

KALIS FURNITURE

CO. LTD

EXD

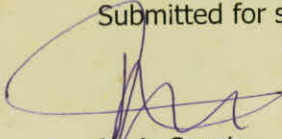
The approved project has fulfilled the investment requirements, which are: -

(a) Minimum finance investment threshold has been exceeded, the project expects to invest U.S.\$ 1.32 m.....

(b) Legal entity has been incorporated under certificate No. 66646 of 23/07/2008.....

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

4th Sept. 2009

EXD

In response to the TIC letter of registration dated 4th September 2009.....

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from Berkley's Bank LTD.....

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

With the above submission EXD is requested to sign Certificate of Incentives No. 04.17.51..... herein attached.

27/10/09


DIF

MINUTE

PAGE NO. _____

THE COMPANIES ACT, 2002
(No. 12 OF 2002)

COMPANY LIMITED BY SHARES

AMENDED

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

Kalis Furniture Company Limited

Incorporated this 23rd day of July, 2008

DRAWN AND FILED BY

Subscriber.
Choi Joung Wook,
P.O Box 33104,
Dar es Salaam.

THE COMPANIES ACT, 2002
(No. 12 OF 2002)

COMPANY LIMITED BY SHARES

Amended Memorandum of Association

of

Kalis Furniture Company Limited

5000/-
600
26/06/09
M.P.

1. The name of the Company is **Kalis Furniture Company Limited**
2. The registered office of the Company will be situated in the United Republic of Tanzania.
3. The objects for which the Company is established are:-
 - 3.1 To engage and otherwise carry on the business of timber manufacturing both for local and foreign markets. To be owners of sawmills, to be timber processors, treaties, graders, suppliers and exporters.
 - 3.2 To be furniture manufacturers and distributors of all kinds of furniture;
 - 3.3 To carry on any other business which may seem capable and convenient to be carried out in connection with the main objective of the company or calculated to enhance the value of or render profitability any of the company's properties or rights;
 - 3.4 To construct, erect, maintain and alter any building, machinery plant necessary or convenient for the purposes of the company;
 - 3.5 To undertake or execute any contracts for work involving the supply or use of any machinery and carry out any auxiliary or other work comprises in such contracts, carrying passengers and goods in Tanzania;
 - 3.6 To enter into any arrangements and contacts with the Government, or authority or any other corporation, companies or persons having objects that may seem conducive to the company or to obtain from them contracts, decrees, rights, privileges and concessions;
 - 3.7 To take on lease, option or license, exchange or otherwise acquire on any part of the world, prospecting licenses and contacts leases. Option mineral properties,

grant concessions charters, privilege licenses or authority over mines, land or any other properties either absolutely or conditionally

- 3.8 To own, sell, lease, let, mortgage or otherwise dispose of houses, buildings and other real property;
- 3.9 To carry on the business of property managers, estate agents, valuers, building and civil contractors and development consultants, landscaping, cleaning services and contractors generally;
- 3.10 To acquire by purchase or otherwise lands and properties or otherwise acquire rights of occupancy and generally to secure any tenure whatsoever, whether subject or not to any charges or encumbrances, and to hold or to sell, let or alienate, mortgage or otherwise deal with all or any such lands;
- 3.11 To carry on in all their respective branches all or any of the business of builders masonry and general construction contractors and haulers and among other things to construct, repair, execute, carry out, equip, improve work and advertise estates, roadways, train ways, ships, aircraft docks harbors, hangers waivers, canals, water courses, reservoir embankments, irrigations reclamations sewage, drainage and other statutory works, water, gas electric and other business in connection with the above mentioned business that are customarily or usually carried on in connection therewith or naturally incidental thereto;
- 3.12 To acquire any such shares, stocks, debentures, debenture stock, scripts, bonds, notes, securities, obligations, funds or loans by original subscription, tender, purchase, participation in syndicates, exchange or otherwise, and to guarantee subscription thereof, and to exercise, and enforce all rights and powers conferred by or incidental to ownership thereof, and to vary and transpose from time to time as may be considered expedient any of the company's investments for the time being;
- 3.13 To acquire and take over the whole or any part of the business, property and liabilities of any company or person carrying on any business which the company is authorized to carry on, or possessed of any property or assets suitable for the purpose of the company;
- 3.14 To pay for any property or assets acquired by the company either in cash or fully or partly paid shares or by the issue of securities or obligations, or partly in one mode and partly in another and generally on such terms as may be determined;
- 3.15 To lend money and/or guarantee the performance of the contracts or obligations of any company, firm or person, and the payment and repayment of the capital and principal or, and dividends, interest or premium on, any stock, shares and security of any company, whether having objects similar to those of the company or not, and to give all kinds of indemnities, and to make and receive subvention

payments;

- 3.16 To borrow or raise or secure the payment of money by bank overdrafts, by mortgage, or by the issue of debentures or debenture stock, perpetual or otherwise, or in such other manner as the company's property of assets, present and future, including its uncalled capital, and collaterally or further to secure any securities of the company by a trust deed or other assurance;
 - 3.17 To issue and deposit any securities which the company has power to issue by way of mortgage or secure any such sum less than the nominal amount of such securities, and also by way of security for the performance of any contract or obligations of the company or of its customers or of any other company or person having dealings with the company, or in whose business or undertakings the company is interested;
 - 3.18 To receive money on deposit with or without interest thereon;
 - 3.19 To establish or promote, or join in the establishment or promotion of, any other company whose objects, shall include the taking over of any of the assets and liabilities of the company or the promotion of which shall be calculated to advance its interests;
 - 3.20 To amalgamate with any other company, whose objects are or include objects similar to those of the company;
 - 3.21 To distribute any of the company's property or assets among the members in specie;
 - 3.22 To do all such acts and things as are incidental or conducive to the attainment of the above objects. It is hereby declared that the word "company" except where used in reference to the company shall be deemed to include any partnership, or other body of persons whether incorporated and whether not existing or hereinafter to be formed;
 - 3.23 It is furthermore expressly declared that the intention is that the objects set forth in each of the foregoing paragraphs of this clause shall be construed in the most liberal way and shall in no way be limited or restricted by reference to any other paragraph or by any inference drawn from the terms of any other paragraph;
4. The liability of the members is limited.
 5. The authorized share capital of the company at the date of registration of this Memorandum of Association is **Tanzania Shillings Fifty Million (Tshs. 50,000,000/=)** divided into Fifty Thousand Shares **(50,000)** shares of **Tanzania Shillings One Thousand (Tshs. 1,000/=.)** each with power for the company to increase or reduce such capital and to divide the shares in the capital for the time being, whether original or

increased, in different classes, and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares, whether preference or otherwise, or any such rights, privileges or conditions shall not be altered or modified except in accordance with the Articles or Association registered herewith.

We, the several persons whose names, addresses 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 numbers or shares in the capital of the company set opposite our respective names.

Names, addresses and Description of subscribers.	Number of shares taken by each Subscriber.	Signature of Subscriber.
CHOI JOUNG WOOK, P.O BOX 33104, DAR ES SALAAM.	500	SIGNED
AHN SUNG YEON, LG JAI APT 107-1503, STNBONGDONG, YONGINSIA, KOUNG-GIDO, SOUTH KOREA.	500	SIGNED

DATED at Dar es Salaam this 21st day of July, 2008

Witness to the above Signatures:

Name: Masaka Michael
Thomas

Signature: SIGNED

Qualification: Advocate

Postal Address: 76784
Dar es Salaam

Date: 21st July, 2008

THE COMPANIES ACT, 2002
(No. 12 OF 2002)

PRIVATE COMPANY LIMITED BY SHARES

Amended Articles of Association

Of

Kalis Furniture Company Limited

500/-
600 26/06/09
[Signature]

1. The regulations in Table "A" in the First Schedule to the Companies Act, 2002 shall not apply to the Company.
2. In these presents, if not inconsistent with the subject or context, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof.

Table "A" Not to Apply

WORDS	MEANINGS
The Act	The Companies Act, No. 12 of 2002.
These presents	These Articles of Association, as now framed, or as from time to time altered by Special Resolution.
Office	The Registered Office of the Company.
Seal	The Common Seal of the Company.
Month	Calendar month.
Year	Calendar year.
Writing	Unless the contrary intention appears, " writing " shall be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in a visible form.
Dividend	Dividend and/or bonus.

The expressions "Debenture" and "Debenture holder" shall include "Debenture Stock" and "Debenture Stockholder", and the expression "Secretary" shall include a temporary or assistant Secretary and any person appointed by the Directors to perform any of the duties of the Secretary.

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

The marginal notes are inserted for convenience only and shall not affect the construction of these presents.

Words importing the singular number only shall include the plural and the converse shall also apply.

Words importing males shall include females.

3. The Company is a private company and accordingly:-

- (a) the right to transfer shares is restricted in manner hereinafter prescribed. Private Company
- (b) the members of the company (exclusive of persons who are in the employment 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;
- (d) the Company shall not have power to issue share warrants to bearer.

SHARE CAPITAL

4. The Share Capital of the Company at the date of registration of these Articles is **Fifty Million** divided into **Fifty Thousand** shares of **Tanzania Shillings 1,000** each. Share Capital

LOANS BY THE COMPANY

5. No part of the funds of the Company shall be employed in the purchase of or in loans upon the security of the Company's shares. The Company shall not, except as authorized by the Act, give any financial assistance for the purpose of or in connection with any purchase of share in the Company.

Company's own
shares not to be
purchased

RIGHTS OF SHARES HOLDERS

6. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares already issued (which special rights shall not be modified or abrogated except with such consent or sanction as is provided by the next in accordance with the following Article) any share in the Company (whether forming part of the original capital or not) may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine, and subject to the provisions of the Act the Company may issue Preference Shares which are, or which at the option of the Company are to be, liable to be redeemed.

Issue of shares subject
to special conditions

MODIFICATION OF RIGHTS

7. Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be modified or abrogated, either with the consent in writing of the holders of three-fourths of the issued shares of the class, or with the sanction of a Special Resolution passed at a separate General Meeting of such holders (but not otherwise), and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company or to the proceedings thereat, shall *mutatis mutandis*, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-half in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Members who are present shall be a quorum), and that the holders of shares of the class shall, on a poll, have one vote in respect of every shares of the class held by them respectively.

How rights of shares
may be modified

SHARES

8. Subject to the provisions of Article 38, unissued shares shall be at the disposal of the Directors, and they may allot, grant options over, or otherwise dispose of them to such persons, at such times, and on such terms as they think proper, but so that no shares shall be issued at a discount, except in accordance with the Act. Unissued shares at the disposal of Directors
9. In addition to all other powers of paying commissions, the Company (or the Directors on behalf of the Company) may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent, or the amount of the commission paid or agreed to be paid, shall be disclosed in the manner required by the Act and the rate of the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect of which the commission is paid are issued or an amount equivalent thereto. The Company (or the Directors on behalf of the Company) may also on any issue of shares pay such brokerage as may be lawful. Power to pay commission and brokerage
10. Shares may be held in the Company in trust for beneficial owner. Trustee shares

CERTIFICATES

11. Every person whose name is entered as a Member in the Register of Members shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares of any one class or several certificates each for one or more of his shares upon payment of such sum, as the Directors shall from time to time determine. Every certificate shall be issued under the Seal. The certificate shall specify the shares or securities to which it relates and the amount paid up thereon. Provided that the Company shall not be bound to register more than three persons as the joint holders of any shares (except in the case of executors of trustees of a deceased Member), and, in case of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate therefore, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders. Issue of Certificates
12. If a share certificate be worn out, defaced, lost or destroyed, it may be renewed on payment of such fee (if any) and on such terms (if any) as to evidence, indemnity and the payment of out-of-pocket expenses of the Company for investigating evidence, as the Directors think fit. Renewal of Certificates

LIEN

Company's lien

13. The Company shall have a first and paramount lien on every shares for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (including fully paid shares) standing registered in the name of each Member (whether solely or jointly with others) for all the debts and liabilities of such Member or his estate to the Company and that whether the same shall have been incurred before or after notice to the Company of any equitable or other interest in any person other than such Member, and whether the period for the payment or discharge or the same shall have actually arrived or not and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member of the Company or not. The Company's lien (if any) on a share shall extend to all dividends payable thereon but the Directors may at any time declare any share to be exempt wholly or partially from the provisions of this Article.
14. The Company may sell, in such manner as the Directors think fit, any share on which the Company has a lien, but no sale shall be made unless a 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 the sum presently payable, and giving notice of intention to sell in default, shall have been given to the holder for the time being of the share or the person entitled by reason of his death or bankruptcy to the shares. 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 such transfer, and he shall not be bound to see to 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. Sale of shares subject to lien
15. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability in respect whereof the lien exists, so far as the same is presently payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. Application of proceeds of such sale

CALLS ON SHARES

16. The Directors may from time to time make calls upon the Members in respect of any moneys (whether on account of the amount of the shares or by way of premium) unpaid on their shares, provided that (except as otherwise fixed by the conditions of application or allotment) no call on any shares shall exceed one-fourth of the nominal amount of the share or be payable at less than fourteen days from the last call, and each Member shall (subject to receiving at least fourteen days' 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. A call may be revoked or postponed as the Directors may determine. Calls
17. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. A call may be made payable by installments. Time when made
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. Liability of joint holders
19. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding Ten per cent (10%) per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part. Interest on calls
20. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date, whether on account of the amount of the shares or by way of premium, shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. Sums due on allotment to be treated as calls
21. The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the times of payment. Power to differentiate

22. The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys unpaid upon the shares held by him beyond the sums actually called up thereon as a payment in advance of calls and such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is advanced, and upon the moneys so 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 the Company may pay interest at such rate as the Member paying such sum and the Directors agree upon.

Payment of calls in advance

TRANSFER OF SHARES

23. (a) Subject to the restrictions of these presents, all transfers of shares may be effected by transfer in writing in the usual common form or in any other form in writing under hand approved by the Directors.

Form of transfer

(b) The instrument of transfer of a share shall be in writing and shall be signed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof, provided that the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do.

Execution

24. The Director may, subject to compliance with the requirements of the Act as to advertisement, suspend the registration of transfers at such time and for such periods as they may from time to time determine, but so that such registration shall not be suspended for more than Thirty days in any year.

Director's refusal to register, and closing register

25. All instruments of transfer, which shall be registered, shall be retained by the Company but any instrument of transfer, which the Directors may decline to register, shall on demand be returned to the person depositing it with the Company.

Custody of instruments of transfer

The Directors may decline to recognize any instrument of transfer unless:-

- (a) Such fee, as the Directors may from time to time require, is paid to the Company in respect thereof; and
- (b) The instrument of transfer is deposited at the Office or such other place as the Director may appoint, 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.

TRANSMISSION OF SHARES

Transmission on death

26. In case of the death of a Member the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder shall be the only persons recognized by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.
27. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence as to his title being produced as may from time to time be required by the Directors, and subject as hereinafter provided, either be registered himself as holder of the share or elect to have some person nominated by him registered as the transferee thereof.
28. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered, he shall testify his election by executing to his nominee a transfer of such share. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member.
29. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall be entitled to receive and may give a discharge for all dividends and other moneys payable in respect of the shares, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company or, save as aforesaid, to any of the rights or privileges of a Member until he shall have become a Member in respect of the share, and should he fail either to transfer the share or to elect to be registered as a Member in respect thereof within sixty days of being required so to do by the Directors, he shall in the case of shares which are fully paid up be deemed to have elected to be registered as a Member in respect thereof, and may be registered accordingly.

Registration of
Execution and
Trustees in
Bankruptcy

Notice of Election to
be registered and
registration of
nominee

Right of unregistered
executors and trustee

FORFEITURE OF SHARES

30. If a Member fails to pay the whole or any part of any call or installment 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 installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and all expenses which may have been incurred by the Company by reason of such non-payment. Notice requiring payment of Calls
31. The notice shall name a further day (not being less than seven days from the date of the notice) on or before which and the place where 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 and at the place appointed the shares in respect of which the call was made will be liable to be forfeited. Notice to state time and place for payment
32. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof 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 and not actually paid before forfeiture. Forfeiture on non-compliance with notice
33. When any share has been forfeited in accordance with these presents, notice of the forfeiture shall forthwith be given to the holder of the share, or the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given and of the forfeiture with the date thereof shall forthwith be made in the Register of Members opposite to the entry of the shares; but no forfeiture shall be in any manner invalidated by any accidental omission or neglect to give such notice or to make such entry as aforesaid. Notice after forfeiture
34. A forfeited share shall become the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the person who was, before forfeiture, the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition, the forfeiture may be cancelled on such terms as the Directors think fit. The Directors may if Sale of forfeited shares

necessary, authorize some person to transfer a forfeited share to any such other person as aforesaid.

35. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of the forfeiture, were payable by him to the Company in respect of the shares, with interest thereon as shall be determined by the Directors from the date of forfeiture until payment, but the Directors may waive payment of such interest either wholly or in part and the Directors may enforce payment without any allowance for the value of the shares at the time of forfeiture.

Rights and liabilities of Members whose shares have been forfeited

36. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share has been duly forfeited on the 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, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the certificate of proprietorship of the share under seal delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share, and the person to whom the share is sold, reallocated or disposed of, shall 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, re-allotment or disposal of the share.

Title to forfeited shares

INCREASE OF CAPITAL

37. The Company may from time to time by Ordinary Resolution increase its share capital by such sum to be divided into shares of such amount, as the resolution shall prescribe.

Power to increase capital

38. The Company may by Ordinary Resolution direct that the new shares, or any of them shall be offered in the first instance, either at par or at a premium, to the then Members or to the holders of any class of shares for the time being, in proportion to the number of shares or shares of the class or group held by them respectively, or make any other provisions as to the issue of the new shares.

Allotment of new shares

39. All new shares shall be subject to the provisions of these presets

Right and liabilities attached to new shares

with reference to payment of calls, lien, transfer, transmission, forfeiture and otherwise and, unless otherwise provided in accordance with the powers contained in these presents, shall be Ordinary Shares.

ALTERATIONS OF CAPITAL

40. The Company may by Ordinary Resolution:-

- | | | |
|-----|--|-----------------------------|
| (a) | Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. | Power to consolidate shares |
| (b) | Cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken by any person, and diminish the amount of its capital by the amount of the shares so cancelled. | Power to counsel shares |
| (c) | Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares. | Power to sub-divide shares |

And may by Special Resolution:-

- | | | |
|-----|---|-------------------------|
| (d) | Reduce its capital or any capital redemption reserve fund or any share premium account in any manner authorized by the Act. | Power to reduce capital |
|-----|---|-------------------------|

41. The Company may by Ordinary Resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination. Conversion into stock

42. 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 previously to conversion have been transferred, or as near thereto as circumstances admit; and the Directors may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. Rights of stockholders to transfer stock

43. 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 such privileges or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
44. 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".

Other rights and privileges of stockholders

Application of certain regulations to stock and stockholders

GENERAL MEETINGS

45. A General Meeting shall be held as the Annual General Meeting once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. The General Meetings referred to in this Article shall be called "Annual General Meetings". All General Meetings other than Annual General Meetings shall be called "Extraordinary Meetings".
46. The Directors may call an Extraordinary Meeting whenever they think fit and shall, on requisition in accordance with the Act, proceed to convene an Extraordinary Meeting as required by the Act. In the case of Extraordinary General Meeting called in pursuance of a requisition, unless such meeting shall have been called by the Directors, no business other than that stated in the requisition as the objects of the meeting shall be transacted.

Annual General Meeting

Extraordinary Meetings

NOTICE OF GENERAL MEETINGS

47. All meetings of Members shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day for which it is given, and shall specify the place, the day, and the hour of meeting, and in case of special business, the general nature of such business (and in the case of a meeting convened for passing a Special Resolution, the intention to propose such resolution as a Special Resolution), and shall be given in manner hereinafter mentioned to such persons as are, under the provisions herein contained, entitled to receive notices from the Company. With the consent in writing of all Members entitled to receive notices from the Company, a meeting may be convened by a shorter notice and in such manner as such Members may think fit.

Notice of General Meetings required

48. The accidental omission to give notice to, or the non-receipt of notice by, any Member, shall not invalidate the proceedings at any General Meeting.
- Omission and non receipt of notice

PROCEEDINGS AT GENERAL MEETINGS

49. All business shall be deemed special that is transacted at an Extraordinary Meeting, and also all business that is transacted at an Annual General Meeting, with the exception of declaring dividends, the reading and consideration of the accounts and balance sheet and the ordinary reports of the Directors and documents required to be annexed to the balance sheet, the election of directors and appointment of Auditors and other officers in the place of those retiring by rotation or otherwise, the fixing of the remuneration of the Auditors and the voting of remuneration or extra remuneration to the Directors.
- Special business
50. Any person entitled to be present and vote at a meeting may submit any resolution or amendment to the meeting, provided that at least five and not more than fourteen clear days before the day appointed for the meeting he shall have served upon the Company a notice in writing signed by him, containing the proposed resolution or amendment and stating his intention to submit the same.
- Notice of resolutions and amendments by Members
51. Upon receipt of any such notice as in the last proceeding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution or amendments will be proposed. Any resolution or amendment of which such notice has not been given shall in the case of a resolution and may in the case of an amendment be ruled out of order, and the ruling of the Chairman shall be conclusive.
- Issue of such notice
52. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business; save as herein otherwise provided two members present in person or by proxy shall be a quorum for all purposes.
- Quorum
53. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the
- Adjournment if quorum not present

Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be a quorum.

54. The Chairman of the Board of Directors if any shall preside as Chairman at every General Meeting of the Company. If at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, or be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, they shall choose some Member present 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 except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for fourteen 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 the Chairman or by at least two Members present in person or by proxy and entitled to vote, or by a Member or Members entitled either by reason of their own holding or as representatives or as proxies, to cast one-tenth or more of the votes which could be cast in respect of that resolution if all persons entitled to vote thereon were present at the meeting. Unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, or not carried, and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.
57. If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the resolution unless the same be pointed out at the same meeting, or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman of the meeting be of sufficient

Chairman

Election of Chairman

Adjournments

Notice of adjournments

Method of Voting

Demand of poll

Votes counted in error

magnitude to vitiate the resolution.

58. If a poll is dully demanded, it shall be taken at such time and in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct, and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may in the event of a poll, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. The demand for a poll may with the consent of the Chairman of the meeting be withdrawn. How poll to be taken
59. 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. Chairman's casting vote
60. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. No notice need be given of a poll not taken immediately. Time for taking a poll
61. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. Continuance of business after demand a poll

VOTES OF MEMBERS

62. Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, on a show of hands every Member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. Voting rights of Members
63. In the case of joint holders of a share, 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. Voting rights of joint holders
64. 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, curator bonis, or other person in the nature of a committee or curator bonis appointed by such Court, and such committee, curator bonis or other person may on a poll vote by proxy, Voting Rights of lunatic Members

provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than three days before the time for holding the meeting.

65. No Member shall, unless the Directors otherwise determine, be entitled to vote at a General Meeting either personally or by proxy, or to exercise any privilege as a Member unless all calls or other sums presently payable by him in respect of shares in the Company have been paid. No right to vote where at a call is unpaid
66. No objection shall be raised to the qualifications of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. Objections
67. Votes may be given either personally or by proxy. On a show of hands a Member (other than a corporation) present only by proxy shall have no vote, but a proxy for corporation may vote on a show of hands. A proxy need not be a Member of the Company. Votes on a poll
68. Any corporation which is a Member of the Company may, by resolution of its directors or other governing body, authorize any person to act as its representative at any meeting of the Company or of any class of members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represent as if he had been an individual shareholder, including power, when personally present, to vote on a show of hands. Voting of corporation
69. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an officer or attorney so authorized. Execution of proxies
70. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Office not less than twenty-four hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty-four hours before the time appointed for the taking of the poll at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Deposit of proxies

71. An instrument of proxy may be in the usual common form or in such other form as the Directors shall prescribe. The proxy shall be deemed to include the right to demand, or join in demanding, a poll, and shall (except and to the extent to which the proxy is specially directed to vote for or against any proposal) include power generally to act at the meeting for the Member giving the proxy. A proxy, whether in the usual or common form or not shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, and need not be witnessed.

Form of proxies

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

Intervening death or insanity of principal not to revoke proxy

DIRECTORS

73. Unless and until otherwise determined by the Company in a General Meeting the Directors shall not be less than **two** nor more than **five** in number. The first directors of the Company shall be:-

Number of Directors

1. **Choi Joung Wook,**
2. **Ahy Sung Yeon.**

74. The Directors shall be paid out of the funds of the Company by way of remuneration for their services, such sum as the Company in General Meeting may from time to time determine. The Directors shall also be paid all reasonable traveling, hotel and other expenses incurred by them in connection with attending and returning from Board Meetings or otherwise in connection with the business of the Company.

Remuneration of Directors

75. Any Director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine, which shall be charged as part of the Company's ordinary working expenses.

Extra remuneration

76. The office of a Director shall be vacated in any of the following

Vacation of office of

events, namely:-

Directors

- (a) If (not being an Executive Director holding office as such for a fixed term) he resigns his office by writing under his hand left at the Office.
- (b) If he has a receiving order made against him or compounds with his creditors.
- (c) If he be found lunatic or of unsound mind.
- (d) If he be absent from meetings of the Directors for six months without leave and the Directors resolve that, by reason of such absence, his office be vacated.
- (e) If he be removed from office pursuant to Article 83.

77.

A Director may hold any other office or place of profit under the Company (other than the office of Auditor) and may act in a professional capacity for the Company in conjunction with his office of Director, on such terms as to remuneration and otherwise as the Board may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any such other office or place of profit, or as vendor, purchaser or otherwise, nor shall any such contract, or any contract arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relating thereby established, provided that the nature of the interest of the Director in such contract or proposed contract or arrangement be declared at the meeting of the Directors at which the question is first taken into consideration if his interest then exists, or in any other case at the next meeting of the Directors held after he became interested. A Director may vote in respect of any contract or arrangement in which he is interested and be counted in ascertaining whether a quorum is present, provided that he gives notice of the nature of his interest in any such contract or arrangement in the same manner as aforesaid. A general notice sufficient given to the Board by a Director to the effect that he is a member of or beneficially interested in a specified firm or company and is to be regarded as interested in any contracts or arrangements which may be made with that firm or company after the date of such notice shall be sufficient declaration of interest under this Article.

Power of Directors to hold offices of profit and to contract with Company

78. The Directors shall elect from amongst their own body a Chairman of the Board of Directors on such terms and for such period (subject always to the provisions of these presents) as they may think fit. Chairman
79. Subject to any provisions to the contrary contained in the Act or in these presents, the Directors may entrust to and confer upon the Chairman and upon a Director holding any such executive office as aforesaid any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any such powers. Powers of Chairman and Executive Directors
80. The Company in General Meeting may from time to time increase or reduce the number of Directors. Power to increase number of Directors
81. The Director shall by a resolution of the Board have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these presents. Power to fill casual vacancies and to appoint additional Directors
82. The shareholders may by an extraordinary resolution remove any Director before the expiration of his period of office, and may appoint another person in his stead. Removal of Directors

POWERS OF DIRECTORS

83. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Act or by these presents required to be exercised by the Company in the General Meeting, subject nevertheless to any regulations of these presents, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article. General power of Directors to manage Company's business

84. The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested shall be carried on by or through one or more subsidiary companies, and they may on behalf of the Company make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or business so carried on or financing, assisting or subsidizing any such subsidiary company or guaranteeing its contracts, obligations or liabilities and they may appoint, remove and re-appoint any persons (whether members of their own body or not) to act as directors, executive Directors or managers of any such company or any other company in which the Company may be interested, and may determine the remuneration (whether by way of salary, commission on profits or otherwise) of any person so appointed, and any Directors of this Company may retain any remuneration so payable to them.
- Organization of subsidiary companies
85. The Directors may from time to time and at any time by power of attorney under the Seal appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorize any such attorney to sub-delegate all or any of the powers, authorities and discretion vested in him.
- Power to appoint attorneys
86. The Company may exercise the powers conferred by the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.
- Power to have a seal for use abroad
87. The Company, or the Directors on behalf of the Company, may cause to be kept in any part of the world in which the Company transacts business, a Branch Register or Registers of Members resident there and the Directors may (subject to the provisions of the Act) make and vary such regulations as they may think fit respecting the keeping of any such Register.
- Power to borrow and to give security

BORROWING POWERS

88. The Directors may raise or borrow for the purposes of the Company's business such sum or sums of money as they may in their absolute discretion think fit. The Directors may secure the repayment or raise any such sums as aforesaid by legal or equitable Mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, including its uncalled capital, or by the issue at such price as they may think fit, of debentures and debenture stock either charged upon the whole or any part of the property and the assets (including its uncalled Capital) of the Company or not so charged, or in such other way as the Directors may think expedient.
89. Subject to the provisions of Article 77 of these presents, a Director of this Company may be or become a director or other officer of, or otherwise interested in, any company including but not limited to any company promoted by this Company or in which this Company may be interested as shareholder or otherwise, and no such Director shall be accountable for any remuneration or other benefits received by him as director or officer of, or from his interest in such other company. The Board may also exercise the voting power conferred by the shares in favor of any resolution appointing it or any of its number, directors or officers of such other company. Furthermore, any Director of this Company may vote in favor of the exercise of such voting rights in manner aforesaid notwithstanding that he may be or be about to become a director or officer of such other company and as such or in any other manner is or may be interested in the exercise of such voting rights in a manner aforesaid.
90. All cheques, promissory notes, bills of exchange, and other negotiable or transferable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

Holding of concurrent office

Signature of cheques and bills

PROCEEDINGS OF DIRECTORS

91. (a) The Directors may meet together for dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes; the Chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time, summon a meeting of the Directors.

Board Meetings

Votes

(b) Provided that the requisite notices are served upon Directors and subject to the consent of a majority of such Directors, Directors can conduct their meetings on telephone, and all meetings so conducted shall be deemed to have the same status as meetings at which the Directors have physically convened.

92. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed at any other number shall be Two. Quorum
93. The continuing Directors may act notwithstanding any vacancies in the Board, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these presents, the continuing Directors or Director may act for the purpose of filling up vacancies in the Board or of summoning General Meetings of the Company, but not for any other purpose. If there be no Directors or Director able or willing to act, then any shareholder may summon a General Meeting of shareholders for the purpose of appointing Directors. Proceedings in case of vacancies
94. If at any meeting the Chairman shall be not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting. Chairman
95. A resolution in writing, signed by all the Directors for the time being, shall be effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Directors. Resolutions in writing
96. A meeting of the Directors for the time being, at which a quorum is present, shall be competent to exercise all powers and discretion for the time being exercisable by the Directors. Powers of meeting at which a quorum is present
97. Without prejudice and in addition to the Provisions of Article 83, the Directors may delegate any of their powers to committees consisting of such number of members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors. Power to appoint committees
98. The meetings and proceedings of any such committee, consisting of two or more members, shall be governed by the provisions of these presents regulating the meetings and proceedings of the Proceedings at committee meetings

Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the last preceding Article.

99. All acts done by any meeting of Directors, or of a committee of Directors, or by any person acting as a Director, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director, or person acting as aforesaid, or that they or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed, and was qualified and had continued to be a Director and had been entitled to vote.

Validity of acts of Directors in spite of some formal defect

ALTERNATE DIRECTORS

100. Any Director may at any time appoint any person approved by the Board to be an Alternate Director of the Company and may at any time remove any Alternate Director so appointed by him from office. An Alternate Director so appointed shall not be entitled to receive any remuneration from the Company or to appoint an Alternate, but shall otherwise be subject to the provisions of these presents with regard to Directors. An alternate Director shall be entitled to receive notices of all meetings of the Board, and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in the absence of such appointer. An Alternate shall ipso facto cease to be an Alternate Director if his appointer ceases for any reason to be a Director. All appointments and removals of Alternate Directors shall be effected by writing under the hand of the Director making or revoking such appointment left at the office.

Provisions for appointing and removing Alternate Directors

MINUTES

101. The Directors shall cause proper minutes to be made in books to be provided for the purpose of all appointments of officers made by the Directors, of the proceedings of all meetings of Directors and committees of Directors and of the attendances thereat, and of the proceedings of all meetings of the Company and all business transacted, resolutions passed and orders made at such meetings, and any such minute of such meetings if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting of the Company or Directors or committee, as the case may be, shall be sufficient evidence without any further proof of the facts therein stated.

Records of appointments and proceedings to be kept

THE SEAL

102. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board and shall be so affixed in the presence of at least one Director and the Secretary or some other person approved by the Board, both of whom shall sign every instrument to which the Seal is so affixed in their presence.

Formalities for affixing seal

AUTHENTICATION OF DOCUMENTS

103. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company (including the Memorandum and Articles of Association) and any resolutions passed by the Company or the Board, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and where any books, records, documents or accounts are else where than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

Power to authenticate documents

DIVIDENDS

104. Subject to any special rights as to dividend attached to any new class of shares in accordance with these presents, the profits of the Company available for dividend and resolved to be distributed in respect of any financial year or other period for which the Company's accounts are made up and submitted to the Company in General Meeting shall be apportioned and paid to the Members according to the amounts paid on the shares held by them respectively during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such share shall rank for dividends accordingly.
105. No dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Directors.
106. Any General Meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets, and in particular of paid up shares, debentures or debenture stock of the Company, or paid up shares, debentures or debenture stock of any other company, or in any one or more of such ways.

Payment of dividends

Dividends payable only out of profits

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| 107. | If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay to the holders of any class of shares interim dividends thereon of such amounts and on such dates as they think fit. | Payment of interim dividends |
| 108. | No unpaid dividend, bonus or interest shall bear interest as against the Company. | Dividends not to bear interest |
| 109. | The Directors may retain any dividends and bonuses payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. | Retention of dividends |
| 110. | The payment by the Directors of any unclaimed dividend into an unclaimed dividend account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company. | Unclaimed dividends |
| 111. | 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. | Dividends due to joint holders |

RESERVES

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| 112. | The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which shall at the discretion of the Directors be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purposes to which the profits of the Company may properly be 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 of the Company) as the Directors think fit. The Directors may divide the reserve into such special funds as they think fit, and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as they think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide. | Carry profit to reserve |
| | | Application of reserve |
| | | Division of reserve into special funds |
| | | Power to carry forward profits |
| 113. | The Directors may establish a reserve to be called the Capital Reserve, which shall not be available for dividend, but which shall be available to meet depreciation or contingencies or for repairing, improving, or maintaining any property of the Company or for | Power to establish and deal with a Capital Reserve |

such other purposes as the Directors may in their discretion think conducive to the interests of the Company, and the Directors may invest the sums standing to the Capital Reserve in such investments as they think fit, other than shares or stock of the Company, and may from time to time deal with or vary such investments and dispose of all or any part thereof with full power to employ the Capital Reserve in the business of the Company, and that without keeping it separate from the other assets and with power to divide the said Capital Reserve into separate accounts or funds if they think fit.

CAPITALIZATION OF PROFITS AND RESERVES

114. The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalize any undivided profits of the Company not required for paying the fixed dividends or Preference Shares if any (including profits carried and standing to the credit of any reserve or reserves or other special account), and accordingly that the Directors be authorized and directed to appropriate the profits resolved to be capitalized to the Members in the proportions in which such profits would have been divisible amongst them had the same been applied in paying dividends instead of being capitalized, and to apply such profits on their behalf, either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares, debentures or securities of the Company of a nominal amounts equal to such profits, such shares, debentures or securities to be allotted and distributed credited as fully paid up, to and amongst such Members in the proportion aforesaid, or partly in one way and partly in the other.
- Power to capitalize profits

ACCOUNTS

115. The Directors shall cause proper books of account to be kept with respect to:-
- Directors to keep proper accounts
- (a) all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure takes place;
 - (b) all sales and purchases of goods by the Company; and
 - (c) the assets and liabilities of the Company.
116. The books of account shall be kept at the Office, or at such other
- Inspection of books

place as the Directors think fit, and shall always be open to the inspection of the Directors. No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Act or authorized by the Directors or by the Company in General Meeting.

117. The Directors shall once at least in every year lay before the Company in General Meeting a profit and loss account and a balance sheet containing a general summary of the capital, the assets, and the liabilities of the Company arranged under suitable heads, both made up to a date not more than six months before the meeting. Submission of balance sheets and profits and loss account
118. Every such balance sheet as aforesaid shall be signed on behalf of the Board by two of the Directors, and shall have attached to it a report of the Directors as to the state of the Company's affairs and the amount which they recommend to be paid by way of dividend to the Members, and the amount (if any) which they have carried or propose to carry to the Capital Reserve, Fund, general reserve or reserve account shown specifically on the balance sheet or to be shown specifically on a subsequent balance sheet. The balance sheet shall also have attached or annexed to it, the Auditors' report and such other documents as the Act may require. Signature of balance sheets

AUDIT

119. The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office until the next ensuing Annual General Meeting. The Auditor's report shall be read before the Company at the Annual General Meeting and shall be open to inspection by any Member. The Auditors' duties shall be regulated in accordance with the Act. Appointment of Auditors
120. No Director or other officer of neither the Company nor any person who is a partner of or in the employment of an officer of the Company, or any corporation, shall be capable of being appointed Auditor of the Company. Directors not be Auditors

NOTICES

121. Any notice or document may be served by the Company on any Member wherever resident either personally or by fax or telex or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register of Members, provided that if such address is outside Tanzania, such letter shall be sent by air mail. In respect of joint holdings, all Service of Notices

notices shall be given to that one of the joint holders whose name stands first in the Register of Members, and notice so given shall be sufficient notice to all the joint holders.

122. Any notice or other document, if sent by telefax or telex shall be deemed to have been served as soon as the message has been transmitted, and if served by post, shall be deemed to have been served Ninety-six hours after the letter containing the same is posted, and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed, stamped and posted. Proof of postage to be sufficient proof of service
123. Any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these presents shall, notwithstanding that such Member be then dead or bankrupt, and whether or not the Company have notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Service to be sufficient notwithstanding death or bankruptcy of Member served

WINDING-UP

124. If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the Court), the liquidator may with the authority of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares in respect of which there is a liability. Provisions relating to liquidation

INDEMNITY

125. Subject to the provisions of the Act every Director, Managing Agent, Auditor, Manager, Secretary or officer or Servant of the Company shall be entitled to be indemnified by the Company Indemnity of Directors and officers or servants

against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto.

126. No Directors, Managing Agent, Auditor or other officers of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency or any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default or oversight on his part, or for any other loss, damages or misfortune whatsoever which shall happen in relation to the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.

Names, addresses and Description of subscribers.	Number of shares taken by each Subscriber.	Signature of Subscriber.
CHOI JOUNG WOOK P.O BOX 33104 DAR ES SALAAM	500	SIGNED
AHN SUNG YEON, LG JAI APT 107-1503, STNBONGDONG, YONGINSIA, KOUNG-GIDO, SOUTH KOREA.	500	SIGNED

DATED at Dar es Salaam this 21st day of July, 2008

Witness to the above Signatures:

Name: Masaka Michael
Thomas

Signature: SIGNED

Qualification: Advocate

Postal Address: 76784
Dar es Salaam

Date: 21st July, 2008



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 SANYIELI I. KUSHIMBO
(director/directors/agent of KALIS FURNITURE COMPANY LTD
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.

2. The registered office of the company will be situated at PLOT NO 9,
MBEZI BEACH INDUSTRIAL AREA, DISALAAH

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
- (ii) Certificate of Incorporation/Registration
- (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
- (iv) Evidence of financing and evidence of land ownership for the project

3. The Head Office of the Company will be situated at AS IN 2 ABOVE

4. The Principal Officers of the Company are (i) SANYIELI I. KUSHIMBO
(ii) CHOI JOUNG WOOK

5. Auditors of the Company are

6. The authorized share capital of the Company is Tshs./US\$ 50,000,000.00

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 1,320,000
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, SANYIELI I. KISTIMBO of Post Office Number 22271

D. SALAAM do solemnly and sincerely declare that I am a director/~~duly~~ authorized agent of KALIS FURNITURE COMPANY 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 *by* }
the said SANYIELI I.
KISTIMBO
 The 2nd day of September, 2003



[Signature] Applicant

Before me:

[Signature]

 Commissioner for Oaths

APPLICATION SUMMARY

Company Name: KALIS FURNITURE COMPANY LTD

Certificate of Incorporation Number: 66646 Status: NEW

Certificate of Incorporation Date: 23/7/2008

Post Box: 22271

Town: DAR ES SALAAM

Sector: MANUFACTURING

Sub-Sector: FURNITURE MANUFACTURING

Investment Financing Plan in Million US\$/Tsh

Foreign Equity	Local Equity	Foreign Loan	Local Loan
258,720	269,280	388,080	403,920

Project Objectives: TO ESTABLISH A PROJECT FOR MANUFACTURING HIGH QUALITY FURNITURE

Capacity:

Employment: Foreign: 5 Local: 35 Total: 40

Implementation Period: 5 YEARS

Project Location

Site/Plot/Block No.: 9 MBEZI BEACH INDUSTRIAL AREA

Street: ALLY HASAN MUNYI District: KINONDONI Region: DAR ES SALAAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
SANYIELI I. KISHIMBO	TANZANIAN	51 %
CHOI JOUNG WOOK	SOUTH KOREAN	49 %

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

Land/Building 400,000
Plant 450,000
Vehicles 150,000
Furniture & Fittings 50,000
Pre-expenses 100,000
Others 50,000
Working Capital 120,000
TOTAL 1,320,000

Contact Details:

Name: SANYIELI KISHIMBO

Title: MANAGING DIRECTOR

+255 22 2628040
Telephone: 0754 269287

Fax: +255 22 2628041

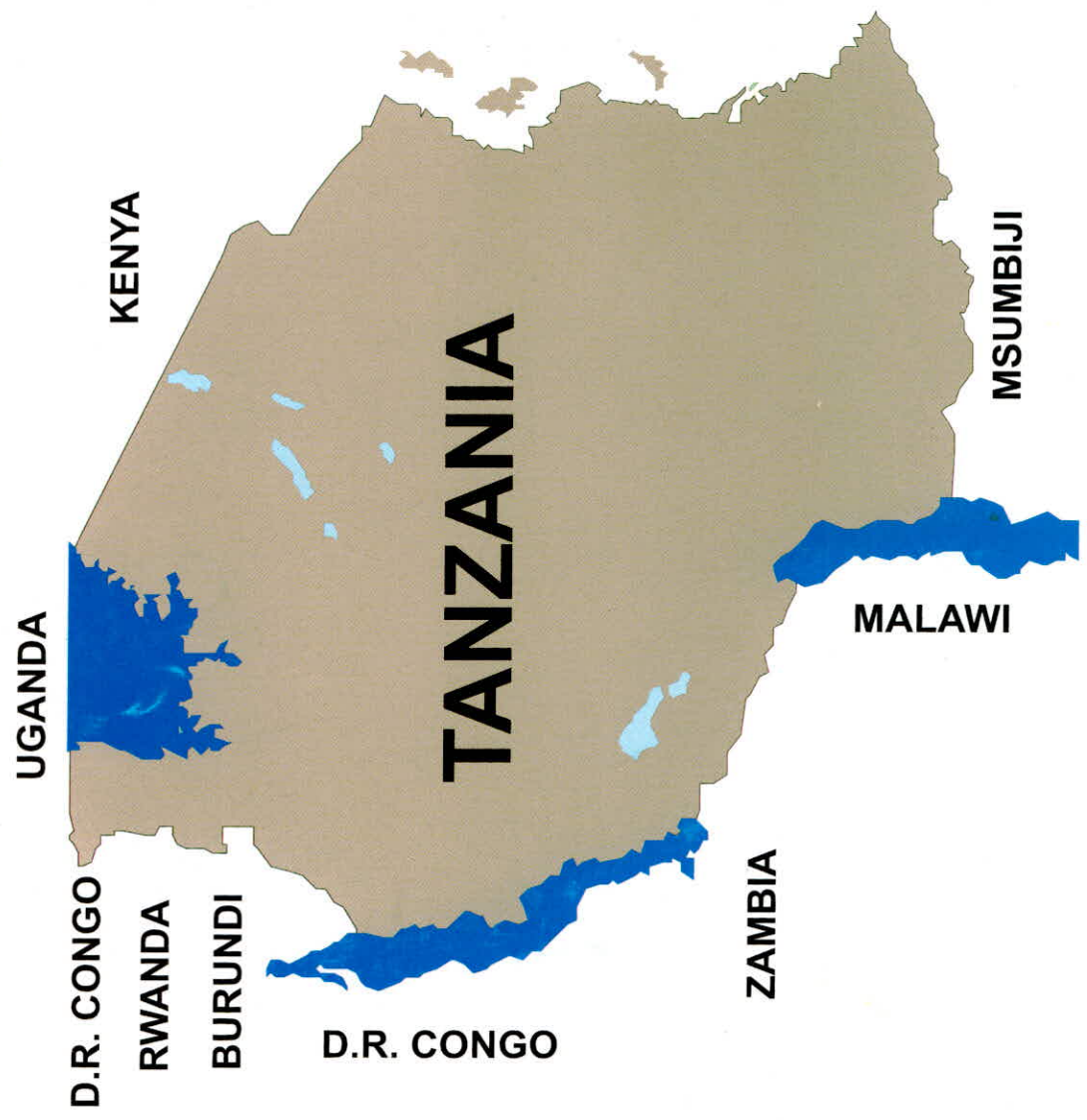
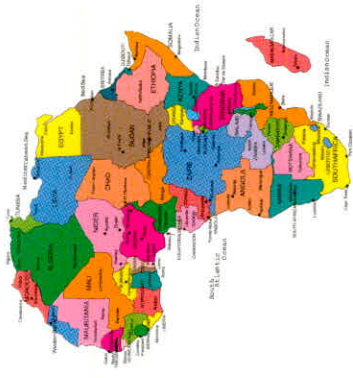
Email: herkinbuilders@yahoo.com

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





UGANDA

KENYA

MSUMBIJI

MALAWI

D.R. CONGO

RWANDA

BURUNDI

D.R. CONGO

ZAMBIA

TANZANIA



2

Name of the Company
Kalis Furniture Co. Ltd.

Post Box	Ally Hassan Mwinyi, Plot No. 9	COI Number	66646	Contact	Mr. Sanyieli Kishimbo
Post Office	22271	COI Date	23/07/2008	Designation	Managing Director
Region	Dar Es Salaam	Application F. No	08095	Phone	022 2628040
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0754 269287
		Sub Sector	Furniture Manufacturing	Fax	022 2628041
		File No	041751	E-Mail Address	Herkinbuilders@Yahoo.Com

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	Plot No. 9, Mbezi Beach Industrial Area	<table border="1"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td>0.259</td> <td>0.269</td> <td>0.388</td> <td>0.404</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0.259	0.269	0.388	0.404			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
0.259	0.269		0.388	0.404									
Street	Ally Hassan Mwinyi												
District	Kinondoni												
Region	Dar es Salaam												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.4
Choi Joung Wook	South Korean	49	Plant	0.45
Sanyieli I. Kishimbo	Tanzanian	51	Vehicles	0.15
			Furniture & Fittings	0.05
			Pre-expenses	0.1
			Others	0.05
			Working Capital	0.12
			Total	1.32

Employment	40	Evaluated By	Zakaria kingu
Capacity	xxxx	Drawn By	Dorah Registry
Project Turn Over			

Description

To establish a project for manufacturing high quality furniture

Recommendations

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

Decision

Approved - no finished goods.
 Group
 ABED
 3/09/09

KALIS FURNITURE COMPANY LIMITED

Box 33104 Dar es salaam

Date: 2nd September 2009

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



Dear Sir,

RE: APPLICATION FOR TIC CERTIFICATE OF INCENTIVES

We hereby submit our application for TIC Certificate of Incentives to facilitate establishment of a furniture manufacturing factory in Dar es salaam.

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. Bank reference letter
7. Evidence of land ownership

Thanking you for your kind cooperation.

Yours' sincerely

KALIS FURNITURE COMPANY LIMITED

A handwritten signature in red ink, appearing to be "S.I. Kishimbo".

✓ S.I Kishimbo
MANAGING DIRECTOR

KALIS FURNITURE COMPANY LIMITED
("The Company")


EXTRACT RESOLUTION

AT A DULY CONVENED AND CONSTITUTED MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD AT MBEZI BEACH INDUSTRIAL AREA PLOT NO.9 ALI HASSAN MWINYI ROAD ON MONDAY 13TH JULY 2009 COMMENCING AT 10.00 HOURS (THE FOLLOWING RESOLUTION WAS PASSED:)

Noted:

That the directors agreed to submit an application for a certificate of incentives pursuant to the Tanzania Investment Act, 1997 to enable the Company to enjoy investment benefits that come with the registration

It was resolved: to apply for a certificate of incentives pursuant to the Tanzania Investment Act.1997.



CERTIFIED TRUE EXTRACT Box 33104
(BY ORDER OF THE BOARD)
(Chairperson)



TANZANIA



Certificate of Incorporation

Section 15

No 66646

I HEREBY CERTIFY THAT

KALIS FURNITURE COMPANY 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 **23RD** day of **JULY****TWO THOUSAND AND EIGHT**

A handwritten signature in black ink, appearing to read 'J. Mays', written over a dotted line.

Assist. Registrar of Companies

REX ATTORNEYS

Advocates
Notaries Public &
Commissioners for Oaths

REX HOUSE
145 Magore Street, Upanga
P.O. Box 74-5
Dar es Salaam
Tanzania

Tel: + 255 22 211 4291/4899 / 8035
+ 255 22 213 7191
Fax: + 255 22 211 9474/2830
email: rex@rexattorneys.co.tz
www.rexattorneys.co.tz

Our Ref: REX/KLF/GENERAL/001

Date: 14th August, 2009

The Managing Director,
Barclays Bank Tanzania Limited,
P. O. Box 5137
DAR ES SALAAM.

Dear Sir/Madam,

RE: KALIS FURNIURE LIMITED INCORPORATION NUMBER NO. 66646

This is to inform you that the above named company, who would like to establish a banking relationship with your bank. This letter serves to introduce and recommend them for account opening purposes.

The directors Company pursuant to the attached company forms are:-

- a) Mr. Sanyieli Isakari Kishimbo,
- b) Mr. Choi Joung Wook.

Its physical address is:-

Plot No. 9,
Mbezi Beach light industrial Area,
P.O Box 22271,
DAR ES SALAAM.

We are available for further or any other information that may be required by your bank to achieve their intention.

Kindly assist them accordingly.

Yours sincerely,

REX ATTORNEYS
REX HOUSE
St. Upanga
DAR ES SALAAM
P.O. Box 74-5

Partners: Mwanaidi Sinare Maajar Dr. Alex T. Nguluma
Dr. Eve Hawa Sinare Lugano J. S. Mwandambo George Mpeli Kilindu
Christopher Giattas Sinare Zaharan Tabitha Maro
Associate: Farija B. Ghikas International Consultant: Jim Friedlander

KALIS FURNITURE COMPANY LIMITED
(the 'Company')

**SHAREHOLDERS' CIRCULAR RESOLUTION PASSED PURSUANT TO
SECTION 142 OF THE COMPANIES ACT NO. 12 OF 2002**

The undersigned, being the Shareholders of the Company, do hereby consent to the passing of the following circular resolution and give consent to the waiver of notice for a General Meeting:


ALLOTMENT OF NEW SHARES:

RESOLVED:

1. That the Company allots new shares to its present members, with immediate effect, pursuant to Article 38 of the Company's Articles of Association in the manner prescribed below.

- a) *Sanyieli Isakari Kishimbo* 500 shares
- b) *Choi Jounng Wook* 460 shares

2. That the Company issues share certificates to reflect the present shareholding in the Company after the passing of the above resolution.

S/No.	Name	Signature	Date
1.	CHOI JOUNG WOOK P.O BOX 33104, DAR ES SALAAM		17. Jul. 2009
2.	SANYIELI ISAKARI KISHIMBO, ALI HASSAN MWINYI ROAD, P.O BOX 22271, DAR ES SALAAM		17 July 2009

Copy

KALIS FURNITURE COMPANY LIMITED
(the 'Company')

SHAREHOLDERS' CIRCULAR RESOLUTION PASSED PURSUANT TO SECTION 142 OF THE COMPANIES ACT NO. 12 OF 2002

The undersigned, being the Shareholders of the Company, do hereby consent to the passing of the following circular resolution and give consent to the waiver of notice for an Extraordinary Meeting:

TRANSFER OF SHARES:

RESOLVED: That the shares held by Ms. Ahn Sung Yeon be transferred to Mr. Sanyieli Isakari Kishimbo, the Company's Chief Executive Officer, immediately so that the shareholding of the Company would be as follows:

Mr. Sanyieli Isakari Kishimbo - 1000 shares

Mr. Choi Joung Wook - 960 share



S/No.	Name	Signature	Date
1.	CHOI JOUNG WOOK P.O BOX 33104, DAR ES SALAAM		17 th July, 2009
2.	AHN SUNG YEON, LG JAI APT 107-1503, STNBONGDONG, YONGINSIA, KOUNG-GIDO, SOUTH KOREA.		17 th July, 2009

FORM OF TRANSFER

(141)

FOR THE CONSIDERATION stated below the "Transferor(s)" named do hereby transfer to the "Transferee(s)" named the shares or stock specified below subject to the several conditions on which the shares or stock are or is now held by the Transferor(s) and the Transferee(s) do hereby agree to accept and hold the said shares subject to the conditions aforesaid.

Full Name of Company or Undertaking	KALIS FURNITURE COMPANY LIMITED (Registration No. 66646)	
Number and full description of shares or amount of stock and number and denomination of units	FIGURES	WORDS
	500	Five Hundred
TRANSFER FROM:- TRANSFEROR(S) name(s) and address (es) in full.	AHN SUNG YEON, LG JAI APT 107-1503, STNBONGDONG, YONGINSIA, KOUNG-GIDO, SOUTH KOREA.	
CONSIDERATION	TANZANIAN SHILLINGS FIVE HUNDRED THOUSAND ONLY (TZS 500,000/=)	
TRANSFER TO:- TRANSFEREE(S) name(s) and address (es) in full.	SANYIELI ISAKARI KISHIMBO, P.O BOX22271, DAR ES SALAAM.	

SIGNED and DELIVERED by the parties to this transfer this 1st day of July, 2009

SIGNATURE OF WITNESS:

Address:

[Handwritten Signature]
 FARIJA BRIDGET GHIKAS
 ADVOCATE, NOTARY PUBLIC
 & COMMISSIONER FOR OATHS
 P. O. BOX 7495, DAR ES SALAAM

[Handwritten Signature]

AHN SUNG YEON
(TRANSFEROR)

Description:


COMMISSIONER FOR OATHS

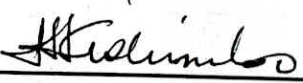


SIGNATURE OF WITNESS:

Address:

Description:


FARIJA BRIDGET GHIKAS
ADVOCATE, NOTARY PUBLIC
& COMMISSIONER FOR OATHS
P. O. BOX 7495, DAR ES SALAAM
COMMISSIONER FOR OATHS


ENG. S.I KISHIMBO
(TRANSFEREE)

Presented for filing by :-

Mr Choi Joung wook,
P.O Box 22271,
Dar es Salaam.

1

HERKIN BUILDERS LIMITED

CIVIL ENGINEERING AND BUILDING CONTRACTORS

Head Office: Mbezi Beach Industrial Area Plot No. 9 – Ali Hassan Mwinyi Road.

Tel: 255-022-2628040/0754-269287

Fax No: 255-022-2628041 Email: herkinbuilders@yahoo.com

P.O. Box 22271

DAR ES SALAAM

TANZANIA

HBL/GC/4/VOL.3/112

16th June, 2009

The Managing Director,
Kalis Furniture Co. Ltd,
P. O. Box 33104,
DAR ES SALAAM.

Dear Mr, Choi,

RE: USE OF PREMISES ON PLOT NO. 9 MBEZI BEACH INDUSTRIAL AREA

Reference is made to the captioned subject.

We are pleased to inform you that we have agreed to allow you to make use of our premises for your official business activities.

You shall be accorded all the necessary assistance where and when you require from us so that your operations run unhindered.

Wishing you all the best.

Sincerely,

HERKIN BUILDERS LIMITED

M/S HERKIN BUILDERS LIMITED

P. O. Box 22271

Eng. S. I. Kishimbo

Managing Director



True Copy
[Signature]

TICC/PP.10/041751/3

4 September 2009

Managing Director,
Kalis Furniture Company Limited,
P.O. Box 22271,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE ESTABLISHMENT
OF A PROJECT FOR MANUFACTURING HIGH QUALITY FURNITURE**

We wish to acknowledge receipt of your project proposal to manufacture furniture as presented in the TIC P.A. 1 Form No. 08095 and Feasibility Study with a projected investment of USD 1.32m.

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: -

- Bank Reference for equity funding or a letter from Bank/Financial Institution indicating that a loan is granted or is under consideration as required by Section 17 (3) (f) of Tanzania Investment Act, 1997.
- Certified document showing evidence of Land ownership for the location of the project.

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:

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

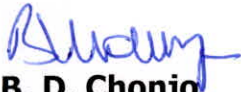
TICC/PP.10/041751/3

4 September 2009

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

Yours sincerely,

Tanzania Investment Centre



B. D. Chonjo

For: Executive Director

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

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

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



Barclays Bank Tanzania Limited,
P.O. Box 5137
Dar es Salaam
Tanzania

Tel: +255 (0) 22 2129381/2129758
Fax: +255 (0) 22 2129750/57

08th September 2009.

Tanzania Investment Centre,
Dar Es Salaam.

RE: INTRODUCTION OF KALIS FURNITURE COMPANY LIMITED.

The above mentioned company is our customer of Barclays Bank Tanzania Limited and they have been maintaining a relationship with our bank since 1ST September 2009.


They have a business local currency account number **012-6005164** and USD account number **012-6001975** which have been operating so far to our satisfaction since they establish their bank relation with Barclays Bank Tanzania Ltd.

Their address according to our records is P.O.Box 22271, Dar Es Salaam, Tanzania. Further assistance to them will be highly appreciated.

Should you require further information, please contact us on **+255222772450** or email: Lilian.mwijarubi@barclays.com

This information is afforded to you in strict confidence for your use only and upon the express instruction that neither the Bank nor its staff shall be held responsible for giving it.

Yours Sincerely,


Lilian Mwijarubi.
Customer Advisor
Mwenge Branch.



K Chan

DATED THIS 9 DAY OF September 2009

THE LAND ACT, 1999

LEASE AGREEMENT

BETWEEN

HERKIN BUILDERS LIMITED

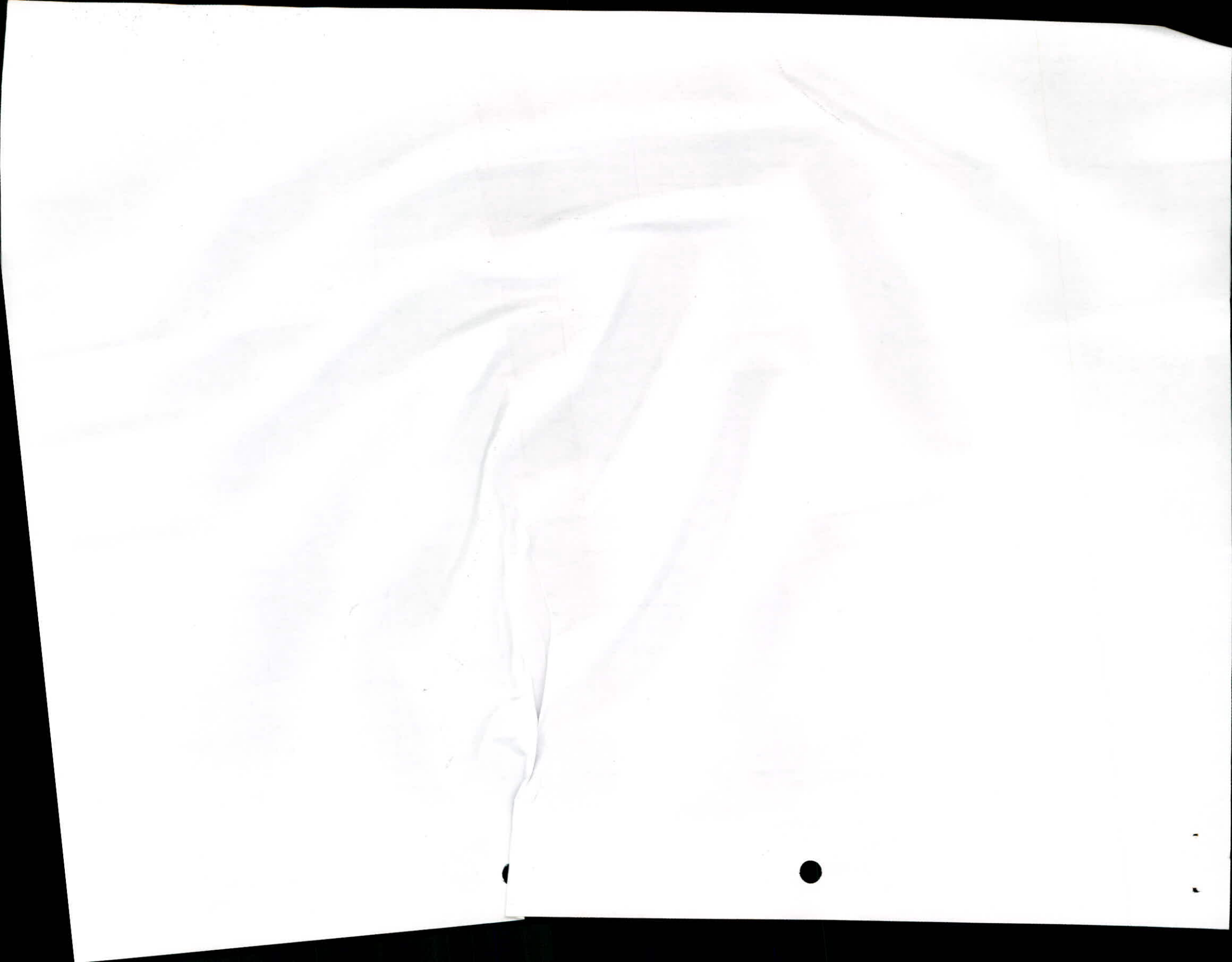
AND

KALIS FURNITURE COMPANY LIMITED

IN RESPECT OF THE LEASING OF PROPERTY SITUATED ON PLOT NO. 9
MBEZI INDUSTRIAL AREA CERTIFICATE OF TITLE NO. 36993, IN
DARE S SALAAM

DRAWN BY:

Herkin Builders Limited
P.O Box 22271
Dar es Salaam



LEASE AGREEMENT

This AGREEMENT is made this ^{9th} day of ^{SEPT.}, 2009

BETWEEN

HERKIN BUILDERS LIMITED, a limited liability company incorporated in Tanzania under the Companies Act, No. 12 of 2002 and having its registered office at Plot No. 9 Mbezi Industrial Area Dar Es Salaam, P.O. Box 22271, Dar Es Salaam (hereinafter called the "Lessor" which expression shall include and extend to persons deriving title under the Lessor, its successors and assigns) of the one part;

AND

KALIS FURNITURE COMPANY LIMITED, a limited liability company incorporated in Tanzania under the Companies Act, No. 12 of 2002 and having its registered office at Plot No. 9 Mbezi Industrial Area Dar Es Salaam, P.O. Box 22271, Dar Es Salaam (hereinafter called the "Lessee" which expression shall include and extend to persons deriving title under the Lessee, its successors and assigns) of the other part;

WHEREAS

- A. The **Lessor** who is the legal registered and beneficial owner of the property located at Plot No. 9 Mbezi Industrial Area Dar Es Salaam under Certificate of Title No. 36993, in the United Republic of Tanzania (hereinafter referred to as the "Demised Premises")
- B. The **Lessor** is desirous of letting the Demised Premises to the Lessee and the Lessee is desirous of renting from the Lessor the said premises at the rate and on the terms and conditions as hereunder:

NOW THEREFORE, THIS AGREEMENT WITNESSETH as follows:

ARTICLE 1

1.0 DEFINITIONS

1.1 In this Lease Agreement unless the context otherwise provides:

"Lease Agreement" means this Lease Agreement between the Lessor and the Lessee dated the 1st day of October, 2009,

"Lease Period" means the period from 1st October 2009 to 1st October 2011

"Parties" means the signatories to this Lease

"Rent" means the monthly rent of **US200** payable yearly in advance or any other such rent as may be agreed by the parties,

"Tanzania" means the United Republic of Tanzania and

"USD" means the Dollar of the United States of America

- 1.2 References to the singular include, when the context so admits, references to the plural and vice versa.
- 1.3 Words importing the masculine gender shall include the feminine gender and vice-versa.
- 1.4 References to any person or party include that person's or party's successors or Permitted assigns
- 1.5 The headings as used in this Lease Agreement are for convenience of reference only and shall not affect the construction of any of the terms and provisions hereof.
- 1.6 The expression " hereof", "herein", "hereunder" and similar expressions shall be construed as references to these Lease Agreement a whole and not reference to the particular Clause or provision in which the relevant expression appears
- 1.7 If any one or more of the provisions contained in this Lease Agreement shall for any reason be held to be invalid, illegal or not enforceable in any respect, such invalidity, illegality or non-enforceable provision shall be deemed never to have been contained herein. In the event of such invalidity, illegality or non-enforceability, the Parties shall use their best efforts to achieve the purpose of the relevant provision by amending the provision in this Lease Agreement and adding a new legally valid and enforceable provision.

ARTICLE 2

2.0 LEASE PERIOD

- 2.1 The **Lessor** hereby demises onto the **Lessee** the said **Demised Premises** for a term of two (2) year commencing from the 1st day of October 2009 under terms and conditions herein provided and renewal on mutual agreement by the Parties.

ARTICLE 3

3.0 RENT PAYABLE

- 3.1 In consideration of the **Rent** reserved and the **Lessor** demising the **Demised premise** to the **Lessee**, the **Lessee** shall pay **USD200.000 per month** and **USD 2,400** per year being the whole years **Rent** payable in advance in every year.

ARTICLE 4

4.0 THE LESSEE'S COVENANTS

- 4.1 The **Lessee** hereby covenants to the **Lessor** as follows:

- 4.1.1 to keep the said **Demised Premises** in good tenantable repair.
- 4.1.2 to pay, during the term of the **Lease Period**, the reserved **Rent** aforesaid and the withholding tax thereof on time.
- 4.1.3 not to sublet or assign the **Demised Premises** without the prior written consent of the **Lessor**.
- 4.1.4 to use the said **Demised Premises** for workshop and office purposes only or in such away as not cause nuisance, disturbance, annoyance, inconvenience or interference to the **Lessor** or to any of the adjoining or neighbouring properties.
- 4.1.5 to effect repairs and replace all the fixtures that may be damaged by the **Lessee** and/or his agents, visitors or licensees.
- 4.1.6 to permit the **Lessor** to enter upon the **Demised Premises** at reasonable times of the day for purposes of inspection, after giving the **Lessee** three working days' prior written notice of the intention to view the condition of the **Demised Premises**;
- 4.1.7 not to make any alteration to the permanent structures of the said **Demised Premises** without obtaining prior written consent of the **Lessor**;
- 4.1.8 to pay, during the **Lease Period**, all rates and charges for water, electricity and sewage bills in respect of the **Demised Premises**;
- 4.1.9 to keep, at all times, the interior of the **Demised Premises** in good condition throughout the **Lease Period** (fair wear and tear and damage by fire and such other risk against which the **Lessor** shall

have insured against save where the insurance money becomes not payable following an act or omission attributable to **Lessee's gross negligence only excepted**); and

4.1.10 to remove any furniture, equipment and goods and yield the **Demised Premises** to the **Lessor** in good tenable condition;

4.1.11 shall not suffer, or permit any act, matter or thing which would or might constitute or breach of any statutory regulation affecting the property or which would or might vitiate in whole or in part any insurance effected by the **Landlord/Lessor** in respect of the **Demised Premises** from time to time.

ARTICLE 5

5.0 THE LESSOR'S COVENANTS

5.1 The **Lessor** hereby covenants to the **Lessee** as follows:

5.1.1 to pay promptly, service charges, sewage bills and any taxes and levies, land rent, property tax which may become payable to the relevant authorities and which are by law payable by the **Lessor**.

5.1.2 to allow the **Lessee** to enjoy the **Demised Premises** peacefully and without any interruption whatsoever.

5.1.3 to be responsible for any structural and major repair(s) on the building **Demised Premises**.

ARTICLE 6

6.0 NOTICE AND RENEWAL OF LEASE AGREEMENT

6.1 Any notice required or permitted to be given or made under this **Lease Agreement** shall be in writing and, any such notice shall be deemed to have been duly given or made when it shall be delivered by hand or mail, fax to be followed by the original to the **Party** to which it is required or permitted to be given or made at such **Party's** address specified in this **Lease Agreement** or at such other address as such **Party** shall have designated by notice to the other **Party** giving such notice.

6.2 For the purposes of service under Article 6.1 above, the addresses of the **Parties** to this **Lease Agreement** are set hereinbelow:

FOR: The **Lessor**,
HERKIN BUILDERS LIMITED,
P.O. Box 22271,
Dar Es Salaam

FOR: The **Lessee**,
KALIS FURNITURE COMPANY LIMITED,
P.O. Box 22271,
Dar Es Salaam

- 6.3 Either **Party** may terminate this **Lease Agreement** upon giving the other **Party** three months written notice.

ARTICLE 7

7.0 RENT REVIEW

- 7.1 The **Parties** shall review and mutually agree on any changes pertaining to the **Rent** reserved prior to any new **Lease agreement** in respect to the **Demised Premises**.

ARTICLE 8

8.0 DISPUTE CLAUSE

- 8.1 Any dispute arising from or in connection with this **Lease Agreement** shall be settled amicably by the **Parties** failing which the aggrieved **Party** may take legal action in a court of law having competent jurisdiction.

ARTICLE 9

9.1 PROTECTION CLAUSE

- 9.2 The **Lessee** is entitled to a refund of the portion of the yearly **Rent** paid in advance for that year remaining unused in the event of termination of the **Lease Agreement** or of an event making the **Demised Premises** not habitable and the **Lessee** is forced to move out.

ARTICLE 10

10.1 WAIVER CLAUSE

- 10.2 No failure or delay by any **Party** to exercise any of its rights herein shall operate as a Waiver thereof nor shall any single or partial exercise of any such right further exercise thereof.

ARTICLE 11

11.1 GOVERNING LAW

This **Lease Agreement** shall be governed by and construed in accordance with Tanzanian

IN WITNESS HEREOF, the Parties hereto have executed this Lease Agreement on the day and year first herein written.

SEALED with the COMMON SEAL of HERKIN BUILDERS LIMITED and DELIVERED in our presence this 9th day of SEPTEMBER 2009



Names : SAMUEL I. KISHIMBO
Postal Address : P.O. BOX 22271
: DAR ES SALAAM
Qualification : MANAGING DIRECTOR
Signature : [Handwritten Signature]

Names : ALBERT KAMINDA
Postal Address : P.O. BOX 22271
: DAR ES SALAAM
Qualification : OPERATIONS MANAGER
Signature : [Handwritten Signature]


SEALED with the COMMON SEAL of KALIS
FURNITURE COMPANY LIMITED and
DELIVERED in our presence this 9th day of
September, 2009



Names : Joung Wook Choi

Postal Address : P.O. box 22271
: in Dar es Salaam.

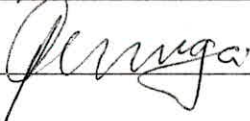
Qualification : Managing director

Signature : 

Names : PETON LI GASI SAALEM

Postal Address : P.O. Box 334
: DAR ES SALAAM.

Qualification : ACCOUNTANT

Signature : 



KAM-01 Sliding table saw



KAM-02 Sliding table saw (MB 250)



KAM-07 Flush cold press



MX5078A 铣铣机

最大加工厚度: 40mm
 工作台尺寸: 700X500mm
 刀柄直径: 6.3/12.7 mm
 主轴转速: 18000r/min
 台面最大倾角: 45°
 安装功率: 3KW

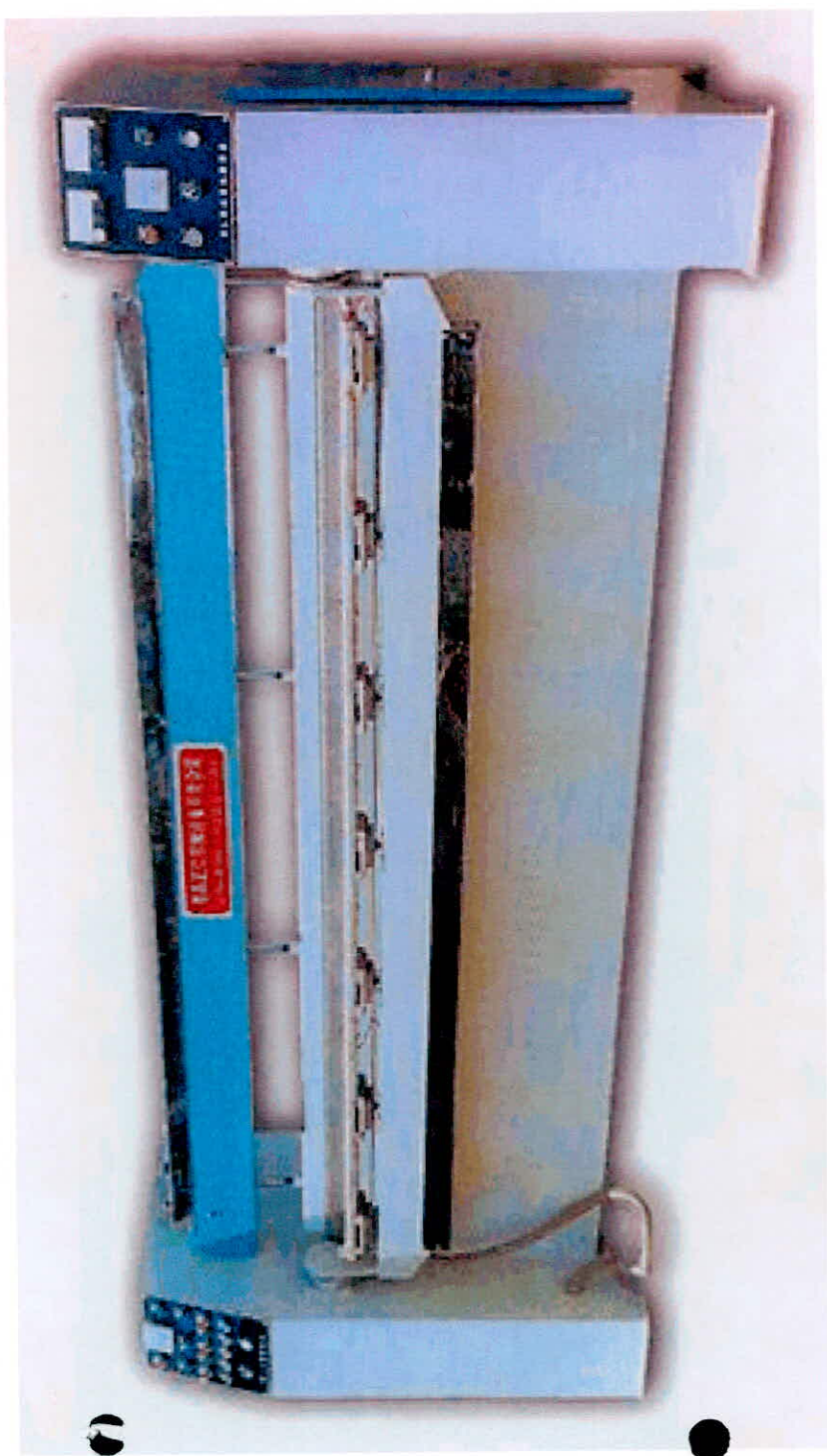
KAM-04 Router



MX5116 立式单轴木工铣床

最大加工厚度: 120mm
 工作台尺寸: 1030X670mm
 主轴直径: 35 mm
 主轴转速: 7200/10000r/min
 安装功率: 3KW

KAM-03 Single Spindle Shaper



KAM-05 Post-forming Machine



KAM-06 Vertical drilling.



XING BAO
AIR COMPRESSORS

XING BAO Air Compressors

星豹空气压缩机

使用说明书



KAM-08 Air Compressor.



F360B(封边机)

KAM-09 Edge band machine



KAM-14 Sharpening saw machine



TFN. 614 (Rev. 8.94)

JAMHURI YA MUUNGANO WA TANZANIA
THE UNITED REPUBLIC OF TANZANIA

STAKABADHI YA SERIKALI
EXCHEQUER RECEIPT

37887683

1

Shs.										Cts.	
\$	7	00	=								

NIMEPOKEA KWA
Received from

KALIS FURNITURE COMPANY LTD

KIASI
Amount

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

USD SEVEN HUNDRED FIFTY ONLY

NA SENTI
and Cents

KWA MALIPO YA
In respect of

CERTIFICATE OF INCENTIVE

KWA FEDHA TASLIMU/HUNDI

CASH

KITUO - Station

D&M

NAMBA By Cash/Cheque No.

23/10/09

SAHIHI YA MPOKEAJI - Receiving Officer's
Signature

CHEO - Title
DC

TARIEHI - Date
23/10/09

NFC-KIUT

TICC/PP.10/041751/6

20/11/2009

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

Dear Sir,

RE: VAT SPECIAL RELIEF ON CAPITAL GOODS (PLANT & MACHINERY)

M/S Kalis Furniture Company Limited is a TIC registered company with certificate of incentives **No. 041751** which is valid up to **August 2012**

The company has been registered with objectives of establishing a project for manufacturing high quality furniture.

Attached herewith please find a list of **Capital Goods** for VAT special Relief approval.

Yours sincerely

TANZANIA INVESTMENT CENTRE

Parassa

Revocatus Arbogast

FOR: EXECUTIVE DIRECTOR

TIC

5

Kalis Furniture Co. Ltd

Manufacturers, Exporters and Importers

Head Office: Mbezi Beach Industrial Area Plot No. 9 - Ali Hassan Mwinyi Road, P.O. Box 22271, DAR ES SALAAM, TANZANIA.
Tel: 255-022-2628040, Fax No: 255-022-2628041, Email: cjwmsmj@yahoo.co.kr / herkinbuilders@yahoo.com

Ref. No. KFC/2009/011/CW

17/11/2009

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



RE: APPLICATION FOR TAX EXEMPTION

We wish to apply for tax exemption for the attached list of machines imported for use in our new factory for your approval.

Together with the list please find a copy of our TIN number and TIC Certificate for your reference.

We appreciate your early approval.

Yours Sincerely,

Kalis Furniture Company Ltd.
Joung Wook Choi



Machinery

No	Description	Material Code	produce company	Q'ty		remarks
KAM-01	Sliding table saw	MJ-45	Rui Hao	1	Pc	
KAM-02	Sliding table saw - Small	MB-250	Xing Yu Da	1	Pc	
KAM-03	Single Spindle Shaper	MX5116	"	1	Pc	
KAM-04	Router machine	MX 5078 A	"	1	Pc	
KAM-05	Post forming machine	RL-2600	Shung Do	1	Pc	automatic
KAM-06	Vertical Drilling machine	MZ5012	Zhan Fei	1	Pc	
KAM-07	Flush Cold Press	WH 324 x 60	Funing	1	Pc	
KAM-08	Air Compressor		Xing Bao	2	Pc	
KAM-09	Edge Band machine	F360B	Edge Band	1	pc	
KAM-10	Edge Band machine		Edge Band	1	pc	5m big one
KAM-11	Generator	R180		2	pc	5kw (for site workers)
KAM-12	Generator	S1105		1	pc	10kw (for site office)
KAM-13	Generator	495ZD		1	pc	30kw (for factory)
KAM-14	Sharping saw machine	MF2230		1	pc	
KAM-15	Cross cutting machine			2	pc	
KAM-16	Fork lift			2	pc	

CTIN.:

00274210



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION

FOR

TAXPAYER IDENTIFICATION NUMBER (TIN)

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

THIS IS TO CERTIFY THAT

KALIS FURNITURE COMPANY LIMITED

.....

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

106-988-730

.....

with effect from

02-Aug-2008

.....


JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

Certified True Copy

of the original

Signature

Date

[Signature]
29/10/2009



No 00215967

For: Executive Director THE UNITED REPUBLIC OF TANZANIA
Tanzania Investment Centre

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041751

This is to certify that

KALIS FURNITURE COMPANY LIMITED

of address P.O. BOX 22271

DAR ES SALAAM

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

KALIS FURNITURE COMPANY LIMITED

Which is located at PLOT NO. 9, MBEZI INDUSTRIAL AREA,

KINONDONI DISTRICT, DAR ES SALAAM

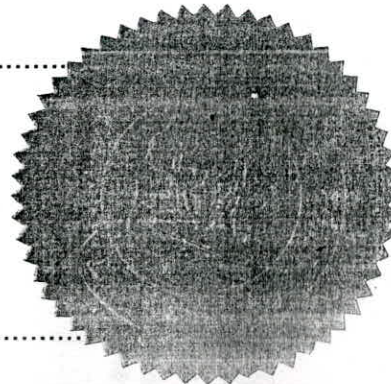
Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

[Signature]

Executive Director

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

Dated 27th OCTOBER 2009



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

1. Shareholders
Sanyieli I. Kishimbo Nationality Tanzanian Shareholding (%) 51
Choi Joung Wook, Korean 49
2. Proposed Activities : To establish a project for manufacturing high quality furniture
3. Sector: Manufacturing Subsector Furniture manufacturing
4. Investment cost: Foreign US\$ 0.647m. Local US\$ 0.673m. Total US\$ 1.32m.
5. Project Financing:
Equity US\$ 0.528m. Loans US\$ 0.792m. Total US\$ 1.32m.
6. Source, terms and conditions of loan
7. Assets to be invested:
Capital items: Foreign Local Total
US\$ 0.647m. US\$ 0.673m. US\$ 1.32m.
8. Technology Agreement None
9. Date of TIC Registration: 4th September 2009
10. Implementation period September 2009 - August 2012
11. Operative date September 2012
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
(i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
(ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)
(iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
(i) Date of Commencement of investment has to be notified to the Centre.
(ii) Certificate not to be transferred, assigned or amended
(iii) Failure to commence implementation within two years invalidates Certificate
(iv) Failure to operate investment must be notified to the Centre
(v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
Finished goods are not allowed under this certificate

Signed

Executive Director



No 00215967

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041751

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KALIS FURNITURE COMPANY LIMITED

Which is located at PLOT NO. 9, MBEZI INDUSTRIAL AREA,

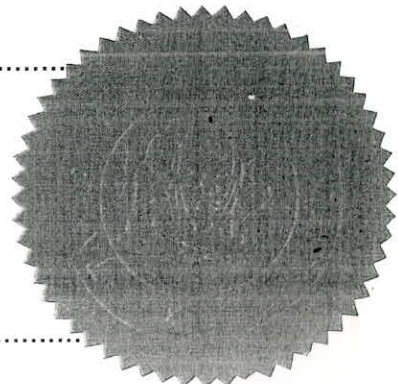
KINONDONI DISTRICT, DAR ES SALAAM

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

Executive Director

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

Dated 27th OCTOBER 2009



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

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- | | Nationality | Shareholding (%) |
|----------------------|-------------|------------------|
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|----------------|--------------|--------------|-------------|
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15. Additional conditions attached to Certificate
Finished goods are not allowed under this certificate

Signed


Executive Director

KALIS FURNITURE COMPANY LIMITED

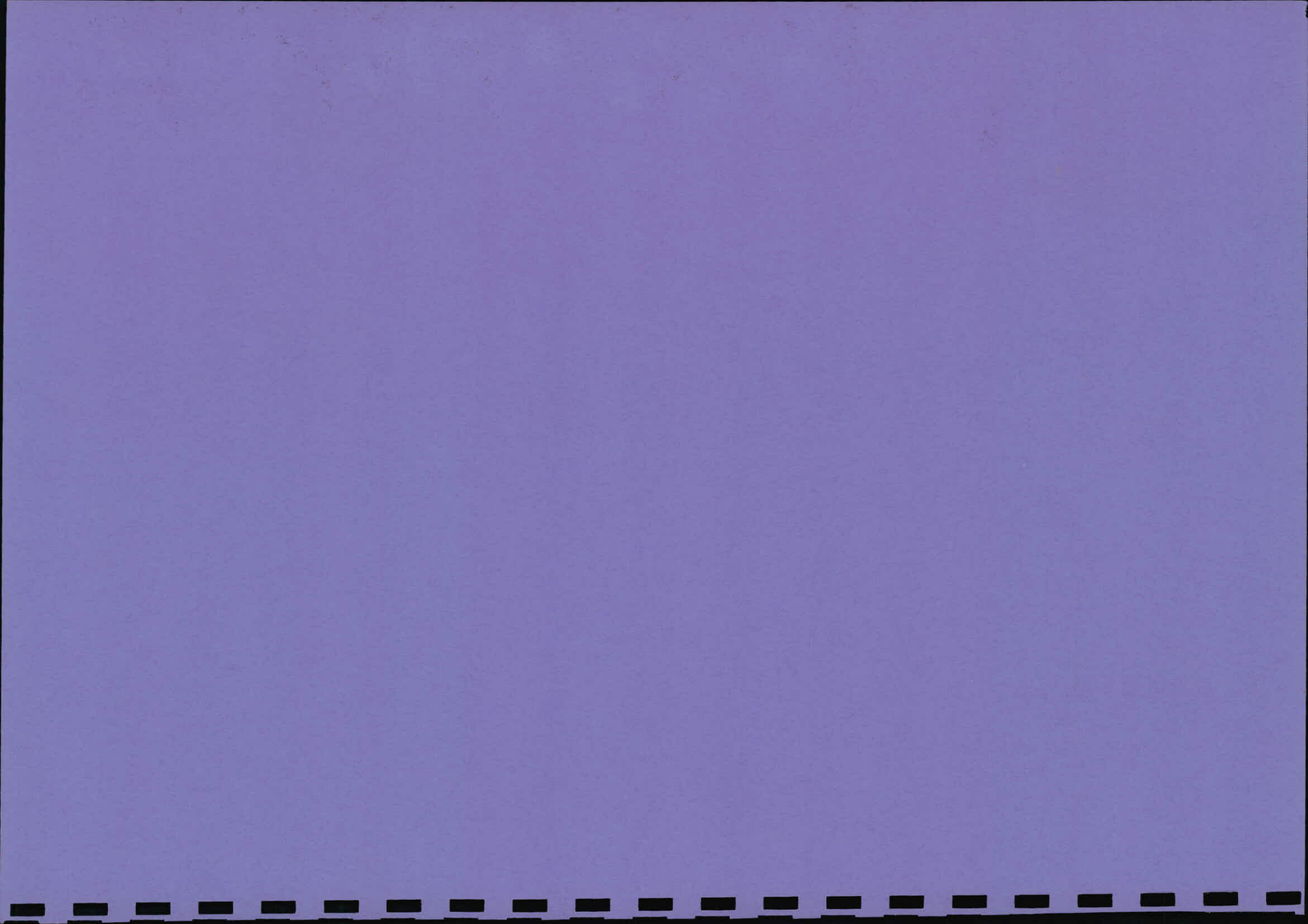
BUSINESS PLAN

FOR

FURNITURE MANUFACTURING PROJECT

PREPARED BY
KALIS FURNITURE COMPANY LTD
P.O. BOX 33104
DAR ES SALAAM

AUGUST, 2009



KALIS FURNITURE COMPANY LIMITED

BUSINESS PLAN

FOR

FURNITURE MANUFACTURING PROJECT

PREPARED BY
KALIS FURNITURE COMPANY LTD
P.O. BOX 33104
DAR ES SALAAM

AUGUST, 2009

4.0. MARKETING ASPECTS

- 4.1. The projects
- 4.2. The Markets

5.0. MANAGEMENT AND MANPOWER REQUIREMENT

- 5.1. Management
- 5.2. Manpower requirement

6.0. ASPECTS OF PROJECT SUSTAINABILITY

7.0. FINANCIAL ANALYSIS

- 7.1. Revenue and Profitability
- 7.2. Projected Cash flow

8.0. ECONOMIC ASPECTS

9.0. CONCLUSION AND RECOMMENDATIONS

1.0. EXECUTIVE SUMMARY

1.1. Project Concept

This project document presents a proposal by **M/S KALIS FURNITURE COMPANY LIMITED** (herein referred as the Company); a locally registered company with Certificate of Incorporation No. **66646** dated 23rd July 2008 seeking to establish a factory for manufacturing international standard furniture to be located at **Plot No. 9, Mbezi Industrial Area, Kinondoni Municipality, Dar es salaam**. The factory will utilize valuable and abundant soft and hardwood in the country. In essence, the project will involve acquiring new and modern machineries together with Motor vehicles for the factory.

The main purpose of the business is to deal with manufacturing of furniture including home and office furniture, hotel furniture and furnishings like cabinets, wardrobe, beds and the related products for supplying in Tanzanian market.

Project objectives

- To offer competitive and affordable prices for furniture to local and foreign markets
- To gain and increase market share and position in the local and later export market
- To meet the current high demand for quality furniture in the local market which is yet to be satisfied

- To foster economic linkages

This feasibility study report lays down the financial and economic viability of the envisaged project.

1.2. Location

As mentioned earlier, the project will be located at Plot No. 9, Mbezi Industrial Area, Kinondoni Municipality, Dar es salaam. The structures at this location will serve as the production site and will provide storage space for finished products and raw materials. The site is served with all the necessary facilities such as electricity, telephone and water

1.3. The Sponsors

M/S KALIS FURNITURE COMPANY LIMITED will be sponsoring this project and financing will be through shareholders' equity as well as bank loans. The Company is jointly owned by the following shareholders.

	Name and Address of Subscribers	Nationality	Number of Shares
1.	SANYIELI ISAKARI KISHIMBO P.O. Box 22271 Dar es salamm	Tanzanian	500
2.	CHOI JOUNG WOOK P.O. Box 33104 Dar es salamm	South Korean	460

1.4. Project Management

The company will be managed through the Board of Directors which is responsible for the formulation of the company policies. The Board of directors consists of the shareholders of the company.

The day to day operations of the company will be under the Managing Director who will appointed by the Board of Directors.

Below the Managing Director there are will be three functional departments namely; Finance & Administration, Marketing, and Production. These are supported by well trained and experienced officers and support staffs

The Company believes in keeping on board only the very essential manpower and to develop it into highly motivated and sincere team capable of providing the best performance and facilitate efficient operations of the company.

The company believes that under current management team, the company will grow steadily and gain enough experience and profits to expand its furniture factory in the near future

1.5. Raw Material Base

The company proposes to manufacture modern quality furniture that will make use of locally available, valuable and abundant soft and hardwood

in the country. Under exception cases some raw materials will be imported.

1.6 Basic Process

Furniture manufacturing under this project will be undertaken through the following basic process:

- Drawing
- Cutting Material (MDF, Timber Board)
- Assembling
- Finishing
- Delivery of Finished Product

2.0 PROJECT'S ESTIMATED CAPITAL INVESTMENT

The estimated capital investment cost of the project is US\$ 1,320,000 out of which US\$ 450,000 and US\$ 150,000 will be costs for new machinery and motor vehicles respectively. Working capital has been budgeted at US\$ 120,000.

2.1 Motor vehicles

Three (3) units of light trucks (15 – 30 tons) will be required for transportation of finished products to the sales and marketing centre in Dar es Salaam; and for the haulage of hardwood and softwood from local suppliers directly to storage/manufacturing unit in Dar es Salaam.

The company will also acquire pick ups and saloon cars for the project. Total estimated cost for this item is put at US\$ 150,000 as shown below.

2.2 Furniture, Fittings and Office Equipment

Total estimated cost for this item is put at US\$ 50,000 which is expected to be used for acquisition of furniture, fittings and office equipment that will be required in the offices, warehouses, and workshop premises.

This category will comprise of items like tables, chairs, cabinets, sofas, air conditioners, fans etc. The category will also be comprised of office equipment such as computers and printers, fax machines, photocopy machine, scanner, security alarms and locking systems, heavy security camera and monitor, movement recorders, refrigerators, radio call sets and other telecommunication equipment.

2.3 Pre-operation Expenses

This item is expected to cost US\$ 100,000 and includes items like investment studies, preparatory investigations, company formation and legal fees, initial recruitment and training of technical staff and miscellaneous pre-operation payments

In summary total estimated capital investment cost of the project is US\$ 1,320,000 as in the following table;

COST STRUCTURE		
PARTICULAR	AMOUNT	USD
Land and Buildings		400,000
Machinery & Equipment		450,000
Motor Vehicles		150,000
Furniture & Fixtures		50,000
Pre exp		100,000
Others		50,000
Working Capital		120,000
TOTAL		1,320,000

2.4 Project Financing Plan

The total capital cost of \$ 1,320,000 will be financed by shareholders' equity as well as bank loans as shown below;

FINANCING PLAN	AMOUNT	PERCENT
EQUITY	528,000	40.00
LOAN	792,000	60.00
TOTAL FINANCING	1,320,000	100.0

3.0 AN OVERVIEW TO THE FORESTRY INDUSTRY IN TANZANIA.

3.1 Sectoral Developments

Tanzania has about 33.5 million hectares of forests and woodlands. Out of this total area, almost two thirds consists of woodlands on public lands which lack proper management. About 13 million hectares of this total forest area have been gazetted as forest reserves. Over 80,000 hectares of the gazetted area is under plantation forestry and about 1.6 million hectares are under water catchment management. The forests offer habitat for wildlife, beekeeping unique natural ecosystems and genetic resources. Also bioenergy is the main sources of fuel for rural population and accounts for 92% of the total energy consumption in the country. However, it is estimated that the sector's contribution to the Gross Domestic Product is between 2.3% and 10% of the country's registered exports. This contribution is underestimated because of unrecorded consumption of wood fuels, bee products, catchment and environmental values and other forest products.

The value of the Tanzanian forests is high due to the high potential for royalty collection which increases revenues to the country, exports and tourism earnings as well as the recycling and fixing of carbon dioxide and conservation of globally important biodiversity. The sector also provides 730,000 person – years of employment who are engaged in various forest related activities. The real contribution is under estimated due to unrecorded labour in the collection of wood fuels and other forest

related products consumed by households. The wood industry accounts for about half of the sector in recorded contribution to GDP. The other half is contributed by non-wood products and services.

Despite all the importance and roles played by the forest resources to the economy, there are a number of problems faced which hamper the development of the sector and thus the under estimation of contribution to the economy. The various problems include among others deforestation, inadequate forestry extension services, inefficiency wood based industries and poor infrastructural facilities. Others are outdated legislation, fragmented administration at all levels between the centre and the local levels, lack of participation of various stakeholders in the management of the resources and poor resource databases, outdated and non existence of management plans for efficient resource use.

3.2 Performance of the sector

According to the existing national accounting system in Tanzania, the performance of the sector is measured in the monetized goods and services from it. This is to say only the production and sale of forest products within and outside the country are considered in this matter.

Other services derived from the sector include pasture for livestock, raw materials for industries protection of watersheds, source of water for irrigation, generation of electricity, environmental protection, control of soil erosion and nutrients. All these continue to be offered by the forest resources.

The performance of the sector is characterized with low capacity utilization despite the country's great forest potential. There are also huge potential for non wood products such as tourism, game, bee products but are still unknown and undeveloped. The utilization and management of these resources require a multi-purpose forest management, local processing and improved marketing.

A total of 26,269.78 cubic metres were harvested from the natural forests and 127,202.11 cubic metres from the plantations in 1999. There was a remarkable decrease in harvesting compared to 1998 in which 60,850 cubic metres from the natural forests and 450,400 cubic metres from plantations were harvested. The demand for wood products is higher than supply for both domestic and export markets. Export trade is in fine hardwood timbers which are popular for domestic market and are only exported for foreign exchange earnings rather than as a surplus.

3.3 Afforestation

For the past few years the performance of the forestry sector was fairly good in terms of number of trees which were planted and harvested. Afforestation activities are being carried out throughout the country to conserve the environment. This exercise is done on participatory approach in which the private sector, the communities, non governmental organizations and the public at large are involved. Harvesting of forest products is carried out in the natural forests and plantations, the main actors being the private companies, pit sawyers and the small scale companies.

3.4 Forest Policy & Regulatory Framework

The 1998 National Forest Policy, goal is to enhance the contribution of the forest sector to the sustainable development of Tanzania and the conservation and management of her natural resources for the benefit of present and future generations.

The main policy objectives are:

- Ensured sustainable supply of forest products and services by maintaining sufficient forest area under effective management;
- Increased employment and foreign exchange earnings through sustainable forest - based industrial development and trade;
- Ensured ecosystem stability through conservation of forest biodiversity, water catchments and soil fertility.
- Enhanced national capacity to manage and develop the forest sector in collaboration with other stakeholders.

The forest policy areas of focus are:

- Forest land management
- Forest based industries and products
- Ecosystem conservation and management and
- Institutions and human resources

The important instrument for forestry policy implementation is the establishment of a legal framework, which is the forestry act and formulation of a comprehensive national forests programme. This

programme will provide a framework addressing forestry issues within the context of sustainable development. The draft of forest legislation has been prepared and will be submitted to the higher authorities for approval. This will be periodically updated and harmonized with other legislation of other related sectors.

3.5 Role of public and private sector

The new forest policy has provided better environment for the wide participation of all stakeholders in forestry activities. The major stakeholders are the division of forest, the local government private sector, NGOs and donor community. An enabling environment and regulatory framework for the private sector involvement in forestry will be created through secured raw material procurement, training research and transfer of technology. Incentives and credit facilities for investments will be promoted and joint ventures will be encouraged. The role of the public sector will focus on policy development, regulation, monitoring and facilitation. Decentralization of forest resource management responsibilities will be promoted. Specialist technical backup services as well as information dissemination and sharing will be strengthened. The local community will be encouraged to participate in forestry activities. Clear forest land and tenure rights will be defined and instituted for local communities of all sexes. The potential areas for investment are:-

- Private sector participation harvesting, processing and marketing of forestry products and provision of credit facilities.

- Research, Training and transfer of technology.
- Extension services and facilitation of individuals and communities to develop and manage forests.

3.6 Reforms in the forest sector

The roles and responsibilities of main stakeholders in implementing the forest implementation have been defined in accordance with the macroeconomic, social and political changes of Tanzania the increasing demand of forests for environmental conservation, forest goods for agricultural expansion, livestock and other land users. Additionally, the compliance to international agreements such as international convention to combat desertification, change and other initiatives required to make reforms in the sector. To achieve this, effective mechanism for people's participation in community forest programme and improving the countries capacity of all major groups with an interest and a role to play in the conservation and management of forests and in meeting the demands for forest goods and services will be promoted and enhanced.

3.7 Donor community

The forest sector has been receiving financial support from the donor community for a long time. However there has been poor coordination within the sector particularly between the national priorities and the donor interests. The actions to address this problem are being worked out to resolve it. According to the new revised forest policy, consultations with development partners in the overall sectoral

coordination of various activities will be strengthened. Integration of donor supported projects into the government machinery and planning cycles will be promoted.

3.8 Professional Associations

3.8.1 Tanzania association of foresters

It was inaugurated in 1979. The members comprises of forest related professionals.

The major objectives include:-

- To foster public interest in forestry.
- To form a forum for all engaged in forestry.
- To advance and promote the forestry profession and all aspects of forestry.
- To disseminate information relating to forestry to the nation and other forestry related institutions.
- To co-operate and liaise with other organizations in matters of mutual interest.

The field activities of the association are to support environment conservation through community based natural resources management and to participate in other conservation activities in collaboration with individuals, government, local community, institution and other NGOs.

3.9 Forest Distribution

Tanzania is endowed with vast forest resources. The country has 33.5 million hectares of forests and woodlands (Table 1).

Table 1: Forest Distribution by Area and Cover Type.

Type of forest	Area ('000 hectares)	Percentage
Closed forests	1,400	4.18
Mangroves	115	0.34
Woodlands	31,985	95.48
Total	33,500	100.00
Used of forest land		
Net productive area	23,755	78.04
Unproductive area	9,745	21.96
Total	33,500	100.00
Legal status		
Forest reserves	13,059	38.98
Forest/woodlands within parks	2,000	5.97
Public forest lands	18,441	55.05
Total	33,500	100.00

The Forestry and Beekeeping Division is responsible for administering a total of 13 million hectares of forest reserves and 20.2 million hectares of unreserved forest resources in general lands. These forests contain many potential wood and non-wood products and a number of outstanding scenery sites.

3.10 Forest plantations.

Tanzania has 16 plantations covering a total planted area of 80,000 hectares. Tree species planted include: *Pinus patula*, *Pinus caribaea*, *Pinus elliottii*, *Cuppressus lusitanica*, *Cedrela odorata*, *Tectona grandis*, *Terminalia* spp, *Podocarpus species*, *Juniperus procera* and various *Eucalyptus* species. Most of these plantations are mature and ready for harvesting. Table 2 presents a summary of the industrial forest plantation resources.

Table 2: Forest Plantations

S/NO	Plantation	Location	Major Species	Area (Ha)	Estimated Allowable cut) m3
1	Shume	Lushoto-Tanga	Pines, Cypress	3,388	54,209
2	Magamba	Lushoto – Tanga	Pines, Cypress, Cedar	523	8,368
3	Ukaguru	Kilosa, Morogoro	Pines	2,396	38,336
4	Rondo	Lindi	Teak, Pines	2,664	42,624
5	Matogoro	Songea, Ruvuma	Pines	1,029	16,464
6	Kawetire	Mbeya	Pines	1,764	28,224

7	Kiwira	Mbeya	Pines	2,627	42,032
8	Rubare	Kagera	Pines	285	
9	Rubya	Ukerewe, Mwanza	Pines	1,816	29,056
10	Buhindi	Mwanza	Pines	3,206	51,296
11	Meru	Arusha	Cypress, Pines, Eucalyptus	6,885	110,160
12	West Kilimanjaro	Kilimanjaro	Pines, Cypress	4,653	74,448
13	North Kilimanjaro	Kilimanjaro	Pines, Cypress	5,588	89,409
14	Longuza	Muheza, Tanga	Teak, Terminalia	1,746	27,936
15	Sao Hill	Mufindi, Iringa	Pines, Eucalyptus	40,529	648,464
16	Mtibwa	Turiani, Morogoro	Teak, Cedrela	1,773	28,369
	Total			80,508	1,288,128

3.11 Natural forests

This forests have numerous valuable indigenous tree species suitable for industrial wood production such as *Dalbergia melanoxylon* (E.A.

Blackwood), *Pterocarpus angolensis* (mninga), *Khaya anthotheca* (African mahogany), *paurosa* etc. These species are suitable for construction timber, joinery, and furniture production, carving, flooring and general purpose construction wood.

Soft wood and hardwood plantations offer good opportunities to invest in establishment of wood based industries, which may include:

- Sawmilling (saw wood) industry
- Plywood
- Chipboard (Particle board) factories
- Fibreboard (Hard boards) manufacturing plants.
- Furniture and joinery woodwork
- Prefabricated structures and other industrial wood use
- Pulp and paper industries.

The government encourages trading of manufactured and semi-manufactured wood products. With the exception of Teak (*Tectona grandis*) and *Paurosa* (*Swartzia madagascarensis*), export of round logs is prohibited. Other wood products that are also allowed for export include; flooring strips, Clarinet sets, scotish pipes, wood carvings, doors, windows and Zanzibar chest.

3.12 Non- Wood Forest Products

The high biodiversity of Tanzania's natural forests offers a wide range of non-wood products such as:

- Gum arabic from *Acacia Senegal*

- The natural forests have many plants, which can produce dyes.
- The forests have many useful medicinal plants such as *Balanites aegyptiaca*, *Azadirachta indica* etc.
- The forests are a source of food. They harbour numerous species of mushrooms that have high nutrition value. Mushrooms have a very good domestic market.
- The forests have useful fruit trees such as *Uapaka kirkiana*, *Vangueria infausta*, *Syzigium* species and *Tamarindus indica* just to mention a few. Fruits from these trees are delicious and have a good domestic market. *Sclerocarya birrea* (marula) is popular for making an internationally recognised liqueur (Amalura drink), which is sold in many departmental stores in Southern Africa. One can also make juices and jams from the fruit. The nuts have high protein - rich oil.

Fruits of *Adansonia digitata* are rich in vitamin C while leaves for the species, used for soups and sauces, are rich in vitamin A.

- Neem can be used for the production of insecticides for controlling agricultural pests.
- Some of the tree species have leaves that can be used for the production of beautiful mats that can be sold on the local and export markets.
- Sandal woods (*Osyris compressa*) are famous for the perfume industry and have a high demand on the export market.
- *Trichilia emetica*, seed has potential for the manufacture of soap.

This wide range of non-wood products from the forests offers investors many options for investing in the forest sub sector.

3.13 Eco-tourism

The natural forests in Tanzania have a variety of scenic areas which are suitable for eco tourism, and development of recreational sites. Some of the sites are in mountain rain forests, coastal and riverine forests. Investors could develop recreational facilities such as lodges and hotels in exclusive natural environments.

The Eastern Arc Mountains which range from North Pare, The Usambaras, Uluguru and Udzungwa mountains and mangrove forests in Mtwara, Lindi, Coast and Tanga regions are potential sites for eco-tourism.

3.14 Sale of plants

As indicated earlier, Tanzania is endowed with high biodiversity. The natural forests have many different endemic plants which have high value on the export market. The East African Violet (Saint Paulia) for instance has commanded the flower market in Europe. Sale of plants is an area, which is yet to be fully exploited.

3.15 Trading conditions and licence procedures

The Government of Tanzania has simplified procedures for trading in wood and wood products to encourage trading in these products. In order to facilitate trading in wood and wood products, the procedures to be followed by investors and traders who wish to engage in the trade are as follows:

3.16 Trade in wood and wood products within the country

Traders in wood and wood products are expected to register with the Ministry of Natural Resources and Tourism. Any trader is expected to have a trading business licence and an Income tax Clearance certificate from Tanzania Revenue Authority. Where one has to enter into a forest reserve and fell/remove timber from the forests, it is necessary to have a licence to fell and remove timber and any other wood products from the forests from relevant forest authorities. Timber and wood products harvested from the forests must be certified by a forestry official and marked with a hammer (for the case of timber) before they are removed from the forest. The trader needs to obtain a transit pass, which allows them to move the products from the forest to the market.

3.17 Trade in wood and wood products outside the country.

Before one engages in trade on wood and wood products on the export market, it is necessary to do the following:

- Complete export forms and attach the following documents;
 - Copy of registration certificate for his or her company
 - Business licence
 - Income tax Clearance
 - An order from Importer
 - Produce evidence of Export returns for previous years
 - Be registered by the Ministry responsible for Natural Resources and Tourism.
- Obtain approval for export (each year)
- Prepare Invoice, Pay 50,000 TAS for grading certificate per consignment of 20 m³/tonnes and pay an additional 50,000 for export permit issued by the Ministry of Natural Resources and Tourism

3.18 Incentives for Investors in Forestry Sector:

- Monetary incentives

Corporate tax	30%
Custom duty on capital goods	0%
Value Added Tax on capital goods	0%

Capital allowance deduction in the years of income 50% with indefinite loss carry-forward period

Withholding tax on dividends	10%
Withholding tax on interest	0%

Free repatriation of earned income, profits and dividends

➤ Land lease/concession

Investment in forestry is a long-term undertaking. Consequently the National Forests Ordinance provides for long-term land lease/concession to those who wish to invest in the sub sector.

➤ Immigration quotas

Any business enterprise granted a certificate of incentives is entitled, by law, to an initial automatic maximum immigration quota of up to 5 people during the start up period. A request for additional experts can be considered upon presentation of a request to the Executive Director for Tanzania Investment Centre (TIC).

- Visas are issued at points of entry to Tanzania
- Multiple entry visas to Tanzania are provided to investors on request and where there is evidence that it is necessary to make frequent visits to Tanzania.

4.0. MARKETING ASPECTS

4.1. The products

The main purpose of the business is to deal with manufacturing of furniture including home and office furniture, school furniture, kitchen furniture, bank counters, hotel furniture and furnishings like cabinets, wardrobe, beds and the related products for supplying in Tanzanian market.

The main products of the proposed project consist of a Sofa sets, Tables, Chairs, Cabinets, Beds etc

4.2. Target Markets

The Company is targeting the current furniture in Dar es Salaam and other regions in Tanzania. Construction of housing has been growing in a big pace for the past five years in Tanzania. The new housing and urban settlement strategy adopted by the government and world policy on settlement will push the market size of furniture in the emerging markets to beyond expectations. The current demand for quality furniture has not yet been fulfilled due to few manufactures of these items, amount of capital required and lack of business orientation by most of Tanzanians business men. This is considered as an opportunity which the company expects to exploit.

The products will be promoted through various advertising media including use of use internet, televisions, magazines, news papers, T-shirts and outdoor as a platform for advertising and promotion. Dar es

Salaam is having many advertising media which are disseminating information to customers

5.0. MANAGEMENT AND MANPOWER REQUIREMENTS

5.1. Management

The company will be managed through the Board of Directors which is responsible for the formulation of the company policies. The Board of Directors consists of the shareholders of the company.

The day to day operations of the company will be under the Managing Director who will appointed by the Board of Directors.

Below the Managing Director there will be three functional managers namely; Finance & Administration manager, Marketing manager, and Production Manager. These are to be supported by well trained and experienced officers and support staffs

The company believes that under this management team, the company will grow steadily and gain enough exposure and profits to expand its furniture factory in the near future

5.2. Manpower Requirements

The company believes in keeping on board only the very essential manpower strength, to develop it into a highly motivated team for the best and efficient operations of the company

The management team will be supported by a team of thirty six permanent staff in various capacities. Labour force requirement will be the major cost item. Majority of the work force however will come from the casual labourers who will be employed on need basis

6.0. ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied:

- 6.1. Weather conditions and the infrastructure in Tanzania for quite sometimes now are convinced that the project will be able to operate undisturbed
- 6.2. The high demand for modern and quality furniture within and outside the region gives them assurance of a steady market.
- 6.3. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.
- 6.4. The monitoring and evaluation tools that have been successful elsewhere, will be applied in the country as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0. FINANCIAL ANALYSIS

7.1 Revenue and Profitability.

Project financial evaluation shows attractive profits which are realized right from the first year of the project. Net profit is projected to increase from \$ 97,297 in year 1 to \$ 126,867 in year 5. This is based on the assumption that the project will be granted tax exemption on capital goods as provided for under Tanzania Investment Act, No. 26 of 1997 for investors registered by the Tanzania Investment Centre.

7.2 Projected Cash flows:

The projected cash flow of the project reveals a health financial position throughout the 5 years under projection.

Cash flow at the end of the year increases from \$ 253,572 in year 1 to \$ 1,044,420 in year 5. However, accumulated amounts would be available for re-investment into the project as may be found convenient by the directors

8.0. ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values:

- 8.1. Furniture manufacturing will tremendously add value to locally grown timber. At present most of wood products are mainly exported in the form of logs and sawn timber.
- 8.2. The project will involve transfer of technology in the furniture manufacturing industry.
- 8.3. The project will create employment to forty people on permanent and many others on indirectly/temporary/need bases basis.
- 8.4. It will create more business opportunities to local suppliers of timber, which will also have a trickle down in the saw milling and related forestry industries.
- 8.5. It will generate substantial revenue to the government in the form of corporate tax and value added tax.
- 8.6. The project will earn substantial amounts of foreign exchange.

9.0. CONCLUSION AND RECOMMENDATIONS

M/S KALIS FURNITURE COMPANY LIMITED proposes to establish quality furniture manufacturing project to be based in Dar es salaam. The company will acquire new and modern machinery from overseas and motor vehicles for the envisaged project

The foregoing discussion above has highlighted on the social, economic and financial dimensions of the envisaged project. The project is technically feasible, financially and economically viable also environmentally friendly.

A fast implementation of the project is highly recommended and called for to avoid cost overruns and be able to realize the benefits outlined above; this is especially at this juncture when the Government is strongly encouraging investments

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

Financial statement
&
Other schedules

KALIS FURNITURE COMPANY LIMITED
PROJECTED INCOME & EXPENDITURE STATEMENT

	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue	1,400,000	1,470,000	1,543,500	1,620,675	1,701,709
Cost of Sales	560,000	588,000	617,400	648,270	680,684
Gross Profit	840,000	882,000	926,100	972,405	1,021,025
Operating Expenses:					
Administrative Expenses:	140,000	147,000	161,700	177,870	195,657
Motor Vehicle running expenses	30,000	31,500	33,075	34,729	36,465
Salaries and wages	214,800	225,540	236,817	248,658	261,091
Pension contribution	21,480	22,554	23,682	24,866	26,109
Depreciation	110,000	110,000	110,000	110,000	110,000
Marketing Costs	70,000	73,500	77,175	81,034	85,085
Utility costs	42,000	44,100	46,305	48,620	51,051
Insurance	52,500	52,500	52,500	52,500	52,500
Interest Expense	17,424	17,424	17,424	17,424	17,424
Communication	2,800	2,940	3,087	3,241	4,403
Total Expenses	701,004	727,058	761,765	798,942	839,786
Profit before Tax	138,996	154,942	164,335	173,463	181,239
Tax (30%)	41,699	46,483	49,301	52,039	54,372
Profit After Tax	97,297	108,459	115,035	121,424	126,867

KALIS FURNITURE COMPANY 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	1,050,000	940,000	830,000	720,000	610,000
Depreciation	110,000	110,000	110,000	110,000	110,000
Total Long-term Assets	940,000	830,000	720,000	610,000	500,000
<u>Current Assets</u>					
Cash	253,572	442,290	637,461	838,674	1,044,420
Inventory	80,925	113,944	105,893	157,023	144,090
Accounts Receivable	210,000	220,500	231,525	243,101	255,256
Total Current Assets	544,497	776,734	974,879	1,238,798	1,443,767
Total Assets	1,484,497	1,606,734	1,694,879	1,848,798	1,943,767
<u>Current Liabilities</u>					
Accounts Payable	22,400	33,936	4,696	34,721	7,227
Other Current Liabilities	44,800	47,040	49,392	51,862	47,457
Subtotal Current Liabilities	67,200	80,976	54,088	86,582	54,684
<u>Long-term Liabilities</u>					
Long-term Liabilities	792,000	792,000	792,000	792,000	792,000
Total Liabilities	859,200	872,976	846,088	878,582	846,684
Net Assets	625,297	733,758	848,792	970,216	1,097,084
<u>Capital and Reserves</u>					
Owners Contribution	528,000	528,000	528,000	528,000	528,000
Retained Earnings	97,297	205,758	320,792	442,217	569,084
Total Capital	625,297	733,758	848,792	970,217	1,097,084

KALIS FURNITURE COMPANY LIMITED

PROJECTED CASHFLOW

	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
CASHFLOW FROM OPERATIONS:					
Cash Sales	1,148,000	1,176,000	1,234,800	1,296,540	1,361,367
VAT Receipt	280,000	294,000	308,700	324,135	340,342
Subtotal Cash Received	1,428,000	1,470,000	1,543,500	1,620,675	1,701,709
Expenditures from Operations:					
Purchases	504,000	529,200	555,660	583,443	612,615
Additional Cash Spent	591,004	617,058	651,765	688,942	729,786
VAT payments	112,000	117,600	123,480	129,654	136,137
Interest expense	17,424	17,424	17,424	17,424	17,424
Subtotal Cash payment	1,224,428	1,281,282	1,348,329	1,419,463	1,495,962
CASH FROM OPERATIONS	203,572	188,718	195,171	201,212	205,747
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	-	-	-	-	-
Working capital and pre expenses	1,050,000	-	-	-	-
CASH FLOW FROM INVESTMENTS:	1,270,000	-	-	-	-
CASH FLOW FROM FINANCING:					
Bank loan	792,000	-	-	-	-
Owners Equity Contribution	528,000	-	-	-	-
CASH FLOW FROM FINANCING	1,320,000	-	-	-	-
NET CASHFLOW FOR PERIOD	253,572	188,718	195,171	201,212	205,747
CASHFLOW AT START OF YEAR	-	253,572	442,290	637,461	838,674
CASHFLOW AT THE END OF YEAR	253,572	442,290	637,461	838,674	1,044,420

SCHEDULE 1

REVENUE PROJECTION					
PRODUCTS	YEARS				
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Furniture Sales	1,400,000.00	1,470,000.00	1,543,500.00	1,620,675.00	1,701,708.75
	1,400,000.00	1,470,000.00	1,543,500.00	1,620,675.00	1,701,708.75

SCHEDULE 2

OTHER OPERATING COSTS					
OTHER OPERATING COST	YEARS				
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Motor vehicle running expenses	30,000	31,500	33,075	34,729	36,465
Salaries and wages	214,800	225,540	236,817	248,658	261,091
Pension contribution	21,480	22,554	23,682	24,866	26,109
Depreciation	110,000	110,000	110,000	110,000	110,000
Administrative expenses	140,000	147,000	161,700	177,870	195,657
Training cost	14,000	14,700	15,435	16,207	17,017
Marketing Costs	70,000	73,500	77,175	81,034	85,085
Utility costs	42,000	44,100	46,305	48,620	51,051
Insurance	52,500	52,500	52,500	52,500	52,500
Interest expense	17,424	17,424	17,424	17,424	17,424
Communication	2,800	2,940	3,087	3,241	3,403
Total costs	715,004	741,758	777,200	815,148	855,803

SCHEDULE 3

COST STRUCTURE

PARTICULAR	AMOUNT USD
Land and Buildings	400,000
Machinery & Equipment	450,000
Motor Vehicles	150,000
Furniture & Fixtures	50,000
Pre exp	100,000
Others	50,000
Working Capital	120,000
TOTAL	1,320,000

SCHEDULE 4

FIXED ASSETS SCHEDULE

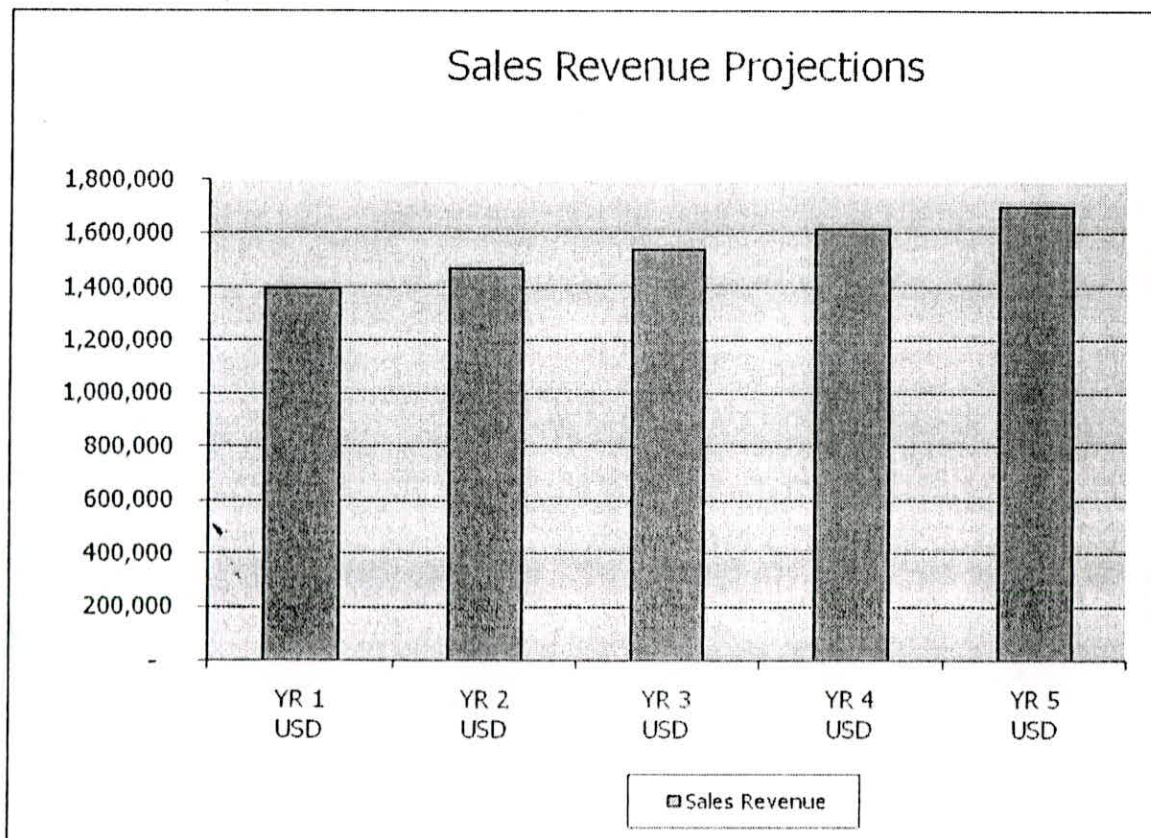
NAME OF ASSETS	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land and Buildings	400,000	360,000	320,000	280,000	240,000
Machinery, tools & Equipment	450,000	405,000	360,000	315,000	270,000
Motor Vehicles	150,000	135,000	120,000	105,000	90,000
Furniture & Fixtures	50,000	40,000	30,000	20,000	10,000
TOTAL	1,050,000	940,000	830,000	720,000	610,000
DEPRECIATION	2008 USD	2009 USD	2010 USD	2011 USD	2012 USD
Land and Buildings	40,000	40,000	40,000	40,000	40,000
Machinery, tools & Equipment	45,000	45,000	45,000	45,000	45,000
Motor Vehicles	15,000	15,000	15,000	15,000	15,000
Furniture & Fixtures	10,000	10,000	10,000	10,000	10,000
ANNUAL DEPRECIATION	110,000	110,000	110,000	110,000	110,000
CLOSING FIXED ASSETS	940,000	830,000	720,000	610,000	500,000

SCHEDULE 5

SALARIES & WAGES

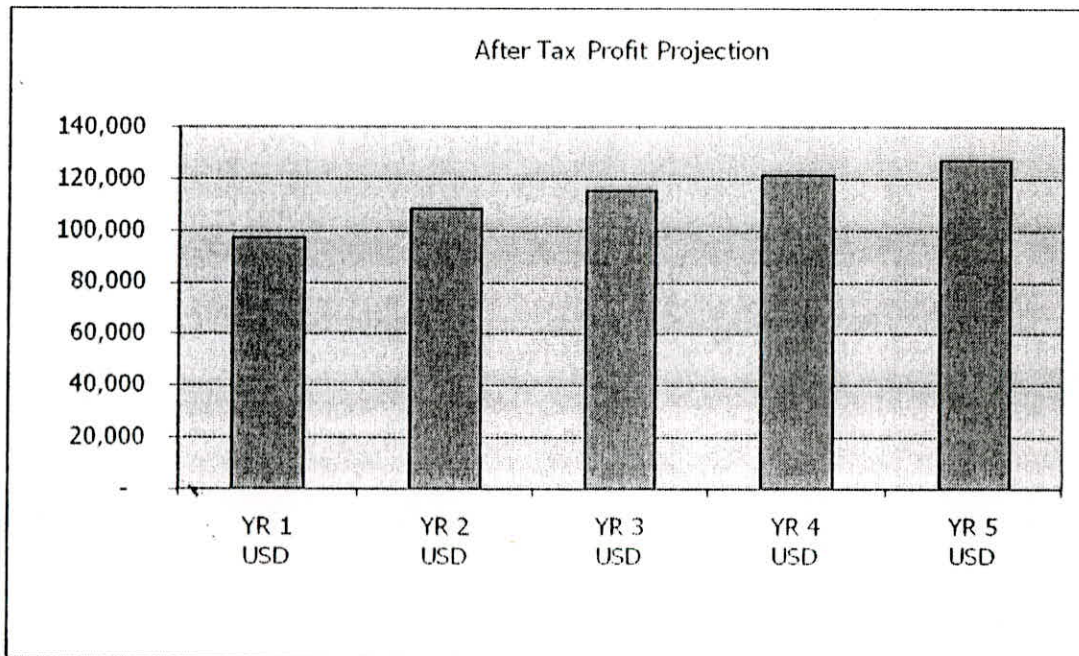
DEPARTMENTS/DESIGNATION	NO.	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
Managing Director	1	2000	2000	24,000
Finance and Administration Manager	1	1500	1500	18,000
Production Manager	1	1500	1500	18,000
Sales and Marketing Manager	1	1500	1500	18,000
Marketing Officer	2	600	1200	14,400
Assistant Accountants	2	600	1200	14,400
Secretary	1	400	400	4,800
Carpenters	20	300	6000	72,000
Drivers	5	300	1500	18,000
Security Guards	4	200	800	9,600
Office Assistant	2	150	300	3,600
TOTAL USD \$	40	9,050	17,900	214,800

REVENUE PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue	1,400,000	1,470,000	1,543,500	1,620,675	1,701,709



PROFIT PROJECTION

	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Profit After Tax	97,297	108,459	115,035	121,424	126,867



CASH FLOW PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
CASH FLOW AT THE END OF THE YEAR	253,572	442,290	637,461	838,674	1,044,420

