> February, 2006

Executive Director  
Tanzania Investment Centre  
P.O Box 938  
DAR ES SAALAM



## RE: APPLICATION FOR CERTIFICATE OF INCENTIVE

Arusha Entrepreneurs Association Limited is a newly established limited liability company that was incorporated in Tanzania on x<sup>th</sup> xxx 2006, with a purpose investing in food processing that will include investment in food manufacturing process aiming at adding value for agricultural products grown locally

The company will also offer training to its workers in food processing to develop their skills which is not fully exploited in the country.

The company is now applying for the certificate of incentives.

Along with this application we are forwarding the following documents for your necessary action;

- A. Business Plan
- B. Certificate of Incorporation
- C. Memorandum and Articles of Association
- D. Bank Letter of reference
- E. Board Resolution
- F. Lease Agreement

We look forward to your favourable response

*Yours truly,*  
**Arusha Entrepreneurs Association Limited**

  
**Khuzaima A. Tapya**  
**Managing Director**



# TIC Evaluation Report

Name of the Company  
**Arusha Entrepreneurs Association Ltd.**

Post Box	Unga Limited, Plot No. 32/33	COI Number	64633	Contact	Mr. David Tuhoye
Post Office	11189	COI Date	12/03/2008	Designation	Agent
Region	Arusha	Application F. No	03656	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0787 277 414
		Sub Sector	Food Processing	Fax	027 254 8058
		File No	041671	E-Mail Address	Tohoye@Yahoo.Com

Project Location		Investment Finance Plan in Millions USD										
Plot/Block	Plot No. 32/33	<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>0.449</td> <td>0</td> <td>0</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0	0.449	0	0		
Foreign Equity	Local Equity		Foreign Loan	Local Loan								
0	0.449		0	0								
Street	Unga Limited											
District	Arusha											
Region	Arusha											

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.0132
Khuzaima Tapyia	Tanzanian	19.05	Plant	0.1815
Hatim Kapasi	Tanzanian	9.52	Vehicles	0.029
Hussein Zavery	Tanzanian	9.52	Furniture & Fittings	0
Murtaza Massanie	Tanzanian	9.52	Pre-expenses	0.032
Mafaddal Gulam Hussein	Tanzanian	9.52	Others	0
Hussein Amijee	Tanzanian	9.52	Working Capital	0.193
Abduldadir Siraj	Tanzanian	9.52	Total	0.4487
Rajab A. Nurbhai	Tanzanian	9.52		
Abizer Tapyia	Tanzanian	9.52		
Abizar Amiji	Tanzanian	9.52		

Employment	17	Evaluated By	Revocatus Arbogast
Capacity	5 tons per day	Drawn By	Shokko Registry
Project Turn Over			

### Description

To establish facilities to produce puff cereal snack

### Recommendations

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

### Decision

*Approved*  
*Shokko Registry*  
*26/3*

TICC/PP.10/041671/3

27<sup>th</sup> March 2009

Copy to: Permanent Secretary,  
Ministry of Finance and Economic Affairs,  
P. O. Box 9111,  
**DAR ES SALAAM**

Permanent Secretary,  
Ministry of Industry, Trade and Marketing,  
P.O. Box 9503,  
**DAR ES SALAAM**

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

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TICC/PP.10/041671/3

27<sup>th</sup> March 2009

Managing Director,  
Arusha Entrepreneurs Association Ltd,  
P.O. Box 11189,  
**ARUSHA**

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN  
ESTABLISHMENT OF FACILITIES TO PRODUCE PUFF CEREAL  
SNACK**

We wish to acknowledge receipt of your project proposal to establish facilities to produce puff cereal snack as presented in the TIC P.A. 1 Form No.03656 and Feasibility Study with a projected investment of USD.0.45m.

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.

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.

We wish you every success in the implementation of the project.

Yours sincerely,  
**Tanzania Investment Centre**

  
**B. D. Chonjo**  
For: Executive Director

.../2

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

30325413 1

TFN. 614 (Rev. 8.94)

NIMEPOKEA KWA  
Received from

ARUSHA ENTREPRENEURS ASSOCIATION

KIASI  
Amount

Shs.					Cts.
U	5	0	0	0	0
U	5	0	0	0	0

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

U5 DUAU SEVEN HUNDRED FIFTY ONLY

NA SENTI  
And Cents

KWA MALIPO YA  
In Respect of

CERTIFICATE OF INCENTIVE

FEDHA TASLIM/HUNDI NAMBA  
Cash/Cheque No.

D. HADIMANI ARUSHA 31/3/09

KITUO - Station

DSM

SAHIHI YA MPOKEAJI - Receiving Officer's  
Signature.

CHEO - Title

TARIEHI - Date  
31/3/09

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 (%)
Khuzaima Tapyia	Tanzanian	19.05
Hatim Kapasi	Tanzanian	9.52
Hussein Zavery	Tanzanian	9.52
Murtaza Hassanie	Tanzanian	9.52
Hussein Amijee	Tanzanian	9.52
Abduldadir Siraj	Tanzanian	9.52
Abizar Amiji	Tanzanian	9.52
Others	Tanzanian	23.83

2. Proposed Activities : To establish facilities to produce puff cereal snack

3. Sector: Manufacturing Subsector Food processing

4. Investment cost: Foreign - Local USD 0.449m. Total USD 0.449m.

5. Project Financing: Equity USD 0.449m. Loans - Total USD 0.449m.

6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	-	USD 0.449m.	USD 0.449m.

8. Technology Agreement None

9. Date of TIC Registration: 27th March 2009

10. Implementation period March 2009 - February 2012

11. Operative date March 2012

12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
- (i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT ACT, 1997
  - (ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)
  - (iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)

13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.

14. Conditions attached to this Certificate of Incentives

- (i) Date of Commencement of investment has to be notified to the Centre.
- (ii) Certificate not to be transferred, assigned or amended
- (iii) Failure to commence implementation within two years invalidates Certificate
- (iv) Failure to operate investment must be notified to the Centre
- (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate

Finished goods are not allowed under this Certificate

Signed   
Executive Director



No 00215489

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041671

## This is to certify that

ARUSHA ENTREPRENEURS ASSOSIACTION LTD

of address P.O. BOX 11189

ARUSHA

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

ARUSHA ENTREPRENEURS ASSOSIACTION LTD

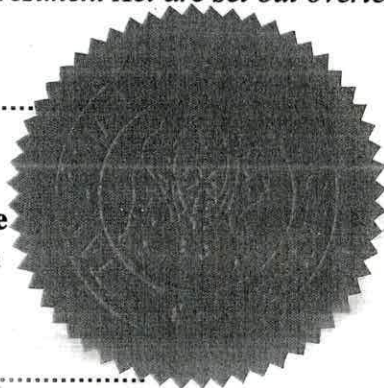
Which is located at PLOT NO. 32/33, UNGA LIMITED

ARUSHA

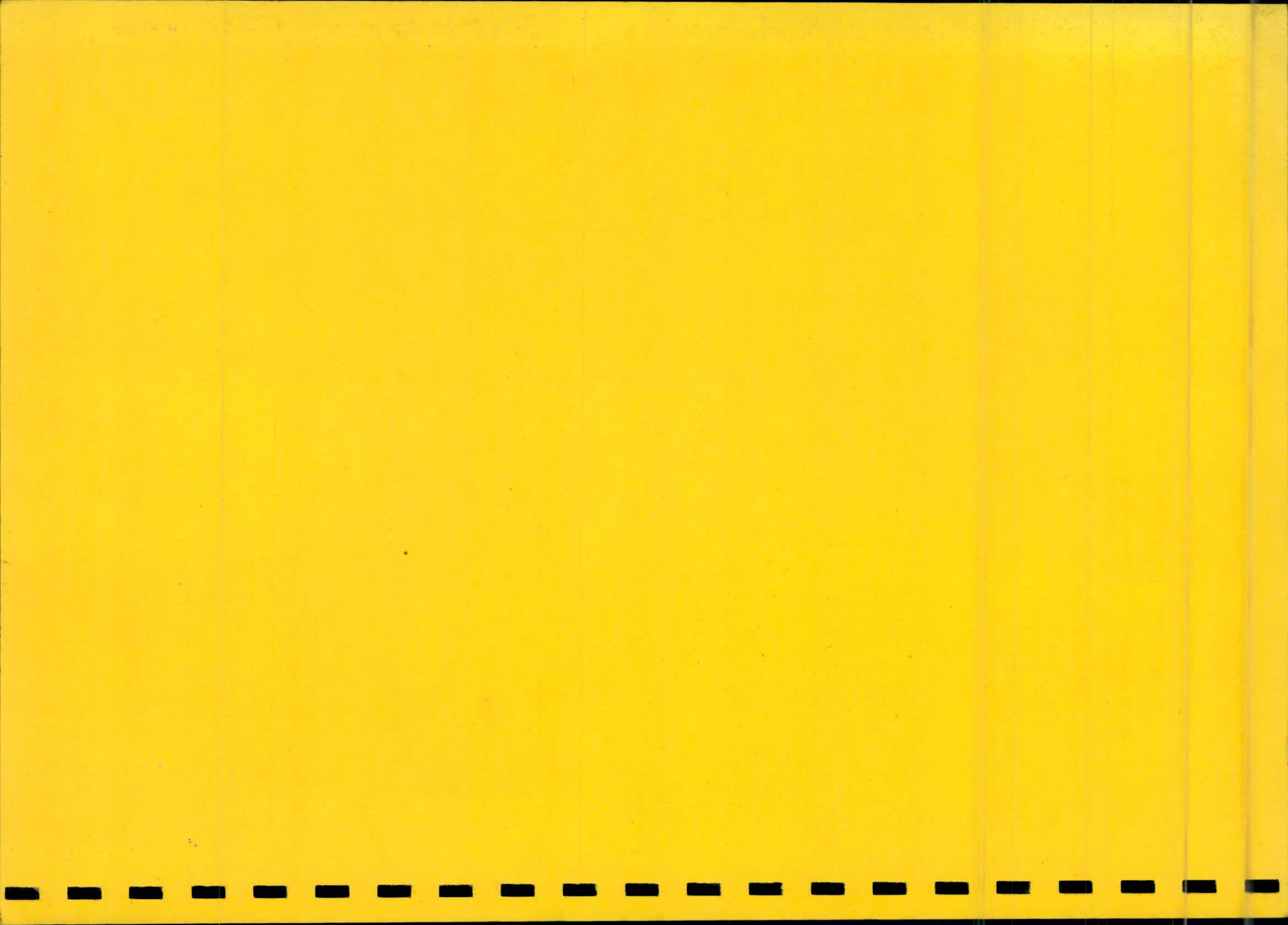
Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

Executive Director

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



Dated 6TH APRIL 2009



of the neighbors of which may have a tendency to offend the rules and regulations of the Municipal Council.

ix. Not to assign its interest under this Agreement of under let or part with the possession of the demised premises or any part thereof.

(B) THE LESSOR HEREBY COVENANTS WITH THE TENANT DURING THE TERM HEREBY CREATED

- (a) To pay all present and future rates, taxes and outgoings in respect of the demised premises
- (b) To permit the Tenant to enjoy the demised premises without any disturbances by the Lessor or those lawfully claiming under or in trust for him
- (c) At the end of the said term the Tenant will carry out to the satisfaction of the Lessor or Lessor's agents all or such work of restoration or reinstatement as may be reasonably necessary.

At the expiration of the term hereby created the Tenant shall intimate in writing to the Lessor his intention to renew the tenancy and such renewal if any shall be mutually agreed by both parties upon terms to agreed by both parties.

IN WITNESS WHEREOF the parties have duly executed these presents in the manner and on the days / year hereinafter appearing.

SIGNED and DELIVERED

By the said SHERIFF DEWJI & SONS LTD

This 1<sup>st</sup> day of August 2008

SIGNED and DELIVERED

By ARUSHA ENTREPRENEUR ASSOCIATION LTD

This 1<sup>st</sup> day o August 2008



*[Handwritten signature]*

*[Handwritten signature]*



## LEASE AGREEMENT

AN AGREEMENT made this 1<sup>st</sup> day of August 2008 between M/s Sheriff Dewji & Sons Ltd of P.O. Box 175, Arusha (hereinafter called the Lessor) and Arusha Entrepreneur Association Ltd of P.O. Box 2082, Arusha (hereinafter called the Tenant)

The Lessor owns a go-down on Plot 32 / 33, Unga Ltd , Arusha Municipality is desirous of leasing the property to the Tenant at a rent of US Dollar 400 per month, payable quarterly basis (3 months in advance) – US Dollars 400 X 3 months = US Dollars 1,200 commencing 1<sup>st</sup> August 2008 for five years lease.

(A) NOW THIS AGREEMENT WITNESSETH AS FLOOWS:

- (I) The Lessor hereby lets to the Tenant the demised premises together with the right of access thereto hold the same on the Tenant for a term of five years commencing from 1<sup>st</sup> day of August, 2008.
- (II) The Tenant thereby agrees with Lessor as follows:
  - i. To pay the reserved rent as herein stipulated and n the manner aforesaid
  - ii. To pay all charges in respect of electricity and water used in the demised premises
  - iii. To permit the Landlord or his duly authorized agent at all reasonable ties to enter and examine the sate or repair of the demised premises and forthwith to repair and amend in a proper and workman like manner defects for which the Tenant is liable and of which written notice shall have been given to the Tenant or left on the demised premises and to pay all the Lessor costs and expenses in respect thereof
  - iv. Not to make any alterations in or additions to the demised property without prior consent in writing of the Lessor.
  - v. To keep every part of the demised premises (including but not limited to fences, windows, doors, sinks, basins with the fixtures an additions thereto in good and substantial repair (reasonable wear and tear excepted) and in such reappear to yield up the demised premises an the fixtures and additions thereto at determination of the tenancy.
  - vi. Not to do or to permit or suffer to be done on the demised premises anything where the insurance of the demised property on the building may be rendered void or voidable or the premium increased
  - vii. Not to use the demised property or any part thereof or suffer the same to the used for any purposes other than for the authorized business.
  - viii. Not to permit or suffer to be done upon the demised property anything which in the opinion of the Landlord may be a nuisance or annoyance to or in any way interfere with the quiet and comfot

**F. LEASE AGREEMENT**

# ARUSHA ENTREPRENEURS ASSOCIATION LIMITED

## Minutes

At the Meeting of the Board of Directors of Arusha Entrepreneurs Association Limited, duly convened and held at the registered office, on 30<sup>th</sup> October, 2008, at 11.00 hours the following resolutions were inter-alia passed:


**EXTRACT OF MINUTES: No KTL - 1-2008**

### ORDINARY RESOLUTION

#### RESOLVED:

Pursuant to the powers given to Board of Directors contained in its Memorandum and Articles of Association it was **RESOLVED:**

- 1.0 That the Company requests the shareholders to provide investment of US Dollars 412,965 into the company by way of equity contribution for capital investment for the Puffs Food Processing Project to be undertaken at Arusha
- 2.0 That the company should procure new plant and equipments to facilitate its puffs production operations
- 3.0 That the Company should register with Tanzania Investment Centre to secure Investment Certificate to enjoy tax incentives, to acquire land and to obtain investment guarantee.



-----  
Director



-----  
Secretary

**E. BOARD RESOLUTION**



# Bank of Baroda (Tanzania) Ltd

'grow with the bank'

BOBARU /08 /265

25<sup>th</sup> November 2008

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

Dear Sir,

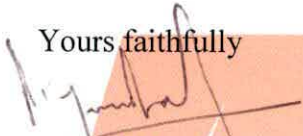
**Re: Arusha Entrepreneurs Association Limited**

At the request of our client, Arusha Entrepreneurs Association Limited, we are pleased to confirm to you that the above mentioned Company has been banking with us since 20.05.2008. Their account which is in Tanzania Shillings has been conducted in a responsible manner that meets our standards.

We are of the opinion that the Company and it's sponsors are serious business people / investors who may be supported in their investment endeavor.

In accordance with our business practice, this confirmation is deemed confidential. We accept no obligation or responsibility whatsoever as a result of issuing this confirmation.

Yours faithfully

  
(Piyush Nag)  
Chief Manager

**D. BANK LETTER OF REFERENCE**

7. MR. MURTAZA Y. HASANIE P.O. BOX 2082 ARUSHA	1200	<i>Murtaza</i>
8. MR. HUSSEIN F. ZAVERY P.O. BOX 395 ARUSHA	1200	<i>Zavery</i>
9. MR. HATIM F. KAPASI P.O. BOX 11819 ARUSHA	1200	<i>Hatim</i>
10. MR. KHUZAIMA A. TAPYA P.O. BOX 955 ARUSHA	2400	<i>Khuzaima</i>

DATED this *Arusha*, *3rd* day of *March*, .....2008.

WITNESS to the above signatures:

Name: .....

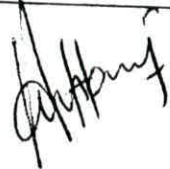





Signature: *F. T. Zavery* .....

Postal Address: .....

Qualification: *Asst. Auditor* .....

F. T. ZAVERY  
P. O. BOX 395  
ARUSHA - TANZANIA  
TELE - 2504419  
FAX - 2500306  
MOBILE - 786952

with regard to the rights or liabilities arising there under or arising out of relation existing between the parties by reason of these Articles of the Act, such differences and all disputes if any, shall be settled and sorted out amicably, failing which the matter will be referred to the AL-Dai Al-Mutlaq, the spiritual and Religious Leader of the Dawoodi Bohra Community, whose decision and verdict will be final and binding on all the Shareholders and Directors. The dispute will not be taken to any Court of Law.

NAMES, ADDRESS AND DESCRIPTION OF SUBSCRIBERS	NO. OF SHARES TAKEN BY EACH SUBSCRIBER	SUBSCRIBERS SIGNATURES
1. MR. ABIZAR M.H AMIJI P.O. BOX 11189 ARUSHA	1200	
2. MR. ABIZER A. TAPYA P.O. BOX 1416 ARUSHA	1200	
3. MR. RAJAB A. NURBHAI P.O. BOX 3091 ARUSHA	1200	
4. MR. ABDULQADIR SIRAJ P.O. BOX 923 ARUSHA	1200	
5. MR. HUSSEIN F. AMIJEE P.O. BOX 647 ARUSHA	1200	
6. MR. MUFADDAL N. GULAMHUSSEIN P.O. BOX 1395 ARUSHA	600	

service of the notice shall be deemed to be affected by properly addressing, preparing 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 Tanzania and who gives to the Company any address within Tanzania which notices may be given to him/her shall be entitled to receive any notice from the Company.

### **SEAL**

19. The Seal shall be used by the authority of the directors or of a Committee of the directors authorized by the director. The directors may satisfy by being done by or to the same person acting both as director and as or in place of the secretary.

### **SECRETARY**

20. The directors shall appoint the Secretary for such term, at such remuneration and upon such conditions as they think fit, and they may remove any secretary so appointed. A provision of the Companies Act or these Regulations requiring or authorizing a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as or in place of the secretary.

### **ALTERATION OR ADDITIONS**

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

### **WINDING UP**

22. With the sanction of the special resolution of the shareholders, any part of the assets of the Company including any shares in other Companies may be divided in Trustees for the benefit of such members and the liquidation of the Company may be closed and the Company dissolved but so that no member shall be compelled to accept any share whereupon there is any liability.

### **INDEMNITY**

23. Every director, managing director, agent, auditor, secretary and the other officers for the time being of the Company shall be indemnified out of the Assets of the Company against any liability incurred by him/her in defending any proceedings whether Civil or Criminal in which judgement is given in his favour or in which he is acquitted or is in connection with any application under Section 481 of the Act in which relief granted to him/her by the Court.

### **ARBITRATION**

24. If and whenever any dispute or difference shall arise between the Company and any of the members or their respective representatives touching upon the construction or meaning of any of the Articles herein contained or any Act matter or things made or done or omitted to be done or

- (c) resigns his office by notice in writing to the Company; or
- (d) abstains himself from meetings of the directors for a period of six months without special leave of absence from the other directors.
11. The directors may from time to time borrow; raise money for the purpose of the Company, which may exceed the issued share capital of the Company.

### **BORROWING POWERS**

12. The directors may raise or borrow for the purpose of the Company's business any sum or sums of money as they think fit and they may secure the repayment of or raise any future, including its uncalled or debentures either charged upon the whole or any part of the property and assets for the Company, not charged, or such other way as the directors may think expedient

### **VOTES OF MEMBERS**

13. Subject to any rights or restrictions attached to any share or class or classes of shares, on a show of hands every member (being an individual) present in person or (being a Corporation) present by a duly authorized representative, not being himself a member entitled to vote, and on a poll every member shall have one vote for each share of which he/she is the holder.
14. No member shall be entitled to vote at any General Meeting or at a separate meeting of the holders of any class of shares in the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
15. No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote disallowed at such meeting shall be valid for all purposes.

### **ALTERNATE DIRECTOR**

16. Each director may nominate a person who shall be approved in writing by the other director to act as an alternate in his place during his absence from Tanzania or inability to act as such director. Such alternate director shall be subject in all other respects to the terms and conditions existing with reference to the directors of the Company, discharge all the duties and functions of the director being unable to act during the absence or inability to act and he may subject to the like approval of the other directors appoint a duly qualified person to act in his place.

### **AUDIT**

17. Auditors shall be appointed and their duties regulated in accordance with Sections 170 to 179 of the Companies Act.
18. 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 whether personally or by sending it by post in a prepaid envelope addressed to the member at his registered address, or by leaving it at that address where a notice is sent by post,

- (b) All members, present either personally or by proxy shall form a quorum.
- (c) Any Ordinary Resolution of the Company determined without any General Meeting and evidenced by writing under the hands of all members or their proxies.

### **DIRECTORS**

6. Until otherwise determined at a General Meeting the number of directors shall not be less than ten and not more than twelve.

The following persons shall be the first directors of the Company:-

ABIZAR MH AMIJI  
ABIZER A. TAPYA  
RAJAB A. NURBHAI  
ABDULQADIR SIRAJ  
HUSSEIN AMIJEE  
MUFADDAL N GULAMHUSSEIN  
MURTAZA Y HASANIE  
HUSSEIN F. ZAVERY  
HATIM F. KAPASI  
KHUZAIMA A. TAPYA

- 7. Every director shall have power to nominate any person to act or attend as an alternate director in his place during his absence from Tanzania and on such appointment being made the alternate director shall be subject in all respect to the terms and conditions existing with reference to the other directors and such alternate director while acting in the place of such absent director for whom he is an alternate.
- 8. In addition to their usual remuneration, the directors shall also be paid such traveling, hotel and other expenses as may reasonably be incurred in connection with their attendance at meetings of directors. The Company in General Meeting may fix the shareholding qualification for directors, unless and until so fixed no qualification shall be required. The directors may by power of attorney appoint any person to be 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.
- 9. A Resolution in writing signed by all directors then in Tanzania shall be valid and effectual as if it had been passed at a Meeting of directors duly called and constituted.

### **DISQUALIFICATION OF DIRECTORS**

- 10. The Office of a director shall be vacated if the Director;
  - (a) becomes bankrupt; or
  - (b) is found to be lunatic or becomes of unsound mind; or

## TRANSFER OF SHARES

3. The directors may in their absolute and uncontrolled discretion decline to register any transfer of any shares whether or not it is fully paid share and subject to the provisions of these Articles, the shares shall be under the control of directors who may allot or dispose of the same to any person or persons and at such price either at par or at premium or subject to the such manner as they think fit with full power to give any shares at such price either at par or premium and for such time and for such consideration as the directors think fit.
4. Subject to Clauses 2 and 3 hereof the right of members to transfer their shares shall be restricted as follows:-
  - (a) No share shall be transferred to a member who is not a member or any person deemed by directors to be one that is undesirable in buying the shares. All share transfers shall be confirmed by board of directors.
  - (b) Every shareholder or trustee in bankruptcy, or any person who may desire to sell or transfer any shares and every of the shares to the board of directors or any member or members of the Company at price to be agreed upon between the party giving such notice and the board, person representative of a deceased shareholder shall give notice in writing to the directors that he desires to make such sale or transfer. Such notice shall constitute the board of directors of the Company as his agent for the sale of the said shares to any member or members of the Company at the price to be agreed upon between the party giving such notice the party and the board, or in case of difference to be determined by the Auditor of the Company.
  - (c) Upon price of such shares being agreed on and determined as per Clause (b) above, the board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell or transfer the said shares, stating the number and price of such share inviting the person to whom notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any, if so, what maximum number of such shares. At such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase the same and as far as any be pro-rata according to the number of shares already held by them respectively, or if there be only one such shareholder, the whole of such shares shall be obliged to take more than the maximum of such shares stated in his answer to the said notice.

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

## GENERAL MEETING: NOTICE OF GENERAL MEETING AND PROCEEDINGS OF THE GENERAL MEETINGS

5. The Regulations of the Companies Act shall apply to the following variations:
  - (a) A general meeting, Ordinary or Extraordinary may with the consent in writing of all members, be convened on a shorter notice than seven days or without notice.

TANZANIA

Stamp Duty Shs: 2500/- Paid

Receipt No. 316549 of 11/03/08

Asst. Registrar of Companies

# THE COMPANIES ACT NO.12 OF 2002

## COMPANY LIMITED BY SHARES

### ARTICLES OF ASSOCIATION OF

## ARUSHA ENTREPRENEURS ASSOCIATION LIMITED

### PRELIMINARY

TANZANIA

Stamp Duty Shs: 5000/-

PAID BY ORIGINAL

Receipt No. 316549 of 11/03/08

Stamp Duty Shs:

#### 1. In these Regulations:-

The Act means The Companies Act 2002 of the Laws of Tanzania.  
When any provision of the Act is referred to, the reference is that provision is as modified by any law for the time being in force.

Unless the context otherwise requires, the expressions defined in the Act or any statutory modification thereof in the force at date at which these regulations become binding on the Company, shall have the meaning so defined.

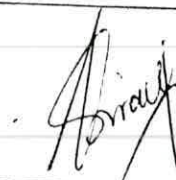
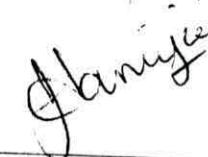

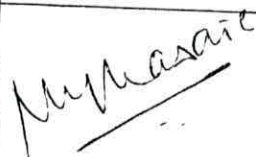



Any words importing the singular include the plural and vice versa and words importing the masculine gender shall include females and the words importing persons shall include bodies, corporate, partnership, firms cooperatives, societies, etc.

The Regulations of Companies Act shall not apply to the Company, save as in so far as they are varied or excluded hereby, but in case of any conflict between the provisions herein, and the provisions under this regulations the former shall prevail, and in addition to substitution shall be under the regulations of the Company.

### PRIVATE COMPANY

#### 2. The Company is a private Company and accordingly the following shall have effect:

- (a) The right to transfer shares is restricted in the manner hereinafter prescribed.
- (b) The number of the members of the Company (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment and have continued after determination of such employment to be members of the Company) shall not at any time exceed fifty. Provided that where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this article be treated as a single person.
- (c) Any invitation of the public to subscribe for any shares or debentures of the Company is prohibited.
- (d) The Company shall not have powers to issue share warrants to bearers.

4. MR. ABDULQADIR SIRAJ P.O. BOX 923 ARUSHA	1200	
5. MR. HUSSEIN F. AMIJEE P.O. BOX 647 ARUSHA	1200	
6. MR. MUFADDAL N. GULAMHUSSEIN P.O. BOX 1395 ARUSHA	600	
7. MR. MURTAZA Y. HASANIE P.O. BOX 2082 ARUSHA	1200	
8. MR. HUSSEIN F. ZAVERY P.O. BOX 395 ARUSHA	1200	
9. MR. HATIM F. KAPASI P.O. BOX 11819 ARUSHA	1200	
10. MR. KHUZAIMA A. TAPYA P.O. BOX 955 ARUSHA	2400	

Dated at Arusha this 3<sup>rd</sup> day of March, 2008.

WITNESS to the above signatures.

Name : .....

Signature :  .....

Postal Address : .....

Qualification : Asst. Auditor .....

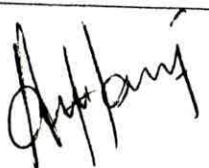


F. T. ZAVERY  
P. O. BOX 395  
ARUSHA - TANZANIA  
TELE - 2504419  
FAX - 2500306  
MOBILE - 786952

notwithstanding that the business, undertaking, dealt with or performed do not all within the objects of the first sub-clause of this clause.

AND it is hereby declared that, the interpretation of this clause the powers conferred on the Company by any paragraph, shall not be restricted by reference to any other paragraph, or to the name of the Company, or by the juxtaposition of two or more objects and that in the event of any ambiguity, this clause and every paragraph hereof shall be constructed in such a way as to widen, and not to restrict the powers of the Company.

4. The liability of the members is limited.
5. The Authorized Share Capital of the Company is Tshs 150,000,000 (One hundred and fifty million) divided into 15,000 (fifteen thousand) ordinary shares of Tshs 10,000 (ten thousand) each, with such rights, privileges and conditions respectively attached thereto as may from time to time be conferred by the regulations of the Company with power to increase and reduce the capital for the time being and to divide the same into several classes and to attach thereto respectively such preferential, deferred, qualified, or special rights privileges or conditions as may be done determined by all in accordance with the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may from time to time be provided by the regulations of the Company.

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

NAMES, ADDRESS AND DESCRIPTION OF SUBSCRIBERS	NO OF SHARES TAKEN BY EACH SUBSCRIBER	SUBSCRIBERS SIGNATURES.
1. MR. ABIZAR M.H AMIJI P.O. BOX 11189 ARUSHA	1200	
2. MR. ABIZER A. TAPYA P.O. BOX 1416 ARUSHA	1200	
3. MR. RAJAB A. NURBHAI P.O. BOX 3091 ARUSHA	1200	

- (jj) To draw, make accept, endorse, discount, execute and issue promissory notes, bills of exchange, debentures, and other negotiable instruments.
- (kk) To distribute any of the property of the company among the members in specie or in kind
- (ll) To invest the money of the company not immediately required in any beneficial manner.
- (mm) To establish and support or aid in the establishment and support of associations institutions, funds trusts and conveniences calculated to benefit and to grant pensions and allowances to directors or ex directors and any persons who are or have been at any time employed by or in the service of the company or of any subsidiary allied or associated company or of the predecessors in business of such persons and to make payments towards insurance for the purpose of or aforesaid and to subscribe or guarantee money for any charitable or benevolent object of for any exhibition or for any public, general or useful object.
- (nn) To sell, improve, manage, develop, and lease mortgage or dispose of the whole or any portion of the property and rights of the company.
- (oo) To do all such other things as may be conducive or incidental to the attainment of the above objects.
- (pp) To do all or any of the things in any part of the World and as principals managing agents contractors, trustees, or otherwise, and by or through trustee, agents, managing agents or otherwise and whether alone or in conjunction with objects.
- (qq) To operate Internet, sell websites, sell domains and computer hardware parts, Car market, New and Secondhand.
- (rr) Import and sell medicine drugs and all pharmaceutical equipments.
- (ss) To carry on the business of Forestry, farming, saw milling, agri processing and export and import of agricultural products.
- (tt) To carry on all or any of the activities of the Company without the involvement of any RIBA or interest whatsoever.
- (uu) To do all such things as are incidental or conducive to the attainment of the above objects or any of them and the exercise of any of the powers of the Company.

The Objects set forth of this clause shall not accept when the context expressly so required, be in any wise limited or restricted by reference to or inference from the terms of any sub-clause or by the name of the Company. None of such sub-clause or order of the words or the objects therein specified or the objects mentioned in the first sub-clause of this clause, but the Company shall have full power to exercise all or any part of the powers conferred by any part of this clause in any part of the World

indirectly calculated to benefit the company, and subsidize or otherwise assist any such company.

- (z) To take or otherwise acquire and hold shares in any other company, having objects altogether or in part similar to those of the company, or carrying on any business capable of being conducted so as directly or indirectly benefit the company in any way.
- (aa) To lend money to such persons and on such terms as may seem expedient, and in particular but without restricting customers, and others having dealings with the company, and to guarantee and become surety for the liabilities, of, the performance of contracts and the repayment of money by any persons, customers and other whether or not having dealings with the company.
- (bb) To carry on the business of importers of industrial plants, farm machinery including trucks lorries, cars, spare parts for all the said machine any other power propelled vehicles and machinery whatsoever.
- (cc) To invest in and carry on the business of tented camps and motels for residents and tourists and holiday camp keepers, game lodge, hotels, restaurant, cafés and apartment houses.
- (dd) To carry on business of management, administration, catering, public relations, personnel management of tourists boarding house.
- (ee) To carry on the business of importers, dealers and distributions of all kinds of mineral and petroleum products.
- (ff) To carry on the business of aviation, buy, sell, take and let on hire, repair, maintain store and otherwise deal with and in aero planes, helicopters, gliders, motorcars and ships, boats, trawlers and other vehicles and crafts of all kinds (whether for use in the air or on land or water and howsoever powered or propelled), radio instruments, electronics equipment and other equipment and machinery of all kinds, as well as parts of propellers accessories, types, tubes, fuel and lubricants for any of the foregoing.
- (gg) To carry on the business of an air charters, operators, sea charter operators, ground transporters, carriers of passengers, freight and main by air, water and land, as aviation engineers, as flying instructors and as travel and tourist agents, and to promote, organize, control and conduct tours, safaris and expeditions by air, water and land for recreational scientific business and other purposes.
- (hh) To carry on the business of farming in all its branches (agricultural, horticultural, livestock, poultry, fish rearing, green house, orchards etc) and to carry on the business of cultivators, growers, sellers and whole sellers, horticulturists and merchants.
- (ii) To pay out of the funds, of the company all expenses of and incidental to its formation and registration and to remunerate any person or company either in cash or by the allotment of shares credited as fully or partly paid up, for services rendered in the formation of the company or in placing, or assisting to palace any of the shares in the company's capital or in or about the promotion of the company or the conduct of its business.

- (q) To charter or hire motor vehicles, ships, aircrafts and other means of transport for the purpose of business to charter or let on lease its own vehicles and other properties to other people or companies as the company may find it necessary.
- (r) To acquire from any sovereign, state or authorities any concessions, grants, decrees, rights, powers and privileges whatsoever, which may seem to the Company capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.
- (s) To build, contract, alter, maintain, enlarge, pull down, remove or replace and to work, manage and control, and superintend any buildings, offices, factories, mills, shops, machinery, engines, roads, ways, tramways, railways, branches or sidings, bridges, reservoirs, watercourses and other works and conveniences which may seem directly or indirectly conducive to any of the objects of the Company, and to contribute to, subsidise, or otherwise aid or take part in any such operations.
- (t) To carry on business as capitalists and concessionaires and to undertake and execute all kinds of financial, commercial, trading and other operations and to carry on any other business which may seem to be capable of being conveniently carried on in connection with any of this objects, directly or indirectly to enhance the value of, or facilitate the realization of, or render profitable, any of the property or rights of the Company.
- (u) To carry on the business of industrial consultancy, Management consultancy, financial and tax consultancy, personnel selection advisers, manufacture's representatives, tour operators, and travel agency.
- (v) To borrow or raise or secure the payment of money in such manner as the company shall think fit, and in particular by the issue of debenture stock certificate or other securities, perpetual or otherwise charges upon all or any other company's rights and property (present and future) including any uncalled capital or without any such security and to purchase, redeem or pay off any such security or loan.
- (w) To amalgamate with, or enter into partnership or into any arrangement for sharing profits, union interest, co-operations, joint venture reciprocal concession or otherwise with any person or company carrying on, engage in, or about to carry on or engage in any business or transactions which the company is authorized to carry on capable or being conducted so directly or indirectly to benefit the company. And to take or otherwise acquire shares and securities of any such company, and sell hold reissue with or without guarantee, or otherwise deal with the same.
- (x) To adopt such means of making known the activities and products of the company as may seem expedient and in particular by advertising in the press, on radio or television, by circular, by purchase and exhibition, of works of art or interest, by publication of books and periodicals by granting prizes, rewards and donations and maintaining stores and / or showrooms.
- (y) To promote any other company for the purpose of acquiring all or any of the property in liabilities of the company or for any other purpose which may seem directly or

- (i) To enter into any arrangements and contracts with the Government or Authorities (supreme, municipal, local or otherwise) or any corporations, companies or persons, having objects that may seem conducive to the company's objects or any of them and to obtain from any such government authority, corporation, company or person any characters, contracts, decree, rights, privileges and concessions.
- (j) To carry on the business of farmers and ranches and to own and operate agricultural machinery and equipment including tractors combine harvesters, ploughs, planters, seed drills, fertilizers, spreaders, seed grading and cleaning equipment for the express or implied purpose of cultivating and growing all agricultural produce and commodity which the company in its absolute discretion may decide to grow, process, import and export.
- (k) To carry on the business of mine works and obtain mining rights or take on lease or otherwise acquire lands and properties for mining in the United Republic of Tanzania or elsewhere and to crush, wash, melt, reduce, or otherwise treat and marketable and sell or dispose of the produce of any mines whether belonging to the company or not.
- (l) To develop the resources of the turn to account any lands and any rights over or connected with land belonging to or in which the Company is interested, and in particular by cleaning, draining, fencing, planning, cultivating, building, improving, farming, irrigation, grazing and by promoting immigration and emigration and the establishment of towns, villages and settlements.
- (m) To carry on the business of poultry farmers including the erection of and purchase of broiler houses and the sale, by wholesale or retail, of the live poultry and of eggs and to carry on the business of livestock breeders of every variety of Halal animal whether bred as pedigree stock or for the purpose of its sale only as livestock. To carry on the business of dairymen and to manufacture and sell, by wholesale or retail, import or export all dairy products in every form.
- (n) To carry on and transact any other businesses and operations, commercial manufacturing, financial, agricultural or otherwise which the company may think directly or indirectly conducive to any of its objects or capable or being conveniently carried on in connection therewith or calculated, directly or indirectly to enhance the value of or render profitable the company's property or other rights.
- (o) To apply for, purchase or otherwise acquire and protect and renew in any part of the world any patents brevets, Invention, licenses, concessions and like, conferring and exclusive or non-exclusive or limited rights to use any invention which may seem calculated directly or indirectly to benefit the company and to use exercise, and develop, or grant licenses in respect of, or otherwise turn to account the property and rights so acquired.
- (p) To purchase, take on lease or in exchange, hire or otherwise require any property movable or immovable, or any interested therein and any rights or privileges which the company may think necessary or convenient for the purposes for its business, and in particular any land or building, and to pay for such properties, rights and privileges, either in cash or in stock or shares or otherwise.

2500/-  
3/6/08  
Arusha Registrar of Companies

**THE COMPANIES ACT, 2002**

**COMPANY LIMITED BY SHARES**

**MEMORANDUM OF ASSOCIATION  
OF**

**ARUSHA ENTREPRENEURS ASSOCIATION LIMITED**

TANZANIA  
5000/-  
PAID ON ORIGINAL  
3/6/08  
Stamp Duty Officer

1. The Name of the Company is **ARUSHA ENTREPRENEURS ASSOCIATION LIMITED**
2. The Registered office of the Company will be situated in the United Republic of Tanzania.
3. The Objects for which the Company is established are:
  - (a) To commence and carry on the business of different types of Food production and it's processing including imports and exports of fruits, vegetables, juices and similar food products.
  - (b) To manufacture, buy, sell, improve, treat, preserve, fine, aerate, mineralize, bottle and otherwise deal in mineral and aerated water and other liquids of every description.
  - (c) To manufacture bottles and packaging materials of different types, sizes and weights for own consumption as well as exports and local sales.
  - (d) To carry on the business of traders, general merchants, wholesalers and retailers, exporters and importers, commission agents and manufacturers' representatives and to buy, sell, hire, manufacture, barter, trade and deal in property, goods, produce articles and merchandise of all kinds and to transact any and every description of agency, commission, distribution, marketing, commercial, industrial, manufacturing, and mercantile, business.
  - (e) To carry on the business, and acts as merchants, traders, commission agents, carriers, or in any other capacity, in the United Republic of Tanzania and continent of Africa or elsewhere. And to import, export, buy, sell, barter, exchange produce, articles and merchandise.
  - (f) To carry on the business of general merchants, general storekeepers, universal providers, importers, exporters and whole sale and/or retail traders of or other wise dealers of and in cotton, silk and wooden goods and textiles fabrics of all kinds.
  - (g) To buy, sell, manufacture prepare for market and deal in foods and other products, goods, provisions, clothing, stores, drugs, medicines and pharmaceutical preparations, and all conveniences or necessities of life which may be used or required for workmen or others employed by the company
  - (h) To buy, sell, import, export, produce, manufacture, process or otherwise deal in food and products, meat, poultry, groceries, fruits, vegetables and milk.

**THE UNITED REPUBLIC OF TANZANIA**

**Certificate of Incorporation**

No.....64633.....

**I HEREBY CERTIFY THAT**

**ARUSHA ENTREPRENEURS ASSOCIATION 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.....<sup>R</sup>12.....day  
of.....MARCH.....**TWO THOUSAND AND EIGHT****

**Seal**

.....  
**Asst. Registrar Companies**

**THE COMPANIES ACT, 2002**  
**COMPANY LIMITED BY SHARES**

**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

**OF**

**ARUSHA ENTREPRENEURS ASSOCIATION LIMITED**

Incorporated this .....<sup>th</sup>  
*12*.....day of.....*MARCH*.....2008

**DRAWN BY:-**  
**SUBSCRIBERS**  
**P.O.BOX 11189**  
**ARUSHA.**

**C. MEMORANDUM & ARTICLES OF ASSOCIATION**

## TANZANIA



## Certificate of Incorporation

Section 15

No 64633

I HEREBY CERTIFY THAT

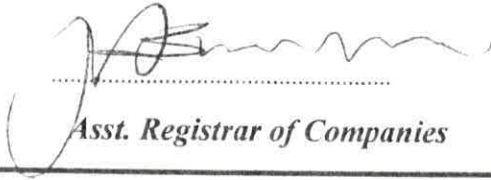
**ARUSHA ENTREPRENEURS ASSOCIATION****LIMITED ===**

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

Given under my hand at Dar es salaam

this **12TH** day of **MARCH**

**TWO THOUSAND AND EIGHT**

  
Asst. Registrar of Companies

**B. CERTIFICATE OF INCORPORATION**

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED								Appendix 3	
PUFFS PROCESSING PROJECT									
PROJECTED BALANCE SHEETS AS AT END OF YEAR..									
Year	2009	2010	2011	2012	2013	2014	2015	2016	TSHS: '000'
<b>Assets</b>									
<b>Net Fixed assets</b>	<b>219,365</b>	<b>182,882</b>	<b>146,399</b>	<b>138,957</b>	<b>102,474</b>	<b>71,308</b>	<b>40,142</b>	<b>225,039</b>	
<b>Current assets</b>									
Stocks	157,233	164,210	171,279	174,547	177,913	181,380	184,951	188,629	
Debtors	94,623	97,462	100,386	103,397	106,499	109,694	112,985	116,374	
Cash	547,623	1,035,197	1,519,119	2,005,959	2,552,895	3,130,469	3,740,432	4,168,104	
<b>Total current assets</b>	<b>799,479</b>	<b>1,296,868</b>	<b>1,790,784</b>	<b>2,283,903</b>	<b>2,837,308</b>	<b>3,421,543</b>	<b>4,038,368</b>	<b>4,473,108</b>	
<b>Current liabilities</b>									
Creditors	58,615	62,633	66,655	66,785	66,918	67,055	67,196	67,341	
Tax	49,465	48,997	48,620	51,694	55,014	58,834	62,357	65,985	
<b>Total current liabilities</b>	<b>108,080</b>	<b>111,630</b>	<b>115,276</b>	<b>118,478</b>	<b>121,932</b>	<b>125,888</b>	<b>129,552</b>	<b>133,327</b>	
<b>Net Current assets</b>	<b>691,399</b>	<b>1,185,238</b>	<b>1,675,509</b>	<b>2,165,425</b>	<b>2,715,375</b>	<b>3,295,655</b>	<b>3,908,815</b>	<b>4,339,781</b>	
<b>Total employment of capital</b>	<b>910,764</b>	<b>1,368,120</b>	<b>1,821,908</b>	<b>2,304,382</b>	<b>2,817,849</b>	<b>3,366,962</b>	<b>3,948,957</b>	<b>4,564,820</b>	
<b>Financed by</b>									
<b>Shareholders Funds</b>									
Equity	449,089	449,139	449,139	449,139	449,139	449,139	449,139	449,139	
Revenue reserves	461,675	918,981	1,372,769	1,855,242	2,368,710	2,917,823	3,499,818	4,115,681	
<b>Total Shareholders funds</b>	<b>910,764</b>	<b>1,368,120</b>	<b>1,821,908</b>	<b>2,304,382</b>	<b>2,817,849</b>	<b>3,366,962</b>	<b>3,948,957</b>	<b>4,564,820</b>	
<b>Working capital loan</b>	-	-	-	-	-	-	-	-	
<b>Total capital employed</b>	<b>910,764</b>	<b>1,368,120</b>	<b>1,821,908</b>	<b>2,304,382</b>	<b>2,817,849</b>	<b>3,366,962</b>	<b>3,948,957</b>	<b>4,564,820</b>	
<b>Net tangible assets</b>	<b>889,496</b>	<b>1,352,169</b>	<b>1,811,274</b>	<b>2,299,065</b>	<b>2,817,849</b>	<b>3,366,962</b>	<b>3,948,957</b>	<b>4,564,820</b>	
Gearing ratio	0.12	0.08							
Security cover									
	-	-	-	-	-	-	-	-	

Arusha Entrepreneur Association  
Financial Projections  
2008

31367

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED								Appendix 2	
PUFFS PROCESSING PROJECT									
PROJECTED CASHFLOWS FOR YEARS ENDING									
Year	2009	2010	2011	2012	2013	2014	2015	TSHS: '000'	
								2016	
<b>Cash Inflows</b>									
<b>Capital inflows</b>									
Equity	449,089	50							
Working capital revolving loan	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	<b>449,089</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue inflows</b>									
Profit before tax	659,536	653,294	648,268	689,248	733,525	784,447	831,421	879,804	
Depreciation	36,483	36,483	36,483	36,483	36,483	31,166	31,166	31,166	
<b>Sub total</b>	<b>696,019</b>	<b>689,777</b>	<b>684,751</b>	<b>725,731</b>	<b>770,008</b>	<b>815,613</b>	<b>862,587</b>	<b>910,970</b>	
<b>Total cash inflows</b>	<b>1,145,108</b>	<b>689,827</b>	<b>684,751</b>	<b>725,731</b>	<b>770,008</b>	<b>815,613</b>	<b>862,587</b>	<b>910,970</b>	
<b>Cash Outflows</b>									
<b>Capital outflows</b>									
New investments	255,848	-	-	-	-	-	-	-	-
Reinvestments	-	-	-	29,040	-	-	-	-	216,063
Working capital loan repayment	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	<b>255,848</b>	<b>-</b>	<b>-</b>	<b>29,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216,063</b>
<b>Revenue outflows</b>									
Change in working capital	193,241	5,797	5,971	6,150	6,335	6,525	6,721	6,922	
Corporation tax	148,396	196,456	194,857	203,701	216,737	231,515	245,903	260,313	
<b>Sub total</b>	<b>341,637</b>	<b>202,254</b>	<b>200,829</b>	<b>209,851</b>	<b>223,071</b>	<b>238,040</b>	<b>252,624</b>	<b>267,235</b>	
<b>Total cash outflows</b>	<b>597,485</b>	<b>202,254</b>	<b>200,829</b>	<b>238,891</b>	<b>223,071</b>	<b>238,040</b>	<b>252,624</b>	<b>483,298</b>	
<b>Net cashflows</b>	<b>547,623</b>	<b>487,574</b>	<b>483,923</b>	<b>486,840</b>	<b>546,936</b>	<b>577,573</b>	<b>609,963</b>	<b>427,672</b>	
Beginning cash balance	-	547,623	1,035,197	1,519,119	2,005,959	2,552,895	3,130,469	3,740,432	
<b>Closing cash balance</b>	<b>547,623</b>	<b>1,035,197</b>	<b>1,519,119</b>	<b>2,005,959</b>	<b>2,552,895</b>	<b>3,130,469</b>	<b>3,740,432</b>	<b>4,168,104</b>	
<b>Debt service coverage ratio</b>	<b>0.00</b>	<b>0.00</b>							

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED									Appendix 1
PUFFS PROCESSING PROJECT									
PROFIT AND LOSS ACCOUNT - Year ended ..									
Year	2009	2010	2011	2012	2013	2014	2015	2016	TSHS: '000'
<b>Revenue</b>									
Sales revenues	2,270,951	2,339,080	2,409,252	2,481,530	2,555,976	2,632,655	2,711,635	2,792,984	
By products revenues	-	-	-	-	-	-	-	-	
<b>Total revenues</b>	<b>2,270,951</b>	<b>2,339,080</b>	<b>2,409,252</b>	<b>2,481,530</b>	<b>2,555,976</b>	<b>2,632,655</b>	<b>2,711,635</b>	<b>2,792,984</b>	
Less: Cost of sales (Direct operating costs)	1,501,392	1,573,556	1,646,482	1,675,439	1,703,197	1,731,788	1,761,236	1,791,568	
<b>Gross profit</b>	<b>769,560</b>	<b>765,524</b>	<b>762,771</b>	<b>806,091</b>	<b>852,779</b>	<b>900,867</b>	<b>950,399</b>	<b>1,001,416</b>	
Less: Indirect Operating costs	73,541	75,747	78,019	80,360	82,771	85,254	87,812	90,446	
Working capital loan facility fees	-	-	-	-	-	-	-	-	
Collateral management fees	-	-	-	-	-	-	-	-	
<b>Profit / (Loss) before depreciation and loan interest</b>	<b>696,019</b>	<b>689,777</b>	<b>684,751</b>	<b>725,731</b>	<b>770,008</b>	<b>815,613</b>	<b>862,587</b>	<b>910,970</b>	
Less: Depreciation	36,483	36,483	36,483	36,483	36,483	31,166	31,166	31,166	
<b>Profit / (Loss) before loan interest</b>	<b>659,536</b>	<b>653,294</b>	<b>648,268</b>	<b>689,248</b>	<b>733,525</b>	<b>784,447</b>	<b>831,421</b>	<b>879,804</b>	
Less: Loan interest	-	-	-	-	-	-	-	-	
<b>Profit / (Loss) before tax</b>	<b>659,536</b>	<b>653,294</b>	<b>648,268</b>	<b>689,248</b>	<b>733,525</b>	<b>784,447</b>	<b>831,421</b>	<b>879,804</b>	
Less: Corporation tax @ 30%	197,861	195,988	194,480	206,774	220,057	235,334	249,426	263,941	
<b>Profit / (Loss) after tax</b>	<b>461,675</b>	<b>457,306</b>	<b>453,788</b>	<b>482,473</b>	<b>513,467</b>	<b>549,113</b>	<b>581,995</b>	<b>615,863</b>	
Profit / (Loss) b/fwd	-	461,675	918,981	1,372,769	1,855,242	2,368,710	2,917,823	3,499,818	
<b>Profit / (Loss) c/ fwd</b>	<b>461,675</b>	<b>918,981</b>	<b>1,372,769</b>	<b>1,855,242</b>	<b>2,368,710</b>	<b>2,917,823</b>	<b>3,499,818</b>	<b>4,115,681</b>	
Interst cover	-	-	-	-	-	-	-	-	

YEAR					2009	2010	2011	2012	2013	2014	2015	Annex 3 (d) 2016
<b>6. WORKING CAPITAL SCHEDULE</b>												
ITEM	BASIS	PERIOD	NUMBER									
<b>Stocks</b>												
Raw materials	Raw material cost	Months	2		102,676	105,757	108,929	112,197	115,563	119,030	122,601	126,279
Packing materials	Packing material cost	Months	1		54,556	58,453	62,350	62,350	62,350	62,350	62,350	62,350
<b>Total stocks</b>					<b>157,233</b>	<b>164,210</b>	<b>171,279</b>	<b>174,547</b>	<b>177,913</b>	<b>181,380</b>	<b>184,951</b>	<b>188,629</b>
<b>Debtors</b>												
Products sales	Revenue	Month	0.5		94,623	97,462	100,386	103,397	106,499	109,694	112,985	116,374
<b>Total debtors</b>					<b>94,623</b>	<b>97,462</b>	<b>100,386</b>	<b>103,397</b>	<b>106,499</b>	<b>109,694</b>	<b>112,985</b>	<b>116,374</b>
<b>Total stocks and debtors</b>					<b>251,856</b>	<b>261,671</b>	<b>271,665</b>	<b>277,944</b>	<b>284,412</b>	<b>291,074</b>	<b>297,936</b>	<b>305,003</b>
<b>Less: Creditors</b>												
Packing materials	Packing material cost	Month	1		54,556	58,453	62,350	62,350	62,350	62,350	62,350	62,350
Indirect ope costs minus factory rent	Indirect operating costs	Month	1		4,058	4,180	4,306	4,435	4,568	4,705	4,846	4,991
<b>Total creditors</b>					<b>58,615</b>	<b>62,633</b>	<b>66,655</b>	<b>66,785</b>	<b>66,918</b>	<b>67,055</b>	<b>67,196</b>	<b>67,341</b>
<b>Net working capital</b>					<b>193,241</b>	<b>199,038</b>	<b>205,009</b>	<b>211,160</b>	<b>217,494</b>	<b>224,019</b>	<b>230,740</b>	<b>237,662</b>
<b>Change in working capital</b>					<b>193,241</b>	<b>5,797</b>	<b>5,971</b>	<b>6,150</b>	<b>6,335</b>	<b>6,525</b>	<b>6,721</b>	<b>6,922</b>

YEAR	2009	2010	2011	2012	2013	2014	2015	Annex 3 (c) 2016
<b>5. DEPRECIATION</b>								
<b>Gross Fixed assets</b>								<b>TSHS: '000'</b>
Land and buildings	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200
Plant and equipment	181,453	181,453	181,453	181,453	181,453	181,453	181,453	362,905
Furniture and office equipment	5,570	5,570	5,570	5,570	5,570	5,570	5,570	11,141
Motor vehicles	29,040	29,040	29,040	58,080	58,080	58,080	58,080	87,120
Preoperational expenses	26,585	26,585	26,585	26,585	26,585	26,585	26,585	26,585
<b>TOTAL</b>	<b>255,848</b>	<b>255,848</b>	<b>255,848</b>	<b>284,888</b>	<b>284,888</b>	<b>284,888</b>	<b>284,888</b>	<b>500,951</b>
<b>Annual depreciation</b>								
	<b>Dep method</b>							
	<b>Dep rate p.a.</b>							
Land and buildings	Straight line	4.00%	528	528	528	528	528	528
Plant and equipment	Straight line	12.50%	22,682	22,682	22,682	22,682	22,682	22,682
Furniture and office equipment	Straight line	12.50%	696	696	696	696	696	696
Motor vehicles	Straight line	25.00%	7,260	7,260	7,260	7,260	7,260	7,260
Preoperational expenses	Straight line	20.00%	5,317	5,317	5,317	5,317	-	-
<b>TOTAL</b>			<b>36,483</b>	<b>36,483</b>	<b>36,483</b>	<b>36,483</b>	<b>31,166</b>	<b>31,166</b>
<b>Accumulated depreciation</b>								
Land and buildings			528	1,056	1,584	2,112	2,640	3,168
Plant and equipment			22,682	45,363	68,045	90,726	113,408	136,089
Furniture and office equipment			696	1,393	2,089	2,785	3,482	4,178
Motor vehicles			7,260	14,520	21,780	29,040	36,300	43,560
Preoperational expenses			5,317	10,634	15,951	21,268	26,585	26,585
<b>TOTAL</b>			<b>36,483</b>	<b>72,966</b>	<b>109,449</b>	<b>145,932</b>	<b>182,415</b>	<b>213,581</b>
								<b>244,746</b>
								<b>275,912</b>
<b>Net fixed assets</b>								
Land and buildings			12,672	12,144	11,616	11,088	10,560	10,032
Plant and equipment			158,771	136,089	113,408	90,726	68,045	45,363
Furniture and office equipment			4,874	4,178	3,482	2,785	2,089	1,393
Motor vehicles			21,780	14,520	7,260	29,040	21,780	14,520
Preoperational expenses			21,268	15,951	10,634	5,317	-	-
<b>TOTAL</b>			<b>219,365</b>	<b>182,882</b>	<b>146,399</b>	<b>138,957</b>	<b>102,474</b>	<b>71,308</b>
								<b>40,142</b>
								<b>225,039</b>
<b>Reinvestment in fixed assets</b>								
Land and buildings			-	-	-	-	-	-
Plant and equipment			-	-	-	-	-	-
Furniture and office equipment			-	-	-	-	-	181,453
Motor vehicles			-	-	-	-	-	5,570
Preoperational expenses			-	-	-	29,040	-	29,040
<b>TOTAL</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>29,040</b>	<b>-</b>	<b>216,063</b>

YEAR						2009	2010	2011	2012	2013	2014	2015	Annex 3 (b) 2016
<b>3. DIRECT OPERATING COSTS - Ctd</b>													
<b>3.5 Factory repair and maintenance</b>													
Cost as a percentage of total labour cost				0.05%									
<b>Total cost of factory repairs</b>				<b>TSHS: '000'</b>	<b>0.55%</b>	<b>6,408</b>	<b>6,600</b>	<b>6,798</b>	<b>7,002</b>	<b>7,212</b>	<b>7,429</b>	<b>7,651</b>	<b>7,881</b>
<b>3.6 Fumigation costs</b>													
Cost as a percentage of total labour cost				0.02%									
<b>Total cost of fumigation</b>				<b>TSHS: '000'</b>	<b>0.62%</b>	<b>2,563</b>	<b>2,640</b>	<b>2,719</b>	<b>2,801</b>	<b>2,885</b>	<b>2,971</b>	<b>3,061</b>	<b>3,152</b>
<b>TOTAL DIRECT OPERATING COSTS</b>				<b>TSHS: '000'</b>		<b>1,501,392</b>	<b>1,573,556</b>	<b>1,646,482</b>	<b>1,675,439</b>	<b>1,703,197</b>	<b>1,731,788</b>	<b>1,761,236</b>	<b>1,791,568</b>
<b>4. INDIRECT OPERATING COSTS</b>													
<b>4.1 Cost as a percentage of labour cost</b>				%									<b>TSHS: '000'</b>
Administration				0.10%		12,816	13,200	13,596	14,004	14,425	14,857	15,303	15,762
Utilities - other than factory				0.05%		6,408	6,600	6,798	7,002	7,212	7,429	7,651	7,881
Repair and maintenance - other than factory				0.05%		6,408	6,600	6,798	7,002	7,212	7,429	7,651	7,881
Marketing				0.13%		16,661	17,161	17,675	18,206	18,752	19,314	19,894	20,491
Normal finance charges				0.05%		6,408	6,600	6,798	7,002	7,212	7,429	7,651	7,881
<b>Total</b>				<b>0.38%</b>		<b>48,701</b>	<b>50,162</b>	<b>51,667</b>	<b>53,217</b>	<b>54,813</b>	<b>56,458</b>	<b>58,151</b>	<b>59,896</b>
<b>4.2 Lease of factory building</b>													
Monthly rent for the factory building				Monthly rent: TSHS									
<b>Yearly rental payments</b>				2070		<b>24,840</b>	<b>25,585</b>	<b>26,353</b>	<b>27,143</b>	<b>27,958</b>	<b>28,796</b>	<b>29,660</b>	<b>30,550</b>
<b>TOTAL INDIRECT OPERATING COSTS</b>				<b>TSHS: '000'</b>		<b>73,541</b>	<b>75,747</b>	<b>78,019</b>	<b>80,360</b>	<b>82,771</b>	<b>85,254</b>	<b>87,812</b>	<b>90,446</b>

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED													Annex 3 (a)
PUFFS PROCESSING PROJECT													
OPERATING ASSUMPTIONS													
YEAR													
	2009	2010	2011	2012	2013	2014	2015	2016					
<b>1. INFLATION INDEX</b>													
Annual inflation												3.00%	
Inflation index	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23					
Planned capacity utilisation %age	70%	75%	80%	80%	80%	80%	80%	80%					
<b>2. USD/TZS EXCHANGE RATE</b>													
USD 1	TZS											1,200	
<b>3. DIRECT OPERATING COSTS</b>													
<b>3.1 Raw materials cost per packet</b>													
<b>(a) Quantity of raw pulses required to meet planned production/Packet</b>													
			<b>Total Kilos</b>	<b>Annually</b>								<b>Kilos</b>	
Puff Production	16	19200	23424000	23,424.00	76.25	16,397	17,568	18,739	18,739	18,739	18,739	18,739	18,739
Puff Production	110	9600	80520000	80,520.00		56,364	60,390	64,416	64,416	64,416	64,416	64,416	64,416
Chips Production	30	19200	43920000	43,920.00		30,744	32,940	35,136	35,136	35,136	35,136	35,136	35,136
Chips Production	125	9600	91500000	91,500.00		64,050	68,625	73,200	73,200	73,200	73,200	73,200	73,200
<b>Total</b>				<b>Kilos</b>		<b>167,555</b>	<b>179,523</b>	<b>191,491</b>	<b>191,491</b>	<b>191,491</b>	<b>191,491</b>	<b>191,491</b>	<b>191,491</b>
<b>(b) Cost of raw materials</b>	<b>Gms</b>		<b>Price/Packet: TSHS</b>	<b>Price/Kilos: TSHS</b>	<b>1000</b>								<b>TSHS: '000'</b>
Puff Production in 16 gms	16	75.154	4,697.13			77,018	79,328	81,708	84,159	86,684	89,285	91,963	94,722
Puff Production in 110 gms	110	350.802	3,189.11			179,751	185,143	190,698	196,419	202,311	208,381	214,632	221,071
Chips Production in 30 gms	30	100.220	3,340.67			102,705	105,787	108,960	112,229	115,596	119,064	122,636	126,315
Chips Production 125 gms	125	500.750	4,006.00			256,584	264,282	272,210	280,377	288,788	297,452	306,375	315,566
<b>Total Cost of raw materials</b>			<b>TSHS: '000'</b>			<b>616,059</b>	<b>634,540</b>	<b>653,576</b>	<b>673,184</b>	<b>693,379</b>	<b>714,181</b>	<b>735,606</b>	<b>757,674</b>
<b>3.2 Packing materials</b>													
<b>(a) Quantity of Packets required</b>													
		<b>Total Packets</b>	<b>Annually</b>										
Puff Production in 16 gms		19200	1464000			1,024,800	1,098,000	1,171,200	1,171,200	1,171,200	1,171,200	1,171,200	1,171,200
Puff Production in 110 gms		9600	732000			512,400	549,000	585,600	585,600	585,600	585,600	585,600	585,600
Chips Production in 30 gms		19200	1464000			1,024,800	1,098,000	1,171,200	1,171,200	1,171,200	1,171,200	1,171,200	1,171,200
Chips Production 125 gms		9600	732000			512,400	549,000	585,600	585,600	585,600	585,600	585,600	585,600
<b>Total number of packet</b>				<b>Units</b>		<b>3,074,400</b>	<b>3,294,000</b>	<b>3,513,600</b>	<b>3,513,600</b>	<b>3,513,600</b>	<b>3,513,600</b>	<b>3,513,600</b>	<b>3,513,600</b>
<b>(b) Cost of packing materials</b>													
				<b>Cost/packet: TSHS</b>									
Puff Production 16 gms			100.17	0.20		205,300	219,965	234,629	234,629	234,629	234,629	234,629	234,629
Puff Production in 110 gms			250.83	0.50		257,054	275,415	293,776	293,776	293,776	293,776	293,776	293,776
Chips Production in 30 gms			100.17	0.10		102,650	109,982	117,314	117,314	117,314	117,314	117,314	117,314
Chips Production 125 gms			175.00	0.18		89,670	96,075	102,480	102,480	102,480	102,480	102,480	102,480
<b>Total cost of packing materials</b>				<b>TSHS: '000'</b>		<b>654,674</b>	<b>701,436</b>	<b>748,199</b>	<b>748,199</b>	<b>748,199</b>	<b>748,199</b>	<b>748,199</b>	<b>748,199</b>
<b>3.3 Direct labour cost - as a percentage of total labour cost</b>													
<b>(a) Raw materials receiving</b>													
				%									<b>TSHS: '000'</b>
(a) Raw materials receiving				0.10%	12	12,816	13,200	13,596	14,004	14,425	14,857	15,303	15,762
(b) Processing				0.25%		32,040	33,001	33,991	35,011	36,061	37,143	38,257	39,405
(c) Packing materials handling				0.05%		6,408	6,600	6,798	7,002	7,212	7,429	7,651	7,881
(d) Packing				0.05%		6,408	6,600	6,798	7,002	7,212	7,429	7,651	7,881
(e) Finished products storage	1,068,000.00		#####	0.10%		12,816	13,200	13,596	14,004	14,425	14,857	15,303	15,762
<b>Total cost of direct labour</b>				<b>TSHS: '000'</b>	<b>0.55%</b>	<b>70,488</b>	<b>72,603</b>	<b>74,781</b>	<b>77,024</b>	<b>79,335</b>	<b>81,715</b>	<b>84,166</b>	<b>86,691</b>
<b>3.4 Factory utilities (electricity and water)</b>													
Cost Utility		12,600,000	1000		12								
<b>Total cost of factory utilities</b>				<b>TSHS: '000'</b>		<b>151,200</b>	<b>155,736</b>	<b>160,408</b>	<b>165,220</b>	<b>170,177</b>	<b>175,282</b>	<b>180,541</b>	<b>185,957</b>

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED										Annex 2		
PUFFS PROCESSING PROJECT												
OPERATING ASSUMPTIONS												
REVENUES												
YEAR												
					2009	2010	2011	2012	2013	2014	2015	2016
<b>1. INFLATION INDEX</b>												
Annual inflation				3%								
Inflation index					1	1.03	1.06	1.09	1.13	1.16	1.19	1.23
<b>2. USD/TZS EXCHANGE RATE</b>												
USD	1		TZS	1,200								
<b>3. PLANT PROCESSING CAPACITY</b>												
Installed plant capacity		MTPH		2								
Working hours per day				8								
Working days per year				76								
Daily Puff Production Capacity	16 gm		Kg	307.2								
Daily Puff Production Capacity	110 gm		Kg	1,056.0								
Daily Chips Production Capacity	30 gm		Kg	576.0								
Daily Chips Production Capacity	125 gm		Kg	1,200.0								
Planned capacity utilisation %age					70%	75%	80%	80%	80%	80%	80%	80%
<b>4. QUANTITY OF PUFFS &amp; CHIPPS PROCESSED</b>												
<b>4.1 Recovery rate %age</b>												
			100%	Kilos								
Puff Production in 16 gms	23,424	23,424.00										
Puff Production in 110 gms	80,520	80,520.00		103,944.00								
Chips Production in 30 gms	176,947	176,947.20										
Chips Production 125 gms	91,500	91,500.00		268,447.20								
<b>Total</b>				<b>372,391.20</b>								
<b>4.2 Quantity of Product Processed - in Kilos</b>												
Annual Puff Production				Kilos	72,761	74,944	79,508	86,880	97,784	113,359	135,357	166,471
Annual Chips Production					187,913	193,550	205,338	224,378	252,539	292,762	349,574	429,931
<b>Total</b>					<b>260,674</b>	<b>268,494</b>	<b>284,845</b>	<b>311,258</b>	<b>350,324</b>	<b>406,121</b>	<b>484,930</b>	<b>596,403</b>
<b>5. PRODUCT SALES REVENUE</b>												
	Price/16gm		Price/Kgs:	1000	tonns							TSHS: '000'
Puff Production in 16 gms	226.91	16,396.80	14,181.69		232,534	239,510	246,696	254,097	261,719	269,571	277,658	285,988
Puff Production in 110 gms	774.81	56,364.00	7,043.72		397,012	408,922	421,190	433,826	446,841	460,246	474,053	488,275
Chips Production in 30 gms	291.51	123,863.04	9,716.93		1,203,569	1,239,676	1,276,866	1,315,172	1,354,627	1,395,266	1,437,124	1,480,238
Chips Production 125 gms	854.48	64,050.00	6,835.85		437,836	450,971	464,500	478,435	492,788	507,572	522,799	538,483
<b>Total</b>		<b>260,673.84</b>	<b>Tshs: '000'</b>		<b>2,270,951</b>	<b>2,339,080</b>	<b>2,409,252</b>	<b>2,481,530</b>	<b>2,555,976</b>	<b>2,632,655</b>	<b>2,711,635</b>	<b>2,792,984</b>
<b>7. TOTAL SALES REVENUES</b>												
				Tshs: '000'	2,270,951	2,339,080	2,409,252	2,481,530	2,555,976	2,632,655	2,711,635	2,792,984

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED				Annex 1		
PUFFS PROCESSING PROJECT						
INVESTMENT CAPITAL COST ESTIMATES						
<b>1. USD/TZS EXCHANGE RATE</b>						
USD	1	TZS	1,200			
				<b>COSTS - Tshs '000'</b>		
				<b>LOCAL</b>	<b>FOREIGN</b>	<b>TOTAL</b>
<b>2. LAND AND BUILDINGS</b>						
1.1 Cost of renovation of building (office and factory)				12,000	-	12,000
<b>Sub total</b>				<b>12,000</b>	<b>-</b>	<b>12,000</b>
Add: Contingencies				10.00%	1,200	-
<b>Total Land cost</b>				<b>13,200</b>	<b>-</b>	<b>13,200</b>
<b>3. PLANT AND EQUIPMENT</b>						
3.1 Puff processing plant - ex India (FOB Cost)				-	109,224	109,224
3.2 Auxiliary equipment - weighing scales and sealing machine (FOB Cost)				-	7,068	7,068
3.3 Standby electricity generator - 150 kva - ex EU (Cost)				-	42,000	42,000
3.4 Quality Control Equipment				-	14,520	14,520
3.5 Machinery installation cost				-	-	-
<b>Sub total</b>				<b>-</b>	<b>172,812</b>	<b>172,812</b>
Add: Contingencies - local				10.00%	-	8,641
Foreign				5.00%	-	8,641
<b>Total Plant and equipment costs</b>				<b>-</b>	<b>181,453</b>	<b>181,453</b>
<b>4. OFFICE FURNITURE AND EQUIPMENT</b>						
4.1 Furniture				2,532.0	-	2,532.0
4.2 Equipment				2,532.0	-	2,532.0
<b>Sub total</b>				<b>5,064</b>	<b>-</b>	<b>5,064</b>
Add: Contingencies				10.00%	506	-
<b>Total Office Furniture and Equipment costs</b>				<b>5,570</b>	<b>-</b>	<b>5,570</b>
<b>5. MOTOR VEHICLES</b>						
Double cabin pickup				1	9,600	-
Three Wheeler				1	2,400	2,400
Canter				1	14,400	14,400
<b>Sub total</b>				<b>-</b>	<b>26,400</b>	<b>26,400</b>
Add: Contingencies				10.00%	2,640	-
<b>Total Motor vehicle cost</b>				<b>29,040</b>	<b>-</b>	<b>29,040</b>
<b>TOTAL FIXED CAPITAL INVESTMENT COST ESTIMATES</b>				<b>47,810</b>	<b>181,453</b>	<b>229,263</b>
<b>6. PRE OPERATIONAL EXPENSES</b>						
<b>6.1 Project set up cost</b>						
(a) Company formation				5,000	-	5,000
(b) Tanzania Investment Centre (TIC) approval and other licences				6,000	-	6,000
(c) Project preparation				3,000	-	3,000
(d) Other Costs				8,000	-	8,000
<b>Sub total Project set up costs</b>				<b>22,000</b>	<b>-</b>	<b>22,000</b>
<b>6.2 Miscellaneous</b>						
E.g. Project management fees - as a % of the total fixed investment cost				2.00%	4,585	-
<b>TOTAL Miscellaneous expenses</b>				<b>4,585</b>	<b>-</b>	<b>4,585</b>
<b>TOTAL Pre operational expenses (6.1 - 6.2)</b>				<b>26,585</b>	<b>-</b>	<b>26,585</b>
<b>SUMMARY OF INVESTMENT CAPITAL COST ESTIMATES:</b>						
				<b>COSTS - TSHS'000'</b>		
				<b>LOCAL</b>	<b>FOREIGN</b>	<b>TOTAL</b>
Land and buildings				13,200	-	13,200
Plant and equipment				-	181,453	181,453
Furniture and office equipment				5,570	-	5,570
Motor vehicles				29,040	-	29,040
Preoperational expenses				26,585	-	26,585
<b>TOTAL INVESTMENT CAPITAL COST ESTIMATES</b>				<b>74,396</b>	<b>181,453</b>	<b>255,848</b>
<b>INITIAL WORKING CAPITAL</b>				<b>193,241</b>	<b>-</b>	<b>193,241</b>
<b>TOTAL INVESTMENT AND WORKING CAPITAL COST ESTIMATES</b>				<b>267,637</b>	<b>181,453</b>	<b>449,089</b>
<b>FINANCING PLAN</b>						
Equity				<b>TSHS'000'</b>		
Loan				449,089		
<b>TOTAL</b>				<b>449,089</b>		

**A. FINANCIAL PROJECTIONS**

### **13.0 CONCLUSION AND RECOMMENDATIONS:**

The financial projections show that AEAL project is worthwhile undertaking and investment is recommended. The project will achieve positive result right from year one throughout the entire projected period of eight years. The indicators show that the business is profitable and could generate enough cash to repay returns to all source of finance. However, the financial projections assume that the management strategic plan would be implemented within the time frame indicated in the business plan.

The promoters of the project have also confirmed their ability to raise the equity funds to execute the proposed development.

The economic impact for implementing and operating the project is also positive.

Lastly and most important, the operations of the project are friendly to the environment.

#### **13.1 Recommendations:**

Given that the proposed Puffs processing project appears to be technically sound, financially and economically viable and environmental friendly with demand position strong and growing it is recommended that the project be implemented at the earliest possible opportunity in the manner detailed herein above.

Tanzanians of every walk of life yearn, pray and preach for the sustenance of political, social and religious stability. Thus the possibility of such political, social, and religious disturbances/upheavals happening in Tanzania is at present remote.

### **13.3 Industry risks:**

The major industry risks associated with AEAL's proposed cereal puffs processing project in Tanzania are two, namely increase in operating costs and shortage of cereals.

#### **(i) Increase in operating costs:**

In Tanzania, industrial producers/operators, more often than not, have little control on their operating costs, particularly those of utilities. The inability to determine and control the prices of some of its inputs is therefore another risk the proposed project will have to face and live with.

To mitigate the adverse impact of this risk AEAL's management will need to have a close watch on its operating costs so as to eliminate as much as possible all factors that may lead to the project suffering losses as a result of increases in the cost of its inputs.

#### **(ii) Shortage of raw pulses:**

The risk that a shortage of raw pulses may impact on AEAL's proposed puffs processing project is a risk that the proposed project will continue to face throughout its operations. A shortage of cereals may arise because of two factors.

#### **(b) Drought:**

Currently cereals are grown by way of rain-fed agriculture. Thus if a serious drought was to occur for a prolonged period in the country, there would be a reduction in the availability of cereals required for processing into puffs products. This shortage could occur despite the fact that most of the cereals amenable for processing into puffs are grown in much drier parts of Tanzania even at the moment. The reason behind this is those in times of drought farmers usually put most of their energies in growing food crops rather than cash crops.

#### **(c) Competition from other cereal buyers:**

At present there are many cereal buyers that export them in raw form to various countries including Kenya. With AEAL's entry into the cereal buying fray, there may arise some intensified competition for these cereals that could lead to substantial increase in their purchase prices. In this way some buyers could be more aggressive in looking for these cereals so as to meet their export commitments. If such a situation was to occur, the possibility of a shortage of cereals occurring would then be there.

It is therefore in the context of the above scenario that AEAL's may experience a shortage of cereals for its project.

The only way presently available for AEAL's to hedge against a shortage of cereals arising from any of the two factors described above is to buy as much of these cereals whenever they are available and carry the stocks for the needy day.

## **11.0 ENVIRONMENTAL IMPACT:**

The project is considered and expected to be environmentally friendly for mainly two reasons that are stated here below.

During the installation of puffs processing machinery, there will be very little noise from the installation activities. Even then the level of this type of noise is acceptable and tolerable.

When the project becomes operational, there will hardly also be any negative environmental impact as there is equally very little dust and noise during the puffs processing operations. Furthermore, there are no undesirable effluents from the milling process that need special disposal processes. Liquid waste will be disposed of through the existing sewage system. Solid waste will be collected and periodically picked up by refuse trucks of either the municipality or any other authorised refuse collectors for dumping at various approved city refuse dump pits.

## **12.0 RISK FACTORS:**

Major risk factors that the operations of AEAL's proposed puffs processing project will face are of three types, namely, economic; political, social and religious upheavals; as well as industry risks.

### **12.1 Economic risks:**

Since this is a local project, one of the major economic risks the project will face is that of a recession happening in the country to which its puffs will be processed

If the economy of the country plunges into a recession, thus decreasing its economic growth, the level of economic activities may also decrease. Though the demand for the project's products is unlikely to decrease as the consuming public will not decrease as a result of an economic recession, the consumers of AEAL's puffs products may suffer a decrease in their purchasing power.

As the economic recession may hit the country there is a risk the project will continue to face throughout its operations. However, the possibility of such a recession happening in the country at present is likely to be remote as the economy is currently strong enough to withstand shocks of current financial crisis prevailing in the world.

### **12.2 Political, social, and religious risks:**

The biggest risk associated with political, social, and religious is that of disturbances/upheavals. The effects of political, social and religious upheavals to businesses are usually bad. The less politically, socially and religiously stable a country is, the greater the risks of business failure. The success of the proposed project as a commercial undertaking is very much linked to the country having a stable political, social, and religious climate. As it is in the case of an economic recession that political, social, and religious disturbances/upheavals may occur in Tanzania is a risk the project will also continue to face throughout its operations.

It is, however, reassuring to note that Tanzania's political, social and religious stability is presently strong and it is likely to continue in this way for quite some time. Nearly all

## **10.0 ECONOMIC IMPACT:**

The economic impact of AEAL's proposed puff processing project to the country is three fold as stated hereunder.

### **10.1 Employment:**

The proposed puffs processing project is expected to provide direct employment to about 15 people excluding two expatriates. Its operations are also expected to contribute in generating indirect employment and other positive multiplier effects that will trickle down into the country's economy through the farmers and other businesses that will be selling their puffs and goods/services to the project.

### **10.2 Government revenue:**

Operations of the proposed project are expected to generate various taxes to the government. Subject to tax incentives given by the Tanzania Investment Centre, which Arusha Entrepreneurs Association Limited, the promoter of the proposed puffs processing project will seek, the project's operations are expected to pay income taxes ranging from Tshs197 million during the first year to Tshs 263 million during the eighth year as indicated in appendix 1. Furthermore, the project is also expected to pay VAT during its projected period of its operations.

### **10.3 Contributing towards Tanzania's foreign currency earnings:**

The project is expected to contribute positives to Tanzania foreign currency earnings as local puff production will obviously reduce puff imports, as long as quality cereals puff will produced and marketed in the country.

### 9.3 Projected financial results:

A summary of the projected financial results of the proposed puffs processing project which are based on the assumptions stated in section 10.1 above is given below.

#### (i) Profit and (Loss) accounts – Appendix 1

Projected profit and (loss) accounts of AEAL's proposed cereal puffs processing project show that operations of the project are expected to be profitable as shown below.

**TSHS: '000':**

Year	2009	2010	2011	2012	2013
Revenue	2,270,951	2,339,080	2,409,252	2,481,530	2,555,976
Profit / (Loss) before tax	659,536	653,294	648,268	689,248	733,525

#### (ii) Cash flow statements – Appendix 2

Projected cash flows show that the proposed project is expected generate adequate cash to meet all its obligations during the whole period the project subsists AEAL's will be financed by the shareholders.. The project's closing cash balance is expected to be as per table below.

**TSHS: '000':**

Year	2009	2010	2011	2012	2013
Total cash inflows	1,145,108	689,777	684,751	725,731	770,008
Total cash outflows	597,485	202,254	200,829	238,891	223,071
Closing cash balance	547,623	1,035,197	1,519,119	2,005,959	2,552,895

#### (iii) Balance sheets – Appendix 3

Projected balance sheets of the proposed project show that the project is expected to have a strong financial base as indicated below.

**TSHS'000':**

Year	2009	2010	2011	2012	2013
Total capital employed	910,764	1,368,120	1,821,908	2,304,382	2,817,849
Shareholders' funds	910,764	1,368,120	1,821,908	2,304,382	2,817,849
Net tangible assets	889,496	1,368,120	1,811,274	2,299,065	2,817,849

The projected balance sheet for AEAL for the first five years of the business plan indicates the Company's strong financial position, in both short-term and long-term.

## 9.0 PROPOSED FINANCING PLAN:

The investment and initial working capital cost estimates for the establishment of AEAL's proposed puffs processing project as well as starting up its operations are planned to be financed by way of equity for both the Capital investment and Working Capital as indicated in the table below.

Type of funding	Amounts - TSHS '000'
Equity	255,848
Working capital	193,241
<b>Total</b>	<b>449,089</b>

Arusha Entrepreneurs Association Limited (AEAL) has confirmed its ability to raise the equity of USD 449,089/=.

## 9.1 PROJECTED FINANCIAL RESULTS:

### 9.2 Assumptions underlying the financial projections:

The financial projections, summaries of which follow hereunder, have been prepared based on various assumptions, three of which are stated here below.

#### (a) Capacity utilisation:

As a start-up undertaking AEAL is proposing to start with a capacity utilisation of 70% in the first year of its operations. This capacity utilisation will be increased in the subsequent years to reach a maximum capacity utilisation of 80% from the third year onwards.

#### (ii) Puffs recovery rate:

Secondly, the recovery rate of good quality processed puffs to raw pulses has been assumed to be 85% throughout the projected period.

#### (iii) Inflation:

Lastly, inflation has been taken into account in the preparation of AEAL's projected financial results. As a business undertaking operating in a dynamic economic environment, AEAL will be affected by inflation. Thus the impact of inflation on its operations has been factored into projections to see its effects.

Although in Tanzania revenues from industrial (manufacturing) activities go up at lower rates than that of associated operating costs of those activities, the same rate of inflation has been used to project AEAL's revenues and operating costs over the eight year planning period. Furthermore, a lower rate of inflation of 3% has been used rather than the prevailing one which is at a high of around 8% at time of preparing this project write-up. This is due to the fact that the financial projections are in Shillings rather than in US Dollars.

**8.3 Initial working capital cost estimates:**

Initial working capital cost is estimated at TSHS 193,241,000. Details of this working capital are shown in annex 3 (d) which is also attached to this project write-up.

**8.4 Total – investment and working - capital cost estimates:**

The total cost estimates for setting up AEAL proposed puffs processing project and starting its operations are as summarised in the table below.

TSHS '000'

Particulars	Local	Foreign	Total
Land and buildings	12,000	-	12,000
Plant and equipment		181,453	181,453
Office Furniture and Equipment	5,570	-	5,570
Motor vehicles	29,040	-	29,040
Preoperational expenses	26,585	-	26,585
<b>Sub total</b>	<b>74,395</b>	<b>181,453</b>	<b>255,848</b>
Initial working capital	193,241	-	193,241
<b>Grand total</b>	<b>267,636</b>	<b>181,453</b>	<b>449,089</b>

Except for initial working capital, all the other cost estimates include an element of contingencies varying from 5% to 10%.

**8. Project Cost Estimates:****8.1 Investment capital cost estimates:**

The investment capital costs for establishing AEAL's proposed dhal processing project are estimated at United States dollars (USD) 255,848. The breakdown of these cost estimates is given below.

Particulars	USD'		
	Local	Foreign	Total
Land and buildings	13,200		13,200
Plant and equipment		181,453	181,453
Office Furniture and Equipment	5,570	-	5,570
Motor vehicles	29,040	-	29,040
Preoperational expenses	26,585	-	26,585
<b>Total</b>	<b>74,395</b>	<b>181,453</b>	<b>255,848</b>

Detailed cost estimates of the proposed cereal puff snack processing project are shown in annex 1 which is hereon attached.

**8.2 Basis of capital investment cost estimates:**

Basis of the capital investment cost estimates is discussed below.

**(i) Land and buildings**

Land and building cost estimates relates to renovation civil works cost that will be carried out on the existing factory building which AEAL is leasing so as to make it ready for installation of the cereal puff snack processing equipment. These cost estimates have been prepared contracted civil engineer who will supervise the renovation works.

**(ii) Plant and equipment**

Plant and equipment cost estimates are based on a quotation from the suppliers' of the equipment.

**(iii) Office Furniture and Equipment:**

Cost estimates for office furniture and equipment are based on costs currently prevailing in Arusha for such office furniture and equipment.

**(iv) Motor vehicles:**

The cost estimate for the motor vehicle is also based on costs currently prevailing in Arusha of the desired motor vehicle – a used Toyota double cabin pickup.

**(v) Preoperational expenses:**

These expenses are based on either costs already incurred towards incorporating the company – i.e. Arusha Entrepreneurs Association Limited (AEAL) – or rates either currently prevailing in Tanzania for the supply of such services or negotiated ones.

**(iii) Segmentation of the market:**

So as to maximise the utility of its resources, AEAL will carry out a segmentation of its market. This will greatly help the company in allocating its resources so that maximum market penetration is attained. For example institutional consumers will be serviced differently from individual bulk consumers and so on. At the same time market segmentation will assist the company to know the behaviour of its markets and so enable it to appropriately respond in line with their requirements.

**7.3 The competitive advantage:**

If the opportunity is developed immediately, AEAL will enjoy the following advantage:

- As pioneer investors they will gain an advantage in knowledge and experience regarding the local environment, industry and the market. This will place the Company in a position way ahead of any competitor that might decide to invest.
- The Company will be able to establish its own market share without competition.
- The project team and management that will be used on the project, will have the necessary qualifications and years of practical experience in cereal puff snacks production and project management to ensure the project is implemented and managed successfully.

## **7. Marketing :**

Although there no official statistical data to show Tanzania's domestic per capita consumption of cereal puff snacks – World wide statistics shows that the frozen snack market has grown nearly 25 percent from 2000 to 2005 to a market size of about \$2 billion, according to Research and Markets. This is still a small percent of the overall snack food market of \$61 billion, according to MarketResearch.com

Busy consumers lack time for meal preparation, so the trend toward eating more snack-type foods is obvious. Households in other countries are redefining what a snack or meal is and when that snack or meal is eaten. People are using snacks to provide a small meal that can be eaten on the go. However, at some point, most of these busy consumers begin to question what it is they are eating while on the go.

It is for this reason that the promoters - AEAL - of the cereal puff snacks processing project are setting their project to capture and exploit the growing market.

### **7.1 Use for Cereal Puff Snacks:**

Cereal Puffs not only can start the meal, but can be served at other times of the day. They're eaten by many teenagers as a snack that can deal with the hunger after a long day at school. Cereal puff snack foods provide a quick bite. Through the warmth of the product and real food ingredients, they deal with hunger and can be eaten on the go.

### **7.2 Marketing strategy:**

As noted earlier that AEAL's production of cereal puff snacks is insignificant compared with the existing demand-supply gap.

As most of cereal puff snacks are currently imported, the Company's strategy shall include production and maintenance of quality cereal puff snacks products, maintain reliable supply of fresh snack packs on daily basis as well as offering a range of cereal puff snacks. The devised market strategy will also include dynamic and creative promotion and segmentation of its market. These elements are briefly elaborated hereunder.

#### **(i) Maintenance of a high quality product:**

So as to ensure that high quality cereal puff snacks are produced all the time, management will ensure that good quality raw materials (commodities) are procured at all times. At the same time, so as to maintain the production of high quality cereal puff snacks, well trained staff will be employed and supervision will be stringent in all stages of the production process.

#### **(ii) Dynamic and creative promotion:**

The company will also employ dynamism and creative promoting of its product. Accordingly, AEAL is planning to promote its products by use of specialised marketing companies. The specialised marketing companies will be responsible for designing the type of packages as well as the type of advertising and its frequency to be used. The company is currently exploring which of these companies will be suitable for this activity. At the same time, plans are on hand to enter into agreement with electronic and print media to advertise its products in the importing countries.

Thus it will not be necessary for this project to incur undue high costs to acquire these two types of labour.

What will, however, be required is a skilled and experienced Production Manager and Quality Controller to impart the knowledge of processing the food crops into cereals puff snacks to the required/desired quality to guarantee the starting up of its operations in good and knowledgeable hands.

### **6.3 Utilities:**

The proposed cereal puffs snacks processing project is planned to be located on plot 32/33 Unga Limited, within the Arusha Municipality. This is an industrial area that is well served with both electricity and water – essential utilities that are needed during the processing operations of cereals puff snacks. Barring occasional outages – interruptions – the continuous supply of both electricity and water within this industrial area is reasonably reliable. In any case, a standby generator will also be purchased to tidy up the operations when the national power supply is interrupted.

### **6.4 Packing Materials:**

The good quality cereal puff snacks will be packed in packets of different sizes of 16gms, 110 gms, 30 gms and 125 gms each ready for delivery to its consumers.

Currently in Tanzania there are more than two pp bags manufacturers. So the supply of packing materials is expected to be smooth throughout the operations of the cereal puff snacks factory.

## 6. Cereals Raw Materials For Puff Production And Inputs:

Raw materials and other inputs required in snack puff production processing operations include rice, wheat and maize,. Other inputs in puffs processing are labour, utilities – water and electricity – as well as packing materials. The availability of these materials and inputs is discussed below.

### 6.1 Food Crop Production in 2003-2007:

According to the Annual Economic Surveys for year 2003 and 2007 - Tanzania's Food Crop production of commodities over the last five years is as shown below.

Quantity: MT '000'

YEAR	WHEAT	MAIZE	RICE
2003	72	3,129	921
2004	66	4,286	1,030
2005	44	3,131	1,077
2006	109.5	3,423	805.1
2007	83	3,302	872

**Sources:** 1. Ministry of Agriculture, Food Security and Cooperatives (MAFSC) year 2003-2007

Food crop production over the last five years has varied for all commodities mentioned above. The variation of every commodity above is not very significant on the annual production trend. It can safely be concluded that the average food crop production over the years has remained in the same proportion for the years 2003 to 2007.

If we were to assume that food crop production from year 2007 to date, is likely to remain at these levels henceforth we can conclude that total requirement Arusha Entrepreneurs Association Limited is between 15%-17% of the total food crop production which means AEAL is very unlikely to face any shortages of the above commodities – its raw materials – for processing into cereal snack puffs throughout its five year planned projected operations as seen from the table hereunder.

### Raw materials supply vs AEAL's requirements: MT '000'

Particulars/Years	2009	2010	2011	2012	2013
Total Food Crop supply	4,257	4,257	4,257	4,257	4,257
AEAL's commodity requirement	616	634	653	673	693
As % requirement	14%	15%	15%	16%	16%

*NB: It has been assumed that national food crop production of pulses will remain at year 2007 level.*

### 6.2 Labour:

Much as the processing of wheat, rice and maize into cereal puff snack requires both skilled and unskilled labour. The level of technology involved in the processing operation is simple. Thus the proposed cereal puff snacks processing project does not require specialised labour for the proposed undertaking to be successful. The kind of both skilled and unskilled labour required for this project is therefore available in Arusha.

## 5. Implementation Programme:

The setting up of the proposed cereals snack puff processing project is expected to be implemented over a period of 3 months depending on the time it takes to clear the equipment from Dar es Salaam port. Otherwise shipment from Overseas to Dar es Salaam, Tanzania is expected to take about a month. Due to the current congestion at Dar es Salaam port, clearing of the puffs processing machinery consignment may take up to a maximum of 1 month. Installation of the equipment is expected to take no more than 1 month. Since AEAL's management has resources for investment and operations, and have already ordered the puffs processing plant, it is therefore expected the operations to start by April 2009

The establishment of the cereal puff production processing plant at Arusha is expected to take around 3 months as indicated in the chart below.

Activity	No. of months	Duration of implementation – no. of months								
		1	2	3	4	5	6	7	8	9
Getting TIC Certificate of Tax Incentives	1	■								
Ordering of machinery by way of down payment & LC establishment	1	■								
Machinery fabrication and shipment to Dar es Salaam	1	■								
Preparation of factory building by removal of equipment etc	1	■								
Clearing of plant and machinery from customs	2			■	■					
Transport of machinery to Arusha	0.5					■				
Recruitment of personnel	1				■					
Installation of machinery	1					■	■			
Training of key personnel	1				■					
Dry test runs and commissioning	0.5						■			

The above implementation timetable is in line with the period for manufacturing and delivery of the machinery that the supplier has indicated in the quotation.

It is expected that the application for the TIC certificate of tax incentives will be submitted latest by February 2009.

- 12 Melting sugar tin: it is assisting equipment in this line, composing two parts heat preservation tin and mixer electromotor; its main function is to mix sugar and other additives in water.  
Power: 9kw  
Throughput: 600kg/hour  
Dimension: 1200 800 1500mm
- 13 Dryer two: there is water in the sugar sprayed on corn flakes; this dryer can dry the corn flakes.  
Power: 25kw  
Throughput: 600kg/hour  
Dimension: 1200 800 1500mm
- 14 Chiller: chill the corn flakes after they are out of Dryer two; crystallize the sugar liquid on corn flakes.  
Power: 4kw  
Throughput: 600kg/hour  
Dimension: 4 800 600mm  
No. three: characteristics of cereal-corn flakes processing line.

This processing line is developed and improved on the base of Indian technology. Its working standard can compare to European machines

1. Twin screw extruder is the host machine in this line. The unique design of twin screw is an innovating idea of engineers; it guarantees the success of the extrusion process.
2. Presser is an important part of this line; the design makes sure high quality products can be produced. It contains a material distributor for avoiding materials geminated. The two rollers for pressing materials are made of high rigidity metal. It also has automatic chilling system and can be adjusted very easily. This equipment is easy using and highly automated.

Another advantage of this line is the Hot air heater which is a new idea of processing puff snacks. This technique is by using high temperature airs centralized heat and circulating flow to process puff snacks quickly and easily. This method is also less power consumption. This innovating idea makes this processing line more efficient

3. Twin Screw extruding machine: raw material will be heated, extruded and puffed in this machine.  
Power: 50kw  
Throughput: 150kg/hour  
Dimension: 2000 800 2100mm
4. Air blowers (three): this equipment mainly moving semi made products to the next processing machine.  
Power: 0.37kw  
Capacity: 450kg/hour
5. Hot air heater: vaporizing moisture of products in a short time. (A slot will be in the roller for flowing water)  
Power: 9kw  
Throughput: 200kg/hour  
Dimension: 2500 800 1600mm
6. Presser: this equipment is a very important part of the whole line. It has a material quantity control distributor with it for avoiding material geminated when they get into the presser. The presser is made of high rigidity compounded metal. It also has a circulating cooling system with it.  
Power: 15kw  
Throughput: 200kg/hour  
Dimension: 1200 1200 3000mm
7. Dryer one: dry the moisture products which came out from presser in a short period.  
Power: 25kw  
Throughput: 300kg  
Dimension: 4500 1000 1700mm
8. Elevator: elevating material already dried to the material distributor.  
Power: 0.37kw  
Capacity: 300kg/hour  
Dimension: 1500 400 1500mm
9. Material distributor: through shaking method spread materials evenly to hot air heater.  
Power: 0.4kw  
Throughput: 300kg/hour  
Dimension: 1200 500 1000mm
10. Hot air heater: by using high temperature air to heat materials in a short time in order to make them more puffed. The reason for using high temperature air is that materials can be heated evenly and quickly, also the air can be used in a cycle.
11. Sugar Sprayer: this equipment contains two parts roller and spraying system; its main function is to spray sugar on corn flakes.

#### 4. PROJECT DESCRIPTION:

The proposed cereal puffs snack processing project will involve several aspects. These include the purchase of puffs snack processing machinery and its auxiliary equipments, office furniture and equipment, motor vehicle and standby electricity generator and lease of a godown for setting up the cereal puffs snack processing plant. A brief description of each of these aspects follows here below shortly.

##### 4.1 Background:

The present snack foods processing includes a method of making a puffed food starch material snack, in particular starch material from grains, having an improved crispy texture and a more aesthetic appearance. The products may be snack chips, crackers or the like, made from food with starch material content. Preferably, the starch material is provided primarily in the form of individual kernels or pellets of a cereal grain, such as rice, corn, wheat, rye, oats, millet, sorghum, barley, buckwheat, or mixtures thereof. Quantities of other food starch materials may also be employed as a co-mixed constituent, or the primary source of bulk starch material, for example potato starch material. A quantity of the grain is puffed (expanded) in a manner which forms a snack product of considerable crispiness, lightness, and unique texture to both the mouth and eye.

##### 4.2 Production process Outline:

Following is a summarised processing flow chart of cereal puffs snack in an outline form.

##### 4.2.1 Composing Parts of Cereal-Puffs Snacks Processing Line

###### Production Flow-chart

Raw material mixing-----mixed material elevating-----extrusion process-----air blower-----dryer-----air blower-----presser-----air blower-----dryer-----elevator-----shaking distributor-----hot air heater-----elevator-----sugar sprayer-----dryer-----cooler

##### 4.3 Cereal Snack Puff processes:

Cereal Snack Puffs production process uses various types of machinery that are being mention with individual equipment parameters.

1. Raw-material mixer: mainly using for mixing raw material, water and additives.  
Power: 3kw  
Throughput: 20kg per loading (5 minutes per loading)  
Dimension: 1000 500 800mm
2. Helix elevator: transporting mixed raw materials into the extruder. Shift time can be adjusted, also it is fully automated.  
Power: 3kw  
Capacity: 500kg/hour  
Dimension: 1600 300 2300mm

As the company is yet to commence its operations it is currently under the stewardship of Mr Khuzaima A. Tapyia who is responsible for all activities geared towards the establishment of the company cereal puff processing factory.

Mr Khuzaima A. Tapyia is a Tanzania aged 50 years a seasoned businessman and an entrepreneur who is running successful other business in Arusha.

As part of implementing AEAL's promoters decision to set up a cereal puff snacks processing project at Arusha, Mr Khuzaima A. Tapyia is tasked with recruitment of an individual suitable for the position of Project Manager during the implementation of the a cereal puff snacks processing project and later as Production Manager of AEAL's cereal puff snacks processing operations. The person required must have be a food technologist by training. His working experience must also include industrial food processing specifically in cereal puff snacks production

### **3.6 Business activities.**

#### **(a) Business activities:**

All shareholders of Arusha Entrepreneurs Association Limited (AEAL) are astute business men with various businesses that they run very successfully. They operate private own Companies for many years and so have many years of experience in running Companies. They came together to form a new Company that will introduce a new food processing technology using local inputs.

Their intention is to deliver cereal puffs snacks that are different from the familiar imported categories. The product that provides some different choices for the consumers

#### **(b) Vision & Mission:**

Arusha Entrepreneurs Association Limited (AEAL) vision and mission statements define Company's focus on sustainable growth, a broadened definition of social responsibility and the true strength of the company – its people and brands.

The Vision encompasses the full spectrum of our stakeholders including shareowners, employees, customers, consumers and communities. Its Mission articulates where Company is today and where it shall be in the future. They are therefore defined as:

#### **(c) Vision:**

AEAL's vision is to be "The food Company of choice".

#### **(d) Mission:**

In line with its vision, AEAL's mission is to drive sustainable growth through the Company's employees and brands by better serving the needs of consumers, customers and communities.

### 3. THE COMPANY:

Arusha Entrepreneurs Association Limited (AEAL) has been established with a purpose of carrying out the processing of wheat, rice and maize flour into cereal puff snacks as convenient food stuff. Convenience: Snack foods provide a quick bite. Through the warmth of the product and real food ingredients, they deal with hunger and can be eaten on the go and anytime. AEAL is now intent on establishing a cereal puff snacks processing mill at Arusha, Tanzania for the above purpose.

#### 3.1 Incorporation:

Arusha Entrepreneurs Association Limited (AEAL) was incorporated on 12<sup>th</sup> March 2008 under the Companies Act 2002 as a private limited liability company. The company's certificate of incorporation is no. 64633.

Currently its authorised shared capital stands at TShs: 150,000,000 divided into 15,000 shares of TShs: 10,000/= each. Its current paid up share capital is TShs: 300.00 million.

#### 3.2 Ownership:

AEAL is currently owned by two shareholders in the proportions shown hereunder.

S/n	Name of shareholder	%age shareholding
1	Mr. Abizar M.H Amiji	8
2	Mr. Abizer A. Tapyia	8
3	Mr Rajab A Nurbhai	8
4	Mr Abdulqadir Siraj	8
5	Mr Hussein F. Amijee	8
6	Mr Mufaddal N. Gulamhussein	4
7	Mr Murtaza Y. Hassanie	8
8	Mr Hussein F. Zavery	8
9	Mr Hatim F. Kapasi	8
10	Mr Khuzaima A. Tapyia	16
	<b>Total</b>	<b>84</b>

#### 3.3 Location:

The company is located at Plot no. 32/33 Unga Ltd Arusha Municipality, Tanzania.

#### 3.4 Board of Directors:

The present board of directors of Arusha Entrepreneurs Association Limited (AEAL) comprises of ten directors. These are the company's shareholders shown in section 3.2. The Chairman and Managing Director of the company is Mr Khuzaima A. Tapyia

The Board of Directors is responsible for all major policy decisions of the company. These include formulation of operating strategies of the company.

#### 3.5 Management Team:

## **2. THE INDUSTRIAL AND TRADE SECTORS IN THE DOMESTIC ECONOMY:**

### **2.1 Introduction:**

Latest published data from the Annual Economic Survey for the year 2007 – a publication of the President's Office – Ministry of Planning and Economic Empowerment – show that for the year 2007 the industrial sector grew at an annual rate of 8.7% (8.5% in year 2006). The cause in the increase in the growth rate for year 2007 was the improved availability of electricity and water within the country compared to the previous year.

The improved growth rate of the industrial sector in year 2007 compared to that of year 2006 notwithstanding the contribution of this sector to the Tanzania's gross domestic product (GDP) during year 2007 remained the same at 7.8% as that of year 2006.

During the same period – year 2007 - the commercial sector – both retail and wholesale – grew at an annual rate of 9.8% against 9.5% in year 2006. The higher growth in this sector was attributed to an increase in exports compared to the previous year. The contribution of this sector to the country's GDP was also higher – at 11.5% - than that of the year 2006 of 11.4%.

### **2.2 The cereal puff snacks processing project:**

The proposed cereal puff snacks processing project once on stream is expected to contribute to the growth of both the industrial and trade sectors of Tanzania's economy. This is due to the fact that it will add value to cereals that are currently being used in a traditional ways. Given that the project will process locally produced agricultural goods – cereals, it will act as source of an additional market for farmers growing cereals in Tanzania. So it will be a stimulant to the increase in the growing of cereals.

Based on the foregoing, AEAL's proposed cereal puff snacks processing project should therefore be supported as it has positive implications to the country's economy.

Projected balance sheets of the proposed project show that the project is expected to have a strong financial base with its net tangible assets expected to grow from Tshs 0.889 million to Tshs 4.564 million over the eight year projected period.

### **1.7 Economic and environment impact:**

#### **(a) Economic impact:**

The cereal puff snacks processing project is expected to impact positively to the country's economy by way of (a) creating a minimum of 15 direct employment opportunities and more indirect ones by way of several multiplier effects in the national economy;(b) generation of revenue to the government by way of various taxes and (c) generate commercial spin-off for raw materials suppliers, farmers and traders in and around Arusha Region .

#### **(b) Environmental impact:**

The project is considered and expected to be environmentally friendly.

### **1.8 Risk factors:**

Major risk factors that the operations of the project will face are of three types. First the project will face the risk of an economic recession that is likely to occur in the country. Another risk the project will face is that of upheavals happening in Tanzania due to either political or social or religious factors. Finally there are industry risks that the project will also face. This will be in form of increase in operating costs as well as shortage of raw materials.

However, the possibility of any of the above risks occurring at the moment is remote. The country economic standing to date appears strong enough at present. Tanzania's currently politically, socially and religiously aspects appears to be stable enough to withstand occasional hiccups in this regard. Finally, it is unlikely a shortage of raw materials will set in now as the project is expected to use only around 5% of such materials.

### **1.9 Conclusion and Recommendations:**

It is apparent from the foregoing that the proposed cereal puff snacks processing project is expected to be a profitable undertaking. The promoters of the project have also confirmed their ability to raise the equity funds to execute the proposed development.

The economic impact for implementing and operating the project is also positive. Lastly and most important, the operations of the project are friendly to the environment.

Considering all the above and projected results arising after implementation of the project, the investors are convinced that the proposed project in Arusha is both viable and sustainable.

Implementation of the proposed project is expected to take 6 months from the time of submission of the application to the Tanzania Investment Centre for the certificate of tax incentives for the project.

### **1.3 Materials and inputs:**

The project is expected to use mainly wheat, maize and rice in its puff processing operations. Data from the latest government's publications – the Annual Economic Surveys for years 2006 and 2007 as well as from the FAO Statistics Division show that the project will consume less than 5% of the country's current production of wheat, maize and rice. All other production inputs – labour; utilities and packing materials - are also available to meet all requirements of the proposed puff processing project.

### **1.4 Marketing:**

AEAL intends to sell cereal puff snacks through, wholesale traders, retail food shops, super markets, rail dining cars, bus stand, restaurants and hotels. To facilitate marketing of its products, the Company has devised a marketing strategy that is aimed at assuring selling of the products through the established marketing channels. The marketing strategy incorporates four major elements, namely, the production and maintenance of a high quality product; establishment of a sound pricing policy; undertaking dynamic and creative promotion and segmentation of its local markets so as to service them appropriately.

AEAL is confident that the above marketing strategy will succeed due to several factors including the fact that latest data regarding local trade in puff snacks show that currently there is limited production in the country with imports dominating the market. Initially, AEAL is planning to produce for local market and at a later stage it will consider exports.

### **1.5 Project cost estimates and Financing plan:**

The investment capital costs for establishing the proposed integrated puffs snacks production line project in Arusha, Tanzania is estimated at Tanzanian Shillings 255,848,000. The initial working capital required to start puffs snacks processing operations is estimated at Tshs 193,241,000. Thus the total cost of setting up the proposed puffs processing is estimated to be Tshs 449,089,000.

The above estimated costs are planned to be financed by way of equity funds from AEAL's shareholders of Tshs 449,089,000.

### **1.6 Projected financial results:**

Projected profit and (loss) accounts of AEAL's proposed puffs processing project show that operations of the project are expected to be profitable over the entire projection period of 8 years. Pre tax profit is expected to grow from Tshs 0.659 million in the first year to Tshs 0.879 million in the eighth year of projected period.

The project is also expected to generate high revenue that will cover its operating costs. Closing cash balance at the end of each year are expected to grow from Tshs 0.547 million in year 1 to Tshs 4.231 million over the eight year projected period. The analysis shows that each year has a positive net cashflows from operations.

# PUFFS PROCESSING PROJECT

## 1. THE EXECUTIVE SUMMARY:

### 1.1 Promoters:

Arusha Entrepreneurs Association Limited (AEAL) is a newly established Company that intends to manufacture a wide variety of cereal puffs snacks for the local market.

It has the vision and mission that defines its focus on sustainable growth, social responsibility and the true strength of the company – the people and its brands. Its vision encompasses the full spectrum of its stakeholders including shareowners, employees, customers, consumers and communities. Whereas its mission articulates where it is as a company today and where they wish to be in the future.

The vision is therefore stated as follows, “to be the food Company of Choice”. The Company has a mission that “strives for a sustainable growth through the power of its people and its brand by better serving the needs of its consumers, customers and communities”

The objective of the Company is to enhance the cereal production to be able to expand puff cereal snacks production in pursuit of selective growth opportunities.

### 1.2 Project description:

The puff snack foods are mainly made of grains like wheat, corn and rice, processed instantly into shape to required sizes, then baked and added with flavor so as to be tasty snacks. It is produced under an integrated production line that all materials are processed by machine for health and hygiene purpose. Besides, the production takes only 5-10 minutes to complete. (Capacity depends on its shape, flavor and taste.) For a continuous processing the Company needs to import a Specialized Grain Puff Food Plant.

Advantage of using Specialized Grain Puff Foods Plant are :

1. Able to make Filled Puff Food. Create higher product value.
2. Variety of finished product by replacing mold easily.
3. Flexible Production schedule due to its small-scale capacity.
4. Best Quality at affordable price. Quicker ROI (Return On Investment)
5. Intergrade Production Line. Require few labors.
6. Professional Infra-red Oven make your puff snack more tasty!!
7. Special seasoning powder delivering.  
Prevent from making factory smoky.

The Puff processing project involves the purchase of a complete set an integrated production machinery line and setting up a Cereal Puff processing mill in Arusha, Tanzania. The mill will have a capacity to process 2 metric tons of raw cereals per hour into puff cereal snacks

Planned production of the proposed Puff processing mill will be as shown in the table below.

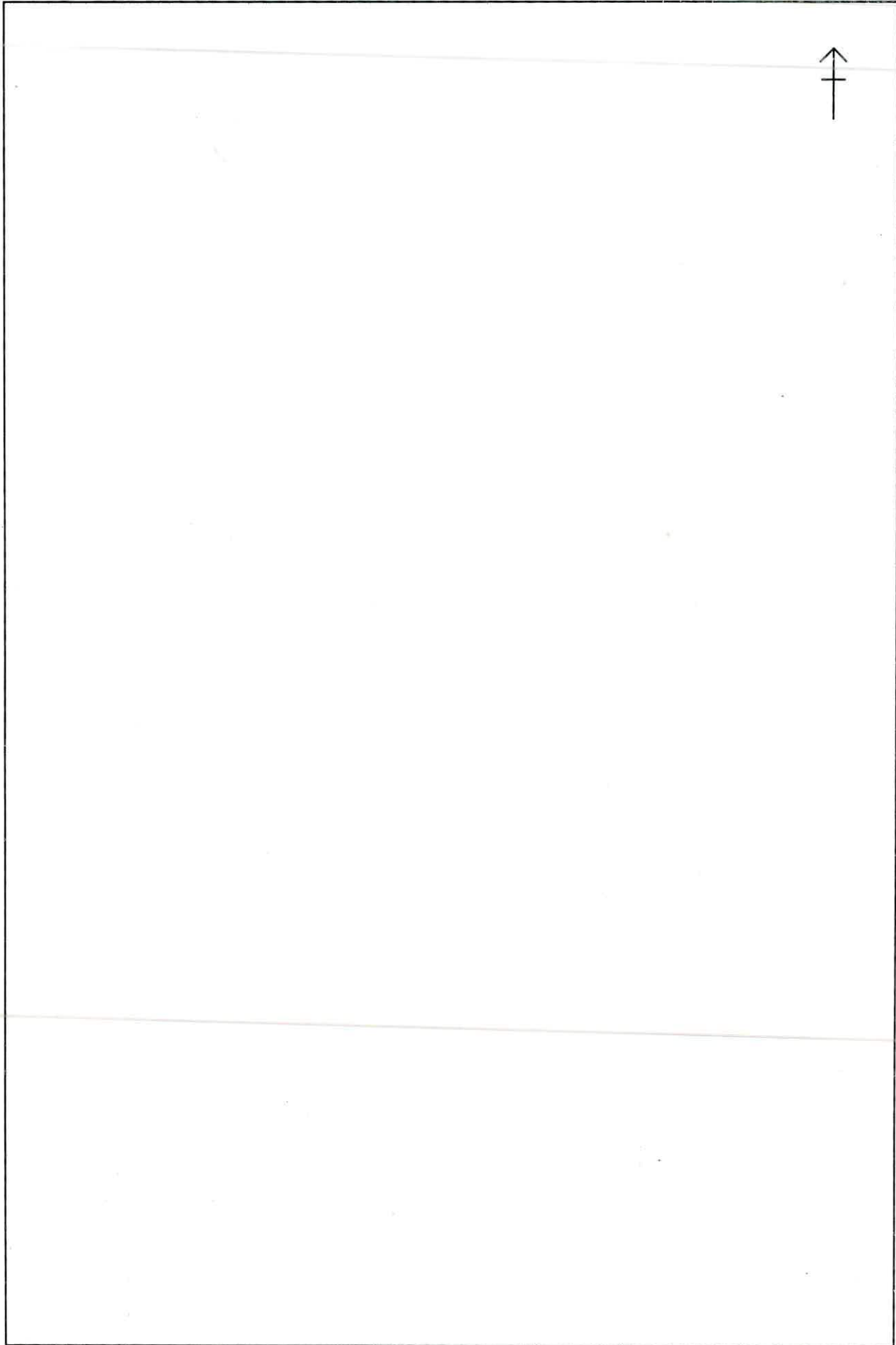
Particulars	Year 1	Year 2	Year 3 onwards
Working days per year	305	305	305
Capacity utilisation	70%	75%	80%

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SKETCH MAP SHOWING PROJECT LOCATION



**Investment Breakdown** ~~US\$~~/Tshs.M

Land/Building	13,200,000
Plant	181,453,000
Vehicles	29,040,000
Furniture & Fittings	5,570,000
Pre-expenses	26,875,000
Others	-
Working Capital	193,241,000
<b>TOTAL</b>	<b>449,089,000</b>

**Contact Details:**

Name: **DAVID TUHOYE** Title: **AGENT**  
Telephone: **0787 277 414** Fax: **027 254 8058**  
Email: **tuhoye@yahoo.com**

**Payments to be made payable to:**

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

## APPLICATION SUMMARY

Company Name: ARUSHA ENTREPRENEURS ASSOCIATION LIMITED

Certificate of Incorporation Number: ..... Status: .....

Certificate of Incorporation Date: .....

Post Box: 11189

Town: ARUSHA

Sector: INDUSTRIAL SECTOR Sub-Sector: FOOD PROCESSING

### Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
	449,089,000		

Project Objectives: TO ENHANCE CEREAL PRODUCTION TO BE ABLE TO EXPAND  
PUFF CEREAL SNACK PRODUCTION FOR LOCAL MARKET

Capacity: 5 TONS DAY

Employment: Foreign: 2 Local: 15 Total: 17

Implementation Period: 5 YEARS

### Project Location

Site/Plot/Block No.: .....

Street: ..... District: ..... Region: .....

(Attach sketch map showing project location)

Shareholders	Nationality	%
ABIZAR AMLJI	TANZANIAN	9.52
ABIZER TAPYA	"	9.52
RAJAB A. NURBHAI	"	9.52
ABDULDADIR SIRAJ	"	9.52
HUSSEIN AMLJEE	"	9.52
MAFADDAL GULAM HUSSEIN	"	4.76
MURTAZA HASSANIE	"	9.52
HUSSEIN ZAVERY	"	9.52
HATIM KAPASI	"	9.52
KHUZAIMA TAPYA	"	19.05
		100%

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 449,089,000

8. The month and day of the financial year end is 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\$

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

I, DAVID TUHOYE of Post Office Number 14306 ARUSHA

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

authorized agent of ARUSHA ENTREPRENEURS ASSOCIATION LIMITED

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }

The 17th day of March 2009

  
Applicant

Before me:



Commissioner for Oaths



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~~ ..... **DAVID TUHOYE** .....  
(director/~~directors~~/agent of ..... **ARUSHA ENTREPRENEURS ASSOCIATION LTD** .....  
(name of business enterprise) apply for registration of ..... **TIC** .....  
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 32 33, UNGA LIMITED ARUSHA** .....

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 32 33, UNGA LIMITED ARUSHA**

4. The Principal Officers of the Company are **MURTAZA** .....  
**HASSANIE & ABIZAR M.H. AMIJI** .....

5. Auditors of the Company are **TANZ-EROP AUTHORISED ACCOUNTANTS & AUDITORS** .....

6. The authorized share capital of the Company is Tshs. ~~500~~ ..... **150,000,000** .....



# **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](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

**(Please fill the form in duplicate)**

**BUSINESS PLAN**

**FOR**

**ARUSHA ENTREPRENEURS ASSOCIATION**

**LIMITED**

---

**2009**  
**Arusha**



of the neighbors of which may have a tendency to offend the rules and regulations of the Municipal Council.

- ix. Not to assign its interest under this Agreement of under let or part with the possession of the demised premises or any part thereof.

(B) THE LESSOR HEREBY COVENANTS WITH THE TENANT DURING THE TERM HEREBY CREATED

- (a) To pay all present and future rates, taxes and outgoings in respect of the demised premises
- (b) To permit the Tenant to enjoy the demised premises without any disturbances by the Lessor or those lawfully claiming under or in trust for him
- (c) At the end of the said term the Tenant will carry out to the satisfaction of the Lessor or Lessor's agents all or such work of restoration or reinstatement as may be reasonably necessary.

At the expiration of the term hereby created the Tenant shall intimate in writing to the Lessor his intention to renew the tenancy and such renewal if any shall be mutually agreed by both parties upon terms to agreed by both parties.

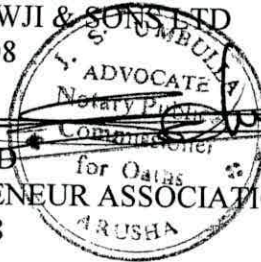
IN WITNESS WHEREOF the parties have duly executed these presents in the manner and on the days / year hereinafter appearing.

SIGNED and DELIVERED

By the said SHERIFF DEWJI & SONS LTD  
This 1<sup>st</sup> day of August 2008

SIGNED and DELIVERED

By ARUSHA ENTREPRENEUR ASSOCIATION LTD  
This 1<sup>st</sup> day o August 2008



## LEASE AGREEMENT

AN AGREEMENT made this 1<sup>st</sup> day of August 2008 between M/s Sheriff Dewji & Sons Ltd of P.O. Box 175, Arusha (hereinafter called the Lessor) and Arusha Entrepreneur Association Ltd of P.O. Box 2082, Arusha (hereinafter called the Tenant)

The Lessor owns a go-down on Plot 32 / 33, Unga Ltd , Arusha Municipality is desirous of leasing the property to the Tenant at a rent of US Dollar 400 per month, payable quarterly basis (3 months in advance) – US Dollars 400 X 3 months = US Dollars 1,200 commencing 1<sup>st</sup> August 2008 for five years lease.

- (A) NOW THIS AGREEMENT WITNESSETH AS FLOWS:
- (I) The Lessor hereby lets to the Tenant the demised premises together with the right of access thereto hold the same on the Tenant for a term of five years commencing from 1<sup>st</sup> day of August, 2008.
  - (II) The Tenant thereby agrees with Lessor as follows:
    - i. To pay the reserved rent as herein stipulated and in the manner aforesaid
    - ii. To pay all charges in respect of electricity and water used in the demised premises
    - iii. To permit the Landlord or his duly authorized agent at all reasonable times to enter and examine the state or repair of the demised premises and forthwith to repair and amend in a proper and workman like manner defects for which the Tenant is liable and of which written notice shall have been given to the Tenant or left on the demised premises and to pay all the Lessor costs and expenses in respect thereof
    - iv. Not to make any alterations in or additions to the demised property without prior consent in writing of the Lessor.
    - v. To keep every part of the demised premises (including but not limited to fences, windows, doors, sinks, basins with the fixtures and additions thereto in good and substantial repair (reasonable wear and tear excepted) and in such repair to yield up the demised premises and the fixtures and additions thereto at determination of the tenancy.
    - vi. Not to do or to permit or suffer to be done on the demised premises anything where the insurance of the demised property on the building may be rendered void or voidable or the premium increased
    - vii. Not to use the demised property or any part thereof or suffer the same to be used for any purposes other than for the authorized business.
    - viii. Not to permit or suffer to be done upon the demised property anything which in the opinion of the Landlord may be a nuisance or annoyance to or in any way interfere with the quiet and comfort

**F. LEASE AGREEMENT**

# ARUSHA ENTREPRENEURS ASSOCIATION LIMITED

## Minutes

At the Meeting of the Board of Directors of Arusha Entrepreneurs Association Limited, duly convened and held at the registered office, on 30<sup>th</sup> October, 2008, at 11.00 hours the following resolutions were inter-alia passed:

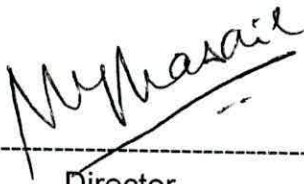
### EXTRACT OF MINUTES: No KTL - 1-2008

#### ORDINARY RESOLUTION

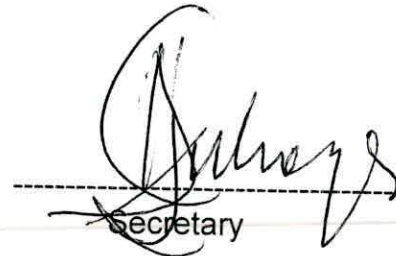
#### RESOLVED:

Pursuant to the powers given to Board of Directors contained in its Memorandum and Articles of Association it was **RESOLVED:**

- 1.0 That the Company requests the shareholders to provide investment of US Dollars 412,965 into the company by way of equity contribution for capital investment for the Puffs Food Processing Project to be undertaken at Arusha
- 2.0 That the company should procure new plant and equipments to facilitate its puffs production operations
- 3.0 That the Company should register with Tanzania Investment Centre to secure Investment Certificate to enjoy tax incentives, to acquire land and to obtain investment guarantee.



Director



Secretary

**E. BOARD RESOLUTION**



# Bank of Baroda (Tanzania) Ltd

'grow with the bank'

BOBARU /08 /265

25<sup>th</sup> November 2008

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

Dear Sir,

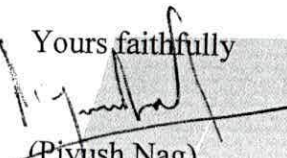
**Re: Arusha Entrepreneurs Association Limited**

At the request of our client, Arusha Entrepreneurs Association Limited, we are pleased to confirm to you that the above mentioned Company has been banking with us since 20.05.2008. Their account which is in Tanzania Shillings has been conducted in a responsible manner that meets our standards.

We are of the opinion that the Company and it's sponsors are serious business people / investors who may be supported in their investment endeavor.

In accordance with our business practice, this confirmation is deemed confidential. We accept no obligation or responsibility whatsoever as a result of issuing this confirmation.

Yours faithfully

  
(Piyush Nag)  
Chief Manager

**D. BANK LETTER OF REFERENCE**

7. MR. MURTAZA Y. HASANIE P.O. BOX 2082 ARUSHA	1200	<i>Murtaza</i>
8. MR. HUSSEIN F. ZAVERY P.O. BOX 395 ARUSHA	1200	<i>Zavery</i>
9. MR. HATIM F. KAPASI P.O. BOX 11819 ARUSHA	1200	<i>Hatim</i>
10. MR. KHUZAIMA A. TAPYA P.O. BOX 955 ARUSHA	2400	<i>Khuzaima</i>

DATED this *Arusha*, *3rd* day of *March*, .....2008.

WITNESS to the above signatures:

Name: .....

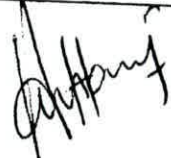




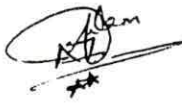
Signature: *F. T. Zavery* .....

Postal Address: .....

Qualification: *Asst. Auditor* .....

F. T. ZAVERY  
P. O. BOX 395  
ARUSHA - TANZANIA  
TELE - 2504419  
FAX - 2500306  
MOBILE - 786952

with regard to the rights or liabilities arising there under or arising out of relation existing between the parties by reason of these Articles of the Act, such differences and all disputes if any, shall be settled and sorted out amicably, failing which the matter will be referred to the AL-Dai Al-Mutlaq, the spiritual and Religious Leader of the Dawoodi Bohra Community, whose decision and verdict will be final and binding on all the Shareholders and Directors. The dispute will not be taken to any Court of Law.

NAMES, ADDRESS AND DESCRIPTION OF SUBSCRIBERS	NO. OF SHARES TAKEN BY EACH SUBSCRIBER	SUBSCRIBERS SIGNATURES
1. MR. ABIZAR M.H AMIJI P.O. BOX 11189 ARUSHA	1200	
2. MR. ABIZER A. TAPYA P.O. BOX 1416 ARUSHA	1200	
3. MR. RAJAB A. NURBHAI P.O. BOX 3091 ARUSHA	1200	
4. MR. ABDULQADIR SIRAJ P.O. BOX 923 ARUSHA	1200	
5. MR. HUSSEIN F. AMIJEE P.O. BOX 647 ARUSHA	1200	
6. MR. MUFADDAL N. GULAMHUSSEIN P.O. BOX 1395 ARUSHA	600	

service of the notice shall be deemed to be affected by properly addressing, preparing 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 Tanzania and who gives to the Company any address within Tanzania which notices may be given to him/her shall be entitled to receive any notice from the Company.

### **SEAL**

19. The Seal shall be used by the authority of the directors or of a Committee of the directors authorized by the director. The directors may satisfy by being done by or to the same person acting both as director and as or in place of the secretary.

### **SECRETARY**

20. The directors shall appoint the Secretary for such term, at such remuneration and upon such conditions as they think fit, and they may remove any secretary so appointed. A provision of the Companies Act or these Regulations requiring or authorizing a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as or in place of the secretary.

### **ALTERATION OR ADDITIONS**

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

### **WINDING UP**

22. With the sanction of the special resolution of the shareholders, any part of the assets of the Company including any shares in other Companies may be divided in Trustees for the benefit of such members and the liquidation of the Company may be closed and the Company dissolved but so that no member shall be compelled to accept any share whereupon there is any liability.

### **INDEMNITY**

23. Every director, managing director, agent, auditor, secretary and the other officers for the time being of the Company shall be indemnified out of the Assets of the Company against any liability incurred by him/her in defending any proceedings whether Civil or Criminal in which judgement is given in his favour or in which he is acquitted or is in connection with any application under Section 481 of the Act in which relief granted to him/her by the Court.

### **ARBITRATION**

24. If and whenever any dispute or difference shall arise between the Company and any of the members or their respective representatives touching upon the construction or meaning of any of the Articles herein contained or any Act matter or things made or done or omitted to be done or

- (c) resigns his office by notice in writing to the Company; or
  - (d) abstains himself from meetings of the directors for a period of six months without special leave of absence from the other directors.
11. The directors may from time to time borrow; raise money for the purpose of the Company, which may exceed the issued share capital of the Company.

### **BORROWING POWERS**

12. The directors may raise or borrow for the purpose of the Company's business any sum or sums of money as they think fit and they may secure the repayment of or raise any future, including its uncalled or debentures either charged upon the whole or any part of the property and assets for the Company, not charged, or such other way as the directors may think expedient

### **VOTES OF MEMBERS**

13. Subject to any rights or restrictions attached to any share or class or classes of shares, on a show of hands every member (being an individual) present in person or (being a Corporation) present by a duly authorized representative, not being himself a member entitled to vote, and on a poll every member shall have one vote for each share of which he/she is the holder.
14. No member shall be entitled to vote at any General Meeting or at a separate meeting of the holders of any class of shares in the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
15. No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote disallowed at such meeting shall be valid for all purposes.

### **ALTERNATE DIRECTOR**

16. Each director may nominate a person who shall be approved in writing by the other director to act as an alternate in his place during his absence from Tanzania or inability to act as such director. Such alternate director shall be subject in all other respects to the terms and conditions existing with reference to the directors of the Company, discharge all the duties and functions of the director being unable to act during the absence or inability to act and he may subject to the like approval of the other directors appoint a duly qualified person to act in his place.

### **AUDIT**

17. Auditors shall be appointed and their duties regulated in accordance with Sections 170 to 179 of the Companies Act.
18. 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 whether personally or by sending it by post in a prepaid envelope addressed to the member at his registered address, or by leaving it at that address where a notice is sent by post,

- (b) All members, present either personally or by proxy shall form a quorum.
- (c) Any Ordinary Resolution of the Company determined without any General Meeting and evidenced by writing under the hands of all members or their proxies.

### DIRECTORS

6. Until otherwise determined at a General Meeting the number of directors shall not be less than ten and not more than twelve.

The following persons shall be the first directors of the Company:-

ABIZAR MH AMIJI  
ABIZER A. TAPYA  
RAJAB A. NURBHAI  
ABDULQADIR SIRAJ  
HUSSEIN AMIJEE  
MUFADDAL N GULAMHUSSEIN  
MURTAZA Y HASANIE  
HUSSEIN F. ZAVERY  
HATIM F. KAPASI  
KHUZAIMA A. TAPYA

7. Every director shall have power to nominate any person to act or attend as an alternate director in his place during his absence from Tanzania and on such appointment being made the alternate director shall be subject in all respect to the terms and conditions existing with reference to the other directors and such alternate director while acting in the place of such absent director for whom he is an alternate.
8. In addition to their usual remuneration, the directors shall also be paid such traveling, hotel and other expenses as may reasonably be incurred in connection with their attendance at meetings of directors. The Company in General Meeting may fix the shareholding qualification for directors, unless and until so fixed no qualification shall be required. The directors may by power of attorney appoint any person to be 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.
9. A Resolution in writing signed by all directors then in Tanzania shall be valid and effectual as if it had been passed at a Meeting of directors duly called and constituted.

### DISQUALIFICATION OF DIRECTORS

10. The Office of a director shall be vacated if the Director;
- (a) becomes bankrupt; or
- (b) is found to be lunatic or becomes of unsound mind; or

## TRANSFER OF SHARES

3. The directors may in their absolute and uncontrolled discretion decline to register any transfer of any shares whether or not it is fully paid share and subject to the provisions of these Articles, the shares shall be under the control of directors who may allot or dispose of the same to any person or persons and at such price either at par or at premium or subject to the such manner as they think fit with full power to give any shares at such price either at par or premium and for such time and for such consideration as the directors think fit.
4. Subject to Clauses 2 and 3 hereof the right of members to transfer their shares shall be restricted as follows:-
  - (a) No share shall be transferred to a member who is not a member or any person deemed by directors to be one that is undesirable in buying the shares. All share transfers shall be confirmed by board of directors.
  - (b) Every shareholder or trustee in bankruptcy, or any person who may desire to sell or transfer any shares and every of the shares to the board of directors or any member or members of the Company at price to be agreed upon between the party giving such notice and the board, person representative of a deceased shareholder shall give notice in writing to the directors that he desires to make such sale or transfer. Such notice shall constitute the board of directors of the Company as his agent for the sale of the said shares to any member or members of the Company at the price to be agreed upon between the party giving such notice the party and the board, or in case of difference to be determined by the Auditor of the Company.
  - (c) Upon price of such shares being agreed on and determined as per Clause (b) above, the board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell or transfer the said shares, stating the number and price of such share inviting the person to whom notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any, if so, what maximum number of such shares. At such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase the same and as far as any be pro-rata according to the number of shares already held by them respectively, or if there be only one such shareholder, the whole of such shares shall be obliged to take more than the maximum of such shares stated in his answer to the said notice.

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

## GENERAL MEETING: NOTICE OF GENERAL MEETING AND PROCEEDINGS OF THE GENERAL MEETINGS

5. The Regulations of the Companies Act shall apply to the following variations:
  - (a) A general meeting, Ordinary or Extraordinary may with the consent in writing of all members, be convened on a shorter notice than seven days or without notice.

TANZANIA

Stamp Duty Shs: 2500/- Paid

Receipt No. 316/549 of 11/03/08

Asstt Registrar of Companies

# THE COMPANIES ACT NO.12 OF 2002

## COMPANY LIMITED BY SHARES

### ARTICLES OF ASSOCIATION OF

# ARUSHA ENTREPRENEURS ASSOCIATION LIMITED

## PRELIMINARY

TANZANIA  
Stamp Duty Shs: 5000/- PAID ORIGINAL  
Receipt No. 316/549 of 11/03/08  
Stamp Duty No.:

1. In these Regulations:-

The Act means The Companies Act 2002 of the Laws of Tanzania.  
When any provision of the Act is referred to, the reference is that provision is as modified by any law for the time being in force.

Unless the context otherwise requires, the expressions defined in the Act or any statutory modification thereof in the force at date at which these regulations become binding on the Company, shall have the meaning so defined.


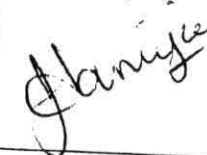

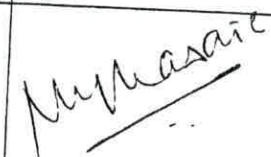
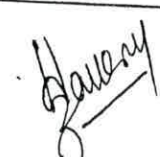


Any words importing the singular include the plural and vice versa and words importing the masculine gender shall include females and the words importing persons shall include bodies, corporate, partnership, firms cooperatives, societies, etc.

The Regulations of Companies Act shall not apply to the Company, save as in so far as they are varied or excluded hereby, but in case of any conflict between the provisions herein, and the provisions under this regulations the former shall prevail, and in addition to substitution shall be under the regulations of the Company.

## PRIVATE COMPANY

2. The Company is a private Company and accordingly the following shall have effect:


- (a) The right to transfer shares is restricted in the manner hereinafter prescribed.
- (b) The number of the members of the Company (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment and have continued after determination of such employment to be members of the Company) shall not at any time exceed fifty. Provided that where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this article be treated as a single person.
- (c) Any invitation of the public to subscribe for any shares or debentures of the Company is prohibited.
- (d) The Company shall not have powers to issue share warrants to bearers.

4. MR. ABDULQADIR SIRAJ P.O. BOX 923 ARUSHA	1200	
5. MR. HUSSEIN F. AMIJEE P.O. BOX 647 ARUSHA	1200	
6. MR. MUFADDAL N. GULAMHUSSEIN P.O. BOX 1395 ARUSHA	600	
7. MR. MURTAZA Y. HASANIE P.O. BOX 2082 ARUSHA	1200	
8. MR. HUSSEIN F. ZAVERY P.O. BOX 395 ARUSHA	1200	
9. MR. HATIM F. KAPASI P.O. BOX 11819 ARUSHA	1200	
10. MR. KHUZAIMA A. TAPYA P.O. BOX 955 ARUSHA	2400	

Dated at Arusha this 3<sup>rd</sup> day of March, 2008.

WITNESS to the above signatures.

Name : .....

Signature :  .....

Postal Address : .....

Qualification : Asst. Auditor .....




F. T. ZAVERY  
P. O. BOX 395  
ARUSHA - TANZANIA  
TELE - 2504419  
FAX - 2500306  
MOBILE - 786952

notwithstanding that the business, undertaking, dealt with or performed do not all within the objects of the first sub-clause of this clause.

AND it is hereby declared that, the interpretation of this clause the powers conferred on the Company by any paragraph, shall not be restricted by reference to any other paragraph, or to the name of the Company, or by the juxtaposition of two or more objects and that in the event of any ambiguity, this clause and every paragraph hereof shall be construed in such a way as to widen, and not to restrict the powers of the Company.

4. The liability of the members is limited.
5. The Authorized Share Capital of the Company is Tshs 150,000,000 (One hundred and fifty million) divided into 15,000 (fifteen thousand) ordinary shares of Tshs 10,000 (ten thousand) each, with such rights, privileges and conditions respectively attached thereto as may from time to time be conferred by the regulations of the Company with power to increase and reduce the capital for the time being and to divide the same into several classes and to attach thereto respectively such preferential, deferred, qualified, or special rights privileges or conditions as may be done determined by all in accordance with the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may from time to time be provided by the regulations of the Company.

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

NAMES, ADDRESS AND DESCRIPTION OF SUBSCRIBERS	NO OF SHARES TAKEN BY EACH SUBSCRIBER	SUBSCRIBERS SIGNATURES.
1. MR. ABIZAR M.H AMIJI P.O. BOX 11189 ARUSHA	1200	
2. MR. ABIZER A. TAPYA P.O. BOX 1416 ARUSHA	1200	
3. MR. RAJAB A. NURBHAI P.O. BOX 3091 ARUSHA	1200	

- (jj) To draw, make accept, endorse, discount, execute and issue promissory notes, bills of exchange, debentures, and other negotiable instruments.
- (kk) To distribute any of the property of the company among the members in specie or in kind
- (ll) To invest the money of the company not immediately required in any beneficial manner.
- (mm) To establish and support or aid in the establishment and support of associations institutions, funds trusts and conveniences calculated to benefit and to grant pensions and allowances to directors or ex directors and any persons who are or have been at any time employed by or in the service of the company or of any subsidiary allied or associated company or of the predecessors in business of such persons and to make payments towards insurance for the purpose of or aforesaid and to subscribe or guarantee money for any charitable or benevolent object of for any exhibition or for any public, general or useful object.
- (nn) To sell, improve, manage, develop, and lease mortgage or dispose of the whole or any portion of the property and rights of the company.
- (oo) To do all such other things as may be conducive or incidental to the attainment of the above objects.
- (pp) To do all or any of the things in any part of the World and as principals managing agents contractors, trustees, or otherwise, and by or through trustee, agents, managing agents or otherwise and whether alone or in conjunction with objects.
- (qq) To operate Internet, sell websites, sell domains and computer hardware parts, Car market, New and Secondhand.
- (rr) Import and sell medicine drugs and all pharmaceutical equipments.
- (ss) To carry on the business of Forestry, farming, saw milling, agri processing and export and import of agricultural products.
- (tt) To carry on all or any of the activities of the Company without the involvement of any RIBA or interest whatsoever.
- (uu) To do all such things as are incidental or conducive to the attainment of the above objects or any of them and the exercise of any of the powers of the Company.

The Objects set forth of this clause shall not accept when the context expressly so required, be in any wise limited or restricted by reference to or inference from the terms of any sub-clause or by the name of the Company. None of such sub-clause or order of the words or the objects therein specified or the objects mentioned in the first sub-clause of this clause, but the Company shall have full power to exercise all or any part of the powers conferred by any part of this clause in any part of the World

indirectly calculated to benefit the company, and subsidize or otherwise assist any such company.

- (z) To take or otherwise acquire and hold shares in any other company, having objects altogether or in part similar to those of the company, or carrying on any business capable of being conducted so as directly or indirectly benefit the company in any way.
- (aa) To lend money to such persons and on such terms as may seem expedient, and in particular but without restricting customers, and others having dealings with the company, and to guarantee and become surety for the liabilities, of, the performance of contracts and the repayment of money by any persons, customers and other whether or not having dealings with the company.
- (bb) To carry on the business of importers of industrial plants, farm machinery including trucks lorries, cars, spare parts for all the said machine any other power propelled vehicles and machinery whatsoever.
- (cc) To invest in and carry on the business of tented camps and motels for residents and tourists and holiday camp keepers, game lodge, hotels, restaurant, cafés and apartment houses.
- (dd) To carry on business of management, administration, catering, public relations, personnel management of tourists boarding house.
- (ee) To carry on the business of importers, dealers and distributions of all kinds of mineral and petroleum products.
- (ff) To carry on the business of aviation, buy, sell, take and let on hire, repair, maintain store and otherwise deal with and in aero planes, helicopters, gliders, motorcars and ships, boats, trawlers and other vehicles and crafts of all kinds (whether for use in the air or on land or water and howsoever powered or propelled), radio instruments, electronics equipment and other equipment and machinery of all kinds, as well as parts of propellers accessories, types, tubes, fuel and lubricants for any of the foregoing.
- (gg) To carry on the business of an air charters, operators, sea charter operators, ground transporters, carriers of passengers, freight and main by air, water and land, as aviation engineers, as flying instructors and as travel and tourist agents, and to promote, organize, control and conduct tours, safaris and expeditions by air, water and land for recreational scientific business and other purposes.
- (hh) To carry on the business of farming in all its branches (agricultural, horticultural, livestock, poultry, fish rearing, green house, orchards etc) and to carry on the business of cultivators, growers, sellers and whole sellers, horticulturists and merchants.
- (ii) To pay out of the funds, of the company all expenses of and incidental to its formation and registration and to remunerate any person or company either in cash or by the allotment of shares credited as fully or partly paid up, for services rendered in the formation of the company or in placing, or assisting to place any of the shares in the company's capital or in or about the promotion of the company or the conduct of its business.

- (q) To charter or hire motor vehicles, ships, aircrafts and other means of transport for the purpose of business to charter or let on lease its own vehicles and other properties to other people or companies as the company may find it necessary.
- (r) To acquire from any sovereign, state or authorities any concessions, grants, decrees, rights, powers and privileges whatsoever, which may seem to the Company capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.
- (s) To build, contract, alter, maintain, enlarge, pull down, remove or replace and to work, manage and control, and superintend any buildings, offices, factories, mills, shops, machinery, engines, roads, ways, tramways, railways, branches or sidings, bridges, reservoirs, watercourses and other works and conveniences which may seem directly or indirectly conducive to any of the objects of the Company, and to contribute to, subsidies, or otherwise aid or take part in any such operations.
- (t) To carry on business as capitalists and concessionaires and to undertake and execute all kinds of financial, commercial, trading and other operations and to carry on any other business which may seem to be capable of being conveniently carried on in connection with any of this objects, directly or indirectly to enhance the value of, or facilitate the realization of, or render profitable, any of the property or rights of the Company.
- (u) To carry on the business of industrial consultancy, Management consultancy, financial and tax consultancy, personnel selection advisers, manufacture's representatives, tour operators, and travel agency.
- (v) To borrow or raise or secure the payment of money in such manner as the company shall think fit, and in particular by the issue of debenture stock certificate or other securities, perpetual or otherwise charges upon all or any other company's rights and property (present and future) including any uncalled capital or without any such security and to purchase, redeem or pay off any such security or loan.
- (w) To amalgamate with, or enter into partnership or into any arrangement for sharing profits, union interest, co-operations, joint venture reciprocal concession or otherwise with any person or company carrying or, engage in, or about to carry on or engage in any business or transactions which the company is authorized to carry on capable or being conducted so directly or indirectly to benefit the company. And to take or otherwise acquire shares and securities of any such company, and sell hold reissue with or without guarantee, or otherwise deal with the same.
- (x) To adopt such means of making known the activities and products of the company as may seem expedient and in particular by advertising in the press, on radio or television, by circular, by purchase and exhibition, of works of art or interest, by publication of books and periodicals by granting prizes, rewards and donations and maintaining stores and / or showrooms.
- (y) To promote any other company for the purpose of acquiring all or any of the property in liabilities of the company or for any other purpose which may seem directly or

- (i) To enter into any arrangements and contracts with the Government or Authorities (supreme, municipal, local or otherwise) or any corporations, companies or persons, having objects that may seem conducive to the company's objects or any of them and to obtain from any such government authority, corporation, company or person any characters, contracts, decree, rights, privileges and concessions.
- (j) To carry on the business of farmers and ranches and to own and operate agricultural machinery and equipment including tractors combine harvesters, ploughs, planters, seed drills, fertilizers, spreaders, seed grading and cleaning equipment for the express or implied purpose of cultivating and growing all agricultural produce and commodity which the company in its absolute discretion may decide to grow, process, import and export.
- (k) To carry on the business of mine works and obtain mining rights or take on lease or otherwise acquire lands and properties for mining in the United Republic of Tanzania or elsewhere and to crush, wash, melt, reduce, or otherwise treat and marketable and sell or dispose of the produce of any mines whether belonging to the company or not.
- (l) To develop the resources of the turn to account any lands and any rights over or connected with land belonging to or in which the Company is interested, and in particular by cleaning, draining, fencing, planning, cultivating, building, improving, farming, irrigation, grazing and by promoting immigration and emigration and the establishment of towns, villages and settlements.
- (m) To carry on the business of poultry farmers including the erection of and purchase of broiler houses and the sale, by wholesale or retail, of the live poultry and of eggs and to carry on the business of livestock breeders of every variety of Halal animal whether bred as pedigree stock or for the purpose of its sale only as livestock. To carry on the business of dairymen and to manufacture and sell, by wholesale or retail, import or export all dairy products in every form.
- (n) To carry on and transact any other businesses and operations, commercial manufacturing, financial, agricultural or otherwise which the company may think directly or indirectly conducive to any of its objects or capable or being conveniently carried on in connection therewith or calculated, directly or indirectly to enhance the value of or render profitable the company's property or other rights.
- (o) To apply for, purchase or otherwise acquire and protect and renew in any part of the world any patents brevets, Invention, licenses, concessions and like, conferring and exclusive or non-exclusive or limited rights to use any invention which may seem calculated directly or indirectly to benefit the company and to use exercise, and develop, or grant licenses in respect of, or otherwise turn to account the property and rights so acquired.
- (p) To purchase, take on lease or in exchange, hire or otherwise require any property movable or immovable, or any interested therein and any rights or privileges which the company may think necessary or convenient for the purposes for its business, and in particular any land or building, and to pay for such properties, rights and privileges, either in cash or in stock or shares or otherwise.

THE COMPANIES ACT, 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION  
OF

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED

1. The Name of the Company is **ARUSHA ENTREPRENEURS ASSOCIATION LIMITED**
2. The Registered office of the Company will be situated in the United Republic of Tanzania.
3. The Objects for which the Company is established are:
  - (a) To commence and carry on the business of different types of Food production and it's processing including imports and exports of fruits, vegetables, juices and similar food products.
  - (b) To manufacture, buy, sell, improve, treat, preserve, fine, aerate, mineralize, bottle and otherwise deal in mineral and aerated water and other liquids of every description.
  - (c) To manufacture bottles and packaging materials of different types, sizes and weights for own consumption as well as exports and local sales.
  - (d) To carry on the business of traders, general merchants, wholesalers and retailers, exporters and importers, commission agents and manufacturers' representatives and to buy, sell, hire, manufacture, barter, trade and deal in property, goods, produce articles and merchandise of all kinds and to transact any and every description of agency, commission, distribution, marketing, commercial, industrial, manufacturing, and mercantile, business.
  - (e) To carry on the business, and acts as merchants, traders, commission agents, carriers, or in any other capacity, in the United Republic of Tanzania and continent of Africa or elsewhere. And to import, export, buy, sell, barter, exchange produce, articles and merchandise.
  - (f) To carry on the business of general merchants, general storekeepers, universal providers, importers, exporters and whole sale and/or retail traders of or other wise dealers of and in cotton, silk and wooden goods and textiles fabrics of all kinds.
  - (g) To buy, sell, manufacture prepare for market and deal in foods and other products, goods, provisions, clothing, stores, drugs, medicines and pharmaceutical preparations, and all conveniences or necessities of life which may be used or required for workmen or others employed by the company
  - (h) To buy, sell, import, export, produce, manufacture, process or otherwise deal in food and products, meat, poultry, groceries, fruits, vegetables and milk.

2500/-  
3/15/08  
Asst Registrar of Companies

TANZANIA  
Stamp Duty Shs. 5000/-  
PAID ON ORIGINAL  
Stamp Duty Officer

**THE UNITED REPUBLIC OF TANZANIA**

**Certificate of Incorporation**

No.....64633.....

**I HEREBY CERTIFY THAT**

**ARUSHA ENTREPRENEURS ASSOCIATION 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.....<sup>rk</sup>12.....day  
of.....MARCH.....**TWO THOUSAND AND EIGHT**

**Seal**

.....  
**Asst. Registrar Companies**

**THE COMPANIES ACT, 2002**  
**COMPANY LIMITED BY SHARES**

**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

**OF**

**ARUSHA ENTREPRENEURS ASSOCIATION LIMITED**

Incorporated this .....<sup>th</sup> 12.....day of.....MARCH.....2008

**DRAWN BY:-**  
**SUBSCRIBERS**  
**P.O.BOX 11189**  
**ARUSHA.**

**C. MEMORANDUM & ARTICLES OF ASSOCIATION**

## TANZANIA



## Certificate of Incorporation

Section 15

No **64633**

I HEREBY CERTIFY THAT

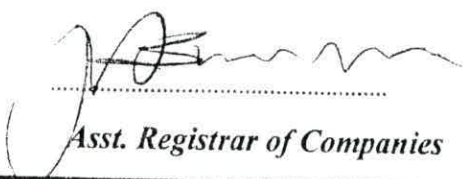
**ARUSHA ENTREPRENEURS ASSOCIATION  
LIMITED ===**

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

Given under my hand at Dar es salaam

this **12TH** day of **MARCH**

**TWO THOUSAND AND EIGHT**

  
Asst. Registrar of Companies

**B. CERTIFICATE OF INCORPORATION**

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED									Appendix 3
PUFFS PROCESSING PROJECT									
PROJECTED BALANCE SHEETS AS AT END OF YEAR..									
Year	2009	2010	2011	2012	2013	2014	2015	2016	TSHS: '000'
<b>Assets</b>									
<b>Net Fixed assets</b>	<b>219,365</b>	<b>182,882</b>	<b>146,399</b>	<b>138,957</b>	<b>102,474</b>	<b>71,308</b>	<b>40,142</b>	<b>225,039</b>	
<b>Current assets</b>									
Stocks	157,233	164,210	171,279	174,547	177,913	181,380	184,951	188,629	
Debtors	94,623	97,462	100,386	103,397	106,499	109,694	112,985	116,374	
Cash	547,623	1,035,197	1,519,119	2,005,959	2,552,895	3,130,469	3,740,432	4,168,104	
<b>Total current assets</b>	<b>799,479</b>	<b>1,296,868</b>	<b>1,790,784</b>	<b>2,283,903</b>	<b>2,837,308</b>	<b>3,421,543</b>	<b>4,038,368</b>	<b>4,473,108</b>	
<b>Current liabilities</b>									
Creditors	58,615	62,633	66,655	66,785	66,918	67,055	67,196	67,341	
Tax	49,465	48,997	48,620	51,694	55,014	58,834	62,357	65,985	
<b>Total current liabilities</b>	<b>108,080</b>	<b>111,630</b>	<b>115,276</b>	<b>118,478</b>	<b>121,932</b>	<b>125,888</b>	<b>129,552</b>	<b>133,327</b>	
<b>Net Current assets</b>	<b>691,399</b>	<b>1,185,238</b>	<b>1,675,509</b>	<b>2,165,425</b>	<b>2,715,375</b>	<b>3,295,655</b>	<b>3,908,815</b>	<b>4,339,781</b>	
<b>Total employment of capital</b>	<b>910,764</b>	<b>1,368,120</b>	<b>1,821,908</b>	<b>2,304,382</b>	<b>2,817,849</b>	<b>3,366,962</b>	<b>3,948,957</b>	<b>4,564,820</b>	
<b>Financed by</b>									
<b>Shareholders Funds</b>									
Equity	449,089	449,139	449,139	449,139	449,139	449,139	449,139	449,139	
Revenue reserves	461,675	918,981	1,372,769	1,855,242	2,368,710	2,917,823	3,499,818	4,115,681	
<b>Total Shareholders funds</b>	<b>910,764</b>	<b>1,368,120</b>	<b>1,821,908</b>	<b>2,304,382</b>	<b>2,817,849</b>	<b>3,366,962</b>	<b>3,948,957</b>	<b>4,564,820</b>	
<b>Working capital loan</b>	-	-	-	-	-	-	-	-	
<b>Total capital employed</b>	<b>910,764</b>	<b>1,368,120</b>	<b>1,821,908</b>	<b>2,304,382</b>	<b>2,817,849</b>	<b>3,366,962</b>	<b>3,948,957</b>	<b>4,564,820</b>	
<b>Net tangible assets</b>	<b>889,496</b>	<b>1,352,169</b>	<b>1,811,274</b>	<b>2,299,065</b>	<b>2,817,849</b>	<b>3,366,962</b>	<b>3,948,957</b>	<b>4,564,820</b>	
Gearing ratio	0.12	0.08							
Security cover									
	-	-	-	-	-	-	-	-	

Arusha Entrepreneur Association  
Financial Projections  
2008

31367

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED								Appendix 2	
PUFFS PROCESSING PROJECT									
PROJECTED CASHFLOWS FOR YEARS ENDING									
Year	2009	2010	2011	2012	2013	2014	2015	TSHS: '000'	
								2016	
<b>Cash Inflows</b>									
<b>Capital inflows</b>									
Equity	449,089	50							
Working capital revolving loan	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	<b>449,089</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue inflows</b>									
Profit before tax	659,536	653,294	648,268	689,248	733,525	784,447	831,421	879,804	
Depreciation	36,483	36,483	36,483	36,483	36,483	31,166	31,166	31,166	
<b>Sub total</b>	<b>696,019</b>	<b>689,777</b>	<b>684,751</b>	<b>725,731</b>	<b>770,008</b>	<b>815,613</b>	<b>862,587</b>	<b>910,970</b>	
<b>Total cash inflows</b>	<b>1,145,108</b>	<b>689,827</b>	<b>684,751</b>	<b>725,731</b>	<b>770,008</b>	<b>815,613</b>	<b>862,587</b>	<b>910,970</b>	
<b>Cash Outflows</b>									
<b>Capital outflows</b>									
New investments	255,848	-	-	-	-	-	-	-	-
Reinvestments	-	-	-	29,040	-	-	-	-	216,063
Working capital loan repayment	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	<b>255,848</b>	<b>-</b>	<b>-</b>	<b>29,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue outflows</b>									
Change in working capital	193,241	5,797	5,971	6,150	6,335	6,525	6,721	6,922	
Corporation tax	148,396	196,456	194,857	203,701	216,737	231,515	245,903	260,313	
<b>Sub total</b>	<b>341,637</b>	<b>202,254</b>	<b>200,829</b>	<b>209,851</b>	<b>223,071</b>	<b>238,040</b>	<b>252,624</b>	<b>267,235</b>	
<b>Total cash outflows</b>	<b>597,485</b>	<b>202,254</b>	<b>200,829</b>	<b>238,891</b>	<b>223,071</b>	<b>238,040</b>	<b>252,624</b>	<b>483,298</b>	
<b>Net cashflows</b>	<b>547,623</b>	<b>487,574</b>	<b>483,923</b>	<b>486,840</b>	<b>546,936</b>	<b>577,573</b>	<b>609,963</b>	<b>427,672</b>	
Beginning cash balance	-	547,623	1,035,197	1,519,119	2,005,959	2,552,895	3,130,469	3,740,432	
<b>Closing cash balance</b>	<b>547,623</b>	<b>1,035,197</b>	<b>1,519,119</b>	<b>2,005,959</b>	<b>2,552,895</b>	<b>3,130,469</b>	<b>3,740,432</b>	<b>4,168,104</b>	
<b>Debt service coverage ratio</b>	0.00	0.00							

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED									Appendix 1
PUFFS PROCESSING PROJECT									
PROFIT AND LOSS ACCOUNT - Year ended ..									
Year	2009	2010	2011	2012	2013	2014	2015	2016	TSHS: '000'
<b>Revenue</b>									
Sales revenues	2,270,951	2,339,080	2,409,252	2,481,530	2,555,976	2,632,655	2,711,635	2,792,984	
By products revenues	-	-	-	-	-	-	-	-	
<b>Total revenues</b>	<b>2,270,951</b>	<b>2,339,080</b>	<b>2,409,252</b>	<b>2,481,530</b>	<b>2,555,976</b>	<b>2,632,655</b>	<b>2,711,635</b>	<b>2,792,984</b>	
Less: Cost of sales (Direct operating costs)	1,501,392	1,573,556	1,646,482	1,675,439	1,703,197	1,731,788	1,761,236	1,791,568	
<b>Gross profit</b>	<b>769,560</b>	<b>765,524</b>	<b>762,771</b>	<b>806,091</b>	<b>852,779</b>	<b>900,867</b>	<b>950,399</b>	<b>1,001,416</b>	
Less: Indirect Operating costs	73,541	75,747	78,019	80,360	82,771	85,254	87,812	90,446	
Working capital loan facility fees	-	-	-	-	-	-	-	-	
Collateral management fees	-	-	-	-	-	-	-	-	
<b>Profit / (Loss) before depreciation and loan interest</b>	<b>696,019</b>	<b>689,777</b>	<b>684,751</b>	<b>725,731</b>	<b>770,008</b>	<b>815,613</b>	<b>862,587</b>	<b>910,970</b>	
Less: Depreciation	36,483	36,483	36,483	36,483	36,483	31,166	31,166	31,166	
<b>Profit / (Loss) before loan interest</b>	<b>659,536</b>	<b>653,294</b>	<b>648,268</b>	<b>689,248</b>	<b>733,525</b>	<b>784,447</b>	<b>831,421</b>	<b>879,804</b>	
Less: Loan interest	-	-	-	-	-	-	-	-	
<b>Profit / (Loss) before tax</b>	<b>659,536</b>	<b>653,294</b>	<b>648,268</b>	<b>689,248</b>	<b>733,525</b>	<b>784,447</b>	<b>831,421</b>	<b>879,804</b>	
Less: Corporation tax @ 30%	197,861	195,988	194,480	206,774	220,057	235,334	249,426	263,941	
<b>Profit / (Loss) after tax</b>	<b>461,675</b>	<b>457,306</b>	<b>453,788</b>	<b>482,473</b>	<b>513,467</b>	<b>549,113</b>	<b>581,995</b>	<b>615,863</b>	
Profit / (Loss) b/fwd	-	461,675	918,981	1,372,769	1,855,242	2,368,710	2,917,823	3,499,818	
<b>Profit / (Loss) c/ fwd</b>	<b>461,675</b>	<b>918,981</b>	<b>1,372,769</b>	<b>1,855,242</b>	<b>2,368,710</b>	<b>2,917,823</b>	<b>3,499,818</b>	<b>4,115,681</b>	
Interst cover	-	-	-	-	-	-	-	-	

YEAR											Annex 3 (d)						
											2016						
											2009	2010	2011	2012	2013	2014	2015
<b>6. WORKING CAPITAL SCHEDULE</b>																	
ITEM	BASIS	PERIOD	NUMBER									TSHS: '000'					
<b>Stocks</b>																	
Raw materials	Raw material cost	Months	2	102,676	105,757	108,929	112,197	115,563	119,030	122,601	126,279						
Packing materials	Packing material cost	Months	1	54,556	58,453	62,350	62,350	62,350	62,350	62,350	62,350						
<b>Total stocks</b>				<b>157,233</b>	<b>164,210</b>	<b>171,279</b>	<b>174,547</b>	<b>177,913</b>	<b>181,380</b>	<b>184,951</b>	<b>188,629</b>						
<b>Debtors</b>																	
Products sales	Revenue	Month	0.5	94,623	97,462	100,386	103,397	106,499	109,694	112,985	116,374						
<b>Total debtors</b>				<b>94,623</b>	<b>97,462</b>	<b>100,386</b>	<b>103,397</b>	<b>106,499</b>	<b>109,694</b>	<b>112,985</b>	<b>116,374</b>						
<b>Total stocks and debtors</b>				<b>251,856</b>	<b>261,671</b>	<b>271,665</b>	<b>277,944</b>	<b>284,412</b>	<b>291,074</b>	<b>297,936</b>	<b>305,003</b>						
<b>Less: Creditors</b>																	
Packing materials	Packing material cost	Month	1	54,556	58,453	62,350	62,350	62,350	62,350	62,350	62,350						
Indirect ope costs minus factory rent	Indirect operating costs	Month	1	4,058	4,180	4,306	4,435	4,568	4,705	4,846	4,991						
<b>Total creditors</b>				<b>58,615</b>	<b>62,633</b>	<b>66,655</b>	<b>66,785</b>	<b>66,918</b>	<b>67,055</b>	<b>67,196</b>	<b>67,341</b>						
<b>Net working capital</b>				<b>193,241</b>	<b>199,038</b>	<b>205,009</b>	<b>211,160</b>	<b>217,494</b>	<b>224,019</b>	<b>230,740</b>	<b>237,662</b>						
<b>Change in working capital</b>				<b>193,241</b>	<b>5,797</b>	<b>5,971</b>	<b>6,150</b>	<b>6,335</b>	<b>6,525</b>	<b>6,721</b>	<b>6,922</b>						

YEAR	2009	2010	2011	2012	2013	2014	2015	2016	Annex 3 (c)
<b>5. DEPRECIATION</b>									
<b>Gross Fixed assets</b>									TSHS: '000'
Land and buildings									13,200
Plant and equipment	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	362,905
Furniture and office equipment	181,453	181,453	181,453	181,453	181,453	181,453	181,453	181,453	11,141
Motor vehicles	5,570	5,570	5,570	5,570	5,570	5,570	5,570	5,570	87,120
Preoperational expenses	29,040	29,040	29,040	29,040	29,040	29,040	29,040	29,040	26,585
<b>TOTAL</b>	<b>255,848</b>	<b>255,848</b>	<b>255,848</b>	<b>284,888</b>	<b>284,888</b>	<b>284,888</b>	<b>284,888</b>	<b>284,888</b>	<b>500,951</b>
<b>Annual depreciation</b>									
Land and buildings									
Plant and equipment	528	528	528	528	528	528	528	528	528
Furniture and office equipment	22,682	22,682	22,682	22,682	22,682	22,682	22,682	22,682	22,682
Motor vehicles	696	696	696	696	696	696	696	696	696
Preoperational expenses	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260
<b>TOTAL</b>	<b>36,483</b>	<b>36,483</b>	<b>36,483</b>	<b>36,483</b>	<b>36,483</b>	<b>31,166</b>	<b>31,166</b>	<b>31,166</b>	<b>31,166</b>
<b>Accumulated depreciation</b>									
Land and buildings	528	1,056	1,584	2,112	2,640	3,168	3,696	4,224	
Plant and equipment	22,682	45,363	68,045	90,726	113,408	136,089	158,771	181,453	
Furniture and office equipment	696	1,393	2,089	2,785	3,482	4,178	4,874	5,570	
Motor vehicles	7,260	14,520	21,780	29,040	36,300	43,560	50,820	58,080	
Preoperational expenses	5,317	10,634	15,951	21,268	26,585	26,585	26,585	26,585	
<b>TOTAL</b>	<b>36,483</b>	<b>72,966</b>	<b>109,449</b>	<b>145,932</b>	<b>182,415</b>	<b>213,581</b>	<b>244,746</b>	<b>275,912</b>	
<b>Net fixed assets</b>									
Land and buildings	12,672	12,144	11,616	11,088	10,560	10,032	9,504	8,976	
Plant and equipment	158,771	136,089	113,408	90,726	68,045	45,363	22,682	181,453	
Furniture and office equipment	4,874	4,178	3,482	2,785	2,089	1,393	696	5,570	
Motor vehicles	21,780	14,520	7,260	29,040	21,780	14,520	7,260	29,040	
Preoperational expenses	21,268	15,951	10,634	5,317	-	-	-	-	
<b>TOTAL</b>	<b>219,365</b>	<b>182,882</b>	<b>146,399</b>	<b>138,957</b>	<b>102,474</b>	<b>71,308</b>	<b>40,142</b>	<b>225,039</b>	
<b>Reinvestment in fixed assets</b>									
Land and buildings	-	-	-	-	-	-	-	-	-
Plant and equipment	-	-	-	-	-	-	-	-	-
Furniture and office equipment	-	-	-	-	-	-	-	-	181,453
Motor vehicles	-	-	-	-	-	-	-	-	5,570
Preoperational expenses	-	-	-	29,040	-	-	-	-	29,040
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216,063</b>



ARUSHA ENTREPRENEURS ASSOCIATION LIMITED													Annex 3 (a)
PUFFS PROCESSING PROJECT													
OPERATING ASSUMPTIONS													
YEAR													
1. INFLATION INDEX													
Annual inflation						2009	2010	2011	2012	2013	2014	2015	2016
Inflation index				3.00%									
Planned capacity utilisation %age						1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23
2. USD/TZS EXCHANGE RATE													
USD	1	TZS		1,200									
3. DIRECT OPERATING COSTS													
3.1 Raw materials cost per packet													
(a) Quantity of raw pulses required to meet planned production/Packet													
				Total Kilos	Annually								Kilos
Puff Production	16	19200	23424000	23,424.00	76.25	16,397	17,568	18,739	18,739	18,739	18,739	18,739	18,739
Puff Production	110	9600	80520000	80,520.00		56,364	60,390	64,416	64,416	64,416	64,416	64,416	64,416
Chips Production	30	19200	43920000	43,920.00		30,744	32,940	35,136	35,136	35,136	35,136	35,136	35,136
Chips Production	125	9600	91500000	91,500.00		64,050	68,625	73,200	73,200	73,200	73,200	73,200	73,200
<b>Total</b>				<b>Kilos</b>		<b>167,555</b>	<b>179,523</b>	<b>191,491</b>	<b>191,491</b>	<b>191,491</b>	<b>191,491</b>	<b>191,491</b>	<b>191,491</b>
(b) Cost of raw materials													
	Gms		Price/Packet: TSHS	Price/Kilos: TSHS	1000								TSHS: '000'
Puff Production in 16 gms	16		75.154	4,697.13		77,018	79,328	81,708	84,159	86,684	89,285	91,963	94,722
Puff Production in 110 gms	110		350.802	3,189.11		179,751	185,143	190,698	196,419	202,311	208,381	214,632	221,071
Chips Production in 30 gms	30		100.220	3,340.67		102,705	105,787	108,960	112,229	115,596	119,064	122,636	126,315
Chips Production in 125 gms	125		500.750	4,006.00		256,584	264,282	272,210	280,377	288,788	297,452	306,375	315,566
<b>Total Cost of raw materials</b>				<b>TSHS: '000'</b>		<b>616,059</b>	<b>634,540</b>	<b>653,576</b>	<b>673,184</b>	<b>693,379</b>	<b>714,181</b>	<b>735,606</b>	<b>757,674</b>
3.2 Packing materials													
(a) Quantity of Packets required													
		Total Packets	Annually										
Puff Production in 16 gms		19200	1464000			1,024,800	1,098,000	1,171,200	1,171,200	1,171,200	1,171,200	1,171,200	1,171,200
Puff Production in 110 gms		9600	732000			512,400	549,000	585,600	585,600	585,600	585,600	585,600	585,600
Chips Production in 30 gms		19200	1464000			1,024,800	1,098,000	1,171,200	1,171,200	1,171,200	1,171,200	1,171,200	1,171,200
Chips Production in 125 gms		9600	732000			512,400	549,000	585,600	585,600	585,600	585,600	585,600	585,600
<b>Total number of packet</b>				<b>Units</b>		<b>3,074,400</b>	<b>3,294,000</b>	<b>3,513,600</b>	<b>3,513,600</b>	<b>3,513,600</b>	<b>3,513,600</b>	<b>3,513,600</b>	<b>3,513,600</b>
(b) Cost of packing materials													
			Cost/packet: TSHS										
Puff Production 16 gms			100.17	0.20		205,300	219,965	234,629	234,629	234,629	234,629	234,629	234,629
Puff Production in 110 gms			250.83	0.50		257,054	275,415	293,776	293,776	293,776	293,776	293,776	293,776
Chips Production in 30 gms			100.17	0.10		102,650	109,982	117,314	117,314	117,314	117,314	117,314	117,314
Chips Production 125 gms			175.00	0.18		89,670	96,075	102,480	102,480	102,480	102,480	102,480	102,480
<b>Total cost of packing materials</b>				<b>TSHS: '000'</b>		<b>654,674</b>	<b>701,436</b>	<b>748,199</b>	<b>748,199</b>	<b>748,199</b>	<b>748,199</b>	<b>748,199</b>	<b>748,199</b>
3.3 Direct labour cost - as a percentage of total labour cost													
				%									TSHS: '000'
(a) Raw materials receiving				0.10%	12	12,816	13,200	13,596	14,004	14,425	14,857	15,303	15,762
(b) Processing				0.25%		32,040	33,001	33,991	35,011	36,061	37,143	38,257	39,405
(c) Packing materials handling				0.05%		6,408	6,600	6,798	7,002	7,212	7,429	7,651	7,881
(d) Packing				0.05%		6,408	6,600	6,798	7,002	7,212	7,429	7,651	7,881
(e) Finished products storage	1,068,000.00	#####		0.10%		12,816	13,200	13,596	14,004	14,425	14,857	15,303	15,762
<b>Total cost of direct labour</b>				<b>TSHS: '000'</b>	<b>0.55%</b>	<b>70,488</b>	<b>72,603</b>	<b>74,781</b>	<b>77,024</b>	<b>79,335</b>	<b>81,715</b>	<b>84,166</b>	<b>86,691</b>
3.4 Factory utilities (electricity and water)													
Cost Utility		12,600,000	1000		12								
<b>Total cost of factory utilities</b>				<b>TSHS: '000'</b>		<b>151,200</b>	<b>155,736</b>	<b>160,408</b>	<b>165,220</b>	<b>170,177</b>	<b>175,282</b>	<b>180,541</b>	<b>185,957</b>

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED										Annex 2											
PUFFS PROCESSING PROJECT																					
OPERATING ASSUMPTIONS																					
REVENUES																					
YEAR																					
1. INFLATION INDEX										2009	2010	2011	2012	2013	2014	2015	2016				
Annual inflation																					
Inflation index												3%									
2. USD/TZS EXCHANGE RATE										1	1.03	1.06	1.09	1.13	1.16	1.19	1.23				
USD										1											
TZS																					
1,200																					
3. PLANT PROCESSING CAPACITY																					
Installed plant capacity																					
Working hours per day																					
Working days per year																					
Daily Puff Production Capacity										16 gm	Kg	307.2									
Daily Puff Production Capacity										110 gm	Kg	1,056.0									
Daily Chips Production Capacity										30 gm	Kg	576.0									
Daily Chips Production Capacity										125 gm	Kg	1,200.0									
Planned capacity utilisation %age																					
										70%	75%	80%	80%	80%	80%	80%	80%				
4. QUANTITY OF PUFFS & CHIPPS PROCESSED																					
4.1 Recovery rate %age										100%	Kilos										
Puff Production in 16 gms										23,424	23,424.00										
Puff Production in 110 gms										80,520	80,520.00	103,944.00									
Chips Production in 30 gms										176,947	176,947.20										
Chips Production 125 gms										91,500	91,500.00	268,447.20									
Total												372,391.20									
4.2 Quantity of Product Processed - in Kilos																					
Annual Puff Production																					
Annual Chips Production																					
Total																					
										72,761	74,944	79,508	86,880	97,784	113,359	135,357	166,471				
										187,913	193,550	205,338	224,378	252,539	292,762	349,574	429,931				
										260,674	268,494	284,845	311,258	350,324	406,121	484,930	596,403				
5. PRODUCT SALES REVENUE																					
Puff Production in 16 gms										Price/16gm		Price/Kgs:	1000	tonns				TSHS: '000'			
Puff Production in 110 gms										226.91	16,396.80	14,181.69		232,534	239,510	246,696	254,097	261,719	269,571	277,658	285,988
Chips Production in 30 gms										774.81	56,364.00	7,043.72		397,012	408,922	421,190	433,826	446,841	460,246	474,053	488,275
Chips Production 125 gms										291.51	123,863.04	9,716.93		1,203,569	1,239,676	1,276,866	1,315,172	1,354,627	1,395,266	1,437,124	1,480,238
Total										854.48	64,050.00	6,835.85		437,836	450,971	464,500	478,435	492,788	507,572	522,799	538,483
										260,673.84	Tshs: '000'			2,270,951	2,339,080	2,409,252	2,481,530	2,555,976	2,632,655	2,711,635	2,792,984
7. TOTAL SALES REVENUES																					
										Tshs: '000'											
										2,270,951	2,339,080	2,409,252	2,481,530	2,555,976	2,632,655	2,711,635	2,792,984				

ARUSHA ENTREPRENEURS ASSOCIATION LIMITED					Annex 1					
PUFFS PROCESSING PROJECT										
INVESTMENT CAPITAL COST ESTIMATES										
<b>1. USD/TZS EXCHANGE RATE</b>										
USD	1	TZS		1,200						
					<b>COSTS - Tshs '000'</b>					
					<b>LOCAL</b>	<b>FOREIGN</b>	<b>TOTAL</b>			
<b>2. LAND AND BUILDINGS</b>										
1.1 Cost of renovation of building (office and factory)										
<b>Sub total</b>					12,000	-	12,000			
Add: Contingencies					12,000	-	12,000			
<b>Total Land cost</b>					10.00%	1,200	-	1,200		
					<b>13,200</b>	<b>-</b>	<b>13,200</b>			
<b>3. PLANT AND EQUIPMENT</b>										
3.1 Puff processing plant - ex India (FOB Cost)						109,224	109,224			
3.2 Auxiliary equipment - weighing scales and sealing machine (FOB Cost)						7,068	7,068			
3.3 Standby electricity generator - 150 kva - ex EU (Cost)						42,000	42,000			
3.4 Quality Control Equipment						14,520	14,520			
3.5 Machinery installation cost						-	-			
<b>Sub total</b>						-	-			
Add: Contingencies - local					10.00%	172,812	172,812			
Foreign					5.00%	-	-			
<b>Total Plant and equipment costs</b>						8,641	8,641			
						<b>181,453</b>	<b>181,453</b>			
<b>4. OFFICE FURNITURE AND EQUIPMENT</b>										
4.1 Furniture										
4.2 Equipment					2,532.0	-	2,532.0			
<b>Sub total</b>					2,532.0	-	2,532.0			
Add: Contingencies					10.00%	5,064	-	5,064		
<b>Total Office Furniture and Equipment costs</b>						506	-	506		
						<b>5,570</b>	<b>-</b>	<b>5,570</b>		
<b>5. MOTOR VEHICLES</b>										
Double cabin pickup										
Three Wheeler					1	9,600	-	9,600		
Canter					1	2,400	-	2,400		
<b>Sub total</b>						14,400	-	14,400		
Add: Contingencies						26,400	-	26,400		
<b>Total Motor vehicle cost</b>					10.00%	2,640	-	2,640		
						<b>29,040</b>	<b>-</b>	<b>29,040</b>		
<b>TOTAL FIXED CAPITAL INVESTMENT COST ESTIMATES</b>						<b>47,810</b>	<b>181,453</b>	<b>229,263</b>		
<b>6. PRE OPERATIONAL EXPENSES</b>										
<b>6.1 Project set up cost</b>										
(a) Company formation										
(b) Tanzania Investment Centre (TIC) approval and other licences					5,000	-	5,000			
(c) Project preparation					6,000	-	6,000			
(d) Other Costs					3,000	-	3,000			
<b>Sub total Project set up costs</b>					8,000	-	8,000			
<b>6.2 Miscellaneous</b>					22,000	-	22,000			
E.g. Project management fees - as a % of the total fixed investment cost					2.00%	4,585	-	4,585		
<b>TOTAL Miscellaneous expenses</b>						<b>4,585</b>	<b>-</b>	<b>4,585</b>		
<b>TOTAL Pre operational expenses (6.1 - 6.2)</b>						<b>26,585</b>	<b>-</b>	<b>26,585</b>		
<b>SUMMARY OF INVESTMENT CAPITAL COST ESTIMATES:</b>										
					<b>COSTS - TSHS'000'</b>					
					<b>LOCAL</b>	<b>FOREIGN</b>	<b>TOTAL</b>			
Land and buildings					13,200	-	13,200			
Plant and equipment					-	181,453	181,453			
Furniture and office equipment					5,570	-	5,570			
Motor vehicles					29,040	-	29,040			
Preoperational expenses					26,585	-	26,585			
<b>TOTAL INVESTMENT CAPITAL COST ESTIMATES</b>					<b>74,396</b>	<b>181,453</b>	<b>255,848</b>			
<b>INITIAL WORKING CAPITAL</b>										
					<b>193,241</b>	<b>-</b>	<b>193,241</b>			
<b>TOTAL INVESTMENT AND WORKING CAPITAL COST ESTIMATES</b>					<b>267,637</b>	<b>181,453</b>	<b>449,089</b>			
<b>FINANCING PLAN</b>										
Equity								<b>TSHS'000'</b>		
Loan								449,089		
<b>TOTAL</b>								<b>-</b>		
								<b>449,089</b>		

**A. FINANCIAL PROJECTIONS**

### **13.0 CONCLUSION AND RECOMMENDATIONS:**

The financial projections show that AEAL project is worthwhile undertaking and investment is recommended. The project will achieve positive result right from year one throughout the entire projected period of eight years. The indicators show that the business is profitable and could generate enough cash to repay returns to all source of finance. However, the financial projections assume that the management strategic plan would be implemented within the time frame indicated in the business plan.

The promoters of the project have also confirmed their ability to raise the equity funds to execute the proposed development.

The economic impact for implementing and operating the project is also positive.

Lastly and most important, the operations of the project are friendly to the environment.

#### **13.1 Recommendations:**

Given that the proposed Puffs processing project appears to be technically sound, financially and economically viable and environmental friendly with demand position strong and growing it is recommended that the project be implemented at the earliest possible opportunity in the manner detailed herein above.

Tanzanians of every walk of life yearn, pray and preach for the sustenance of political, social and religious stability. Thus the possibility of such political, social, and religious disturbances/upheavals happening in Tanzania is at present remote.

### **13.3 Industry risks:**

The major industry risks associated with AEAL's proposed cereal puffs processing project in Tanzania are two, namely increase in operating costs and shortage of cereals.

#### **(i) Increase in operating costs:**

In Tanzania, industrial producers/operators, more often than not, have little control on their operating costs, particularly those of utilities. The inability to determine and control the prices of some of its inputs is therefore another risk the proposed project will have to face and live with.

To mitigate the adverse impact of this risk AEAL's management will need to have a close watch on its operating costs so as to eliminate as much as possible all factors that may lead to the project suffering losses as a result of increases in the cost of its inputs.

#### **(ii) Shortage of raw pulses:**

The risk that a shortage of raw pulses may impact on AEAL's proposed puffs processing project is a risk that the proposed project will continue to face throughout its operations. A shortage of cereals may arise because of two factors.

#### **(b) Drought:**

Currently cereals are grown by way of rain-fed agriculture. Thus if a serious drought was to occur for a prolonged period in the country, there would be a reduction in the availability of cereals required for processing into puffs products. This shortage could occur despite the fact that most of the cereals amenable for processing into puffs are grown in much drier parts of Tanzania even at the moment. The reason behind this is those in times of drought farmers usually put most of their energies in growing food crops rather than cash crops.

#### **(c) Competition from other cereal buyers:**

At present there are many cereal buyers that export them in raw form to various countries including Kenya. With AEAL's entry into the cereal buying fray, there may arise some intensified competition for these cereals that could lead to substantial increase in their purchase prices. In this way some buyers could be more aggressive in looking for these cereals so as to meet their export commitments. If such a situation was to occur, the possibility of a shortage of cereals occurring would then be there.

It is therefore in the context of the above scenario that AEAL's may experience a shortage of cereals for its project.

The only way presently available for AEAL's to hedge against a shortage of cereals arising from any of the two factors described above is to buy as much of these cereals whenever they are available and carry the stocks for the needy day.

## **11.0 ENVIRONMENTAL IMPACT:**

The project is considered and expected to be environmentally friendly for mainly two reasons that are stated here below.

During the installation of puffs processing machinery, there will be very little noise from the installation activities. Even then the level of this type of noise is acceptable and tolerable.

When the project becomes operational, there will hardly also be any negative environmental impact as there is equally very little dust and noise during the puffs processing operations. Furthermore, there are no undesirable effluents from the milling process that need special disposal processes. Liquid waste will be disposed of through the existing sewage system. Solid waste will be collected and periodically picked up by refuse trucks of either the municipality or any other authorised refuse collectors for dumping at various approved city refuse dump pits.

## **12.0 RISK FACTORS:**

Major risk factors that the operations of AEAL's's proposed puffs processing project will face are of three types, namely, economic; political, social and religious upheavals; as well as industry risks.

### **12.1 Economic risks:**

Since this is a local project, one of the major economic risks the project will face is that of a recession happening in the country to which its puffs will be processed

If the economy of the country plunges into a recession, thus decreasing its economic growth, the level of economic activities may also decrease. Though the demand for the project's products is unlikely to decrease as the consuming public will not decrease as a result of an economic recession, the consumers of AEAL's puffs products may suffer a decrease in their purchasing power.

As the economic recession may hit the country there is a risk the project will continue to face throughout its operations. However, the possibility of such a recession happening in the country at present is likely to be remote as the economy is currently strong enough to withstand shocks of current financial crisis prevailing in the world.

### **12.2 Political, social, and religious risks:**

The biggest risk associated with political, social, and religious is that of disturbances/upheavals. The effects of political, social and religious upheavals to businesses are usually bad. The less politically, socially and religiously stable a country is, the greater the risks of business failure. The success of the proposed project as a commercial undertaking is very much linked to the country having a stable political, social, and religious climate. As it is in the case of an economic recession that political, social, and religious disturbances/upheavals may occur in Tanzania is a risk the project will also continue to face through its operations.

It is, however, reassuring to note that Tanzania's political, social and religious stability is presently strong and it is likely to continue in this way for quite some time. Nearly all

## **10.0 ECONOMIC IMPACT:**

The economic impact of AEAL's proposed puff processing project to the country is three fold as stated hereunder.

### **10.1 Employment:**

The proposed puffs processing project is expected to provide direct employment to about 15 people excluding two expatriates. Its operations are also expected to contribute in generating indirect employment and other positive multiplier effects that will trickle down into the country's economy through the farmers and other businesses that will be selling their puffs and goods/services to the project.

### **10.2 Government revenue:**

Operations of the proposed project are expected to generate various taxes to the government. Subject to tax incentives given by the Tanzania Investment Centre, which Arusha Entrepreneurs Association Limited, the promoter of the proposed puffs processing project will seek, the project's operations are expected to pay income taxes ranging from Tshs197 million during the first year to Tshs 263 million during the eighth year as indicated in appendix 1. Furthermore, the project is also expected to pay VAT during its projected period of its operations.

### **10.3 Contributing towards Tanzania's foreign currency earnings:**

The project is expected to contribute positives to Tanzania foreign currency earnings as local puff production will obviously reduce puff imports, as long as quality cereals puff will produced and marketed in the country.

### 9.3 Projected financial results:

A summary of the projected financial results of the proposed puffs processing project which are based on the assumptions stated in section 10.1 above is given below.

#### (i) Profit and (Loss) accounts – Appendix 1

Projected profit and (loss) accounts of AEAL's proposed cereal puffs processing project show that operations of the project are expected to be profitable as shown below.

Year	2009	2010	2011	2012	2013
Revenue	2,270,951	2,339,080	2,409,252	2,481,530	2,555,976
Profit / (Loss) before tax	659,536	653,294	648,268	689,248	733,525

TSHS: '000':

#### (ii) Cash flow statements – Appendix 2

Projected cash flows show that the proposed project is expected generate adequate cash to meet all its obligations during the whole period the project subsists AEAL's will be financed by the shareholders.. The project's closing cash balance is expected to be as per table below.

Year	2009	2010	2011	2012	2013
Total cash inflows	1,145,108	689,777	684,751	725,731	770,008
Total cash outflows	597,485	202,254	200,829	238,891	223,071
Closing cash balance	547,623	1,035,197	1,519,119	2,005,959	2,552,895

TSHS: '000':

#### (iii) Balance sheets – Appendix 3

Projected balance sheets of the proposed project show that the project is expected to have a strong financial base as indicated below.

Year	2009	2010	2011	2012	2013
Total capital employed	910,764	1,368,120	1,821,908	2,304,382	2,817,849
Shareholders' funds	910,764	1,368,120	1,821,908	2,304,382	2,817,849
Net tangible assets	889,496	1,368,120	1,811,274	2,299,065	2,817,849

TSHS'000':

The projected balance sheet for AEAL for the first five years of the business plan indicates the Company's strong financial position, in both short-term and long -term.

## 9.0 PROPOSED FINANCING PLAN:

The investment and initial working capital cost estimates for the establishment of AEAL's proposed puffs processing project as well as starting up its operations are planned to be financed by way of equity for both the Capital investment and Working Capital as indicated in the table below.

Type of funding	Amounts - TSHS '000'
Equity	255,848
Working capital	193,241
<b>Total</b>	<b>449,089</b>

Arusha Entrepreneurs Association Limited (AEAL) has confirmed its ability to raise the equity of USD 449,089/=.

### 9.1 PROJECTED FINANCIAL RESULTS:

#### 9.2 Assumptions underlying the financial projections:

The financial projections, summaries of which follow hereunder, have been prepared based on various assumptions, three of which are stated here below.

##### (a) Capacity utilisation:

As a start-up undertaking AEAL is proposing to start with a capacity utilisation of 70% in the first year of its operations. This capacity utilisation will be increased in the subsequent years to reach a maximum capacity utilisation of 80% from the third year onwards.

##### (ii) Puffs recovery rate:

Secondly, the recovery rate of good quality processed puffs to raw pulses has been assumed to be 85% throughout the projected period.

##### (iii) Inflation:

Lastly, inflation has been taken into account in the preparation of AEAL's projected financial results. As a business undertaking operating in a dynamic economic environment, AEAL will be affected by inflation. Thus the impact of inflation on its operations has been factored into projections to see its effects.

Although in Tanzania revenues from industrial (manufacturing) activities go up at lower rates than that of associated operating costs of those activities, the same rate of inflation has been used to project AEAL's revenues and operating costs over the eight year planning period. Furthermore, a lower rate of inflation of 3% has been used rather than the prevailing one which is at a high of around 8% at time of preparing this project write-up. This is due to the fact that the financial projections are in Shillings rather than in US Dollars.

**8.3 Initial working capital cost estimates:**

Initial working capital cost is estimated at TSHS 193,241,000. Details of this working capital are shown in annex 3 (d) which is also attached to this project write-up.

**8.4 Total – investment and working - capital cost estimates:**

The total cost estimates for setting up AEAL proposed puffs processing project and starting its operations are as summarised in the table below.

TSHS '000'

Particulars	Local	Foreign	Total
Land and buildings	12,000	-	12,000
Plant and equipment		181,453	181,453
Office Furniture and Equipment	5,570	-	5,570
Motor vehicles	29,040	-	29,040
Preoperational expenses	26,585	-	26,585
<b>Sub total</b>	<b>74,395</b>	<b>181,453</b>	<b>255,848</b>
Initial working capital	193,241	-	193,241
<b>Grand total</b>	<b>267,636</b>	<b>181,453</b>	<b>449,089</b>

Except for initial working capital, all the other cost estimates include an element of contingencies varying from 5% to 10%.

**8. Project Cost Estimates:****8.1 Investment capital cost estimates:**

The investment capital costs for establishing AEAL's proposed dhal processing project are estimated at United States dollars (USD) 255,848. The breakdown of these cost estimates is given below.

Particulars	USD'		
	Local	Foreign	Total
Land and buildings	13,200		13,200
Plant and equipment		181,453	181,453
Office Furniture and Equipment	5,570	-	5,570
Motor vehicles	29,040	-	29,040
Preoperational expenses	26,585	-	26,585
<b>Total</b>	<b>74,395</b>	<b>181,453</b>	<b>255,848</b>

Detailed cost estimates of the proposed cereal puff snack processing project are shown in annex 1 which is hereon attached.

**8.2 Basis of capital investment cost estimates:**

Basis of the capital investment cost estimates is discussed below.

**(i) Land and buildings**

Land and building cost estimates relates to renovation civil works cost that will be carried out on the existing factory building which AEAL is leasing so as to make it ready for installation of the cereal puff snack processing equipment. These cost estimates have been prepared contracted civil engineer who will supervise the renovation works.

**(ii) Plant and equipment**

Plant and equipment cost estimates are based on a quotation from the suppliers' of the equipment.

**(iii) Office Furniture and Equipment:**

Cost estimates for office furniture and equipment are based on costs currently prevailing in Arusha for such office furniture and equipment.

**(iv) Motor vehicles:**

The cost estimate for the motor vehicle is also based on costs currently prevailing in Arusha of the desired motor vehicle – a used Toyota double cabin pickup.

**(v) Preoperational expenses:**

These expenses are based on either costs already incurred towards incorporating the company – i.e. Arusha Entrepreneurs Association Limited (AEAL) – or rates either currently prevailing in Tanzania for the supply of such services or negotiated ones.

**(iii) Segmentation of the market:**

So as to maximise the utility of its resources, AEAL will carry out a segmentation of its market. This will greatly help the company in allocating its resources so that maximum market penetration is attained. For example institutional consumers will be serviced differently from individual bulk consumers and so on. At the same time market segmentation will assist the company to know the behaviour of its markets and so enable it to appropriately respond in line with their requirements.

**7.3 The competitive advantage:**

If the opportunity is developed immediately, AEAL will enjoy the following advantage:

- As pioneer investors they will gain an advantage in knowledge and experience regarding the local environment, industry and the market. This will place the Company in a position way ahead of any competitor that might decide to invest.
- The Company will be able to establish its own market share without competition.
- The project team and management that will be used on the project, will have the necessary qualifications and years of practical experience in cereal puff snacks production and project management to ensure the project is implemented and managed successfully.

## **7. Marketing :**

Although there no official statistical data to show Tanzania's domestic per capita consumption of cereal puff snacks – World wide statistics shows that the frozen snack market has grown nearly 25 percent from 2000 to 2005 to a market size of about \$2 billion, according to Research and Markets. This is still a small percent of the overall snack food market of \$61 billion, according to MarketResearch.com

Busy consumers lack time for meal preparation, so the trend toward eating more snack-type foods is obvious. Households in other countries are redefining what a snack or meal is and when that snack or meal is eaten. People are using snacks to provide a small meal that can be eaten on the go. However, at some point, most of these busy consumers begin to question what it is they are eating while on the go.

It is for this reason that the promoters - AEAL - of the cereal puff snacks processing project are setting their project to capture and exploit the growing market.

### **7.1 Use for Cereal Puff Snacks:**

Cereal Puffs not only can start the meal, but can be served at other times of the day. They're eaten by many teenagers as a snack that can deal with the hunger after a long day at school. Cereal puff snack foods provide a quick bite. Through the warmth of the product and real food ingredients, they deal with hunger and can be eaten on the go.

### **7.2 Marketing strategy:**

As noted earlier that AEAL's production of cereal puff snacks is insignificant compared with the existing demand-supply gap.

As most of cereal puff snacks are currently imported, the Company's strategy shall include production and maintenance of quality cereal puff snacks products, maintain reliable supply of fresh snack packs on daily basis as well as offering a range of cereal puff snacks. The devised market strategy will also include dynamic and creative promotion and segmentation of its market. These elements are briefly elaborated hereunder.

#### **(i) Maintenance of a high quality product:**

So as to ensure that high quality cereal puff snacks are produced all the time, management will ensure that good quality raw materials (commodities) are procured at all times. At the same time, so as to maintain the production of high quality cereal puff snacks, well trained staff will be employed and supervision will be stringent in all stages of the production process.

#### **(ii) Dynamic and creative promotion:**

The company will also employ dynamism and creative promoting of its product. Accordingly, AEAL is planning to promote its products by use of specialised marketing companies. The specialised marketing companies will be responsible for designing the type of packages as well as the type of advertising and its frequency to be used. The company is currently exploring which of these companies will be suitable for this activity. At the same time, plans are on hand to enter into agreement with electronic and print media to advertise its products in the importing countries.

Thus it will not be necessary for this project to incur undue high costs to acquire these two types of labour.

What will, however, be required is a skilled and experienced Production Manager and Quality Controller to impart the knowledge of processing the food crops into cereals puff snacks to the required/desired quality to guarantee the starting up of its operations in good and knowledgeable hands.

### **6.3 Utilities:**

The proposed cereal puffs snacks processing project is planned to be located on plot 32/33 Unga Limited, within the Arusha Municipality. This is an industrial area that is well served with both electricity and water – essential utilities that are needed during the processing operations of cereals puff snacks. Barring occasional outages – interruptions – the continuous supply of both electricity and water within this industrial area is reasonably reliable. In any case, a standby generator will also be purchased to tidy up the operations when the national power supply is interrupted.

### **6.4 Packing Materials:**

The good quality cereal puff snacks will be packed in packets of different sizes of 16gms, 110 gms, 30 gms and 125 gms each ready for delivery to its consumers.

Currently in Tanzania there are more than two pp bags manufacturers. So the supply of packing materials is expected to be smooth throughout the operations of the cereal puff snacks factory.

## 6. Cereals Raw Materials For Puff Production And Inputs:

Raw materials and other inputs required in snack puff production processing operations include rice, wheat and maize,. Other inputs in puffs processing are labour, utilities – water and electricity – as well as packing materials. The availability of these materials and inputs is discussed below.

### 6.1 Food Crop Production in 2003-2007:

According to the Annual Economic Surveys for year 2003 and 2007 - Tanzania's Food Crop production of commodities over the last five years is as shown below.

Quantity: MT '000'

YEAR	WHEAT	MAIZE	RICE
2003	72	3,129	921
2004	66	4,286	1,030
2005	44	3,131	1,077
2006	109.5	3,423	805.1
2007	83	3,302	872

**Sources:** 1. Ministry of Agriculture, Food Security and Cooperatives (MAFSC) year 2003-2007

Food crop production over the last five years has varied for all commodities mentioned above. The variation of every commodity above is not very significant on the annual production trend. It can safely be concluded that the average food crop production over the years has remained in the same proportion for the years 2003 to 2007.

If we were to assume that food crop production from year 2007 to date, is likely to remain at these levels henceforth we can conclude that total requirement Arusha Entrepreneurs Association Limited is between 15%-17% of the total food crop production which means AEAL is very unlikely to face any shortages of the above commodities – its raw materials – for processing into cereal snack puffs throughout its five year planned projected operations as seen from the table hereunder.

### Raw materials supply vs AEAL's requirements: MT '000'

Particulars/Years	2009	2010	2011	2012	2013
Total Food Crop supply	4,257	4,257	4,257	4,257	4,257
AEAL's commodity requirement	616	634	653	673	693
As % requirement	14%	15%	15%	16%	16%

*NB: It has been assumed that national food crop production of pulses will remain at year 2007 level.*

### 6.2 Labour:

Much as the processing of wheat, rice and maize into cereal puff snack requires both skilled and unskilled labour. The level of technology involved in the processing operation is simple. Thus the proposed cereal puff snacks processing project does not require specialised labour for the proposed undertaking to be successful. The kind of both skilled and unskilled labour required for this project is therefore available in Arusha.

## 5. Implementation Programme:

The setting up of the proposed cereals snack puff processing project is expected to be implemented over a period of 3 months depending on the time it takes to clear the equipment from Dar es Salaam port. Otherwise shipment from Overseas to Dar es Salaam, Tanzania is expected to take about a month. Due to the current congestion at Dar es Salaam port, clearing of the puffs processing machinery consignment may take up to a maximum of 1 month. Installation of the equipment is expected to take no more than 1 month. Since AEAL's management has resources for investment and operations, and have already ordered the puffs processing plant, it is therefore expected the operations to start by April 2009

The establishment of the cereal puff production processing plant at Arusha is expected to take around 3 months as indicated in the chart below.

Activity	No. of months	Duration of implementation – no. of months								
		1	2	3	4	5	6	7	8	9
Getting TIC Certificate of Tax Incentives	1	█								
Ordering of machinery by way of down payment & LC establishment	1	█								
Machinery fabrication and shipment to Dar es Salaam	1	█								
Preparation of factory building by removal of equipment etc	1	█								
Clearing of plant and machinery from customs	2			█	█					
Transport of machinery to Arusha	0.5					█				
Recruitment of personnel	1				█					
Installation of machinery	1					█	█			
Training of key personnel	1				█					
Dry test runs and commissioning	0.5					█				

The above implementation timetable is in line with the period for manufacturing and delivery of the machinery that the supplier has indicated in the quotation.

It is expected that the application for the TIC certificate of tax incentives will be submitted latest by February 2009.

- 12 Melting sugar tin: it is assisting equipment in this line, composing two parts heat preservation tin and mixer electromotor; its main function is to mix sugar and other additives in water.  
Power: 9kw  
Throughput: 600kg/hour  
Dimension: 1200 800 1500mm
- 13 Dryer two: there is water in the sugar sprayed on corn flakes; this dryer can dry the corn flakes.  
Power: 25kw  
Throughput: 600kg/hour  
Dimension: 1200 800 1500mm
- 14 Chiller: chill the corn flakes after they are out of Dryer two; crystallize the sugar liquid on corn flakes.  
Power: 4kw  
Throughput: 600kg/hour  
Dimension: 4 800 600mm  
No. three: characteristics of cereal-corn flakes processing line.

This processing line is developed and improved on the base of Indian technology. Its working standard can compare to European machines

1. Twin screw extruder is the host machine in this line. The unique design of twin screw is an innovating idea of engineers; it guarantees the success of the extrusion process.
2. Presser is an important part of this line; the design makes sure high quality products can be produced. It contains a material distributor for avoiding materials geminated. The two rollers for pressing materials are made of high rigidity metal. It also has automatic chilling system and can be adjusted very easily. This equipment is easy using and highly automated.

Another advantage of this line is the Hot air heater which is a new idea of processing puff snacks. This technique is by using high temperature airs centralized heat and circulating flow to process puff snacks quickly and easily. This method is also less power consumption. This innovating idea makes this processing line more efficient

3. Twin Screw extruding machine: raw material will be heated, extruded and puffed in this machine.  
Power: 50kw  
Throughput: 150kg/hour  
Dimension: 2000 800 2100mm
4. Air blowers (three): this equipment mainly moving semi made products to the next processing machine.  
Power: 0.37kw  
Capacity: 450kg/hour
5. Hot air heater: vaporizing moisture of products in a short time. (A slot will be in the roller for flowing water)  
Power: 9kw  
Throughput: 200kg/hour  
Dimension: 2500 800 1600mm
6. Presser: this equipment is a very important part of the whole line. It has a material quantity control distributor with it for avoiding material geminated when they get into the presser. The presser is made of high rigidity compounded metal. It also has a circulating cooling system with it.  
Power: 15kw  
Throughput: 200kg/hour  
Dimension: 1200 1200 3000mm
7. Dryer one: dry the moisture products which came out from presser in a short period.  
Power: 25kw  
Throughput: 300kg  
Dimension: 4500 1000 1700mm
8. Elevator: elevating material already dried to the material distributor.  
Power: 0.37kw  
Capacity: 300kg/hour  
Dimension: 1500 400 1500mm
9. Material distributor: through shaking method spread materials evenly to hot air heater.  
Power: 0.4kw  
Throughput: 300kg/hour  
Dimension: 1200 500 1000mm
10. Hot air heater: by using high temperature air to heat materials in a short time in order to make them more puffed. The reason for using high temperature air is that materials can be heated evenly and quickly, also the air can be used in a cycle.
11. Sugar Sprayer: this equipment contains two parts roller and spraying system; its main function is to spray sugar on corn flakes.

#### 4. PROJECT DESCRIPTION:

The proposed cereal puffs snack processing project will involve several aspects. These include the purchase of puffs snack processing machinery and its auxiliary equipments, office furniture and equipment, motor vehicle and standby electricity generator and lease of a godown for setting up the cereal puffs snack processing plant. A brief description of each of these aspects follows here below shortly.

##### 4.1 Background:

The present snack foods processing includes a method of making a puffed food starch material snack, in particular starch material from grains, having an improved crispy texture and a more aesthetic appearance. The products may be snack chips, crackers or the like, made from food with starch material content. Preferably, the starch material is provided primarily in the form of individual kernels or pellets of a cereal grain, such as rice, corn, wheat, rye, oats, millet, sorghum, barley, buckwheat, or mixtures thereof. Quantities of other food starch materials may also be employed as a co-mixed constituent, or the primary source of bulk starch material, for example potato starch material. A quantity of the grain is puffed (expanded) in a manner which forms a snack product of considerable crispiness, lightness, and unique texture to both the mouth and eye.

##### 4.2 Production process Outline:

Following is a summarised processing flow chart of cereal puffs snack in an outline form.

##### 4.2.1 Composing Parts of Cereal-Puffs Snacks Processing Line

###### Production Flow-chart

Raw material mixing-----mixed material elevating-----extrusion process-----air blower-----dryer-----air blower-----presser-----air blower-----dryer-----elevator-----shaking distributor-----hot air heater-----elevator-----sugar sprayer-----dryer-----cooler

##### 4.3 Cereal Snack Puff processes:

Cereal Snack Puffs production process uses various types of machinery that are being mention with individual equipment parameters.

1. Raw-material mixer: mainly using for mixing raw material, water and additives.  
Power: 3kw  
Throughput: 20kg per loading (5 minutes per loading)  
Dimension: 1000 500 800mm
2. Helix elevator: transporting mixed raw materials into the extruder. Shift time can be adjusted, also it is fully automated.  
Power: 3kw  
Capacity: 500kg/hour  
Dimension: 1600 300 2300mm

As the company is yet to commence its operations it is currently under the stewardship of Mr Khuzaima A. Tapyia who is responsible for all activities geared towards the establishment of the company cereal puff processing factory.

Mr Khuzaima A. Tapyia is a Tanzania aged 50 years a seasoned businessman and an entrepreneur who is running successful other business in Arusha.

As part of implementing AEAL's promoters decision to set up a cereal puff snacks processing project at Arusha, Mr Khuzaima A. Tapyia is tasked with recruitment of an individual suitable for the position of Project Manager during the implementation of the a cereal puff snacks processing project and later as Production Manager of AEAL's cereal puff snacks processing operations. The person required must have be a food technologist by training. His working experience must also include industrial food processing specifically in cereal puff snacks production

### **3.6 Business activities.**

#### **(a) Business activities:**

All shareholders of Arusha Entrepreneurs Association Limited (AEAL) are astute business men with various businesses that they run very successfully. They operate private own Companies for many years and so have many years of experience in running Companies. They came together to form a new Company that will introduce a new food processing technology using local inputs.

Their intention is to deliver cereal puffs snacks that are different from the familiar imported categories. The product that provides some different choices for the consumers

#### **(b) Vision & Mission:**

Arusha Entrepreneurs Association Limited (AEAL) vision and mission statements define Company's focus on sustainable growth, a broadened definition of social responsibility and the true strength of the company – its people and brands.

The Vision encompasses the full spectrum of our stakeholders including shareowners, employees, customers, consumers and communities. Its Mission articulates where Company is today and where it shall be in the future. They are therefore defined as:

#### **(c) Vision:**

AEAL's vision is to be "The food Company of choice".

#### **(d) Mission:**

In line with its vision, AEAL's mission is to drive sustainable growth through the Company's employees and brands by better serving the needs of consumers, customers and communities.

### 3. THE COMPANY:

Arusha Entrepreneurs Association Limited (AEAL) has been established with a purpose of carrying out the processing of wheat, rice and maize flour into cereal puff snacks as convenient food stuff. Convenience: Snack foods provide a quick bite. Through the warmth of the product and real food ingredients, they deal with hunger and can be eaten on the go and anytime. AEAL is now intent on establishing a cereal puff snacks processing mill at Arusha, Tanzania for the above purpose.

#### 3.1 Incorporation:

Arusha Entrepreneurs Association Limited (AEAL) was incorporated on 12<sup>th</sup> March 2008 under the Companies Act 2002 as a private limited liability company. The company's certificate of incorporation is no. 64633.

Currently its authorised shared capital stands at TShs: 150,000,000 divided into 15,000 shares of TShs: 10,000/= each. Its current paid up share capital is TShs: 300.00 million.

#### 3.2 Ownership:

AEAL is currently owned by two shareholders in the proportions shown hereunder.

S/n	Name of shareholder	%age shareholding
1	Mr. Abizar M.H Amiji	8
2	Mr. Abizer A. Tapy	8
3	Mr Rajab A Nurbhai	8
4	Mr Abdulqadir Siraj	8
5	Mr Hussein F. Amjee	8
6	Mr Mufaddal N. Gulamhussein	4
7	Mr Murtaza Y. Hassanie	8
8	Mr Hussein F. Zavery	8
9	Mr Hatim F. Kapasi	8
10	Mr Khuzaima A. Tapy	16
	<b>Total</b>	<b>84</b>

#### 3.3 Location:

The company is located at Plot no. 32/33 Unga Ltd Arusha Municipality, Tanzania.

#### 3.4 Board of Directors:

The present board of directors of Arusha Entrepreneurs Association Limited (AEAL) comprises of ten directors. These are the company's shareholders shown in section 3.2. The Chairman and Managing Director of the company is Mr Khuzaima A. Tapy

The Board of Directors is responsible for all major policy decisions of the company. These include formulation of operating strategies of the company.

#### 3.5 Management Team:

## **2. THE INDUSTRIAL AND TRADE SECTORS IN THE DOMESTIC ECONOMY:**

### **2.1 Introduction:**

Latest published data from the Annual Economic Survey for the year 2007 – a publication of the President's Office – Ministry of Planning and Economic Empowerment – show that for the year 2007 the industrial sector grew at an annual rate of 8.7% (8.5% in year 2006). The cause in the increase in the growth rate for year 2007 was the improved availability of electricity and water within the country compared to the previous year.

The improved growth rate of the industrial sector in year 2007 compared to that of year 2006 notwithstanding the contribution of this sector to the Tanzania's gross domestic product (GDP) during year 2007 remained the same at 7.8% as that of year 2006.

During the same period – year 2007 - the commercial sector – both retail and wholesale – grew at an annual rate of 9.8% against 9.5% in year 2006. The higher growth in this sector was attributed to an increase in exports compared to the previous year. The contribution of this sector to the country's GDP was also higher – at 11.5% - than that of the year 2006 of 11.4%.

### **2.2 The cereal puff snacks processing project:**

The proposed cereal puff snacks processing project once on stream is expected to contribute to the growth of both the industrial and trade sectors of Tanzania's economy. This is due to the fact that it will add value to cereals that are currently being used in a traditional ways. Given that the project will process locally produced agricultural goods – cereals, it will act as source of an additional market for farmers growing cereals in Tanzania. So it will be a stimulant to the increase in the growing of cereals.

Based on the foregoing, AEAL's proposed cereal puff snacks processing project should therefore be supported as it has positive implications to the country's economy.

Projected balance sheets of the proposed project show that the project is expected to have a strong financial base with its net tangible assets expected to grow from Tshs 0.889 million to Tshs 4.564 million over the eight year projected period.

### **1.7 Economic and environment impact:**

#### **(a) Economic impact:**

The cereal puff snacks processing project is expected to impact positively to the country's economy by way of (a) creating a minimum of 15 direct employment opportunities and more indirect ones by way of several multiplier effects in the national economy;(b) generation of revenue to the government by way of various taxes and (c) generate commercial spin-off for raw materials suppliers, farmers and traders in and around Arusha Region .

#### **(b) Environmental impact:**

The project is considered and expected to be environmentally friendly.

### **1.8 Risk factors:**

Major risk factors that the operations of the project will face are of three types. First the project will face the risk of an economic recession that is likely to occur in the country. Another risk the project will face is that of upheavals happening in Tanzania due to either political or social or religious factors. Finally there are industry risks that the project will also face. This will be in form of increase in operating costs as well as shortage of raw materials.

However, the possibility of any of the above risks occurring at the moment is remote. The country economic standing to date appears strong enough at present. Tanzania's currently politically, socially and religiously aspects appears to be stable enough to withstand occasional hiccups in this regard. Finally, it is unlikely a shortage of raw materials will set in now as the project is expected to use only around 5% of such materials.

### **1.9 Conclusion and Recommendations:**

It is apparent from the foregoing that the proposed cereal puff snacks processing project is expected to be a profitable undertaking. The promoters of the project have also confirmed their ability to raise the equity funds to execute the proposed development.

The economic impact for implementing and operating the project is also positive. Lastly and most important, the operations of the project are friendly to the environment.

Considering all the above and projected results arising after implementation of the project, the investors are convinced that the proposed project in Arusha is both viable and sustainable.

Implementation of the proposed project is expected to take 6 months from the time of submission of the application to the Tanzania Investment Centre for the certificate of tax incentives for the project.

### **1.3 Materials and inputs:**

The project is expected to use mainly wheat, maize and rice in its puff processing operations. Data from the latest government's publications – the Annual Economic Surveys for years 2006 and 2007 as well as from the FAO Statistics Division show that the project will consume less than 5% of the country's current production of wheat, maize and rice. All other production inputs – labour; utilities and packing materials - are also available to meet all requirements of the proposed puff processing project.

### **1.4 Marketing:**

AEAL intends to sell cereal puff snacks through, wholesale traders, retail food shops, super markets, rail dining cars, bus stand, restaurants and hotels. To facilitate marketing of its products, the Company has devised a marketing strategy that is aimed at assuring selling of the products through the established marketing channels. The marketing strategy incorporates four major elements, namely, the production and maintenance of a high quality product; establishment of a sound pricing policy; undertaking dynamic and creative promotion and segmentation of its local markets so as to service them appropriately.

AEAL is confident that the above marketing strategy will succeed due to several factors including the fact that latest data regarding local trade in puff snacks show that currently there is limited production in the country with imports dominating the market. Initially, AEAL is planning to produce for local market and at a later stage it will consider exports.

### **1.5 Project cost estimates and Financing plan:**

The investment capital costs for establishing the proposed integrated puffs snacks production line project in Arusha, Tanzania is estimated at Tanzanian Shillings 255,848,000. The initial working capital required to start puffs snacks processing operations is estimated at Tshs 193,241,000. Thus the total cost of setting up the proposed puffs processing is estimated to be Tshs 449,089,000.

The above estimated costs are planned to be financed by way of equity funds from AEAL's shareholders of Tshs 449,089,000.

### **1.6 Projected financial results:**

Projected profit and (loss) accounts of AEAL's proposed puffs processing project show that operations of the project are expected to be profitable over the entire projection period of 8 years. Pre tax profit is expected to grow from Tshs 0.659 million in the first year to Tshs 0.879 million in the eighth year of projected period.

The project is also expected to generate high revenue that will cover its operating costs. Closing cash balance at the end of each year are expected to grow from Tshs 0.547 million in year 1 to Tshs 4.231 million over the eight year projected period. The analysis shows that each year has a positive net cashflows from operations.

# PUFFS PROCESSING PROJECT

## 1. THE EXECUTIVE SUMMARY:

### 1.1 Promoters:

Arusha Entrepreneurs Association Limited (AEAL) is a newly established Company that intends to manufacture a wide variety of cereal puffs snacks for the local market.

It has the vision and mission that defines its focus on sustainable growth, social responsibility and the true strength of the company – the people and its brands. Its vision encompasses the full spectrum of its stakeholders including shareowners, employees, customers, consumers and communities. Whereas its mission articulates where it is as a company today and where they wish to be in the future.

The vision is therefore stated as follows, "to be the food Company of Choice". The Company has a mission that "strives for a sustainable growth through the power of its people and its brand by better serving the needs of its consumers, customers and communities"

The objective of the Company is to enhance the cereal production to be able to expand puff cereal snacks production in pursuit of selective growth opportunities.

### 1.2 Project description:

The puff snack foods are mainly made of grains like wheat, corn and rice, processed instantly into shape to required sizes, then baked and added with flavor so as to be tasty snacks It is produced under an integrated production line that all materials are processed by machine for health and hygiene purpose. Besides, the production takes only 5-10 minutes to complete. (Capacity depends on its shape, flavor and taste.) For a continuous processing the Company needs to import a Specialized Grain Puff Food Plant.

Advantage of using Specialized Grain Puff Foods Plant are :

1. Able to make Filled Puff Food. Create higher product value.
2. Variety of finished product by replacing mold easily.
3. Flexible Production schedule due to its small-scale capacity.
4. Best Quality at affordable price. Quicker ROI (Return On Investment)
5. Intergrade Production Line. Require few labors.
6. Professional Infra-red Oven make your puff snack more tasty!!
7. Special seasoning powder delivering.  
Prevent from making factory smoky.

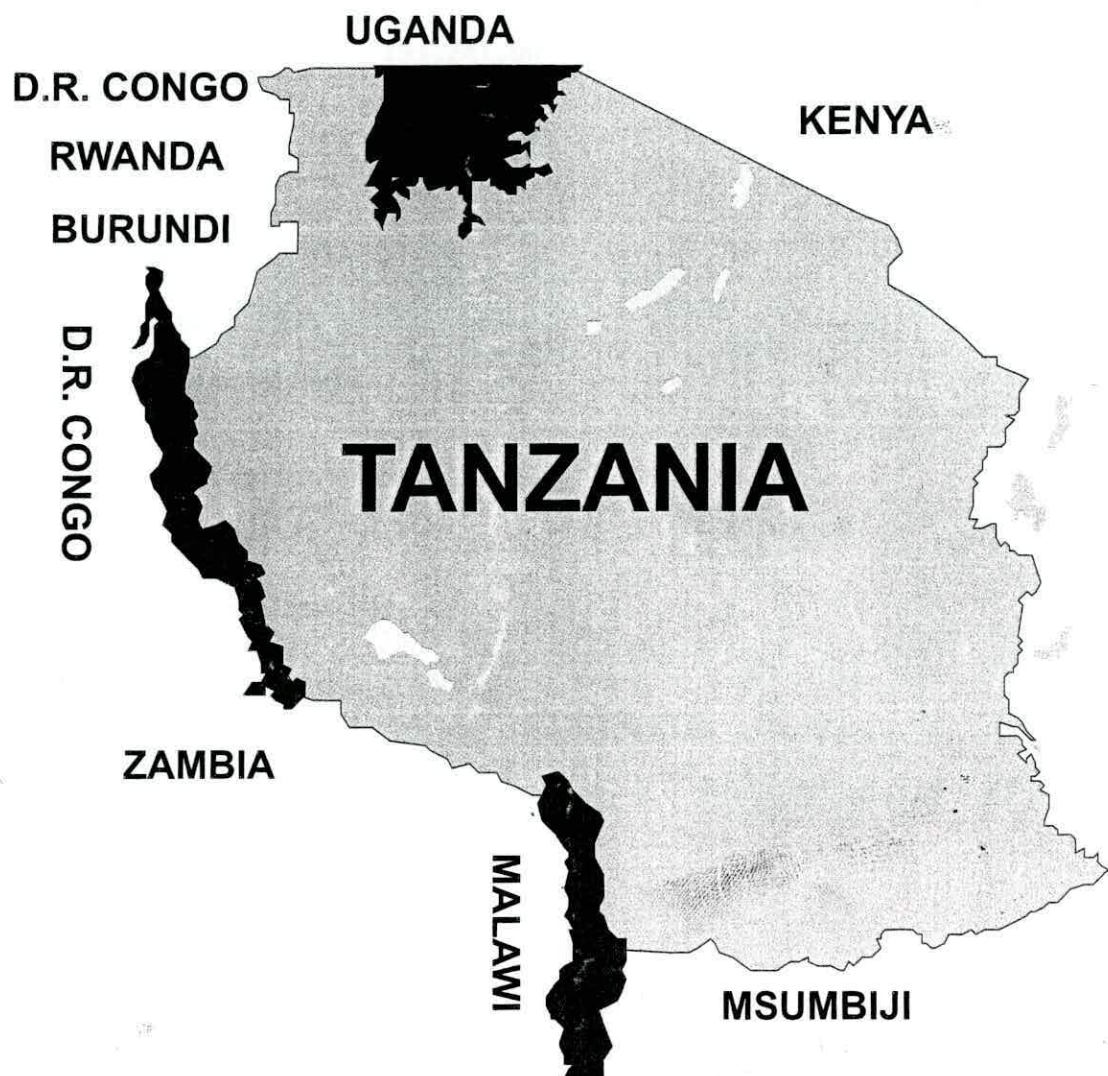
The Puff processing project involves the purchase of a complete set an integrated production machinery line and setting up a Cereal Puff processing mill in Arusha, Tanzania. The mill will have a capacity to process 2 metric tons of raw cereals per hour into puff cereal snacks

Planned production of the proposed Puff processing mill will be as shown in the table below.

Particulars	Year 1	Year 2	Year 3 onwards
Working days per year	305	305	305
Capacity utilisation	70%	75%	80%

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# 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)**

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**(Please fill the form in duplicate)**

**BUSINESS PLAN**

**FOR**

**ARUSHA ENTREPRENEURS ASSOCIATION**

**LIMITED**

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**2009**  
**Arusha**