PRIME MINISTER'S OFFICE

TANZANIA INVESTMENT CENTRE

FILE BEGINS | ENDS | PART

FILE TITLE

CONFIDENTIAL

FILE NUMBER
TIC PP10

041614

FILE NUMBER
TIC PP10/041614 PART

INDEX HEADINGS

Officer or Section	For Action F/M	Initials	Date	Action taken Vide F/M	Officer or Section	For Action F/M	Initials	Date	Action taken Vide F/M	Officer or Section	For Action F/M	Initials	Date	Action taken Vide F/M
DIF	F1		2/11/08											
Ndelema	F1		2/11/08											
DIF	F2		10/12/08											
Ndelema	F2		11/12/08											
	M1		29/12/08											

ENDS

PART

FILE TITLE

FILE NUMBER TIC/ PP10/04/61 PART

CONFIDENTIAL

FILE NUMBER TIC/ P 04

INDEX HEADINGS

Officer or Section	For Action F/M	Initials	Date	Action taken Vide F/M	Officer or Section	For Action F/M	Initials	Date	Action taken Vide F/M	Officer or Section	For Action F/M
DIF	F1	[illegible]	2/11/08	[illegible]							
Ndelema	F1	[illegible]	2/11/08	[illegible]							
DIF	F2	DD	10/12/08	[illegible]							
Ndelema	F2	[illegible]	11/12/08	[illegible]							
Ag ED	M1	[illegible]	29/12/08	✓							
Ag DIF	F.4	[illegible]	30/12/08	[illegible]							
Ndelema	F.4	[illegible]	30/12/08	[illegible]							
PCS	M2	[illegible]	5/1/09	[illegible]							
IPPO	M3	[illegible]	5/1/09	[illegible]							
DIF	F5	[illegible]	20/1/09	[illegible]							
Ndelema	F5	[illegible]	20/1/09	[illegible]							
EXD	M1	[illegible]	22/1/09	[illegible]							
DIF	F5	[illegible]	19/2/09	[illegible]							
[illegible]	F5	[illegible]	17/4/09	[illegible]							

BAUTECH CO LTD

BUSINESS PLAN

FOR A FACTORY OF ALUMINIUM PROFILES, PVC PROFILES AND THEIR ACCESSORIES IN THE UNITED REPUBLIC OF TANZANIA

PROMOTER: BAUTECH COMPANY LIMITED
P.O.BOX 34331
DAR ES SALAAM

PREPARED BY:

CELE & SARAH CO.
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NOVEMBER 2008

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PART I

CONSIDERATIONS REGARDING THE INVESTMENT POSSIBILITIES IN THE UNITED REPUBLIC OF TANZANIA

1.1 Economical situation

Tanzania has had remarkable economic growth in the last years, supported by the positive effects of having good economic plan and through the benefits arising from the "Initiative of debt exemption for poor countries".

With an average yearly growth of the GIP of more than 6%, Tanzania is one of the few African countries that reach the growth target of 7%, established in the strategy "Millennium Development Goals".

The Tanzanian economy has remained strongly dependent on agriculture, which contributes by approximately 50% to GIP.

The export of coffee has continued to ensure more than 65% from the income in foreign exchange, while processed and semi-processed leather are the second important supplier of foreign exchange.

Domestic production focuses on foods and beverages, chemicals and pharmaceuticals, plastic articles, metal and non-metal products, leather and leather products, fabrics and clothing.

Year 2005 highlighted the consistency of the regime from Tanzania to fight corruption through the Public Corruption Bureau for Ethics and Fighting Corruption, an exigency insistently desired by the donor countries.

Following the promotion of transition reform to the market economy and real democracy, in 2003, Tanzania ratified the United Nations Convention regarding Fighting Corruption.

Through the ratified International Convention, Tanzania shall strengthen the cooperation with the other countries that ratified the document, through exchanges of information and expertise in fighting corruption, consolidating ethical practices, good governance.

The financial sector has made significant progress following the comprehensive governmental program for liberalisation. It aims at improving services on the competition principle, giving up the state monopoly, having a new concept for approaching the market and the products, being also opened to analysis and control by international audit companies.

The decrease of inflation and increase of tax stability ensure an attractive macroeconomic environment for direct foreign investments.

The country has made visible progress in creating market mechanisms based on free competition, as well as in modernising the tax system by introducing, from January 1st 1998, the value added tax (20%).

Local taxes, as compared to GIP, are now 13%, net superior as compared to other states at regional, continental and international level, where they exceed 20%. The profit tax is 30%, making Tanzania extremely attractive for foreign investments.

The privatisation program, following which the state enterprises were sold to private and foreign investors, the comprehensive and clear legislation in the field of investments, the transparency and ensuring guarantees, are the key elements in increasing the attractive nature of Tanzania to foreign investors.

Tanzania has adopted, for the period 2003-2016, as measures for implementing the management policy of hydro-energetic resources, a strategy, a program and a fund for developing the water sector. These documents are deemed as historically important in order to fundament the Initiative of the Nile Basin, intended to ensure common benefits for all riverain states.

The policy of irrigations aims at integrating the Program for industrial and agricultural development by mechanisms used in order to improve the capacity to avoid drought and floods.

The estimations of the financial needs to implement the development program in the sector of water and hydro-energy in the period 2003 – 2016 amount to approximately

7.5 billion USD. The main financing sources consist of governmental allowances, contributions made by the program beneficiaries, international aids and concessionary loans, as well as investments of enterprises from the state and private sectors.

The period for developing the Tanzanian infrastructure provides multiple involvement opportunities for foreign companies, in order to achieve objectives or perform works with international financing, from the local or mixed budgets.

Eastern states, Japan, China skilfully capitalize the permeability of the local investment market, opened by the vast process of privatisation and modernisation that is in progress in Tanzania.

In 2005, the regional cooperation at the level of Initiative of the Nile Basin continued, which again reunites African states, in order to ensure durable development and the management of water resources of the river. Projects are mainly financed by the World Bank, the Canadian Agency for International Development and PNUD; Tanzania is part of the Subsidiary Action Program for the east river of the Nile, which includes Egypt and Sudan. The support of donors made it possible to elaborate a strategy for building systems, aiming at providing electricity and drinking water at national level.

The management of the Tanzania Investment Centre highlighted that this revision considered the imperative role of investments in the economical and social growth, by encouraging the private and foreign investors to participate in synchronising the economical situation of the state with requirements at macroeconomic level.

Economic areas previously reserved exclusively to local investors, as well as tourism, import and distribution of gas etc., were opened, through the new legislation, to foreign and Diaspora investors.

In the economical and financial statistics and analyses from Tanzania, the Tanzanian fiscal year is used as period, which begins on July 1st and ends on June 30th of the following year.

1.2 Opportunities in Tanzania

Opportunities are countless in Tanzania, as the environment is very favourable to activities such as floriculture, a field where the Tanzanian government has interests in attracting foreign investors.

With an altitude of 4,600 m above the sea level, Tanzania has one of the most varied agricultural resources in Africa. The government offers substantial facilities to investors in agriculture and industry based on agricultural products, and these include tax exemptions for several years.

The Investment Commission from Tanzania provide leasing facilities for lands for agricultural activities with very reasonable rates.

In addition, there are opportunities in the field of leather goods and fabrics. Tanzania has the highest livestock in Africa and among the first ten in the world (with million heads) and the export of rawhide leather and fur was more than 70,000 tons in 2001.

The leather has optimum quality and there are opportunities for processing this leather locally in order to produce goods such as bags and footwear.

AGOA (The African Growth and Opportunities Act) from the USA facilitates the access to one of the largest markets with a large variety of manufactured goods, including clothing.

Tourism is another opportunity for foreign investors, Tanzania having a very rich cultural and historical heritage, such as the castle from Lalibela or the monasteries from Lake Tanganyika with their mural paintings. The affluence of tourists has grown by 72 % in the period 1990 ÷ 2000, but the infrastructure needs improving in order to reach international standards and this is why these shortcomings are opportunities for foreign investors.

1.3 IMPLEMENTATION PROGRAMME:

The project is to be implemented in three (3) years time from the date of obtaining the Certificate of Incentives from Tanzania Investment Centre.

1.4 LIST OF ITEMS TO BE INCLUDED IN THE CERTIFICATE OF INCENTIVES:

(a) Motor Vehicle

(i)	Double Cabin Pickups	- 6
(ii)	3 ½ Truck / Van	- 6
(iii)	Minibus for ferrying workers	- 6

(b) Machinery and Equipment

1.5 FINANCING PATTERN:

This project will be financed through owner's equity contribution of 80% and the balance of 20% by term loan from either local commercial banks or foreign financial institutions.

1.6 PROFITABILITY:

The analysis and evaluation done so far has indicated that this project will be financially sound throughout the planned period of operations. The net profit after tax increases steadily from

Usd 1,190,770 in the first year up to Usd 1,635,708 starting the sixth (6^{th}) year until the end of the projected period. The after tax Internal Rate of Return (TRR) on total investment when discounted over a period of ten years yields a return of 27.9%. If the company will borrow funds at the current interest rate of 19% which is being charged by most local commercial banks it means that the firm will be able to service the loan plus interest during the prescribed period without difficultly and still remain a viable venture. This signifies that this project will be both economically and financially a viable proposition.

2.0 PROJECT DESCRIBPTION:

- The plan calls for the establishment of a plant in Dar es Salaam with a prime objective of manufacturing PVC and Aluminum Profile and their accessories.

Date from documentary sources, as well as data on the aforesaid products, indicate that there has been very little progress towards manufacturing of PVC and Aluminum and their accessories during the last decade. Indeed there has been regression in some indicators, and very little improvement in the quality of exported PVC and aluminum profile in Tanzania, Therefore could not produce the desired impact. This explains the reason why there is a great need for private developers to join bands with Government in establishing plants of such nature geared towards the efforts of broadening the resource base focusing more on Producing locally rather than importing.

2.1 CAPITAL INVESTMENT COST:

The estimated investment of this project is Usd 7,996,467 which is broken down as follows:

Usd.

Item	No.	Unit Cost	Total cost
1. Buildings: (2,000m2)	1	120,000/= per sq.m	2,445,000
2. **Motor Vehicles:**			
(a) Double Cabin Pickup	6	5,000	10,000
(b) Truck/Van (3 ½ tones)	6	20,000	20,000
(c) Minibus	6	10,000	10,000
3. Machinery & Equipment		See annex B	5,425,000
4. Furniture & Fittings	-	50,000	50,000
5. Initial Working Capital requirement		16,467	16,467
GRAND TOTAL			**7,996,467**

2.2 CAPITAL CHARGES:

Economic Depreciation has been worked out on some fixed assets over their useful economic lifetime based on straight line method and other on reducing balance method. The assumptions adopted are that, Buildings depreciate at 4%, Motor Vehicles at 25%, while Furniture & Fittings are depreciated at 12.5% and 12.5% on machinery/equipment.

Detailed calculations are provided in the following table below:-

Usd:

Item/Year	0	1	2	3	4 - 10
1. Buildings	2,445,000	97,800	97,800	97,800	97,800
2. Motor Vehicles	40,000	10,000	10,000	10,000	10,000
3. Furniture and Fittings	50,000	6,250	5,469	4,785	3,664
TOTAL DEPRECIATION	-	**58,850**	**58,850**	**58,850**	**58,850**
CUMULATIVE DEPRECIATION	-	**58,850**	**117,700**	**176,550**	**235,400**

2.3 MANAGEMENT AND ORGANIZATION:

The plant will be managed by qualified Manager who will be responsible for the day to day operational matters of the plant.

The project will need a labour force of 15 people ranging from managerial to semi-skilled staff, for the smooth and efficient running of the operations. The number of personnel is likely to increase as the plant increases its operational capacity in the years ahead.

The Manager will be answerable to the Board of Directors and implement all decisions made by them pertaining to the efficient and effective management of the project. In addition to that he will be required to provide cohesion among the workers for the purpose of motivating them for higher labour productivity.

The total annual wage bill is anticipated to amount to Usd 25,000.00 during the first five years. For a plant of this size and magnitude this figure is considered to be satisfactory and within the range we expected.

2.4 Fighting corruption

Corruption, understood as an abuse of the people with decision power, is present in developing countries (but also in developed countries). The private sector usually complains about the corruption that is mainly manifest as material advantages for public services, which are practically "service duties" for the authorities.

In Tanzania, this unfortunate phenomenon is very rarely represented, as bureaucratic corruption in the private sector is almost inexistent. Thus, in the 35 private sectors that existed in 2004, there has not been any complaint regarding an act of corruption.

In the light of such facts, it is interesting that the government established an anticorruption organism, which practically has not been active for a few years.

The program Tanzanian Civil Service Reform began in 1994. In 1998 an ethics sub-program has been established, then the Federal Ethics and the Anticorruption Commission were established in May 2001 (Proclamation 235/2001). The commission is subordinated to the prime minister and is supervised by the Ethics Advisory Board that has 28 members that are part of the government, the business community and NGO. The commission is structured in 9 departments, including the department for investigations and legal department.

Some investors see the commission and their activities as a government's counterbalance to private corruption instances (in private sectors and in the banking field) and see these reactions as being undesirable, with consequences that are hard to quantify. One of the consequences could be, in the opinion of these investors, preventing privatisation.

The commission disproves corruption on the new road that the country takes towards development and market economy

2.5 Investment environment: important factors for investors

Strong points

- Considerable potential that the market has with a population of almost 70 million people and the privileged relation with the European Community, the United States and other retail markets;
- A safe environment, with almost inexistent corruption;
- Small production costs, especially labour costs;
- Political and macroeconomic stability;
- Substantial natural richness, including a temperate climate.

Opportunities

- Agriculture and industry based on agriculture, including floriculture and horticulture;
- Mines and hydraulic energy;
- Light industry, including goods in leather and clothing;
- Tourism, especially in the historic north;
- Service sector, including health, education and research, technical assistance in agriculture.

Weak points

- Weak infrastructure and untrained labour force;
- Does not allow the purchase of lands and large costs of transportation;
- Heavy privatising and restriction of foreign investors.

Threats

- Drought;
- Unsolved power conflict with neighbouring country

THE ENVIRONMENT:

The city of Dar es Salaam is situated on latitude 6o45's and longitude 39o18'E on the West Indian Ocean coastline, with the boundaries of the metropolitan area extending some 100kms between the Mpigi river to beyond the Mzinga River in the south and enclosing some 1,350sq. kms of land including eight offshore islands. Its natural habour has been developed into a modern port, which today is of a national, regional and continental importance. The climate is tropical coastal, with a mean annual temperature of 26oC and an average humidity of 96 per cent in the mornings and 67 per cent in the afternoons. The annual rainfall average just over

1000mm concentrated in two seasons – the "short rains" of November and December, and the long rains: between March and May, Established by Sultan Seyyid Majid of Zanzibar in 1862 as a port and trading centre, the city, the name of which is popularly believed to mean "the Harbour (or Haven) of Peace" From the Persian – Arabic Bandar. UI – Salaam grew rapidly from the early 1890's when the German Government selected Dar es Salaam as the administrative headquarters of its newly-acquired colony of German East Africa and started to plan the development of the town. The buildings built to house the administration of that time remain as the hub of the current Government. The German colonial administration's Bukordnung or building code adopted for the development of the city was largely continued by the British, who tool over the administration of Dar es Salaam in 1961. Following the Second World War, a Town Planning Department was established in 1974 and a Maser Plan produced in 1948.

The status on municipality was granted in 1949 and that of city in 1961 at the attainment of the country's independence. Subsequent Master Plans, which were produced in the 1960, and Government policy generally have attempted to meet the challenges associated with rapid urbanization as manifested particularly in housing shortages and squatters settlements.

Dar es Salaam being the major commercial cultural and industrial centre with an estimated population of 4.5 million is expanding rapidly in line with the country's development plan. The liberalization of the economy has attracted many foreign investors in the country. Conducive investment environments to investors have been encouraged to invest in the country and so far the response has been good.

PART II

A. CONSIDERATIONS REGARDING THE MARKET OF HEAT-SEALING CARPENTRY FROM PVC

2.1 Extruded PVC – a modern material, with multiple uses

The modern era is the era of plastic and compound materials. Plastic appears in more and more fields, replacing traditional materials due to better durability in time of its basic characteristics, due to its easy processing and especially to its low purchasing price.
Among compound materials, PVC takes the leading position.
Polyvinyl chloride, or PVC, is a polymer created from ethylene (a product derived from petrol) and chloride (a salt derivate).
In order to be used at industrial scale, PVC must be added to various micro-ingredients.
Extruded PVC is used, among others, for manufacturing windows and doors from profiles, as well as making panels.
As compared to the other carpentry systems, PVC ensures the best heat and sound insulation coefficient, as well as the best protection against water and wind. Also, white PVC has the lowest purchase cost as compared to the other carpentry systems.
Another use of PVC is making interior and exterior panels by extrusion.
The PVC panel is highly used all around the world, being used for covering walls, ceilings and doors, both in residential and industrial constructions.

2.2 Presentation of heat-insulating carpentry

For hundreds of years, wood has been the basic solution in making carpentry. Practically, until 20 years ago the word "carpentry" was equivalent to wooden carpentry. Technological progresses of the modern era have allowed the use of new materials in carpentry, created in order to remove its deficiencies.

At the moment, for heat-insulating windows, three categories of profiles are used for making carpentry:

- Aluminium profiles;
- PVC profiles;
- Profiles from stratified wood.

The main reason for which heat-insulating carpentry with heat-insulating glass is preferred to simple glass with wooden frame is, mainly, saving heat, soundproofing.

The specialists have calculated that, in a building, heat is lost in the following manner:

- through the floor 9 %;
- through the roof 24 %;
- through the walls 26 %;
- through the windows 41 %.

It is interesting that, although the window area occupies 10 % of the total area of a room, through it the greatest amount of heat is lost. When people noticed this, they took measures and heat-sealing windows appeared (heat-insulating glass, named according to the name of a producing company).

The heat-sealing systems ensure heat insulation 5 times better, sound insulation 3 times better, have longer resistance in time, do not need repeated paintings and varnishing, are sealed on two or three sheets of seals, have at least two closing points, provide sealing against wind and infiltrations caused by rain.

Replacing classic windows and doors with modern carpentry from aluminium, PVC or stratified wood ensures higher comfort at home or at work and saves heat. Here are some examples:

- Excellent heat insulation (reduces heat losses between the glass and the frame);
- Special sound insulation (reduces the noise by 35 ÷ 39 dB);
- Are resistant against UV rays and heat variations;
- Are not affected by chemical substances and do not feed the fire;
- The lifespan of the products is higher;
- Are better insulated against wind and dust;
- Closing systems are resistant to the elements;
- The high numbers of profiles allows the adjustment to any type of order;
- Are easily installed;
- Are cleaned easily by the simple dusting of the profile;
- Do not need special painting or maintenance.

Heat-insulated windows can also have other properties besides sealing heat better. They are produced and cast according to a special procedure. Aesthetically, heat-sealing windows are preferably for their elegant aspect, narrow and coloured frames. Moreover, a positive aspect of these types of windows is that they allow the handlings in several manners (vertically and horizontally, using the same device). The installation of heat-insulating windows is preferable to the classic system also by reducing the space occupied by old glasses (instead of two panes, there is only one).

The glass used for the heat-sealing window is imported from various countries, which produce it under license by great manufacturers as Saint Gobain, Glavelbell, Pilkington etc. The heat-insulating window is obtained by installing tow sheets of glass, generally 4-mm thick; through an aluminium rod filled with silica gel (it is noted 4-16-4, which represents two sheets of glass, 4 mm thick, with a distance of 16 mm between them). The insulation of the ensemble is made in

two phases: initial insulation between the glass sheet and the rod and the final insulation on the window contour.

The quality of glass is deciding in a window, as the loss of heat is made in proportion of more than 40% through it.

The hardware is generally specific to a certain carpentry system; each system can be equipped with better or worse hardware. This system of carpentry can be put in place in cities like Dar es salaam, Mwanza, Kigoma, Dodoma, Arusha, Tanga, Tabora, Kilimanjaro,Mbeya, Morogoro or can be also be processed in other neighbouring country of East Africa and other SADC Countries.

The percentage of using the three carpentry systems – at the moment – varies from country to country:

	Italy (%)	Germany (%)	Romania (%)
- aluminium	80 ÷ 85	10 ÷ 15	30 ÷ 35
- PVC	10 ÷ 15	80 ÷ 85	65 ÷ 70
- stratified wood	5 ÷ 10	5 ÷ 10	3 ÷ 5

Using PVC for manufacturing panels has the following advantages:

- low cost as compared to traditional panels;
- recommended for rooms with high humidity: bathrooms, corridors, waiting rooms, locker rooms, garages, laundries, cellars;
- very good resistance to impact - (high flexibility), resistant to water, humidity and UV rays;
- low maintenance;
- short installation time as compared to wet plastering;
- very long resistance to elements;
- allows the fast and cheap installation of a system for exterior insulation, thus decreasing the consumption of energy for heating or cooling by up to 30%. Thus, the cost of installation for panels is paid off through the saving of energy, in a short time (2-3 years).

Manufacturers and importers provide warranty for these panels and say that they last 40 years. Moreover, they highlight, each time, the heat-insulating properties of these finishing materials.

2.3 Market of the heat-sealing carpentry

In a brief classification of the market of the carpentry for heat-insulating windowpanes, PVC carpentry is largely used in the sector of residential sector, whereas the aluminium one is mainly intended for the retail spaces.

costs; the clients preferred to choose the less expensive option, state producers of aluminium carpentry.

According to the specifications, technically, there cannot be a firm answer about which material is better than the other one. If both are installed correctly, without installation flaws, one may say that each of the two types of carpentry is good, function of their destination, sizes, quality of the raw material that was used.

When we talk about PVC, the main advantages are the higher heat insulation, the good price; we must not forget that it is the cheapest type of heat-insulating carpentry and is low maintenance.

2.4 Advantages and disadvantages of the various solutions for employed materials

The materials used in order to create the carpentry for heat-sealing panes have (each of them) advantages, but also disadvantages:

- Profiles from extruded PVC:
  - Low purchase costs if the colour is white or if the paint is obtained by painting with a gun;
  - Have good resistance in time;
  - Are easily processed;
  - Are easily maintained;
  - Ensure the best heat and sound-proofing coefficient, especially for the profiles with 3 or more chambers;
  - Ensure better insulation against water and wind;
  - when painted with a gun they are easily scratched;
  - Can be painted by coverage in foil with extraordinary resistance against the environmental mechanical factors, in fresh colours or imitations of wood essences (the product is quite expensive);
  - In order to improve the rigidity of the profile, a bracing of galvanised steel sheets is used;
  - PVC profiles with aluminium plating inside have appeared, borrowing part of the aluminium advantages.

- Aluminium profiles:
  - ensure the best resistance to the action of environment factors (resistance to erosion);
  - ensure the easiest maintenance;
  - ensure the richest colour range;
  - do not need additional bracing;
  - allow a longer lifespan of the closing mechanisms;

- are painted in electrostatic field, and can have various colours inside and outside;
- Profiles without heat barrier can be used (with just one chamber) as well as profiles with heat barrier (with three chambers);
- Profiles with heat barrier, plated inside with wood of various essences, ensure a pleasant aspect.

• Profile from stratified wood:
- is more expensive as compared to the other profiles;
- has a superior aesthetic aspect;
- ensures high heat comfort;
- has lower durability than PVC or aluminium;
- requires works for interior maintenance, but the modern technologies for polishing wood can eliminate this inconvenient. The solution of aluminium plating eliminates this inconvenient;
- ensures higher sealing by using perimeter hardware adjustable for two or even three directions.

2.5 Evolution of consumption of PVC profiles

Modern solution in constructions, the heat-sealing carpentry has known an impressive growth rate lately.

The yearly consumption of heat-sealing aluminium and PVC carpentry oscillates between 15 ÷ 20 kg/inhabitant in developed countries and 4 ÷ 7 kg/inhabitant in developing countries.

The growth rhythm of the consumption of heat-insulating carpentry is between 5 and 15 % following the advantages brought by the construction of houses, offices, hotels, industrial halls with respect to:

- heat comfort;
- sound comfort;
- high use duration;
- resistance to the elements.

The percentage of using the two solutions (aluminium or PVC) varies from country to country, as aluminium being preferred for commercial constructions (shop windows and access doors, interior divisions, doors and windows for company offices) but also for residential constructions or industrial halls.

By establishing a factory for aluminium profiles in the United Republic of Tanzania, with a capacity of 11,000 tons/year, an average consumption of 0.15 kg/inhabitant is ensured, which is lower than the average consumption in the world, but this is a starting point for the future development of new capacities.

B. CONSIDERATIONS REGARDING THE MARKET OF HEAT-SEALING CARPENTRY FROM ALUMINIUM

2.6 Presentation of heat-insulating carpentry

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- aluminium	80 ÷ 85	10 ÷ 15	30 ÷ 35
- PVC	10 ÷ 15	80 ÷ 85	65 ÷ 70
- stratified wood	5 ÷ 10	5 ÷ 10	3 ÷ 5

2.7 Market of the heat-sealing carpentry

In a brief classification of the market of the carpentry for heat-insulating windowpanes, PVC carpentry is largely used in the sector of residential sector, whereas the aluminium one is mainly

for company offices etc.), the rest of 15 ÷ 20% representing the carpentry installed in residential buildings.

According to the specifications, technically, there cannot be a firm answer about which material is better than the other one. If both are installed correctly, without installation flaws, one may say that each of the two types of carpentry is good, function of their destination, sizes, quality of the raw material that was used. It must be specified that PVC carpentry, unlike aluminium one, is not suitable for any destination.

Aluminium is more resistant in time under the action of the sun and environmental factors, being easily to maintain, but has prices higher by 15 ÷ 30 % than PVC, offering also heat insulation below the latter.

2.8 Advantages and disadvantages of the various solutions for employed materials

The materials used in order to create the carpentry for heat-sealing panes have (each of them) advantages, but also disadvantages:

- Aluminium profiles:
  - Ensure the best resistance to the action of environment factors (resistance to erosion);
  - Ensure the easiest maintenance;
  - Ensure the richest colour range;
  - Do not need additional bracing;
  - Allow a longer lifespan of the closing mechanisms;
  - Are painted in electrostatic field, and can have various colours inside and outside;
  - Profiles without heat barrier can be used (with just one chamber) as well as profiles with heat barrier (with three chambers);
  - Profiles with heat barrier, plated inside with wood of various essences, ensure a pleasant aspect.
- Profiles from extruded PVC:
  - Low purchase costs if the colour is white or if the paint is obtained by painting with a gun;
  - Have good resistance in time;
  - Are easily processed;
  - Are easily maintained;
  - Ensure the best heat and sound-proofing coefficient, especially for the profiles with 3 or more chambers;
  - Ensure better insulation against water and wind;
  - When painted with a gun they are easily scratched;
  - Can be painted by coverage in foil with extraordinary resistance against the environmental mechanical factors, in fresh colours or imitations of wood essences (the product is quite expensive);

- In order to improve the rigidity of the profile, a bracing of galvanised steel sheets is used;
- PVC profiles with aluminium plating inside have appeared, borrowing part of the aluminium advantages.

• Profile from stratified wood:

- Is more expensive as compared to the other profiles;
- Has a superior aesthetic aspect;
- Ensures high heat comfort;
- Has lower durability than PVC or aluminium;
- Requires works for interior maintenance, but the modern technologies for polishing wood can eliminate this inconvenient. The solution of aluminium plating eliminates this inconvenient;
- Ensures higher sealing by using perimeter hardware adjustable for two or even three directions.

2.9 Evolution of consumption of aluminium profiles

Modern solution in constructions, the heat-sealing carpentry has known an impressive growth rate lately.

The yearly consumption of heat-sealing aluminium and PVC carpentry oscillates between 15 ÷ 20 kg/inhabitant in developed countries and 4 ÷ 7 kg/inhabitant in developing countries.

The growth rhythm of the consumption of heat-insulating carpentry is between 5 and 15 % following the advantages brought by the construction of houses, offices, hotels, industrial halls with respect to:

- Heat comfort;
- Sound comfort;
- High use duration;
- Resistance to the elements.

The percentage of using the two solutions (aluminium or PVC) varies from country to country, as aluminium being preferred for commercial constructions (shop windows and access doors, interior divisions, doors and windows for company offices) but also for residential constructions or industrial halls.

By establishing a factory for aluminium profiles in the United Republic of Tanzania, with a capacity of 11,000 tons/year, an average consumption of 0.15 kg/inhabitant is ensured, which is lower than the average consumption in the world, but this is a starting point for the future development of new capacities.

PART III

A. PRESENTATION OF THE FACTORY OF PVC PROFILES AND ACCESSORIES – CITY OF DAR ES SALAAM

3.1 1 Description of the products in the program

The following will be produced in the factory:
- 4-chamber PVC profiles;
-6-chamber PVC profiles.

PVC profiles are:
- Corner profile;
- Connection profile;
- Termination profile.

3.2 Production capacity

		Phase I	Phase II
- monthly capacity	tons/month	450	1,000
	thousands lm	2,910	6,500
- yearly capacity	tons/year	5,000	11,000
	thousands lm	32,000	71,500

The capacity of 450 tons/month from phase I shall be operative at the beginning of year 2009.
Phase II, of 1,000 tons/month, respectively 11,000 tons/year, shall be operative one year after the start of phase I.

3.3 Production schedule per years

By making the production capacity operative in the two phases, it is estimated that the following productions will be obtained, per years:

Year	Degree of reaching the installed capacity (%)	Yearly production (to)	
		total	of which export
2009	75	3,750	--
2010	80	9,000	--
2011	90	10,000	1,000
2012	100	11,000	2,000
2013 and the following	100	11,000	2,000

3.4 Necessary investments

The necessary investment for the final capacity is 45,000,000 birr, respectively approximately 5,040,000 USD and shall have the following structure (appendix no. 3.1):

Name	investments USD
Land reclamation, surroundings, platforms, utility connections, internal roads	550,000
Buildings and interior installations	2,000,000
Technological machinery	2,210,000
Other expenses (means of transportation, various equipments, furniture, office equipments, other expenses)	280,000
Total	**5,040,000**

Note: it was deemed that for the land of 25,000 sqm lease will be paid (royalty).

The investment for financing the working capital is 1,000 thousands USD.

3.5 Built-on areas

In order to achieve the production capacity of 11,000 tons/year 3 buildings are necessary, with a total area of 8,000 sqm, respectively:

- Building D (extrusion hall), with an area of 4,000 sqm, which shall be commissioned in phase I;
- Building E (storage hall for raw material, grinding waste, preparation of raw material), with an area of 2,000 sqm, which shall be commissioned in phase II;
- Building F (hall for painting and warehouse for finite products), with an area of 2,000 sqm, which shall be commissioned in phase II.

The three buildings shall be located on a piece of land of 25,000 sqm.

On the land to be leased, surroundings, reclamation works, platforms, interior roads, connections for supply of electrical power, water and sewerage connections shall be performed.

3.6 List of the main technological machinery that is necessary

Name	Number of machineries	
	total	of which phase I
- presses for PVC extrusion with one or two heads, including the set of moulds for each profile	13	3
- PVC grinding machines	4	1
- mixers for preparation of the extrusion mix	3	1
- wrapping (packaging) machines	6	2

3.7 Production technology

The manufacturing technology includes the following groups of technological operations (appendix no. 3.2):

- Storing raw materials (PVC granules, PVC waste, calcium carbonate, titanium dioxide, stabilizers, akdeniz Pro 40, etc.) ;
- Mixing components function of the recipe;
- Extruding the mix of components on extrusion moulds that are specific for each product, followed by the cutting lengthwise;
- Wrapping in plastic foil;
- Expedition.

3.8 Necessary materials

The necessary materials per years are (according to appendix no. 3.3):

tons/year

Name	Year 2009	Year 2010	Year 2011	Year 2012 and the following
- PVC granules	2,745	6,588	7,320	8,052
- Calcium carbonate	994	2,385	2,650	2,915
- Titanium dioxide	81	193	215	236
- Stabilizers	120	288	320	352
- Akdeniz Pro 40	39	95	105	115
Total	**3,979**	**9,549**	**10,610**	**11,670**

Partially, the necessary materials shall be imported (Europe and the Arab states) and, by case from Tanzania.

The waste resulting from the production process (heads, scrap, etc.) shall be recycled, being introduced in the production process after sorting and grinding in order to make other products

3.9 Utility consumptions

The main utilities shall need the following yearly consumptions:

Name	UNIT	Year 2009	Year 2010	Year 2011	Year 2012 and the following
- Electrical power	thousands of kwh	560	1,250	1,380	1,500
- Industrial water	cm	6,500	15,000	16,500	18,000

The installed electrical power is 1,500 kVA.

3.10 Necessary staff

The necessary staff for the operation of the factory has the following evolution on years (appendix no. 3.4):

Category of staff	Year 2009	Year 2010	Year 2011 and the following
Total staff	**120**	**270**	**300**
of which			
- management staff and engineering staff	6	10	11
- administrative staff	7	11	15
- foremen	5	12	15
- workers	102	237	259

Note: the entire staff that is necessary for the good operation of the business shall be employed from the local work force.

3.11 Training the staff

The staff that shall work in the investor's factories from Romania.
It is estimated that 20 people will be trained for a period of 3 months.
The following are considered for training:

- Management staff 1 person;
- Technical engineering staff 2 persons;
- Foremen 5 persons;
- Workers 12 persons.

3.12 Considerations regarding environment protection

By its specific and employed technologies, the future factory for PVC profiles and accessories from the city of Dar es Salaam does not generate special problems regarding environment protection.
The PVC waste resulted in the production process are collected, stored in special on trainers in order to be used for making new products or are sold later.
Measures will be taken in order to make investments in the environment protection, in order to observe national and international norms for environment protection.

Wrapping the packages of aluminium profiles

- Wrapping in plastic foil on special machines
- Storing;

Delivery.

3.21 Necessary materials

The necessary materials per years are (according to appendix no. 3.3):

tons/year

Name	Year 2009	Year 2010	Year 2011	Year 2012 and the following
- Aluminium (blocks)	3,247	8,856	9,840	10,824
- Aluminium waste	832	2,268	2,520	2,772
- Magnesium	36	99	110	121
- Powders for painting in electrostatic field	165	450	500	550
Total	**4,280**	**11,673**	**12,970**	**14,267**

Partially, the necessary materials shall be imported (Europe and the Arab states) and, by case from Tanzania.

From the quantity of necessary aluminium waste, approximately 38 % are recyclable materials resulting from the production process.

3.22 Utility consumptions

The main utilities shall need the following yearly consumptions:

Name	UNIT	Year 2009	Year 2010	Year 2011	Year 2012 and the following
- Electrical power	thousands of kwh	800	1,800	2,000	2,200
- Industrial water	cm	6,500	17,000	18,500	20,000

The installed electrical power is 2,500 kVA.

3.23 Necessary Staff

The necessary staff for the operation of the factory has the following evolution on years (appendix no. 3.4):

Category of staff	Year 2009	Year 2010	Year 2011 and the following
Total staff	**150**	**360**	**400**
of which			
- management staff and engineering staff	8	13	15
- administrative staff	10	15	20
- foremen	5	12	15
- workers	127	320	350

Note: the entire staff that is necessary for the good operation of the business shall be employed from the local work force.

3.13 Synthesis

Name	UNIT	Phase I (first year)	Phase II
- Investments	USD birr	5,040,000 45,000,000	
- Products	x	PVC profiles for carpentry for heat-insulating windows	
- Production capacity	tons/year	5,000	11,000
- Commissioning date	x	1st quarter 2008	1st quarter 2009
- Yearly production	tons	3,750	11,000
- Land area	sqm	25,000	
- Built-on area	sqm	4,000	8,000
- Number of staff	no.	120	300
- Consumption of materials	tons	3,979	11,670
- Installed power	KVA	1,500	
- Yearly consumption of utilities • electrical power • water	 thousands of kwh cubic metres	 560 6,500	 1,500 18,000

B . PRESENTATION OF THE FACTORY OF ALUMINIUM PROFILES AND ACCESSORIES – CITY OF DAR ES SALAAM

3.14 Description of the products in the program

The following will be produced in the factory:
- Aluminium profiles (white) for carpentry for heat-sealing panes;
- Coloured aluminium profiles for carpentry for heat-sealing panes;
- Aluminium profiles for other uses.

3.15 Production capacity

		Phase I	Phase II
- monthly capacity	tons/month	400	1,000
- yearly capacity	tons/year	4,400	11,000

The capacity of 400 tons/month from phase I shall be operative at the beginning of year 2008.
Phase II, of 1,000 tons/month, respectively 11,000 tons/year, shall be operative one year after the start of phase I.

3.16 Production schedule per years

By making the production capacity operative in the two phases, it is estimated that the following productions will be obtained, per years:

Year	Degree of reaching the installed capacity (%)	Yearly production (to)	
		total	of which export
2009	75	3,300	--
2010	80	9,000	--
2011	90	10,000	1,000
2012	100	11,000	2,000
2013 and the following	100	11,000	2,000

3.17 Necessary investments

The necessary investment for the final capacity is 50,000,000 birr, respectively approximately 5,600,000 USD and shall have the following structure (appendix no. 3.1):

Name	investments
	USD
Land reclamation, surroundings, platforms, utility connections, internal roads	550,000
Buildings and interior installations	2,000,000
Technological machinery	2,700,000
Other expenses (means of transportation, various equipments, furniture, office equipments, other expenses)	350,000
Total	**5,600,000**

Note: it was deemed that for the land of 25,000 sqm lease will be paid (royalty).
The investment for financing the working capital is 2,400,000 USD.

3.18 Built-on areas

In order to achieve the production capacity of 11,000 tons/year 3 buildings are necessary, with a total area of 8,000 sqm, respectively:

- Building A (extrusion hall), with an area of 4,000 sqm, which shall be commissioned in phase I;
- Building B (hall for casting aluminium semi-products), with an area of 2,000 sqm, which shall be commissioned in phase II;
- Building C (hall for painting in electrostatic fields and warehouse for finite products), with an area of 2,000 sqm, which shall be commissioned in phase II.

The three buildings shall be located on a piece of land of 25,000 sqm.

On the land to be leased, surroundings, reclamation works, platforms, interior roads, connections for supply of electrical power, water and sewerage connections shall be performed.

3.19 List of the main technological machinery that is necessary

Name	Number of machineries	
	total	of which phase I
- hydraulic presses for extrusion:		
• with capacity of 400 tons/month	1	1
• with capacity of 200 tons/month	3	--
- installations for painting in electrostatic field	1	--
- melting ovens	3	1
- wrapping (packaging) machines	4	1

3.20 Production technology

The technology for producing aluminium profiles has 5 groups of operation, respectively:

Casting the semi-product

- Storing the aluminium bars and aluminium cakes,
- melting,
- Casting into the shell and obtaining the semi-product bar (Ø120 x 6000, Ø140 x 6000, Ø 150 x 6000),
- Cooling the semi-product,
- Homogenisation In the tunnel installation,
- Cooling the homogenised semi-product,
- Cutting the bar into blocks (L = 400, 420, 450, 480, 510);

Extruding the blocks in order to obtain the aluminium profiles

- Heating the blocks in the tunnel oven,
- Extrusion on presses,
- Cutting the aluminium profiles in pieces of 6 m in length;

Painting the aluminium profiles in electrostatic field

- Fixing the aluminium profiles in hooks on the conveyor,
- Covering with powder (white or coloured) in an oven in electrostatic field,
- Drying profiles in the oven,
- Storing aluminium profiles;

3.24 Training the Staff

The staff that shall work in the investor's factories from Romania.
It is estimated that 20 people will be trained for a period of 3 months.
The following are considered for training:

- Management staff 1 person;
- Technical engineering staff 2 persons;
- Foremen 5 persons;
- Workers 12 persons.

3.25 Considerations regarding environment protection

By its specific and employed technologies, the future factory for aluminium profiles and accessories from the city of Dar es Salaam does not generate special problems regarding environment protection.
The aluminium waste resulted in the production process are collected, stored in special containers and reintroduced into the technological process of casting the blocks to be extruded.
Measures will be taken in order to make investments in the environment protection, in order to observe national and international norms for environment protection.

3.26 Synthesis

Name	UNIT	Phase I (first year)	Phase II
- Investments	USD Tshs	5,600,000 50,000,000	
- Products	x	aluminium profiles for carpentry for heat-sealing panes and for other uses	
- Production capacity	tons/year	4,400	11,000
- Commissioning date	x	1st quarter 2008	1st quarter 2009
- Yearly production	tons	3,300	11,000
- Land area	sqm	25,000	
- Built-on area	sqm	4,000	8,000
- Number of staff	no.	150	400
- Consumption of materials	tons	4,280	14,267
- Installed power	KVA	2,500	
- Yearly consumption of utilities • electrical power • water	thousands of kwh cubic metres	800 6,500	2,200 20,000

PART IV

A. ECONOMICAL AND SOCIAL ADVANTAGES FOR THE ESTABLISHMENT OF THE FACTORY OF PVC PROFILES AND ACCESSORIES IN THE CITY OF DAR ES SALAAM

The establishment in the Democratic Federal Republic of Tanzania of a factory of PVC profiles and accessories in the city of Dar es Salaam has many economical advantages, among which:

- *Introduction in the national production of a material with modern technology that reformed the industry of construction materials;*
- *Introduction in manufacture of these products shall stimulate and develop other products and complementary products;*
- *Improvement of the currency balance by reducing the import and creating export possibilities of 2,000 tons/year, amounting to approximately 4,5 million USD ;*
- *Creation of 300 new jobs that are necessary for operating the factory, by hiring Tanzanian staff ;*
- *During the period when the factory is built (phase I and II) at least 100 people shall be hired;*
- *Contributes to modernising the construction of homes , hotels , offices, factories with implications on the sound and heat comfort degree and reduces expenses for maintaining the respective constructions ;*
- *Producing these products does not have serious implications on the environment .*

B. ECONOMICAL AND SOCIAL ADVANTAGES FOR THE ESTABLISHMENT OF THE FACTORY OF ALUMINIUM PROFILES AND ACCESSORIES IN THE CITY OF DAR ES SALAAM

The establishment in the Democratic Federal Republic of Tanzania of a factory of aluminium profiles and accessories in the city of Dar es Salaam has many economical advantages, among which:

- *Introduction in the national production of a material with modern technology that reformed the industry of construction materials;*
- *Introduction in manufacture of these products shall stimulate and develop other products and complementary products;*
- *Improvement of the currency balance by reducing the import and creating export possibilities of 2,500 tons/year, amounting to approximately 12,5 million USD ;*
- *Creation of 400 new jobs that are necessary for operating the factory, by hiring Tanzanian staff ;*
- *During the period when the factory is built (phase I and II) at least 100 people shall be hired;*
- *Contributes to modernising the construction of homes , hotels , offices, factories with implications on the sound and heat comfort degree and reduces expenses for maintaining the respective constructions ;*
- *Producing these products has not implications on the environment .*

BUSINESS PLAN PROJECTION

	INITIAL INVESTMENT COSTS	
		USD
SN.	Item Description	Initial Investment
A	Civil works	2,445,000
B	Machinery/equipment PVC and Aluminium Profile	5,425,000
C	Furniture and fittings	50,000
D	Vehicles	40,000
E	Pre-operational expenses	20,000
	Total Fixed Costs	**7,980,000**
	Initial Working Capital	16,467
	TOTAL INVESTMENT	**7,996,467**
	FINANCING STRUCTURE	
	Fixed Costs	
	Equity (40%)	3,192,000
	Long-term Loan (60%)	4,788,000
	Subtotal	**7,980,000**
	Initial Working Capital	
	Bank Overdraft (75%)	12,350
	Equity (25%)	4,117
	Subtotal	**16,467**
	TOTAL FINANCING	**7,996,467**

A. CIVIL WORKS TO BE USED

MATERIAL TO BE SENT FOR ASSEMBLING CONSTRUCTION AND MACHINERY

	QUANTITY	CONSTRUCTION	Unit Price	Total Price
1	1 Piece	Excavator	$60,000	$60,000
2	2 Piece	Fork Lift	$15,000	$30,000
3	3 Piece	Brick machine	$5,000	$15,000
4	1 Piece	Mobile Winch for 30tonnes	$200,000	$200,000
5	3 Piece	Truck	$100,000	$300,000
6	3 Piece	Pick Up	$50,000	$150,000
7	3 Piece	Cars	$40,000	$120,000
8	1 Piece	Concrete Mixer for $1m^3$	$15,000	$15,000
9	1 Piece	Generator 20KW	$10,000	$10,000
10	10,000 m^2	Sandwich Panel	$30	$300,000
11	5,000 m^2	Iron bar for metal construction and roof iron(triangle)	$40	$200,000
12	300,000 KG	Concrete Iron	$1.5	$450,000
13	25,000 KG	Aluminium Profile for doors and windows	$5	$125,000
14	10,000 m^2	Ceramic	$20	$200,000
15	150,000 KG	Cement	$1	$150,000
16	10,000 KG	Iron Sheet for Concrete Marice in Various Dimensions	$2	$20,000
17	40,000 KG	Angle Iron and Profile for Roof Shears	$2.5	$100,000
		GRAND TOTAL		**$2,445,000**

B. MACHINERIES / EQUIPMENT FOR ~~PVC~~ ALUMINIUM

MATERIAL TO BE SENT FOR ALUMINUM PROFILE EXTRUSION

	QUANTITY	ALUMINIUM	Unit Price	Total Price
1	1 Line	Aluminum Hidrolic Extruder Press of 1500tones capacity	$750,000	$750,000
2	1 Line	Aluminum Hidrolic Extruder Press of 1000tones capacity	$450,000	$450,000
3	1 Line	Aluminum Hidrolic Extruder Press of 500tones capacity	$200,000	$200,000
4	2 Piece	Packing Press	$50,000	$100,000
5	1 Piece	Billet Cutting Machine	$30,000	$30,000
6	1 Set	Thermic Oven (unassembled)	$100,000	$100,000
7	1 Line	Electro Static Colouring Machine	$230,000	$230,000
8	3 Set	Cupel Furnace System	$20,000	$60,000
9	1 Piece	Packaging Machine	$15,000	$15,000
10	1 Set	Billet Furnace of 10tones capacity	$350,000	$350,000
11	1 Set	Homogenizing Oven	$350,000.0	$350,000
12	3 Piece	Truck	$100,000	$300,000
13	3 Piece	Pick Up	$50,000	$150,000
14	3 Piece	Cars	$40,000	$120,000
15	1 Piece	Generator for 700KW	$120,000	$120,000
16	1 Piece	Generator for 50KW	$30,000	$30,000
17	1 Piece	Electric Transformer 1000KW	$50,000	$50,000
17	1 Piece	Electric Cables and Panel	$50,000	$50,000
18	1 Piece	Weighbridge	$25,000	$25,000
GRAND TOTAL				$3,480,000

B.MACHINERIES / EQUIPMENT FOR PVC

MATERIAL TO BE SENT FOR PVC PROFILE EXTRUSION

	QUANTITY	PVC	Unit Price	Total Price
1	1 Line	PVC Extruder 90	$200,000	$200,000
2	2 Line	PVC Extruder 85	$150,000	$300,000
3	1 Line	PVC Extruder 67	$80,000	$80,000
4	1 Line	PVC Extruder 65	$70,000	$70,000
5	1 Line	PVC Extruder 80 (single screwed)	$50,000	$50,000
6	1 Piece	Mixer for 200KG	$50,000	$50,000
7	1 Line	PVC Colouring Machine	$50,000	$50,000
8	1 Piece	Cooler 300	$100,000	$100,000
9	1 Set	Compressor Kit	$30,000	$30,000
10	20 Set	Various Panel Profile and Accessories Matrice	$8,500	$170,000
11	3 Piece	Truck	$100,000	$300,000
12	3 Piece	Pick Up	$50,000	$150,000
13	3 Piece	Cars	$40,000	$120,000
14	1 Piece	Generator for 700KW	$120,000	$120,000
15	1 Piece	Generator for 50KW	$30,000	$30,000
16	1 Piece	Electric Transformer 1000KW	$50,000	$50,000
	1 Piece	Electric Cables and Panel	$50,000	$50,000
17	1 Piece	Weighbridge	$25,000	$25,000
		GRAND TOTAL		$1,945,000

OPERATING COSTS

USD

YEAR	1	2	3	4	5	6	7	8	9	10
Provisions	65,000	66,625	68,291	68,291	68,291	68,291	68,291	68,291	68,291	68,291
Other Consumables	3,000	3,075	3,152	3,152	3,152	3,152	3,152	3,152	3,152	3,152
Salaries and wages	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Vehicle running expenses	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Electricity	1,200	1,260	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323
Water	400	420	441	441	441	441	441	441	441	441
Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Lease Rent	2,400	2,520	2,646	2,646	2,646	2,646	2,646	2,646	2,646	2,646
DSTV Rental Fees	500	500	500	500	500	500	500	500	500	500
Maintenance - furniture and fittings	600	600	600	600	600	600	600	600	600	600
Maintenance-machinery/equip	108,500	108,500	108,500	108,500	108,500	108,500	108,500	108,500	108,500	108,500
Maintenance-civil works	61,125	61,125	61,125	61,125	61,125	61,125	61,125	61,125	61,125	61,125
Marketing/advertisement	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Administrative overheads	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL	352,725	354,625	356,578	356,578	356,578	356,578	356,578	356,578	356,578	356,578

DEPRECIATION SCHEDULE

USD

Item Description	Value	Rate %	1	2	3	4	5	6	7	8	9	10	Total	Residual Value
Civil works	2,445,000	4.0	97,800	97,800	97,800	97,800	97,800	97,800	97,800	97,800	97,800	97,800	978,000	1,467,000
Machinery/equipment PVC	5,425,000	12.5	678,125	593,359	519,189	454,291	397,504	347,816	304,339	266,297	233,010	203,884	3,997,815	1,427,185
Furniture and fittings	50,000	12.5	6,250	5,469	4,785	4,187	3,664	3,206	2,805	2,454	2,148	1,879	36,846	13,154
Vehicles	40,000	25.0	10,000	10,000	10,000	10,000	-	-	-	-	-	-	40,000	-
Pre-operational expenses	20,000	20.0	4,000	4,000	4,000	4,000	4,000	-	-	-	-	-	20,000	-
Total	7,980,000		796,175	710,628	635,775	570,278	502,968	448,822	404,944	366,551	332,957	303,563	5,072,661	2,907,339

PROJECTED INCOME AND EXPENDITURE STATEMENT

USD

YEAR	1	2	3	4	5	6	7	8	9	10
Income	2,850,000	2,992,500	3,142,125	3,142,125	3,142,125	3,142,125	3,142,125	3,142,125	3,142,125	3,142,125
Less Operating costs	352,725	354,625	356,578	356,578	356,578	356,578	356,578	356,578	356,578	356,578
Profit before interest and depreciation	2,497,275	2,637,875	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548
Depreciation	796,175	710,628	635,775	570,278	502,968	448,822	404,944	366,551	332,957	303,563
Subtotal	796,175	710,628	635,775	570,278	502,968	448,822	404,944	366,551	332,957	303,563
Profit before tax	1,701,100	1,927,247	2,149,773	2,215,270	2,282,579	2,336,725	2,380,603	2,418,996	2,452,590	2,481,985
Tax (30%)	510,330	578,174	644,932	664,581	684,774	701,018	714,181	725,699	735,777	744,595
Profit after tax	1,190,770	1,349,073	1,504,841	1,550,689	1,597,806	1,635,708	1,666,422	1,693,297	1,716,813	1,737,389
Accumulated Profit	1,190,770	2,539,843	4,044,684	5,595,373	7,193,178	8,828,886	10,495,308	12,188,606	13,905,419	15,642,808

CASH FLOW PROJECTIONS

USD

ITEM DECSRIPTION/YEAR	0	1	2	3	4	5	6	7	8	9	10
Sources											
Profit before interest and depreciation	-	2,497,275	2,637,875	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548
Long-term Loan	4,788,000	-	-	-	-	-	-	-	-	-	-
Bank overdraft	12,350	-	-	-	-	-	-	-	-	-	-
Equity	3,196,117	-	-	-	-	-	-	-	-	-	-
Total sources	7,996,467	2,497,275	2,637,875	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548
Applications											
Capital expenditure	7,980,000	-	-	-	-	-	-	-	-	-	-
Working capital	16,467	290	297	-	-	-	-	-	-	-	-
Cash	-	1,014,853	1,149,684	1,278,776	1,307,007	1,334,694	1,366,330	1,401,047	1,437,409	1,475,210	1,514,272
Tax	-	510,330	578,174	644,932	664,581	684,774	701,018	714,181	725,699	735,777	744,595
Sub-total	7,996,467	1,525,473	1,728,155	1,923,708	1,971,588	2,019,468	2,067,348	2,115,228	2,163,108	2,210,988	2,258,868
Debt service											
Principal	-	491,150	478,800	478,800	478,800	478,800	478,800	478,800	478,800	478,800	478,800
Interest	-	480,653	430,920	383,040	335,160	287,280	239,400	191,520	143,640	95,760	47,880
Total debt service	-	971,803	909,720	861,840	813,960	766,080	718,200	670,320	622,440	574,560	526,680
Total applications	7,996,467	2,497,275	2,637,875	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548
Accumulated cash	-	1,014,853	2,164,536	3,443,312	4,750,318	6,085,012	7,451,342	8,852,388	10,289,797	11,765,007	13,279,279
Necessary working capital	16,467	16,757	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054

WORKING CAPITAL REQUREMENTS

USD

ITEM DESCRIPTION/YEAR	BASIS	1	2	3	4	5	6	7	8	9	10
Provisions	2 months	10,833	11,104	11,382	11,382	11,382	11,382	11,382	11,382	11,382	11,382
Other Consumables	2 months	500	513	525	525	525	525	525	525	525	525
Electricity	1 month	100	105	110	110	110	110	110	110	110	110
Water	1 month	33	35	37	37	37	37	37	37	37	37
Cash in hand	1 month salaries	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total		16,467	16,757	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054
Net working capital		16,467	16,757	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054
Change in working capital		-	290	297	-	-	-	-	-	-	-

PROJECTED BALANCE SHEET

USD

YEAR	0	1	2	3	4	5	6	7	8	9	10
ITEM DESCRIPTION											
Fixed Assets											
Opening balance	-	7,980,000	7,183,825	6,473,197	5,837,422	5,267,144	4,764,176	4,315,354	3,910,410	3,543,859	3,210,901
Additions	7,980,000	-	-	-	-	-	-	-	-	-	-
	7,980,000	7,980,000	7,183,825	6,473,197	5,837,422	5,267,144	4,764,176	4,315,354	3,910,410	3,543,859	3,210,901
Less depreciation	-	796,175	710,628	635,775	570,278	502,968	448,822	404,944	366,551	332,957	303,563
Closing balance	7,980,000	7,183,825	6,473,197	5,837,422	5,267,144	4,764,176	4,315,354	3,910,410	3,543,859	3,210,901	2,907,339
Working capital	16,467	16,757	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054
Accumulated cash	-	1,014,853	2,164,536	3,443,312	4,750,318	6,085,012	7,451,342	8,852,388	10,289,797	11,765,007	13,279,279
Total assets	7,996,467	8,215,434	8,654,787	9,297,788	10,034,517	10,866,242	11,783,750	12,779,852	13,850,710	14,992,963	16,203,672
Financed by											
Equity	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117
Accumulated profit	-	1,190,770	2,539,843	4,044,684	5,595,373	7,193,178	8,828,886	10,495,308	12,188,606	13,905,419	15,642,808
Total equity	3,196,117	4,386,887	5,735,959	7,240,801	8,791,489	10,389,295	12,025,003	13,691,425	15,384,722	17,101,535	18,838,925
Lomg-term Loan	4,788,000	4,309,200	3,830,400	3,351,600	2,872,800	2,394,000	1,915,200	1,436,400	957,600	478,800	-
Bank overdraft	12,350	-	-	-	-	-	-	-	-	-	-
Total debts	4,800,350	4,309,200	3,830,400	3,351,600	2,872,800	2,394,000	1,915,200	1,436,400	957,600	478,800	-
Total equity and debts	7,996,467	8,696,087	9,566,359	10,592,401	11,664,289	12,783,295	13,940,203	15,127,825	16,342,322	17,580,335	18,838,925

INTERNAL RATE OF RETURN (IRR) AFTER TAX

USD

Year	Investment	Working Capital	Profit before depreciation and interest	Tax	Cashflow
0	- 7,980,000	-	-	-	- 7,980,000
1	-	- 290	2,497,275	510,330	1,986,655
2	-	- 297	2,637,875	578,174	2,059,404
3	-	-	2,785,548	644,932	2,140,616
4	-	-	2,785,548	664,581	2,120,967
5	-	-	2,785,548	684,774	2,100,774
6	-	-	2,785,548	701,018	2,084,530
7	-	-	2,785,548	714,181	2,071,367
8	-	-	2,785,548	725,699	2,059,849
9	-	-	2,785,548	735,777	2,049,770
10*	2,907,339	587	2,785,548	744,595	4,948,878

Internal Rate of Return (IRR) after tax = 24%

*= Residual Value

REPAYMENT OF LOANS AND BANK OVERDRAFT

USD

Year	Loan			Bank overdraft			Total Bank credit
	Inward Balance	Interest (10%)	Adds/reds	Inward Balance	Interest (15%)	Adds/reds	
0	-	-	4,788,000	-	-	12,350	
1	4,788,000	478,800	478,800	12,350	1,853	12,350	971,803
2	4,309,200	430,920	478,800	-	-	-	909,720
3	3,830,400	383,040	478,800	-	-	-	861,840
4	3,351,600	335,160	478,800	-	-	-	813,960
5	2,872,800	287,280	478,800	-	-	-	766,080
6	2,394,000	239,400	478,800	-	-	-	718,200
7	1,915,200	191,520	478,800	-	-	-	670,320
8	1,436,400	143,640	478,800	-	-	-	622,440
9	957,600	95,760	478,800	-	-	-	574,560
10	478,800	47,880	478,800	-	-	-	526,680

BREAKEVEN ANALYSIS BASED ON YEAR THREE

USD

ITEM	FIXED COST	VARIABLE COST	TOTAL COST
Vehicle running expenses	-	14,000	14,000
Provisions	-	68,291	68,291
Other Consumables	-	3,152	3,152
Electricity	-	1,323	1,323
Water	-	441	441
Depreciation	635,775	-	635,775
Interest	-	-	-
Administrative overheads	30,000	-	30,000
Total	665,775	87,207	752,981
A: Sales Revenue			3,142,125
B: Variable Costs			87,207
C: Conribution Margin (A-B)			3,054,919
D: Fixed Costs			665,775
E: Conrtibution Margin Ratio (C/A*100)			97%
F: Breakeven Sales (D/E)			684,780
G: Breakeven Capacity			22%

PAYBACK PERIOD

USD

Year	Profit after tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	1,190,770	796,175	1,986,945	1,986,945
2	1,349,073	710,628	2,059,701	4,046,646
3	1,504,841	635,775	2,140,616	6,187,262
4	1,550,689	570,278	2,120,967	8,308,228
5	1,597,806	502,968	2,100,774	10,409,002
6	1,635,708	448,822	2,084,530	12,493,532
7	1,666,422	404,944	2,071,367	14,564,898
8	1,693,297	366,551	2,059,849	16,624,747
9	1,716,813	332,957	2,049,770	18,674,517
10	1,737,389	303,563	2,040,952	20,715,469

Initial fixed investment and working capital for expansion = USD 7,996,467

From above table, payback period is calculated at 4 years (2) months

LIST OF APPENDIXES

Appendix no. 3.1

A. STRUCTURE OF THE INVESTMENT

Name	investments USD
Land reclamation, surroundings, platforms, utility connections, internal roads	550,000
Buildings and interior installations	2,000,000
Technological machinery	2,210,000
Other expenses (means of transportation, various equipments, furniture, office equipments, other expenses)	280,000
Total	**5,040,000**

Note: it was deemed that for the land of 25,000 sqm lease will be paid (royalty).

Appendix no. 3.1

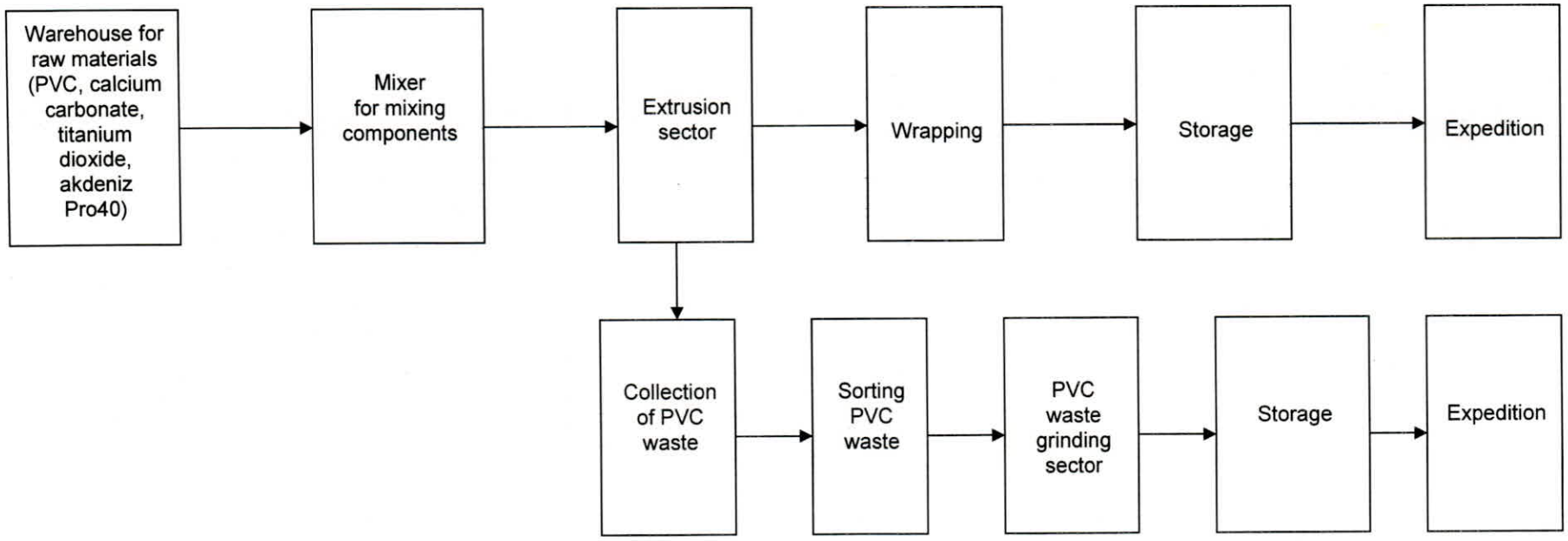
B. STRUCTURE OF THE INVESTMENT

Name	Investments USD
Land reclamation, surroundings, platforms, utility connections, internal roads	550,000
Buildings and interior installations	2,000,000
Technological machinery	2,700,000
Other expenses (means of transportation, various equipments, furniture, office equipments, other expenses)	350,000
Total	**5,600,000**

Note: it was deemed that for the land of 25,000 sqm lease will be paid (royalty).

Appendix no. 3.2

A. MANUFACTURING TECHNOLOGY PVC PROFILES



Appendix no. 3.2

B. TECHNOLOGY FOR PRODUCING ALUMINIUM PROFILES

1. Casting the semi-product
   - storing the aluminium bars and aluminium cakes,
   - melting,
   - casting into the shell and obtaining the semi-product bar,
   - cooling the semi-product,
   - homogenisation In the tunnel installation,
   - cooling the homogenised semi-product,
   - cutting the bar into blocks;
2. Extruding the blocks in order to obtain the aluminium profiles
   - heating the blocks in the tunnel oven,
   - extrusion on presses,
   - cutting the aluminium profiles in pieces of 6 m in length;
3. Painting the aluminium profiles in electrostatic field
   - fixing the aluminium profiles in hooks on the conveyor,
   - covering with powder (white or coloured) in an oven in electrostatic field,
   - drying profiles in the oven,
   - storing aluminium profiles;
4. Wrapping the packages of aluminium profiles
   - wrapping in plastic foil on special machines
   - storing;
5. Delivery.

Appendix no. 3.3

A. NECESSARY MATERIALS

Name of materials	Specific consumption (kg / to)	Necessary materials(tons/year)			
		2009	2010	2011	2012 and the followings
Production program	x	3,750	9,000	10,000	11,000
- PVC granules	732,0	2,745	6,588	7,320	8,052
- Calcium carbonate	265,0	994	2,385	2,650	2,915
- Titanium dioxide	21,5	81	193	215	236
- Stabilizers	32,0	120	288	320	352
- Akdeniz Pro 40	10,5	39	95	105	115
Total consumption of materials	**x**	**3,979**	**9,549**	**10,610**	**11,670**

Appendix no. 3.3

B. NECESSARY MATERIALS

Name of materials	Specifications	Year			
		2009	2010	2011	2012 and the followings
Production program	(tons/year)	3,300	9,000	10,000	11,000
Aluminium blocks	specific consumption (kg/ton)	984	984	984	984
	total consumption (ton)	**3,247**	**8,856**	**9,840**	**10,824**
Aluminium waste	specific consumption (kg/ton)	252	252	252	252
	total consumption (ton)	**832**	**2,268**	**2,520**	**2,772**
Magnesium	specific consumption (kg/ton)	11	11	11	12
	total consumption (ton)	**36**	**99**	**110**	**121**
Powders for painting	specific consumption (kg/ton)	50	50	50	50
	total consumption (ton)	**165**	**450**	**500**	**550**
Resulting recoverable waste	recoverable (kg/ton)	95	95	95	95
	total (ton)	**313**	**855**	**950**	**1,045**

Note: resulting recoverable waste shall be reintroduced into the technological flow in order to obtain semi-products (blocks) that shall be extruded.

Appendix no. 3.4

A. NECESSARY STAFF

Name	Year 2009	Year 2010	Year 2011	Year 2012 and the followings
- management staff	2	4	4	4
- technical and engineering staff	4	6	7	7
- administrative staff	7	11	15	15
- foremen	5	12	15	15
- qualified workers	80	190	210	210
- semi-qualified workers	17	40	42	42
- unqualified workers	5	7	7	7
Total staff	**120**	**270**	**300**	**300**

Note: 20 foremen and workers shall be trained in the factories from Romania for a period of 3 months

Appendix no. 3.4

B. NECESSARY STAFF

Name	Year 2009	Year 2010	Year 2011	Year 2012 and the followings
- management staff	3	5	5	5
- technical and engineering staff	5	8	10	10
- administrative staff	10	15	20	20
- foremen	5	12	15	15
- qualified workers	90	240	260	260
- semi-qualified workers	30	70	80	80
- unqualified workers	7	10	10	10
Total staff	**150**	**360**	**400**	**400**

Note: 20 foremen and workers shall be trained in the factories from Romania for a period of 3 months

BUSINESS PLAN

FOR A FACTORY OF ALUMINIUM PROFILES, PVC PROFILES AND THEIR ACCESSORIES IN THE UNITED REPUBLIC OF TANZANIA

PROMOTER: BAUTECH COMPANY LIMITED
P.O.BOX 34331
DAR ES SALAAM

PREPARED BY:

CELE & SARAH CO.
BUSINESS CONSULTANTS
P.O.BOX 100298
TEL: 0754 – 536290
DAR ES SALAAM

NOVEMBER 2008

PART I

CONSIDERATIONS REGARDING THE INVESTMENT POSSIBILITIES IN THE UNITED REPUBLIC OF TANZANIA

1.1 Economical situation

Tanzania has had remarkable economic growth in the last years, supported by the positive effects of having good economic plan and through the benefits arising from the "Initiative of debt exemption for poor countries".

With an average yearly growth of the GIP of more than 6%, Tanzania is one of the few African countries that reach the growth target of 7%, established in the strategy "Millennium Development Goals".

The Tanzanian economy has remained strongly dependent on agriculture, which contributes by approximately 50% to GIP.

The export of coffee has continued to ensure more than 65% from the income in foreign exchange, while processed and semi-processed leather are the second important supplier of foreign exchange.

Domestic production focuses on foods and beverages, chemicals and pharmaceuticals, plastic articles, metal and non-metal products, leather and leather products, fabrics and clothing.

Year 2005 highlighted the consistency of the regime from Tanzania to fight corruption through the Public Corruption Bureau for Ethics and Fighting Corruption, an exigency insistently desired by the donor countries.

Following the promotion of transition reform to the market economy and real democracy, in 2003, Tanzania ratified the United Nations Convention regarding Fighting Corruption.

Through the ratified International Convention, Tanzania shall strengthen the cooperation with the other countries that ratified the document, through exchanges of information and expertise in fighting corruption, consolidating ethical practices, good governance.

The financial sector has made significant progress following the comprehensive governmental program for liberalisation. It aims at improving services on the competition principle, giving up the state monopoly, having a new concept for approaching the market and the products, being also opened to analysis and control by international audit companies.

The decrease of inflation and increase of tax stability ensure an attractive macroeconomic environment for direct foreign investments.

The country has made visible progress in creating market mechanisms based on free competition, as well as in modernising the tax system by introducing, from January 1st 1998, the value added tax (20%).

Local taxes, as compared to GIP, are now 13%, net superior as compared to other states at regional, continental and international level, where they exceed 20%. The profit tax is 30%, making Tanzania extremely attractive for foreign investments.

The privatisation program, following which the state enterprises were sold to private and foreign investors, the comprehensive and clear legislation in the field of investments, the transparency and ensuring guarantees, are the key elements in increasing the attractive nature of Tanzania to foreign investors.

Tanzania has adopted, for the period 2003-2016, as measures for implementing the management policy of hydro-energetic resources, a strategy, a program and a fund for developing the water sector. These documents are deemed as historically important in order to fundament the Initiative of the Nile Basin, intended to ensure common benefits for all riverain states.

The policy of irrigations aims at integrating the Program for industrial and agricultural development by mechanisms used in order to improve the capacity to avoid drought and floods.

The estimations of the financial needs to implement the development program in the sector of water and hydro-energy in the period 2003 – 2016 amount to approximately

7.5 billion USD. The main financing sources consist of governmental allowances, contributions made by the program beneficiaries, international aids and concessionary loans, as well as investments of enterprises from the state and private sectors.

The period for developing the Tanzanian infrastructure provides multiple involvement opportunities for foreign companies, in order to achieve objectives or perform works with international financing, from the local or mixed budgets.

Eastern states, Japan, China skilfully capitalize the permeability of the local investment market, opened by the vast process of privatisation and modernisation that is in progress in Tanzania.

In 2005, the regional cooperation at the level of Initiative of the Nile Basin continued, which again reunites African states, in order to ensure durable development and the management of water resources of the river. Projects are mainly financed by the World Bank, the Canadian Agency for International Development and PNUD; Tanzania is part of the Subsidiary Action Program for the east river of the Nile, which includes Egypt and Sudan. The support of donors made it possible to elaborate a strategy for building systems, aiming at providing electricity and drinking water at national level.

The management of the Tanzania Investment Centre highlighted that this revision considered the imperative role of investments in the economical and social growth, by encouraging the private and foreign investors to participate in synchronising the economical situation of the state with requirements at macroeconomic level.

Economic areas previously reserved exclusively to local investors, as well as tourism, import and distribution of gas etc., were opened, through the new legislation, to foreign and Diaspora investors.

In the economical and financial statistics and analyses from Tanzania, the Tanzanian fiscal year is used as period, which begins on July 1st and ends on June 30th of the following year.

1.2 Opportunities in Tanzania

Opportunities are countless in Tanzania, as the environment is very favourable to activities such as floriculture, a field where the Tanzanian government has interests in attracting foreign investors.

With an altitude of 4,600 m above the sea level, Tanzania has one of the most varied agricultural resources in Africa. The government offers substantial facilities to investors in agriculture and industry based on agricultural products, and these include tax exemptions for several years.

The Investment Commission from Tanzania provide leasing facilities for lands for agricultural activities with very reasonable rates.

In addition, there are opportunities in the field of leather goods and fabrics. Tanzania has the highest livestock in Africa and among the first ten in the world (with million heads) and the export of rawhide leather and fur was more than 70,000 tons in 2001.

The leather has optimum quality and there are opportunities for processing this leather locally in order to produce goods such as bags and footwear.

AGOA (The African Growth and Opportunities Act) from the USA facilitates the access to one of the largest markets with a large variety of manufactured goods, including clothing.

Tourism is another opportunity for foreign investors, Tanzania having a very rich cultural and historical heritage, such as the castle from Lalibela or the monasteries from Lake Tanganyika with their mural paintings. The affluence of tourists has grown by 72 % in the period 1990 ÷ 2000, but the infrastructure needs improving in order to reach international standards and this is why these shortcomings are opportunities for foreign investors.

1.3 IMPLEMENTATION PROGRAMME:

The project is to be implemented in three (3) years time from the date of obtaining the Certificate of Incentives from Tanzania Investment Centre.

1.4 LIST OF ITEMS TO BE INCLUDED IN THE CERTIFICATE OF INCENTIVES:

(a) Motor Vehicle

(i)	Double Cabin Pickups	- 6
(ii)	3 ½ Truck / Van	- 6
(iii)	Minibus for ferrying workers	- 6

(b) Machinery and Equipment

1.5 FINANCING PATTERN:

This project will be financed through owner's equity contribution of 80% and the balance of 20% by term loan from either local commercial banks or foreign financial institutions.

1.6 PROFITABILITY:

The analysis and evaluation done so far has indicated that this project will be financially sound throughout the planned period of operations. The net profit after tax increases steadily from

Usd 1,190,770 in the first year up to Usd 1,635,708 starting the sixth (6^{th}) year until the end of the projected period. The after tax Internal Rate of Return (TRR) on total investment when discounted over a period of ten years yields a return of 27.9%. If the company will borrow funds at the current interest rate of 19% which is being charged by most local commercial banks it means that the firm will be able to service the loan plus interest during the prescribed period without difficultly and still remain a viable venture. This signifies that this project will be both economically and financially a viable proposition.

2.0 PROJECT DESCRIBPTION:

- The plan calls for the establishment of a plant in Dar es Salaam with a prime objective of manufacturing PVC and Aluminum Profile and their accessories.

Date from documentary sources, as well as data on the aforesaid products, indicate that there has been very little progress towards manufacturing of PVC and Aluminum and their accessories during the last decade. Indeed there has been regression in some indicators, and very little improvement in the quality of exported PVC and aluminum profile in Tanzania, Therefore could not produce the desired impact. This explains the reason why there is a great need for private developers to join bands with Government in establishing plants of such nature geared towards the efforts of broadening the resource base focusing more on Producing locally rather than importing.

2.1 CAPITAL INVESTMENT COST:

The estimated investment of this project is Usd 7,996,467 which is broken down as follows:

Usd.

Item	No.	Unit Cost	Total cost
1. Buildings: (2,000m2)	1	120,000/= per sq.m	2,445,000
2. **Motor Vehicles:**			
(a) Double Cabin Pickup	6	5,000	10,000
(b) Truck/Van (3 ½ tones)	6	20,000	20,000
(c) Minibus	6	10,000	10,000
3. Machinery & Equipment		See annex B	5,425,000
4. Furniture & Fittings	-	50,000	50,000
5. Initial Working Capital requirement		16,467	16,467
GRAND TOTAL			**7,996,467**

2.2 CAPITAL CHARGES:

Economic Depreciation has been worked out on some fixed assets over their useful economic lifetime based on straight line method and other on reducing balance method. The assumptions adopted are that, Buildings depreciate at 4%, Motor Vehicles at 25%, while Furniture & Fittings are depreciated at 12.5% and 12.5% on machinery/equipment.

Detailed calculations are provided in the following table below:-

Usd:

Item/Year	0	1	2	3	4 - 10
1. Buildings	2,445,000	97,800	97,800	97,800	97,800
2. Motor Vehicles	40,000	10,000	10,000	10,000	10,000
3. Furniture and Fittings	50,000	6,250	5,469	4,785	3,664
TOTAL DEPRECIATION	-	**58,850**	**58,850**	**58,850**	**58,850**
CUMULATIVE DEPRECIATION	-	**58,850**	**117,700**	**176,550**	**235,400**

2.3 MANAGEMENT AND ORGANIZATION:

The plant will be managed by qualified Manager who will be responsible for the day to day operational matters of the plant.

The project will need a labour force of 15 people ranging from managerial to semi-skilled staff, for the smooth and efficient running of the operations. The number of personnel is likely to increase as the plant increases its operational capacity in the years ahead.

The Manager will be answerable to the Board of Directors and implement all decisions made by them pertaining to the efficient and effective management of the project. In addition to that he will be required to provide cohesion among the workers for the purpose of motivating them for higher labour productivity.

The total annual wage bill is anticipated to amount to Usd 25,000.00 during the first five years. For a plant of this size and magnitude this figure is considered to be satisfactory and within the range we expected.

2.4 Fighting corruption

Corruption, understood as an abuse of the people with decision power, is present in developing countries (but also in developed countries). The private sector usually complains about the corruption that is mainly manifest as material advantages for public services, which are practically "service duties" for the authorities.

In Tanzania, this unfortunate phenomenon is very rarely represented, as bureaucratic corruption in the private sector is almost inexistent. Thus, in the 35 private sectors that existed in 2004, there has not been any complaint regarding an act of corruption.

In the light of such facts, it is interesting that the government established an anticorruption organism, which practically has not been active for a few years.

The program Tanzanian Civil Service Reform began in 1994. In 1998 an ethics sub-program has been established, then the Federal Ethics and the Anticorruption Commission were established in May 2001 (Proclamation 235/2001). The commission is subordinated to the prime minister and is supervised by the Ethics Advisory Board that has 28 members that are part of the government, the business community and NGO. The commission is structured in 9 departments, including the department for investigations and legal department.

Some investors see the commission and their activities as a government's counterbalance to private corruption instances (in private sectors and in the banking field) and see these reactions as being undesirable, with consequences that are hard to quantify. One of the consequences could be, in the opinion of these investors, preventing privatisation.

The commission disproves corruption on the new road that the country takes towards development and market economy

2.5 Investment environment: important factors for investors

Strong points

- Considerable potential that the market has with a population of almost 70 million people and the privileged relation with the European Community, the United States and other retail markets;
- A safe environment, with almost inexistent corruption;
- Small production costs, especially labour costs;
- Political and macroeconomic stability;
- Substantial natural richness, including a temperate climate.

Opportunities

- Agriculture and industry based on agriculture, including floriculture and horticulture;
- Mines and hydraulic energy;
- Light industry, including goods in leather and clothing;
- Tourism, especially in the historic north;
- Service sector, including health, education and research, technical assistance in agriculture.

Weak points

- Weak infrastructure and untrained labour force;
- Does not allow the purchase of lands and large costs of transportation;
- Heavy privatising and restriction of foreign investors.

Threats

- Drought;
- Unsolved power conflict with neighbouring country

THE ENVIRONMENT:

The city of Dar es Salaam is situated on latitude 6o45's and longitude 39o18'E on the West Indian Ocean coastline, with the boundaries of the metropolitan area extending some 100kms between the Mpigi river to beyond the Mzinga River in the south and enclosing some 1,350sq. kms of land including eight offshore islands. Its natural habour has been developed into a modern port, which today is of a national, regional and continental importance. The climate is tropical coastal, with a mean annual temperature of 26oC and an average humidity of 96 per cent in the mornings and 67 per cent in the afternoons. The annual rainfall average just over

1000mm concentrated in two seasons – the "short rains" of November and December, and the long rains: between March and May, Established by Sultan Seyyid Majid of Zanzibar in 1862 as a port and trading centre, the city, the name of which is popularly believed to mean "the Harbour (or Haven) of Peace" From the Persian – Arabic Bandar. UI – Salaam grew rapidly from the early 1890's when the German Government selected Dar es Salaam as the administrative headquarters of its newly-acquired colony of German East Africa and started to plan the development of the town. The buildings built to house the administration of that time remain as the hub of the current Government. The German colonial administration's Bukordnung or building code adopted for the development of the city was largely continued by the British, who tool over the administration of Dar es Salaam in 1961. Following the Second World War, a Town Planning Department was established in 1974 and a Maser Plan produced in 1948.

The status on municipality was granted in 1949 and that of city in 1961 at the attainment of the country's independence. Subsequent Master Plans, which were produced in the 1960, and Government policy generally have attempted to meet the challenges associated with rapid urbanization as manifested particularly in housing shortages and squatters settlements.

Dar es Salaam being the major commercial cultural and industrial centre with an estimated population of 4.5 million is expanding rapidly in line with the country's development plan. The liberalization of the economy has attracted many foreign investors in the country. Conducive investment environments to investors have been encouraged to invest in the country and so far the response has been good.

PART II

A. CONSIDERATIONS REGARDING THE MARKET OF HEAT-SEALING CARPENTRY FROM PVC

2.1 Extruded PVC – a modern material, with multiple uses

The modern era is the era of plastic and compound materials. Plastic appears in more and more fields, replacing traditional materials due to better durability in time of its basic characteristics, due to its easy processing and especially to its low purchasing price.

Among compound materials, PVC takes the leading position.

Polyvinyl chloride, or PVC, is a polymer created from ethylene (a product derived from petrol) and chloride (a salt derivate).

In order to be used at industrial scale, PVC must be added to various micro-ingredients.

Extruded PVC is used, among others, for manufacturing windows and doors from profiles, as well as making panels.

As compared to the other carpentry systems, PVC ensures the best heat and sound insulation coefficient, as well as the best protection against water and wind. Also, white PVC has the lowest purchase cost as compared to the other carpentry systems.

Another use of PVC is making interior and exterior panels by extrusion.

The PVC panel is highly used all around the world, being used for covering walls, ceilings and doors, both in residential and industrial constructions.

2.2 Presentation of heat-insulating carpentry

For hundreds of years, wood has been the basic solution in making carpentry. Practically, until 20 years ago the word "carpentry" was equivalent to wooden carpentry. Technological progresses of the modern era have allowed the use of new materials in carpentry, created in order to remove its deficiencies.

At the moment, for heat-insulating windows, three categories of profiles are used for making carpentry:

- Aluminium profiles;
- PVC profiles;
- Profiles from stratified wood.

The main reason for which heat-insulating carpentry with heat-insulating glass is preferred to simple glass with wooden frame is, mainly, saving heat, soundproofing.

The specialists have calculated that, in a building, heat is lost in the following manner:

- through the floor 9 %;
- through the roof 24 %;
- through the walls 26 %;
- through the windows 41 %.

It is interesting that, although the window area occupies 10 % of the total area of a room, through it the greatest amount of heat is lost. When people noticed this, they took measures and heat-sealing windows appeared (heat-insulating glass, named according to the name of a producing company).

The heat-sealing systems ensure heat insulation 5 times better, sound insulation 3 times better, have longer resistance in time, do not need repeated paintings and varnishing, are sealed on two or three sheets of seals, have at least two closing points, provide sealing against wind and infiltrations caused by rain.

Replacing classic windows and doors with modern carpentry from aluminium, PVC or stratified wood ensures higher comfort at home or at work and saves heat. Here are some examples:

- Excellent heat insulation (reduces heat losses between the glass and the frame);
- Special sound insulation (reduces the noise by 35 ÷ 39 dB);
- Are resistant against UV rays and heat variations;
- Are not affected by chemical substances and do not feed the fire;
- The lifespan of the products is higher;
- Are better insulated against wind and dust;
- Closing systems are resistant to the elements;
- The high numbers of profiles allows the adjustment to any type of order;
- Are easily installed;
- Are cleaned easily by the simple dusting of the profile;
- Do not need special painting or maintenance.

Heat-insulated windows can also have other properties besides sealing heat better. They are produced and cast according to a special procedure. Aesthetically, heat-sealing windows are preferably for their elegant aspect, narrow and coloured frames. Moreover, a positive aspect of these types of windows is that they allow the handlings in several manners (vertically and horizontally, using the same device). The installation of heat-insulating windows is preferable to the classic system also by reducing the space occupied by old glasses (instead of two panes, there is only one).

The glass used for the heat-sealing window is imported from various countries, which produce it under license by great manufacturers as Saint Gobain, Glavelbell, Pilkington etc. The heat-insulating window is obtained by installing tow sheets of glass, generally 4-mm thick; through an aluminium rod filled with silica gel (it is noted 4-16-4, which represents two sheets of glass, 4 mm thick, with a distance of 16 mm between them). The insulation of the ensemble is made in

two phases: initial insulation between the glass sheet and the rod and the final insulation on the window contour.

The quality of glass is deciding in a window, as the loss of heat is made in proportion of more than 40% through it.

The hardware is generally specific to a certain carpentry system; each system can be equipped with better or worse hardware. This system of carpentry can be put in place in cities like Dar es salaam, Mwanza, Kigoma, Dodoma, Arusha, Tanga, Tabora, Kilimanjaro,Mbeya, Morogoro or can be also be processed in other neighbouring country of East Africa and other SADC Countries.

The percentage of using the three carpentry systems – at the moment – varies from country to country:

	Italy (%)	Germany (%)	Romania (%)
- aluminium	80 ÷ 85	10 ÷ 15	30 ÷ 35
- PVC	10 ÷ 15	80 ÷ 85	65 ÷ 70
- stratified wood	5 ÷ 10	5 ÷ 10	3 ÷ 5

Using PVC for manufacturing panels has the following advantages:

- low cost as compared to traditional panels;
- recommended for rooms with high humidity: bathrooms, corridors, waiting rooms, locker rooms, garages, laundries, cellars;
- very good resistance to impact - (high flexibility), resistant to water, humidity and UV rays;
- low maintenance;
- short installation time as compared to wet plastering;
- very long resistance to elements;
- allows the fast and cheap installation of a system for exterior insulation, thus decreasing the consumption of energy for heating or cooling by up to 30%. Thus, the cost of installation for panels is paid off through the saving of energy, in a short time (2-3 years).

Manufacturers and importers provide warranty for these panels and say that they last 40 years. Moreover, they highlight, each time, the heat-insulating properties of these finishing materials.

2.3 Market of the heat-sealing carpentry

In a brief classification of the market of the carpentry for heat-insulating windowpanes, PVC carpentry is largely used in the sector of residential sector, whereas the aluminium one is mainly intended for the retail spaces.

costs; the clients preferred to choose the less expensive option, state producers of aluminium carpentry.

According to the specifications, technically, there cannot be a firm answer about which material is better than the other one. If both are installed correctly, without installation flaws, one may say that each of the two types of carpentry is good, function of their destination, sizes, quality of the raw material that was used.

When we talk about PVC, the main advantages are the higher heat insulation, the good price; we must not forget that it is the cheapest type of heat-insulating carpentry and is low maintenance.

2.4 Advantages and disadvantages of the various solutions for employed materials

The materials used in order to create the carpentry for heat-sealing panes have (each of them) advantages, but also disadvantages:

- Profiles from extruded PVC:

- Low purchase costs if the colour is white or if the paint is obtained by painting with a gun;
- Have good resistance in time;
- Are easily processed;
- Are easily maintained;
- Ensure the best heat and sound-proofing coefficient, especially for the profiles with 3 or more chambers;
- Ensure better insulation against water and wind;
- when painted with a gun they are easily scratched;
- Can be painted by coverage in foil with extraordinary resistance against the environmental mechanical factors, in fresh colours or imitations of wood essences (the product is quite expensive);
- In order to improve the rigidity of the profile, a bracing of galvanised steel sheets is used;
- PVC profiles with aluminium plating inside have appeared, borrowing part of the aluminium advantages.

- Aluminium profiles:

- ensure the best resistance to the action of environment factors (resistance to erosion);
- ensure the easiest maintenance;
- ensure the richest colour range;
- do not need additional bracing;
- allow a longer lifespan of the closing mechanisms;

- are painted in electrostatic field, and can have various colours inside and outside;
- Profiles without heat barrier can be used (with just one chamber) as well as profiles with heat barrier (with three chambers);
- Profiles with heat barrier, plated inside with wood of various essences, ensure a pleasant aspect.

• Profile from stratified wood:
- is more expensive as compared to the other profiles;
- has a superior aesthetic aspect;
- ensures high heat comfort;
- has lower durability than PVC or aluminium;
- requires works for interior maintenance, but the modern technologies for polishing wood can eliminate this inconvenient. The solution of aluminium plating eliminates this inconvenient;
- ensures higher sealing by using perimeter hardware adjustable for two or even three directions.

2.5 Evolution of consumption of PVC profiles

Modern solution in constructions, the heat-sealing carpentry has known an impressive growth rate lately.

The yearly consumption of heat-sealing aluminium and PVC carpentry oscillates between 15 ÷ 20 kg/inhabitant in developed countries and 4 ÷ 7 kg/inhabitant in developing countries.

The growth rhythm of the consumption of heat-insulating carpentry is between 5 and 15 % following the advantages brought by the construction of houses, offices, hotels, industrial halls with respect to:

- heat comfort;
- sound comfort;
- high use duration;
- resistance to the elements.

The percentage of using the two solutions (aluminium or PVC) varies from country to country, as aluminium being preferred for commercial constructions (shop windows and access doors, interior divisions, doors and windows for company offices) but also for residential constructions or industrial halls.

By establishing a factory for aluminium profiles in the United Republic of Tanzania, with a capacity of 11,000 tons/year, an average consumption of 0.15 kg/inhabitant is ensured, which is lower than the average consumption in the world, but this is a starting point for the future development of new capacities.

B. CONSIDERATIONS REGARDING THE MARKET OF HEAT-SEALING CARPENTRY FROM ALUMINIUM

2.6 Presentation of heat-insulating carpentry

For hundreds of years, wood has been the basic solution in making carpentry. Practically, until 20 years ago the word "carpentry" was equivalent to wooden carpentry. Technological progresses of the modern era have allowed the use of new materials in carpentry, created in order to remove its deficiencies.

At the moment, for heat-insulating windows, three categories of profiles are used for making carpentry:

- Aluminium profiles;
- PVC profiles;
- Profiles from stratified wood.

The main reason for which heat-insulating carpentry with heat-insulating glass is preferred to simple glass with wooden frame is, mainly, saving heat, soundproofing.

The specialists have calculated that, in a building, heat is lost in the following manner:

- Through the floor 9 %;
- Through the roof 24 %;
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- Through the windows 41 %.

It is interesting that, although the window area occupies 10 % of the total area of a room, through it the greatest amount of heat is lost. When people noticed this, they took measures and heat-sealing windows appeared (heat-insulating glass, named according to the name of a producing company).

The heat-sealing systems ensure heat insulation 5 times better, sound insulation 3 times better, have longer resistance in time, do not need repeated paintings and varnishing, are sealed on two or three sheets of seals, have at least two closing points, provide sealing against wind and infiltrations caused by rain.

Replacing classic windows and doors with modern carpentry from aluminium, PVC or stratified wood ensures higher comfort at home or at work and saves heat. Here are some examples:

- Excellent heat insulation (reduces heat losses between the glass and the frame);
- Special sound insulation (reduces the noise by 35 ÷ 39 dB);
- Are resistant against UV rays and heat variations;
- Are not affected by chemical substances and do not feed the fire;
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- The lifespan of the products is higher;
- Are better insulated against wind and dust;
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- Are easily installed;
- Are cleaned easily by the simple dusting of the profile;
- Do not need special painting or maintenance.

Heat-insulated windows can also have other properties besides sealing heat better. They are produced and cast according to a special procedure. Aesthetically, heat-sealing windows are preferably for their elegant aspect, narrow and coloured frames. Moreover, a positive aspect of these types of windows is that they allow the handlings in several manners (vertically and horizontally, using the same device). The installation of heat-insulating windows is preferable to the classic system also by reducing the space occupied by old glasses (instead of two panes, there is only one).

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The hardware is generally specific to a certain carpentry system; each system can be equipped with better or worse hardware. This system of carpentry can be put in place in cities like Dar es salaam, Mwanza, Kigoma, Dodoma, Arusha, Tanga, Tabora, Kilimanjaro,Mbeya, Morogoro or can be also be processed in other neighbouring country of East Africa and other SADC Countries.

The percentage of using the three carpentry systems – at the moment – varies from country to country:

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- aluminium	80 ÷ 85	10 ÷ 15	30 ÷ 35
- PVC	10 ÷ 15	80 ÷ 85	65 ÷ 70
- stratified wood	5 ÷ 10	5 ÷ 10	3 ÷ 5

2.7 Market of the heat-sealing carpentry

In a brief classification of the market of the carpentry for heat-insulating windowpanes, PVC carpentry is largely used in the sector of residential sector, whereas the aluminium one is mainly

for company offices etc.), the rest of 15 ÷ 20% representing the carpentry installed in residential buildings.

According to the specifications, technically, there cannot be a firm answer about which material is better than the other one. If both are installed correctly, without installation flaws, one may say that each of the two types of carpentry is good, function of their destination, sizes, quality of the raw material that was used. It must be specified that PVC carpentry, unlike aluminium one, is not suitable for any destination.

Aluminium is more resistant in time under the action of the sun and environmental factors, being easily to maintain, but has prices higher by 15 ÷ 30 % than PVC, offering also heat insulation below the latter.

2.8 Advantages and disadvantages of the various solutions for employed materials

The materials used in order to create the carpentry for heat-sealing panes have (each of them) advantages, but also disadvantages:

- Aluminium profiles:
  - Ensure the best resistance to the action of environment factors (resistance to erosion);
  - Ensure the easiest maintenance;
  - Ensure the richest colour range;
  - Do not need additional bracing;
  - Allow a longer lifespan of the closing mechanisms;
  - Are painted in electrostatic field, and can have various colours inside and outside;
  - Profiles without heat barrier can be used (with just one chamber) as well as profiles with heat barrier (with three chambers);
  - Profiles with heat barrier, plated inside with wood of various essences, ensure a pleasant aspect.
- Profiles from extruded PVC:
  - Low purchase costs if the colour is white or if the paint is obtained by painting with a gun;
  - Have good resistance in time;
  - Are easily processed;
  - Are easily maintained;
  - Ensure the best heat and sound-proofing coefficient, especially for the profiles with 3 or more chambers;
  - Ensure better insulation against water and wind;
  - When painted with a gun they are easily scratched;
  - Can be painted by coverage in foil with extraordinary resistance against the environmental mechanical factors, in fresh colours or imitations of wood essences (the product is quite expensive);

- In order to improve the rigidity of the profile, a bracing of galvanised steel sheets is used;
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• Profile from stratified wood:

- Is more expensive as compared to the other profiles;
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- Requires works for interior maintenance, but the modern technologies for polishing wood can eliminate this inconvenient. The solution of aluminium plating eliminates this inconvenient;
- Ensures higher sealing by using perimeter hardware adjustable for two or even three directions.

2.9 Evolution of consumption of aluminium profiles

Modern solution in constructions, the heat-sealing carpentry has known an impressive growth rate lately.

The yearly consumption of heat-sealing aluminium and PVC carpentry oscillates between 15 ÷ 20 kg/inhabitant in developed countries and 4 ÷ 7 kg/inhabitant in developing countries.

The growth rhythm of the consumption of heat-insulating carpentry is between 5 and 15 % following the advantages brought by the construction of houses, offices, hotels, industrial halls with respect to:

- Heat comfort;
- Sound comfort;
- High use duration;
- Resistance to the elements.

The percentage of using the two solutions (aluminium or PVC) varies from country to country, as aluminium being preferred for commercial constructions (shop windows and access doors, interior divisions, doors and windows for company offices) but also for residential constructions or industrial halls.

By establishing a factory for aluminium profiles in the United Republic of Tanzania, with a capacity of 11,000 tons/year, an average consumption of 0.15 kg/inhabitant is ensured, which is lower than the average consumption in the world, but this is a starting point for the future development of new capacities.

PART III

A. PRESENTATION OF THE FACTORY OF PVC PROFILES AND ACCESSORIES – CITY OF DAR ES SALAAM

3.1 1 Description of the products in the program

The following will be produced in the factory:
- 4-chamber PVC profiles;
-6-chamber PVC profiles.

PVC profiles are:
- Corner profile;
- Connection profile;
- Termination profile.

3.2 Production capacity

		Phase I	Phase II
- monthly capacity	tons/month	450	1,000
	thousands lm	2,910	6,500
- yearly capacity	tons/year	5,000	11,000
	thousands lm	32,000	71,500

The capacity of 450 tons/month from phase I shall be operative at the beginning of year 2009.
Phase II, of 1,000 tons/month, respectively 11,000 tons/year, shall be operative one year after the start of phase I.

3.3 Production schedule per years

By making the production capacity operative in the two phases, it is estimated that the following productions will be obtained, per years:

Year	Degree of reaching the installed capacity (%)	Yearly production (to)	
		total	of which export
2009	75	3,750	--
2010	80	9,000	--
2011	90	10,000	1,000
2012	100	11,000	2,000
2013 and the following	100	11,000	2,000

3.4 Necessary investments

The necessary investment for the final capacity is 45,000,000 birr, respectively approximately 5,040,000 USD and shall have the following structure (appendix no. 3.1):

Name	investments USD
Land reclamation, surroundings, platforms, utility connections, internal roads	550,000
Buildings and interior installations	2,000,000
Technological machinery	2,210,000
Other expenses (means of transportation, various equipments, furniture, office equipments, other expenses)	280,000
Total	**5,040,000**

Note: it was deemed that for the land of 25,000 sqm lease will be paid (royalty).

The investment for financing the working capital is 1,000 thousands USD.

3.5 Built-on areas

In order to achieve the production capacity of 11,000 tons/year 3 buildings are necessary, with a total area of 8,000 sqm, respectively:

- Building D (extrusion hall), with an area of 4,000 sqm, which shall be commissioned in phase I;
- Building E (storage hall for raw material, grinding waste, preparation of raw material), with an area of 2,000 sqm, which shall be commissioned in phase II;
- Building F (hall for painting and warehouse for finite products), with an area of 2,000 sqm, which shall be commissioned in phase II.

The three buildings shall be located on a piece of land of 25,000 sqm.

On the land to be leased, surroundings, reclamation works, platforms, interior roads, connections for supply of electrical power, water and sewerage connections shall be performed.

3.6 List of the main technological machinery that is necessary

Name	Number of machineries	
	total	of which phase I
- presses for PVC extrusion with one or two heads, including the set of moulds for each profile	13	3
- PVC grinding machines	4	1
- mixers for preparation of the extrusion mix	3	1
- wrapping (packaging) machines	6	2

3.7 Production technology

The manufacturing technology includes the following groups of technological operations (appendix no. 3.2):

- Storing raw materials (PVC granules, PVC waste, calcium carbonate, titanium dioxide, stabilizers, akdeniz Pro 40, etc.) ;
- Mixing components function of the recipe;
- Extruding the mix of components on extrusion moulds that are specific for each product, followed by the cutting lengthwise;
- Wrapping in plastic foil;
- Expedition.

3.8 Necessary materials

The necessary materials per years are (according to appendix no. 3.3):

tons/year

Name	Year 2009	Year 2010	Year 2011	Year 2012 and the following
- PVC granules	2,745	6,588	7,320	8,052
- Calcium carbonate	994	2,385	2,650	2,915
- Titanium dioxide	81	193	215	236
- Stabilizers	120	288	320	352
- Akdeniz Pro 40	39	95	105	115
Total	**3,979**	**9,549**	**10,610**	**11,670**

Partially, the necessary materials shall be imported (Europe and the Arab states) and, by case from Tanzania.

The waste resulting from the production process (heads, scrap, etc.) shall be recycled, being introduced in the production process after sorting and grinding in order to make other products

3.9 Utility consumptions

The main utilities shall need the following yearly consumptions:

Name	UNIT	Year 2009	Year 2010	Year 2011	Year 2012 and the following
- Electrical power	thousands of kwh	560	1,250	1,380	1,500
- Industrial water	cm	6,500	15,000	16,500	18,000

The installed electrical power is 1,500 kVA.

3.10 Necessary staff

The necessary staff for the operation of the factory has the following evolution on years (appendix no. 3.4):

Category of staff	Year 2009	Year 2010	Year 2011 and the following
Total staff	**120**	**270**	**300**
of which			
- management staff and engineering staff	6	10	11
- administrative staff	7	11	15
- foremen	5	12	15
- workers	102	237	259

Note: the entire staff that is necessary for the good operation of the business shall be employed from the local work force.

3.11 Training the staff

The staff that shall work in the investor's factories from Romania.
It is estimated that 20 people will be trained for a period of 3 months.
The following are considered for training:

- Management staff 1 person;
- Technical engineering staff 2 persons;
- Foremen 5 persons;
- Workers 12 persons.

3.12 Considerations regarding environment protection

By its specific and employed technologies, the future factory for PVC profiles and accessories from the city of Dar es Salaam does not generate special problems regarding environment protection.
The PVC waste resulted in the production process are collected, stored in special on trainers in order to be used for making new products or are sold later.
Measures will be taken in order to make investments in the environment protection, in order to observe national and international norms for environment protection.

Wrapping the packages of aluminium profiles

- Wrapping in plastic foil on special machines
- Storing;

Delivery.

3.21 Necessary materials

The necessary materials per years are (according to appendix no. 3.3):

tons/year

Name	Year 2009	Year 2010	Year 2011	Year 2012 and the following
- Aluminium (blocks)	3,247	8,856	9,840	10,824
- Aluminium waste	832	2,268	2,520	2,772
- Magnesium	36	99	110	121
- Powders for painting in electrostatic field	165	450	500	550
Total	**4,280**	**11,673**	**12,970**	**14,267**

Partially, the necessary materials shall be imported (Europe and the Arab states) and, by case from Tanzania.

From the quantity of necessary aluminium waste, approximately 38 % are recyclable materials resulting from the production process.

3.22 Utility consumptions

The main utilities shall need the following yearly consumptions:

Name	UNIT	Year 2009	Year 2010	Year 2011	Year 2012 and the following
- Electrical power	thousands of kwh	800	1,800	2,000	2,200
- Industrial water	cm	6,500	17,000	18,500	20,000

The installed electrical power is 2,500 kVA.

3.23 Necessary Staff

The necessary staff for the operation of the factory has the following evolution on years (appendix no. 3.4):

Category of staff	Year 2009	Year 2010	Year 2011 and the following
Total staff	**150**	**360**	**400**
of which			
- management staff and engineering staff	8	13	15
- administrative staff	10	15	20
- foremen	5	12	15
- workers	127	320	350

Note: the entire staff that is necessary for the good operation of the business shall be employed from the local work force.

3.13 Synthesis

Name	UNIT	Phase I (first year)	Phase II
- Investments	USD birr	5,040,000 45,000,000	
- Products	x	PVC profiles for carpentry for heat-insulating windows	
- Production capacity	tons/year	5,000	11,000
- Commissioning date	x	1st quarter 2008	1st quarter 2009
- Yearly production	tons	3,750	11,000
- Land area	sqm	25,000	
- Built-on area	sqm	4,000	8,000
- Number of staff	no.	120	300
- Consumption of materials	tons	3,979	11,670
- Installed power	KVA	1,500	
- Yearly consumption of utilities • electrical power • water	 thousands of kwh cubic metres	 560 6,500	 1,500 18,000

B . PRESENTATION OF THE FACTORY OF ALUMINIUM PROFILES AND ACCESSORIES – CITY OF DAR ES SALAAM

3.14 Description of the products in the program

The following will be produced in the factory:
- Aluminium profiles (white) for carpentry for heat-sealing panes;
- Coloured aluminium profiles for carpentry for heat-sealing panes;
- Aluminium profiles for other uses.

3.15 Production capacity

		Phase I	Phase II
- monthly capacity	tons/month	400	1,000
- yearly capacity	tons/year	4,400	11,000

The capacity of 400 tons/month from phase I shall be operative at the beginning of year 2008.
Phase II, of 1,000 tons/month, respectively 11,000 tons/year, shall be operative one year after the start of phase I.

3.16 Production schedule per years

By making the production capacity operative in the two phases, it is estimated that the following productions will be obtained, per years:

Year	Degree of reaching the installed capacity (%)	Yearly production (to)	
		total	of which export
2009	75	3,300	--
2010	80	9,000	--
2011	90	10,000	1,000
2012	100	11,000	2,000
2013 and the following	100	11,000	2,000

3.17 Necessary investments

The necessary investment for the final capacity is 50,000,000 birr, respectively approximately 5,600,000 USD and shall have the following structure (appendix no. 3.1):

Name	investments USD
Land reclamation, surroundings, platforms, utility connections, internal roads	550,000
Buildings and interior installations	2,000,000
Technological machinery	2,700,000
Other expenses (means of transportation, various equipments, furniture, office equipments, other expenses)	350,000
Total	**5,600,000**

Note: it was deemed that for the land of 25,000 sqm lease will be paid (royalty).
The investment for financing the working capital is 2,400,000 USD.

3.18 Built-on areas

In order to achieve the production capacity of 11,000 tons/year 3 buildings are necessary, with a total area of 8,000 sqm, respectively:

- Building A (extrusion hall), with an area of 4,000 sqm, which shall be commissioned in phase I;
- Building B (hall for casting aluminium semi-products), with an area of 2,000 sqm, which shall be commissioned in phase II;
- Building C (hall for painting in electrostatic fields and warehouse for finite products), with an area of 2,000 sqm, which shall be commissioned in phase II.

The three buildings shall be located on a piece of land of 25,000 sqm.

On the land to be leased, surroundings, reclamation works, platforms, interior roads, connections for supply of electrical power, water and sewerage connections shall be performed.

3.19 List of the main technological machinery that is necessary

Name	Number of machineries	
	total	of which phase I
- hydraulic presses for extrusion:		
• with capacity of 400 tons/month	1	1
• with capacity of 200 tons/month	3	--
- installations for painting in electrostatic field	1	--
- melting ovens	3	1
- wrapping (packaging) machines	4	1

3.20 Production technology

The technology for producing aluminium profiles has 5 groups of operation, respectively:

Casting the semi-product

- Storing the aluminium bars and aluminium cakes,
- melting,
- Casting into the shell and obtaining the semi-product bar (Ø120 x 6000, Ø140 x 6000, Ø 150 x 6000),
- Cooling the semi-product,
- Homogenisation In the tunnel installation,
- Cooling the homogenised semi-product,
- Cutting the bar into blocks (L = 400, 420, 450, 480, 510);

Extruding the blocks in order to obtain the aluminium profiles

- Heating the blocks in the tunnel oven,
- Extrusion on presses,
- Cutting the aluminium profiles in pieces of 6 m in length;

Painting the aluminium profiles in electrostatic field

- Fixing the aluminium profiles in hooks on the conveyor,
- Covering with powder (white or coloured) in an oven in electrostatic field,
- Drying profiles in the oven,
- Storing aluminium profiles;

3.24 Training the Staff

The staff that shall work in the investor's factories from Romania.
It is estimated that 20 people will be trained for a period of 3 months.
The following are considered for training:

- Management staff 1 person;
- Technical engineering staff 2 persons;
- Foremen 5 persons;
- Workers 12 persons.

3.25 Considerations regarding environment protection

By its specific and employed technologies, the future factory for aluminium profiles and accessories from the city of Dar es Salaam does not generate special problems regarding environment protection.
The aluminium waste resulted in the production process are collected, stored in special containers and reintroduced into the technological process of casting the blocks to be extruded.
Measures will be taken in order to make investments in the environment protection, in order to observe national and international norms for environment protection.

3.26 Synthesis

Name	UNIT	Phase I (first year)	Phase II
- Investments	USD Tshs	5,600,000 50,000,000	
- Products	x	aluminium profiles for carpentry for heat-sealing panes and for other uses	
- Production capacity	tons/year	4,400	11,000
- Commissioning date	x	1st quarter 2008	1st quarter 2009
- Yearly production	tons	3,300	11,000
- Land area	sqm	25,000	
- Built-on area	sqm	4,000	8,000
- Number of staff	no.	150	400
- Consumption of materials	tons	4,280	14,267
- Installed power	KVA	2,500	
- Yearly consumption of utilities • electrical power • water	thousands of kwh cubic metres	800 6,500	2,200 20,000

PART IV

A. ECONOMICAL AND SOCIAL ADVANTAGES FOR THE ESTABLISHMENT OF THE FACTORY OF PVC PROFILES AND ACCESSORIES IN THE CITY OF DAR ES SALAAM

The establishment in the Democratic Federal Republic of Tanzania of a factory of PVC profiles and accessories in the city of Dar es Salaam has many economical advantages, among which:

- *Introduction in the national production of a material with modern technology that reformed the industry of construction materials;*
- *Introduction in manufacture of these products shall stimulate and develop other products and complementary products;*
- *Improvement of the currency balance by reducing the import and creating export possibilities of 2,000 tons/year, amounting to approximately 4,5 million USD ;*
- *Creation of 300 new jobs that are necessary for operating the factory, by hiring Tanzanian staff ;*
- *During the period when the factory is built (phase I and II) at least 100 people shall be hired;*
- *Contributes to modernising the construction of homes , hotels , offices, factories with implications on the sound and heat comfort degree and reduces expenses for maintaining the respective constructions ;*
- *Producing these products does not have serious implications on the environment .*

B. ECONOMICAL AND SOCIAL ADVANTAGES FOR THE ESTABLISHMENT OF THE FACTORY OF ALUMINIUM PROFILES AND ACCESSORIES IN THE CITY OF DAR ES SALAAM

The establishment in the Democratic Federal Republic of Tanzania of a factory of aluminium profiles and accessories in the city of Dar es Salaam has many economical advantages, among which:

- *Introduction in the national production of a material with modern technology that reformed the industry of construction materials;*
- *Introduction in manufacture of these products shall stimulate and develop other products and complementary products;*
- *Improvement of the currency balance by reducing the import and creating export possibilities of 2,500 tons/year, amounting to approximately 12,5 million USD ;*
- *Creation of 400 new jobs that are necessary for operating the factory, by hiring Tanzanian staff ;*
- *During the period when the factory is built (phase I and II) at least 100 people shall be hired;*
- *Contributes to modernising the construction of homes , hotels , offices, factories with implications on the sound and heat comfort degree and reduces expenses for maintaining the respective constructions ;*
- *Producing these products has not implications on the environment .*

BUSINESS PLAN PROJECTION

Appendix no. 2.1	Initial Investment Costs
Appendix no. 2.2	Operating cost
Appendix no. 2.3	Depreciation Schedule
Appendix no. 2.4	Projected Income & expenditure
Appendix no. 2.5	Cash flow Projections
Appendix no. 2.6	Working Capital Requirement
Appendix no. 2.7	Projected Balance Sheet
Appendix no. 2.8	Internal Rate of Return (IRR) after tax
Appendix no. 2.9	Repayment of loans and bank overdraft
Appendix n. 2.10	Break even analysis based on three year
Appendix n. 2.11	Payback Period

	INITIAL INVESTMENT COSTS	
		USD
SN.	Item Description	Initial Investment
A	Civil works	2,445,000
B	Machinery/equipment PVC and Aluminium Profile	5,425,000
C	Furniture and fittings	50,000
D	Vehicles	40,000
E	Pre-operational expenses	20,000
	Total Fixed Costs	**7,980,000**
	Initial Working Capital	16,467
	TOTAL INVESTMENT	**7,996,467**
	FINANCING STRUCTURE	
	Fixed Costs	
	Equity (40%)	3,192,000
	Long-term Loan (60%)	4,788,000
	Subtotal	**7,980,000**
	Initial Working Capital	
	Bank Overdraft (75%)	12,350
	Equity (25%)	4,117
	Subtotal	**16,467**
	TOTAL FINANCING	**7,996,467**

A. CIVIL WORKS TO BE USED

MATERIAL TO BE SENT FOR ASSEMBLING CONSTRUCTION AND MACHINERY

	QUANTITY	CONSTRUCTION	Unit Price	Total Price
1	1 Piece	Excavator	$60,000	$60,000
2	2 Piece	Fork Lift	$15,000	$30,000
3	3 Piece	Brick machine	$5,000	$15,000
4	1 Piece	Mobile Winch for 30tonnes	$200,000	$200,000
5	3 Piece	Truck	$100,000	$300,000
6	3 Piece	Pick Up	$50,000	$150,000
7	3 Piece	Cars	$40,000	$120,000
8	1 Piece	Concrete Mixer for $1m^3$	$15,000	$15,000
9	1 Piece	Generator 20KW	$10,000	$10,000
10	10,000 m^2	Sandwich Panel	$30	$300,000
11	5,000 m^2	Iron bar for metal construction and roof iron(triangle)	$40	$200,000
12	300,000 KG	Concrete Iron	$1.5	$450,000
13	25,000 KG	Aluminium Profile for doors and windows	$5	$125,000
14	10,000 m^2	Ceramic	$20	$200,000
15	150,000 KG	Cement	$1	$150,000
16	10,000 KG	Iron Sheet for Concrete Marice in Various Dimensions	$2	$20,000
17	40,000 KG	Angle Iron and Profile for Roof Shears	$2.5	$100,000
		GRAND TOTAL		**$2,445,000**

B. MACHINERIES / EQUIPMENT FOR ~~PVC~~ ALUMINIUM

MATERIAL TO BE SENT FOR ALUMINUM PROFILE EXTRUSION

	QUANTITY	ALUMINIUM	Unit Price	Total Price
1	1 Line	Aluminum Hidrolic Extruder Press of 1500tones capacity	$750,000	$750,000
2	1 Line	Aluminum Hidrolic Extruder Press of 1000tones capacity	$450,000	$450,000
3	1 Line	Aluminum Hidrolic Extruder Press of 500tones capacity	$200,000	$200,000
4	2 Piece	Packing Press	$50,000	$100,000
5	1 Piece	Billet Cutting Machine	$30,000	$30,000
6	1 Set	Thermic Oven (unassembled)	$100,000	$100,000
7	1 Line	Electro Static Colouring Machine	$230,000	$230,000
8	3 Set	Cupel Furnace System	$20,000	$60,000
9	1 Piece	Packaging Machine	$15,000	$15,000
10	1 Set	Billet Furnace of 10tones capacity	$350,000	$350,000
11	1 Set	Homogenizing Oven	$350,000.0	$350,000
12	3 Piece	Truck	$100,000	$300,000
13	3 Piece	Pick Up	$50,000	$150,000
14	3 Piece	Cars	$40,000	$120,000
15	1 Piece	Generator for 700KW	$120,000	$120,000
16	1 Piece	Generator for 50KW	$30,000	$30,000
17	1 Piece	Electric Transformer 1000KW	$50,000	$50,000
17	1 Piece	Electric Cables and Panel	$50,000	$50,000
18	1 Piece	Weighbridge	$25,000	$25,000
		GRAND TOTAL		$3,480,000

B.MACHINERIES / EQUIPMENT FOR PVC

MATERIAL TO BE SENT FOR PVC PROFILE EXTRUSION

	QUANTITY	PVC	Unit Price	Total Price
1	1 Line	PVC Extruder 90	$200,000	$200,000
2	2 Line	PVC Extruder 85	$150,000	$300,000
3	1 Line	PVC Extruder 67	$80,000	$80,000
4	1 Line	PVC Extruder 65	$70,000	$70,000
5	1 Line	PVC Extruder 80 (single screwed)	$50,000	$50,000
6	1 Piece	Mixer for 200KG	$50,000	$50,000
7	1 Line	PVC Colouring Machine	$50,000	$50,000
8	1 Piece	Cooler 300	$100,000	$100,000
9	1 Set	Compressor Kit	$30,000	$30,000
10	20 Set	Various Panel Profile and Accessories Matrice	$8,500	$170,000
11	3 Piece	Truck	$100,000	$300,000
12	3 Piece	Pick Up	$50,000	$150,000
13	3 Piece	Cars	$40,000	$120,000
14	1 Piece	Generator for 700KW	$120,000	$120,000
15	1 Piece	Generator for 50KW	$30,000	$30,000
16	1 Piece	Electric Transformer 1000KW	$50,000	$50,000
	1 Piece	Electric Cables and Panel	$50,000	$50,000
17	1 Piece	Weighbridge	$25,000	$25,000
		GRAND TOTAL		$1,945,000

OPERATING COSTS

USD

YEAR	1	2	3	4	5	6	7	8	9	10
Provisions	65,000	66,625	68,291	68,291	68,291	68,291	68,291	68,291	68,291	68,291
Other Consumables	3,000	3,075	3,152	3,152	3,152	3,152	3,152	3,152	3,152	3,152
Salaries and wages	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Vehicle running expenses	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Electricity	1,200	1,260	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323
Water	400	420	441	441	441	441	441	441	441	441
Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Lease Rent	2,400	2,520	2,646	2,646	2,646	2,646	2,646	2,646	2,646	2,646
DSTV Rental Fees	500	500	500	500	500	500	500	500	500	500
Maintenance - furniture and fittings	600	600	600	600	600	600	600	600	600	600
Maintenance-machinery/equip	108,500	108,500	108,500	108,500	108,500	108,500	108,500	108,500	108,500	108,500
Maintenance-civil works	61,125	61,125	61,125	61,125	61,125	61,125	61,125	61,125	61,125	61,125
Marketing/advertisement	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Administrative overheads	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL	352,725	354,625	356,578	356,578	356,578	356,578	356,578	356,578	356,578	356,578

DEPRECIATION SCHEDULE

USD

Item Description	Value	Rate %	1	2	3	4	5	6	7	8	9	10	Total	Residual Value
Civil works	2,445,000	4.0	97,800	97,800	97,800	97,800	97,800	97,800	97,800	97,800	97,800	97,800	978,000	1,467,000
Machinery/equipment PVC	5,425,000	12.5	678,125	593,359	519,189	454,291	397,504	347,816	304,339	266,297	233,010	203,884	3,997,815	1,427,185
Furniture and fittings	50,000	12.5	6,250	5,469	4,785	4,187	3,664	3,206	2,805	2,454	2,148	1,879	36,846	13,154
Vehicles	40,000	25.0	10,000	10,000	10,000	10,000	-	-	-	-	-	-	40,000	-
Pre-operational expenses	20,000	20.0	4,000	4,000	4,000	4,000	4,000	-	-	-	-	-	20,000	-
Total	7,980,000		796,175	710,628	635,775	570,278	502,968	448,822	404,944	366,551	332,957	303,563	5,072,661	2,907,339

PROJECTED INCOME AND EXPENDITURE STATEMENT

USD

YEAR	1	2	3	4	5	6	7	8	9	10
Income	2,850,000	2,992,500	3,142,125	3,142,125	3,142,125	3,142,125	3,142,125	3,142,125	3,142,125	3,142,125
Less Operating costs	352,725	354,625	356,578	356,578	356,578	356,578	356,578	356,578	356,578	356,578
Profit before interest and depreciation	2,497,275	2,637,875	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548
Depreciation	796,175	710,628	635,775	570,278	502,968	448,822	404,944	366,551	332,957	303,563
Subtotal	796,175	710,628	635,775	570,278	502,968	448,822	404,944	366,551	332,957	303,563
Profit before tax	1,701,100	1,927,247	2,149,773	2,215,270	2,282,579	2,336,725	2,380,603	2,418,996	2,452,590	2,481,985
Tax (30%)	510,330	578,174	644,932	664,581	684,774	701,018	714,181	725,699	735,777	744,595
Profit after tax	1,190,770	1,349,073	1,504,841	1,550,689	1,597,806	1,635,708	1,666,422	1,693,297	1,716,813	1,737,389
Accumulated Profit	1,190,770	2,539,843	4,044,684	5,595,373	7,193,178	8,828,886	10,495,308	12,188,606	13,905,419	15,642,808

CASH FLOW PROJECTIONS

USD

ITEM DECSRIPTION/YEAR	0	1	2	3	4	5	6	7	8	9	10
Sources											
Profit before interest and depreciation	-	2,497,275	2,637,875	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548
Long-term Loan	4,788,000	-	-	-	-	-	-	-	-	-	-
Bank overdraft	12,350	-	-	-	-	-	-	-	-	-	-
Equity	3,196,117	-	-	-	-	-	-	-	-	-	-
Total sources	7,996,467	2,497,275	2,637,875	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548
Applications											
Capital expenditure	7,980,000	-	-	-	-	-	-	-	-	-	-
Working capital	16,467	290	297	-	-	-	-	-	-	-	-
Cash	-	1,014,853	1,149,684	1,278,776	1,307,007	1,334,694	1,366,330	1,401,047	1,437,409	1,475,210	1,514,272
Tax	-	510,330	578,174	644,932	664,581	684,774	701,018	714,181	725,699	735,777	744,595
Sub-total	7,996,467	1,525,473	1,728,155	1,923,708	1,971,588	2,019,468	2,067,348	2,115,228	2,163,108	2,210,988	2,258,868
Debt service											
Principal	-	491,150	478,800	478,800	478,800	478,800	478,800	478,800	478,800	478,800	478,800
Interest	-	480,653	430,920	383,040	335,160	287,280	239,400	191,520	143,640	95,760	47,880
Total debt service	-	971,803	909,720	861,840	813,960	766,080	718,200	670,320	622,440	574,560	526,680
Total applications	7,996,467	2,497,275	2,637,875	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548	2,785,548
Accumulated cash	-	1,014,853	2,164,536	3,443,312	4,750,318	6,085,012	7,451,342	8,852,388	10,289,797	11,765,007	13,279,279
Necessary working capital	16,467	16,757	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054

WORKING CAPITAL REQUREMENTS

USD

ITEM DESCRIPTION/YEAR	BASIS	1	2	3	4	5	6	7	8	9	10
Provisions	2 months	10,833	11,104	11,382	11,382	11,382	11,382	11,382	11,382	11,382	11,382
Other Consumables	2 months	500	513	525	525	525	525	525	525	525	525
Electricity	1 month	100	105	110	110	110	110	110	110	110	110
Water	1 month	33	35	37	37	37	37	37	37	37	37
Cash in hand	1 month salaries	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total		16,467	16,757	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054
Net working capital		16,467	16,757	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054
Change in working capital		-	290	297	-	-	-	-	-	-	-

PROJECTED BALANCE SHEET

USD

YEAR	0	1	2	3	4	5	6	7	8	9	10
ITEM DESCRIPTION											
Fixed Assets											
Opening balance	-	7,980,000	7,183,825	6,473,197	5,837,422	5,267,144	4,764,176	4,315,354	3,910,410	3,543,859	3,210,901
Additions	7,980,000	-	-	-	-	-	-	-	-	-	-
	7,980,000	7,980,000	7,183,825	6,473,197	5,837,422	5,267,144	4,764,176	4,315,354	3,910,410	3,543,859	3,210,901
Less depreciation	-	796,175	710,628	635,775	570,278	502,968	448,822	404,944	366,551	332,957	303,563
Closing balance	7,980,000	7,183,825	6,473,197	5,837,422	5,267,144	4,764,176	4,315,354	3,910,410	3,543,859	3,210,901	2,907,339
Working capital	16,467	16,757	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054	17,054
Accumulated cash	-	1,014,853	2,164,536	3,443,312	4,750,318	6,085,012	7,451,342	8,852,388	10,289,797	11,765,007	13,279,279
Total assets	7,996,467	8,215,434	8,654,787	9,297,788	10,034,517	10,866,242	11,783,750	12,779,852	13,850,710	14,992,963	16,203,672
Financed by											
Equity	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117	3,196,117
Accumulated profit	-	1,190,770	2,539,843	4,044,684	5,595,373	7,193,178	8,828,886	10,495,308	12,188,606	13,905,419	15,642,808
Total equity	3,196,117	4,386,887	5,735,959	7,240,801	8,791,489	10,389,295	12,025,003	13,691,425	15,384,722	17,101,535	18,838,925
Lomg-term Loan	4,788,000	4,309,200	3,830,400	3,351,600	2,872,800	2,394,000	1,915,200	1,436,400	957,600	478,800	-
Bank overdraft	12,350	-	-	-	-	-	-	-	-	-	-
Total debts	4,800,350	4,309,200	3,830,400	3,351,600	2,872,800	2,394,000	1,915,200	1,436,400	957,600	478,800	-
Total equity and debts	7,996,467	8,696,087	9,566,359	10,592,401	11,664,289	12,783,295	13,940,203	15,127,825	16,342,322	17,580,335	18,838,925

INTERNAL RATE OF RETURN (IRR) AFTER TAX

USD

Year	Investment	Working Capital	Profit before depreciation and interest	Tax	Cashflow
0	- 7,980,000	-	-	-	- 7,980,000
1	-	- 290	2,497,275	510,330	1,986,655
2	-	- 297	2,637,875	578,174	2,059,404
3	-	-	2,785,548	644,932	2,140,616
4	-	-	2,785,548	664,581	2,120,967
5	-	-	2,785,548	684,774	2,100,774
6	-	-	2,785,548	701,018	2,084,530
7	-	-	2,785,548	714,181	2,071,367
8	-	-	2,785,548	725,699	2,059,849
9	-	-	2,785,548	735,777	2,049,770
10*	2,907,339	587	2,785,548	744,595	4,948,878

Internal Rate of Return (IRR) after tax = 24%

*= Residual Value

REPAYMENT OF LOANS AND BANK OVERDRAFT

USD

Year	Loan			Bank overdraft			Total Bank credit
	Inward Balance	Interest (10%)	Adds/reds	Inward Balance	Interest (15%)	Adds/reds	
0	-	-	4,788,000	-	-	12,350	
1	4,788,000	478,800	478,800	12,350	1,853	12,350	971,803
2	4,309,200	430,920	478,800	-	-	-	909,720
3	3,830,400	383,040	478,800	-	-	-	861,840
4	3,351,600	335,160	478,800	-	-	-	813,960
5	2,872,800	287,280	478,800	-	-	-	766,080
6	2,394,000	239,400	478,800	-	-	-	718,200
7	1,915,200	191,520	478,800	-	-	-	670,320
8	1,436,400	143,640	478,800	-	-	-	622,440
9	957,600	95,760	478,800	-	-	-	574,560
10	478,800	47,880	478,800	-	-	-	526,680

BREAKEVEN ANALYSIS BASED ON YEAR THREE			USD
ITEM	FIXED COST	VARIABLE COST	TOTAL COST
Vehicle running expenses	-	14,000	14,000
Provisions	-	68,291	68,291
Other Consumables	-	3,152	3,152
Electricity	-	1,323	1,323
Water	-	441	441
Depreciation	635,775	-	635,775
Interest	-	-	-
Administrative overheads	30,000	-	30,000
Total	665,775	87,207	752,981
A: Sales Revenue			3,142,125
B: Variable Costs			87,207
C: Conribution Margin (A-B)			3,054,919
D: Fixed Costs			665,775
E: Conrtibution Margin Ratio (C/A*100)			97%
F: Breakeven Sales (D/E)			684,780
G: Breakeven Capacity			22%

PAYBACK PERIOD

USD

Year	Profit after tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	1,190,770	796,175	1,986,945	1,986,945
2	1,349,073	710,628	2,059,701	4,046,646
3	1,504,841	635,775	2,140,616	6,187,262
4	1,550,689	570,278	2,120,967	8,308,228
5	1,597,806	502,968	2,100,774	10,409,002
6	1,635,708	448,822	2,084,530	12,493,532
7	1,666,422	404,944	2,071,367	14,564,898
8	1,693,297	366,551	2,059,849	16,624,747
9	1,716,813	332,957	2,049,770	18,674,517
10	1,737,389	303,563	2,040,952	20,715,469

Initial fixed investment and working capital for expansion = USD	7,996,467	
From above table, payback period is calculated at 4 years	(2)	months

LIST OF APPENDIXES

Appendix no. 3.1

A. STRUCTURE OF THE INVESTMENT

Name	investments USD
Land reclamation, surroundings, platforms, utility connections, internal roads	550,000
Buildings and interior installations	2,000,000
Technological machinery	2,210,000
Other expenses (means of transportation, various equipments, furniture, office equipments, other expenses)	280,000
Total	**5,040,000**

Note: it was deemed that for the land of 25,000 sqm lease will be paid (royalty).

Appendix no. 3.1

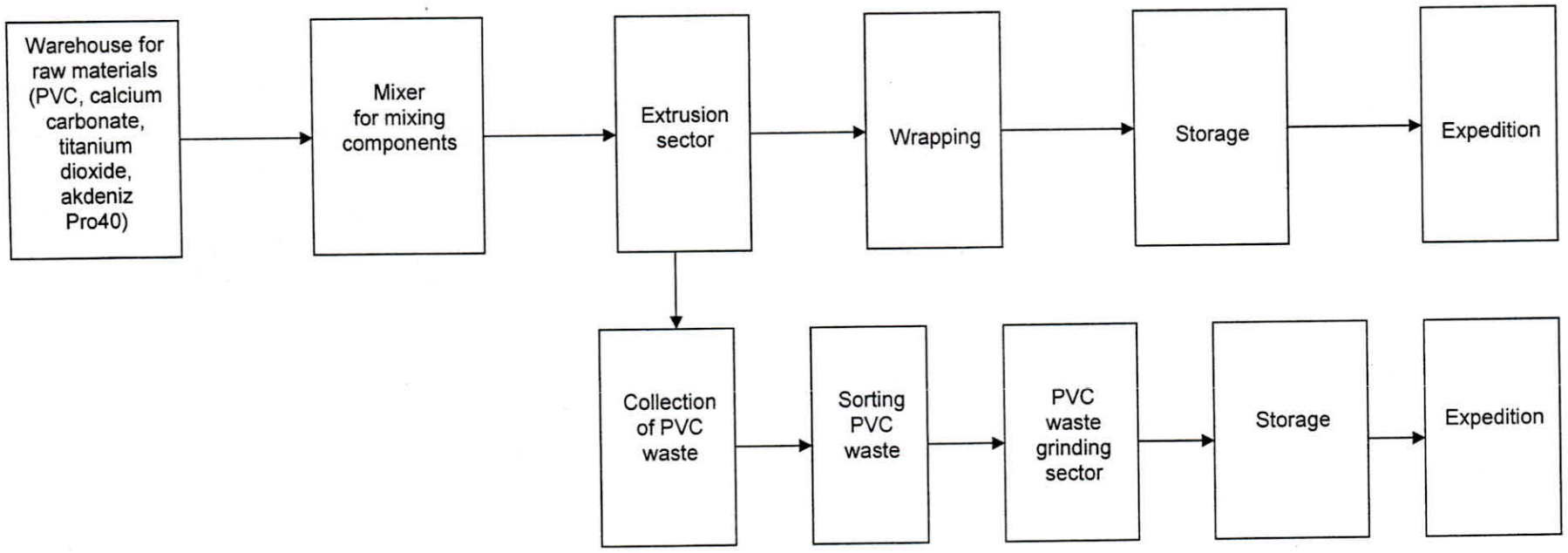
B. STRUCTURE OF THE INVESTMENT

Name	Investments USD
Land reclamation, surroundings, platforms, utility connections, internal roads	550,000
Buildings and interior installations	2,000,000
Technological machinery	2,700,000
Other expenses (means of transportation, various equipments, furniture, office equipments, other expenses)	350,000
Total	**5,600,000**

Note: it was deemed that for the land of 25,000 sqm lease will be paid (royalty).

Appendix no. 3.2

A. MANUFACTURING TECHNOLOGY PVC PROFILES



Appendix no. 3.2

B. TECHNOLOGY FOR PRODUCING ALUMINIUM PROFILES

1. Casting the semi-product
   - storing the aluminium bars and aluminium cakes,
   - melting,
   - casting into the shell and obtaining the semi-product bar,
   - cooling the semi-product,
   - homogenisation In the tunnel installation,
   - cooling the homogenised semi-product,
   - cutting the bar into blocks;
2. Extruding the blocks in order to obtain the aluminium profiles
   - heating the blocks in the tunnel oven,
   - extrusion on presses,
   - cutting the aluminium profiles in pieces of 6 m in length;
3. Painting the aluminium profiles in electrostatic field
   - fixing the aluminium profiles in hooks on the conveyor,
   - covering with powder (white or coloured) in an oven in electrostatic field,
   - drying profiles in the oven,
   - storing aluminium profiles;
4. Wrapping the packages of aluminium profiles
   - wrapping in plastic foil on special machines
   - storing;
5. Delivery.

Appendix no. 3.3

A. NECESSARY MATERIALS

Name of materials	Specific consumption (kg / to)	Necessary materials(tons/year)			
		2009	2010	2011	2012 and the followings
Production program	x	3,750	9,000	10,000	11,000
- PVC granules	732,0	2,745	6,588	7,320	8,052
- Calcium carbonate	265,0	994	2,385	2,650	2,915
- Titanium dioxide	21,5	81	193	215	236
- Stabilizers	32,0	120	288	320	352
- Akdeniz Pro 40	10,5	39	95	105	115
Total consumption of materials	**x**	**3,979**	**9,549**	**10,610**	**11,670**

Appendix no. 3.3

B. NECESSARY MATERIALS

Name of materials	Specifications	Year			
		2009	2010	2011	2012 and the followings
Production program	(tons/year)	3,300	9,000	10,000	11,000
Aluminium blocks	specific consumption (kg/ton)	984	984	984	984
	total consumption (ton)	**3,247**	**8,856**	**9,840**	**10,824**
Aluminium waste	specific consumption (kg/ton)	252	252	252	252
	total consumption (ton)	**832**	**2,268**	**2,520**	**2,772**
Magnesium	specific consumption (kg/ton)	11	11	11	12
	total consumption (ton)	**36**	**99**	**110**	**121**
Powders for painting	specific consumption (kg/ton)	50	50	50	50
	total consumption (ton)	**165**	**450**	**500**	**550**
Resulting recoverable waste	recoverable (kg/ton)	95	95	95	95
	total (ton)	**313**	**855**	**950**	**1,045**

Note: resulting recoverable waste shall be reintroduced into the technological flow in order to obtain semi-products (blocks) that shall be extruded.

Appendix no. 3.4

A. NECESSARY STAFF

Name	Year 2009	Year 2010	Year 2011	Year 2012 and the followings
- management staff	2	4	4	4
- technical and engineering staff	4	6	7	7
- administrative staff	7	11	15	15
- foremen	5	12	15	15
- qualified workers	80	190	210	210
- semi-qualified workers	17	40	42	42
- unqualified workers	5	7	7	7
Total staff	**120**	**270**	**300**	**300**

Note: 20 foremen and workers shall be trained in the factories from Romania for a period of 3 months

Appendix no. 3.4

B. NECESSARY STAFF

Name	Year 2009	Year 2010	Year 2011	Year 2012 and the followings
- management staff	3	5	5	5
- technical and engineering staff	5	8	10	10
- administrative staff	10	15	20	20
- foremen	5	12	15	15
- qualified workers	90	240	260	260
- semi-qualified workers	30	70	80	80
- unqualified workers	7	10	10	10
Total staff	**150**	**360**	**400**	**400**

Note: 20 foremen and workers shall be trained in the factories from Romania for a period of 3 months

THE COMPANIES ACT, 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

BAUTECH COMPANY LIMITED

Incorporated this…….. Day of……2008

Drawn by:

HAŞIM AHMET KURT

{Subscriber},

P.O Box 16319

DAR ES SALAAM

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incorporation

No.

I hereby certify that

BAUTECH COMPANY LIMITED

In this day Incorporated under the companies Act, 2002, and that the Company is Limited

Given Under my hand at Dar es Salaam this.....Day of.....Two thousand and Eight

Seal

Registrar of Companies

THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIAITON

OF

BAUTECH COMPANY LIMITED

(A PRIVATE COMPANY)

1. The name of the Company is **"BAUTECH 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 incorporated are:

(a) To engage and conduct Invest into Production of Pvc Profile, Aluminum Profile and their Accessories business by acquiring and doing commercial forming at large scale, own the land for big Investment

(b) To engage and conduct Invest into agriculture, business by acquiring and doing commercial forming at large scale, own the land for big Investment

(c) To engage in conduct in and between any and all the regions and districts in Tanzania, neighboring countries and other foreign countries, as clearing and forwarding agents or otherwise, the business of general trucking and transporting, forwarding, cartage, storage, warehousing consolidating, distributing, wharfage, contracting, loading, unloading and stevedore business and to conduct as general brokerage commission and customs house, brokerage service business and to handle and forward for transportation by air, water, rail and road between cities, towns, villages and other places in various parts of the world all types of goods, luggage, packages, bills, notes, merchandise, wares, parcels and other movable and personal properties over and on such lines and routes as from time to time exist and generally to act as agents for land and estates, brokers, charters, auctioneers, insurance agents and agency in all its respective branches.

(d) To carry on the business as transporters, carriers, proprietors of vehicles, owners, of ships and vessels, clearing and forwarding agents, warehousemen and stores of goods, wares and merchandise of every kind and description whatsoever, tour operators, tourist agents and organizers and for those purpose to promote, arrange, facilitate and operate tours and national and international travel by land, air and water and to provide all such facilities, advantages and conveniences as may be considered necessary or incidental thereto and to carry on the business of printers, stationers, engravers, publishers, books and print, sellers, book binders, picture drawings, printing and other ink manufactures, paper makers, dealers in all office requirements and equipments, advertising agents, advertisement contractors and designers of advertisements.

(e) To carry on business of transport and conveyance by sea, river, canal, road, railway, air and others of goods, passengers, mails, cattle and other livestock, parcels, wares and any other merchandise or produce of whatsoever nature or kind and whether by hire, charter of aircraft, ship, tug, barge, vessels, motor vehicle or conveyance of any description.

(f) To carry on business of garage proprietors, mechanical engineers, manufactures and repairers of motor cars, motor bodies and equipment, agricultural and mining equipments and other machinery, tools makers, brass founders, metal workers, boiler makers, mill wrights, on and steel converters, smiths, wood workers, builders, painters, metallurgists, electrical engineers, carries and merchants, and to buy, sell, manufacture, repair, convert, let on hire and deal in motor cars and equipments, machinery and implements, spare parts and accessories.

(g) To carry on the business of traders, general merchants, wholesalers and retailers, exporters, and importers, commission agents and manufactures representatives and to buy, sell, hire, manufacture, barter trade and deal in property, goods, articles and merchandise of all kinds and to transact any and every description of agency, commission, distribution, marketing, commercial, industrial, manufacturing, mercantile, insurance and financial business.

(h) To carry on the business which may seem to the company capable of being conveniently carried on in connection with any of the business of the company or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.

(i) To acquire and undertake the whole or any part of the business property and liabilities of any person, firm or company carrying on any business which the company is authorized to carry on, or posses of property suitable for the purpose of this company.

(j) To invest and deal with moneys of the company not immediately required upon each securities an din such manner as may from time to time be determined.

(k) To purchase, lease or other wise acquire, and to hold, sell, improve, develop, exchange, mortgage or otherwise dispose of any lands, buildings, machinery or plants, mills, factories, warehouses or any here determents.

(l) To adopt such means of making known the products of the company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works, art or interest, by publication of books and periodicals, and by granting prices, rewards and donations.

(m) To enter into any arrangements with any Government or authorities(supreme, municipal, local or otherwise) or any corporations, companies, or person having objects that may seem conductive to the Company's objects or any of them, and to obtain from any such Government, Authority, Corporation, Company or person, any charters, contracts, decrees, rights, privileges and concession which the company

may think desirable, and to carry out exercise and to comply with any such chargers, contracts, decrees, rights, privileges and concessions.

(n) To enter into partnership or into any arrangements for sharing profits, union or interests, co-operation, joint adventure, firm or company carrying on or engage in or about to carry on or engage in any business or transaction which this company is authorized to carry on, or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company. And to lend money to, guarantee the contracts of, or otherwise assist, any such person, firm or company, and to take or take or otherwise, acquire shares and securities of any such company and to sell, hold, reissue with or without guarantee, or otherwise deal with the same.

(o) To promote any other company for the purpose of acquiring all or any of the property, and undertaking, or any of the liabilities of this company, or of undertaking, any business or operation which may appear likely to assist or benefit this company, or to enhance the value of the property or business of this company, and to place or guarantee the placing of underwrite, subscribe for or otherwise acquire all or any part of the shares or securities of each company as aforesaid.

(p) To lend and advance money or give credit to such persons, firms or companies and on such terms as may seem expedient, and in particular to customers and others having dealings with the company, and to give guarantee to become surety for any persons, firms or companies for the due payments of money for the performance of any obligations or liabilities.

(q) To receive money or deposit or loan and borrow or raise money in such manner as the company shall think fit, and in particular by the issue of debentures, or debenture stock (perpetual or otherwise) and to secure the repayment of any money borrowed, raised or owing by mortgage charge or lien upon all or any of the property or assets of the company (both present and future) including its uncalled capital and also by similar mortgage charge or lien to secure and guarantee the performance by the com any or any other person or company of any obligation undertaken by the company or any other person or company as the case may be.

(r) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.

(s) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and clubs calculated to benefit the employees or ex-employees of the company, or any of its predecessors in business, or of any company which is a subsidiary company of the company or is called thereto or associated therewith, or dependents or connections of such persons, and to grant or provide pensions and allowances, to make or enter into arrangements for the provisions or policies pensions and allowances, to make or enter into arrangements for the provisions of policies life, assurance, pensions or other benefits to or for any Directors or employees of the company, or any such predecessors or such company aforesaid, or the relations, connections or dependent of any such persons, to

pay or contribute towards the payment of premiums in respect of any such policies, pensions or benefits, to establish or support funds, trusts and schemes (including funds trusts and scheme providing for payment towards insurance) which may be considered calculated to promote such purpose or benefit.

(t) To sell or otherwise dispose of the whole or any part of the business or property of the business of the company, either together or in portions, for such consideration as the company thinks fit, and in particular for shares, debentures, or securities of any company purchasing the same.

(u) To purchase or otherwise acquire letters patents brevets, d'invention concessions, licenses, rights and privileges subjects to royalty or otherwise, and whether exclusive or limited, or any part of interest in such letters, patent, brevet, d'invetion, concessions, licenses, inventions, rights and privileges, whether in East Africa or in any other part of the world.

(v) To take all necessary and proper steps with the authorities, national, local, municipal, or otherwise, of any place in which the company may have interests, and to carry on any negotiations or operations for the purpose of directly or indirectly carrying out the objects of the company or effecting and modification in to on constitution of the company or furthering the interests of its members, and to oppose any steps taken by any other company or indirectly to prejudice the interest of the company or its members.

(w) To take part in formation, management, supervision or control of the business or operations of the company, and for that purpose to act as Directors, Administrators, Managers, Secretaries or any other capacity and to appoint and remunerate any directors, administrators , managers, accountants other experts or agents.

(x) To procure the registration of the company in or under the laws of any place outside Tanzania.

(y) To purchase, sell, subscribe for, underwrite, or otherwise acquire and hold shares, stocks, or other interest in, or obligations of any other company or corporation.

(z) To distribute among the members of the company in kind any property of this company, and in particular any shares of securities of other companies belonging to this company.

(aa) To act as agents or brokers and as trustees for any person or company and to undertake and perform sub-contracts and to do all or any of the above business in any part of the world, and either as a principle, agents trustees, contractors or otherwise, and either alone or jointly with others and either by or through agents, sub-contractors, trustees or otherwise.

(bb) To do all other such things as are incidental or conclusive to the attainment of the above objects or any of them. And it is hereby declared that the word' company in this clause, except where used in reference to this company, shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated, and whether domiciled in

Tanzania or elsewhere, and that the intention is that each of the objects set forth in any sub-clause or by the name of the company. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause, but the company shall have full powers to exercise all or any of the powers conferred by any part of this clause and not with standing that the business, undertaking, property or acts proposed to be transacted, acquired, dealt with are performed do not fail within the objects of the first sub-clauses of this clause.

4. The liability of the members is limited

5. The authorized capital of the company is Tanzanian shillings 1,000,000,000/= divided into 10,000 shares of 100,000/= each.

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 number of shares in the capital of the company opposite our respective names.

NAME, ADDRESSES AND DESCRIPTIONS	**NO OF SHARES TAKEN**	**SIGNATURE**
Haşim Ahmet Kurt P.O. Box 16319 Dar es Salam.	8000	
Dursun Kurt P.O. Box 16319 Dar es Salaam	2000	

Dated at Dsm this 22nd day of August 2008

Witness to the above signatures

Name : Victor N. Mkaruka

Signature : .....

Postal Address : P.O Box 22[illegible] Dar es Salaam

Qualification : Advocate

V. N. MKARUKA ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS Dar es Salaam.

THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

BAUTECH COMPANY LIMITED

PRELIMINARY

1. In these regulations:-

"The act" means the companies Act 2002 of the Laws of Tanzania.

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

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

And words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include females, and the words importing persons shall include bodies, corporate, partnership, firms, co-operative societies, etc.

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

PRIVATE COMPANY

2. The company is a Private Company and accordingly.

(a) The right to transfer share is restricted in manner hereinafter prescribed.

(b) The number of members of the Company (exclusive of persons who are in employment of the company and of persons who having been formerly in the employment of the Company were in such employment to be members of the company) is limited to fifty; provided that where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this regulations 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 powers to issue share warrants to bearer.

TRANSFER OF SHARES

3. The Directors may in their direction and without assigning any reason thereof refuse to register the transfer of any share to any person whom it shall in their option be undesirable for any person whatsoever to admit to membership.

4. Subject to clause 2 and 3 hereof the right to members to transfer their shares shall be restricted as follows:

   (a) No shares shall be transferred to a person who is not a member so long as any member of any person selected by Directors as one who it is desirable in the interest of the Company to admit to membership.

   (b) Every shareholder or trustee in bankruptcy, or any person who may desire to sell or transfer any such share and, every personal representative of a deceased shareholder shall give notice in writing to the Directors that he desires to make such sale or transfer. Such notice shall constitute the Board of Directors of any members or members of the Company at a price to be agreed upon between the party giving such notice and the Board, or in case of difference to be determined by the Auditor of the Company.

   (c) Upon price of such shares being agreed on or determined as per clause (b) above, the Board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell or transfer the said shares stating the number and the price of such shares inviting the person to whom notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any, if so what maximum number of shares such shares. At the expiration of such 21 days notice the Board shall apportion such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase the same and as far as may be pro-rata according to the numbers of shares already held by them respectively, or if there by only one such shareholder, the whole of such shares shall be obliged to take more than the maximum of such shares stated in his answer to the said notice.

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

GENERAL MEETING

NOTICE OF GENERAL MEETING AND PROCEEDING OF THE GENERAL MEETINGS.

The regulation of companies act shall apply to the following variations

(a) A general meeting, ordinary or extraordinary may with the consent in writing of all members, be convened on a shorter notice than seven days or without notice.

(b) Two members present either personally or by proxy shall form a quorum.

(c) Any ordinary resolution of the Company determined without any general meeting and evidenced by writing under the hands of the majority of the Directors and of the members of the Company holding three-fourths of the Company shall be valid and effectual as an ordinary resolution duly passed at a general meeting of the Company.

DIRECTORS

6. (a) Until otherwise determined by the Company in the general meeting the Directors shall not be less than two and not more than seven in number.

(b) The following persons shall be the first Directors to the Company.

1. HASIM AHMET KURT

2. DURSUN KURT

7. The shareholding qualification for Directors may be fixed by Company in general meeting, and unless and until so fixed no qualification shall be required.

8. The quorum of the Directors for transacting business shall unless otherwise fixed, by the Directors, be two.

9. A resolution in writing signed by all the Directors then in Tanzania shall be valid and effectual as if it had been passed at a meeting of Directors dully called and constituted.

10. The Directors may from time to time borrow or raise any moneys for the purpose of the Company which may exceed the issued share capital of the company.

VOTE OF MEMBERS

11. On a show of hands every member present in person shall have one vote. On a roll every member shall have one vote only for the shares of which he is holder.

12. No member shall be entitled to vote at any general meeting unless all calls or other sums presently by him in respect of shares in the Company have been paid.

DISQUALIFICATION OF DIRECTORS

13. The office of a Director shall be vacated if the Director:

(a) Become Bankrupt, or
(b) Is found to be a lunatic or becomes of unsound mind, or
(c) Resigns his office by notice in writing to the Company
(d) Abstains himself from meetings of the directors for a period of six months without special leave of absence from other Directors.

SEAL

14. The Directors shall provide for the safe custody of the Seal. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of at least two Directors or a Director and Secretary or other person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

ALTERNATE DIRECTORS

15. Any Director shall have power to nominate any person to act or attend as alternate Director during his absence or during his inability so to act. Such Director shall be subject in all respects to the terms and conditions existing with reference to the other Directors and such Alternate Director shall exercise and discharge all the duties of Director whom he represents.

16. Unless otherwise decided by the Directors the quorum necessary to transact business of the Directors shall be two Directors personally present.

SECRETARY

17. The Secretary shall be appointed by the Board for such terms at such remuneration and upon such condition as it may think fit, and any secretary so appointed may be removed by the Board.

WINDING UP

18. With the sanction of a special resolution of the shareholders any part of the asset of the Company including any shares in other Companies may be divided between the members of the Company in special or may be vested in Trustees for the benefit of such members and the liquidation of the company may be closed and the company dissolved but so that no member shall be compelled to accept any shares whereupon there is any liability.

ALTERNATION OR ADDITION

19. Subject to the provisions of the act and to those contained in the Memorandum of Association the Company may by Special Resolution make alteration or addition so made shall be as valid and effectual as if originally contained in those articles and be subject in like manner to alteration by Special Resolution.

INDEMNITY

20. Every Director, Managing Director, Agent, Auditor, Secretary and other Officer for the time being of the Company shall be indemnified out of the Assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favor or in which he is acquitted as is in connection with any application in which relief is granted to him by the Court.

ARBITRATION

21. If and whenever any dispute or difference shall arise between the Company and any of the members or their respective representatives touching upon the construction or meaning of any of the Articles herein contained or any act matter or thing made or done or omitted to be done or with regard to the rights or liabilities arising here under or arising out of the relation existing between the parties by reasons of these Articles of the Act, such differences shall [unless a sole arbitrator be agreed upon] forthwith be referred to the arbitration of three 3] arbitrators, one of be appointed by each party and the third to be appointed by the first two or, in the event of failure to agree within (Cap. 15) or any then existing statutory modifications or re-enactment thereof shall apply.

NAME, ADDRESSES AND DESCRIPTIONS	**NO OF SHARES TAKEN**	**SIGNATURE**
Hasim Ahmet Kurt P.O. Box 16319 Dar es Salam.	8000	
Dursun Kurt P.O. Box 16319 Dar es Salaam	2000	

Dated at ..... this .....day of 2008

Witness to the above signatures

Name : .....

Signature : .....

Postal Address : .....

Qualification : .....

V. N. MKARUKA
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
Dar es Salaam.

TANZANIA REVENUE AUTHORITY

Certificate of Registration for Value Added Tax **(VAT)**

(ISSUED UNDER SECTION 20 OF THE VALUE ADDED TAX ACT NO. 24 OF 1997)

THIS IS TO CERTIFY THAT
BAUTECH COMPANY LIMITED

WHOSE TAXPAYER IDENTIFICATION NUMBER (TIN) IS

107-090-606

HAS BEEN REGISTERED FOR VALUE ADDED TAX (VAT)

AND ASSIGNED VAT REGISTRATION NUMBER (VRN)

40-002519-P

FOR BUSINESS LOCATED AT UBUNGO MILLENIUM BUSINESS PARI
DAR ES SALAAM

WITH EFFECT FROM 21 November 2008

GIVEN UNDER MY HAND

THIS 21st **DAY OF** November 2008

JOANNES N. A. MALLY
COMMISSIONER FOR VAT

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

FOR NATIONAL DEVELOPMENT

REQUIREMENTS OF THIS CERTIFICATE

1. **The taxable person must show his VAT registration number in any return, tax invoices issued, notice of appeal or other document used for the purpose of the VAT Act.**

2. **This certificate should be displayed in a conspicuous position at the principal place of business.**

TANZANIA REVENUE AUTHORITY

BUSINESS LICENCE TAX CLEARANCE CERTIFICATE № 0090394

Consec. No: _____ TANZANIA REVENUE AUTHORITY

TIN No: 107-090-606 P.O. Box 9774 DSM

Date 5-9-2008

To DTO KINONDONI

Re: BATATECH COMPANY LIMITED

This is to certify that the tax affairs for the past five years in respect of the above named tax payer are in order.

I, therefore, have no objection if a trading licence is issued to the applicant in respect of the following business (es) PRODUCTION OF PVC PROFILE, ALUMINIUM PROFILE AND ACCESSORIES MBEZI BEACH

This certificate is valid only if it is embossed with the official seal, and it should be retained by the licensing authority.

Official Seal

for: REGIONAL MANAGER

Melania

NPC-SPF IT. 402 A

CTIN.: 00308248

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

BAUTECH COMPANY LIMITED

.....

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

107-090-606

.....

with effect from 01-Sep-2008 .....

JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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

LEASE AGREEMENT

This Lease **AGREEMENT** is made at Dar es Salaam on this day of 1st December 2008.

BETWEEN

- Messer: **ABBAS MOHAMED KOJA** – Dar es Salaam – Tz (Hereinafter referred as " The LESSOR", which expression shall; where the context so admits include his assigns, Executors and other successors in title) of the one part.

AND

- Messer: **BAUTECH CO. LTD** a limited liability company incorporated in Tanzania with registration No: 67210 under the Companies Ordinance, of P.O.Box 34331 – Dar es Salaam , (hereinafter referred to as " The LESSEE" which expression shall, where the context so admits include its assigns, Executors and other successors in title) of the other part.

WHEREAS the LESSOR is the OWNER of the Land along Bunju "B" Road No. 3, - Dar es Salaam. (Hereinafter referred to as "The demised premises")

and **WHEREAS** the **LESSORS h**as agreed to let the Show Land for construction of Godowns/ premises which referred to hereinabove on the TERMS & CONDITIONS hereinafter contained.

1. **LESSEE HEREBY COVENANTS WITH THE LESSOR** as follows:

   i) The Lessor hereby demise into the Lessee the demised premised to hold the same for a PERIOD of 15 (FIFTEEN) YEARS commencing from 01/Dec/2008 hereinafter called EFFECTIVE DATE, (renewable upon mutual agreement) at an annual rent of Tshs 400,000/= (Four hundred thousand) only; which will be paid as follows: Annual rent 4,800,000.00(payment to be made on yearly basis)

   ii) **TERMS of PAYMENT HAVE BEEN AGREED BY BOTH,** respectively the LESSOR and the LESSIE.

   iii) To pay the rent reserved herein without any deduction whatsoever in order and manner on the dates herein agreed upon. Further to pay the Taxes due to the concerned authorities is obligatory on the LESSEE.

   iv) To develop the Land in form of buildings upon the wishes of the developer and Municipality regulations that deem necessary.

v) Not to keep or permit to be kept on the demised premises any materials /of dangerous or explosive nature or the keeping of which may contravene any statues or local regulations or by Laws or to carry on or do anything that may constitute nuisance to public or private nature or be a cause of disturbance or annoyance, or danger to neighbours or public.

v) To permit the Lessor of its agents/or servants by reasonable prior notice, and at all reasonable hours to enter and view the condition of the demised premises and in the event of any repairs being necessary to carry the same out within 1(one) month of receiving a notice to do so and certainly prior to vacating the premises (subject to the same being the Lessee's responsibility)

vi) Not to do or permit or suffer to be done anything whereby any insurance of the demised premises against loss or damage by fire or other risks covered by the Lessor's insurance policy may become void or avoidable or whereby the rate or premium for such insurance may be increased and in such case to reimburse the Lessor all such excess premium and to make good any looses suffered due to non coverage of such occurrence.

vii) To yield up peaceably the demised premises to the Lessor or its agent or nominee at the expiration of the fixed term aforesaid in good and tenantable repair and condition in accordance with the covenants herein before contained allowing for normal wear and tear.

viii) To give notice of at least 3 (Three) months in writing before the expiry of the term hereby created to the Lessor expressing his (Lesse's) intention whether or not to renew the lease for a further term. In the absence of which the Lessor may choose to assume continuation of the existing lease for another period of 12(Twelve) months. If the 1st year is not paid within 1(one) month then the lease agreement is terminated automatically.

2: **THE LESSOR HEREBY COVENANTS WITH THE LESSEE AS:-**

a) To keep the main structure, roof, drainage system, sewer system, walls and all other external parts of the house, the fence and the rest of the external structure comprised in the demised premises in good repair without delay.

b) To pay all existing and future land rates taxes and outgoing in respect of the demised as per law.

c) To insure and keep insured, at the Lessor's discretion, the demised premised against loss/s or damages/s by fire or such other risk as are commonly insured in Tanzania. In case

demised premises are damaged by fire, water, thunderstorm, natural catastrophe etc. and becomes temporarily or permanently unfit for human inhabitation the Lessor shll refund the rental balance for the concerned period; provided the Lessee has vacated upon the happening of such disaster. (Allah Forbid),

d) The Lessor shall not be liable for any damage/s to any personal belonging/s or physical injury or death of the Lessee and /or the occupants, or employees of the demised premises.
e) The Lessee shall be responsible for safekeeping his personal belongings.

3: PROVIDED ALWAYS THAT IT IS HEREBY MUTUALLY AGREED AND DECLARED AS FOLLOWS:

a. That if, the rent hereby reserved or any a part thereof shall at any time be in arrears and unpaid for twenty one days after the same shall have become due (whether formally or legally demanded or not) or if the Lessee shall any time fail for neglect to perform or observe any of the covenants and obligations here in contained and its part to be performed and observed ; the Lessor shall be entitled to re- rent and take possession of the demised premises without prejudice to any antecedent or other claims that either party shall against the other.
b. In the event of any dispute of claim arising from or in connection with this Lease agreement which is not settled mutually by the parties thereto such dispute or claim may be referred by either party to The Court or Tribunal in Dar es Salaam- Tanzania (East – Africa) for adjudication and settlement.
c. The agreement rent is subject to an increment of 5% every twelve months.
d. The Lessor shall not be liable for any injury whatsoever to the Lessee invitees, servants or visitors of any kind wherever on the demised premises, including injury caused by the diligent working of any machinery by tradesman on the demised premises and the Lessor Management Company gives no warranty that the swimming pool, gym, sauna/steam bath- room and other amenities are legally or physically fit for the purposes intended and the Lessee is required to conduct personal verification and investigation in order to satisfy himself on the fitness of the same and uses at his own risk.
e. The Lessor shall keep the buildings and his chattels insure against fire and theft and them-selves personally against injury or death.
f. Liability excluded. The owner Management Company is not liable for the death of or injury to the Licensee, Tenant or his employees and for damage to any belongings or property of theirs, or for any

losses, claims, demands, actions, proceedings , damages, costs or expenses or other liability incurred by them.

4: Mode of payment should be made by either cash deposit, crossed Cheque or Telegraphic Transfer .

IN WITNESS WHEREOF THE PARTIES HERE TO HAVE HEREUNTO SET THEIR HANDS AND SEALS the day year first above written.

Name Mr. ABBAS M. KOJA
Signature: .....
Address: P.O.BOX 20347
Dar es Salaam.

Designation.....DIRECTOR

Lessor .....

SIGNED by the said
HASIM AHMET KURT
P.O.BOS 34331
DAR ES SALAAM

BAUTECH CO. LTD
BLOCK E NO 11
MILLENIUM BUSINESS PARK
PLOT NO. 3 UGUNGO INDUSTRIAL AREA
MOROGORO ROAD - DSM

Lessee .....

this .....25.....day of .....November.....2008

TANZANIA REVENUE AUTHORITY
INCOME TAX DEPARTMENT
DAR ES SALAAM

Sh 48,000/=

48,000/= collected
A49474 Dated 25/11/08
Regional Revenue Officer-Kinondoni

TANZANIA

Certificate of Incorporation

Section 15

No **67210**

I HEREBY CERTIFY THAT

BAUTECH 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 **28TH** day of **AUGUST**

TWO THOUSAND AND EIGHT

FIRMINA MOSHA HUBERT
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
DAR ES SALAAM

Assist. Registrar of Companies

/MM

CERTIFIED TRUE COPY

International Commercial Bank (Tanzania) Limited.

REF: ICB/UB/08/0010

NOVEMBER 28, 2008

TANZANIA INVESTMENT CENTRE,
DEPARTMENT CERTIFICATE OF INCENTIVE
P.O. BOX 938,
DAR ES SALAAM.

Dear Sir/Madam,

RE: BAUTECH CO. LTD

This is to introduce to you the company named above. The company has established a banking relationship with us by operating a current account in (Tsh.) currency, (A/C 00005/01/000038/00) at our Ubungo branch.

Basing on that therefore, any assistance rendered to him will be highly appreciated.

This information is given at the customer's request and therefore neither the Bank nor any of its officers shall be held responsible for its issuance.

Be guided accordingly,
Thank you.

Yours faithfully,

Devine Mbuya.
Branch Manager

BAUTECH CO. LTD

P.0. Box 34331 BLOCK B NO. 11, MILLENIUM BUSINESS PARK, PLOT NO. 3
UBUNGO INDUSTRIAL AREA, MOROGORO ROAD- DSM

BOARD RESOLUTION:

ESTABLISHING that the BAUTECH COMPANY LIMITED PROJECT SHOULD BE REGISTERED WITH TANZANIA INVESTMENT CENTER

WHEREAS, this Board of Directors have met and resolved that it is in the best interests of the company to establish BAUTECH CO Ltd and register with *TANZANIA INVESTMENT CENTER.*

In their capacity as Shareholder, it has been further resolved that Mr. Hasim Ahmet Kurt and Dursun Kurt will have to ensure that the factory of PVC and Alluminium profile must also be established in the name of company.

It is also resolved that Mr. Hasim Ahmet Kurt and Dursun Kurt will act in the capacity of Directors of the said company.

RESOLVED FURTHER, that the directors in their capacity as the Directors of this company are hereby authorized, directed and empowered to execute, for and on behalf of this company and in it's name, any and all documents required in connection with the operation of the company, including but not limited to this agreement.

Signed: on 26th Nov, 2008

Dursun Kurt (Company Shareholder and Director).
P.O. Box 34331
Dar es Salaam.
Tanzania.

Hasim Ahmet Kurt (Company Shareholder and Director).
P.O. Box 34331,
Dar es Salaam.
Tanzania.

Celestin Maufi (Company Secretary).
P.O. Box 34331,
Dar es Salaam.
Tanzania.

COMPANY PROFILE

FOR A FACTORY OF ALUMINIUM PROFILES, PVC PROFILES AND THEIR ACCESSORIES IN THE UNITED REPUBLIC OF TANZANIA

PROMOTER: BAUTECH COMPANY LIMITED
P.O.BOX 34331
DAR ES SALAAM.

INTRODUCTION LETTER

We would like to take the opportunity of this letter to introduce our Company.
Our Company has a long list of equipment and machineries to manufacture PVC and aluminum profile and their accessories. Bautech Co. Ltd has 12 trucks of 50 MT and 6 trucks of 70 MT with an hourly capacity of 500MT should be required so. Please find attached a list of equipment and machineries for your easy perusal

As regards the dust control, the company has the dust trucks, service trucks and complete materials to establish a workshop.

All the machineries are covered with Insurance policy as required by law and will also have a staff insurance policy for all members of staff. The company will follow all the HSE procedures.

Above all, Bautech Co Ltd has enough financial facilities to add more machineries, should the situation require us to do so. In order that our operations are not interrupted by breakdowns, we have a whole container of spare parts for all our machineries attached herewith, which will be used for replacement in case of any breakdown.

We have lined up a team of professional staff to take up positions in their respective departments this will include Tanzanians, South Africans, Turkish and most probably Romanians.

Please accept my personal regards,

Yours truly,
BAUTECH CO LTD

HAŞIM AHMET KURT
MANAGING DIRECTOR

1.0 BACK GROUND

Bautech Co. Ltd. has been established in Tanzania on 28th August 2008, the company has been awarded Certificate of Incorporation No 67210. The said Registration documents are appended herein.

BAURTECH is fully owned by Mr. Hasim Ahmed Kurt and Dursun Kurt, a Turkish national.
Mr. Hasim Ahmed Kurt and Dursun Kurt also own other Establishment for Manufacturing PVC and Aluminum Profile in Turkey.
During that time, the company has engaged about 1,700 persons in the said ventures. After this chain of successes, Mr. Hasim Ahmed Kurt and Dursun Kurt have decided to set up a Company in Tanzania with a view to expanding his business interests. They have already placed some of his keys staff in Tanzania.
Through his experience in working in the Manufacturing field over the years, Mr. Hasim Ahmed Kurt and Dursun Kurt are also fully knowledgeable in the Manufacturing sector. To this end, the company has already placed various machineries to perform any type of work in the sector. Bautech Co Ltd is also committed to adding to his current stock of machinery should the need arise.
The philosophy of the company is to ensure that the company runs as a professional organization. To this end, the company has employed qualified engineers, managers, supervisors and maintenance and operating personnel. The Managing director of the company, Mr. Hasim Ahmed Kurt, has had experience working in Turkey.

BAUTECH CO. LTD leverages off the experience of its owner, its sister company in TURKEY, and above all the Managing Director, which has earned a well deserved reputation for delivering services on time and at reasonable cost.

1.1 OUR VISION

To develop local talents and resources in the Manufacturing industry in Tanzania and to create strong partnerships and global networking in development planning

In pursuit of its vision, Bautech Co. Ltd addresses the full product cycle by marshalling its multi-disciplinary engineering services from the earliest stage of conceptual design through product development to final customer acceptance.

1.2 BAUTECH MISSION STATEMENT

We strongly believe in quality and consistency services and those we undertake to honour all contractual obligations shouldering our company. *Do business with us and you will never regret.*

1.3 STRATEGIES

To ensure utilization of modern manufacturing technology, engage committed, experienced and skilled professionals in all assignments executed by Bautech Co. Ltd.

To increase and maintain collaboration with major stakeholders including Government of Tanzania, local and International organizations and institutions as well as NGOs.

To collaborate with other local and/or international Manufacturing companies.

1.4 EXCELLENCE

The company has, during its existence, successfully completed numerous projects and is reputed for delivering well – priced serviced.

1.5 INNOVATION

It is our belief that to succeed, one has to be innovative. To this end, the company prides itself on its innovative approach to business, offering flexible terms and conditions as well as offering alternative equipment solutions to meet our client's needs.

1.6 SAFETY

The company places a high value on safety, which is seen as a key value of company performance. Significant safety improvements have been achieved in our Turkish businesses through a number of on - going training and educational programs. It is our goal to pass on this knowledge to our local staff in Tanzania for the benefit of our company, employees and employers.

1.7 WORK CULTURE

To ensure smooth working conditions, we encourage an open and co-operative approach to working practices, training, safety, scheduling, quality and efficiency. This enables employees at all levels to contribute fully to the company by being

Able to make recommendations or suggestions that may assist the company in performing its duties in a more timely and efficient manner.

1.8 QUALITY

Quality is the main determinant in any business. Bautech Co. ltd is committed to meeting and exceeding our client's requirements and expectations by working in a pro - active, professional and cost effective manner. As stated earlier, we are prepared, should the need arise, to invest in more sophisticated equipment so as to comfortably meet the needs of our clients.

1.9 ENVIROMENTAL PROTECTION AND MANAGEMENT

We are Manufacturers who care about the environment; we fully appreciate the beauty and necessity of the environment. We have placed a high value on environmental

Consciousness and work to ensure that the areas we work in are maintained to the best possible standards.

BAUTECH CO. LTD is a young but aggressive company. It is our hope that we shall be accorded the opportunity to work in Tanzania and to show that we are capable of performing at the highest levels.

1.10 BAUTECH CO. LTD VALUES

Relationship between Bautech Co Ltd and its clients is that of partnership in a win – win situation. Therefore, it is guided and driven by these core values.

Commitment
Decisiveness
Dedication
Excellence
Integrity

1.11 STRENGTHS OF BAUTECH CO. LTD

Bautech Co. Ltd has established a network of highly experienced consultants who are authorities in different fields of occupation. Besides, Bautech Co. Ltd. has a number of international sister institutions with which it can collaborate in certain assignments. The company can therefore offer services in a wide range of activities to cover different sectors of the economy as well as social aspects. The majority of our personnel have exposure in the Manufacturing industry with special blend of commitment, which can meet complex demands of accountability.

1.12 QUALITY ASSURANCE

Bautech Co. Ltd consultancy operations, quality is assured and achieved through specification and establishment of cost – effective control procedures including internal and external inspection and audits of quality control

System. This includes planning progress meetings, quality reviews, change control, acceptance testing and user liaison.

Our database of work force and on-going research activities enable us to provide the most appropriate expertise for a range of national product combined with flexibility to meet the evolving needs of our projects and clients.

1.13 TOTAL QUALITY MANAGEMENT

To us, the effective management of all operational activities commences from the identification and articulation of objectives. We continuously monitor and evaluate our operations, until they culminate in the fulfillment of target with the set time frame.

Our company has a flexible and proactive approach, working in close liaison with Clients demand, This has resulted in the development of long lasting relationships and is reflected in the high proportion of our work being a repeat business.

1.14 WORK EXPERIENCE

Schedule attached.

- The Company's success and good reputation has been built over a consistent commitment at the principles of Quality, Honesty and always seeking a high level of expertise in every project.

  Bautech Co. Ltd possesses Machineries and equipments, with an in – house maintenance and repair shop and specialized support mechanics team.

  New Areas where **Bautech Co. Ltd** has a comprehensive advantage in terms of professional competence.

1.16 NAME AND ADDRESS OF REGISTERED OFFICE

Head office:

Plot No 03 Ubungo, millennium Business Park
Industrial Area opposite Ubungo Plaza
P. O. Box 34331
Dar es Salaam,
Tanzania

A.MACHINERIES / EQUIPMENT FOR PVC PRODUCTION

	QUANTITY	PVC
1	1 Line	PVC Extruder 90
2	2 Line	PVC Extruder 85
3	1 Line	PVC Extruder 67
4	1 Line	PVC Extruder 65
5	1 Line	PVC Extruder 80 (single screwed)
6	1 Piece	Mixer for 200KG
7	1 Line	PVC Colouring Machine
8	1 Piece	Cooler 300
9	1 Set	Compressor Kit
10	20 Set	Various Panel Profile and Accessories Matrice
11	3 Piece	Truck
12	3 Piece	Pick Up
13	3 Piece	Cars
14	1 Piece	Generator for 700KW
15	1 Piece	Generator for 50KW
16	1 Piece	Electric Transformer 1000KW
17	1 Piece	Electric Cables and Panel
18	1 Piece	Weighbridge

B.MACHINERIES / EQUIPMENT FOR ALLUMINIUM PRODUCTION

	QUANTITY	ALUMINIUM
19	1 Line	Aluminum Hidrolic Extruder Press of 1500tones capacity
20	1 Line	Aluminum Hidrolic Extruder Press of 1000tones capacity
21	1 Line	Aluminum Hidrolic Extruder Press of 500tones capacity
22	2 Piece	Packing Press
23	1 Piece	Billet Cutting Machine
24	1 Set	Thermic Oven (unassembled)
25	1 Line	Electro Static Colouring Machine
26	3 Set	Cupel Furnace System
27	1 Piece	Packaging Machine
28	1 Set	Billet Furnace of 10tones capacity
29	1 Set	Homogenizing Oven
30	3 Piece	Truck
31	3 Piece	Pick Up
32	3 Piece	Cars
33	1 Piece	Generator for 700KW
34	1 Piece	Generator for 50KW
35	1 Piece	Electric Transformer 1000KW
36	1 Piece	Electric Cables and Panel
37	1 Piece	Weighbridge

Form PA 1 Serial No. 5431 TIC N 07541

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 BAUTECH COMPANY LIMITED

(diretor/directors/agent of .....

(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVE

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 UBUNGO - MILLENIUM BUSINESS PARK BLOCK B NO. 11 PLOT NO. 03

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 UBUNGO INDUSTRIA AREA

4. The Principal Officers of the Company are HASIM AHMET KURT AND DURSUN AHMET KURT.

5. Auditors of the Company are NGAIWONA & COMPANY P.O.BOX 20386, DAR-ES-SALAAM.

6. The authorized share capital of the Company is Tshs./~~US$~~ 1,000,000,000/=

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is ~~Tshs.~~/US$ 7,996,467.

8. The month and day of the financial year end is 31st DECEMBER

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for ~~Tshs./~~US$ $ 100.00 Being the Registration Fees. ***In the event this application is unsuccessful we understand that this fee will not be refunded.***

I, CELESTINE MBUFI of Post Office Number 34331 DAR-ES-SALAAM do solemnly and sincerely declare that I am a ~~director~~/duly authorized agent of BAUTECH COMPANY LIMITED

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

Declared at Dar es Salaam }
The 19th day of NOVEMBER 2008}

.....
Applicant

Before me:

FIRMINA MOSHA HUBERT
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER FOR OATHS
DAR ES SALAAM

.....
Commissioner for Oaths

Attach only where applicable, otherwise indicate "N/A"

APPLICATION SUMMARY

Company Name: BAUTECH COMPANY LIMITED

Certificate of Incorporation Number: 67210 Status: COMPANY LTD

Certificate of Incorporation Date: 28th, AUGUST, 2008

Post Box: 34331

Town: DAR-ES-SALAAM

Sector: ..... **Sub-Sector:** .....

Investment Financing Plan in Million US$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
$ 7,996,467	.....	.....	.....

Project Objectives: INTRODUCTION OF FACTORY FOR ALUMINIUM PROFILES, PVC PROFILES AND THEIR ACCESSORIES IN THE UNITED REPUBLIC OF TANZANIA

Capacity: 4,400 TONS TO 11,000 TONS

Employment: Foreign: 13 Local: 137 Total: 150

Implementation Period: THREE YEARS (03)

Project Location

Site/~~Plot/Block~~ No.: 03

Street: BUNJU "B" ROAD District: KINONDONI Region: DAR-ES-SALAAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
HASIM AHMET KURT	TURKISH	80
DURSUN KURT	TURKISH	20
—	—	—
—	—	—
—	—	—

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

Land/Building	2,445,000
Plant	5,425,000
Vehicles	40,000
Furniture & Fittings	50,000
Pre-expenses	20,000
Others	—
Working Capital	16,467
TOTAL	7,996,467

Contact Details:

Name: CELESTINE MAUFI Title: COMPANY SECRETARY

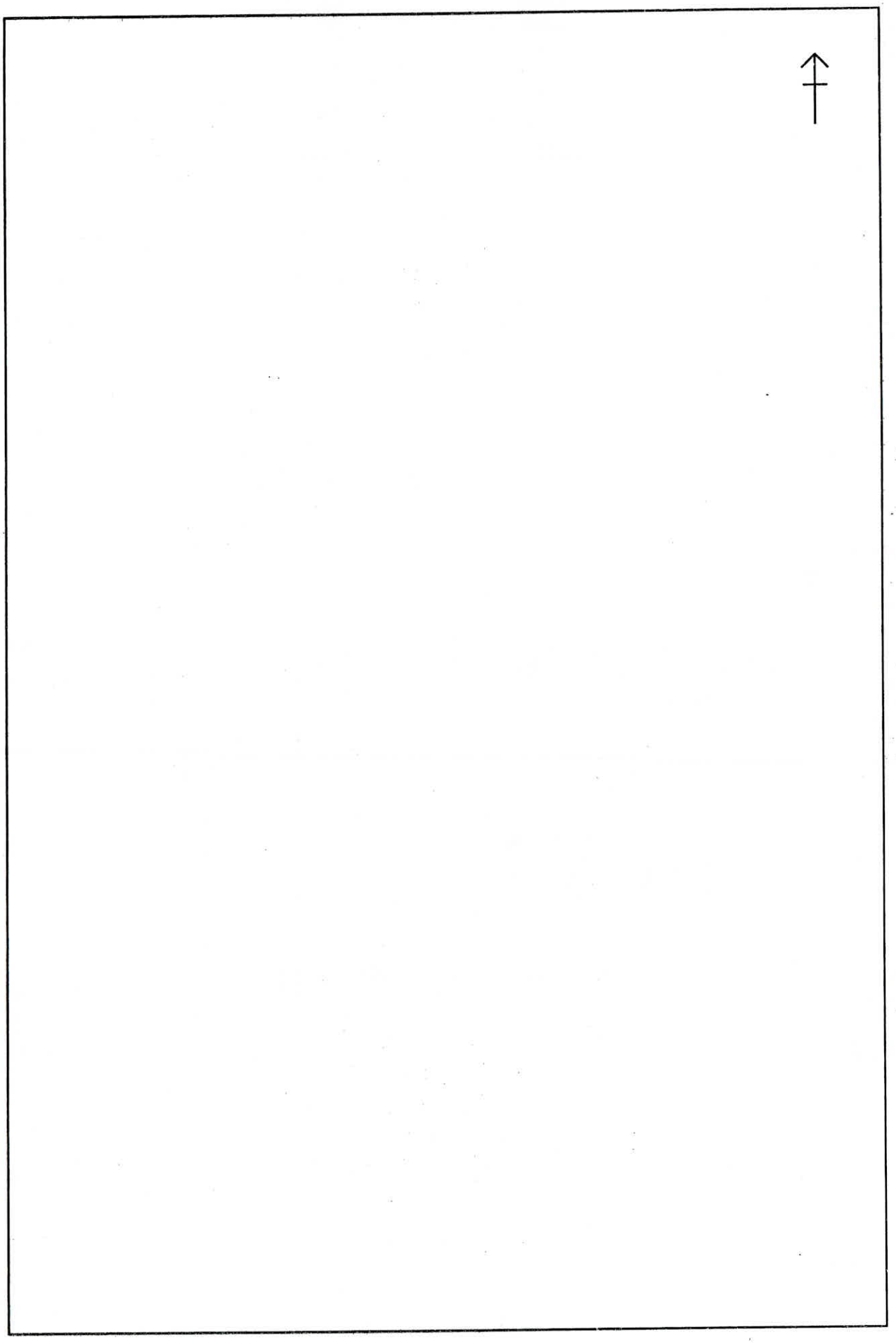
Telephone: 0754-536290/0715-536290 Fax: .....

Email: celestinemaufi@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



Form PA 1 Serial No. 5431 TIC N 07541

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REGISTRATION FORM

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(diretor/directors/agent of .....

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6. The authorized share capital of the Company is Tshs./~~US$~~ 1,000,000,000/=

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is ~~Tshs.~~/US$ 7,996,467.

8. The month and day of the financial year end is 31st DECEMBER

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for ~~Tshs./~~US$ $ 100.00 Being the Registration Fees. ***In the event this application is unsuccessful we understand that this fee will not be refunded.***

I, CELESTINE M AUFI of Post Office Number 34331 DAR-ES-SALAAM do solemnly and sincerely declare that I am a ~~director~~/duly authorized agent of BAUTECH COMPANY LIMITED

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

Declared at Dar es Salaam }
The 19th day of NOVEMBER 2008}

.....
Applicant

Before me:

FIRMINA MOSHA HUBERT
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
DAR ES SALAAM

.....
Commissioner for Oaths

Attach only where applicable, otherwise indicate "N/A"

APPLICATION SUMMARY

Company Name: BAUTECH COMPANY LIMITED

Certificate of Incorporation Number: 67210 Status: COMPANY LTD

Certificate of Incorporation Date: 28th, AUGUST, 2008

Post Box: 34331

Town: DAR-ES-SALAAM

Sector: ..... **Sub-Sector:** .....

Investment Financing Plan in Million US$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
$ 7,996,467	.....	.....	.....

Project Objectives: INTRODUCTION OF FACTORY FOR ALUMINIUM PROFILES, PVC PROFILES AND THEIR ACCESSORIES IN THE UNITED REPUBLIC OF TANZANIA

Capacity: 4,400 TONS TO 11,000 TONS

Employment: Foreign: 13 Local: 137 Total: 150

Implementation Period: THREE YEARS (03)

Project Location

Site/~~Plot/Block~~ No.: 03

Street: BUNJU "B" ROAD District: KINONDONI Region: DAR-ES-SALAAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
HASIM AHMET KURT	TURKISH	80
DURSUN KURT	TURKISH	20
—	—	—
—	—	—
—	—	—

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

Land/Building	2,445,000
Plant	5,425,000
Vehicles	40,000
Furniture & Fittings	50,000
Pre-expenses	20,000
Others	—
Working Capital	16,467
TOTAL	7,996,467

Contact Details:

Name: CELESTINE MAUFI Title: COMPANY SECRETARY

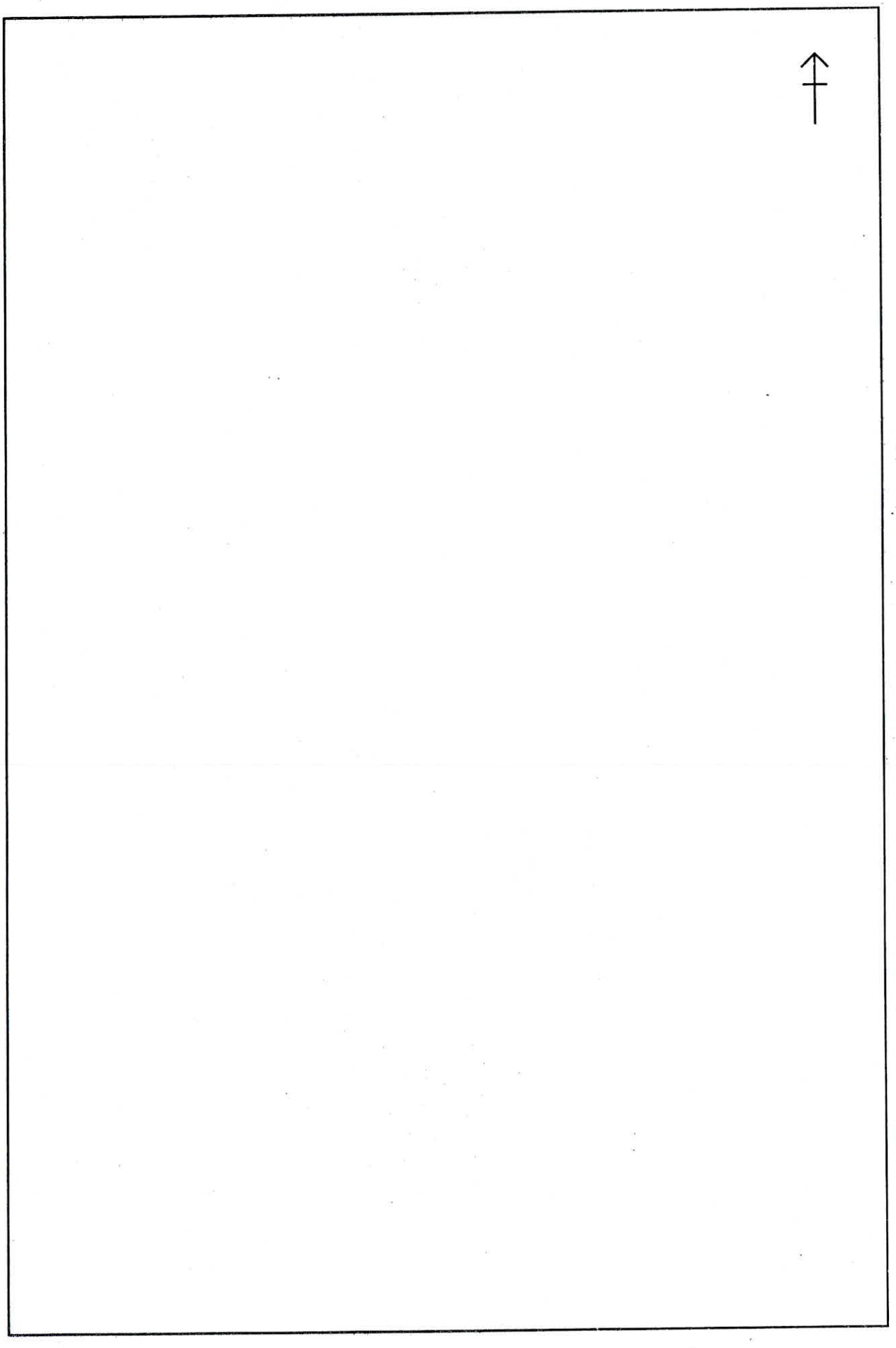
Telephone: 0754-536290/0715-536290 Fax: .....

Email: celestinemaufi@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



Form PA 1 Serial No. 5431 TIC N 07541

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 BAUTECH COMPANY LIMITED

(diretor/directors/agent of .....

(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVE

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 UBUNGO – MILLENIUM BUSINESS PARK BLOCK B NO. 11 PLOT NO. 03

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 UBUNGO INDUSTRIA AREA

4. The Principal Officers of the Company are HASIM AHMET KURT AND DURSUN AHMET KURT.

5. Auditors of the Company are NGAIWONA & COMPANY P.O.BOX 20386, DAR-ES-SALAAM.

6. The authorized share capital of the Company is Tshs./~~US$~~ 1,000,000,000/=

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is ~~Tshs~~./US$ 7,996,467.

8. The month and day of the financial year end is 31st DECEMBER

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for ~~Tshs~~./US$ $ 100.00 Being the Registration Fees. ***In the event this application is unsuccessful we understand that this fee will not be refunded.***

I, CELESTINE MAUFI of Post Office Number 34331 DAR-ES-SALAAM do solemnly and sincerely declare that I am a ~~director~~/duly authorized agent of BAUTECH COMPANY LIMITED

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

Declared at Dar es Salaam }
The 19th day of NOVEMBER 2008 }

.....
Applicant

Before me:

FIRMINA MOSHA HUBERT * ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS * DAR ES SALAAM

.....
Commissioner for Oaths

Attach only where applicable, otherwise indicate "N/A"

APPLICATION SUMMARY

Company Name: BAUTECH COMPANY LIMITED

Certificate of Incorporation Number: 67210 Status: COMPANY LTD

Certificate of Incorporation Date: 28th, AUGUST, 2008

Post Box: 34331

Town: DAR-ES-SALAAM

Sector: ..... **Sub-Sector:** .....

Investment Financing Plan in Million US$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
$ 7,996,467	.....	.....	.....

Project Objectives: INTRODUCTION OF FACTORY FOR ALUMINIUM PROFILES, PVC PROFILES AND THEIR ACCESSORIES IN THE UNITED REPUBLIC OF TANZANIA

Capacity: 4,400 TONS TO 11,000 TONS

Employment: Foreign: 13 Local: 137 Total: 150

Implementation Period: THREE YEARS (03)

Project Location

Site/~~Plot/Block~~ No.: 03

Street: BUNJU "B" ROAD District: KINONDONI Region: DAR-ES-SALAAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
HASIM AHMET KURT	TURKISH	80
DURSUN KURT	TURKISH	20
—	—	—
—	—	—
—	—	—

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

Land/Building	2,445,000
Plant	5,425,000
Vehicles	40,000
Furniture & Fittings	50,000
Pre-expenses	20,000
Others	—
Working Capital	16,467
TOTAL	7,996,467

Contact Details:

Name: CELESTINE MAUFI Title: COMPANY SECRETARY

Telephone: 0754-536290/0715-536290 Fax: .....

Email: celestinemaufi@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

D.R. CONGO

RWANDA

BURUNDI

KENYA

D.R. CONGO

TANZANIA

ZAMBIA

MALAWI

MSUMBIJI

041614

(5)

LEASE AGREEMENT

This Lease **AGREEMENT** is made at Dar es Salaam on this day of 19th January 2009.

BETWEEN

- Messer: **DORKAS JOSEPH KESSY** – Dar es Salaam – TZ (Hereinafter referred as " The LESSOR", which expression shall; where the context so admits include his assigns, Executors and other successors in title) of the one part.

AND

- Messer: **BAUTECH CO. LTD** a limited liability company incorporated in Tanzania with registration No: 67210 under the Companies Ordinance, of P.O.Box 34331 – Dar es Salaam , (hereinafter referred to as " The LESSEE" which expression shall, where the context so admits include its assigns, Executors and other successors in title) of the other part.

WHEREAS the LESSOR is the OWNER of the Land along WAZO HILL TEGETA AREA PLOT NO.70 With TITLE NO.80850 AND LAND OFFICE NO.281438 - Dar es Salaam. (Hereinafter referred to as "The demised premises")

and **WHEREAS** the **LESSORS** has agreed to let the Show Land for construction of Godowns/ premises which referred to hereinabove on the TERMS & CONDITIONS hereinafter contained.

1. **LESSEE HEREBY COVENANTS WITH THE LESSOR** as follows:

   i) The Lessor hereby demise into the Lessee the demised premised to hold the same for a PERIOD of 15 (FIFTEEN) YEARS commencing from 19/Jan/2009 hereinafter called EFFECTIVE DATE, (renewable upon mutual agreement) at an annual rent of Tshs 300,000/= (Three hundred thousand) only; which will be paid as follows: Annual rent 3,600,000.00(payment to be made on yearly basis)

   ii) **TERMS of PAYMENT HAVE BEEN AGREED BY BOTH,** respectively the LESSOR and the LESSIE.

   iii) If the 1st year is not paid within 1(one) month form the date of this lease agreement then the lease agreement is terminated automatically.

   iv) Both sides can terminate the lease agreement by themselves.

IN WITNESS WHEREOF THE PARTIES HERE TO HAVE HEREUNTO SET THEIR HANDS AND SEALS the day year first above written.

Name Mrs. DORKAS JOSEPH KESSY
Signature: .....
Address: P.O.BOX
Dar es Salaam.

VERDIANA NKWABI MACHA
ADVOCATE
NOTARY PUBLIC
TANZANIA
COMMISSIONER FOR OATHS

19/11/2009

Designation.....DIRECTOR

Lessor .....

SIGNED by the said
HASIM AHMET KURT
P.O.BOS 34331
DAR ES SALAAM

VERDIANA NKWABI MACHA
ADVOCATE
NOTARY PUBLIC
TANZANIA
COMMISSIONER FOR OATHS

19/11/2009

Lessee .....

this .....day of 2009

STYLE NO. 80850
REGISTERED 13·7·08.
AT 1·00 PM
LAND REGISTRY TANGANYIKA
Registrar of Titles

TANGANYIKA STAMP DUTY ACT.
Stamp Duty Shs 390/= Paid
on original Receipt No. 1/13776630
of 27·12·02 Issued
Land Form No. 22
Stamp Duty Officer

TANGANYIKA STAMP DUTY ACT.
Stamp Duty Shs. 100/= Paid
and Revenue Receipt No. 1/13776630
of 27·12·02 Issued.
Stamp Duty Officer

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999
(NO. 4 OF 1999)

CERTIFICATE OF OCCUPANCY
(Under Section 29)

Title No: 80850
L.O.No. 281438
KMC/LD/ 49072

The 9th day of July Two thousand and **eight**

THIS IS TO CERTIFY that **DARKAS JOSEPH KESSY** **of** P.O. Box **31902 DAR ES SALAAM** (hereinafter called "the Occupier') as joint Occupiers is entitled to the Right of Occupancy (hereinafter called "the Right") in and over the land described in the Schedule hereto (hereinafter called "the Land") for a term of **Thirty three** years from the first day of **October Two thousand and one** according to the true intent and meaning of the Land Act and subject to the provisions thereof and to any regulations made thereunder and to any enactment in substitution therefore or amendment thereof and to the following special conditions:-

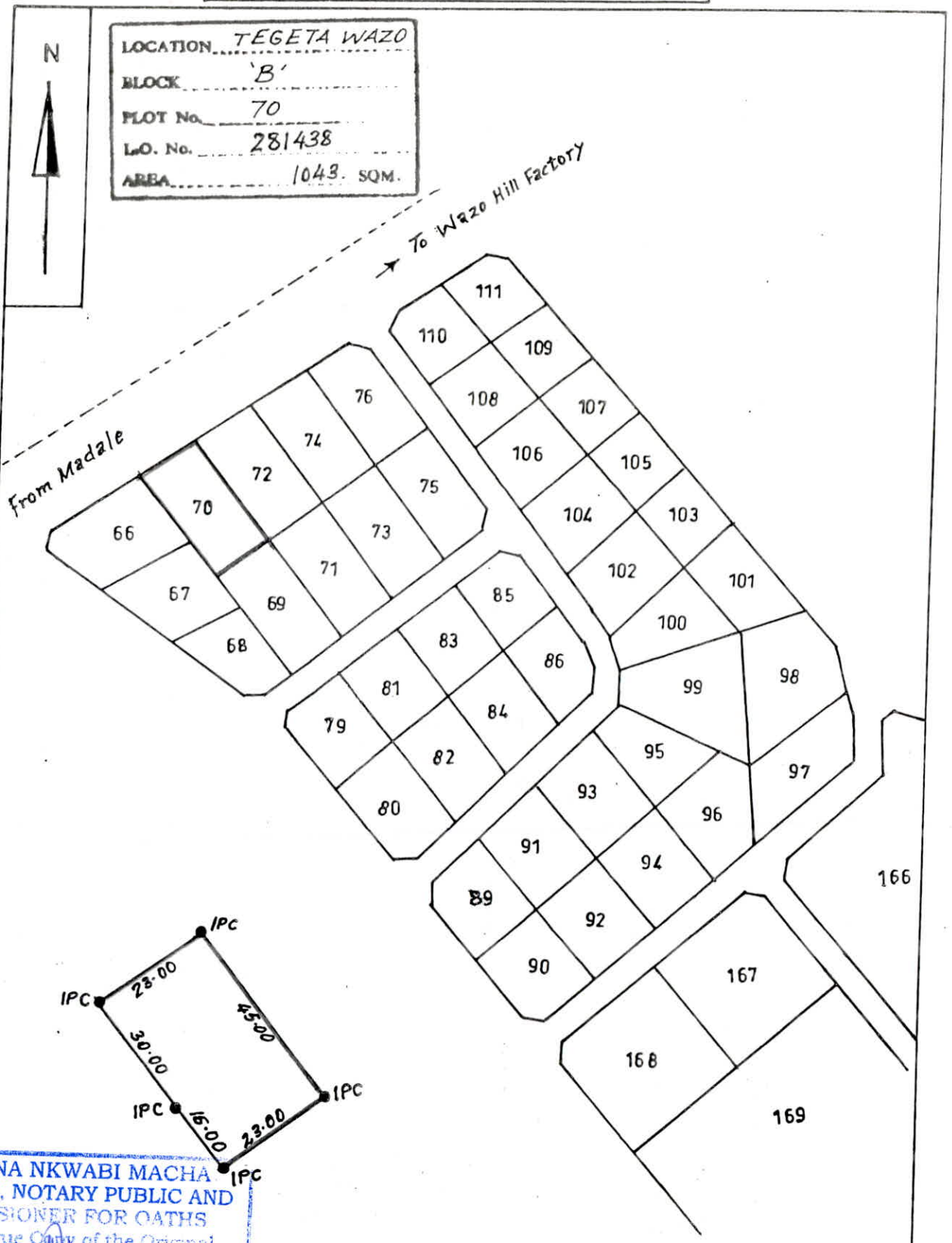
1. The Occupier having paid rent up to the thirtieth day of June, **2002** shall thereafter pay rent of **seven thousand three hundred and one (Tshs. 7,301/-) only** a **year** in advance on the first day of July in every year of the term without deduction PROVIDED that the rent may be revised by the Commissioner for Lands.

2. The Occupier shall:-

   (i) Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the Occupier's expenses as assessed by the Director responsible for Surveys and Mapping.

VERDIANA NKWABI MACHA
ADVOCATE, NOTARY PUBLIC AND
COMMISSIONER FOR OATHS
Certified True Copy of the Original
Signature: .....
Date: 19/1/2009

KINONDONI MUNICIPALITY.



VERDIANA NKWABI MACHA
ADVOCATE, NOTARY PUBLIC AND
COMMISSIONER FOR OATHS
Certified True Copy of the Original
Signature: .....
Date: 19/1/2009

The Plan Prepared in accordance with Registered Plan No. 34290
is approved for Purpose of the Land Registration Ordinance
Municipal Land Surveyor ..... Date 29-NOV 2007
Kinondoni Municipal Council, Dar es Salaam

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

6. The President may revoke the right for good cause and in public interest.

SCHEDULE

ALL that Land known as **Plot No. 70 Block 'B'** situated at **Wazo Tegeta** Area in ~~Dar es Salaam~~ Kinondoni Municipality containing **one thousand and forty three (1043) square metres** shown for identification only **edged red** on the plan attached to this Certificate and defined on the registered Survey Plan Numbered **34290** deposited at the Office of the Director for Surveys and Mapping at Dar es Salaam.

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

AG. ASST. **COMMISSIONER FOR LANDS**

I the within named **DORKAS JOSEPH KESSY** hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SIGNED and **DELIVERED** by the said **DORKAS JOSEPH KESSY** who is known to me personally/~~identified~~ to me by the latter being known to me personally in my presence this 08th day JANUARY 2007.

DKessy

(Witness's) Signature.....Mandopi.....

Postal Address: P.O. Box 76630

Dar-es-Salaam

Qualification: Advocate

KEVIN MANDOPI
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
P.O. Box 76630
Mandopi

VERDIANA NKWABI MACHA
ADVOCATE, NOTARY PUBLIC AND
COMMISSIONER FOR OATHS
Certified True Copy of the Original
Signature: .....
Date: 19/1/2009

(4)

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

30324446 **1**

TFN. 614 (Rev. 8.94)

NIMEPOKEA KWA
Received from BALITECH CO. LTD

KIASI
Amount

Shs.	Cts.
USD 750	

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

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

For Executive Director
Tanzania Investment Centre

KITUO - *Station* DSM

SAHIHI YA MPOKEAJI–*Receiving Officer's Signature.* | Cheo *Title* AG | TAREHE *Date* 16/1/08

Govt. Press, Dsm.

3

TICC/PP.10/041614/3 29 December 2008

Managing Director,
Bautech Company. Ltd,
P.O. Box 34331,
DAR ES SALAAM

RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE ESTABLISHMENT OF A FACTORY FOR MANUFACTURING OF PVC AND ALUMINIUM PROFILES AND THEIR ACCESSORIES

We wish to acknowledge receipt of your project proposal to establish a factory for manufacturing of PVC and aluminium profiles and their accessories as presented in the TIC P.A. 1 Form No. 0754 and Feasibility Study with a projected investment of USD 7.996 m.

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

You will 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 annexture 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US$ 750.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please arrange to make payments at your earliest convenience.

..../2

TICC/PP.10/041614/3 29 December 2008

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

Yours sincerely,
Tanzania Investment Centre

R. P. MBILINYI
Ag: 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 9372,
DAR ES SALAAM

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

TIC Evaluation Report

Name of the Company

Bautech Company Ltd.

Post Box	Bunju B Plot No. 03	COI Number	67210	Contact	Mr. Celestine Maufi
Post Office	34331	COI Date	28/08/2008	Designation	Company Secretary
Region	Dar Es Salaam	Application F. No	07541	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0754 536 290/ 0715 536 290
		Sub Sector	Building Materials	Fax	0
		File No	041614	E-Mail Address	celestinemaufi@yahoo.com

Project Location	
Plot/Block	Plot No. 3
Street	Bunju B
District	Kinondoni
Region	Dar es Salaam

Investment Finance Plan in Millions USD

Foreign Equity	Local Equity	Foreign Loan	Local Loan
7.996	0	0	0

Shareholders Detail		
Name	Nationality	(%)
Dursun Kurt	Turkish	20
Hasim Ahmet Kurt	Turkish	80

Investment Breakdown (USD Million)	
Land/Building	2.445
Plant	5.425
Vehicles	0.04
Furniture & Fittings	0.05
Pre-expenses	0.02
Others	0
Working Capital	0.016
Total	7.996

Employment	150	Evaluated By	,Sospeter Ndelema Dome
Capacity	4,400 tons to 11,000 tons	Drawn By	Shokko Registry
Project Turn Over			

Description

To establish a factory for manufacturing of PVC and aluminium profiles and their accessories

Recomendations

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

Decision

Approved 16/12

AFFIDAVIT OF OWNERSHIP OF LAND

(2)

I, **Abbas Mohamed Koja** an adult Tanzanian, affirm and states as follows:-

1. That I stay and work for gain in Dar es Salaam.

2. That I am the lawful owner of that piece of yet to be surveyed land comprising of about four (4) acres along Bagamoyo road at Bunju B area, Road No.3.

3. That the said land above is an undeveloped Land and I have freely and out of my own accord leased my said land to ***Bautech Company Limited,*** a locally incorporated Limited liability Company to be used for industrial purposes.

4. That pursuant to my said action pertaining to my land, I have signed a lease agreement dated 1st December, 2008 leasing my said land to the said Company hereinabove for an initial term of fifteen years.

VERIFICATION:

All what I have stated herein above in paragraph 1 – 4 are true to the best of my own information and knowledge as the concerned person in the matter.

Abbas Mohamed Koja

(Deponent)

Sworn before me by

the said ***Abbas Mohamed Koja***

who is personally known to me at Dar es Salaam

this .....day of December, 2008

E. B. M. CHAMRIHO
Advocate, Notary Public &
Commissioner for Oaths
P.O. Box 105068, D'Salaam

COMMISSIONER FOR OATHS

LEASE AGREEMENT

This Lease **AGREEMENT** is made at Dar es Salaam on this day of 1st December 2008.

BETWEEN

- Messer: **ABBAS MOHAMED KOJA** – Dar es Salaam – Tz (Hereinafter referred as " The LESSOR", which expression shall; where the context so admits include his assigns, Executors and other successors in title) of the one part.

AND

- Messer: **BAUTECH CO. LTD** a limited liability company incorporated in Tanzania with registration No: 67210 under the Companies Ordinance, of P.O.Box 34331 – Dar es Salaam , (hereinafter referred to as " The LESSEE" which expression shall, where the context so admits include its assigns, Executors and other successors in title) of the other part.

WHEREAS the LESSOR is the OWNER of the Land along Bunju "B" Road No. 3, - Dar es Salaam. (Hereinafter referred to as "The demised premises")

and **WHEREAS** the **LESSORS h**as agreed to let the Show Land for construction of Godowns/ premises which referred to hereinabove on the TERMS & CONDITIONS hereinafter contained.

1. **LESSEE HEREBY COVENANTS WITH THE LESSOR** as follows:
   i) The Lessor hereby demise into the Lessee the demised premised to hold the same for a PERIOD of 15 (FIFTEEN) YEARS commencing from 01/Dec/2008 hereinafter called EFFECTIVE DATE, (renewable upon mutual agreement) at an annual rent of Tshs 400,000/= (Four hundred thousand) only; which will be paid as follows: Annual rent 4,800,000.00(payment to be made on yearly basis)

   ii) **TERMS of PAYMENT HAVE BEEN AGREED BY BOTH,** respectively the LESSOR and the LESSIE.

   iii) To pay the rent reserved herein without any deduction whatsoever in order and manner on the dates herein agreed upon. Further to pay the Taxes due to the concerned authorities is obligatory on the LESSEE.

   iv) To develop the Land in form of buildings upon the wishes of the developer and Municipality regulations that deem necessary.

v) Not to keep or permit to be kept on the demised premises any materials /of dangerous or explosive nature or the keeping of which may contravene any statues or local regulations or by Laws or to carry on or do anything that may constitute nuisance to public or private nature or be a cause of disturbance or annoyance, or danger to neighbours or public.

v) To permit the Lessor of its agents/or servants by reasonable prior notice, and at all reasonable hours to enter and view the condition of the demised premises and in the event of any repairs being necessary to carry the same out within 1(one) month of receiving a notice to do so and certainly prior to vacating the premises (subject to the same being the Lessee's responsibility)

vi) Not to do or permit or suffer to be done anything whereby any insurance of the demised premises against loss or damage by fire or other risks covered by the Lessor's insurance policy may become void or avoidable or whereby the rate or premium for such insurance may be increased and in such case to reimburse the Lessor all such excess premium and to make good any looses suffered due to non coverage of such occurrence.

vii) To yield up peaceably the demised premises to the Lessor or its agent or nominee at the expiration of the fixed term aforesaid in good and tenantable repair and condition in accordance with the covenants herein before contained allowing for normal wear and tear.

viii) To give notice of at least 3 (Three) months in writing before the expiry of the term hereby created to the Lessor expressing his (Lesse's) intention whether or not to renew the lease for a further term. In the absence of which the Lessor may choose to assume continuation of the existing lease for another period of 12(Twelve) months. If the 1st year is not paid within 1(one) month then the lease agreement is terminated automatically.

2: **THE LESSOR HEREBY COVENANTS WITH THE LESSEE AS:-**

a) To keep the main structure, roof, drainage system, sewer system, walls and all other external parts of the house, the fence and the rest of the external structure comprised in the demised premises in good repair without delay.

b) To pay all existing and future land rates taxes and outgoing in respect of the demised as per law.

c) To insure and keep insured, at the Lessor's discretion, the demised premised against loss/s or damages/s by fire or such other risk as are commonly insured in Tanzania. In case

demised premises are damaged by fire, water, thunderstorm, natural catastrophe etc. and becomes temporarily or permanently unfit for human inhabitation the Lessor shll refund the rental balance for the concerned period; provided the Lessee has vacated upon the happening of such disaster. (Allah Forbid),

d) The Lessor shall not be liable for any damage/s to any personal belonging/s or physical injury or death of the Lessee and /or the occupants, or employees of the demised premises.
e) The Lessee shall be responsible for safekeeping his personal belongings.

3: PROVIDED ALWAYS THAT IT IS HEREBY MUTUALLY AGREED AND DECLARED AS FOLLOWS:

a. That if, the rent hereby reserved or any a part thereof shall at any time be in arrears and unpaid for twenty one days after the same shall have become due (whether formally or legally demanded or not) or if the Lessee shall any time fail for neglect to perform or observe any of the covenants and obligations here in contained and its part to be performed and observed ; the Lessor shall be entitled to re- rent and take possession of the demised premises without prejudice to any antecedent or other claims that either party shall against the other.
b. In the event of any dispute of claim arising from or in connection with this Lease agreement which is not settled mutually by the parties thereto such dispute or claim may be referred by either party to The Court or Tribunal in Dar es Salaam- Tanzania (East – Africa) for adjudication and settlement.
c. The agreement rent is subject to an increment of 5% every twelve months.
d. The Lessor shall not be liable for any injury whatsoever to the Lessee invitees, servants or visitors of any kind wherever on the demised premises, including injury caused by the diligent working of any machinery by tradesman on the demised premises and the Lessor Management Company gives no warranty that the swimming pool, gym, sauna/steam bath- room and other amenities are legally or physically fit for the purposes intended and the Lessee is required to conduct personal verification and investigation in order to satisfy himself on the fitness of the same and uses at his own risk.
e. The Lessor shall keep the buildings and his chattels insure against fire and theft and them-selves personally against injury or death.
f. Liability excluded. The owner Management Company is not liable for the death of or injury to the Licensee, Tenant or his employees and for damage to any belongings or property of theirs, or for any

losses, claims, demands, actions, proceedings , damages, costs or expenses or other liability incurred by them.

4: Mode of payment should be made by either cash deposit, crossed Cheque or Telegraphic Transfer .

IN WITNESS WHEREOF THE PARTIES HERE TO HAVE HEREUNTO SET THEIR HANDS AND SEALS the day year first above written.

Name Mr. ABBAS M. KOJA
Signature: ....
Address: P.O.BOX 20347
Dar es Salaam.

Designation..............................DIRECTOR

Lessor ....

SIGNED by the said
HASIM AHMET KURT
P.O.BOS 34331
DAR ES SALAAM

BAUTECH Co. LTD
BLOCK B. No. 11
MILLENIUM BUSINESS PARK
PLOT No. 3 UBUNGO INDUSTRIAL AREA
MOROGORO ROAD - DSM

Lessee ....

this 25 **day of** November **2008**

MAHAKAMA YA MWANZO
MAGOMENI
WILAYA YA KINONDONI

SD 48,000/=

STAMP DUTY
Shs 48,000/= collected
Receipt No. A49474 Dated 25/11/08
Regional Revenue Officer-Kinondoni

414

BAUTECH CO. LTD

BLOCK B NO. 11, MILLENIUM BUSINESS PARK, PLOT NO. 3 UBUNGO INDUSTRIAL AREA, MOROGORO ROAD- DSM

REF: BCL/ADM/08/11/06 **DATE: 19/11/2008**

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

TANZANIA INVESTMENT CENTRE
02 DEC 2008
TANZANIA

DEAR SIR,

RE: APPLICATION FOR CERTIFICATE OF INCENTIVE

Reference is made in above heading is concerned, we are Bautech Co. Ltd established under co. act cap 212 having registration no. 67210 in 2008.

I here by forward to your good office to register our project with Tanzania Investment centre.

I hope my application will be taken into consideration I trust and believe to be very soon.

Thanking you in advance

Yours truly,

HASIM AHMET KURT
MANAGING DIRECTOR

№ 00215301

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041614

This is to certify that

BAUTECH COMPANY LIMITED

of address P.O. BOX 34331

DAR ES SALAAM

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

BAUTECH COMPANY LIMITED

Which is located at PLOT NO. 70 BLOCK 'B' TEGETA WAZO,

KINONDONI MUNICIPALITY, 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 22nd JANUARY 2009

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

1. Shareholders	Nationality	Shareholding (%)
Hasim Ahmet Kurt	Turkish	80
Dursun Kurt	Turkish	20

2. Proposed Activities : To establish a factory for manufacturing of PVC and aluminium profiles and their accessories

3. Sector: Manufacturing Subsector Building material

4. Investment cost: Foreign USD 7.996m. Local – Total USD 7.996m.

5. Project Financing: Equity USD 7.996m. Loans – Total USD 7.996m.

6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 7.996m.	–	USD 7.996m.

8. Technology Agreement None

9. Date of TIC Registration: 29th December 2008

10. Implementation period December 2008 - November 2011

11. Operative date December 2011

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

Furnished goods are not allowed under this certificate.

Signed .....

Executive Director

BAUTECH

P.O.Box 34331 DAR-ES SALAAM TANZANIA
Tel: 0752 496 923, E-mail: hasimahmetkurt@yahoo.com

(5)

20nd February,2009

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

UFS:TANZANIA INVESTMENT CENTRE
P.O.BOX
DAR ES SALAAM

TANZANIA INVESTMENT CENTRE
19 FEB 2009
TANZANIA

RE: DUTY /VAT EXEMPTION ON CAPITAL /DEEMED CAPITAL GOODS
CERTIFICATE OF INCENTIVE NO: 041614
We are requesting exemption on machinery imported to be imported soon.
Please approval attached list no 1
The machinery will be assembled at Milleneum Business Park (Ubungo industrial area)

Yours truly,
BAUTECH COMPANY LIMITED

Hasim Ahmet KURT
Managing Director

CC The Executive Director
Tanzania Investment Centre
Shaaban Robert Street
P.o.box 938
Dar es salaam

BAUTECH

P.O.Box 34331, DAR-ES SALAAM TANZANIA
Tel: 0752 496 923, E-mail: hasimahmetkurt@yahoo.com

APPROVED CAPITAL GOODS LIST NO:1

#	QUANTITY		PVC
1	6	Line	PVC Extruder
2	1	Piece	Mixer
3	1	Line	PVC Colouring Machine
4	3	Piece	Cooler
5	3	Set	Compressor Kit
6	40	Set	Matrices
	9	Line	Rubber Extruder
7	3	Line	Aluminum Hidrolic Extruder Press
8	2	Piece	Packing Press
9	1	Piece	Billet Cutting Machine
10	1	Set	Thermic Oven (unassembled)
11	1	Line	Electro Static Colouring Machine
12	3	Set	Cupel Furnace System
13	1	Piece	Packaging Machine
14	1	Set	Billet Furnace
15	1	Set	Homogenizing Oven
16	5	Piece	Generator
18	2	Piece	Electric Transformer
19	2	Piece	Electric Cables and Panel
20	2	Piece	Weighbridge
21	1	Piece	Excavator
22	2	Piece	Fork Lift
23	3	Piece	Brick machine
24	1	Piece	Mobile Winch
25	9	Piece	Truck
26	9	Piece	Pick Up
27	9	Piece	Cars

CTIN.: 00308248

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

BAUTECH COMPANY LIMITED

.....

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

107-090-606

.....

with effect from 01-Sep-2008

.....

JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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

VAT 108

TANZANIA REVENUE AUTHORITY

Certificate of Registration for Value Added Tax (VAT)

(ISSUED UNDER SECTION 20 OF THE VALUE ADDED TAX ACT NO. 24 OF 1997)

THIS IS TO CERTIFY THAT
BAUTECH COMPANY LIMITED

WHOSE TAXPAYER IDENTIFICATION NUMBER (TIN) IS

107-090-606

HAS BEEN REGISTERED FOR VALUE ADDED TAX (VAT)

AND ASSIGNED VAT REGISTRATION NUMBER (VRN)

40-002519-P

FOR BUSINESS LOCATED AT UBUNGO MILLENIUM BUSINESS PARI
DAR ES SALAAM

WITH EFFECT FROM 21 November 2008

GIVEN UNDER MY HAND

THIS 21st **DAY OF** November 2008

JOANNES N. A. MALLY
COMMISSIONER FOR VAT

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

FOR NATIONAL DEVELOPMENT

FOR NATIONAL DEVELOPMENT

Certified True Copy
of The Original
Signature
Date 23/1/2009
For: Executive Director
Tanzania Investment Centre

№ 00215301

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041614

This is to certify that

BAUTECH COMPANY LIMITED

of address P.O. BOX 34331

DAR ES SALAAM

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

BAUTECH COMPANY LIMITED

Which is located at PLOT NO. 70 BLOCK 'B' TEGETA WAZO,

KINONDONI MUNICIPALITY, 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 22nd JANUARY 2009

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1. Shareholders

Shareholders	Nationality	Shareholding (%)
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(iii) Failure to commence implementation within two years invalidates Certificate

(iv) Failure to operate investment must be notified to the Centre

(v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate

Furnished goods are not allowed under this certificate.

Signed .....
Executive Director

TICC/PP.10/041614/6 **20/02/2009**

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

Dear Sir,

RE: DUTY/VAT EXEMPTION ON THE CAPITAL/DEEMED CAPITAL GOODS OF CERTIFICATE OF INCENTIVES NO. 041614

M/S Bautech Company Limited is a TIC registered company with certificate of incentives **No. 041614** which is valid up to **November 2011**

The company has been registered with objectives of establishing a factory for manufacturing PVC and aluminium profiles and their accessories.

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

Yours sincerely
TANZANIA INVESTMENT CENTRE

N.A. Senzia
FOR: EXECUTIVE DIRECTOR

TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/8/396 11 August 2011

The Managing Director,
Bautech Company Limited,
P. O. Box 34331,
Dar es salaam

Dear Sir,

RE: DUTY AND VAT EXEMPTION ON CAPITAL GOODS VIDE CERTIFICATE OF INCENTIVES NO. 041614 OF 22nd JANUARY 2009

Reference is made to your ref. BCL/Cus/Acc/0159-2011 of 03 August 2011 regarding the captioned subject.

We hereby confirm and approve the following machines as capital goods/deemed capital gods for establishment of the project with certificate of incentives mentioned above.

1) **2 pcs of 75W Electric Engine**
2) **3 pcs 45W Electric Engine**
3) **3 pcs Casting pot**
4) **1 set Aluminium Rolling Mill Machine and equipment**
5) **10 sets Disk cutting mould**
6) **1 set Disk Cutting Press**

The approved machines will be assessed at 0% import duty and VAT relief under the 3rd Schedule to the VAT Act Cap 148 of 1997. You will however be requested to complete VAT form 224 and submit the same to the Commissioner for Customs and Excise for approval before clearance through customs.

Sincerely yours,

Godfrey Kitundu
For: COMMISSIONER FOR CUSTOMS AND EXCISE

c.c. Manager- Customs Service Centre
c.c. Manager – Tax Exemption
c.c. Executive Director,
Tanzania Investment Centre,
Dar es salaam

TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/08/396 041614 06th July, 2011

The Managing Director,
M/S Bautech Company Limited,
P. O. Box 34331.
Dar es Salaam.

Dear Sir,

RE: DUTY/VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS-CERTIFICATE OF INCENTIVES NO. 041614 OF 22.01.2009.

We are writing in response to your letter ref: BCL/Cus/Acc/0151-2011 dated 23.06.2011 regarding the captioned subject.

Further to our even referenced letter of 5th March, 2009 we hereby confirm and approve additional items listed in the letter ref: BCL/Cus/Acc/0151-2011 herewith attached as capital/deemed capital goods to expand manufacturing factory with the certificate of incentives mentioned above. It is a condition that locally manufactured items are to be procured locally.

The approved goods will be subject to 0% import duty and VAT relief under the 3rd Schedule to the VAT Act, Cap 148; subject to completion of form VAT 224 duly approved by the Commissioner for Customs and Excise.

Sincerely yours,

Said Athumani.
For: COMMISSIONER FOR CUSTOMS AND EXCISE

RP/-
c.c. Manager - Tax exemptions

cc. Assistant Regional Manager Customs – Kinondoni.

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

Highlight in the list

BAUTECH COMPANY LIMITED

"Manufacturers of PVC / Alluminium Profiles & Their Accessories"

Our Reference: BCL/Cus/Acc/0151-2011

Dated : 23/06/2011

The Commissioner for Customs and Excise,
Customs and Excise Department,
Tanzania Revenue Authority,
Sokoine Drive,
P.O.Box 9053,
Dar-Es-Salaam.

Dear Sir,

Sub: DUTY / VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS-CERTIFICATE OF INCENTIVES NO.041614 OF 22/01/2009

We refer to your letter TRA/CE/C/P.20/08 dated 6th May 2009, we thank you for granting us approval for the one page list of items (list No.2) which are referred as capital/deemed capital goods for facilitation of our project under the above mentioned certificate of incentives.

3

We are also importing the following items for our project which was not in the original approved list no.2.. We kindly request you to grant us duty and vat exemption to enable us to import these goods.

SL#	ITEM	QUANTITY	RATE USD	VALUE USD
1	VERTICAL TURRET LATHE MACHINE (FULL SET)	1 SET	$ 4,500	$ 4,500
2	VERTICAL TURRET LATHE AUXILARY MACHINES	3 SET'S	$ 750	$ 2,250
3	ELECTRICAL HOIST	2 SET'S	$ 300	$ 600
4	CASTING POT	4 PC'S	$ 400	$ 1,600
5	INGOT MOULDS	3,000 KGS	$ 0.60	$ 1,800
6	FIBRE GLASS	50 PC'S	$ 5.00	$ 250
	TOTAL IN USD			**$ 11,000**

Also Pls find enclose herewith a copy of the following documents :-

a. A copy of the certificate of incentives
b. The approved list of items
c. A copy of the invoice's

TANZANIA REVENUE AUTHORITY CUSTOMS AND EXCISE DEPARTMENT FIBRE FACILITATION UNIT 01 JUL 2011 APPROVED DAR-ES-SALAAM

Kindly do the needful,

Thanking You,
Yours faithfully,
For BAUTECH COMPANY LIMITED,

BAUTECH COMPANY LIMITED BAUTECH

Hasim Ahmet Kurt,
Managing Director.

Vingunguti Industrial Area, Plot No. 88, P.O. Box 34331, Dar es Salaam, Tanzania.
Tel:+255 22 2843520 / 21, Fax: +255 22 2843522, Mobile: 0684 000 000 / 0684 000 099 / 0787 490 055
Email: info@bautech.co.tz, Website: www.bautech.co.tz