

MINUTE SHEET

Dokezo
No.

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 USD 1.023 m.....

(b) Legal entity has been incorporated under certificate

No. 68844-01 of 04/12/2008.....

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.



R. Arbogast

Ag. DIF

16th October, 2012

2.0

Ag. EXD

In response to the TIC letter of registration dated 16/10/2012.....

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from Bank M LTD.....

(c) Title Deed.....

With the above submission EXD is requested to sign Certificate of Incentives No. 041670-01..... herein attached.



Ag DIF

19/10/2012

MINUTE SHEET

Dokezo
No.

FiveStar

Five Star Printers Ltd

58, Nyerere Road
Dar es Salaam
Tanzania

P.O.Box 662
Dar es Salaam
Tanzania

Telephone: +255 (0) 22 2865682
Fax: +255 (0) 22 2865669
E-mail: info@fivestar.co.tz

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



25th September 2012



Dear Sir/Madam,

We would like to introduce our Five Star Printers Ltd Company that has been registered in Tanzania with registration No. 68884. The Company is based in Dar es Salaam.

Our company is in the business of manufacturing printing materials targeting various sectors in Tanzania and neighboring countries.

At the moment, we are developing plans to increase production by installing additional printing lines to cater for the increasing demand of stationeries for the above mentioned market segments.

Therefore we would like to register our expansion project with the Tanzania Investment Centre in order to take advantage of the benefits under the scheme.

Please find enclosed the following:

1. TIC Application form signed by a Commissioner of Oaths
2. Receipt of Application fee.
3. Memorandum and Articles of Association.
4. Copy of Certificate of Incorporation.
5. Copy of Lease agreement for the project location/offices.
6. Board Resolution.
7. Feasibility Report

We hope that you will be able to review our application favorably and grant us the T.I.C. Certificate.

Sincerely,

Ashik Abbas Karim
Managing Director





Five Star Printers Ltd

58, Nyerere Road
Dar es Salaam
Tanzania

P.O.Box 662
Dar es Salaam
Tanzania

Telephone: +255 (0) 22 2865682
Fax: +255 (0) 22 2865669
E-mail: info@fivestar.co.tz

25th September 2012

EXTRACT FROM BOARD RESOLUTION

In the meeting that was held at the office of five Star Printers Ltd, Dar es salaam, Tanzania on 1st of September 2012 at 10.00 am and chaired by company Chairman

THE MEETING RESOLVED THAT

1. TO REGISTER A PROJECT TO EXPAND PRINTING FACTORY UNDER THE TANZANIA INVESTMENT CENTRE

CHAIRMAN

DATE 25th September 2011



3

TICC/PP.10/041670-01/3

16th October, 2012

Managing Director,
Five Star Printers Ltd.,
P.O. Box 662,
DAR ES SALAAM



**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
EXPANSION OF PRINTING FACILITIES**

We wish to acknowledge receipt of your project proposal to expand a project for printing facilities as presented in the TIC P.A. 1 Form No. 10512 and Feasibility Study with a projected investment of USD 1.023m.

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

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

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

.../2

TICC/PP.10/041670-01/3

16th October, 2012

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
Five Star Printers Ltd.

Post Box	Nyerere Road, Plot No. 58	COI Number	68844-01	Contact	Mr. Ashikabbas S. Karim
Post Office	662	COI Date	12/04/2008	Designation	Managing Director
Region	Dar Es Salaam	Application F. No	10512	Phone	0
Country	Tanzania	Status	Expansion	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0713 333 000
		Sub Sector	Printing	Fax	0
		File No	041670-01	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD										
Block	Plot No. 58	<table border="1"> <thead> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0.443</td> <td>0</td> <td>0.58</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0	0.443	0	0.58		
Foreign Equity	Local Equity		Foreign Loan	Local Loan								
0	0.443		0	0.58								
Street	Nyerere											
District	Ilala											
Region	Dar es Salaam											

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	Plant
Alihussein S. Karim	Tanzanian	3	0	0.98
Ashikabbas S. Karim	Tanzanian	3	Vehicles	0.043
Saida S. Karim	Tanzanian	43	Furniture & Fittings	0
Shakirali Karim	Tanzanian	51	Pre-expenses	0
			Others	0
			Working Capital	0
			Total	1.023

Employment	20	Evaluated By	mf officer3
Capacity	xxxx	Drawn By	mf registry1
Project Turn Over		Project Type	Local

Description

To expand a project for printing facilities

Recommendations

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

Decision

Approved

 Ag EXD
 15/10/12

CTIN.: 0443297



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

FIVE STAR PRINTERS LIMITED

.....

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

107-621-040

.....

with effect from 27-Jan-2009

.....


JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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

FIVE STAR PRINTERS LTD

Capital/Deemed Capital Goods List

No.	ITEM NAME	Unit Measurement	QUANTITY	ITEM GROUP	ITEM PRICE	EXEMPTION REFERENCE No.	EXEMPTION DATE
1	Printing Machine Muller Martini Progress S with Accessories	Unit	1	Printing Machine			
2	Muller Martini Sheeter with Accessories	Unit	1	Printing Machine			
3	Goebel Slitter Line with Accessories	Unit	1	Packing Machine			
4	Polar 115 Cutting Machine with Accessories	Unit	1	Cutting Machine			
5	Shrink Wrap Machine with accessories	Unit	1	Packing Machine			
6	Collating Machine with accessories	Unit	1	Printing Machine			
7	Rulling Machine with accessories	Unit	1	Printing Machine			
8	Sewing Machine with accessories	Unit	1	Printing Machine			
9	Vehicle for Transporting with accessories	Unit	4	Vehicles			
10	Die Punching Machine with Accessories	Unit	2	Printing Machine			
11	Wire Closing Machines with accessories	Unit	2	Printing Machine			
12	Spine Taping Machine with accessories	Unit	1	Printing Machine			
13	Board Pasting Machine with accessories	Unit	1	Printing Machine			
14	Printing Machine Heidelberg with accessories	Unit	2	Printing Machine			
15	Digital Variable Data Printing with accessories	Unit	1	Printing Machine			
16	Perfect Binding Machine with accessories	Unit	1	Printing Machine			
17	Case Binding Machines Full Line with accessories	Set	1	Printing Machine			
18	Fork Lift with spare parts	Unit	2	Vehicles			
19	Plate exposer with accessories	Unit	1	Printing Machine			
20	Generator with spare parts	Unit	1	Generator			
21	Building Material for extension of Warehouse (Full Set)	Set	1	Building Material			
22	CCTV Cameras, wires and DVR with accessories	Set	1	Cameras			





THE UNITED REPUBLIC OF TANZANIA

00219311

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041670-01

This is to certify that

FIVE STAR PRINTERS LIMITED

of address P.O. BOX 662

DAR ES SALAAM

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

FIVE STAR PRINTERS LIMITED

Which is located at PLOT NO. 58 KIPAWA INDUSTRIAL AREA

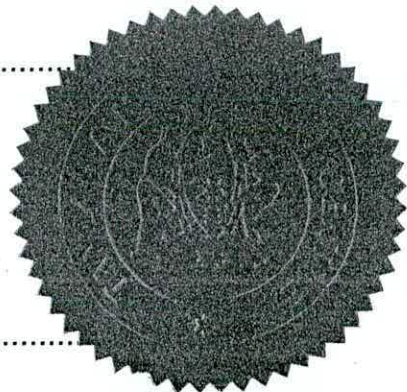
ILALA - DAR ES SALAAM

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

Ag. Executive Director

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

Dated 19TH OCTOBER 2012



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

1. Shareholders
- | | Nationality | Shareholding (%) |
|----------------------------|------------------|------------------|
| <u>Alihussein S. Karim</u> | <u>Tanzanian</u> | <u>3</u> |
| <u>Ashikabbas S. Karim</u> | <u>Tanzanian</u> | <u>3</u> |
| <u>Saida S. Karim</u> | <u>Tanzanian</u> | <u>43</u> |
| <u>Shakirali Karim</u> | <u>Tanzanian</u> | <u>51</u> |
2. Proposed Activities : To expand a project for printing facilities
3. Sector: Manufacturing Subsector Printing
4. Investment cost: Foreign - Local USD 1.023m. Total USD 1.023m.
5. Project Financing:
Equity USD 0.443m. Loans USD 0.58m. Total USD 1.023m.
6. Source, terms and conditions of loan.....
7. Assets to be invested:
- | Capital items: | Foreign | Local | Total |
|----------------|----------|--------------------|--------------------|
| | <u>-</u> | <u>USD 1.023m.</u> | <u>USD 1.023m.</u> |
8. Technology Agreement None
9. Date of TIC Registration: 16th October 2012
10. Implementation period October 2012 - September 2015
11. Operative date October 2015
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
- (i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
 - (ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)
 - (iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
- (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed 
Ag. Executive Director

TICC/PP.10/041670-01/6

05/11/2012

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.
041670-01**

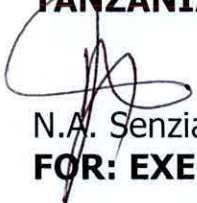
M/S Five Star Printers Limited is a TIC registered company with certificate of incentives **No. 041670-01** which is valid up to **September 2015**

The company has been registered with objectives of expanding a project for printing facilities.

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

Yours sincerely

TANZANIA INVESTMENT CENTRE


N.A. Senzia

FOR: EXECUTIVE DIRECTOR



TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/08/

21th November, 2012

Managing Director,
M/s Five Star Printers Ltd,
P.O.Box 662,
Dar es salaam.

**RE: DUTY/VAT EXMPTION ON CAPITAL/DEEMED CAPITAL GOODS
CERTIFICATE OF INCENTIVES NO. 041670-01 OF 19.10.2012 TIN:
107-621-040**

We are writing in response to your letter dated 31st October, 2012 supported by the letter Ref. TICC/PP.10/041670-01/6 of 05th November, 2012 from Tanzania Investment Centre, regarding the captioned subject.

We hereby confirm and approve items as per a one page list herewith attached as capital/deemed capital goods for establishment and facilitation of your project with certificate of incentives mentioned above. Please note that the age of the approved motor vehicles at the time of importation should be within the limit imposed by the law. You are also advised to take note of the deleted items which are not eligible for exemption under the project

The approved goods will be subjected to 90% exemption of Import Duty payable while VAT will be relieved at the rate of 45% of VAT payable. Please complete VAT form 224 and submit for approval to the Commissioner for Domestic Revenue for local purchases and the Commissioner for Customs and Excise for importations.

Sincerely yours,

Said Athumani

FOR: COMMISSIONER FOR CUSTOMS AND EXCISE

RM/
C.C: Manager Tax Exemption,
C.C: Manager- TRA Kinondoni,
C.C: Executive Director, TIC
Dar es salaam

ISO 9001 : 2008 Certified

CUSTOMS & EXCISE DEPARTMENT

Sokoine Drive, P.O. Box 9053, Dar es Salaam, Tanzania

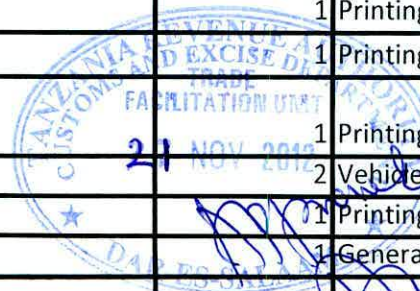
Tel: +255-22-2117765, or 255-22-2127783/4/6/8 Fax: +255 22 2138878/2135193

FIVE STAR PRINTERS LTD

Capital/Deemed Capital Goods List

No.	ITEM NAME	Unit Measurement	QUANTITY	ITEM GROUP	ITEM PRICE	EXEMPTION REFERENCE No.	EXEMPTION DATE
1	Printing Machine Muller Martini Progress S with Accessories	Unit	1	Printing Machine			
2	Muller Martini Sheeter with Accessories	Unit	1	Printing Machine			
3	Goebel Slitter Line with Accessories	Unit	1	Packing Machine			
4	Polar 115 Cutting Machine with Accessories	Unit	1	Cutting Machine			
5	Shrink Wrap Machine with accessories	Unit	1	Packing Machine			
6	Collating Machine with accessories	Unit	1	Printing Machine			
7	Rulling Machine with accessories	Unit	1	Printing Machine			
8	Sewing Machine with accessories	Unit	1	Printing Machine			
9	Vehicle for Transporting with accessories	Unit (LIGHT TRUCKS)	4	Vehicles			
10	Die Punching Machine with Accessories	Unit	2	Printing Machine			
11	Wire Closing Machines with accessories	Unit	2	Printing Machine			
12	Spine Taping Machine with accessories	Unit	1	Printing Machine			
13	Board Pasting Machine with accessories	Unit	1	Printing Machine			
14	Printing Machine Heidleberg with accessories	Unit	2	Printing Machine			
15	Digital Variable Data Printing with accessories	Unit	1	Printing Machine			
16	Perfect Binding Machine with accessories	Unit	1	Printing Machine			
17	Case Binding Machines Full Line with accessories	Set	1	Printing Machine			
18	Fork Lift with spare parts	Unit	2	Vehicles			
19	Plate exposer with accessories	Unit	1	Printing Machine			
20	Generator with spare parts	Unit	1	Generator			
21	Building Material for extension of Warehouse (Full Set)	Set	1	Building Material			
22	CCTV Cameras, wires and DVR with accessories	Set	1	Cameras			

1/1





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 ASHIK-ABBAS KARIM

(director/directors/part of FIVE STAR PRINTERS 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 53, NYERERE ROAD, KPAWA

.....

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 53, NYERERE ROAD

4. The Principal Officers of the Company are MR SHAKIRALI KARIM

MRS SAIDA S. KARIM

MR ASHIKABBAS S. KARIM

MR ALI HUSSEIN S. KARIM

5. Auditors of the Company are MA. HASSAM

6. The authorized share capital of the Company is Tshs./US\$ 500,000,000.00

.....

.....



Before me:

Declared at Dar es Salaam }
The 28th day of September, 2012 }

[Signature]
Applicant

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.

..... do solemnly and sincerely declare that I am a director/officer
authorized agent of Five Star Paints Ltd

I, **ASHIKABAS KARIM** of Post Office Number **662, DSM, TANZANIA**
is unsuccessful we understand that this fee will not be refunded.
Being the Registration Fees. In the event this application

I/We enclose a cheque/cash made payable to the Tanzania Investment Centre for Tshs./US\$
Note: failure to provide all the required information will result in the return of the application
by the Centre.

- 7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ **1,000,000.00**
- 8. The month and day of the financial year end is **30th September**

APPLICATION SUMMARY

Company Name: Five Star Printers Ltd

Certificate of Incorporation Number: 68844 Status:

Certificate of Incorporation Date: 04/12/2008

Post Box: 662

Town: DAR ES SALAAM

Sector: MANUFACTURING Sub-Sector: PRINTING FACILITIES

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
.....	<u>443,000</u>	<u>530,000</u>

Project Objectives: To expand project for printing facilities

Capacity:

Employment: Foreign: Local: 20 Total: 20

Implementation Period: September 2012 - August 2015

Project Location

Site/Plot/Block No.: 5B

Street: NYERERE ROAD District: ILALA Region: DAR ES SALAAM
 (Attach sketch map showing project location)

Shareholders	Nationality	%
<u>SHAKIRALI KARIM</u>	<u>TANZANIAN</u>	<u>51</u>
<u>SAIDA S. KARIM</u>	<u>"</u>	<u>43</u>
<u>ASHIKABAS S. KARIM</u>	<u>"</u>	<u>3</u>
<u>ALIHUSSEIN S. KARIM</u>	<u>"</u>	<u>3</u>
.....

Investment Breakdown US\$/Tshs.M

Land/Building
 Plant 920,000.00
 Vehicles 43,000.00
 Furniture & Fittings
 Pre-expenses
 Others
 Working Capital
TOTAL 1,023,000.00

Contact Details:

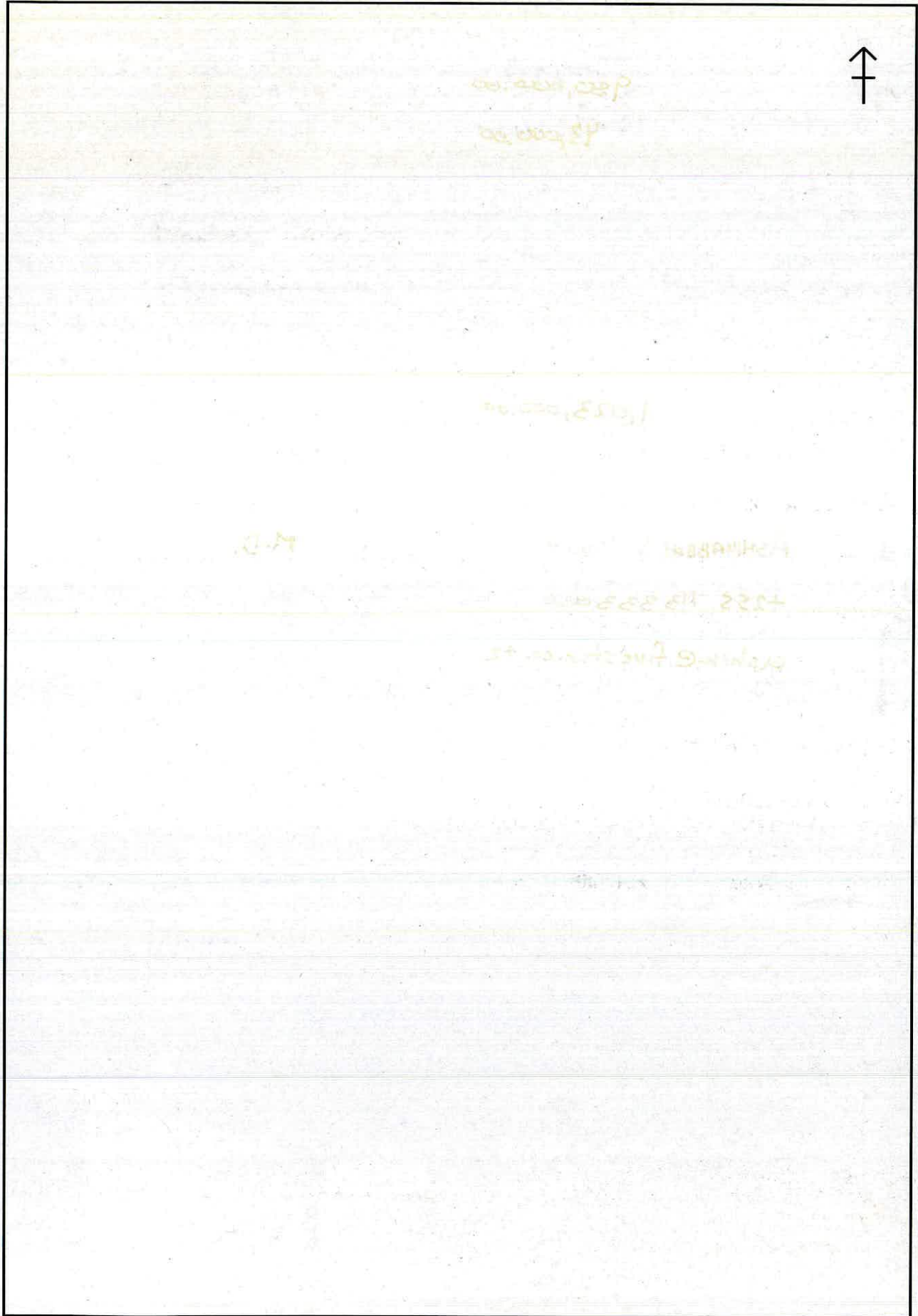
Name: ASHIKABBAS S. KARIM Title: M.D.
 Telephone: +255 713 333 060 Fax:
 Email: ashik@fivestar.co.tz

Payments to be made payable to:

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

12 TANZANIA SHARIK KARIM
 14 " " SAIDA S. KARIM
 15 " " AHMAD S. KARIM
 16 " " ALI S. KARIM

SKETCH MAP SHOWING PROJECT LOCATION



Unclaimed refund beyond three years will be forfeited

8402

10512



TANZANIA INVESTMENT CENTRE

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

RECEIPT REC008917

No.003423

Received from : FIVE STAR PRINTERS LTD

Address : P. O. Box 662, Dar Es Salaam

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


Being payment in respect of : REGISTRATION FEE

Amount : TZS 157,000.00

Cash / Cheque No: D Deposit 27 09

Date : 27-Sep-2012

For Executive Director
Tanzania Investment Centre

Buissio 
Receiving Officer



Corporate &
Investment Bank

BANKM/CIB/1725/2012

09th July 2012

Tanzania Investment Center,
Dar es Salaam,
Tanzania.

TO WHOM IT MAY CONCERN

This is to certify that **FIVE STAR PRINTERS LIMITED**, Dar es Salaam is one of our corporate customers. The company maintains both USD Account with Account No. 0250005961 and TZS Account with Account No. 0250005962 since January 2009. Their account has been operated to our satisfaction till to date.

This certificate is issued at the specific request of **FIVE STAR PRINTERS LIMITED** and without any risk or business responsibility on the Bank or any of its officials.

Yours sincerely,

For and on behalf of
Bank M Tanzania Ltd

Waseem Arain
Head Corporate Banking

Nelshah Haji
Relationship Manager

Bank M (Tanzania) Limited

Money centre - 8, Ocean Road,
P.O.Box 96, Dar es Salaam, Tanzania.
Tel: +255 22 2345678, Fax: +255 22 2127824
www.bankm.co.tz

TANZANIA



Certificate of Incorporation

Section 15

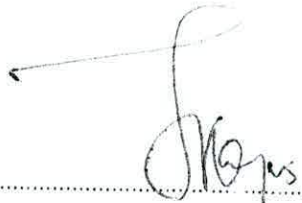
No **68844**

I HEREBY CERTIFY THAT

FIVE STAR PRINTERS 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 **4TH** day of **DECEMBER**
TWO THOUSAND AND EIGHT


.....
Asst. Registrar of Companies

TANZANIA

CERTIFICATE OF OCCUPANCY

(Issued under Section 9 of the Land Ordinance)

Date of Issue:

Title Number: 22498

Land Office Number: 47559

Land:

PLOT NO. 59 KIPAWA INDUSTRIAL AREA, DAR ES SALAAM CITY.

Term:

NINETY-NINE YEARS



*Certified true
copy of the
original
H. H. Harway
22/10/2012*

TITLE NO. 22498

17th November, 1978

9.00 A.

W/C

L. O. No. 4755

L. D. No. 8657

CERTIFICATE OF OCCUPANCY

The 13th day of November

One thousand nine hundred and seventy-eight.

Title No. 22498

THIS IS TO CERTIFY that TANZAM INTERNATIONAL MARKETING (T) LIMITED of p.o. Box 4681, Dar es Salaam (hereinafter called "the Occupier") is entitled to a Right of Occupancy (hereinafter called "the Right") in and over the land described in the Schedule hereto (hereinafter called "the Land") for a term of Ninety-nine years from the first day of July, One thousand nine hundred and seventy-eight according to the true intent and meaning of the Land Ordinance and subject to the provisions thereof and to any regulations made thereunder and to any enactment in sub-stitution therefor or amendment thereof and the following special conditions:-

1. The Occupier having paid rent up to the thirtieth day of June, 1979, shall thereafter pay rent of Shillings Two thousand and four hundred only (Shs. 2,400/=) a year in advance on the first day of July in every year of the term without any deduction PROVIDED that the rent may be revised by the Minister for the time being responsible for Lands (hereinafter called "the Minister") on the first day of July in each of the years 1988, 1998, 2008, 2018, 2028, 2038, 2048, 2058, and 2068 or within three years thereafter in each case.

2. The Occupier shall:-

(i) Erect on the land buildings (hereinafter called "the buildings") in permanent materials designed for use in accordance with the conditions of the Right and which conform to the building line (if any) decided by The Dar es Salaam City Council (hereinafter called "the Authority").

(ii) By the thirty first day of December, 1978 submit to the Authority of approval of the plans for the buildings (including block plans showing the position of the buildings) and such drawings, elevations and specifications of them as will satisfy the Authority and as are in accordance with the building conditions in sub-paragraph (i) above which said plans and specifications shall be submitted in triplicate;



Certified true copy of the original

Ngallo A. Kiborwa

02/10/2012

- (iii) Within six months from the date of notification by the Authority of approval of the plans and specifications referred to in sub-paragraph (ii) above begin building on the land in accordance with such plans and specifications;
- (iv) Complete the buildings according to the plans and specifications so that they are ready for use and occupation by the thirtieth day of June, 1981;
- (v) At all times during the term after the thirtieth day of June, 1981 have on the land existing building approved by the Authority and maintain them in good order and repair to the satisfaction of the Director of Land Development Services (hereinafter called "the Director");
- (vi) Not erect or commence to erect on the land and building in accordance with building plans and specifications which shall have been first approved by the Authority as hereinbefore provided;
- (vii) Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the Occupier's expenses as assessed by the Director of Survey and Mapping.

Approval of plans of any building by the Authority shall not imply that the construction of such a building will satisfy the Occupier's obligation under the conditions of the Right and shall not imply waiver or modification of any condition in the Right.

3. - The Occupier shall not subdivide the land or assign, sublet or otherwise dispose of or deal with the whole or any part of it or of any building on it without the previous written consent of the Director.

(ii) Occupation or use of the whole or any part of the buildings on it by any person other than the Occupier or his employees agents or contractors be deemed a dealing with the land or buildings.



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02/10/2012

4. The Director shall have an absolute discretion to give or withhold consent under condition 3. Any dealing or agreement (other than a mortgage or charge) entered into before compliance with condition 2(iv) will not receive consent except in special circumstances of which the Director shall be the sole judge.

5. The Occupier shall further:-

- (i) made and maintain on the land throughout the term adequate arrangements for water supply, drainage and disposal of the Authority;
- (ii) make and keep all the buildings on the land rate-proof and carry out such measures as the Medical Officer of Health for the Authority may require for this purpose;
- (iii) provide and maintain on the land such ablution facilities and take and maintain such hygienic measures as may be required by the said Medical Officer of Health.

6. The Occupier shall pay to the Minister on demand made by the Director on his behalf:-

- (i) any further fees or stamp duties which may be discovered to be payable by the Occupier(s) in connection with the Right;
- (ii) an amount equal to any contribution in lieu of rates which may be payable by Government for the land during the term of the Right;
- (iii) such sum as the Director shall assess as a pro-rata share payable for the land of the cost of making up the road or improvement of same upon which the land fronts, abuts or adjoins, whether such demand is made before, during or after such making or improvement thereof. This condition does not oblige the Government to make or improve roads.

7. Only one main building together with the usual and necessary outbuildings shall be built on the land and the same shall be used for General Industrial purposes only. Use Group 'O' Use Class (a) as defined in the Town and Country Planning (Use Classes) Regulations, 1960.

8. The President may revoke the Right for good cause.



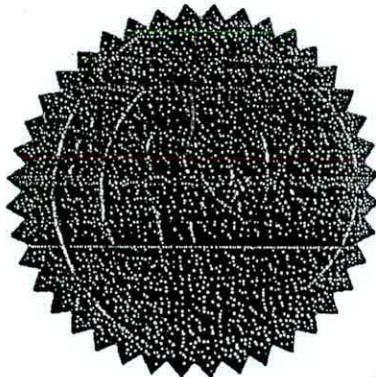
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of the original
[Signature]*

02/10/2012

SCHEDULE:

All that land known as Plot No. 58 Kipawa Industrial Pugu Road, Dar es Salaam City containing eight thousand eight hundred and thirty three (8,833) Square Metres, shown for identification only edged on the plan attached to this Certificate and defined on registered survey plan numbered 18040 deposited at the Office of the Director for survey at Dar es Salaam.

GIVEN under my hand and seal and by Order of the Mir the day and year first above written.



Certified true Copy of the original
Ngallo A. Kiborwa
02/10/2022

[Handwritten Signature]

DIRECTOR OF LAND DEVELOPMENT SERVICES.

We within-named TANZAM INTERNATIONAL MARKETING (T) LIMITED hereby accept the terms and conditions contained in foregoing Certificate of Occupancy.

SEALED with the COMMON SEAL of the said TANZAM INTERNATIONAL MARKETING (T) LIMITED and delivered in the presence of us this 14th

day of October
1978.

Signature:.....*[Signature]*.....
Postal Address:.....P.O. Box 4681.....
.....DAR ES SALAAM.....
Qualification:.....DIRECTOR.....

= 5 =



02/12/2022

[Signature]

Signature:

Postal Address: P.O. Box 4681

..... DAR ES SALAAM

Qualification: DIRECTOR

LAND REGISTRY DAR ES SALAAM

MORTGAGE

Filed Document No. 71319

Date of registration 21-10-87

To TANZANIA HOUSING BANK

To Secure Shs 3,000,000/-

DISCHARGED ON F.D. 7053

72353 OF 8-3-83 AT 10:30AM

[Signature]

[Signature]

FOR THE ACTING COMMISSIONER OF LANDS

LAND REGISTRY DAR ES SALAAM

DEED OF CHARGE

NAME: FILED DOCUMENT NO. 97050

Date of Registration 24.9.04 TIME 11:21A

To TANZAM PRINTERS AND STATIONERS LIMITED P.O. BOX 4681 DAR ES SALAAM

[Signature]

LAND REGISTRY DEPT. S.S. SALAM
TRANSMIT

Filed Document no 121868.

Date of Registration 24. 3. 09 No 913

in FIVE STAR PRINTERS

LIMITED OF P.O. Box 662

Dibornom. Cens. B. 800000000

Serif Asst Registrar of Titles



Certified true
Copy of the
original of the

~~Signature~~

25/10/2012

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

NIMEPOKEA KWA
 Received from

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

KWA MALIPO YA
 In Respect of

KWA FEDHA TASLIMI HUNDI NAKIHA
 By Cash/Cheque No

SAHIBI YA MPOKEA
 Signature

Govt. Press, Dar es Salaam

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2008/09 Btc - W758

KITUO - Station

KIPAWA

Name

Date

DSM

company incorporated in Tanzania under the Companies Act, (Cap. 212 R.E.2002) of P.O. Box 40421, Dar es Salaam, **HEREBY TRANSFER** to **FIVE STAR PRINTERS LTD**, a limited liability company incorporated in Tanzania under the Companies Act, (Cap. 212 R.E.2002) of P.O. Box 662, Dar es Salaam, the Right of Occupancy registered under the above reference.

SEALED with the common seal of the said
TANZAM PRINTERS & STATIONER'S LIMITED
 and delivered in the presence of us
 this 26th day of December, 2008

Signature: Zulfikarali Tayabali Adamjee
 Name: Zulfikarali Tayabali Adamjee
 Postal Address: P O Box 40421, Dar es Salaam.
 Qualification: Director

Signature: Adamjee
 Name: Aliasgar Zulfikarali Tayabali Adamjee
 Postal Address: P O Box 40421, Dar es Salaam
 Qualification: Director/Company Secretary



Certified
 true copy
 of the
 original

Neallo Kiborwa
 02/15/2012

SEALED with the common seal of the said
FIVE STAR PRINTERS LTD
 and delivered in the presence of us
 this 26th day of December, 2008

Signature: Shakir-ali Hassanali Gulamali Karim
 Name: Shakir-ali Hassanali Gulamali Karim
 Postal Address: P O Box 662, Dar es Salaam.
 Qualification: Director

Signature: Saida Shakir-ali Karim
 Name: Saida Shakir-ali Karim
 Postal Address: P O Box 662, Dar es Salaam
 Qualification: Director/Company Secretary

DRAWN BY:

121868
24. 3.09 : 9.15
FIVE STAR PRINTERS
RESIDED OF P.O. Box 662
S.M.M. Cens. B. 800000000
[Signature]

DASIS REGISTRY DAR - ES - SALAAM
MORTGAGE

Deed No. 127827

Date of Registration 14-5-2010 time 10:30 AM

To BANK M (TANZANIA) LIMITED
OF P.O. Box 96 D'SALAAM
(To Secure Tshs 900,000,000/=)

[Signature]
Senior Asst. Registrar of Titles



Certified true
copy of the
original
[Signature]
02/10/2012

FIVE STAR PRINTERS LTD

**PROPOSED EXPANSION OF
PRINTING FACILITY**

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by Five Star Printers in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of Five Star Printers.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader may cause serious harm or damage to Five Star Printers.

Upon request, this document is to be immediately returned to Five Star Printers.

Signature

Name (typed or printed)

Date

This is a business plan. It does not imply an offering of securities.

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1.0 Executive Summary

Five Star Printers is a total solution provider for printing related services and products such as office stationery, brochures, business forms, and marketing materials to East Africa area businesses. It is a Dar es Salaam based Dar es Salaam business. Five Star Printers operated under the Masumin Group of Companies for the past five years under the sole ownership of Shakirali Karim. In 1983 Karim joined his family owned Fiver Star Printers which his father had founded in 1972. From 1983 to 1996 Karim managed scheduling, procurement, press operations, employees and customer service issues for Fiver Star Printers. When the family chose to sell the franchise several years ago, Karim became an independent printing consultant under the name of Five Star Printers.

The name Five Star Printers was adopted last four years to represent "Dar es Salaam Printing Solutions". This name change was due to a Dar es Salaam name registration conflict. With the new name, it was determined that an aggressive marketing strategy should be implemented. This strategy involves direct mail and telephone solicitation. To facilitate this marketing strategy, Five Star Printers brought on board a new business partner.

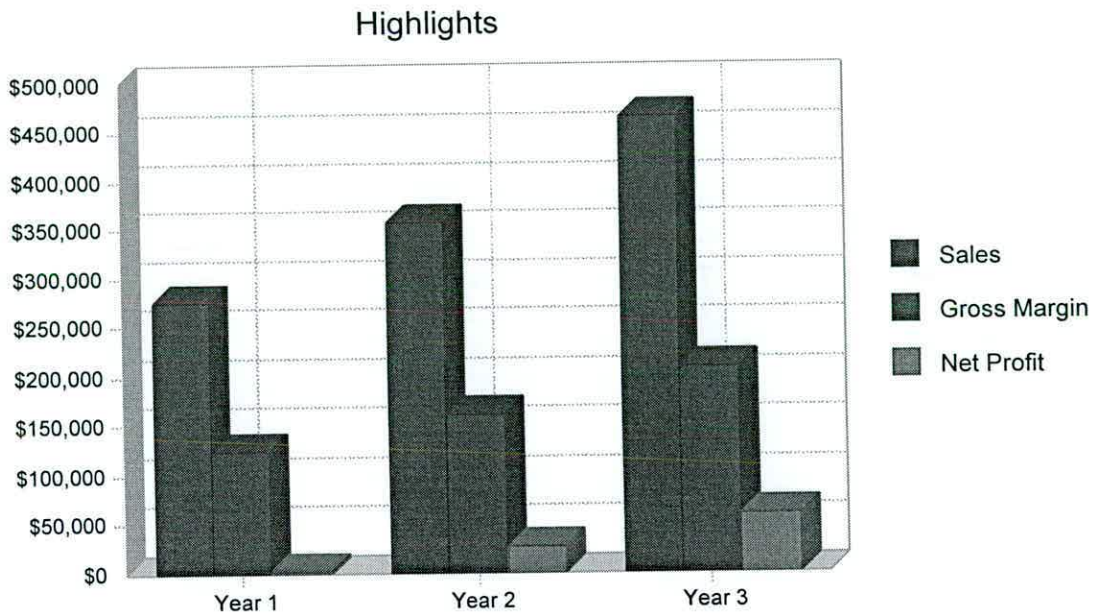
Ashik Karim brings 5 years of sales and marketing experience in both computer technology and telephony. During that 5 year period, Ashik demonstrated consistent performance personally, and with sales team members, in meeting and exceeding all sales goals with quotas ranging from \$1-\$3 million. Ashik handled individual sales as well as sales management and training.

Printing is an unavoidable business expense for most businesses. With our combined experience, and this industry's resilience, we feel that this change in name and ownership coupled with our new marketing strategy will prove a sound business decision. Our keys to success and critical factors for the next year are, in order of importance:

- Implementing our new marketing plan.
- Increasing our customer base.
- Financial control and cash flow planning

We are seeking a long-term loan to assist in our marketing strategy. Due to the seasonal nature of this industry, this loan will assist with business expenses during the first year of operation and insure that our marketing efforts are consistent.

Chart: Highlights



1.1 Mission

Five Star Printers is a printing solutions provider dedicated to offering a single source for all printing needs with a priority on earning and maintaining our customer's trust. We will maintain a consistent and reasonable margin while providing customers with a fair price and exceptional service. We will also maintain a friendly, fair, and creative work environment that respects new ideas and hard work.

1.2 Objectives

1. To generate generous annual sales by the third year of this plan.
2. To establish a tiered client hierarchy:
 - 20% long term, established customers
 - 60% customers with ongoing irregular and periodic needs
 - 20% new customers with unestablished needs.
3. To find 12 new appointments and bidding opportunities per month.
4. To establish two new long-term "quality" relationships per month.
5. To operate at 50%+ margin. This margin is arrived at through historical rates from the previous eight years of data.
6. To be a true one-stop operation by being able to accommodate all of a customer's printing needs from consulting and design assistance to printing, binding, and distribution. Our goal is to eliminate the need for our customers to source any printing outside of our scope.

7. To promote an awareness of Five Star Printers so as to support sales and income goals through aggressive marketing and telephone contact. This awareness will come from both marketing and word-of-mouth referrals. We will be using our existing customer base to solicit continued and enhanced business as well as requesting referral information from every customer. Client awareness of Five Star Printers will initially be promoted through direct mailings and telephone sales. Future marketing plans are being discussed with both radio and television potentials.

8. To achieve a 30% annual growth rate. This number is arrived at using eight years of historical data and applying the new marketing plan.

2.0 Company Summary

Five Star Printers is a privately owned and operated small business with well established relationships in the East Africa area. It was incorporated last four years, but was conceived and begun several years ago as Five Star Printers. Five Star Printers was founded by Shakirali Karim who had 14 years experience in printing, managing and operating a Fiver Star Printers.

Five Star Printers offers a unique way to accomplish printing for businesses. Many companies that refer to themselves as brokers really match client and printers for a fee and their responsibility ends there. Printers try to meet the needs of their clients, but have a focus on profitability. Our company structure fills a niche while providing a classic environment of the "win/win" scenario.

We save our customers money and time in three ways:

1. We operate for our customers as an internal resource or employee of their company without the need for ongoing salaries.
2. We find the most efficient and effective way for our customers to accomplish each and every printing task.
3. We do this at a rate that's very competitive, saving the customer an average of 10% to 25% off of direct printer pricing.

On the other hand, we provide a valuable service for our printer partners by bringing them large volumes of ongoing business. Our printer partners offer us a substantial discount off of the regular costs due to this positioning, allowing our projected margin.

2.1 Start-up Summary

Our start-up costs and expenses assumptions are shown in the following tables and illustration. The start-up costs are to be financed by direct owner investment. An additional loan is being sought to ensure business operations, marketing and stability during the first three years.

Table: Start-up Funding

Capital item	Local Loan\$	Local Equity \$	Total \$
Land and Building			
Printing Plant	580,000	400,000	980,000
Vehicles		43,000	43,000
Others			
Total	580,000	443,000	1,023,000

Chart: Start-up

0000

2.2 Company Ownership

Five Star Printers is a privately-held Tanzanian corporation with majority shares held by Mr. Shakirali Karim, Five Star Printers's founder, is the President and Operations Manager. Karim will be handling the internal operations, job management, and accounting functions. Ashik Karim is the Managing Director. Ashik will be handling the marketing, sales, computer based functionality, data management and storage functions.

3.0 Products

Five Star Printers provides custom solutions for business printing needs. We service customers that are looking for a one-stop solution for all of their printing needs. We provide them with an overall cost savings through our "value-add" strategy of job specific solution sales. Our solutions focus on the needs of the customer, the time frame for the project and the overall scope of work. With well established vendor partners, Five Star Printers can accommodate any job size with solutions tailored to the specific need and can further reduce costs by aggregating and allocating among the various sources. Products and services include:

SERVICES:

- Consultation
- Printing needs analysis and recommendations
- Inventory management and storage
- Graphic design
- Corporate image
- Copy writing
- Pickup and delivery
- Electronic communication and file management
- Bindery, including cutting, folding, stitching, die cutting, foil stamping embossing

PRODUCTS:

- Letterhead
- Envelopes
- Business cards
- Business forms including multi-part and carbonless
- Brochures
- Mailers
- Fliers
- Packaging
- Catalogs
- Coupons
- Labels
- Annual reports
- Specialty items including silk screening, embroidery and advertising specialties

4.0 Market Analysis Summary

The market for printing is worth an estimated \$18 billion nationwide and projected to grow an average of 5% per year. The 2002 print markets will mirror the growing but slowing economy. Total EAC print shipments should grow around 5% to approximately \$11 billion. This rate of growth in print shipments is slightly below the growth in total EAC economic output not adjusted for inflation, reflecting the transition of the printing industry from a growth industry to a mature industry. However, this should allow plenty of opportunity for printers with an additional \$8.2 billion in printing shipments. Approximately 2% of the growth in print shipments is expected to reflect price increases, leaving around 3% real growth. Five Star Printers' predecessor, Five Star Printers., has been selling at a rate of approximately \$160,000 per year with no sales efforts at all for the past 5 years.

4.1 Market Segmentation

The printing industry is separated into the following market segments with the following anticipated growth:

Electronic Prepress	10%
Manuals	8%
Direct Mail	10%
Marketing/Promotion	13%
Quick Printing	6%
Catalogues	5%
Packaging	6%
Coupons	4%
Inserts	7%
Labels	4%
Trade Binding	4%
Business Forms	4%
Business Communications	6%
Annual Reports	2%
Books	6%
Magazines	5%
Traditional Prepress	(negative 3%)

Although Five Star Printers handles all business printing needs, our focus and expertise will be towards the larger scale, full color promotional and marketing pieces. Our ability to source more effectively and job specifically allows us to offer a much more competitive rate for each individual circumstance. Our ideal product focus is with full color, sheet fed printing. Customers for this product include, marketing and advertising firms, manufacturing, retail, and restaurant.

4.2 Target Market Segment Strategy

There is already a sense of segment strategy in the way we define our target markets. We are choosing to compete in the small to medium size business segment which we define as 10 to 200 employees with sales ranging from \$250,000 to \$5 million and printing expenditures of between \$5,000 and \$30,000. Industries include construction, property management, healthcare, manufacturing; Dar es Salaam based retail chains, Medical, Accounting and Legal firms.

We are not adverse to doing business outside the Dar es Salaam front range, however, our marketing and sales efforts are directed within Dar es Salaam. We believe that this segment of the market would not use an advertising/marketing agency yet would need the services of a printer instead of doing their own in-house work.

Our strategy revolves around "partnering" with clients. The smaller customer is likely to produce their own printed materials and larger customers tend to use the services of an agency. Medium size companies have the need for more professionally produced printing while not having the established budget to substantiate hiring an agency. Our goal is to provide an exceptional level of service while saving our customers money.

We have acquired lists of potential clients through the services of InfoUSA, a recognized leads source. With the focus that we've chosen, and the area within which we're looking, there are over 5,000 immediate targets. With excellent businesses growth in this area, we feel that there are sufficient opportunities to keep our business easily on track.

4.3 Industry Analysis

The printing industry operates in an environment where a myriad of forces work on costs, prices, product demand and supply. Paper prices, electricity costs, labor conditions, and capital costs impact the bottom line, while changes in new printing technologies, emerging advertising media, new ways of conducting business, and the strengths of the print buying industries all impact the top line. Although there has been a softening of the economy in general, the printing industry is not as discretionary as other market segments.

4.3.1 Competition and Buying Patterns

In printing, cost and service are the two key areas. Sales efforts within the industry are generally sparse. Most quick and small commercial printers rely on Yellow Pages advertising and referrals in lieu of a direct sales effort; most are not truly full service printers; most rely on name recognition. We also feel that 80% of customers are willing to try alternative sources for their printing needs because there is a general lack of quality service to support the continued patronage of existing clientele.

As a service-centric business, Five Star Printers will strive to maintain existing customers with high quality service while educating them in additional services and products. Printing in general is not sales-centric as it is a necessary business expense. Therefore, most printers rely on customers coming to them. By going to the customer, we can capture a lion's share of the existing printing purchases.

Comparison of local competition is shown in the following table.

Table: Comparison of Local Competition

<i>Comparison of Local Competition</i>	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6	Company 7
Physical Space	1,500 Sq Ft	7,500 Sq Ft	15,000 Sq Ft	8,000 Sq Ft	Dar es Salaam Office	8,000 Sq Ft	10,000 Sq Ft
No. Presses	2	6	7	3	0	2	5
Area Served	S.E. East Africa	S.E. East Africa	Metro East Africa	Metro East Africa	Metro East Africa	Metro East Africa	Metro East Africa
Years in Business	24	24	19	12	10	15	38
No. of Employees	4	14	15	8	1	8	10
Avg. Yrs. / Employed	2	2	1	1	10	2	5
Products	General business	Business & small commercial	Business & small commercial	Commercial, specialty, comprehensive	Small business & commercial	Medium commercial	Commercial & specialty
Services	Printing, bindery	Design, printing, bindery, consulting	Design, printing, bindery, consulting	Design, printing, bindery, consulting	Design, printing, bindery, consulting	Design, prepress, printing, bindery	Design, prepress, printing, bindery
Strengths	Nice people	Speed	Customer service	Unusual job specialists	Communications	Onsite for everything	Product knowledge
Weaknesses	No regular client contact, old equipment	Poor accuracy	Large scale and specialty	Employee turnover	No large format, no full color	Customer service	Quick printing
Pickup	When they can	Yes	Yes	Yes	Yes	Yes	Yes
Deliver	When they can	Yes	Yes	Yes	Yes	Yes	Yes
Consult	No	No	No	Yes	Yes	No	Yes
Warehouse	Not really	Yes	No	Yes	Yes	No	Yes
Inventory Mgmt.	No	No	No	No	No	No	No
Terms	Yes	Yes	Yes	Yes	Yes	Yes	Yes

5.0 Strategy and Implementation Summary

Our strategy is to offer an unusually high level of service while aggressively maintaining and pursuing customer relationships. Organized, regimented and sustained contact will facilitate ongoing opportunities. Our service strategy is three fold:

1. Our business premise is one of reducing customer action. We pickup and deliver all projects and when customer involvement is needed for review and/or opinion, the meetings are at the customer site.
2. We manage our time wisely. Each project has a realistic due date which allows Five Star Printers to manage and produce a job while meeting and exceeding our deadlines consistently. Although we build in sufficient time for any issues that might arise, we typically offer timelines that are far shorter than the industry standard. This is possible through our regular contact with our customers and, therefore, our knowledge of their upcoming needs to eliminate the "crisis management" that is so prevalent in the quick-print industry.
3. Each project is handled with care. We manage each step of the process to insure that the job is moving within our timeline and meeting or exceeding our expectations. We work closely with our vendor partners and reinforce our expectations along the way. We take great pride in presenting a perfect finished product to a satisfied customer.

Contact is the key to service. Marketing is designed to gain market share, new opportunities, new contacts, and eventually new customers. Sales is not only closing the order, but is customer service, knowing the customer, making sure that the customer feels like they are our most important client, and maintaining regular contact with the key decision makers.

Our strategy is supported by a contact management software platform by Symantec Corporation called ACT! It is one of the top three contact management software programs available and has proven invaluable in managing customer interactions. Our new marketing manager has implemented this program as a foundation for our new marketing strategy. Regular contact facilitates new opportunities, knowledge of personnel changes, company focus shifts, referral possibilities and customer comfort level. Regular contact assures customers that we are a part of their team and not just someone else to contact if and when a need arises.

5.1 Competitive Edge

Our strongest advantages are our consultative philosophy and purchase methodology. We come to the market with 18 years of printing knowledge in the Dar es Salaam area and over 14 years of direct Business-to-Business sales experience. Additionally, we have 12 years of experience with computer technology which we will integrate with our business model to enhance and streamline our capabilities. Our focus on customer service is our foundation. The goal is to reduce the number of our customers who are willing to try someone else from the industry standard 80% to zero.

5.2 Sales Strategy

The first element is to get an onsite appointment. We will develop a rapport with the customer by taking a genuine interest in them and their business needs. Next we address current and future printing needs, develop a customized solution and present that in a clear format as quickly as possible. Finally, we follow up on all opportunities in a regimented manner. We utilize our customer contact management software to facilitate this goal.

Furthermore, we will continue to seek new contacts through our chamber memberships, seminars, business associations, referrals, and continued telemarketing. Our sales strategy is designed to both maximize and maintain existing relationships while continually looking for new opportunities. We also continually strengthen our existing vendor relationships while exploring new sources. This assures our clients that we can accommodate their needs with the best possible resource for their particular job. It also helps Five Star Printers maintain multiple sources of supply to insure competitive supply pricing and timely turnaround availability.

5.2.1 Sales Forecast

With no sales efforts on existing business, Five Star Printers (as ePrint) handled approximately \$160,000 in annual sales over the past three years. Our new marketing strategy should increase our sales only slightly in the first few months, due to the extensive efforts that will be put forth to build and coordinate our operations. We expect to get approximately 3 new customers per month for the first 6 months. We have arrived at our target sales figures by adding these new customers and their business volumes to the numbers from previous years' history, and also growing the business printing needs of the existing clients. Future projections indicate that a 30% increase per year is very attainable.

Table: Sales Forecast

<i>Sales Forecast</i>				
	Year 1	Year 2	Year 3	
Sales				
Printing Services	\$275,000	\$357,500	\$464,750	
Other	\$0	\$0	\$0	
Total Sales	\$275,000	\$357,500	\$464,750	
	Year 1	Year 2	Year 3	
Direct Cost of Sales				
Printing Services	\$151,250	\$196,625	\$255,613	
Other	\$0	\$0	\$0	
Subtotal Direct Cost of Sales	\$151,250	\$196,625	\$255,613	

Chart: Sales Monthly

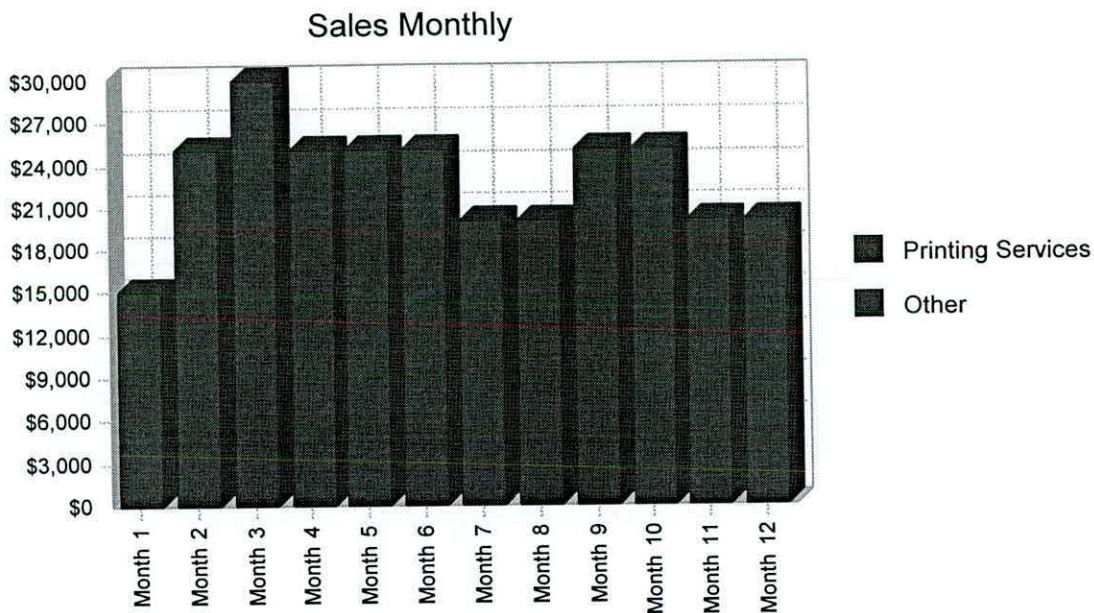
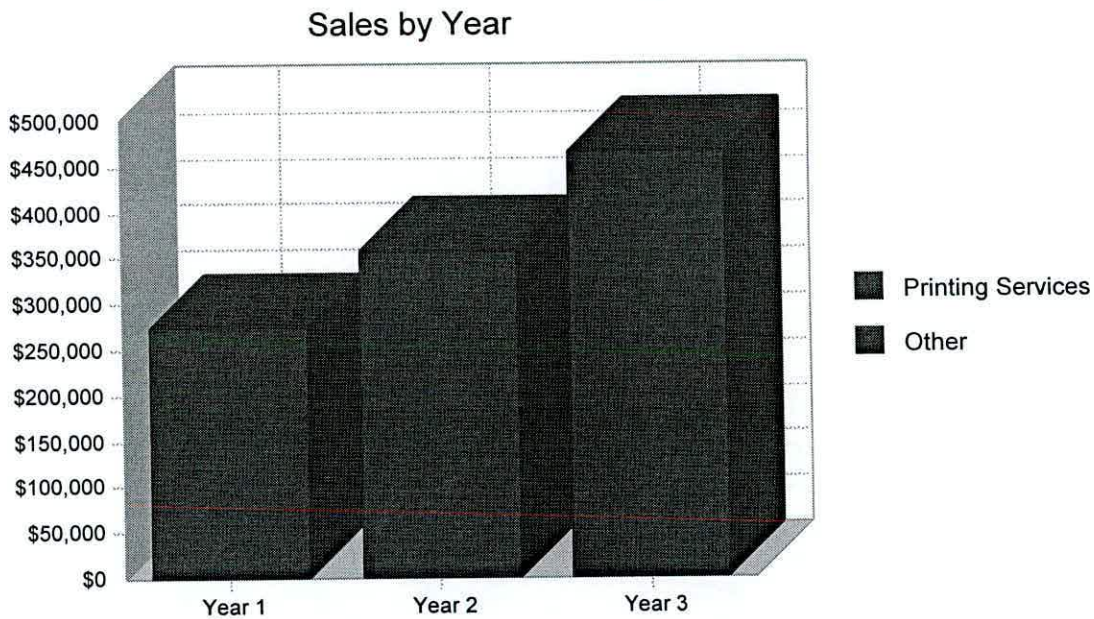


Chart: Sales by Year



5.3 Milestones

The accompanying table lists important program milestones with dates for each. The milestone schedule indicates our emphasis on planning for implementation.

What the table doesn't show is the commitment behind it. Our business plan software includes complete provisions for plan-vs.-actual analysis, and we will be holding monthly follow-up meetings to discuss the variance and course corrections.

Table: Milestones

<i>Milestones</i>					
Milestone	Start Date	End Date	Budget	Manager	Department
Business Plan	6/1/2012	12/31/2012		Owners	Department
Long-term Loan	11/1/2012	1/2/2002		Owners	Department
Flow Charting	6/1/2012	8/1/2012		Karim	Department
Business Systems	6/1/2012	8/1/2012		Ashik	Department
\$30,000.00 cash in bank	1/1/2003	6/1/2004		Owners	Department
Benefits Package	10/1/2012	12/31/2002		Owners	Department
Articles of Incorporation	6/1/2012	6/30/2012		Owners	Department
Logo Apparel	6/1/2012	12/31/2012		Karim	Department
Totals					

6.0 Management Summary

Five Star Printers is structured to be a two person management operation. Both owners are managers as well. There is no immediate plan to hire any formal employees; however, the nature of our business model has us working with many subcontractors to match specific jobs.

6.1 Personnel Plan

Our two owners and about 15 additional staff are key to our success.

Shakirali Karim has been involved with the printing industry since 1983 when his family owned and operated a home based printing project. From 1983 to 1996 he managed scheduling, procurement, press operations, employees and customer service issues for Fiver Star Printers. Duties included outsourcing, project management, timeline estimates and press knowledge. Karim demonstrated a unique ability to earn and maintain customer trust with his steadfast determination to meet and exceed customer expectations. His outgoing personality is continually reinforced with client recognition, confidence and trust. After 1993, he was handling all aspects of the printing process individually. Karim will be handling the accounting and job operations functions.

Ashik Karim has 15 years of sales and marketing experience with industries ranging from banking and brokerage to technology and telephony. During his sales career, Ashik consistently demonstrated an above average ability to find, close and maintain client relationships. He has managed sales volumes of up to \$3 million annually and client populations of up to 5,000. Ashik has had training and experience in telemarketing, prospecting, canvassing, leads sourcing, and

sales to both government and corporate C-level, and has utilized various contact management software products. Furthermore, he has over 10 years marketing experience with a previous startup company, AMISYS, Inc. Ashik has given seminars, put on demonstrations, met with clients both one-to-one, and in groups ranging from 2 to 1,000. He also brings an in-depth knowledge of computer technology to Five Star Printers. As computer technology is playing an ever increasing role in the printing industry, his expertise in this area has and will continue to prove invaluable in customer communications, general operations, and our ability to handle and manipulate multiple media formats. Ashik will be handling the sales and marketing functions.

Table: Personnel

<i>Personnel Plan</i>	Year 1	Year 2	Year 3
Shakirali Karim	\$45,000	\$45,000	\$45,000
Ashik Karim	\$45,000	\$45,000	\$45,000
Other	\$40,000	\$40,000	\$40,000
Total People	20	20	20
Total Payroll	\$9135,000	\$135,000	\$135,000

7.0 Financial Plan

We want to finance growth through increasing sales and enlarging our customer base.

Initial funding for the marketing effort will be crucial to long-term success.

The most important factor in our case is our low overhead and high margin.

We will attempt to maintain our pre-paid and COD business to further strengthen our cash position in the long run.

7.1 Important Assumptions

The financial plan depends on important assumptions, most of which are shown in the following table. The key underlying assumptions are:

We assume an immediate increase in sales.

We assume there are no dramatic changes in business printing needs.

We assume a constant growth in our long-term customer base.

We assume continued influx of new customers with our aggressive marketing and sales strategies.

We assume that the printing industry will continue to show resilience against global economic factors as a non-discretionary commodity.

Table: General Assumptions

General Assumptions				
	Year 1	Year 2	Year 3	
Plan Month	1	2	3	
Current Interest Rate	15.00%	15.00%	15.00%	
Long-term Interest Rate	8.00%	8.00%	8.00%	
Tax Rate	30.00%	30.00%	30.00%	
Other	0	0	0	

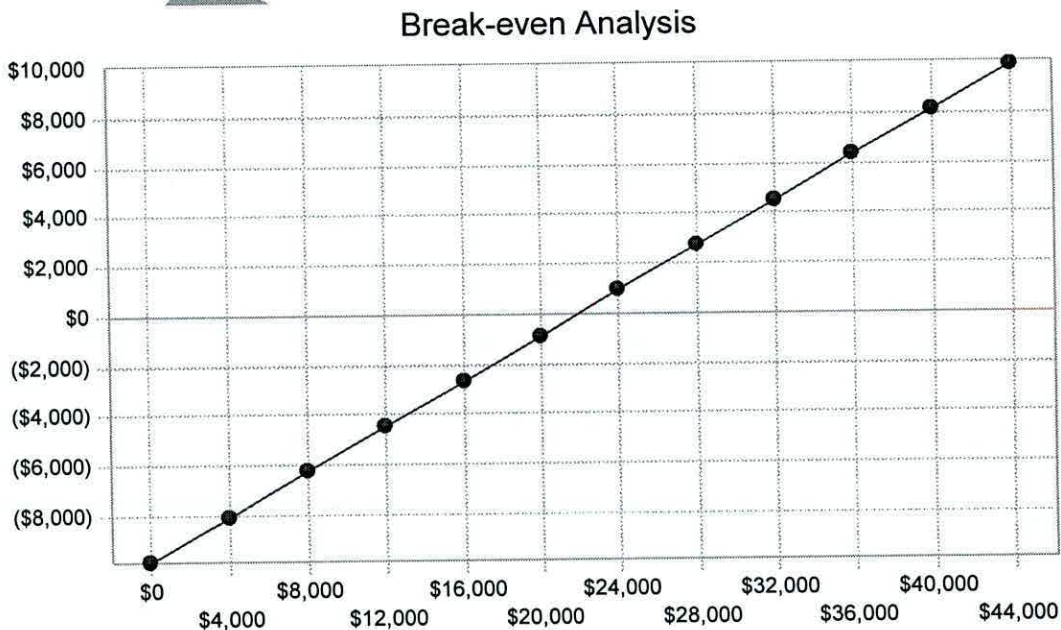
7.2 Break-even Analysis

The break-even analysis shows what Five Star Printers requires in sales per month to break even. Our sales forecast is in line with this projection and exceeds it rapidly. Furthermore, we anticipate an ability to regularly acquire 2 to 3 new customers per month.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	\$21,907
Assumptions:	
Average Percent Variable Cost	55%
Estimated Monthly Fixed Cost	\$9,858

Chart: Break-even Analysis



7.3 Projected Profit and Loss

We expect to ramp up the sales conservatively in order to achieve our desired long-term profit estimates.

Chart: Profit Monthly

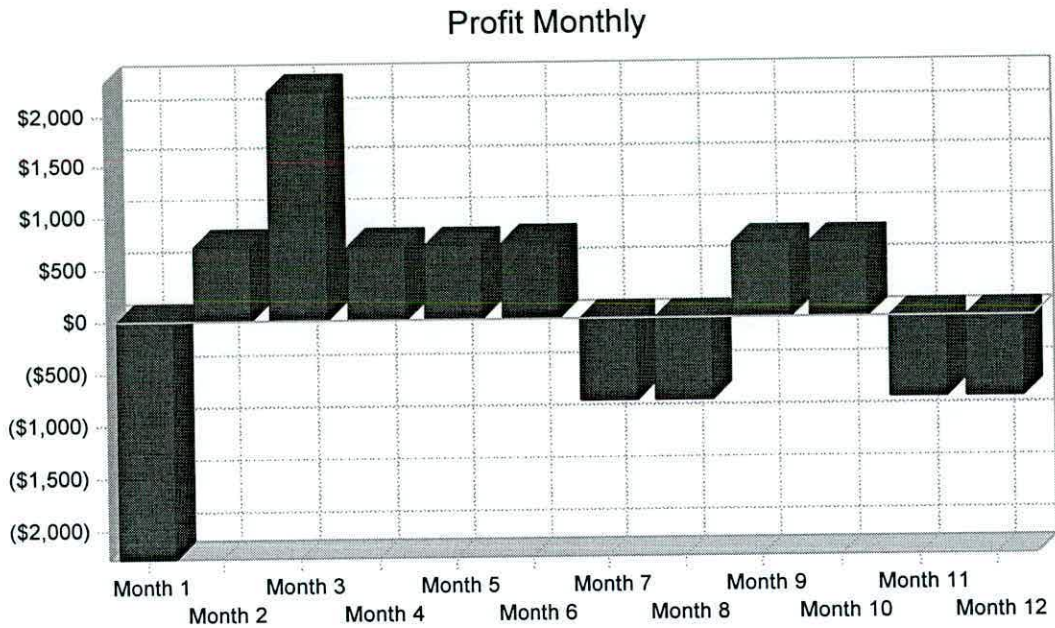


Chart: Profit Yearly

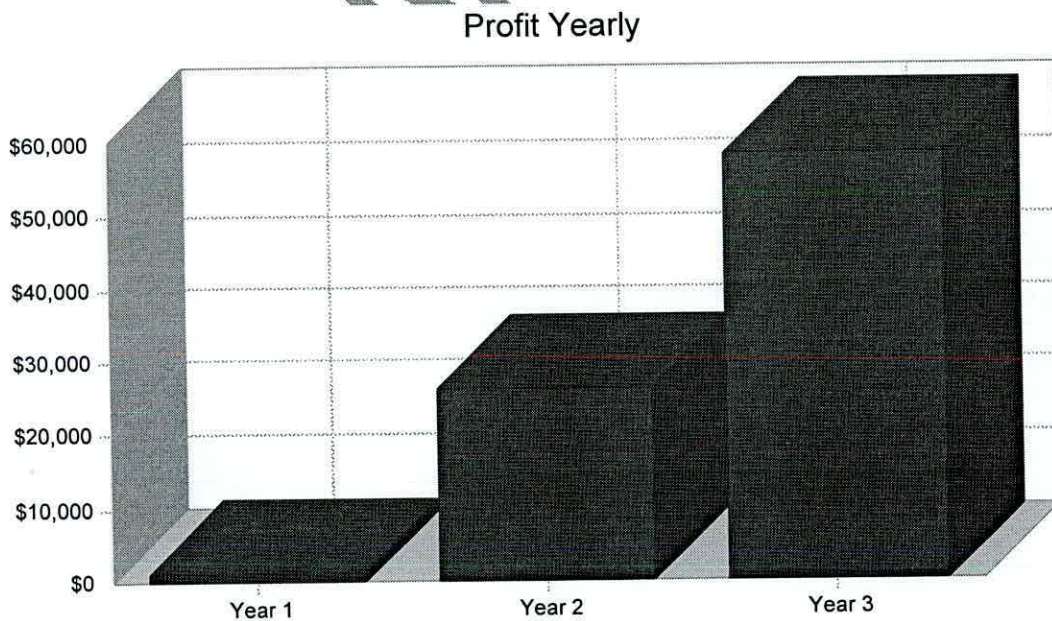


Chart: Gross Margin Monthly

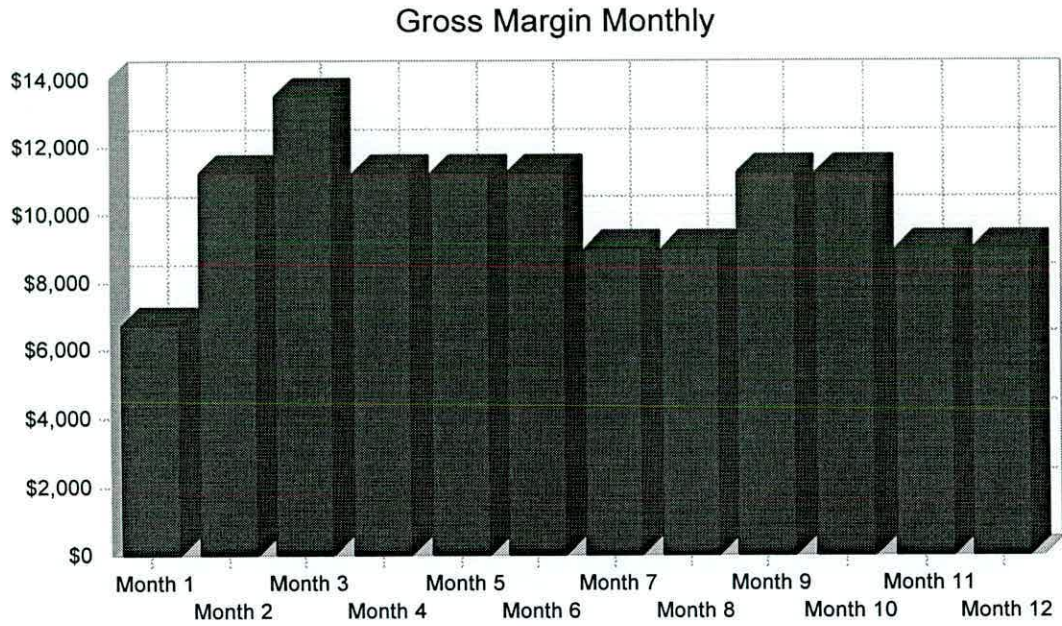


Chart: Gross Margin Yearly

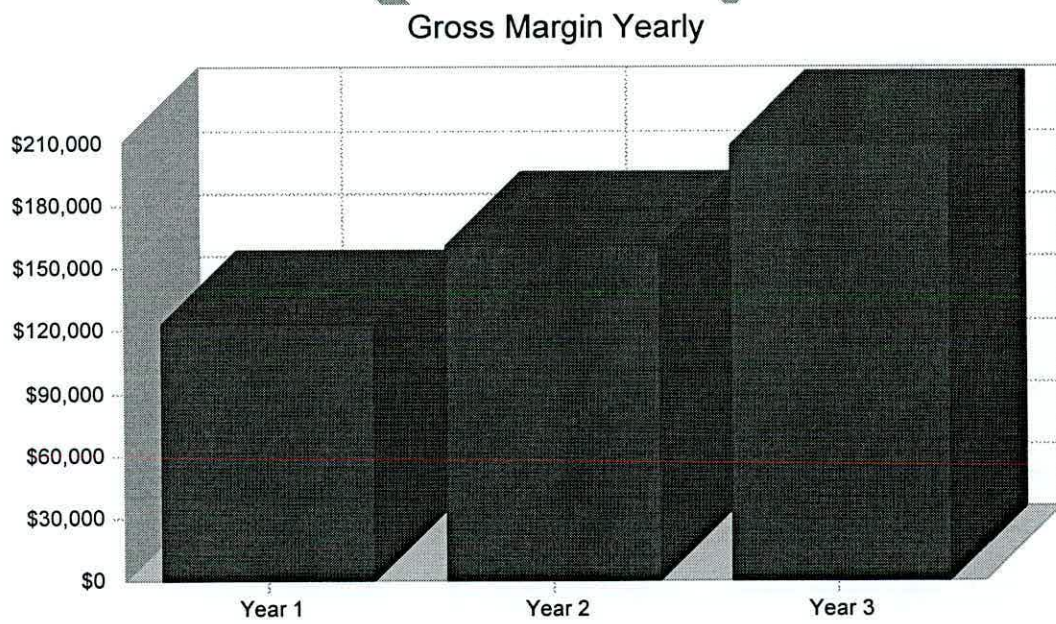


Table: Profit and Loss Statement

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3
Sales	\$275,000	\$357,500	\$464,750
Direct Cost of Sales	\$151,250	\$196,625	\$255,613
Other Production Expenses	\$0	\$0	\$0
Total Cost of Sales	\$151,250	\$196,625	\$255,613
Gross Margin	\$123,750	\$160,875	\$209,138
Gross Margin %	45.00%	45.00%	45.00%
Expenses			
Payroll	\$90,000	\$90,000	\$90,000
Sales and Marketing and Other Expenses	\$8,948	\$10,804	\$13,217
Depreciation	\$0	\$0	\$0
Entertainment	\$750	\$1,125	\$1,688
Telephone/Fax	\$1,800	\$1,800	\$1,800
Liability Insurance	\$600	\$600	\$600
Rent	\$0	\$0	\$0
Payroll Taxes	\$16,200	\$16,200	\$16,200
Other	\$0	\$0	\$0
Total Operating Expenses	\$118,298	\$120,529	\$123,504
Profit Before Interest and Taxes	\$5,453	\$40,346	\$85,633
EBITDA	\$5,453	\$40,346	\$85,633
Interest Expense	\$3,780	\$3,160	\$2,360
Taxes Incurred	\$502	\$11,156	\$24,982
Net Profit	\$1,171	\$26,030	\$58,291
Net Profit/Sales	0.43%	7.28%	12.54%

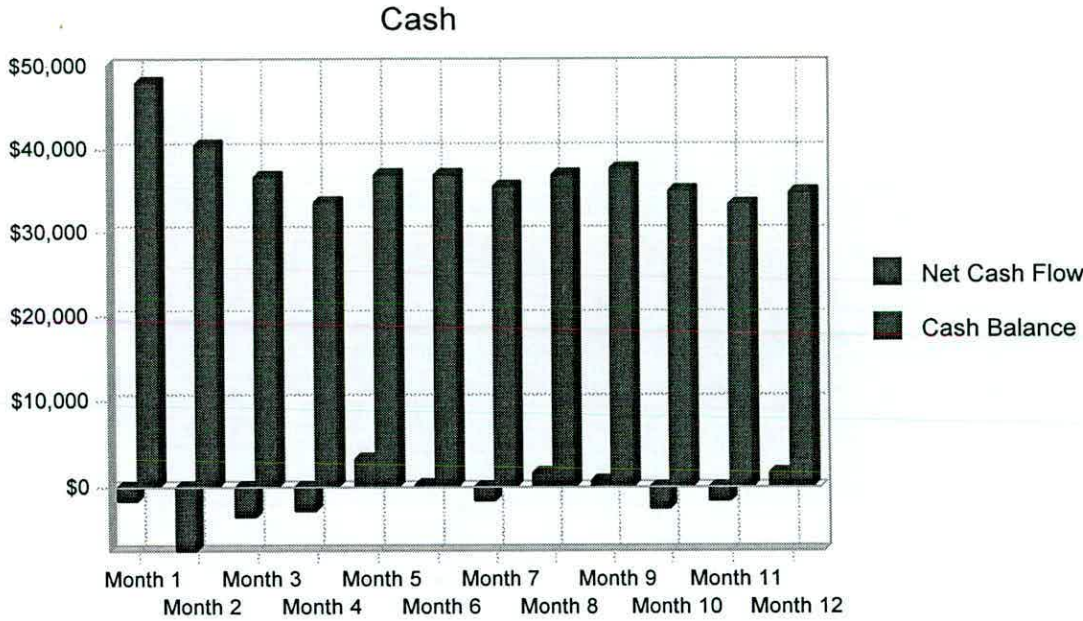
7.4 Projected Cash Flow

With the current projections, lack of overhead and expected margins, we project no additional need for future investment or borrowing. Cash flow and cash balance should both increase steadily through the lifecycle of the business eliminating the need for further or ongoing funding.

Table: Cash Flow

<i>Cash Flow</i>	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$110,000	\$143,000	\$185,900
Cash from Receivables	\$141,400	\$207,420	\$269,646
Subtotal Cash from Operations	\$251,400	\$350,420	\$455,546
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$251,400	\$350,420	\$455,546
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$90,000	\$90,000	\$90,000
Bill Payments	\$171,000	\$234,452	\$310,295
Subtotal Spent on Operations	\$261,000	\$324,452	\$400,295
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$5,500	\$10,000	\$10,000
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$266,500	\$334,452	\$410,295
Net Cash Flow	(\$15,100)	\$15,968	\$45,251
Cash Balance	\$34,900	\$50,868	\$96,119

Chart: Cash



DM

7.5 Projected Balance Sheet

The following table shows our projected Balance Sheet.

Table: Balance Sheet

<i>Balance Sheet</i>		Year 1	Year 2	Year 3
Assets				
Current Assets				
Cash		\$34,900	\$50,868	\$96,119
Accounts Receivable		\$23,600	\$30,680	\$39,884
Other Current Assets		\$0	\$0	\$0
Total Current Assets		\$58,500	\$81,548	\$136,003
Long-term Assets				
Long-term Assets		\$0	\$0	\$0
Accumulated Depreciation		\$0	\$0	\$0
Total Long-term Assets		\$0	\$0	\$0
Total Assets		\$58,500	\$81,548	\$136,003
Liabilities and Capital				
Current Liabilities				
Accounts Payable		\$12,829	\$19,847	\$26,010
Current Borrowing		\$0	\$0	\$0
Other Current Liabilities		\$0	\$0	\$0
Subtotal Current Liabilities		\$12,829	\$19,847	\$26,010
Long-term Liabilities				
Long-term Liabilities		\$44,500	\$34,500	\$24,500
Total Liabilities		\$57,329	\$54,347	\$50,510
Capital				
Paid-in Capital		\$43,000	\$43,000	\$43,000
Retained Earnings		(\$43,000)	(\$41,829)	(\$15,799)
Earnings		\$1,171	\$26,030	\$58,291
Total Capital		\$1,171	\$27,201	\$85,492
Total Liabilities and Capital		\$58,500	\$81,548	\$136,003
Net Worth		\$1,171	\$27,201	\$85,492

7.6 Business Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 7389.1706, Printing Brokers, are shown for comparison.

Table: Ratios

Ratio Analysis	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	30.00%	30.00%	8.77%
Percent of Total Assets				
Accounts Receivable	40.34%	37.62%	29.33%	25.04%
Other Current Assets	0.00%	0.00%	0.00%	48.34%
Total Current Assets	100.00%	100.00%	100.00%	76.80%
Long-term Assets	0.00%	0.00%	0.00%	23.20%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities				
Current Liabilities	21.93%	24.34%	19.12%	37.98%
Long-term Liabilities	76.07%	42.31%	18.01%	13.86%
Total Liabilities	98.00%	66.64%	37.14%	51.84%
Net Worth	2.00%	33.36%	62.86%	48.16%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	45.00%	45.00%	45.00%	100.00%
Selling, General & Administrative Expenses	45.74%	38.57%	33.23%	82.52%
Advertising Expenses	2.00%	2.00%	2.00%	1.54%
Profit Before Interest and Taxes	1.98%	11.29%	18.43%	1.73%
Main Ratios				
Current	4.56	4.11	5.23	1.60
Quick	4.56	4.11	5.23	1.26
Total Debt to Total Assets	98.00%	66.64%	37.14%	60.73%
Pre-tax Return on Net Worth	142.86%	136.71%	97.40%	2.33%
Pre-tax Return on Assets	2.86%	45.60%	61.23%	5.94%
Additional Ratios				
	Year 1	Year 2	Year 3	
Net Profit Margin	0.43%	7.28%	12.54%	n.a
Return on Equity	100.00%	95.70%	68.18%	n.a
Activity Ratios				
Accounts Receivable Turnover	6.99	6.99	6.99	n.a
Collection Days	58	46	46	n.a
Accounts Payable Turnover	14.33	12.17	12.17	n.a
Payment Days	27	25	26	n.a
Total Asset Turnover	4.70	4.38	3.42	n.a
Debt Ratios				
Debt to Net Worth	48.97	2.00	0.59	n.a
Current Liab. to Liab.	0.22	0.37	0.51	n.a
Liquidity Ratios				
Net Working Capital	\$45,671	\$61,701	\$109,992	n.a
Interest Coverage	1.44	12.77	36.29	n.a
Additional Ratios				
Assets to Sales	0.21	0.23	0.29	n.a
Current Debt/Total Assets	22%	24%	19%	n.a
Acid Test	2.72	2.56	3.70	n.a
Sales/Net Worth	234.89	13.14	5.44	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Table: Sales Forecast

<i>Sales Forecast</i>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales													
Printing Services	0%	\$15,000	\$25,000	\$30,000	\$25,000	\$25,000	\$25,000	\$20,000	\$20,000	\$25,000	\$25,000	\$20,000	\$20,000
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales		\$15,000	\$25,000	\$30,000	\$25,000	\$25,000	\$25,000	\$20,000	\$20,000	\$25,000	\$25,000	\$20,000	\$20,000
Direct Cost of Sales													
Printing Services		\$8,250	\$13,750	\$16,500	\$13,750	\$13,750	\$13,750	\$11,000	\$11,000	\$13,750	\$13,750	\$11,000	\$11,000
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales		\$8,250	\$13,750	\$16,500	\$13,750	\$13,750	\$13,750	\$11,000	\$11,000	\$13,750	\$13,750	\$11,000	\$11,000

Appendix

Table: Personnel

<i>Personnel Plan</i>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
		\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
Shakirali Karim	0%	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
Ashik Karim	0%	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People		2	2	2	2	2	2	2	2	2	2	2	2
Total Payroll		\$10,520	\$10,520	\$10,520	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500

Appendix

Table: General Assumptions

<i>General Assumptions</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

Appendix

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	\$15,000	\$25,000	\$30,000	\$25,000	\$25,000	\$25,000	\$20,000	\$20,000	\$25,000	\$25,000	\$20,000	\$20,000
Direct Cost of Sales	\$8,250	\$13,750	\$16,500	\$13,750	\$13,750	\$13,750	\$11,000	\$11,000	\$13,750	\$13,750	\$11,000	\$11,000
Other Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$8,250	\$13,750	\$16,500	\$13,750	\$13,750	\$13,750	\$11,000	\$11,000	\$13,750	\$13,750	\$11,000	\$11,000
Gross Margin	\$6,750	\$11,250	\$13,500	\$11,250	\$11,250	\$11,250	\$9,000	\$9,000	\$11,250	\$11,250	\$9,000	\$9,000
Gross Margin %	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
Expenses												
Payroll	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Sales and Marketing and Other Expenses	\$568	\$793	\$905	\$793	\$793	\$793	\$680	\$680	\$793	\$793	\$680	\$680
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Entertainment	\$50	\$50	\$50	\$50	\$50	\$50	\$75	\$75	\$75	\$75	\$75	\$75
Telephone/Fax	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Liability Insurance	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Taxes	18%	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$9,668	\$9,893	\$10,005	\$9,893	\$9,893	\$9,893	\$9,805	\$9,805	\$9,918	\$9,918	\$9,805	\$9,805
Profit Before Interest and Taxes	(\$2,918)	\$1,358	\$3,495	\$1,358	\$1,358	\$1,358	(\$805)	(\$805)	\$1,333	\$1,333	(\$805)	(\$805)
EBITDA	(\$2,918)	\$1,358	\$3,495	\$1,358	\$1,358	\$1,358	(\$805)	(\$805)	\$1,333	\$1,333	(\$805)	(\$805)
Interest Expense	\$333	\$330	\$327	\$323	\$320	\$317	\$313	\$310	\$307	\$303	\$300	\$297
Taxes Incurred	(\$975)	\$308	\$951	\$310	\$311	\$312	(\$335)	(\$335)	\$308	\$309	(\$332)	(\$331)
Net Profit	(\$2,276)	\$719	\$2,218	\$724	\$726	\$729	(\$783)	(\$781)	\$718	\$720	(\$774)	(\$771)
Net Profit/Sales	-15.17%	2.88%	7.39%	2.90%	2.91%	2.91%	-3.91%	-3.90%	2.87%	2.88%	-3.87%	-3.86%

Appendix

Table: Cash Flow

<i>Pro Forma Cash Flow</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	\$6,000	\$10,000	\$12,000	\$10,000	\$10,000	\$10,000	\$8,000	\$8,000	\$10,000	\$10,000	\$8,000	\$8,000
Cash from Receivables	\$0	\$300	\$9,200	\$15,100	\$17,900	\$15,000	\$15,000	\$14,900	\$12,000	\$12,100	\$15,000	\$14,900
Subtotal Cash from Operations	\$6,000	\$10,300	\$21,200	\$25,100	\$27,900	\$25,000	\$23,000	\$22,900	\$22,000	\$22,100	\$23,000	\$22,900
Additional Cash Received												
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$6,000	\$10,300	\$21,200	\$25,100	\$27,900	\$25,000	\$23,000	\$22,900	\$22,000	\$22,100	\$23,000	\$22,900
Expenditures												
Expenditures from Operations												
Cash Spending	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Bill Payments	\$326	\$10,009	\$16,897	\$20,165	\$16,776	\$16,774	\$16,655	\$13,283	\$13,397	\$16,782	\$16,663	\$13,273
Subtotal Spent on Operations	\$7,826	\$17,509	\$24,397	\$27,665	\$24,276	\$24,274	\$24,155	\$20,783	\$20,897	\$24,282	\$24,163	\$20,773
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$7,826	\$18,009	\$24,897	\$28,165	\$24,776	\$24,774	\$24,655	\$21,283	\$21,397	\$24,782	\$24,663	\$21,273
Net Cash Flow	(\$1,826)	(\$7,709)	(\$3,697)	(\$3,065)	\$3,124	\$226	(\$1,655)	\$1,617	\$603	(\$2,682)	(\$1,663)	\$1,627
Cash Balance	\$48,174	\$40,465	\$36,768	\$33,702	\$36,826	\$37,053	\$35,397	\$37,015	\$37,618	\$34,936	\$33,273	\$34,900

Appendix

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	\$50,000	\$48,174	\$40,465	\$36,768	\$33,702	\$36,826	\$37,053	\$35,397	\$37,015	\$37,618	\$34,936	\$33,273	\$34,900
Accounts Receivable	\$0	\$9,000	\$23,700	\$32,500	\$32,400	\$29,500	\$29,500	\$26,500	\$23,600	\$26,600	\$29,500	\$26,500	\$23,600
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$50,000	\$57,174	\$64,165	\$69,268	\$66,102	\$66,326	\$66,553	\$61,897	\$60,615	\$64,218	\$64,436	\$59,773	\$58,500
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$50,000	\$57,174	\$64,165	\$69,268	\$66,102	\$66,326	\$66,553	\$61,897	\$60,615	\$64,218	\$64,436	\$59,773	\$58,500
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$9,450	\$16,221	\$19,606	\$16,217	\$16,215	\$16,212	\$12,840	\$12,838	\$16,223	\$16,220	\$12,831	\$12,829
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$9,450	\$16,221	\$19,606	\$16,217	\$16,215	\$16,212	\$12,840	\$12,838	\$16,223	\$16,220	\$12,831	\$12,829
Long-term Liabilities	\$50,000	\$50,000	\$49,500	\$49,000	\$48,500	\$48,000	\$47,500	\$47,000	\$46,500	\$46,000	\$45,500	\$45,000	\$44,500
Total Liabilities	\$50,000	\$59,450	\$65,721	\$68,606	\$64,717	\$64,215	\$63,712	\$59,840	\$59,338	\$62,223	\$61,720	\$57,831	\$57,329
Paid-in Capital	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000
Retained Earnings	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)	(\$43,000)
Earnings	\$0	(\$2,276)	(\$1,556)	\$662	\$1,385	\$2,112	\$2,840	\$2,057	\$1,277	\$1,995	\$2,715	\$1,942	\$1,171
Total Capital	\$0	(\$2,276)	(\$1,556)	\$662	\$1,385	\$2,112	\$2,840	\$2,057	\$1,277	\$1,995	\$2,715	\$1,942	\$1,171
Total Liabilities and Capital	\$50,000	\$57,174	\$64,165	\$69,268	\$66,102	\$66,326	\$66,553	\$61,897	\$60,615	\$64,218	\$64,436	\$59,773	\$58,500
Net Worth	\$0	(\$2,276)	(\$1,556)	\$662	\$1,385	\$2,112	\$2,840	\$2,057	\$1,277	\$1,995	\$2,715	\$1,942	\$1,171

THE UNITED REPUBLIC OF TANZANIA

THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

Memorandum

and

Articles of Association

of

FIVE STAR PRINTERS LIMITED

Incorporated this 4th day of December 2008

Drawn by:

SHAKIRALI KARIM
PROMOTER OF THE COMPANY
P. O. BOX 662
DAR ES SALAAM

TANZANIA



Certificate of Incorporation

Section 15

No **68844**

I HEREBY CERTIFY THAT

FIVE STAR PRINTERS 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 **4TH** day of **DECEMBER**

TWO THOUSAND AND EIGHT

A handwritten signature in black ink, appearing to read 'M. M. M.' or similar, written over a dotted line.

Asst. Registrar of Companies

THE COMPANIES ACT, 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
OF
FIVE STAR PRINTERS LIMITED

1. The name of the company is "FIVE STAR PRINTERS 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 printers, engravers, publishers, bookbinders, newspaper and magazine proprietors, newsagents, advertising agents, advertisement contractors, designers of advertisements, paper, packing material and ink manufacturers, and to buy, sell, manufacture, import, export and deal in all types of stationery, printing materials, books, brochures, cards and office materials.
 - b) To carry on the business of manufacturing envelopes, labels, bags, gift items and stationery articles made of paper, plastic or other materials and printing and decorating thereof.
 - c) To carry on the business of proprietors, publishers, distributors and dealers of newspapers, journals, periodicals, magazines and books.
 - d) To carry on the business of recycling of paper and paper products.
 - e) To offer consultancy, sales, service and training in all fields of Information Technology, including computers, hardware, software, printers, electronics and telecommunication technology and to provide secretarial and telecommunication services.
 - f) To amalgamate with, or enter into partnership, joint venture, or into any arrangement for sharing profits, union of interest, with any person or Company carrying on, or engaged in, or about to carry on or engage in any business or transaction which this company is authorised to carry on, or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to take or otherwise acquire shares and securities of any such Company.
 - g) To carry on business as a general commercial company & clearing and forwarding agents.

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4/12/08
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- h) To carry on the business of importers, dealers and distributors of oil, kerosene, petrol, motor spirit, mineral oil, crude oil, petroleum, lubricating oil, grease and all other kinds of mineral and petroleum products.
- i) To sell or dispose off the undertaking and property of the company or any part thereof, for such consideration as the company may think fit, and in particular, shares, debentures or securities of any other company having objects altogether, or in part, similar to those of this company.
- j) To carry on the business of wholesale or retail, of automotive spares and parts of all description, tyres and tubes, batteries, battery solution and all other spares, accessories and goods as may be conveniently sold therewith and all things capable of being used therewith or in the maintenance, repair and manufacture thereof.
- k) To carry on the business of saw mills and the preparation of timber for market and the manufacture of and dealing in all articles made of or principally made of wood.
- l) To construct, erect, maintain and alter any buildings, machinery, plant work necessary or convenient for the purpose of the company.
- m) To undertake and execute any contracts for work involving the supply or use of any machinery and to carry out any ancillary or other work comprised in such contracts, including the carrying of passengers and goods in Tanzania.
- n) Generally to purchase, take on lease or in exchange, hire or otherwise acquire any real and personal property and any rights or privileges which the company may think necessary or convenient for the purpose of its business and in particular any land, buildings, machinery, plant and stock-in-trade.
- o) To invest and deal with moneys of the company not immediately required, in such securities and in such manner as the company may from time to time determine.
- p) To remunerate any person, firm or company rendering services to this company, whether by cash payment or by the allotment to him or them of shares or securities of the company credited as paid up in full or in part or otherwise.
- q) To distribute any part of the property of the company in specie among the members.
- r) To lend and advance money and give credit to such persons or companies as may seem expedient and in particular to members of the company, customers and others having dealings with the company.
- s) To draw, make, accept, endorse, discount, execute and issue cheques, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments, and also bills of exchange.
- t) To do all or any of the above things in any part of the world as principals, agents, contractors, trustees or otherwise alone or in conjunction with others.
- u) To carry on any other business which may seem to the company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.
- v) To establish depots and agencies in different parts of the world for the purpose of carrying on any or all of the business of the company.

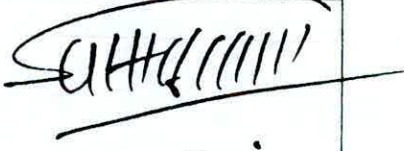



- w) To carry on the business of general merchants, general storekeepers, universal providers, importers, exporters, and wholesale and/or retail traders of or otherwise dealers of and in cotton, silk, woolen goods and textile fabrics of all kinds.
- x) To enter into any arrangements and contracts with governments or authorities (supreme, municipal, local or otherwise) or any corporations, companies or persons, having objects that may seem conducive to the company's objects or any of them, and to obtain from any such government authority, corporation, company or persons any charters, contracts, decrees, rights, privileges and concessions which the company may think desirable.
- y) To purchase, take on lease, exchange or otherwise acquire in any part of the world, prospecting rights and contracts, leases, mineral properties, grants, concessions, charges, privileges, licences or authorities over any mines, land and mineral or other properties either absolutely or conditionally.
- z) To borrow or raise or secure the payment of money in such manner as the company shall think fit, and in particular by the issue of debenture stock, certificates or other securities perpetual or otherwise charged upon all or any other company's rights and property (present and future) including any uncalled capital or without any such security and to purchase, redeem or pay off any such security or loan.
- zi) To amalgamate with, or enter into partnership or into any arrangement for sharing profits, union of interest, cooperation, joint venture, reciprocal concession or otherwise, with any person or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which this company is authorised to carry on, or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit this company. And to take or otherwise acquire shares and securities of any such company, and sell, hold, reissue with or without guarantees, or otherwise deal with the same.
- zii) To promote another company for the purpose of acquiring all or any of the property and liabilities of this company, or for any other purpose which may seem directly or indirectly calculated to benefit this company.

The objects set forth in any sub-clause shall not, except when the context expressly so requires, be in anyway limited or restricted by reference to or inference from the terms of any sub-clause or by the name of the company. None of such sub-clause or other objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause of this clause, but the Company shall have full power to exercise all or any part of the word and notwithstanding that the business undertaking, property or acts proposed to be transacted, acquired, dealt with or performed do not fall within the objects of the first sub-clause of this clause.

AND it is hereby declared that the word "COMPANY" in this clause, except where used in reference to this company, shall be deemed to include any partnership or other body of persons, whether incorporated or not and whether domiciled in Tanzania or elsewhere and the intention is that the objects specified in each paragraph of this clause shall except where otherwise expressed in such paragraph be independent main objects and shall in no way be limited or restricted by a reference to or inference from the terms of any other paragraph or the name of the company.

- 4. The liability of the members is limited.
- 5. The initial capital is Shs. 500,000,000/= divided into 500 shares of Shs. 1,000,000/= each and the company shall have the power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified or other special rights, privileges, restrictions or conditions.

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

NAMES, ADDRESSES & DESCRIPTION OF SUBSCRIBERS	NUMBER OF SHARES	SIGNATURE
SHAKIRALI KARIM P. O. BOX 662 DAR ES SALAAM DIRECTOR	51	
SAIDA SHAKIRALI KARIM (MRS) P. O. BOX 662 DAR ES SALAAM DIRECTOR	43	
ASHIKABBAS SHAKIRALI KARIM P. O. BOX 662 DAR ES SALAAM	3	
ALIHUSSEIN SHAKIRALI KARIM P. O. BOX 662 DAR ES SALAAM	3	

DATED at Dar es Salaam this 3 December 2008

WITNESS to the above signatures:



MUSTAFA CHANDOO & CO
ADVOCATES
P.O. BOX 5052
DAR-ES-SALAAM

THE COMPANIES ACT, 2002

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
FIVE STAR PRINTERS LIMITED

Interpretation

1. 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" means any person appointed to perform the duties of the 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.

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

Shares

2. The Company is a private company and accordingly:

- a) The right to transfer shares is restricted in manner hereinafter prescribed.
- b) The number of members of the company (exclusive of persons who are in the employment of the company or persons who having been formerly in the employment of the company were while in such employment and have continued after the termination of such employment to be members of the company) is limited to fifty; provided that where two or more persons hold one or more shares in the company jointly, they shall for the purpose of these articles be treated as a single member.
- c) Any invitation to the public to subscribe for any shares or debentures of the company is prohibited.

3. The directors may in their discretion and without assigning any reason thereof refuse to register the transfer of any share to any person whom it shall in their opinion deem undesirable for any reason whatsoever to admit to membership.

TANZANIA
Stamp Duty No. 500f
Stamp Duty Paid on 24/12/08
Receipt No. 211466431
Stamp Duty Paid

Stamp Duty Paid
Receipt No. 211466431
Stamp Duty Paid

4. Subject to clauses 2 and 3 hereof the right of members to transfer their shares shall be restricted as follows:
- a) No share shall be transferred to a person who is not a member except any member or any person selected by the directors as one who it is desirable in the interest of the company to admit to membership.
 - b) Every shareholder or trustee in bankruptcy, or any person who may desire to sell or transfer any such shares and every personal representative of a deceased shareholder shall give notice in writing to the directors that he desires to make such sale or transfer. Such notice shall make the board of directors of the company his agent for the sale of such shares to any member or members of the company at a price to be agreed upon between the party giving such notice and the board or in case of difference, to be determined by the auditor of the company.
 - c) Upon price of such shares being agreed on or determined as per clause (b) above, the Board shall forthwith give notice to each shareholder other than the shareholder desiring to sell or transfer the said shares, stating the number and price of such shares inviting the person to whom notice is sent to state within 21 days' from the date of such notice whether he is willing to purchase any, if so, what maximum number of such shares. At the expiration of such 21 days' notice the board shall apportion such shares amongst the shareholders (IF MORE THAN ONE) who shall have expressed their desires to purchase the same and as far as may be 'prorate' according to the number of shares already held by them respectively, or if there be only one such shareholder, the whole of such shares shall be sold to him provided that no shareholder shall be obliged to take more than the maximum number of such shares stated in his answer to the said notice. Upon such apportionment being made or such one shareholder notifying his intention to purchase, as the case may be, the party desiring to sell or transfer such shares shall be bound upon payment of the said price to transfer the shares to the respective shareholders or the single shareholder who shall have agreed to purchase the same.
5. Every person whose name is entered as a member in the register of members shall, without payment, be entitled to a certificate under the common seal of the company specifying the share or shares held by him and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.
6. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee and indemnity as the directors think fit.
7. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares, and each member shall (subject to receiving at least fourteen (14) days' advance notice specifying the time or times of payment) pay to the company at the time so specified, the amount called on his shares. A call shall be deemed to have been made the time when the resolution of the directors authorizing the call was passed.
8. The joint holders of any shares shall be jointly and severally liable to pay all calls in respect thereof.
9. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the directors may at any time thereafter during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid.
10. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
11. If the requirements of any such notice as aforesaid are not complied with, then any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

12. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

Alteration of Capital

13. The company may, from time to time by ordinary resolution, increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
14. Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the same provisions with reference to payments of calls, transfer, transmission and forfeiture as the shares in the original share capital.
15. The company may by ordinary resolution:-
- a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - b) subject to the provisions of section 65(1)(d) of the Act, sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association;
 - c) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
 - d) reduce its share capital in any manner and with and subject to any consent required by law.

General Meetings

16. 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.
17. All general meetings other than annual general meetings shall be called extraordinary general meetings.
18. 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 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 meetings may be convened by the directors.

Notice of General Meetings

19. 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 is 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 representing not less than ninety-five percent of the total voting rights at that meeting of all the members.

20. 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 of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at General Meetings

21. 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.
22. 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 authorised representative of a corporation, shall be a quorum.
23. If within half an hour from the time appointed for the meeting a 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.
24. 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 present and willing to act, he shall be chairman.
25. 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.
26. 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.
27. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded-
- a) by the chairman; or
 - b) by at least two 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.

28. Except as provided in article 18, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

29. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.
30. 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.
31. 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 may consist of several instruments in the like form each executed by or on behalf of one or more member.

Vote of Members

32. Every member shall have one vote.
33. 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.
34. No member shall be entitled to vote at any general meeting unless all moneys presently payable by him to the company have been paid.
35. On a poll, votes may be given either personally or by proxy.
36. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the company.
37. 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 person 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.
38. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

Corporations Acting By Representation at Meetings

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

Directors

40. Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum but shall not be less than two.
41. The shareholding qualification for directors may be fixed by the company in general meeting, and unless and until so fixed no qualification shall be required.

42. The following persons shall be the first directors of the company.

1. SHAKIRALI KARIM
2. SAIDA SHAKIRALI KARIM (MRS)

Borrowing Powers

43. 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

44. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors, who may exercise all the powers 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.
45. 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.
46. 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 the case may be, in such manner as the directors shall from time to time determine.
47. 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 committee 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

48. The office of director shall be vacated if the director:-
- a) without the consent of the company in general meeting holds any other office of profit under the company; or
 - b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - c) ceases 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 requested by all his co-directors to resign; or
 - g) shall for more than six consecutive months have been absent without permission of the directors from meetings of the directors held during that period and the directors resolve that his office be vacated.

h) 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 the vote shall not be counted.

49. 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.
50. The company may by ordinary resolution, 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.
51. The company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding article.

Proceedings of Directors

52. 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 director who is absent from Tanzania.
53. 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.
54. 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 company as the necessary quorum of directors, the continuing directors or director may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the company, but for no other purpose.
55. The directors may appoint one of their number 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.
56. The directors may delegate any of their powers to any committee consisting of one or more directors; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors. Subject 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.
57. All acts 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.
58. 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.

Dividends and Reserve

59. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.

60. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.
61. No dividend shall be paid otherwise than out of the profits.
62. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid up on any of the shares dividends may be declared and paid according to the amount of the shares.
63. The directors may, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as they may think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

Secretary

64. 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.

The Seal

65. The seal shall only be used by the authority of the directors or of a committee of the directors authorised 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.

Accounts

66. 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 of 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.

Proper 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 fair view of the state of the company's affairs and to explain its transactions.

67. The books of account shall be kept at the registered office 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.
68. No member shall (as such) have any right of inspecting any accounting records or other book or document of the company except as conferred by statute or authorised by the directors or by ordinary resolution of the company.
69. 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.

Audit

70. Auditors shall be appointed and their duties regulated in accordance with sections 170(5) and 175 of the Act.

Notices

71. 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 prepaid 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 Tanzania and who gives to the company an address within Tanzania at which notices may be given to 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.

Indemnity





72. Every director, managing director, agent, auditor, secretary and other officer for the time being of the company shall be indemnified by the company against any liability incurred by him in defending any proceedings, whether civil or criminal, by reason of any contract entered into, or act or thing done by him in the discharge of his duties, except any such as shall have arisen from his own willful acts or defaults.

Alteration of Articles

73. Subject to the provision of the Companies Act, 2002, and to those contained in the Memorandum of Association, the company may by special resolution make alterations or additions which shall be as valid and effectual as if originally contained in these Articles and be subject in like manner to alteration by special resolution.

Winding Up

74. With the sanction of a special resolution of the shareholders any part of the assets of the company including any shares in other companies may be divided between the members of the company in specie or may be vested in trustees for the benefit of such members and the company dissolved, but so that no member shall be compelled to accept any shares whereupon there is any liability.

NAMES, ADDRESSES & DESCRIPTION OF SUBSCRIBERS	NUMBER OF SHARES	SIGNATURE
SHAKIRALI KARIM P. O. BOX 662 DAR ES SALAAM DIRECTOR	51	
SAIDA SHAKIRALI KARIM (MRS) P. O. BOX 662 DAR ES SALAAM DIRECTOR	43	
ASHIKABBAS SHAKIRALI KARIM P. O. BOX 662 DAR ES SALAAM	3	
ALIHUSSEIN SHAKIRALI KARIM P. O. BOX 662 DAR ES SALAAM	3	

DATED at Dar es Salaam this 3 December 2008

WITNESS to the above signatures:



MUSTAFA CHANDOO
ADVOCATES
P.O. BOX 50
DAR-ES-SALAAM

TIN: 107-021-040

W.T. 40 003245-I

FINANCIAL STATEMENTS

30 SEPTEMBER 2011

FIVE STAR PRINTERS LIMITED

P. O. BOX 662
DAR ES SALAAM

M. A. Hassam & Co.

Certified Public Accountants in Public Practice

P. O. Box 20719

Telephone: 2110129/2134071/2110648

Fax: 2112980

Email: mahassam@ctvsatcom.net

DAR ES SALAAM

FIVE STAR PRINTERS LIMITED

Annual report and financial statements
for the year ended 30 September 2011

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FIVE STAR PRINTERS LIMITED

Annual report and financial statements
for the year ended 30 September 2011

COMPANY INFORMATION

Directors	Shakirali Karim	-	Tanzanian
	Saida Shakirali Karim	-	Tanzanian
	Ashikabbas Shakirali Karim	-	Tanzanian

Registered office	Plot No. 58 Nyerere Road Kipawa Industrial Area P.O. Box 622 Dar es Salaam
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Company secretary	Saida Shakirali Karim P.O. Box 662 Dar es Salaam
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Accountants	M. A. Hassam & Co. Certified Public Accountants in Public Practice Mtendeni Street P.O. Box 20719 Dar es Salaam
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Bankers	Bank M (Tanzania) Limited Kisutu Street Branch P.O. Box 96 Dar es Salaam
	National Bank of Commerce Industrial Branch P.O. Box 40301 Dar es Salaam

FIVE STAR PRINTERS LIMITED

Directors' Report for the year ended 30 September 2011

The directors present their report and the financial statements for the year ended 30 September 2011.

Incorporation

The company is incorporated in Tanzania under the former Companies Act 2002 on 4th December 2008 under the Certificate of Incorporation No. 68844.

Principal activities

The principal activities of the company is printing.

Directors' interests

The directors' interest in the share capital of the company is as follows:

	Ordinary shares of Shs 1,000,000 each			
	2011		2010	
	No. of shares	Nominal value Shs	No. of shares	Nominal value Shs
Shakirali Karim	51	51,000,000	51	51,000,000
Saida Shakirali Karim	43	43,000,000	43	43,000,000
Ashikabbas Shakirali Karim	3	3,000,000	3	3,000,000
	<u>97</u>	<u>97,000,000</u>	<u>97</u>	<u>97,000,000</u>

Results for the year

The performance of the company during the year is set out on page 5 of these financial statements.

Accountants report

The accountants, M. A. Hassam & Co. have indicated their willingness to continue in office and are eligible for re-appointment.

By Order of the Board


Shakirali Karim

Director

Date: 08/06/2012

FIVE STAR PRINTERS LIMITED

Statement of directors' responsibilities
for the year ended 30 September 2011

The Companies Act 2002, requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that period. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 30 September 2011 and of its operating results for the period then ended. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.



Shakirali Karim
Director



Ashikabbas S Karim
Director

Date: 08/06/2012

M. A. Hassam & Co.
Certified Public Accountants in Public Practice

P.O. Box 20719, Dar es Salaam
Telephone: 2134071, 2110648, 2110129
Fax: 2112980
Email: mahassam@ctvsatcom.net

**Accountants report to the members of
FIVE STAR PRINTERS LIMITED
for the year ended 30 September 2011**

The financial statements set out on page 5 to page 15 have been prepared and presented by the directors of the company from the books of accounts maintained by the company.

Respective responsibilities of the directors and accountants.

The company's directors are responsible for the preparation of the accounts. It is our responsibility as accountants to form an independent opinion on those accounts and to report our opinion to you.

Opinion

We are of the opinion that the said financial statements are in conformity with the books and the accounting records from which the books have been prepared.



M. A. Hassam & Co.
Certified Public Accountants in Public Practice

Dar es Salaam

Date : 9 JUN 2012



FIVE STAR PRINTERS LIMITED

Income Statement
for the year ended 30 September 2011

	Notes	2011 Tzs.	2010 Tzs.
Turnover		3,966,547,658	3,699,335,072
Cost	2	<u>(3,508,118,281)</u>	<u>(2,933,918,556)</u>
Gross profit		458,429,377	765,416,516
Selling and distribution costs		(37,986,253)	(30,432,306)
Administration expenses		(233,305,968)	(211,067,458)
Depreciation		<u>(152,851,843)</u>	<u>(117,545,081)</u>
Operating profit	3	34,285,313	406,371,671
Finance cost	4	(370,053,239)	(476,954,058)
Foreign exchange gain / (loss)		<u>776,322</u>	<u>(14,084,396)</u>
Loss before tax		(334,991,604)	(84,666,783)
Income tax expense	5	<u>75,344,513</u>	<u>(3,952,224)</u>
Loss after tax		<u><u>(259,647,091)</u></u>	<u><u>(88,619,007)</u></u>

The accounting policies and notes on pages 9 to 15 form part of these financial statements.
Accountants' Report on page 4


FIVE STAR PRINTERS LIMITED

Statement of financial position
as at 30 September 2011

	Notes	2011 Tzs.	2010 Tzs.
ASSETS			
Non-current assets			
Property, plant and equipment	6	<u>1,728,889,994</u>	<u>1,799,262,696</u>
Current assets			
Inventories	7	1,262,316,974	951,538,859
Trade and other receivables	8	218,197,447	179,312,079
Cash and cash equivalents		2,764,586	24,260,533
		<u>1,483,279,007</u>	<u>1,155,111,471</u>
Total assets		<u><u>3,212,169,002</u></u>	<u><u>2,954,374,167</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	100,000,000	100,000,000
Accumulated loss		(323,977,367)	(88,619,007)
Total equity		<u>(223,977,367)</u>	<u>11,380,993</u>
Non - current liabilities			
Deferred tax	10	(95,681,020)	3,952,224
Borrowings	11	1,501,595,160	1,824,595,160
		<u>1,405,914,140</u>	<u>1,828,547,384</u>
Current liabilities			
Trade and other payables	12	662,255,666	803,907,099
Borrowings		1,367,976,564	310,538,692
Total liabilities		<u>2,030,232,230</u>	<u>1,114,445,791</u>
Total equity and liabilities		<u><u>3,212,169,002</u></u>	<u><u>2,954,374,167</u></u>

The financial statements on pages 5 to 15 were approved by the board of directors on 08/10/2012 2012.


Shakirali Karim
Director


Ashikabbas S. Karim
Director

The accounting policies and notes on pages 9 to 15 form part of these financial statements.
Accountants' Report on page 4

FIVE STAR PRINTERS LIMITED

Statement of changes in equity
for the year ended 30 September 2011

	Share capital Tzs.	Accumulated loss Tzs.	Total Tzs.
Balance at 1 April 2009	-	-	-
Capital introduced	100,000,000	-	100,000,000
Loss for the period	-	(88,619,007)	(88,619,007)
Balance at 30 September 2010	100,000,000	(88,619,007)	11,380,993
Balance at 1 October 2010	100,000,000	(88,619,007)	11,380,993
Overprovision of deferred tax 2010	-	24,288,731	24,288,731
Loss for the period	-	(259,647,091)	(259,647,091)
Balance at 30 September 2011	100,000,000	(323,977,367)	(201,215,381)

The accounting policies and notes on pages 9 to 15 form part of these financial statements.
Accountants' Report on page 4

FIVE STAR PRINTERS LIMITED

Statement of cash flow
for the year ended 30 September 2011

	Note	2011 Tzs.	2010 Tzs.
Operating activities			
Cash used from operation	13	(673,454,677)	(294,065,541)
Net cash decrease from operation		(673,454,677)	(294,065,542)
Investment activities			
Purchase of property, plant and equipments		(82,479,141)	(1,916,807,777)
Net cash used in investing activities		(82,479,141)	(1,916,807,777)
Financing activities			
Share capital introduced		-	100,000,000
Long term loan		(323,000,000)	1,824,595,160
Net decrease in cash and cash equivalents		(1,078,933,818)	(286,278,159)
Cash and cash equivalents at the beginning of the year		(286,278,159)	-
Cash and cash equivalents at the end of the year	14	(1,365,211,978)	(286,278,159)

The accounting policies and notes on pages 9 to 15 form part of these financial statements.
Accountants' Report on page 4

FIVE STAR PRINTERS LIMITED

Notes to the financial statements
for the year ended 30 September 2011

1. Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with IFRS.

(b) Translation of foreign currency

Transactions in foreign currencies during the year are converted into Tanzanian Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Tanzanian Shillings at rates ruling at that date. The resulting differences from conversion of and translation are dealt within the profit and loss account in the year to which they relate.

(c) Revenue and expenditure recognition

Revenue

Sales are recognised upon delivery of products and customer acceptance, net of Value Added Tax.

Expenditure

Expenses are recognised in the income statement in the year in which they are incurred.

(d) Property, plant and equipments

All categories of property, plant and equipments are initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition of items. Subsequently costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Other items of property, plant and equipments are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the reducing balance method to write off the cost of each asset to its residual values over its estimated useful life using the following annual rates:

Building	5.0%
Plant and machinery	25.0%
Tools and equipments	25.0%
Motor vehicles	37.5%
Office equipment	12.5%
Furniture and Fittings	12.5%

Accountants' Report on page 4

(e) Impairment of assets

At each balance sheet date, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Inventories

Inventories are stated at lower of cost and net realizable value. Net realizable value is estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(g) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand and bank balances, net of bank overdrafts.

(h) Trade and other receivables

Trade receivables are recognized initially at original invoice amount. An impairment of receivable is made when it is reasonably established that the company will not be able to collect the amount originally invoiced.

Other receivables are carried at anticipated realizable value. Bad debts are written off in the year in which they are identified.

(i) Deferred income taxes

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

(j) Payables

Payables are stated at their nominal value.

(k) Pension obligations

The company contributes to National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The company's contributions are charged to the income statement in the year to which they relate.

(l) Comparatives

Where necessary, comparatives figures have been adjusted you confirm with changes in presentation in the current year.

FIVE STAR PRINTERS LIMITED

Notes to the financial statements
for the year ended 30 September 2011

	2011 Tzs.	2010 Tzs.
2. Cost		
Material		
Opening Inventories	951,538,859	-
Purchases	<u>3,533,325,094</u>	<u>3,626,189,876</u>
	4,484,863,952	3,626,189,876
Less: Inventories at 30 September	<u>(1,262,316,974)</u>	<u>(951,538,859)</u>
	<u>3,222,546,979</u>	<u>2,674,651,017</u>
Labour	152,748,454	131,890,800
Factory overheads		
Machinery repairs and maintenance	<u>132,822,848</u>	<u>127,376,739</u>
Total	<u>3,508,118,281</u>	<u>2,933,918,556</u>
3. Operating profit		
The following items have been charged in arriving at operating profit:		
Depreciation on property, plant and equipment	152,851,843	117,545,081
Staff costs	120,854,066	240,437,411
Accountancy fees	1,600,000	1,600,000
Directors remuneration	17,076,192	12,878,574
4. Finance costs		
Interest on facilities	222,046,455	443,859,626
Interest on loan and overdraft	<u>148,006,784</u>	<u>33,094,432</u>
	<u>370,053,239</u>	<u>476,954,058</u>
5. Income tax expense		
Deferred tax (Note 10)	<u>75,344,513</u>	<u>(3,952,224)</u>
	<u>75,344,513</u>	<u>(3,952,224)</u>

Accountants' Report on page 4

FIVE STAR PRINTERS LIMITED

Notes to the financial statements for the year ended 30 September 2011

6. Property, plant and equipment

	Land and building	Pla Mac
	Tzs.	
Cost		
At the start of the year	1,620,000,000	141
Additions	-	53
At the end of the year	<u>1,620,000,000</u>	<u>195</u>
Depreciation		
At start of the year	81,000,000	19
Charge for the year	76,950,000	33
At end of the year	<u>157,950,000</u>	<u>52</u>
Net book value		
As at 30 September 2011	<u>1,462,050,000</u>	<u>142</u>
As at 30 September 2010	<u>1,539,000,000</u>	<u>122</u>

Accountants' Report on page 4

FIVE STAR PRINTERS LIMITED

Notes to the financial statements
for the year ended 30 September 2011

6. Property, plant and equipment

	Land and building	Plant and Machinery	Tools and Equipment	Motor Vehicles	Office equipment	Furniture and fittings	Total
	Tzs.	Tzs.	Tzs.	Tzs.	Tzs.	Tzs.	Tzs.
Cost							
At the start of the year	1,620,000,000	141,972,174	28,232,048	92,950,380	28,345,175	5,308,000	1,916,807,777
Additions	-	53,434,016	-	27,810,000	1,235,125	-	82,479,141
At the end of the year	<u>1,620,000,000</u>	<u>195,406,190</u>	<u>28,232,048</u>	<u>120,760,380</u>	<u>29,580,300</u>	<u>5,308,000</u>	<u>1,999,286,918</u>
Depreciation							
At start of the year	81,000,000	19,067,492	1,932,663	13,571,216	1,664,042	309,667	117,545,081
Charge for the year	76,950,000	33,736,584	6,574,846	31,505,311	3,460,310	624,792	152,851,843
At end of the year	<u>157,950,000</u>	<u>52,804,076</u>	<u>8,507,510</u>	<u>45,076,528</u>	<u>5,124,352</u>	<u>934,458</u>	<u>270,396,924</u>
Net book value							
As at 30 September 2011	<u>1,462,050,000</u>	<u>142,602,114</u>	<u>19,724,538</u>	<u>75,683,852</u>	<u>24,455,948</u>	<u>4,373,542</u>	<u>1,728,889,994</u>
As at 30 September 2010	<u>1,539,000,000</u>	<u>122,904,682</u>	<u>26,299,385</u>	<u>79,379,164</u>	<u>26,681,133</u>	<u>4,998,333</u>	<u>1,799,262,696</u>

FIVE STAR PRINTERS LIMITED

Notes to the financial statements
for the year ended 30 September 2011

	2011 Tzs.	2010 Tzs.
7. Inventories		
Printing papers and accessories	<u>1,262,316,974</u>	<u>951,538,859</u>
8. Trade and other receivables		
Trade	212,350,164	119,525,591
Loan and advances	3,973,357	31,555,678
Others	1,873,926	28,230,811
	<u>218,197,447</u>	<u>179,312,079</u>
9. Share capital		
Authorised 500 ordinary shares of Tzs. 1,000,000/= each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid up 100 ordinary shares of Tzs. 1,000,000/= each	<u>100,000,000</u>	<u>100,000,000</u>

FIVE STAR PRINTERS LIMITED

Notes to the financial statements
for the year ended 30 September 2011

	2011 Tzs.	2010 Tzs.
10. Deferred tax		
As at 1 October	3,952,224	-
Prior years' adjustment	(24,288,731)	-
(Credit) / charge for the year	(75,344,513)	3,952,224
As at 31 September	<u>(95,681,020)</u>	<u>3,952,224</u>

The net deferred tax liability is attributable to the following:

Adjusted tax loss	(108,051,218)	-
Accelerated capital allowances	12,370,198	3,952,224
	<u>(95,681,020)</u>	<u>3,952,224</u>

11. Borrowings

Bank M Industrial Finance (Loan A/c)	575,000,000	875,000,000
Bank M secured Loan	770,000,000	793,000,000
Loan From Directors	156,595,160	156,595,160
	<u>1,501,595,160</u>	<u>1,824,595,160</u>
Bank overdraft	<u>1,367,976,564</u>	<u>310,538,692</u>

The company has a loan facility with Bank M (Tanzania) Limited of Tzs. 900,000,000.

Security held

1. Legal mortgage over land and building on plot no. 58, Kipawa Industrial area, Nyerere Road DSM.
2. Debenture charge on all floating and fixed assets of Five Star Printers Limited.
3. Corporate guarantee of Masumin Printways & Stationery Limited.
4. Personal guarantee of directors

FIVE STAR PRINTERS LIMITED

Notes to the financial statements
for the year ended 30 September 2011

	2011 Tzs.	2010 Tzs.
12. Trade and other payables		
Trade	572,350,128	636,590,543
Other	88,305,538	165,244,862
Accruals	1,600,000	2,071,694
	<u>662,255,666</u>	<u>803,907,099</u>
13. Cash used from operation		
Reconciliation of loss before tax to cash used from operations:		
Operating loss before tax	(334,991,604)	(84,666,783)
Adjustment for:		
Depreciation	152,851,843	117,545,081
Changes in working capital		
Increase in inventories	(310,778,115)	(951,538,859)
Increase in receivables	(38,885,368)	(179,312,079)
(Decrease) / increase in payables	(141,651,433)	803,907,099
Cash used from operations	<u>(673,454,677)</u>	<u>(294,065,541)</u>
14. Cash and cash equivalent		
Cash balance	746,380	9,980,024
Bank balance	2,018,206	14,280,508
	<u>2,764,586</u>	<u>24,260,533</u>
Bank overdraft	(1,367,976,564)	(310,538,692)
	<u>(1,365,211,978)</u>	<u>(286,278,159)</u>

FIVE STAR PRINTERS LIMITED

Appendix to the financial statement
for the year ended 30 September 2011

	2011 Tzs.	2010 Tzs.
A. Sales		
Cash sales	1,921,144	317,836,248
Credit sales	3,964,626,514	3,381,498,824
	<u>3,966,547,658</u>	<u>3,699,335,072</u>
B. Selling and distribution costs		
Freight outwards	460,000	1,324,600
Vehicle running expenses	37,526,253	29,107,706
	<u>37,986,253</u>	<u>30,432,306</u>
C. Administrative expenses		
Accountancy fees	1,600,000	1,600,000
Advertisement	14,160,477	11,173,000
Bank charges	7,856,927	5,725,197
Bad debts	69,400	-
City service levy	11,740,624	11,129,690
Directors remuneration	17,076,192	12,878,574
Entertainment	125,880	1,303,840
Office and general expenses	C1. 4,876,221	6,791,684
Insurance	20,648,260	22,613,665
Licence and permit fees	2,139,030	13,208,938
Pre press/design expenses	2,707,970	203,539
Parking fees	194,900	209,900
Property tax	2,224,076	1,593,400
Repairs & maintenance	1,706,356	449,264
Staff costs	C2. 120,854,066	95,668,036
Subscription	300,000	625,000
Tender fees	50,000	370,000
Telephone, internet and postage	5,873,147	5,268,079
Travelling & transport	19,102,442	20,255,652
	<u>233,305,968</u>	<u>211,067,458</u>

FIVE STAR PRINTERS LIMITED

Appendix to the financial statement
for the year ended 30 September 2011

	2011 Tzs.	2010 Tzs.
C1. General expenses		
Office expenses	700,001	2,601,336
Refuse collection	870,000	206,500
Office stationery	3,306,220	3,983,848
	<u>4,876,221</u>	<u>6,791,684</u>
C2. Staff costs		
Salaries	76,312,339	58,743,345
Staff canteen	5,550,210	4,606,751
Staff training	-	300,000
NSSF contribution	24,613,698	19,931,236
Skills and development levy	13,367,319	11,960,288
Medical expenses	805,500	126,417
Staff welfare	205,000	-
	<u>120,854,066</u>	<u>95,668,036</u>

Five Star Printers Limited

Tax computation for the year ended 30 September 2011

	Tzs.
Loss as per accounts	(334,991,604)
Add: <u>Non-allowable expenses</u>	
Bad debts	69,400
Depreciation	152,851,843
Property tax	2,224,076
Telephone and postage - 10%	<u>587,315</u>
	<u>155,732,633</u>
	(179,258,971)
Less: Depreciation allowance	(154,194,747)
50% initial allowance	(26,717,008)
Loss for the year	(360,170,725)
Loss brought forward from 2010 - Awaiting assessment	<u>(80,962,436)</u>
Loss c/f to 2012	<u>(441,133,161)</u>

Schedule of depreciation allowance

	Class 1 Tzs. 37.5%	Class 2 Tzs. 25%	Class 3 Tzs. 12.5%	Class 6 Tzs. 5% (Cost)	Total Tzs.
W.D.V as at 01.10.2010	66,205,083	149,204,066	31,679,466	1,620,000,000	1,867,088,615
Additions	-	81,244,016	1,235,125	-	82,479,141
	<u>66,205,083</u>	<u>230,448,082</u>	<u>32,914,591</u>	<u>1,620,000,000</u>	<u>1,949,567,756</u>
Depreciation allowance	(24,826,906)	(44,253,517)	(4,114,324)	(81,000,000)	(154,194,747)
Depreciation claimed upto 2010	-	-	-	(81,000,000)	(81,000,000)
50% initial allowance	-	(26,717,008)	-	-	(26,717,008)
W.D.V as at 30.9.2011	<u>41,378,177</u>	<u>159,477,558</u>	<u>28,800,267</u>	<u>1,458,000,000</u>	<u>1,687,656,002</u>

FINANCIAL STATEMENTS

30 SEPTEMBER 2010

FIVE STAR PRINTERS LIMITED

P. O. BOX 662
DAR ES SALAAM

M. A. Hassam & Co.

Certified Public Accountants in Public Practice

P. O. Box 20719

Telephone: 2110129/2134071/2110648

Fax: 2112980

Email: mahassam@ctvsatcom.net

DAR ES SALAAM

FIVE STAR PRINTERS LIMITED

Annual report and financial statements
for 18 months ended 30 September 2010

COMPANY INFORMATION

Directors	Shakirali Karim	-	Tanzanian
	Saida Shakirali Karim	-	Tanzanian
	Ashikabbas Shakirali karim	-	Tanzanian

Registered office Plot no 58
Nyerere Road
Kipawa Industrial Area
P.O. Box 622, Dar es salaam

Company secretary Saida Shakirali Karim
P.O. Box 662, Dar es salaam

Accountants M. A. Hassam & Co.
Certified Public Accountants in Public Practice
Mtendeni Street
P.O. Box 20719
Dar es Salaam

Bankers Bank M (Tanzania) Limited
Jamhuri Street Branch
P.O. Box 96
Dar es Salaam

National Bank of Commerce
Industrial Branch
P.O. Box 40301
Dar es Salaam

FIVE STAR PRINTERS LIMITED

Directors' Report for 18 months ended 30 September 2010

The directors present their report and the financial statements for 18 months ended 30 september 2010.

Incorporation

The company is incorporated in Tanzania under the former Companies Ordinance, Cap. 212 on 4th december 2008 under the Certificate of Incorporation No. 68844.

Principal activities

The principal activities of the company is printing.

Directors' interests

The directors' interest in the share capital of the company is as follows:

	Ordinary shares of Shs 1,000,000 each 2010	
	No. of shares	Nominal value Shs
Shakirali Karim	51	51,000,000
Saida Shakirali Karim	43	43,000,000
Ashikabbas Shakirali Karim	3	3,000,000
	<u>97</u>	<u>97,000,000</u>

Dividends

The Directors do not recommend the payment of dividends.

Results for the year

The performance of the company during the year is set out on page 5 of these financial statements.

Accountants report

The accountants, M. A. Hassam & Co. have indicated their willingness to continue in office and are eligible for re-appointment.

By Order of the Board


Shakirali Karim

Director

Date: 30.03.2011



FIVE STAR PRINTERS LIMITED

Statement of directors' responsibilities for 18 months ended 30 September 2010

The Companies Act 2002, requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that period. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 30 September 2010 and of its operating results for the period then ended. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.



Shakirali Karim
Director



Ashikabbas S Karim
Director

Date: 30.03.2011

M. A. Hassam & Co.

Certified Public Accountants in Public Practice

P.O. Box 20719, Dar es Salaam

Telephone: 2134071, 2110648, 2110129

Fax: 2112980

Email: mahassam@ctvsatcom.net

**Accountants report to the members of
FIVE STAR PRINTERS LIMITED
for 18 months ended 30 September 2010**

The financial statements set out on page 5 to page 15 have been prepared and presented by the directors of the company from the books of accounts maintained by the company.

Respective responsibilities of the directors and accountants.

The company's directors are responsible for the preparation of the accounts. It is our responsibility as accountants to form an independent opinion on those accounts and to report our opinion to you.

Opinion

We are of the opinion that the said financial statements are in conformity with the books and the accounting records from which the books have been prepared.

M. A. Hassam

**M. A. Hassam & Co.
Certified Public Accountants in Public Practice**

Dar es Salaam

Date: 31 MAR 2011



FIVE STAR PRINTERS LIMITED

**Income Statement
for 18 months ended 30 September 2010**

	Notes	2010 Tzs.
Turnover		3,699,335,072
Cost	2	<u>(2,952,986,049)</u>
Gross Profit		746,349,023
Selling and distribution costs		(44,003,523)
Administration expenses		<u>(295,973,830)</u>
Operating Profit	3	406,371,671
Finance cost	4	<u>(491,038,454)</u>
Loss before tax		(84,666,783)
Income tax expense	5	<u>(3,952,224)</u>
Loss for the year		<u><u>(88,619,007)</u></u>

The accounting policies and notes on pages 9 to 15 form part of these financial statements.
Accountants Report on page 4


FIVE STAR PRINTERS LIMITED

Statement of financial position
as at 30 September 2010

	Notes	2010 Tzs.
ASSETS		
Non-current assets		
Property, plant and equipment	6	<u>1,799,262,696</u>
Current assets		
Inventories	7	951,538,859
Trade and other receivables	8	179,312,079
Cash and bank balance		24,260,533
		<u>1,155,111,471</u>
Total assets		<u><u>2,954,374,167</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9	100,000,000
Retained earnings		(88,619,007)
Total equity		<u>11,380,993</u>
Non - current liabilities		
Deferred tax	10	3,952,224
Borrowings	11	1,824,595,160
		<u>1,828,547,384</u>
Current liabilities		
Trade and other payables	12	803,907,099
Borrowings		310,538,692
Total liabilities		<u>1,114,445,791</u>
Total equity and liabilities		<u><u>2,954,374,167</u></u>

The financial statements on pages 5 to 15 were approved by the board of directors on... 30.09.2011.


Shakirali Karim
Director


Ashikabbas S Karim
Director

The accounting policies and notes on pages 9 to 15 form part of these financial statements.
Accountants Report on page 4

FIVE STAR PRINTERS LIMITED

**Statement of changes in equity
for 18 months ended 30 September 2010**

	Share capital Tzs.	Retained earnings Tzs.	Total Tzs.
Balance at 1 April 2009.	-	-	-
Capital introduced	100,000,000	-	100,000,000
Loss for the Period	-	(88,619,007)	(88,619,007)
Balance at 30 September 2010	100,000,000	(88,619,007)	11,380,993

The accounting policies and notes on pages 9 to 15 form part of these financial statements.
Accountants Report on page 4

FIVE STAR PRINTERS LIMITED

**Statement of cash flow
for 18 months ended 30 September 2010**

	Note	2010 Tzs.
Operating activities		
Cash used from operation	13.	(294,065,541)
Net cash decrease from operation		(294,065,542)
Investment activities		
Purchase of property, plant and equipments		(1,916,807,777)
Net cash used in investing activities		(1,916,807,777)
Financing activities		
Share capital introduced		100,000,000
Long term loan		1,824,595,160
Net decrease in cash and cash equivalents		(286,278,159)
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year	14.	(286,278,159)

The accounting policies and notes on pages 9 to 15 form part of these financial statements.
Accountants Report on page 4

FIVE STAR PRINTERS LIMITED

Notes to the financial statements for 18 months ended 30 September 2010

1. Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with IFRS.

(b) Translation of foreign currency

Transactions in foreign currencies during the year are converted into Tanzanian Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Tanzanian Shillings at rates ruling at that date. The resulting differences from conversion of and translation are dealt within the profit and loss account in the year to which they relate.

(c) Revenue and expenditure recognition

Revenue

Sales are recognised upon delivery of products and customer acceptance, net of Value added tax

Expenditure

Expenses are recognised in the income statement in the year in which they are incurred.

(d) Property, plant and equipments

All categories of property, plant and equipments are initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition of items. Subsequently costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Other items of property, plant and equipments are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the reducing balance method to write off the cost of each asset to its residual values over its estimated useful life using the following annual rates:

Building	5.0%
Tools and Equipments	25.0%
Motor vehicles	37.5%
Office equipment	12.5%
Furniture and Fittings	12.5%

Accountants Report on page 4

FIVE STAR PRINTERS LIMITED

**Notes to the financial statements
for 18 months ended 30 September 2010**

(e) Impairment of assets

At each balance sheet date, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

(f) Inventories

Inventories are stated at lower of cost and net realizable value. Net realizable value is estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(g) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand and bank balances, net of bank overdrafts.

(h) Trade and other receivables

Trade receivables are recognized initially at original invoice amount. An impairment of receivable is made when it is reasonably established that the company will not be able to collect the amount originally invoiced.

Other receivables are carried at anticipated realizable value. Bad debts are written off in the year in which they are identified.

(i) Deferred income taxes

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

(j) Payables

Payables are stated at their nominal value

(k) Pension obligations

The company contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The company's contributions are charged to the income statement in the year to which they relate.

(l) Comparatives

Where necessary, comparatives figures have been adjusted you confirm with changes in presentation in the current year.

FIVE STAR PRINTERS LIMITED

Notes to the financial statements for 18 months ended 30 September 2010

	2010 Tzs.
2. Cost	
Material	
Inventories at 1 April 2009	-
Purchases	<u>3,626,189,876</u>
	3,626,189,876
Less: Inventories at 30 September 2010	<u>(951,538,859)</u>
	<u>2,674,651,017</u>
Labour	<u>131,890,800</u>
Factory overheads	
Machinery repairs and maintenance	127,376,739
Depreciation-Plant and Machinery	<u>19,067,492</u>
	<u>146,444,231</u>
Total	<u><u>2,952,986,049</u></u>
3. Operating Profit	
The following items have been charged in arriving at operating profit:	
Depreciation on property, plant and equipment	117,545,081
Staff costs	240,437,411
Accountancy fees	1,600,000
4. Finance costs	
Interest on facilities	443,859,626
Interest on loan	33,094,432
Loss on exchange	<u>14,084,396</u>
	<u><u>491,038,454</u></u>
5. Income tax expense	
Current tax at 30%	-
Deferred tax (Note 10)	<u>(3,952,224)</u>
	<u><u>(3,952,224)</u></u>

Accountants Report on page 4

FIVE STAR PRINTERS LIMITED

**Notes to the financial statements
for 18 months ended 30 September 2010**

6. Property, plant and equipment

	Land and building	Plant and Machinery	Tools and Equipment	Motor Vehicles	Office equipment	Furniture and fittings	Total
	Tzs.	Tzs.	Tzs.	Tzs.	Tzs.	Tzs.	Tzs.
Cost							
At the start of the year	-	-	-	-	-	-	-
Additions	1,620,000,000	141,972,174	28,232,048	92,950,380	28,345,175	5,308,000	1,916,807,777
At the end of the year	1,620,000,000	141,972,174	28,232,048	92,950,380	28,345,175	5,308,000	1,916,807,777
Depreciation							
At start of the year	-	-	-	-	-	-	-
Charge for the year	81,000,000	19,067,492	1,932,663	13,571,216	1,664,042	309,667	117,545,081
At end of the year	81,000,000	19,067,492	1,932,663	13,571,216	1,664,042	309,667	117,545,081
Net book value							
As at 30 September 2010	1,539,000,000	122,904,682	26,299,385	79,379,164	26,681,133	4,998,333	1,799,262,696

FIVE STAR PRINTERS LIMITED

**Notes to the financial statements
for 18 months ended 30 September 2010**

	2010 Tzs.
7. Inventories	
Printing papers and accessories	<u>951,538,859</u>
8. Trade and other receivables	
Trade	119,525,591
Loan and Advances	31,555,678
Others	28,230,811
	<u>179,312,079</u>
9. Share capital	
Authorised 500 ordinary shares of shs. 1,000,000/= each	<u>500,000,000</u>
Issued and fully paid up 100 ordinary shares of shs. 1,000,000/= each	<u>100,000,000</u>

FIVE STAR PRINTERS LIMITED

Notes to the financial statements
for 18 months ended 30 September 2010

	2010 Tzs.
10. Deferred tax	
As at 1 January	-
Prior year's adjustment	-
Charge for the year	3,952,224
As at 31 September	<u>3,952,224</u>
The net deferred tax liability is attributable to the following:	
Accelerated capital allowances	<u>3,952,224</u>

11. Borrowings

Bank M Industrial Finance (Loan A/c)	875,000,000
Bank M secured Loan	793,000,000
Loan From Directors	156,595,160
	<u>1,824,595,160</u>
Bank Overdraft	<u>310,538,692</u>

The company has a loan facility with Bank M (Tanzania) Limited of Tzs 900,000,000.

Security held

1. Legal Mortgage over land and building on plot no. 58, Kipawa Industrial area, Nyerere Road DSM.
2. Debenture Charge on all floating and fixed assets of Five star Printers limited
3. Corporate guarantee of Masumin Printways & Stationery Ltd
4. Personal Guarantee of Directors

Accountants Report on page 4

FIVE STAR PRINTERS LIMITED

Notes to the financial statements
for 18 months ended 30 September 2010

	2010 Tzs.
12. Trade and other payables	
Trade	636,590,543
Other	165,244,862
Accruals	2,071,694
	<u>803,907,099</u>
13. Cash used from operation	
Reconciliation of loss before tax to cash generated from operations:	
Operating loss before tax	(84,666,783)
Adjustment for:	
Depreciation	117,545,081
Changes in working capital	
Increase in inventories	(951,538,859)
Increase in receivables	(179,312,079)
Increase in payables	803,907,099
Cash used from operations	<u>(294,065,541)</u>
14. Cash and cash equivalent	
Cash balance	9,980,024
Bank balance	14,280,508
	<u>24,260,532</u>
Bank overdraft	(310,538,692)
	<u>(286,278,159)</u>

Five Star Printers Limited

Tax computation for 18 months ended 30 September 2010

	Tzs.
Loss as per accounts	(84,666,783)
Add: <u>Non-allowable expenses</u>	
Depreciation	117,545,081
Property tax	1,593,400
Entertainment	1,303,840
Telephone and postage - 10%	<u>526,808</u>
	<u>120,969,129</u>
Less: Depreciation allowance	<u>36,302,346</u>
	(117,264,781)
Adjusted loss	<u><u>(80,962,436)</u></u>

Schedule of depreciation allowance

	Class 1 Tzs. 37.5%	Class 2 Tzs. 25%	Class 3 Tzs. 12.5%	Class 6 Tzs. 5% (Cost)	Total Tzs.
W.D.V as at 01.04.2009	-	-	-	-	-
Additions	79,496,000	170,204,222	33,653,175	1,620,000,000	1,903,353,397
	<u>79,496,000</u>	<u>170,204,222</u>	<u>33,653,175</u>	<u>1,620,000,000</u>	<u>1,903,353,397</u>
Depreciation allowance	(13,290,917)	(21,000,156)	(1,973,709)	(81,000,000)	(117,264,781)
W.D.V as at 30.9.2010	<u>66,205,083</u>	<u>149,204,066</u>	<u>31,679,466</u>	<u>1,539,000,000</u>	<u>1,786,088,616</u>

Note: Depreciation allowance for vehicle T555 BKV purchased during the year has been restricted to Tzs. 15,000,000 as per Third Schedule Para 3(9b) of the Income Tax Act 2004.

FIVE STAR PRINTERS LIMITED

**Appendix to the financial statement
for 18 months ended 30 September 2010**

	2010 Tzs.
C1. General expenses	
Office expenses	2,601,336
Refuse collection	206,500
Office stationery	3,983,848
	<u>6,791,684</u>
C2. Staff costs	
Salaries	58,743,345
Directors remuneration	12,878,574
Staff Canteen	4,606,751
Staff Training	300,000
NSSF contribution	19,931,236
Skills and development levy	11,960,288
Medical expenses	126,417
	<u>108,546,610</u>

FIVE STAR PRINTERS LIMITED

Appendix to the financial statement
for 18 months ended 30 September 2010

	2010 Tzs.
A. Sales	
Cash sales	317,836,248
Credit sales	<u>3,381,498,824</u>
	<u>3,699,335,072</u>
B. Selling and distribution costs	
Depreciation on motor vehicles	13,571,216
Freight outwards	1,324,600
Vehicle running expenses	<u>29,107,706</u>
	<u>44,003,523</u>
C. Administrative expenses	
Accountancy fees	1,600,000
Advertisement	11,173,000
Bank charges	5,725,197
City service levy	11,129,690
Depreciation	84,906,372
Entertainment	1,303,840
General expenses	C1. 6,791,684
Insurance	22,613,665
Licence and permit fees	13,208,938
Pre press/design expenses	203,539
Parking fees	209,900
Property Tax	1,593,400
Repair & maintenance	449,264
Staff costs	C2. 108,546,610
Subscription	625,000
Tender fees	370,000
Telephone, internet and postage	5,268,079
Travelling & Transport	<u>20,255,652</u>
	<u>295,973,830</u>

✓ u

1.0

EXD

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

(a) Minimum finance investment threshold has been exceeded, the project expects to invest USD 5.6 M

(b) Legal entity has been incorporated under certificate

No. 42244 of 02/01/2001

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

Submitted for signature.

N. A. Senzia

DIF

11th March 2009

2.0

EXD

In response to the TIC letter of registration dated 11th March 2009

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from Barclays Bank Ltd

(c) Lease Agreement

With the above submission EXD is requested to sign Certificate of Incentives No. 041646 herein attached.

20/3/09

BAGAMOYO MINING LTD

QUARRY OPERATORS AND CONCRETE ARTICLES MANUFACTURERS

5

P O Box 6191,
Dar es Salaam
Tanzania

Phone + 255 22 215 1884

Fax +255 22 215 1884

Mobile +255 713 338751

Ref: BML/TRA/TIC/02/09

E mail: nmakyao@yahoo.co.uk

22nd August, 2009.

The Commissioner for Customs
Tanzania Revenue Authority
Mapato House
Dar es Salaam

Ufs The Director General,
Tanzania Investment Centre,
Shaaban Robert Street,
P O Box 938,
Dar es Salaam.



Dear Sir,

**APPLICATION FOR INCENTIVE GUARANTEES FOR BAGAMOYO MINING LTD
AS A HOLDER OF TIC CERTIFICATE OF INCENTIVES TO CONSTRUCT AND
OPERATE A QUARRY PROJECT IN MSATA AREA BAGAMOYO DISTRICT.**

We enclose herewith an application for incentive guarantees as available to holders of TIC Certificate of Incentives for both imported and local capital goods required for the construction and operation of the quarry plant and other related activities in Msata area in Bagamoyo District, Coast Region. (The list is attached for your ease of reference)

We shall be grateful if the guarantees are issued to the company at an early date to enable the investors to proceed with the ordering of the machinery and equipment required for the project.

Time being of the essence, we look forward to hearing from you at an early date and remain
Sir,

**Yours sincerely,
BAGAMOYO MINING LTD**


Director.

BAGAMOYO MINING LIMITED: CAPITAL ASSETS

1. IMPORTED CAPITAL GOODS

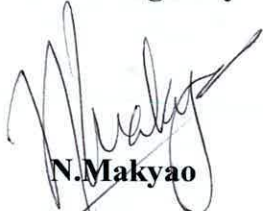
1.1 PLANT, MACHINERY AND EQUIPMENT

Description	Total Qty Required
Complete Quarry Equipment, Motors and Rollers	1 complete unit
Stand-by Generator 150 KVA (LPG run)	1 unit
Culvert Moulding Machinery	8 units
Paving Stone Moulding Machinery	4 units
Kerb Stone Moulding Machinery	4 units
Weigh-bridge at Chalinze depot	1 unit
VHF Radio Communication/Telephone, Dar/Msata	4 units
Air Conditioners at mining site and Chalinze depot X	4 units
Computers and accessories at mining site and Chalinze depot	4 units

1.2 MOTOR VEHICLES & EQUIPMENT

Description	Total Qty required
18 Ton Dumping Trucks X	4 units
ISUZU Bus X	1 unit
Toyota 4WD pick up trucks	2 units
Front wheel loader X	1 unit

For Bagamoyo Mining Ltd



N. Makyao

Company Secretary.

Approved & Forged

The Original

Signature

Date

[Handwritten Signature]
23/03/2009



No 00215442

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

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041646

This is to certify that

BAGAMOYO MINING LIMITED

of address P.O. BOX 6191

DAR ES SALAAM

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

BAGAMOYO MINING LIMITED

Which is located at PONGWE MSUNGULA KWA FUNDI, MSATA AREA

BAGAMOYO DISTRICT - COAST REGION

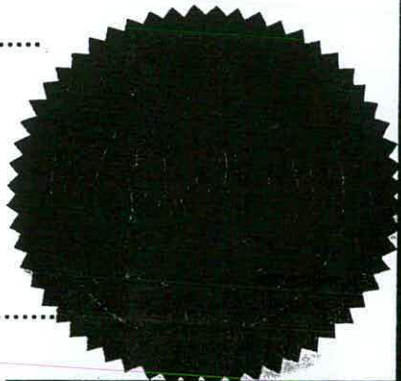
Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

[Handwritten Signature]

Executive Director

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

Dated 20TH MARCH 2009



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

1. Shareholders

	Nationality	Shareholding (%)
Adrian Mpande	Tanzanian	30
Theresia Mpande	Tanzanian	20
Ngowi Makyao	Tanzanian	30
Martha Makyao	Tanzanian	20
2. Proposed Activities : To expand facilities for manufacturing of building materials processing of granite aggregates
3. Sector: Manufacturing Subsector Building materials
4. Investment cost: Foreign - Local USD 0.6m. Total USD 0.6m.
5. Project Financing: Equity USD 0.139m. Loans USD 0.461m. Total USD 0.6m.
6. Source, terms and conditions of loan
7. Assets to be invested:

	Foreign	Local	Total
Capital items:	-	USD 0.6m.	USD 0.6m.
8. Technology Agreement None
9. Date of TIC Registration: 11th March 2009
10. Implementation period March 2009 - February 2012
11. Operative date March 2012
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 - (i) Applicable Import Duty And VAT as per Customs Tariff Act, 1973 & VAT Act, 1997
 - (ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)
 - (iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed


Executive Director

CTIN.: 0480215



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

BAGAMOYO MINING LTD
.....

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

107-478-140
.....

with effect from 12/12/2008

JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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



No 00215442

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041646

This is to certify that

BAGAMOYO MINING LIMITED

of address P.O. BOX 6191

DAR ES SALAAM

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

BAGAMOYO MINING LIMITED

Which is located at PONGWE MSUNGULA KWA FUNDI, MSATA AREA

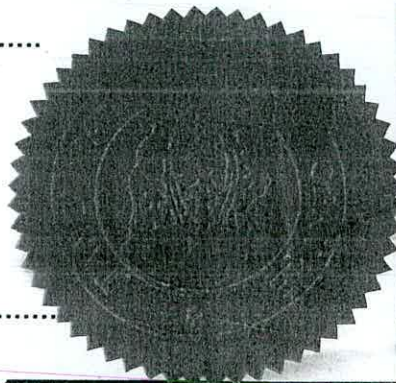
BAGAMOYO DISTRICT - COAST REGION

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 20TH MARCH 2009



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

1. Shareholders

	Nationality	Shareholding (%)
Adrian Mpande	Tanzanian	30
Theresia Mpande	Tanzanian	20
Ngowi Makyao	Tanzanian	30
Martha Makyao	Tanzanian	20
2. Proposed Activities: To expand facilities for manufacturing of building materials processing of granite aggregates
3. Sector: Manufacturing Subsector Building materials
4. Investment cost: Foreign - Local USD 0.6m. Total USD 0.6m.
5. Project Financing: Equity USD 0.139m. Loans USD 0.461m. Total USD 0.6m.
6. Source, terms and conditions of loan
7. Assets to be invested:

	Foreign	Local	Total
Capital items:	-	USD 0.6m.	USD 0.6m.
8. Technology Agreement: None
9. Date of TIC Registration: 11th March 2009
10. Implementation period: March 2009 - February 2012
11. Operative date: March 2012
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 - (i) Applicable Import Duty ~~And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997~~
 - (ii) Applicable with-holding Tax: As per Income Tax Act, 2004 (as amended)
 - (iii) Eligibility of Capital Allowances: As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed 
Executive Director

4

041646



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

30325247 1

TFN. 614 (Rev. 8.94)

MEMPokea Kwa
Received from

BAGAMOYO MINING LTD



KIASI
Amount

Shs.					Cts.
USD				750	

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

USBOUWA SEVEN HUNDRED FIFTY ONLY

KWA MALIPO YA
In Respect of

CERTIFICATE OF INCENTIVES
FOR Executive Director
Tanzania Investment Centre

KWA FIDHA TASLIM/HUNDI NAMBA
By Cash/Cheque No.

CHEQUE NO. 000018 OF 16/03/09

SAMBAZI YA MPOKEAJI - Receiving Officer's
Signature.

[Signature]

CHEO - Title

Acc. 16 MAR. 2009

TAREHE - Date

KITUO - Station

Acc.

BAGAMOYO MINING LTD

QUARRY OPERATORS AND CONCRETE ARTICLES MANUFACTURERS

P O Box 6191,
Dar es Salaam
Tanzania
Phone + 255 22 215 1884
Fax +255 22 215 1884
Mobile +255 713 338751
E mail: nmakyao@yahoo.co.uk
March 12th, 2009.

Your Ref:TICC/PP.10/041646/3

Our Ref: BML/02/09

The Director General,
Tanzania Investment Centre,
Shaaban Robert Street,
P O Box 938,
Dar es Salaam.

Dear Sir,

**CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE EXPANSION OF
FACILITIES FOR MANUFACTURING OF BUILDING MATERIALS
PARTICULARLY PROCESSING OF GRANITE AGGREGATES**

With reference to your letter dated 11th March 2009 regarding the above subject matter we are pleased to enclose herewith the following documents as requested:

1. Extract of Minutes of the Meeting of the Board of Directors approving the registration of the project with Tanzania Investment Centre.
2. Lease Agreement by Mr. Adrian Mpande, Shareholder, to Bagamoyo Mining Ltd.
3. The requisite fee of US\$ 750 for the issuance of the Certificate of Incentives.

We look forward to receiving the Certificate of Incentives at an early date to enable us to proceed with the procurement of the requisite plant and equipment and recruit key personnel immediately.

Yours sincerely,
Bagamoyo Mining Ltd


Director.

BAGAMOYO MINING LTD

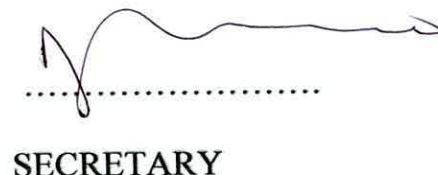
**EXTRACT OF MINUTES OF THE BOARD MEETING
HELD ON 29TH JANUARY 2009 AT 14.00 HOURS IN DAR ES SALAAM.**

IT WAS REPORTED THAT the company needed to be registered with the Tanzania Investment Centre as an Approved Enterprise to be able to enjoy the investment benefits accorded under the Tanzania Investment Act 1997.

IT WAS UNANIMOUSLY RESOLVED THAT Bagamoyo Mining Ltd seeks approval of registration as an Approved Enterprise for the purpose of Tanzania Investment Act 1997 with regard to the investment in the “construction of a granite stone quarry at Pongwe Msungula Area in Msata Ward in Bagamoyo District and the transport dump trucks for delivering the aggregates and other concrete articles to the market in Dar es Salaam and neighbouring areas.

Certified as true copy of the extract of the minutes of the Board Meeting held in Dar es Salaam on 29th January 2009.


.....
DIRECTOR


.....
SECRETARY

30TH JANUARY 2009.

TICC/PP.10/041646/6

20/10/2009

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

Dear Sir,

**RE: DUTY/VAT EXEMPTION ON THE CAPITAL/DEEMED CAPITAL
GOODS OF CERTIFICATE OF INCENTIVES NO. 041646**

M/S Bagamoyo Mining Limited is a TIC registered company with
certificate of incentives **No. 041646** which is valid up to **February 2012**

The company has been registered with objectives of expanding facilities
for manufacturing of building materials and processing of granite
aggregates.

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

Yours sincerely

TANZANIA INVESTMENT CENTRE


N.A. Senzia

FOR: EXECUTIVE DIRECTOR

LEASE AGREEMENT

BETWEEN

ADRIAN MPANDE

AND

BAGAMOYO MINING LIMITED

Drawn by: -

Corporate Services International Ltd

Management and Business Consultants

P O Box 6191,

Dar es Salaam

TANZANIA

SEPTEMBER 2008

THIS AGREEMENT made this 30th day of September 2008

BETWEEN

MR ADRIAN MPANDE, a natural person of P. O. Box 6191 Dar es Salaam (hereafter called the "LESSOR" which expression shall include and extend to persons deriving title under the LESSOR, his successors and assigns) of the one part;

AND

BAGAMOYO MINING LIMITED, a limited liability company existing under the laws of Tanzania, of P O Box 6191 Dar es Salaam (hereafter called the LESSEE, which expression shall extend and include persons deriving title under the LESSEE, its successors and assigns) of the other part.

WHEREAS, MR ADRIAN MPANDE is the owner of 120,000 sq metres of land at Pongwe Msungula Kwa Fundi, Msata Area in Bagamoyo District, Coast Region,

And Mr Adrian Mpande is one of the Directors of the LESSEE company, confirms the ownership of the land free and without any encumbrances and

WHEREAS the LESSEE intends to undertake the processing of granite available on the demised land into various sizes of building materials;

NOW THEREFOR THIS AGREEMENT WITNESSETH as follows:-

1. IN CONSIDERATION of the rent hereafter reserved and the LESSOR'S covenants hereafter contained and implied and to be performed and observed by the LESSEE the LESSOR hereby leases unto the LESSEE all the land comprising 120,000 sq metres at Pongwe Msungula Kwa Fundi, Msata Area in Bagamoyo District, Coast Region, for a period of FIVE(5) years with and with an option to

renew commencing on the 30th day of September 2008 at a yearly rent equivalent to one percent (1%) of the value of the processed building materials processed in the particular year.

2. The LESSEE HEREBY CONVENANTS with the LESSOR as follows:-

- a) To use the land for mineral processing and or commercial purposes only.
- b) Not to assign, sub let transfer or part with the possession of the land or part thereof in any way whatsoever without the prior written consent of the **LESSOR**.
- c) To make arrangements for utility supply to the site at the cost of the **LESSEE** including electricity, water supply and telephone communications.

3. The **LESSOR HEREBY COVENANTS** with the **LESSEE** that he will allow the **LESSEE** to peacefully enjoy the use of the land for specific term of the lease without unlawful intervention by the **LESSOR** or by any person rightfully claiming under him.

4. The LESSOR AND LESSEE HEREBY AGREE AND DECLARE THAT:-:

- a) To maintain good business relationships and contacts
- b) To give each other at least **TWO (2)** years notice of intention to terminate the contract and such notice shall be in writing and delivered to the known address of the party or in person.
- c) To ensure that at the end of the lease contract the land is returned to the **LESSOR** or his successors and assigns without undue delay.

IN WITNESS WHEREOF this agreement has been duly executed by the parties the day and year first herein above written.

SIGNED at Dar es Salaam and **DELIVERED**
by the said **LESSOR, MR ADRIAN MPANDE**
who is known to me/identified to me by

MARTHA H. MAKYAO

}
}
}.....
} Signature

The latter being known to me personally in my
presence this 30th day of September 2008

Name.....
Signature..... RICHARD B. MSIRIKALE
Qualification..... (ADVOCATE)
P.O. Box 75894
DAR-ES-SALAAM

SEALED with the **COMMON SEAL** of the said **LESSEE**
BAGAMOYO MINING LIMITED and
DELIVERED in the presence of:

Name..... MARTHA H. MAKYAO
Signature.....
Qualification..... DIRECTOR

Name..... MARTHA H. MAKYAO
Signature.....
Qualification..... DIRECTOR



TICC/PP.10/041646/3

11th March 2009

Managing Director,
Bagamoyo Mining Ltd,
P.O. Box 6191,
DAR ES SALAAM.

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
EXPANSION OF FACILITIES FOR MANUFACTURING OF BUILDING
MATERIALS PARTICULARLY PROCESSING OF GRANITE
AGGREGATES**

We wish to acknowledge receipt of your project proposal to manufacture building materials as presented in the TIC P.A. 1 Form No. 07400 and Feasibility Study with a projected investment of USD 0.6m.

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 Incentive you will be required to submit the following:-

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

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

.../2

TICC/PP.10/041646/3

11th March 2009

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

Yours sincerely,
Tanzania Investment Centre


B. D. Chonjo
Ag. EXECUTIVE DIRECTOR

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

Permanent Secretary,
Ministry of Industry and 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
Bagamoyo Mining Ltd

Post Box	Chalinze	COI Number	42244	Contact	Ngowi Makyao
Post Office	6191	COI Date	02/01/2001	Designation	Director
Region	Bagamoyo	Application F. No	07400	Phone	0
Country	Tanzania	Status	Expansion	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0173 338751
		Sub Sector	Building Materials	Fax	+255 22 2151884
		File No	041646	E-Mail Address	Nmakyao@Yahoo.Co.Uk

Investment Finance Plan in Millions USD

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Pongwe Msungula	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Chalinze	0	0.139	0	0.461
District	Bagamoyo				
Region	Coast (Pwani)				

Shareholders Detail

Name	Nationality	(%)
Martha Makyao	Tanzanian	20
Ngowi Makyao	Tanzanian	30
Theresia Mpande	Tanzanian	20
Adrian Mpande	Tanzanian	30

Investment Breakdown (USD Million)

Land/Building	0.14
Plant	0.248
Vehicles	0.14
Furniture & Fittings	0.003
Pre-expenses	0.019
Others	0
Working Capital	0.05
Total	0.6

Employment	60	Evaluated By	Zakaria kingu
Capacity	xxxx	Drawn By	Sarah Registry
Project Turn Over			

Description

To expand facilities for manufacturing of building materials particularly processing of granite aggregates

Recommendations

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

Decision

Approved.
Ngowi Makyao
AG
07-03-09

BAGAMOYO MINING LTD

QUARRY OPERATORS AND CONCRETE ARTICLES MANUFACTURERS

P O Box 6191,
Dar es Salaam
Tanzania

Phone + 255 22 215 1884

Fax +255 22 215 1884

Mobile +255 713 338751

E mail: nmakyao@yahoo.co.uk

February 27th, 2009.

Ref:BML/01/09

The Director General,
Tanzania Investment Centre,
Shaaban Robert Street,
P O Box 938,
Dar es Salaam.



Dear Sir,

**APPLICATION FOR CERTIFICATE OF INCENTIVES UNDER SECTION
17 AND 18 OF THE TANZANIA INVESTMENT CENTRE ACT 1997.**

We enclose herewith an application for Certificate of Incentives in triplicate under section 17 and 18 of the Tanzania Investment Centre Act 1997, in respect of the above company. We also attach the following documents:-

1. Memorandum and Articles of Association of Bagamoyo Mining Ltd.
2. Certificate of Incorporation Number 42244 dated 2nd October 2001.
3. Feasibility and Business Plan of the Project
4. Extract of Minutes of the Meeting of the Board of Directors approving the registration of the project with Tanzania Investment Centre.
5. Photocopies of Primary Mining Licences Number 0012330 and 0012331 issued to Adrian Mpande also a Director and Shareholder of the company.
6. Deed of Assignment by Adrian Mpande, Shareholder, to Bagamoyo Mining Ltd.
7. Bank reference letters will be mailed/faxed to you directly by the Bankers.

We shall be grateful if the Certificate of Incentives is issued to the company at an early date to enable the investors to proceed with the procurement of the requisite plant and equipment and recruit key personnel immediately. We enclose herewith the fee required for the registration.

Time being of the essence we look forward to hearing from you at an early date and remain
Sir,

Yours sincerely,
Bagamoyo Mining Ltd


Director.



Barclays Bank Tanzania Limited
Barclays House,
Ohio, Street.
P.O. Box 5137
Dar-Es-Salaam
Tanzania

20th February 2009-02-20

The Executive Director,
Tanzania Investment Centre,
P.o Box 938,
Dar Es Salaama
Tanzania.



Dear Sir,

RE: INTRODUCTION OF BAGAMOYO MINING LTD

The above mentioned is our customer maintaining a satisfactorily conducted TZS current account number 6011363.

We consider Bagamoyo Mining Limited to be respectable, trustworthy and good for the normal engagements as far as the transactions with our bank.

From our knowledge of the directors, we believe them to be honest, reliable and of high integrity and good for normal business engagements.

Further assistance to the company will be highly appreciated.

This information is given without responsibility of Barclays Bank Tanzania Ltd on our part or our officials.

Yours Sincerely,

Salama Mussa
Corporate Manager's assistant.



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)

THE 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, NGOWI MAKYAO director of BAGAMOYO MINING LTD

apply for registration of INVESTMENT INCENTIVES under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at PONGWE MSUNGULA SITE, MSATA AREA, BAGAMOYO DISTRICT (OFF CHALINZE SEGERA ROAD, TURN LEFT AT MSATA 7 KMS FROM THE ROAD)

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association
 - (ii) Certificate of Incorporation
 - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
 - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at PLOT 12 BIBI TITI MOHAMED STREET, ILALA MUNICIPALITY, DAR ES SALAAM
 4. The Principal Officers of the Company are: ADRIAN MPANDE, THERESIA MPANDE, NGOWI MAKYAO AND MARTHA MAKYAO WHO ARE ALL DIRECTORS OF THE COMPANY.

Auditors of the Company are HARON & CO, CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE.

5. The authorized share capital of the Company is TShs100,000,000/=
6. The intended capital investment of the Company in terms of Section 2(2) of the Act is US\$ 555,000.
7. The month and day of the financial year end is December 31st of each year.

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

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

I, NGOWI MAKYAO of Post Office Number 6191, DAR ES SALAAM do solemnly and sincerely declare that I am a director of BAGAMOYO MINING 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 17 TH day of FEBRUARY 2009}


.....
Applicant

Before me:


.....
Commissioner for Oaths

GODWIN MUSA MWAPONG
Advocate, Notary Public &
Commissioner for Oaths
Box 72483, DAR-ES-SALAAM

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

APPLICATION SUMMARY

Company Name: BAGAMOYO MINING LTD

COI Number: 42244 Status: LTD

COI Date: 02/10/2001

Post Box: 6191

Town: DAR ES SALAAM

Sector: MINING
INDUSTRY

Sub-Sector: SUPPLIER TO CONSTRUCTION

Investment Financing Plan in Million US\$

Foreign Equity	Local Equity	Foreign Loan	Local Loan
N/A	139,000	N/A	461,000

Project Objectives:

- 1.To carry on the business of quarrying of granite, limestone, quartz and buying and selling of minerals of all sorts and kind in Tanzania.
- 2.To manufacture concrete articles from the by products of the quarrying process
- 3.To transport and deliver the same to the construction industry in Tanzania using transport dump trucks and tippers.

Capacity:

- 1.Aggregates 125 tons per hour year 1 to 780 tons per hour in year 5
- 2.Crusher dust 30 tons per hour in year 1 to 160 tons per hour in year 5
- 3.Paving slabs 180,000 units in year 1 to 898,648 units in year 5
- 4.Kerb stones 118,800 units in year 1 to 593,108 units in year 5
- 5.Storm water pipes 48,000 units to 239,639 units in year 5

Capacities can be increased with demand growth within one year

Employment: Foreign: n/a Local: 60 Total: 60

Implementation Period: March 2009 to June 2011.

Project Location

Site: PONGWE MSUNGULA SITE, MSATA AREA, BAGAMOYO DISTRICT (OFF CHALINZE SEGERA ROAD, TURN LEFT AT MSATA 7 KMS)

Street: CHALINZE/SEGERA District: BAGAMOYO Region: COAST
(Attach sketch map showing project location)

Shareholders	Nationality	%
Adrian Mpande	Tanzanian	30
Theresia Mpande.	Tanzanian	20
Ngowi Makyao	Tanzanian	30
Martha Makyao	Tanzanian	20
Total		<u>100</u>

Investment Breakdown	US\$
Land/Building	140,000
Plant	248,000
Vehicles	140,000
Furniture & Fittings	3,000
Pre-operational expenses	19,000
Working Capital	50,000
TOTAL	<u>600,000</u>

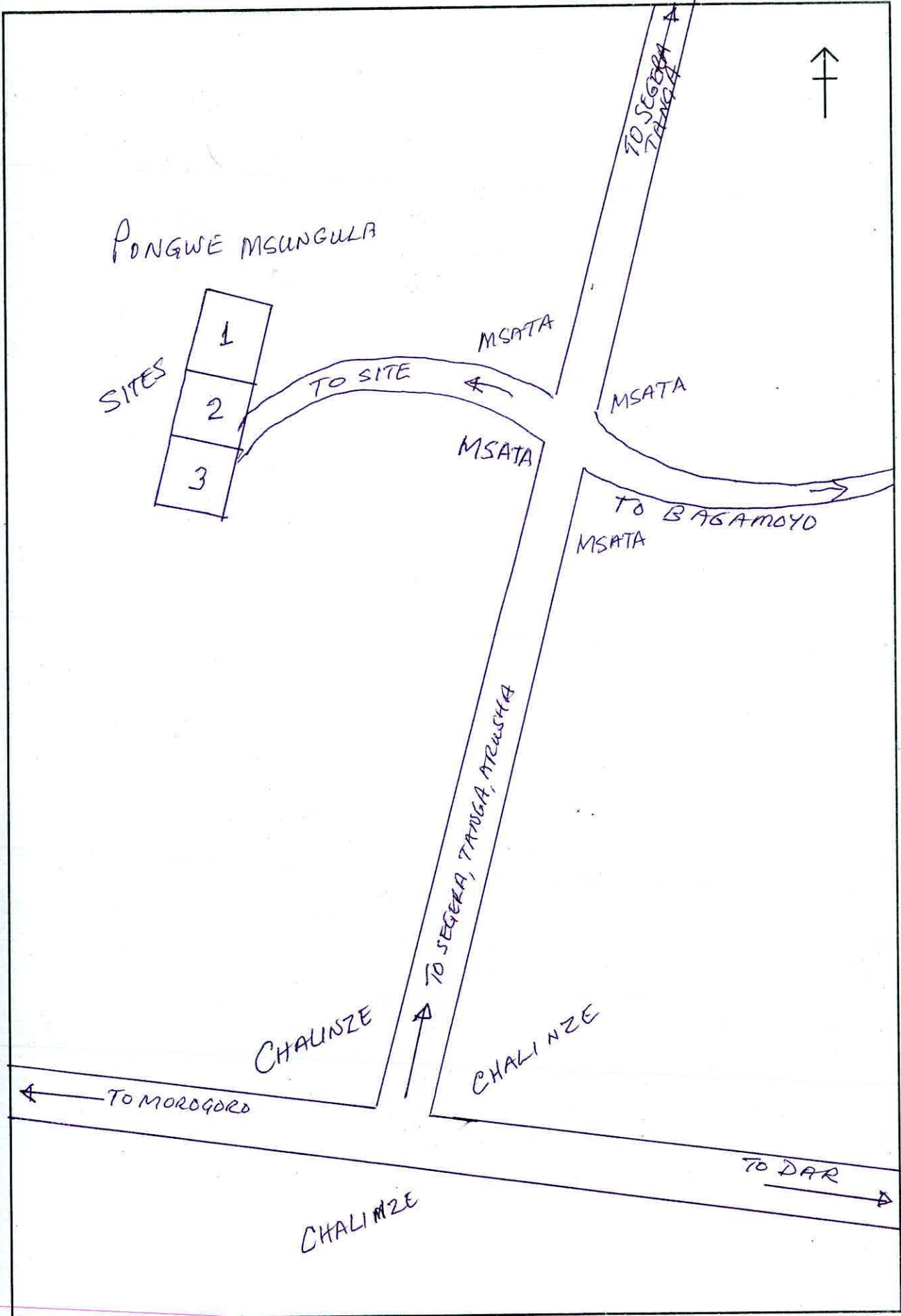
Contact Details:

Name: Ngowi Makyao Title: Director

Telephone: +255 713 338751 Fax: +255 22 215 1884

Email: nmakyao@yahoo.co.uk

SKETCH MAP SHOWING PROJECT LOCATION





**THE COMPANIES ORDINANCE
(CAP. 212)**

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES

OF

ASSOCIATION

OF

BAGAMOYO MINING LTD

Incorporated this Day of2001.

**Drawn and filed by: -
ADRIAN MPANDE
DIRECTOR AND SHAREHOLDER
DAR ES SALAAM.**

TANZANIA

Stamp Duty Shs. ... 1200/=

PAID ON ORIGINAL

Receipt No. 48748458 27/9/2007



Stamp Duty Officer

**THE COMPANIES ORDINANCE
(CAP. 212)**

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

BAGAMOYO MINING LTD

TANZANIA

Stamp Duty Shs. ... 6000/= Paid

Receipt No. 48748458 27/9/2007



Asst. Registrar of Companies

1. The name of the Company is **BAGAMOYO MINING LTD**
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 quarrying of granite, limestone, quartz and sand and buying and selling of minerals of all sorts and kind in Tanzania and elsewhere and trading in minerals in and outside Tanzania.
 - (b) To apply for, purchase, take on lease, minerals claims and mining rights and licences of any nature whatsoever in respect of any minerals within Tanzania or elsewhere.
 - (c) To purchase, take on lease or otherwise acquire for any interest therein, and to hold, build upon, work, exercise, develop, finance and turn to account, building plots and lands of any nature and of any tenure in Tanzania or elsewhere and to sell, let on lease or otherwise dispose thereof and grant rights there over.
 - (d) To carry on business of sellers, distributors and producers and to extract, treat, cure, submit to any process or manufacture and prepare for market, deal in and turn to account any agricultural or forest produce of any description whatsoever.
 - (e) To search for and extract, to submit to any refinement, process or manufacture, to prepare for market, deal in and turn to account any ores and minerals and generally to carry on the business of prospecting, mining, smelting and refining.

- (f) To purchase or otherwise, acquire, erect, maintain reconstruct and adapt any buildings works plant and machinery and other things found to be necessary or convenient for the purposes of the Company.
- (g) To apply for and take out, purchase or otherwise acquire any designs, trade marks, patents, patent rights or inventions, copy-right for secret processes which may be useful for the Company's objects and to grant licences to use the same.
- (h) To manufacture, buy sell and generally deal in any plant, machinery, tools, goods or things or any description which in the opinion of the Company in connection with any of its objects.
- (i) Generally to purchase, take on lease, hire or otherwise acquire any real or personal property or any interest therein and any rights easements or privileges which the Company may think necessary or convenient with reference to any of the objects of the Company, or capable of being profitably dealt with in connection with any of the Company's property or rights for the time being.
- (j) To carry on all of the business of warehousemen and stores of goods, carriers by air, rail, sea, road and otherwise and manufactures of, dealers in, and designers and repairers of all forms of carriage and transport.
- (k) To act as agents brokers and as trustees of any person firm or group of persons in respect of any business or matter of any nature whatsoever notwithstanding that the company may not be empowered to act as principal in connection therewith.
- (l) To purchase or otherwise acquire all or any part of the business and property of any person, firm, society, association or group of persons carrying on or (in the case of a company) formed to carry on all part of such business as is within the objects of this Company and in consideration thereof to pay cash or to issue any shares, stock or obligations of this Company, and in connection with any such transaction to undertake any liabilities relating to the business or property acquired.
- (m) To amalgamate or enter into partnership or any agreement whether perpetual or terminable, for sharing profits, union of interest, joint venture reciprocal concessions or co-operation with any person, firm, society, association or group of persons carrying on or engaged in or about to carry on or engage in or (in the case of a company) formed to carry on, engage in any business transaction or course of action which may seem to the Company capable of being conducted so as directly or indirectly to benefit the Company or to prevent or minimise apprehended loss, damage or cost to the Company or to such person, firm, society, association or group of persons, and to purchase, subscribe for or otherwise acquire and hold shares (fully or partly paid up) or stock in or securities of, or to lend money, to guarantee the contracts of subsidise or otherwise assist any such persons, firm, society, association or

group of persons, and to sell, hold, re-issue with or without guarantee or otherwise deal with such shares, stock or securities.

- (n) To sell, exchange, let, develop, dispose of or otherwise deal with the undertaking of the Company or any part of thereof upon such terms and for such consideration as the Company may think fit.
- (o) To improve develop, exchange, mortgage, let on rent or in consideration of a share of profits, either in money or kind or otherwise grant licences, easements and other rights of and over in any manner dispose of turn to profit or deal with all or any part of the property and rights of the Company.
- (p) To establish or promote and otherwise assist any company or companies for the purpose of acquiring all or any part of the property or furthering any of the objects of this Company.
- (q) To issue or guarantee these of or the payment of interest on the shares, debentures, debenture stock or other securities or obligations of any company.
- (r) To invest any monies of the Company not immediately required for the purpose of the business of the Company in such manner as may be determined from time to time.
- (s) To lend and advance money or give credit to such persons and on such terms as may be deemed expedient and in particular to customers and others having dealing with the Company and to give guarantees or become surety for any such person.
- (t) To raise or borrow money or secure the payment of money and of any interest thereon in such manner and on such terms as may be deemed expedient, and in particular by the issue at par or at a premium or discount of debentures or debenture stock either perpetual or terminable, or by bonds, mortgages or any other form of security over or upon all or any of the undertaking, property or rights of the Company both present and future including its uncalled capital, or without any such security.
- (u) To join with any other company or companies in the issue of a joint debenture or joint debentures to secure the performance of any of the joint or several obligations of this Company and all or any of such other companies.
- (v) To receive money on deposit with or without interest thereon.
- (w) To accept stock or shares in or the debentures, mortgage debentures or other securities of any other company in payment or party.
- (x) To draw, make and to endorse, discount and negotiate bills of exchange, promissory notes and other negotiable instruments.

- (y) To establish agencies and local boards in Tanzania and elsewhere and to regulate and discontinue the same.
- (z) To seek for and secure openings for the employment of capital in any part of the world and with a view thereto to prospect, inquire, examine, explore and test and to employ and to despatch expeditions, commissioners, experts and other agents.
- (aa) To acquire from any sovereign state of authority supreme local or otherwise any concessions, grants, decrees, rights or privileges whatsoever which may seem to the Company capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.
- (bb) To procure the Company to be registered or recognised in any foreign country of place.
- (cc) To carry on the business of bankers and financiers in all their branches and departments, including borrowing, raising or taking up money, the lending or advancing of money, securities and property, the discounting, buying, selling and dealing in bills of exchange, promissory notes, coupons, drafts of lading, warrants, debentures, certificates, scrip and other instruments and securities and issuing letters of credit and circular notes the buying, selling and dealing in bullion and specie the acquiring, holdings issuing on commission under writing and dealing with stocks, funds, shares, debentures, debenture stock, bonds, obligations, securities and investment of all kinds, the negotiating of loans and advances, the receiving of money and valuable on deposit or for safe custody or otherwise, the collecting and transmitting of money and securities, the managing of property and transacting of all kinds of agency business commonly transacted by bankers.
- (dd) To capitalise if and when deemed advisable the whole part of the undivided profits of the Company and/or monies standing to the credit of the Company's reserve fund and to distribute such either as bonus or in any other manner and either by way of shares credited as fully paid up or in such other manner as may seem expedient and whether amongst holders of shares in the Company or others.
- (ee) To sell, impose or transfer the whole part or any part of the business and property of the Company for any consideration that the Company may see fit to accept.
- (ff) To distribute any of the property of the Company among the members in species, and either by way of dividends or upon any return of capital.
- (gg) To provide for the welfare of persons in the employment of the Company, or formerly in the employment of the company, or its predecessors in business, ~~and~~ the wives, widows and families of such persons by grants of money, ~~pensions~~ or other payments and by providing or subscribing towards places of instruction and recreation, and hospitals, dispensaries, medical and other attendance, and other assistance as the Company may think fit.

- (hh) To form, subscribe to or otherwise aid benevolent religions, scientific, national, charitable or other institutions or objects of a public character or which have any moral or other claims to support or aid by the Company by reason of the nature of locality of its operations or otherwise.
- (ii) To carry on, develop, extend and turn to account any trade, business or operation whatsoever which can, in the opinion of the Company be advantageously or conveniently carried on by the Company by way of extension of or in connection with all or any of the trade, business and operations which the Company is authorised to carry on, or is calculated directly or indirectly to develop any branch of the Company's business or to increase the value of or turn to account any of the Company's assets, property and rights.
- (jj) to do all or any of the matters hereby authorised in any part of the world either alone or in conjunction with or as, by or through factors, trustees or agents.
- (kk) Generally, to do all such other things as may appear to be incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that in the interpretation of this clause, the powers conferred on the Company by any paragraph, shall not be restricted by reference to any other paragraph, or to the name of the Company, or by the juxtaposition of two or more objects nor shall any of the aforesaid objects or powers be deemed subsidiary or auxiliary merely to the objects mentioned in the first or any other paragraph, save as is expressly provided, but so that the Company shall have power to exercise all or any of the powers conferred by any part of this clause in any part of the world, and in the event of ambiguity, this clause and every paragraph hereof shall be construed in such a way as to widen and not to restrict the powers of the Company.


4. The liability of the Members is limited.
5. The share capital of the Company is Shs 100,000,000. /= divided into 1000 ordinary shares of Shs 100,000/= each with power for the Company to increase or reduce the said capita, and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege; or subject to any postponement of rights or to any conditions or restrictions; and so that unless the conditions of issue shall otherwise expressly declare, every issue of share, whether declared to be preference or otherwise, shall be subject to the power herein contained.

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

Names and addresses of Subscribers	Description of Shareholders	Number of Shares	Signatures
Adrian Mpande. P.O Box 22750 DSM	Businessman	3	
Theresia Mpande P.O Box 22750 DSM	Businesswoman	2	
Ngowi Makyao P.O Box 6191 DSM	Businessman	3	
Martha Makyao P.O Box 6191 DSM	Businesswoman	2	

Dated this 27th day of Sept, 2001

Witness to the above signatures:-


 Mrs Cecilia Bazo Shiyo
 Advocate
 P O Box 13179,
 Dar es Salaam



TANZANIA

Stamp Duty Shs. 1200/=

PAID ON ORIGINAL

Receipt No. 14874845 of 27/19/2007

Stamp Duty Officer

**THE COMPANIES ORDINANCE
(CAP. 212)**

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

BAGAMOYO MINING LTD

TANZANIA

Stamp Duty Shs. 600/=

Paid

Receipt No. 14874845 of 27/19/2007

Asstt. Registrar of Companies

8

PRELIMINARY

1. The Company is a private limited liability company and accordingly:
 - (a) The Company shall, not offer any of its shares or debentures to the public for subscription.
 - (b) The company can transfer shares.
 - (c) The number of the Company (not including persons who are in the employment of the Company and persons who having been formerly in the employment of the Company, have continued after termination of that employment to be members of the Company) shall not be less than two (2) and not exceed fifty (50). Where two or more persons hold one or more shares in the Company jointly they shall for the purposes of this articles be treated as a single member.
 - (d) The Company has the power to issue share warrants to bearers, as the Directors may determine.
2. Table "A" in the First Schedule of the Companies Ordinance (Cap 212) shall not apply to the Company.
3. In these Regulations, unless the Context otherwise requires, expressions defined in the Companies ordinance or any statutory modification thereof in force at the date at which these Regulations become binding upon the company, shall have the meanings so defined, and words importing the singular shall include the plural, words importing the masculine gender shall include the feminine, and words importing persons shall include bodies corporate.

SHARES

1. The original share capital of Tanzanian Tshs. 100,000,000/= is divided into 1000 shares of Tshs. 100, 000/= each which are numbered 1 to 1000 inclusive
All the aforesaid shares shall, as regards dividends and return of capital and in all respects rank pari passu with one another except with regard to the appointment of Directors to which matter the provisions of Regulations 68 hereof shall apply.

5.
 - (1) If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may be varied with consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.
 - (2) To every such separate general meeting the provision of these Regulations relating to general meetings shall mutatis mutandis apply, the necessary quorum shall be two persons at least, holding or representing by proxy at least one-third of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may be demand a poll.
 - (3) For the purposes of these Articles, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

6. Every person whose name is entered as a member in the register shall, without payment, be entitled to one certificate under the common seal of the company specifying the share or shares held by him and the amount paid thereon, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a share certificate to one of the joint holders shall be sufficient delivery to all.

7. The Company shall be entitled to treat the person whose name appears upon the Register, in respect of any shares, as the absolute owner thereof and shall not be under any obligation to recognise any trust or equity or equitable claim to or partial interest in such shares, whether or not it shall have express or other notice thereof.

8. If any such certificate is defaced, lost or destroyed, it may be renewed on payment of a fee, if any, not exceeding one shilling, and on such terms, if any, as to evidence and indemnity as the Directors think fit.

LIEN

9.
 - (1) The Company shall have a first and paramount lien on every share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company's lien, if any, on a share extends to all dividends payable thereon.
 - (2) The lien hereby conferred shall attach to all shares registered in the name of any person indebted or under liability to the Company, whether he is the sole registered holder or one of several joint holders.
 - (3) The Company's lien, if any, on a share, shall extend to all dividends payable thereon.
10. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto to reason of his death or bankruptcy to the share.
11. For giving effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the share comprised in any such transfer; and he shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sales.
12. The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall be held (subject to a like lien for sums not presently payable as existed upon the shares before the sale) to be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

13. The Director may from time to time make calls upon the Members in respect of any money unpaid on their shares and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay the Company, at the time or times and place so specified the amount called on his shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
14. The joint holders of a share are jointly and severally liable to pay all calls in respect thereof.
15. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of 10 per cent per annum from the day appointed for payment

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

16. The provision of these articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium as if the said had become payable by virtue of a call duly made and notified,
17. The Directors may make arrangements on the issue of shares for a different between the holders in the amount of calls to be paid and in the times of payment.
18. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the money's uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the sum would, but for such advance, become payable) pay interest at such rate (not exceeding, without the sanction of the Company in general meeting 8 per cent per annum) as may be agreed upon between the Board and the members paying such sum in advance and the Directors.

TRANSFER AND TRANSMISSION OF SHARES

19. Subject to the Provisions hereinafter contained, shares in the Company shall be transferable by written instrument in the common form signed by both the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the registrar of members in respect thereof.
20. Save as is hereafter provided, the Directors may in their absolute discretion decline to register any transfer of shares on which the Company has a lien. The Directors may also suspend the registration of transfers during the period of fourteen days immediately preceding the Annual General Meeting in each year. The Directors may also deem to not recognise any instrument of transfer unless:
 - (a) a fee note exceeding Ten Thousand shillings (10,000/=) is paid to the Company in respect thereof;
 - (b) the certificate of the shares to which it relates accompanies the instrument of transfer and such other evidence as the Directors may reasonable require to show the right of the transferor to make the transfer.
21. If the Directors refuse to register a transfer of shares they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
22. The personal representatives of a deceased sole holder of a share shall be the only persons recognised by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor, or

the personal representatives of deceased survivors, shall be the only persons recognised by the Company as having any title to the share.

23. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors have the right either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.
24. A person becoming entitled to a share by reason of the death or bankruptcy of the holder, shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.
25. Save as is hereinafter provided, no share in the Company shall be transferred other than to a person who is already a member of the Company until the rights of pre-emption hereby conferred shall have been exhausted, that is to say:
 - (a) Every member or other person referred in Article 23 hereof who intends to transfer shares (hereinafter called "vendor") shall give notice in writing to the Board of his intention so to do. Such notice shall constitute the Board and his agent for the sale of the said shares in one or more lots at the discretion of the Board to members of the Company at a price to be agreed upon by the vendor and the Board or in default of agreement, at a price which the auditor of the Company for the time being shall certify by writing under his hand, to be in his opinion, the fair selling value thereof as between willing vendor and a willing purchaser.
 - (b) Upon the price being fixed as aforesaid, the Board shall forthwith give notice to all members of the Company, of the number and price of the shares to be sold, and invite each of them to state in writing within thirty days from the date of the said notice whether he is willing to purchase any, and if so what maximum number of the said shares.
 - (c) At the expiration of the said thirty days the Board shall allocate the said shares to or amongst the member or members who shall have expressed his or their willingness to purchase as aforesaid and (if more than one) so far as may be pro rata according to the number of shares already held by them respectively. PROVIDED THAT no member shall be obliged to take more than the said maximum number of shares so notified by him as aforesaid.
 - (d) Upon such allocation being made the vendor shall be bound on payment of the said price to transfer the shares to the purchaser or purchasers. If he makes default in so doing the Chairman of the Directors of the Company, or failing him one, of the Directors duly nominated by resolution of the Board

for that purpose, shall forthwith be deemed to be duly appointed attorney of the vendor with full power to execute complete and deliver in the name and on behalf of the vendor a transfer of the shares to the purchasing member or members and the Board may receive and give a good discharge for the purchaser in the register of members as holder by transfer of the shares purchased by him.

26. In the event of the whole or any lot of shares offered through the Board, as provided by article 25 hereof, not being sold in the manner by that article provided, the vendor may at any time within six calendar months after expiration of the said period of thirty days after the date of the notice given by the Board to the members, transfer the shares not so sold to any person (subject to Article 20) and at any price.
- 27.
- (1) The provisions of articles 20, 23 and 25 hereof notwithstanding, any share held by a deceased member may be transferred at any time by such deceased member's executor or administrator to his heirs PROVIDED THAT such heirs are the deceased member's wife or husband, ascendant or descendant, or the husband or wife of such ascendant or descendant.
 - (2) The provisions of the aforesaid articles hereof notwithstanding any shares of Class "B" may at any time be transferred to any registered co-operative society engaged in the production or marketing of agricultural crops PROVIDED THAT approval in writing to such transfer of shares shall have been given by the Ministry of the Government of Tanzania responsible for Co-operative affairs.

FORFEITURE OF SHARES

28. If a member fails to pay any call or instalment of a call by the day appointed for the payment thereof, the Directors may at any time thereafter during such time as the call, or instalment remains unpaid, serve a notice on him requiring him to pay such call, or instalment as unpaid together with any interest which may have accrued.
29. The notice shall name a further day (not earlier than expiration of fourteen days from the date of the notice) on or before which such the payment required by the notice is to be made and shall state that in the event of non-payment, at or before the time appointed, the shares in respect of which such call was made will be liable to be forfeited.
30. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect; and such forfeiture shall extend to any dividends in respect of any share so forfeited not actually paid at the date of the said notice.

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

ALTERATIONS OF CAPITAL

35. The Company may from time to time, by Special Resolution, increase the share capital by such sum, to be divided into shares of such amount, as the Resolution shall prescribe.
36.
 - (1) subject to the Provision hereinafter provided, and to any direction to the contrary that may be given by the resolution sanctioning the increase of share capital, all new shares when issued shall be divided between Classes "A" and "B" in the proportion 2:1 and such shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notice from the Company of a general meeting, in proportion, as nearly as circumstances admit, to the amount of the existing shares to which they are entitled, and for the purpose new Class "A" shares shall be so offered to the holders of Class "A" shares only and new Class "B" shares shall be offered to Class "B" shareholders only. The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined and, after the expiration of that time, or on receipt of an irritation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the Company. The Directors may likewise dispose of any new shares which (by reason of the ration, which

the new shares bear to shares held by persons entitled to an offer of new shares,) cannot, in the opinion of the Directors, be conveniently offered under this article.

- (2) Upon such issue of new shares any of the Class "B" shares may instead of being offered to the holders for the time being of Class "B" share, be offered to any registered co-operative society engaged in the production or marketing of agricultural crops PROVIDED THAT approval in writing to such offer shall have been given by the Minister as aforesaid.
37. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmissions, forfeiture, expropriation, and otherwise as the shares in the original share capital.
38. The Company may, from time to time, by Ordinary Resolutions:-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of Section 51(1) (D) of the Ordinance; or
 - (c) cancel any shares, which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by any person;

and may by special resolution, reduce its share capital in any manner, and subject to any incident authorised, and consent required by laws.

GENERAL MEETING

39. A general meeting shall be held once in every calendar year at such time (not being more than fifteen months after holding the last preceding general meeting) and place as may be determined by the Directors. In default of a general meeting so held, a general meeting may be convened by any one member in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.
40. All such general meetings shall be called Annual General Meetings and all other general meetings shall be called Extraordinary General Meetings.
41. 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 requisition, or default, may be convened by such requisitioner as provided by section 114 of the Company Ordinance. If at any time there are not within Tanzania sufficient members of the Company may convene an extraordinary general meeting in the manner as nearly as possible as that in which meetings may be convened.

NOTICE OF GENERAL MEETING

42. Subject to the provisions of section 117(2) of the Companies Ordinance relating to special resolutions, the Directors shall, providing fourteen days notice at least (exclusive of the days on which the notice is reserved,) specify the place, the day and the hour of the meeting, and in the case of special business, the general nature of that business shall be given in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in the general meeting, to such persons as under these articles are entitled to receive such notices from the Company; but with the consent of all the members may think fit.
43. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETING

44. All business shall be deemed special that is transacted at an Annual General Meeting with the exception of declaring a dividend, the consideration of the accounts, balance sheets, the reports of the Directors and auditor, the election of Directors in the place of those retiring, and the appointment of and the fixing of the remuneration of, the auditors.
45. 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. Save as is herein otherwise provided, two members present in person or by proxy or, in the case of a corporation, by its representative shall constitute a quorum.
46. If, within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.
47. The Chairman, if any, of the Board of Directors shall preside as chairman at every General Meeting of the Company.
48. If there is not such Chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose some of their number to be Chairman.
49. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting

other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

50. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless before, or on the declaration of the result of the show of hands, a poll is demanded by at least one member present in person or by proxy and entitled to vote.
51. 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, an entry to that effect in the book containing the minutes of the 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.
52. If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
53. In the case of any equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a second or casting vote.
54. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. a poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
55. An ordinary resolution of the Company determined on without any general meeting, and evidenced by writing under the hands of all Directors, or a sole Director and of members of the Company holding in the aggregate three-fourths of the issued shares of the Company, shall be as valid and effectual as an ordinary resolution duly passed at a general meeting of the Company.

VOTE OF MEMBERS

56. On a show of hands, every member present in person shall have one vote. On a poll, every member shall have one vote for each share of which he is the holder.
57. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of members.

58. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other person in the nature of a committee, curator bonis, or other person may, on a poll, vote by proxy.
59. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company has been paid.
60. On a poll, votes may be given either personally or by proxy.
61. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or, if the appointer is a corporation, either under common seal, or under the hand of an officer or attorney duly authorised. a member shall not be entitled to appoint more than one proxy to attend on the same occasion nor may a proxy vote except on a poll.
62. 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 office or at such other place within the Territory as is specified for that purpose in the notice convening the meeting, not later than the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, not later than the time appointed for the taking of the poll, or at such later time as the Directors may agree, and in default the instrument of proxy shall not be treated as valid.
63. An instrument appointing a proxy shall be in the following form, or in any other form acceptable to the Directors.

BAGAMOYO MINING LTD

I of
 ..being a member of BAGAMOYO MINING LTD
 do hereby appoint of
 as my proxy to vote for me and on my behalf at the Annual/Extraordinary General Meeting of the Company to be held on the day of 2001, and at any adjournment thereof.

Signed this day of 2001.

.....
 (Signature of Member)

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

BOARD OF DIRECTORS

65. (a) Unless otherwise determined by the company in General Meeting the number of Directors shall not be less than two and not more than ten in number.
- (b) The following persons shall be the first directors of the company.
1. Adrian Mpande
 2. Theresia Mpande
 3. Ngowi Makyao
 4. Martha Makyao
66. (1) The remuneration of the Directors shall from time to time, be determined by the Company in general meeting.
- (2) In addition to their usual remuneration, the Directors shall also be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of Directors.

APPOINTMENT OF DIRECTORS

67. The Directors of the Company shall be appointed by the shareholders in manner following The Directors so appointed shall hold office at the pleasure of the Shareholder by whom they were appointed and at any time by notice in writing addressed and delivered to the Company, cancel any appointment so made and may, in like manner, appoint other Directors to fill vacancies caused by such cancellation of appointment or howsoever arising.
- 68.
- (1) The shareholders may likewise appoint and cancel the appointment of alternates to the Directors so appointed, and failing such appointment of alternates, to the Director may himself appoint any person to act as his alternate and in his stead during his absence or inability for an reason to act as such Director, and at his discretion may remove such alternate Director by notice in writing to the Company.
 - (2) On such appointment being made, the alternate Director shall, except as regards remunerations and the power to appoint an alternate Director, be subject in all respects to the terms and conditions existing, with reference to the other Directors, and each alternate Director, while acting in the place of an absent Director, shall enjoy all the rights of an exercise and discharge all the duties of the Director he represents.
 - (3) If a Director to whom an alternate Director has been appointed as aforesaid shall cease to be a Director, then the person appointed as his alternate shall thereupon cease to have any power or authority to act as such alternate Director.

POWERS OF DIRECTORS

69. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company, and may exercise all such powers of the Company as are not by the Statutes or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of these Articles, to the provisions of the Statutes, and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Extraordinary Resolution of the Company in General Meeting. No regulation made by the Company in General Meeting shall invalidate any prior act of the Directors, which would have been valid, if such regulation had not been made.
70. The Directors may from time to time and at any time by power of attorney, under the seal appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretion vested in him.
71. The Directors shall cause minutes to be made in books provided for the purpose of:
- (a) all appointments of officers made by the Directors;
 - (b) all the names of the Directors present at each meeting of the Directors and of any Committee of Directors; and
 - (c) all resolutions and proceedings at all meetings the Company, and of the Directors and Committees of Directors and every Director present at any meeting of Directors or Committees of Directors, shall sign his name in a book to be kept for that purpose.

DISQUALIFICATION OF DIRECTORS

72. The office of a Director shall ipso-facto be vacated: -
- (a) if he becomes bankrupt or insolvent or company with his creditors;
 - (b) if he becomes of unsound mind or is found lunatic;

- (c) if he absents himself from the meetings of the Directors for a continuous period of six months without special leave of absence from the Directors and the Board resolves that his office be vacated;
- (d) if he becomes prohibited from being a Director by reason of any order made by the High court of Tanzania under the Companies Ordinance; or
- (e) if he gives the Directors one calendar month's notice in writing that he resigns his office.

PROVIDED THAT any act done in good faith by a Director whose office is vacated aforesaid shall be valid unless, prior to the doing of such act, written notice shall have been made in the Directors' minute book stating that such Director has ceased to be a Director of the Company.

- 73. A Director, and any firm or company of which a Director is a member may hold any office of profit under the Company in conjunction with the office of Director and may enter into contracts or arrangements or have dealing with the Company.
- 74. A Director holding any office or profit or who, or whose firm or company, enters into contracts or arrangements, or has dealings as aforesaid shall not be disqualified from office thereby nor shall he be liable to account to the company for any profit arising out of any such contract, arrangement or dealing through being at the same time a Director of the company PROVIDED THAT such Directors disclose to the meeting of Directors at which such contract, arrangement or dealing is first taken into consideration the nature of his interest therein, or, if such interest is subsequently acquired, he discloses the fact that he has acquired such interest at the next meeting of the Directors held after the interest was acquired.

PROCEEDINGS OF DIRECTORS

- 75. The Directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Subject to and in accordance with any agreement in writing among all of the members of the Company, questions arising at any 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 on the requisition of a Director shall, at any time summon a meeting of the Directors.
- 76. The quorum necessary for the transaction of the business may be fixed by the Directors, and unless so fixed shall be two.
- 77. The continuing Directors may act, notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the Company as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting of the Company, but for no other purpose,

78. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office; but if no such Chairman is elected, 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.
79. The Directors may delegate any of their powers to committees consisting or such members of their body as they think fit, any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Board.
80. A committee may elect a Chairman of its meetings. If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be Chairman of the meeting.
81. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the chairman shall have a second or casting vote.
82. All acts done by any meeting of the Directors or of a committee of Directors or by any 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 person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
83. A resolution determined on without any meeting of Directors and evidenced by writing under the hands of all the Directors, or a sole Director, or of all the members of a committee, or a sole member of a committee, shall be as valid and effectual as a resolution duly passed at a meeting of the Directors or of such committee.

SECRETARY

84. (a) The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as the Board may think fit, and they may remove any Secretary so appointed.
(b) The first Company Secretary of the company shall be Mr. Ngowi Makyao and shall be paid such remuneration and or fees as shall be agreed with the Board of Directors.
85. No person shall be appointed or hold office as Secretary who is:
 - (a) the sole Director of the Company; or
 - (b) a corporation the sole Director of which is the sole Director of the Company;
 - (c) the sole Director of a corporation, which is the sole Director of the Company.
86. A provision of the Ordinance or these regulations requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done

by or to the same person acting both as Director and as, or in place of, the Secretary.

DIVIDENDS AND RESERVE

87. The Company, in general meeting, may declare dividends but no dividend shall exceed the amount recommended by the Directors.
88. The Directors may, from time to time, pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.
89. No dividend shall be paid otherwise than out of profits.
90. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares but if and so long as nothing is paid up on any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purpose of this article as paid on the share.
91. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve which shall, at the discretion of the Directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.
92. If several persons are registered as joint holders of any share any one of them may give effectual receipts for any dividend payable on the share.
93. No dividend shall bear interest against the Company.

ACCOUNTS

94. 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 of which the receipt and expenditure takes place;
 - (b) All sales and purchases of goods by the Company; and
 - (c) The assets and liabilities of the Company.



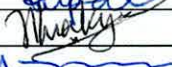

107. Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, debentures or securities, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payments in cash or otherwise as they think fit for the case of shares, debentures or securities becoming distributable in fractions and also to authorise any person to enter on behalf of all members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up the Company on their behalf by the application thereto of their respective proportion of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing share, and agreement under such authority shall be effective and binding on all such members.

WINDING - UP

108. If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Ordinance, divide amongst the members in specie or kind the whole or any part of the assets of the Company and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any share or the securities whereon there is any liability.


INDEMNITY

109. Every Director, agent auditor, secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted.

Names and addresses of Subscribers	Description of Shareholders	Number of Shares	Signatures
Adrian Mpande P.O. Box 22750, DSM	Businessman	3	
Theresia Mpande P.O. Box 22750 DSM	Businesswoman	2	
Ngowi Makyao P.O. Box 6191 DSM	Businessman	3	
Martha Makyao P.O. Box 6191 DSM	Businesswoman	2	

Dated this ^{27th} day of Sept. 2001

Witness to the above signatures:


 Mrs Cecilia Bazo Shiyo
 Advocate
 P O Box 13179,
 Dar es Salaam



**FEASIBILITY AND BUSINESS PLAN
FOR
DEVELOPMENT
OF
GRANITE QUARRY
AT PONGWE MSUNGULA
MSATA AREA, BAGAMOYO
FOR
BAGAMOYO MINING LTD**

Submitted by: -

Corporate Services International Ltd

Management and Business Consultants

P O Box 6191,

Dar es Salaam

TANZANIA

SEPTEMBER 2008

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ANNEXES

1. Bagamoyo Mining Limited Organization Chart

EXECUTIVE SUMMARY

1.1 The Project

This investment proposal sets out to examine the financial viability and economic desirability of the acquisition of quarrying machinery by Bagamoyo Mining Limited to expand and develop granite aggregates quarrying for local consumption and acquisition of necessary working capital to run the Company profitably.

1.2 The Market

The market exists for the products and services of the Company and at present has an unquenched local market.

1.3 Management and Organization

The designed Organization Chart of the Company sets up an organizational structure that is self supporting and capable of attracting high calibre staff in view of the attractive remuneration packages and the recruitment procedures. A training program is to be instituted so that all the technical jobs are manned by capable Tanzanians. Incentive and free education material will be given to employees to motivate them, including study tours to the equipment and machinery suppliers to familiarise the employees with the machinery operation and maintenance. Other specialized services like legal counsel, management consultant and other skills will be hired as necessary while operational, stores and accounting manuals will be prepared by consultants for permanent use by the Company to ensure consistency and efficiency.

1.4 Capital Cost and Capitalization

The total cost of the project will be (US\$ 555,000). This is financed by equity contribution of United States Dollars 25,000 in equity and retained earnings by BML as Sponsors and the rest is in form of Development Loan for the quarrying machinery, of US\$ 530,000 from a development bank.

1.5 Financial Appraisal

On the basis of various assumptions contained in the various schedules to this report, the net profit after taxes from the mining and concrete article manufacture operations is expected to rise from US\$215,204 in year 1 to US\$ 1979,541 in year 5. By the end of year 5 the Company will have accumulated reserves of US\$3,528,328 after paying dividends.

The Company's cash generation is quite strong throughout the period under consideration. Cash balances accumulate rapidly from US\$242,879 in year 1 to US\$3,533,624 in year 5. The net working capital moves from a deficit of US\$46,186 in year 1 to US\$208,330 in year 5 while the Company's net worth rises from US\$555,000 in year 1 to US\$4,050,203 in year 5.

The Company's internal rate of return (IRR) before interest and taxes is 26%. The payback period is 2 years and 7 months. The business can sustain a decrease in prices of its products by 10 % before making losses. All those tests affirm the financial viability of this project.

1.6 Economic Appraisal

Apart from pure commercial attributes, the project is economically desirable on a number of important grounds.

[a] With over 40 % of the turnover in foreign exchange and with the low foreign exchange payments due from the Company for the Development Loan the Company will effect a foreign exchange inflow of US\$8,821,600 in 5 years thereby liquidating the loan, interest and credit obligations.

The foreign exchange impact on the economy is thus quite substantial.

[b] Bagamoyo Mining Limited will generate employment for 60 new jobs on permanent terms. This will have a big effect on the economy by way of families supported etc.

[c] The project will contribute very heavily to Government revenue by way of duties, taxes, royalties and licences.

[d] The project will enhance forward linkages in the granite aggregates and construction industries in the economy.

[e] The economic rate of return (ERR) works out at 26 % thereby emphasizing the economic desirability of the project.

1.7 Conclusion

This feasibility report shows that the proposed project is financially viable, economically desirable and commercially profitable. The project is based on a well-founded base that the Bagamoyo Mining Limited management has considerable experience and financial ability to undertake the mining and concrete article manufacture activities in Bagamoyo District in Coast Region of Tanzania to meet international quality and quantity standards of the granite aggregates produced. The Company is also very well placed with the marketing of granite aggregates and the other concrete articles in the local market in Tanzania.

Given the commitment of the Management of Bagamoyo Mining Limited and with the assistance of a development bank as the lenders, the Company will be capable of generating the turnover with a big impact on the economy of Tanzania.

It is therefore recommended that Bagamoyo Mining Limited with objectives and the span of interest and magnitude demonstrated above be supported by a loan from development bank to undertake the envisioned project.

CHAPTER 2

2.0 INTRODUCTION

2.1 Name and Ownership of the Company

The Name of the company is Bagamoyo Mining Limited.

2.2 Share Capital

The Authorized Share Capital of the Company is One Hundred Million Tanzanian Shillings (TShs100, 000,000) divided into 100,000 shares of Tanzanian Shillings One Thousand Each (TShs 1,000). These are issued to the Directors of the company who are all Tanzanians and shareholders in the company as follows:-

Name of Shareholder	Profession	Percentage of shares held
Adrian Mpande	Businessman	30
Theresia Mpande	Businesswoman	20
Ngowi Makyao	Businessman	30
Martha Makyao	Businesswoman	20
Total Shares Taken		100

The directors have for most of their professional service worked with the Government and the private sector and held senior positions in management, planning, designing and execution of both rural, urban and local government issues. They are highly conversant with the mining and housing sector in Tanzania.

2.3 ACTIVITIES

The objectives and activities for which the company is established is as follows:-

- (a) To carry on the business of quarrying of granite, limestone, quartz, felspar and sand and buying and selling of minerals of all sorts and kind in Tanzania and elsewhere and trading in minerals in and outside Tanzania.

-
- (b) To apply for, purchase, take on lease, minerals claims and mining rights and licences of any nature whatsoever in respect of any minerals within Tanzania or elsewhere.
 - (c) To purchase, take on lease or otherwise acquire for any interest therein, and to hold, build upon, work, exercise, develop, finance and turn to account, building plots and lands of any nature and of any tenure in Tanzania or elsewhere and to sell, let on lease or otherwise dispose thereof and grant rights there over.
 - (d) To carry on business of sellers, distributors and producers and to extract, treat, cure, submit to any process or manufacture and prepare for market, deal in and turn to account any agricultural or forest produce of any description whatsoever.

2.3.1 Offices

The company has a registered office in Dar es Salaam situated at SIDO Small Business House along Bibi TiTi Mohamed Street Plot 12 Room 1-A next to the College of Business Education. The company also plans to have other two field offices, one at the mining site about 7 kms off Chalinze-Segera Highway turning left at Msata Minor Settlement and a despatch yard at Chalinze township on the Dar-Morogoro Highway.

2.2.3 Legality of the Borrower and the business

The company is a private limited liability Tanzanian Company under the Companies Ordinance (Cap 212) by the name Bagamoyo Mining Ltd that, as the name implies, specializes in mining of both granite and limestone aggregates for the construction industry in Tanzania. The Company was incorporated in October 2001 under Certificate of Incorporation Number 42,244.

2.3 Purpose of the Project

The purpose of the project is to purchase quarrying equipment, machinery and implements, installation of electricity at the mining site at Pongwe Msungula Msata Area in Bagamoyo District, mining granite aggregates and acquiring of necessary transport dump trucks to run the mine profitably.

CHAPTER 3

3.0 ECONOMIC ASPECTS

3.1 Employment Generation

The granite aggregates quarry will create employment for 60 permanent employees. The cost per job created is US\$ 152,146 per annum, which works out to US\$ 2535 per job per annum. Other 800 jobs will be created through indirect employment, first on the backward linkage, the transporters who deliver the product to the various contractors and on the forward linkage, the people who deliver the products to the despatch yard and the producers of concrete articles

3.2 Foreign Exchange Generation, Impact and Diversification plans

The company intends to sell 100 per cent of its goods to the local market to foreign countries but due to the existence of many foreign contractors undertaking large projects some about 40 % of the sales will be paid for in foreign currency. The company will be able to retained 100 percent of these payments to pay for all the foreign procurements like valuable inputs and spare parts for plant and machinery without requesting the Central Bank for funds. This will make the company a large contributor of foreign exchange to the National Treasury of Tanzania. This impact is quite substantial. On diversification, the company plans to set up

3.3 Government Revenue

The project will generate revenue to the Government as follows: -

- import duties,
- excise duties,
- vehicle registration fees and taxes,
- quarrying royalties,
- corporate taxes (income),
- payroll levy,
- skills development levy,
- personal income tax (PAYE),
- withholding taxes on interest/dividends on the distribution of profits,
- business licences,
- export taxes,

-
- land and property taxes.

Although the Company will be entitled to the Incentives under the Investment Centre Act (since the amount invested will be greater than US\$ 100,000 for a sole Tanzanian investor to qualify as an Approved enterprise) as an inducement to the investors, the taxes become payable after four years.

3.4 Incentives Available under Tanzania Investment Centre Act 1997.

Under the industrial classification by Tanzania Investment Centre, the company will be placed under the Lead Sectors where they would qualify for a number of incentives under the TIC Certificate if the fixed investment for new investment is in excess of at least US\$ 100,000 for projects which are wholly owned by Tanzanian Citizen(s). Other incentives include: -

- a) The recognition of private property and protection against any non commercial risks;
- b) Reduced import tariff on project capital items (5 % investment in Priority sectors and zero % for investments in Lead sectors);
- c) Favourable investment allowances and deductions (100%) on industrial buildings, plant and machinery and on agricultural expenditure;
- d) Deferment of VAT payment on project capital assets;
- e) Import duty drawback on raw materials;
- f) Zero-rated VAT on manufactured exports;
- g) Straight line accelerated depreciation allowance on capital goods;
- h) Yearly appreciation of unrecovered capital investment in mining;
- i) A five year carry over of all business losses against future profits;
- j) A reasonable corporate tax rate 30 % and low withholding tax rates; on dividends (10 %) and on loan interest (0 %);

-
- k) The right to transfer outside the country 100 % of foreign exchange earned, profits and capital;
 - l) The ease of obtaining other permits such as residence/work permits, industrial licence, trading licence etc;
 - (m) Automatic permit of employing up to five foreign nationals on the project holding Certificates of Incentives from the TIC.

3.4 Forward and Backward Linkages

On the macro-economic level there will be forward and backward linkages. The backward linkage will be to the people of Dar es Salaam and neighbouring townships be able to get quality granite building materials for their houses from by products of mining and water supply, electricity, communication services, fuel and oil supply, vehicles and equipment maintenance services. The forward linkages will be to the construction industry, the people who deliver the products to the various building contractors.

3.5 Economic Rate of Return

The economic rate of return has been calculated on the total investment without any shadow coefficients because most of the transactions are based in Tanzania Shillings, which are very easily convertible to foreign exchange. With the above approach the **ERR** as computed in the schedules to this study which is quite high for the mining and concrete article manufacture industry.

CHAPTER 4

4.0 TECHNICAL ASPECTS.

4.1 Project location.

Bagamoyo Mining Company is located in Msata area in Bagamoyo District in the Coast Region. To the North it is bordered by Kilindi, Handeni and Pangani Districts of Tanga Region. To the West it is bordered by Morogoro Rural and Mvomero Districts of Morogoro Region. To the South it is bordered by Kibaha and Kinondoni Districts and to the East it is bordered by the Indian Ocean. Based on the 2002 census the total population of Bagamoyo District was 228,967 people of which 187,812 is rural and 41,155 is urban i.e. 82% and 18% respectively.

4.2 Available infrastructure.

The mining site in Msata Area in Bagamoyo District can be reached by one major highway Chalinze -Segera on the way to Tanga from Dar es Salaam. The mine site is 7 kms off the high way turning left at Msata. The road to the mine site is passable through out the year. On telecommunications, Msata is linked to TTCL network for land lines for telephones and fax services while mobile service phone providers like Mobitel, Vodacom and Celtel also provide services. There is 3 Phase electricity at Msata township but TANESCO is yet to extend the power supply to the mine site. There is therefore the need for the company to have a 50 KVA generator at the site.

4.3 Characteristics of the Granite Available at Msata Quarry Site

The Promoters of the project have been issued with a Primary Mining Licence (PML) by the Ministry of Minerals and Energy (Eastern Zonal Office) for granite rock basically as building materials. The area is said to contain not less than 45million cubic metres of granite rock that can be economically mined.

In November 2006 the Promoters requested the Department of Geology of the University of Dar es Salaam to carry out engineering tests of samples collected from the quarry site and the results were as follows:-

4.3.1 Petrographic Analysis

Rock type quartz feldspathic GNEISS with garnet. Mineral content from two samples (Quartz 36-60, feldspar 15-16, biotite 1-2 hornblende 1-2 garnet 15-16, opaques 2-3)

4.3.2 Engineering Tests

Density (kg/m ³)	3020
Water Absorption (%)	0.6
Aggregate crushing value	15-20
Aggregate impact value	18-20
Aggregate reactivity value	1.4
Unconfined Compressive strength (MPa)	200

The above results clearly prove that the granite available at Msata Pongwe Msungula site is good for construction of roads, airports, ports and high rise buildings. It is also good for cutting slabs for other uses.

4.4 Procurement of Quarrying and Transport Equipment and other equipment

Management of Bagamoyo Mining Ltd is aware of their equipment needs which are attached below: -

The quarry area in the Coast Region will occupy an area of approximately (200 m x 200 m x 3 plots) 120,000sq. metres. The first 40,000 square metres will accommodate the quarry machinery.

Table 4.3.1 LAND AND BUILDINGS

Description	Year 1	Total Installation
	Total Qty	IN US \$
120,000 sq. m Mining Claim Land	3 plots	120,000
Quarry Equipment, Motors & Rollers	Various	60,000
Mining Offices, Stores, Canteen	Various	10,000
Water Supply, storage tanks	Various	10,000
Electricity and Stand by Generator	50 KVA	60,000
Weigh Bridge	One	20,000
VHF Radio communication/ Telephone	Lump sum	8,000
TOTAL US\$		288,000

Table 4.3.2 Concrete Articles Factory

Description	Year 1 Total Qty	Total Installation IN US \$
Culvert Moulding Machinery	Various	20,000
Paving Stone Moulding Machinery	Various	15,000
Kerb Stone Moulding Machinery	Various	15,000
TOTAL US\$		50,000

Table 4.3.3 MOTOR VEHICLES

Description	Year 1 Total Qty	Total Installation IN US \$
18 Ton Dumping Trucks selected used @ US\$15,000	5	75,000
ISUZU Bus for workers transport	1	14,000
Toyota 4WD vehicle @ US\$10,000	2	20,000
TOTAL US \$	8	109,000

Table 4.3.4 OFFICE EQUIPMENT AND FURNITURE

Description	Year 1 Total Qty	Total Installation IN US \$
Air conditioners	various	3,500
Computers/Printers	various	3,500
Tables chairs, lounge sets	various	2,500
Kitchen equipment, crockery	various	500
TOTAL US \$		10,000

4.4 Summary

Description	Amount in US Dollars
Land and Buildings	288,000
Concrete Articles Factory	50,000
Motor Vehicles	109,000
Office Equipment and Furniture	10,000
Working Capital Requirements	54,000
Contingency Fund	19,000
Total US\$	530,000

4.5 Timing and Phasing of the Project

The project is expected to start in June 2007 to 2012 in which period the Bagamoyo Mining Limited management will undertake the following development and sustainability efforts: -
The promoters intend to undertake the following investment in the next five years: -

- Train and develop manpower to become self sufficient in technical and management personnel
- Capture new markets by aggressive advertising using radio, newspapers and television.
- Enter into marketing and collaboration agreements with building contractors.
- consolidate the production of granite aggregates and concrete articles .

4.6 Human resources required to manage the granite and other concrete articles produced by the company

The overall management of the Company will be through a Board of Directors to be appointed by the shareholders. The day to day management of BML will be headed by the Managing Director who will also be the Chief Executive Officer. An Internal Auditor reports directly to the Managing Director.

The Production Department will be responsible for Quarrying activities and concrete article manufacturing while the Marketing Department is responsible for Sales and Promotional Activities of the company.

Under the Finance and Administration Department there will be three sections, Personnel, Accounts and Stores. The Accountant will be responsible for the keeping of the books of the company while the Personnel Officer will be responsible for the day to day personnel, administrative, disciplinary, communications, and transport matters of the company. The Storekeeper will procure and distribute all the company inputs including ballasting materials, quarry machinery, implements, spares thereof and fuel. This team will be able to instil new spirit and workmanship to the company and turn it round production wise within a very short time.

4.7 Required inputs, costs and their availability

These have been identified and are used in the financial projections attached herewith including ballasting materials, oils, lubricants etc.

CHAPTER 5

5.0 FINANCIAL PLAN AND FINANCIAL PROJECTIONS

5.1 Project Start up Costs

The preceding investment by BML before application for loan financing for the quarry amounts to US\$530,000 made up of US\$ 301,000 as the value of the investment in plant machinery including working capital and US\$ 229,000 by way of value of the granite reserves. This can be treated as the shareholders' contribution.

5.2 Full Project Costs

The full project costs are made up of the cost of acquiring new machinery and transport equipment amounting to US\$ 530,000. These are expected to be financed by US\$ 530,000. lease finance from a development bank at an interest rate of 14 % per annum, while the rest is to be financed using retained earnings and short-term overdraft/equity injection by the company.

5.3 Projected Profit and Loss Statements

The profit before interest of the combined operations amounts to US\$ 215,204 in year 1, US\$ 439,184 in year 2 and US\$ 609,980 in year 3. In terms of margins of net profit to turnover the performance is 7% in year 1, rising to 56% in year 5. This is adequate for a quarrying enterprise. Annual retained profit averages US\$ 1,384,600 is available for building reserves and further investment. The cumulative retained earnings at the end of year 5 after paying taxes are US\$7,200,900. This will be available for further investment. The operation is therefore attractive and profitable.

5.5 Projected Balance Sheets

The company balance sheets as shown in the Schedule of the Financial Projections are quite healthy. The net working capital moves from a surplus of 289,065US\$ in the first year to US\$3,741,953 in year 5. The net worth of the company rises from US\$ 555,000 in year 1 to US\$4,050,203 in year 5. Apart from debit/equity ratios for fixed asset financing the company will own all its fixed assets from the second year through equity contributions and retained earnings. It will still have substantial cash balances for further investments.

5.6 Projected Cash Flow Statements

The sources of funds will be equity, the lease finance from the bank, profit before interest and taxes and depreciation. After initial financing no additional equity or loan is required. Starting with modest US\$ 242,879 in year 1 the company ends up with US\$ 3,533,624 cumulative cash flow in year 5.

5.7 Financial Internal Rate of Return

The discounted cash flow analysis calculated on the given assumptions yields a financial internal rate of return of 26 % before interest and taxes. This is an attractive indicator of performance for the quarrying activities of the company.

5.8 Payback Period

The payback period is calculated on the mining and concrete article manufacture operations. The calculations show that the investment will be recouped in 31 months or 2 years and 7 months. This means the company will commence building up reserves after 31 months of operation making this an attractive investment in the quarrying sector.

5.9 Sensitivity Analysis

This analysis brings to light the effect of the most critical factors affecting profitability of the mining and concrete article manufacture operations of the firm.

- Sensitivity to decrease in revenues** - the project is very sensitive to decrease in revenues. A 10% decrease in revenue reduces the level of profitability but does not make losses. It remains profitable throughout.
- Sensitivity to increase in operating costs** - the project is also not very sensitive to increase in operating costs. A 10% increase in operating costs produces a marginal effect on the project's profitability but does not make losses.
- Sensitivity to increase in production costs** - the project is also not very sensitive to increase in production costs. A 10% increase in production costs produces a marginal effect on the project's profitability but does not make losses.

CHAPTER SIX

6.0 MANAGEMENT AND ORGANIZATION

6.1 Personnel and Management

The overall management of the company will be through a Board of Directors, to be appointed by the shareholders. The day to day management of BML will be headed by a Managing Director appointed by the Company shareholders. He will set up a network that will be able to instil new spirit and workmanship to the company and enable it to repay the loan within a very short time. The Managing Director also handles Corporate Planning. Under Managing Director there are three Departmental Managers namely Production, Finance and Administration and Marketing. The Department of Finance and Administration there are three heads namely Personnel, Accounts and Stores.

The Accountant will be responsible for the keeping of the books of accounts and the Personnel Officer will be responsible for the day to day personnel, administrative, disciplinary, communications, and transport matters of the company while the Storekeeper will handle all the procurement and issue of all types of stores including ballasting materials and machinery spares etc.

(See Proposed Organization Chart under Annex I to this Report).

6.2 Availability of Labour

Tanzania has a large pool of trained manpower in almost all sectors serving mining and construction sectors. The company considers that the critical issues are retention of qualified skilled staff at Msata being a little far from the urban centres like Dar es Salaam etc. Management plans to use incentives such as: -

- Attractive progressive salary programme.
- Medical insurance for employee and dependants
- Social security benefits and other terminal benefits including education for children.
- Motorcycle and bicycle loans to staff depending on rank.

6.3 Recruitment

Recruitment of the additional persons will be carried out over a span of 6 weeks by giving first preference to ex employees of quarrying and construction sectors based on a merit basis and their willingness to work for BML in Msata area in Bagamoyo District. Careful methodology is being

worked out by a competent management consultant who will set the job descriptions etc. to ensure that the right calibre is recruited.

6.4 Training and the use of Consultants.

The Company plans to carry out on - the - job training for most of the technical staff. The maintenance staff will be sponsored to go on field trips outside the country to familiarise themselves with the operations of the plant and machinery. In general the company will ensure that employees get new skills and procedures to increase their productivity throughout. Educational materials will be subsidised or paid for to motivate the workers to develop themselves.

Whereas the company will endeavour to obtain the best talents to fill the permanent posts in the organisation, is intended where necessary to continue with the policy of hiring out some specialised skills by way of consultants.

Alternatively those skills not required throughout the year will be left to consultants. These include legal counsels, systems and management consultants. To ensure efficient and scientific management operations manuals will be prepared for core functions of the company.

CHAPTER 7

7.0 HUMAN RESOURCES DEVELOPMENT AND WELFARE

7.1 Human Resources Development Plan

The company plans to limit itself to employing Tanzanians only. It does not expect to employ expatriates at the company. On recruitment policies the company management will advertise for qualified and experienced Tanzanians on the market, interview and recruit. The company will also conduct in house, in country training for its operative staff. Management staff will get training to obtain state of the art management skills like use of computers, information technology, materials management and communication skills.

7.2 HIV/AIDS Action Plan

Bagamoyo Mining Limited has the following HIV/AIDS Action Plan in place.

7.2.1 Awareness

- Education seminars, workshops, presentations, fly leaves, television and visual aids have been presented by several groups including, District Health Officers, NGOs and religious groups.
- People already infected with AIDS virus are being counselled to exercise restraint by not infecting others.

7.2.2 Prevention

- The Company Management takes the positive action that the distribution of condoms for sexually active partners is the right of every employee. This is facilitated through cooperation with District Health Officers and NGOs providing condoms at near free- of -charge prices.
- The multiple partners' case is made aware of the risks involved.

7.2.3 Care

- The company Management allows for community-based care for HIV/AIDS patients.

7.2.4 Community Based Terminal Care

- The Company Management usually takes care of terminal care funeral and burial services for those who die whilst working with the company.

7.3 Gender considerations

Bagamoyo Mining Ltd is an equal opportunity employer without discrimination on gender, creed or ethnicity of the employee. By mere coincidence the majority of the company employees are men. They are being paid equally with women. Bagamoyo Mining Ltd management plans to build a dispensary, nursery school, canteen, social services hall/shop, and a corn milling machine at the mining site to be available to all the employees at affordable prices.

CHAPTER 8
8.0 MARKETING

8.1 Market for the products of the quarry.

Bagamoyo Mining Ltd will produce sizes 2", 1 ½", 1", ¾" and ½" sizes of crushed granite including crusher dust as well as concrete articles made from the crusher dust.

8.1.1 Granite aggregate

The market for granite aggregate exists in Tanzania especially in Dar es Salaam metropolitan area. The demand for granite aggregate is not met but what is required is to increase quantity and the quality of what is to be produced. Granite aggregates will make about 80% of the Company turnover hence the most important product line.

8.1.2 Other products

The company also plans to produce concrete articles like man hole covers, paving stones, kerb stone and storm water culverts of various sizes for the internal market and if need be for export.

8.2 Marketing Distribution of the Products

There appears to be no problem of marketing of the granite aggregates. Competition exists in the marketing of the concrete articles as there are several other small producers. However with the superior machinery and moulding the quality of the concrete articles produced by BML will be able to compete favourably.

8.3 Prices of the expected products

Bagamoyo Mining Company expects to produce 2", 1 ½", 1", and ¾" and ½" sizes of crushed granite including crusher dust as well as concrete articles made from the crusher dust.

Price per cubic metre in US\$

Granite aggregates US\$ 56.30

Crusher dust US\$ 15.0

Concrete articles vary from US\$ 5 to US\$10 per piece depending on the product.

8.4 The effect of price on the cost of inputs and the profitability of the investment

The higher price of crusher yields per size gives higher return vis a vis the cost of inputs. A lower price yields a lower return/loss vis a vis the cost of ballasting. The costs of inputs tend to remain almost fixed as compared to the fluctuation in price of the quarried products.

CHAPTER 9

9.0 ENVIRONMENTAL ASPECTS

9.1 Environmental Impact Assessment

The project envisages being environmentally friendly in the area of water, air, flora and fauna, geomorphology social effects and archaeology. The project will have no effect on the hydrology as no ground water will be extracted. Water for drinking will be drawn from the Wami – Chalinze pipeline. The project will have no gaseous emission that will affect air quality. No chemicals will be used. There will be little dust emissions. It is therefore anticipated that there will be little or no damage to flora and fauna.

The area directly affected by the mining basically miombo wood land with isolated grassland and has minimal animal population. However no mining activities will attract animals to the site. The project is culturally acceptable to the residents as this is a continuation and improvement of an existing cultural feature.

The people of Bagamoyo in particular have benefited from quarrying granite aggregates in Msata and Lugoba areas for over 30 years now. Generations to generations have relied on granite aggregates as a source of employment and cash support. Now that BML wants to extend the area under granite aggregates quarrying by developing the Pongwe Msungula quarry, the envisioned project is welcome news to the people of Bagamoyo especially the Msata Area. Not only will it create employment for the residents but will also act as a catalyst for the improvement of the health and well being of the people.

9.2 Environmental Management Plan

BML plan to adhere to all environmental standards as per first schedule of the Mining (Environmental Management and Protection) Regulations, 1999. Measures to avoid, minimize or mitigate effects to the environment due to this project will be taken. The general objective of the Environmental and Social Management Plan (ESMP) for the Bagamoyo Mining Company is to minimize environmental degradation and to optimize social benefits to the area.

The specific objectives of the Environmental and Social Management Plan for Bagamoyo Mining Company are:

-
- To develop actions and recommendations that the Company management should adopt in the cutting of trees for firewood and charcoal making to minimize environmental impacts.
 - To develop actions and recommendations that the operational managers should adopt during the land clearing and operational phases to minimize social impacts.
 - To develop effective monitoring elements that will assist the timely mitigation of adverse environmental impacts and the achievement of positive impacts.
 - To ensure that land recovery and levelling is carried out after the completion of the mining stage.

Objectives of a monitoring program essentially examines whether or not identified project objectives are achieved as expected in terms of output and time.

In the case of the Bagamoyo project, the monitoring program will also seek to ensure that proposed mitigation measures are followed and are effective.

9.3 Air Quality

If dust becomes a significant nuisance factor it will be suppressed by spraying with water.

Workers or labourers working in dusty areas e.g. in the mining pits, loading of rocks or gravel and soil ore will be issued with masks. It will be the duty of the Operations Manager to ensure that all employees wear masks when on duty.

9.4 Social Economic Impact

The presence of the mine at Msata will bring prosperity to the surrounding area during the life span of the mine. The company is expected to employ people from the community surrounding the mine. It will not employ people from other regions. This will bring satisfaction and acceptability by the members of the community surrounding the mine.

9.5 Access Road.

The 7 km access road from Msata settlement to the mine will be rehabilitated and maintained to make it passable through out the year. The other members of the community and surrounding

villages will be able to use the road for transportation of crops and other goods to and from the market.

9.6 Mine Closure

Upon completion of each section of work the site will be cleared of all equipment and works. This may include the ripping and grading of soil with vegetation replanted where it has been disturbed. The closure objectives includes the restoration of the properties to the condition where it can be used for other purposes such as faring or grazing. Top soil originally stock piled will be spread over waste dumps and natural vegetation allowed to grow. All structures and installations will be removed from the site and the original topography reconstructed.

All employees and members of the community around will be informed of the closure of the mine well in advance and will be prepared for retrenchment so that they can look for alternative employment elsewhere.

9.7 Conclusion and Recommendation

The proposed project is environmentally friendly, commercially viable, technically and financially sound and is therefore recommended to be carried out as per schedule.

With relevance to the EIA of the Bagamoyo Mining Limited, the Enviromental and Social Management Plan (ESMP) is proposed to incorporate among others the identification and summary of major anticipated environmental and social impacts as well as mitigation measures.

CHAPTER TEN

10. RECOMENDATIONS

10.1 Mission of Bagamoyo Mining Company in Bagamoyo District.

Bagamoyo Mining Company plans to increase production in the District by expanding and developing granite aggregates quarrying through the purchase quarrying machinery and implements and acquiring of necessary working capital to run the Company in the next five years.

10.2 Strengths

Over the 30 years of existence of the granite aggregates in Bagamoyo the area has built up fame as the best granite aggregates producing area in the Coast Region and in Tanzania. This has given the current BML management the desire to exploit this potential for rising up and become the most successful and prosperous Company in the future.

The following are considered to be, the strengths that BML has at its disposal that can be relied upon to make the Company grow and prosper.

10.2.1 The Company has a large local market in Dar es Salaam and Tanzania as a whole for its products, which is a challenge to management to increase productivity to meet the increasing demand for its products.

10.2.2 BML will over the years of its existence, build a name and goodwill to the public at large and the people of Tanzania especially in the supply of best quality granite aggregates in Tanzania. This necessarily enables the Company to market its products with relative ease in the future given proper and committed management from BML.

10.2.3 The Company management is now seriously engaged in building a strong financial and logistic situation given financing arrangement with a development bank.

10.2.4 The BML landed assets especially the mining claim can be used as collateral for development loans since all of them have title deeds and high values.

10.3 Opportunities

In planning what can be done by the Company during the next five years, the consultants have taken into account the opportunities that exist for the Company to increase its net worth. The new management of the Bagamoyo Mining Company will have to use its experience and wisdom to overcome the threats completely or reduce their impact drastically and at the same time consider

utilizing the available opportunities that exist as follows: -

- 10.3.1 The prevailing improvement in investor confidence in Tanzania, in view of the new Tanzania Investment Centre Act and other fiscal policies, makes mining and concrete article manufacture especially granite aggregates quarrying a suitable investment destination in view of the increased demand for granite aggregates and the concrete articles produced by the Company.
- 10.3.2 To increase the Company's competitive edge and expand its market share, there exists an opportunity to undertake the manufacture of concrete articles from the quarry crusher dust thereby increasing productivity.
- 10.3.3 The Company has an opportunity to start cutting granite slabs, polish them for both local consumption and export markets in Europe, India, USA and Japan.

10.4 Threats

The Company is facing various threats in the existing operational environment. These include the following: -

10.4.1 Power Supply

The lack of electricity at the mining site, contribute to high operational costs in the production of products leading to lower profits in view of the high costs of electricity produced from a generator using fossil fuels(diesel) which is on the rise in the world market.

10.5.0 Conclusions

This study has demonstrated that Bagamoyo Mining Company has adequate mining claim to sustain operations of large granite aggregates production, given the sufficient funding to finance the expansion of the mining and concrete article manufacture activities under BML management. By undertaking the concrete articles manufacture and the granite slab cutting and polishing for export the company can increase its profitability and net worth to become a leading exporter from East Africa.

The Company is being run a private limited liability cooperative Company and will be operated efficiently under private sector management ethics with overheads kept to a minimum.

The Government will benefit from taxes generated by the mining and concrete article manufacture operations especially VAT (to exceed US\$ 100m per annum) to be paid by the BML.

As a result of the large investment in the mining and concrete article manufacture activities the investors will enjoy Incentives under the Tanzania's Investment Centre Policy, (The investment will be over US\$ 100,000 therefore qualify as an Approved Enterprise under the 1997 Act) but in fourth year BML will be paying taxes at the rate of over US\$ 50 m per annum.

The mining and concrete article manufacture activities will generate direct employment to 60 people, while indirect employment will be in the region of 800 people in terms of the backward integration as well as in the forward integration.

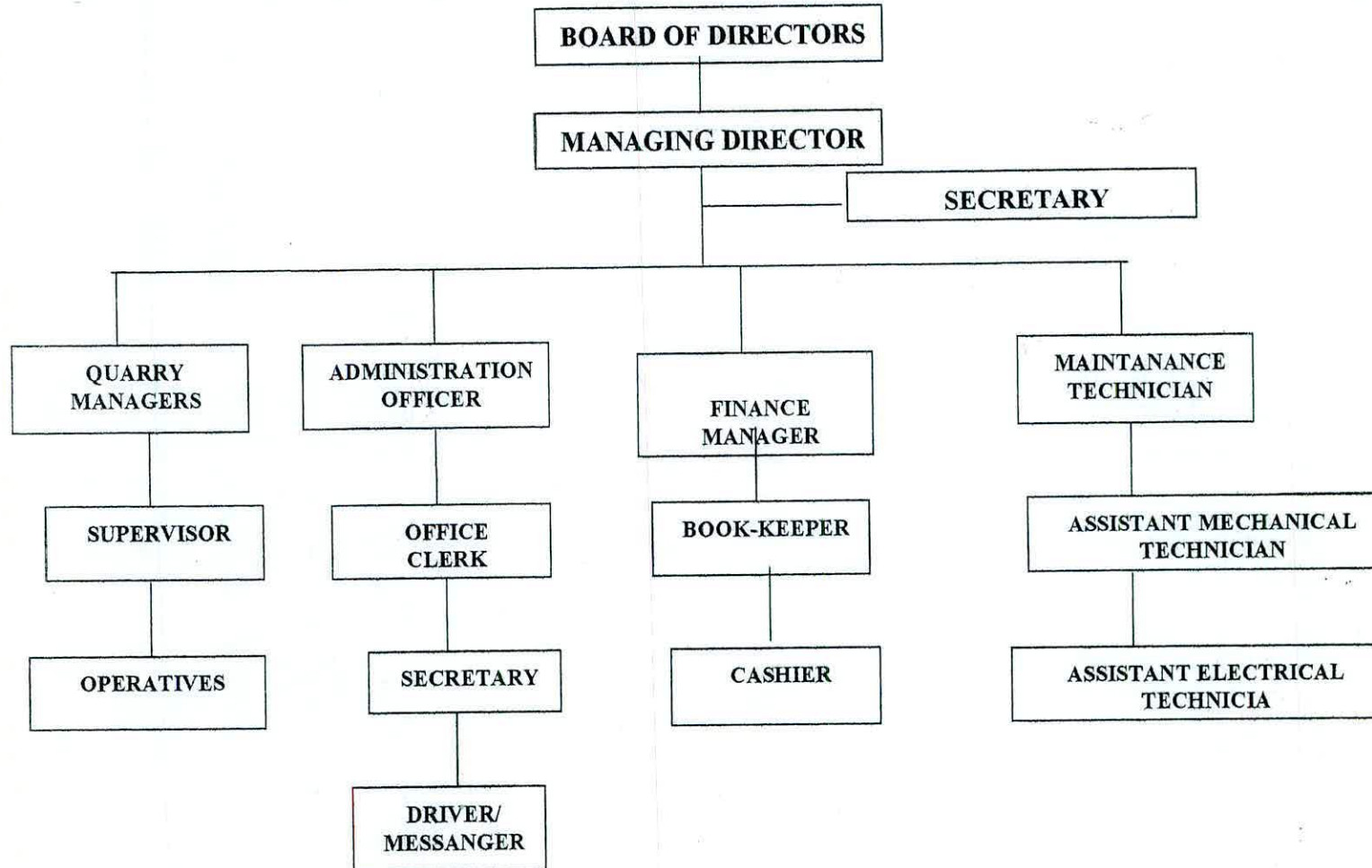
10.6 Recommendations

This study has shown that the plan to expand and increase the mining and concrete article manufacture of granite aggregates through the acquisition of quarrying implements and machinery, and acquiring of necessary working capital to run the Company is technically feasible, financially viable and economically desirable. A fast implementation of the venture is therefore recommended so that the demonstrated benefits can be realized.

Given the commitment of the BML management, the mining and concrete article manufacture activities will be capable of generating the turnover in both local currency and foreign exchange with a tremendous impact on the economy.

It is therefore recommended that the investors with the objectives and the span of interest and magnitude like BML should be supported to finance the new investment in tractors and implements using their own equity and lease funds from a development bank.

BAGAMOYO MINING LTD ORGANISATION CHART



BML Organization Chart

BAGAMOYO MINING LTD. INCOME SUMMARY											
QUANTITY		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Particulars	Unit		50%	33%	75%	43%	0%	0%	0%	0%	0%
Total Input	Tons	30,000	45,000	59,850	104,738	149,775	149,775	149,775	149,775	149,775	149,775
Aggregate	M ³	24,000	36,000	47,880	83,790	119,820	119,820	119,820	119,820	119,820	119,820
Crasher Dust	M ³	6,000	9,000	11,970	20,948	29,955	29,955	29,955	29,955	29,955	29,955
TOTAL PRODUCTION		30,000	45,000	59,850	104,738	149,775	149,775	149,775	149,775	149,775	149,775
		125									
Paving Slabs		180,000	270,000	359,100	628,425	898,648	898,648	898,648	898,648	898,648	898,648
Kerb Stones		118,800	178,200	237,006	414,761	593,108	593,108	593,108	593,108	593,108	593,108
Stormwater Pipes		48,000	72,000	95,760	167,580	239,639	239,639	239,639	239,639	239,639	239,639
Total		346,800	520,200	691,866	1,210,766	1,731,395	1,731,395	1,731,395	1,731,395	1,731,395	1,731,395
PRICES		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Particulars	Unit										
Aggregate	US \$	56.3	56.9	57.4	58.0	58.6	59.2	59.8	60.4	61.0	61.6
Paving Slabs	US \$	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.2
Kerb Stones	US \$	5.0	5.1	5.1	5.2	5.2	5.3	5.3	5.4	5.4	5.5
Stormwater Pipes	US \$	8.0	8.1	8.2	8.2	8.3	8.4	8.5	8.6	8.7	8.7
Crasher Dust	US \$	15.0	15.2	15.3	15.5	15.6	15.8	15.9	16.1	16.2	16.4
		VALUE									
Particulars		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Aggregate	US \$	1,351,200	2,047,068	2,749,826	4,860,318	7,019,758	7,089,955	7,160,855	7,232,463	7,304,788	7,377,836
Paving Slabs	US \$	360,000	545,400	732,636	1,294,934	1,870,273	1,888,976	1,907,865	1,926,944	1,946,213	1,965,676
Kerb Stones	US \$	594,000	899,910	1,208,849	2,136,641	3,085,950	3,116,810	3,147,978	3,179,458	3,211,252	3,243,365
Stormwater Pipes	US \$	384,000	581,760	781,478	1,381,263	1,994,958	2,014,907	2,035,056	2,055,407	2,075,961	2,096,721
Crasher Dust	US \$	18,000	27,270	36,632	64,747	93,514	94,449	95,393	96,347	97,311	98,284
TOTAL SALES		2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881

BAGAMOYO MINING LTD. COST OF OPERATIONS

Particulars	Unit	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	(Figures in US\$)
											Year - 10
OPERATING COSTS											
Fuels and Oil	25%	615,812	820,306	1,114,128	1,949,317	2,777,729	2,805,507	2,833,562	2,861,897	2,890,516	2,919,421
Maintenance of Equipments	10%	246,325	328,122	445,651	779,727	1,111,092	1,122,203	1,133,425	1,144,759	1,156,207	1,167,769
Marketing Expenses	15%	369,487	492,183	668,477	1,169,590	1,666,638	1,683,304	1,700,137	1,717,138	1,734,310	1,751,653
Water	20%	492,649	656,245	891,303	1,559,454	2,222,183	2,244,405	2,266,849	2,289,518	2,312,413	2,335,537
Electricity		479,242	641,304	870,276	1,522,677	2,170,083	2,190,916	2,211,957	2,233,209	2,254,673	2,276,352
Telephone		2,462	3,692	4,911	8,594	12,289	12,289	12,289	12,289	12,289	12,289
Transport		15,385	23,077	30,692	53,712	76,808	76,808	76,808	76,808	76,808	76,808
Cement		44,505	66,758	88,788	155,380	222,193	222,193	222,193	222,193	222,193	222,193
Sand		742	1,113	1,480	2,590	3,703	3,703	3,703	3,703	3,703	3,703
Weldmesh		8,901	13,352	17,758	31,076	44,439	44,439	44,439	44,439	44,439	44,439
Royalties	3%	73,897	98,437	133,695	233,918	333,328	336,661	340,027	343,428	346,862	350,331
Welfare	2%	49,265	65,624	89,130	155,945	222,218	224,441	226,685	228,952	231,241	233,554
Travels and Meetings	4%	98,530	131,249	178,261	311,891	444,437	448,881	453,370	457,904	462,483	467,107
Total		2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,156

BAGAMOYO MINING LTD. - WORKING CAPITAL											
Particulars	Basis	(Figures in US\$)									
		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
INVENTORY:											
Maintenance Equipment	1 months	20,527	27,344	37,138	64,977	92,591	93,517	94,452	95,397	96,351	97,314
Fuel and Oils	1/2 month produ	25,659	34,179	46,422	81,222	115,739	116,896	118,065	119,246	120,438	121,643
		46,186	61,523	83,560	146,199	208,330	210,413	212,517	214,642	216,789	218,957
WIP	1/2 month produ	104,050	139,228	188,940	330,578	471,131	475,656	480,227	484,843	489,506	494,215
Finished Goods	1/2 month produ	104,050	139,228	188,940	330,578	471,131	475,656	480,227	484,843	489,506	494,215
DEBTORS:											
Local sales	Cash	-	-	-	-	-	-	-	-	-	-
Export sales	on order	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS		254,286	339,978	461,439	807,355	1,150,591	1,161,725	1,172,971	1,184,329	1,195,800	1,207,386
CURRENT LIABILITIES											
Operating expenses	1 month	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
TOTAL CURRENT LIABILITIES		208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
NET WORKING CAPITAL		46,186	61,523	83,560	146,199	208,330	210,413	212,517	214,642	216,789	218,957

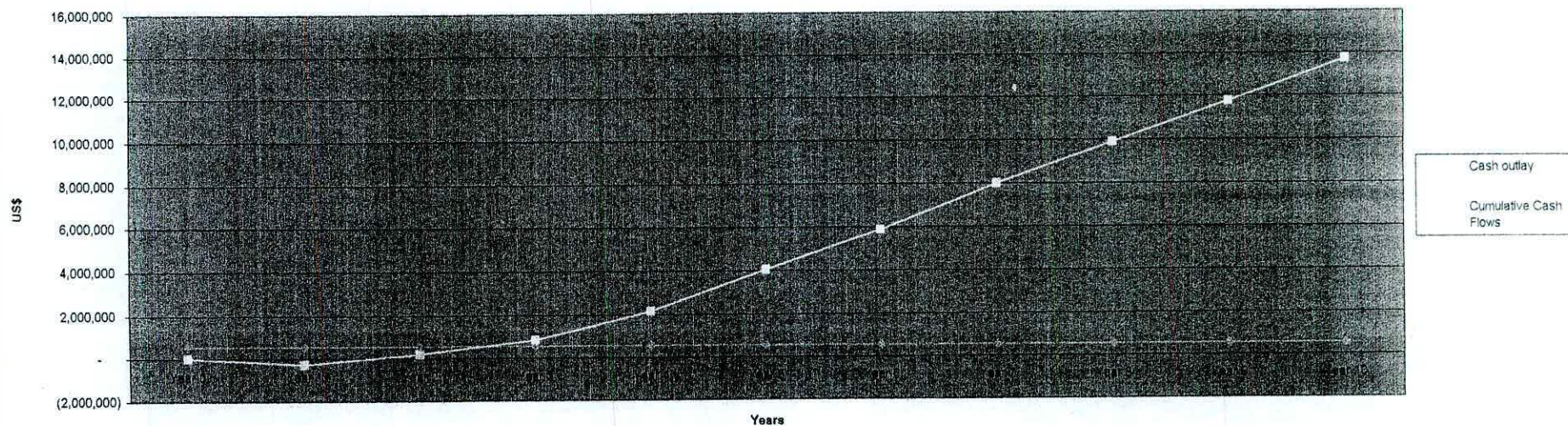
BAGAMOYO MINING LTD. - PAYBACK PERIOD ANALYSIS

(Figures in US\$)

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Initial cash outlay	(555,000)	-	-	-	-	-	-	-	-	-	-
Net Operating Cashflows	0	(271,232)	474,597	638,693	1,307,201	1,897,160	1,841,651	2,103,946	1,907,929	1,860,098	1,954,499
Cumulative Cashflows	(555,000)	(826,232)	(351,635)	287,058	1,594,259	3,491,419	5,333,070	7,437,016	9,344,946	11,205,044	13,159,542

Payback Period = Two Years and Seven Months

BAGAMOYO MINING LTD - PAYBACK PERIOD ANALYSIS GRAPH



BAGAMOYO MINING LTD. - DISCOUNTED CASH FLOW STATEMENT

(Figures in US\$)

Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
INFLOWS										
Profit as per P & L A/c	215,204	627,405	871,400	1,884,414	2,827,916	2,587,897	2,620,343	2,653,113	2,686,212	2,719,641
Add Back Depreciation	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750
	265,954	678,155	922,150	1,935,164	2,878,666	2,638,647	2,671,093	2,703,863	2,736,962	2,770,391
Changes in Working Capital										
(Increase)/Decrease in Stocks	(254,286)	(85,692)	(121,461)	(345,916)	(343,237)	(56,795)	1,207,386	-	-	-
(Increase)/Decrease in Debtors	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Creditors	208,100	70,355	99,424	283,277	281,106	46,168	(988,430)	-	-	-
Inflow from operating activities	219,768	662,818	900,113	1,872,525	2,816,535	2,628,020	2,890,049	2,703,863	2,736,962	2,770,391
TOTAL INFLOWS	219,768	662,818	900,113	1,872,525	2,816,535	2,628,020	2,890,049	2,703,863	2,736,962	2,770,391
OUTFLOWS										
Fixed Assets Acquisition	491,000	-	-	-	71,000	10,000	-	-	71,000	-
Taxation paid	-	188,222	261,420	565,324	848,375	776,369	786,103	795,934	805,863	815,892
Net Inflows	(271,232)	474,597	638,693	1,307,201	1,897,160	1,841,651	2,103,946	1,907,929	1,860,098	1,954,499
Terminal Value	-	-	-	-	-	-	-	-	-	19,544,987
NPV of Cashflows @ 10%	7,248,028									
NPV of Terminal Value @10%	7,535,438									
Investment										
Project Net Present Value	14,228,467									

BAGAMOYO MINING LTD - CASHFLOW STATEMENT										
Particulars	(Figures in US\$)									
	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
INFLOWS										
Profit as per P & L A/c	215,204	627,405	871,400	1,884,414	2,827,916	2,587,897	2,620,343	2,653,113	2,686,212	2,719,641
Add Back Depreciation	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750
	265,954	678,155	922,150	1,935,164	2,878,666	2,638,647	2,671,093	2,703,863	2,736,962	2,770,391
<u>Changes in Working Capital</u>										
(Increase)/Decrease in Stocks	(254,286)	(85,692)	(121,461)	(345,916)	(343,237)	(11,134)	(11,245)	(11,358)	(11,471)	(11,586)
(Increase)/Decrease in Debtors	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Creditors	208,100	70,355	99,424	283,277	281,106	9,051	9,141	9,233	9,325	9,418
Inflow from operating activities	219,768	662,818	900,113	1,872,525	2,816,535	2,636,563	2,668,989	2,701,738	2,734,815	2,768,223
<u>Inflow from Financing Activities</u>										
Equity	25,000									
Loan	530,000									
	555,000									
TOTAL INFLOWS	774,768	662,818	900,113	1,872,525	2,816,535	2,636,563	2,668,989	2,701,738	2,734,815	2,768,223
OUTFLOWS										
Fixed Assets Acquisition	491,000	-	-	-	71,000	10,000	-	-	71,000	-
Dividend to Financier	21,520	62,741	87,140	188,441	282,792	258,790	262,034	265,311	268,621	271,964
Dividend to Shareholders	19,368	37,644	52,284	113,065	169,675	155,274	157,221	159,187	161,173	163,178
Repayment of Loan	-	-	-	-	33,125	33,125	33,125	33,125	33,125	33,125
Taxation paid	-	188,222	261,420	565,324	848,375	776,369	786,103	795,934	805,863	815,892
Total Outflows	531,889	288,606	400,844	866,830	1,404,966	1,233,557	1,238,483	1,253,557	1,339,782	1,284,160
Net Increase/Decrease in Cash Equivalent	242,879	374,212	499,269	1,005,694	1,411,569	1,403,006	1,430,506	1,448,181	1,395,033	1,484,063
Cash Equivalent Beginning of the Period	-	242,879	617,091	1,116,360	2,122,055	3,533,624	4,936,629	6,367,135	7,815,316	9,210,349
Cash Equivalent at the End of the Period	242,879	617,091	1,116,360	2,122,055	3,533,624	4,936,629	6,367,135	7,815,316	9,210,349	10,694,413

BAGAMOYO MINING LTD. - PROFIT AND LOSS STATEMENTS										
Particulars	(Figures in US\$)									
	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Revenue:										
Sales	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881
Cost of Production	2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155
Add: Opening stocks	-	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011
Less: Closing Stocks	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
Cost of Sales	2,289,101	3,271,107	4,435,126	7,650,593	11,026,033	11,406,697	11,516,302	11,627,003	11,738,811	11,851,737
GROSS PROFIT	418,099	830,301	1,074,296	2,087,310	3,038,419	2,798,399	2,830,846	2,863,616	2,896,715	2,930,144
Expenditure:										
Manpower Cost	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753
Total Expenditure	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753
NPBD	265,954	678,155	922,150	1,935,164	2,878,666	2,638,647	2,671,093	2,703,863	2,736,962	2,770,391
Depreciation	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750
NPBT	215,204	627,405	871,400	1,884,414	2,827,916	2,587,897	2,620,343	2,653,113	2,686,212	2,719,641
Taxation	-	188,222	261,420	565,324	848,375	776,369	786,103	795,934	805,863	815,892
NP After Tax Before Dividend	215,204	439,184	609,980	1,319,090	1,979,541	1,811,528	1,834,240	1,857,179	1,880,348	1,903,749
Dividend to Financier	21,520	62,741	87,140	188,441	282,792	258,790	262,034	265,311	268,621	271,964
Dividend to Other Shareholders	19,368	37,644	52,284	113,065	169,675	155,274	157,221	159,187	161,173	163,178
Retained Earnings C/fwd	174,315	513,114	983,670	2,001,254	3,528,328	4,925,792	6,340,778	7,773,459	9,224,013	10,692,619

BAGAMOYO MINING LTD. - BALANCE SHEETS

Particulars	(Figures in US\$)										
	Year 0	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Fixed Assets	491,000	440,250	389,500	338,750	288,000	308,250	267,500	216,750	166,000	186,250	135,500
<u>Current Assets:</u>											
Stocks and stores	-	254,286	339,978	461,439	807,355	1,150,591	1,161,725	1,172,971	1,184,329	1,195,800	1,207,386
Debtors	-	-	-	-	-	-	-	-	-	-	-
Cash and bank	64,000	242,879	617,091	1,116,360	2,122,055	3,533,624	4,936,629	6,367,135	7,815,316	9,210,349	10,694,413
	64,000	497,165	957,069	1,577,799	2,929,409	4,684,215	6,098,355	7,540,106	8,999,645	10,406,149	11,901,799
<u>Less:</u>											
<u>Current Liabilities:</u>											
Creditors	-	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
	-	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
Net Working Capital	64,000	289,065	678,614	1,199,920	2,268,254	3,741,953	5,147,042	6,579,653	8,029,959	9,427,138	10,913,369
TOTAL	555,000	729,315	1,068,114	1,538,670	2,556,254	4,050,203	5,414,542	6,796,403	8,195,959	9,613,388	11,048,869
Shareholders' Fund	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Loan	530,000	530,000	530,000	530,000	530,000	496,875	463,750	430,625	397,500	364,375	331,250
Retained Earnings/(Loss)	0	174,315	513,114	983,670	2,001,254	3,528,328	4,925,792	6,340,778	7,773,459	9,224,013	10,692,619
TOTAL	555,000	729,315	1,068,114	1,538,670	2,556,254	4,050,203	5,414,542	6,796,403	8,195,959	9,613,388	11,048,869

BAGAMOYO MINING LTD. - SENSITIVITY ANALYSIS

Particulars	SENSITIVITY ANALYSIS -10 % DECREASE IN REVENUE										(Figures in US\$)	
	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	Year - 9	Year - 10
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881	14,635,525	14,781,881
Less 10%	270,720	410,141	550,942	973,790	1,406,445	1,420,510	1,434,715	1,449,062	1,463,553	1,478,188	1,463,553	1,478,188
Adjusted Sales Revenue	2,436,480	3,691,267	4,958,479	8,764,112	12,658,007	12,784,587	12,912,433	13,041,557	13,171,973	13,303,693	13,171,973	13,303,693
Less Cost of Goods Sold	2,289,101	3,271,107	4,435,126	7,650,593	11,026,033	11,406,697	11,516,302	11,627,003	11,738,811	11,851,737	11,738,811	11,851,737
GROSS PROFIT	147,379	420,160	523,354	1,113,519	1,631,974	1,377,890	1,396,131	1,414,554	1,433,162	1,451,956	1,433,162	1,451,956
%	5.44	10.24	9.50	11.43	11.60	9.70	9.73	9.76	9.79	9.82	9.79	9.82
Less Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753	159,753	159,753
Net Profit	(4,766)	268,015	371,208	961,374	1,472,221	1,218,137	1,236,378	1,254,801	1,273,409	1,292,203	1,273,409	1,292,203
SENSITIVITY ANALYSIS:10% INCREASE IN PRODUCTION COSTS												
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881	14,635,525	14,781,881
Projected Production Costs	2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155	11,748,136	11,861,155
Add 10% of Prod Cost	249,720	334,146	453,455	793,387	1,130,714	1,141,575	1,152,544	1,163,624	1,174,814	1,186,116	1,163,624	1,186,116
Adjusted ProductionCost	2,746,921	3,675,608	4,988,005	8,727,256	12,437,853	12,557,323	12,677,988	12,799,859	12,922,949	13,047,271	12,922,949	13,047,271
GROSS PROFIT	(39,721)	425,800	521,417	1,010,646	1,626,599	1,647,774	1,669,160	1,690,760	1,712,576	1,734,610	1,712,576	1,734,610
Less Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753	159,753	159,753
Net Profit	(191,866)	273,654	369,271	858,501	1,466,847	1,488,021	1,509,407	1,531,007	1,552,823	1,574,857	1,552,823	1,574,857
SENSITIVITY ANALYSIS 10% INCREASE IN OPERATING COSTS												
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881	14,635,525	14,781,881
Projected Production Cost	2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155	11,748,136	11,861,155
GROSS PROFIT	209,999	759,946	974,872	1,804,033	2,757,313	2,789,349	2,821,704	2,854,384	2,887,390	2,920,726	2,887,390	2,920,726
Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753	159,753	159,753
Add 10 of Operating Costs	15,215	15,215	15,215	15,215	15,975	15,975	15,975	15,975	15,975	15,975	15,975	15,975
Adjusted Operating Costs	167,360	167,360	167,360	167,360	175,728	175,728	175,728	175,728	175,728	175,728	175,728	175,728
NET PROFIT	42,639	592,586	807,512	1,636,673	2,581,585	2,613,620	2,645,976	2,678,655	2,711,661	2,744,997	2,711,661	2,744,997

BAGAMOYO MINING LTD. - PROJECT FINANCE

(Figures in US\$)

Investment Required

Assets	491,000
Working Capital	<u>64,000</u>
Total	<u>555,000</u>

Financing

Long Term Loan	530,000
Equity	<u>25,000</u>
Total	<u>555,000</u>

Machinery Lease

Grace period	1 years
Installments	4 years

Instalments	33,125
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BAGAMAYO MINING LTD. - AMORTISATION AND DEPRECIATION SCHEDULE						
(Figures in US\$.)						
Initial Investment	Land & Build	Plant & Mach	Motor Vehicles	Office Furn. & Equip.	Tot Charge	Tot. Assets
Cost	200,000	210,000	71,000	10,000		491,000
Total Assets	200,000	210,000	71,000	10,000	0	491,000
Depr/amortization rate	5%	10%	25%	20%		
Total investment per year	200,000	210,000	71,000	10,000	0	491,000
Year 1 Opening balance	200,000	210,000	71,000	10,000		491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	10,000	21,000	17,750	2,000	50,750	
Balance for the year	190,000	189,000	53,250	8,000		440,250
Year 2 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	20,000	42,000	35,500	4,000	101,500	
Balance for the year	180,000	168,000	35,500	6,000		389,500
Year 3 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	30,000	63,000	53,250	6,000	152,250	
Balance for the year	170,000	147,000	17,750	4,000		338,750
Year 4 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	40,000	84,000	71,000	8,000	203,000	
Balance for the year	160,000	126,000	0	2,000		288,000
Year 5 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Additions	0	0	71,000	0		71,000
Disposals	0	0	0	0		
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	50,000	105,000	17,750	10,000	182,750	
Balance for the year	150,000	105,000	53,250	0		308,250
Year 6 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Additions	0	0	0	10,000		10,000
Disposals	0	0	0	0		
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	60,000	126,000	35,500	2,000	223,500	
Balance for the year	140,000	84,000	35,500	8,000		267,500
Year 7 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	70,000	147,000	53,250	4,000	274,250	
Balance for the year	130,000	63,000	17,750	6,000		216,750
Year 8 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	80,000	168,000	71,000	6,000	325,000	
Balance for the year	120,000	42,000	0	4,000		166,000
Year 9 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Additions	0	0	71,000	0		71,000
Disposals	0	0	0	0		
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	90,000	189,000	17,750	8,000	304,750	
Balance for the year	110,000	21,000	53,250	2,000		186,250
Year 10 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	100,000	210,000	35,500	10,000	355,500	
Balance for the year	100,000	0	35,500	0		135,500

**FEASIBILITY AND BUSINESS PLAN
FOR
DEVELOPMENT
OF
GRANITE QUARRY
AT PONGWE MSUNGULA
MSATA AREA, BAGAMOYO
FOR
BAGAMOYO MINING LTD**

Submitted by: -

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P O Box 6191,

Dar es Salaam

TANZANIA

SEPTEMBER 2008

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ANNEXES

1. Bagamoyo Mining Limited Organization Chart

EXECUTIVE SUMMARY

1.1 The Project

This investment proposal sets out to examine the financial viability and economic desirability of the acquisition of quarrying machinery by Bagamoyo Mining Limited to expand and develop granite aggregates quarrying for local consumption and acquisition of necessary working capital to run the Company profitably.

1.2 The Market

The market exists for the products and services of the Company and at present has an unquenched local market.

1.3 Management and Organization

The designed Organization Chart of the Company sets up an organizational structure that is self supporting and capable of attracting high calibre staff in view of the attractive remuneration packages and the recruitment procedures. A training program is to be instituted so that all the technical jobs are manned by capable Tanzanians. Incentive and free education material will be given to employees to motivate them, including study tours to the equipment and machinery suppliers to familiarise the employees with the machinery operation and maintenance. Other specialized services like legal counsel, management consultant and other skills will be hired as necessary while operational, stores and accounting manuals will be prepared by consultants for permanent use by the Company to ensure consistency and efficiency.

1.4 Capital Cost and Capitalization

The total cost of the project will be (US\$ 555,000). This is financed by equity contribution of United States Dollars 25,000 in equity and retained earnings by BML as Sponsors and the rest is in form of Development Loan for the quarrying machinery, of US\$ 530,000 from a development bank.

1.5 Financial Appraisal

On the basis of various assumptions contained in the various schedules to this report, the net profit after taxes from the mining and concrete article manufacture operations is expected to rise from US\$215,204 in year 1 to US\$ 1979,541 in year 5. By the end of year 5 the Company will have accumulated reserves of US\$3,528,328 after paying dividends.

The Company's cash generation is quite strong throughout the period under consideration. Cash balances accumulate rapidly from US\$242,879 in year 1 to US\$3,533,624 in year 5. The net working capital moves from a deficit of US\$46,186 in year 1 to US\$208,330 in year 5 while the Company's net worth rises from US\$555,000 in year 1 to US\$4,050,203 in year 5.

The Company's internal rate of return (IRR) before interest and taxes is 26%. The payback period is 2 years and 7 months. The business can sustain a decrease in prices of its products by 10 % before making losses. All those tests affirm the financial viability of this project.

1.6 Economic Appraisal

Apart from pure commercial attributes, the project is economically desirable on a number of important grounds.

[a] With over 40 % of the turnover in foreign exchange and with the low foreign exchange payments due from the Company for the Development Loan the Company will effect a foreign exchange inflow of US\$8,821,600 in 5 years thereby liquidating the loan, interest and credit obligations.

The foreign exchange impact on the economy is thus quite substantial.

[b] Bagamoyo Mining Limited will generate employment for 60 new jobs on permanent terms. This will have a big effect on the economy by way of families supported etc.

[c] The project will contribute very heavily to Government revenue by way of duties, taxes, royalties and licences.

[d] The project will enhance forward linkages in the granite aggregates and construction industries in the economy.

[e] The economic rate of return (ERR) works out at 26 % thereby emphasizing the economic desirability of the project.

1.7 Conclusion

This feasibility report shows that the proposed project is financially viable, economically desirable and commercially profitable. The project is based on a well-founded base that the Bagamoyo Mining Limited management has considerable experience and financial ability to undertake the mining and concrete article manufacture activities in Bagamoyo District in Coast Region of Tanzania to meet international quality and quantity standards of the granite aggregates produced. The Company is also very well placed with the marketing of granite aggregates and the other concrete articles in the local market in Tanzania.

Given the commitment of the Management of Bagamoyo Mining Limited and with the assistance of a development bank as the lenders, the Company will be capable of generating the turnover with a big impact on the economy of Tanzania.

It is therefore recommended that Bagamoyo Mining Limited with objectives and the span of interest and magnitude demonstrated above be supported by a loan from development bank to undertake the envisioned project.

CHAPTER 2

2.0 INTRODUCTION

2.1 Name and Ownership of the Company

The Name of the company is Bagamoyo Mining Limited.

2.2 Share Capital

The Authorized Share Capital of the Company is One Hundred Million Tanzanian Shillings (TShs100, 000,000) divided into 100,000 shares of Tanzanian Shillings One Thousand Each (TShs 1,000). These are issued to the Directors of the company who are all Tanzanians and shareholders in the company as follows:-

Name of Shareholder	Profession	Percentage of shares held
Adrian Mpande	Businessman	30
Theresa Mpande	Businesswoman	20
Ngowi Makyao	Businessman	30
Martha Makyao	Businesswoman	20
Total Shares Taken		100

The directors have for most of their professional service worked with the Government and the private sector and held senior positions in management, planning, designing and execution of both rural, urban and local government issues. They are highly conversant with the mining and housing sector in Tanzania.

2.3 ACTIVITIES

The objectives and activities for which the company is established is as follows:-

- (a) To carry on the business of quarrying of granite, limestone, quartz, felspar and sand and buying and selling of minerals of all sorts and kind in Tanzania and elsewhere and trading in minerals in and outside Tanzania.

-
- (b) To apply for, purchase, take on lease, minerals claims and mining rights and licences of any nature whatsoever in respect of any minerals within Tanzania or elsewhere.
 - (c) To purchase, take on lease or otherwise acquire for any interest therein, and to hold, build upon, work, exercise, develop, finance and turn to account, building plots and lands of any nature and of any tenure in Tanzania or elsewhere and to sell, let on lease or otherwise dispose thereof and grant rights there over.
 - (d) To carry on business of sellers, distributors and producers and to extract, treat, cure, submit to any process or manufacture and prepare for market, deal in and turn to account any agricultural or forest produce of any description whatsoever.

2.3.1 Offices

The company has a registered office in Dar es Salaam situated at SIDO Small Business House along Bibi TiTi Mohamed Street Plot 12 Room 1-A next to the College of Business Education. The company also plans to have other two field offices, one at the mining site about 7 kms off Chalinze-Segera Highway turning left at Msata Minor Settlement and a despatch yard at Chalinze township on the Dar-Morogoro Highway.

2.2.3 Legality of the Borrower and the business

The company is a private limited liability Tanzanian Company under the Companies Ordinance (Cap 212) by the name Bagamoyo Mining Ltd that, as the name implies, specializes in mining of both granite and limestone aggregates for the construction industry in Tanzania. The Company was incorporated in October 2001 under Certificate of Incorporation Number 42,244.

2.3 Purpose of the Project

The purpose of the project is to purchase quarrying equipment, machinery and implements, installation of electricity at the mining site at Pongwe Msungula Msata Area in Bagamoyo District, mining granite aggregates and acquiring of necessary transport dump trucks to run the mine profitably.

CHAPTER 3

3.0 ECONOMIC ASPECTS

3.1 Employment Generation

The granite aggregates quarry will create employment for 60 permanent employees. The cost per job created is US\$ 152,146 per annum, which works out to US\$ 2535 per job per annum. Other 800 jobs will be created through indirect employment, first on the backward linkage, the transporters who deliver the product to the various contractors and on the forward linkage, the people who deliver the products to the despatch yard and the producers of concrete articles

3.2 Foreign Exchange Generation, Impact and Diversification plans

The company intends to sell 100 per cent of its goods to the local market to foreign countries but due to the existence of many foreign contractors undertaking large projects some about 40 % of the sales will be paid for in foreign currency. The company will be able to retained 100 percent of these payments to pay for all the foreign procurements like valuable inputs and spare parts for plant and machinery without requesting the Central Bank for funds. This will make the company a large contributor of foreign exchange to the National Treasury of Tanzania. This impact is quite substantial

On diversification, the company plans to set up

3.3 Government Revenue

The project will generate revenue to the Government as follows: -

- import duties,
- excise duties,
- vehicle registration fees and taxes,
- quarrying royalties,
- corporate taxes (income),
- payroll levy,
- skills development levy,
- personal income tax (PAYE),
- withholding taxes on interest/dividends on the distribution of profits,
- business licences,
- export taxes,

-
- land and property taxes.

Although the Company will be entitled to the Incentives under the Investment Centre Act (since the amount invested will be greater than US\$ 100,000 for a sole Tanzanian investor to qualify as an Approved enterprise) as an inducement to the investors, the taxes become payable after four years.

3.4 Incentives Available under Tanzania Investment Centre Act 1997.

Under the industrial classification by Tanzania Investment Centre, the company will be placed under the Lead Sectors where they would qualify for a number of incentives under the TIC Certificate if the fixed investment for new investment is in excess of at least US\$ 100,000 for projects which are wholly owned by Tanzanian Citizen(s). Other incentives include: -

- a) The recognition of private property and protection against any non commercial risks;
- b) Reduced import tariff on project capital items (5 % investment in Priority sectors and zero % for investments in Lead sectors);
- c) Favourable investment allowances and deductions (100%) on industrial buildings, plant and machinery and on agricultural expenditure;
- d) Deferment of VAT payment on project capital assets;
- e) Import duty drawback on raw materials;
- f) Zero-rated VAT on manufactured exports;
- g) Straight line accelerated depreciation allowance on capital goods;
- h) Yearly appreciation of unrecovered capital investment in mining;
- i) A five year carry over of all business losses against future profits;
- j) A reasonable corporate tax rate 30 % and low withholding tax rates; on dividends (10 %) and on loan interest (0 %);

-
- k) The right to transfer outside the country 100 % of foreign exchange earned, profits and capital;
 - l) The ease of obtaining other permits such as residence/work permits, industrial licence, trading licence etc;
 - (m) Automatic permit of employing up to five foreign nationals on the project holding Certificates of Incentives from the TIC.

3.4 Forward and Backward Linkages

On the macro-economic level there will be forward and backward linkages. The backward linkage will be to the people of Dar es Salaam and neighbouring townships be able to get quality granite building materials for their houses from by products of mining and water supply, electricity, communication services, fuel and oil supply, vehicles and equipment maintenance services. The forward linkages will be to the construction industry, the people who deliver the products to the various building contractors.

3.5 Economic Rate of Return

The economic rate of return has been calculated on the total investment without any shadow coefficients because most of the transactions are based in Tanzania Shillings, which are very easily convertible to foreign exchange. With the above approach the **ERR** as computed in the schedules to this study which is quite high for the mining and concrete article manufacture industry.

CHAPTER 4

4.0 TECHNICAL ASPECTS.

4.1 Project location.

Bagamoyo Mining Company is located in Msata area in Bagamoyo District in the Coast Region. To the North it is bordered by Kilindi, Handeni and Pangani Districts of Tanga Region. To the West it is bordered by Morogoro Rural and Mvomero Districts of Morogoro Region. To the South it is bordered by Kibaha and Kinondoni Districts and to the East it is bordered by the Indian Ocean. Based on the 2002 census the total population of Bagamoyo District was 228,967 people of which 187,812 is rural and 41,155 is urban i.e. 82% and 18% respectively.

4.2 Available infrastructure.

The mining site in Msata Area in Bagamoyo District can be reached by one major highway Chalinze -Segera on the way to Tanga from Dar es Salaam. The mine site is 7 kms off the high way turning left at Msata. The road to the mine site is passable through out the year. On telecommunications, Msata is linked to TTCL network for land lines for telephones and fax services while mobile service phone providers like Mobitel, Vodacom and Celtel also provide services. There is 3 Phase electricity at Msata township but TANESCO is yet to extend the power supply to the mine site. There is therefore the need for the company to have a 50 KVA generator at the site.

4.3 Characteristics of the Granite Available at Msata Quarry Site

The Promoters of the project have been issued with a Primary Mining Licence (PML) by the Ministry of Minerals and Energy (Eastern Zonal Office) for granite rock basically as building materials. The area is said to contain not less than 45million cubic metres of granite rock that can be economically mined.

In November 2006 the Promoters requested the Department of Geology of the University of Dar es Salaam to carry out engineering tests of samples collected from the quarry site and the results were as follows:-

4.3.1 Petrographic Analysis

Rock type quartz feldspathic GNEISS with garnet. Mineral content from two samples (Quartz 36-60, feldspar 15-16, biotite 1-2 hornblende 1-2 garnet 15-16, opaques 2-3)

4.3.2 Engineering Tests

Density (kg/m ³)	3020
Water Absorption (%)	0.6
Aggregate crushing value	15-20
Aggregate impact value	18-20
Aggregate reactivity value	1.4
Unconfined Compressive strength (MPa)	200

The above results clearly prove that the granite available at Msata Pongwe Msungula site is good for construction of roads, airports, ports and high rise buildings. It is also good for cutting slabs for other uses.

4.4 Procurement of Quarrying and Transport Equipment and other equipment

Management of Bagamoyo Mining Ltd is aware of their equipment needs which are attached below: -

The quarry area in the Coast Region will occupy an area of approximately (200 m x 200 m x 3 plots) 120,000sq. metres. The first 40,000 square metres will accommodate the quarry machinery.

Table 4.3.1 LAND AND BUILDINGS

Description	Year 1 Total Qty	Total Installation IN US \$
120,000 sq. m Mining Claim Land	3 plots	120,000
Quarry Equipment, Motors & Rollers	Various	60,000
Mining Offices, Stores, Canteen	Various	10,000
Water Supply, storage tanks	Various	10,000
Electricity and Stand by Generator	50 KVA	60,000
Weigh Bridge	One	20,000
VHF Radio communication/ Telephone	Lump sum	8,000
TOTAL US\$		288,000

Table 4.3.2 Concrete Articles Factory

Description	Year 1 Total Qty	Total Installation IN US \$
Culvert Moulding Machinery	Various	20,000
Paving Stone Moulding Machinery	Various	15,000
Kerb Stone Moulding Machinery	Various	15,000
TOTAL US\$		50,000

Table 4.3.3 MOTOR VEHICLES

Description	Year 1 Total Qty	Total Installation IN US \$
18 Ton Dumping Trucks selected used @ US\$15,000	5	75,000
ISUZU Bus for workers transport	1	14,000
Toyota 4WD vehicle @ US\$10,000	2	20,000
TOTAL US \$	8	109,000

Table 4.3.4 OFFICE EQUIPMENT AND FURNITURE

Description	Year 1 Total Qty	Total Installation IN US \$
Air conditioners	various	3,500
Computers/Printers	various	3,500
Tables chairs, lounge sets	various	2,500
Kitchen equipment, crockery	various	500
TOTAL US \$		10,000

4.4 Summary

Description	Amount in US Dollars
Land and Buildings	288,000
Concrete Articles Factory	50,000
Motor Vehicles	109,000
Office Equipment and Furniture	10,000
Working Capital Requirements	54,000
Contingency Fund	19,000
Total US\$	530,000

4.5 Timing and Phasing of the Project

The project is expected to start in June 2007 to 2012 in which period the Bagamoyo Mining Limited management will undertake the following development and sustainability efforts: -
The promoters intend to undertake the following investment in the next five years: -

- Train and develop manpower to become self sufficient in technical and management personnel
- Capture new markets by aggressive advertising using radio, newspapers and television.
- Enter into marketing and collaboration agreements with building contractors.
- consolidate the production of granite aggregates and concrete articles .

4.6 Human resources required to manage the granite and other concrete articles produced by the company

The overall management of the Company will be through a Board of Directors to be appointed by the shareholders. The day to day management of BML will be headed by the Managing Director who will also be the Chief Executive Officer. An Internal Auditor reports directly to the Managing Director.

The Production Department will be responsible for Quarrying activities and concrete article manufacturing while the Marketing Department is responsible for Sales and Promotional Activities of the company.

Under the Finance and Administration Department there will be three sections, Personnel, Accounts and Stores. The Accountant will be responsible for the keeping of the books of the company while the Personnel Officer will be responsible for the day to day personnel, administrative, disciplinary, communications, and transport matters of the company. The Storekeeper will procure and distribute all the company inputs including ballasting materials, quarry machinery, implements, spares thereof and fuel. This team will be able to instil new spirit and workmanship to the company and turn it round production wise within a very short time.

4.7 Required inputs, costs and their availability

These have been identified and are used in the financial projections attached herewith including ballasting materials, oils, lubricants etc.

CHAPTER 5

5.0 FINANCIAL PLAN AND FINANCIAL PROJECTIONS

5.1 Project Start up Costs

The preceding investment by BML before application for loan financing for the quarry amounts to US\$530,000 made up of US\$ 301,000 as the value of the investment in plant machinery including working capital and US\$ 229,000 by way of value of the granite reserves. This can be treated as the shareholders' contribution.

5.2 Full Project Costs

The full project costs are made up of the cost of acquiring new machinery and transport equipment amounting to US\$ 530,000. These are expected to be financed by US\$ 530,000. lease finance from a development bank at an interest rate of 14 % per annum, while the rest is to be financed using retained earnings and short-term overdraft/equity injection by the company.

5.3 Projected Profit and Loss Statements

The profit before interest of the combined operations amounts to US\$ 215,204 in year 1, US\$ 439,184 in year 2 and US\$ 609,980 in year 3. In terms of margins of net profit to turnover the performance is 7% in year 1, rising to 56% in year 5. This is adequate for a quarrying enterprise. Annual retained profit averages US\$ 1,384,600 is available for building reserves and further investment. The cumulative retained earnings at the end of year 5 after paying taxes are US\$7,200,900. This will be available for further investment. The operation is therefore attractive and profitable.

5.5 Projected Balance Sheets

The company balance sheets as shown in the Schedule of the Financial Projections are quite healthy. The net working capital moves from a surplus of 289,065US\$ in the first year to US\$3,741,953 in year 5. The net worth of the company rises from US\$ 555,000 in year 1 to US\$4,050,203 in year 5. Apart from debit/equity ratios for fixed asset financing the company will own all its fixed assets from the second year through equity contributions and retained earnings. It will still have substantial cash balances for further investments.

5.6 Projected Cash Flow Statements

The sources of funds will be equity, the lease finance from the bank, profit before interest and taxes and depreciation. After initial financing no additional equity or loan is required. Starting with modest US\$ 242,879 in year 1 the company ends up with US\$ 3,533,624 cumulative cash flow in year 5.

5.7 Financial Internal Rate of Return

The discounted cash flow analysis calculated on the given assumptions yields a financial internal rate of return of 26 % before interest and taxes. This is an attractive indicator of performance for the quarrying activities of the company.

5.8 Payback Period

The payback period is calculated on the mining and concrete article manufacture operations. The calculations show that the investment will be recouped in 31 months or 2 years and 7 months. This means the company will commence building up reserves after 31 months of operation making this an attractive investment in the quarrying sector.

5.9 Sensitivity Analysis

This analysis brings to light the effect of the most critical factors affecting profitability of the mining and concrete article manufacture operations of the firm.

•**Sensitivity to decrease in revenues** - the project is very sensitive to decrease in revenues. A 10% decrease in revenue reduces the level of profitability but does not make losses. It remains profitable throughout.

•**Sensitivity to increase in operating costs** - the project is also not very sensitive to increase in operating costs. A 10% increase in operating costs produces a marginal effect on the project's profitability but does not make losses.

•**Sensitivity to increase in production costs** - the project is also not very sensitive to increase in production costs. A 10% increase in production costs produces a marginal effect on the project's profitability but does not make losses.

CHAPTER SIX

6.0 MANAGEMENT AND ORGANIZATION

6.1 Personnel and Management

The overall management of the company will be through a Board of Directors, to be appointed by the shareholders. The day to day management of BML will be headed by a Managing Director appointed by the Company shareholders. He will set up a network that will be able to instil new spirit and workmanship to the company and enable it to repay the loan within a very short time. The Managing Director also handles Corporate Planning. Under Managing Director there are three Departmental Managers namely Production, Finance and Administration and Marketing. The Department of Finance and Administration there are three heads namely Personnel, Accounts and Stores.

The Accountant will be responsible for the keeping of the books of accounts and the Personnel Officer will be responsible for the day to day personnel, administrative, disciplinary, communications, and transport matters of the company while the Storekeeper will handle all the procurement and issue of all types of stores including ballasting materials and machinery spares etc. *(See Proposed Organization Chart under Annex I to this Report).*

6.2 Availability of Labour

Tanzania has a large pool of trained manpower in almost all sectors serving mining and construction sectors. The company considers that the critical issues are retention of qualified skilled staff at Msata being a little far from the urban centres like Dar es Salaam etc. Management plans to use incentives such as: -

- Attractive progressive salary programme.
- Medical insurance for employee and dependants
- Social security benefits and other terminal benefits including education for children.
- Motorcycle and bicycle loans to staff depending on rank.

6.3 Recruitment

Recruitment of the additional persons will be carried out over a span of 6 weeks by giving first preference to ex employees of quarrying and construction sectors based on a merit basis and their willingness to work for BML in Msata area in Bagamoyo District. Careful methodology is being

worked out by a competent management consultant who will set the job descriptions etc. to ensure that the right calibre is recruited.

6.4 Training and the use of Consultants.

The Company plans to carry out on - the - job training for most of the technical staff. The maintenance staff will be sponsored to go on field trips outside the country to familiarise themselves with the operations of the plant and machinery. In general the company will ensure that employees get new skills and procedures to increase their productivity throughout. Educational materials will be subsidised or paid for to motivate the workers to develop themselves.

Whereas the company will endeavour to obtain the best talents to fill the permanent posts in the organisation, is intended where necessary to continue with the policy of hiring out some specialised skills by way of consultants.

Alternatively those skills not required throughout the year will be left to consultants. These include legal counsels, systems and management consultants. To ensure efficient and scientific management operations manuals will be prepared for core functions of the company.

CHAPTER 7

7.0 HUMAN RESOURCES DEVELOPMENT AND WELFARE

7.1 Human Resources Development Plan

The company plans to limit itself to employing Tanzanians only. It does not expect to employ expatriates at the company. On recruitment policies the company management will advertise for qualified and experienced Tanzanians on the market, interview and recruit. The company will also conduct in house, in country training for its operative staff. Management staff will get training to obtain state of the art management skills like use of computers, information technology, materials management and communication skills.

7.2 HIV/AIDS Action Plan

Bagamoyo Mining Limited has the following HIV/AIDS Action Plan in place.

7.2.1 Awareness

- Education seminars, workshops, presentations, fly leaves, television and visual aids have been presented by several groups including, District Health Officers, NGOs and religious groups.
- People already infected with AIDS virus are being counselled to exercise restraint by not infecting others.

7.2.2 Prevention

- The Company Management takes the positive action that the distribution of condoms for sexually active partners is the right of every employee. This is facilitated through cooperation with District Health Officers and NGOs providing condoms at near free- of -charge prices.
- The multiple partners' case is made aware of the risks involved.

7.2.3 Care

- The company Management allows for community-based care for HIV/AIDS patients.

7.2.4 Community Based Terminal Care

- The Company Management usually takes care of terminal care funeral and burial services for those who die whilst working with the company.

7.3 Gender considerations

Bagamoyo Mining Ltd is an equal opportunity employer without discrimination on gender, creed or ethnicity of the employee. By mere coincidence the majority of the company employees are men. They are being paid equally with women. Bagamoyo Mining Ltd management plans to build a dispensary, nursery school, canteen, social services hall/shop, and a corn milling machine at the mining site to be available to all the employees at affordable prices.

CHAPTER 8

8.0 MARKETING

8.1 Market for the products of the quarry.

Bagamoyo Mining Ltd will produce sizes 2", 1 ½", 1", ¾" and ½" sizes of crushed granite including crusher dust as well as concrete articles made from the crusher dust.

8.1.1 Granite aggregate

The market for granite aggregate exists in Tanzania especially in Dar es Salaam metropolitan area. The demand for granite aggregate is not met but what is required is to increase quantity and the quality of what is to be produced. Granite aggregates will make about 80% of the Company turnover hence the most important product line.

8.1.2 Other products

The company also plans to produce concrete articles like man hole covers, paving stones, kerb stone and storm water culverts of various sizes for the internal market and if need be for export.

8.2 Marketing Distribution of the Products

There appears to be no problem of marketing of the granite aggregates. Competition exists in the marketing of the concrete articles as there are several other small producers. However with the superior machinery and moulding the quality of the concrete articles produced by BML will be able to compete favourably.

8.3 Prices of the expected products

Bagamoyo Mining Company expects to produce 2", 1 ½", 1", and ¾" and ½" sizes of crushed granite including crusher dust as well as concrete articles made from the crusher dust.

Price per cubic metre in US\$

Granite aggregates US\$ 56.30

Crusher dust US\$ 15.0

Concrete articles vary from US\$ 5 to US\$10 per piece depending on the product.

8.4 The effect of price on the cost of inputs and the profitability of the investment

The higher price of crusher yields per size gives higher return vis a vis the cost of inputs. A lower price yields a lower return/loss vis a vis the cost of ballasting. The costs of inputs tend to remain almost fixed as compared to the fluctuation in price of the quarried products.

CHAPTER 9

9.0 ENVIRONMENTAL ASPECTS

9.1 Environmental Impact Assessment

The project envisages being environmentally friendly in the area of water, air, flora and fauna, geomorphology social effects and archaeology. The project will have no effect on the hydrology as no ground water will be extracted. Water for drinking will be drawn from the Wami – Chalinze pipeline. The project will have no gaseous emission that will affect air quality. No chemicals will be used. There will be little dust emissions. It is therefore anticipated that there will be little or no damage to flora and fauna.

The area directly affected by the mining basically miombo wood land with isolated grassland and has minimal animal population. However no mining activities will attract animals to the site. The project is culturally acceptable to the residents as this is a continuation and improvement of an existing cultural feature.

The people of Bagamoyo in particular have benefited from quarrying granite aggregates in Msata and Lugoba areas for over 30 years now. Generations to generations have relied on granite aggregates as a source of employment and cash support. Now that BML wants to extend the area under granite aggregates quarrying by developing the Pongwe Msungula quarry, the envisioned project is welcome news to the people of Bagamoyo especially the Msata Area. Not only will it create employment for the residents but will also act as a catalyst for the improvement of the health and well being of the people.

9.2 Environmental Management Plan

BML plan to adhere to all environmental standards as per first schedule of the Mining (Environmental Management and Protection) Regulations, 1999. Measures to avoid, minimize or mitigate effects to the environment due to this project will be taken. The general objective of the Environmental and Social Management Plan (ESMP) for the Bagamoyo Mining Company is to minimize environmental degradation and to optimize social benefits to the area.

The specific objectives of the Environmental and Social Management Plan for Bagamoyo Mining Company are:

-
- To develop actions and recommendations that the Company management should adopt in the cutting of trees for firewood and charcoal making to minimize environmental impacts.
 - To develop actions and recommendations that the operational managers should adopt during the land clearing and operational phases to minimize social impacts.
 - To develop effective monitoring elements that will assist the timely mitigation of adverse environmental impacts and the achievement of positive impacts.
 - To ensure that land recovery and levelling is carried out after the completion of the mining stage.

Objectives of a monitoring program essentially examines whether or not identified project objectives are achieved as expected in terms of output and time.

In the case of the Bagamoyo project, the monitoring program will also seek to ensure that proposed mitigation measures are followed and are effective.

9.3 Air Quality

If dust becomes a significant nuisance factor it will be suppressed by spraying with water. Workers or labourers working in dusty areas e.g. in the mining pits, loading of rocks or gravel and soil ore will be issued with masks. It will be the duty of the Operations Manager to ensure that all employees wear masks when on duty.

9.4 Social Economic Impact

The presence of the mine at Msata will bring prosperity to the surrounding area during the life span of the mine. The company is expected to employ people from the community surrounding the mine. It will not employ people from other regions. This will bring satisfaction and acceptability by the members of the community surrounding the mine.

9.5 Access Road.

The 7 km access road from Msata settlement to the mine will be rehabilitated and maintained to make it passable through out the year. The other members of the community and surrounding

villages will be able to use the road for transportation of crops and other goods to and from the market.

9.6 Mine Closure

Upon completion of each section of work the site will be cleared of all equipment and works. This may include the ripping and grading of soil with vegetation replanted where it has been disturbed. The closure objectives includes the restoration of the properties to the condition where it can be used for other purposes such as faring or grazing. Top soil originally stock piled will be spread over waste dumps and natural vegetation allowed to grow. All structures and installations will be removed from the site and the original topography reconstructed. All employees and members of the community around will be informed of the closure of the mine well in advance and will be prepared for retrenchment so that they can look for alternative employment elsewhere.

9.7 Conclusion and Recommendation

The proposed project is environmentally friendly, commercially viable, technically and financially sound and is therefore recommended to be carried out as per schedule.

With relevance to the EIA of the Bagamoyo Mining Limited, the Enviromental and Social Management Plan (ESMP) is proposed to incorporate among others the identification and summary of major anticipated environmental and social impacts as well as mitigation measures.

CHAPTER TEN

10. RECOMENDATIONS

10.1 Mission of Bagamoyo Mining Company in Bagamoyo District.

Bagamoyo Mining Company plans to increase production in the District by expanding and developing granite aggregates quarrying through the purchase quarrying machinery and implements and acquiring of necessary working capital to run the Company in the next five years.

10.2 Strengths

Over the 30 years of existence of the granite aggregates in Bagamoyo the area has built up fame as the best granite aggregates producing area in the Coast Region and in Tanzania. This has given the current BML management the desire to exploit this potential for rising up and become the most successful and prosperous Company in the future.

The following are considered to be, the strengths that BML has at its disposal that can be relied upon to make the Company grow and prosper.

10.2.1 The Company has a large local market in Dar es Salaam and Tanzania as a whole for its products, which is a challenge to management to increase productivity to meet the increasing demand for its products.

10.2.2 BML will over the years of its existence, build a name and goodwill to the public at large and the people of Tanzania especially in the supply of best quality granite aggregates in Tanzania. This necessarily enables the Company to market its products with relative ease in the future given proper and committed management from BML.

10.2.3 The Company management is now seriously engaged in building a strong financial and logistic situation given financing arrangement with a development bank.

10.2.4 The BML landed assets especially the mining claim can be used as collateral for development loans since all of them have title deeds and high values.

10.3 Opportunities

In planning what can be done by the Company during the next five years, the consultants have taken into account the opportunities that exist for the Company to increase its net worth. The new management of the Bagamoyo Mining Company will have to use its experience and wisdom to overcome the threats completely or reduce their impact drastically and at the same time consider

utilizing the available opportunities that exist as follows: -

- 10.3.1 The prevailing improvement in investor confidence in Tanzania, in view of the new Tanzania Investment Centre Act and other fiscal policies, makes mining and concrete article manufacture especially granite aggregates quarrying a suitable investment destination in view of the increased demand for granite aggregates and the concrete articles produced by the Company.
- 10.3.2 To increase the Company's competitive edge and expand its market share, there exists an opportunity to undertake the manufacture of concrete articles from the quarry crusher dust thereby increasing productivity.
- 10.3.3 The Company has an opportunity to start cutting granite slabs, polish them for both local consumption and export markets in Europe, India, USA and Japan.

10.4 Threats

The Company is facing various threats in the existing operational environment. These include the following: -

10.4.1 Power Supply

The lack of electricity at the mining site, contribute to high operational costs in the production of products leading to lower profits in view of the high costs of electricity produced from a generator using fossil fuels(diesel) which is on the rise in the world market.

10.5.0 Conclusions

This study has demonstrated that Bagamoyo Mining Company has adequate mining claim to sustain operations of large granite aggregates production, given the sufficient funding to finance the expansion of the mining and concrete article manufacture activities under BML management. By undertaking the concrete articles manufacture and the granite slab cutting and polishing for export the company can increase its profitability and net worth to become a leading exporter from East Africa.

The Company is being run a private limited liability cooperative Company and will be operated efficiently under private sector management ethics with overheads kept to a minimum.

The Government will benefit from taxes generated by the mining and concrete article manufacture operations especially VAT (to exceed US\$ 100m per annum) to be paid by the BML.

As a result of the large investment in the mining and concrete article manufacture activities the investors will enjoy Incentives under the Tanzania's Investment Centre Policy, (The investment will be over US\$ 100,000 therefore qualify as an Approved Enterprise under the 1997 Act) but in fourth year BML will be paying taxes at the rate of over US\$ 50 m per annum.

The mining and concrete article manufacture activities will generate direct employment to 60 people, while indirect employment will be in the region of 800 people in terms of the backward integration as well as in the forward integration.

10.6 Recommendations

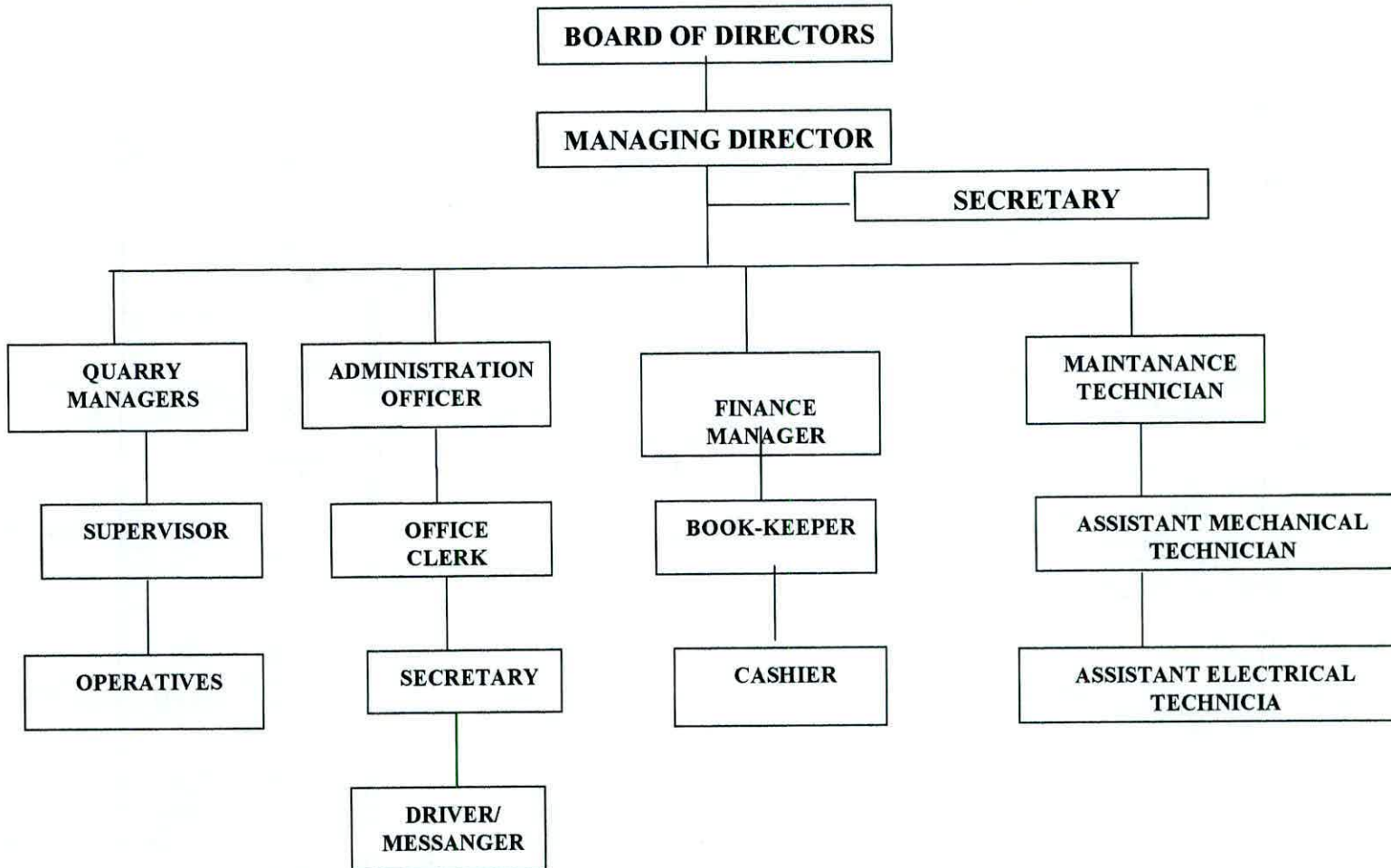
This study has shown that the plan to expand and increase the mining and concrete article manufacture of granite aggregates through the acquisition of quarrying implements and machinery, and acquiring of necessary working capital to run the Company is technically feasible, financially viable and economically desirable. A fast implementation of the venture is therefore recommended so that the demonstrated benefits can be realized.

Given the commitment of the BML management, the mining and concrete article manufacture activities will be capable of generating the turnover in both local currency and foreign exchange with a tremendous impact on the economy.

It is therefore recommended that the investors with the objectives and the span of interest and magnitude like BML should be supported to finance the new investment in tractors and implements using their own equity and lease funds from a development bank.

ANNEX I

BAGAMOYO MINING LTD ORGANISATION CHART



BAGAMOYO MINING LTD. INCOME SUMMARY												
QUANTITY		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	25
Particulars	Unit		50%	33%	75%	43%	0%	0%	0%	0%	0%	0%
Total Input	Tons	30,000	45,000	59,850	104,738	149,775	149,775	149,775	149,775	149,775	149,775	149,775
Aggregate	M ³	24,000	36,000	47,880	83,790	119,820	119,820	119,820	119,820	119,820	119,820	119,820
Crasher Dust	M ³	6,000	9,000	11,970	20,948	29,955	29,955	29,955	29,955	29,955	29,955	29,955
TOTAL PRODUCTION		30,000	45,000	59,850	104,738	149,775	149,775	149,775	149,775	149,775	149,775	149,775
		125										
Paving Slabs		180,000	270,000	359,100	628,425	898,648	898,648	898,648	898,648	898,648	898,648	898,648
Kerb Stones		118,800	178,200	237,006	414,761	593,108	593,108	593,108	593,108	593,108	593,108	593,108
Stormwater Pipes		48,000	72,000	95,760	167,580	239,639	239,639	239,639	239,639	239,639	239,639	239,639
Total		346,800	520,200	691,866	1,210,766	1,731,395	1,731,395	1,731,395	1,731,395	1,731,395	1,731,395	1,731,395
PRICES		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	
Particulars	Unit											
Aggregate	US \$	56.3	56.9	57.4	58.0	58.6	59.2	59.8	60.4	61.0	61.6	
Paving Slabs	US \$	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.2	
Kerb Stones	US \$	5.0	5.1	5.1	5.2	5.2	5.3	5.3	5.4	5.4	5.5	
Stormwater Pipes	US \$	8.0	8.1	8.2	8.2	8.3	8.4	8.5	8.6	8.7	8.7	
Crasher Dust	US \$	15.0	15.2	15.3	15.5	15.6	15.8	15.9	16.1	16.2	16.4	
		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	
Particulars												
Aggregate	US \$	1,351,200	2,047,068	2,749,826	4,860,318	7,019,758	7,089,955	7,160,855	7,232,463	7,304,788	7,377,836	
Paving Slabs	US \$	360,000	545,400	732,636	1,294,934	1,870,273	1,888,976	1,907,865	1,926,944	1,946,213	1,965,676	
Kerb Stones	US \$	594,000	899,910	1,208,849	2,136,641	3,085,950	3,116,810	3,147,978	3,179,458	3,211,252	3,243,365	
Stormwater Pipes	US \$	384,000	581,760	781,478	1,381,263	1,994,958	2,014,907	2,035,056	2,055,407	2,075,961	2,096,721	
Crasher Dust	US \$	18,000	27,270	36,632	64,747	93,514	94,449	95,393	96,347	97,311	98,284	
TOTAL SALES		2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881	

BAGAMOYO MINING LTD. COST OF OPERATIONS

Particulars	Unit	(Figures in US\$)									
		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
OPERATING COSTS											
Fuels and Oil	25%	615,812	820,306	1,114,128	1,949,317	2,777,729	2,805,507	2,833,562	2,861,897	2,890,516	2,919,421
Maintenance of Equipments	10%	246,325	328,122	445,651	779,727	1,111,092	1,122,203	1,133,425	1,144,759	1,156,207	1,167,769
Marketing Expenses	15%	369,487	492,183	668,477	1,169,590	1,666,638	1,683,304	1,700,137	1,717,138	1,734,310	1,751,653
Water	20%	492,649	656,245	891,303	1,559,454	2,222,183	2,244,405	2,266,849	2,289,518	2,312,413	2,335,537
Electricity		479,242	641,304	870,276	1,522,677	2,170,083	2,190,916	2,211,957	2,233,209	2,254,673	2,276,352
Telephone		2,462	3,692	4,911	8,594	12,289	12,289	12,289	12,289	12,289	12,289
Transport		15,385	23,077	30,692	53,712	76,808	76,808	76,808	76,808	76,808	76,808
Cement		44,505	66,758	88,788	155,380	222,193	222,193	222,193	222,193	222,193	222,193
Sand		742	1,113	1,480	2,590	3,703	3,703	3,703	3,703	3,703	3,703
Weldmesh		8,901	13,352	17,758	31,076	44,439	44,439	44,439	44,439	44,439	44,439
Royalties	3%	73,897	98,437	133,695	233,918	333,328	336,661	340,027	343,428	346,862	350,331
Welfare	2%	49,265	65,624	89,130	155,945	222,218	224,441	226,685	228,952	231,241	233,554
Travels and Meetings	4%	98,530	131,249	178,261	311,891	444,437	448,881	453,370	457,904	462,483	467,107
Total		2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155

BAGAMOYO MINING LTD. - STAFF COSTS												
(Figures in US\$)												
Particulars		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	
ADMINISTRATIVE STAFF												
Factory Manager	1	1,100	13,200	13,200	13,200	13,200	13,860	13,860	13,860	13,860	13,860	13,860
Quarry Manager	1	1,000	12,000	12,000	12,000	12,000	12,600	12,600	12,600	12,600	12,600	12,600
Accountant	1	700	8,400	8,400	8,400	8,400	8,820	8,820	8,820	8,820	8,820	8,820
Marketing Officer	1	600	7,200	7,200	7,200	7,200	7,560	7,560	7,560	7,560	7,560	7,560
Medical Assistant	1	500	6,000	6,000	6,000	6,000	6,300	6,300	6,300	6,300	6,300	6,300
Electricians	2	250	6,000	6,000	6,000	6,000	6,300	6,300	6,300	6,300	6,300	6,300
Carpenters	2	250	6,000	6,000	6,000	6,000	6,300	6,300	6,300	6,300	6,300	6,300
Plumbers	2	250	6,000	6,000	6,000	6,000	6,300	6,300	6,300	6,300	6,300	6,300
Storekeeper	1	250	3,000	3,000	3,000	3,000	3,150	3,150	3,150	3,150	3,150	3,150
Nurses	2	300	7,200	7,200	7,200	7,200	7,560	7,560	7,560	7,560	7,560	7,560
Assistant Accountant	1	300	3,600	3,600	3,600	3,600	3,780	3,780	3,780	3,780	3,780	3,780
Quarry Operators	20	120	28,800	28,800	28,800	28,800	30,240	30,240	30,240	30,240	30,240	30,240
Messengers and Guards	12	90	12,960	12,960	12,960	12,960	13,608	13,608	13,608	13,608	13,608	13,608
Secretary	1	300	3,600	3,600	3,600	3,600	3,780	3,780	3,780	3,780	3,780	3,780
Casual labourers	12	50	7,200	7,200	7,200	7,200	7,560	7,560	7,560	7,560	7,560	7,560
NSSF			13,116	13,116	13,116	13,116	13,772	13,772	13,772	13,772	13,772	13,772
Skills Development Levy 6%			7,870	7,870	7,870	7,870	8,263	8,263	8,263	8,263	8,263	8,263
TOTAL	60		152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753

BAGAMOYO MINING LTD. - WORKING CAPITAL											
Particulars	Basis	(Figures in US\$)									
		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
INVENTORY:											
Maintenance Equipment	1 months	20,527	27,344	37,138	64,977	92,591	93,517	94,452	95,397	96,351	97,314
Fuel and Oils	¹ / ₂ month produ	25,659	34,179	46,422	81,222	115,739	116,896	118,065	119,246	120,438	121,643
		46,186	61,523	83,560	146,199	208,330	210,413	212,517	214,642	216,789	218,957
WIP	¹ / ₂ month produ	104,050	139,228	188,940	330,578	471,131	475,656	480,227	484,843	489,506	494,215
Finished Goods	¹ / ₂ month produ	104,050	139,228	188,940	330,578	471,131	475,656	480,227	484,843	489,506	494,215
DEBTORS:											
Local sales	Cash	-	-	-	-	-	-	-	-	-	-
Export sales	on order	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS		254,286	339,978	461,439	807,355	1,150,591	1,161,725	1,172,971	1,184,329	1,195,800	1,207,386
CURRENT LIABILITIES											
Operating expenses	1 month	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
TOTAL CURRENT LIABILITIES		208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
NET WORKING CAPITAL		46,186	61,523	83,560	146,199	208,330	210,413	212,517	214,642	216,789	218,957

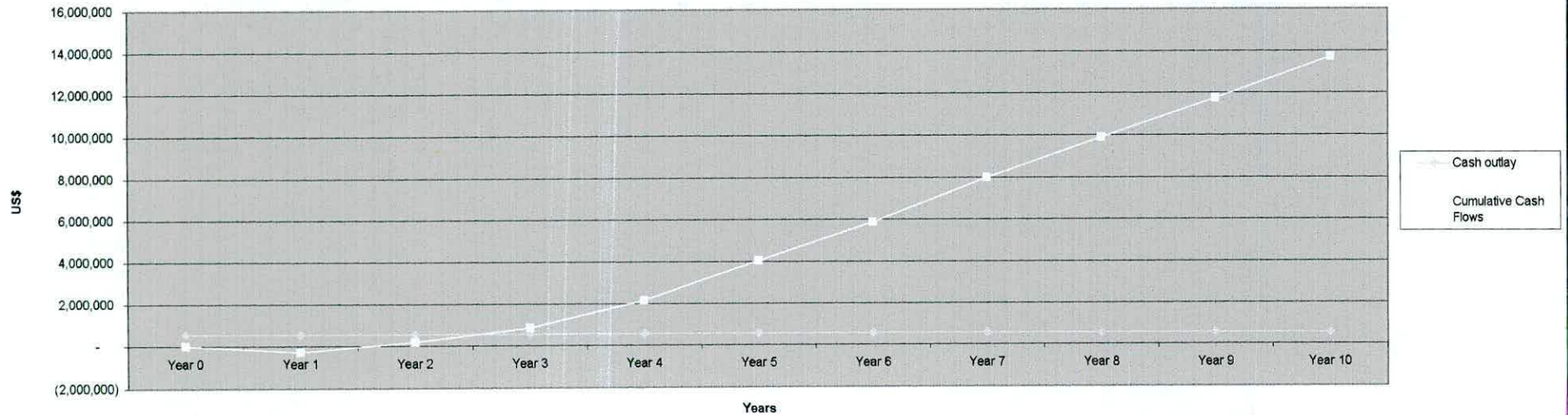
BAGAMOYO MINING LTD. - PAYBACK PERIOD ANALYSIS

(Figures in US\$)

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Initial cash outlay	(555,000)	-	-	-	-	-	-	-	-	-	-
Net Operating Cashflows	0	(271,232)	474,597	638,693	1,307,201	1,897,160	1,841,651	2,103,946	1,907,929	1,860,098	1,954,499
Cumulative Cashflows	(555,000)	(826,232)	(351,635)	287,058	1,594,259	3,491,419	5,333,070	7,437,016	9,344,946	11,205,044	13,159,542

Payback Period = Two Years and Seven Months

BAGAMOYO MINING LTD - PAYBACK PERIOD ANALYSIS GRAPH



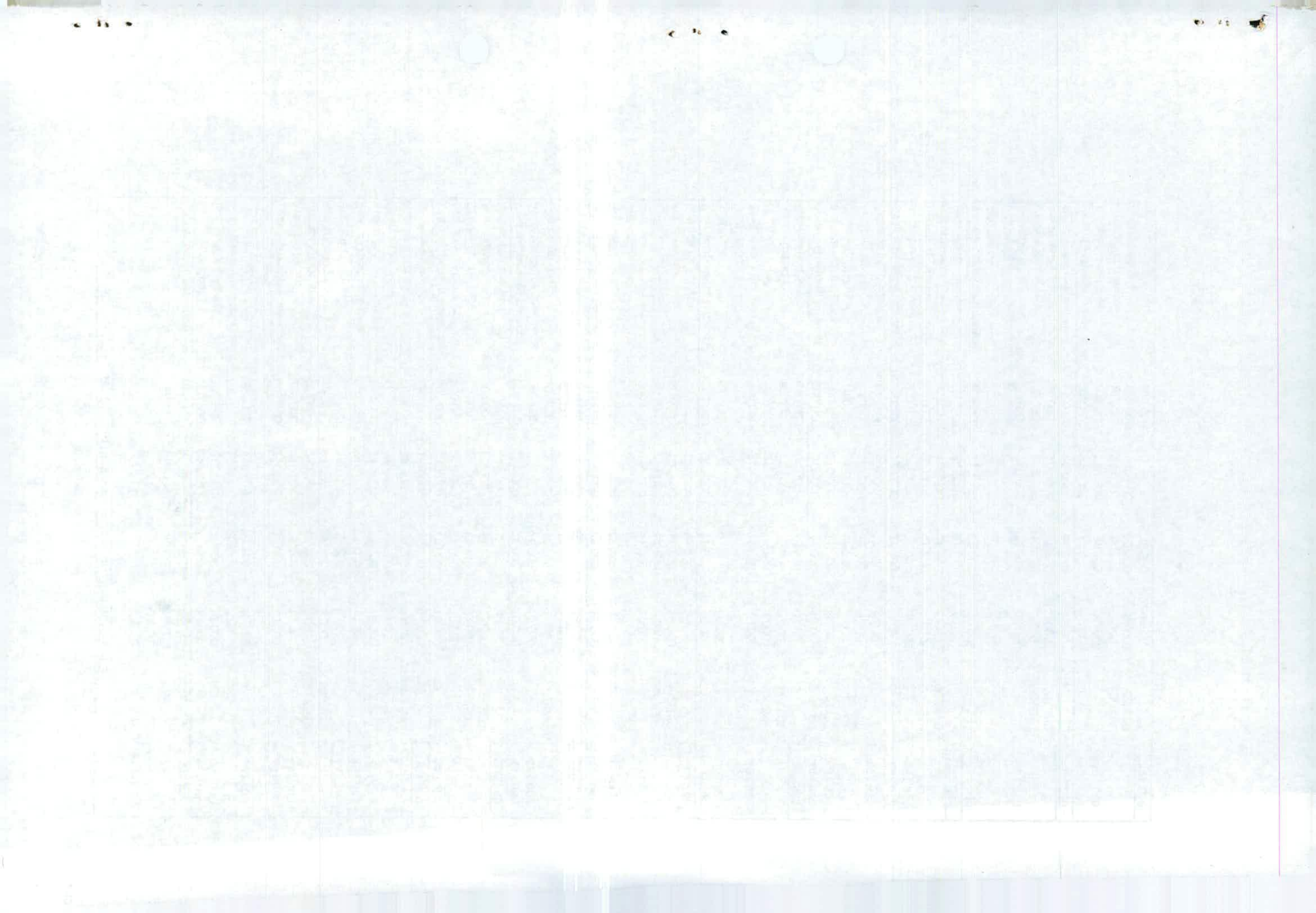
BAGAMOYO MINING LTD. - DISCOUNTED CASH FLOW STATEMENT

(Figures in US\$)

Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
INFLOWS										
Profit as per P & L A/c	215,204	627,405	871,400	1,884,414	2,827,916	2,587,897	2,620,343	2,653,113	2,686,212	2,719,641
Add Back Depreciation	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750
	265,954	678,155	922,150	1,935,164	2,878,666	2,638,647	2,671,093	2,703,863	2,736,962	2,770,391
Changes in Working Capital										
(Increase)/Decrease in Stocks	(254,286)	(85,692)	(121,461)	(345,916)	(343,237)	(56,795)	1,207,386	-	-	-
(Increase)/Decrease in Debtors	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Creditors	208,100	70,355	99,424	283,277	281,106	46,168	(988,430)	-	-	-
Inflow from operating activities	219,768	662,818	900,113	1,872,525	2,816,535	2,628,020	2,890,049	2,703,863	2,736,962	2,770,391
TOTAL INFLOWS	219,768	662,818	900,113	1,872,525	2,816,535	2,628,020	2,890,049	2,703,863	2,736,962	2,770,391
OUTFLOWS										
Fixed Assets Acquisition	491,000	-	-	-	71,000	10,000	-	-	71,000	-
Taxation paid	-	188,222	261,420	565,324	848,375	776,369	786,103	795,934	805,863	815,892
Net Inflows	(271,232)	474,597	638,693	1,307,201	1,897,160	1,841,651	2,103,946	1,907,929	1,860,098	1,954,499
Terminal Value	-	-	-	-	-	-	-	-	-	19,544,987
NPV of Cashflows @ 10%	7,248,028									
NPV of Terminal Value @10%	7,535,438									
Investment										
Project Net Present Value	14,228,467									

BAGAMOYO MINING LTD. - SENSITIVITY ANALYSIS										
Particulars	SENSITIVITY ANALYSIS - 10 % DECREASE IN REVENUE									
	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881
Less 10%	270,720	410,141	550,942	973,790	1,406,445	1,420,510	1,434,715	1,449,062	1,463,553	1,478,188
Adjusted Sales Revenue	2,436,480	3,691,267	4,958,479	8,764,112	12,658,007	12,784,587	12,912,433	13,041,557	13,171,973	13,303,693
Less Cost of Goods Sold	2,289,101	3,271,107	4,435,126	7,650,593	11,026,033	11,406,697	11,516,302	11,627,003	11,738,811	11,851,737
GROSS PROFIT	147,379	420,160	523,354	1,113,519	1,631,974	1,377,890	1,396,131	1,414,554	1,433,162	1,451,956
%	5.44	10.24	9.50	11.43	11.60	9.70	9.73	9.76	9.79	9.82
Less Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753
Net Profit	(4,766)	268,015	371,208	961,374	1,472,221	1,218,137	1,236,378	1,254,801	1,273,409	1,292,203
SENSITIVITY ANALYSIS: 10% INCREASE IN PRODUCTION COSTS										
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881
Projected Production Costs	2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155
Add 10% of Prod Cost	249,720	334,146	453,455	793,387	1,130,714	1,141,575	1,152,544	1,163,624	1,174,814	1,186,116
Adjusted ProductionCost	2,746,921	3,675,608	4,988,005	8,727,256	12,437,853	12,557,323	12,677,988	12,799,859	12,922,949	13,047,271
GROSS PROFIT	(39,721)	425,800	521,417	1,010,646	1,626,599	1,647,774	1,669,160	1,690,760	1,712,576	1,734,610
Less Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753
Net Profit	(191,866)	273,654	369,271	858,501	1,466,847	1,488,021	1,509,407	1,531,007	1,552,823	1,574,857
SENSITIVITY ANALYSIS 10% INCREASE IN OPERATING COSTS										
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881
Projected Production Cost	2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155
GROSS PROFIT	209,999	759,946	974,872	1,804,033	2,757,313	2,789,349	2,821,704	2,854,384	2,887,390	2,920,726
Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753
Add 10 of Operating Costs	15,215	15,215	15,215	15,215	15,975	15,975	15,975	15,975	15,975	15,975
Adjusted Operating Costs	167,360	167,360	167,360	167,360	175,728	175,728	175,728	175,728	175,728	175,728
NET PROFIT	42,639	592,586	807,512	1,636,673	2,581,585	2,613,620	2,645,976	2,678,655	2,711,661	2,744,997

BAGAMOYO MINING LTD. - PROJECT FINANCE		
(Figures in US\$)		
<u>Investment Required</u>		
Assets		491,000
Working Capital		64,000
Total		<u>555,000</u>
<u>Financing</u>		
Long Term Loan		530,000
Equity		25,000
Total		<u>555,000</u>
<u>Machinery Lease</u>		
Grace period	1 years	
Installments	4 years	
Instalments		33,125



BAGAMAYO MINING LTD. - AMORTISATION AND DEPRECIATION SCHEDULE						
(Figures in US\$.)						
Initial Investment	Land & Build	Plant & Mach	Motor Vehicles	Office Furn. & Equip.	Tot Charge	Tot. Assets
Cost	200,000	210,000	71,000	10,000		491,000
Total Assets	200,000	210,000	71,000	10,000	0	491,000
Depr/amortization rate	5%	10%	25%	20%		
Total investment per year	200,000	210,000	71,000	10,000	0	491,000
Year 1 Opening balance	200,000	210,000	71,000	10,000		491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	10,000	21,000	17,750	2,000	50,750	
Balance for the year	190,000	189,000	53,250	8,000		440,250
Year 2 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	20,000	42,000	35,500	4,000	101,500	
Balance for the year	180,000	168,000	35,500	6,000		389,500
Year 3 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	30,000	63,000	53,250	6,000	152,250	
Balance for the year	170,000	147,000	17,750	4,000		338,750
Year 4 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	40,000	84,000	71,000	8,000	203,000	
Balance for the year	160,000	126,000	0	2,000		288,000
Year 5 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Additions	0	0	71,000	0		71,000
Disposals	0	0		0		
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	50,000	105,000	17,750	10,000	182,750	
Balance for the year	150,000	105,000	53,250	0		308,250
Year 6 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Additions	0	0	0	10,000		10,000
Disposals	0	0	0			
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	60,000	126,000	35,500	2,000	223,500	
Balance for the year	140,000	84,000	35,500	8,000		267,500
Year 7 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	70,000	147,000	53,250	4,000	274,250	
Balance for the year	130,000	63,000	17,750	6,000		216,750
Year 8 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	80,000	168,000	71,000	6,000	325,000	
Balance for the year	120,000	42,000	0	4,000		166,000
Year 9 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Additions	0	0	71,000	0		71,000
Disposals	0	0		0		
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	90,000	189,000	17,750	8,000	304,750	
Balance for the year	110,000	21,000	53,250	2,000		186,250
Year 10 Opening balance	200,000	210,000	71,000	10,000	0	491,000
Available for the year	200,000	210,000	71,000	10,000		491,000
Charge for the year	10,000	21,000	17,750	2,000	50,750	
Accumulated	100,000	210,000	35,500	10,000	355,500	
Balance for the year	100,000	0	35,500	0		135,500

TANZANIA



Certificate of Incorporation

No. 42244....

I HEREBY CERTIFY THAT

BAGAMOYO MINING

Limited

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

Given under my hand at Dar es Salaam

this 2ND day of OCTOBER, TWO THOUSAND AND ONE

[Handwritten signature]

Asst. Registrar of Companies



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. 2116328

Fax. 2118253

e-mail: information@tic.co.tz

Website: www.tic.co.tz

(Please fill the form in duplicate)

THE 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, NGOWI MAKYAO director of BAGAMOYO MINING LTD

apply for registration of INVESTMENT INCENTIVES under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at PONGWE MSUNGULA SITE, MSATA AREA, BAGAMOYO DISTRICT (OFF CHALINZE SEGERA ROAD, TURN LEFT AT MSATA 7 KMS FROM THE ROAD)

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association
 - (ii) Certificate of Incorporation
 - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
 - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at PLOT 12 BIBI TITI MOHAMED STREET, ILALA MUNICIPALITY, DAR ES SALAAM
 4. The Principal Officers of the Company are: ADRIAN MPANDE, THERESIA MPANDE, NGOWI MAKYAO AND MARTHA MAKYAO WHO ARE ALL DIRECTORS OF THE COMPANY.

Auditors of the Company are HARON & CO, CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE.

5. The authorized share capital of the Company is TShs100,000,000/=
6. The intended capital investment of the Company in terms of Section 2(2) of the Act is US\$ 555,000.
7. The month and day of the financial year end is December 31st of each year.

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


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

I, NGOWI MAKYAO of Post Office Number 6191, DAR ES SALAAM do solemnly and sincerely declare that I am a director of BAGAMOYO MINING 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 17 TH day of FEBRUARY 2009}


.....
Applicant

Before me:


.....
Commissioner for Oaths

GODWIN MUSA MWAPONG
Advocate, Notary Public &
Commissioner for Oaths
Box 72483, DAR-ES-SALAAM

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

APPLICATION SUMMARY

Company Name: BAGAMOYO MINING LTD

COI Number: 42244 Status: LTD

COI Date: 02/10/2001

Post Box: 6191

Town: DAR ES SALAAM

Sector: MINING
INDUSTRY

Sub-Sector: SUPPLIER TO CONSTRUCTION

Investment Financing Plan in Million US\$

Foreign Equity	Local Equity	Foreign Loan	Local Loan
N/A	25,000	N/A	530,000

Project Objectives:

- 1.To carry on the business of quarrying of granite, limestone, quartz and buying and selling of minerals of all sorts and kind in Tanzania.
- 2.To manufacture concrete articles from the by products of the quarrying process and
- 3.To transport and deliver the same to the construction industry in Tanzania using transport dump trucks and tippers.

Capacity:

- 1.Aggregates 125 tons per hour year 1 to 780 tons per hour in year 5
- 2.Crusher dust 30 tons per hour in year 1 to 160 tons per hour in year 5
- 3.Paving slabs 180,000 units in year 1 to 898,648 units in year 5
- 4.Kerb stones 118,800 units in year 1 to 593,108 units in year 5
- 5.Storm water pipers 48,000 units to 239,639 units in year 5

Capacities can be increased with demand growth within one year

Employment: Foreign: n/a Local: 60 Total: 60

Implementation Period: March 2009 to June 2011.

Project Location

Site: PONGWE MSUNGULA SITE, MSATA AREA, BAGAMOYO DISTRICT (OFF CHALINZE-SEGERA ROAD, TURN LEFT AT MSATA 7 KMS FROM THE ROAD)

Street: CHALINZE/SEGERA District: BAGAMOYO Region: COAST
(Attach sketch map showing project location)

Shareholders	Nationality	%
Adrian Mpande	Tanzanian	30
Theresia Mpande.	Tanzanian	20
Ngowi Makyao	Tanzanian	30
Martha Makyao	Tanzanian	20
Total		<u>100</u>

Investment Breakdown	US\$
Land/Building	288,000
Plant	50,000
Vehicles	109,000
Furniture & Fittings	10,000
Working Capital	54,000
Contingency Fund	19,000
TOTAL	<u>530,000</u>

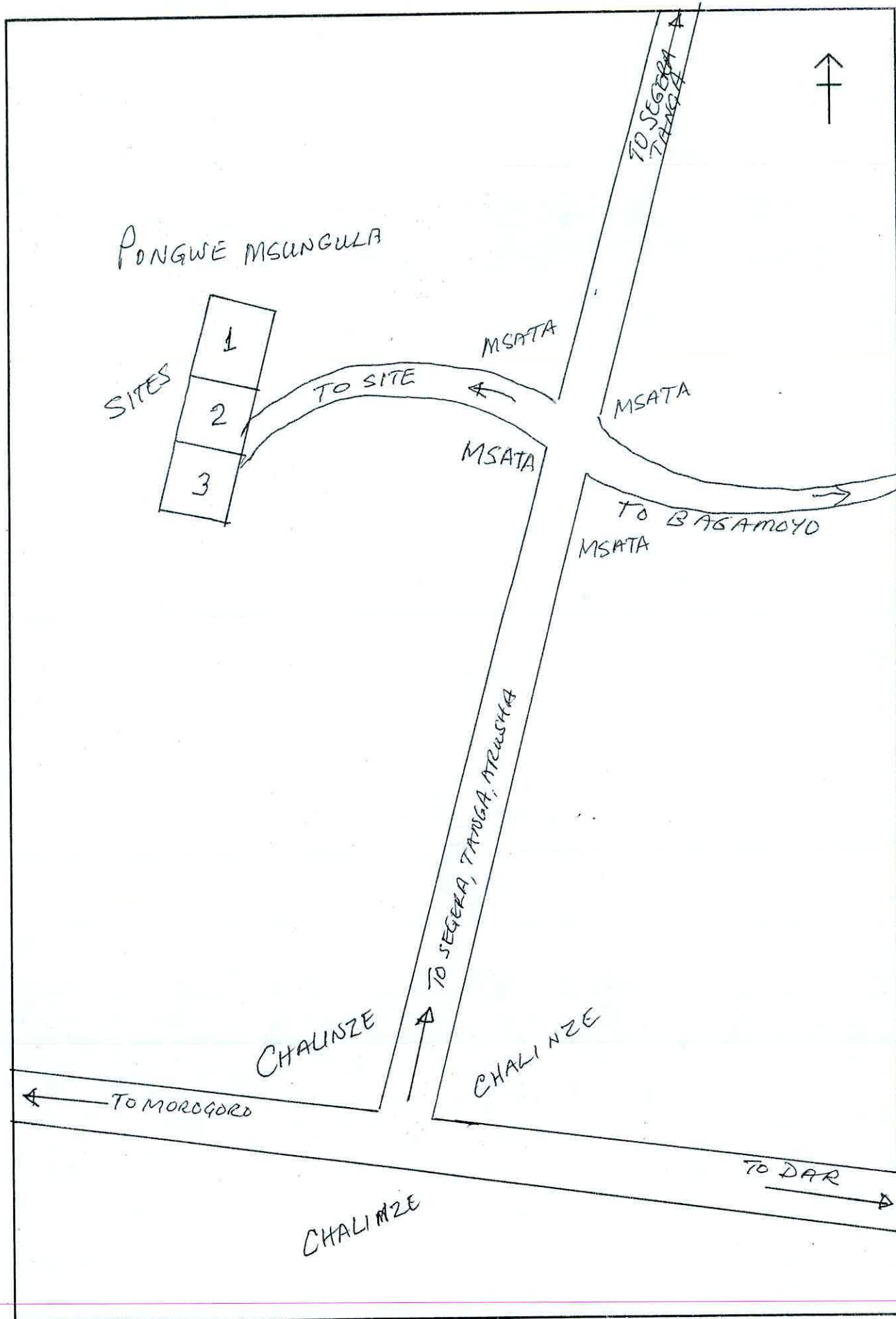
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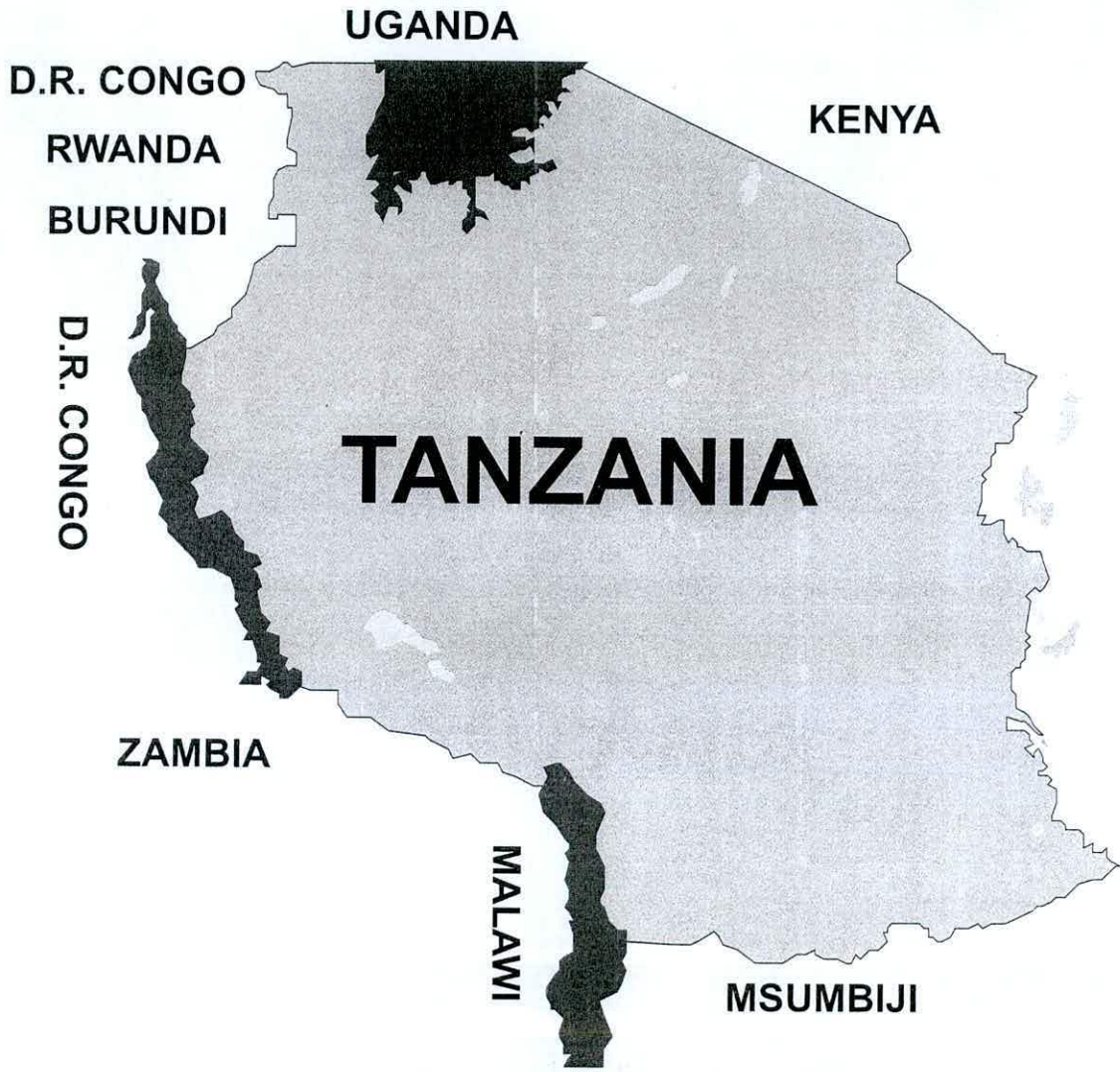
Name: Ngowi Makyao Title: Director

Telephone: +255 713 338751 Fax: +255 22 215 1884

Email: nmakyao@yahoo.co.uk

SKETCH MAP SHOWING PROJECT LOCATION





**REVISED FEASIBILITY AND BUSINESS PLAN
FOR
DEVELOPMENT
OF
GRANITE QUARRY
AT PONGWE MSUNGULA
MSATA AREA, BAGAMOYO
FOR
BAGAMOYO MINING LTD.**

Prepared by: -

Corporate Services International Ltd

Management and Business Consultants

P O Box 6191,

Dar es Salaam

TANZANIA

JAN 2009

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Annex: Bagamoyo Mining Ltd Organization Chart

EXECUTIVE SUMMARY

1.1. The Project

This investment proposal sets out to examine the financial viability and economic desirability of the acquisition of quarrying machinery by Bagamoyo Mining Limited to expand and develop granite aggregates quarrying for local consumption and acquisition of necessary working capital to run the Company profitably.

1.2. The Market

The market exists for the products and services of the Company and at present has an unquenched local market.

1.3 Management and Organization

The designed Organization Chart of the Company sets up an organizational structure that is self supporting and capable of attracting high caliber staff in view of the attractive remuneration packages and the recruitment procedures. A training program is to be instituted so that all the technical jobs are manned by capable Tanzanians. Incentive and free education material will be given to employees to motivate them, including study tours to the equipment and machinery suppliers to familiarize the employers with the machinery operation and maintenance. Other specialized services like legal counsel, management consultant and other skills will be hired as necessary while operational, stores and accounting manuals will be prepared by consultants for permanent use by the Company to ensure consistency and efficiency.

1.4. Capital Cost and Capitalization

The total cost of the project will be (US\$600,000). This is financed by equity contribution of United States Dollars 139,000 in equity and retained earnings by BML as sponsors and the rest is in form of Development Loan for the quarrying machinery, of US\$461,000 from a development bank.

1.5. Financial Appraisal

On the basis of various assumptions contained in the various schedules to this report, the net profit after taxes from the mining and concrete articles manufacture operations is expected

to rise from US\$ 198,554 in year 1 to us\$ 1,979,961 in year 5. By the end of year 5 the Company will have accumulated reserves of US\$3,488,193 after paying dividends.

The Company's internal rate of return (IRR) before interest and taxes is 26%. The pay back period is 2 years and 9 months. The business can sustain a decrease price of its products by 10% before making losses. All those tests affirm the financial viability of this project.

1.6. Economic Appraisal

Apart from pure commercial attributes, the project is economically desirable on a number of important grounds.

- [a] With over 40% of the turnover in foreign exchange and with the low foreign exchange payments due from the Company for the Development Loan the Company will effect a foreign exchange inflow of US\$ 14,448,153 in 5 years thereby liquidating the loan, interest and credit obligations.

The foreign exchange impact on the economy is thus quite substantial

- [b] Bagamoyo Mining Limited will generate employment for 60 new jobs on permanent terms. This will have a big effect on the economy by way of families supported etc.
- [c] The project will contribute very heavily to Government revenue by way of duties, taxes, royalties and licences.
- [d] The project will enhance forward linkages in the granite aggregates and construction industries in the economy.

1.7. CONCLUSION

This feasibility report shows that the proposed project is financially viable, economically desirable and commercially profitable. The project is based on well-founded base that the Bagamoyo Mining Limited management has considerable experience and financial ability to undertake the mining and concrete articles manufacture activities in Bagamoyo District in

the Coast Region of Tanzania to meet international quality and quantity standards of the granite aggregates produced. The Company is also very well placed with the marketing of granite aggregates and the other concrete articles in the local market in Tanzania.

Given the commitment of the Management of Bagamoyo Mining Limited and with the commitment and assistance of a development bank as the lenders, the Company will be capable of generating the turnover with a big impact on the economy of Tanzania.

It is therefore recommended that Bagamoyo Mining Limited with objectives and the span of interest and magnitude demonstrated above be supported by a loan from development bank to undertake the envisioned project.

CHAPTER 2

2.0. INTRODUCTION

2.1. Name and Ownership of the Company

The Name the company is Bagamoyo Mining Limited

2.2. Share Capital

The Authorized Share Capital of the Company is One Hundred Million Tanzania Shillings (TShs 100,000,000) divided into 100,000 shares of Tanzania Shillings One Thousand Each (TShs 1,000). These are issued to the Directors of the company who are all Tanzanians and shareholders in the company as follows:-

Name of Shareholder	Profession	Percentage of shares held.
Adrian Mpande	Businessman	30
Theresia Mpande	Businesswoman	20
Ngowi Makyao	Businessman	30
Martha Makyao	Businesswoman	20
Total Shares Taken		100

The directors have for most of their professional service worked with Government and the private sector and held senior position in management, planning, designing and execution of both rural, urban and local government issues. They are highly conversant with the mining and housing sector in Tanzania

2.3. ACTIVITIES

The objectives and activities for which the company is established is as follows:-

- (a) To carry on the business of quarrying of granite, limestone, quartz, feldspar and sand and buying and selling of minerals of all sorts and kind in Tanzania and elsewhere and trading in minerals in and outside Tanzania.

(b) To apply for, purchase, take on lease, minerals claims and mining rights and licences of any nature whatsoever in respect of any minerals within Tanzania or elsewhere.

(c) To purchase, take on lease or otherwise acquire for any interest therein, and to hold, build upon, work exercise, develop, finance and turn to account, building plots and lands of any nature and of any tenure in Tanzania or elsewhere and to sell, let on lease or otherwise dispose thereof and grant rights there over.

(d) To carry on business of sellers, distributors and to extract, treat, cure, submit to any process of manufacture and prepare for market, deal in and turn to account and agricultural or forest produce of any description whatsoever.

2.3.1 Offices

The company has a registered office in Dar es Salaam at SIDO Small Business House along Bibi Titi Mohamed Street Plot 12, Room 1-A next to the College of Business Education. The company also plans to have other two field offices, one at the mining and granite quarry site about 7 kms off Chalinze-Segera Highway turning left at Msata Minor Settlement and a Dispatch Yard at Chalinze township on the Dar-Morogoro Highway.

2.3.2. Legality of the Borrower and the business.

The company is a private limited liability Tanzanian Company registered under the Companies Ordinance (Cap 212) in the name of Bagamoyo Mining Ltd that, as the name implies, specializes in mining of both granite and limestone aggregates for the construction industry in Tanzania. The Company was incorporated in October 2001 under Certificate of Incorporation Number 42144.

2.4. Purpose of the Project

The purpose of the project is to purchase quarrying equipment, machinery and equipment, installation of electricity at the mining and quarry site at Pongwe Msungula Msata Area in Bagamoyo District in order to mine and crush the granite into aggregates and acquiring of necessary transport dump trucks to deliver the same to customers hence run the mine/quarry profitably.

CHAPTER 3

3.0 ECONOMIC ASPECTS

3.1 Employment Generation

The granite aggregates quarry will create employment for 60 permanent employees. The cost per job created is US\$ 152,146 per annum, which works out to US\$2,536 per job per annum. Other 800 jobs will be create through indirect employment, first on the backward linkage, the transporters who deliver the product to the Dispatch Yard and the producers of concrete articles and on the forward linkage on the employment created through building contractors and their sub contractors.

3.2 Foreign Exchange Generation, Impact and Diversification Plans

The company intends to sell 100 per cent of its goods to the local market but due to the existence of many foreign contractors undertaking large projects in Tanzania about 40% of the sales will be paid for in foreign currency. The company will be able to retain 100 percent of these payments to pay for all its foreign procurements like valuable inputs and spare parts for the quarry plant and machinery without requesting the Central Bank for funds. This will make the company a large contributor of foreign exchange to the National Treasury of Tanzania. This impact is quite substantial.

On diversification, the company plans to set up concrete articles manufacturing facilities which will produce paving slabs, kerb stones, storm water and sewerage water pipes using the residual crusher dust produced through the process of crushing the granite to get aggregates.

3.3. Government Revenue

The project will generate revenue to the Government as follows:-

- Import duties,

- Excise duties,
- Vehicle registration fees and taxes,
- Quarrying royalties,
- Corporate taxes (income),
- Payroll levy.
- Skills development levy,
- Personal income tax (PAYE),
- Withholding taxes on interest/dividends on the distribution of profits,
- Business license,
- Export taxes,
- Land and property taxes.

Although the company will be entitled to the incentives under the Investment Centre Act (since the amount invested is greater than US\$ 100,000 for a sole Tanzania investor to qualify as an Approved Enterprises) as an inducement to the investors, the taxes become payable after four years.

3.4. Incentives Available under Tanzania Investment Centre Act 1997.

Under the industrial classification by Tanzania Investment Centre, the company will be placed under the Lead Sectors where they would qualify for a number of incentives under the TIC Certificate since the fixed investment for new investment is in excess of at least US\$ 100,000 for projects which are wholly owned by Tanzanian Citizen(s). Other incentives include:-

- a) The recognition of private property and protection against any non commercial risks;
- b) Reduced import tariff on project capital items (5% investment in Priority sectors and zero % for investments in Lead sectors);
- c) Favourable investment allowances and deductions (100%) on industrial buildings, plant and machinery and on agricultural expenditure;
- d) Deferment of VAT payment on project capital assets;

- e) Import duty drawback on raw materials;
- f) Zero-rated VAT on manufactured exports;
- g) Straight line accelerated depreciation allowance on capital goods;
- h) Yearly appreciation of un recovered capital investment in mining;
- i) A five year carry over of all business losses against future profits;
- j) A reasonable corporate tax rate 30% and low withholding tax rates; on dividends (10%) and on loan interest (0%)

- k) The right to transfer outside the country 100% of foreign exchange earned, profits and capital;
- l) The ease of obtaining other permits such as residence/work permits, industrial licence, trading licence etc;
- m) Automatic permit of employing up to five foreign nationals on the project holding Certificates of Incentives from the TIC.

3.5. Forward and Backward Linkages

On the macro-economic level there will be forward and backward linkages. The backward linkage will be for the people of Dar es Salaam and neighbouring townships to be able to get quality granite building materials for their houses. Other linkages are to the by products of mining and water supply, electricity, communication services, fuel and oil supply, vehicles and equipment maintenance service used by the quarry.. The forward linkages will be to the construction industry, the transporters who deliver the products to the various building contractors to Dar es Salaam and the neighbouring townships.

3.6. Economic Rate of Return

The economic rate of return has been calculated on the total investment without any shadow coefficients because most of the transactions are based in Tanzania Shillings, which are very easily convertible to foreign exchange. With the above approach the **ERR** as computed in the schedules to this study which is quite high for the mining and concrete articles manufacturing industry.

CHAPTER 4

4.0 TECHNICAL ASPECTS

4.1 Project location.

Bagamoyo Mining Company is located in Msata Area in Bagamoyo District in the Coast Region. To the North it is bordered by Kilindi, Handeni and Pangani Districts of Tanga Region. To the West it is bordered by Morogoro Rural and Mvomero Districts of Morogoro Region. To the South it is bordered by Kibaha in Coast Region and Kinondoni District in Dar es Salaam Region and to the East it is bordered by the Indian Ocean. Based on the 2002 census the total population of Bagamoyo District was 228,967 people of which 187,812 is rural and 41,155 is urban i.e. 82% and 18% respectively.

4.2 Available infrastructure.

The mining site in Msata Area in Bagamoyo District can be reached by one major highway Chalinze-Segera on the way to Tanga from Dar es Salaam. The mine/quarry site is 7 kms off the highway turning left at Msata. The road to the mine site is passable throughout the year. On telecommunications, Msata is linked to TTCL network for land lines for telephones and fax services while mobile service phone providers like Mobitel, Vodacom and Zein also provide services. There is 3 Phase electricity at Msata Township but TANESCO is yet to extend the power supply to the mine site. There is therefore the need for the company to have a 50 KVA generator at the site.

4.3 Characteristics of the Granite Available at Msata Quarry Site

The Promoters of the project have been issued with Primary **Mining Licences (PMLs)** by the Ministry of Minerals and Energy (Eastern Zonal Office) for granite rock basically as **building materials**. The area is said to contain not less than 45 million cubic meters of granite rock that can be economically mined.

In November 2006 the Promoters requested the Department of Geology of the University of Dar es salaam to carry out engineering tests of samples collected from the quarry site and the results were as follows:-

4.3.1 Petrography Analysis

Rock type quartz feldspathic GNEISS with garnet. Mineral content from two samples (Quartz 36-60, feldspar 15-16, biotite 1-2 hornblende 1-2 garnet 15-16, opaques 2-3)

4.3.2 Engineering Tests

Density (kg/m³) 3020

Water Absorption (%) 0.6

Aggregate crushing value 15-20

Aggregate reactivity value 18-20

Unconfined Compressive strength (MPa) 200

4.4 Procurement of Quarrying and Transport Equipment and other equipment.

The Management of Bagamoyo Mining Ltd is aware of their equipment needs which are attached below:

The quarry area at Msata in the Coast Region will occupy an area of approximately (200mX 200mX3 plots) or 120,000sq. metres. The first 40, 000square metres will accommodate the quarry machinery and aggregate heaps including the crusher dust.

Table 4.3.1 LAND AND BUILDINGS

Description	Total Qty in Year 1	Total Installation In US\$
120,000 sq.m. Mining Claim Land	3plots	120,000
Office Buildings, Stores and canteen	various	10,000
Water supply storage tanks	various	10,000
TOTAL US \$		140,000

Table 4.3.2 PLANT, MACHINERY AND EQUIPMENT

Description	Total Qty in Year 1	Total Installation In US\$
Quarry Equipment, Motors and Rollers	various	101,000
Stand by Generator	50 KVA	60,000
Culvert Moulding Machinery	various	20,000
Paving Stone Moulding Machinery	various	15,000
Kerb Stone Moulding Machinery	various	15,000
Weigh bridge	One	20,000
VHF Radio Communication/Telephone	various	8,000
Air Conditioners	various	4,000
Computers/Printers	various	4,000
Kitchen Equipment	various	1,000
TOTAL US \$		248,000

Table 4.3.3 MOTOR VEHICLES

Description	Total Qty in Year 1	Total Installation In US\$
18 Ton Dumping Trucks selected used @US\$20,000	4 units	80,000
ISUZU Bus for Workers' Transport	1 unit	20,000
Toyota 4WD vehicle selected used @20,000	2 units	40,000
TOTAL US \$		140,000

Table 4.3.4 FURNITURE AND FITTINGS

Description	Total Qty in Year 1	Total Installation In US\$
Tables and chairs	various	3,000
TOTAL US \$		3,000

4.4. Summary

Description	Amount in US Dollars
Land and Buildings	140,000
Plant Machinery and Equipment	248,000
Motor Vehicles	140,000
Furniture and Fittings	3,000
Pre expenses	19,000
Working Capital	50,000
Total US\$	600,000

4.5 Timing and Phasing of the Project

The Project is expected to start in March 2009 to June 2011 in which period the Bagamoyo Mining Ltd management will undertake the following development programmes to a sustainable satisfaction.

- To train and develop the manpower that will be self sufficient to run the quarry site.
- To capture new markets for its products through aggressive advertising using radio, newspapers and television.
- Enter into marketing and collaboration agreements with building contractors and other users of aggregates and concrete articles.
- Consolidate the production of granite aggregates and concrete articles to cope with demand.

4.6 Human resources required to manage the granite and other concrete articles produced by the company

The overall management of the Company will be through a Board of Directors to be appointed by the shareholders. The day to day management of BML will be headed by the Managing Director who will also be the Chief Executive Officer of the company. An Internal Auditor reports directly to the Managing Director. The Production Department will

be responsible for quarrying activities and concrete article manufacturing while the Marketing Department is responsible for Sales and Promotional Activities of the company.

Under the Finance and Administration Department there will be three sections. Personnel, Accounts and Stores. The Accountant will be responsible for the keeping of the books of the company while the Personnel Officer will be responsible for the day to day personnel, administrative, disciplinary, communications, and transport matters of the company.

The Storekeeper will procure and distribute all the company inputs including ballasting materials, quarry machinery, equipment, spare parts thereof and fuel.

This team will be able to instill new sprit and workmanship to the company and turn it round production wise and financially within a very short time.

4.7 Required inputs, costs and their availability

These have been identified and are used in the financial projections attached with this report including ballasting materials, oils, lubricants etc.

CHAPTER 5

5.0 FINANCIAL PLAN AND FINANCIAL PROJECTIONS

5.1 Project Start up Costs

The preceding investment by Bagamoyo Mining Limited before application for loan financing for the quarry amounts to US\$ 139,000 made up of US\$ 19,000 as the pre operational expenses and US\$120,000 by way of value of the granite reserves. This can be treated as the shareholders' contribution.

5.2 Full Project Costs

The full project costs are made up of the cost of acquiring new machinery and transport equipment amounting to US\$ 531,000. These are expected to be financed by US\$ 461,000 lease finance from a development bank at an interest rate of 14 % per annum, while initial working capital amounting to US\$ 50,000 is to be financed using short-term overdraft from the same bank.

5.3 Projected Profit and Loss Statements

The profit before taxes of the combined operations amounts to US\$ 198,554 in year 1, US\$ 610,755 in year 2 and US\$ 2,828,516 in year 5. In terms of margins of net profit before taxes to turnover the performance is 7% in year 1, rising to 20% in year 5. This is adequate for a quarrying enterprise. Annual retained profit after dividends averages US\$ 4,580,216 is available for building reserves and further investment. The cumulative retained earnings at the end of year 5 after paying taxes are US\$ 4,511,534. This will be available for further investment. The operation is therefore attractive and profitable.

5.4 Projected Balance Sheets

The company balance sheets as shown in the Schedule of the Financial Projections are quite healthy. The net working capital moves from a surplus of US\$ 297,229 in the first year to US\$3,344,943 in year 5. The net worth of the company rises from US\$ 760,829 in year 1 to US\$ 3,627,193 in year 5. Apart from debit/equity ratio of 30% in year 1 for fixed asset financing, the company will own all its fixed assets from the end of the fourth year through equity contributions and retained earnings. It will still have substantial cash balances for further investments.

5.6 Projected Cash Flow Statements

The sources of funds will be equity, the lease finance from the bank, profit before interest and taxes and depreciation. After initial financing no additional equity or loan is required. Starting with modest US\$ 251,043 in year 1 the company ends up with US\$ 3,136,613 cumulative cash flow in year 5.

5.7 Financial Internal Rate of Return

The discounted cash flow analysis calculated on the given assumptions yields a financial internal rate of return of 26% before interest and taxes. This is an attractive indicator of performance for the quarrying activities of the company.

5.8 Payback Period

The payback period is calculated on the mining and concrete article manufacture operations. The calculations show that the investment will be recouped in 33 months or 2 year and 9 months. This means the company will commence building up reserves after 33 months of operation making this an attractive investment tin the quarrying sector.

5.9 Sensitivity Analysis

This analysis brings to light the effect of the most critical factors affecting Profitability of the mining and concrete article manufacture operations of the firm.

- **Sensitivity to decrease in revenues-** the project is very sensitive to decrease in revenues. A 10% decrease in revenue reduces the level of profitability by making a loss of US\$4,766 in the first year but it remains profitable throughout the period of analysis.
- **Sensitivity to increase in production costs-** the project is also not very sensitive to increase in operating costs. A 10% increase in operating costs produces a marginal effect on the project's profitability by making a loss of US\$ 191,866 in the first year but remains profitable throughout the period of analysis.
- **Sensitivity to increase in operating costs-** the project is also not very sensitive to increase in production costs. A 10% increase in production costs produces a marginal effect on the project's profitability but does not make losses.

CHAPTER SIX

6.0 MANAGEMENT AND ORGANIZATION

6.1 Personnel and Management

The overall management of the company will be through a Board of Directors to be appointed by the shareholders. The day to day management of BML will be headed by a Managing Director appointed by the company shareholders. He will set up a network that will be able to instill new spirit and workmanship to the company and enable it to repay the loan within a very short time. The Managing Director also handles Corporate Planning. Under Managing Director there are three Department Managers namely Production, Finance and Administration and Marketing. The Departmental of Finance and Administration there are three heads namely Personnel, Accounts and Stores.

The Accountant will be responsible for the keeping of the books of accounts and the Personnel Officer will be responsible for the day to day personnel, administrative, disciplinary, communications, and transport matters of the company while the Storekeeper will handle all the procurement and issue of all types of stores including ballasting materials and machinery spares etc.

(See Proposed Organization Chart under Annex I to this Report).

6.2 Availability of Labour

Tanzania has a large pool of trained manpower in almost all sectors serving mining and construction sectors. The company considers that the critical issues are retention of qualified skilled staff at Msata being a little far from the main urban centre, Dar es Salaam.

Management plans to use incentives such as:-

- Attractive progressive salary programme.
- Medical insurance for employee and dependants.
- Social security benefits and other terminal benefits including education for children
- Housing and transport (Motorcycle and bicycle) loans to staff.

6.3 Recruitment

Recruitment of the operating manpower will be carried out over a span of 6 weeks by giving first preference to ex-employees of quarrying and construction sectors based on a merit basis and their willingness to work for BML in Msata area in Bagamoyo District. Careful methodology will be worked out by a competent management consultant who will set up the job descriptions and remuneration system to ensure that the right calibre of staff is recruited.

6.4 Training and the use of Consultants.

The company plans to carry out on – the – job training for most of the technical staff. The maintenance staff will be sponsored to go on field trips outside the country to familiarize themselves with the operations of the plant and machinery. In general the company will ensure that employees get new skills and procedures to increase their productivity throughout. Educational materials will be subsidized or paid for to motivate the workers to develop themselves educationally and skill wise.

Whereas the company will endeavour to obtain the best talents to fill the permanent posts in the organization. It is intended where necessary to adopt the policy of hiring out some specialized skills by way of consultants.

Alternatively those skills not required throughout the year will be left to consultants. These include legal counsels, financial systems and management consultants. To ensure efficient and scientific management operations manuals will be prepared for core functions of the company.

CHAPTER 7

7.0 HUMAN RESOURCES DEVELOPMENT AND WELFARE

7.1 Human Resources Development Plan.

The company plans to limit itself to employing Tanzanians only. It does not expect to employ expatriates at the company. On recruitment policies the company management will advertise for qualified and experienced Tanzanians on the market, interview and recruit. The company will also conduct in house, in country training for its operative staff. Management staff will get training to obtain state of the art management skills like use of computers, information technology, materials management and communication skills.

7.2 HIV/AIDS Action Plan

Bagamoyo Mining Limited has the following HIV/AIDS Action Plan in place.

7.2.1 Awareness

- Education seminars, workshop, presentations, fly leaves, television and visual aids have been presented by several groups including, District Health Officers, NGOS and religious groups.
- People already infected with AIDS virus are being counseled to exercise restraint by not infecting others.

7.2.2 Prevention

- The Company Management takes the positive action that the distribution of condoms of sexually active partners is the right of every employee. This is facilitated through cooperation with District Health Officers and NGOs providing condoms at near free-of-charge prices.
- The multiple partners' case is made aware of the risks involved.

7.2.3 Care

- The company Management allows for community-based care for HIV/AIDS patients.

7.2.4 Community Based Terminal Care

- The Company Management usually takes care of terminal are funeral and burial services for those employees who die whilst working with the company.

7.3 Gender and other social considerations

Bagamoyo Mining Ltd is an equal opportunity employer without discrimination on gender, creed or ethnicity of the employee. If by mere coincidence the majority of the company employees are turn out to be men, they will be paid equally with women. Bagamoyo Mining Ltd Management plan to build a dispensary, nursery school, canteen, social services hall/shop, and a maize milling machine at the mining site to be available to all the employees at affordable prices.

CHAPTER 8

8.0 MARKETING

8.1 Market for the products of the quarry.

Bagamoyo Mining Ltd will produce aggregates with sizes 2", 1 1/2", 1" 3/4" and 1/2" sizes of crushed granite including crusher dust as well as concrete articles made from the crusher dust.

8.1.0 Granite aggregate

The market for granite aggregate exists in Tanzania especially in Dar es Salaam metropolitan area. The demand for granite aggregate is not met but what is required is to increase the quantity and the quality of what is to be produced. Granite aggregates will make about 80% of the company production and turnover, hence the most important product line.

8.1.1 Other products

The company also plans to produce concrete articles like man-hole covers, paving stones, kerb stone and storm water culverts of various sizes for the internal market and if need be for export.

8.2 Marketing Distribution of the Products

There appears to be no problem of marketing of the granite aggregates. Competition exists in the marketing of the concrete articles as there are several other small producers. However with the superior machinery and molding the quality of the concrete articles produced by BML will be able to compete favourably.

8.3 Prices of the expected products

Bagamoyo Mining Company expects to produce 2', 1^{1/2}", 1", and 3/4 and 1/2" sizes of crushed granite including crusher dust as well as concrete articles made from the crusher dust.

Price per cubic meter in US\$

Granite aggregates US\$ 56.30

Crusher dust US\$ 15.0

Concrete articles vary from US\$ 5 to US\$ 10 per piece depending on the product.

8.4 The effect of price on the cost of inputs and the profitability of the investment

The higher price of crusher yields per size gives higher return vis a vis the cost of inputs. A lower price yields a lower return/loss vis a vis the cost of ballasting. The costs of inputs tend to remain almost fixed as compared to the fluctuation in price of the quarried products.

CHAPTER 9

9.0. ENVIRONMENTAL IMPACT ASSESSMENT

9.1. Environmental Impact Assessment

The project envisages being environmentally friendly in the area of water, air, flora and fauna, geomorphology social effects and archaeology. The project will have no effect on the hydrology as no ground water will be extracted. Water for drinking will be drawn from the Wami – Chalinze pipeline which traverses the Msata area. The project will have no gaseous emission that will affect air quality. No chemicals will be used. There will be little dust emissions. It is therefore anticipated that there will be little or nor damage to flora and fauna.

The area directly affected by the mining is basically miombo wood land with isolated grassland and has minimal animal population. However no mining activities will attract animals to the site. The project is culturally acceptable to the residents as this is a continuation and improvement of an existing cultural feature.

The people of Bagamoyo in particular have benefited from quarrying granite aggregates in Msata and Lugoba areas for over 30 years now. Generations to generations have relied on granite aggregates as a source of employment and cash support. Now that BML wants to extend the area under granite aggregates quarrying by developing the Pongwe Msungula quarry, the envisioned project is welcome news to the people of Bagamoyo especially the Msata Area. Not only will it create employment for the residents but will also act as a catalyst for the improvement of the health and well being of the people.

9.2. Environmental Management Plan

BML plans to adhere to all environmental standards as per first schedule of the Mining (Environmental Management and Protection) Regulations, 1999. Measures to avoid, minimize or mitigate effects to the environment due to this project will be taken. The general objective of the Environmental and Social Management Plan (ESMP) for

Bagamoyo Mining Ltd is to minimize environmental degradation and to optimize social benefits to the area. The specific objectives of the Environmental and Social Management Plan for Bagamoyo Mining Ltd are:-

- To develop actions and recommendations that the Company management should adopt in the cutting of trees for firewood and charcoal making to minimize environmental impacts
- To develop actions and recommendations that the operational managers should adopt during the land clearing and operational phases to minimize social impacts.
- To develop effective monitoring elements that will assist the timely mitigation of adverse environmental impacts and the achievement of positive impacts.
- To ensure that land recovery and leveling is carried out after the completion of the mining stage.

Objectives of a monitoring program essentially examines whether or not identified project objectives are achieved as expected in terms of output and time.

In the case of the BML project, the monitoring program will also seek to ensure that proposed mitigation measures as followed and are effective.

9.3. Air Quality

If dust becomes a significant nuisance factor it will be suppressed by spraying with water. Workers or laborers working in dusty areas e.g. in the mining pits, loading of rocks or gravel and crusher dust will be issued with masks. It will be the duty of the Operations Manager to ensure that all employees wear masks when on duty.

9.4. Social Economic Impact

The presence of the mine at Msata will bring prosperity to the surrounding area during, the life span of the mine. The company is expected to employ people from the community

surrounding the mine. It will not employ people from other regions. This will bring satisfaction and acceptability by the members of the community surrounding the mine.

9.5. Access Road.

The 7 km access road from Msata settlement to the mine will be rehabilitated and maintained to make it passable through out the year. The other members of the community and surrounding villages will be able to use the road for transportation of their crops and other goods to and from the market.

9.6. Mine Closure.

Upon completion of each section of work the site will be cleared of all equipment and works. This may include the ripping and grading of soil with vegetation replanted where it has been disturbed. The closure objective includes the restoration of the properties to the condition where it can be used for other purposes such as farming or grazing. Top soil originally stock piled will be spread over waste dumps and natural vegetation allowed to grow. All structures and installations will be removed from the site and the original topography reconstructed.

All employees and members of the community around will be informed of the closure of the mine well in advance and will be prepared for retrenchment so that they can look for alternative employment elsewhere.

9.7. Conclusion and Recommendation

The proposed project is environmentally friendly, commercially viable, technically and financially sound and is therefore recommended to be carried out as per schedule. With relevance to the EIA of the BML, the Environmental and Social Management Plan (ESMP) has been proposed to incorporate among others the identification and summary of major anticipated environmental and social impacts as well as mitigation measures.

CHAPTER TEN

10. RECOMMENDATIONS

10.1. Mission of Bagamoyo Mining Company in Bagamoyo District.

Bagamoyo Mining Company plans to increase production in the District by expanding and developing granite aggregates quarrying through the purchase quarrying machinery and equipment and acquiring of necessary working capital to run the company in the next five years.

10.2. Strengths

Over the 30 years of existence of the granite aggregates quarrying in Bagamoyo, the area has built up fame as the best granite aggregates producing area in the Coast Region and in Tanzania. This has given the current BML management the desire to exploit this potential for rising up and become the most successful and prosperous company in the future.

The following are considered to be, the strengths that BML has at its disposal that can be relied upon to make the company grow and prosper.

- 10.2.1 The Company has a large local market in Dar es Salaam and Tanzania as a whole for its products, which is a challenge to increase production to meet the increasing demand for aggregates and its allied products.
- 10.2.2 BML will over the years of its existence, build a name and goodwill to the public at large and the people of Tanzania especially in the supply of best quality granite aggregates in Tanzania. This necessarily enables the company to market its products with relative ease in the future given proper and committed management from BML.
- 10.2.3 The company management is now seriously engaged in building a strong financial and logistic situation given financing arrangement entered into with a development bank.

10.2.4 The BML Landed assets especially the Mining Claim can be used as collateral for development loans since all of them have title deeds and high values.

10.3. Opportunities

In planning what can be done by the company during the next five years, the consultants have taken into account the opportunities that exist for the company to increase its net worth. The new management of the BML will have to use its experience and wisdom to overcome the threats completely or reduce their impact drastically and at the same time consider utilizing the available opportunities that exist as follows:-

- 10.3.1. The prevailing improvement in investor confidence in Tanzania, in view of the new Tanzania Investment Centre Act 1997 and other fiscal policies makes mining and concrete article manufacturing especially granite aggregates quarrying a suitable investment destination in view of the increased demand for granite aggregates and the concrete articles to be produced by the company.
- 10.3.2. To increase the Company's competitive edge and expand its market share, there exists an opportunity to undertake the manufacture of concrete articles from the quarry crusher dust thereby increasing productivity and profitability.
- 10.3.3. The company has an opportunity to start cutting granite slabs, polish them for both local consumption and export markets in Europe, India, USA and Japan.

10.4. Threats

The Company is facing various threats in the existing operational environment. These include the following:-

10.4.1. Power Supply

The lack of electricity at the mining site, contribute to high operational costs in the production of products leading to lower profits in view of the high costs of electricity produced from a generator using fossil fuels (diesel) which is on the rise in the world market. It is proposed to use gas fired generator to mitigate this factor.

10.5.0. Conclusions

This study has demonstrated that BML has adequate mining claim to sustain operations of large granite aggregates production, given the sufficient funding to finance the expansion of the mining and concrete article manufacture activities under BML management.

By undertaking the concrete articles manufacture and the granites slabs cutting and polishing for export the company can increase its profitability and net worth to become a leading exporter from East Africa.

The company is being run a private limited liability company and will be operated efficiently under private sector management ethics with overheads kept to a minimum.

The Government will benefit from taxes generated by the mining and concrete article manufacture operations especially VAT (to exceed US\$ 100m per annum) to be paid by BML.

As a result of the large investment in the mining and concrete article manufacture activities the investors will enjoy incentives under the Tanzania's Investment Center Policy, (The investment will be over US\$100, 000 therefore qualify as an Approved Enterprise under the 1997 Act) but in the fourth year will be paying taxes at the rate of overUS\$50 m per annum.

The mining and concrete articles manufacture activities will generate direct employment for 60 people, while indirect employment will be in the region of 800 people in terms of the backward and forward integration of the company.

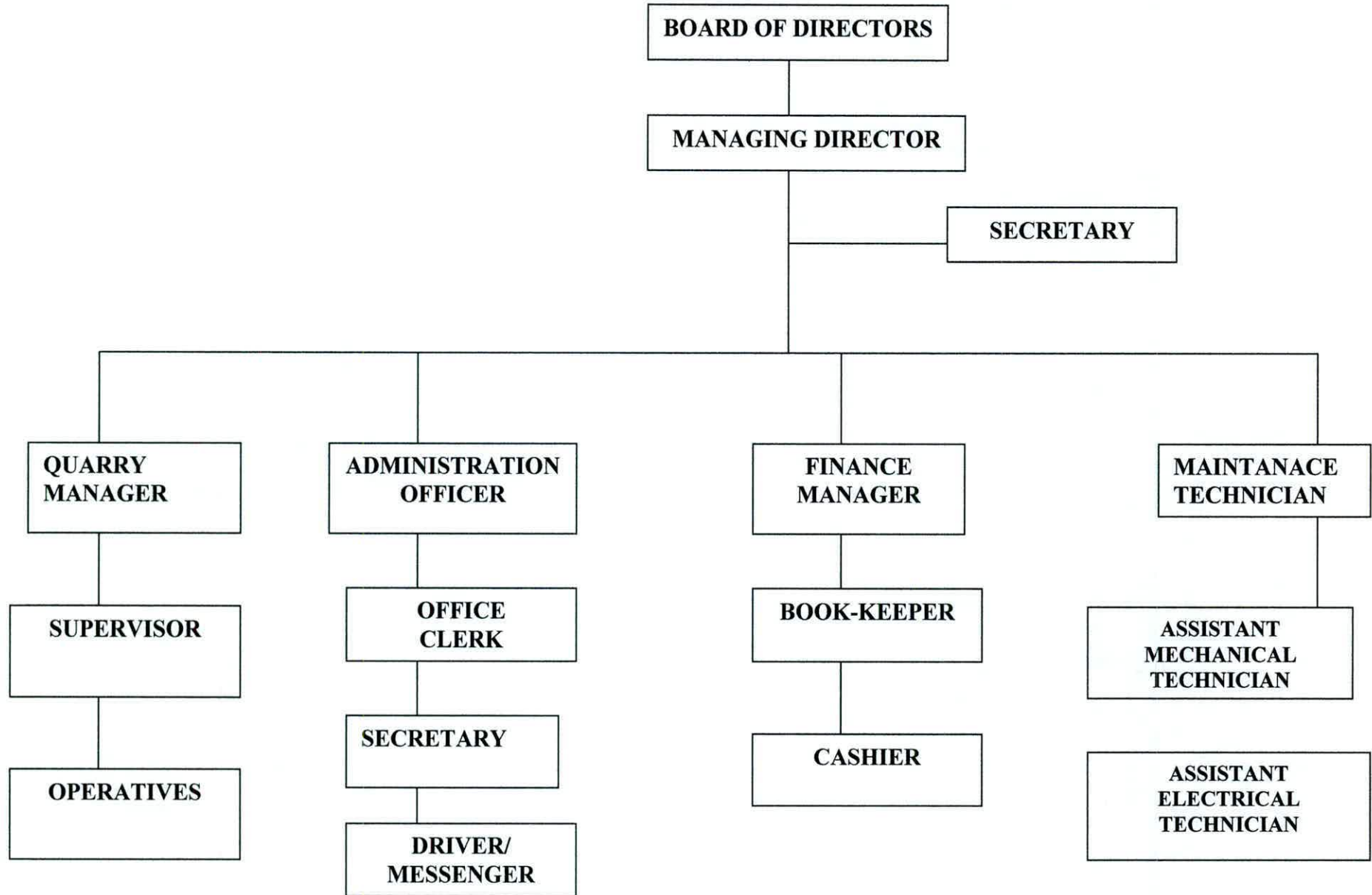
10.6. Recommendations.

This study has shown that the plan to develop the quarrying of granite aggregates and concrete article manufacture through the acquisition of quarrying machinery and equipment, and acquiring of necessary working capital to run the company is technically feasible, financially viable and economically desirable. A fast implementation of the venture is therefore recommended so that the demonstrated benefits can be realized.

Given the commitment of the BML management, the quarrying of granite aggregates and concrete article manufacture activities will be capable of generating a high turnover in both local and foreign currency with a tremendous impact on the economy.

It is therefore recommended that the investors will the objectives and the span of interest and magnitude like BML should be supported to finance the new investment in quarrying equipment and transport using their own equity and lease funds from a development bank.

BAGAMOYO MINING LTD ORGANISATION CHART



BAGAMOYO MINING LTD. INCOME SUMMARY											
QUANTITY											25
Particulars	Unit	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
			50%	33%	75%	43%	0%	0%	0%	0%	0%
Total Input	Tons	30,000	45,000	59,850	104,738	149,775	149,775	149,775	149,775	149,775	149,775
Aggregate	M ³	24,000	36,000	47,880	83,790	119,820	119,820	119,820	119,820	119,820	119,820
Crasher Dust	M ³	6,000	9,000	11,970	20,948	29,955	29,955	29,955	29,955	29,955	29,955
TOTAL PRODUCTION		30,000	45,000	59,850	104,738	149,775	149,775	149,775	149,775	149,775	149,775
		125									
Paving Slabs	Pcs	180,000	270,000	359,100	628,425	898,648	898,648	898,648	898,648	898,648	898,648
Kerb Stones	Pcs	118,800	178,200	237,006	414,761	593,108	593,108	593,108	593,108	593,108	593,108
Stormwater Pipes	Pcs	48,000	72,000	95,760	167,580	239,639	239,639	239,639	239,639	239,639	239,639
Total		346,800	520,200	691,866	1,210,766	1,731,395	1,731,395	1,731,395	1,731,395	1,731,395	1,731,395
PRICES											
Particulars	Unit	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Aggregate	US \$	56.3	56.9	57.4	58.0	58.6	59.2	59.8	60.4	61.0	61.6
Paving Slabs	US \$	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.2
Kerb Stones	US \$	5.0	5.1	5.1	5.2	5.2	5.3	5.3	5.4	5.4	5.5
Stormwater Pipes	US \$	8.0	8.1	8.2	8.2	8.3	8.4	8.5	8.6	8.7	8.7
Crasher Dust	US \$	15.0	15.2	15.3	15.5	15.6	15.8	15.9	16.1	16.2	16.4
VALUE											
Particulars		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Aggregate	US \$	1,351,200	2,047,068	2,749,826	4,860,318	7,019,758	7,089,955	7,160,855	7,232,463	7,304,788	7,377,836
Paving Slabs	US \$	360,000	545,400	732,636	1,294,934	1,870,273	1,888,976	1,907,865	1,926,944	1,946,213	1,965,676
Kerb Stones	US \$	594,000	899,910	1,208,849	2,136,641	3,085,950	3,116,810	3,147,978	3,179,458	3,211,252	3,243,365
Stormwater Pipes	US \$	384,000	581,760	781,478	1,381,263	1,994,958	2,014,907	2,035,056	2,055,407	2,075,961	2,096,721
Crasher Dust	US \$	18,000	27,270	36,632	64,747	93,514	94,449	95,393	96,347	97,311	98,284
TOTAL SALES		2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881

BAGAMOYO MINING LTD. COST OF OPERATIONS											
Particulars	Unit	(Figures in US\$)									
		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
OPERATING COSTS											
Fuels and Oil	25%	615,812	820,306	1,114,128	1,949,317	2,777,729	2,805,507	2,833,562	2,861,897	2,890,516	2,919,421
Maintenance of Equipments	10%	246,325	328,122	445,651	779,727	1,111,092	1,122,203	1,133,425	1,144,759	1,156,207	1,167,769
Marketing Expenses	15%	369,487	492,183	668,477	1,169,590	1,666,638	1,683,304	1,700,137	1,717,138	1,734,310	1,751,653
Water	20%	492,649	656,245	891,303	1,559,454	2,222,183	2,244,405	2,266,849	2,289,518	2,312,413	2,335,537
Electricity		479,242	641,304	870,276	1,522,677	2,170,083	2,190,916	2,211,957	2,233,209	2,254,673	2,276,352
Telephone		2,462	3,692	4,911	8,594	12,289	12,289	12,289	12,289	12,289	12,289
Transport		15,385	23,077	30,692	53,712	76,808	76,808	76,808	76,808	76,808	76,808
Cement		44,505	66,758	88,788	155,380	222,193	222,193	222,193	222,193	222,193	222,193
Sand		742	1,113	1,480	2,590	3,703	3,703	3,703	3,703	3,703	3,703
Weldmesh		8,901	13,352	17,758	31,076	44,439	44,439	44,439	44,439	44,439	44,439
Royalties	3%	73,897	98,437	133,695	233,918	333,328	336,661	340,027	343,428	346,862	350,331
Welfare	2%	49,265	65,624	89,130	155,945	222,218	224,441	226,685	228,952	231,241	233,554
Travels and Meetings	4%	98,530	131,249	178,261	311,891	444,437	448,881	453,370	457,904	462,483	467,107
Total		2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155

BAGAMOYO MINING LTD. - STAFF COSTS												
(Figures in US\$)												
Particulars		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	
ADMINISTRATIVE STAFF												
Factory Manager	1	1,100	13,200	13,200	13,200	13,200	13,860	13,860	13,860	13,860	13,860	13,860
Quarry Manager	1	1,000	12,000	12,000	12,000	12,000	12,600	12,600	12,600	12,600	12,600	12,600
Accountant	1	700	8,400	8,400	8,400	8,400	8,820	8,820	8,820	8,820	8,820	8,820
Marketing Officer	1	600	7,200	7,200	7,200	7,200	7,560	7,560	7,560	7,560	7,560	7,560
Medical Assistant	1	500	6,000	6,000	6,000	6,000	6,300	6,300	6,300	6,300	6,300	6,300
Electricians	2	250	6,000	6,000	6,000	6,000	6,300	6,300	6,300	6,300	6,300	6,300
Carpenters	2	250	6,000	6,000	6,000	6,000	6,300	6,300	6,300	6,300	6,300	6,300
Plumbers	2	250	6,000	6,000	6,000	6,000	6,300	6,300	6,300	6,300	6,300	6,300
Storekeeper	1	250	3,000	3,000	3,000	3,000	3,150	3,150	3,150	3,150	3,150	3,150
Nurses	2	300	7,200	7,200	7,200	7,200	7,560	7,560	7,560	7,560	7,560	7,560
Assistant Accountant	1	300	3,600	3,600	3,600	3,600	3,780	3,780	3,780	3,780	3,780	3,780
Quarry Operators	20	120	28,800	28,800	28,800	28,800	30,240	30,240	30,240	30,240	30,240	30,240
Messengers and Guards	12	90	12,960	12,960	12,960	12,960	13,608	13,608	13,608	13,608	13,608	13,608
Secretary	1	300	3,600	3,600	3,600	3,600	3,780	3,780	3,780	3,780	3,780	3,780
Casual labourers	12	50	7,200	7,200	7,200	7,200	7,560	7,560	7,560	7,560	7,560	7,560
NSSF			13,116	13,116	13,116	13,116	13,772	13,772	13,772	13,772	13,772	13,772
Skills Development Levy 6%			7,870	7,870	7,870	7,870	8,263	8,263	8,263	8,263	8,263	8,263
TOTAL	60		152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753

BAGAMOYO MINING LTD. - WORKING CAPITAL											
Particulars	Basis	(Figures in US\$)									
		Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
INVENTORY:											
Maintenance Equipment	1 months	20,527	27,344	37,138	64,977	92,591	93,517	94,452	95,397	96,351	97,314
Fuel and Oils	1/2 month produ	25,659	34,179	46,422	81,222	115,739	116,896	118,065	119,246	120,438	121,643
		46,186	61,523	83,560	146,199	208,330	210,413	212,517	214,642	216,789	218,957
WIP	1/2 month produ	104,050	139,228	188,940	330,578	471,131	475,656	480,227	484,843	489,506	494,215
Finished Goods	1/2 month produ	104,050	139,228	188,940	330,578	471,131	475,656	480,227	484,843	489,506	494,215
DEBTORS:											
Local sales	Cash	-	-	-	-	-	-	-	-	-	-
Export sales	on order	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS		254,286	339,978	461,439	807,355	1,150,591	1,161,725	1,172,971	1,184,329	1,195,800	1,207,386
CURRENT LIABILITIES											
Operating expenses	1 month	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
TOTAL CURRENT LIABILITIES		208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
NET WORKING CAPITAL		46,186	61,523	83,560	146,199	208,330	210,413	212,517	214,642	216,789	218,957



BAGAMOYO MINING LTD. - DISCOUNTED CASH FLOW STATEMENT

(Figures in US\$)

Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
INFLOWS										
Profit as per P & L A/c	198,554	610,755	854,750	1,867,764	2,828,516	2,587,097	2,619,543	2,652,313	2,685,412	2,718,841
Add Back Depreciation	67,400	67,400	67,400	67,400	50,150	51,550	51,550	51,550	51,550	51,550
	265,954	678,155	922,150	1,935,164	2,878,666	2,638,647	2,671,093	2,703,863	2,736,962	2,770,391
Changes in Working Capital										
(Increase)/Decrease in Stocks	(254,286)	(85,692)	(121,461)	(345,916)	(343,237)	(56,795)	1,207,386	-	-	-
(Increase)/Decrease in Debtors	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Creditors	208,100	70,355	99,424	283,277	281,106	46,168	(988,430)	-	-	-
Inflow from operating activities	219,768	662,818	900,113	1,872,525	2,816,535	2,628,020	2,890,049	2,703,863	2,736,962	2,770,391
TOTAL INFLOWS	219,768	662,818	900,113	1,872,525	2,816,535	2,628,020	2,890,049	2,703,863	2,736,962	2,770,391
OUTFLOWS										
Fixed Assets Acquisition	531,000	-	-	-	71,000	10,000	-	-	71,000	-
Taxation paid	-	183,227	256,425	560,329	848,555	776,129	785,863	795,694	805,623	815,652
Net Inflows	(311,232)	479,592	643,688	1,312,196	1,896,980	1,841,891	2,104,186	1,908,169	1,860,338	1,954,739
Terminal Value	-	-	-	-	-	-	-	-	-	19,547,387
PV of Cashflows @ 10%	7,223,410									
PV of Terminal Value @10%	7,536,364									
Investment	(600,000)									
Project Net Present Value	14,159,774									

BAGAMOYO MINING LTD - CASHFLOW STATEMENT										
Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	(Figures in US\$)
										Year - 10
INFLOWS										
Profit as per P & L A/c	198,554	610,755	854,750	1,867,764	2,828,516	2,587,097	2,619,543	2,652,313	2,685,412	2,718,841
Add Back Depreciation	67,400	67,400	67,400	67,400	50,150	51,550	51,550	51,550	51,550	51,550
	265,954	678,155	922,150	1,935,164	2,878,666	2,638,647	2,671,093	2,703,863	2,736,962	2,770,391
Changes in Working Capital										
(Increase)/Decrease in Stocks	(254,286)	(85,692)	(121,461)	(345,916)	(343,237)	(11,134)	(11,245)	(11,358)	(11,471)	(11,586)
(Increase)/Decrease in Debtors	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Creditors	208,100	70,355	99,424	283,277	281,106	9,051	9,141	9,233	9,325	9,418
Inflow from operating activities	219,768	662,818	900,113	1,872,525	2,816,535	2,636,563	2,668,989	2,701,738	2,734,815	2,768,223
Inflow from Financing Activities										
Equity	139,000									
Loan	461,000									
	600,000									
TOTAL INFLOWS	819,768	662,818	900,113	1,872,525	2,816,535	2,636,563	2,668,989	2,701,738	2,734,815	2,768,223
OUTFLOWS										
Fixed Assets Acquisition	531,000	-	-	-	71,000	10,000	-	-	71,000	-
Dividend to Financier	19,855	61,076	85,475	186,776	282,852	258,710	261,954	265,231	268,541	271,884
Dividend to Shareholders	17,870	36,645	51,285	112,066	169,711	155,226	157,173	159,139	161,125	163,130
Repayment of Loan	-	115,250	115,250	115,250	115,250	-	-	-	-	-
Taxation paid	-	183,227	256,425	560,329	848,555	776,129	785,863	795,694	805,623	815,652
Total Outflows	568,725	396,197	508,435	974,421	1,487,367	1,200,064	1,204,990	1,220,064	1,306,289	1,250,667
Net Increase/Decrease in Cash Equivalent	251,043	266,621	391,678	898,103	1,329,168	1,436,499	1,463,999	1,481,674	1,428,526	1,517,556
Cash Equivalent Beginning of the Period	-	251,043	517,663	909,342	1,807,445	3,136,613	4,573,112	6,037,111	7,518,785	8,947,311
Cash Equivalent at the End of the Period	251,043	517,663	909,342	1,807,445	3,136,613	4,573,112	6,037,111	7,518,785	8,947,311	10,464,867

BAGAMOYO MINING LTD. - PROFIT AND LOSS STATEMENTS										
Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	(Figures in US\$)
										Year - 10
Revenue:										
Sales	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881
Cost of Production	2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155
Add: Opening stocks	-	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011
Less: Closing Stocks	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
Cost of Sales	2,289,101	3,271,107	4,435,126	7,650,593	11,026,033	11,406,697	11,516,302	11,627,003	11,738,811	11,851,737
GROSS PROFIT	418,099	830,301	1,074,296	2,087,310	3,038,419	2,798,399	2,830,846	2,863,616	2,896,715	2,930,144
Expenditure:										
Manpower Cost	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753
Total Expenditure	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753
NPBD	265,954	678,155	922,150	1,935,164	2,878,666	2,638,647	2,671,093	2,703,863	2,736,962	2,770,391
Depreciation	67,400	67,400	67,400	67,400	50,150	51,550	51,550	51,550	51,550	51,550
NPBT	198,554	610,755	854,750	1,867,764	2,828,516	2,587,097	2,619,543	2,652,313	2,685,412	2,718,841
Taxation	-	183,227	256,425	560,329	848,555	776,129	785,863	795,694	805,623	815,652
NP After Tax Before Dividend	198,554	427,529	598,325	1,307,435	1,979,961	1,810,968	1,833,680	1,856,619	1,879,788	1,903,189
Dividend to Financier	19,855	61,076	85,475	186,776	282,852	258,710	261,954	265,231	268,541	271,884
Dividend to Other Shareholders	17,870	36,645	51,285	112,066	169,711	155,226	157,173	159,139	161,125	163,130
Retained Earnings C/fwd	160,829	490,636	952,201	1,960,794	3,488,193	4,885,225	6,299,778	7,732,027	9,182,150	10,650,324

BAGAMOYO MINING LTD. - BALANCE SHEETS											
Particulars	Year 0	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	(Figures in US\$)
											Year - 10
Fixed Assets	550,000	463,600	396,200	328,800	261,400	282,250	240,700	189,150	137,600	157,050	105,500
<u>Current Assets:</u>											
Stocks and stores	-	254,286	339,978	461,439	807,355	1,150,591	1,161,725	1,172,971	1,184,329	1,195,800	1,207,386
Debtors	-	-	-	-	-	-	-	-	-	-	-
Cash and bank	50,000	251,043	517,663	909,342	1,807,445	3,136,613	4,573,112	6,037,111	7,518,785	8,947,311	10,464,867
	50,000	505,329	857,642	1,370,781	2,614,800	4,287,204	5,734,837	7,210,082	8,703,114	10,143,111	11,672,253
<u>Less:</u>											
<u>Current Liabilities:</u>											
Creditors	-	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
	-	208,100	278,455	377,879	661,156	942,262	951,312	960,454	969,686	979,011	988,430
Net Working Capital	50,000	297,229	579,186	992,901	1,953,644	3,344,943	4,783,525	6,249,628	7,733,427	9,164,100	10,683,824
TOTAL	600,000	760,829	975,386	1,321,701	2,215,044	3,627,193	5,024,225	6,438,778	7,871,027	9,321,150	10,789,324
Shareholders' Fund	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000
Loan	461,000	461,000	345,750	230,500	115,250	-	-	-	-	-	-
Retained Earnings/(Loss)	0	160,829	490,636	952,201	1,960,794	3,488,193	4,885,225	6,299,778	7,732,027	9,182,150	10,650,324
TOTAL	600,000	760,829	975,386	1,321,701	2,215,044	3,627,193	5,024,225	6,438,778	7,871,027	9,321,150	10,789,324
	-										

BAGAMOYO MINING LTD. - SENSITIVITY ANALYSIS

Particulars	SENSITIVITY ANALYSIS -10 % DECREASE IN REVENUE										(Figures in US\$)
	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881	
Less 10%	270,720	410,141	550,942	973,790	1,406,445	1,420,510	1,434,715	1,449,062	1,463,553	1,478,188	
Adjusted Sales Revenue	2,436,480	3,691,267	4,958,479	8,764,112	12,658,007	12,784,587	12,912,433	13,041,557	13,171,973	13,303,693	
Less Cost of Goods Sold	2,289,101	3,271,107	4,435,126	7,650,593	11,026,033	11,406,697	11,516,302	11,627,003	11,738,811	11,851,737	
GROSS PROFIT	147,379	420,160	523,354	1,113,519	1,631,974	1,377,890	1,396,131	1,414,554	1,433,162	1,451,956	
%	5.44	10.24	9.50	11.43	11.60	9.70	9.73	9.76	9.79	9.82	
Less Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753	
Net Profit	(4,766)	268,015	371,208	961,374	1,472,221	1,218,137	1,236,378	1,254,801	1,273,409	1,292,203	
SENSITIVITY ANALYSIS:10% INCREASE IN PRODUCTION COSTS											
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881	
Projected Production Costs	2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155	
Add 10% of Prod Cost	249,720	334,146	453,455	793,387	1,130,714	1,141,575	1,152,544	1,163,624	1,174,814	1,186,116	
Adjusted ProductionCost	2,746,921	3,675,608	4,988,005	8,727,256	12,437,853	12,557,323	12,677,988	12,799,859	12,922,949	13,047,271	
GROSS PROFIT	(39,721)	425,800	521,417	1,010,646	1,626,599	1,647,774	1,669,160	1,690,760	1,712,576	1,734,610	
Less Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753	
Net Profit	(191,866)	273,654	369,271	858,501	1,466,847	1,488,021	1,509,407	1,531,007	1,552,823	1,574,857	
SENSITIVITY ANALYSIS 10% INCREASE IN OPERATING COSTS											
Projected Sales Revenue	2,707,200	4,101,408	5,509,421	9,737,902	14,064,452	14,205,097	14,347,148	14,490,619	14,635,525	14,781,881	
Projected Production Cost	2,497,201	3,341,462	4,534,550	7,933,869	11,307,139	11,415,748	11,525,443	11,636,236	11,748,136	11,861,155	
GROSS PROFIT	209,999	759,946	974,872	1,804,033	2,757,313	2,789,349	2,821,704	2,854,384	2,887,390	2,920,726	
Operating Costs	152,146	152,146	152,146	152,146	159,753	159,753	159,753	159,753	159,753	159,753	
Add 10 of Operating Costs	15,215	15,215	15,215	15,215	15,975	15,975	15,975	15,975	15,975	15,975	
Adjusted Operating Costs	167,360	167,360	167,360	167,360	175,728	175,728	175,728	175,728	175,728	175,728	
NET PROFIT	42,639	592,586	807,512	1,636,673	2,581,585	2,613,620	2,645,976	2,678,655	2,711,661	2,744,997	

BAGAMOYO MINING LTD. - PROJECT FINANCE	
(Figures in US\$)	
<u>Investment Required</u>	
Assets	531,000
Pre-operational costs	19,000
Working Capital	50,000
Total	<u><u>600,000</u></u>
<u>Financing</u>	
Long Term Loan	461,000
Equity	139,000
Total	<u><u>600,000</u></u>
<u>Loan Terms:</u>	
Grace period	1 year
Repayment	4 years starting yr 2
Installments	57,625

BAGAMAYO MINING LTD. - AMORTISATION AND DEPRECIATION SCHEDULE						
(Figures in US\$.)						
	Land & Build	Plant & Mach	Motor Vehicles	Office Furn. & Equip.	Tot Charge	Tot. Assets
Initial Investment						
Cost	140,000	248,000	140,000	3,000		531,000
Total Assets	140,000	248,000	140,000	3,000	0	531,000
Depr/amortization rate	5%	10%	25%	20%		
Total investment per year	140,000	248,000	140,000	3,000	0	531,000
Year 1 Opening balance	140,000	248,000	140,000	3,000		531,000
Available for the year	140,000	248,000	140,000	3,000		531,000
Charge for the year	7,000	24,800	35,000	600	67,400	
Accumulated	7,000	24,800	35,000	600	67,400	
Balance for the year	133,000	223,200	105,000	2,400		463,600
Year 2 Opening balance	140,000	248,000	140,000	3,000	0	531,000
Available for the year	140,000	248,000	140,000	3,000		531,000
Charge for the year	7,000	24,800	35,000	600	67,400	
Accumulated	14,000	49,600	70,000	1,200	134,800	
Balance for the year	126,000	198,400	70,000	1,800		396,200
Year 3 Opening balance	140,000	248,000	140,000	3,000	0	531,000
Available for the year	140,000	248,000	140,000	3,000		531,000
Charge for the year	7,000	24,800	35,000	600	67,400	
Accumulated	21,000	74,400	105,000	1,800	202,200	
Balance for the year	119,000	173,600	35,000	1,200		328,800
Year 4 Opening balance	140,000	248,000	140,000	3,000	0	531,000
Available for the year	140,000	248,000	140,000	3,000		531,000
Charge for the year	7,000	24,800	35,000	600	67,400	
Accumulated	28,000	99,200	140,000	2,400	269,600	
Balance for the year	112,000	148,800	0	600		261,400
Year 5 Opening balance	140,000	248,000	140,000	3,000	0	531,000
Additions	0	0	71,000	0		71,000
Disposals	0	0	(71,000)	0		(71,000)
Available for the year	140,000	248,000	140,000	3,000		531,000
Charge for the year	7,000	24,800	17,750	600	50,150	
Accumulated	35,000	124,000	86,750	3,000	248,750	
Balance for the year	105,000	124,000	53,250	0		282,250
Year 6 Opening balance	140,000	248,000	140,000	3,000	0	531,000
Additions	0	0	0	10,000		10,000
Disposals	0	0	0	(3,000)		(3,000)
Available for the year	140,000	248,000	140,000	10,000		538,000
Charge for the year	7,000	24,800	17,750	2,000	51,550	
Accumulated	42,000	148,800	104,500	2,000	297,300	
Balance for the year	98,000	99,200	35,500	8,000		240,700
Year 7 Opening balance	140,000	248,000	140,000	10,000	0	538,000
Available for the year	140,000	248,000	140,000	10,000		538,000
Charge for the year	7,000	24,800	17,750	2,000	51,550	
Accumulated	49,000	173,600	122,250	4,000	348,850	
Balance for the year	91,000	74,400	17,750	6,000		189,150
Year 8 Opening balance	140,000	248,000	140,000	10,000	0	538,000
Available for the year	140,000	248,000	140,000	10,000		538,000
Charge for the year	7,000	24,800	17,750	2,000	51,550	
Accumulated	56,000	198,400	140,000	6,000	400,400	
Balance for the year	84,000	49,600	0	4,000		137,600
Year 9 Opening balance	140,000	248,000	140,000	10,000	0	538,000
Additions	0	0	71,000	0		71,000
Disposals	0	0	(71,000)	0		(71,000)
Available for the year	140,000	248,000	140,000	10,000		538,000
Charge for the year	7,000	24,800	17,750	2,000	51,550	
Accumulated	63,000	223,200	86,750	8,000	380,950	
Balance for the year	77,000	24,800	53,250	2,000		157,050
Year 10 Opening balance	140,000	248,000	140,000	10,000	0	538,000
Available for the year	140,000	248,000	140,000	10,000		538,000
Charge for the year	7,000	24,800	17,750	2,000	51,550	
Accumulated	70,000	248,000	104,500	10,000	432,500	
Balance for the year	70,000	0	35,500	0		105,500