

KILIMANJARO NATURAL PRODUCTS

LTD

MINUTE SHEET

Dokezo

1.0

Ag. EXD ✓

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

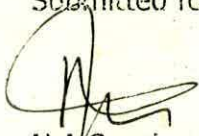
(a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 0.6359

(b) Legal entity has been incorporated under certificate

No. 60664 of 06/06/2011

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

2nd December, 2011

20

EXD

In response to the TIC letter of registration dated 2nd December 2011

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from Tanzania Investment Board

(c) Acknowledgement of payment as evidence of land (Completed in 11/3/11)

With the above submission EXD is requested to sign Certificate of Incentives No. 042131 herein attached.

30/01/2012



DIF

MINUTE SHEET

Dokezo
No. 30

PL0/ndemela

Please Confirm whether, the document with ref no. MS/LD/1/PL0T/6 from Land Division Moshi submitted by the investor is sufficient to serve as Evidence of Ownership of land for project Location and issue COI.

SIFO - 30/1/2012

4.0
~~3.1~~

SIFO/Date

Ref. M. 3.0

Having gone through the documents esp. p. 5 I have confirmed that such documents suffice to be evidence of land for the purposes of investment. You can go on with other steps.

pho
30/1/2012



Kilimanjaro Natural Products Ltd,

Box 1421 Tel: 0784 489772 Moshi, Tanzania
Box 70576 Tel: +255 22 2137940, 0754 265616 / 0713 336075 Dar es Salaam, Tanzania

1

Ref: TIC/01/2011

Date: 14th Nov 2011

Executive Director

Tanzania Investment Centre

P.O Box 938

Dar Es Salaam



Dear Sir,

Re: Application for TIC Certificate of Incentive

Reference is made to the heading above

Please, find attached book let containing various documents for application of TIC certificate of Incentive for water bottling project proposed by Kilimanjaro Natural Products limited.

Kindly feel free to contact the undersigned for any further clarification you may need.

Looking forward for your usual cooperation in this matter.

Best regards,

KILIMANJARO NATURAL PRODUCTS LTD

Salvatory D. Njau

Company Secretary/Interim CEO





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 SALVATORY D NJAU
(director/directors/agent of KILIMANJARO NATURAL PRODUCTS LTD
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.

2. The registered office of the company will be situated at MUSARANGA AREA
MOSHI

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 MOSHI

4. The Principal Officers of the Company are SALVATORY D NJAU
BOX 70576 DSM/1421 MOSHI

5. Auditors of the Company are N/A

6. The authorized share capital of the Company is Tshs./US\$ TZS 200M.

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ TZS 635.8M (USD 374,024)
8. The month and day of the financial year end is 31ST DECEMBER

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

GRR 37896181 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, SALVATORY D. NJAU of Post Office Number 70576 DSM

do solemnly and sincerely declare that I am a director/duly

authorized agent of KILIMANJARO NATURAL PRODUCTS 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 [Signature] }

The 10 day of NOVEMBER 2011 }



Applicant

Before me:

[Signature]
**HAKIMU MWAHAKAMA YA MANDIA
 MANDIA MANDIA MANDIA**

Commissioner for Oaths

APPLICATION SUMMARY

Company Name: KILIMANTJARO NATURAL PRODUCTS LTD

Certificate of Incorporation Number: 60664 Status: LOCAL COY

Certificate of Incorporation Date: 6th JUNE 2007

Post Box: 1421

Town: MOSHI

Sector: BEVERAGE Sub-Sector: WATER

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
NIL	503.2M 200M	NIL	132.6M

Project Objectives: TO PRODUCE SAFE CLEAN WATER FOR DRINKING

Capacity: 3000LTS/HR

Employment: Foreign: 2 Local: 33 Total: 35

Implementation Period: 3 YEARS

Project Location

Site/Plot/Block No.: KIRUA VUNJO WEST - MOSHI

Street: KIRUA VUNJO District: MOSHI RURAL Region: KILIMANJARO (Attach sketch map showing project location)

Shareholders	Nationality	%
As per Attachment		

Investment Breakdown US\$/Tshs.M

Land/Building	TZS 67.2M
Plant	TZS 209.0M
Vehicles	TZS 239.0M
Furniture & Fittings	TZS 22.0M
Pre-expenses	TZS 21.9M
Others	-
Working Capital	TZS 76.8M
TOTAL	TZS 635.9M

Contact Details:

Name:	SALVATORY D. NJAU	Title:	DIRECTOR / CEO (interim)
Telephone:	0754 265616	Fax:	2137950
Email:	Sdnjau@gmail.com		

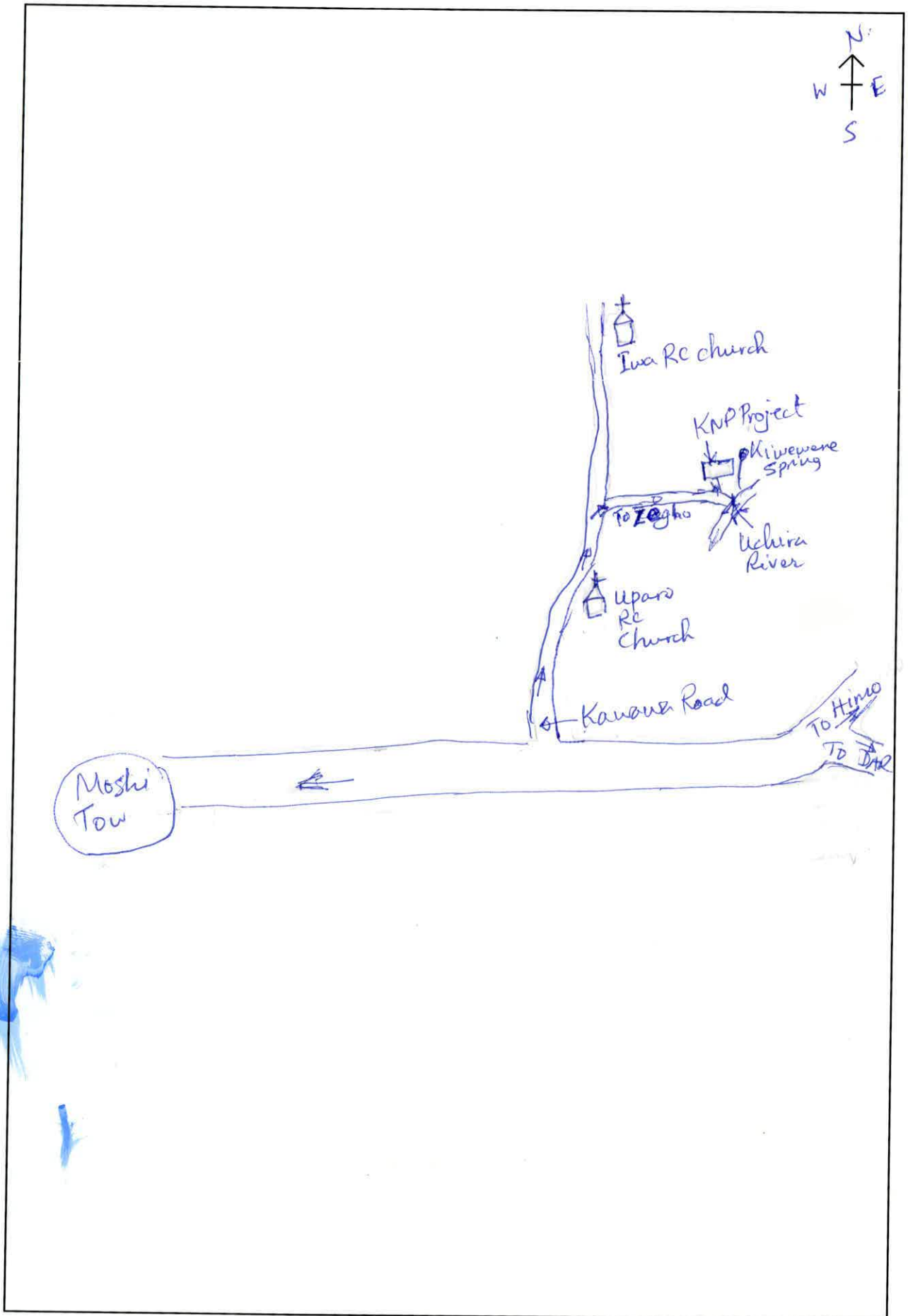
Payments to be made payable to:

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

KNP shareholding

Name	Nationality	Current No of Shares	Additional req of Shares	%ge
Domician R. Njau	Tanzanian	800	200	5%
Edward T.C. Njau	Tanzanian	400	0	2%
Paul C. Njau	Tanzanian	1,600	1000	13%
Philip D. Njau	Tanzanian	800	500	7%
Baltazar E. Njau	Tanzanian	1600	1000	13%
Fidelis P. Njau	Tanzanian	400	0	2%
Wilbald Njau	Tanzanian	400	0	2%
Richard D. Toba	Tanzanian	800	500	7%
Joseph D. Njau	Tanzanian	600	500	6%
John D. Njau	Tanzanian	1300	200	8%
Salvatory D. Njau	Tanzanian	3,000	0	15%
Julius D. Kibebe	Tanzanian	2,000	0	10%
David. D. Kibebe	Tanzanian	1,000	200	6%
John Ndekao	Tanzanian	400	0	2%
Melkior P Ndekao	Tanzanian	400	0	2%
Catherine Kilewo	Tanzanian	400	0	2%
Total		15,900	4,100	100%

SKETCH MAP SHOWING PROJECT LOCATION







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TANZANIA INVESTMENT CENTRE

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

RECEIPT REC005497

No.000260

Received from : KILIMANJARO NATURAL PRODUCTS LTD

Address KILIMANJARO

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

642131

Being payment in respect of CERTIFICATE OF INCENTIVE

Amount : USD 700.00

Cash / Cheque No: D/DEPOSIT 72

Date : 07-Dec-2011



Receiving Officer



TANZANIA INVESTMENT CENTRE

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

RECEIPT REC005498

No. 000262

Received from : KILIMANJARO NATURAL PRODUCTS LTD

Address KILIMANJARO

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

Being payment in respect of: CERTIFICATE OF INCENTIVE

Amount : TZS 84,150.00

Cash / Cheque No: D/DEPOSIT

Date : 07-Dec 11

Buissa

Receiving Officer



TICC/PP.10/042131/3

2nd December, 2011

Managing Director,
Kilimanjaro Natural Products Ltd.,
P.O. Box 1421,
Kilimanjaro.

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF PLANT FOR PRODUCTION AND PACKAGING OF
SAFE CLEAN WATER**

We wish to acknowledge receipt of your project proposal of establishing a plant for production and Packaging of safe clean water as presented in the TIC P.A. 1 Form No. 09620 and Feasibility Study with a projected investment of USD 0.6359m.

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. In order to enable TIC prepare your Certificate of Incentives, You will be required to submit the following:-

- Current shareholding status from BRELA
- Certified document showing evidence of Land ownership for the location of the project.

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

.../2

TICC/PP.10042131/3

2nd December, 2011

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

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

Yours sincerely,

TANZANIA INVESTMENT CENTRE



R.P. Mbilinyi

Ag. 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
Kilimanjaro Natural Products Ltd.

Post Box	Kirua Road, Vunjo West	COI Number	60664	Contact	Mr. Salvatory D. Njau
Post Office	1421, Moshi	COI Date	06/06/2011	Designation	Director
Region	Kilimanjaro	Application F. No	09620	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0754 265616
		Sub Sector	Water processing and packaging	Fax	022 2137950
		File No	042131	E-Mail Address	Sdnjau@Gmail.Com

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	Kirua	<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>0.5032</td> <td>0</td> <td>0.1326</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0	0.5032	0	0.1326			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
0	0.5032		0	0.1326									
Street	Vunjo West												
District	Moshi Rural												
Region	Kilimanjaro												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)		
Paul C Njau	Tanzanian	13	Land/Building	0.0672
Baltazar E. Njau	Tanzanian	13	Plant	0.209
Salvatory Njau	Tanzanian	15	Vehicles	0.239
Julius D. Kibebe	Tanzanian	10	Furniture & Fittings	0.022
Others	Tanzania	49	Pre-expenses	0.0219
			Others	0
			Working Capital	0.0768
			Total	0.6359

Employment	35	Evaluated By	wf officer3
Capacity	3000lts/hr	Drawn By	wf registry2
Project Turn Over		Project Type	Local

Description

Establish a plant for production of safe clean water and Packaging

Conditions

Investor is subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

Approved
R. Njau
Agent
29/11



Kilimanjaro Natural Products Ltd,

Box 1421 Tel: 0784 489772 Moshi, Tanzania
Box 70576 Tel: +255 22 2137940, 0754 265616 / 0713 336075 Dar es Salaam, Tanzania

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Ref: TIC/02/2012
Date: 25th Jan 2012

Executive Director
Tanzania Investment Centre
P.O Box 938
Dar Es Salaam



Dear Sir,

Re: Application for TIC Certificate of Incentive

Reference is made to your letter with ref No. TICC/PP.10/042131/3

As requested in your letter we are herewith attaching the company status report from Brela and land offer letter from Ministry of Land confirming payment of various land rent, now awaiting for title deed/occupancy certificate to be issued within ninety days.

Kindly feel free to contact the undersigned for any further clarification you may need.

Looking forward for your usual cooperation in this matter.

Best regards,

KILIMANJARO NATURAL PRODUCTS LTD

Salvatory D. Njau

Company Secretary/Interim CEO





THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF LANDS, HOUSING AND HUMAN SETTLEMENTS DEVELOPMENT
ACKNOWLEDGEMENT OF PAYMENT

Telegraphic Address "ARDHI"
TEL. NO. 275 4651

LAND DIVISION,
P.O. Box 97,
MOSHI.

Ref. No: MS/LD/1/PLOT/6

Date: 23/1/2012

To: KILIMANJARO NATURAL PRODUCTS LTD
P.O. BOX 1421
MOSHI.

RE: RECEIPT OF PAYMENTS ON PLOT FARM NO. 1 BLOCK --- SURVEY REG.
PLAN NO. 68095 MEASURING 975 SQM LOCATION IWA
VILLAGE IN MOSHI DISTRICT Term 99 years

Land rent 4,000/= (pa)
USER SERVICE INDUSTRY PURPOSES
Group M use class (a) as defined in The Town and Country Planning (use classes) Regulations 1960, as amended by Government Notice No. 249 of 1993.

This is to notify you of the receipt of various fees you effected pertaining to Plot Farm bearing details described above, that is:

	Shillings	ERV NO's	Date
(i) Premium (if any)			
ii) Fee for Certificate of Occupancy	<u>20,000/=</u>	<u>45706249</u>	<u>23-1-2012</u>
iii) Registration Fee:			
(iv) Survey Fee:			
(v) Deed Plans Fee:	<u>15,000/=</u>	<u>45706249</u>	<u>23-1-2012</u>
(vi) Stamp Duty	<u>2290/=</u>	<u>45706643</u>	<u>23-1-2012</u>
vii) Land Rent:			
from <u>1/1/2012</u> To <u>30/6/2012</u>	<u>22,000/=</u>	<u>45706694</u>	<u>23-1-2012</u>

TOTAL (IN TSHS): 68,090/=

Furthermore you are informed that, by virtue of these payments according to section 27 and within ninety days, the Commissioner for Lands or an Assistant Commissioner for Lands, shall prepare and issue you a Certificate of occupancy according to Section 29 of the Land Act, [Cap 113 R. E. 2002] (as amended). The Term and conditions of the Right of Occupancy will run with effect from the date of completion of your payments bill

SIGNATURE OF AUTHORIZED OFFICER
KILIMANJARO NATURAL PRODUCTS LTD (The Applicant/s) here by certify that the figures relating to the foretasted payments are correct.

Signature(s): [Signature]

Date 24-01-2012

PHOTO

Certified true copy of the original
25/01/2012
MAMAR AMALU
KILIMANJARO NATURAL PRODUCTS LTD
KILIMANJARO DISTRICT
MOSHI

THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY
(Offices: Co-operative Building Lumumba Street)

P. O. Box 9393,
DAR ES SALAAM.

Telephone: +255-22-
2180139/2181344,2180113/2180141
D.L. 2180048,2180385
Fax: +255-22-2180371/2184727/2180411
Email: usajili@cats-net.com
ipo@cats-net.com
brela@cats-net.com
Website: www.brela-tz.org



(All Official communications should be
addressed to the Chief Executive Officer not
to individuals)

In reply please quote:

Ref. No. MITM/RC/60664/8

20th January, 2012

Kilimanjaro Natural Products Limited,
P.O. Box 1421,
DAR ES SALAAM.

**RE: THE COMPANIES ACT 2002
KILIMANJARO NATURAL PRODUCTS LIMITED**

I refer to your letter dated 16th January, 2012.

1. Number of Incorporation: 60664
2. Date of Incorporation: 6th June, 2007
3. Share Capital Tshs.200,000,000/= divided into 20,000 shares of Tshs.10,000/=.
4. Shareholders:
 - Domician Njau (401 shares)
 - Philip Njau (401 shares)
 - Baltazar Njau (801 shares)
 - John Ndekao (201 shares)
 - Fidelis Paul (201 shares)
 - Paul C. Njau (400 shares)
 - Edward Njau (200 shares)
 - Wilbald Njau (200 shares)
 - Richard Toba (400 shares)
 - ✓ Julius Kibebe (1000 shares)
 - ✓ Salvatory Njau (1500 shares)
 - David Kibebe (200 shares)
 - Melkiory Ndkao (200 shares)
 - Joseph Njau (200 shares)
 - Catherine Kilewao (200 shares)
 - John Njau (650 shares)

Certified
HAKIMU YA
KILIMANJARO
KARIBUSI WILAYA YA
DAR ES SALAAM

5. Directors:

- Philip Njau
- Baltazar Njau
- Domician R. Njau
- John Ndekao
- Fidelis Paul
- Paul C. Njau


E. Mahingila

REGISTRAR OF COMPANIES

Tic

6



Kilimanjaro Natural Products Ltd,

Box 1421 Tel: 0784 489772 Moshi, Tanzania
Box 70576 Tel: +255 22 2137940, 0754 265616 / 0713 336075 Dar es Salaam, Tanzania

Commissioner of Customs & Excise

Date: 21st August 2012

Tanzania Revenue Centre,

P. O Box 9053

DAR ES SALAAM

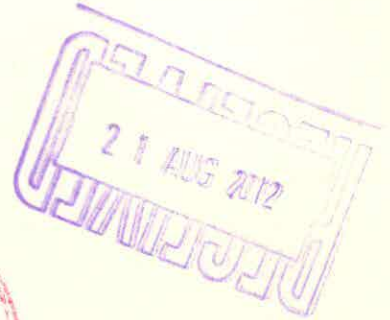
UFS

Executive Director,

Tanzania Investment Centre,

P. O Box 938

DAR ES SALAAM



Dear Sir,

RE: DUTY & VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS FOR CERTIFICATE OF INCENTIVE NO: 042131

We are TIC approved project with certificate of incentive No 042131, which is valid up to November 2014

The company has been registered with objectives of bottling safe drinking water.

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

Yours sincerely

Salvatory D. Njau

Managing Director

Verified True Copy
of the Original
Signature: *[Signature]*
Date: 04/02/2012



00218417

THE UNITED REPUBLIC OF TANZANIA
Tanzania Investment Centre

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042131

This is to certify that

KILIMANJARO NATURAL PRODUCTS LIMITED

of address P.O. BOX 1421

MOSHI

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

KILIMANJARO NATURAL PRODUCTS LIMITED

Which is located at PLOT NO. 1 IWA VILLAGE KIRUA VUNJO WEST

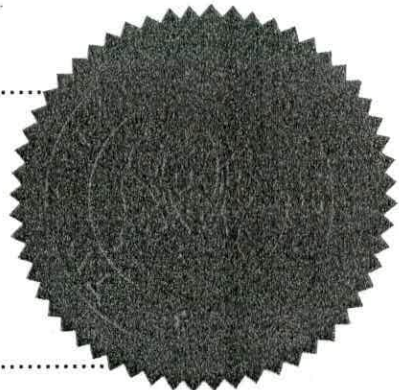
MOSHI - KILIMANJARO

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

[Signature]
Ag Executive Director

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

Dated 26TH JANUARY 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:—

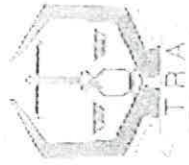
1. Shareholders

	Nationality	Shareholding (%)
John Njau	Tanzanian	9.1
Baltazar E. Njau	Tanzanian	11.2
Salvatory Njau	Tanzanian	20.96
Julius D. Kibebe	Tanzanian	13
Others	Tanzanian	45.74
2. Proposed Activities : To establish a plant for production of safe clean water and packaging
3. Sector: Manufacturing Subsector Water Processing and Packaging
4. Investment cost: Foreign - Local USD 0.6359m. Total USD 0.6359m.
5. Project Financing:

Equity.....	<u>USD 0.5032m.</u>	Loans.....	<u>USD 0.1326m.</u>	Total.....	<u>USD 0.6358m.</u>
-------------	---------------------	------------	---------------------	------------	---------------------
6. Source, terms and conditions of loan.....
7. Assets to be invested:

Capital items:	Foreign	Local	Total
	<u>-</u>	<u>USD 0.6359m.</u>	<u>USD 0.6359m.</u>
8. Technology Agreement None
9. Date of TIC Registration: 2nd December 2011
10. Implementation period December 2011 - November 2014
11. Operative date..... December 2014
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 - (i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
 - (ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)
 - (iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed 
Ag. Executive Director



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION

FOR

TAXPAYER IDENTIFICATION NUMBER (TIN)

ISSUED PURSUANT TO SECTION 143 OF THE INCOME TAX ACT, 1967 (CAP 476)

THIS IS TO CERTIFY THAT

KILEMANJARO NATURAL PRODUCTS CO LTD

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

110-500-300

14-03-2010

with effect from

JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

List of KNP project items

No	Item Name	Unit Measure	Quantity	Item Group	Item price USD	TIN	Exemption Ref	Exemption Date
1	PET Blowing machine 1000-2200 BPH		1 unit	Plant and machinery	28,500	110-500-300		
2	Mineral water plant 3000ltrs per hour		1 unit	Plant and machinery	27,500	110-500-300		
3	Fully automatic water bottle machine 30/50 BPH and shrink wrapping machine		1 unit	Plant and machinery	29,600	110-500-300		
4	ISI Laboratory		1 lot	Equipment	10,375	110-500-300		
5	15 tables x		15	Furniture	500	110-500-300		
6	25 chairs x		25	Furniture	300	110-500-300		
7	Stainless steel tanks 3000 lts		2	Plant and machinery	4,000	110-500-300		
8	Generator		1	Plant and machinery	30,000	110-500-300		
9	Transformer		1	Plant and machinery	5,000	110-500-300		
10	Two 18 ton lorries		2	Vehicle	160,000	110-500-300		
11	One pick up Motor vehicle		1	Vehicle	50,000	110-500-300		
12	One small lorry		1	Vehicle	70,000	110-500-300		



00218417

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No:042131.....

This is to certify that

.....
KILIMANJARO NATURAL PRODUCTS LIMITED
.....

of address P.O. BOX 1421

..... MOSHI

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

..... KILIMANJARO NATURAL PRODUCTS LIMITED

Which is located at PLOT NO. 1 IWA VILLAGE KIRUA VUNJO WEST

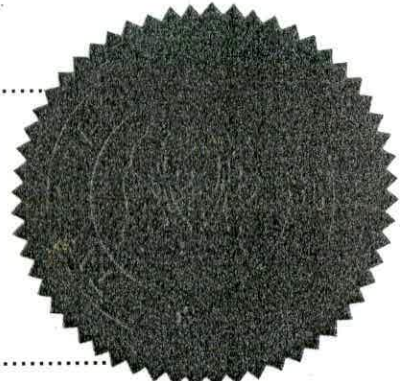
..... MOSHI - KILIMANJARO

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 26TH JANUARY 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 (%)
John Njau	Tanzanian	9.1
Baltazar E. Njau	Tanzanian	11.2
Salvatory Njau	Tanzanian	20.96
Julius D. Kibebe	Tanzanian	13
Others	Tanzanian	45.74
2. Proposed Activities : To establish a plant for production of safe clean water and packaging
3. Sector: Manufacturing Subsector Water Processing and Packaging
4. Investment cost: Foreign - Local USD 0.6359m. Total USD 0.6359m.
5. Project Financing:
Equity.....USD 0.5032m. Loans.....USD 0.1326m. Total.....USD 0.6358m.
6. Source, terms and conditions of loan.....
7. Assets to be invested:

Capital items:	Foreign	Local	Total
	<u>-</u>	<u>USD 0.6359m.</u>	<u>USD 0.6359m.</u>
8. Technology Agreement None
9. Date of TIC Registration: 2nd December 2011
10. Implementation period December 2011 - November 2014
11. Operative date..... December 2014
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



Kilimanjaro Natural Products Ltd,

Box 1421 Tel: 0784 489772 Moshi, Tanzania
Box 70576 Tel: +255 22 2137940, 0754 265616 / 0713 336075 Dar es Salaam, Tanzania

016

TIC/01/11/014

Date: 24th November 2014

Director General

Tanzania Investment Centre (TIC)

Box 938

Dar Es Salaam



RE: KNP Bottling Water Project Progress Report and Application for Extension of Project Implementation Period

Reference is made to the heading above

Kindly find attached brief report of Kilimanjaro Natural Products Ltd project on drinking water with TIC Certificate Number 042131 of 26th January 2012.

The TIC certificate implementation period was November 2011 to November 2014. We are however requesting your approval for extending the project implementation period for another two years to enable us utilize transport incentive imbedded in the certificate which could not be implemented in the period to November 2014 due to various reasons as indicated in the attached progress report.

We are looking forward for your cooperation on this matter which is critical in the progress of our project

Best regards

KILIMANJARO NATURAL PRODUCTS LTD

Salvatory D. Njau

Secretary and CEO

Water bottling project Progress Report

Introduction

This is a summary report on water bottling project under implementation of Kilimanjaro Natural Products. The project was registered with TIC and granted TIC certificate number 042131 of 26th January 2012. The project involves bottling drinking water in the brand name of Heritage. The plant is located in Moshi on Plot No 1 in Iwa - Kirua Vunjo, Moshi Rural District. The brand name of Heritage is registered with Breila. The company is owned by local Tanzanian.

Project Implementation Progress

The project construction started in 2011 following completion of environmental Impact assessment which led in award of certificate No EC/EIS/181 by National Environmental Management Council. Industrial building was completed in September 2012. Machine installation started in October 2012 following arrival of machine and clearance of the same in September 2012. Machine installation was completed in November 2012. The trial run production started in December 2012 after commission of machine by Mitsun Engineering from India which supplied machines. The purchase of machine was facilitated by TIB through equipment leasing arrangement.

Despite commission of machine in December 2012, we could not start production smoothly due to shortage of enough working capital. We applied for Over Draft facility for working capital from TIB in January 2013, this application was finally granted in June 2013. Such delays in approval of OD facility by TIB led into delays in full swing project take off for at least six month. From July 2013 we started ordering various materials including prefoms for making bottles, caps, boxes and labels. All these materials are supplied locally from Dar es Salaam. The performs for making bottles are supplied by Sialfrica in Dar Es Salaam, while labels are supplied by Jamana Printers in Dar Es Salaam. Boxes are supplied by Hanspaul Industries from Arusha.

Production in small volume started in October 2013 as we were still making follow up of TFDA certificate after inspection of our facility by this authority in December 2012. We were finally granted both product and building certificate by TFDA in June 2014 after several follow up with this authority. The delay by TFDA to grant us certificate frustrated our market penetration campaign as customers were asking for TFDA certificate, despite telling them we had TFDA approval to go on with production while our certificate was under process, customers would not take that easily. TBS certificate was granted in April 2013.

Staff recruitment started in December 2012 through July 2013. We managed to recruit General Manager in July 2014. The factory is now running with sufficient manpower.

Project costs

The project machines including Treatment Plant, Pet Blowing machine, bottling machine, and laboratory was USD 99,375 at CIF value.

Construction of Power line and Generator cost was USD 25,000

Other Project costs not included above are industrial building, clearing costs, commissioning costs and other pre-operational costs. Land and building cost was USD 112,500 .

Marketing Progress

The original strategy of the management in marketing our products was through engagement of independent marketing company where African Marketing Company Limited was engaged in September 2013 for trial run. This company was terminated in February 2014 after management realized inefficiency of the company and risk of giving new product to an independent company with now interest on the product.

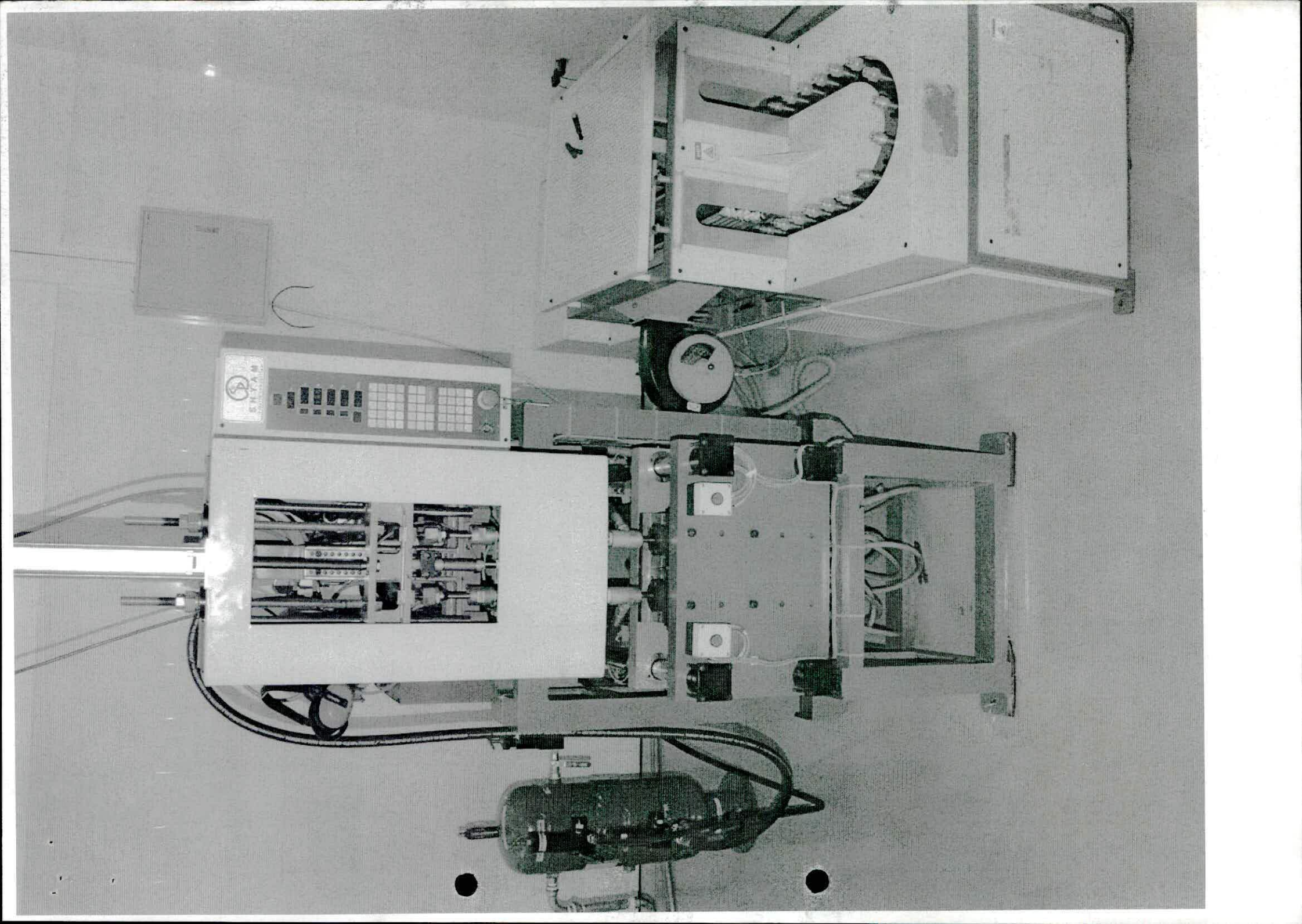
The management efforts are now directed towards promotion and marketing of our product. Management has managed to secure good market from the lake zone where our product is selling well. We are however facing serious challenge on transport both for moving products to upcountry and moving products to our warehouse in Moshi. We need to buy heavy trucks for moving products to upcountry and small trucks for moving products from the factory to our warehouse in Moshi as well as making distribution to the local market in Moshi and nearby regions such as Arusha, Tanga and Manyara.

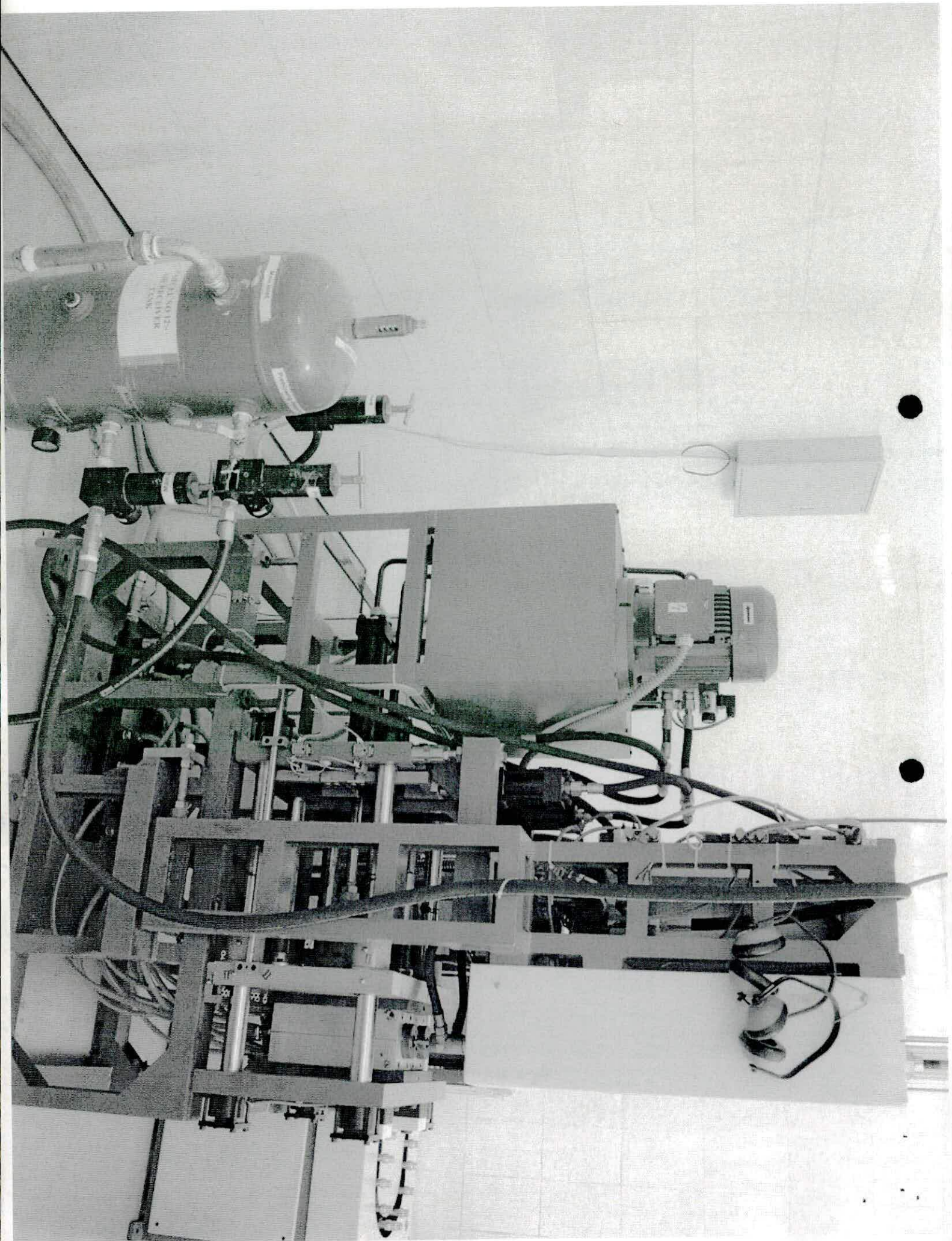
As management is now mobilizing resources for purchase of needed trucks, our TIC certificate operating period is ending in November 2014, limiting us to utilize this incentive which is seriously needed. Management is appealing to the Management of TIC to consider extending the project implementation period considering delays caused by our project financier in processing LC for purchase of machine which was delayed for about eight month and issue of OD facility which was again delayed for about six month.

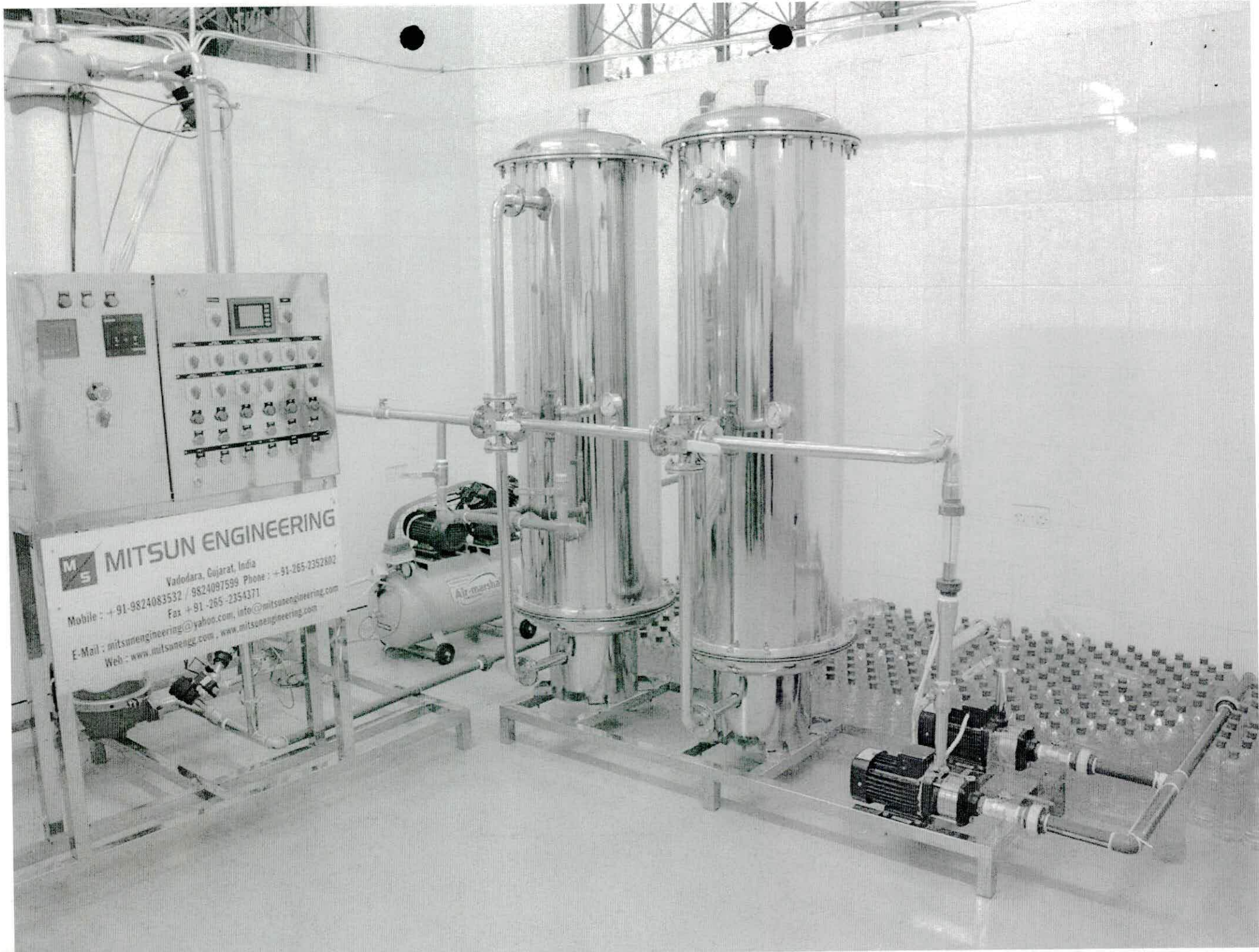


Attached are photos of various machines as installed in the factory and the building itself.

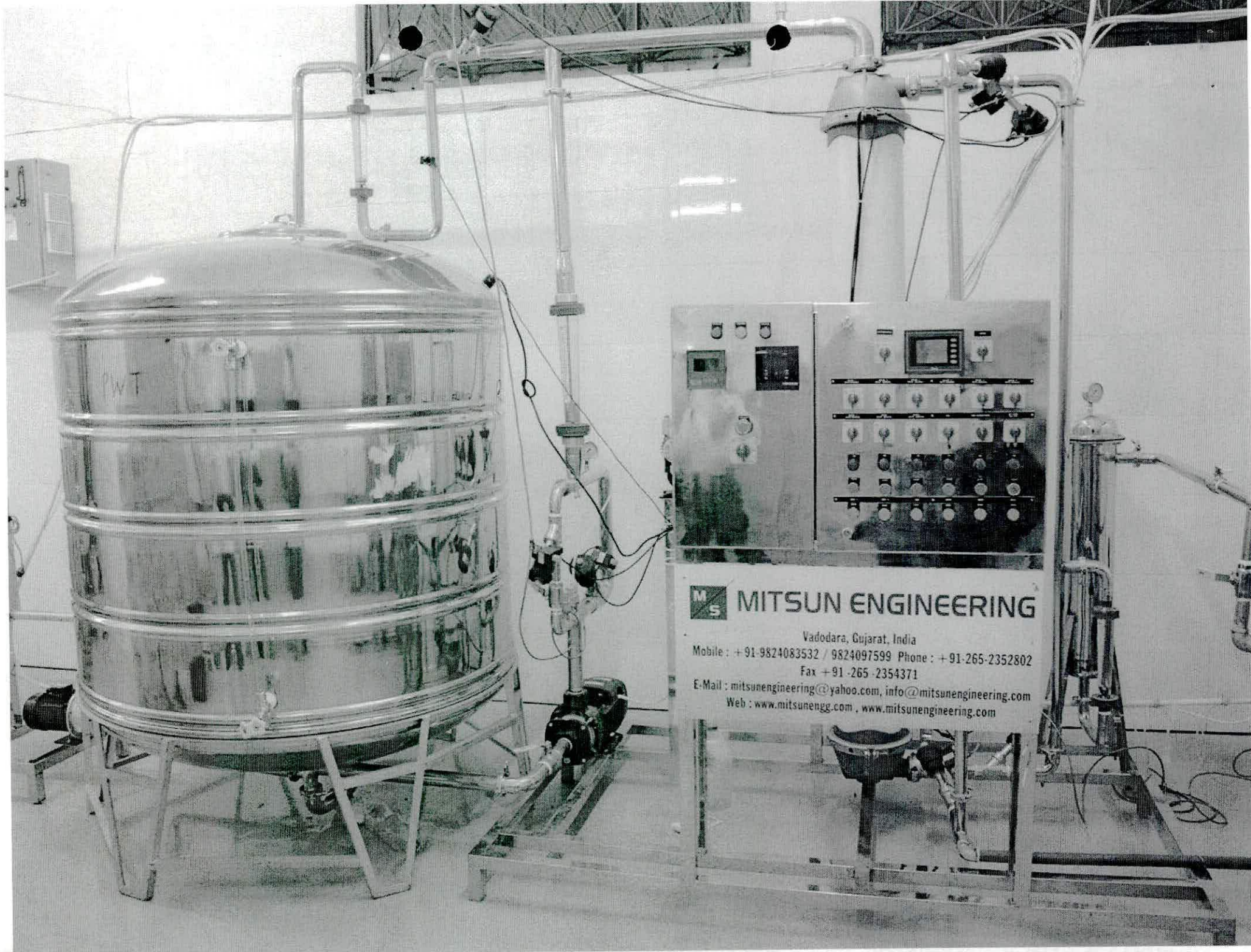
A handwritten signature in blue ink, consisting of a stylized, cursive script that is difficult to decipher. It appears to be a single name or set of initials.







MITSUN ENGINEERING
Vadodra, Gujarat, India
Mobile : ++91-9824083532 / 9824097599 Phone : ++91-265-2352802
Fax : ++91-265-2354371
E-Mail : mitsunengineering@yahoo.com, info@mitsunengineering.com
Web : www.mitsunenge.com, www.mitsunengineering.com



MITSUN ENGINEERING

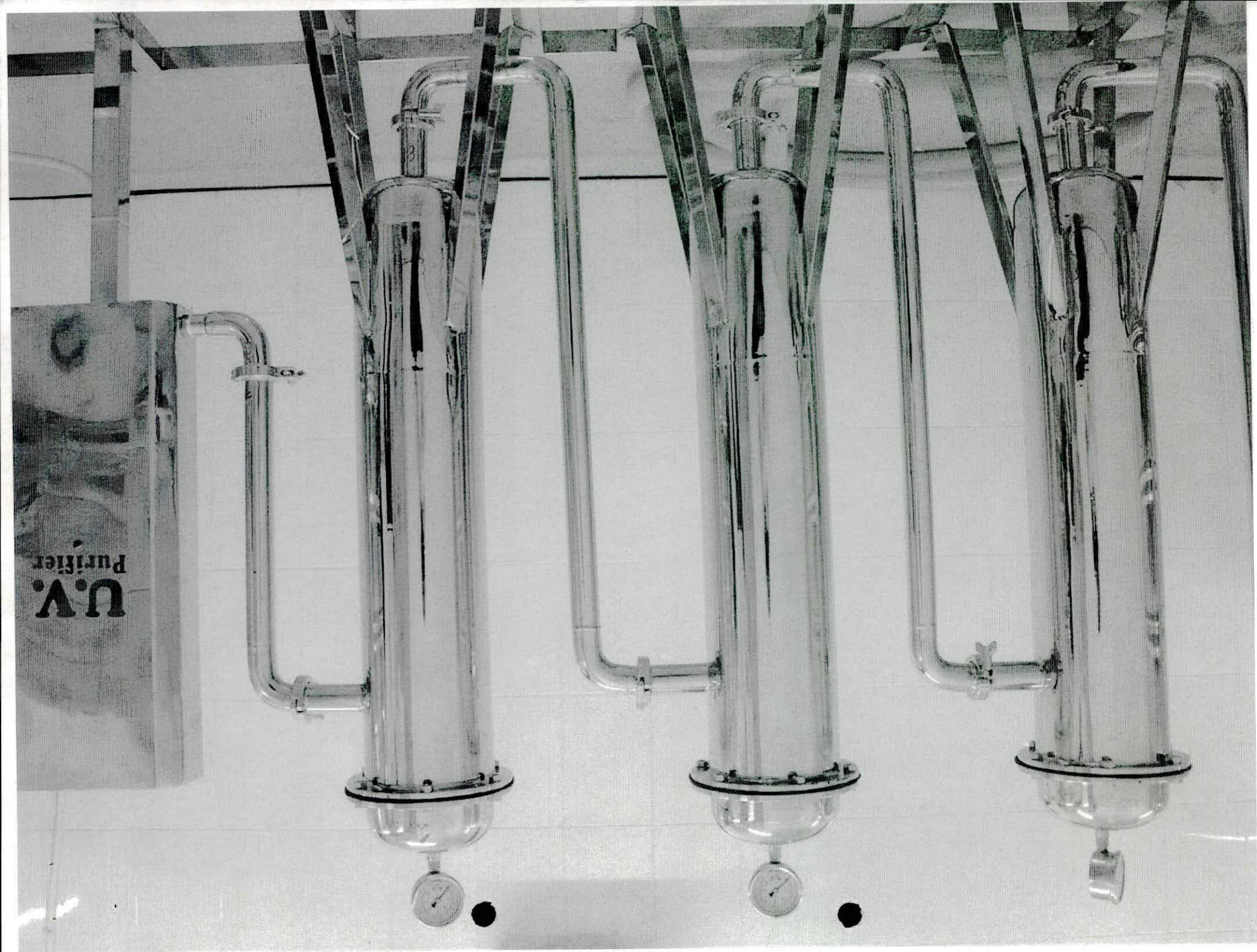
Vadodra, Gujarat, India

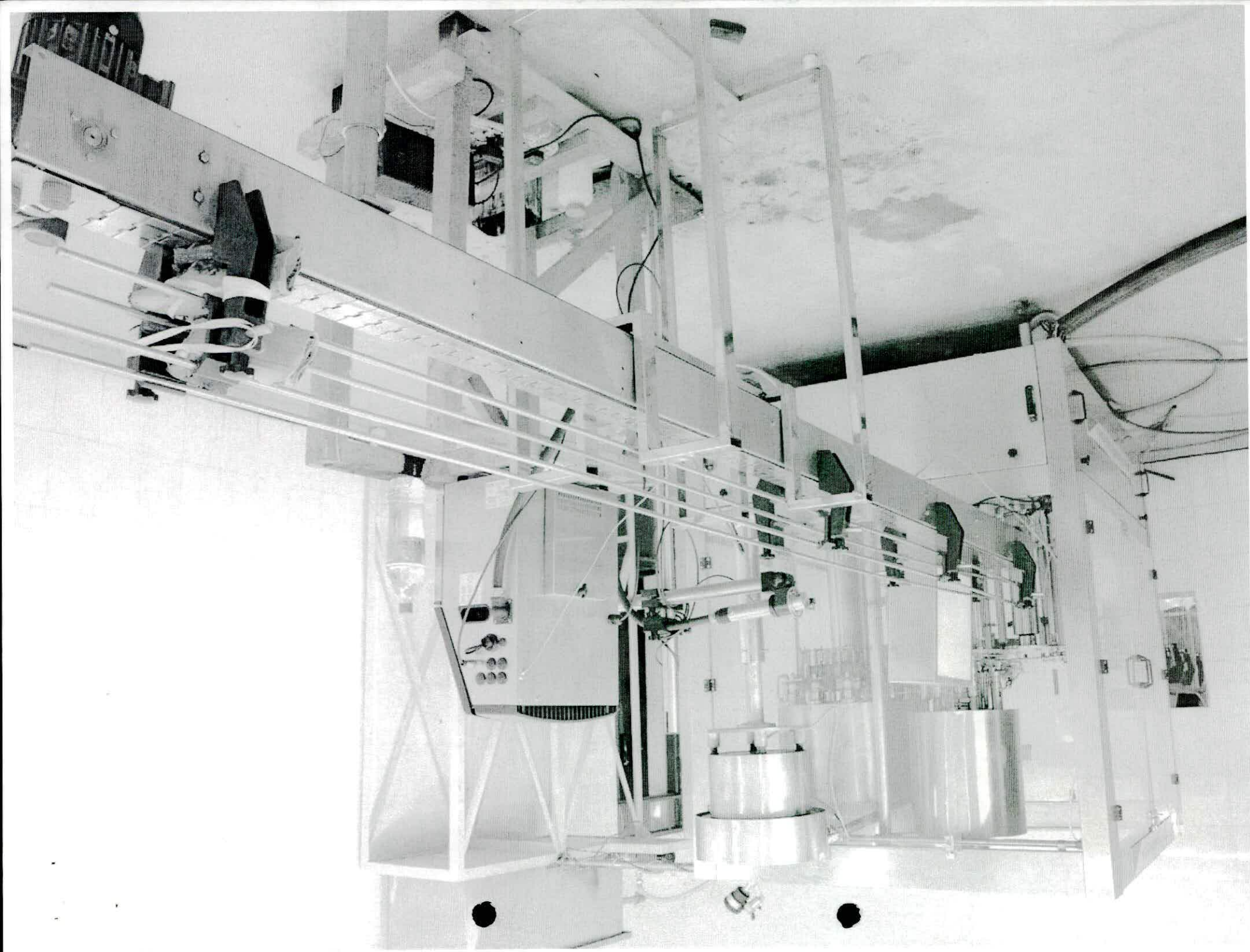
Mobile : + 91-9824083532 / 9824097599 Phone : + 91-265-2352802

Fax + 91 -265 -2354371

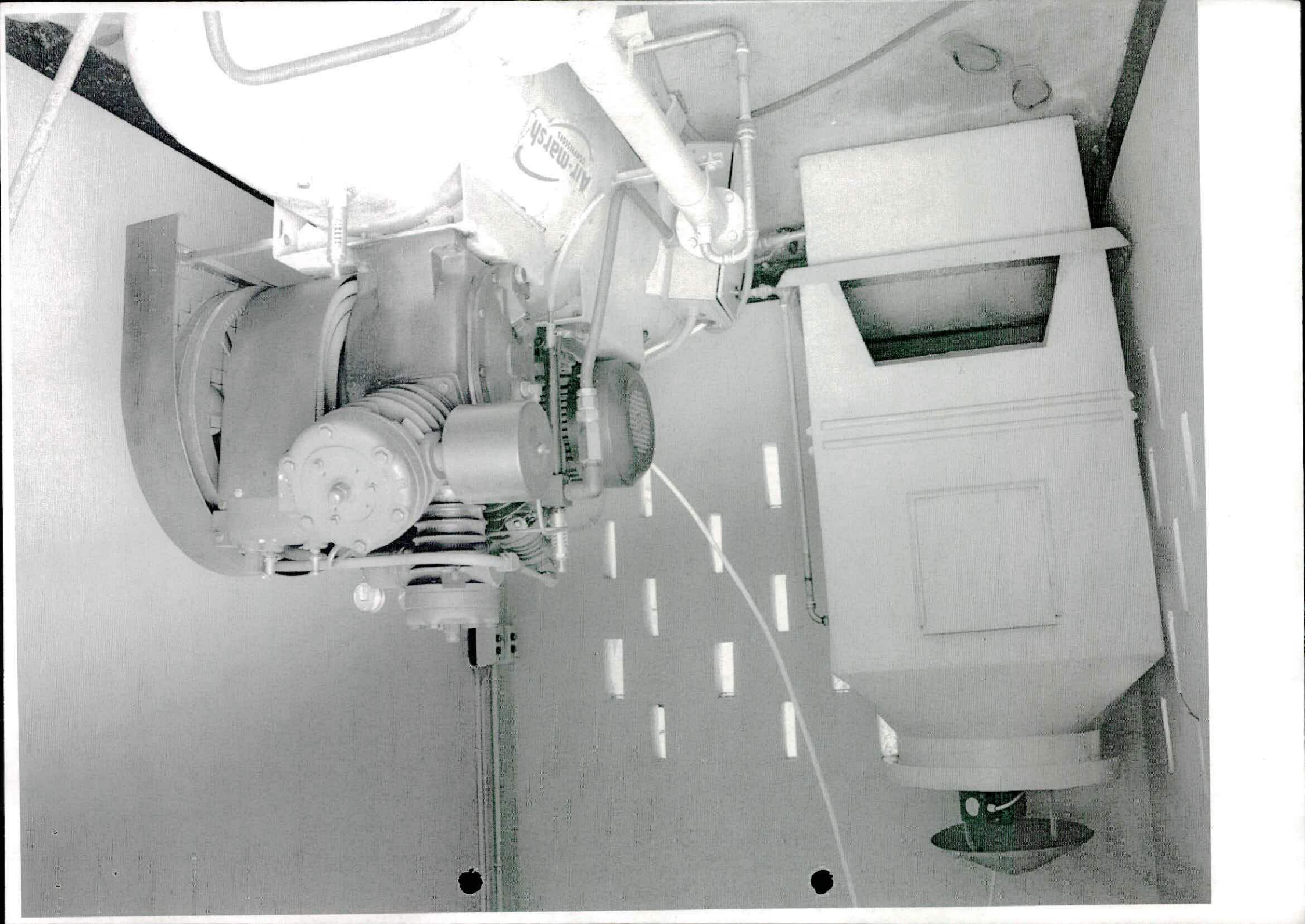
E-Mail : mitsunengineering@yahoo.com, info@mitsunengineering.com

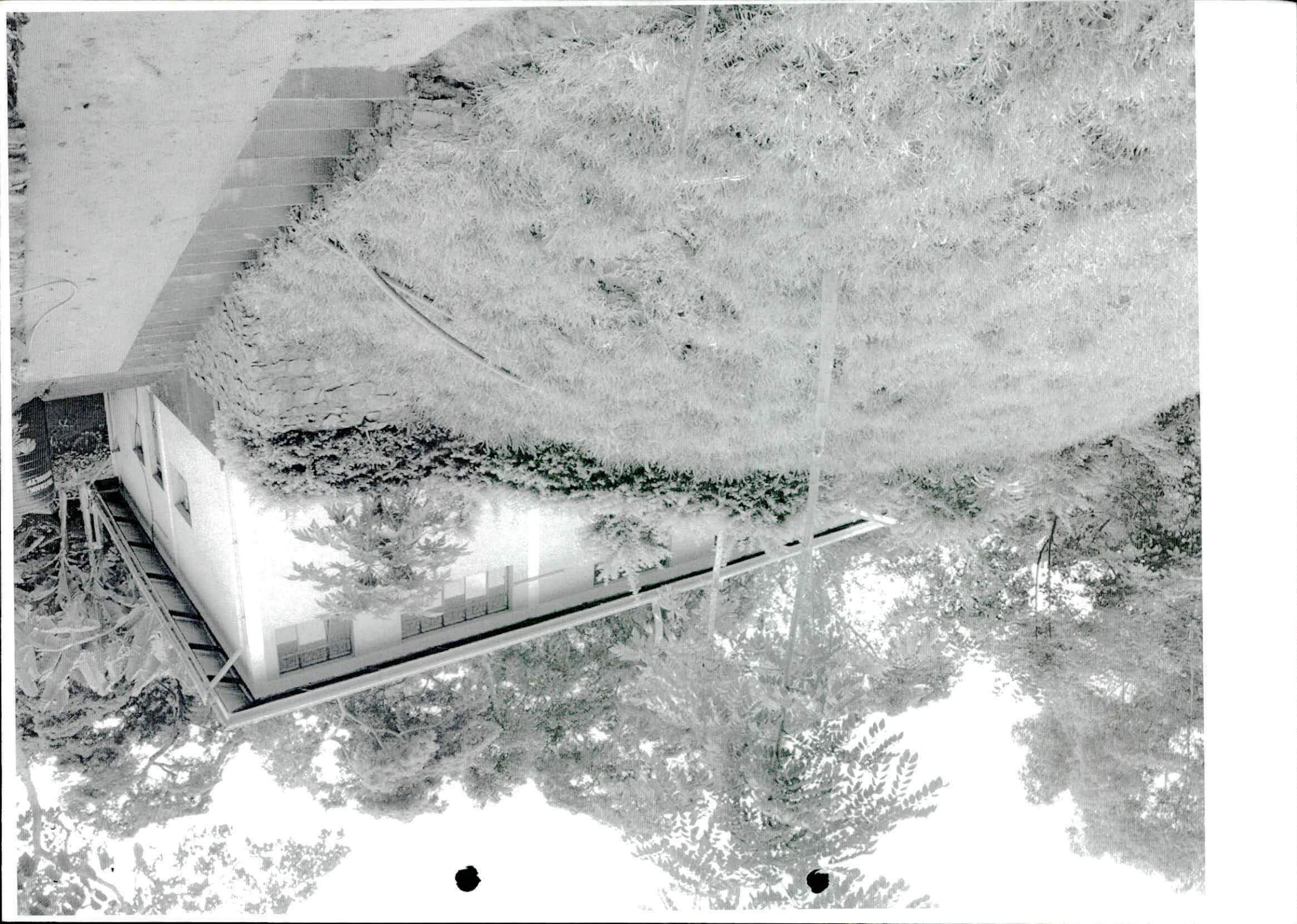
Web : www.mitsunengg.com, www.mitsunengineering.com

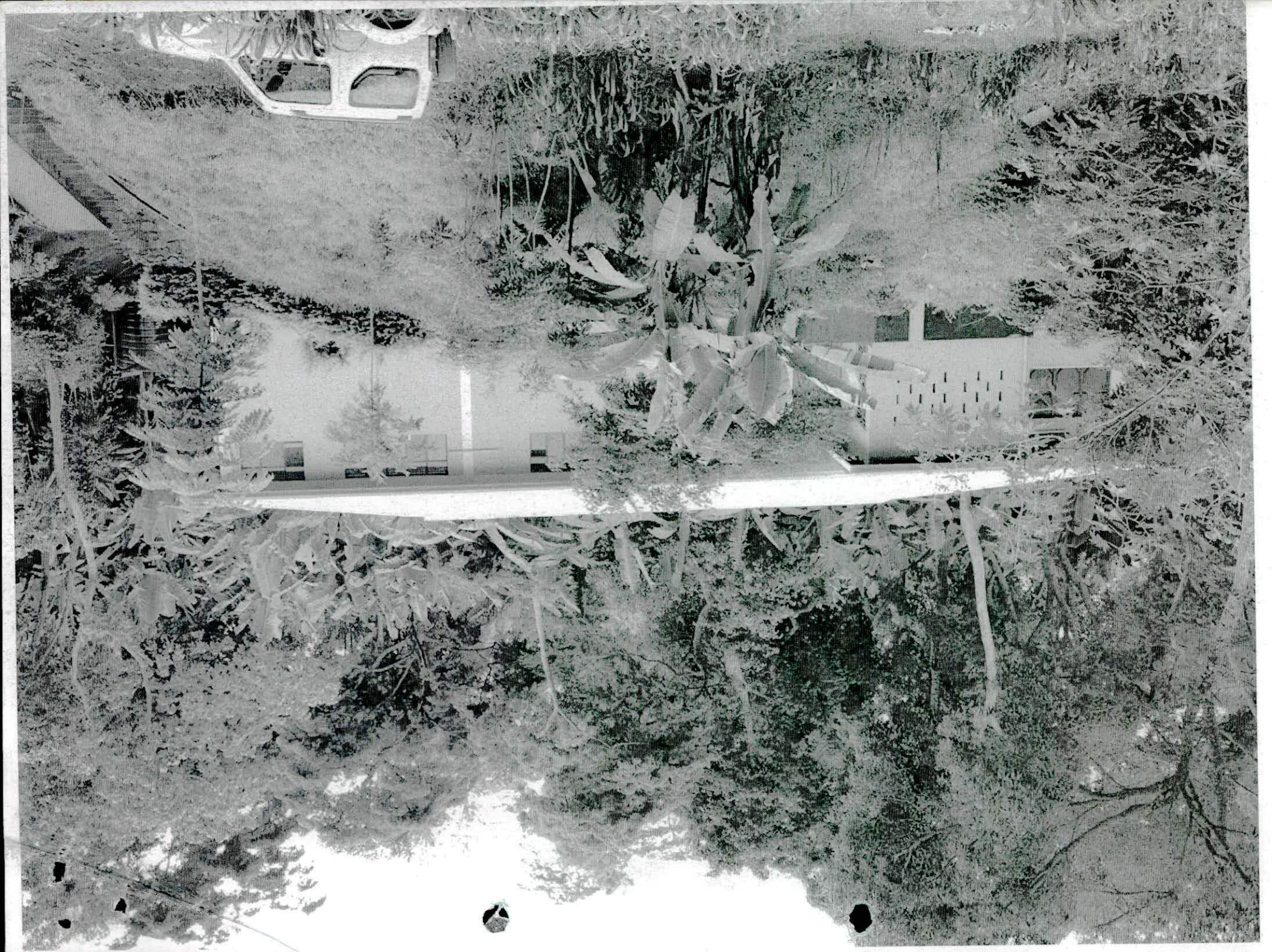












TICC/PP.10/042131/7

22/08/2012

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

Dear Sir,

**RE: DUTY/ VAT REMISSIONS ON CAPITAL/ DEEMED CAPITAL
GOODS – CERTIFICATE OF INCENTIVES No: 042131**

M/S Kilimanjaro Natural Products Limited is a TIC registered company with certificate of incentives **No. 042131** which is valid up to **November 2014**

The company has been registered with objectives of establishing a plant for production of safe clean water and packaging.

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

Yours sincerely

TANZANIA INVESTMENT CENTRE


N.A. Senzia

FOR: EXECUTIVE DIRECTOR

PROJECT FOR EXTENSION OF IMPLEMENTATION PERIOD

Name of the Project: KILIMANAJARO NATURAL PRODUCTS LTD

Project Description: Certificate No: 042131

To establish a plant for production & packaging of safe clean water

Approval Date: 2nd December 2011

Implementation Period Expiry: December 2011 – November 2014

Number of Previous Extensions: Nil

Reasons for this Extension:

To accomplish the implementation of the project

Recommendations:

I recommend the project implementation period be extended for one year

Decision:

[Signature]
12/12/14



10

TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/8/2505

29 August 2012

Managing Director,
Kilimanjaro Natural Products Limited,
P. O. Box 1421,
Moshi.

Dear Sir,

RE: DUTY AND VAT EXEMPTION ON CAPITAL GOODS VIDE CERTIFICATE OF INCENTIVES NO. 042131 OF 26TH JANUARY 2012 & TIN 100-110-500-300

Reference is made to your letter dated 21 August 2012 as supported by the letter ref. TICC/PP.10/0422131/7 of 22 August 2012 from Tanzania Investment Centre regarding the captioned subject.

We hereby confirm and approve items in a **single-page list** herewith attached as capital/deemed goods for establishment and facilitation of the project with the certificate of incentives mentioned above. However, it should be noted that deleted items could not be approved because they are not eligible for exemption.

The approved items will be assessed at 0% import duty and VAT relief under the Third Schedule to the VAT Act Cap148. You will however be required to complete VAT form 224 and submit the same to the Commissioner for Customs and Excise for all imported items and for locally procured items the forms should be submitted to the Commissioner for Domestic Revenue.

Sincerely yours,

Said Athumani

For: COMMISSIONER FOR CUSTOMS AND EXCISE

GK/
c.c. Manager – TRA Kilimanjaro
c.c. Manager- Customs Service Centre
c.c. Manager – Tax Exemption
c.c. Manager - Wharf
✓c.c. Executive Director,
Tanzania Investment Centre,
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

List of KNP project items

No	Item Name	Unit Measure	Quantity	Item Group	Item price USD	TIN	Exemption Ref	Exemption Date
1	PET Blowing machine 1000-2200 BPH		1 unit	Plant and machinery	28,500	110-500-300		
2	Mineral water plant 3000ltrs per hour		1 unit	Plant and machinery	27,500	110-500-300		
3	Fully automatic water bottle machine 30/50 BPH and shrink wrapping machine		1 unit	Plant and machinery	29,600	110-500-300		
4	ISI Laboratory		1 lot	Equipment	10,375	110-500-300		
5	15 tables,		15	Furniture	500	110-500-300		
6	25 chairs		25	Furniture	300	110-500-300		
7	Stainless steel tanks 3000 lts		2	Plant and machinery	4,000	110-500-300		
8	Generator		1	Plant and machinery	30,000	110-500-300		
9	Transformer		1	Plant and machinery	5,000	110-500-300		
10	Two 18 ton lorries		2	Vehicle	160,000	110-500-300		
11	One pick up Motor vehicle		1	Vehicle	50,000	110-500-300		
12	One small lorry		1	Vehicle	70,000	110-500-300		

Approved

TANZANIA CUSTOMS AND EXCISE AUTHORITY
TRADE FACILITATION UNIT
DAR-ES-SALAAM
12 AUG 2012



Kilimanjaro Natural Products Ltd,

Box 1421 Tel: 0784 489772 Moshi, Tanzania
Box 70576 Tel: +255 22 2137940, 0754 265616 / 0713 336073 Dar es Salaam, Tanzania

Attachment 1



Date: 23/06/2021

Note: You are to ensure that the information provided is true to the best of your knowledge. This information may be referred to in the near future and hence kept in record incase needs be.

Declaration of Ownership.

I hereby certify that I am the owner of the property described and listed on the above listed project. This project was developed by me or other (explain):
"This project is a joint village members effort; it is located at Iwa Village within Kirua Vunjo ward in Moshi Rural District. It was approved and signed off by all interested village members who jointly own it through allocation of shares based on members contribution to the initial capital plus the continuing running costs of the business. The water source is on one of the members land."

I certify that all information in this report is complete and accurate and that I am competent to sign this form.

Project owner Signature / Date: [Signature] / 23/6/2021

Witness Egdi S.M. Mkooba



Attachment 2.

Certified True Copy of the Original!

Signature *[Signature]*
S. M. MKOBA
ADVOCATE
Date 23.6.2021


PROJECT FORM FORMAT

S/No.	PROJECT NAME	DETAILS.
	COMPANY NAME	Kilimanjaro Natural Products (KNP)
	LOCATION OF THE PROJECT (Village/street, ward, District)	<i>Iwa - Kirua Vunjo, Moshi Rural in Kilimanjaro Region</i>
	PROJECT DESCRIPTION (Summary of the project, uniqueness of the project, sector analysis, competition, market analysis etc.)	<i>This is a water bottling company. The source of the water is natural spring water located at Kirua Vunjo, Moshi Rural District within the Kilimanjaro Region. It is owned by members from the village and it has two objectives: (i) to create employment and income to the local community following the collapse of coffee farming which for many years was a leading source of income and employment, and (ii) to serve as a pioneer of alternative export products from the area.</i>
	INFRASTRUCTURE (Land size, supporting facility, link to other social amenities such as road, water, power etc.)	<i>The plant is lying over a half an acre land which is accessible by road. The plant building was constructed on this land and it is fully equipped with electricity, water from the nearby spring water source, filling/bottling plant and a generator as an alternative power source. The plant is located about 13kms from Moshi town with a tarmac road covering the entire distance except for about 0.8km of a paved feeder road that leads to the plant location.</i>
	PROJECT COST ESTIMATES	<i>The project requirement is as follows</i> <ul style="list-style-type: none"> • <i>Distribution motor vehicles for nearby areas –Two 3 tons trucks TZS 80,000,000</i> • <i>One Long trip truck 250,000,000</i>

	<ul style="list-style-type: none"> • Clearance of Bank Loan balance TZS.200,000,000 • Working Capital TZS 250,000,000 • Update of internal systems TZS 20,000,000 • Total amount Required TZS 800,000,000 (USD 350,000)
PROJECT STATUS (operation/construction stage)	Currently operating under capacity due to shortage of working capital.
FINANCING STATUS (secured funds, required funds for financing the project, owner's contribution)	Over Tshs. 1.5 billion have been secured through purchase of shares by members and through a concession loan of Tshs. 250 million from Tanzania Investment Bank (TIB). The amount was used to purchase the land, construct building that has office space, storage and packaging area and the distilling machine space. Additionally, funds were also used to purchase the water distilling and bottling plant from outside the country. Moreover, funds were also used to hire employees and inject initial working capital to get the plant up and running.
CONTACT PERSON (Name and Title)	Mr. Salvatory D Njau Director
EMAIL	sdnjau@gmail.com
PHONE (Land line and Mobile)	Mobile: +255-754-265-616 Landline: +255-22-213-7940

Certified True Copy of the Original
 Signature *[Signature]*
 S. M. MKOBA
 ADVOCATE
 Date 23.6.2021

tered By : **erick makundi**


 **Attention Investment Facilitation Manager - NZ** (Daudi Riganda)

Jul 9, 2021 11:53:33 AM By Investment Facilitation Manager - NZ (Daudi Riganda)

Noted.

ZM-NZ

Copied to:(*Aftercare Manager, DIF*)

 **Attention Investment Facilitation Manager - NZ** (Daudi Riganda)

Jul 9, 2021 9:38:08 AM By Aftercare Manager (George Mukono)

ZM -NZ,

FYI.

Ag.IFM -(A)

Copied to:(*DIF*)

 **Attention Aftercare Manager** (George Mukono)

Jul 8, 2021 6:30:58 PM By DIF (Revocatus Rasheli)

 **Attention DIF** (Revocatus Rasheli)

Jul 8, 2021 4:38:44 PM By EXD (Maduhu Kazi)

**KILIMANJARO NATURAL PRODUCTS LIMITED
BOTTLED WATER PROJECT - KIWEWERE**

PROJECT PROPOSAL

**PRESENTED TO TANZANIA INVESTMENT CENTRE
FOR APPLICATION OF CERTIFICATE OF INCENTIVE**

Prepared by:-



R & S Associates

*Old GPO Building, Sokoine Drive
P.O. Box 70576
Dar es Salaam, Tanzania
Tel: +255 (0) 22 2137940
Fax: +255 (0) 22 2137950
E-mail: raysav2009@gmail.com*

OCTOBER 2011

PART A: FEASIBILITY STUDY REPORT

PART B: FINACIAL ANALYSIS

PART C: MARKETING ANALYSIS

PART D: LEGAL DOCUMENTS AND OTHERS

**KILIMANJARO NATURAL PRODUCTS LIMITED
(KNP)**

PART "A"

FEASIBILITY STUDY SUMMARY

Contents

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1.0	EXECUTIVE SUMMARY	4
2.0	INSTITUTIONAL AND LEGAL ASPECTS.....	6
3.0	TECHNICAL ANALYSIS.....	9
3.11	PROJECT IMPLEMENTATION SCHEDULE	11
4.0	MARKET ASPECTS.....	11
5.0	FINANCIAL ANALYSIS AND RESULTS.....	11
6.0	PROJECT RISKS MANAGEMENT.....	12
7.0	CONCLUSION AND RECOMMENDATION	14
	APPENDICES.....	15

0.0 SUMMARY OF SALIENT FEATURES

- 0.1 Name of the Company :** Kilimanjaro Natural Products Limited
0.2 Project concept : Production of clean safe drinking water
0.3 Project owners : Kilimanjaro Natural Products Limited
0.4 Project location : Kiwewere, Kirua Vunjo Area, Moshi, Kilimanjaro
0.5 Total Project Equip costs: In TZS “000”

Particulars	Local cost	Foreign cost	Total cost
Project Cost phase 1	170,900	149,062	319,962
Project cost phase 2		239,000	239,000
Project investment in equipment	170,900	388,062	558,962
W/capital requirement Phase 1	76,880		76,880
Total project cost	247,780	388,062	635,842

0.6 Financing Plan in phase one including working capital: In TZS “000”

Source	Local	Foreign	Total Cost	%
Owners Equity Contribution	200,000		200,000	50.3%
Medium Term Loan from Bank		132,640	132,640	33.4%
Short term loan from shareholders	64,202		64,202	16.3%
TOTAL PROJECT FINANCING	247,780	149,062	396,842	100%

0.7 Financial Indicators:

TABLE 3: Profitability Statements for 8 years (in TZS in thousands)

	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8
Gross Revenue	1,437,005	2,075,259	2,627,666	2,627,666	2,717,245	2,988,970	2,988,970	2,988,970
Gross Profit	241,216	549,217	844,836	712,820	773,373	900,739	767,638	761,273
Gross Profit %	17%	26%	32%	27%	28%	30%	26%	25%
Operating Profit	(25,702)	278,108	501,701	368,073	406,964	572,453	388,438	368,153
Net Margin %	-2%	13%	19%	14%	15%	19%	13%	12%

Detailed eight years Statement is shown as Appendix 1

0.8 Loan facility applied for: The company which is currently banking with TIB is seeking for a loan to the tune of TZS 132.6m from this bank in the form of equipment leasing. The loan is intended to cover cost for machines for bottle making, water bottling and packing.

0.9 Collateral:

- (i) A first charge on company's assets
- (ii) A first charge on leased assets.
- (iii) Directors Guarantee

1.0 EXECUTIVE SUMMARY

1.1 The Report

This is a report for production of clean safe drinking water.

1.2 The Project

The undertaking is owned by Kilimanjaro Natural Products Limited.

1.3 Shareholders

Name	Nationality	Current No of Shares	Additional req of Shares
Domician R. Njau	Tanzanian	800	200
Edward T.C. Njau	Tanzanian	400	0
Paul C. Njau	Tanzanian	1,600	1000
Philip D. Njau	Tanzanian	800	500
Baltazar E. Njau	Tanzanian	1600	1000
Fidelis P. Njau	Tanzanian	400	0
Wilbald Njau	Tanzanian	400	0
Richard D. Toba	Tanzanian	800	500
Joseph D. Njau	Tanzanian	600	500
John D. Njau	Tanzanian	1300	200
Salvatory D. Njau	Tanzanian	3,000	0
Julius D. Kibebe	Tanzanian	2,000	0
David. D. Kibebe	Tanzanian	1,000	200
John Ndekao	Tanzanian	400	0
Melkior P Ndekao	Tanzanian	400	0
Catherine Kilewo	Tanzanian	400	0
Total		15,900	4,100

- The nominal value of each share is TZS 10,000. The authorised share capital of the company is TZS 200,000,000 as subscribed and detailed in the Memorandum and Articles of Association.

1.4 The Project

The project will produce through acceptable treatment process high quality bottled drinking water for Tanzania and neighbouring countries. In order to produce the water, the Company will acquire state of art water treatment and bottling equipment and construct appropriate factory facility. The project also intends in collaboration with other stakeholders to take necessary measures in order to sustain the water source. Also a factory will be built for processing water and manufacture of bottles.

1.5 Financing Plan

The project needs investment of TZS 396.8m in phase one (including working capital). The plan is to raise TZS 200m through capital contribution, TZS 64.2m through short term soft loan from shareholders (with option of capitalising the same in future) and TZS 132.8m from Tanzania Investment Bank.

The Kilimanjaro Natural Products Company who is currently banking with TIB under bank account number 004200000333601 is seeking for a loan of TZS 132.8m under equipment leasing arrangement to facilitate acquisition of bottle making and water bottling plant from a manufacture in abroad. The requested loan facility is expected to be repaid within four years as per the attached financial analysis.

1.6 Financial Results

The project is profitable. Net income rises from TZS (25.7m) in year 1 to TZS 257.7m in year 8. The same accumulates to TZS 2.0 billion for the 8-year projected period. The project is viable with NPV of 570m in 8 years estimated life span and payback period of 2years and seven months

1.7 Management

The project will be directed by Salvatory D. Njau as interim Managing Director. The shareholder as subscribed in the memorandum and articles of association will make policy of the company. Professional staff in areas of production, accounting marketing and technical will be recruited accordingly.

1.8 Markets

The company's processed water will be sold in Dar-es- salaam, Tanga Kilimanjaro, Arusha, Manyara and Morogoro. Agents for Water distribution will be appointed in every region.

1.9 Project Risks

There are six key project risks that have been identified in this proposal. The project team has identified different strategies in responding to the project risks with response actions that will eliminate or minimise the risks to make the project successful.

1.10 Registration with National Environmental Council

The project has been registered with National Environmental Council with certificate number EC/EIS/181 of 2nd Dec 2009

1.11 Business licence and TIN

The project has granted business license number B No. 01196850 of 16th July 2010 with TIN number 110-500-300

1.12 CONCLUSION AND RECOMMENDATION

a) Conclusion

The project is financially viable, technically attainable, economically attractive and socially acceptable. The Financial Projections are also attached to this report for easy reference.

b) Recommendation:

It is recommended financiers can proceed with assisting the project with the sought for funding. The analysis prove that the project will meet obligations on due dates without undue difficulty.

2.0 INSTITUTIONAL AND LEGAL ASPECTS

2.1 Profile of the Company

- Company Name: Kilimanjaro Natural Products Limited
- Address: a) P O Box 1421, Moshi
b) Physical: at Kirua Vunjo Moshi, near Kiwewere Springs
- Certificate of Incorporation: N^o 60664 dated 6th June 2007
- Contact Person: Salvatory D. Njau
- Position in the Company: Chief Executive Officer
- Telephone a) Landline: +255 22 2137940
b) Cellular: +255 754265616

2.2 Shareholders:

Name	Nationality	No of Shares
Domician R. Njau	Tanzanian	800
Edward T.C. Njau	Tanzanian	400
Paul C. Njau	Tanzanian	1,600
Philip D. Njau	Tanzanian	800
Baltazar E. Njau	Tanzanian	1,600
Fidelis P. Njau	Tanzanian	400
Wilbald Njau	Tanzanian	400
Richard D. Toba	Tanzanian	800
Joseph D. Njau	Tanzanian	600
John D. Njau	Tanzanian	1,300
Salvatory D. Njau	Tanzanian	3,000
Julius D. Kibebe	Tanzanian	2,000
David. D. Kibebe	Tanzanian	1,000
John Ndekao	Tanzanian	400
Meljory Paul Ndekao	Tanzanian	400
Catherine Kilewo	Tanzanian	400
No of Shares Issued		15,900

2.3 Share Capital

The Company's authorised share capital is TZS200,000,000 divided into 20,000 shares of TZS10,000 each, 15,900 shares have been issued and subscribed for by the shareholders.

2.4 Board of Directors

The Company is currently governed by the board of directors as shown below:-

Board of Directors

Name	Nationality	Position
Philip D. Njau	Tanzanian	Chairman
Domician R. Njau	Tanzanian	Member
Paul C. Njau	Tanzanian	Member
Salvatory D. Njau	Tanzanian	Member cum Secretary

The Board is the highest policy making body of the Company.

2.5 Implementation Management

Project implementation management is being coordinated by the main promoter and interim Chief Executive Officer Mr Salvatory D. Njau. Appointment of architects, civil engineers, and building contractor will be made in the course of time.

CV of Interim CEO

Full Name : Salvatory Donasian Njau

Age : 47

Nationality : Tanzania

Education :

- B. Comm. (UDSM),
- Masters in International Acc & Finance (Glasgow University)
- Certified Stock Broker (CMA)

Marital Status : Married with three children

Experience :

1. Senior Internal Auditor (NDC)
2. Asstant Lecturer- Institute of Acc Arusha (IAA)
3. Director of Finance and Admn (IAA)
4. Finance Manager (TICTS)

Current Status : Managing Partner of R & S Associates, a Business Consulting Firm

Contact Address : Box 70576 Dar es Salaam

Phones : +255 22 2137940

Fax : +255 22 2137950

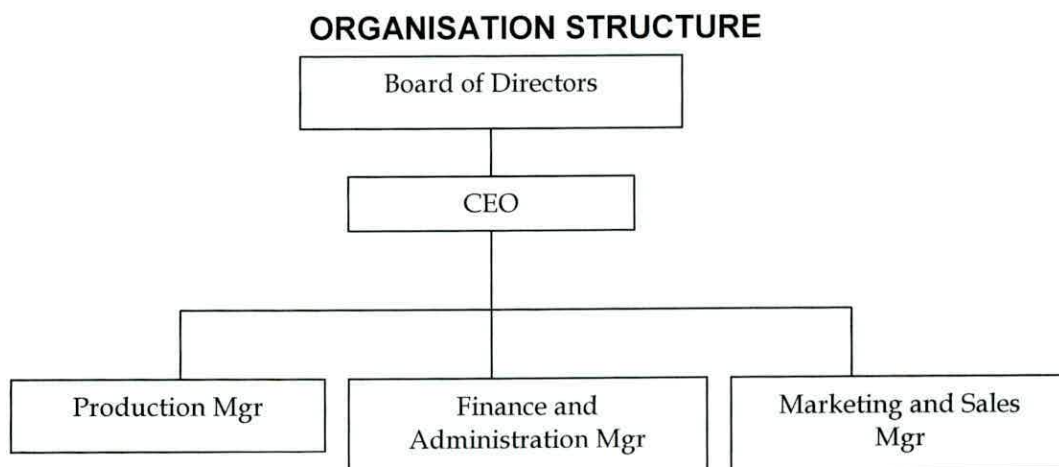
E-mail Address : sdnjau@gmail.com

2.6 Operational Management

This will be directed by the Chief Executive Officer who will be assisted by:-

- Financial and Administrative Manager
- Production Manager- preferably process engineer.
- Market and Sales Manager

2.7 ORGANISATION CHART



2.8 EMPLOYMENT OPPORTUNITIES

KNP is expected to have direct employment of 35 staff at full capacity. The company is expected to create indirect employment through sales agents/distributors, drivers warehouse clerks etc. Through indirect employment **KNP** is expected to employ over 100 Tanzanians from different regions where our product will be selling.

3.0 TECHNICAL ANALYSIS

3.1 Location

The project will be located at Kirua Vunjo Moshi, near Kiwewere spring on the slopes of mountain Kilimanjaro where the water from the spring will be tapped and transmitted to holding tanks at factory site.

3.2 Land

The company's project will be implemented at a one acre plot already acquired by the company at a cost of TZS 6.0m

3.3 Buildings:

The plant structure will consist of a building for water treatment units, bottling plant area, a small administration block and a store for finished products and raw materials. The cost for the structures is estimated at TZS 61.2Million.

3.4 Plant and Machinery:

These will consist of:-

- One unit water treatment
- One unit automatic blow moulding machine.
- One unit injection machine for performs.
- One unit injection machine for crowns
- One unit bottle washer
- Water laboratory
- One unit filling and sealing machine, crown loader and conveyor
- Storage tanks
- Construction of power service line
- Factory building
- Plant fittings

The total cost is estimated at TZS 223 Million.

3.6 Furniture and Office Equipment

These will be acquired at a cost of TZS 7Million

3.7 Motor Vehicles

Two 12-ton Lorries will be required for deliveries to Tanga, Dar es Salaam and Arusha. Also pick ups and 4-wheel drive vehicles for senior executives will be procured. The estimated cost for motor vehicles is TZS 239million

3.8 Pre-operational Costs

They consist of the cost of TIC application forms and Certificate of Incentives fee, Environmental impact assessment fee, professional fees,

documentation ,legal charges and interest during construction. The total cost is equivalent to TZS 21.9 million.

3.9 Production Process

a) Safe Drinking Water:

The physical and chemical properties of the raw water from the spring naturally meet WHO guidelines for drinking water, therefore, the water will only be treated to conform to the bacteriological standard using micro filter, activated carbon filter and ultra violet rays. The treated water enters automatic bottle filler and sealer. The sealed water bottles are packed in cartons ready for market.

b) Bottle Production

Imported PET granules are fed into injection moulding machine to produce bottle performs which are eventually blown to produce bottles of various sizes by changing moulds. Caps are also made the same way.

3.10 Environmental Consideration:

The project has been given approval by National Environmental Management Council through certificate number EC/EIS/181 issued on 2nd Dec 2009. The company in collaboration with other stakeholders will take necessary measure to sustain the water sources and improve the environment as per the National Environmental Council certificate requirement.

3.11 PROJECT IMPLEMENTATION SCHEDULE

PROJECT IMPLEMENTATION SCHEDULE

ACTIVITY	Month									
	1	2	3	4	5	6	7	8	9	10
Signing of Loan Agreement										
Order of Machinery										
Construction of Buildings										
Arrival and Installation of Machines										
Trial Run										
Business Commencement										

The phase one of this project is expected to start from December 2011 while phase two of the project is expected to start in mid 2014

4.0 MARKET ASPECTS (As per the attached separate report)

5.0 FINANCIAL ANALYSIS AND RESULTS (As per the attached separate report)

Key Assumptions

- i) Number of working days assumed 288 per annum.
- ii) Installed filtration plant production capacity = 3,000 litres per hour.
- iii) Loss on throughput = 10%
- iv) Plant capacity utilisation = 50% year 1; 70% year 2; and 80% year 3 and thereafter.
- v) Life of project (for analysis purpose) = 8 years
- vi) Pack sizes = ½ litre; 1 litre and 10 litre bottles.
- vii) Bottles = imported pre forms and those made by blow mould at the factory.
- viii) Carton boxes = for carton packing ½ litres and 1 litre bottles at 12 bottles per carton box.
- ix) Sales prices; ½ litre = TZS 250; 1 litre = TZS 450 and 10 litres = TZS 1,650 in year one and the tariff is expected to increase by 6% in year 2 and 10% in yr 3.

x) The assumptions regarding estimated project's working capital requirements are based on the following:-

- Inventory = 1 month
- Accounts Receivable = 14 days
- Accounts Payable (Creditors) = 1 sales and distribution expenses, electricity bill, NSSF and SDL payment.

xi) Loan - Assumptions

There are two types of loan in this project. There is a soft loan from shareholders to be repaid in one year at a rate of 10% and another short term loan from Bank calculated at 18% to be repaid in three years. Total interest at the end of the loan period shall be TZS 151.9m including TZS 14.4m interest to accrue during construction, the same to be capitalised.

6.0 PROJECT RISKS MANAGEMENT

There are risks associated to the projects that need to be managed properly to make the project successful. Analysis carried out identified six key risks associated to the project. The matrix below shows the key risks and relevant response strategies.

Project Risk Management Matrix

Risk	Response strategy	Response action	Responsibility	Monitoring interval
Marketing risk	Mitigation	Intensive promotion through various media, engage competent sales team and emphasis on quality products	Project Management through Marketing/Sales manager and production manager	Daily/Monthly reports
Management failure risk	Avoidance	The Board will strive to engage experienced management team with good track record	Board of Directors	Monthly reports
Environmental risk	Avoidance	Active participation in preserving the water source by planting trees and abiding to the quota given by the Authority	Management	Daily/Monthly
Water source dry up risk	Acceptance	The management has identified another site in the lower Moshi area and in Manyara region where bore hole with similar water quality can be drilled and install the water bottling machines	Board of directors	Yearly monitoring of the water source
Failure to secure enough project Finance	Avoidance Mitigation	Preparation of attractive project proposal with phases that can allow using internally generated funds to expand the project Expanding shareholder base to allow internal financing	Board of directors and shareholders	Quarterly
Power supply risk	Mitigation	Budgeting for own standby generator	Project team/Management	Daily

7.0 CONCLUSION AND RECOMMENDATION

a) **Conclusion**

The project is financially sound and economically attractive.

b) **Recommendation**

It is recommended that the financiers assist the investor with the sought for funding. The analysis proves that the project will meet the obligations on due dates.

APPENDICES
Appendix 1

ESTIMATED CAPITAL EXPENDITURE: IN TZS "000"

Capital Items	Local	Foreign	Total Cost
Land 1.5 Acre	6,000		6,000
Buildings			-
i) Factory & Stores	53,200		53,200
ii) Office	8,000		8,000
Sub Total Buildings	61,200	-	61,200
Plant, Machinery & Equipment			-
a) 1 unit Fine Filtration Plant - 3,000Lts/Hr(microfilter, activated carbon filter &UV unit)	-		
b) 1 unit automatic blow moulding machine for bottle production	-		
c) 1 unit Bottle washer	-		
d) 1 unit Filling and Sealing Machine , Crown loader and Conveyor	-		
e) 1 unit water lab			
Sub Total Plant, Machinery and Equipment (CIF)		149,062	149,062
Add			
ii) Port Charges 2% on Cost	3,000		3,000
iii) Cotechna Inspection 1.2% on Cost	1,800		1,800
iv) Clearing and Forwarding to site	5,000		5,000
v) Installation Expenses % on Cost	7,000		5,000
Sub Total Charges at Port	16,800		16,800
Overheard holding tanks of 3,000 Litres complete with fitment	3,000		3,000
Stainless Steel Tank 3,000Litres	5,000		5,000
Standby generator	15,000		15,000
Intake construction & pvc pipeline to the plant	5,000		5,000
Service line construction	15,000		15,000
Sub Total	43,000		43,000

APPENDICES (continued)

Appendix 1

ESTIMATED CAPITAL EXPENDITURE: IN TZS "000"

Capital Items	Local	Foreign	Total Cost
Office Furniture and Equipment, Computers, Air Conditioners etc. (phase 1 and subsequent invest)	22,000		22,000
Motor Vehicles One - 2-ton Lorry, 1 Pick up, 1 One 4-wheel Drive	239,000		239,000
Pre-operational Expenses	-		-
a) Professional Fees	4,000		4,000
b) TIC and others	2,000		2,000
c) Documentation and Legal Charges	1,500		1,500
d) Loan Interest during Construction (four month at 18%)	14,400		14,400
Total Pre-Operational costs	21,900		21,900
TOTAL INVESTMENT EXPENDITURE	409,900	149,062	558,962

**KILIMANJARO NATURAL PRODUCTS LIMITED
(KNP)**

PART "B"

FINANCIAL ANALYSIS

Statement of financial position(Balance Sheet) '000

	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8
Land	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Fixed assets (net)	248,816,688	264,180,875	344,545,063	283,249,243	244,143,431	179,519,498	115,668,358	51,817,218
Total fixed assets	254,816,688	270,180,875	350,545,063	289,249,243	250,143,431	185,519,498	121,668,358	57,817,218
Current assets								
Debtors -	77,837,760	110,885,760	112,285,440	109,486,080	113,218,560	124,540,416	124,540,416	124,540,416
Stock	63,296,640	97,459,200	107,205,120	117,573,120	117,987,840	155,818,598	166,767,206	166,767,206
Bank balance	11,470,434	79,989,079	108,154,269	188,366,204	260,864,188	377,053,300	402,263,352	423,821,562
Sub total	152,604,834	288,334,039	327,644,829	415,425,404	492,070,588	657,412,314	693,570,974	715,129,184
Current liab								
Trade creditors	22,000,000	22,250,000	17,500,000	17,800,000	18,000,000	18,000,000	18,000,000	18,000,000
Diferred tax	-	-	-	-	-	-	-	-
NSSF/SDL	3,264,000	3,264,000	3,641,600	3,641,600	4,005,760	4,005,760	4,406,336	4,406,336
Sub total	25,264,000	25,514,000	21,141,600	21,441,600	22,005,760	22,005,760	22,406,336	22,406,336
Net Current assets	127,340,834	262,820,039	306,503,229	393,983,804	470,064,828	635,406,554	671,164,638	692,722,848
Net assets	382,157,521	533,000,914	657,048,291	683,233,047	720,208,259	820,926,052	792,832,996	750,540,066
Financed by								
Share Capital	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Short term loan (at 10% interest)	150,526,200	164,210,400						
Medium term Loan (18%)	157,333,333	94,400,000	31,466,671	(0)	-	0	0	-
Retained earnings	(25,702,013)	174,390,514	525,581,620	583,233,047	620,208,259	720,926,052	692,832,996	650,540,066
Total Equity and Liabilities	382,157,521	533,000,914	657,048,291	683,233,047	720,208,259	820,926,052	792,832,996	750,540,066

Comprehensive Income statement

Year 1

	Months												Total	50%
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec		
Capacity utilization	45%	45%	46%	47%	48%	50%	50%	52%	53%	54%	55%	55%	55%	50%
Machine capacity ltrs/ hr	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Working days in month	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Production per month 8 hrs shi	259200	259200	264960	270720	276480	288000	288000	299520	305280	311040	316800	316800	316800	3456000
Less 10% waste (25920)	(25920)	(25920)	(26496)	(27072)	(27648)	(28800)	(28800)	(29952)	(30528)	(31104)	(31680)	(31680)	(31680)	(345600)
Output for sale	233280	233280	238464	243648	248832	259200	259200	269568	274752	279936	285120	285120	285120	3110400
0.5 litres bottle@245/=	68,584,320	68,584,320	70,108,416	71,632,512	73,156,608	76,204,800	76,204,800	79,252,992	80,777,088	82,301,184	83,825,280	83,825,280	83,825,280	914,457,600
1ltr bottles @450/=	31,492,800	31,492,800	32,192,640	32,892,480	33,592,320	34,992,000	34,992,000	36,391,680	37,091,520	37,791,360	38,491,200	38,491,200	38,491,200	419,904,000
5ltrs bottles @1650	7,698,240	7,698,240	7,869,312	8,040,384	8,211,456	8,553,600	8,553,600	8,895,744	9,066,816	9,237,888	9,408,960	9,408,960	9,408,960	102,643,200
Gross revenue	107,775,360	107,775,360	110,170,368	112,565,376	114,960,384	119,750,400	119,750,400	124,540,416	126,935,424	129,330,432	131,725,440	131,725,440	131,725,440	1,437,004,800
Cost of sale														
Packing materials														
a) 0.5 ltrs bottles@100/=	23,328,000	23,328,000	23,846,400	24,364,800	24,883,200	25,920,000	25,920,000	26,956,800	27,475,200	27,993,600	28,512,000	28,512,000	28,512,000	311,040,000
b) 1 ltrs bottles @140/=	9,797,760	9,797,760	10,015,488	10,233,216	10,450,944	10,886,400	10,886,400	11,321,856	11,539,584	11,757,312	11,975,040	11,975,040	11,975,040	130,636,800
c) 5ltrs bottles @ 1000/=	4,665,600	4,665,600	4,769,280	4,872,960	4,976,640	5,184,000	5,184,000	5,391,360	5,495,040	5,598,720	5,702,400	5,702,400	5,702,400	62,208,000
d) Packing materials @600/=	13,996,800	13,996,800	14,307,840	14,618,880	14,929,920	15,552,000	15,552,000	16,174,080	16,485,120	16,796,160	17,107,200	17,107,200	17,107,200	186,624,000
Labling materials	5,000,000	-	-	5,000,000	-	-	5,000,000	-	-	5,000,000	-	-	-	20,000,000
Salary	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	168,000,000
NSSF	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	16,800,000
SDL	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	10,080,000
Rent w/house	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	24,000,000
Sales distribution/marketing	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	240,000,000
Fee Pangani basin	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,400,000
Power	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	24,000,000
Total cost of Sale	97,228,160	92,228,160	93,379,008	99,529,856	95,680,704	97,982,400	102,982,400	100,284,096	101,434,944	107,585,792	103,736,640	103,736,640	103,736,640	1,195,788,800
Gross profit	10,547,200	15,547,200	16,791,360	13,035,520	19,279,680	21,768,000	16,768,000	24,256,320	25,500,480	21,744,640	27,988,800	27,988,800	27,988,800	241,216,000
Gross margin	10%	14%	15%	12%	17%	18%	14%	19%	20%	17%	21%	21%	21%	
Overheads														
Salaries	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	76,800,000
NSSF	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	7,680,000
SDL	384,000	384,000	384,000	384,000	384,000	384,000	384,000	384,000	384,000	384,000	384,000	384,000	384,000	4,608,000
Office exp	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	18,000,000
Communication exp	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	18,000,000
MV/hiring runing exp	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	36,000,000
MV repair exp	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Audit /consultancy serv	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	7,200,000
Miscellaneous exp	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	6,000,000
Pre-operational exp	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	21,900,000
Total overheads	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	16,349,000	196,188,000
EBITD	(5,801,800)	(801,800)	442,360	(3,313,480)	2,930,680	5,419,000	419,000	7,907,320	9,151,480	5,395,640	11,639,800	11,639,800	11,639,800	45,028,000
Finance exp	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	3,540,350	42,484,200
Depreciation	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	2,353,818	28,245,813
EBT	(11,695,968)	(6,695,968)	(5,451,808)	(9,207,648)	(2,963,488)	(475,168)	(5,475,168)	2,013,152	3,257,312	(498,528)	5,745,632	5,745,632	5,745,632	(25,702,013)
Corporation tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/Loss	(11,695,968)	(6,695,968)	(5,451,808)	(9,207,648)	(2,963,488)	(475,168)	(5,475,168)	2,013,152	3,257,312	(498,528)	5,745,632	5,745,632	5,745,632	(25,702,013)

Year 2

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	70%
Capacity utilization	58%	60%	60%	65%	65%	70%	71%	72%	75%	78%	80%	80%	80%	70%
Machine capacity ltrs/ hr	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Working days in month	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Production per month 8 hrs shi	334080	345600	345600	374400	374400	403200	408960	414720	432000	449280	460800	460800	460800	4803840
Less 10% waste (33408.00)	(33408.00)	(34560.00)	(34560.00)	(37440.00)	(37440.00)	(40320.00)	(40896.00)	(41472.00)	(43200.00)	(44928.00)	(46080.00)	(46080.00)	(46080.00)	(480384.00)
Output for sale Ltrs	300672	311040	311040	336960	336960	362880	368064	373248	388800	404352	414720	414720	414720	4323456
0.5 litres bottle@260/=	93,809,664	97,044,480	97,044,480	105,131,520	105,131,520	113,218,560	114,835,968	116,453,376	121,305,600	126,157,824	129,392,640	129,392,640	129,392,640	1,348,918,272
1ltr bottles @450/=	40,590,720	41,990,400	41,990,400	45,489,600	45,489,600	48,988,800	49,688,640	50,388,480	52,488,000	54,587,520	55,987,200	55,987,200	55,987,200	583,666,560

Communication exp	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	24,000,000
MV runing exp	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	39,600,000
MV repair exp	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	33,000,000
Audit /consultancy serv	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	18,000,000
Miscellaneous exp	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	18,000,000
Total overheads	21,587,600	21,587,600	21,587,600	21,587,600	21,587,600	21,587,600	21,587,600	21,587,600	21,587,600	21,587,600	21,587,600	21,587,600	259,051,200
EBITD	33,147,440	40,147,440	40,147,440	33,147,440	40,147,440	40,147,440	33,147,440	40,147,440	40,147,440	33,147,440	40,147,440	40,147,440	453,769,280
Finance exp	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	14,400,000
Depreciation	5,941,318	5,941,318	5,941,318	5,941,318	5,941,318	5,941,318	5,941,318	5,941,318	5,941,318	5,941,318	5,941,318	5,941,318	71,295,813
EBT	24,806,122	31,806,122	31,806,122	24,806,122	31,806,122	31,806,122	27,206,122	34,206,122	34,206,122	27,206,122	34,206,122	34,206,122	368,073,468
Corporation tax	7,441,837	9,541,837	9,541,837	7,441,837	9,541,837	9,541,837	7,441,837	9,541,837	9,541,837	7,441,837	9,541,837	9,541,837	110,422,040
Profit/Loss	17,364,286	22,264,286	22,264,286	17,364,286	22,264,286	22,264,286	19,044,286	23,944,286	23,944,286	19,044,286	23,944,286	23,944,286	257,651,427

Yr 5

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Capacity utilization	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Machine capacity ltrs/ hr	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Working days in month	24	24	24	24	24	24	24	24	24	24	24	24	24
Production per month 8 hrs shi	460800	460800	460800	460800	460800	460800	460800	460800	460800	460800	460800	460800	5529600
Less 10% waste	(46080)	(46080)	(46080)	(46080)	(46080)	(46080)	(46080)	(46080)	(46080)	(46080)	(46080)	(46080)	(552960)
Output for sale Ltrs	414720	414720	414720	414720	414720	414720	414720	414720	414720	414720	414720	414720	4976640
0.5 litres bottle@300/=	149,299,200	149,299,200	149,299,200	149,299,200	149,299,200	149,299,200	149,299,200	149,299,200	149,299,200	149,299,200	149,299,200	149,299,200	1,791,590,400
1ltr bottles @500/=	62,208,000	62,208,000	62,208,000	62,208,000	62,208,000	62,208,000	62,208,000	62,208,000	62,208,000	62,208,000	62,208,000	62,208,000	746,496,000
5ltrs bottles @1800	14,929,920	14,929,920	14,929,920	14,929,920	14,929,920	14,929,920	14,929,920	14,929,920	14,929,920	14,929,920	14,929,920	14,929,920	179,159,040
Gross revenue	226,437,120	226,437,120	226,437,120	226,437,120	226,437,120	226,437,120	226,437,120	226,437,120	226,437,120	226,437,120	226,437,120	226,437,120	2,717,245,440
Cost of sale													
Packing materials													
a) 0.5 ltrs bottles@130/=	53,913,600	53,913,600	53,913,600	53,913,600	53,913,600	53,913,600	53,913,600	53,913,600	53,913,600	53,913,600	53,913,600	53,913,600	646,963,200
b) 1 ltrs bottles @165/=	20,528,640	20,528,640	20,528,640	20,528,640	20,528,640	20,528,640	20,528,640	20,528,640	20,528,640	20,528,640	20,528,640	20,528,640	246,343,680
c) 5ltrs bottles @ 1250/=	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000	124,416,000
Labling materials	7,500,000	-	-	7,500,000	-	-	7,500,000	-	-	7,500,000	-	-	30,000,000
d) Packing materials @800/=	33,177,600	33,177,600	33,177,600	33,177,600	33,177,600	33,177,600	33,177,600	33,177,600	33,177,600	33,177,600	33,177,600	33,177,600	398,131,200
Salary 10% increase	15,400,000	16,940,000	16,940,000	16,940,000	16,940,000	16,940,000	16,940,000	16,940,000	16,940,000	16,940,000	16,940,000	16,940,000	201,740,000
NSSF	1,540,000	1,694,000	1,694,000	1,694,000	1,694,000	1,694,000	1,694,000	1,694,000	1,694,000	1,694,000	1,694,000	1,694,000	20,174,000
SDL	924,000	1,016,400	1,016,400	1,016,400	1,016,400	1,016,400	1,016,400	1,016,400	1,016,400	1,016,400	1,016,400	1,016,400	12,104,400
Rent	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	30,000,000
Sales distribution/marketing	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	180,000,000
Fee Pangani basin/environmer	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	18,000,000
Power	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	36,000,000
Total cost of Sale	165,351,840	159,638,240	159,638,240	167,138,240	159,638,240	159,638,240	167,138,240	159,638,240	159,638,240	167,138,240	159,638,240	159,638,240	1,943,872,480
Gross profit	61,085,280	66,798,880	66,798,880	59,298,880	66,798,880	66,798,880	59,298,880	66,798,880	66,798,880	59,298,880	66,798,880	66,798,880	773,372,960
Gross margin	27%	29%	29%	26%	29%	29%	26%	29%	29%	26%	29%	29%	28%
Overheads													
Salaries 10% increase	7,360,000	8,096,000	8,096,000	8,096,000	8,096,000	8,096,000	8,096,000	8,096,000	8,096,000	8,096,000	8,096,000	8,096,000	96,416,000
NSSF	736,000	809,600	809,600	809,600	809,600	809,600	809,600	809,600	809,600	809,600	809,600	809,600	9,641,600
SDL	441,600	485,760	485,760	485,760	485,760	485,760	485,760	485,760	485,760	485,760	485,760	485,760	5,784,960
Office exp	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	26,400,000
Communication exp	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	26,400,000
MV runing exp	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	43,560,000
MV repair exp	3,025,000	3,025,000	3,025,000	3,025,000	3,025,000	3,025,000	3,025,000	3,025,000	3,025,000	3,025,000	3,025,000	3,025,000	36,300,000
Audit consultancy serv	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	20,400,000
Miscellaneous exp	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	20,400,000
Total overheads	22,992,600	23,846,360	23,846,360	23,846,360	23,846,360	23,846,360	23,846,360	23,846,360	23,846,360	23,846,360	23,846,360	23,846,360	285,302,560
EBITD	38,092,680	42,952,520	42,952,520	35,452,520	42,952,520	42,952,520	35,452,520	42,952,520	42,952,520	35,452,520	42,952,520	42,952,520	488,070,400
Finance exp	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	6,508,818	6,508,818	6,508,818	6,508,818	6,508,818	6,508,818	6,508,818	6,508,818	6,508,818	6,508,818	6,508,818	6,508,818	78,105,813
EBT	31,583,862	36,443,702	36,443,702	28,943,702	36,443,702	36,443,702	28,943,702	36,443,702	36,443,702	28,943,702	36,443,702	36,443,702	409,964,588
Corporation tax	9,475,159	10,933,111	10,933,111	8,683,111	10,933,111	10,933,111	8,683,111	10,933,111	10,933,111	8,683,111	10,933,111	10,933,111	122,989,376
Profit/Loss	22,108,704	25,510,592	25,510,592	20,260,592	25,510,592	25,510,592	20,260,592	25,510,592	25,510,592	20,260,592	25,510,592	25,510,592	286,975,211

Salary	18,634,000	18,634,000	18,634,000	18,634,000	18,634,000	18,634,000	18,634,000	18,634,000	18,634,000	18,634,000	18,634,000	18,634,000	223,608,000
NSSF	1,863,400	1,863,400	1,863,400	1,863,400	1,863,400	1,863,400	1,863,400	1,863,400	1,863,400	1,863,400	1,863,400	1,863,400	22,360,800
SDL	1,118,040	1,118,040	1,118,040	1,118,040	1,118,040	1,118,040	1,118,040	1,118,040	1,118,040	1,118,040	1,118,040	1,118,040	13,416,480
Rent	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	33,600,000
Sales distribution/marketing	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	180,000,000
Fee Pangani basin/environment	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	24,000,000
Power	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000	29,040,000
Total cost of Sale	191,308,112	182,808,112	182,808,112	191,308,112	182,808,112	182,808,112	191,308,112	182,808,112	182,808,112	191,308,112	182,808,112	182,808,112	2,227,697,344
Gross profit	57,772,720	66,272,720	66,272,720	57,772,720	66,272,720	66,272,720	57,772,720	66,272,720	66,272,720	57,772,720	66,272,720	66,272,720	761,272,640
Gross margin	23%	27%	27%	23%	27%	27%	23%	27%	27%	23%	27%	27%	25%
Overheads													
Salaries	8,905,600	8,905,600	8,905,600	8,905,600	8,905,600	8,905,600	8,905,600	8,905,600	8,905,600	8,905,600	8,905,600	8,905,600	106,867,200
NSSF	890,560	890,560	890,560	890,560	890,560	890,560	890,560	890,560	890,560	890,560	890,560	890,560	10,686,720
SDL	534,336	534,336	534,336	534,336	534,336	534,336	534,336	534,336	534,336	534,336	534,336	534,336	6,412,032
Office exp	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	30,561,300
Communication exp	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	2,546,775	30,561,300
MV runing exp	4,831,530	4,831,530	4,831,530	4,831,530	4,831,530	4,831,530	4,831,530	4,831,530	4,831,530	4,831,530	4,831,530	4,831,530	57,978,360
MV repair exp	3,183,469	3,183,469	3,183,469	3,183,469	3,183,469	3,183,469	3,183,469	3,183,469	3,183,469	3,183,469	3,183,469	3,183,469	38,201,632
Audit consultancy serv	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	24,000,000
Miscellaneous exp	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	24,000,000
Total overheads	27,439,045	27,439,045	27,439,045	27,439,045	27,439,045	27,439,045	27,439,045	27,439,045	27,439,045	27,439,045	27,439,045	27,439,045	329,268,544
EBITD	30,333,675	38,833,675	38,833,675	30,333,675	38,833,675	38,833,675	30,333,675	38,833,675	38,833,675	30,333,675	38,833,675	38,833,675	432,004,096
Finance exp													
Depreciation	5,320,928	5,320,928	5,320,928	5,320,928	5,320,928	5,320,928	5,320,928	5,320,928	5,320,928	5,320,928	5,320,928	5,320,928	63,851,140
EBT	25,012,746	33,512,746	33,512,746	25,012,746	33,512,746	33,512,746	25,012,746	33,512,746	33,512,746	25,012,746	33,512,746	33,512,746	368,152,956
Corporation tax	7,503,824	10,053,824	10,053,824	7,503,824	10,053,824	10,053,824	7,503,824	10,053,824	10,053,824	7,503,824	10,053,824	10,053,824	110,445,887
Profit/Loss	17,508,922	23,458,922	23,458,922	17,508,922	23,458,922	23,458,922	17,508,922	23,458,922	23,458,922	17,508,922	23,458,922	23,458,922	257,707,069

Summary	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Total
Capacity utilization	50%	70%	80%	80%	80%	80%	80%	80%	80%
Machine capacity ltrs/ hr	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Working days in month	24	24	24	24	24	24	24	24	24
Production per month 8 hrs shift	3,456,000	4,803,840	5,529,600	5,529,600	5,529,600	5,529,600	5,529,600	5,529,600	5,529,600
Less 10% waste	(345,600)	(480,384)	(552,960)	(552,960)	(552,960)	(552,960)	(552,960)	(552,960)	(552,960)
Output for sale Ltrs	3,110,400	4,323,456	4,976,640	4,976,640	4,976,640	4,976,640	4,976,640	4,976,640	37293696
0.5 litres bottle@250/=	914,457,600	1,348,918,272	1,702,010,880	1,702,010,880	1,791,590,400	1,970,749,440	1,970,749,440	1,970,749,440	13,371,236,352
1ltr bottles @450/=	419,904,000	583,666,560	746,496,000	746,496,000	746,496,000	821,145,600	821,145,600	821,145,600	5,706,495,360
5ltrs bottles @1650	102,643,200	142,674,048	179,159,040	179,159,040	179,159,040	197,074,944	197,074,944	197,074,944	1,374,019,200
Gross revenue	1,437,004,800	2,075,258,880	2,627,665,920	2,627,665,920	2,717,245,440	2,988,969,984	2,988,969,984	2,988,969,984	20,451,750,912
Cost of sale	-	-	-	-	-	-	-	-	-
Packing materials									
a) 0.5 ltrs bottles@100/=	311,040,000	475,580,160	597,196,800	646,963,200	646,963,200	711,659,520	711,659,520	711,659,520	4,812,721,920
b) 1 ltr bottles @140/=	130,636,800	194,555,520	231,413,760	246,343,680	246,343,680	271,724,544	271,724,544	271,724,544	1,864,467,072
c) 5ltrs bottles @ 500/=	62,208,000	86,469,120	109,486,080	119,439,360	124,416,000	136,857,600	136,857,600	136,857,600	912,591,360
d) Packing materials @500/=	186,624,000	259,407,360	348,364,800	398,131,200	398,131,200	437,944,320	547,430,400	547,430,400	3,123,463,680
Salary	168,000,000	168,000,000	184,800,000	184,800,000	201,740,000	203,280,000	221,914,000	223,608,000	1,556,142,000
NSSF	16,800,000	16,800,000	18,480,000	18,480,000	20,174,000	20,328,000	22,191,400	22,360,800	155,614,200
SDL	10,080,000	10,080,000	11,088,000	11,088,000	12,104,400	12,196,800	13,314,840	13,416,480	93,368,520
Sales distribution/marketing	240,000,000	240,000,000	180,000,000	180,000,000	180,000,000	180,000,000	180,000,000	180,000,000	1,560,000,000
Fee Pangani basin	2,400,000	2,400,000	18,000,000	18,000,000	18,000,000	21,600,000	21,600,000	24,000,000	126,000,000
Power	24,000,000	25,750,000	30,000,000	33,600,000	36,000,000	29,040,000	29,040,000	29,040,000	236,470,000
Total cost of Sale	1,195,788,800	1,526,042,160	1,782,829,440	1,914,845,440	1,943,872,480	2,088,230,784	2,221,332,304	2,227,697,344	14,900,638,752
Gross profit	241,216,000	549,216,720	844,836,480	712,820,480	773,372,960	900,739,200	767,637,680	761,272,640	5,551,112,160
Gross margin	-	26%	32%	27%	28%	30%	26%	25%	27%
Overheads	-	-	-	-	-	-	-	-	-
Salaries	76,800,000	76,800,000	88,320,000	88,320,000	96,416,000	97,152,000	106,057,600	106,867,200	736,732,800
NSSF	7,680,000	7,680,000	8,832,000	8,832,000	9,641,600	9,715,200	10,605,760	10,686,720	73,673,280
SDL	4,608,000	4,608,000	5,299,200	5,299,200	5,784,960	5,829,120	6,363,456	6,412,032	44,203,968
Office exp	18,000,000	20,400,000	21,420,000	24,000,000	26,400,000	27,777,750	29,106,000	30,561,300	197,665,050

Communication exp	18,000,000	20,400,000	21,420,000	24,000,000	26,400,000	27,720,000	29,106,000	30,561,300	197,607,300
MV hiring/runing exp	36,000,000	36,000,000	36,000,000	39,600,000	43,560,000	27,720,000	52,707,600	57,978,360	329,565,960
MV repair exp	-	7,500,000	30,000,000	33,000,000	36,300,000	27,720,000	38,201,632	38,201,632	210,923,263
Audit /consultancy serv	7,259,996	8,400,000	12,000,000	18,000,000	20,400,000	20,400,000	21,600,000	24,000,000	132,059,996
Pre-operational exp	21,900,000	-	-	-	-	-	-	-	-
Miscellaneous exp	5,940,004	7,200,000	12,000,000	18,000,000	20,400,000	20,400,000	21,600,000	24,000,000	129,540,004
Total overheads	196,188,000	188,988,000	235,291,200	259,051,200	285,302,560	264,434,070	315,348,048	329,268,544	2,073,871,621
EBITD	45,028,000	360,228,720	609,545,280	453,769,280	488,070,400	636,305,130	452,289,632	432,004,096	3,477,240,539
Finance exp	42,484,200	42,484,200	38,207,888	14,400,000	-	-	-	-	137,576,288
Depreciation	28,245,813	39,635,813	69,635,813	71,295,813	78,105,813	63,851,140	63,851,140	63,851,140	478,472,483
EBT	(25,702,013)	278,108,708	501,701,580	368,073,468	409,964,588	572,453,990	388,438,492	368,152,956	2,861,191,769
Operating margin	-2%	13%	19%	14%	15%	19%	13%	12%	14%
Corporation tax	-	78,016,181	150,510,474	110,422,040	122,989,376	171,736,197	116,531,548	110,445,887	860,651,703
Profit/Loss	(25,702,013)	200,092,527	351,191,106	257,651,427	286,975,211	400,717,793	271,906,945	257,707,069	2,000,540,066

	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8
Gross Revenue	1,437,005	2,075,259	2,627,666	2,627,666	2,717,245	2,988,970	2,988,970	2,988,970
Gross Profit	241,216	549,217	844,836	712,820	773,373	900,739	767,638	761,273
Gross Profit %	17%	26%	32%	27%	28%	30%	26%	25%
Operating Profit	(25,702,013)	278,108,708	501,701,580	368,073,468	409,964,588	572,453,990	388,438,492	368,152,956
Operating Margin	-2%	13%	19%	14%	15%	19%	13%	12%

Calculation of NPV using 18% discounting factor ('000)

	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8
Gross capital outlay	396,842	-	55,000	155,000	10,000	39,000	-	-	-
Discounted cap outlay at 18%	552,885								
Cash inflows from operations	-	2,544	239,728	420,827	328,947	365,081	464,569	335,758	321,558
Discounted cash flows (DCF) at 18%	1,122,741								
NPV	569,856								

Projected Payback period: IN TZS '000

Years	After Tax Profit	Depreciat ion	Total Cash Flow	Accumulat ed Cash Flow
0				(396,842)
1	(25,702)	28,246	2,544	(394,298)
2	200,093	39,636	239,728	(154,570)
3	351,191	69,636	420,827	266,257
4	257,651	71,296	328,947	595,204
5	286,975	78,106	365,081	960,285
6	400,718	63,851	464,569	1,424,854
7	271,907	63,851	335,758	1,760,612
8	257,707	63,851	321,558	2,082,171
	2,000,540	478,472	2,479,013	

Payback Period is 2yrs and 7 months

**KILIMANJARO NATURAL PRODUCTS LIMITED
(KNP)**

PART "C"

MARKETING ANALYSIS

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1.0: EXECUTIVE SUMMARY

Bottled water has become a multibillion business, now the fastest growing segment of the entire beverage industry and the most profitable of all beverages. Bottled water sales in Tanzania now exceeds Tanzania shillings 49.5 billion annually with no slowdown in sight. Bottled water is the third most consumed beverage on average daily consumption just behind the filtered/non filtered water. The Tanzanian soft drinks market is experiencing a huge evolution. It is no longer about traditional carbonated soft drinks. In Tanzania today, the new trend is malt-based soft drinks. Although the choice for carbonated water is still limited, there seems to be widespread consumer acceptability, particularly among the country's youth demographic. Carbonated water is a new market segment which is expected to be developed further in the near future. The potential of bottled water is very high with estimates of 330.2 million litres in 2009 with a forecast of 434.3 million litres in 2014 for both off and on-trade sales.

1.1: In 2009, the off-trade channel commanded a greater distribution share of bottled than the on-trade channel. Off-trade retail prices tend to be cheaper and thus attract more customers.

Over the forecast period the bottled water market is expected to post higher volume sales. This will largely be a result of a better economic performance as the effects of the global economic downturn subside. It is also expected that many more companies will seek to advertise their brands which will play a key role in boosting the market.

The market analysis carried out by EURA Consultants G.L. Associates has established the potential market share of the new product by KNP to be around 7% of the total market share in the targeted regions. This is evidenced by the fact that when the overall market is growing it is easier for new entrants to gain market share and penetration into beverage industry has always occurred in this way.

1.2: Tanzania bottled water industry is a rapidly growing one and this is reflected in the strong growth in sales volume. However, the market is nowhere near saturation. A successful operator will be the one who successfully is able to retain customers, once the company has been able to secure them and at the same time strategise to obtain new ones.

1.3: KNP Corporate strategy for the next three years is to become one of the leading bottled water company in Tanzania. The company intends to ensure that, the company will focus on product quality, continue being price competitive relative to our major competitor. KNP intends to win customers orders by ensuring consistence product availability, adherence to promised delivery times, and enhanced customer service before and after sales to meet customer needs more accurately and immediately among others. The company is well positioned to achieve dominance in its chosen market because the company has the advantage of its unique resources i.e. the source of the water is springs unlike the other competitors whose source of water is subsurface water, the quality of water to be produced by KNP conforms to WHO standards and in some cases exceeds the TBS standards. Its proximity to the selected zone affords it an advantage over its competitors.

2.0: KEY WORDS

This is an analysis of the soft drink market in Tanzania. For the purposes of this analysis, the following key words have been used:-

- Carbonates
- Fruit/vegetable juice
- Bottled water
- Functional drinks
- Concentrates (as sold and ready-to-drink)
- RTD (ready-to-drink) tea
- RTD (ready-to-drink) coffee
- Off Trade- Sell through a shop
- On Trade- Sell in a bar/pub
- CAGR: Statistics that reflects the growth rate over a period assuming that the annual percentage growth rate was smooth or even.

Sources used during research include the following:

Summary 1 Research Sources

Official Sources	Central Bureau of Statistics (CBS)
	Statistical Abstract 2008
Trade Associations	Confederation of Tanzania Industry
Trade Press	Business Times, East African, and Africa Journal of Finance Management
Other Sources	Bonite Bottlers Limited
	Supermarkets

Source: Consultant

3.0: BOTTLED WATER INDUSTRY REVIEW

The market review by the consultant has revealed the following facts basing on independent study.

3.1: Existing Producers

S/No.	Name of Producer	Installed Capacity/Hr	Installed Capacity/Year
1.	Uhai	9,600	44,200,000
2.	Sayona	3,750	17,200,000
3.	Masafi	4,500	20,700,000
4.	Dasani	2,000	4,600,000
5.	Penguin	600	2,700,000
6.	Cool Blue	2,000	9,200,000
7.	Snow Mountain	-	-
8.	Sky Drop	875	4,000,000
9.	Kisima	1000	4,600,000
10.	Mtera Splash	900	4,100,000
11.	Siha Beverages	3,000	13,800,000
12.	Maji Africa	3,000	13,800,000
13.	Kilimanjaro Waters	5,625	25,900,000
14.	Others	varies	25,000,000
15.	Kilimanjaro Natural Products (KNP -Proposed)	3,000	13,800,000

Data source: Independent consultant Market survey-Aug 2010

Table 2.0 Company Shares of Off-trade Bottled water by Volume 2005-2009 (Major Players)

% off-trade volume Company	2005	2006	2007	2008	2009
Uhai	26	18	20	22	22
Kilimanjaro	10	12	12	13	13
Dasani	-	4	5	6	8
Penguine	8	4.9	5	5	7
Maji Africa	6	5	5.5	7	7
Cool Blue	7	8	6	5	5
Kisima	-	5	6	4	3
Others	43	43.1	40.5	38	35
Total	100.0	100.0	100.0	100.0	100.0

Source: Trade associations, trade press, consultant research, trade interviews,

4.0: MARKET GROWTH ANALYSIS

In 2009, the off-trade channel commanded a greater distribution share of bottled water than the on-trade channel. Off-trade retail prices tend to be cheaper and thus attract more customers.

Over the forecast period the bottled water market is expected to post higher volume sales. This will largely be a result of a better economic performance as the effects of the global economic downturn subside. It is also expected that many more companies will seek to advertise their brands which will play a key role in boosting the market.

Table 3: Off-trade Vs On-trade Sales of Soft Drinks by Sector: Value 2009

TSHS billion(000,000,000)	Off-trade	On-trade	TOTAL
Carbonates	28.5	15.6	44.1
Fruit/Vegetable Juice	0.0	0.0	0.0
Bottled Water	37	12.5	49.5
Functional Drinks	2.8	1.7	4.5
Concentrates	0.3	-	0.3
RTD Tea	-	-	-
RTD Coffee	-	-	-
Soft Drinks	155.8	51.7	207.5

Source: Official Statistics, trade associations, trade press, consultant research, store checks, trade interviews

Table 4: Off-trade Sales of Soft Drinks (as sold) by Sector:
Volume 2004-2009

Million Litres	2004	2005	2006	2007	2008	2009
Carbonates	194.0	214.5	231.0	249.4	264.2	278.3
Fruit/Vegetable Juice	0.2	0.2	0.2	0.2	0.2	0.3
Bottled Water	169.3	180.4	192.2	207.5	220.2	233.4
Functional Drinks	3.5	8.3	8.6	8.9	9.1	9.2
Concentrates	0.9	0.9	0.9	1.0	1.0	1.0
RTD Tea	-	-	-	-	-	-
RTD Coffee	-	-	-	-	-	-
Soft Drinks	367.7	404.3	432.9	467.0	494.8	519.4

Source: Official statistics, trade associations, trade press, consultant research, store checks, trade interviews,

Note: Excludes powder concentrates

Table 5: Off-trade Sales of Soft Drinks (as sold) by Sector: % Volume Growth 2004-2009

% Volume Growth	2008/09	2004-09	CAGR 2004/09 TOTAL
Carbonates	5.3	7.5	43.5
Fruit/Vegetable Juice	7.3	9.6	57.9
Bottled Water	4.7	6.4	36.2
Functional Drinks	1.8	21.7	166.7
Concentrates	1.9	2.5	13.1
RTD Tea	-	-	-
RTD Coffee	-	-	-
Soft Drinks	5.0	7.1	41.2

Source: Official statistics, trade associations, trade press, consultant research, store checks, trade interviews,

Note: Excludes powder concentrate

Table 6: Off-trade Sales of Soft Drinks by Sector: Value 2004-2009

TSHS (000,000,000) billion	2004	2005	2006	2007	2008	2009
Carbonates	18.2	20.5	22.7	25.0	26.7	28.5
Fruit/Vegetable Juice	0.0	0.0	0.0	0.0	0.0	0.0
Bottled Water	25.4	27.1	28.8	31.1	33.0	37.0
Functional Drinks	1.2	2.3	2.4	2.5	2.7	2.8
Concentrates	0.2	0.2	0.2	0.2	0.3	0.3
RTD Tea	-	-	-	-	-	-
RTD Coffee	-	-	-	-	-	-
Soft Drinks	110.3	121.3	129.8	140.1	148.9	155.8

Source: Official statistics, trade associations, trade press, consultant research, store checks, trade interviews,

Table 7: Forecast Off-trade Sales of Soft Drinks by Sector: Value 2009-2014

TSHS billion(000,000,000)	2009	2010	2011	2012	2013	2014
Carbonates	28.5	28.3	30.2	31.1	32.0	33.0
Fruit/Vegetable Juice	0.0	0.0	0.0	0.0	0.0	0.0
Bottled Water	37.0	38.8	40.7	42.8	44.9	47.2
Functional Drinks	2.8	2.9	2.9	0.4	0.4	0.4
Concentrates	0.3	0.3	0.3	0.3	0.3	0.3
RTD Tea	-					
RTD Coffee	-					
Soft Drinks	155.8	160.0	165.2	170.1	175.2	180.5

Source: Official statistics, trade associations, trade press, consultant research, trade interviews,

Table 8: Forecast Off-trade vs On-trade Sales of Bottled water (as sold) by Channel: Volume 2009-2014

Million litres	2009	2010	2011	2012	2013	2014
Off-trade	233.4	245.1	257.3	270.1	283.7	297.6
On-trade	96.85	101.4	118.0	123.9	130.0	136.7
Total	330.25	356.5	375.3	394.0	413.7	434.3

Source: Official statistics, trade associations, trade press, consultant research, trade interviews,

Note: Excludes powder concentrates

Table 9: Forecast Off-trade Vs On-trade Sales of Bottled water (as sold) by Channel: Volume 2009-2014

TSH Billions	2009	2010	2011	2012	2013	2014
Off-trade	35.0	36.7	38.5	40.5	42.5	44.6
On-trade	14.5	15.2	17.7	18.4	19.5	20.4
Total	49.5	51.9	55.2	58.9	62.0	65.0

Source: Official statistics, trade associations, trade press, consultant research, trade interviews,

Note: Excludes powder concentrates

Table 10: Forecast Off-trade Vs On-trade Sales of Soft Drinks (as sold) by Channel: % Volume Growth 2009-2014

% volume growth	2013/14	2009-14 CAGR2009/14	TOTAL
Off-trade	2.8	2.4	12.8
On-trade	2.6	2.7	14.2
Total	2.8	2.5	13.1

Source: Official statistics, trade associations, trade press, company research, trade interviews,

Note: Excludes powder concentrates

4.1: Research Finding Summary

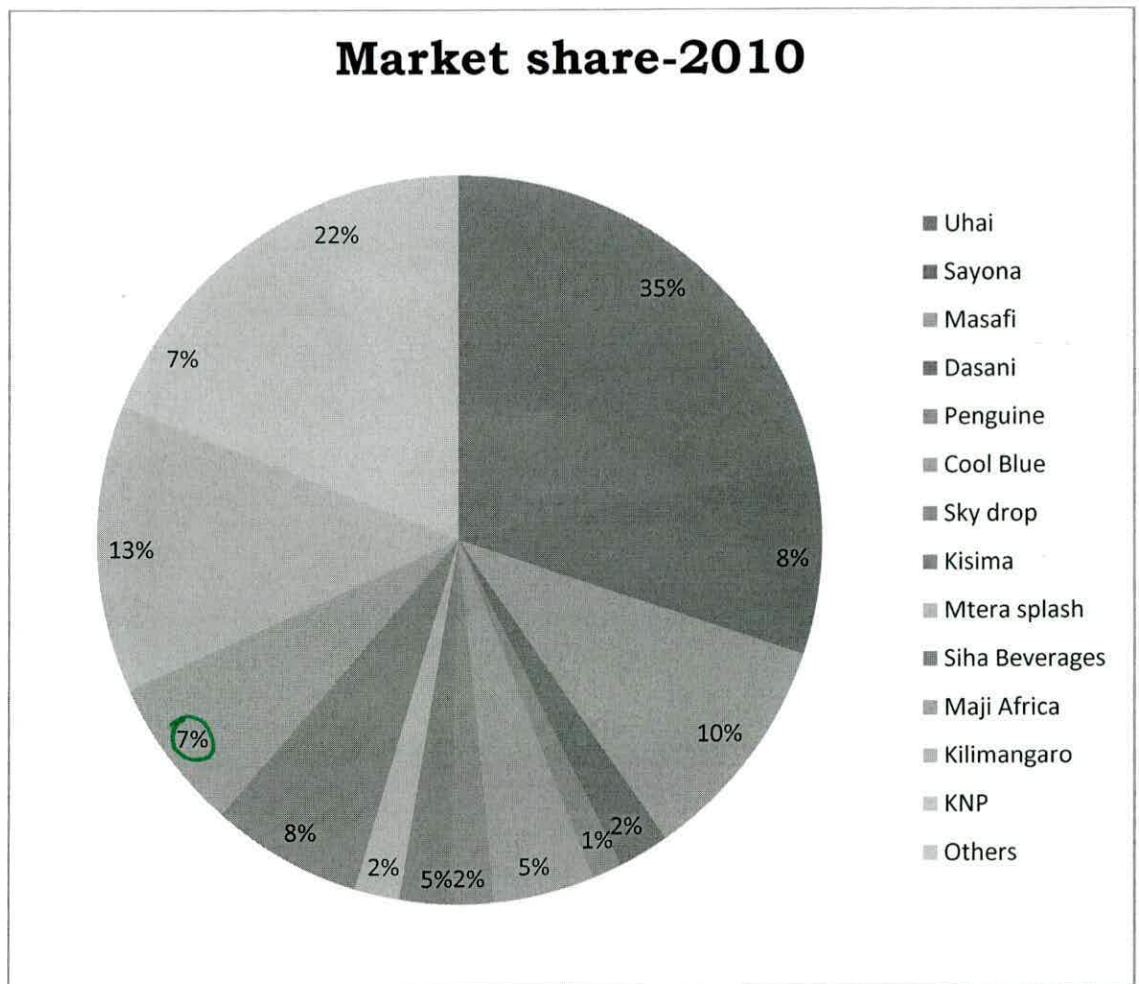
- In 2009 the soft drink sector achieved total volume growth of 5%
- Still bottled water registered the strongest total volume growth of 6% in 2009. Functional bottled water recorded a 3% rise due to its popularity among high-income consumers. However, it is growing from a low base.
- Unit price increased by 1% in 2009 as demand for the commodity picks up amid a tough economic climate.

- Bottled water expected to post both total volume and constant value CAGRs of 3% over the forecast period.
- Bottled water is most commonly consumed by tourists.
- The cheapest water is often sold by street hawkers. In this particular case, vendors would sell water at bus stops, where they were sure to secure a number of sales to backpackers. The water sold is packed in reused plastic bottles directly from taps or boreholes and sold to cash-strapped consumers.
- Most locals in urban areas consume tap water or prefer to treat tap water before consuming it. On-the-go consumers tend to prefer bottled water when they use public transport within the country. As inter-city transportation is mainly by coaches, travellers usually have to stop and change bus many times during their journey, thus increasing the need for refreshment.
- Water is refilled in bottle sizes of five gallons and above. The system in place works like the one in place for carbonates where one delivers the empty bottle to the outlet and automatically picks one of the same size.
- However, the most common pack sizes are 500ml and 1-litre bottles. Urban consumers are increasingly opting for bottled water over tap water, although this is being hampered by the penetration of products from unscrupulous traders, who bottle tap or borehole water and sell it to uninformed consumers.

Market for bottled water is growing as evidenced by the data depicted on table 7 and 8 respectively. It is also obvious that when the overall market is growing it is easier for organization with small market share or even new entrants to gain market share, this is because the associate level of sales of the established company are still growing and in some instance those companies may be unable or unwilling to meet the new demand, penetration into beverage industry has always been occurred in this way.

4.2: Analysis of Market Share by Manufacturer

- Through our analysis we have established the potential market share of the new product to be around 7% of the total market share in the targeted regions. It is also obvious that when the overall market is growing it is easier for organization with small market share or even new entrants to gain market share, this is because the associate level of sales of the established company are still growing and in some instance those companies may be unable or unwilling to meet the new demand.



5.0: MARKETING AND SALES STRATEGIES

5.1: Differentiation

KNPs potential to penetrate and grow in this market is extremely high. Given the source of water, KNP will be able to differentiate its product; and is also expected to charge a price higher than the average price in the market because of its unique product excluding Kilimanjaro water. In order to differentiate its product, KNP is advised to use an aggressive market campaign, to advertise its brand and add value to their product thus differentiating it.

Through KNPs strategy it would be possible to earn higher than average profits by charging a premium price for exceptional quality i.e. spring natural water that meet WHO standards versus subsurface water from competitors.

5.2: Market Concentration

The company's main market base will be the general public in Kilimanjaro, Tanga, Dar es Salaam, Manyara and Arusha. Possible exports to Kenya i.e. Nairobi, Mombasa will be considered as the company grows. The company strategy will be to satisfy the nearby market before moving to away market. Such marketing strategy will be geared towards maximizing profits by controlling distributions costs.

5.3: KNPs Critical Successes Factors

The ability of an organization to meet the critical success factors in a particular market segment may be underpinned by unique resources. Unique resource sustains ability to provide value in the product better than the competitor's resources and is difficult to imitate KNP posses such a unique advantage which in most cases the sources of water from Kilimanjaro region is crystal clear and fresh tasting. The water chemical quality from Kilimanjaro conforms to WHO standards and in some cases exceeds the TBS standards.

Limited customer survey undertaken by CTI, revealed the following critical marketing factors which are also considered to be critical success factors for KNP:-

Product quality	Product availability
Price competitiveness	Credit terms
Customer Service	Efficient Distribution System
Supply consistency	

KNP's management is advised to ensure that the company is able to deliver on the above critical marketing factors.

6.0: MARKET PENETRATION

Market for bottled water has been growing as evidenced by the data depicted on table 6 and projected in table 8.

It is also obvious that when the overall market is growing it is easier for organizations with small market share or even new entrants to gain a potential share, this is because the associate level of sales of the established company are still growing, and in some instances those companies may be unable or unwilling to meet the new demands. Still bottled water showed the highest growth rate over the 2004-2009 periods and is forecasted to have compound annual growth rate of 3.1% thus giving a great potential for new entrants.

KNP should quickly establish itself in the market as a top quality provider of bottled water. The company is expected to do this by emphasizing superior customer service in all aspects of the company operations. One major component of ensuring that customers are delighted with KNP products and service is to appoint talented and outgoing route delivery persons who will be responsible for monitoring customer satisfaction and for pursuing new businesses. The company is advised to use the strategy of dividing the market into two main segments, namely:-

Individuals/Households
Institutional Market

In order to service the middle to high-income earners, the company will target supermarkets and large retail shops as the preferred distribution mode. However, to serve the low-income niche, wholesalers in major towns and municipalities will be targeted.

6.1: Promotion

The promotion strategy will involve advertising through different media, personal selling, public relations, and sales promotion activities aimed at informing and persuading the company's target market. Awareness creation among customers about the company's products and brands will be done via advertising campaigns, sales promotions and exhibiting its products at various trade fairs.

7.0: PRODUCT MARKET PRICE REVIEW

7.1: Product Price

Manufacturers price survey conducted by the consultant revealed prices as shown in the table below:

Brand	Price for 0.5litre (Tsh)	Price for 1litre (Tsh)
Kilimanjaro	292	555
Maji Africa	250	
Siha Beverages	260	
Mtera Splash	250	
Kisima	150	
Sky drop	150	
Cool Blue	150	
Penguin	125	
Dasani	290	
Masafi	138	300
Sayona	150	275
Uhai	150	267
KNP	245	450

Source: Consultant research and Trade interviews

The above prices are at delivery point to wholesaler or agent warehouse. The KNP proposed price of Tsh 245/450 is considered to be highly competitive bearing in mind the high quality of water expected. The proposed price is considered to be a strategic market penetration price with enough room for adjustment after capturing the market. KNP has high potential of increasing price for half litre bottle without affecting customer demand curve.

7.1: Cost Control

Profitability in the bottled water industry depends largely on ability to control production costs particularly labour cost. The research has shown that labour cost represented 33% to 37% of the total operating cost of the major players (Source: Bonite Bottlers). KNP is advised to increase its profitability by limiting labour cost to below 25% as opposed to 33% and 37% incurred by the major competitor.

7.2: Market Penetration Price

As new player in the market KNP would be able to offer the product at a discounted price by over 15 percent against her major competitor due to the following reasons:

Most competitors who use subsurface water are faced with water pumping cost unlike KNP would be using gravity flowing water. Besides, subsurface water has high salinity which requires reverse osmosis process which is cost saving to KNP which will be using spring water with no salinity hence no need for reverse osmosis process.

Competitors who are using municipal water face de-chlorination costs which is cost saving to KNP which will be using spring water.

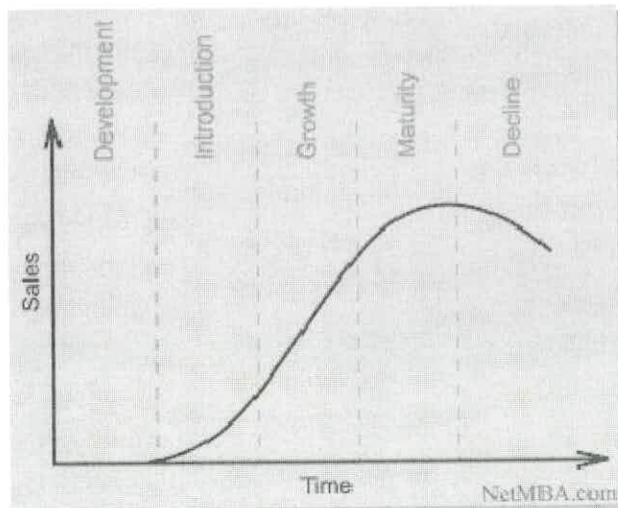
KNP shall be able to utilize the cost savings to promote its product to penetrate the market aggressively.

Transport cost for bottled water accounts for sizeable percentage of cost though the average transport cost per ton is almost the same across the industry. KNP is strategising to cut down distribution cost by having long term contracts with transporters hence avoiding trucks maintenance costs and idle trucks costs.

8.0: PRODUCT LIFE CYCLE

Product Life Cycle Curve

Figure 1



1

A product life cycle refers to the time period between the launch of a product into the market till it finally withdrawn. Like any product KNP bottled water is expected to undergo similar stages.

8.1: Introduction Stage

This is the time to carry out viability of the product in the actual market, before it can set foot into the mass market. Results of the test market are used to make correction if any and then launched into the market with various promotional strategies. Since the product has just been introduced, growth observed is very slight, market size is small and marketing cost are steep (promotional cost, costs of setting up distribution channels). Thus, introduction stage is an awareness creating stage and is not associated with profits! However, strict vigilance is required. The KNP test market phase is expected to last for six months.

8.2: Growth Stage

Once the introductory stage goes as expected, the initial spark has been set, however, the fire has to be kindled by proper care. The marketer has managed to gain consumers attention and now works on increasing their product's market share. The aim here is to coax consumers to prefer and choose this product rather than those sold by competitors. As sales increase distribution channels are added and the product is marketed to a broader audience. Thus, rapid sales and profits are characteristics of this stage. KNP is expected to use aggressive marketing strategy at this stage in order to ensure that brand awareness/popularity is built on consumers mind. Growth stage is expected to occur during the first three years of the operations.

8.3: Maturity Stage

This stage views the most competition as different companies struggle to maintain their respective market shares. The cliché 'survival of the fittest' is applicable here. Companies are busy monitoring product's value by the consumers and its sales generation. KNP is expected to register high profits at this stage. At this stage the company is expected to achieve level of stabilization with high level of sales. KNP is expected to reach maturity stage in the sixth year of operations.

8.4: Decline Stage

After a period of stable growth, the revenue generated from sales of the product starts dipping due to market saturation, stiff competition and latest technological developments. The consumer loses interest in this product and begins to seek other options. This stage is characterized by shrinking market share, dwindling product popularity and plummeting profits. This stage is a very delicate stage and needs to be handled wisely. The type of response contributes to the future of the product. The company needs to take special efforts to raise the product's popularity in the market once again, by reducing cost of the product, tapping new markets or withdrawing the product.

Ultimately, the maturity and decline stages of our product will be reached as depicted by the product life cycle. Some leading indicators of the decline phase might include price pressure caused by competition, a decrease in brand loyalty, and the emergence of substitute products, market saturation, or the lack of growth drivers.

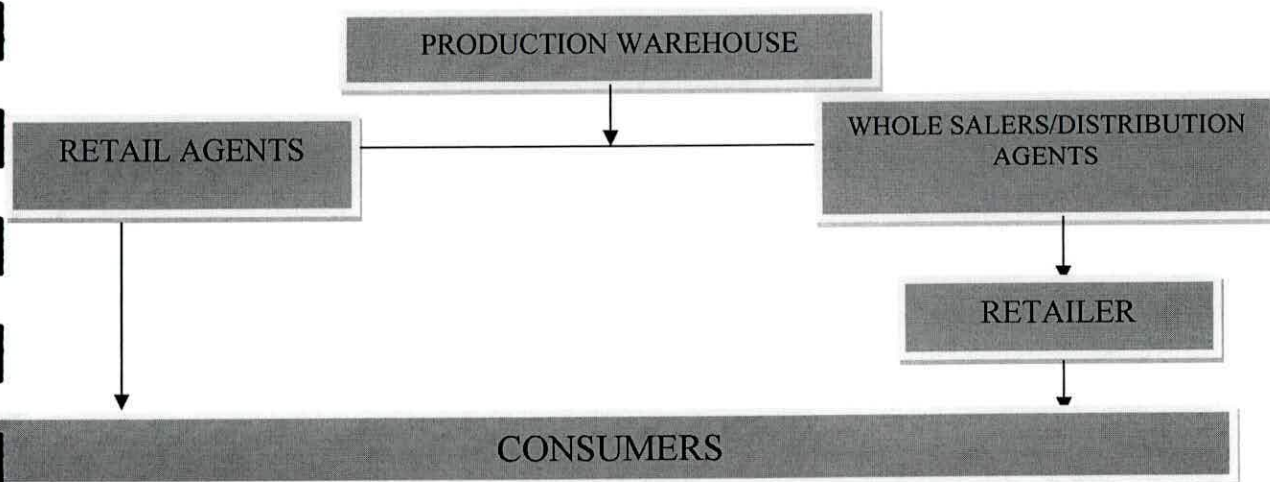
KNPs Strategy is to endeavour to delay this phase for as long as possible. This will be possible through effective delivery on product quality, price competitiveness, customer service, supply consistency, product availability, credit terms and efficient distribution channels. We also foresee an efficient research and development department that will continually be dedicated to value addition and innovation of our product with an ultimate goal of maintaining a steady growth in the market.

9.0: CHANNELS OF DISTRIBUTION

KNP as producer intend to use intermediaries to bring its product to the market. It will develop a distribution channel (marketing channel) to do this. This distribution channel will be a set of interdependent organizations that will help to make KNP product available to consumers or business user. These Channel intermediaries will be firms or individuals such as wholesalers, agents, brokers, or retailers who will help move its product to the final consumer or business user.

The distribution channel determined by KNP best meets both the company's objectives and the distribution needs of our customers. The following distribution channel model is proposed.

KILIMANJARO NATURAL PRODUCTS LIMITED (KNP)



9.1: The KNP distribution model will basically involve retail agents including super markets, whole sellers and appointed gents.

KNP has to ensure that their distribution agents give its product a distinctive position in the market. It will endeavour to pay utmost attention to its channel partners aiming at offering training and motivational support to her partners in the distribution channel.

9.2: KNP is supposed to ensure that intermediaries sell and promote its water to the retailers and final consumers. The client will carry out functions including warehousing, transportation of ordered water from the factory to client storage facilities/ware houses. KNP will also take on the risk bearing functions as well as providing market information both to the retailer and agents about aspects on competition, new products and also price developments. Whole sellers and agents will provide management services and advice regarding market reaction towards the products and various ranges of marketing information.

9.3: KNPs channel strategy is to acquire and maintain the highest levels of distribution intensity through its hybrid marketing channels as this will ensure adequate market coverage for its product. As mentioned earlier, KNP shall select a marketing and distribution channel that will best meet both its objectives as producers and the distribution needs of their customers.

9.4: KNP is proposing to adopt a multi channel distribution system. It aims at setting up two marketing/ distribution channels to reach our more than one customer segment. This will enable it expand its sales and marketing coverage as well as gain opportunities to tailor their products to the specific needs of her diverse customers that's to say, the final consumers, retailers, wholesalers, agents.

KNP shall use combination of both long and short distribution channel depending on the geographical location of the place. The main advantage of adopting the short distribution channel is that it will enable maintaining a personal relationship between customer and the retailer where first hand information regarding the product will be obtained. Short distribution channel will allow to serve customers better and at a lower price. Such channel will give better control over the product.

KNP shall also implement in-direct channels of distribution i.e. (producer-wholesaler-retailer-consumer). We feel that implementing both channels will meet both our expectations as well as our customer's demands. Usually customers are very familiar with certain retailers or other intermediaries and usually turn to them for what they need. The main advantage of this distribution channel is to have wider coverage of customers.

10.0: CONCLUSION

The proposed water bottling project is viable with high market potential provided KNP will apply the right marketing strategies. The statistics collected from the industry shows potential market growth in the bottled water business.

The Market analysis shows potential market share of 7% for KNP with room for further growth. The market analysis of bottled water sector shows strong market growth of an average of 5% for the past five years. Such substantial market growth coupled with similar projection for the coming five years confirms the proposed project to be viable.

**KILIMANJARO NATURAL PRODUCTS LIMITED
(KNP)**

PART "D"

LEGAL DOCUMENTS AND OTHERS

75 (10)

09620

STAKABADH YA SERIKALI

3789618

EXCHEQUER RECEIPT

NIMEPOKEA KWA

Rec from

KILIMANJARO NATURAL PRODUCTS LTD

KIASI

Amount

Shs.		Cts.	
100	00	00	00

JUMLA YA SHILINGI (Kwa maneno)

The sum of Shillings (Words)

US DOLLAR ONE HUNDRED ONLY

NA SENTI

And Cents

KWA MALIPO YA

In respect of

REGISTRATION FEE

Kwa FEDHA TASLIMU/HUNDI

NAMBA By Cash/Cheque No.

01020510 01/11/2011

KITUO - Station

DSM

SAHIHI YA MPOKEAJI - Receiving Officer's

Signature

CHEO - Title

Acc

TAREHE - Date

01 NOV 2011

NPC-KIUTA

TANZANIA



Certificate of Incorporation

Section 15

No 60664

I HEREBY CERTIFY THAT

KILIMANJARO NATURAL PRODUCTS 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 **6TH** day of **JUNE**

TWO THOUSAND AND SEVEN

Certified true copy
MAHAKAMA YA MWANZO
KANAKORUMU YA ILALI
 14/11/2011

Asst. Registrar of Companies



THE UNITED REPUBLIC OF TANZANIA

ENVIRONMENTAL IMPACT ASSESSMENT

Certificate

[Section 92(1) of the Environmental Management Act No. 20 of 2004]

Application Reference No. 608
Registration No. EC/EIS/181

This is to Certify that

M/S. KILIMANJARO NATURAL PRODUCTS LIMITED.....

of..... P.O.BOX 1421 MOSHI.....has this day been granted an Enviromental

Impact Assessment Certificate for the proposed project/Activity

titled CONSTRUCTION OF WATER PURIFICATION, PACKAGING AND.....

BOTTLE MANUFACTURING FACTORY.....

to be implemented/carried out at.....KIWEWERE KIRUA VUNJO IN MOSHI RURAL, KILIMANJARO.....

This certificate shall remain in force during the whole lifecycle of this specific project unless henceforth revoked or suspended.

General conditions and terms attached to this certificate are set out herein behind and specific conditions are annexed.

Dated this.....2nd day of December 2009...

Dr. Batilda S. Burian (MP)

Minister of State, Vice-President's Office - Environment

THE COMPANIES ACT, 2002
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
KILIMANJARO NATURAL PRODUCTS LIMITED

TANZANIA
Stamp Duty Shs. 500/= Paid
Receipt No: 2832 of 10/5/07
Asst. Registrar of Companies

1. The name of the Company is **KILIMANJARO NATURAL PRODUCTS COMPANY LIMITED.**
2. The registered office of the Company is situated in Moshi.
3. The objects for which the Company is incorporated are:-
 - a) To engage in the business of purifying, filtering, decontaminating, distilling, stabilizing, mineralizing, flavouring and bottling naturally occurring spring water intended for human consumption.
 - b) To process, bottle and sell all types of water for infusion purposes, including darrows solutions, Ringer lactate, and all other types water used in medical institutions;
 - c) To design, manufacture all types of water bottles, containers and other receptacles aimed at furtherance of the water processing business;
 - d) Engage in preparation and sale of distilled water mineral water and other types of water for industrial purposes, hydrogen peroxide, ice cubes, ice bars used in alternative refrigeration and cooling systems;
 - e) Cooperate with health care institution in distribution, supply of quality drinking water, collection and recycling of used bottles for environmental protection, and make good access of quality drinking water to schools and other public institutions;
 - f) To buy, import, manufacture, sell, export, supply and deal in wholesale and retail in electrical goods and accessories of all kinds, refrigerators, electric and gas cookers, cars and lorries, motorcycles, bicycles, agricultural implements, tractors, trailers, wagons, machinery of every kind, petrol oil and grease, sports goods household requisites and all articles and necessary spare parts, tools and accessories and repairs.

Certified true copy
MAHAKUWA YA MWANZO
KARIAKOO WILAYA LA
14/11/07

- g) To carry on and deal in the business of stationery and office equipment and any other materials associated with office utilities.
- h) To export or import goods and commodities of any description, whether produced by the company or not, to act as traders both wholesale and retail and for such purpose to open and maintain shops, stores and agencies.
- i) To import and export various metals electrical goods, paints, timber and timber products and to grow, manufacture or otherwise make raw materials for the same, whether required for direct or immediate use by the company.
- j) To deal in all types of electronic office equipment including computers, photocopiers, facsimile machines, scanners, printers, uninterruptible power supplies, computer software, satellite receivers and dishes, act as IT service providers, service of maintenance of all types of electronic equipment.
- k) To engage in the business of hardware and household materials.
- l) To promote all activities geared towards environmental conservation, camping safaris, educational and cultural eco-tourism, organise sight seeing expeditions, recruiting and staffing of wildlife tour business personnel, placement of volunteer staff, and generally engage as owners and operators of tour business, camping sites, resorts and sanctuaries.
- m) To host, coordinate and organize local and international conferences, workshops, seminars and meetings including procurement of materials and equipment to facilitate the same.
- n) To run business of media service representation, advertising and marketing services stationery suppliers and services, printing and publication of books, newspapers, magazines, brochures, stickers, and engage in all activities connected with paper art or craft.
- o) To work in partnership with and offer consultancy services, and/or be an agent of environmental societies and other groups to safeguard the environment upon which the quality of human life depends;
- p) To engage and otherwise carry on the business of general hotel investors, to be owners and or operators of tourist hotels, camping sites, tourist resorts, operas, night clubs, bars, restaurants, guest houses, stop overs, mini zoos, game and animal sanctuaries, service stations and to generally be estate agents and managers to acquire

- p) To engage and or otherwise carry on the business of general transporters and to be transport agents, to be owners, operators, hirers, and chatters of motor trucks, railway wagons, ships and aircrafts, passenger coaches for the purposes of transporting cargo and passengers from whatever place to whatever destination, to be general freight forwarders, cargo handlers, clearing and forwarding agents, shipping agents, brokers, commission agents, manufacturers representatives and general marine surveyors and cargo superintendents;
- q) To act as agent for any company or companies engaged in life-insurance fire insurance, marine insurance, insurance of motor cars lorries, machinery and other things, insurance of owner and users of vehicles and other insurance of all kinds.
- r) 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, to act as agents for distribution and sale of optical lenses and other optical accessories;
- s) To enter into any arrangement and contracts with Government or Authorities supreme, municipal, local at otherwise or any corporations, companies or persons having objects that may seem conducive to the Company's object or any of them and to obtain from any such Government Authority, Corporation, Company, or persons any characters, contract, decrees, rights, privileges and concessions.
- t) To purchase, take on lease, auction or exchange or otherwise acquire in any part of the world, prospecting rights and contracts, leases, options, mineral properties, either absolutely or conditionally.
- u) 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 purchase, redeem, or pay off any such security or loan.
- v) To enter into partnership or into any arrangement for sharing profits, union or interests, cooperation, joint venture, firm or company carrying on or engaged in or which this company is authorised to carry on, or engage in, or any business or transaction capable being conducted so as directly or indirectly to benefit the Company. And to lend money to guarantee the contract of, or otherwise assist, any such person, firm or company and to take or otherwise acquire shares and securities of any such Company, and sell, hold reissue with or without guarantee or otherwise deal with the same.

ff) To obtain all powers and authorities necessary to carry out or extent any of the above objects.

gg) To carry out on Internet sports, computer secretarial services and telecommunications.

The objects set forth in any sub-clause of this clause shall not except when the context expressly so required, be in anywise limited or restricted by reference to or inference from the terms of any sub-clause or by the name of the company.



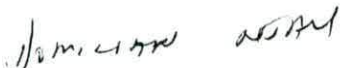


None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause of this clause, but the company shall have full power exercise all or any of the powers conferred by any part of this clause in any part of the world and notwithstanding that the business, undertaking, property or acts proposed to be transacted acquired, dealt with or performed to not fall within the objects of the first sub-clause of this clause.

AND it is hereby declared that word "COMPANY" in this clause shall be deemed to include any partnership or other body of persons whether incorporated or un-incorporated, and whether domiciled in East Africa or elsewhere and the intention is that the objects specified in which paragraph of this clause shall except where otherwise expressed in such paragraph be independent by a reference to or inference from the terms of any other paragraph or the name of the company.

4. The liability of the company is limited.


5. The initial share capital of the company is Shs.30,000,000/= divided into 3,000 shares of Shs. 10,000/= each and the company shall have the power to divide the original or any increased capital into several classes, and to attach hereto 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 we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

NAME AND ADDRESS OF SUBSCRIBERS	NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURE OF SUBSCRIBERS
1. PHILIP D. NJAU P. O. BOX 1421 <u>MOSHI</u>	1	
2. BALTAZAR NJAU P. O. BOX 1421 <u>MOSHI</u>	1	
3. DOMICIAN R. NJAU P. O. BOX 1421 <u>MOSHI</u>	1	
4. JOHN NDEKAO P. O. BOX 1421 <u>MOSHI</u>	1	
5. FIDELIS PAUL P. O. BOX 1421 <u>MOSHI</u>	1	

Dated at Moshi this 29th day of March 2007.


Witness to the above signatures:

SIGNATURE 

POSTAL ADDRESS P.O. Box 1856 MOSHI

QUALIFICATION ADVOCATE



Certified true copy

MAHAKAMA YA MWANZO
KARIAKOO WILAYA YA ELALA

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
KILIMANJARO NATURAL PRODUCTS LIMITED

TANZANIA
Stamp Duty Shs. 5000/- Paid
Receipt No: 207334861 10/5/07
A. M. M. M.
Asst. Registrar of Companies

PRELIMINARY

1. In these regulations:
"The Act" means the companies Act 2002 of the Laws of Tanzania.

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

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

Any words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include females, and the words importing persons shall include bodies corporate, partnership, firms, cooperatives, societies, etc.

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

PRIVATE COMPANY

2. The company is a Private Company and accordingly:-
 - (a) The right to transfer shares is restricted in the manner hereinafter prescribed.

Certified true copy
MAHA KAMA YA MWANZARA
KARIMU WA YA YA ILA
14/1/07

FEE PAID SHS. 15000/-
RECEIPT NO. 34465889
07/12/09

COMPANY NO. 60664

(5) 15,000/-
6/1/09

"SPECIAL RESOLUTION"

EXTRACT OF THE MINUTES OF THE MEETING OF BOARD OF MEMBERS OF KILIMANJARO NATURAL PRODUCTS LIMITED HELD AT THE REGISTERED OFFICE ON 20TH DECEMBER, 2008 AT 10:00AM.

- PRESENT:
- PHILIP D. NJAU - DIRECTOR/IN CHAIR
 - BALTAZAR NJAU - SECRETARY
 - DOMICIAN R. NJAU - MEMBER
 - JOHN NDEKAO - MEMBER
 - FIDELIS PAUL - MEMBER

CHAIRMAN: "Mr. Philip D. Njau took the chair and confirmed that the meeting was duly constituted".

INCREASED OF AUTHORIZED SHARES CAPITAL "It was unanimously agreed by the members of the Company to increase the authorized share capital from the present of Tshs. 30,000,000/= to Tshs. 100,000,000/=".
"That form No. 66 be prepared and filed with the Registrar of Companies".

VOTES OF THANKS TO THE CHAIRMAN: "As there was no further business to transact, the meeting ended with thanks to the Chairman at 10:30am".

CERTIFIED TRUE COPY.

Chairman
CHAIRMAN

Secretary
SECRETARY

Certified true copy
MAHAKAMA YA MWANZO
KARIAKOO
14/11/09

COMPANY NO: 60664

"SPECIAL RESOLUTION"

Handwritten notes:
15,000
03/11/2011

EXTRACT OF MINUTES OF THE MEETING OF BOARD OF MEMBERS OF KILIMANJARO NATURAL PRODUCTS LIMITED HELD AT REGISTERED OFFICE ON 12TH OCTOBER 2011 AT 4.00PM

PRESENT PHILIP D. NJAU DIRECTOR/IN CHAIR
SALVATORY NJAU DIRECTOR/SECRETARY
PAUL C. NJAU MEMBER

ABSENT WITH APOLOGY

DOMICIAN R. NJAU MEMBER

CHAIRMAN "Mr Philip D. Njau took the chair and confirmed the meeting was duly constituted".

INCREASE OF AUTHORIZED SHARE CAPITAL "It was unanimously agreed by the members of the company to increase the authorized share capital from the present of TZS 100,000,000/= to TZS 200,000,000/=".

"That form 66 be prepared and filed with the Registrar of Companies".

VOTE OF THANKS TO THE CHAIRMAN: The Chairman thanks members for this decision and closed the meeting at 5.00pm

CERTIFIED TRUE COPY

Handwritten signature of Philip D. Njau

CHAIRMAN

Handwritten signature of Philip D. Njau

SECRETARY

Handwritten: Certified true copy
MAHAKAMA YA MWANZO
KATAKOO NILATA YA ILALA
14/11/2011

KIKAO CHA SEREKALI YA KIWITI CHA IWA
KILICHORANYIKA TAREHE 15/3/2011 DHARURA.

WALIOHUDHURIA:

1. Philip Nicolaus Kessy - Mliliti
2. Florentina J. Minja - Afisa Mkenotaji
3. Casian William - Mjumbe
4. Lusia Ngaonaki - "
5. Leokadia Pamphili - "
6. Alois Rogasian - "
7. Elizabeth V. Shayo - "
8. Elizabeth Kiwiti - "
9. Joseph Fundi - "
10. Alois Rogasian - "
11. Akwilina Valence - "
12. Anociata Ignace - "
13. Alois Theodor - "
14. Tomasi Andrea - "
15. Peter Alois - "
16. Mary Herman - "
17. Salome G. Masha - "
18. James Mungere - "
19. Wenceslaus Siara - "
20. Emanuel Meshingia - "
21. Augustina Richard - "
22. Kamili Ferdinand - "
23. Tomasi August - "
24. Didas Ngawaiya - "

Dondoo za Kikao:

1. Kufungua Kikao
2. Maombi ya hati miliki ya ardhi
3. Mungineyo
4. Kufunga Kikao.


Dondoo ya 1/2011 Kufungua Kikao:


Dondoo 2/2011 maombi ya haki miliki
ya Ardhi Kilimgajiro W/Products Co Ltd

Miliki aliwaeleza wajumbe kuhusu
maombi hayo ya haki miliki ya ardhi
kama mwombaji aliyoomba. Azimio la
wajumbe, walisema kwa kuwa hiyo ardhi
ni yake, waliana wapewe kibali cha
kumiliki hiyo ardhi yake.

Dondoo 3/2011 Mengineyo:

Kwa kuwa hapakwepo wa mengineyo
Miliki aliwashukumu wajumbe kwa mauwazo
yao ya busara na kuwaomba mauwe
na moyo huo wa kizalendo. Kikaro
kilifungwa saa 7.00 za mchana.


Miliki wa Kijiji
Iwa


Afisa Mtendaji
Iwa



Certified true copy


HAKIMU
MAHAKAMA YA MWANZO
KARIAKODI WILAYA YA ELAL.

MKATABA WA MAUZO YA ARDHI

Mkataba huu umefikiwa leo tarehe..... 5-11-2008 kati ya Ndugu **PASCHAL MATEE NJAU** ambaye atajulikana kama muuzaji na **KILIMNJARO NATURAL PRODUCTS COMPANY LIMITED** ambayo itajulikana kama mnunuzi ya kuwa;

1. Ndugu **PASCHAL MATEE NJAU** kwa hiyari yake mwenyewe amekubali kuuzia **KILIMANJARO NATURAL PRODUCTS COMPANY LIMITED** sehemu ya ardhi ya shamba lake lililopo eneo la Kirua Vunjo karibu na chemchem ijulikanayo kama Kiwewere.
2. Kwa malipo ya shilingi **LAKI SABA (700,000/=)**, umiliki na matumizi ya eneo husika unahamishiwa kwa **KILIMANJARO NATURAL PRODUCTS COMPANY LIMITED** kwa matumizi yake kama itakavyopenda.

Ukubwa wa eneo husika ni kama ifuatavyo:

Urefu ni futi..... 150
Upana ni futi..... 18

Mauzo haya yamefanyika leo tarehe..... 5-11-2008 na yameshuhudiwa na kutiwa saina kama ifuatavyo:

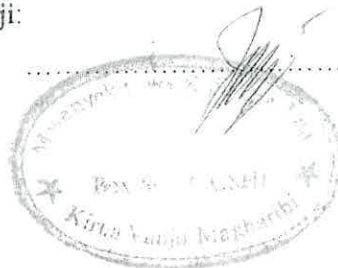
Jina la muuzaji..... Paschal Mathew njau
Sahihi ya muuzaji..... [Signature]

Jina la mnunuzi..... KILIMANJARO NATURAL PRODUCTS CO. LTD.
Sahihi ya mnunuzi..... [Signature]

Mashahidi:

1. KALISA E. MOREWA [Signature]
2. JULIUS S. WGENDO [Signature]

Imethibitishwa na uongozi wa kijiji:



MKATABA WA KUHAMISHA MILIKI YA ARDHI

Mkataba huu umefikiwa leo tarehe 05-11-2008 kati ya Ndugu **BENEDICT BONIFACE RINGIA** ambaye atajulikana kama mtoaji na **KILIMNJARO NATURAL PRODUCTS COMPANY LIMITED** ambayo itajulikana kama mpokeaji ya kuwa;

1. Ndugu **BENEDICT BONIFACE RINGIA** kwa hiyari yake mwenyewe amekubali kuipatia **KILIMANJARO NATURAL PRODUCTS COMPANY LIMITED** sehemu ya ardhi ya shamba lake lililopo eneo la Kirua Vunjo karibu na chemchem ijulikanayo kama Kiwewere.
2. Kwa malipo ya shilingi **LAKI NNE (400,000/=)** kama kifuta jasho, umiliki na matumizi ya eneo husika unahamishiwa kwa **KILIMANJARO NATURAL PRODUCTS COMPANY LIMITED** kwa matumizi yake kama itakavyopenda.

Ukubwa wa eneo husika ni kama ifuatavyo:

Urefu ni Futi..... 114.....
Upana ni futi..... 18.....

Makabidhiano haya yamefanyika leo tarehe 05-11-2008 na yameshuhudiwa na kutiwa saini kama ifuatavyo:

Jina la mtoaji..... BENEDICT BONIFACE.....
Sahihi ya mtoaji..... Boniface.....

Jina la mpokeaji.....
Sahihi ya mpokeaji..... Aka.....

Mashahidi:

1. KALISTA E. MONEWA..... Plus
2. JULIUS S. LUGENDO..... Plus

Imethibitishwa na uongozi wa kijiji:



MKATABA WA MAUZO YA ARDHI

Mkataba huu umefikiwa leo tarehe 23-11-2008 kati ya
Ndugu PAUL NDEGAO ambaye anajulikana
kama muuzaji na kampuni ya Kilimanjaro Natural Products co. Ltd
ambayo itajulikana kama mnunuzi ya kuwa;

1. Ndugu PAUL NDEGAO amekubali kwa
hiyari yake mwenyewe kuuzia Kilimanjaro Natural Products Co.
Ltd sehemu ya ardhi ya shamba lake liliyopo eneo la Kirua Vunjo
karibu na chemchemu inayoitwa Kiwewere.
2. Kwa malipo ya shilingi Milioni moja na laki mbili
Umiliki na matumizi ya eneo hilo unahamishiwa kwa kampuni ya
Kilimanjaro Natural Products Co. Ltd kwa matumizi yake kama
itakavyopenda

Ukubwa wa eneo husika ni kama ifuatavyo;

Urefu ni futi 79

Upana ni futi 54

Mauzo haya yamefanyika leo tarehe 23-11-2008 na kutiwa
saini kama ifuatavyo;

Jina la Muuzaji Paul Ndega
Sahihi ya muuzaji

Jina la mnunuzi
Sahihi M. N.

Mashahidi

1. AUGUSTINE E. NJAY
2. Breda Pauli Njau

Imethibitishwa na uongozi wa kijiji



MKATABA WA MAUZO YA ARDHI

Mkataba huu umefikiwa leo tarehe 05-11-2008 kati ya Ndugu **AUGUST EFREM NJAU** ambaye atajulikana kama muuzaji na **KILIMNJARO NATURAL PRODUCTS COMPANY LIMITED** ambayo itajulikana kama mnunuzi ya kuwa;

1. Ndugu **AUGUST EFREM NJAU** kwa hiyari yake mwenyewe amekubali kuuzia **KILIMANJARO NATURAL PRODUCTS COMPANY LIMITED** sehemu ya ardhi ya shamba lake lililopo eneo la Kirua Vunjo karibu na chemchem ijulikanayo kama Kiwewere.
2. Kwa malipo ya shilingi **MILIONI MOJA (1,000,000/=)**, umiliki na matumizi ya eneo husika unahamishiwa kwa **KILIMANJARO NATURAL PRODUCTS COMPANY LIMITED** kwa matumizi yake kama itakavyopenda.

Ukubwa wa eneo husika ni kama ifuatavyo:

Eneo la kwanza - Njia
Urefu ni futi... 147
Upana ni futi... 18

Eneo la pili - Kiwani
Urefu ni futi... 147 88
Upana ni futi... 18 65

Mauzo haya yamefanyika leo tarehe 05-11-2008 na yameshuhudiwa na kutiwa saina kama ifuatavyo:

Jina la muuzaji... Augustine Ephrem Njau
Sahihi ya muuzaji... [Signature]

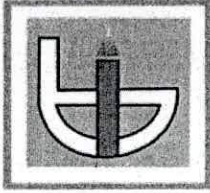
Jina la mnunuzi... KILIMANJARO NATURAL PRODUCTS CO. LTD.
Sahihi ya mnunuzi... [Signature]

Mashahidi:

1. KALISA E. MOREWA [Signature]
2. JULIUS S. LUENGO [Signature]

Imethibitishwa na uongozi wa kijiji:





FINANCIAL LEASING AGREEMENT

BETWEEN

TANZANIA INVESTMENT BANK LIMITED

AND

M/S KILIMANJARO NATURAL PRODUCTS LIMITED

FOR A FINANCIAL LEASING FACILITY AMOUNTING TO TANZANIA SHILLINGS ONE HUNDRED THIRTY TWO MILLION SIX HUNDRED FORTY THOUSAND (TZS 132,640,000/=), PLUS INTEREST AND OTHER CHARGES THEREON.

DRAWN BY:

TIB LEGAL SECRETARIAT
TANZANIA INVESTMENT BANK LIMITED
BUILDING NO. 3, MLIMANI CITY OFFICE PARK
SAM NUJOMA ROAD
P.O. BOX 9373
DAR ES SALAAM

Certified true copy
MAHAKAMA YA MWANZO
KARIAKOO KILIMANJARO
14/11/2011

LEASE AGREEMENT

Made and entered into on the 22nd day of August..... 2011

BETWEEN

TANZANIA INVESTMENT BANK LTD, a limited liability company incorporated under the Companies Ordinance, Cap 212 of the Laws of Tanzania and having a registered office at Mlimani City Office Park, Building No.3, along Sam Nujoma Road and of P.O. Box 9373, Dar es Salaam (hereinafter called "**the Lessor**", which expression, unless the context does not so permit, includes its successors and assigns in title)

AND

KILIMANJARO NATURAL PRODUCTS LIMITED, a limited liability company incorporated under the Companies Act, Cap 212 of the Laws of Tanzania and of P.O. Box 70576, Dar es Salaam (hereinafter called "**the Lessee**", which expression, unless the context does not so permit, includes its successors and assigns in title);

PREAMBLE

Lessor lets to Lessee, who leases the goods described hereunder upon the following terms and conditions of this agreement:

1.0 PERIOD OF LEASE

Date of Commencement of Lease: 1/08/2011

Duration of Lease: Fifty Four (54) months

Date of Termination of Lease: 31/07/2015

2.0 THE FINANCED/LEASED ASSETS:

2.1. LEASE ITEM

Item Name: Machinery for producing bottled water

Year of Manufacture:

Value of asset: TZS 132,640,000/=

Supplier: Mitsun Engineering of India

Other details: as per Annexure "A"

4.19.2 If more than one Lessee signs this agreement, the signatories shall be jointly and severally liable for Lessee's obligations. If this agreement is not signed by all persons named as Lessee above or by all partners of lessee (if a partnership), this agreement shall bind those persons who have signed as Lessee or the Lessee being a partnership, as the case may be.

4.19.3 Headings of clauses in this agreement are for reference purposes and shall not be taken into account in the Interpretation of this agreement.

4.19.4 Unless the context indicated otherwise:

4.19.4.1 Reference to any gender shall be deemed to include the other genders.

4.19.4.2 Reference to the singular shall be deemed to include the plural and vice versa.

4.19.4.3 Words, phrases and abbreviations used in these terms and conditions shall have a same meaning as in the Lease Agreement.

4.19.5 It is recorded and agreed that the Lessor carries on a business as a Bank, that the Lessor does not carry on the business of supply of assets and accordingly that it shall be the obligation of the Lessee to comply with the requirements of all laws relating to consumer protection.

IN WITNESS WHEREOF the parties hereto have duly executed these presents in the manner and on the days hereinafter appearing.

SEALED with the Common Seal of the

Said **TANZANIA INVESTMENT BANK LIMITED**

And **DELIVERED** at Dar es Salaam

in the presence of us

This 22nd day of August 2011:

LESSOR

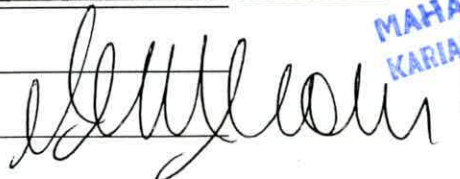
Full Names: _____

Designation: _____

Address: _____

Signature: _____

PETER M. NONI
DIRECTOR
TANZANIA INVESTMENT BANK LTD.
P.O. Box 9373
DAR-ES-SALAAM

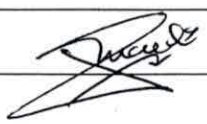


certified true copy
MAHAKAMA KARIKOO WILAYA YAKINI
14/11/11



Full Names: _____
Designation: _____
Address: _____

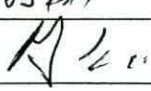
MARTHA J. J. MAEDA LEGAL COUNSEL & SECRETARY TANZANIA INVESTMENT BANK LTD. P.O. Box 9373 DAR-ES-SALAAM

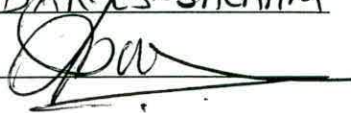
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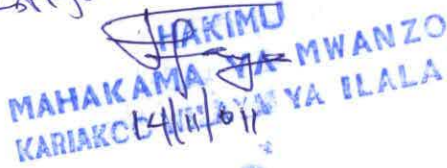
SEALED with the Common Seal of the
Said **KILIMANJARO NATURAL PRODUCTS**
LIMITED and **DELIVERED**

LESSEE

at Dar es Salaam in the presence of us
This 18 day of August 2011:

Full Names: PHILIP D. NJAY
Designation: BOARD CHAIRMAN
Address: Box 1421
Moshi
Signature: _____


Full Names: SALWATORYID NJAU
Designation: SECRETARY TO THE BOARD
Address: Box 70576
DAR-ES-SALAAM
Signature: _____


Certified true copy

MAHAKAMA YA MWANZO
KARIAKOO DAR ES SALAAM