

MS HASEEB AND HASSAN

TANNERS LTD

MINUTE SHEET

Dokezo
No.

1.0

Ag: EXD

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

(a) Minimum finance investment threshold has been exceeded, the project expects to invest us\$ 0.401m

(b) Legal entity has been incorporated under certificate

No. 66263 of 30/06/2008

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N. Senzia

DIF

10th May, 2013

2.0

Ag. EXD *done di.*

In response to the TIC letter of registration dated 7th May 2013

the project has submitted the required documents namely: -


(a) Company Board Resolution.

(b) Reference letter/Financing from Habiba Bank LTD

(c) Lease Agreement as evidence of land

With the above submission ExD is requested to sign Certificate of Incentives No. 042441 herein attached.

12/09/2013



DIF

MINUTE SHEET

Dokezo
No.

Unclaimed fund beyond three years will be forfeited



TANZANIA INVESTMENT CENTRE

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

RECEIPT REC012645

No. 006607

Received from : WASFER AND HASSAN TANNERS LTD.

Address P.O. Box 3749, Dar Es Salaam

Received the sum of (In words): NINE HUNDRED THIRTY NINE AND ZERO CENTS ONLY

Being payment in respect of CERTIFICATE OF INCENTIVES

Amount : T.S.S. 939.00

Cash / Cheque No: D 000000

Date : 30-08-2013

RECEIVED
30 AUG 2013

Receiving Officer

Aug '11

53980

Unclaimed refund beyond three years will be forfeited



TANZANIA INVESTMENT CENTRE

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

RECEIPT REC012650

No. 006613

Received from : HASEEB AND HASSAN TANNERS LTD

Address P.O. Box 2749, Dar Es Salaam

Received the sum of (In words): NINETY EIGHT THOUSAND NINE HUNDRED AND ZERO CENTS

Being payment in respect of ADDITIONAL CERTIFICATE FEES

Amount : TZS. 98,900.00

Cash / Cheque No: D deposit

Date : 30-Aug-2013



Executive Director
Tanzania Investment Centre

Bulisson
Receiving Officer

Aug '11

5396

TICC/PP.10/042441/6

14/02/2014

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

Dear Sir,

**RE: DUTY/VAT REMISSIONS ON THE CAPITAL/DEEMED
CAPITAL GOODS OF CERTIFICATE OF INCENTIVES NO.
042441**

M/S Haseeb & Hassan Tanners Limited is a TIC registered company with certificate of incentives **No. 042441** which is valid up to **June 2016**

The company has been registered with objectives of establishing a project for plastic recycling.

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

Yours sincerely

TANZANIA INVESTMENT CENTRE


M.A. Senzia

FOR: EXECUTIVE DIRECTOR

M/S HASEEB AND HASSAN TANNERS LIMITED
P.O BOX 4927, Dar es Salaam, Tanzania

①

29th April 2013

The Executive Director
Tanzania Investment Centre,
P.O. Box 9382,
DAR ES SALAAM



Dear Sir/Madam,

RE: APPLICATION FOR THE TIC – CERTIFICATE OF INCENTIVES

With reference to the above captioned subject, we have the honor to submit our application for the Certificate of Incentives.

M/S Haseeb and Hassan Tanners Limited is a company incorporated in for the purpose of investing in the processing and manufacturing. The company is currently intending to establish a facility for recycling and processing plastics for the local industries and for export market.

In the view of this new investment, we hereby apply for the Certificate of Incentives to enable us undertake the envisaged program smoothly.

Enclosed, please find the following documents:

- (i) A copy of a Business Plan
- (ii) 2 dully filled TIC application forms
- (iii) A copy of Articles and Memorandum of Association
- (iv) A certified copy of the Certificate of Company Incorporation
- (v) Evidence of sufficient finance available to implement the project.
- (vi) Extract from Board of Directors resolution

We thank you in advance for your cooperation and assistance.

We remain,

Yours Sincerely,

HASEEB AND HASSAN TANNERS LIMITED

M. Ashiq

Mohamed Ashiq
MANAGING DIRECTOR



HASEEB AND HASSAN TANNERS LIMITED

BUSINESS PLAN FOR ESTABLISHMENT OF PLASTIC RECYCLING AND PROCESSING FACILITY

PREPARED BY:-

Haseeb and Hassan Tanners Limited

P.O. BOX 12849

DAR ES SALAAM

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EXECUTIVE SUMMARY

Background

The growing utilization of plastics in industrial and consumer applications, combined with increased consumer awareness surrounding solid waste recycling, has led to an increased demand for recycled plastic resins and products. One of the fastest growing types of collected plastic materials for recycling is polyethylene terephthalate ("PET") from post-consumer beverage and water bottles. **Haseeb and Hassan Tanners Limited** will capitalize on the opportunities in the recycling and processing of plastics.

Strong demand for recycled plastics is working in the industry's favor. Major users of plastic packaging, apparently responding to consumer desires, have begun incorporating at least some recycled plastic content in their products as part of the growing interest in recycling. Recycled resin demand is on the rise as prices for the two major recycled resins, PET and HDPE, continue to hold value or appreciate against their virgin counterparts.

Recognizing this **Haseeb and Hassan Tanners Limited** intends to take this great opportunity to invest in Tanzania to establish a **Plastic Recycling and Processing facility**.

Mission

The firm is a processing company dedicated to converting waste plastic materials into commercially viable products, utilizing environmentally friendly recycling and manufacturing methods. We intend to make enough profit to generate a significant return for our investors and to finance continued growth and continued development in quality products. We will also maintain a friendly, fair, and creative work environment, which respects diversity, new ideas and hard work.

Plant

Capacity

The plant will have an installed capacity of 150 tons per month equivalent to 1800 tons per annum. The project has been assumed to operate at 100% of the achievable capacity in the 1st to the 5th year. This production plan is based on two shifts of seven hours each.

Nowadays thousands of plastic products ranging from heavy-duty containers to plastic film bags are made, and the use of plastic continues to grow. According to the Beverage Marketing Information, Tanzania water consumption from 2000 to 2011 increased over 50 percent. This increase has led to an increased number of plastic bottles as well. In 2011, more than 2.8 million kilograms of plastic bottles were produced.

Market

Strong demand for recycled plastics is working in the industry's favor. Major users of plastic packaging, apparently responding to consumer desires, have begun incorporating at least some recycled plastic content in their products as part of the growing interest in recycling. Recycled resin demand is on the rise as prices for the two major recycled resins, PET and HDPE, continue to hold value or appreciate against their virgin counterparts.

The target markets for the recycled products will chiefly be:-

- markets in Tanzania
- Export markets in China, Japan and India.

Investment Cost Required

The cost of fixed investment of the envisaged project is estimated at TShs 607.254 million equivalent to USD 383.562 made up of the following:-

| Item | TShs.'000 | | | |
|--------------------------|----------------|----------------|--------------|----------------|
| | USD | Foreign Cost | Local Cost | Total Costs |
| Plant and Machinery | 323,562 | 524,170 | - | 524,170 |
| Motor Vehicles | 35,000 | 56,700 | - | 56,700 |
| Pre-Operational Expenses | 25,000 | 27,000 | - | 27,000 |
| Fixed Investment | 383,562 | 607,870 | - | 607,870 |
| Working Capital | 19,800 | 12,830 | 8,554 | 21,384 |
| TOTAL INVESTMENT | 403,362 | 620,701 | 8,554 | 629,254 |

Operations Results

The overall performance of the project is good. Sales revenue will jump up by 135% after the implementation of the envisaged program. Other financial indicators are summarized in the table below:-

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|---------|---------|---------|-----------|-----------|
| Sales | 427,680 | 641,520 | 801,900 | 1,002,375 | 1,252,969 |
| Gross Profit | 213,840 | 320,760 | 400,950 | 501,188 | 626,484 |
| Profit before tax | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| Net Income | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |

Keys to Success

The main keys to the success of the Company are:

- **Secure Supply-** Contract for supply of post-consumer bottles and post-industrial manufacturing waste for PET raw material feed stock.
- **Marketing -** Contractual arrangements for the sale of virtually all initial production.
- **Management -** Strong senior management with extensive, broad-based, industry-specific experience.

1.0 INTRODUCTION

1.1 Background

Tanzania government development plan lays increasing emphasis on encouraging industries manufacturing basic needs of the people and incentive goods required by workers and farmers. The major objective is to achieve accelerated industrial development on import substitution, earn foreign exchange through exports, provide additional employment and establish industrial base in the country.

Advantages of Industrial development are visibly among others:

- diversification away from the primary sector towards the manufacturing sector reduces the risks and vulnerability to the long term deteriorating commodity terms of trade and the associated loss in real income.
- unlike the primary sector, industrial sector has more forward and backward linkages with other sectors especially agriculture and mining.
- industrialization contributes significantly to employment creation if the right technique is chosen.
- industrialization has relatively a great possibility of technological transfer and adaptation and technology creation.

In general, industrialization ensures economic independence in the long run.

Recognizing this **Haseeb and Hassan Tanners Limited** intends to take this great opportunity to invest in Tanzania to establish a **Plastic Recycling and Processing facility**.

1.2 Company's Legal Status

Haseeb and Hassan Tanners Limited is a privately owned limited liability company incorporated under Companies Act, 2002, with certificate of incorporation No. 66263 of 30th June 2008.

The objective with which the company is established is to carry on recycling and processing of plastic wastes. Specifically the company will recycle the following plastic for domestic industries and export:-

- PET Material
- HDPE, EPE, EPS and XPS Materials

1.3 Company Ownership

As a private company, the ownership is limited to what is stipulated in the Memorandum and Articles of Association. Presently, the following are the Directors of the company:-

Haseeb and Hassan Tanners Limited
Business Plan for Plastic Recycling and Processing

| S/N | Name | No. of Shares |
|-----|---------------|---------------|
| 1. | Mohamed Ashiq | 120 |
| 2. | Bushra Karmal | 90 |
| 3. | Shamaila Naz | 90 |

The authorized share capital is TShs. 30,000,000.00 divided into 300 shares of TShs. 100,000.00 each.

1.4 Office Location and Contact Information

The company has its head office in Dar es Salaam , Plot No. 95, Changombe area. There is an adequate supply of power through National Grid and water. Furthermore, the area is easily accessible by road transport.

| |
|--|
| Official Address Haseeb and Hassan Tanners Limited Box 12849, Dar es Salaam, Tanzania |
|--|

2.0 THE PROJECT

2.1 Project Description.

Plastic recycling is the term given to the processing of waste plastic which turns old or scrap plastic in to a useable product which can then re-enter the manufacturing chain.

Waste management - with population growth and more industrialization around the world, there is a growing need for ways to properly handle waste products. **Haseeb and Hassan Tanners Limited** will venture into this business and help Tanzania escape the waste problems across the country

The proposed project is based on New Technology with fully Automated Machinery and it will produce of High Quality recycled plastics for domestic industries and for export market.

2.2 Plant Capacity

The plant will have an installed capacity of 150 tons per month equivalent to 1800 tons per annum. The project has been assumed to operate at 100% of the achievable capacity in the 1st to the 5th year. This production plan is based on two shifts of seven hours each.

2.3. Recycling Process

Nowadays thousands of plastic products ranging from heavy-duty containers to plastic film bags are made, and the use of plastic continues to grow. According to the Beverage Marketing Information, Tanzania water consumption from 2000 to 2011 increased over 50 percent. This increase has led to an increased number of plastic bottles as well. In 2011, more than 2.8 million kilograms of plastic bottles were produced.

2.3.1 Collection

The first step in recycling plastic is collection. Collection occurs in one common way through buyback center that pays consumers for the recyclable plastic they bring in.

2.3.2 Separation

Plastic containers are all stamped with a numeric code that indicates their composition. Not all collection locations or curbside pick up services take all types of plastic. Most take plastic products stamped 1 through 3. Polyethylene terephthalate or PET is designated with the numeral 1 and is one of the most widely used types of plastic, found in beverage bottles and food jars. It's also one of the easiest to recycle. High density polyethylene or HDPE is marked with the number 2 and is typically used for detergent, bleach and other heavy-duty

containers.

The collected plastic is taken to a materials recovery facility or an MRF, where it's sorted and separated by type. In some cases, different types of plastic are then sorted by color.

2.3.3 Grinding

Recycled plastics are then fed into mechanical grinders where they're ground into flakes. Many PET plastic containers that are collected for recycling have nonrecyclable items attached like labels, caps or heavier plastic bases. These must be removed from the ground plastic for the plastic to be reused. Known as "dirty" regrind, this material must be cleaned in order to be recycled, according to Best Practices in PET Recycling.

2.3.4 Cleaning

The first cleaning stage uses air to remove particles that are lighter than the plastic, like paper labels. Next the flakes are passed through a scrubber to remove food, oil, glue residue and dirt. Finally, the plastics are put through a "float/sink" classifier. PET plastics are heavier than water and sink; lighter plastics like HDPE and polypropylene float to the surface, according to Best Practices in PET Recycling.

2.3.5 Re-melting

The recovered PET plastic is now known as "clean flake" and is sometimes melted and converted into pellet form. These are then melted in furnaces to be further broken down into their individual elements. These elements are then used to manufacture new plastic products, according to Best Practices in PET Recycling.

3.0 MARKET ANALYSIS

3.1 Market Overview

Strong demand for recycled plastics is working in the industry's favor. Major users of plastic packaging, apparently responding to consumer desires, have begun incorporating at least some recycled plastic content in their products as part of the growing interest in recycling. Recycled resin demand is on the rise as prices for the two major recycled resins, PET and HDPE, continue to hold value or appreciate against their virgin counterparts.

In volume, PET is currently the number one recycled resin. Supply of recycled PET is in excess of 5 million pounds per year. This figure is expected to grow, reaching over 1 billion pounds during the next few years. The plastics industry has developed new markets and applications for recycled resins from both post-consumer and post-industrial sources.

Markets and uses for recycled plastics are rapidly expanding. Plastic containers are being collected by garbage collectors from households, side roads, offices and industrial sites. Tanzania demand for recycled plastic will continue to expand and new markets will develop as technologies permit the efficient segregation and reprocessing of high-purity resins. Improved quality of resins, environmental issues and higher prices for virgin resin will contribute to growth.

Packaging is expected to be the largest market segment for recycled plastics, with sheet and lumber following. Surveys indicate that Tanzanians are increasingly willing to collect and separate discarded packages, foregoing a degree of convenience to make products more disposable, and even paying a premium for a recycled item.

3.2 Target Market Segment Strategy

The Company has chosen its target markets as follows:-

- market in Tanzania
- Export markets in China, Japan and India.

This is because recycled PET (RPET) is in high demand as flake resin by converters, as roll stock sheet used to produce high visibility packaging and as high strength strapping for the lumber industry. Sales are price-sensitive, so that proximity to markets and feed stock source provide a competitive edge. The company identified an opportunity to take advantage of both circumstances in the local and developed markets.

3.3 Plastic Waste Sources

Plastics play an important role in almost every aspect of our lives. Plastics are used to manufacture everyday products such as beverage containers, toys, and furniture. The widespread use of plastics demands proper end of life management. Plastics make up more than 12 percent of the municipal solid waste stream, a dramatic increase from 1960, when plastics were less than one percent of the waste stream.

The largest category of plastics are found in containers and packaging (e.g., soft drink bottles, lids, shampoo bottles), but they also are found in durable (e.g., appliances, furniture) and nondurable goods (e.g., diapers, trash bags, cups and utensils, medical devices). The recycling rate for different types of plastic varies greatly, resulting in an overall plastics recycling rate of only 8 percent, or 224 tons in 2010. However, the recycling rate for some plastics is much higher, for example in 2012, 28 percent of HDPE bottles and 29 percent of PET bottles and jars were recycled. The current production of plastic wastes is estimated at 2.8 million kilograms per year.

4.0 INVESTMENT AND FINANCING

4.1 Fixed Capital Cost

The cost of fixed investment of the envisaged project is estimated at TShs 607.254 million equivalent to USD 383.562 made up of the following:-

TShs.'000

| Item | USD | Foreign Cost | Local Cost | Total Costs |
|--------------------------|---------------------|----------------|--------------|----------------|
| | Plant and Machinery | 323,562 | 524,170 | - |
| Motor Vehicles | 35,000 | 56,700 | - | 56,700 |
| Pre-Operational Expenses | 25,000 | 27,000 | - | 27,000 |
| Fixed Investment | 383,562 | 607,870 | - | 607,870 |
| Working Capital | 19,800 | 12,830 | 8,554 | 21,384 |
| TOTAL INVESTMENT | 403,362 | 620,701 | 8,554 | 629,254 |

Annex I shows the investment details

4.2 Plant and Machinery, and Equipment

The total cost of Plant and Machinery and Equipment is projected at TShs. 524.170 million equivalent to USD 323.562 made up of the following:-

TShs. '000

| S/N | Plant and Machinery | USD CIF Price | Foreign Costs | Local Costs | Total Costs |
|-----|--|----------------|----------------|-------------|----------------|
| 1 | PET Crushing and Granulization Machine | 65,000 | 105,300 | - | 105,300 |
| 2 | HDPE Crushing and Peletization Machine | 45,500 | 73,710 | - | 73,710 |
| 3 | 100 DP Air Compressor | 25,777 | 41,759 | - | 41,759 |
| 4 | PVC Granulization Machine | 97,285 | 157,602 | - | 157,602 |
| 5 | EPE, EPS, XPS Granulization Machine | 70,000 | 113,400 | - | 113,400 |
| 6 | Cutter Compactor Machine | 20,000 | 32,400 | - | 32,400 |
| | Sub-total | 323,562 | 524,170 | - | 524,170 |
| 7 | Motor Vehicle - 10 ton lorry | 35,000 | 56,700 | - | 56,700 |
| | Total Machinery and Equipment | 358,562 | 580,870 | - | 580,870 |

4.3 Motor Vehicles

The company will need 2 light truck for delivery. The vehicles are estimated to cost TShs. 56.7 Million.

4.4 Pre-operational Expenses

Pre-operational expenses are estimated at TShs. 27.0 million. The main cost elements include the following:-

| Pre- Operational Expenses | USD | TShs. '000 |
|--|---------------|-------------------|
| Professional Fees | 10,000 | 10,800 |
| Legal Fees | 2,500 | 2,700 |
| Machinery Installation & Commissioning | 12,500 | 13,500 |
| Total | 25,000 | 27,000 |

4.5 Working Capital and Re-investment

The necessary working capital with various assumptions is given in annex VIII. However the amount required is TShs. 21.384 million in the first year of operation. The additional working capital in third year of operation is projected at TShs.8.0 million.

4.6 Financing

The promoters will contribute a 100% of the capital required for the envisaged investment amounting to TShs. 629.254 million in forex to be used to import machinery, equipment and motor vehicles, payment of pre-operational expense and handling charges and expenses in connection to the imported machinery, equipment and motor vehicles. (Annex - xv)

5.0 PROJECT IMPLEMENTATION

5.1 Procurement

Procurement of machinery and equipment will take a period of three months. This activity includes looking and identifying sources of supply, processing the orders, transportation of the consignment and clearing it from the port. However, procurement of motor vehicle will take one month.

5.2 Recruitment

Recruitment of key personnel of the project will be done in one month before trial runs. Key personnel include Operations Manager, Machine Crews and maintenance staff. One month before trial runs, a few production staff will participate in the installations of machinery and equipment with the view to provide them with on-the-job training.

5.3 Trial Runs

Trial runs will start after completion of all assembling of machinery and equipment. Trial run will last for 1 month. The objectives of having trial runs are two fold:-

- To test and ensure that all assembling are working properly and are in good working conditions.
- To carry out a crush training program to production staff and other staff. This program will ensure smooth start-up of production operations.

5.4 Promotion

Promotion of company products will commence after one month of trial runs. Product promotional efforts will be arranged through the local newspapers and roadside shows.

5.5 Commercialization

Commercialization i.e. full scale operations will commence after a successful completion of trial runs. It is anticipated that in the first year of operation the company will be able to utilize only 100% of the installed production capacity from the first year of operation.

6.0 MANAGEMENT AND STAFFING.

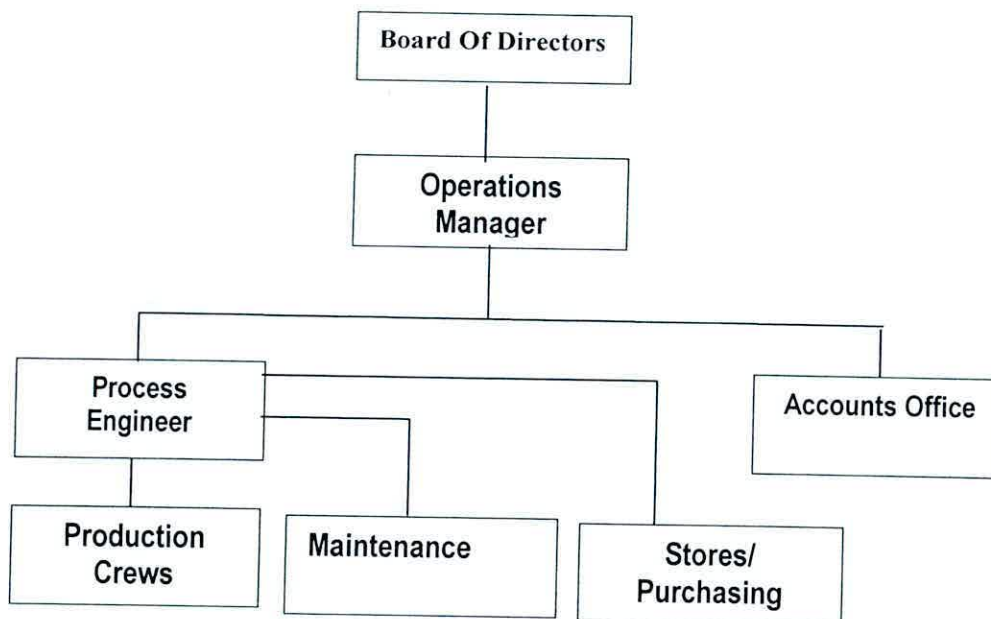
6.1 Management

Haseeb and Hassan Tanners Limited will be managed through a Board of Directors while the day-to-day activities will be under a Operations Manager.

The Operations Manager will be the Chief Executive of the Company and will be assisted by the Process Engineer, Accountant, and Procurement Personnel.

6.2 Organization Chart

The proposed organ gram of the Company is as shown below:



6.3 Staff

The project is expected to employ about 17 permanent staff of varying skills at full capacity operations in the first year of operation. But in the subsequent years the company may recruit more staff as need arise. (See Annex III). It is expected that the project will in future employ between 30 to 50 permanent staff.

7.0 OPERATING COSTS

7.1 Assumptions

The operational costs under consideration take into account the projected operating capacity in the given year. They are assumed to increase by 4.5% annually for the first 5 years. Costs are anticipated to increase on the basis of the expected inflation.

It is also assumed that any further increase in costs will lead to proportionate increase in prices with constant profit margins.

7.2 Raw Materials

The major raw materials used in Recycling plant include plastics PET and HDPE wastes.. According to plastic industry experience, material cost and other direct inputs to production constitute 50% of Sales revenue. Therefore, the cost of Direct materials have been estimated taking into account the prevailing experience in the industry.

7.3 Salaries and Wages

A total of 17 employees are anticipated to be recruited initially. The projected wage bill including the social costs is projected at TShs. 56.25 million in the first year. For details on manpower requirement see Annex III.

7.4 Other Overhead Expenses

The total overhead expenses required for smooth operations of the office are estimated at TShs. 100.6 million in the first year of operation as detailed in Annex IV and here below. These costs are projected to rise by 4.5% annually for the life span of the project.

| Year | 1 | 2 | 3 | 4 | 5 |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Salaries | 56,250 | 58,781 | 61,426 | 64,191 | 67,079 |
| Stationery | 2,400 | 2,508 | 2,621 | 2,739 | 2,862 |
| Transport & Travelling | 6,000 | 6,270 | 6,552 | 6,847 | 7,155 |
| Staff Welfare | 11,250 | 11,756 | 12,285 | 12,838 | 13,416 |
| Repair & Maintenance | 14,522 | 15,175 | 15,858 | 16,572 | 17,317 |
| Office Rent | 3,600 | 3,762 | 3,931 | 4,108 | 4,293 |
| Utilities | 3,000 | 3,135 | 3,276 | 3,423 | 3,578 |
| MV running Expenses | 3,600 | 3,762 | 3,931 | 4,108 | 4,293 |
| Total Costs | 100,622 | 105,150 | 109,881 | 114,826 | 119,993 |

7.5 Repairs & Maintenance

The annual repair and maintenance costs are anticipated at 2.5% on fixed assets. The cost includes spare parts for machinery, motor vehicles and equipment. A provision of TShs. 14.2 million is budgeted for the purpose. (See Annex V)

7.6 Depreciation

The following rates have been used in amortizing assets for their expected usage. Details are given in Annex II.

| Item | Rate | Method |
|-----------------------|-------------|---------------|
| Plant & Machinery | 12.5% | SML |
| Motor Vehicles | 25.0% | SML |
| Pre-Operational Costs | 20% | SML |

8.0 FINANCIAL ANALYSIS

8.1 Revenue Assumptions

Due to nature of business the following operational and revenue assumptions have been made:-

- a) Capital and foreign costs have been based on the exchange rate of TShs. 1,620 per one USD.
- b) Input prices have been based on the quotations current prices
- c) The number of working days have been taken to be 360 days on a double shift.
- d) The product prices have been based on current prices reigning in the market.
- e) Taxation is 30% of taxable income.

The operations are expected to pick-up by 100% from the first.

8.2 Income and Expenditure Statement

The projected income and expenditure statement shows that the project will generate an income of TShs. 427.6 million in the first year of operation rising to TShs 1.25 billion in the fifth year.

Profits before tax will increase from TShs. 28.12 million to TShs. 442.6 million from the 1st year to the 5th year of operation. Profits after tax will increase in the same magnitude after tax deductions in the same period. See Annex VII for details.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 427,680 | 641,520 | 801,900 | 1,002,375 | 1,252,969 |
| Gross Profit | 213,840 | 320,760 | 400,950 | 501,188 | 626,484 |
| Profit before tax | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| Net Income | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |

8.3 Projected Cash flow Statement

The project will be able to raise adequate cash to meet its financial obligations in time.

Net cash inflow will increase from TShs. (102.7) million in the first year of operation to TShs. 437.3 million in fifth year. The 5-year accumulated net cash inflow amounts to TShs. 1.2 billion.

7.4 Discounted Cash flow Statement

The IRR after tax is 42%. The rate is higher than the current commercial bank lending rate which ranges between 18 - 24%. Thus the project is commercially viable. Considering the nature and magnitude of investment involved, the project is commercially sound and attractive. (Annex X)

8.5 Balance Sheet

The projected balance sheet shows that the value of assets will increase from TShs.433.1 million to TShs. 1.4 billion in the 5th year of operation. Current assets in the 5th year will be valued at TShs. 1.3 billion, while fixed assets will be valued at TShs. 224.9 million. The assets will be financed by both owner's equity and retained profits. (See Annex IX)

8.6 Break-even Analysis

It is projected that manufacturing activities will stabilize from the 2nd year of operation. At this level of operation, the project will earn an income of TShs. 641.520 million. Break-even sales will be TShs. 38.049 million representing 6% operational capacity. (See Annex XIV)

M/S HASEEB AND HASSAN TANNERS LIMITED
 Business Plan for Plastic Wastes Recycling and Processing

Annex I(a)

CAPITAL INVESTMENT

COST OF ASSETS TO BE ACQUIRED

| S/N | Plant and Machinery | TShs. '000 | | | Total Costs |
|-----|--|------------------|------------------|----------------|----------------|
| | | USD CIF Price | Foreign Costs | Local Costs | |
| 1 | PET Crushing and Granulization Machine | 65,000 | 105,300 | - | 105,300 |
| 2 | HDPE Crushing and Peletization Machine | 45,500 | 73,710 | - | 73,710 |
| 3 | 100 DP Air Compressor | 25,777 | 41,759 | - | 41,759 |
| 4 | PVC Granulization Machine | 97,285 | 157,602 | - | 157,602 |
| 5 | EPE, EPS, XPS Granulization Machine | 70,000 | 113,400 | - | 113,400 |
| 6 | Cutter Compactor Machine | 20,000 | 32,400 | - | 32,400 |
| | Sub-total | 323,562 | 524,170 | - | 524,170 |
| 7 | Motor Vehicle - 10 ton lorry | 35,000 | 56,700 | - | 56,700 |
| | Total Machinery and Equipment | 358,562 | 580,870 | - | 580,870 |
| | | | | | - |
| 5 | Pre-Operation Expenses | 25,000 | - | 27,000 | 27,000 |
| | Total Fixed Capital Costs | 383,562 | 580,870 | 27,000 | 607,870 |
| | Initial Working Capital | 19,800 | 12,830 | 8,554 | 21,384 |
| | TOTAL | 403,362 | 593,701 | 35,554 | 629,254 |

Annex I(b)

| Pre- Operational Expenses | USD | TShs. '000 |
|--|---------------|---------------|
| Professional Fees | 10,000 | 10,800 |
| Legal Fees | 2,500 | 2,700 |
| Machinery Installation & Commissioning | 12,500 | 13,500 |
| Total | 25,000 | 27,000 |

CAPITAL INVESTMENT SUMMARY

| Item | USD | Foreign Cost | Local Cost | Total Costs |
|--------------------------|----------------|-----------------|---------------|----------------|
| Plant and Machinery | 323,562 | 524,170 | - | 524,170 |
| Motor Vehicles | 35,000 | 56,700 | - | 56,700 |
| Pre-Operational Expenses | 25,000 | 27,000 | - | 27,000 |
| Fixed Investment | 383,562 | 607,870 | - | 607,870 |
| Working Capital | 19,800 | 12,830 | 8,554 | 21,384 |
| TOTAL INVESTMENT | 403,362 | 620,701 | 8,554 | 629,254 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex II

Depreciation Schedule
(Tshs '000)

Parameters

| Item | Initial | Economic | Rate | Method | Annual |
|-----------------------|----------------|----------|-------|--------|---------------|
| | Value | Life | | | Allowance |
| Plant & Machinery | 524,170 | 8 | 12.5% | SML | 65,521 |
| Motor Vehicles | 56,700 | 4 | 25.0% | SML | 14,175 |
| Pre-Operational Costs | 27,000 | 5 | 20% | SML | 5,400 |
| TOTAL | 607,870 | | | | 85,096 |

Monthly Schedule

| Month → | Year 1 | | | | | | | | | | | |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Opening Balance | 607,870 | 600,779 | 593,688 | 586,596 | 579,505 | 572,414 | 565,322 | 558,231 | 551,140 | 544,048 | 536,957 | 529,865 |
| Allowance | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 |
| Closing | 600,779 | 593,688 | 586,596 | 579,505 | 572,414 | 565,322 | 558,231 | 551,140 | 544,048 | 536,957 | 529,865 | 522,774 |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------|---------|---------|---------|---------|---------|
| Opening Balance | 607,870 | 522,774 | 437,678 | 359,673 | 288,759 |
| Allowance | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Closing | 522,774 | 437,678 | 359,673 | 288,759 | 224,937 |

Monthly Wage Bill (000' Tshs)

| Designation | No. of Employees | Monthly Rate | Monthly Bill | Yearly Total |
|-------------------------|------------------|--------------|--------------|---------------|
| Operations Manager | 1 | 350 | 350 | 4,200 |
| Processing Engineer | 1 | 400 | 400 | 4,800 |
| Machine Operators | 12 | 250 | 3,000 | 36,000 |
| Accountant | 1 | 350 | 350 | 4,200 |
| Receptionist | 1 | 200 | 200 | 2,400 |
| Stores/Purchasing Agent | 1 | 250 | 250 | 3,000 |
| Sub-Total | 17 | | 3,750 | 45,000 |
| Add: 25% Staff Welfare | | | 938 | 11,250 |
| Grand Total | 17 | 4,688 | 4,688 | 56,250 |

Overhead Costs in Tshs '000

Annex IV

Base

| Monthly → | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Annual Cost |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Salaries | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 56,250 |
| Stationery | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |
| Transport & Travelling | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Staff Welfare | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 11,250 |
| Repair & Maintenance | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 14,522 |
| Office Rent | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 3,600 |
| Utilities | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 3,000 |
| MV running expenses | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 3,600 |
| Total Costs | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 100,622 |

| Year → | 1 | 2 | 3 | 4 | 5 |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Salaries | 56,250 | 58,781 | 61,426 | 64,191 | 67,079 |
| Stationery | 2,400 | 2,508 | 2,621 | 2,739 | 2,862 |
| Transport & Travelling | 6,000 | 6,270 | 6,552 | 6,847 | 7,155 |
| Staff Welfare | 11,250 | 11,756 | 12,285 | 12,838 | 13,416 |
| Repair & Maintenance | 14,522 | 15,175 | 15,858 | 16,572 | 17,317 |
| Office Rent | 3,600 | 3,762 | 3,931 | 4,108 | 4,293 |
| Utilities | 3,000 | 3,135 | 3,276 | 3,423 | 3,578 |
| MV running Expenses | 3,600 | 3,762 | 3,931 | 4,108 | 4,293 |
| Total Costs | 100,622 | 105,150 | 109,881 | 114,826 | 119,993 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex V

Repair & Maintenance Schedule

(Tshs '000)

Parameters

Item

| Item | Value | | Rate | Method | Annual Allowance |
|-------------------------|----------------|--|------|--------|------------------|
| Machinery & Accessories | 524,170 | | 2.5% | SLM | 13,104 |
| Motor Vehicles | 56,700 | | 2.5% | SLM | 1,418 |
| TOTAL | 580,870 | | | | 14,522 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex VI

Working Capital Requirement

(TShs.'000)

| Particulars | 1 | 2 | 3 | 4 | 5 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| CURRENT ASSETS: | | | | | |
| Stocks | | | | | |
| Stocks | 21,384 | 32,076 | 40,095 | 50,119 | 62,648 |
| Total Stocks | 21,384 | 32,076 | 40,095 | 50,119 | 62,648 |
| Debtors: One week sales | 8,225 | 12,337 | 15,421 | 19,276 | 24,096 |
| Total Current Assets | 29,609 | 44,413 | 55,516 | 69,395 | 86,744 |
| Creditors: two week supplies | 8,225 | 12,337 | 15,421 | 19,276 | 24,096 |
| Total Working Capital | 21,384 | 32,076 | 40,095 | 50,119 | 62,648 |
| Net Working Capital | 21,384 | 10,692 | 8,019 | 10,024 | 12,530 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex vii -

Profit and Loss Statement on Annual Basis (000'Tshs)

| Particulars | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Percentage Increase | | 50% | 25% | 25% | 25% |
| Sales Revenue | 427,680 | 641,520 | 801,900 | 1,002,375 | 1,252,969 |
| <i>Less: Direct Costs</i> | 213,840 | 320,760 | 400,950 | 501,188 | 626,484 |
| Gross Profit | 213,840 | 320,760 | 400,950 | 501,188 | 626,484 |
| <i>Less: Overheads</i> | 100,622 | 105,150 | 109,881 | 114,826 | 119,993 |
| Operating Profit | 113,218 | 215,610 | 291,069 | 386,361 | 506,491 |
| Less: Capital Charges | | | | | |
| Interest on Loan | - | - | - | - | - |
| Depreciation | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Total Capital Charges | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Profit before Tax | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| <i>Less: Tax</i> | - | - | - | - | - |
| Net Profit after Tax | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| Retained Profits | 28,122 | 158,636 | 371,699 | 687,147 | 1,129,816 |

Projected Balance Sheet (000' Tshs)

| Particulars | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------------|-----------------|----------------|----------------|------------------|------------------|
| Fixed Assets | | | | | |
| Gross Fixed Assets | 607,870 | 522,774 | 437,678 | 359,673 | 288,759 |
| Less Depreciation | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Net Fixed Assets | 522,774 | 437,678 | 359,673 | 288,759 | 224,937 |
| Current Assets | | | | | |
| Cash at bank | (102,782) | 102,136 | 385,186 | 761,524 | 1,198,785 |
| Stocks | 21,384 | 32,076 | 40,095 | 50,119 | 62,648 |
| Total Current Assets | (81,398) | 134,212 | 425,281 | 811,642 | 1,261,433 |
| Current Liabilities | | | | | |
| Creditors | 8,225 | 12,337 | 15,421 | 19,276 | 24,096 |
| Net Current Assets | (89,622) | 121,876 | 409,860 | 792,366 | 1,237,338 |
| Total Net assets | 433,152 | 559,553 | 769,533 | 1,081,125 | 1,462,275 |
| Represented By: | | | | | |
| Term Loan | - | | | | |
| Equity | 405,030 | 400,918 | 397,833 | 393,978 | 332,459 |
| Retained Profits | 28,122 | 158,636 | 371,699 | 687,147 | 1,129,816 |
| Total | 433,152 | 559,553 | 769,533 | 1,081,125 | 1,462,275 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex ix

Projected Cashflows on Annual Basis (000' Tshs)

| Particulars | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------|------------------|----------------|----------------|----------------|------------------|
| Inflows: | | | | | |
| Long Term Loan | - | | | | |
| Equity | 413,254 | | | | |
| Depreciation | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| After Tax Profits | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| Residual Value | | | | | 10,500 |
| Total Inflows | 526,473 | 215,610 | 291,069 | 386,361 | 506,491 |
| | | | | | |
| Outflows: | | | | | |
| Capital Expenditure | 607,870 | - | - | - | 56,700 |
| Loan Repayment | - | - | - | - | - |
| Working Capital | 21,384 | 10,692 | 8,019 | 10,024 | 12,530 |
| Total outflows | 629,254 | 10,692 | 8,019 | 10,024 | 69,230 |
| | | | | | |
| Net Cash Flows | (102,782) | 204,918 | 283,050 | 376,338 | 437,261 |
| | | | | | |
| Cumulative Cash | (102,782) | 102,136 | 385,186 | 761,524 | 1,198,785 |

Discounted Cashflow Statement

| Particulars | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------|-----------|---------|---------|---------|---------|------------|
| Inflows: | | | | | | |
| Operating Profit | - | 113,218 | 215,610 | 291,069 | 386,361 | 506,491 |
| Add: Depreciation | - | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Interest | - | - | - | - | - | - |
| Salvage Value | | | | | | 10,500 |
| Total Inflows | - | 198,315 | 300,707 | 369,073 | 457,275 | 580,813 |
| | | | | | | |
| Outflows: | | | | | | |
| Investment | 607,870 | - | - | - | - | - |
| Working Capital Increase | | 21,384 | 10,692 | 8,019 | 10,024 | 12,530 |
| Total Outflows | 607,870 | 21,384 | 10,692 | 8,019 | 10,024 | 12,530 |
| | | | | | | |
| Net Cash Flows | (607,870) | 176,931 | 290,015 | 361,054 | 447,251 | 568,284 |
| IRR | | | | | | 42% |

Annex xii

Revenue

| Year 3 | Year 4 | Year 5 |
|---------|---------|------------|
| 291,069 | 386,361 | 506,491 |
| 80,190 | 100,238 | 125,297 |
| 210,879 | 286,124 | 381,194 |
| | | 10,500 |
| | | - |
| 210,879 | 286,124 | 391,694 |
| | | |
| - | - | - |
| - | - | - |
| - | - | - |
| | | |
| 210,879 | 286,124 | 391,694 |
| | | 17% |

Sensitivity Analysis - Scenario 2= 10% decrease in Sales Rev

| Particulars | Year 0 | Year 1 | Year 2 |
|--------------------------------------|-----------|---------|---------|
| Inflows: | | | |
| Operating Profit | | 113,218 | 215,610 |
| Less (10% decrease in Sales Revenue) | | 42,768 | 64,152 |
| Profit Balance | | 70,450 | 151,458 |
| Salvage Value | | | |
| Recovery of Working Capital | | | |
| Total Inflows | | 70,450 | 151,458 |
| | | | |
| Outflows: | | | |
| Investment | 607,870 | - | - |
| Working Capital Increase | | 21,384 | - |
| Total Outflows | 607,870 | 21,384 | - |
| | | | |
| Net Cash Flows | (607,870) | 49,066 | 151,458 |
| IRR | | | |

| Pay Back Period Schedule | | | | |
|--------------------------|---------|--------------|----------|------------|
| Year | Net | Depreciation | Revised | Cumulative |
| | Income | | Cashflow | Cashflow |
| 1 | 28,122 | 85,096 | 113,218 | 113,218 |
| 2 | 130,514 | 85,096 | 215,610 | 328,828 |
| 3 | 213,064 | 78,005 | 291,069 | 619,897 |
| 4 | 315,448 | 70,914 | 386,361 | 1,006,258 |
| 5 | 442,669 | 63,822 | 506,491 | 1,512,749 |

The Project will be able to recoup the investment in fixed capital amounting to TSh. 607.870 million million in three years.

BREAK-EVEN ANALYSIS

Annex xiv

At Stead Stage in the 2nd Year)

| Particulars | Fixed Costs | Variable Costs | Total Costs |
|-----------------------------|-------------|----------------|-------------|
| Direct Costs | - | 320,760 | 320,760 |
| Salaries & Wages | 58,781 | | 58,781 |
| Other Overhead Costs | 46,368 | | 46,368 |
| Depreciation & Amortization | 85,096 | | 85,096 |
| Interest | - | | - |
| | 190,246 | 320,760 | 511,006 |

| | |
|-----------------------------------|---------|
| A. Income | 641,520 |
| B. Variable Costs | 320,760 |
| C. Contribution Margin | 320,760 |
| D. Fixed Costs | 190,246 |
| E. Contribution Ratio (C/A x 100) | 50% |
| F. Break-even Sales (D/E x 100) | 38,049 |
| G. Break-even Capacity (F/A x100) | 6% |

Financing Pattern (000' Tshs)

| Item Description | USD | TShs. '000 |
|------------------|----------------|----------------|
| Loan | 200,000 | 216,000 |
| Equity | 118,160 | 127,613 |
| Total | 318,160 | 343,613 |

HASEEB AND HASSAN TANNERS LIMITED

**BUSINESS PLAN
FOR
ESTABLISHMENT OF PLASTIC
RECYCLING AND PROCESSING FACILITY**

PREPARED BY:-

Haseeb and Hassan Tanners Limited

P.O. BOX 12849

DAR ES SALAAM

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EXECUTIVE SUMMARY

Background

The growing utilization of plastics in industrial and consumer applications, combined with increased consumer awareness surrounding solid waste recycling, has led to an increased demand for recycled plastic resins and products. One of the fastest growing types of collected plastic materials for recycling is polyethylene terephthalate ("PET") from post-consumer beverage and water bottles. **Haseeb and Hassan Tanners Limited** will capitalize on the opportunities in the recycling and processing of plastics.

Strong demand for recycled plastics is working in the industry's favor. Major users of plastic packaging, apparently responding to consumer desires, have begun incorporating at least some recycled plastic content in their products as part of the growing interest in recycling. Recycled resin demand is on the rise as prices for the two major recycled resins, PET and HDPE, continue to hold value or appreciate against their virgin counterparts.

Recognizing this **Haseeb and Hassan Tanners Limited** intends to take this great opportunity to invest in Tanzania to establish a **Plastic Recycling and Processing facility**.

Mission

The firm is a processing company dedicated to converting waste plastic materials into commercially viable products, utilizing environmentally friendly recycling and manufacturing methods. We intend to make enough profit to generate a significant return for our investors and to finance continued growth and continued development in quality products. We will also maintain a friendly, fair, and creative work environment, which respects diversity, new ideas and hard work.

Plant

Capacity

The plant will have an installed capacity of 150 tons per month equivalent to 1800 tons per annum. The project has been assumed to operate at 100% of the achievable capacity in the 1st to the 5th year. This production plan is based on two shifts of seven hours each.

Nowadays thousands of plastic products ranging from heavy-duty containers to plastic film bags are made, and the use of plastic continues to grow. According to the Beverage Marketing Information, Tanzania water consumption from 2000 to 2011 increased over 50 percent. This increase has led to an increased number of plastic bottles as well. In 2011, more than 2.8 million kilograms of plastic bottles were produced.

Market

Strong demand for recycled plastics is working in the industry's favor. Major users of plastic packaging, apparently responding to consumer desires, have begun incorporating at least some recycled plastic content in their products as part of the growing interest in recycling. Recycled resin demand is on the rise as prices for the two major recycled resins, PET and HDPE, continue to hold value or appreciate against their virgin counterparts.

The target markets for the recycled products will chiefly be:-

- markets in Tanzania
- Export markets in China, Japan and India.

Investment Cost Required

The cost of fixed investment of the envisaged project is estimated at TShs 607.254 million equivalent to USD 383.562 made up of the following:-

| Item | TShs.'000 | | | |
|--------------------------|----------------|----------------|--------------|----------------|
| | USD | Foreign Cost | Local Cost | Total Costs |
| Plant and Machinery | 323,562 | 524,170 | - | 524,170 |
| Motor Vehicles | 35,000 | 56,700 | - | 56,700 |
| Pre-Operational Expenses | 25,000 | 27,000 | - | 27,000 |
| Fixed Investment | 383,562 | 607,870 | - | 607,870 |
| Working Capital | 19,800 | 12,830 | 8,554 | 21,384 |
| TOTAL INVESTMENT | 403,362 | 620,701 | 8,554 | 629,254 |

Operations Results

The overall performance of the project is good. Sales revenue will jump up by 135% after the implementation of the envisaged program. Other financial indicators are summarized in the table below:-

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|---------|---------|---------|-----------|-----------|
| Sales | 427,680 | 641,520 | 801,900 | 1,002,375 | 1,252,969 |
| Gross Profit | 213,840 | 320,760 | 400,950 | 501,188 | 626,484 |
| Profit before tax | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| Net Income | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |

Keys to Success

The main keys to the success of the Company are:

- **Secure Supply-** Contract for supply of post-consumer bottles and post-industrial manufacturing waste for PET raw material feed stock.
- **Marketing -** Contractual arrangements for the sale of virtually all initial production.
- **Management -** Strong senior management with extensive, broad-based, industry-specific experience.

1.0 INTRODUCTION

1.1 Background

Tanzania government development plan lays increasing emphasis on encouraging industries manufacturing basic needs of the people and incentive goods required by workers and farmers. The major objective is to achieve accelerated industrial development on import substitution, earn foreign exchange through exports, provide additional employment and establish industrial base in the country.

Advantages of Industrial development are visibly among others:

- diversification away from the primary sector towards the manufacturing sector reduces the risks and vulnerability to the long term deteriorating commodity terms of trade and the associated loss in real income.
- unlike the primary sector, industrial sector has more forward and backward linkages with other sectors especially agriculture and mining.
- industrialization contributes significantly to employment creation if the right technique is chosen.
- industrialization has relatively a great possibility of technological transfer and adaptation and technology creation.

In general, industrialization ensures economic independence in the long run.

Recognizing this **Haseeb and Hassan Tanners Limited** intends to take this great opportunity to invest in Tanzania to establish a **Plastic Recycling and Processing facility**.

1.2 Company's Legal Status

Haseeb and Hassan Tanners Limited is a privately owned limited liability company incorporated under Companies Act, 2002, with certificate of incorporation No. 66263 of 30th June 2008.

The objective with which the company is established is to carry on recycling and processing of plastic wastes. Specifically the company will recycle the following plastic for domestic industries and export:-

- PET Material
- HDPE, EPE, EPS and XPS Materials

1.3 Company Ownership

As a private company, the ownership is limited to what is stipulated in the Memorandum and Articles of Association. Presently, the following are the Directors of the company:-

Haseeb and Hassan Tanners Limited
Business Plan for Plastic Recycling and Processing

| S/N | Name | No. of Shares |
|-----|---------------|---------------|
| 1. | Mohamed Ashiq | 120 |
| 2. | Bushra Karmal | 90 |
| 3. | Shamaila Naz | 90 |

The authorized share capital is TShs. 30,000,000.00 divided into 300 shares of TShs. 100,000.00 each.

1.4 Office Location and Contact Information

The company has its head office in Dar es Salaam , Plot No. 95, Changombe area. There is an adequate supply of power through National Grid and water. Furthermore, the area is easily accessible by road transport.

| |
|--|
| Official Address Haseeb and Hassan Tanners Limited Box 12849, Dar es Salaam, Tanzania |
|--|

2.0 THE PROJECT

2.1 Project Description.

Plastic recycling is the term given to the processing of waste plastic which turns old or scrap plastic in to a useable product which can then re-enter the manufacturing chain.

Waste management - with population growth and more industrialization around the world, there is a growing need for ways to properly handle waste products. **Haseeb and Hassan Tanners Limited** will venture into this business and help Tanzania escape the waste problems across the country

The proposed project is based on New Technology with fully Automated Machinery and it will produce of High Quality recycled plastics for domestic industries and for export market.

2.2 Plant Capacity

The plant will have an installed capacity of 150 tons per month equivalent to 1800 tons per annum. The project has been assumed to operate at 100% of the achievable capacity in the 1st to the 5th year. This production plan is based on two shifts of seven hours each.

2.3. Recycling Process

Nowadays thousands of plastic products ranging from heavy-duty containers to plastic film bags are made, and the use of plastic continues to grow. According to the Beverage Marketing Information, Tanzania water consumption from 2000 to 2011 increased over 50 percent. This increase has led to an increased number of plastic bottles as well. In 2011, more than 2.8 million kilograms of plastic bottles were produced.

2.3.1 Collection

The first step in recycling plastic is collection. Collection occurs in one common way through buyback center that pays consumers for the recyclable plastic they bring in.

2.3.2 Separation

Plastic containers are all stamped with a numeric code that indicates their composition. Not all collection locations or curbside pick up services take all types of plastic. Most take plastic products stamped 1 through 3. Polyethylene terephthalate or PET is designated with the numeral 1 and is one of the most widely used types of plastic, found in beverage bottles and food jars. It's also one of the easiest to recycle. High density polyethylene or HDPE is marked with the number 2 and is typically used for detergent, bleach and other heavy-duty

containers.

The collected plastic is taken to a materials recovery facility or an MRF, where it's sorted and separated by type. In some cases, different types of plastic are then sorted by color.

2.3.3 Grinding

Recycled plastics are then fed into mechanical grinders where they're ground into flakes. Many PET plastic containers that are collected for recycling have nonrecyclable items attached like labels, caps or heavier plastic bases. These must be removed from the ground plastic for the plastic to be reused. Known as "dirty" regrind, this material must be cleaned in order to be recycled, according to Best Practices in PET Recycling.

2.3.4 Cleaning

The first cleaning stage uses air to remove particles that are lighter than the plastic, like paper labels. Next the flakes are passed through a scrubber to remove food, oil, glue residue and dirt. Finally, the plastics are put through a "float/sink" classifier. PET plastics are heavier than water and sink; lighter plastics like HDPE and polypropylene float to the surface, according to Best Practices in PET Recycling.

2.3.5 Re-melting

The recovered PET plastic is now known as "clean flake" and is sometimes melted and converted into pellet form. These are then melted in furnaces to be further broken down into their individual elements. These elements are then used to manufacture new plastic products, according to Best Practices in PET Recycling.

3.0 MARKET ANALYSIS

3.1 Market Overview

Strong demand for recycled plastics is working in the industry's favor. Major users of plastic packaging, apparently responding to consumer desires, have begun incorporating at least some recycled plastic content in their products as part of the growing interest in recycling. Recycled resin demand is on the rise as prices for the two major recycled resins, PET and HDPE, continue to hold value or appreciate against their virgin counterparts.

In volume, PET is currently the number one recycled resin. Supply of recycled PET is in excess of 5 million pounds per year. This figure is expected to grow, reaching over 1 billion pounds during the next few years. The plastics industry has developed new markets and applications for recycled resins from both post-consumer and post-industrial sources.

Markets and uses for recycled plastics are rapidly expanding. Plastic containers are being collected by garbage collectors from households, side roads, offices and industrial sites. Tanzania demand for recycled plastic will continue to expand and new markets will develop as technologies permit the efficient segregation and reprocessing of high-purity resins. Improved quality of resins, environmental issues and higher prices for virgin resin will contribute to growth.

Packaging is expected to be the largest market segment for recycled plastics, with sheet and lumber following. Surveys indicate that Tanzanians are increasingly willing to collect and separate discarded packages, foregoing a degree of convenience to make products more disposable, and even paying a premium for a recycled item.

3.2 Target Market Segment Strategy

The Company has chosen its target markets as follows:-

- market in Tanzania
- Export markets in China, Japan and India.

This is because recycled PET (RPET) is in high demand as flake resin by converters, as roll stock sheet used to produce high visibility packaging and as high strength strapping for the lumber industry. Sales are price-sensitive, so that proximity to markets and feed stock source provide a competitive edge. The company identified an opportunity to take advantage of both circumstances in the local and developed markets.

3.3 Plastic Waste Sources

Plastics play an important role in almost every aspect of our lives. Plastics are used to manufacture everyday products such as beverage containers, toys, and furniture. The widespread use of plastics demands proper end of life management. Plastics make up more than 12 percent of the municipal solid waste stream, a dramatic increase from 1960, when plastics were less than one percent of the waste stream.

The largest category of plastics are found in containers and packaging (e.g., soft drink bottles, lids, shampoo bottles), but they also are found in durable (e.g., appliances, furniture) and nondurable goods (e.g., diapers, trash bags, cups and utensils, medical devices). The recycling rate for different types of plastic varies greatly, resulting in an overall plastics recycling rate of only 8 percent, or 224 tons in 2010. However, the recycling rate for some plastics is much higher, for example in 2012, 28 percent of HDPE bottles and 29 percent of PET bottles and jars were recycled. The current production of plastic wastes is estimated at 2.8 million kilograms per year.

4.0 INVESTMENT AND FINANCING

4.1 Fixed Capital Cost

The cost of fixed investment of the envisaged project is estimated at TShs 607.254 million equivalent to USD 383.562 made up of the following:-

TShs.'000

| Item | USD | Foreign Cost | Local Cost | Total Costs |
|--------------------------|----------------|----------------|--------------|----------------|
| Plant and Machinery | 323,562 | 524,170 | - | 524,170 |
| Motor Vehicles | 35,000 | 56,700 | - | 56,700 |
| Pre-Operational Expenses | 25,000 | 27,000 | - | 27,000 |
| Fixed Investment | 383,562 | 607,870 | - | 607,870 |
| Working Capital | 19,800 | 12,830 | 8,554 | 21,384 |
| TOTAL INVESTMENT | 403,362 | 620,701 | 8,554 | 629,254 |

Annex I shows the investment details

4.2 Plant and Machinery, and Equipment

The total cost of Plant and Machinery and Equipment is projected at TShs. 524.170 million equivalent to USD 323.562 made up of the following:-

TShs. '000

| S/N | Plant and Machinery | USD CIF Price | Foreign Costs | Local Costs | Total Costs |
|-----|--|----------------|----------------|-------------|----------------|
| 1 | PET Crushing and Granulization Machine | 65,000 | 105,300 | - | 105,300 |
| 2 | HDPE Crushing and Peletization Machine | 45,500 | 73,710 | - | 73,710 |
| 3 | 100 DP Air Compressor | 25,777 | 41,759 | - | 41,759 |
| 4 | PVC Granulization Machine | 97,285 | 157,602 | - | 157,602 |
| 5 | EPE, EPS, XPS Granulization Machine | 70,000 | 113,400 | - | 113,400 |
| 6 | Cutter Compactor Machine | 20,000 | 32,400 | - | 32,400 |
| | Sub-total | 323,562 | 524,170 | - | 524,170 |
| 7 | Motor Vehicle - 10 ton lorry | 35,000 | 56,700 | - | 56,700 |
| | Total Machinery and Equipment | 358,562 | 580,870 | - | 580,870 |

4.3 Motor Vehicles

The company will need 2 light truck for delivery. The vehicles are estimated to cost TShs. 56.7 Million.

4.4 Pre-operational Expenses

Pre-operational expenses are estimated at TShs. 27.0 million. The main cost elements include the following:-

| Pre- Operational Expenses | USD | TShs. '000 |
|--|---------------|-------------------|
| Professional Fees | 10,000 | 10,800 |
| Legal Fees | 2,500 | 2,700 |
| Machinery Installation & Commissioning | 12,500 | 13,500 |
| Total | 25,000 | 27,000 |

4.5 Working Capital and Re-investment

The necessary working capital with various assumptions is given in annex VIII. However the amount required is TShs. 21.384 million in the first year of operation. The additional working capital in third year of operation is projected at TShs.8.0 million.

4.6 Financing

The promoters will contribute a 100% of the capital required for the envisaged investment amounting to TShs. 629.254 million in forex to be used to import machinery, equipment and motor vehicles, payment of pre-operational expense and handling charges and expenses in connection to the imported machinery, equipment and motor vehicles. (Annex - xv)

5.0 PROJECT IMPLEMENTATION

5.1 Procurement

Procurement of machinery and equipment will take a period of three months. This activity includes looking and identifying sources of supply, processing the orders, transportation of the consignment and clearing it from the port. However, procurement of motor vehicle will take one month.

5.2 Recruitment

Recruitment of key personnel of the project will be done in one month before trial runs. Key personnel include Operations Manager, Machine Crews and maintenance staff. One month before trial runs, a few production staff will participate in the installations of machinery and equipment with the view to provide them with on-the-job training.

5.3 Trial Runs

Trial runs will start after completion of all assembling of machinery and equipment. Trial run will last for 1 month. The objectives of having trial runs are two fold:-

- To test and ensure that all assembling are working properly and are in good working conditions.
- To carry out a crash training program to production staff and other staff. This program will ensure smooth start-up of production operations.

5.4 Promotion

Promotion of company products will commence after one month of trial runs. Product promotional efforts will be arranged through the local newspapers and roadside shows.

5.5 Commercialization

Commercialization i.e. full scale operations will commence after a successful completion of trial runs. It is anticipated that in the first year of operation the company will be able to utilize only 100% of the installed production capacity from the first year of operation.

6.0 MANAGEMENT AND STAFFING.

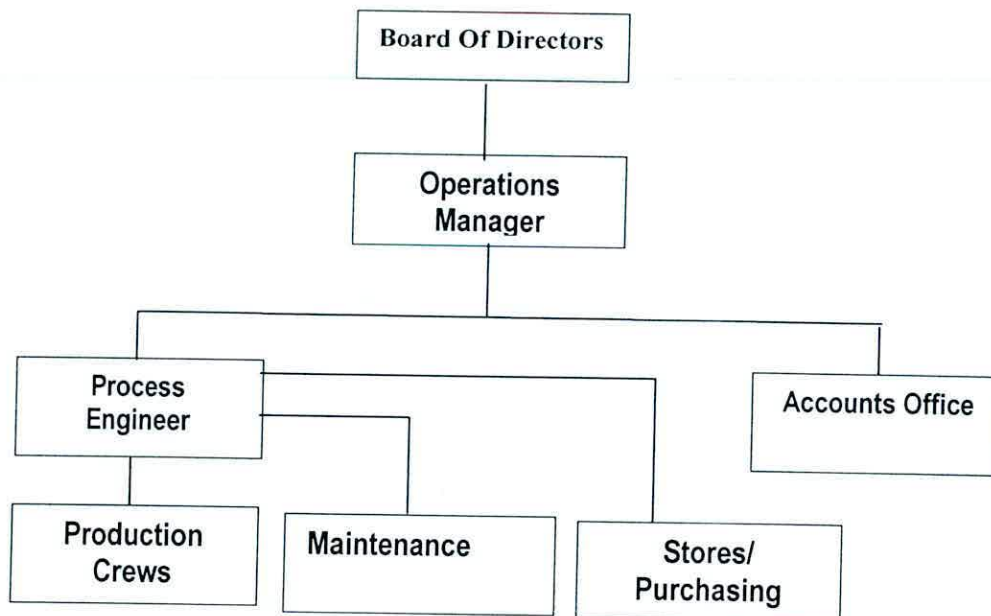
6.1 Management

Haseeb and Hassan Tanners Limited will be managed through a Board of Directors while the day-to-day activities will be under a Operations Manager.

The Operations Manager will be the Chief Executive of the Company and will be assisted by the Process Engineer, Accountant, and Procurement Personnel.

6.2 Organization Chart

The proposed organ gram of the Company is as shown below:



6.3 Staff

The project is expected to employ about 17 permanent staff of varying skills at full capacity operations in the first year of operation. But in the subsequent years the company may recruit more staff as need arise. (See Annex III). It is expected that the project will in future employ between 30 to 50 permanent staff.

7.0 OPERATING COSTS

7.1 Assumptions

The operational costs under consideration take into account the projected operating capacity in the given year. They are assumed to increase by 4.5% annually for the first 5 years. Costs are anticipated to increase on the basis of the expected inflation.

It is also assumed that any further increase in costs will lead to proportionate increase in prices with constant profit margins.

7.2 Raw Materials

The major raw materials used in Recycling plant include plastics PET and HDPE wastes.. According to plastic industry experience, material cost and other direct inputs to production constitute 50% of Sales revenue. Therefore, the cost of Direct materials have been estimated taking into account the prevailing experience in the industry.

7.3 Salaries and Wages

A total of 17 employees are anticipated to be recruited initially. The projected wage bill including the social costs is projected at TShs. 56.25 million in the first year. For details on manpower requirement see Annex III.

7.4 Other Overhead Expenses

The total overhead expenses required for smooth operations of the office are estimated at TShs. 100.6 million in the first year of operation as detailed in Annex IV and here below. These costs are projected to rise by 4.5% annually for the life span of the project.

| Year | 1 | 2 | 3 | 4 | 5 |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Salaries | 56,250 | 58,781 | 61,426 | 64,191 | 67,079 |
| Stationery | 2,400 | 2,508 | 2,621 | 2,739 | 2,862 |
| Transport & Travelling | 6,000 | 6,270 | 6,552 | 6,847 | 7,155 |
| Staff Welfare | 11,250 | 11,756 | 12,285 | 12,838 | 13,416 |
| Repair & Maintenance | 14,522 | 15,175 | 15,858 | 16,572 | 17,317 |
| Office Rent | 3,600 | 3,762 | 3,931 | 4,108 | 4,293 |
| Utilities | 3,000 | 3,135 | 3,276 | 3,423 | 3,578 |
| MV running Expenses | 3,600 | 3,762 | 3,931 | 4,108 | 4,293 |
| Total Costs | 100,622 | 105,150 | 109,881 | 114,826 | 119,993 |

7.5 Repairs & Maintenance

The annual repair and maintenance costs are anticipated at 2.5% on fixed assets. The cost includes spare parts for machinery, motor vehicles and equipment. A provision of TShs. 14.2 million is budgeted for the purpose. (See Annex V)

7.6 Depreciation

The following rates have been used in amortizing assets for their expected usage. Details are given in Annex II.

| Item | Rate | Method |
|-----------------------|-------------|---------------|
| Plant & Machinery | 12.5% | SML |
| Motor Vehicles | 25.0% | SML |
| Pre-Operational Costs | 20% | SML |

8.0 FINANCIAL ANALYSIS

8.1 Revenue Assumptions

Due to nature of business the following operational and revenue assumptions have been made:-

- a) Capital and foreign costs have been based on the exchange rate of TShs. 1,620 per one USD.
- b) Input prices have been based on the quotations current prices
- c) The number of working days have been taken to be 360 days on a double shift.
- d) The product prices have been based on current prices reigning in the market.
- e) Taxation is 30% of taxable income.

The operations are expected to pick-up by 100% from the first.

8.2 Income and Expenditure Statement

The projected income and expenditure statement shows that the project will generate an income of TShs. 427.6 million in the first year of operation rising to TShs 1.25 billion in the fifth year.

Profits before tax will increase from TShs. 28.12 million to TShs. 442.6 million from the 1st year to the 5th year of operation. Profits after tax will increase in the same magnitude after tax deductions in the same period. See Annex VII for details.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 427,680 | 641,520 | 801,900 | 1,002,375 | 1,252,969 |
| Gross Profit | 213,840 | 320,760 | 400,950 | 501,188 | 626,484 |
| Profit before tax | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| Net Income | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |

8.3 Projected Cash flow Statement

The project will be able to raise adequate cash to meet its financial obligations in time.

Net cash inflow will increase from TShs. (102.7) million in the first year of operation to TShs. 437.3 million in fifth year. The 5-year accumulated net cash inflow amounts to TShs. 1.2 billion.

7.4 Discounted Cash flow Statement

The IRR after tax is 42%. The rate is higher than the current commercial bank lending rate which ranges between 18 - 24%. Thus the project is commercially viable. Considering the nature and magnitude of investment involved, the project is commercially sound and attractive. (Annex X)

8.5 Balance Sheet

The projected balance sheet shows that the value of assets will increase from TShs.433.1 million to TShs. 1.4 billion in the 5th year of operation. Current assets in the 5th year will be valued at TShs. 1.3 billion, while fixed assets will be valued at TShs. 224.9 million. The assets will be financed by both owner's equity and retained profits. (See Annex IX)

8.6 Break-even Analysis

It is projected that manufacturing activities will stabilize from the 2nd year of operation. At this level of operation, the project will earn an income of TShs. 641.520 million. Break-even sales will be TShs. 38.049 million representing 6% operational capacity. (See Annex XIV)

M/S HASEEB AND HASSAN TANNERS LIMITED
 Business Plan for Plastic Wastes Recycling and Processing

Annex I(a)

CAPITAL INVESTMENT

COST OF ASSETS TO BE ACQUIRED

| S/N | Plant and Machinery | TShs. '000 | | | |
|-----|--|------------------|------------------|----------------|----------------|
| | | USD CIF Price | Foreign Costs | Local Costs | Total Costs |
| 1 | PET Crushing and Granulization Machine | 65,000 | 105,300 | - | 105,300 |
| 2 | HDPE Crushing and Peletization Machine | 45,500 | 73,710 | - | 73,710 |
| 3 | 100 DP Air Compressor | 25,777 | 41,759 | - | 41,759 |
| 4 | PVC Granulization Machine | 97,285 | 157,602 | - | 157,602 |
| 5 | EPE, EPS, XPS Granulization Machine | 70,000 | 113,400 | - | 113,400 |
| 6 | Cutter Compactor Machine | 20,000 | 32,400 | - | 32,400 |
| | Sub-total | 323,562 | 524,170 | - | 524,170 |
| 7 | Motor Vehicle - 10 ton lorry | 35,000 | 56,700 | - | 56,700 |
| | Total Machinery and Equipment | 358,562 | 580,870 | - | 580,870 |
| | | | | | - |
| 5 | Pre-Operation Expenses | 25,000 | - | 27,000 | 27,000 |
| | Total Fixed Capital Costs | 383,562 | 580,870 | 27,000 | 607,870 |
| | Initial Working Capital | 19,800 | 12,830 | 8,554 | 21,384 |
| | TOTAL | 403,362 | 593,701 | 35,554 | 629,254 |

Annex I(b)

| Pre-Operational Expenses | USD | TShs. '000 |
|--|---------------|---------------|
| Professional Fees | 10,000 | 10,800 |
| Legal Fees | 2,500 | 2,700 |
| Machinery Installation & Commissioning | 12,500 | 13,500 |
| Total | 25,000 | 27,000 |

CAPITAL INVESTMENT SUMMARY

| Item | USD | Foreign Cost | Local Cost | Total Costs |
|--------------------------|----------------|-----------------|---------------|----------------|
| Plant and Machinery | 323,562 | 524,170 | - | 524,170 |
| Motor Vehicles | 35,000 | 56,700 | - | 56,700 |
| Pre-Operational Expenses | 25,000 | 27,000 | - | 27,000 |
| Fixed Investment | 383,562 | 607,870 | - | 607,870 |
| Working Capital | 19,800 | 12,830 | 8,554 | 21,384 |
| TOTAL INVESTMENT | 403,362 | 620,701 | 8,554 | 629,254 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex II

Depreciation Schedule

(Tshs '000)

Parameters

| Item | Initial Value | Economic Life | Rate | Method | Annual Allowance |
|-----------------------|----------------|---------------|-------|--------|------------------|
| Plant & Machinery | 524,170 | 8 | 12.5% | SML | 65,521 |
| Motor Vehicles | 56,700 | 4 | 25.0% | SML | 14,175 |
| Pre-Operational Costs | 27,000 | 5 | 20% | SML | 5,400 |
| TOTAL | 607,870 | | | | 85,096 |

Monthly Schedule

| Month → | Year 1 | | | | | | | | | | | |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Opening Balance | 607,870 | 600,779 | 593,688 | 586,596 | 579,505 | 572,414 | 565,322 | 558,231 | 551,140 | 544,048 | 536,957 | 529,865 |
| Allowance | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 | 7,091 |
| Closing | 600,779 | 593,688 | 586,596 | 579,505 | 572,414 | 565,322 | 558,231 | 551,140 | 544,048 | 536,957 | 529,865 | 522,774 |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------|---------|---------|---------|---------|---------|
| Opening Balance | 607,870 | 522,774 | 437,678 | 359,673 | 288,759 |
| Allowance | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Closing | 522,774 | 437,678 | 359,673 | 288,759 | 224,937 |

Monthly Wage Bill (000' Tshs)

| Designation | No. of Employees | Monthly Rate | Monthly Bill | Yearly Total |
|-------------------------|---------------------|-----------------|-----------------|-----------------|
| Operations Manager | 1 | 350 | 350 | 4,200 |
| Processing Engineer | 1 | 400 | 400 | 4,800 |
| Machine Operators | 12 | 250 | 3,000 | 36,000 |
| Accountant | 1 | 350 | 350 | 4,200 |
| Receptionist | 1 | 200 | 200 | 2,400 |
| Stores/Purchasing Agent | 1 | 250 | 250 | 3,000 |
| Sub-Total | 17 | | 3,750 | 45,000 |
| Add: 25% Staff Welfare | | | 938 | 11,250 |
| Grand Total | 17 | 4,688 | 4,688 | 56,250 |

Overhead Costs in Tshs '000

Annex IV

Base

| Monthly → | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Annual Cost |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Salaries | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 4,688 | 56,250 |
| Stationery | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |
| Transport & Travelling | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Staff Welfare | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 938 | 11,250 |
| Repair & Maintenance | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 14,522 |
| Office Rent | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 3,600 |
| Utilities | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 3,000 |
| MV running expenses | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 3,600 |
| Total Costs | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 8,385 | 100,622 |

| Year → | 1 | 2 | 3 | 4 | 5 |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Salaries | 56,250 | 58,781 | 61,426 | 64,191 | 67,079 |
| Stationery | 2,400 | 2,508 | 2,621 | 2,739 | 2,862 |
| Transport & Travelling | 6,000 | 6,270 | 6,552 | 6,847 | 7,155 |
| Staff Welfare | 11,250 | 11,756 | 12,285 | 12,838 | 13,416 |
| Repair & Maintenance | 14,522 | 15,175 | 15,858 | 16,572 | 17,317 |
| Office Rent | 3,600 | 3,762 | 3,931 | 4,108 | 4,293 |
| Utilities | 3,000 | 3,135 | 3,276 | 3,423 | 3,578 |
| MV running Expenses | 3,600 | 3,762 | 3,931 | 4,108 | 4,293 |
| Total Costs | 100,622 | 105,150 | 109,881 | 114,826 | 119,993 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex V

Repair & Maintenance Schedule

(Tshs '000)

Parameters

Item

| | Value | | Rate | Method | Annual Allowance |
|-------------------------|----------------|--|------|--------|------------------|
| Machinery & Accessories | 524,170 | | 2.5% | SLM | 13,104 |
| Motor Vehicles | 56,700 | | 2.5% | SLM | 1,418 |
| TOTAL | 580,870 | | | | 14,522 |

Working Capital Requirement

(TShs.'000)

| Particulars | 1 | 2 | 3 | 4 | 5 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| CURRENT ASSETS: | | | | | |
| Stocks | | | | | |
| Stocks | 21,384 | 32,076 | 40,095 | 50,119 | 62,648 |
| Total Stocks | 21,384 | 32,076 | 40,095 | 50,119 | 62,648 |
| Debtors: One week sales | 8,225 | 12,337 | 15,421 | 19,276 | 24,096 |
| Total Current Assets | 29,609 | 44,413 | 55,516 | 69,395 | 86,744 |
| Creditors: two week supplies | 8,225 | 12,337 | 15,421 | 19,276 | 24,096 |
| Total Working Capital | 21,384 | 32,076 | 40,095 | 50,119 | 62,648 |
| Net Working Capital | 21,384 | 10,692 | 8,019 | 10,024 | 12,530 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex vii -

Profit and Loss Statement on Annual Basis (000'Tshs)

| Particulars | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------------|--|----------------|----------------|----------------|----------------|----------------|
| Percentage Increase | | | 50% | 25% | 25% | 25% |
| Sales Revenue | | 427,680 | 641,520 | 801,900 | 1,002,375 | 1,252,969 |
| <i>Less: Direct Costs</i> | | 213,840 | 320,760 | 400,950 | 501,188 | 626,484 |
| Gross Profit | | 213,840 | 320,760 | 400,950 | 501,188 | 626,484 |
| <i>Less: Overheads</i> | | 100,622 | 105,150 | 109,881 | 114,826 | 119,993 |
| Operating Profit | | 113,218 | 215,610 | 291,069 | 386,361 | 506,491 |
| Less: Capital Charges | | | | | | |
| Interest on Loan | | - | - | - | - | - |
| Depreciation | | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Total Capital Charges | | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| | | | | | | |
| Profit before Tax | | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| <i>Less: Tax</i> | | - | - | - | - | - |
| Net Profit after Tax | | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| Retained Profits | | 28,122 | 158,636 | 371,699 | 687,147 | 1,129,816 |

Projected Balance Sheet (000' Tshs)

| Particulars | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------------|-----------------|----------------|----------------|------------------|------------------|
| Fixed Assets | | | | | |
| Gross Fixed Assets | 607,870 | 522,774 | 437,678 | 359,673 | 288,759 |
| Less Depreciation | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Net Fixed Assets | 522,774 | 437,678 | 359,673 | 288,759 | 224,937 |
| Current Assets | | | | | |
| Cash at bank | (102,782) | 102,136 | 385,186 | 761,524 | 1,198,785 |
| Stocks | 21,384 | 32,076 | 40,095 | 50,119 | 62,648 |
| Total Current Assets | (81,398) | 134,212 | 425,281 | 811,642 | 1,261,433 |
| Current Liabilities | | | | | |
| Creditors | 8,225 | 12,337 | 15,421 | 19,276 | 24,096 |
| Net Current Assets | (89,622) | 121,876 | 409,860 | 792,366 | 1,237,338 |
| Total Net assets | 433,152 | 559,553 | 769,533 | 1,081,125 | 1,462,275 |
| Represented By: | | | | | |
| Term Loan | - | | | | |
| Equity | 405,030 | 400,918 | 397,833 | 393,978 | 332,459 |
| Retained Profits | 28,122 | 158,636 | 371,699 | 687,147 | 1,129,816 |
| Total | 433,152 | 559,553 | 769,533 | 1,081,125 | 1,462,275 |

M/S HASEEB AND HASSAN TANNERS LIMITED

Business Plan for Plastic Wastes Recycling and Processing

Annex ix

Projected Cashflows on Annual Basis (000' Tshs)

| Particulars | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------|------------------|----------------|----------------|----------------|------------------|
| Inflows: | | | | | |
| Long Term Loan | - | | | | |
| Equity | 413,254 | | | | |
| Depreciation | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| After Tax Profits | 28,122 | 130,514 | 213,064 | 315,448 | 442,669 |
| Residual Value | | | | | 10,500 |
| Total Inflows | 526,473 | 215,610 | 291,069 | 386,361 | 506,491 |
| Outflows: | | | | | |
| Capital Expenditure | 607,870 | - | - | - | 56,700 |
| Loan Repayment | - | - | - | - | - |
| Working Capital | 21,384 | 10,692 | 8,019 | 10,024 | 12,530 |
| Total outflows | 629,254 | 10,692 | 8,019 | 10,024 | 69,230 |
| Net Cash Flows | (102,782) | 204,918 | 283,050 | 376,338 | 437,261 |
| Cumulative Cash | (102,782) | 102,136 | 385,186 | 761,524 | 1,198,785 |

Discounted Cashflow Statement

| Particulars | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------|-----------|---------|---------|---------|---------|------------|
| Inflows: | | | | | | |
| Operating Profit | - | 113,218 | 215,610 | 291,069 | 386,361 | 506,491 |
| Add: Depreciation | - | 85,096 | 85,096 | 78,005 | 70,914 | 63,822 |
| Interest | - | - | - | - | - | - |
| Salvage Value | | | | | | 10,500 |
| Total Inflows | - | 198,315 | 300,707 | 369,073 | 457,275 | 580,813 |
| | | | | | | |
| Outflows: | | | | | | |
| Investment | 607,870 | - | - | - | - | - |
| Working Capital Increase | | 21,384 | 10,692 | 8,019 | 10,024 | 12,530 |
| Total Outflows | 607,870 | 21,384 | 10,692 | 8,019 | 10,024 | 12,530 |
| | | | | | | |
| Net Cash Flows | (607,870) | 176,931 | 290,015 | 361,054 | 447,251 | 568,284 |
| IRR | | | | | | 42% |

Annex xii

Revenue

| Year 3 | Year 4 | Year 5 |
|---------|---------|---------|
| 291,069 | 386,361 | 506,491 |
| 80,190 | 100,238 | 125,297 |
| 210,879 | 286,124 | 381,194 |
| | | 10,500 |
| | | - |
| 210,879 | 286,124 | 391,694 |
| | | |
| - | - | - |
| - | - | - |
| - | - | - |
| | | |
| 210,879 | 286,124 | 391,694 |
| | | 17% |

Sensitivity Analysis - Scenario 2= 10% decrease in Sales Rev

| Particulars | | Year 0 | Year 1 | Year 2 |
|--------------------------------------|--|-----------|---------|---------|
| Inflows: | | | | |
| Operating Profit | | | 113,218 | 215,610 |
| Less (10% decrease in Sales Revenue) | | | 42,768 | 64,152 |
| Profit Balance | | | 70,450 | 151,458 |
| Salvage Value | | | | |
| Recovery of Working Capital | | | | |
| Total Inflows | | | 70,450 | 151,458 |
| | | | | |
| Outflows: | | | | |
| Investment | | 607,870 | - | - |
| Working Capital Increase | | | 21,384 | - |
| Total Outflows | | 607,870 | 21,384 | - |
| | | | | |
| Net Cash Flows | | (607,870) | 49,066 | 151,458 |
| IRR | | | | |

| Pay Back Period Schedule | | | | |
|--------------------------|---------|--------------|----------|------------|
| Year | Net | Depreciation | Revised | Cumulative |
| | Income | | Cashflow | Cashflow |
| 1 | 28,122 | 85,096 | 113,218 | 113,218 |
| 2 | 130,514 | 85,096 | 215,610 | 328,828 |
| 3 | 213,064 | 78,005 | 291,069 | 619,897 |
| 4 | 315,448 | 70,914 | 386,361 | 1,006,258 |
| 5 | 442,669 | 63,822 | 506,491 | 1,512,749 |

The Project will be able to recoup the investment in fixed capital amounting to TSh. 607.870 million million in three years.

M/S HASEEB AND HASSAN TANNERS LIMITED
Business Plan for Plastic Wastes Recycling and Processing

BREAK-EVEN ANALYSIS

Annex xiv

At Stead Stage in the 2nd Year)

| Particulars | Fixed Costs | Variable Costs | Total Costs |
|-----------------------------|-------------|----------------|-------------|
| Direct Costs | - | 320,760 | 320,760 |
| Salaries & Wages | 58,781 | | 58,781 |
| Other Overhead Costs | 46,368 | | 46,368 |
| Depreciation & Amortization | 85,096 | | 85,096 |
| Interest | - | | - |
| | 190,246 | 320,760 | 511,006 |

| | |
|-----------------------------------|---------|
| A. Income | 641,520 |
| B. Variable Costs | 320,760 |
| C. Contribution Margin | 320,760 |
| D. Fixed Costs | 190,246 |
| E. Contribution Ratio (C/A x 100) | 50% |
| F. Break-even Sales (D/E x 100) | 38,049 |
| G. Break-even Capacity (F/A x100) | 6% |

Financing Pattern (000' Tshs)

| Item Description | USD | TShs. '000 |
|------------------|----------------|----------------|
| Loan | 200,000 | 216,000 |
| Equity | 118,160 | 127,613 |
| Total | 318,160 | 343,613 |

THE COMPANIES ACT, 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

HASEEB AND HASSAN TANNERS LIMITED

Incorporated this^{30th} day of.....^{JUNE}.....2008

DRAWN BY:
MOHAMED ASHIQ
(SUBSCRIBER)
P.O. BOX 4927
DAR ES SALAAM
TANZANIA

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF

HASEEB AND HASSAN TANNERS LIMITED

1. The name of the company "HASEEB AND HASSAN TANNERS LIMITED".
2. The Registered office of the Company will be situated in Tanzania.
3. The objects for which the Company is established are:-
 - (a) To carry on the business of Export hides, leather and leather goods, wattle barks, handcrafts, dairy product, buy, sell, import of hides and skin products, manufacture and sale of the same, other shells, carvings, game and skins, pottery agricultural produce, suppliers of milk cattle and forest product, agricultural implements produce, supplier of milk cattle and forest product, agricultural implements, and animal produce and all forest products, fish and fish products animal products for local and export and all general merchandise.
 - (b) To carry on the business of general merchants, general store-keepers, universal providers, importers, exporters, wholesale and/or retail traders, dealers of piece wood, paints, hardware, glassware, crockery, cutlery, ironmongery, turners and other household fittings and requirements other articles and commodities of personal, household use and consumption provisions, textiles, groceries, medicines, drugs, wines, spirits, liquors, chemical, surgical, option, photographic and other instruments, apparatus and materials, motor vehicles, automobiles and generally in all manufactured goods of all types and merchandise of all kinds.
 - (c) To carry on the business of garage proprietors and service station for motor vehicles of all kinds, to carry on the safe keeping, cleaning, repairing, refueling, panel beating, spraying and the general care of motor vehicles, aircraft, machinery, equipment and plant whether moved by mechanical power or not, implements, utensils, appliances, apparatus, fuel for internal combustion engines, lubricants, cements, solutions, batteries and accessories and all things capable of being used in connection with the said businesses or in the manufacture or maintenance of such vehicles, machinery, equipment and plant.
 - (d) To promote tourism in Tanzania and elsewhere in Africa, to carry on business of travel and tourist agents and tour operators, to promote facilitate traveling to organize hunting, tented-camps, fishing and diving expeditions, safari promoters and undertakers generally and in particular to arrange and manager hunting safaris, photo safaris adventure tours, fishing trips, handling of game trophies and animal skins, catching, harbouring, transporting, wildlife and marine products of all kind.
 - (e) To carry on all or any of the business of transport, carriage and haulage contractors, owners and charter of road vehicles, aircraft and ships and boats of every description and carriers of goods and passenger by road, rail, water or air and to establish, acquire, maintain and operate transport service of every description both public and private and all services ancillary thereto and for such purposes or as independent undertakings to purchase, take in exchange, charter, hire, build, contract or otherwise acquire and to own, operate, work, manage, maintain, repair, service and deal with and in road vehicles, aircraft and vessels of every supplies therefore and to conduct any such business within the country or any other state in Africa or Europe or Asia and or any other foreign country

- (f) To carry on the business of clearing and forwarding agents, commission agents, transporters, freighters, haulers, customs bonded warehouse and godown keepers, cargo and travel agents, insurance agents, tourist agents, manufacturers' representatives, road contractors, cargo superintendents, packers, machinery haulage specialists, warehousemen, engineers, electricians, motor cars, cabs, omnibus, lorries, oil tank and coach proprietors and transporters, civil transport contractor and transporters by any means of conveyance of people and goods in Tanzania and the neighboring countries and in such other place or places as may from time to time determined by the company, engage in and or otherwise carry on the business as transporters and transport agents, fright forwarders
- (g) To carry on business as designers, manufacturers, sellers, marketers and dealers in all kinds of garments, cotton, silk, wooden, linen, rayon, tetron, tetrax, nylon and other synthetic fibre hamp, jute, yarns, and all kinds of fibres manufactured from yarn spinning and weaving and generally manufacturers of all kinds of textiles goods, and articles manufactured thereon and other fibrous substances and the preparation of dyeing or colouring of any kind;
- (h) To carry on in all their branches the business of drapers, clothiers, outfitters, haberdasher, dressmakers, tailors, hatters and wholesale and retail dealers in textiles and other clothing materials:
- (i) To carry on business as textile traders, merchants, manufacturers' representative, commission agent, importers, exporters, warehousemen, shipping and forwarding agents, packers, carriers and freight contractors and to import, export, buy, sell, barter exchange, store, pack, ship, transport and otherwise deal with textiles, clothing articles, merchandise, commodities and goods of every description;
- (j) To carry on the business of burning and disposal of waste product. The management of sold urban refuse, dumping, special toxic-noxious, the collection, the transport, the treatment, the disposal the utilization of any kind of refuse residue of waste however produced, whether on behalf or the company or on behalf of a third party. The activity of digging and moving soil, of transport, excavation and earth moving to carry out systemization of equipped green areas, the systemization of forestall agriculture, special water works and treatment of refuse, the construction of dams and tunnels, the installation of plants for the distribution of energy, the laying of tubes and conductors, the activity of metal works. The construction and management of biological and industrial purifiers and of equipment to be utilized for the ecological improvement of the territory of the plants for the purifying treatment of waters, mud, of plants for the incineration of refuse of any kind and origin.
- (k) To build, construct, alter, improve, enlarge, repair, maintain, develop, demolish, remove or replace and to work, manage, carry out or control works of all descriptions, including but not limited to offices, factories, mills, warehouses, shops, stores, garages and other buildings, roads, machinery and plants, which may, in the opinion of the Directors of the Company, be likely to advance directly or indirectly the Company's interests; to clear sites for the same; to contribute to, subsidies or otherwise assist in the building, construction, alternation, repair, improvement, enlargement, maintenance, development, demolition, removal, replacement, working, management, carrying out or control, to carry on business of buying and selling building materials, Hardware's, electrical goods and household items,
- (l) To carry business of Fire fighting equipments and General Technical Services, Fumigation and General Supplies, and carry business of importers, exporters, general merchants, general store-keepers, universal, wholesale and/or retail traders, dealers of weighing scales, inkjet technology, moisture analysis, lab equipment, solar technology, piece wood, glassware, crockery, cutlery, tuners and other household fittings and requirements, other articles an commodities of personal, household

use and consumption provisions, textiles, medicines, drugs, wines spirits, liquors, chemical surgical, option, photographic and other instruments, apparatus

- (m) To carry on all or any of the business of stationers, printers, lithographers, stereotypes, electrotypes, engravers, photographic, printer, photo lithographers, typesetting machines operators, die sinker, envelope makers, book binders, account book manufacturers, machine, rulers numerical printers, paper makers, paper baffles and account book makers, box makers, flax and box file makers, cardboard manufactures, type founders, of dealers in playing, visiting, railways, festival invitation, dealers in or manufacturers or any other articles or tings or character similar or analogous to the foregoing or any of them or connected therewith and to deal in the manufacture of and sell by wholesale or retail of school chalks, and secretarial services.
- (n) To carry on the business of services, consultancy, types of information technologies, computer systems, conference systems, telecommunication systems, security systems, public address systems, data communication and to train, research, install and after sale services of electronic systems, voice and data networks and any other systems or components which the company may think fit, necessary or incidental to this business.
- (o) To carry on the business of architectural work and technical drawings on building and contractors, masonry and general construction contractors and were necessary to give consultation on the same.
- (p) To provide consultancy on construction, architecture, structural designs and engineering, construction labour management, estate plans and soil testing.
- (q) To establish workshops for training of heavy-duty construction equipment handling and safety measures, high of construction equipment, construction labour and general advisory services.
- (r) To carry on the business as traders, suppliers, general merchants, importers, exporters, stockists, wholesalers, retailers and dealers in all types of electrical goods, building materials, spare parts and maintenance, tyres, tubes, tools and accessories for all types of automotive, motor vehicles, agricultural machinery, implements, equipment. all kinds of industrial projects machinery and equipment, timber, fishing gears, computers, office equipments, cooking oils, salts, foodstuffs, cosmetics, oils, paints, hinges, screws, iron mongery, textiles piece goods, all types of leather goods, shoes, bags and other similar goods.
- (s) To carry on the business of export and or import of bird, carvings, artworks, woodworks, guiding aids, artistic and or demonstration tools, business promotion apparatus and or tools, wood and or timber products, forest produce, designers of arts and representations thereof, dealers in carvings of all kinds, types and description whatsoever.
- (t) To carry on the business of big game hunter, trapping and collection of Wild, live birds for sale and export within outside Tanzania, to sell, improved export, and imports, prepare, deal and trade in carvings, painting, curios, export, and provide game sanctuary facilities and to organize of safaris and expeditions. Discover, hunt, shoot, photograph, capture animals, birds, game and fish of all kinds including reptiles, marine products, pottery crafts, crustacean, salt, mangrove sea shells, groceries, vegetables, cereals goods, fruits and all allied products of every description.
- (u) To carry on the business as general food processors packers and suppliers, to be general suppliers of hard foods stuffs and agricultural crops, to be grain millers and food mixers to be general exporters of fresh fruits vegetables and flowers, to act as agents of buying and selling all kinds of motor vehicles, General supplies, buying and selling building hardware of every description, electrical appliances, lease.

- (v) To engage in and carry out the business of proprietors and managers of hotels, restaurants, cafes, road houses, motels, safari and holiday camps, caravan sites, guest houses, apartment housekeepers, refreshment and tea rooms, milk and snacks bars, tavern, beer house and lodging housekeepers and to provide food and catering services to individuals, private and public institutions and to industrial and business concerns.
- (w) To carry out the business of providing technical and allied services in the field of welding, metal fabrication, non destructive testing, quality assurances, and to provide consultancy in technical services, oil storage tank erections and all other businesses which can be carried out in connection to the above.
- (x) To purchase, take on lease and otherwise acquire for investment or resale any estate, land, buildings, easements and other rights and interests in immovable property or any tenure in Tanzania and elsewhere and to sell let or lease exchange or otherwise dispose of or grant rights over any immovable property, belong to the company.
- (y) To purchase, take or lease or in exchange, hire or otherwise acquire and hold any state or interest in any lands buildings, casements, rights, licenses secret processes, machinery, plants, stock, in trade and real or personal property of any kind.
- (z) To accept payment for any property or rights sold or otherwise disposed or dealt with by the company either in cash, by installment or otherwise or in fully or partly paid up shares of the company or corporation, with or without deferred or preferred or guaranteed rights.
- (aa) To carry any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on by the Company in connection with the above business or the general business of the company.
- (bb) To act as agents for the sale and purchase of any stocks shares or securities or for any other monetary or mercantile transactions.
- (cc) To act as executors and trustees of wills and settlements made by customers and others and undertake and execute trusts of all kinds.
- (dd) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others and either or though agents, sub-contractors, trustees and otherwise.
- (ee) To remunerate any person, firm or company rendering services to this company, whether by cash payments or by allotment to him or them of shares or securities of the Company credited and paid in full or in part, otherwise.
- (ff) To accept for safe custody and keep for customers of the company all kinds of securities valuables and things.
- (gg) To distribute among the members in pieces any property of the company, or any proceeds of sale or disposal of any property of the company.
- (hh) To draw, make, accept, endorse, discount execute and issue promissory notes, bills of lading, warrants, debentures and negotiable or transferable instruments.

- (ii) To act as agents or brokers, and as trustees for any person firm or company, and to undertake and perform sub-contracts and also to act in any other business of the company through or by means of agents, brokers, sub-contractors or others.
 - (jj) To obtain any provisional order, ordinance or act of Parliament for enabling the Company to carry any of its objects into effect, or for affecting any modification of the Company's constitution, or any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the company's interest.
 - (kk) To take or otherwise and hold shares in any other company having objects altogether or in part similar to this company, or carrying on any business capable of being conducted so as directly or indirectly to benefit the company.
- (ll) To do all other things as may be deemed incidental or conducive to the entertainment of the objects or any of them.

And it is hereby declared that:-

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

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

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

4. The Liability of the Members is Limited.
5. The capital of the Company is Shillings 30,000,000/= divided into 300 shares of Shillings 100,000/= each. The Company shall have powers to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company.

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

| NAMES, ADDRESSES, AND DESCRIPTION OF SUBSCRIBERS. | NUMBER OF SHARES TAKEN | SIGNATURE OF SUBSCRIBERS |
|---|------------------------|--------------------------|
| MOHAMED ASHIQ P.O. BOX 4927 DAR ES SALAAM | 120 | <i>M. Ashiq</i> |
| BUSHRA KAMAL P.O. BOX 4927 DAR ES SALAAM | 90 | <i>Bushra Kamal</i> |
| SHAMAILA NAZ P.O. BOX 4927 DAR ES SALAAM | 90 | <i>Shamaila Naz</i> |

Dated at *DSM* this *15th* day of *December* 2008

Witness to the above signatures:-

Name :

Signature : 

Postal Address :

Qualification :

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
HASEEB AND HASSAN TANNERS LIMITED
INTERPRETATION

In these articles:-

"the Act" means the Companies Act;

"the articles" means the articles of the company;

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

"the seal" means the Common Seal of the company;

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

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

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

PRIVATE COMPANY

2. The company is a Private Company and accordingly:-
- The right to transfer shares is restricted in manner hereinafter prescribed.
 - The number of members of the company (exclusive of persons who are in the employment of the company and persons who have been formerly in the employment to be the member of the were while in such employment to be the member of the company) is limited fifty, provided that where two or more persons hold one or more shares in the company jointly they shall for the purpose of this regulation be tested as a single member.
 - Any invitation to the public to subscribe for any shares or debentures pf the Company is prohibited.
 - The company shall not have power to issue share warrants to bearer.

MEMBERS

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

GENERAL MEETINGS

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

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

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

NOTICE OF GENERAL MEETINGS

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

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

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

PROCEEDINGS AT GENERAL MEETINGS

10. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.
11. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; two persons, entitled to vote on the business to

be transacted, each being a member or a proxy for a member or a duly authorized representative of a corporation, shall be a quorum.

12. If within half an hour from the time appointed for the meeting quorum is not present, or if during the course of a meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the directors may determine.
13. The Chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the general meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for the holding of the meeting and willing to act, the directors present shall elect one of their number to be chairman of the meeting and, if there is only one director and willing to act, he shall be chairman.
14. If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be a chairman of the meeting.
15. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days notice of the adjourned meeting shall be given specifying the time and place of the meeting and the general nature of the business to be transacted. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
16. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands demand:-
 - (a) by the chairman; or
 - (b) by at least (three) members present in person or by proxy; or
 - (c) by any member or members present in person or by proxy and representing not less than one - tenth of the total voting rights of all the members having the right to vote at the meeting.Unless a poll be so demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to the effect in the book containing the minutes of proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may, before the poll is taken, be withdrawn
17. Except as provided in article 18, if a poll is duly demand it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demand.
18. In the case of an equality of votes, whether on a shoe of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.
19. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such

time as the chairman of the meeting directs, and any business other than upon which a poll has been demanded may be proceeded with pending the taking of the poll.

- 20. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall have effect as if it had been passed at a general meeting duly convened and held, and consist of several instruments in the like form each executed by or on behalf of one or more member.

VOTE OF MEMBERS

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

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

Signed day of,200"

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

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

Signed day of,200"

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

*Strike out which ever is not desire"

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

CORPORATIONS ACTING BY REPRESENTATION AT MEETINGS

31. Any corporation which is a member of the company may by resolution of its directors or other
governing body authorize such person as it thinks fit to act as its representative at any meeting of
the company, and the person so authorized shall be entitled to exercise the same powers on behalf
of the corporation which he represents as that corporation could exercise if it were an individual
member of the company.

DIRECTORS

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

34. The following persons shall be first Directors to the Company:-
1. MOHAMED ASHIQ
 2. BUSHRA KAMAL
 3. SHAMAILA NAZ

BORROWING POWERS

35. The director may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the company or any third party.

POWERS AND DUTIES OF DIRECTORS

36. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the directors, who may exercise all the powers of the company, shall manage the business of the company. No alteration of the memorandum or articles and no such directions shall invalidate any prior act of the directors, which would otherwise have been valid. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
37. The directors may by power of attorney appoint any person to be the attorney or agent of the company for such purposes and on such conditions as they determine, including authority for the attorney or agent to delegate all or any of his powers.
38. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as they case may be, in such manner as the directors shall from time to time by resolution determine,
39. The directors shall cause minutes to be made in books provided for the purpose:-
- (a) of all appointments of officers made by the directors;
 - (b) of the names of the directors present at each meeting of the directors and of any committees of the directors;
 - (c) of all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors.

DISQUALIFICATION OF DIRECTORS

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

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

41. The company may by ordinary resolution appoint a person who is willing to act as director to fill a vacancy or be an additional director.
42. The directors may appoint a person who is to act to be a director, either to fill a vacancy or as an additional director, but so that the total number of directors shall not at anytime exceed the number fixed by or in accordance with these articles. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re – election.
43. The company may by ordinary resolution, of which special notice had been given in accordance with section 144 of the Act, remove any director before the expiration of his period of office notwithstanding anything in the article or any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company.
44. The company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding article. Without prejudice to the powers of the directors under article 40 the company in general meeting may appoint any person to be a director either to fill a vacancy or as an additional director.
45. Subject to the provisions of the articles, the directors may regulate their meetings as they think fit. Questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting of directors to any directors who are absent from Tanzania.
46. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two.
47. The continuing directors may act notwithstanding any vacancy but, if and so long as their number is reduced below the number fixed by or pursuant to the articles of the act for the purpose of increasing the number of directors to that number, or summoning a general meeting of the company, but for no other purpose.
48. The directors may appoint one of their numbers to be the chairman of the board of directors and determine the period of which he is to hold office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if no such chairman is appointed, or if he is unwilling to preside, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.
49. The directors may delegate any of their powers to any committee consisting of one or more directors; any committees so formed shall in the exercise of the powers so to any such regulations, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.
50. All act done by a meeting of the directors or of a committee of directors or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director, or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and was entitled to vote.

51. A resolution in writing signed by all the directors entitled to receive notice of a meeting of the directors, or of a committee of directors, shall be as valid and effectual as if it had been passed at a meeting of the directors or {as the case may be} a committee of directors duly convened and held, and may consist of several documents in the like form each signed by one or more directors.

SECRETARY

52. The Secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.
53. A provisions of the Act or these articles requiring or authorizing a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, the secretary.

THE SEAL




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

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

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

AUDIT

60. Auditors shall be appointed and their duties regulated in accordance with sections 170 to 179 of the Act.
61. Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of directors need not be in writing. The company may give any notice to a member either personally or by sending it by post in a prepared envelope addressed to the member at his registered address, or by leaving it at that address. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected at the expiration of seventy – two hours after the letter containing the same was posted. A member whose registered address is not within the Tanzania and who gives to the company an address within the Tanzania at which notices may be given him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the company.

| NAMES, ADDRESSES, AND DESCRIPTION OF SUBSCRIBERS. | NUMBER OF SHARES TAKEN | SIGNATURE OF SUBSCRIBERS |
|---|------------------------|--|
| MOHAMED ASHIQ P.O. BOX 4927 DAR ES SALAAM | 120 |  |
| BUSHRA KAMAL P.O. BOX 4927 DAR ES SALAAM | 90 |  |
| SHAMAILA NAZ P.O. BOX 4927 DAR ES SALAAM | 90 |  |

Dated at Dsm this 14/12 day of December 2008

Witness to the above signatures:-

Name :

Signature : 

Postal Address :

Qualification :



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 HASHEB AND HASSAN TANNERS LIMITED
(director/directors/agent of HASHEB AND HASSAN TANNERS LTD)
(name of business enterprise) apply for registration of

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 DAR-ES-SALAAM

Copies of the following documents are attached to this application:

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

3. The Head Office of the Company will be situated at DAR-ES-SALAAM

4. The Principal Officers of the Company are 1. MOHAMMED ASHIQ
2. RAISHRA KARNAL
3. SAMMILA NAZ

5. Auditors of the Company are

6. The authorized share capital of the Company is Tshs./US\$ 30,000,000/-



7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 607,870,000/-
8. The month and day of the financial year end is

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\$

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

I, MOHAMMED ASHIQ of Post Office Number 12849 DSM

..... do solemnly and sincerely declare that I am a director/duly authorized agent of HASEEB AND HASSAN TANNERS LTD

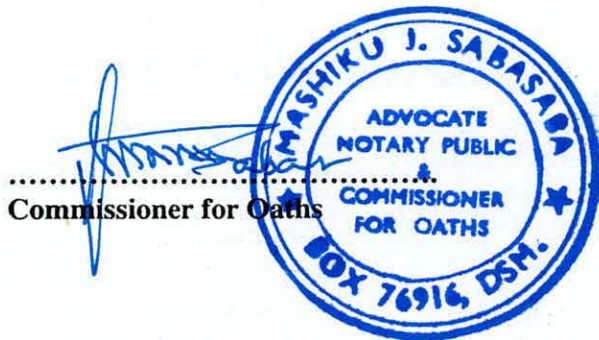
AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }
..... }

The 29th day of APRIL 2013 }



Before me:



APPLICATION SUMMARY

Company Name: HASEEB AND HASSAN TANNERS LTD.

Certificate of Incorporation Number: 66263 Status: LIMITED

Certificate of Incorporation Date: 30th JUNE 2008

Post Box: 12849

Town: DAR-EL-SALAM

Sector: MANUFACTURING Sub-Sector: PLASTIC

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity 403.362 Local Equity Foreign Loan Local Loan

Project Objectives: ESTABLISHMENT OF PLASTIC RECYCLING AND PROCESSING FACILITY

Capacity: 1800 TONS PER ANNUM

Employment: Foreign: 2 Local: 30 Total: 32

Implementation Period: MAY 2013

Project Location

Site/Plot/Block No.: 95 CHANGOURBE

Street: District: TEMBEKE Region: DAR-EL-SALAM (Attach sketch map showing project location)

Table with 3 columns: Shareholders, Nationality, %

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

| | |
|----------------------|----------------------|
| Land/Building | — |
| Plant | 323,562 |
| Vehicles | 35,000 |
| Furniture & Fittings | — |
| Pre-expenses | 25,000 |
| Others | — |
| Working Capital | 19,800 |
| TOTAL | 403,362 |

Contact Details:

Name: MUHAMMED ARHIA

Title: MANAGING DIRECTOR

Telephone: +255682517250

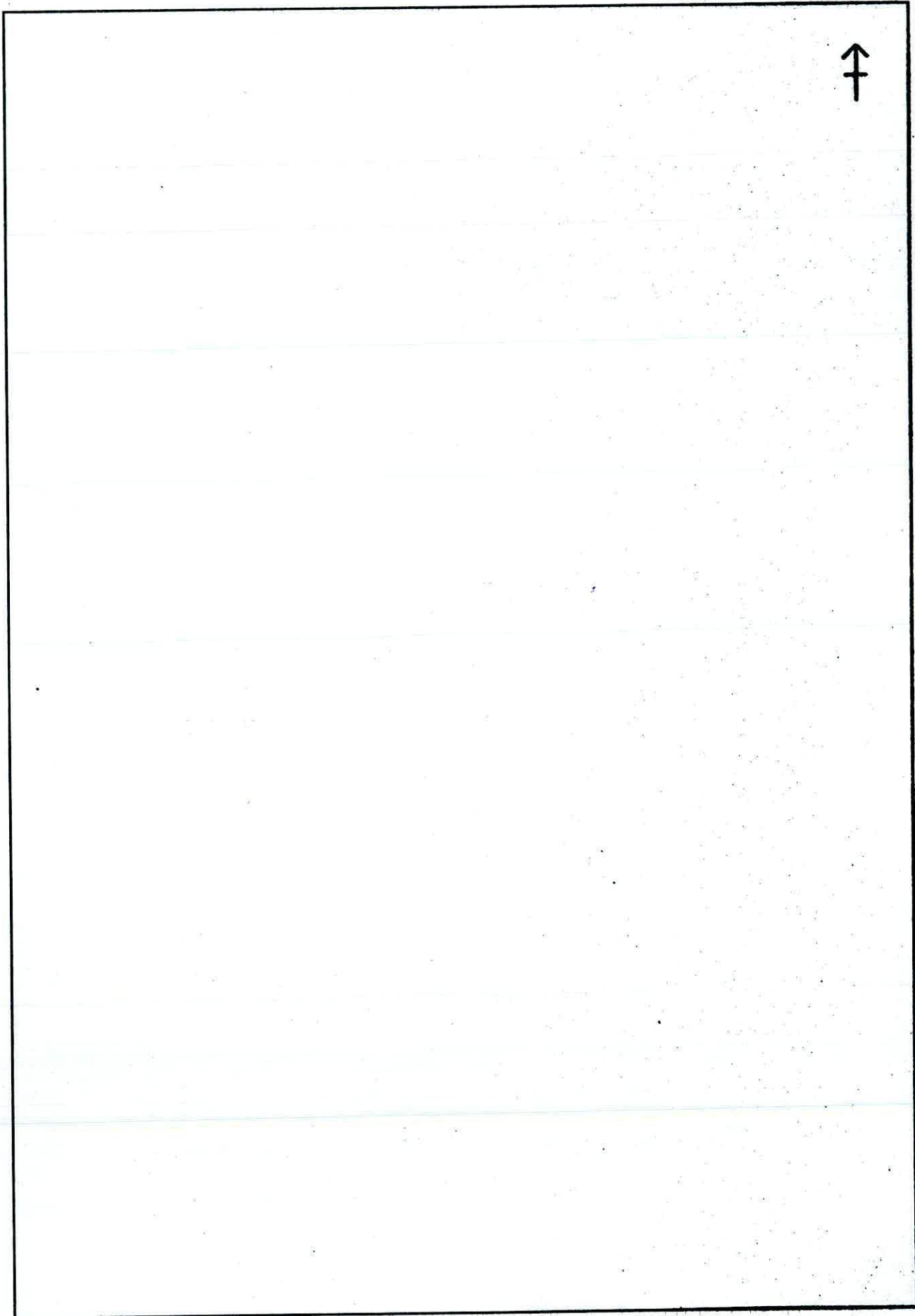
Fax:

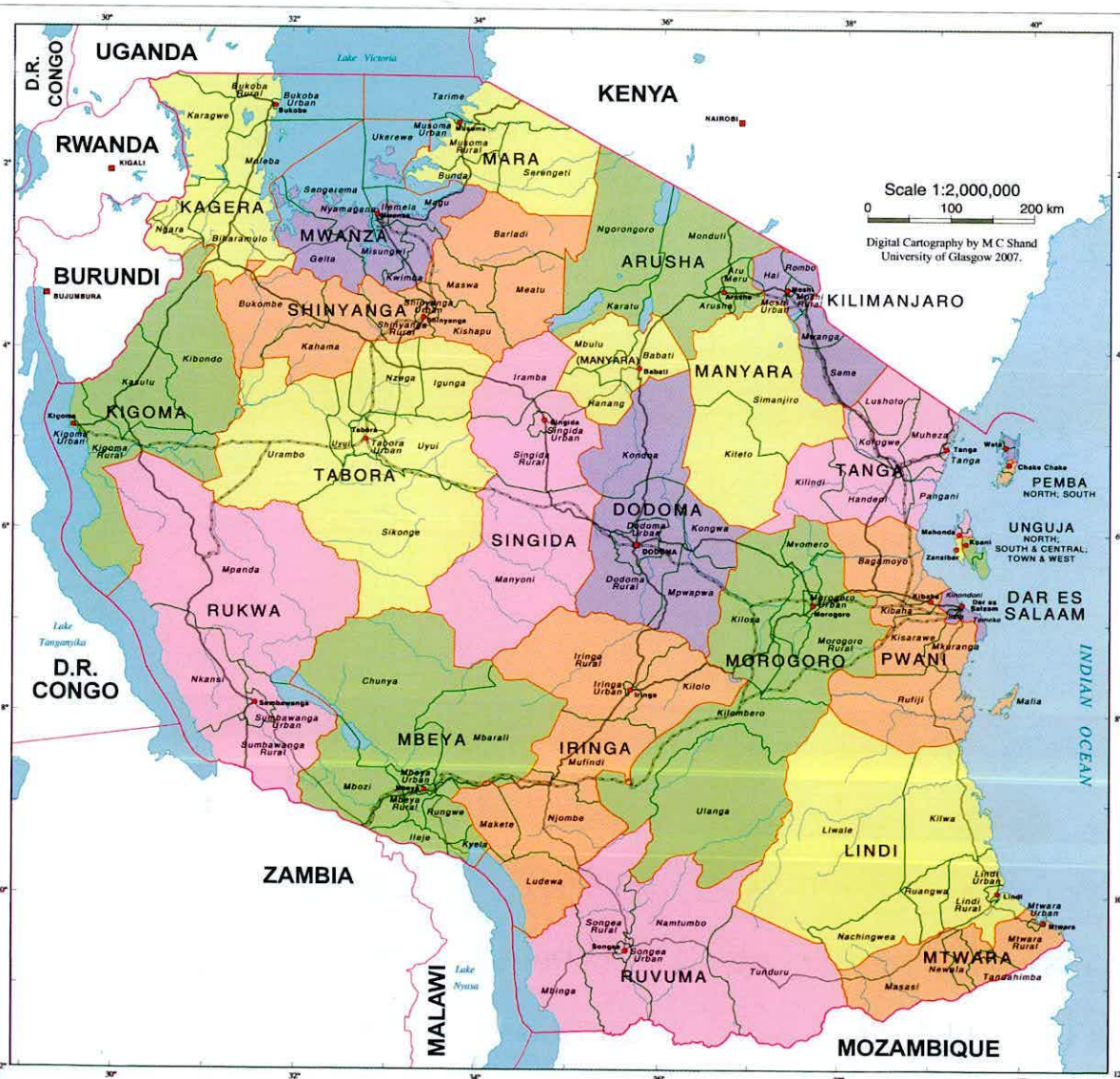
Email: shashiq@hotmail.com

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





SPECIAL RESOLUTION

THE COMPANIES ACT ,2002

COMPANY NO. 66263

M/S HASEEB AND HASSAN TANNERS LIMITED

P.O. BOX. 12849, DAR ES SALAAM.

**EXTRACT FROM THE MINUTES OF THE EXTRA – ORDINARY
MEETING OF THE MEMBERS OF THE COMPANY HELD AT DAR ES
SALAAM REGISTERED OFFICE ON 20TH DAY OF APRIL, 2013**

It was unanimously RESOLVED that the following resolution be adopted that :-

M/S Haseeb and Hassan Tanners Limited should:-

- a) Engage in the Professional Business in Plastic Wastes Recycling and Processing in Tanzania.
- b) Make an investment at the level of USD. 607.87million to finance the project.
- c) Raise the fore said investment capital through owners equity and
- d) Register the project with Tanzania Investment Center (TIC)

Certified True Copy



SECRETARY





CHAIRMAN

TANZANIA



Certificate of Incorporation

Section 15

No 66263

I HEREBY CERTIFY THAT

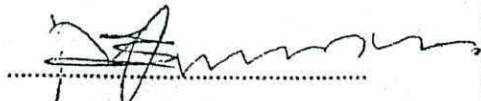
HASEEB AND HASSAN TANNERS LIMITED

=====

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

Given under my hand at Dar es salaam

this **30TH** day of **JUNE**

TWO THOUSAND AND EIGHT
Assist. Registrar of Companies



Habib African Bank Limited

Zanaki/Indira Gandhi Street P.O. Box no: -70086 Dar-es-Salaam, Tanzania.
Telephone no: - + 255 22 2111107, 08.09 Facsimile no: - + 255 22 2111014/5
Swift Code: HABLZTZ

Tanzania Investment Center
9 A & B Shaaban Robert Road
P. O. Box no:- 938
Dar es Salaam
Tanzania

HABL/786/OPR/122/2013
April 29th 2013.

Dear Sir / Madam

Haseeb & Hassan Tanners Limited

It is hereby confirmed that Haseeb & Hassan Tanners Limited has opened an account bearing number 0001-0057916-0001/0011 with us. The company is capital based; hence, they have no funds-based borrowing relationship with us. The company is financing the business through their own internal resource mobilization, as the company is assets based & financially sound.

Directors enjoy unblemished & immaculate market reputation who have good net worth & self worth, have financial capability & strength to finance the entire business, imports including & assets through their own funds.

We assure you of our sincere desire to provide you any information that is available to us; however, this letter is being issued with out any financial responsibility or any obligation on the part of the Bank or any of its employees.

With regards,

Hasnain Abbas
Branch Manager.

Naila Y. Visram
Assistant Manager

3

TICC/PP.10/042441/3

10th May, 2013

Managing Director,
Haseeb and Hassan Tanners Ltd.,
P.O. Box 12849,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF A PROJECT FOR PLASTIC RECYCLING**

We wish to acknowledge receipt of your project proposal To establish a project for plastic recycling as presented in the TIC P.A. 1 Form No. 11040 and Feasibility Study with a projected investment of USD 0.4038m.

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

- Certified document showing evidence of Land ownership for the location of the project.

You will also be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 1000.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please make deposit direct to the bank as per bank details below:-

.../2

TICC/PP.10/042441/3

10th May, 2013

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

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

Yours sincerely,

Tanzania Investment Centre



B.D. Chonjo

FOR: EXECUTIVE DIRECTOR

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

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

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



TIC Evaluation Report

Name of the Company
Haseeb And Hassan Tanners Ltd.

| | | | | | |
|-------------|---|-------------------|----------------------------|----------------|-------------------|
| Post Box | Chang'ombe Area, Plot No. 95, Temeke District | COI Number | 66263 | Contact | Mr. Mohamed Ashiq |
| Post Office | 12849 | COI Date | 30/06/2008 | Designation | Managing Director |
| Region | Dar Es Salaam | Application F. No | 11040 | Phone | 0 |
| Country | Tanzania | Status | New | Direct Phone | 0 |
| | | Sector | Manufacturing | Cell Phone | 0682 517 250 |
| | | Sub Sector | Plastics recycling process | Fax | 0 |
| | | File No | 042441 | E-Mail Address | 0 |

| Project Location | | Investment Finance Plan in Millions USD | | | | | | | | | | |
|------------------|---------------|---|----------------|--------------|--------------|------------|-------|---|---|---|--|--|
| lot/Block | Plot No. 95 | <table border="1"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td>0.403</td> <td>0</td> <td>0</td> <td>0</td> </tr> </table> | Foreign Equity | Local Equity | Foreign Loan | Local Loan | 0.403 | 0 | 0 | 0 | | |
| Foreign Equity | Local Equity | | Foreign Loan | Local Loan | | | | | | | | |
| 0.403 | 0 | | 0 | 0 | | | | | | | | |
| Street | Chang'ombe | | | | | | | | | | | |
| District | Temeke | | | | | | | | | | | |
| Region | Dar es Salaam | | | | | | | | | | | |

| Shareholders Detail | | | Investment Breakdown (USD Million) | |
|---------------------|-------------|-----|------------------------------------|--------|
| Name | Nationality | (%) | Land/Building | 0 |
| Shamaila Naz | Pakistan | 30 | Plant | 0.324 |
| bushra Karmal | Pakistan | 30 | Vehicles | 0.035 |
| Mohamed Ashiq | Pakistan | 40 | Furniture & Fittings | 0 |
| | | | Pre-expenses | 0.025 |
| | | | Others | 0 |
| | | | Working Capital | 0.0198 |
| | | | Total | 0.4038 |

| | | | |
|-------------------|---------------|--------------|--------------|
| Employment | 32 | Evaluated By | wf officer2 |
| Capacity | 1800 tons pa. | Drawn By | wf registry2 |
| Project Turn Over | | Project Type | Foreign |

Description

To establish a project for plastic recycling

Recommendations

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

Decision *Approved as recommended*
[Signatures]

4

LEASE AGREEMENT

This Lease Agreement is made this 1st day of April 2013, between **PAKTAN TRADING COMPANY LTD.**, of P.O. Box 78501 Dar es Salaam (hereinafter called: The **LESSOR** (which expression shall where the context so admits, including this successors and assign in title) of the One part.

AND

HASEEB AND HASSAN TANNERS LTD of P.O. Box 12849 Dar es Salaam (hereinafter called the **LESSEE** (which expression shall where the context so admits, include this successors and assigns in title) of the second part.

WHEREAS the **LESSOR** is of the property known as **PLOT NO. 95, APT 004**, situated at **CHANG'OMBE INDUSTRIAL AREA, DAKAWA ROAD** (hereinafter called "The Demised Premises)

AND WHEREAS the **LESSOR** ha agreed to lease the Buildings located in the Demised Premises to the Lessee for a term of 5 years with the option of renew on expiry, commencing on the 1st April 2013 to the 31st March 2018 and paying therefore during the said term the sum of **TSHS. 1,630,000/-** per month to be paid in advance at the beginning of the term hereby created.

AND IT IS FUTHER AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. The **Lessee** hereby agrees:

- (a) To pay rent hereby reserved on the day and in the manner aforesaid to the lessor.
- (b) Not to sub-let, sell, dispose of or assign the demised premises or the house constructed on the demised premises without the consent of the lessor in writing.
- (c) To keep the building constructed on the demised premises in good and tenantable condition.
- (d) To permit the lessor or his duly authorised agent or agents to enter the demised premises at all convenient times for inspection of the building.
- (e) To use the demised premises and the buildings constructed on for industrial purpose only.
- (f) Not to use the demised premises or the building constructed or any part thereof for any illegal purpose.

Certified that this is a true copy
of the original
26/8/13
R. B. MSIRIKALE
ADVOCATE

2. The **Lessor** hereby agrees:

(a) The lessor is absolutely seized and possessed of or otherwise well and sufficiently entitled to the demised premises and is having full power and absolute authority to demise unto the lessee the demised premises.

(b) The lessee shall peacefully and quietly hold, possess and enjoy the demised premises, during the term of lease without any interruption, disturbance, claims or demand whatsoever by the lessor or any person or persons claiming under him, subject however, the lessee paying the said yearly rent on the due dates thereof and in the manner herein provided and observing and performing the covenants, conditions and stipulations herein contained and on his part to be observed and performed.

(c) Not to unreasonably withhold his consent to any sub-lease, transfer or assignment of the demised premises, if intended to be made by the lessee.

3. It is hereby agreed that if default is made by the lessee in payment of the rent for any three years, or in observance and performance of any of the covenants and stipulations hereby contained and on the part to be observed and performed by the lessee, then on each such default, the lessor shall be entitled in addition to or in the alternative to any other remedy that may be available to him at his discretion, to terminate the lease and eject the lessee from the premises demised and from the building, that may have been constructed thereon; and to take possession thereof as full and absolute owner thereof, provided that a notice in writing shall be given by the lessor to the lessee of his intention to terminate the lease and to take possession of the demised premises but if the arrears of rent are paid or the lessee comply with or carry out the covenants and conditions or stipulations, within fifteen days from the service of such notice, then the lessor shall not be entitled to take possession of the said premises and building.

Certified that this is a true copy
of the Original
26/8/13
R. B. MSIRIKALE
ADVOCATE

IN WITNESS WHEREOF the Lessor and the Lessee have respectively executed this deed on the day and year in the manner hereinafter appearing.

SIGNED and DELIVERED

By the said **PAKTAN TRADING CO. LTD.**

In my presence this

.....day of 2013.

**PAKTAN TRADING COMPANY LTD.
P.O. BOX 80504
DAR ES SALAAM - TANZANIA**

Name:

SHEIKH M. WAQAS.

Signature:

Waqas

Postal Address:

P.O. Box 40504, DSM.

Qualification/Designation:

MANAGING DIRECTOR.

SIGNED and DELIVERED

By the said **HASEEB AND HASSAN TANNERS LTD.**

In my presence this

.....day of 2013.

**Haseeb & Hassan Tanners Limited
P.O. Box 4927
Dar Es Salaam, Tanzania**

Name:

Signature:

M. Ashiqe

Postal Address:

Qualification/Designation:

Certified that this is a true copy
of the Original
26/8/13
am
**R. B. MSIRIKALE
ADVOCATE**

TIC

Haseeb & Hassan Tanners Limited

3

Tel: +255-71-438-4070
+255-77-424-8844

P.O. Box 4927
Dar es Salaam
Tanzania

Our Ref: HHT/01

Date: 13/2/14

Commissioner for Customs & Excise,
Tanzania revenue Authority,
P.o.Box 9053,
Dar es salaam, Tanzania



Received on
13/2/2014
M
TIC

UFS
Executive Director,
Tanzania Investment Centre,
P.O.BOX 938,
Dar es salaam, Tanzania

Dear Sir/Madam,

REF: DUTY & VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS FOR CERTIFICATE OF INCENTIVES NO. 042441

We are TIC approved project with certificate of incentives no. 042441

Which is valid up to June 2016.

The company has been registered with objectives of establish a project for plastic recycling.

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

Yours sincerely

M. Ashier

Managing Director.

0782373835
Mohamed



00220258

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042441

This is to certify that

HASEEB AND HASSAN TANNERS LTD

of address P.O. BOX 12849

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~XXXXXX~~ enterprise known as

HASEEB AND HASSAN TANNERS LTD

Which is located at PLOT NO. 95 APT 004, CHANG'OMBE INDUSTRIAL AREA

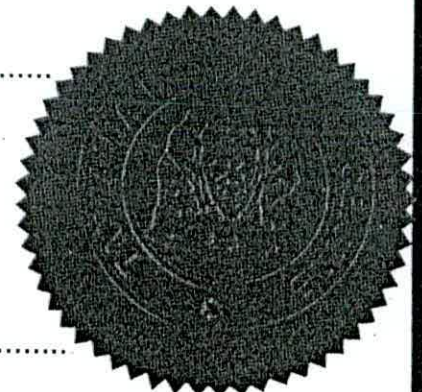
DAKAWA ROAD, TEMEKE - DAR ES SALAAM

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 7TH MAY 2013



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 (%) |
|----------------------|------------------|------------------|
| <u>Shamaila Naz</u> | <u>Pakistani</u> | <u>30</u> |
| <u>Bushra Karmal</u> | <u>Pakistani</u> | <u>30</u> |
| <u>Mohamed Ashiq</u> | <u>Pakistani</u> | <u>40</u> |

2. Proposed Activities : To establish a project for plastic recycling

3. Sector: Manufacturing Subsector Plastic Recycling Process

4. Investment cost: Foreign USD 0.4038m. Local - Total USD 0.4038m.

5. Project Financing:

| | | | | | |
|--------|---------------------|-------|--------------|-------|---------------------|
| Equity | <u>USD 0.4038m.</u> | Loans | <u>USD -</u> | Total | <u>USD 0.4038m.</u> |
|--------|---------------------|-------|--------------|-------|---------------------|

6. Source, terms and conditions of loan.....

7. Assets to be invested:

| | Foreign | Local | Total |
|----------------|---------------------|----------|---------------------|
| Capital items: | <u>USD 0.4038m.</u> | <u>-</u> | <u>USD 0.4038m.</u> |

8. Technology Agreement None

9. Date of TIC Registration: 7th May 2013

10. Implementation period May 2013 - June 2016

11. Operative date May 2016

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

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

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

15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed  Executive Director

CTIN.: 1776027

ISO 9001 : 2008 Certified



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

HASEEB AND HASSAN TANNERS LIMITED

.....

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

107-231-668

.....

08-10-2008

with effect from

P. N. Kassera

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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

HASSEB & HASAAN TANNERS LIMITED

P.O.BOX 12849, DAR ES SALAAM, TANZANIA

LIST OF GOODS

INVOICE# AHA/786/0101/14

DATE:6/1/2014

| S/NO | DESCRIPTIONS | QUANTITY | TOTAL PK |
|------|--|----------|-----------|
| 1 | USED COMPLETE SET OF EXTUDER MACHINE R.1 WITH MIXER,CUTTER AND WATER TANK. DISASSEMBLED | 1 SET | 1 |
| 2 | USED COMPLETE SET OF EXTUDER MACHINE S.2 WITH MIXER,CUTTER AND WATER TANK DISASSEMBLED | 1 SET | 1 |
| 3 | USED COMPLETE SET OF EXTUDER MACHINE T.3 WITH MIXER,CUTTER AND WATER TANK . DISASSEMBLED | 1 SET | 1 |
| 4 | USED COMPLETE SET OF EXTUDER MACHINE H.4 WITH MIXER,CUTTER AND WATER TANK. DISASSEMBLED | 1 SET | 1 |
| 5 | USED DRYER MACHINE H.H.5 | 3 UNITS | 3 |
| 6 | USED CRUSHER H.H.6 | 3 UNIT | 3 |
| 7 | WATER TANK | 2 UNIT | 2 |
| 8 | PARTS AND FITTINGS FOR 4 SET OF EXTRUDER MACHINE | 2 BOX | 2 |
| | TOTAL PACKEGES | | 14 |

M. Ashraf



THE UNITED REPUBLIC OF TANZANIA

00220258

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042441

This is to certify that

HASEEB AND HASSAN TANNERS LTD

of address P.O. BOX 12849

DAR ES SALAAM

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

HASEEB AND HASSAN TANNERS LTD

Which is located at PLOT NO. 95 APT 004, CHANG'OMBE INDUSTRIAL AREA

DAKAWA ROAD, TEMEKE - 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 7TH MAY 2013

