

TMG FIBREGLASS LTD

MINUTE SHEET

Dokezo
No.

1.0

Ag. EXD

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

(a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 8.0m.....

(b) Legal entity has been incorporated under certificate

No. 64712..... 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

6th February, 2012

2.0

EXD

In response to the TIC letter of registration dated 6th February 2012.....

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from Dubai Islamic Bank.....

(c) Lease Agreement as evidence of land.....

With the above submission EXD is requested to sign Certificate of Incentives No. 042165..... herein attached.

1/03/2012



DIF

MINUTE SHEET

Dokezo
No.



00218513

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042165

This is to certify that

.....
TMG FIBREGLASS LIMITED
.....

of address P.O. BOX 18164
..... DAR ES SALAAM
.....

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

.....
TMG FIBREGLASS LIMITED
.....

Which is located at PLOT NO. 705 BLOCK J NYERERE ROAD
.....

.....
TEMEKE - DAR ES SALAAM
.....

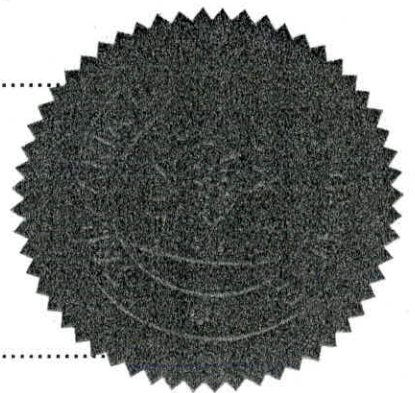
Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

.....


Ag. Executive Director

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

Dated 28TH FEBRUARY 2012



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

1. Shareholders
- | Shareholders | Nationality | Shareholding (%) |
|--------------------------|----------------------|------------------|
| Matth Makki JaffarSaleh | United Arab Emirates | 50 |
| Tariq Makki Jaffar Saleh | United Arab Emirates | 50 |
2. Proposed Activities : **To establish state of art manufacturing facility for fibreglass boat in Tanzania**
3. Sector: **Manufacturing** Subsector **Fibreglass Boat Manufacturers**
4. Investment cost: Foreign **USD 8m.** Local **-** Total **USD 8m.**
5. Project Financing: Equity **USD 8m.** Loans **-** Total **USD 8m.**
6. Source, terms and conditions of loan.....
7. Assets to be invested:
- | Capital items: | Foreign | Local | Total |
|----------------|----------------|----------|---------------|
| | USD 8m. | - | USD 8m |
8. Technology Agreement **None**
9. Date of TIC Registration: **6th February 2012**
10. Implementation period **February 2012 - January 2015**
11. Operative date..... **February 2015**
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
- (i) Applicable Import Duty **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**
 - (ii) Applicable with-holding Tax **As per Income Tax Act, 2004 (as amended)**
 - (iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
- (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
- Finished goods are not allowed under this Certificate**

Signed 
Ag. Executive Director



TANZANIA INVESTMENT CENTRE

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

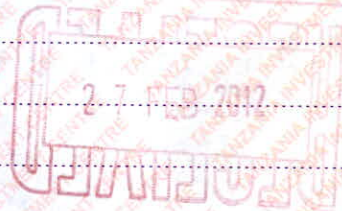
RECEIPT REC006316

No. 001062

Received from : TMG FIBREGLASS LTD

Address P. O. Box 11133, Dar Es Salaam.

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



Being payment in respect of: CERTIFICATE OF INCENTIVES

Amount : USD 750.00

Cash / Cheque No: D/Deposit 27/02

Date : 27-Feb-2012

J Simba

Receiving Officer



TANZANIA INVESTMENT CENTRE

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

RECEIPT REC006316

No. 001062

Received from : TMG FIBREGLASS LTD

Address P. O. Box 11133, Dar Es Salaam

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

Being payment in respect of: CERTIFICATE OF INCENTIVES

Amount : USD 750.00

Cash / Cheque No: D/Deposit 27/02
27-Feb-2012

Date :

JSimba

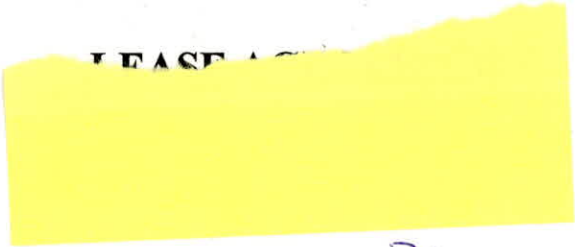
Receiving Officer

For Executive Director
Tanzania Investment Centre

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Aug '11

53980

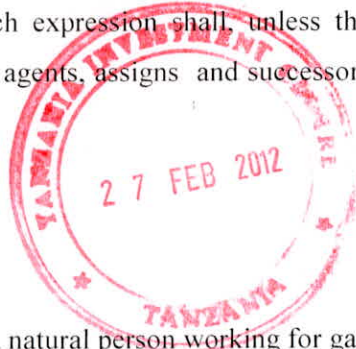


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THIS LEASE AGREEMENT is made on31..... day of Jan...2012

BETWEEN

TMG FIBREGLASS LTD a limited liability company duly registered and existing in Tanzania and whose address for the purposes hereof is **P.O. Box 18164 DAR ES SALAAM**, (hereinafter referred to as "**the Lessee**", which expression shall, unless the context requires otherwise, include its legal representatives, agents, assigns and successors in title) of the one part;



AND

FRANSIS NYANGE of P.O. Box 18164., Dar es Salaam, a natural person working for gain and residing in Tanzania (Hereinafter called "**the Lessor**") which expression shall where the context so permits shall include his/her successors, assignees and agents of the other part.

WHEREAS

- 1. The **Lessor** is the lawful registered owner of the premises comprised of a sawmill on Plot No 705 Block J at Nyerere road, Dar-es-salaam City (hereinafter referred to as "the demised **premises**") its area totalling 3,407..m²
- 2. The **Lessor** has agreed to lease the demised premises to the **Lessee** and the **Lessee** has agreed to rent the said demised premises from the **Lessor** to hold and use the same for **commercial purposes** on terms and conditions hereinafter appearing.

NOW THIS WITNESSETH as follows;

- 3. The **Lessor** hereby demises unto the **Lessee ALL THAT** demised premises **TOGETHER WITH** the right of access **TO HOLD** unto the **Lessee** for a term of ~~two~~ Three (3) year (s) which will be effective from 31st January,2012 up to 31st January,2015 and

including therefore for the said term the consideration of USD. 600(**equivalent to Tanzania Shilling**) per month and Value Added Tax (VAT) thereon, (hereinafter referred to as "the **rent**") to be furnished in the manner and style as hereunder:

- (i) The rent shall be payable yearly in advance by the lessee to the lessor, without any default.
 - (ii) To pay during the said term the reserved rent punctually and in full without any deductions whatsoever.
 - (iii) That pursuant to sub paragraph (i) above the **Lessee** shall, pay to the **Lessor** the rent hereby agreed upon the manner hereby appointed either by cash or cheque.
4. The **Lessor** undertakes to handover the demised premises to the **Lessee** immediately upon execution of this lease and upon full payment of the rent.
5. At any such time not later than three months before this lease expires, the **Lessee** may serve a notice to the **Lessor** signifying his intention to renew his lease term at the time of expiry of this lease, if he so wishes, under terms to be agreed by both parties.
6. **THE LESSEE HEREBY COVENANTS with the LESSOR;**
- (i) To pay all rates, taxes and other charges for the use of water, electricity, security charges and telephone in respect of the demised premises during the said term, **EXCLUDING** property tax hereinafter becoming payable in respect of the demised property.
 - (ii) At all times to keep the interior of the demised premises and appurtenances thereof including doors, windows and other fixtures, fittings, electrical wires and fittings, water drains and other pipes and sanitary water apparatus herein, painting and decorations thereof in good repair and fair condition.
 - (iii) To permit the **Lessor** and its agents and other persons authorised in writing by the **Lessor** to enter the demised premises at all reasonable times during day time with prior consent, such consent not to be unreasonably withheld, for the

purposes of viewing the demised premises and undertaking any repairs necessary under the covenants hereinbefore or hereinafter contained.

- (iv) To be responsible for and to indemnify the Lessor against all damages occasioned to the premises or any part of the adjacent premises or to any person caused by any act, omission, default or negligence of the lessee, his servants, agents or visitors.
- (iv) Not to do anything that will invalidate the policy of insurance against fire or that which may increase the premium in respect of the demised premises and to pay the **Lessor** sums paid by way of insurance premium, and any expenses incurred by the **Lessor** due to the **Lessee's** breach of this covenant.
- (v) Not to assign, sublet or part with the possession of the demised premises hereby demised without the written consent and permission of the **Lessor**.
- (vi) To comply with the City Council, Municipal Council and health, fire and safety regulations relating to the demised premises.
- (vii) Not to use the demised premises in a way which would create nuisance or any damage to the neighbours or the general public.
- (viii) On the expiration of the lease term to deliver up the demised premises to the **Lessor** with all keys, locks and fasteners in good repair and condition, reasonable wear and tear excepted.

7. THE LESSOR COVENANTS WITH THE LESSEE AS FOLLOWS:

- (i) To insure and keep insured the demised premises and its fixtures (per scheduled to the lease) therein against loss or damage by fire and such other risks as the **Lessor** shall deem desirable or expedient.

- (ii) To keep the exterior and main structure of the demised premises in good repair and on receipt of notice from the **Lessee** remedy the faults expediently.
- (iii) To pay all the site rates, land rents and other impositions during the said term.
- (iv) The **Lessee** paying the rent hereby agrees upon observing and performing the covenants and stipulations herein, on the part of the **Lessee** contained shall peacefully hold and enjoy the demised premises during the term created without interruption by the **Lessor**.

8. **PROVIDED ALWAYS** and it is hereby agreed as follows:

Whenever any part of the rent hereby agreed upon shall be in arrears for three months (3) after the due date or a breach of any of the covenants by the **Lessee** herein contained the **Lessor** may re-enter the demised premises and determine the lease.

- (i) That the tenancy hereby created shall be determinable at the option of either party by giving the other party a three month's notice in writing.
 - (ii) That if the **Lessor** gives notice in writing to the **Lessee** as above, without reasonable cause and where the **Lessee** has not breached any of the covenants in this lease agreement, the **Lessor shall** pay the **Lessee**, such amount of unutilised rent paid up by the **Lessee**.
9. That any demand for payment or notice requiring to be made upon or given to the **Lessee** shall be sufficiently made or given if sent by the **Lessor** or its agents through the post by registered letter addressed to the **Lessee** at the demised premises, and that notice requiring to be given to the **Lessor** shall be sufficiently given if sent by the **Lessee** through the post by registered mail addressed to the **Lessor** at its address cited at the

beginning of this lease AND that any demand or notice sent by post in either case shall be assumed to have been delivered in the usual course of post.

10. The rent payable may be reviewed by the Lessor upon giving a three (3) months advanced notice to the **Lessee**.
11. In the event of any dispute or claim arising from or in connection with this Lease Agreement which is not settled mutually by the parties thereto, such disputes or claim may be referred by either party to the court or tribunal in Dar es Salaam for adjudication or settlement.
12. This lease agreement shall be governed by the laws of the United Republic of Tanzania as amended from time to time.

IN WITNESS WHEREOF the Lessor and Lessee have hereto signed this deed on the day, month, year and the manner as hereinafter appearing.

Signed and Delivered
~~SEALED WITH THE COMMON SEAL AND~~

DELIVERED at Dar es Salaam by the said
FRANSIS NYANGE

LIMITED in our presence thisday of2012.



LESSOR

Name: Grace Kulaba
Signature: [Signature]
Address: P.O. Box 11133
DSM
Designation: ADVOCATE



Signed by the said
TARIQ MAKKI SALEHE ON
Behalf of TMG FIBREGLASS
LTD who is known to me
personally on this day 31st Jan. 2012


LESSEE

BEFORE me

[Signature]
31st Jan. 2012



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

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

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

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

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

1. I/We TARIQ MAKKI JAFFAR SALEH
(director/directors/agent of TMG FIBREGLOSS LIMITED
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at PLOT NO 11, BLOCKS, KIZOTA AREA, TEMBE MUNICIPALITY, DSH

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 DAR ES SALAAM
4. The Principal Officers of the Company are TARIQ M. J. SALEH
MATH MAKKI JAFFAR SALEH
5. Auditors of the Company are T. B. A
6. The authorized share capital of the Company is Tshs./US\$ 200,000

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 8000 000
8. The month and day of the financial year end is Dec, 31st

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

I/~~We~~ enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ 100 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, TARIQ M.J. SALEHE of Post Office Number 11133

DAR ES SALAAM do solemnly and sincerely declare that I am a director/duly authorized agent of TMG FIBREGLASS LTD

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

Declared at Dar es Salaam }

The 18th day of JANUARY 2012 }

Applicant
[Signature]

Before me:

[Signature]

 Commissioner for Oaths

APPLICATION SUMMARY

Company Name: JMG FIBREGLASS LTD

Certificate of Incorporation Number: 64712 Status: NEW

Certificate of Incorporation Date: 17/03/2008

Post Box: 1133, DSM

Town: DAR ES SALAAM

Sector: MANUFACTURING Sub-Sector: FIBREGLASS BOAT MANUFACTURED

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity 8 000,000 Local Equity - Foreign Loan - Local Loan -

Project Objectives: TO ESTABLISH STATE OF ART MANUFACTURING FACILITY FOR FIBREGLASS BOAT IN TANZANIA

Capacity: 100 BOAT PER ANNUM

Employment: Foreign: 5 Local: 39 Total: 44

Implementation Period: 5 years

Project Location

Site/Plot/Block No.: 11 block 5

Street: KIROTA AREA District: TEMBEK Region: DSM

(Attach sketch map showing project location)

Table with 3 columns: Shareholders, Nationality, %

Investment Breakdown US\$/Tshs.M

Land/Building	2000 000
Plant	5000 000
Vehicles	15000 000
Furniture & Fittings	50,000
Pre-expenses	100 000
Others	200,000
Working Capital	500,000
TOTAL	8,000,000

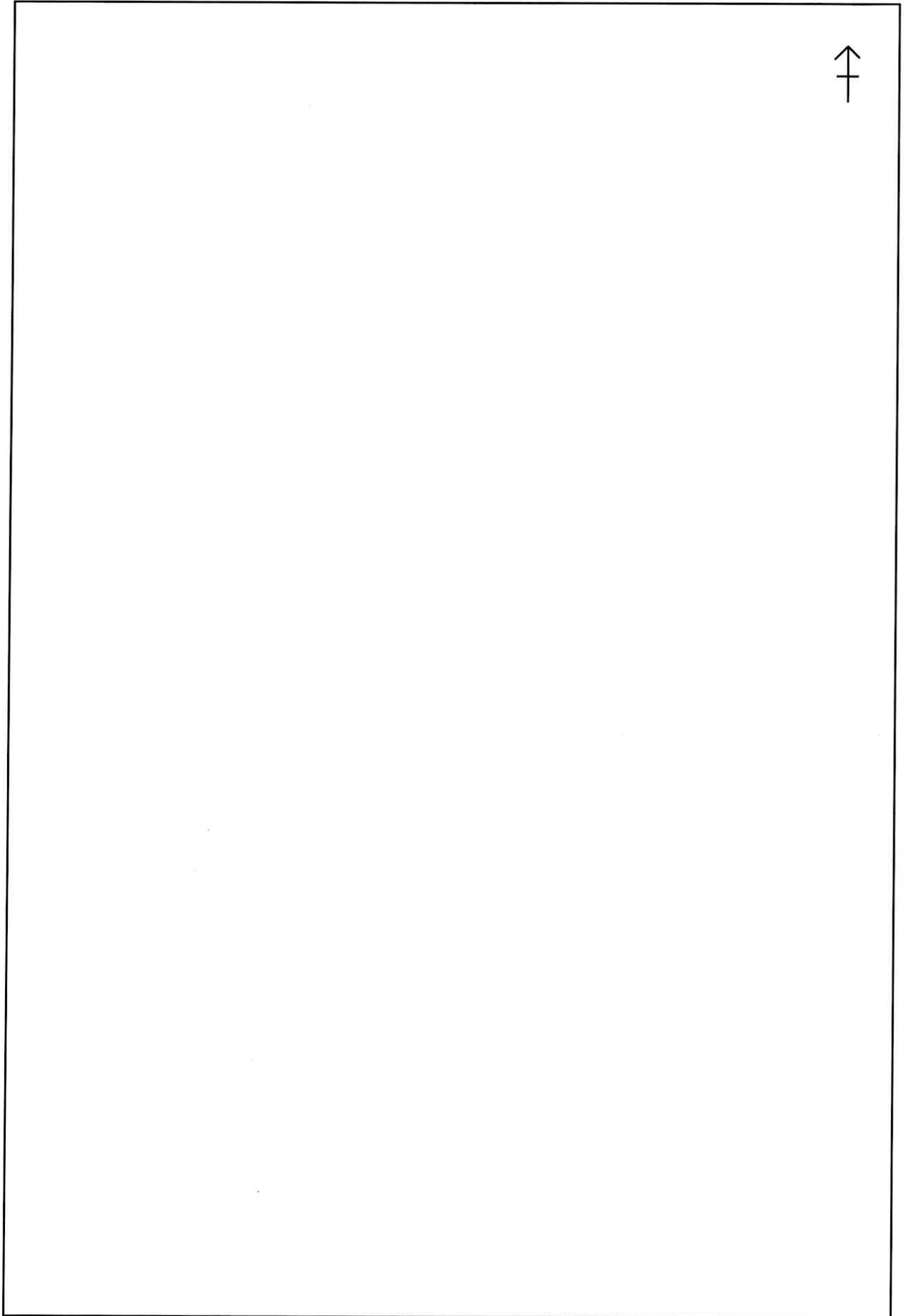
Contact Details:

Name: TARIQ MAKKI JAFFAR Title: DIRECTOR
SALAH
Telephone: +255 787 560 722 Fax:
Email: grakabi@gmail.com

Payments to be made payable to:

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

SKETCH MAP SHOWING PROJECT LOCATION





3

TICC/PP.10/042165/3

6th February, 2012

Managing Director,
TMG Fibreglass Ltd.,
P.O. Box 11133,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF STATE OF ART MANUFACTURING FACILITY FOR
FIBREGLASS BOAT IN TANZANIA**

We wish to acknowledge receipt of your project proposal to establish state of art manufacturing facility for fiberglass boat in Tanzania as presented in the TIC P.A. 1 Form No. 09639 and Feasibility Study with a projected investment of USD 8m.

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

- Certified document showing evidence of Land ownership for the location of the project (Lease tenure should be not less than three years).

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

.../2

TICC/PP.10/042165/3

6th February, 2012

*Tanzania Investment Centre
Standard Chartered Bank (T) Ltd
US Dollar A/C 8702006002000
T.Shs A/C 0102006002000*

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

Yours sincerely,
TANZANIA INVESTMENT CENTRE


B.D. Chonjo

For: EXECUTIVE DIRECTOR

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

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

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

2



TIC Evaluation Report

Name of the Company
Tmg Fibreglass Ltd.

Post Box	Kizota Area, Plot No. 11 Block 5	COI Number	64712	Contact	Mr Tariq Makki Jaffer
Post Office	11133	COI Date	17/03/2008	Designation	Director
Region	Dar Es Salaam	Application F. No	09639	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0787 560 722
		Sub Sector	Fibreglass Boat Manufacturers	Fax	0
		File No	042165	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	Plot No. 1 Block 5	<table border="1"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td>8</td> <td>0</td> <td>0</td> <td>0</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	8	0	0	0			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
8	0		0	0									
Street	Kizota												
District	Temeke												
Region	Dar es Salaam												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	2
Matth Makki Jaffer Saleh	United Arab Emirates	50	Plant	5
Tariq Makki Jaffer Saleh	United Arab Emirates	50	Vehicles	0.15
			Furniture & Fittings	0.05
			Pre-expenses	0.1
			Others	0.2
			Working Capital	0.5
			Total	8

Employment	44	Evaluated By	,wf officer4
Capacity	100 boat pa.	Drawn By	wf registry2
Project Turn Over		Project Type	Foreign

Description

To establish state of art manufacturing facility for fibreglass boat in Tanzania

Recommendations

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

Decision

Approved

 Ag EXD
 31/01/12

TMG FIBREGLASS LIMITED

Dar es salaam

Date: 8th November 2011

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

Dear Sir,

RE: APPLICATION FOR TIC CERTIFICATE OF INCENTIVES

We are establishing state of the art manufacturing facilities for fibreglass boats in Dar es salaam. It is due to this reason that we hereby submit our application for TIC Certificate of Incentives to facilitate smooth execution of this project.

Attached herewith please find the following basic documents for your kind approval:

1. Duly completed and signed Application Form
2. A copy of our Certificate of Incorporation
3. A copy of the company's Memorandum and Articles of Association
4. Company Board Resolution to register with TIC
5. A copy of our Business Plan
6. Evidence of land ownership for location of the project
7. Bank reference letter

Thanking you for your kind cooperation.

Yours' sincerely

TMG FIBREGLASS LIMITED



Tariq Makki Jaffar Saleh
MANAGING DIRECTOR



TMG FIBREGLASS LIMITED

EXTRACT FROM A MEETING OF THE BOARD OF DIRECTORS AND SHAREHOLDERS OF TMG FIBREGLASS LIMITED


At a duly convened and constituted meeting of the board of directors of TMG Fibreglass Limited held at the registered offices of the company on the 10th day of October 2011, the following resolutions were passed:

1. That the company should establish manufacturing facilities for fibreglass boats at Plot No. 11, Block 5, Kizota Area, Temeke Municipality, Dar es salaam.
2. That funds amounting to US\$ 8,000,000 be raised to facilitate implementation of the project.
3. That the project be registered with Tanzania Investment Centre so as to enjoy fully investment incentives, benefits and protection as statutorily provided for under Tanzania Investment Act, 1997.

Certified True Extract
(By order of the Board)



Chairman



Secretary

Duba

بنك دبي

15/02/2009

Tanzania Investment Center

Dear Sirs,

We would like to certify that Mr. TARIQ MAKKI JAFFAR SALEH maintains current account no 001 520 5209765 01 from 31/07/1993 till now

With credit balance of AED 1,105,374.22 as closing of 14/02/2009.

(U.A.E. DIRHAMS one million one hundred and five thousand three hundred seventy four and fills twenty two ONLY)

APROXIMATE US\$: 302,842.25

(US DOLLAR three hundred and two thousand eight hundred forty two and 25/100 ONLY)

This certificate has been issued at his request without any responsibility or engagement on the part of this bank or any of its staff.

DUBAI ISLAMIC BANK
AL SOUQ BR. DUBAI



2/3



Certificate of Incorporation

Section 15

No **64712**

I HEREBY CERTIFY THAT

TMG FIBREGLASS 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 **17TH** day of **MARCH**

TWO THOUSAND AND EIGHT
.....
Asst. Registrar of Companies

LEASE AGREEMENT

BETWEEN

**ALVIN B MWAKITOS
(LANDLORD)**

AND

**M/S TMG FIBREGLASS LTD
(TENANT)**

**AGREEMENT FOR THE LEASE OF LAND LOCATED AT PLOT NO. 633
BLOCK "...." VIJIBWENI KISIWANI, IN TEMEKE MUNICIPALITY
DAR ES SALAAM**

LEASE AGREEMENT

This AGREEMENT is made on this 12 day of JAN 2008

BETWEEN

ALVIN B MWAKITOS P.O. Box ...DAR ES SALAAM (hereinafter called "THE LANDLORD") on the one part:

AND

TMG FIBREGLASS LTD of P.O. Box 11133 DAR ES SALAAM (hereinafter called "THE TENANT") of the other part.

WHEREAS IT IS MUTUALLY AGREED as follows:

The LANDLORD lets and the TENANT takes for a term of **FOUR YEARS** all that land situated on **PLOT NO. 633 BLOCK ... VIJIBWENI KISIWANI IN TEMEKE, DAR-ES-SALAAM**, in consideration thereof the latter has agreed to pay rent of T.Shs. 800,000... per month,

The parties have further agreed as follows;

A: THE LANDLORD COVENANTS WITH THE TENANT:

1. To allow the Tenant quiet enjoyment of the land during the tenancy period.
2. To pay all rates, taxes and assessments other than electricity and water.
3. Shall not be under obligation to compensate the tenant for any development on the land.

B: THE TENANT COVENANTS WITH THE LANDLORD:

1. To pay the reserved rent on time in the manner aforesaid.

2. To keep the demised land including fittings therein in a state of good repair (fair wear and tear excepted)
3. To pay all charges for electricity, water and telephone services supplied to the demised land during the tenancy period.
4. To permit the **LANDLORD**, or its agents at all reasonable times of the day to view the state and condition of the demised land.
5. Not to assign, sublet or part with the effective possession of the demised land or any part thereof without the **LANDLORD'S** written consent, which consent shall not be unreasonably withheld.
6. Not use the demised land or to allow the same to be used for any purpose other than industrial purposes.
7. To handover to the **LANDLORD** the demised land upon the expiration of the term hereby created.
8. To exercise the right of renewal of the Lease Agreement according to the conditions herein, and provided there is mutual agreement between the parties at the expiration of this Lease Agreement.

C: IT IS FURTHER AGREED BETWEEN BOTH PARTIES:

1. Not to raise or review rent within the tenancy period.
2. The **LANDLORD** shall give three months notice before the expiry of the paid up period of the lease if the **LANDLORD** wishes to repossess the premises or increase the rent, or offer the demised land to another Tenant.
3. The Tenant shall give three months notice before the expiry of the tenancy period if the Tenant wishes to take another lease or otherwise extend the lease.

4. Where the Tenant has not renewed the tenancy there shall be a grace period of three months after which the lease shall be deemed to have expired and the Landlord will be entitled to possession of the premises.
5. The Tenant shall at the end of the tenancy period give vacant possession of the premises in good state of repair, unless the same have or are let to the Tenant under another lease.

IN WITNESS HEREOF SIGNED BY the parties therewith on the day and year first above written:

SIGNED and DELIVERED in my presence }
 By the said ALVIN B. MWAKITOS }

this ..12.... Day ofJAN....., 2008 }



 LANDLORD

SIGNED and DELIVERED in my presence }
 by TARIQ MAKKI JAFFAR (MANAGING DIRECTOR)
 for and on behalf of TMG FIBREGLASS LTD
 this ..12.... day ofJAN....., 2008)



 TENANT

BEFORE ME AS WITNESS to the above signatures: -

SIGNATURE 

POSTAL ADDRESS P.O. Box 11133

QUALIFICATION ADVOCATE



Approved

THE COMPANIES ACT (CAP. 212)

COMPANY LIMITED BY SHARES

Memorandum

FEE PAID Shs: 300,000/=
RECEIPT No: 31616534
DATE: 17/03 2008

AND

Articles of Association

FEE PAID Shs: 15,000/=
RECEIPT No: 31616534
DATE: 17/03 2008

OF

TMG FIBREGLASS COMPANY LIMITED

Incorporated this day of 2008

Drawn by:
Law Associates (Advocates)
CRDB Building, 6Th Floor
Azikiwe Street
P.O. Box 11133
DAR ES SALAAM

FEE PAID Shs: 6,200/=
RECEIPT No: 31616602
17/03 2008

FILED 17/03/08
ASST. REGISTRAR OF COMPANIES

UNITED REPUBLIC OF TANZANIA

Certificate of Incorporation

No.

I HEREBY CERTIFY THAT

TMG FIBREGLASS COMPANY LIMITED

is this day incorporated under the Companies Act. (Cap. 212) and that the Company is Limited.

GIVEN under my **HAND** at Dar es Salaam this day of
Two Thousand and Eight.

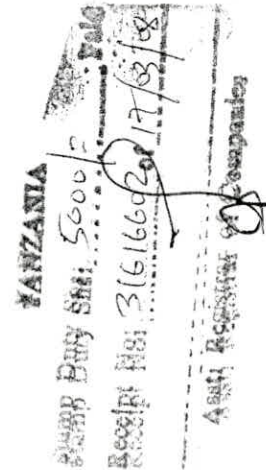


.....
Registrar of Companies

COMPANIES ACT, No.12 of 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
OF
TMG FIBREGLASS COMPANY LIMITED



1. The name of the Company is TMG FIBREGLASS LTD
2. The registered office of the Company will be situated in Tanzania.
3. The objects for which the Company is formed are (and it is expressly declared that the several sub-clauses of this clause and all the powers thereof are to be cumulative and in no case is the generality of any one sub-clause nor is any general expression in any sub-clause to be narrowed or restricted by any particularity of expression in the same sub-clause or by the application of any rule of construction *ejusdem generis* or otherwise).
 - (a) To carry on business of boat maintenance with preventive maintenance service and repairs as needed. Ensure boat housekeeping is conducted as required.
 - (b) To provide for professional boat detailing and cleaning, yatch mechanics, bottom boat cleaning and dive services, boat repair (fibreglass repair, gel coat painting, woodwork, varnishing, re-fits and intallations), maid service and electronics installations. To conduct and undertake research and development of new products and markets through increasing the utilisation of the sisal plant.
 - (c) To import/export commercial fishing equipments, supplying quality goods to professional shipping through out Tanzania and worldwide in general.

- (d) Developing local entrepreneurs into commercial fishers through the organisation of fishers into groups, and transferring knowledge and skills by providing seminars, printed materials (fishing guidebook in Swahili) and field training
- (e) To erect and construct houses, buildings or works of every description on any land of the Company, or upon any other lands or property, and to pull down, rebuild, enlarge, alter and improve existing houses, buildings or works thereon, to convert and appropriate any such land into and for roads, streets, squares, gardens and pleasure grounds and other conveniences, and generally to deal with and improve the property of the Company.
- (f) To provide public or private amusements and entertainments upon any property of the Company.
- (g) To produce sisal fibre more cost-effectively by segmenting the process.
- (h) To carry on sisal growing activities, promote, manage, organise and run estates, lodges, restaurants, apartments, motels, auto-courts, lodging, house keepers; and generally to facilitate the provisions of accommodation, entertainment facilities, provisions of guides, safe deposits, inquiry bureaux, language aids, baggage transport and arranging and operating packages tours travel agents, tourist agents and contractors;
- (i) To buy, sell (both to persons residing on the company's premises and to non-residents), import, produce, manufacture or otherwise deal in food and food products, meat, groceries, fruits, confectionery, wine, spirits, beer and alcoholic beverages, tobacco, druggist supplies, beverages, linen, furniture and furnishings and other articles required in the said businesses.
- (j) To fit up and furnish any property for the purpose of letting the same to visitors or guests whether in single rooms, suites, chalets, cottages or otherwise.
- (f) To establish, manage develop and hire premises for catering services, restaurant services, bar services, embankment of passengers and provide

services, including warehousing for passengers, telecommunications, transit motels food and refreshment facilities and all other ancillary services connected with the business of passenger transport and related food industry.

- (g) To acquire by purchase, lease, exchange, hire or otherwise, either for a Right of Occupancy or for any other estate, interest or tenure in land, whether in possession or in reversion, and whether vested or contingent, any lands, tenements and premises of any tenure, whether subject or not to any charges or encumbrances, and to hold or to sell, let, alienate, mortgage, charge or otherwise deal with all or any such lands, tenements or premises in the general business of Real Estates.
- (j) To advance money to any person or persons or corporation, either at interest or without, upon the security of any movable or immovable property by way of mortgage, or upon marketable security and in particular to advance money to shareholders in the Company, and others, upon the security of or for the purpose of enabling the person borrowing the same to erect, or purchase, or enlarge or repair any house or building, or to purchase any estate or interest in, or to take a demise for any term or terms of years of any property upon such terms and conditions as the Company may think fit.
- (k) To buy and sell immovable property, movable property, chattels, goods, stock, shares and any kind of property, whether movable or immovable and whether of a speculative nature or otherwise, and also to hire and lease any kind of property or things, movable or immovable.
- (l) In the matters and for the purposes aforesaid to act solely or jointly with any other person company corporation or body as the circumstances may require.
- (m) To sell, improve, manage, develop, lease, mortgage, dispose of, turn to account, or otherwise deal with all or any part of the present or future property or rights of the Company.

- (n) To carry on the business as general merchants, universal providers, universal exporters and importers, universal wholesalers and retailers of all commodities and/or goods of whatever description.
- (o) To carry on and to undertake any business transactions or operations commonly carried on or undertaken by promoters of companies, financiers, concessionaires, contractors for public and other works, capitalists, merchants or traders, and to carry on other business which may seem to the Company capable of being conveniently carried on in connection with any of its objects, or calculated, directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- (p) To issue for value coupons, stamps or other vouchers to be used or issued to their customers by dealers, shop keepers, merchants or others as cash discount for purchases and to redeem the same upon such terms as may be agreed upon in exchange for cash goods, merchandise or otherwise.
- (q) To apply for, hold, purchase or otherwise acquire any patents, brevets d'invention, licences and the like, conferring an exclusive or non-exclusive or limited right to use any secret or any other information which may seem to the Company capable of being profitably dealt with.
- (r) To purchase plant, machinery implements, conveniences provisions and things capable of being used in connection with the operations of or required by workmen and others employed by the Company.
- (s) To enter into any arrangement for sharing profits, union of interest, amalgamation, joint venture, reciprocal concession or otherwise with any person or company carrying on or about to carry on any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to take or otherwise acquire shares, debentures, and securities of any such company, and to sell, hold, re-issue with or without guarantee or otherwise deal with the same.

- (t) To sell or let the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other Company.
- (u) Generally to purchase, take on lease or in exchange, hire or otherwise acquire any movable or immovable property, and any rights or privileges which the Company may think necessary or convenient for the purpose of its business and in particular any land leases, options over lands or leases, stands, buildings, servitudes, machinery, plant and also any concessions, licences, trade marks, and other rights in Africa or elsewhere, and either solely or jointly with others and to pay therefore in cash or in stock or in shares of the Company or partly in cash and partly in stock or shares or otherwise.
- (v) To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.
- (w) To make, accept, endorse, execute and issue promissory notes, bills of exchange and other negotiable instruments for the purpose of the Company's business.
- (x) To raise money in such manner as the Company shall think fit and in particular by the issue of debentures, perpetual or otherwise charged upon all of any of the Company's property and rights both present and future
- (y) To make any sale, mortgage, lease, sub-lease, or other disposition of the undertaking in whole or in part of the property of the Company in such manner and on such terms and conditions, at such rent, for such purpose and for such consideration whether cash, shares, bonds, debentures or securities of any other Company having objects altogether or in part similar or analogous to those of this Company or otherwise as may be deemed advantageous or desirable and to divide, by way of bonus or otherwise, any such considerations in any shares, debentures or stocks

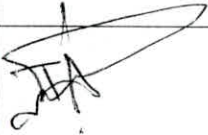
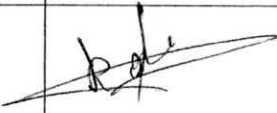
held or received by this Company amongst the members of this Company.

- (z) To pay all the costs and expenses of and incidental to the formation and registration of the Company.
- (aa) To do all or any part of the above things in any part of the world as principals or agents, and by or through agents either alone or in conjunction with others.
- (bb) To deal with any un-appropriated shares by way of bonus compensation, sale or in any way whatsoever that may appear to be to the advantage of the Company.
- (cc) To adopt such means of making known the products of the Company as may seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works and interest, by publication of books and periodicals and by granting prizes, rewards and donations.
- (dd) To establish and support, or aid in the establishment and support of associations, institutions, and conveniences calculated to benefit any of the employees or ex-employees of the Company, or the dependents or connections of such persons and to grant pensions and allowances, and to make payments towards insurance, and to sub-scribe, underwrite, form or guarantee money for charitable or benevolent objects or for any exhibition, or for any public, general or useful object.
- (ee) To amalgamate with any other company having objects altogether or in any part similar to those of this Company.
- (ff) To distribute any of the property of the Company in specie among the members.
- (gg) To do all such other things as are incidental or conducive to the attainment of the above objects.

It is hereby declared that the word "Company" save when used in reference to this Company, in this clause shall be deemed to include any partnership or other body of persons, whether domiciled in East Africa or elsewhere.

4. The liability of the members is limited.
5. The Share capital of the Company is Tanzania Shillings six Hundred Million (TShs 600, 000,000), each with such rights, privileges or conditions as may be determined by or 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 for the time being be provided by the regulations of the Company.

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

Names, Post Address and Occupation of Subscriber	Number of Shares taken by each Subscriber	Signatures of Subscribers.
Tariq Makki Jaffer Saleh	10000	
Matth Makki Jaffer Saleh	10000	

Dated this.....^{17th}..... day of.....^{March}.....2008

WITNESSES to the above Signatures:

Signature: .....

Cutbert A. TENGA
ADVOCATE

Postal Address:
NOTARY PUBLIC &.....
COMMISSIONER FOR OATHS
..... P. O. Box 11133, Tel: +255 22 2116367
DAR ES SALAAM

Qualifications:

THE COMPANIES ACT, No.12 of 2002

COMPANY LIMITED SHARES

ARTICLES OF ASSOCIATION

OF

TMG FIBREGLASS COMPANY LIMITED

TANZANIA
Stamp Duty Shs: 5000/- P16
Receipt No: 3161662 of 17/03/08
Asst. Registrar of Companies

1. The regulations contained in Table "A" in the first schedule to the Companies Act, No 12 of 2002 shall not apply to this Company, but the following shall be the regulations of the Company.
2. In the construction of these Articles the following words shall have the respective meanings hereby assigned to them, unless there is something in the context inconsistent therewith.
 - (a) "The Act" means the Companies Act, No. 12 of 2002
 - (b) "The Seal" means the Common Seal of the Company.
 - (c) Words denoting the singular number only shall include the plural number also, and vice versa,
 - (d) Words importing persons or Companies only shall include Corporations.
 - (f) "Special Resolution" and "Extraordinary Resolution" have the meaning assigned thereto respectively by the Act.
 - (g) "In writing" or "written" include printing, lithography, typewriting and all other modes of representing or reproducing words in a visible form.
 - (h) "Office" shall mean the registered office of the Company.
 - (i) "Month" shall mean a calendar month.
 - (j) "The Board" shall mean the Board of Directors of the Company.
 - (k) "Secretary" shall mean any person appointed to perform the duties of the Secretary of the Company.

Subject as aforesaid any words or expressions defined in the Act shall, if not inconsistent with the context, bear the same meaning in these Articles.

3. The Company is a private company, and accordingly:-
 - (a) The right to transfer is restricted in the manner hereinafter provided.
 - (b) The number of members of the Company (not including persons who are in the employment of the Company, and persons, who having been formerly in the employment of the Company were while in that employment and have continued after the determination of that employment to be members of the Company) is limited to fifty. Provided that where two or more persons hold one or more shares in the Company, jointly they shall for the purpose of this Article be treated as a single member.
 - (c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

SHARES

4. The Share capital of the Company is six hundred million Tanzanian shillings only (TShs.600000000) divided into 100000 Ordinary Shares of 6,000Tanzanian shillings, each with such rights, privileges or conditions as may be determined by or 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 for the time being be provided by the regulations of the Company.
5. Subject to the provisions, if any, in that behalf of the Memorandum of Association, and without prejudice to any special rights previously conferred on the holders of existing shares, any share may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of share capital or otherwise, as the Company may from time to time by special resolution determine, and any preference share may, with the sanction of a special resolution, be issued on the terms that it is, or at the option of the Company is liable to be redeemed.
6.
 - (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class may be varied with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.
 - (2) In every such separate general meeting the provisions of these regulations relating to general meeting should *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy seventy-five percent of the issued shares of that

class, and that any holder or shares of the class present in person or by proxy may demand a poll.

- (3) For the purpose of this Article, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
7. The Directors may allot and issue shares in the capital of the Company in payment or part payment for any property sold or transferred, goods or machinery supplied, or for service rendered to the Company in the conduct of its business as fully paid-up shares, and if so issued, shall be deemed to be fully paid up.
8. Every person whose name is registered as a member on the register of members shall, without payment, be entitled to a certificate under the Seal of the Company specifying the share or shares held by him and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.
9. No person shall exercise any rights or privileges of a member until he shall have paid all calls and other moneys for the time being due on every share held by him.
10. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any, not exceeding one shilling, and on such terms, if any, as to evidence and indemnity, as the Directors think fit.
11. No part of the funds of the Company shall directly or indirectly be employed in the purchase of, or in loans upon the security of, the Company's shares, but nothing in this regulation shall prohibit transactions mentioned in the proviso of the Act.
12. The Company shall be entitled to treat the person whose name appears upon the register in respect of any shares as the absolute owner thereof and shall not be under any obligation to recognize any trust or equity or equitable claim to or partial interest in such shares whether or not it shall have express or other notice thereof.

LIEN

13. The Company shall have a lien on every share for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares standing registered in the name of a

single person for all moneys presently payable by him or his estate to the Company but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

14. The Company may sell, subject to the provisions on forfeiture of shares, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.
15. For giving effect to any such sale the Directors may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
16. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

17. The Directors may, subject to any conditions of allotment from time to time make calls upon the members in respect of any moneys unpaid on their shares whether on account of the nominal value of the (shares or by way of premium) provided that (except as otherwise fixed by the conditions of allotment) no call on any share shall be payable at less than thirty days from the date appointment for payment of the last preceding call, and each member shall (subject to being given at least three weeks' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares.
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
19. If a sum called in respect of a share is not paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per centum per annum from the day appointed for the

payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

20. The provisions of these regulations as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue or a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
21. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the money unpaid upon the shares held by him beyond the sums actually called upon thereon as a payment in advance of call which shall extinguish, so far as the same shall extend liability upon the shares in respect of which it is advanced, and the Company may pay interest upon the money received, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which it has been received, at such rate as the member paying such sum and the Directors agree.

TRANSFER AND TRANSMISSION OF SHARES

22. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
23. Shares shall be transferred in the following form, or in any usual or common form which the Directors shall approve:-

"I, A.B. of, in consideration of Shs. paid to me by C.D. of (Hereinafter called "the said transferee") do hereby transfer to the said transferee the share (or shares) numbered in the undertaking called to hold unto the said transferee, subject to the several conditions on which I hold the same; and I, the said transferee, do hereby agree to take the said aforesaid As witness our hands set below Witness to the signatures of, etc."

24. The Directors may in their absolute discretion decline to register any transfer of shares to a person of whom they do not approve not being already a member of the Company and may also decline to register any transfer to shares on which the Company has a lien. the Directors may also suspend the registration of transfer during the fourteen days immediately preceding the ordinary general meeting in each year. The Directors may decline to recognize any instrument of transfer unless:

- (a) a fee-note exceeding two shillings is paid to the Company in respect thereof, and
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

If the Directors refuse to register a transfer of any shares they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

- 25. The legal personal representatives of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor or the legal personal representatives of the deceased's survivor shall be the only persons recognised by the Company as having any title to the share.
- 26. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon such evidence being produced as may from time to time be properly required by the Directors, have the right, either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of transfer of the share by the deceased or bankrupt person before the death or bankruptcy.
- 27. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled to were he the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.
- 28. Save as hereinafter provided, no shares in the Company shall be transferred otherwise than to a person who is already a member of the Company until the rights of pre-emption hereby conferred shall have been exhausted that it to say:
 - (i) Every member or other person who intends to transfer shares (hereinafter called the Vendor) shall give notice in writing to the Board of his intention so to do. Such notice shall constitute the Board his agent for the sale of the said shares in one or more lots at the discretion of the Board to members of the Company at a price to be agreed upon by the Vendor and the Board, or in default of agreement, at a price which the Auditor of the Company for the time being shall certify by writing under his hand, to be in his opinion, the fair selling value thereof as between a willing Vendor and willing purchaser.

- (ii) Upon the price being fixed as aforesaid the Board shall forthwith give notice to all the members of the Company of the number and price of the shares to be sold and invite each of them to state in writing within thirty days from the date of the said notice whether he is willing to purchase any, and if so, what maximum number of the said shares.
- (iii) At the expiration of the said thirty days the Board shall allocate the said shares to or amongst the members or member who shall have expressed his or their willingness to purchase as aforesaid and (if more than one) so far as may be pro rata according to the number of shares already held by them respectively **PROVIDED THAT** no member shall be obliged to take more than the said maximum number of shares so notified by him as aforesaid.
- (iv) Upon such allocation being made the Vendor shall be bound on payment of the said price to transfer the shares to the Purchaser or purchasers. If he makes default in so doing the Chairman for the time being of the Directors of the Company or failing him one of the Directors duly nominated by resolution of the Board for that purpose shall forthwith be deemed to be duly appointed attorney of the Vendor, with full power to execute, complete and deliver in the name and on behalf of the vendor a transfer of the shares to the purchasing member and the Board may receive and give a good discharge for the Purchase money on behalf of the Vendor and enter the name of the purchaser in the register of members as holder by transfer of the shares purchased by him.
- (v) In the event of the whole or any lot of shares offered through the Board as provided by this article not being sold in the manner by this article provided the Vendor may at any time within six calendar months after the expiration of the said period of thirty days after the date of the notice given by the Board to the members transfer the shares not so sold to any person (subject to article 24) and at any price.

FORFEITURE OF SHARES

- 29. If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
- 30. The notice shall name a further day (not earlier than the expiration of three weeks from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

31. If the requirements of such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time hereafter before the payment required by the notice has been made be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares not actually paid before the forfeiture.
32. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
33. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the nominal amount of the shares.
34. A Statutory Declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
35. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether in account of the amount of the share, or by way of premium, as if the same had been payable by virtue of all calls duly made and notified.

CONVERSION OF SHARES INTO STOCK

36. The Company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.
37. The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as, and, subject to which, the shares from which the stock arose might previous to conversion have been transferred,

or as near thereto as circumstances admit but the directors may from time to time fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of the minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.

38. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no privilege or advantage (except participation in the dividends and profits of the Company) shall be conferred by any such a liquor part of the stock as would not if existing in shares, have conferred that privilege or advantage.
39. Such of the regulations of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

ALTERATION OF CAPITAL

40. The Company may from time to time by special resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
41. Subject to any direction to the contrary that may be given by the Company by special resolution in general meeting, all new shares shall, before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to have the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot in the opinion of the Directors, be conveniently offered under this article.
42. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.
43. The Company may by ordinary resolution:
 - (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

- (b) sub-divide its existing shares or any of them, into shares of a smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the relevant provisions of the Act
 - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
44. The Company may, by special resolution, reduce its share capital and any capital redemption reserve fund in any manner and with, and subject to, any incident authorised and consent required, by law.

GENERAL MEETINGS

45. A general meeting shall be held once in every calendar year at such time (not being more than fifteen months after the holding of the last preceding general meeting) and place as may be determined by the Directors. In default of a general meeting so held a general meeting may be convened by any one member in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.
46. All such general meetings shall be called Annual General Meetings and all other general meetings shall be called Extraordinary General Meetings.
47. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by the relevant provisions of the Companies Act. If at any time there are not within Tanzania sufficient Directors capable of acting to form a quorum, any Director or any one member of the Company convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

48. Subject to the relevant provisions of the Act relating to special resolutions, three week's notice at the least (exclusive of the day on which the notice is served or deemed to be served by inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and, in case of special business, the general business, the general nature of that business shall be given in manner hereinafter mentioned, or in such other manner if any, as may be prescribed by the Company in general meeting, to such persons, as are, under the regulations of the Company entitled to receive such notices from the Company but with the consent of all the members entitled to receive notice of some particular meeting that meeting may be convened by such shorter notice and in such manner as those members may think fit.

PROCEEDINGS AT GENERAL MEETINGS

49. All business transacted at any general meeting shall be deemed special with the exception of the consideration of the accounts, balance sheet and the ordinary report of the Directors and Auditors.
50. No business shall be transacted at any general meeting or any adjournment thereof unless a quorum of members is present when the meeting proceeds to business. A quorum shall be constituted when two members are present in person or by proxy and hold not less than seventy-five percent of the issued share capital entitled to vote on the matters therein presented.
51. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the request of members, shall be dissolved in any other case, it shall be adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum (as defined in article 50), is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved.
52. No resolution, whether special or extraordinary, shall be carried as being passed at any general meeting or any adjournment thereof, unless the said resolutions received the affirmative vote of not less than seventy-five percent of the shares of such members as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose the resolution as special or extraordinary has been duly given.
53. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company.
54. If there is no such Chairman, or if at any meeting, he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose some one of their number to be Chairman.
55. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
56. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least one member present in person

or by proxy and entitled to vote. Unless a poll is so demanded, a declaration by the Chairman that the resolution has, on a show of hands, been carried or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minute book shall be conclusive evidence of the fact.

57. If a poll is duly demanded, it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
58. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
59. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

VOTES OF MEMBERS

60. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have no vote. On a poll every member shall have one vote for each share of which he is the holder.
61. In case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
62. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian appointed by the court, and any such committee or other legal guardian may, on a poll, vote by proxy.
63. On a poll votes may be given either personally or by proxy, provided that no company shall vote by proxy unless a resolution of its Directors in accordance with the relevant provisions of the Act is in force.
64. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or, if the appointor is a corporation, either under seal, or under the hands of an officer or attorney duly authorised. A proxy need not be a member of the Company.
65. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a naturally certified copy of that power or authority shall be deposited at the registered office of the Company not less than twenty-four hours before the time for holding the meeting or adjourned meeting,

at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

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

"I, of being a member of a hereby appoint of as my proxy, to vote for me and on my behalf at the (ordinary or extraordinary as the case may be) general meeting of the company to be held on the day of 20....., and at any adjournment thereof.

Signed this day of 20.....

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

**CORPORATIONS ACTING BY
REPRESENTATIVES AT MEETINGS**

68. Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorised such person as it thinks fit to act as its representatives at any meeting other company or of any class of members of the Company, and the person authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

DIRECTORS

69. The first Directors of the Company shall be:

1. Tariq Makki Jaffar Saleh
2. Matth Makki Jaffar Saleh

70. Any member or members shall, so long as he or they continue to hold in the aggregate twenty percent (20%) in nominal value of the issued shares of the Company, in respect of each such holding of twenty percent (20%), be entitled to appoint any person to be a Director of the Company. Every such member or members may at any time remove from office and Directors appointed or removal shall be effected by notice in writing signed by the member or members making the same or, in the case of a member being a Corporation, signed by any of its Directors or other Authorised officer on its behalf, and shall take effect upon lodgement at the registered office.

71. Any member or members holding in the aggregate more than fifty percent (50%) in nominal value of the issued shares of the Company may nominate as Chairman of the Board of Directors, one of the Directors appointed under this Article.
72. A Director may resign from office upon giving one month's notice in writing to the company of his intention so to do, and such resignation shall take effect upon the expiration of such notice or its earlier acceptance by the Board of Directors.
73. (1) The remuneration of the Directors shall from time to time be determined by the Company in General Meeting.
- (2) In addition to their usual remuneration the Directors shall, subject to the approval of the whole Board of Directors, also be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the exercise of their duties, including any such expenses incurred in connection with their attendance at meetings of Directors.
74. Any Director may at any time appoint any person to be an alternate Director of the Company, with powers which may be limited by the Director, and may at any time remove any alternate Director so appointed from office, and, appoint another person in his place. An alternate Director shall (subject to his giving to the Company an address at which notices may be served on him) be entitled to receive notices of all meetings of the Directors, and to attend and vote as a Directors at any meetings at which the Director appointing him is not personally present and generally to perform all the functions of his appointor as a Director in the absence of such appointor. An alternate Director shall *ipso facto* cease to be an alternate Director if his appointor ceases for any reason to be a Director. All appointments and removals of alternate Directors shall be effected by notice in writing under the hand of the Directors or by cable, making or revoking such appointment sent to or left at the registered office. An alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. The remuneration of any such alternate Director shall be payable out of the remuneration payable to the Director appointing him and shall consist of such part (if any) of the last mentioned remuneration as shall be agreed between the alternate Director and the Director appointing him. Any Director or alternate Director may, in addition to his position as Director or alternate Director, be appointed as an alternate to or by any number of Directors.
75. A Director and alternate Director shall not require a share qualification but nevertheless shall be entitled to attend and speak at any general meeting of the Company, and at any separate meeting of the holders of any class of shares in the Company.
76. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall when the number of Directors

- exceeds three, be three, and when the number of Directors does not exceed three, be two. A resolution in writing signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted and may consist of several documents in the like form, each signed by one or more of the Directors but so that the expression "Director" in this article shall not include an alternate Director other than an alternate Director appointed by a Director who at the date of the resolution is absent from Tanzania.
77. Provided a Director declared his interest therein in manner provided by the Ordinance he may vote as a Director in regard to any contract or arrangement in which he is interested or upon any matter arising there out, and if he shall so vote his vote shall be counted in the quorum when any such contract or arrangement is under consideration.
78. The Directors may exercise all of the powers of the Company with the exception of the following, which shall require ratification by the Company in general meeting:
- (1) borrowing money in excess of Shs. 10,000,000/=;
 - (2) mortgaging or charging the Company's undertaking; property and uncalled capital or any part thereof;
 - (3) issuing debentures, debenture stock and other securities in excess of Shs. 10,000,000/=, whether outright or as security for any debt liability or obligation of the Company or of any third party.
79. The business of the Company shall be managed by the Directors who may pay all expenses incurred in getting up and registering the Company, and may exercise all such powers of the Company, as are not, by the Act, or by these articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any regulation of these articles, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid regulation or provisions, as may be prescribed by the Company in general meeting; but no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
80. The Directors may from time to time appoint one or more of their body to the office of Managing Director or may appoint any person or body corporate to manage the Company for such term and at such remuneration (whether by way of salary or commission, or participation in profits, or partly in one way and partly in another) as they may think fit. In the case of the appointment of a Managing Director such appointment shall be subject to determination *ipso facto* if he ceases from any cause to be a Director.

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

and every Director present at any meeting of Directors shall sign his name in a book to be kept for that purpose.

THE SEAL

82. The Board shall provide for the safe custody of the seal. The seal shall be used only by the authority of the Board and every instrument to which the seal shall be affixed shall be signed by a Director and also by the Secretary or by a second Director or by some other person appointed by the Board for the purpose.

DISQUALIFICATION OF DIRECTORS

83. The Office of Director shall be vacated if the Director:
- (a) without the consent of the Company in general meeting holds any other office of profit under the Company except that of Managing Director or Manager, or
 - (b) becomes bankrupt in this Territory or in any other territory which is declared to be a reciprocating territory under section 147 of the Bankruptcy Act; or
 - (c) ceases to be a director by virtue of any provisions of the Act or becomes prohibited by law from being a director ; or
 - (d) Is found lunatic or becomes of unsound mind; or
 - (e) resigns his office by notice in writing to the Company; or
 - (f) is punished with imprisonment for a term exceeding six months without the option of a fine.
 - (g) Is directly or indirectly interested in any contract with the company and fails to declare the nature of his interest in manner required by the Act.

PROCEEDINGS OF DIRECTORS

84. The Directors may meet, together, upon adequate notice duly given for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall, except as otherwise agreed from time to time by the members, be decided by a majority of votes. A Director may, and the secretary on the requisition of a Director shall at any time summon a meeting of the Directors. Adequate notice shall in all cases be that which is reasonably calculated to advise Directors whether within or without Tanzania of the proposed meeting.
85. If at any time the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

SECRETARY

86. The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any Secretary so appointed may be removed by them.
87. A provision of the 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.

DIVIDENDS AND RESERVE

88. The Company in general meeting may, by special resolution declare dividends, but no dividend shall exceed the amount recommended by the Directors.
89. No dividend shall be paid otherwise than out of profits.
90. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this article as paid on the share.
91. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting

paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this article as paid on the share.

92. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the Directors may from time to time think fit.
93. If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.
94. Any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto or in the case of joint holders to any one of such joint holders at his registered address or to such person and such address as the member or person entitled to such joint holders, as the case may be, may direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint holders, as the case may be, may direct.
95. No dividend shall bear interest against the Company.

ACCOUNTS

96. The Directors shall cause proper books of account to be kept with respect to:
- All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
- All sales and purchases of goods by the Company and the assets and liabilities of the Company.
97. Books of accounts shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
98. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have

any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting.

99. The Directors shall from time to time in accordance with the relevant section of the Act, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in that section.
100. The profit and loss account shall show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the meeting and, in case where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.
101. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting together with a copy of the Auditor's report shall not less than three weeks before the date of the meeting be sent to all persons entitled to receive notices of general meetings of the Company.

AUDIT

102. The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold the office until the next Annual General Meeting.
103. A person or corporation other than the retiring Auditor shall not be capable of being appointed Auditor at an Annual General Meeting unless notice of an intention to nominate that person or corporation to the office of Auditor has been given by a member of the Company not less than fourteen days before the Annual General Meeting and the Company shall send such notice to the retiring Auditor and shall give notice thereof to the members not less than seven days before the Annual General Meeting.
104. The remuneration of the Auditors shall be fixed by the Company in General Meeting.
105. The Auditors shall be entitled to attend any general meeting of the Company at which any accounts which have been examined or reported on by them are to be laid before the Company and to make any statement or explanation they desire with respect to the accounts.

NOTICES

106. A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address, or such other address or addresses as shall be designated in writing. If he has no registered address within the Territory, it shall be by cable or radiogram with a confirming registered letter return receipt requested addressed to him at such address outside of the territory as shall have been designated by him in writing.
107. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and unless the contrary is proved to have been effected at the time at which the letter would be delivered in the ordinary course of post.
108. If a member has no registered address within the Territory and has not supplied to the Company an address for the giving of notices to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the Company shall be deemed to have been duly given to him at noon on the day on which the advertisement appears.
109. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder named first in the register of members in respect of the share.
110. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or receiver of the bankrupt, or by any like description, at the address, if any, within the Territory supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy has not occurred.
111. Notice of every general meeting shall be given in the same manner hereinbefore authorised to (a) every member except those members who (having no registered address within the territory) have not supplied to the Company an address for the giving of notices to them, and also to (b) every person entitled to a share in consequence of the death or bankruptcy of a member, who, but for his death or bankruptcy would be entitled to receive notice of the meeting. No other person shall be entitled to receive notices of general meetings.

CAPITALIZATION OF PROFITS


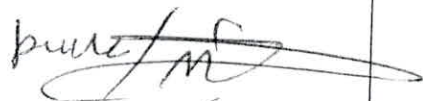
112. The Company in general meeting may upon the unanimous recommendation of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts or to the credit of the profit or loss the company's reserve accounts or to the credit of the profit or loss account or otherwise available for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares by such members respectively, or paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way or partly in the other, and the Directors shall give effect to such resolution.
113. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full powers to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

114. If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Act, if any, and having due regard to the respective rights of the holders of different classes of shares to which special rights are attached, divide amongst the members in specie or kind of the whole or any part of the assets of the Company and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes of members. The liquidator may with like sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities, whereon there is any liability.

INDEMNITY

115. Subject to the provisions of the Act, every Director or other officer and auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto unless the same occur through his own dishonesty, negligence, default, breach of duty, criminal etc, or breach of trust wherein the Director or officer shall be personally liable.

Names, Post Address and Occupation of Subscriber	Number of Shares taken by each Subscriber	Signatures of Subscribers.
Tariq Makki Jaffar Saleh	10000	
Matth Makki Jaffer Saleh	10000	

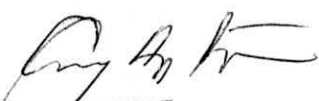
Dated this 17th day of March 2008

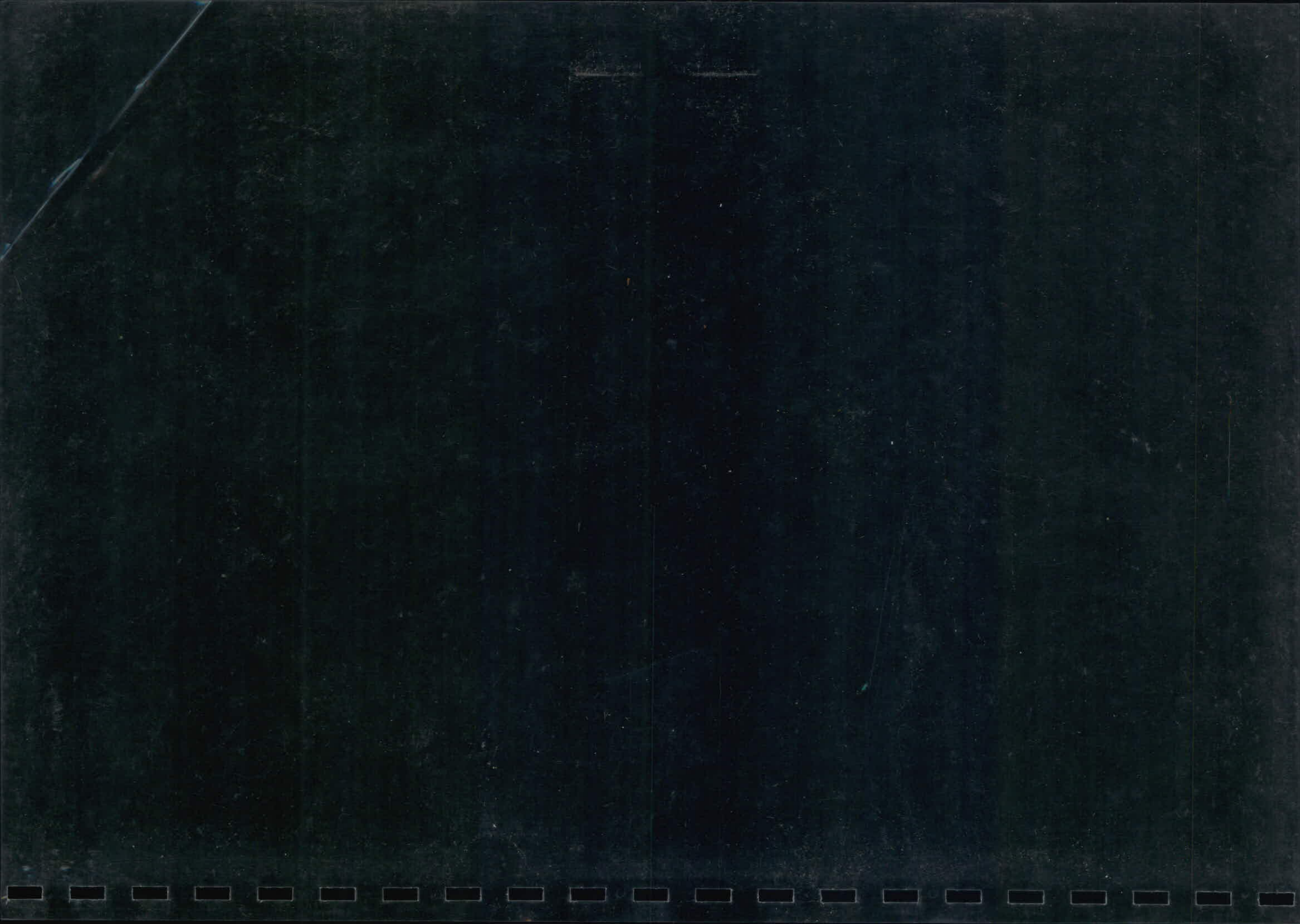
WITNESSES to the above Signatures:

Signature:

Postal Address:

Qualifications:


 GILBERT A. TENGA
 ADVOCATE
 NOTARY PUBLIC &
 COMMISSIONER FOR OATHS
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 DAR ES SALAAM



TMG
FIBREGLASS
LIMITED

2011

BUSINESS PLAN FOR ESTABLISHMENT OF A PROJECT FOR
MANUFACTURING FIBREGLASS BOATS IN TANZANIA

TABLE OF CONTENTS

1.0 INTRODUCTION

- 1.1 Foreword
- 1.2 Objectives of the Study
- 1.3 Project Promoters
- 1.4 Study Layout

2.0 EXECUTIVE SUMMARY

- 2.1 Introduction
- 2.2 Market and Marketing Aspects
- 2.3 Process and Technology
- 2.4 Location
- 2.5 Manpower Requirement
- 2.6 Implementation
- 2.7 Project Economics
- 2.8 Recommendations

3.0 INDUSTRIAL SECTOR IN TANZANIA

- 3.1 Sector Growth
- 3.2 Small Enterprises
- 3.3 Production Cost
- 3.4 Production in selected Industries
- 3.5 Internal Trade
- 3.6 Dar es salaam International Trade Fair (DITF)

4.0 PRODUCTION PROCESS AND TECHNOLOGY

- 4.1 Basic Production Process
- 4.2 Quality Control System
- 4.3 Environment Protection

5.0 MACHINERY, EQUIPMENT AND CIVIL WORKS

- 5.1 Machinery and Equipment
- 5.2 Plant Location and Civil Works
- 5.3 Utility Services

6.0 RAW MATERIALS AND OTHER PRODUCTION INPUTS

- 6.1 Raw Materials
- 6.2 Utilities

7.0 MANPOWER AND PLANT ORGANIZATION

- 7.1 Organization
- 7.2 Responsibilities
- 7.3 Manpower Requirement
- 7.4 Source of Manpower and Wage Bill

- 8.0 INVESTMENT AND FINANCING**
- 8.1 Assumptions
- 8.2 Summary of Capital Costs
- 8.3 Building and Civil Works
- 8.4 Plant, Machinery and Equipment Cost
- 8.5 Furniture and Fittings
- 8.6 Motor Vehicles
- 8.7 Pre-Production Capital Expenditure
- 8.8 Initial Working Capital
- 8.9 Financing Pattern
- 9.0 COST OF OPERATIONS**
- 9.1 Utilities
- 9.2 Motor Vehicles Running Expenses
- 9.3 Salaries and Wages
- 9.4 Marketing
- 9.5 Depreciation
- 10.0 FINANCIAL ANALYSIS**
- 10.1 Income and Expenditure
- 10.2 Net Income Statement Highlights
- 10.3 Cash Flow Highlights
- 10.4 Balance Sheet
- 11.0 ECONOMIC ANALYSIS**
- 11.1 Assumption and Consideration
- 11.2 Economic Benefits of the Project
- 12.0 RECOMMENDATIONS**

1. INTRODUCTION

1.1 FOREWORD

A boat is a watercraft of modest size designed to float or plane, to provide passage across water. Usually this water will be inland or in protected coastal areas. Boats can be categorized into three types:

- Unpowered or human-powered boats including rafts and floats meant for one-way downstream travel. Human-powered boats include canoes and boats propelled by poles.
- Sailing boats i.e boats which are propelled solely by means of sails.
- Motorboats propelled by mechanical means, such as engines.

Several key components make up the main structure of most boats. The hull is the main structural component of the boat which actually provides buoyancy for the boat. The roughly horizontal, but chambered structures spanning the hull of the boat are referred to as the deck. In a ship there are often several decks, but a boat is unlikely to have more than one. Above the deck are the superstructures. The underside of a deck is the deck head.

An enclosed space on a boat is referred to as a cabin. Several structures make up a cabin: the similar but usually lighter structure which spans a raised cabin is a coach-roof. The "floor" of a cabin is properly known as the sole, but is more likely to be called the. The vertical surfaces dividing the internal space are bulkheads. The keel is a lengthwise structural member to which the frames are fixed. The front of a boat is called the bow. The rear of the boat is called the stern. The right side is starboard and the left side is port.

Around the mid 1960s, boats made out of glass reinforced plastic, more commonly known as fibreglass, became popular, especially for recreational boats. Fibreglass is material made from extremely fine fibres of glass. It is used as a reinforcing agent for many polymer products; the resulting composite material, properly known as fibre-reinforced polymer (FRP) or glass-reinforced plastic (GRP), is called "fibreglass" in popular usage. Glassmakers throughout history have experimented with glass fibres, but mass manufacture of fibreglass was only made possible with the invention of finer machine tooling. The types of fibreglass most commonly used are mainly E-glass, A-glass, E-CR-glass, C-glass, D-glass, R-glass, and S-glass

Glass fibres are useful because of their high ratio of surface area to weight. However, the increased surface area makes them much more susceptible to chemical attack. By trapping air within them, blocks of glass fiber make good thermal insulation.

The strength of glass is usually tested and reported for pristine fibres i.e. those which have just been manufactured. The freshest, thinnest fibres are the strongest because the thinner fibres are more ductile. The more the surface is scratched, the less the resulting tenacity. Because glass has an amorphous structure, its properties are the same along the fibre and across the fibre. Humidity is an important factor in the tensile strength. Moisture is easily adsorbed, and can worsen microscopic cracks and surface defects, and lessen tenacity.

In contrast to carbon fibre, glass can undergo more elongation before it breaks. There is a correlation between bending diameter of the filament and the filament diameter. The viscosity of the molten glass is very important for manufacturing success.

Fibreglass boats are extremely strong, and do not rust, corrode, or rot. They are, however susceptible to structural degradation from sunlight and extremes in temperature over their lifespan. Fibreglass provides structural strength, especially when long woven strands are laid, sometimes from bow to stern, and then soaked in epoxy or polyester resin to form the hull of the boat. Whether hand laid or built in a mold, Fibre Reinforced Plastic boats usually have an outer coating of gelcoat which is a thin solid colored layer of polyester resin that adds no structural strength, but does create a smooth surface which can be buffed to a high shine and also acts as a protective layer against sunlight. Fibre Reinforced Plastic structures can be made stiffer with sandwich panels, where the Fibre Reinforced Plastic encloses a lightweight core such as balsa or foam. Cored Fibre Reinforced Plastic is most often found in decking which helps keep down weight that will be carried above the waterline. The addition of wood makes the cored structure of the boat susceptible to rotting which puts a greater emphasis on not allowing damaged sandwich structures to go unrepaired. Plastic based foam cores are less vulnerable. The phrase 'advanced composites' in Fibre Reinforced Plastic construction may indicate the addition of carbon fibre or other similar materials, but it may also indicate other methods designed to introduce less expensive and less structurally sound materials.

Cold molding is similar to Fibre Reinforced Plastic in as much as it involves the use of epoxy or polyester resins, but the structural component is wood instead of fibreglass. In cold molding very thin strips of wood are laid over a form or mold in layers. This layer is then coated with resin and another directionally alternating layer is laid on top. In some processes the subsequent layers are stapled or otherwise mechanically fastened to the previous layers, but in other processes the layers are weighted or even

vacuum bagged to hold layers together while the resin sets. Layers are built up thus to create the required thickness of hull.

1.2 OBJECTIVES OF THE STUDY

The purpose of this Feasibility Study is to work out the technical and commercial details and the financial viability for the establishment of the above project at Plot No. 11, Block 5, Kizota Area, Temeke Municipality, Dar es salaam.

1.3 PROJECT PROMOTERS

The following sponsors are promoting the proposed project:

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS	NATIONALITY	NUMBER FOR EACH SUBSCRIBER	% SHARE- HOLDING
Tariq Makki Jaffar Saleh	UAE	10,000	50%
Matth Makki Jaffar Saleh	UAE	10,000	50%

The current shareholders of the company have a wealth of experience managing various businesses worldwide. They are keen to exploit such experience to make this project a success.

1.4 STUDY LAYOUT

This study is presented in one document comprising the following major chapters.

Chapter One	-Introduction
Chapter Two	-Executive Summary
Chapter Three	-Manufacturing Sector in Tanzania
Chapter Four	-Production Process and Technology
Chapter Five	-Machinery, Equipment and Civil Works
Chapter Six	-Raw Materials and Other Production Inputs
Chapter Seven	-Manpower and Plant Organization
Chapter Eight	-Investment and Financing
Chapter Nine	-Costs of Operation
Chapter Ten	-Financial Analysis
Chapter Eleven	-Economic Analysis
Chapter Twelve	- Recommendations

2. EXECUTIVE SUMMARY

2.1 INTRODUCTION

TMG Fibreglass Limited plans to establish state of the art manufacturing facilities for fibreglass boats in Tanzania. It is expected that this will be the first such facility in the country.

Over the years the company's boats produced in other countries have proven to be reliable, safe, fuel efficient and cost effective. Whatever the use boats produced are built to last. They are tough, affordable, good quality fibreglass boats which require little maintenance.

They are used for everything from commercial fishing to leisure fishing; prawn farming, pearl farming and seaweed farming and any other farming related to the water. In many countries such boats are used as water taxis, water buses and cargo boats. But the best use of all is for fun, leisure and pleasure.

The company plans to be the market leader in Tanzania and in the East Africa Region in production of high quality fibreglass boats. Based in Dar es salaam TMG Fibreglass Limited expects to put in the market different models of boats to choose from which can be customized to suit customer needs. Its manufacturing processes and quality control will be strict so as not to compromise on product standards.

The boats will be built by a team of boat builders with wealth of experience and passion for building quality boats. Designers, engineers and

manufacturing experts will apply their insight, creativity and the latest lean-manufacturing methods to meet the needs and dreams of customers with the highest expectations for their boats. Focus on quality and continuous improvement will be aided by a feedback system which brings continuous feedback reflecting the experience of customers.

Every boat design will start with the latest in computer-aided design (CAD) technology, assuring the highest levels of quality and manufacturability. The building process will begin in the plant's lay-up area where hulls, stringer grid systems, deck assemblies and other fiberglass components will be produced using state-of-the-art materials and fabrication techniques.

It will then move through each stage of production until the finished boat is ready for final inspection and preparation for shipment. This system will put each step of the process in the hands of specialists trained specifically for the tasks they perform.

Along the way, teams of quality control managers will closely monitor each boat's progress, performing a long list of analytical inspections. Every boat will have to be approved at each stage of production before moving to the next. Only after passing a final inspection will each boat be shrink-wrapped and readied for delivery.

In order to keep up with international safety standards the company expects to have its boats surveyed by an International Standards Organisation for stability and freeboard / buoyancy and floatation. This will allow it to export produced boats anywhere in the world and give its clients confidence that the boat they are purchasing is seaworthy.

2.2 MARKET AND MARKETING ASPECTS

2.2.1 Market Demand of the Product.

At present there are only a few companies in Tanzania which manufacture fibreglass boats. Our company will produce quality fibreglass boats which will be sold at very reasonable price. Based on our market survey, our boats have a huge demand in the region. We intend to deliver quality boats to cater to the rising demand in the country. The company has plans to export some fibreglass boats throughout the region.

2.2.2 Market Segmentation & Targets.

The company will focus its market offerings on two major customer groups.

- a) Companies with big projects particularly in fishing and tourism subsectors.
- b) Individuals and cooperative societies involved in small scale fishing activities

Our Market survey shows that the above referred customer segments are the most demanding in terms of quality technical support. The company is particularly very strong in these areas and will utilize our capacities to serve these clients.

2.2.3 Competition & buying Patterns.

Initial market survey shows no presence of companies in Tanzania which manufacture fibreglass boats.

We believe that a customer will choose our product based on the following criteria.

- a) Quality of Product: The fibreglass boats we intend to manufacture and supply will be of superior quality and complying to various international standards.
- b) Pricing: The fibreglass boats we intend to manufacture will be competitively priced, thus helping customer reduce their overall operating cost.
- c) Performance: The fibreglass boats we intend to produce will be of superior quality and will last for longer duration, thereby reducing operation and maintenance cost.
- d) Delivery: We will provide on time delivery, there by reducing customer inventory and over all operating cost.

2.2.4 Marketing Strategy.

The company's marketing strategy will be to promote sales of its produced fibreglass boats utilizing internal and external sales tactics. By continuously interacting with customer, knowing their demands and seeking new accounts.

2.2.5 Sales Strategy.

TMG Fibreglass Limited sales plan is to seek business that will advance the company's quest to vertically integrate and become a stronger force in this industry. The company will continue to strive towards procuring sales of our product and enhancing manufacturing capacity. The company will utilize internal and external sales tactics, aggressively seeking new accounts. The company will use direct sales force, and relationship selling to reach its markets.

2.3 PROCESS AND TECHNOLOGY

The building of a fibreglass boat begins with the plug, a full size mock up of the part to be built – such as the hull. From the plug a concave mold is made, usually made from fibreglass. Before the lay up is begun, the mold is separated with a releasing agent to keep the fibreglass laminates from sticking to it. As various parts will come from the mold, it's carefully built so the shapes never varies and is polished to a high finish.

2.4 LOCATION

As mentioned earlier the factory will be located at Plot No. 11, Block 5, Kizota Area, Temeke Municipality, Dar es salaam.

2.5 MANPOWER REQUIREMENTS

The whole project will comprise of a total permanent work force of 44 people and several other temporary employees. Maximum employment will be given to the local work force. The factory will be organized into three major areas namely:

Production

Marketing

Finance and administration

2.6 IMPLEMENTATION

The project is planned to undergo two phases:

Phases I: Major activities to be involved include registration of the project and approvals by the Tanzania Investment Centre (TIC), and mobilization of

funds from Sponsors. Other activities include identification of appropriate technology, sourcing of machinery and equipment, construction of buildings, staff recruitment and training of core personnel. Production will commence in this phase.

Phases II: Will involve further expansion of production operations and employment of staff.

2.7 PROJECT ECONOMICS

2.7.1 Capital Investment Requirements

COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	2,000,000
Plant & Machinery	5,000,000
Motor Vehicles	150,000
Furniture & Fixtures	50,000
Pre exp	100,000
Others	200,000
Working Capital	500,000
TOTAL	8,000,000

*US\$ 1 = Tshs 1,750

2.7.2 Expenditure on basic materials and Profitability

The major expenditure item is the purchase of various raw materials which are major inputs in fibreglass boat manufacturing operations undertaken by the company. Project revenue will accrue from undertaking manufacturing

activities explained earlier. Based on projected revenue at sustainable levels of production the project is quite profitable.

2.8 RECOMMENDATIONS

The study shows establishment of manufacturing facilities outlined is both technically and financially a feasible undertaking. Furthermore, it will create local employment for the national benefit. In view of the findings, the project is recommended for implementation.

3. INDUSTRIAL SECTOR IN TANZANIA

In the end of the 20th century, manufacturing activities in Tanzania have exemplified a steady growth, registering average annual growth of over 4 percent. Nevertheless, manufacturing activities in Tanzania, are relatively small and at an infancy stage. Its contribution to GDP has averaged 8% over the last decade, with most activities concentrated on manufacture of simple consumer goods - food, beverages, tobacco, textiles and furniture and wood allied products. Most of the present industries were established in the light of import substitution strategy, whereas production focused in substituting previously imported goods in view of saving the country's meagre foreign exchange.

The government decision to liberalize trade and investment policies, effected since 1986, witnessed a number of firms even those believed to be as strong, clumping down as they could hardly withstand competition from imported manufactures. A number of measures were taken in view of revamping competitiveness of the local industries and enhancing their penetration into export markets.

The government starting in the early 1990s launched a deliberate programme to restructure and privatize publicly owned enterprises. Out of this programme some sheds of hope are now emerging. The overall utilization of installed industrial capacities is improving, rising from an average of 20% in 1990 to around 50% at the turn of the 21st Century. Some of the recently privatized industries have undergone intensive rehabilitations - improving their capital structure, production technologies and management and marketing system as well as retrenched workers to match with production levels and improved quality and lower costs of production.

The manufacturing sector is of significant importance in the Tanzania's economy. Up to 1999, the sector employed about 140,000 people or about 48% of total monthly wage earners, making it the largest urban employer. It remains to be the most reliable source of government revenue in terms of import sales, corporate and income taxes. It accounts for over half of government annual revenue collection. Though manufacturing export has been in a declining trend, yet it earns the country a fifth of total foreign exchange earnings to become a third important sector coming after agriculture and tourism. Moreover, it is the industrial sector that provides reliable field to practice invention, innovation and nurturing modern technologies for production and service provision.

3.1 SECTOR GROWTH

The growth rate of manufacturing activities was 9.9 percent in 2008 compared to 8.7 percent in 2007. The growth was attributed to increase in industrial production of food and milk; chemical and printing; and increased production of goods for export. The contribution of manufacturing activities to the Gross Domestic Product (GDP) increased to 9.4 percent in 2008 from 9.2 percent in 2007.

3.2 SMALL ENTERPRISES

In 2008, sensitization and dissemination of 19 new technologies to small enterprises was carried out, and lead to manufacturing of 118 machines and 1,780 spare parts. The technologies disseminated to owners of small enterprises among others included: food processing; reduction of consumption trees and woods products for energy; packaging of processed foods; production of construction materials particularly bricks;

manufacturing of lime and chalk; grinding of cooking oil from palm tree and manufacturing of soap and skin and hide processing.

In 2008, advisory services related to business development and production activities were provided to a total of 6,139 entrepreneurs. Likewise, 770 entrepreneurs were provided training in the following areas: processing of skin, chalk, cashew nuts, animal foods, bamboo, pottery and processing and preservation of foods. Out of those, 373 entrepreneurs were trained on food processing and 178 skin processing. Training on skin processing was undertaken in regions of: Mara, Mwanza, Shinyanga, Tabora, Singida, Manyara, Arusha, Kagera and Morogoro. In addition, a total of six entrepreneurs' exhibitions were undertaken in 2008 whereby 1,269 entrepreneurs displayed and sell products worth shs. 528 million. Likewise, 1,854 entrepreneurs obtained loans worth shs. 1.2 billion providing a total of 3,669 new employment.

3.3 PRODUCTION COST

The cost of manufacturing production increased to shs. 1,747,229 million in 2008, from shs. 1,712,247 million in 2007. This is equivalent to an increase of 2.0 percent. The increase was due to rise in the cost of production particularly fuel.

3.4 PRODUCTION IN SELECTED INDUSTRIES

Generally, production in selected industries declined in 2008. The decline was due to rise in production cost, and suspension of production in steel; textile; and skin and hide industries.

In 2008, production of corrugated iron sheets decreased from 36,492 tons to 31,743 tons in 2007, equivalent to a decrease of 13 percent. Production of

steel and steel products decreased from 52,163 tons in 2007 to 39,969 tons in 2008, equivalent to a decrease of 23.4 percent. Production of sisal ropes declined from 7,783 tons in 2007 to 7,012 in 2008, equivalent to a decrease of 11 percent. However, production of cement increased from 1,630 million tons in 2007 to 1,756 million tons in 2008, equivalent to an increase of 7.7 percent.

Production of wheat flour decreased from 406,336 tons in 2007 to 287,925 tons in 2008, equivalent to a decline of 29.1 percent. However, production of biscuits and spaghetti increased from 11,273 tons in 2007 to 15,435 tons in 2008, equivalent to an increase of 36.9 percent.

Production of beer declined from 310,194 million litres in 2007 to 291,178 million litres in 2008, equivalent to a decrease of 34.6 percent. Production of Kibuku brew declined from 10,320 million litres in 2007 to 10,235 million litres in 2008, equivalent to a decrease of 0.8 percent. Production of Konyagi declined from 5,622 million litres in 2007 to 4,049 million litres in 2008, equivalent to a decrease of 28 percent. However, production of cigarette increased from 5,821 million in 2007 to 6,101 million in 2008, equivalent to an increase of 4.8 percent.

3.5 INTERNAL TRADE

In 2008, trade economic activities which comprise wholesale, retail and repair grew by 10.0 percent from 9.8 percent in 2007. The share of this sub activity to GDP was 14.1 percent in 2008 compared to 13.8 percent in 2007.

3.6 DAR ES SALAAM INTERNATIONAL TRADE FAIR (DITF)

In 2008, a total of 1,930 exhibitors participated at the Dar es Salaam International Trade Fair- Mwalimu Nyerere Trade Fair Ground compared to 1,866 in 2007, equivalent to an increase of 3.4 percent. Sale of goods was shs.24.8 billion in 2008 compared to shs. 27.2 billion in 2007, equivalent to a

decrease of 9.7 percent. The decline was due to many participants opted to promote their products instead of selling and forming joint venture with local traders. Exhibitor participated in 2008 trade fair include; 27 countries; 328 foreign companies; 1,602 local participants; and 15 Government representatives from foreign countries.

Export inquiries valued USD 199.8 were received in 2008 compared to USD 197.3 in 2007, equivalent to an increase of 1.3 percent. The increase was attributed to improved products manufactured by participating companies. Purchase of goods decreased to USD 135.1 million in 2008 from USD 140 million in 2007, equivalent to a decrease of 3.5 percent. The decline was caused by increase in cost of domestic raw materials and technology used in production.

4. PRODUCTION PROCESS AND TECHNOLOGY

4.1 BASIC PROCESS

4.1.1 Molding the Hull

The hull is the body of any boat. Fibreglass boat hulls are laid up, that is, they're formed using a mold, so that the hulls of one design all match. This is useful as it enables the company not to start from scratch with each boat built.

After the design process is completed the molds are built. Like the molds in ceramics, the mold for a boat is a "negative version" of the finished boat. To build a boat, the interior of the mold will first be covered with gelcoat, a clear coating similar to the clear coat finish on an automobile, but much thicker. At this stage the gelcoat is allowed to dry. After the gelcoat has cured, the fibreglass, which comes in rolls, like gauze bandage or attic insulation will be saturated with resin. Then several layers of the fibreglass are to be laid into the mold, one layer at a time. The resin then hardens into the finished fiberglass boat hull. Before the final layers of fibreglass are added, a core of foam or balsa wood will be added for extra flotation.

4.1.2 Adding the Boat's Systems

The completed fibreglass hull will be removed from the mold and inspected. If necessary, minor cosmetic repairs are to be made to the hull at this stage, the gelcoat is touched up and the hull is inspected.

At this point, the boat will essentially be completed, but before delivery to a dealer, carpeting, seating, heads, a galley, controls or other components are to be added. If the boat is a sailboat, this is the stage at which the mast and

mast step are added; if the boat is powered, the engine is installed after the final inspection.

Even after the company's fitting out, the boat owner will be able make changes such as adding a transom door, beefing up the transom so that the boat can carry heavier outboard motors or adding specialized systems

4.2 QUALITY CONTROL SYSTEM

Required quality control measures will be pursued to ensure that best quality fiberglass boats are produced to cater initially for the local market and later for export market. Teams of quality control managers will closely monitor each boat's progress, performing analytical inspections. Every boat will have to be approved at each stage of production before moving to the next. Only after passing a final inspection will each boat be shrink-wrapped and readied for delivery

4.3 ENVIRONMENT PROTECTION

Our aim is to make this project environment friendly. Appropriate action will be taken to ensure that manufacturing operations cause no harm to the environment. By taking such measures, we can protect the country's environment in particular and global environment in general.

5. MACHINERY, EQUIPMENT AND CIVIL WORKS

5.1 MACHINERY & EQUIPMENT

The company will use state of the art fiberglass boat production technology since it is obliged to maintain international manufacturing standards. The technology to be used will be modern to achieve desired effectiveness and efficiency in the manufacturing processes.

5.2 PLANT LOCATION AND CIVIL WORKS

i. Site and Location

The plant shall be located at Plot No. 11, Block 5, Kizota Area, Temeke Municipality, Dar es salaam. This location takes into consideration such important factors like availability of reliable power

ii. Production Building Required

The built up area required for production will be medium sized taking into consideration the kind of operations to be undertaken.

iii. Office Building

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

5.3 UTILITY SERVICES

iv. Water

Water supply from Dar es salaam Water & Sewerage Corporation (DAWASCO) will be necessary to boost water supply to the factory premises. A water reservoir of capacity 20,000 liters is recommended to be constructed.

v. Electricity

The Tanzania Electric Supply Company Ltd. (TANESCO) is expected to provide the required amount of electricity from the national grid.

6. RAW MATERIALS AND OTHER PRODUCTION INPUTS

6.1 RAW MATERIALS

The main Raw materials for the manufacture of fiberglass boats will be glass-reinforced plastic, epoxy or polyester resin, advanced composites such as carbon and various chemicals.

6.2 UTILITIES

i. Water

Water supply to the factory premises is required. A water reservoir of capacity 20,000 liters is also recommended to be constructed.

ii. Power

As said earlier in this report, the source of energy for the proposed project will be electric power.

A standby power generator has also been budgeted for to avoid inconveniences caused by frequent power cuts.

7. MANPOWER AND PLANT ORGANIZATION

The proposed project will have three independent departments, namely:

- Production
- Sales and Marketing
- Administration and Finance

7.1 ORGANIZATION

The Board of Directors of the company shall manage the project at policy level. The top most person in the day to day running of the company will be the Managing Director. Under the Chief Executive's office will be the three Departments mentioned above. Each will be under a Manager and will comprise a number of Sections each headed by a Section Head as follows.

PRODUCTION DEPARTMENT

Sections:

- Operations
- Maintenance

SALES AND MARKETING DEPARTMENT

Sections:

- Research & Promotion
- Sales

ADMINISTRATION AND FINANCE DEPARTMENT

Sections:

- Human Resources, Training & Administration
- Finance & Accounts

Each Department will be manned by a number of personnel with varying education levels and work experiences.

The management team of M/s TMG Fibreglass Limited will comprise the Managing Director, Production Manager, Finance & Administration Manager and Sales & Marketing Manager.

7.2 RESPONSIBILITIES

Responsibilities will be as follows:

i. Production Department

The Manager will be responsible for production planning and overseeing daily production activities being carried out. He will further be responsible for repair and maintenance of company assets and research and development activities. The Department will comprise Sections, namely:

- The Production Section which would be responsible for overseeing manufacturing activities. An expatriate will be employed to train the local technicians in this aspect of operations.

- Maintenance Section which will manage the factory plant and machinery maintenance

ii. Finance and Administration Department

Finance & Administrative Manager will head the Department. He will be responsible for the administration of the company as well as overseeing the financial aspects of the company. The following important units will be under the Department.

- The personnel and administration unit which will be responsible for the general administrative matters of the company as well as personnel issues such as recruitment and training.
- The finance unit, which will be responsible for financial issues. It will also be responsible for the proper maintenance of books of accounts and financial planning.
- The purchasing unit which will be responsible for the purchase of raw materials, spare parts and equipment. This section will also be responsible for the receipt, storage and issue of purchased materials.

iii. Sales and Marketing Department

This Department will be headed by the Sales and Marketing Manager who will be responsible for the development of a sustainable sales and distribution network. This will involve developing distribution network and recruitment and training of qualified and well motivated marketing and sales personnel.

7.3 MANPOWER REQUIREMENT

The permanent manpower requirement for running the proposed plant at full operation is 44, with the breakdown mentioned as shown in attached schedules. Several other employees will be contracted on temporary basis.

7.4 SOURCE OF MANPOWER AND WAGE BILL

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

SALARIES & WAGES					
NO	EMPLOYEE DESIGNATION	NO.	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	1800	1800	21,600
2	Production Manager	1	1500	1500	18,000
3	Marketing Manager	1	1500	1500	18,000
4	Finance & Administration Manager	1	1500	1500	18,000
5	Production Supervisor	2	800	1600	19,200
6	Sales Executives	2	800	1600	19,200
7	Engineers	2	800	1600	19,200
8	Assistant Accountants	2	800	1600	19,200
9	Machine Operators & Technicians	20	500	10000	120,000
9	Secretary	2	500	1000	12,000
10	Drivers	4	300	1200	14,400
11	Security Guards	4	200	800	9,600
10	Office Attendants	2	200	400	4,800
	TOTAL USD \$	44	11,200	26,100	313,200

After the initial 2 years, depending on the results of the training, local counter parts will replace the expatriates.

The total wage bill per annum will be US\$ 313,200 as shown in schedule showing wages and salaries.

8. INVESTMENT AND FINANCING

8.1 ASSUMPTIONS

The financial projections to determine the viability of the project by M/s TMG Fibreglass Limited are based on the following key assumptions:

- Installation of manufacturing facilities will start immediately. Thereafter production will commence.
- The company target market will initially be the local market while export market will be considered during subsequent stages.
- Financial calculations are based on current market prices and costs are assumed constant throughout the operating period under view on the assumption that if operation costs change, selling prices will change proportionally to preserve the profit margins.
- The project has adopted the currency exchange rate of United States Dollar 1 = Tanzania Shilling 1,750.00 as prevailing during November 2011.

8.2 SUMMARY OF CAPITAL COSTS

On completion of project implementation, the total investment will reach to US\$ 8.0 million.

8.3 BUILDING AND CIVIL WORKS COSTS

The main civil works required involves construction of factory buildings in which the machinery will be installed .Other civil works will be partitioning, electrification and water supply, tank installation, etc. Total investment on land and buildings is estimated at US\$ 2,000,000

8.4 PLANT MACHINERY AND EQUIPMENT COSTS

The main machinery for the envisaged project will be those for outlined manufacturing operations. Other supporting equipment, various tool, accessories, etc. will be required as explained earlier

The total investment on machinery and equipment is based on a quotation received from major suppliers for main production machinery and amount to US\$ 5,000,000 approximately.

8.5 MOTOR VEHICLES

For company work, the promoters intend to procure various vehicles at total cost of US\$ 150,000.

8.6 PRE-PRODUCTION CAPITAL EXPENDITURES

These include project development cost for feasibility study and start-up expenses. A budget of US\$ 100,000 is considered adequate for this item

8.7 INITIAL WORKING CAPITAL

Initial net working capital requirement at maximum for the proposed project works out at about US\$ 500,000. This is mainly for the procurement of initial stocks of raw materials. Rest of the requirement of the working capital will be raised from commercial banks as and when the need arises. This will fluctuate as per stocks in hand.

8.8 FINANCING PATTERN

The financing of the project will be from owner's equity contribution. The financing of the project will take the following form

	EQUITY(US\$)	LOAN(US\$)
FOREIGN	8,000,000	-
LOCAL	-	-

9. COST OF OPERATIONS

Some of the anticipated costs for operating the project are detailed in the following sections and summarized in attached schedules. The summarized costs are based on the fifth year of operation.

9.1 UTILITIES

A total of US\$ 36,465 will be required as water bills and for the purchase of electric power at sustainable production level.

9.2 VEHICLE RUNNING EXPENSES

Vehicle running expenses include fuel, lubricants, road licenses, etc. The cost has been estimated at US\$ 14,586

9.3 SALARIES AND WAGES

The number of employees, along with their incomes, is shown in attached schedules. The total annual wage package is estimated at US \$ 380,697 including fringe benefits and related taxes .

9.4 MARKETING

The marketing costs are estimated at US\$ 21,879 per annum as per attached schedules

9.5 DEPRECIATION

The following is depreciation schedule for major assets to be employed in manufacturing operations of the project.

DEPRECIATION	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land and Buildings	40,000	40,000	40,000	40,000	40,000
Plant & Machinery	100,000	100,000	100,000	100,000	100,000
Motor Vehicles	3,000	3,000	3,000	3,000	3,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION	144,000	144,000	144,000	144,000	144,000

10 FINANCIAL ANALYSIS

10.1 INCOME AND EXPENDITURE

10.1.1 Income

The proposed project by M/s TMG Fibreglass Limited expects to earn its income through revenue generated through fibreboat sales based on manufacturing operations explained earlier. During the fifth year of operation, the total sales are expected to stand at US\$ 1,464,100

10.1.2 Expenditure

Some project costs have been discussed in Chapter 9 and are summarized in detail in attached schedule.

10.2 NET INCOME STATEMENT HIGHLIGHTS

The project's annual after tax net income during the fifth year of production is estimated to reach US\$ 177,787 as presented in the Income Statement of the financial statements appendix.

10.3 CASH FLOW HIGHLIGHTS

This is shown in the financial statements. The project has a positive end of the year cash flow from year 1 of operation to the 5th year as shown hereunder.

1 st Year	422,600.00
2 nd Year	583,830.00
3 rd Year	788,872.00
4 th Year	1,043,490.00
5 th Year	1,352,897.00

10.4 BALANCE SHEET

The projected Balance Sheet of the project is shown in the financial statements under same heading. Net worth of the project increases from US\$ 8,028,756.00 in the first year of operation to US\$ 8,495,118.00 in the 5th year.

1 st Year	8,028,756.00
2 nd Year	8,088,490.00
3 rd Year	8,183,201.00
4 th Year	8,317,331.00
5 th Year	8,495,118.00

11. ECONOMIC ANALYSIS

11.1 ASSUMPTIONS AND CONSIDERATIONS

The basic assumptions underlying economic benefits and costs are:

- 11.1.1 Taxes on capital costs have been considered.
- 11.1.2 Conversion factors have been used to determine economic costs and benefits.

11.2 ECONOMIC BENEFITS OF THE PROJECT

The successful operation of the Project will contribute significant economic benefits to Tanzania. In summary the benefits which will be realized are as follows:-

- This project will support investment in manufacturing which is important for the economy, contributing to research and other skills development.
- Employment opportunities for at least 44 permanent staff when the project is fully operational.
- The direct income for the workers, combined with other social benefits that the Management of M/s TMG Fibreglass Limited will provide, will help in overall efforts of alleviation of poverty in the Region.

- Provision of a market for goods and services demanded by expanded tax base to the Treasury and local Government authorities and generation of substantial income to the Government.

12. RECOMMENDATIONS

The project is technically feasible, financially and economically viable and environmental friendly. A fast implementation of the project is highly recommended to avoid cost overruns and for the project to be able to realize the benefits outlined above; especially at this juncture when the Government is making effort to boost investment in various sectors in the economy.

In view of the above it is further strongly recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, 1997 to facilitate smooth implementation.

TMG FIBREGLASS LIMITED

PROJECTED INCOME STATEMENT

	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue	1,000,000	1,100,000	1,210,000	1,331,000	1,464,100
Cost of Sales	300,000	330,000	363,000	399,300	439,230
Gross Profit	700,000	770,000	847,000	931,700	1,024,870
Operating Expenses:					
Administrative Overhead Costs:	60,000	63,000	66,150	69,458	72,930
Motor Vehicle running expenses	12,000	12,600	13,230	13,892	14,586
Salaries and wages	313,200	328,860	345,303	362,568	380,697
Pension Contribution	31,320	32,886	34,530	36,257	38,070
Depreciation	144,000	144,000	144,000	144,000	144,000
Marketing Costs	18,000	18,900	19,845	20,837	21,879
Utility costs	30,000	31,500	33,075	34,729	36,465
Insurance	36,000	37,800	39,690	41,675	43,758
Communication	14,400	15,120	15,876	16,670	18,503
Total Expenses	658,920	684,666	711,699	740,084	770,888
Profit before Tax	41,080	85,334	135,301	191,616	253,982
Tax (30%)	12,324	25,600	40,590	57,485	76,194
Profit After Tax	28,756	59,734	94,710	134,131	177,787

TMG FIBREGLASS LIMITED

PROJECTED BALANCE SHEET

	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
<u>Fixed Assets</u>					
Long-term Assets	7,200,000	7,056,000	6,912,000	6,768,000	6,624,000
Depreciation	144,000	144,000	144,000	144,000	144,000
Total Long-term Assets	7,056,000	6,912,000	6,768,000	6,624,000	6,480,000
<u>Current Assets</u>					
Cash	422,600	583,830	788,872	1,043,490	1,352,897
Accounts Receivable	81,500	91,075	101,529	112,945	125,416
Inventory	498,685	524,080	549,302	574,403	599,446
Total Current Assets	1,002,785	1,198,985	1,439,703	1,730,838	2,077,759
Total Assets	8,058,785	8,110,985	8,207,703	8,354,838	8,557,759
<u>Current Liabilities</u>					
Accounts Payable	18,000	19,800	21,780	23,958	26,354
Other Current Liabilities	12,029	2,695	2,722	13,549	36,287
Subtotal Current Liabilities	30,029	22,495	24,502	37,507	62,641
<u>Long-term Liabilities</u>					
Long-term Liabilities	-	-	-	-	-
Total Liabilities	30,029	22,495	24,502	37,507	62,641
Net Assets	8,028,756	8,088,490	8,183,201	8,317,331	8,495,118
<u>Capital and Reserves</u>					
Owners Contribution	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Retained Earnings	28,756	88,490	183,200	317,331	495,118
Total Capital	8,028,756	8,088,490	8,183,200	8,317,331	8,495,118

TMG FIBREGLASS LIMITED						
PROJECTED CASHFLOW						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
CASHFLOW FROM OPERATIONS						
Cash Sales		800,000	880,000	968,000	1,064,800	1,171,280
VAT Receipt		120,000	132,000	145,200	159,720	175,692
Subtotal Cash Received		920,000	1,012,000	1,113,200	1,224,520	1,346,972
Expenditures from Operations:						
Purchases		210,000	231,000	254,100	279,510	307,461
Additional Cash Spent		514,920	540,666	567,699	596,084	626,888
VAT payments		72,480	79,104	86,359	94,307	103,216
Subtotal Cash payment		797,400	850,770	908,159	969,901	1,037,565
CASH FROM OPERATIONS		122,600	161,230	205,042	254,619	309,407
CASH FLOW FROM INVESTMENTS:						
Purchase of Assets		- 7,200,000				
working capital		- 500,000				
CASH FLOW FROM INVESTMENTS:		- 7,700,000	-	-	-	-
CASH FLOW FROM FINANCING:						
Owners Contribution		8,000,000				
CASH FLOW FROM FINANCING		8,000,000	-	-	-	-
NET CASHFLOW FOR PERIOD		422,600	161,230	205,042	254,619	309,407
CASHFLOW AT START OF YEAR		-	422,600	583,830	788,872	1,043,490
CASHFLOW AT THE END OF YEAR		422,600	583,830	788,872	1,043,490	1,352,897

TMG FIBREGLASS LIMITED					
SCHEDULES AND TABLES					
SCHEDULE 1					
REVENUE PROJECTION					
PRODUCTS	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
SALES	1,000,000	1,100,000	1,210,000	1,331,000	1,464,100
	1,000,000	1,100,000	1,210,000	1,331,000	1,464,100

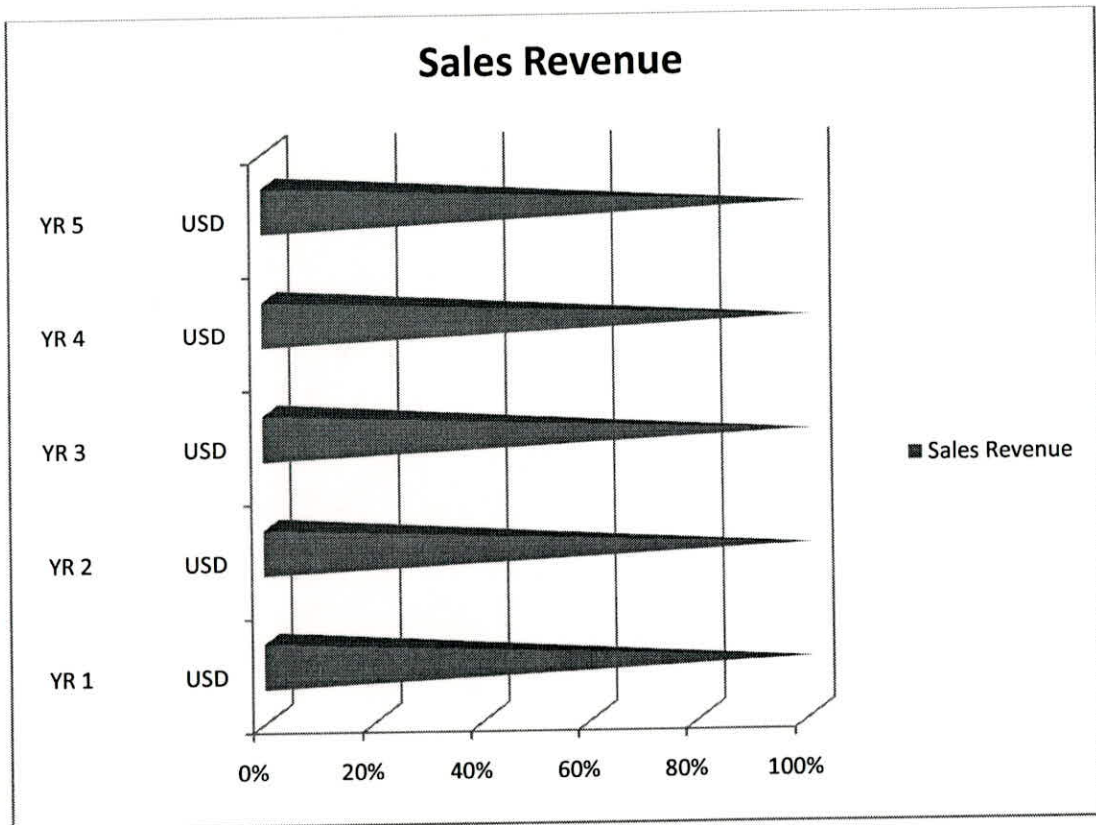
SCHEDULE 2					
OTHER OPERATING COSTS					
OTHER OPERATING COST	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Motor vehicle running expenses	12,000	12,600	13,230	13,892	14,586
Salaries and wages	313,200	328,860	345,303	362,568	380,697
Pension Contribution	31,320	32,886	34,530	36,257	38,070
Depreciation	144,000	144,000	144,000	144,000	144,000
Administrative Expenses	60,000	63,000	66,150	69,458	72,930
Marketing Costs	18,000	18,900	19,845	20,837	21,879
Utility costs	30,000	31,500	33,075	34,729	36,465
Insurance	36,000	37,800	39,690	41,675	43,758
Communication	14,400	15,120	15,876	16,670	17,503
Total costs	658,920	684,666	711,699	740,084	769,888

SCHEDULE 3	
COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	2,000,000
Plant & Machinery	5,000,000
Motor Vehicles	150,000
Furniture & Fixtures	50,000
Pre exp	100,000
Others	200,000
Working Capital	500,000
TOTAL	8,000,000

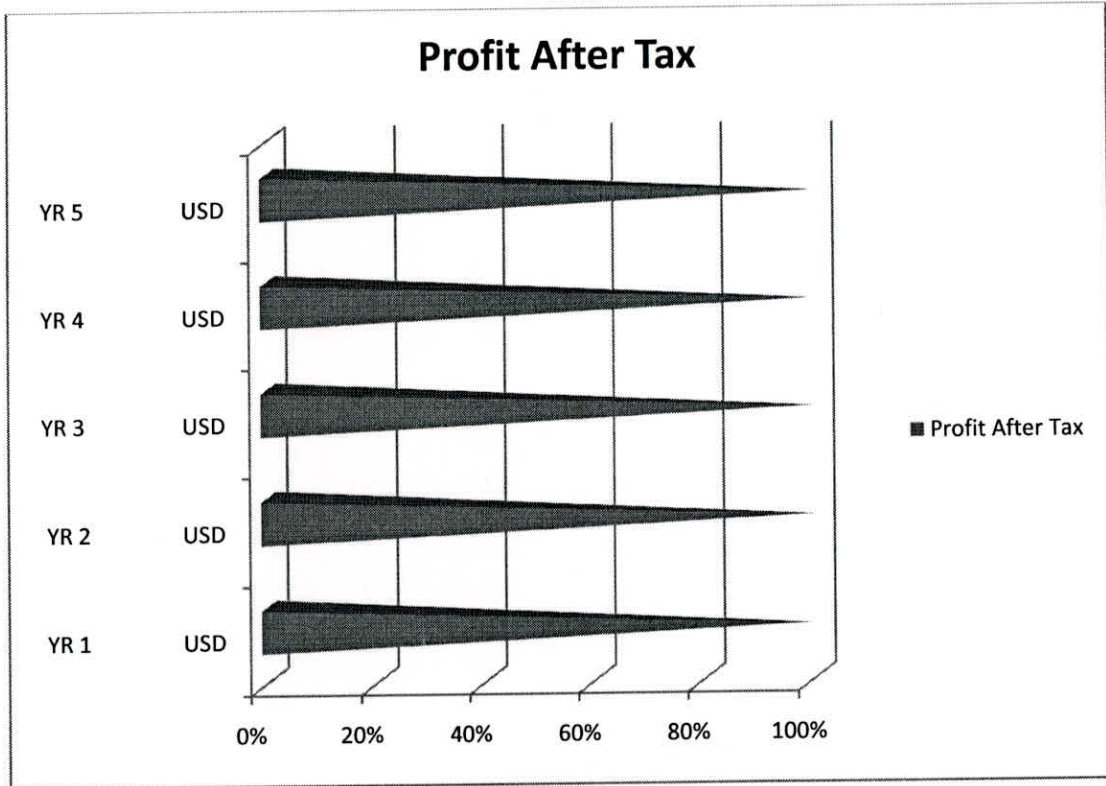
SCHEDULE 4					
FIXED ASSETS SCHEDULE					
NAME OF ASSETS	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land and Buildings	2,000,000	1,960,000	1,920,000	1,880,000	1,840,000
Plant & Machinery	5,000,000	4,900,000	4,800,000	4,700,000	4,600,000
Motor Vehicles	150,000	147,000	144,000	141,000	138,000
Furniture & Fixtures	50,000	49,000	48,000	47,000	46,000
TOTAL	7,200,000	7,056,000	6,912,000	6,768,000	6,624,000
DEPRECIATION	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land and Buildings	40,000	40,000	40,000	40,000	40,000
Plant & Machinery	100,000	100,000	100,000	100,000	100,000
Motor Vehicles	3,000	3,000	3,000	3,000	3,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION	144,000	144,000	144,000	144,000	144,000
CLOSING FIXED ASSETS	7,056,000	6,912,000	6,768,000	6,624,000	6,480,000

SCHEDULE 5					
SALARIES & WAGES					
NO	EMPLOYEE DESIGNATION	NO.	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	1800	1800	21,600
2	Production Manager	1	1500	1500	18,000
3	Marketing Manager	1	1500	1500	18,000
4	Finance & Administration Manager	1	1500	1500	18,000
5	Production Supervisor	2	800	1600	19,200
6	Sales Executives	2	800	1600	19,200
7	Engineers	2	800	1600	19,200
8	Assistant Accountants	2	800	1600	19,200
9	Machine Operators & Technicians	20	500	10000	120,000
9	Secretary	2	500	1000	12,000
10	Drivers	4	300	1200	14,400
11	Security Guards	4	200	800	9,600
10	Office Attendants	2	200	400	4,800
	TOTAL USD \$	44	11,200	26,100	313,200

REVENUE PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue	1,000,000	1,100,000	1,210,000	1,331,000	1,464,100



PROFIT PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Profit After Tax	28,756	59,734	94,710	134,131	177,787



CASH FLOW PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Cashflow at end of Year	422,600	583,830	788,872	1,043,490	1,352,897

