



# MINUTE SHEET

Dokezo  
No. 10

## 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\$ 3.8 m .....
- (b) Legal entity has been incorporated under certificate

No. 84470 ..... of 07/12/2011 .....

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**

19<sup>th</sup> September, 2011

20

## EXD

In response to the TIC letter of registration dated ..... 19<sup>th</sup> September 2011 .....

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from ..... Standard Chartered LTD .....
- (c) ..... Lease Agreement as Evidence of land .....

With the above submission EXD is requested to sign Certificate of Incentives No. .... 642103 ..... herein attached.

29/09/2011



DIF

# MINUTE SHEET

Dokezo  
No.



## TIC Evaluation Report

Name of the Company  
**Azam Polysacks Ltd.**

Post Box	Pugu Road, Plot No. 74/4	COI Number	84470	Contact	Mr. Said Salim Awadh Bakhresa
Post Office	2517	COI Date	07/12/2011	Designation	Director
Region	Dar Es Salaam	Application F. No	09454	Phone	022 2180194
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0
		Sub Sector	Polyproplene Bags	Fax	022 2180167
		File No	042103	E-Mail Address	Asgar@Bakhresa.Com

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot No. 74/4	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Pugu				
District	Ilala				
Region	Dar es Salaam				
		0	0.76	0	3.04

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0
Abubakar Said Salim Bakhresa	Tanzanian	.01	Plant	3.482
Said Salim Awadh Bakhresa	Tanzanian	.01	Vehicles	0.305
Said Salim Bakhresa and Co. Ltd.	Tanzanian	99.98	Furniture & Fittings	0.013
			Pre-expenses	0
			Others	0
			Working Capital	0
			Total	3.8

Employment	150	Evaluated By	wf officer2
Capacity	20,000 bags	Drawn By	wf registry2
Project Turn Over		Project Type	Local

### Description

To establish and operate polypropylene bag manufacturing plant

### Recommendations

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

### Decision

Approved  
  
Ag EXD  
16/09/11



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

37895622

KIASI  
Amount

Shs.				Cts.	
USD	---	---	---	750	---

NIMEPOKEA KWA  
Received from

AZAM POLYSACKS LTD



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

US DOLLAR SEVEN HUNDRED FIFTY ONLY

KWA MALIPO YA  
In respect of

CERTIFICATE OF INVESTMENT

KWA FEDHA TASLIMU/HUNDI  
NAMBA By Cash/Cheque No.

DIRECT DEPOSIT 23 SEP 2011

KITUO - Station

ARM

SAHIHI YA MPOKEAJI - Receiving Officer's  
Signature

CHEO - Title  
AEO

TAREHE - Date  
26 SEP 2011



NPC-KIUTA



# AZAM POLYSACKS LIMITED

P.O. Box 2517, Dar es Salaam

Tel. No. 2864397/2862817, Mail : [ssb@raha.com](mailto:ssb@raha.com)

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Ref: APL/AV/TIC/02

26th September 2011

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

Dear Sir,

RE: NEW PP BAGS PLANT—ADDITIONAL INFORMATION FOR GRANT OF CERTIFICATE OF INCENTIVES

We are pleased to acknowledge receipt of your letter of approval for our new polypropylene bags projects by Tanzania Investment Centre vide your letter ref. No. TICC/PP.10/042103/3 dated 19th September 2011.

We are enclosing herewith a certified copy of Lease Agreement, as required by you vide your letter referred to above.

We are also enclosing a 'CASH DEPOSIT SLIP' dated 23rd September 2011 for US\$750.00 duly deposited at Standard Chartered Bank Tanzania Limited, Kariakoo Branch, Dar es Salaam in your account number 8702006002000, towards facilitation fee payable for the Certificate of incentives, as instructed in your letter.

Thanking you,

Yours truly,

For Azam Polysacks Limited

  
.....  
for Managing Director

## LEASE AGREEMENT

THIS AGREEMENT is made at Dar es Salaam on this 15<sup>th</sup> day of July, 2011.

BETWEEN

**M/S SAID SALIM BAKHRESA & CO. LTD** of P O Box 2517, Dar es Salaam (hereinafter referred to as 'the LESSOR' which expression shall, where the context so admits, include his assigns, executors and other successors in title) of the one part.

AND

**M/S AZAM POLYSACKS LIMITED** of P O Box -2517, Dar Es Salaam (hereinafter referred to as 'the LESSEE' which expression shall, where the context so admits include its assigns, executors and other successors in title) of the other part.

WHEREAS, the LESSOR is the owner of Plot No. 74/4, Nyerere Road, Dar es Salaam (hereinafter referred to as 'demised premises').

AND WHEREAS the LESSOR has agreed to let the demised premises referred hereinabove on the terms and conditions contained hereinafter

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


- a) The Lessor hereby demises unto the Lessee the demised premises to hold the same for a period of 5.5 (Five and a half) months commencing on the 15<sup>th</sup> day of July 2011 (hereinafter called 'effective date') (renewable by mutual agreement) at a monthly rent of Tzs 5,000,000/- (Shillings Five Million) per month (VAT EXCLUSIVE) payable on monthly basis in advance.
- b) To pay the rent reserved herein without any deduction whatsoever in the manner upon the dates herein agreed and further to pay taxes normally obligatory to Lessee to concerned authorities.
- c) To pay all charges for electricity and telephones, if any, in respect of the demised premises accrued and payable during the tenure of the lease and upon expiration to provide documentary evidence for having settled all the above referred charges.
- d) Not (without the previous consent in writing of the Lessor) to make any alterations or additions to the demised premises or to cut, maim or injure any walls, structures or timber thereof.
  - Upon receipt of consent from the Lessor the Lessee, to comply with all regulations and to pay all statutory fees and expenses arising as a result of these alterations.

Certified as a True Copy of the Original

  
-----  
MWANAFUMO M. MOHAMED  
Advocate, Notary Public & Commissioner for Oaths

- All materials, fixtures and other objects used in the work shall become the property of the Lessor and on completion or termination of the agreement the Lessee shall not remove them or allow their removal.
  - To be liable for and to indemnify the Lessor for any expenses, liability, loss or proceedings arising in the course of or out of the work done.
- e) To maintain the demised premises, including all additions thereto, fixtures, doors, windows, locks, sanitary, water apparatus, electric wiring, furniture, electrical equipments etc in good repair and tenable condition fair wear and tear excepted.
- f) Not to keep or permit to be kept on the demised premises any materials of dangerous or explosive nature or the keeping of which may contravene any statutes or local regulations or by-laws or to carry on or to do anything that may constitute a nuisance of public or private nature or be a cause of disturbance or annoyance, or danger to neighbors or the public.
- g) To permit the Lessor or its agents or servants by reasonable prior notice, and at all reasonable hours to enter and view the condition of the demised premises and in the event of any repairs being necessary to carry out the same within one month of receiving a notice to do so and certainly prior to vacating the premises (subject to the same being the Lessee's responsibility).
- h) Not to assign, sublet or part with possession of the demised premises without the previous written consent of the Lessor. In the case of a Company any misdemeanors or breaches of the occupants shall be automatically imputed upon the Company, Tenant, Lessee, jointly and severally in all respects with the occupant, and or on the person committing the breach or misdemeanor. Such breach includes those committed by the agents, employees or invitees of the Lessee, whether by carelessness or negligence.
- i) Not to do or permit or suffer to be done anything whereby any insurance of the demised premises against loss or damage by fire or other risks covered by the Lessor's insurance policy may become void or avoidable or whereby the rate of premium for such insurance may be increased and in such case to reimburse the Lessor all such excess premium and to make good any losses suffered due to non-coverage of such occurrence.
- j) To yield up peaceably the demised premises to the Lessor or to its agent or nominee at the expiration of the fixed term aforesaid in good and tenable repair and condition in accordance with the covenants herein before contained allowing for normal wear and tear.
- k) To give notice of at least two months before the expiry of the term hereby created to the Lessor expressing his (Lessee's) intention whether or not to renew the lease for a further term. In the absence of such notice the Lessor may assume continuation of the existing lease for another period of twelve months.

Certified as a True Copy of the Original

  
-----  
MWANAFUMO M. MOHAMED  
Advocate, Notary Public & Commissioner for Oaths

2) THE LESSOR HEREBY COVENANTS WITH THE LESSEE as follows:

To pay all existing and future land rates and taxes in respect of the demised premises.

3) PROVIDED THAT IT IS MUTUALLY AGREED AND DECLARED as follows:

- That if the rent hereby reserved or any part thereof shall at any time be in arrears and unpaid for twenty one days after the same shall have become due (whether formally or legally demanded or not) or if the Lessee shall at any time fail or neglect to perform or observe any of the covenants and obligations herein contained and its part to be performed and observed the Lessor shall be entitled to re-enter and take possession of the demised premises without prejudice to any antecedent or other claims that either party shall have against the other.
- The Lessor shall be authorized to recover any claims, losses or damage suffered due to an act of the Lessee from the security deposit paid by the Lessee without prejudice to the any other rights of the Lessor to claim the amount directly from the Lessee.
- In the event of claim arising from or in connection with this agreement which is not mutually settled by the parties thereto such dispute or claim may be referred by either party to court or tribunal in Dar es Salaam Tanzania for adjudication and settlement.

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

SIGNED for and on behalf of the said )

SAID SALIM BAKHRESA & CO. LTD)

In the presence of: SAID SALIM AWADH )

Name: )  
Signature: )

Address: P.O. Box 2517, DSM )

Qualification: DIRECTOR )

SAID SALIM BAKHRESA & CO. LTD.  
P. O. Box 2517  
DAR-ES-SALAAM  
Tel: 2180194 Fax: 2180167  
**LESSOR**

AZAM POLYSACKS LTD )

In the presence of: )

Name: ALI SALEH KARAMA )

Signature: )

Address: P.O. Box 2517, DSM )

Qualification: COMPANY SECRETARY )

.....  
**LESSEE**

AZAM POLYSACKS LIMITED  
P. O. Box 2517,  
DAR ES SALAAM

STAMP DUTY

Shs. 2600,000= Collected

Receipt No: 1155 Dated 15/8/2011

Sign: )

LARGE TAXPAYERS DEPARTMENT

Certified as a True Copy of the Original

MWAFUMO M. MOHAMED  
Advocate, Notary Public & Commissioner for Oaths

THE UNITED REPUBLIC OF TANZANIA  
**TANZANIA INVESTMENT CENTRE**

Telegraphic Address: "INVEST"  
Tel: No: (255)-22-2116328  
Fax: (255-22) -2118253  
E-mail: information@tic.co.tz  
Website: www.tic.co.tz  
In reply please quote:

Ref. No: **TICC/PP.10/042103/3**



Shaaban Robert Street  
P.O. Box 938,  
DAR ES SALAAM.

19<sup>th</sup> September, 2011

Managing Director,  
Azam Polysacks Ltd.,  
P.O. Box 2517,  
**DAR ES SALAAM**

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE  
ESTABLISHMENT AND OPERATION OF POLYPROPYLENE BAG  
MANUFACTURING PLANT**

We wish to acknowledge receipt of your project proposal to establish and operate polypropylene bag manufacturing plant as presented in the TIC P.A. 1 Form No. 09454 and Feasibility Study with a projected investment of USD 3.8m.

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

- Certified document showing evidence of Land ownership for the location of the project. (To certify the Lease Agreement)

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.10/042103/3

19<sup>th</sup> September, 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**

  
B.D. Chonjo

**FOR: EXECUTIVE DIRECTOR**

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

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

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

3

TICC/PP.10/042103/3

19<sup>th</sup> September, 2011

Managing Director,  
Azam Polysacks Ltd.,  
P.O. Box 2517,  
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US Dollar A/C 8702006002000  
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B.D. Chonjo

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**DAR ES SALAAM**

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

**TICC/PP.10/042103/6**

**28/10/2011**

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

Dear Sir,

**RE: DUTY/VAT REMISSIONS ON THE CAPITAL/DEEMED  
CAPITAL GOODS OF CERTIFICATE OF INCENTIVES NO.  
042103**

**M/S Azam Polysacks Limited** is a TIC registered company with certificate of incentives **No. 042103** which is valid up to **August 2014**

The company has been registered with objectives of establishing and operating polypropylene bag manufacturing plant.

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

Yours sincerely  
**TANZANIA INVESTMENT CENTRE**

  
N.A. Senzia  
**FOR: EXECUTIVE DIRECTOR**



# AZAM POLYSACKS LIMITED

P.O. Box 2517, Dar es Salaam  
Tel. No. 2864397/2862817, Mail : ssb@raha.com

5

Ref: APL/AV/TIC/AZAM/10

6<sup>th</sup> October 2011

The Commissioner For Customs & Excise  
Tanzania Revenue Authority  
Dar Es Salaam



Sir,

**RE: EXEMPTION OF DUTY & VAT ON PROCUREMENT OF CAPITAL GOODS & DEEMED CAPITAL GOODS FOR THE POLYPROPYLENE BAGS MANUFACTURING PROJECT VIDE CERTIFICATE OF INCENTIVE NO 00218054 DATED 29<sup>th</sup> SEPTEMBER 2011.**

We have been granted a Certificate Of Incentive No 00218054 to establish Polypropylene Bags Manufacturing Project for manufacture of Polypropylene Bags at Plot No 74/4, Nyerere Road, Dar Es Salaam.

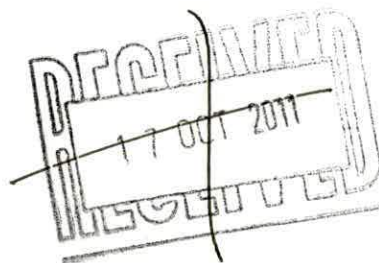
The above project will be implemented in a phased manner by August 2014 & we are enclosing a list of items which are required immediately for the above project.

We request you to grant us the exemption from import duty & deferment of VAT.

Yours truly,

For Azam Polysacks Limited

(Company Secretary)





00218054

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042103

**This is to certify that**

AZAM POLYSACKS LIMITED

of address P.O. BOX 2517

DAR ES SALAAM

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

AZAM POLYSACKS LIMITED

Which is located at PLOT NO. 74/4 NYERERE ROAD, ILALA

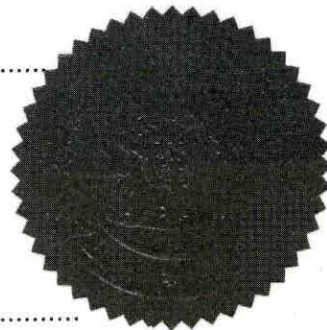
DAR ES SALAAM

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

  
Ag. Executive Director

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

Dated 29TH SEPTEMBER 2011



CTIN.:

1501334

ISO 9001:2008 Certified



# TANZANIA REVENUE AUTHORITY

## CERTIFICATE OF REGISTRATION

FOR

**TAXPAYER IDENTIFICATION NUMBER (TIN)**

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

**THIS IS TO CERTIFY THAT**

.....  
AZAM POLYSACKS LIMITED  
.....

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

.....  
114-524-700  
.....

with effect from ..... 05-09-2011 .....

A handwritten signature in black ink, appearing to read 'P. N. Kassera', is written over a rectangular stamp.

P. N. Kassera

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

**Azam Polysacks Ltd**

**Project for Manufacture of Polypropylene bags**

**List of Capital and Deemed Capital items**

Sl. No.	Description	Qty	Unit	
1	Complete Block Bottom Valve bag Conversion Line	2	Nos	
2	Complete Extrusion Coating Line	1	Nos	
3	Nano Perforation unit	1	Nos	
4	Complete Weaving Loom	30	Nos	
5	Complete Printing Machine for PP Bags	1	Nos	
6	Complete fully autom. Conversion line of PP Bags	1	Nos	
7	Complete Recycling Plant for recycling of plastic waste	2	Nos	
8	Stitching machine	30	Nos	
9	CCTV camera	50	Nos	
10	Bailing press	2	Nos	
11	Chillers	5	Nos	
12	Weighing Scales	5	Nos	
13	Air Compressor	3	Nos	
14	Voltage Stabilizer	3	Nos	
15	LV Electrical Panel up to 4000 A	4	Nos	
16	Automatic Circuit Breakers with accessories	5	Nos	
17	Main LV Switchboard up to 1600 A	2	Nos	
18	Transformer exceeding 1000 KVA with accessories	2	Nos	
19	Panel Board for voltage exceeding 1000V	2	Nos	
20	Panel Board for voltage less than 1000V	5	Nos	
21	Complete Generator with accessories exceeding 1000 KVA	2	Nos	
22	Complete Generator with accessories less than 1000 KVA	1	Nos	
23	48VDC Ni-Cd Batteries & Charger	5	Nos	
24	MV Termination Kit 33kv Grade	2	Nos	
25	Cable 3 x 95sqmmm Cu 36Kv XLPE/SWA/	500	Mtrs	
26	Cable 1x630sqmm PAC/XLPE 1kv	800	Mtrs	
27	Cable 1x500sqmm Cu PVC/XLPE 1kv	400	Mtrs	
28	Cable 1x400sqmm Cu PVC/XLPE 1kv	500	Mtrs	
29	Cable 1x185sqmm PVC/XLPE 1kv	500	Mtrs	
30	Cable 4 x 240sqmmm Cu PVC/SWA/XLPE 1kV	1,000	Mtrs	
31	Cable 4x185sqmm Cu /PVC/SWA/PVC 1kv	500	Mtrs	
32	Cable 4x150sqmm PAC/SWA/PVC 1kv	300	Mtrs	
33	Cable 4x120sqmm Cu PVC/SWA/PVC 1kv	1,000	Mtrs	
34	Production line Pallets	5,000	Nos	
35	Cable 4x95sqmm Cu PVC/SWA/PVC 1kv	500	Mtrs	
36	Cable 4x70sqmm Cu/PVC/SWA/PVC 1kv	500	Mtrs	
37	Cable 4x50sqmm Cu PVC/SWA/PVC 1kv	200	Mtrs	
38	Earthing Cable	1,000	Mtrs	
39	Cable Lugs -assorted sizes	200	Nos	
40	Cable 4x35sqmm PVC/SWA/XLPE 1kv	100	Mtrs	
41	Cable 1x95sqmm bare Copper	500	Mtrs	
42	Copper Earth Rods with clamps-assorted	200	Mtrs	
43	Cable 1x70sqmm bare Copper	1,000	Mtrs	
44	Cable Glands -assorted size	200	Nos	
45	Steel Structures for factory and warehouses	1,000	MT	
46	Storage Racks	5	Sets	
47	Forklift Trucks	5	Nos	
48	Fire Extinguishers	50	Nos	
49	Pallet jack trolley	50	Nos	
50	Motor Utility Vehicles with payload upto 10 tonnes	5	Nos.	
51	Motor Utility Vehicles with payload more than 10 tonnes	2	Nos.	
52	Trailers more than 10 tonnes	2	Nos	
53	Lift	2	Nos	
54	Granite /Floor Tiles	5,000	Sq Mtrs	

12/10/2011





00218054

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042103

**This is to certify that**

AZAM POLYSACKS LIMITED

of address P.O. BOX 2517

DAR ES SALAAM

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

AZAM POLYSACKS LIMITED

Which is located at PLOT NO. 74/4 NYERERE ROAD, ILALA

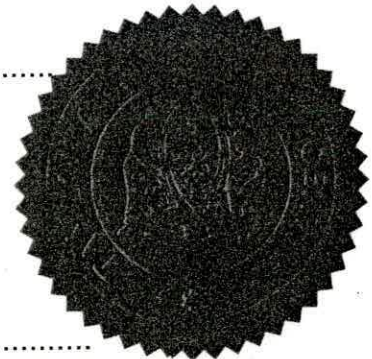
DAR ES SALAAM

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

Ag. Executive Director

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

Dated 29TH SEPTEMBER 2011



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 (%)
Abubakar Said Salim Bakhresa	Tanzanian	0.01
Said Salim Awadh Bakhresa	Tanzanian	0.01
Said Salim Bakhresa and Co. Ltd	Tanzanian	99.98
2. Proposed Activities: To establish and operate polypropylene bag manufacturing plant
3. Sector: Manufacturing Subsector: Polypropylene Bags
4. Investment cost: Foreign — Local USD 3.8m. Total USD 3.8m.
5. Project Financing: Equity USD 0.76m. Loans USD 3.4m. Total USD 3.8m.
6. Source, terms and conditions of loan
7. Assets to be invested:  

Capital items:	Foreign	Local	Total
	—	USD 3.8m.	USD 3.8m.
8. Technology Agreement: None
9. Date of TIC Registration: 19th September 2011
10. Implementation period: September 2011 - August 2014
11. Operative date: September 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

**Azam Polysacks Ltd**  
**Project for Manufacture of Polypropylene bags**  
**List of Capital and Deemed Capital items**

Sl. No.	Description	Qty	Unit	
1	Complete Block Bottom Valve bag Conversion Line	2	Nos	
2	Complete Extrusion Coating Line	1	Nos	
3	Nano Perforation unit	1	Nos	
4	Complete Weaving Loom	30	Nos	
5	Complete Printing Machine for PP Bags	1	Nos	
6	Complete fully autom. Conversion line of PP Bags	1	Nos	
7	Complete Recycling Plant for recycling of plastic waste	2	Nos	
8	Stitching machine	30	Nos	
9	CCTV camera	50	Nos	
10	Bailing press	2	Nos	
11	Chillers	5	Nos	
12	Weighing Scales	5	Nos	
13	Air Compressor	3	Nos	
14	Voltage Stabilizer	3	Nos	
15	LV Electrical Panel up to 4000 A	4	Nos	
16	Automatic Circuit Breakers with accessories	5	Nos	
17	Main LV Switchboard up to 1600 A	2	Nos	
18	Transformer exceeding 1000 KVA with accessories	2	Nos	
19	Panel Board for voltage exceeding 1000V	2	Nos	
20	Panel Board for voltage less than 1000V	5	Nos	
21	Complete Generator with accessories exceeding 1000 KVA	2	Nos	
22	Complete Generator with accessories less than 1000 KVA	1	Nos	
23	48VDC Ni-Cd Batteries & Charger	5	Nos	
24	MV Termination Kit 33kv Grade	2	Nos	
25	Cable 3 x 95sqmmm Cu 36Kv XLPE/SWA/	500	Mtrs	
26	Cable 1x630sqmm PAC/XLPE 1kv	800	Mtrs	
27	Cable 1x500sqmm Cu PVC/XLPE 1kv	400	Mtrs	
28	Cable 1x400sqmm Cu PVC/XLPE 1kv	500	Mtrs	
29	Cable 1x185sqmm PVC/XLPE 1kv	500	Mtrs	
30	Cable 4 x 240sqmmm Cu PVC/SWA/XLPE 1kv	1,000	Mtrs	
31	Cable 4x185sqmm Cu /PVC/SWA/PVC 1kv	500	Mtrs	
32	Cable 4x150sqmm PAC/SWA/PVC 1kv	300	Mtrs	
33	Cable 4x120sqmm Cu PVC/SWA/PVC 1kv	1,000	Mtrs	
34	Production line Pallets	5,000	Nos	
35	Cable 4x95sqmm Cu PVC/SWA/PVC 1kv	500	Mtrs	
36	Cable 4x70sqmm Cu/PVC/SWA/PVC 1kv	500	Mtrs	
37	Cable 4x50sqmm Cu PVC/SWA/PVC 1kv	200	Mtrs	
38	Earthing Cable	1,000	Mtrs	
39	Cable Lugs -assorted sizes	200	Nos	
40	Cable 4x35sqmm PVC/SWA/XLPE 1kv	100	Mtrs	
41	Cable 1x95sqmm bare Copper	500	Mtrs	
42	Copper Earth Rods with clamps-assorted	200	Mtrs	
43	Cable 1x70sqmm bare Copper	1,000	Mtrs	
44	Cable Glands -assorted size	200	Nos	
45	Steel Structures for factory and warehouses	1,000	MT	
46	Storage Racks	5	Sets	
47	Forklift Trucks	5	Nos	
48	Fire Extinguishers	50	Nos	
49	Pallet jack trolley	50	Nos	
50	Motor Utility Vehicles with payload upto 10 tonnes	5	Nos.	
51	Motor Utility Vehicles with payload more than 10 tonnes	2	Nos.	
52	Trailers more than 10 tonnes	2	Nos	
53	Lift	2	Nos	
54	Granite /Floor Tiles	5,000	Sq Mtrs	

Approved  
 12/10/2011  
 DAR-ES-SALAAM

ARCHITECTS AND QUANTITY SURVEYORS  
 COST PLAN GROUP  
 QPL.18.50.7/01  
 Sign: *[Signature]*  
 REGISTRATION BOARD  
 TANZANIA



## TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/8

10<sup>th</sup> November, 2011

The Managing Director,  
M/s Azam Polysacks Ltd,  
P. O. Box 2517,  
**Dar es salaam**

Dear Sir,

**RE: DUTY/VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS-  
CERTIFICATE OF INCENTIVES NO. 042103 OF 29.09.2011**

We are writing in response to your letter Ref. APL/AV/TIC/AZAM/10 dated 06.10.2011 and letter TICC/PP.10/042103/6 of 28.10.2011 from Tanzania Investment Centre regarding the captioned subject.

We hereby approve and submit **one-page list** of capital/deemed capital goods for facilitation of the project with the certificate of incentives mentioned above. However, the approved vehicles should be of less than ten years old at the time of importation.

The approved goods will be subject to 0% import duty and VAT relief under the 3<sup>rd</sup> Schedule to the VAT Act, 1997; subject to completion of form VAT 224 duly approved by the Commissioner for Customs and Excise.

Sincerely yours,

  
Godfrey Kitundu

**For: COMMISSIONER FOR CUSTOMS AND EXCISE**

RM/-

- c.c. Manager - Tax exemptions
- c.c. Regional Manager - Temeke
- c.c. Manager - Customs Service Centre

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

**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



# AZAM POLYSACKS LIMITED

P.O. Box 2517, Dar es Salaam

1

Ref: APL/AV/TIC/AZAM/SEPT/01

7<sup>th</sup> September 2011

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



Sir,

**RE: Submission of TIC application for new Polypropylene Bags Plant**

We are pleased to submit the application for the above project along with the following:-

- 1) 3 Copies of Feasibility Study Report
- 2) Copy of the Company's Memorandum & Article Of Association
- 3) Copy of Certificate Of Incorporation
- 4) Covering Letter and 3 Copies of TIC Application Forms duly filled in.
- 5) Company Board Resolution to register the Project with TIC
- 6) Lease Agreement
- 7) Credit Facility Letter

We request you to approve the New Polypropylene Bags Project and grant the certificate of incentives at the earliest.

In case you need any further clarifications, kindly let us know.

Thanking you,

Yours truly,

For Azam Polysacks Limited

  
.....  
(Director)





# 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](mailto:information@tic.co.tz)

Website: [www.tic.co.tz](http://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 ..... SAID SALIM AWADH BAKHRESA .....  
(director/directors/agent of ..... AZAM POLYSACKS LIMITED .....  
(name of business enterprise) apply for registration of ..... AZAM POLYSACKS LIMITED .....  
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at ..... PLOT NO. 74/4, PUGU ROAD, .....  
..... P.O. BOX 2517, DAR ES SALAAM. ....

Copies of the following documents are attached to this application:

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

3. The Head Office of the Company will be situated at ..... PLOT NO. 74/4, PUGU ROAD, .....  
..... DAR ES SALAAM .....  
4. The Principal Officers of the Company are .....  
..... 1. MR. SAID SALIM AWADH BAKHRESA - DIRECTOR .....  
..... 2. MR. ABUBAKAR SAID SALIM BAKHRESA - DIRECTOR .....  
5. Auditors of the Company are ..... BAKER TILLY DGP & CO. , P.O. BOX 1314, .....  
..... DAR ES SALAAM .....  
6. The authorized share capital of the Company is Tshs. ~~1000,000,000/=~~ ..... 1,000,000,000/= .....  
..... (Shwinge One Billion Only) .....  
.....

## APPLICATION SUMMARY

Company Name: AZAM POLYSACKS LIMITED

Certificate of Incorporation Number: 84470

Status: PRIVATE LIMITED

Certificate of Incorporation Date: 12<sup>TH</sup> JULY 2011 ..... COMPANY.....

Post Box: 2517

Town: DAR ES SALAAM

Sector: PRIORITY

Sub-Sector: MANUFACTURING

### Investment Financing Plan in Million US\$/Tshs.

Foreign Equity

Local Equity

Foreign Loan

Local Loan

NIL

760,000/=

NIL

3040,000/=

Project Objectives: To produce Polypropylene bags within country to reduce gap between demand and supply of such bags in Tanzania

Capacity: 20,000,000 bags (installed)

Employment: Foreign: 5 Local: 145 Total: 150

Implementation Period: 2 YEARS

### Project Location

Site/Plot/Block No.: 74/4

Street: PUGU ROAD District: ILALA Region: DARES SALAAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
① SAID SALIM BAKHRESA f CO. LIMITED	TANZANIAN	99.98
② MR. SAID SALIM AWADH BAKHRESA	TANZANIAN	0.01
③ MR. ABUBAKAR SAID SAUM BAKHRESA	TANZANIAN	0.01
.....	.....	.....
.....	.....	.....

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

Land/Building	.....
Plant	..... 3,482,000/=
Vehicles	..... 305,000/=
Furniture & Fittings	..... 13,000/=
Pre-expenses	..... -
Others	..... -
Working Capital	..... -
<b>TOTAL</b>	..... 3,800,000/=

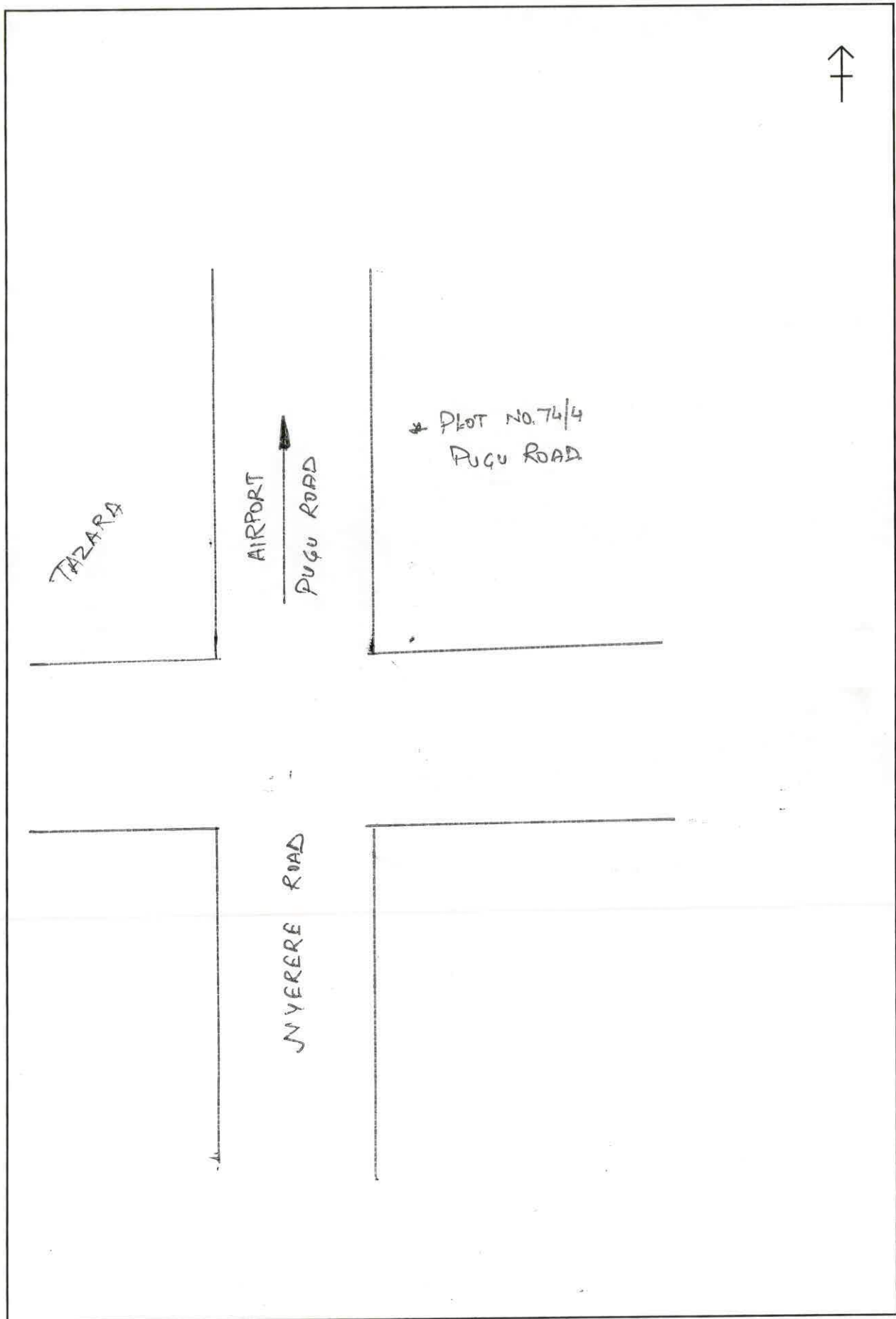
**Contact Details:**

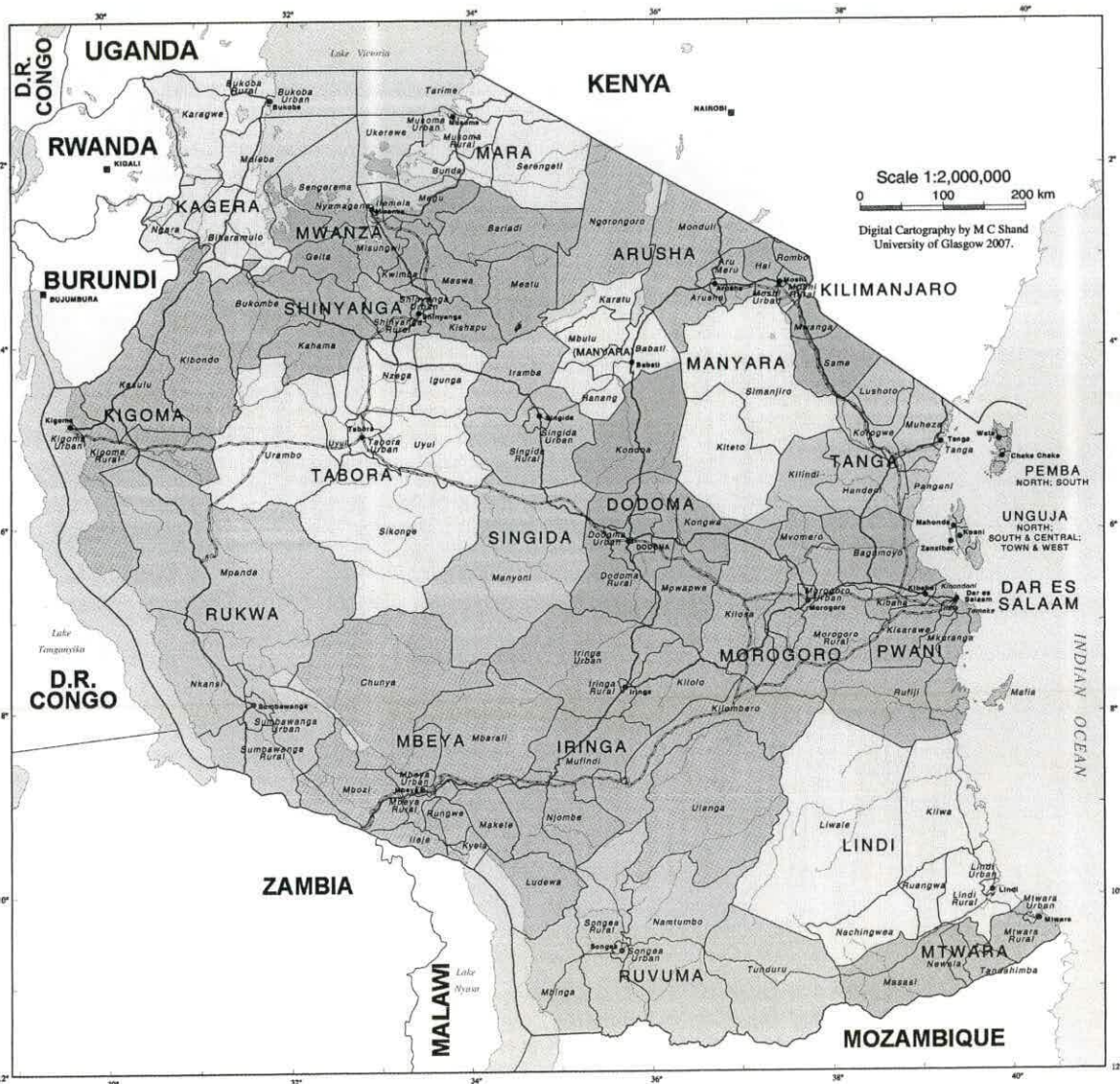
Name: SAID SALIM AWADH BAKHRESA      Title: DIRECTOR  
Telephone: 2180194      Fax: 2180167  
Email: asgar@bakhresa.com

**Payments to be made payable to:**

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

# SKETCH MAP SHOWING PROJECT LOCATION





# LEASE AGREEMENT

THIS AGREEMENT is made at Dar es Salaam on this 15<sup>th</sup> day of July, 2011.

*BETWEEN*

**M/S SAID SALIM BAKHRESA & CO. LTD** of P O Box 2517, Dar es Salaam (hereinafter referred to as 'the LESSOR' which expression shall, where the context so admits, include his assigns, executors and other successors in title) of the one part.

*AND*

**M/S AZAM POLYSACKS LIMITED** of P O Box -2517, Dar Es Salaam (hereinafter referred to as 'the LESSEE' which expression shall, where the context so admits include its assigns, executors and other successors in title) of the other part.

WHEREAS, the LESSOR is the owner of Plot No. 74/4, Nyerere Road, Dar es Salaam (hereinafter referred to as 'demised premises').

AND WHEREAS the LESSOR has agreed to let the demised premises referred hereinabove on the terms and conditions contained hereinafter

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

- a) The Lessor hereby demises unto the Lessee the demised premises to hold the same for a period of 5.5 (Five and a half) months commencing on the 15<sup>th</sup> day of July 2011 (hereinafter called 'effective date') (renewable by mutual agreement) at a monthly rent of Tzs 5,000,000/- (Shillings Five Million) per month (VAT EXCLUSIVE), payable on monthly basis in advance.
- b) To pay the rent reserved herein without any deduction whatsoever in the manner upon the dates herein agreed and further to pay taxes normally obligatory to Lessee to concerned authorities.
- c) To pay all charges for electricity and telephones, if any, in respect of the demised premises accrued and payable during the tenure of the lease and upon expiration to provide documentary evidence for having settled all the above referred charges.
- d) Not (without the previous consent in writing of the Lessor) to make any alterations or additions to the demised premises or to cut, maim or injure any walls, structures or timber thereof.
  - Upon receipt of consent from the Lessor the Lessee, to comply with all regulations and to pay all statutory fees and expenses arising as a result of these alterations.

- All materials, fixtures and other objects used in the work shall become the property of the Lessor and on completion or termination of the agreement the Lessee shall not remove them or allow their removal.
  - To be liable for and to indemnify the Lessor for any expenses, liability, loss or proceedings arising in the course of or out of the work done.
- e) To maintain the demised premises, including all additions thereto, fixtures, doors, windows, locks, sanitary, water apparatus, electric wiring, furniture, electrical equipments etc in good repair and tenantable condition fair wear and tear excepted.
- f) Not to keep or permit to be kept on the demised premises any materials of dangerous or explosive nature or the keeping of which may contravene any statutes or local regulations or by-laws or to carry on or to do anything that may constitute a nuisance of public or private nature or be a cause of disturbance or annoyance, or danger to neighbors or the public.
- g) To permit the Lessor or its agents or servants by reasonable prior notice, and at all reasonable hours to enter and view the condition of the demised premises and in the event of any repairs being necessary to carry out the same within one month of receiving a notice to do so and certainly prior to vacating the premises (subject to the same being the Lessee's responsibility).
- h) Not to assign, sublet or part with possession of the demised premises without the previous written consent of the Lessor. In the case of a Company any misdemeanors or breaches of the occupants shall be automatically imputed upon the Company, Tenant, Lessee, jointly and severally in all respects with the occupant, and or on the person committing the breach or misdemeanor. Such breach includes those committed by the agents, employees or invitees of the Lessee, whether by carelessness or negligence.
- i) Not to do or permit or suffer to be done anything whereby any insurance of the demised premises against loss or damage by fire or other risks covered by the Lessor's insurance policy may become void or avoidable or whereby the rate of premium for such insurance may be increased and in such case to reimburse the Lessor all such excess premium and to make good any losses suffered due to non-coverage of such occurrence.
- j) To yield up peaceably the demised premises to the Lessor or to its agent or nominee at the expiration of the fixed term aforesaid in good and tenantable repair and condition in accordance with the covenants herein before contained allowing for normal wear and tear.
- k) To give notice of at least two months before the expiry of the term hereby created to the Lessor expressing his (Lessee's) intention whether or not to renew the lease for a further term. In the absence of such notice the Lessor may assume continuation of the existing lease for another period of twelve months.

**2) THE LESSOR HEREBY COVENANTS WITH THE LESSEE as follows:**

To pay all existing and future land rates and taxes in respect of the demised premises.

**3) PROVIDED THAT IT IS MUTUALLY AGREED AND DECLARED as follows:**

- That if the rent hereby reserved or any part thereof shall at any time be in arrears and unpaid for twenty one days after the same shall have become due (whether formally or legally demanded or not) or if the Lessee shall at any time fail or neglect to perform or observe any of the covenants and obligations herein contained and its part to be performed and observed the Lessor shall be entitled to re-enter and take possession of the demised premises without prejudice to any antecedent or other claims that either party shall have against the other.
- The Lessor shall be authorized to recover any claims, losses or damage suffered due to an act of the Lessee from the security deposit paid by the Lessee without prejudice to the any other rights of the Lessor to claim the amount directly from the Lessee.
- In the event of claim arising from or in connection with this agreement which is not mutually settled by the parties thereto such dispute or claim may be referred by either party to court or tribunal in Dar es Salaam Tanzania for adjudication and settlement.

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

**SIGNED** for and on behalf of the said )

**SAID SALIM BAKHRESA & CO. LTD)**

In the presence of: SAID SALIM AWADH )

Name: )  
Signature: *Said Salim Awadh* )

Address: P. O. Box 2517, DSM )

Qualification: DIRECTOR )

SAID SALIM BAKHRESA & CO. LTD.  
P. O. Box 2517  
DAR-ES-SALAAM  
Tel: 2180194 Fax: 2180167  
**LESSOR**

**AZAM POLYSACKS LTD )**

In the presence of: )

Name: ALI SALEH KARAMA )

Signature: *Ali Saleh Karama* )

Address: P. O. Box 2517, DSM )

Qualification: COMPANY SECRETARY )

.....  
**LESSEE**

AZAM POLYSACKS LIMITED  
P. O. Box 2517,  
DAR ES SALAAM

**STAMP DUTY**

Shs. = 600,000 = ..... Collected

6<sup>th</sup> September, 2011

STRICTLY PRIVATE AND CONFIDENTIAL

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

**RE: Azam Polysacks Limited**

Azam Polysacks Limited is maintaining accounts with Standard Chartered Bank and the accounts are operating satisfactorily. We are not aware of any adverse information on the Company or their Directors. Currently the company has been granted credit facilities amounting to USD 10.75 million with Standard Chartered Bank to finance their working capital requirement

We believe that the company and its directors will not commit themselves to any obligations which they are not able to honor.

Please note that the given information is strictly confidential and is for your private use only without any guarantee or responsibility on the part of the bank or its officials.

Please do not hesitate to contact me for any further information you may require

Yours sincerely



---

**Alfred Shao**  
**Relationship Manager**  
**Origination & Client Coverage**

# ***AZAM POLYSACKS LIMITED***

**PP WOVEN BAGS MANUFACTURING PLANT**

**AT PLOT NO.74/4, PUGU ROAD,**  
**DAR ES SALAAM**

**-----AN INVESTMENT PROPOSAL-----**

September 2011  
DAR ES SALAAM

# CONTENTS

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# ANNEXURE

ANNEX I MAJOR ASSUMPTIONS USED

ANNEX II ORGANISATION STRUCTURE

ANNEX III PROFORMA FOR SUPPLY OF PP BAGS PLANT AND MACHINERY

ANNEX IV PROJECTIONS AND OTHER STATEMENTS

- CAPITAL INVESTMENT
- FINANCING PLAN
- DEBT SERVICING SCHEDULE
- DEPRECIATION SCHEDULE
- PRODUCTION FORECAST
- COST OF SALES
- SALES AND ADMINISTRATIVE EXPENSES
- SALARIES AND WAGES
- WORKING CAPITAL SCHEDULE
- PROFIT AND LOSS ACCOUNT
- CASH FLOWS
- BALANCE SHEET

## **1.0. EXECUTIVE SUMMARY**

This is an investment proposal by M/S Azam Polysacks Limited (Subsidiary of M/s Said Salim Bakhresa and Company Limited (SSBC) to setup a new project to manufacture PP Woven bags. The project will involve setting up of the New Polypropylene Woven Bags plant (20 million bags per year capacity) at Plot No.74/4, Pugu Road, Dar Es Salaam.

This project will supply packing material for the products for its prospective customers dealing in cement, wheat flour etc. It will also supply bags to its targeted buyers being manufacturers of sugar, fertilisers and chemicals and also export to neighbouring countries.

Excluding initial working capital, the project is estimated to cost US\$3.8 million, the major components of which being that of Plant and machinery US\$ 3.48 million, Furniture and Motor vehicles US\$ 0.32 million. The operations will be carried out at rented premises owned by Said Salim Bakhresa & Co. Limited.

The financing of the project would be by way of credit from banks and internal funds. The initial working capital will be financed by SSBC from internal sources. The project will start commercial operations beginning January 2012 after completion of plant and machinery erection, commissioning and trial run and training by the end of December 2011.

The new plant is projected to attain 80% capacity utilization by 2014 and hence will be producing 16 million PP bags worth US\$ 4.72 million per annum by the end of third year generating a pre-tax profit of US\$ 0.79 million and after adjusting the capital allowances, the Government will earn corporate income tax of US\$ 0.33 million.

The new project has a lot of economic and social benefits including that of generating direct employment to 150 Tanzanians.

It is therefore financially attractive and economically desirable to warrant the Tanzania Investment Centre's approval and support.

**In summary project highlights are:**

1. Description of the Project

To set up a new project to manufacture Polypropylene bags (capacity of 20 million per year) to support the packing material requirement local and export markets at Dar Es Salaam at plot No. 74/4, Pugu Road, Dar Es Salaam.

2. Type of Enterprise

Polypropylene bags manufacturing plant.

3. Investment Cost (in million)

Foreign	US\$ NIL
Local	US\$ 3.8
Total	US\$ 3.8

4. Project Financing (in million)

Loans	US\$ 3.04
Internal funds	US\$ 0.76

5. Source, Terms and Conditions of Loan

Loan from SCB Ltd. @ 4% per annum

6. Technology agreement

None

7. Implementation period

September 2011 to December 2011

8. Operative date

January 2012

## **2.0. PROJECT BACKGROUND**

### **2.1. Introduction**

The parent company, Said Salim Bakhresa and Company Limited (SSBC) since its incorporation in 1983 has concentrated in the wheat grain milling industry as its core business. The company currently owns wheat mills in Tanzania with a total capacity of 1,750 metric tons per day.

Apart from this it has 70 metric ton maize mill in Tanzania. SSBC is milling the wheat grain and producing super fine variety of wheat flour for home consumption as well as export. The wheat bran is also exported. It is estimated that SSBC and its sister companies alone require 8 million PP bags per year.

The supply and demand gap for Block Bottom Valve Polypropylene bags and normal polypropylene bags in Tanzania is high. The demand for bags is ever increasing in view of its multiple benefits. Industries such as sugar, flour, cement, chemical and other commodities require PP bags as packing material due to its durability. It shares many advantages compared to other style sacks such as high strength, low cost, high filling speed, suitable for automatic insert filling line, great environment protection, stably palletize, high efficient transportation, easy remark, etc. Besides these bags can be sealed without the use of glue, only by applying hot air and pressure.

Further, the company is getting huge orders in its PP bags division and thus, to cater to outside customers, the company has considered investing in this PP bags manufacturing plant expansion project in Dar Es Salaam.

### **2.2. PROMOTERS AND OWNERS**

#### **2.2.1. The Company:**

The project is owned by M/s Azam Polysacks Limited, 100% subsidiary of M/S Said Salim Bakhresa & Company Limited.

#### **2.2.2. Shareholders and Directors:**

Azam Polysacks Limited has a paid up capital of Tzs 1 Billion, fully owned by M/s Said Salim Bakhresa & Co. Limited, with Mr. Said Salim Bakhresa and Mr. Abubakar Bakhresa holding 1 share each.

All the shareholders are Tanzanians and also directors in the company constituting the Board of Directors.

### **2.2.3. Industrial experience:**

The parent company, SSBC was incorporated on 7<sup>th</sup> June 1983 as a private limited liability company in Tanzania. The main business of the company is milling of wheat grain to produce wheat flour for bakery and ordinary consumption i.e., for the industrial market segment and for the house hold market segment.

The Board of Directors runs the company and Mr. Said Salim Awadh is the Chairman and Managing Director. The day to day affairs of the company are looked after by Mr. Said and Mr. Abubakar, Executive Director.

Mr. Said has got over 31 years of rich experience in the grain milling business. Mr. Abubakar is a graduate in finance and business from Georgetown University in USA and has got the successful track record of implementing the mega project of 1,500 ton wheat plant and running the same in profits.

The project will be managed by the management of the company with the help of qualified and experienced professionals.

### **2.2.4. Financial performance**

Azam Polysacks Limited is a new company and thus, do not have any past financial performance data.

### **2.3. Economic Industrial Policies:**

Currently the Government is pursuing policies encouraging the private sector to take a commanding role in the economic development of the country.

Many of the projects of Bakhresa group are approved by Tanzania Investment Centre and are successfully running contributing to the economic growth of the country.

The list of projects approved by TIC are given below:

1. Said Salim Bakhresa & Company Limited-----to set up wheat mill at Kipawa, Dar Es Salaam
2. Said Salim Bakhresa & Company Limited-----to expand and set up 500 ton wheat mill plant at Mzizima, Dar Es Salaam

3. Azam Bakeries Company Limited-----to expand and rehabilitate bakery division of SSBC and set up a new biscuit plant at Kipawa, Dar Es Salaam
4. Bakhesa Food Products Limited-----to set up food processing industry to produce ice cream products, artificial juices and mineral water at Kipawa, Dar Es Salaam
5. Omar Packaging Industries Limited----to set up a plastic packing material manufacturing plant at Kiwalani, Dar Es Salaam
6. Said Salim Bakhresa & Company Limited--- to expand and set up a new 500 ton wheat mill plant at Plot No.74/1, Nyerere road, Dar Es Salaam
7. Said Salim Bakhresa & Company Limited---to set up a PP bags plant to produce polypropylene bags at Plot No.110 kipawa , Nyerere road, Dar Es Salaam.

Azam Polysacks Limited is a wholly Tanzanian owned company and believes in the future of this country. The current industrial policies are conducive to serious investments and it is with this belief that the management wishes to invest in this new project to manufacture Polypropylene bags.

It is noteworthy that all the projects approved by Tanzania Investment Centre under Bakhresa Group are successfully running and contributing to the economic growth of Tanzania.

### **3.0. The Market and plant capacity:**

The estimated demand for the Polypropylene bags in Tanzania is around 150 million bags per annum. The estimated annual capacity of all the PP bags plants in Tanzania does not exceed 90 million per year.

Thus, one can see that there is a huge gap between demand and supply of PP bags in Tanzania. According to the estimates around 10 million PP bags are imported into Tanzania during the year 2009 mainly from India, China, UAE.

#### **4.0. PLANT INPUTS**

##### **4.1. RAW MATERIALS**

The main raw material is PP granules. At present there is no production of PP granules in Tanzania. Hence, the raw material has to be imported. The company proposes to import from South Africa and countries in Middle East (Saudi Arabia) and Far East Asia (Taiwan and Singapore).

##### **4.2. POWER SUPPLY**

The plant will depend on TANESCO for power supply but to guard against power interruptions, a standby generator of 500 KVA will be installed. The power consumption is estimated at minimum 900 KVA and 393 KW per hour of production.

#### **5.0. PROJECT ENGINEERING**

##### **5.1. LOCATION**

The plant will be located at plot No.74/4, Pugu Road, Dar Es Salaam. The location is very good as it is served by main road. It has power, water and telecommunication connections. This enables to supply the packing material instantly. Further, Dar Es Salaam has been selected because of its port facilities and huge market. Further, for exports to sister company of SSBC located in Kampala, railways can be utilised.

##### **5.2. PLANT AND MACHINERY**

The promoters have successfully negotiated with Bag Solutions Worldwide and Starlinger for the supply, erection and commissioning of machinery for the production of upto 20 million PP bags per year.

The plant and machinery is currently under final stages of manufacture process and according to the supplier would be shipped to Dar Es Salaam by the end of the August 2011.

### Erection and commissioning:

M/S BSW and Starlinger will provide specialists for about 14 man weeks for plant erection and commissioning and to assist the above specialists. Azam Polysacks Limited will provide counter parts plus additional skilled and unskilled workforce.

### Product range:

The plant will produce different varieties of PP bags to suit the needs of various industries such as grain, flour, commodities, cement , sugar, chemicals etc.

### Material Handling and Transport facilities:

Raw materials, work in progress and finished products will be handled using conventional means such as trucks.

## **6.0. COSTS**

### **6.1. FIXED CAPITAL COSTS**

The fixed capital costs for the project is estimated at US\$3.8 million summarised as follows:

(US\$ in million)

	Rented
Land and Buildings	
Plant and machinery	3.48
Motor Vehicles	0.31
Furniture & Fittings	0.01
TOTAL	3.80

## **7.0. MANPOWER**

The project will employ 150 persons at an annual wage bill of US\$ 0.154 million.

### **7.1. Organisation Structure:**

The factory will be run as an independent profit centre with its own General Manager assisted by various departmental heads. The Organisation structure is shown in the **Annex II**.

## **8.0. Economic and Social benefits**

In addition to the good profits, the project will generate for the investors other economic and social benefits as under:

- There is a continuous supply of international quality of packing material in the local market for packing wheat grain, wheat flour, wheat bran and maize flour and other commodities like sugar, chemicals, cements etc.
- The project will generate foreign exchange by exports in addition to saving foreign exchange by producing PP bags locally instead of importing the same.
- The project will generate direct employment to 150 Tanzanians.
- The project will increase direct and indirect taxes to the Government. At its peak production the project will pay about US\$ 0.383 million annually as corporate income tax.
- The project aims to supply superior quality of PP bags conforming to International standards to other local industries such as cement and sugar.

## **9.0. Project Implementation Schedule:**

As already mentioned, the implementation of the project will be supervised by the experienced team of Azam Polysacks Limited assisted by SSBC staff supported by Plant manufacturers, engineers during the erection and commissioning. Implementation of the project has already started since civil works construction commenced, plant and machinery are ordered and other preparatory activities such as application of TIC certificate are underway.

### **9.1. The implementation schedule is shown below:**

August 2011 to	December 2011	Plant and machinery erection
January 2012		Commissioning
January 2012		Trial runs, Training
January 2012		Commercial production

## **10.0. Conclusions and Recommendations**

In order to take advantage of the current Government policies that encourage the private sector to take a leading role in the economic activities of the country, SSBC wish to expand and diversify their business to PP bags manufacturing unit in Dar Es Salaam so as to capture the ever growing demand of PP bags market in Tanzania and the neighbouring countries.

The project is profitable to the promoters and is economically and socially beneficial to the nation as a whole.

It is, therefore, recommended for approval and support by all concerned. In view of its tremendous benefits to the economy of the country, it is the hope of the promoters that the Tanzania Investment Centre will approve this project as a strategic investment and grant it the required incentives as stipulated in the Tanzania Investment Act, 1997.

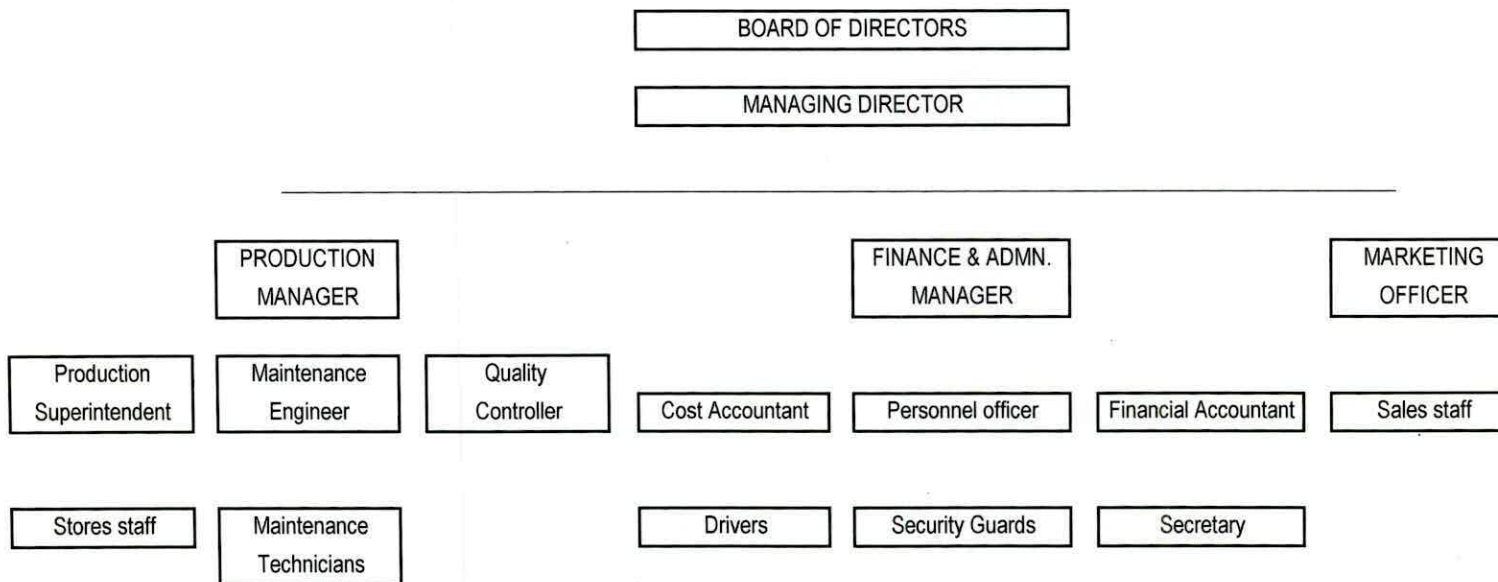
## ANNEX I

### Major assumptions used:

- Number of working days per year 300
- VAT on capital goods Zero (deferred and discharged)
- Working capital Financed from SSBC internally generated funds
- Exchange rate of Euro 1 =US \$1.43
- Selling Price per Bag US \$0.295
- Interest rate(US \$) 4 %
- Dividends NIL

ANNEX II

ORGANISATION CHART





**Starlinger**

Messrs.  
Azam Polysacks Ltd

Mzizima / Nyerere Road  
Dar Es Salaam  
TANZANIA

Vienna, 2011-07-15  
KD/DS

**PROFORMA INVOICE No. 12-tzsaidsa-27c**

**Machines for the production of  
PP woven bags**

<i>Item</i>	<i>Quantity</i>	<i>Description</i>	<i>Unit price (EUR)</i>	<i>Total price (EUR)</i>
1	30	CIRCULAR LOOM alpha 6 <u>H.S. Code No.: 8446.2100</u>	17.760,00	532.800,00
2	25000	Black bobbin cores <u>H.S. Code No.: 7608.2081</u>	1,40	35.000,00
3	1	Printing machine remFLEX 6120(*) incl. video scanner, double sided incl. automatic ink viscosity control system incl. automatic un-/ automatic rewinder incl. 4 winding shafts 8" incl. 1 set of printing cylinders <u>H.S. Code No.: 8443.1970</u>	363.160,00	363.160,00
4	1	multiKON incl. eye mark reading device <u>H.S. Code No.: 8479.8997</u>	71.820,00	71.820,00
Price ex works Weissen- bach/Istanbul(*), unpacked				1.002.780,00
Packing, loading and transport to FOB European / Istanbul port				24.820,00
Price FOB European port / Istanbul port				1.027.600,00
Transport to CFR Dar Es Salaam				27.400,00
<b>TOTAL PRICE</b>				<b>1.055.000,00</b>
<b>CFR DAR ES SALAAM</b>				

All machine components and accessories not expressly mentioned in our quotation are not included in our scope of supply.

**Proforma Invoice n° 12-tzsaidsa-27c dated 2011-07-15, page 1**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
Bank Austria Creditanstalt AG, Konto Nr. 0068-16169/00, BLZ 12000, BIC BKAUATWW, IBAN AT43 1100 0006 8161 6900  
Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group



## Starlinger

**Prices:**

In EURO (EUR)  
CFR Dar Es Salaam acc. to ICC INCOTERMS 2010,  
Transport by a shipping line of our choice.

**Place of shipment:** Any European Port / Istanbul

**Origin of goods:** European Community / Turkey / Brazil

**Packing:**

Container loaded for direct transport. Shipment will be carried out in 20' and/or 40' containers unless otherwise requested by the Buyer.

**Delivery time ex-factory:**

End of November 2011 under the condition that full down payment will be in our hands latest 08.08.2011, technical clarification of scope of supply as well as under the condition that L/C will be in our hands in a form acceptable to us latest 10 weeks before delivery, i.e. latest 15.09.2011. In case that the down-payment and/or the L/C is not received / are not received by Starlinger in due time, the delivery shall be postponed according to the delay/s. Partial shipment allowed.

**Payment:**

**20% (=EUR 211.000,00)**

Down payment with order by direct transfer of funds to one of the accounts listed below

**80% (=EUR 844.000,00)**

With irrevocable letter of credit in a form acceptable to Starlinger, confirmed by one of the below mentioned banks, payable at sight against presentation of shipping documents (B/L is only acceptable in case of delivery „CFR“).

The L/C must be opened in favour of the head office Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, A-1060 Wien, Austria and has to be advised by the opening bank directly to one of the following banks. Because of the extra costs, Starlinger cannot accept involvement of more than one bank in any form.

All charges, fees and taxes originating from payment transaction outside of Austria as well as confirmation charges shall be borne by the Buyer.

All payments for this contract will be only credited to Buyer's account, if made directly to Starlinger's accounts, listed hereunder. Payment to third parties will not be accepted by Starlinger as reduction of debts.

**Proforma Invoice n° 12-tzsajdsa-27c dated 2011-07-15, page 2**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
Bank Austria Creditanstalt AG, Konto Nr. 0068-16169/00, BLZ 12000, BIC BKAUATWW, IBAN AT43 1100 0006 8161 6900  
Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group



Starlinger

Account holder:	Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, A-1060 Wien, Austria		
Bank name:	Raiffeisen Bank International AG	Oberbank AG	UniCredit Bank Austria AG
Bank Identification Code (BIC):	RZBAATWW	OBKLAT2L	BKAUATWW
International Bank Account Number (IBAN) for EURO:	AT26 3100 0001 0042 5611	AT27 1506000171142730	AT43 1100 0006 8161 6900 EUR
Account no. for EURO:	1-00.425.611	171-1427.30	0068-16169/00 EUR
Address:	A-1030 Wien, Am Stadtpark 9	A-4810 Gmunden, Esplanade 24	A-1010 Wien, Schottengasse 6-8
Payment Ref.	12-tzsaidsa-27c		

Please indicate the a.m. payment ref. on all your payments.

Payment by cheque not acceptable.

**Installation and commissioning:**

Technicians from Starlinger and/or their subcontractors are available to supervise and aid customer's skilled personnel during installation and commissioning of machinery and to train Buyer's technical and production staff.

The order includes a period of 8 man weeks and 1 flight ticket. One man week is calculated with 7 calendar days, out of which 6 are working days (maximum 53,5 working hours a week). This period does not necessarily stipulate the amount of time which will be required to complete installation, commissioning and training. In case of extension of the before mentioned scope due to Buyer's default, we will charge the applicable rate of EUR 600,00 per man and calendar day to the Buyer.

Full board and accommodation in a hotel of West European standard, suitable transport from the hotel to the site as well as all local expenses according to the official regulations in the country of installation with regard to the specialists from Starlinger and/or their subcontractors shall be taken over by the Buyer.

Travel time as well as waiting time due to circumstances beyond Starlinger's control will be charged at the a.m. standard daily rate.

If Buyer starts unpacking the machinery and performs preliminary installation work without supervision of a specialist from Starlinger and/or their subcontractors, Starlinger assumes no warranty liability or will not accept claims for short deliveries and damages.

**THIS OFFER IS GOVERNED BY THE GENERAL TERMS BELOW, EXCEPT WHERE SPECIAL ARRANGEMENTS HAVE BEEN AGREED IN WRITING!**

**Validity of offer: 60 days  
(i.e. order shall be in our hands by 13.09.2011 )**

**Proforma Invoice n° 12-tzsaidsa-27c dated 2011-07-15, page 3**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
Bank Austria Creditanstalt AG, Konto Nr. 0068-16169/00, BLZ 12000, BIC BKAUATWW, IBAN AT43 1100 0006 8161 6900  
Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group

BSW - Bag Solutions Worldwide s.r.o.  
Háj 357, 79812 Kralice na Hané, Czech Republic

**AZAM POLYSACKS LTD.**

Livingstone/Max Mbwana Str. Plot No.1 Block 15, Karioku

- Dar Es Salaam

Tanzania

Correspondent	Phone	Fax	E-Mail	Site, Date
MJO	+43-1-997 50 50-59	+43-1-997 50 50-99	m.jovanovic@bswtex.com	Kralice na Hané, 13.07.2011

**Proforma Invoice No.: 678093A**

Item-No.	No. of Units	Description	Price/unit (EUR)	Total price (EUR)
1	1	Block bottom valve bag conversion line <b>W&amp;H AD CONVERTEX 4</b> incl. Bag inspection unit incl. needle transport in the intermittently operated section  incl. needle transport in the intermittently operated section for existing AD CONVERTEX 4 Equ. 54808  Production of up to 20 million bags per year *)	590.000,00	590.000,00
2	1	Set of recommended wearing parts and spare parts	20.000,00	20.000,00
<b>Net price ex works, unpacked</b>				<b>610.000,00</b>
Packing, loading and transport CPT DAR ES SALAAM SEA PORT				15.000,00
Supervision of installation and commissioning				15.000,00
<b>TOTAL NET PRICE CPT DAR ES SALAAM SEA PORT</b>				<b>640.000,00</b>

\*) Subject to fulfillment of technical characteristics of materials and their preparation in previous processes stated in technical machine descriptions annexed, which are integrating part of this offer.

Subject to BSW's General Business Conditions for the Delivery of Equipment and Services (available upon request).

**Payment terms**

**20% € 128.000,00** down payment with order  
**80% € 512.000,00** payable by readiness for delivery

**Bank details**

Ceskoslovenska obchodni banka, a.s. or Deutsche Bank  
Euro - Account no. 05576280/0300 Euro - Account no. 249003500  
IBAN: CZ5503001712800017751273 IBAN: DE65265700900249003500  
BIC: CEKOCZPP BIC: DEUTDE3B265

**Delivery ex works**

2 months after receipt of down payment

**Packing**

In 20' and/or 40' containers, for direct transport by sea

**Validity terms**

Prices and technical details remain valid for 90 days from the quotation date.  
The quoted delivery time is subject to change at the time of order placement.  
Technical specifications and installed loads as well as technical descriptions of the quoted equipment valid at the quotation date are subject to change without notice.  
In case of an order, the data specified in the order confirmation shall apply.

**Supervision of installation and commissioning**

**BSW** supervises and assists Buyer's skilled personnel during machine installation, commissions machines and instructs/trains Buyer's personnel.  
Included period: 3 man-weeks (6 working days à max. 53,5 h/man-week)  
Additional travel/working days (if to be responded by Buyer) are charged with EUR 650,-/day.  
Included number of tickets: 1 ticket.  
Full board/suitable West European standard accommodation/transport to and from site as well as all usual local expenses to be borne by Buyer.  
Non-**BSW**-supervised unpacking of machinery and/or preliminary installation activities of machinery voids warranty and acceptance of claims for missing parts and/or damages.

**Electrical connection data / Electricity fluctuations**

Standard data 3 X 380 V/ 220 V ±10% | 50 Hz ±4% | fully loadable neutral | earth (<2 Ω)  
Alternative data 3X 380 V/220 V/60 Hz | 3X 400 V/230 V | 3X 415 V/240 V | or  
3X 440 V/254 V (50 or 60 Hz)  
(voltage ±10%, frequency ±4% | fully loadable neutral | earth [<2 Ω])

In case of risk of voltage/frequency fluctuations of up to 10%/4% or more, a voltage stabilizer is recommended, as electronic components would be damaged otherwise.

**Ambient conditions**

Air temperature range	16 - 45° Centigrade
Relative humidity	60 - 95%
Standard height	up to 1.000 m above MSL (if higher -> subject to modifications)
Lighting	not under 250 lux
Minimum air exchange	5 times per hour
Minimum room height	5 meters

**Cooling water / Compressed air**

Water temperature	max. 15° Centigrade
Water pressure	2 - 3 bar at entrance to the machine
Water pH-value	neutral to low basic (pH 7 - 8)
Water hardness	total max. 10° dH / carbonate max. 6° dH (deg. German hardness)
Water chemicals content (max.)	chlorides ~40 mg/l / ferric oxides ~0,1 mg/l / oxygen ~4 mg/l
Compressed air	Dust-/oil-/water-free at 5 - 7 bar; dew point 5°C

ANNEX IV							
PROJECTIONS AND OTHER STATEMENTS							
<b>CAPITAL INVESTMENT</b>		( in US\$)					
<b>PLANT, EQUIPMENT &amp; TOOLS:</b>							
Main Plant	\$	3,200,000					
Electrical installation	\$	60,000					
Erection and commissioning	\$	35,000					
Generator	\$	62,000					
Clearing and Port Charges	\$	125,000					
<b>TOTAL PLANT &amp; EQUIPMENT</b>	<b>\$</b>	<b>3,482,000</b>					
<b>FURNITURE &amp; FITTINGS:</b>							
Office Furniture & Fittings	\$	5,000					
Computerization & Telecommunication	\$	8,000					
<b>TOTAL FURNITURE &amp; FITTINGS</b>	<b>\$</b>	<b>13,000</b>					
<b>MOTOR VEHICLES:</b>							
Delivery trucks	\$	200,000					
Forklifts	\$	50,000					
Pickup	\$	50,000					
Insurance & Others	\$	5,000					
<b>TOTAL MOTOR VEHICLES</b>	<b>\$</b>	<b>305,000</b>					
<b>TOTAL CAPITAL INVESTMENT</b>	<b>\$</b>	<b>3,800,000</b>					
<b>FINANCING PLAN:</b>							
Internal sources	\$	760,000					
Loan	\$	3,040,000					
<b>TOTAL FINANCING</b>	<b>\$</b>	<b>3,800,000</b>					

<b>DEBT SERVICING SCHEDULE</b>							
Bank Loan:	Year 1	Year 2	Year 3	Year 4	Year 5		
Opening Balance	\$ 3,040,000	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -		
Interest (5% p.a)	\$ 121,600	\$ 121,600	\$ 81,067	\$ 40,533	\$ -		
Repayments	\$ -	\$ 1,013,333	\$ 1,013,333	\$ 1,013,333			
Closing Balance	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -	\$ -		
<b>DEPRECIATION SCHEDULE</b>							
		Rate	Year 1	Year 2	Year 3	Year 4	Year 5
PLANT, EQUIPMENT & TOOLS:	\$ 3,482,000	0.125	\$ 435,250	\$ 435,250	\$ 435,250	\$ 435,250	\$ 435,250
FURNITURE & FITTINGS:	\$ 13,000	0.125	\$ 1,625	\$ 1,625	\$ 1,625	\$ 1,625	\$ 1,625
MOTOR VEHICLES:	\$ 305,000	0.250	\$ 76,250	\$ 76,250	\$ 76,250	\$ 76,250	
Total	\$ 3,800,000		\$ 513,125	\$ 513,125	\$ 513,125	\$ 513,125	\$ 436,875
ACCUMULATED DEPRECIATION			\$ 513,125	\$ 1,026,250	\$ 1,539,375	\$ 2,052,500	\$ 2,489,375
<b>PRODUCTION FORECAST</b>							
	Year 1	Year 2	Year 3	Year 4	Year 5		
Installed capacity (bags)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000		
Capacity Utilization	0.70	0.75	0.80	0.85	0.90		
Production (bags)	14,000,000	15,000,000	16,000,000	17,000,000	18,000,000		
<b>TOTAL SALES REVENUE</b>	<b>\$ 4,130,000</b>	<b>\$ 4,425,000</b>	<b>\$ 4,720,000</b>	<b>\$ 5,015,000</b>	<b>\$ 5,310,000</b>		
<b>COST OF SALES:</b>							
	Year 1	Year 2	Year 3	Year 4	Year 5		
Raw Material costs	\$ 2,291,324	\$ 2,454,990	\$ 2,618,656	\$ 2,782,322	\$ 2,945,988		
Production costs	\$ 239,711	\$ 256,833	\$ 273,955	\$ 291,078	\$ 308,200		
Depreciation	\$ 513,125	\$ 549,777	\$ 586,429	\$ 623,080	\$ 659,732		
Spares and Maintenance (2% of Machinery cost)	\$ 69,640	\$ 74,614	\$ 79,589	\$ 84,563	\$ 89,537		
Miscellaneous	\$ 25,000	\$ 26,786	\$ 28,571	\$ 30,357	\$ 32,143		
<b>TOTAL COST OF SALES</b>	<b>\$ 3,138,800</b>	<b>\$ 3,363,000</b>	<b>\$ 3,587,200</b>	<b>\$ 3,811,400</b>	<b>\$ 4,035,600</b>		

<b>SALES AND ADMINISTRATIVE EXPENSES</b>						
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
Selling, Administrative and Finance charges	\$ 215,764	\$ 222,490	\$ 188,683	\$ 154,875	\$ 121,068	
<b>TOTAL SALES AND ADMIN. EXP.</b>	<b>\$ 215,764</b>	<b>\$ 222,490</b>	<b>\$ 188,683</b>	<b>\$ 154,875</b>	<b>\$ 121,068</b>	
<b>SALARIES &amp; WAGES</b>						
	<u>Per Month</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Production Manager	\$ 2,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Finance and Administrative Manager	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Production Superintendent	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Maintenance Engineer	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Maintenance Technicians(5)	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Quality Controller	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Marketing officer	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Personnel officer	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Accountants(1)	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Stores staff(3)	\$ 900	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
Sales staff(3)	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Labour (120)	\$ 150	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Secretary	\$ 300	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Drivers	\$ 300	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Security guards(5)	\$ 600	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200
<b>TOTAL SALARIES &amp; WAGES</b>	<b>\$ 11,450</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>

<b>WORKING CAPITAL SCHEDULE</b>							
	<u>Days</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
<b>STOCKS:</b>							
Raw Materials	120	\$ 763,775	\$ 818,330	\$ 872,885	\$ 927,441	\$ 981,996	
Finished Goods	15	\$ 130,783	\$ 140,125	\$ 149,467	\$ 158,808	\$ 168,150	
Spare Parts, Lubes & Consumables	90	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
<b>DEBTORS:</b>							
One Week Sales	30	\$ 344,167	\$ 368,750	\$ 393,333	\$ 417,917	\$ 442,500	
<b>SUB TOTAL</b>		<b>\$ 1,248,725</b>	<b>\$ 1,337,205</b>	<b>\$ 1,425,685</b>	<b>\$ 1,514,166</b>	<b>\$ 1,602,646</b>	
<b>CREDITORS:</b>							
Creditors for Raw Material	30	\$ 190,944	\$ 204,583	\$ 218,221	\$ 231,860	\$ 245,499	
Variable Costs	30	\$ 261,567	\$ 280,250	\$ 298,933	\$ 317,617	\$ 336,300	
Sales & Admin. Exp.	30	\$ 17,980	\$ 18,541	\$ 15,724	\$ 12,906	\$ 10,089	
Salaries & Wages	30	\$ 12,800	\$ 12,800	\$ 12,800	\$ 12,800	\$ 12,800	
<b>SUB TOTAL</b>		<b>\$ 483,291</b>	<b>\$ 516,173</b>	<b>\$ 545,678</b>	<b>\$ 575,183</b>	<b>\$ 604,688</b>	
<b>NET WORKING CAPITAL</b>		<b>\$ 765,434</b>	<b>\$ 821,032</b>	<b>\$ 880,007</b>	<b>\$ 938,983</b>	<b>\$ 997,958</b>	
<b>INCREASE IN WORKING CAPITAL</b>		<b>\$ 765,434</b>	<b>\$ 55,598</b>	<b>\$ 58,975</b>	<b>\$ 58,975</b>	<b>\$ 58,975</b>	
<b>PROJECTED PROFIT &amp; LOSS ACCOUNT</b>							
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
Capacity Utilization		70%	75%	80%	85%	90%	
<b>SALES REVENUE</b>		<b>\$ 4,130,000</b>	<b>\$ 4,425,000</b>	<b>\$ 4,720,000</b>	<b>\$ 5,015,000</b>	<b>\$ 5,310,000</b>	
<b>COST OF SALES</b>		<b>\$ 3,138,800</b>	<b>\$ 3,363,000</b>	<b>\$ 3,587,200</b>	<b>\$ 3,811,400</b>	<b>\$ 4,035,600</b>	
<b>GROSS PROFIT:</b>		<b>\$ 991,200</b>	<b>\$ 1,062,000</b>	<b>\$ 1,132,800</b>	<b>\$ 1,203,600</b>	<b>\$ 1,274,400</b>	
<b>OPERATING EXPENSES:</b>							
Sales & Admin. Expenses		\$ 215,764	\$ 222,490	\$ 188,683	\$ 154,875	\$ 121,068	
Salaries & Wages		\$ 153,600	\$ 153,600	\$ 153,600	\$ 153,600	\$ 153,600	
<b>PROFIT BEFORE TAX</b>		<b>\$ 621,836</b>	<b>\$ 685,910</b>	<b>\$ 790,517</b>	<b>\$ 895,125</b>	<b>\$ 999,732</b>	
<b>Taxation</b>		<b>\$ -</b>	<b>\$ 58,949</b>	<b>\$ 328,749</b>	<b>\$ 367,924</b>	<b>\$ 383,250</b>	
<b>PROFIT AFTER TAX</b>		<b>\$ 621,836</b>	<b>\$ 626,961</b>	<b>\$ 461,768</b>	<b>\$ 527,201</b>	<b>\$ 616,482</b>	

<b>PROJECTED CASHFLOWS:</b>							
	Year 1	Year 2	Year 3	Year 4	Year 5		
<b>CAPITAL INFLOWS:</b>							
Internal sources	\$ 760,000						
Loans	\$ 3,040,000						
<b>OPERATIONAL INFLOWS:</b>							
Pre Tax Profit	\$ 621,836	\$ 685,910	\$ 790,517	\$ 895,125	\$ 999,732		
Depreciation	\$ 513,125	\$ 513,125	\$ 513,125	\$ 513,125	\$ 436,875		
<b>TOTAL INFLOWS:</b>	<b>\$ 4,934,961</b>	<b>\$ 1,199,035</b>	<b>\$ 1,303,642</b>	<b>\$ 1,408,250</b>	<b>\$ 1,436,607</b>		
<b>CAPITAL OUTFLOWS:</b>							
Investments	\$ 3,800,000	\$ -	\$ -	\$ -	\$ -		
Loan Repayment	\$ -	\$ 1,013,333	\$ 1,013,333	\$ 1,013,333	\$ -		
<b>OPERATIONAL OUTFLOWS:</b>							
Taxation	\$ -	\$ 58,949	\$ 328,749	\$ 367,924	\$ 383,250		
Change in Working Capital	\$ 765,434	\$ 55,598	\$ 58,975	\$ 58,975	\$ 58,975		
<b>TOTAL OUTFLOWS:</b>	<b>\$ 4,565,434</b>	<b>\$ 1,127,880</b>	<b>\$ 1,401,058</b>	<b>\$ 1,440,233</b>	<b>\$ 442,226</b>		
<b>NET CASHFLOW</b>	<b>\$ 369,527</b>	<b>\$ 71,155</b>	<b>\$ (97,415)</b>	<b>\$ (31,983)</b>	<b>\$ 994,381</b>		
<b>OPENING BALANCE</b>	<b>\$ -</b>	<b>\$ 369,527</b>	<b>\$ 440,682</b>	<b>\$ 343,267</b>	<b>\$ 311,284</b>		
<b>CLOSING BALANCE</b>	<b>\$ 369,527</b>	<b>\$ 440,682</b>	<b>\$ 343,267</b>	<b>\$ 311,284</b>	<b>\$ 1,305,665</b>		

**PROJECTED BALANCE SHEET:**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>FIXED ASSETS</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>
Accumulated Depreciation	\$ 513,125	\$ 1,026,250	\$ 1,539,375	\$ 2,052,500	\$ 2,489,375
<b>NET FIXED ASSETS</b>	<b>\$ 3,286,875</b>	<b>\$ 2,773,750</b>	<b>\$ 2,260,625</b>	<b>\$ 1,747,500</b>	<b>\$ 1,310,625</b>
<b>CURRENT ASSETS:</b>					
Stocks	\$ 904,558	\$ 968,455	\$ 1,032,352	\$ 1,096,249	\$ 1,160,146
Debtors	\$ 344,167	\$ 368,750	\$ 393,333	\$ 417,917	\$ 442,500
Cash Balance	\$ 369,527	\$ 440,682	\$ 343,267	\$ 311,284	\$ 1,305,665
	<b>\$ 1,618,252</b>	<b>\$ 1,777,887</b>	<b>\$ 1,768,952</b>	<b>\$ 1,825,449</b>	<b>\$ 2,908,311</b>
<b>CURRENT LIABILITIES:</b>					
Creditors	\$ 483,291	\$ 516,173	\$ 545,678	\$ 575,183	\$ 604,688
<b>NET CURRENT ASSETS</b>	<b>\$ 1,134,961</b>	<b>\$ 1,261,714</b>	<b>\$ 1,223,274</b>	<b>\$ 1,250,266</b>	<b>\$ 2,303,623</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,421,836</b>	<b>\$ 4,035,464</b>	<b>\$ 3,483,899</b>	<b>\$ 2,997,766</b>	<b>\$ 3,614,248</b>
<b>REPRESENTED BY:</b>					
Revenue Reserves	\$ 621,836	\$ 1,248,797	\$ 1,710,566	\$ 2,237,766	\$ 2,854,248
Loans	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -	\$ -
Internal funds	\$ 760,000	\$ 760,000	\$ 760,000	\$ 760,000	\$ 760,000
<b>TOTAL LIABILITIES</b>	<b>\$ 4,421,836</b>	<b>\$ 4,035,464</b>	<b>\$ 3,483,899</b>	<b>\$ 2,997,766</b>	<b>\$ 3,614,248</b>

# ***AZAM POLYSACKS LIMITED***

**PP WOVEN BAGS MANUFACTURING PLANT**

**AT PLOT NO.74/4, PUGU ROAD,**  
**DAR ES SALAAM**

**-----AN INVESTMENT PROPOSAL-----**

September 2011  
DAR ES SALAAM

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# **ANNEXURE**

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**ANNEX II ORGANISATION STRUCTURE**

**ANNEX III PROFORMA FOR SUPPLY OF PP BAGS PLANT AND MACHINERY**

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- CAPITAL INVESTMENT
- FINANCING PLAN
- DEBT SERVICING SCHEDULE
- DEPRECIATION SCHEDULE
- PRODUCTION FORECAST
- COST OF SALES
- SALES AND ADMINISTRATIVE EXPENSES
- SALARIES AND WAGES
- WORKING CAPITAL SCHEDULE
- PROFIT AND LOSS ACCOUNT
- CASH FLOWS
- BALANCE SHEET

## **1.0. EXECUTIVE SUMMARY**

This is an investment proposal by M/S Azam Polysacks Limited (Subsidiary of M/s Said Salim Bakhresa and Company Limited (SSBC) to setup a new project to manufacture PP Woven bags. The project will involve setting up of the New Polypropylene Woven Bags plant (20 million bags per year capacity) at Plot No.74/4, Pugu Road, Dar Es Salaam.

This project will supply packing material for the products for its prospective customers dealing in cement, wheat flour etc. It will also supply bags to its targeted buyers being manufacturers of sugar, fertilisers and chemicals and also export to neighbouring countries.

Excluding initial working capital, the project is estimated to cost US\$3.8 million, the major components of which being that of Plant and machinery US\$ 3.48 million, Furniture and Motor vehicles US\$ 0.32 million. The operations will be carried out at rented premises owned by Said Salim Bakhresa & Co. Limited.

The financing of the project would be by way of credit from banks and internal funds. The initial working capital will be financed by SSBC from internal sources. The project will start commercial operations beginning January 2012 after completion of plant and machinery erection, commissioning and trial run and training by the end of December 2011.

The new plant is projected to attain 80% capacity utilization by 2014 and hence will be producing 16 million PP bags worth US\$ 4.72 million per annum by the end of third year generating a pre-tax profit of US\$ 0.79 million and after adjusting the capital allowances, the Government will earn corporate income tax of US\$ 0.33 million.

The new project has a lot of economic and social benefits including that of generating direct employment to 150 Tanzanians.

It is therefore financially attractive and economically desirable to warrant the Tanzania Investment Centre's approval and support.

**In summary project highlights are:**

1. Description of the Project

To set up a new project to manufacture Polypropylene bags (capacity of 20 million per year) to support the packing material requirement local and export markets at Dar Es Salaam at plot No. 74/4, Pugu Road, Dar Es Salaam.

2. Type of Enterprise

Polypropylene bags manufacturing plant.

3. Investment Cost (in million)

Foreign	US\$ NIL
Local	US\$ 3.8
Total	US\$ 3.8

4. Project Financing (in million)

Loans	US\$ 3.04
Internal funds	US\$ 0.76

5. Source, Terms and Conditions of Loan

Loan from SCB Ltd. @ 4% per annum

6. Technology agreement

None

7. Implementation period

September 2011 to December 2011

8. Operative date

January 2012

## **2.0. PROJECT BACKGROUND**

### **2.1. Introduction**

The parent company, Said Salim Bakhresa and Company Limited (SSBC) since its incorporation in 1983 has concentrated in the wheat grain milling industry as its core business. The company currently owns wheat mills in Tanzania with a total capacity of 1,750 metric tons per day.

Apart from this it has 70 metric ton maize mill in Tanzania. SSBC is milling the wheat grain and producing super fine variety of wheat flour for home consumption as well as export. The wheat bran is also exported. It is estimated that SSBC and its sister companies alone require 8 million PP bags per year.

The supply and demand gap for Block Bottom Valve Polypropylene bags and normal polypropylene bags in Tanzania is high. The demand for bags is ever increasing in view of its multiple benefits. Industries such as sugar, flour, cement, chemical and other commodities require PP bags as packing material due to its durability. It shares many advantages compared to other style sacks such as high strength, low cost, high filling speed, suitable for automatic insert filling line, great environment protection, stably palletize, high efficient transportation, easy remark, etc. Besides these bags can be sealed without the use of glue, only by applying hot air and pressure.

Further, the company is getting huge orders in its PP bags division and thus, to cater to outside customers, the company has considered investing in this PP bags manufacturing plant expansion project in Dar Es Salaam.

### **2.2. PROMOTERS AND OWNERS**

#### **2.2.1. The Company:**

The project is owned by M/s Azam Polysacks Limited, 100% subsidiary of M/S Said Salim Bakhresa & Company Limited.

#### **2.2.2. Shareholders and Directors:**

Azam Polysacks Limited has a paid up capital of Tzs 1 Billion, fully owned by M/s Said Salim Bakhresa & Co. Limited, with Mr. Said Salim Bakhresa and Mr. Abubakar Bakhresa holding 1 share each.

All the shareholders are Tanzanians and also directors in the company constituting the Board of Directors.

### **2.2.3. Industrial experience:**

The parent company, SSBC was incorporated on 7<sup>th</sup> June 1983 as a private limited liability company in Tanzania. The main business of the company is milling of wheat grain to produce wheat flour for bakery and ordinary consumption i.e., for the industrial market segment and for the house hold market segment.

The Board of Directors runs the company and Mr. Said Salim Awadh is the Chairman and Managing Director. The day to day affairs of the company are looked after by Mr. Said and Mr. Abubakar, Executive Director.

Mr. Said has got over 31 years of rich experience in the grain milling business. Mr. Abubakar is a graduate in finance and business from Georgetown University in USA and has got the successful track record of implementing the mega project of 1,500 ton wheat plant and running the same in profits.

The project will be managed by the management of the company with the help of qualified and experienced professionals.

### **2.2.4. Financial performance**

Azam Polysacks Limited is a new company and thus, do not have any past financial performance data.

### **2.3. Economic Industrial Policies:**

Currently the Government is pursuing policies encouraging the private sector to take a commanding role in the economic development of the country.

Many of the projects of Bakhresa group are approved by Tanzania Investment Centre and are successfully running contributing to the economic growth of the country.

The list of projects approved by TIC are given below:

1. Said Salim Bakhresa & Company Limited-----to set up wheat mill at Kipawa, Dar Es Salaam
2. Said Salim Bakhresa & Company Limited-----to expand and set up 500 ton wheat mill plant at Mzizima, Dar Es Salaam

3. Azam Bakeries Company Limited-----to expand and rehabilitate bakery division of SSBC and set up a new biscuit plant at Kipawa, Dar Es Salaam
4. Bakhesa Food Products Limited-----to set up food processing industry to produce ice cream products, artificial juices and mineral water at Kipawa, Dar Es Salaam
5. Omar Packaging Industries Limited----to set up a plastic packing material manufacturing plant at Kiwalani, Dar Es Salaam
6. Said Salim Bakhresa & Company Limited--- to expand and set up a new 500 ton wheat mill plant at Plot No.74/1, Nyerere road, Dar Es Salaam
7. Said Salim Bakhresa & Company Limited---to set up a PP bags plant to produce polypropylene bags at Plot No.110 kipawa , Nyerere road, Dar Es Salaam.

Azam Polysacks Limited is a wholly Tanzanian owned company and believes in the future of this country. The current industrial policies are conducive to serious investments and it is with this belief that the management wishes to invest in this new project to manufacture Polypropylene bags.

It is noteworthy that all the projects approved by Tanzania Investment Centre under Bakhresa Group are successfully running and contributing to the economic growth of Tanzania.

### **3.0. The Market and plant capacity:**

The estimated demand for the Polypropylene bags in Tanzania is around 150 million bags per annum. The estimated annual capacity of all the PP bags plants in Tanzania does not exceed 90 million per year.

Thus, one can see that there is a huge gap between demand and supply of PP bags in Tanzania. According to the estimates around 10 million PP bags are imported into Tanzania during the year 2009 mainly from India, China, UAE.

#### **4.0. PLANT INPUTS**

##### **4.1. RAW MATERIALS**

The main raw material is PP granules. At present there is no production of PP granules in Tanzania. Hence, the raw material has to be imported. The company proposes to import from South Africa and countries in Middle East (Saudi Arabia) and Far East Asia (Taiwan and Singapore).

##### **4.2. POWER SUPPLY**

The plant will depend on TANESCO for power supply but to guard against power interruptions, a standby generator of 500 KVA will be installed. The power consumption is estimated at minimum 900 KVA and 393 KW per hour of production.

#### **5.0. PROJECT ENGINEERING**

##### **5.1. LOCATION**

The plant will be located at plot No.74/4, Pugu Road, Dar Es Salaam. The location is very good as it is served by main road. It has power, water and telecommunication connections. This enables to supply the packing material instantly. Further, Dar Es Salaam has been selected because of its port facilities and huge market. Further, for exports to sister company of SSBC located in Kampala, railways can be utilised.

##### **5.2. PLANT AND MACHINERY**

The promoters have successfully negotiated with Bag Solutions Worldwide and Starlinger for the supply, erection and commissioning of machinery for the production of upto 20 million PP bags per year.

The plant and machinery is currently under final stages of manufacture process and according to the supplier would be shipped to Dar Es Salaam by the end of the August 2011.

### Erection and commissioning:

M/S BSW and Starlinger will provide specialists for about 14 man weeks for plant erection and commissioning and to assist the above specialists. Azam Polysacks Limited will provide counter parts plus additional skilled and unskilled workforce.

### Product range:

The plant will produce different varieties of PP bags to suit the needs of various industries such as grain, flour, commodities, cement , sugar, chemicals etc.

### Material Handling and Transport facilities:

Raw materials, work in progress and finished products will be handled using conventional means such as trucks.

## **6.0. COSTS**

### **6.1. FIXED CAPITAL COSTS**

The fixed capital costs for the project is estimated at US\$3.8 million summarised as follows:

(US\$ in million)

	Rented
Land and Buildings	
Plant and machinery	3.48
Motor Vehicles	0.31
Furniture & Fittings	0.01
TOTAL	3.80

## **7.0. MANPOWER**

The project will employ 150 persons at an annual wage bill of US\$ 0.154 million.

### **7.1. Organisation Structure:**

The factory will be run as an independent profit centre with its own General Manager assisted by various departmental heads. The Organisation structure is shown in the **Annex II**.

## **8.0. Economic and Social benefits**

In addition to the good profits, the project will generate for the investors other economic and social benefits as under:

- There is a continuous supply of international quality of packing material in the local market for packing wheat grain, wheat flour, wheat bran and maize flour and other commodities like sugar, chemicals, cements etc.
- The project will generate foreign exchange by exports in addition to saving foreign exchange by producing PP bags locally instead of importing the same.
- The project will generate direct employment to 150 Tanzanians.
- The project will increase direct and indirect taxes to the Government. At its peak production the project will pay about US\$ 0.383 million annually as corporate income tax.
- The project aims to supply superior quality of PP bags conforming to International standards to other local industries such as cement and sugar.

## **9.0. Project Implementation Schedule:**

As already mentioned, the implementation of the project will be supervised by the experienced team of Azam Polysacks Limited assisted by SSBC staff supported by Plant manufacturers, engineers during the erection and commissioning. Implementation of the project has already started since civil works construction commenced, plant and machinery are ordered and other preparatory activities such as application of TIC certificate are underway.

### **9.1. The implementation schedule is shown below:**

August 2011 to	December 2011	Plant and machinery erection
January 2012		Commissioning
January 2012		Trial runs, Training
January 2012		Commercial production

## **10.0. Conclusions and Recommendations**

In order to take advantage of the current Government policies that encourage the private sector to take a leading role in the economic activities of the country, SSBC wish to expand and diversify their business to PP bags manufacturing unit in Dar Es Salaam so as to capture the ever growing demand of PP bags market in Tanzania and the neighbouring countries.

The project is profitable to the promoters and is economically and socially beneficial to the nation as a whole.

It is, therefore, recommended for approval and support by all concerned. In view of its tremendous benefits to the economy of the country, it is the hope of the promoters that the Tanzania Investment Centre will approve this project as a strategic investment and grant it the required incentives as stipulated in the Tanzania Investment Act, 1997.

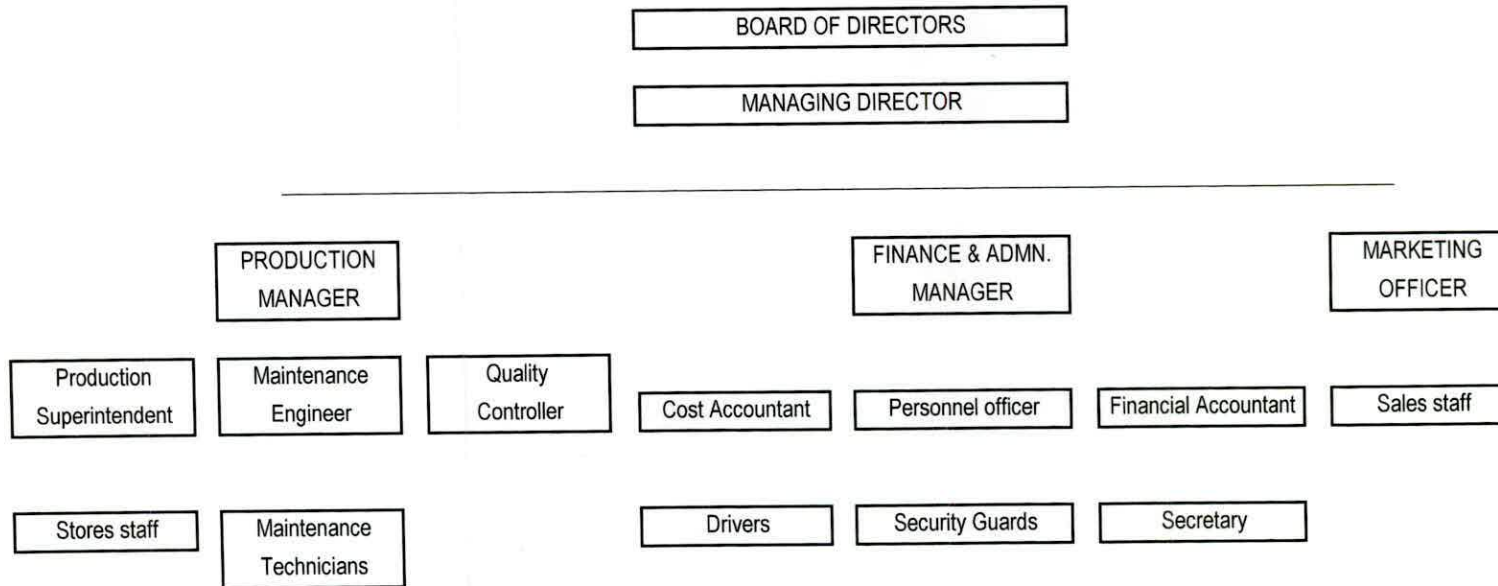
## ANNEX I

### Major assumptions used:

- Number of working days per year 300
- VAT on capital goods Zero (deferred and discharged)
- Working capital Financed from SSBC internally generated funds
- Exchange rate of Euro 1 =US \$1.43
- Selling Price per Bag US \$0.295
- Interest rate(US \$) 4 %
- Dividends NIL

ANNEX II

ORGANISATION CHART





**Starlinger**

Messrs.  
Azam Polysacks Ltd

Mzizima / Nyerere Road  
Dar Es Salaam  
TANZANIA

Vienna, 2011-07-15  
KD/DS

**PROFORMA INVOICE No. 12-tzsaidsa-27c**

**Machines for the production of  
PP woven bags**

<b>Item</b>	<b>Quantity</b>	<b>Description</b>	<b>Unit price (EUR)</b>	<b>Total price (EUR)</b>
1	30	CIRCULAR LOOM alpha 6 <u>H.S. Code No.: 8446.2100</u>	17.760,00	532.800,00
2	25000	Black bobbin cores <u>H.S. Code No.: 7608.2081</u>	1,40	35.000,00
3	1	Printing machine remFLEX 6120(*) incl. video scanner, double sided incl. automatic ink viscosity control system incl. automatic un-/ automatic rewinder incl. 4 winding shafts 8" incl. 1 set of printing cylinders <u>H.S. Code No.: 8443.1970</u>	363.160,00	363.160,00
4	1	multiKON incl. eye mark reading device <u>H.S. Code No.: 8479.8997</u>	71.820,00	71.820,00
Price ex works Weissen- bach/Istanbul(*), unpacked				1.002.780,00
Packing, loading and transport to FOB European / Istanbul port				24.820,00
Price FOB European port / Istanbul port				1.027.600,00
Transport to CFR Dar Es Salaam				27.400,00
<b>TOTAL PRICE</b>				<b>1.055.000,00</b>
<b>CFR DAR ES SALAAM</b>				

All machine components and accessories not expressly mentioned in our quotation are not included in our scope of supply.

**Proforma Invoice n° 12-tzsaidsa-27c dated 2011-07-15, page 1**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
Bank Austria Creditanstalt AG, Konto Nr. 0068-16169/00, BLZ 12000, BIC BKAUATWW, IBAN AT43 1100 0006 8161 6900  
Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group



## Starlinger

**Prices:**

In EURO (EUR)  
CFR Dar Es Salaam acc. to ICC INCOTERMS 2010,  
Transport by a shipping line of our choice.

**Place of shipment:** Any European Port / Istanbul

**Origin of goods:** European Community / Turkey / Brazil

**Packing:**

Container loaded for direct transport. Shipment will be carried out in 20' and/or 40' containers unless otherwise requested by the Buyer.

**Delivery time ex-factory:**

End of November 2011 under the condition that full down payment will be in our hands latest 08.08.2011, technical clarification of scope of supply as well as under the condition that L/C will be in our hands in a form acceptable to us latest 10 weeks before delivery, i.e. latest 15.09.2011. In case that the down-payment and/or the L/C is not received / are not received by Starlinger in due time, the delivery shall be postponed according to the delay/s. Partial shipment allowed.

**Payment:**

**20% (=EUR 211.000,00)**

Down payment with order by direct transfer of funds to one of the accounts listed below

**80% (=EUR 844.000,00)**

With irrevocable letter of credit in a form acceptable to Starlinger, confirmed by one of the below mentioned banks, payable at sight against presentation of shipping documents (B/L is only acceptable in case of delivery „CFR“).

The L/C must be opened in favour of the head office Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, A-1060 Wien, Austria and has to be advised by the opening bank directly to one of the following banks. Because of the extra costs, Starlinger cannot accept involvement of more than one bank in any form.

All charges, fees and taxes originating from payment transaction outside of Austria as well as confirmation charges shall be borne by the Buyer.

All payments for this contract will be only credited to Buyer's account, if made directly to Starlinger's accounts, listed hereunder. Payment to third parties will not be accepted by Starlinger as reduction of debts.

**Proforma Invoice n° 12-tzsajdsa-27c dated 2011-07-15, page 2**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
Bank Austria Creditanstalt AG, Konto Nr. 0068-16169/00, BLZ 12000, BIC BKAUATWW, IBAN AT43 1100 0006 8161 6900  
Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group



Starlinger

Account holder:	Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, A-1060 Wien, Austria		
Bank name:	Raiffeisen Bank International AG	Oberbank AG	UniCredit Bank Austria AG
Bank Identification Code (BIC):	RZBAATWW	OBKLAT2L	BKAUATWW
International Bank Account Number (IBAN) for EURO:	AT26 3100 0001 0042 5611	AT27 1506000171142730	AT43 1100 0006 8161 6900 EUR
Account no. for EURO:	1-00.425.611	171-1427.30	0068-16169/00 EUR
Address:	A-1030 Wien, Am Stadtpark 9	A-4810 Gmunden, Esplanade 24	A-1010 Wien, Schottengasse 6-8
Payment Ref.	12-tzsaidsa-27c		

Please indicate the a.m. payment ref. on all your payments.

Payment by cheque not acceptable.

**Installation and commissioning:**

Technicians from Starlinger and/or their subcontractors are available to supervise and aid customer's skilled personnel during installation and commissioning of machinery and to train Buyer's technical and production staff.

The order includes a period of 8 man weeks and 1 flight ticket. One man week is calculated with 7 calendar days, out of which 6 are working days (maximum 53,5 working hours a week). This period does not necessarily stipulate the amount of time which will be required to complete installation, commissioning and training. In case of extension of the before mentioned scope due to Buyer's default, we will charge the applicable rate of EUR 600,00 per man and calendar day to the Buyer.

Full board and accommodation in a hotel of West European standard, suitable transport from the hotel to the site as well as all local expenses according to the official regulations in the country of installation with regard to the specialists from Starlinger and/or their subcontractors shall be taken over by the Buyer.

Travel time as well as waiting time due to circumstances beyond Starlinger's control will be charged at the a.m. standard daily rate.

If Buyer starts unpacking the machinery and performs preliminary installation work without supervision of a specialist from Starlinger and/or their subcontractors, Starlinger assumes no warranty liability or will not accept claims for short deliveries and damages.

**THIS OFFER IS GOVERNED BY THE GENERAL TERMS BELOW, EXCEPT WHERE SPECIAL ARRANGEMENTS HAVE BEEN AGREED IN WRITING!**

**Validity of offer: 60 days**  
(i.e. order shall be in our hands by 13.09.2011 )

**Proforma Invoice n° 12-tzsaidsa-27c dated 2011-07-15, page 3**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
Bank Austria Creditanstalt AG, Konto Nr. 0068-16169/00, BLZ 12000, BIC BKAUATWW, IBAN AT43 1100 0006 8161 6900  
Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group

BSW - Bag Solutions Worldwide s.r.o.  
Háj 357, 79812 Kralice na Hané, Czech Republic

**AZAM POLYSACKS LTD.**

Livingstone/Max Mbwana Str. Plot No.1 Block 15, Karioku  
- Dar Es Salaam  
Tanzania

Correspondent	Phone	Fax	E-Mail	Site, Date
MJO	+43-1-997 50 50-59	+43-1-997 50 50-99	m.jovanovic@bswtex.com	Kralice na Hané, 13.07.2011

**Proforma Invoice No.: 678093A**

Item- No.	No. of Units	Description	Price/unit (EUR)	Total price (EUR)
1	1	Block bottom valve bag conversion line <b>W&amp;H AD CONVERTEX 4</b> incl. Bag inspection unit incl. needle transport in the intermittently operated section  incl. needle transport in the intermittently operated section for existing AD CONVERTEX 4 Equ. 54808  Production of up to 20 million bags per year *)	590.000,00	590.000,00
2	1	Set of recommended wearing parts and spare parts	20.000,00	20.000,00
<b>Net price ex works, unpacked</b>				<b>610.000,00</b>
Packing, loading and transport CPT DAR ES SALAAM SEA PORT				15.000,00
Supervision of installation and commissioning				15.000,00
<b>TOTAL NET PRICE CPT DAR ES SALAAM SEA PORT</b>				<b>640.000,00</b>

\*) Subject to fulfillment of technical characteristics of materials and their preparation in previous processes stated in technical machine descriptions annexed, which are integrating part of this offer.

Subject to BSW's General Business Conditions for the Delivery of Equipment and Services (available upon request).

**Payment terms**

**20% € 128.000,00** down payment with order  
**80% € 512.000,00** payable by readiness for delivery



**Ambient conditions**

Air temperature range	16 - 45° Centigrade
Relative humidity	60 - 95%
Standard height	up to 1.000 m above MSL (if higher -> subject to modifications)
Lighting	not under 250 lux
Minimum air exchange	5 times per hour
Minimum room height	5 meters

**Cooling water / Compressed air**

Water temperature	max. 15° Centigrade
Water pressure	2 - 3 bar at entrance to the machine
Water pH-value	neutral to low basic (pH 7 - 8)
Water hardness	total max. 10° dH / carbonate max. 6° dH (deg. German hardness)
Water chemicals content (max.)	chlorides ~40 mg/l / ferric oxides ~0,1 mg/l / oxygen ~4 mg/l
Compressed air	Dust-/oil-/water-free at 5 - 7 bar; dew point 5°C

ANNEX IV									
PROJECTIONS AND OTHER STATEMENTS									
<b>CAPITAL INVESTMENT</b>		( in US\$)							
<b>PLANT, EQUIPMENT &amp; TOOLS:</b>									
Main Plant		\$ 3,200,000							
Electrical installation		\$ 60,000							
Erection and commissioning		\$ 35,000							
Generator		\$ 62,000							
Clearing and Port Charges		\$ 125,000							
<b>TOTAL PLANT &amp; EQUIPMENT</b>		<b>\$ 3,482,000</b>							
<b>FURNITURE &amp; FITTINGS:</b>									
Office Furniture & Fittings		\$ 5,000							
Computerization & Telecommunication		\$ 8,000							
<b>TOTAL FURNITURE &amp; FITTINGS</b>		<b>\$ 13,000</b>							
<b>MOTOR VEHICLES:</b>									
Delivery trucks		\$ 200,000							
Forklifts		\$ 50,000							
Pickup		\$ 50,000							
Insurance & Others		\$ 5,000							
<b>TOTAL MOTOR VEHICLES</b>		<b>\$ 305,000</b>							
<b>TOTAL CAPITAL INVESTMENT</b>		<b>\$ 3,800,000</b>							
<b>FINANCING PLAN:</b>									
Internal sources		\$ 760,000							
Loan		\$ 3,040,000							
<b>TOTAL FINANCING</b>		<b>\$ 3,800,000</b>							

<b>DEBT SERVICING SCHEDULE</b>							
Bank Loan:	Year 1	Year 2	Year 3	Year 4	Year 5		
Opening Balance	\$ 3,040,000	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -		
Interest (5% p.a)	\$ 121,600	\$ 121,600	\$ 81,067	\$ 40,533	\$ -		
Repayments	\$ -	\$ 1,013,333	\$ 1,013,333	\$ 1,013,333			
Closing Balance	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -	\$ -		
<b>DEPRECIATION SCHEDULE</b>							
		Rate	Year 1	Year 2	Year 3	Year 4	Year 5
PLANT, EQUIPMENT & TOOLS:	\$ 3,482,000	0.125	\$ 435,250	\$ 435,250	\$ 435,250	\$ 435,250	\$ 435,250
FURNITURE & FITTINGS:	\$ 13,000	0.125	\$ 1,625	\$ 1,625	\$ 1,625	\$ 1,625	\$ 1,625
MOTOR VEHICLES:	\$ 305,000	0.250	\$ 76,250	\$ 76,250	\$ 76,250	\$ 76,250	
Total	\$ 3,800,000		\$ 513,125	\$ 513,125	\$ 513,125	\$ 513,125	\$ 436,875
ACCUMULATED DEPRECIATION			\$ 513,125	\$ 1,026,250	\$ 1,539,375	\$ 2,052,500	\$ 2,489,375
<b>PRODUCTION FORECAST</b>							
	Year 1	Year 2	Year 3	Year 4	Year 5		
Installed capacity (bags)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000		
Capacity Utilization	0.70	0.75	0.80	0.85	0.90		
Production (bags)	14,000,000	15,000,000	16,000,000	17,000,000	18,000,000		
<b>TOTAL SALES REVENUE</b>	<b>\$ 4,130,000</b>	<b>\$ 4,425,000</b>	<b>\$ 4,720,000</b>	<b>\$ 5,015,000</b>	<b>\$ 5,310,000</b>		
<b>COST OF SALES:</b>							
	Year 1	Year 2	Year 3	Year 4	Year 5		
Raw Material costs	\$ 2,291,324	\$ 2,454,990	\$ 2,618,656	\$ 2,782,322	\$ 2,945,988		
Production costs	\$ 239,711	\$ 256,833	\$ 273,955	\$ 291,078	\$ 308,200		
Depreciation	\$ 513,125	\$ 549,777	\$ 586,429	\$ 623,080	\$ 659,732		
Spares and Maintenance (2% of Machinery cost)	\$ 69,640	\$ 74,614	\$ 79,589	\$ 84,563	\$ 89,537		
Miscellaneous	\$ 25,000	\$ 26,786	\$ 28,571	\$ 30,357	\$ 32,143		
<b>TOTAL COST OF SALES</b>	<b>\$ 3,138,800</b>	<b>\$ 3,363,000</b>	<b>\$ 3,587,200</b>	<b>\$ 3,811,400</b>	<b>\$ 4,035,600</b>		

<b>SALES AND ADMINISTRATIVE EXPENSES</b>						
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
Selling, Administrative and Finance charges	\$ 215,764	\$ 222,490	\$ 188,683	\$ 154,875	\$ 121,068	
<b>TOTAL SALES AND ADMIN. EXP.</b>	<b>\$ 215,764</b>	<b>\$ 222,490</b>	<b>\$ 188,683</b>	<b>\$ 154,875</b>	<b>\$ 121,068</b>	
<b>SALARIES &amp; WAGES</b>						
	<u>Per Month</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Production Manager	\$ 2,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Finance and Administrative Manager	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Production Superintendent	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Maintenance Engineer	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Maintenance Technicians(5)	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Quality Controller	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Marketing officer	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Personnel officer	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Accountants(1)	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Stores staff(3)	\$ 900	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
Sales staff(3)	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Labour (120)	\$ 150	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Secretary	\$ 300	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Drivers	\$ 300	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Security guards(5)	\$ 600	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200
<b>TOTAL SALARIES &amp; WAGES</b>	<b>\$ 11,450</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>

<b>WORKING CAPITAL SCHEDULE</b>						
	<u>Days</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>STOCKS:</b>						
Raw Materials	120	\$ 763,775	\$ 818,330	\$ 872,885	\$ 927,441	\$ 981,996
Finished Goods	15	\$ 130,783	\$ 140,125	\$ 149,467	\$ 158,808	\$ 168,150
Spare Parts, Lubes & Consumables	90	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
<b>DEBTORS:</b>						
One Week Sales	30	\$ 344,167	\$ 368,750	\$ 393,333	\$ 417,917	\$ 442,500
<b>SUB TOTAL</b>		<b>\$ 1,248,725</b>	<b>\$ 1,337,205</b>	<b>\$ 1,425,685</b>	<b>\$ 1,514,166</b>	<b>\$ 1,602,646</b>
<b>CREDITORS:</b>						
Creditors for Raw Material	30	\$ 190,944	\$ 204,583	\$ 218,221	\$ 231,860	\$ 245,499
Variable Costs	30	\$ 261,567	\$ 280,250	\$ 298,933	\$ 317,617	\$ 336,300
Sales & Admin. Exp.	30	\$ 17,980	\$ 18,541	\$ 15,724	\$ 12,906	\$ 10,089
Salaries & Wages	30	\$ 12,800	\$ 12,800	\$ 12,800	\$ 12,800	\$ 12,800
<b>SUB TOTAL</b>		<b>\$ 483,291</b>	<b>\$ 516,173</b>	<b>\$ 545,678</b>	<b>\$ 575,183</b>	<b>\$ 604,688</b>
NET WORKING CAPITAL		\$ 765,434	\$ 821,032	\$ 880,007	\$ 938,983	\$ 997,958
<b>INCREASE IN WORKING CAPITAL</b>		<b>\$ 765,434</b>	<b>\$ 55,598</b>	<b>\$ 58,975</b>	<b>\$ 58,975</b>	<b>\$ 58,975</b>
<b>PROJECTED PROFIT &amp; LOSS ACCOUNT</b>						
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Capacity Utilization		70%	75%	80%	85%	90%
<b>SALES REVENUE</b>		<b>\$ 4,130,000</b>	<b>\$ 4,425,000</b>	<b>\$ 4,720,000</b>	<b>\$ 5,015,000</b>	<b>\$ 5,310,000</b>
<b>COST OF SALES</b>		<b>\$ 3,138,800</b>	<b>\$ 3,363,000</b>	<b>\$ 3,587,200</b>	<b>\$ 3,811,400</b>	<b>\$ 4,035,600</b>
<b>GROSS PROFIT:</b>		<b>\$ 991,200</b>	<b>\$ 1,062,000</b>	<b>\$ 1,132,800</b>	<b>\$ 1,203,600</b>	<b>\$ 1,274,400</b>
<b>OPERATING EXPENSES:</b>						
Sales & Admin. Expenses		\$ 215,764	\$ 222,490	\$ 188,683	\$ 154,875	\$ 121,068
Salaries & Wages		\$ 153,600	\$ 153,600	\$ 153,600	\$ 153,600	\$ 153,600
<b>PROFIT BEFORE TAX</b>		<b>\$ 621,836</b>	<b>\$ 685,910</b>	<b>\$ 790,517</b>	<b>\$ 895,125</b>	<b>\$ 999,732</b>
Taxation		\$ -	\$ 58,949	\$ 328,749	\$ 367,924	\$ 383,250
<b>PROFIT AFTER TAX</b>		<b>\$ 621,836</b>	<b>\$ 626,961</b>	<b>\$ 461,768</b>	<b>\$ 527,201</b>	<b>\$ 616,482</b>

<b>PROJECTED CASHFLOWS:</b>						
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
<b>CAPITAL INFLOWS:</b>						
Internal sources	\$ 760,000					
Loans	\$ 3,040,000					
<b>OPERATIONAL INFLOWS:</b>						
Pre Tax Profit	\$ 621,836	\$ 685,910	\$ 790,517	\$ 895,125	\$ 999,732	
Depreciation	\$ 513,125	\$ 513,125	\$ 513,125	\$ 513,125	\$ 436,875	
<b>TOTAL INFLOWS:</b>	<b>\$ 4,934,961</b>	<b>\$ 1,199,035</b>	<b>\$ 1,303,642</b>	<b>\$ 1,408,250</b>	<b>\$ 1,436,607</b>	
<b>CAPITAL OUTFLOWS:</b>						
Investments	\$ 3,800,000	\$ -	\$ -	\$ -	\$ -	
Loan Repayment	\$ -	\$ 1,013,333	\$ 1,013,333	\$ 1,013,333	\$ -	
<b>OPERATIONAL OUTFLOWS:</b>						
Taxation	\$ -	\$ 58,949	\$ 328,749	\$ 367,924	\$ 383,250	
Change in Working Capital	\$ 765,434	\$ 55,598	\$ 58,975	\$ 58,975	\$ 58,975	
<b>TOTAL OUTFLOWS:</b>	<b>\$ 4,565,434</b>	<b>\$ 1,127,880</b>	<b>\$ 1,401,058</b>	<b>\$ 1,440,233</b>	<b>\$ 442,226</b>	
<b>NET CASHFLOW</b>	<b>\$ 369,527</b>	<b>\$ 71,155</b>	<b>\$ (97,415)</b>	<b>\$ (31,983)</b>	<b>\$ 994,381</b>	
<b>OPENING BALANCE</b>	<b>\$ -</b>	<b>\$ 369,527</b>	<b>\$ 440,682</b>	<b>\$ 343,267</b>	<b>\$ 311,284</b>	
<b>CLOSING BALANCE</b>	<b>\$ 369,527</b>	<b>\$ 440,682</b>	<b>\$ 343,267</b>	<b>\$ 311,284</b>	<b>\$ 1,305,665</b>	

**PROJECTED BALANCE SHEET:**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>FIXED ASSETS</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>
Accumulated Depreciation	\$ 513,125	\$ 1,026,250	\$ 1,539,375	\$ 2,052,500	\$ 2,489,375
<b>NET FIXED ASSETS</b>	<b>\$ 3,286,875</b>	<b>\$ 2,773,750</b>	<b>\$ 2,260,625</b>	<b>\$ 1,747,500</b>	<b>\$ 1,310,625</b>
<b>CURRENT ASSETS:</b>					
Stocks	\$ 904,558	\$ 968,455	\$ 1,032,352	\$ 1,096,249	\$ 1,160,146
Debtors	\$ 344,167	\$ 368,750	\$ 393,333	\$ 417,917	\$ 442,500
Cash Balance	\$ 369,527	\$ 440,682	\$ 343,267	\$ 311,284	\$ 1,305,665
	<b>\$ 1,618,252</b>	<b>\$ 1,777,887</b>	<b>\$ 1,768,952</b>	<b>\$ 1,825,449</b>	<b>\$ 2,908,311</b>
<b>CURRENT LIABILITIES:</b>					
Creditors	\$ 483,291	\$ 516,173	\$ 545,678	\$ 575,183	\$ 604,688
<b>NET CURRENT ASSETS</b>	<b>\$ 1,134,961</b>	<b>\$ 1,261,714</b>	<b>\$ 1,223,274</b>	<b>\$ 1,250,266</b>	<b>\$ 2,303,623</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,421,836</b>	<b>\$ 4,035,464</b>	<b>\$ 3,483,899</b>	<b>\$ 2,997,766</b>	<b>\$ 3,614,248</b>
<b>REPRESENTED BY:</b>					
Revenue Reserves	\$ 621,836	\$ 1,248,797	\$ 1,710,566	\$ 2,237,766	\$ 2,854,248
Loans	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -	\$ -
Internal funds	\$ 760,000	\$ 760,000	\$ 760,000	\$ 760,000	\$ 760,000
<b>TOTAL LIABILITIES</b>	<b>\$ 4,421,836</b>	<b>\$ 4,035,464</b>	<b>\$ 3,483,899</b>	<b>\$ 2,997,766</b>	<b>\$ 3,614,248</b>



**Starlinger**

Messrs.  
Azam Polysacks Ltd

Mzizima / Nyerere Road  
Dar Es Salaam  
TANZANIA

Vienna, 2011-07-15  
KD/DS

**PROFORMA INVOICE No. 12-tzsaidsa-27c**

**Machines for the production of  
PP woven bags**

<b>Item</b>	<b>Quantity</b>	<b>Description</b>	<b>Unit price (EUR)</b>	<b>Total price (EUR)</b>
1	30	CIRCULAR LOOM alpha 6 <u>H.S. Code No.: 8446.2100</u>	17.760,00	532.800,00
2	25000	Black bobbin cores <u>H.S. Code No.: 7608.2081</u>	1,40	35.000,00
3	1	Printing machine remFLEX 6120(*) incl. video scanner, double sided incl. automatic ink viscosity control system incl. automatic un-/ automatic rewinder incl. 4 winding shafts 8" incl. 1 set of printing cylinders <u>H.S. Code No.: 8443.1970</u>	363.160,00	363.160,00
4	1	multiKON incl. eye mark reading device <u>H.S. Code No.: 8479.8997</u>	71.820,00	71.820,00
Price ex works Weissen- bach/Istanbul(*), unpacked				1.002.780,00
Packing, loading and transport to FOB European / Istanbul port				24.820,00
Price FOB European port / Istanbul port				1.027.600,00
Transport to CFR Dar Es Salaam				27.400,00
<b>TOTAL PRICE</b>				<b>1.055.000,00</b>
<b>CFR DAR ES SALAAM</b>				

All machine components and accessories not expressly mentioned in our quotation are not included in our scope of supply.

**Proforma Invoice n° 12-tzsaidsa-27c dated 2011-07-15, page 1**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
Bank Austria Creditanstalt AG, Konto Nr. 0068-16169/00, BLZ 12000, BIC BKAUATWW, IBAN AT43 1100 0006 8161 6900  
Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group



## Starlinger

**Prices:**

In EURO (EUR)  
CFR Dar Es Salaam acc. to ICC INCOTERMS 2010,  
Transport by a shipping line of our choice.

**Place of shipment:** Any European Port / Istanbul

**Origin of goods:** European Community / Turkey / Brazil

**Packing:**

Container loaded for direct transport. Shipment will be carried out in 20' and/or 40' containers unless otherwise requested by the Buyer.

**Delivery time ex-factory:**

End of November 2011 under the condition that full down payment will be in our hands latest 08.08.2011, technical clarification of scope of supply as well as under the condition that L/C will be in our hands in a form acceptable to us latest 10 weeks before delivery, i.e. latest 15.09.2011. In case that the down-payment and/or the L/C is not received / are not received by Starlinger in due time, the delivery shall be postponed according to the delay/s. Partial shipment allowed.

**Payment:**

**20% (=EUR 211.000,00)**

Down payment with order by direct transfer of funds to one of the accounts listed below

**80% (=EUR 844.000,00)**

With irrevocable letter of credit in a form acceptable to Starlinger, confirmed by one of the below mentioned banks, payable at sight against presentation of shipping documents (B/L is only acceptable in case of delivery „CFR“).

The L/C must be opened in favour of the head office Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, A-1060 Wien, Austria and has to be advised by the opening bank directly to one of the following banks. Because of the extra costs, Starlinger cannot accept involvement of more than one bank in any form.

All charges, fees and taxes originating from payment transaction outside of Austria as well as confirmation charges shall be borne by the Buyer.

All payments for this contract will be only credited to Buyer's account, if made directly to Starlinger's accounts, listed hereunder. Payment to third parties will not be accepted by Starlinger as reduction of debts.

**Proforma Invoice n° 12-tzsajdsa-27c dated 2011-07-15, page 2**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
Bank Austria Creditanstalt AG, Konto Nr. 0068-16169/00, BLZ 12000, BIC BKAUATWW, IBAN AT43 1100 0006 8161 6900  
Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group



Starlinger

Account holder:	Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, A-1060 Wien, Austria		
Bank name:	Raiffeisen Bank International AG	Oberbank AG	UniCredit Bank Austria AG
Bank Identification Code (BIC):	RZBAATWW	OBKLAT2L	BKAUATWW
International Bank Account Number (IBAN) for EURO:	AT26 3100 0001 0042 5611	AT27 1506000171142730	AT43 1100 0006 8161 6900 EUR
Account no. for EURO:	1-00.425.611	171-1427.30	0068-16169/00 EUR
Address:	A-1030 Wien, Am Stadtpark 9	A-4810 Gmunden, Esplanade 24	A-1010 Wien, Schottengasse 6-8
Payment Ref.	12-tzsaidsa-27c		

Please indicate the a.m. payment ref. on all your payments.

Payment by cheque not acceptable.

**Installation and commissioning:**

Technicians from Starlinger and/or their subcontractors are available to supervise and aid customer's skilled personnel during installation and commissioning of machinery and to train Buyer's technical and production staff.

The order includes a period of 8 man weeks and 1 flight ticket. One man week is calculated with 7 calendar days, out of which 6 are working days (maximum 53,5 working hours a week). This period does not necessarily stipulate the amount of time which will be required to complete installation, commissioning and training. In case of extension of the before mentioned scope due to Buyer's default, we will charge the applicable rate of EUR 600,00 per man and calendar day to the Buyer.

Full board and accommodation in a hotel of West European standard, suitable transport from the hotel to the site as well as all local expenses according to the official regulations in the country of installation with regard to the specialists from Starlinger and/or their subcontractors shall be taken over by the Buyer.

Travel time as well as waiting time due to circumstances beyond Starlinger's control will be charged at the a.m. standard daily rate.

If Buyer starts unpacking the machinery and performs preliminary installation work without supervision of a specialist from Starlinger and/or their subcontractors, Starlinger assumes no warranty liability or will not accept claims for short deliveries and damages.

**THIS OFFER IS GOVERNED BY THE GENERAL TERMS BELOW, EXCEPT WHERE SPECIAL ARRANGEMENTS HAVE BEEN AGREED IN WRITING!**

**Validity of offer: 60 days**  
(i.e. order shall be in our hands by 13.09.2011 )

**Proforma Invoice n° 12-tzsaidsa-27c dated 2011-07-15, page 3**

Starlinger & Co. Gesellschaft m.b.H., Sonnenuhrgasse 4, 1060 Vienna, Austria, T: +43 1 59955-0, F: -25, [www.starlinger.com](http://www.starlinger.com)  
Raiffeisen Zentralbank Österreich AG, Konto Nr. 1-00.425.611, BLZ 31000, BIC RZBAATWW, IBAN AT26 3100 0001 0042 5611  
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Sitz der Gesellschaft: Wien, Registriert: Handelsgericht Wien FN 117230 Y, UID-Nr. ATU 14653604. A member of Starlinger Group

BSW - Bag Solutions Worldwide s.r.o.  
Háj 357, 79812 Kralice na Hané, Czech Republic

**AZAM POLYSACKS LTD.**

Livingstone/Max Mbwana Str. Plot No.1 Block 15, Karioku

- Dar Es Salaam

Tanzania

Correspondent	Phone	Fax	E-Mail	Site, Date
MJO	+43-1-997 50 50-59	+43-1-997 50 50-99	m.jovanovic@bswtex.com	Kralice na Hané, 13.07.2011

**Proforma Invoice No.: 678093A**

Item-No.	No. of Units	Description	Price/unit (EUR)	Total price (EUR)
1	1	Block bottom valve bag conversion line <b>W&amp;H AD CONVERTEX 4</b> incl. Bag inspection unit incl. needle transport in the intermittently operated section  incl. needle transport in the intermittently operated section for existing AD CONVERTEX 4 Equ. 54808  Production of up to 20 million bags per year *)	590.000,00	590.000,00
2	1	Set of recommended wearing parts and spare parts	20.000,00	20.000,00
<b>Net price ex works, unpacked</b>				<b>610.000,00</b>
Packing, loading and transport CPT DAR ES SALAAM SEA PORT				15.000,00
Supervision of installation and commissioning				15.000,00
<b>TOTAL NET PRICE CPT DAR ES SALAAM SEA PORT</b>				<b>640.000,00</b>

\*) Subject to fulfillment of technical characteristics of materials and their preparation in previous processes stated in technical machine descriptions annexed, which are integrating part of this offer.

Subject to BSW's General Business Conditions for the Delivery of Equipment and Services (available upon request).

**Payment terms**

20% € 128.000,00 down payment with order  
80% € 512.000,00 payable by readiness for delivery

**Bank details**

Ceskoslovenska obchodni banka, a.s. or Deutsche Bank  
Euro - Account no. 05576280/0300 Euro - Account no. 249003500  
IBAN: CZ5503001712800017751273 IBAN: DE65265700900249003500  
BIC: CEKOCZPP BIC: DEUTDE3B265

**Delivery ex works**

2 months after receipt of down payment

**Packing**

In 20' and/or 40' containers, for direct transport by sea

**Validity terms**

Prices and technical details remain valid for 90 days from the quotation date.  
The quoted delivery time is subject to change at the time of order placement.  
Technical specifications and installed loads as well as technical descriptions of the quoted equipment valid at the quotation date are subject to change without notice.  
In case of an order, the data specified in the order confirmation shall apply.

**Supervision of installation and commissioning**

**BSW** supervises and assists Buyer's skilled personnel during machine installation, commissions machines and instructs/trains Buyer's personnel.  
Included period: 3 man-weeks (6 working days à max. 53,5 h/man-week)  
Additional travel/working days (if to be responded by Buyer) are charged with EUR 650,-/day.  
Included number of tickets: 1 ticket.  
Full board/suitable West European standard accommodation/transport to and from site as well as all usual local expenses to be borne by Buyer.  
Non-**BSW**-supervised unpacking of machinery and/or preliminary installation activities of machinery voids warranty and acceptance of claims for missing parts and/or damages.

**Electrical connection data / Electricity fluctuations**

Standard data 3 X 380 V/ 220 V ±10% | 50 Hz ±4% | fully loadable neutral | earth (<2 Ω)  
Alternative data 3X 380 V/220 V/60 Hz | 3X 400 V/230 V | 3X 415 V/240 V | or  
3X 440 V/254 V (50 or 60 Hz)  
(voltage ±10%, frequency ±4% | fully loadable neutral | earth [<2 Ω])

In case of risk of voltage/frequency fluctuations of up to 10%/4% or more, a voltage stabilizer is recommended, as electronic components would be damaged otherwise.

**Ambient conditions**

Air temperature range	16 - 45° Centigrade
Relative humidity	60 - 95%
Standard height	up to 1.000 m above MSL (if higher -> subject to modifications)
Lighting	not under 250 lux
Minimum air exchange	5 times per hour
Minimum room height	5 meters

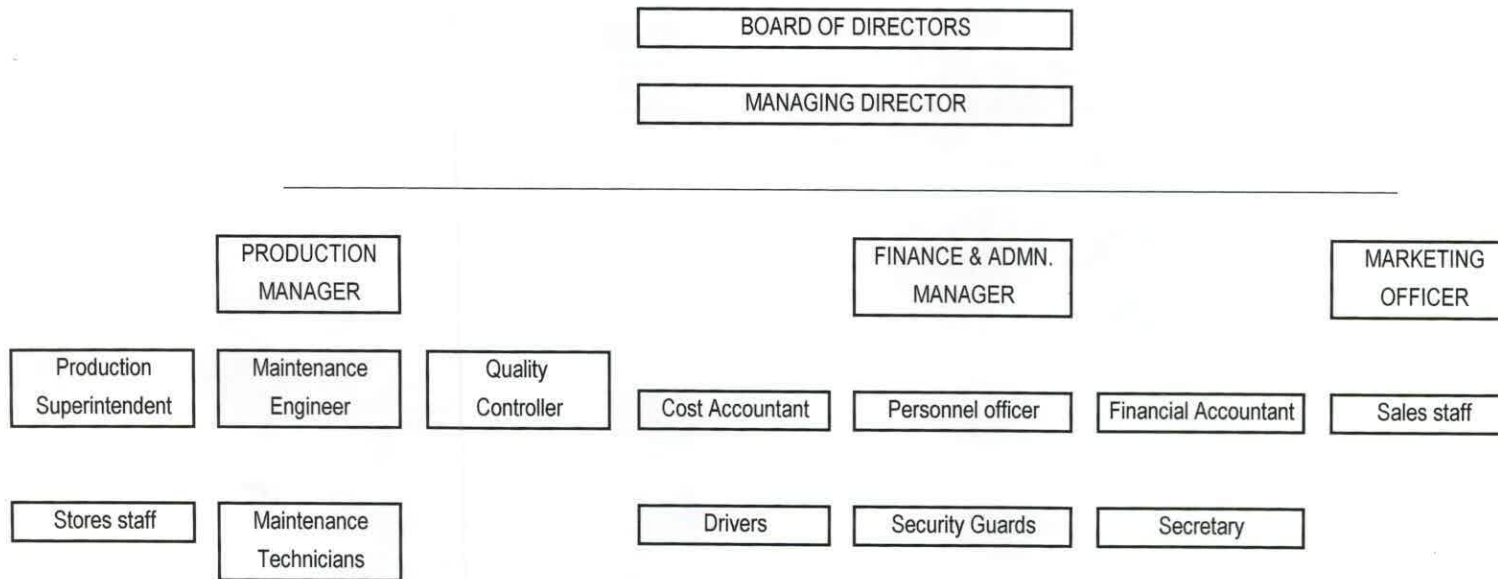
**Cooling water / Compressed air**

Water temperature	max. 15° Centigrade
Water pressure	2 - 3 bar at entrance to the machine
Water pH-value	neutral to low basic (pH 7 - 8)
Water hardness	total max. 10° dH / carbonate max. 6° dH (deg. German hardness)
Water chemicals content (max.)	chlorides ~40 mg/l / ferric oxides ~0,1 mg/l / oxygen ~4 mg/l
Compressed air	Dust-/oil-/water-free at 5 - 7 bar; dew point 5°C



ANNEX II

ORGANISATION CHART



<b>ANNEX IV</b>							
<b>PROJECTIONS AND OTHER STATEMENTS</b>							
<b>CAPITAL INVESTMENT</b>		( in US\$)					
<b>PLANT, EQUIPMENT &amp; TOOLS:</b>							
Main Plant	\$	3,200,000					
Electrical installation	\$	60,000					
Erection and commissioning	\$	35,000					
Generator	\$	62,000					
Clearing and Port Charges	\$	125,000					
<b>TOTAL PLANT &amp; EQUIPMENT</b>	<b>\$</b>	<b>3,482,000</b>					
<b>FURNITURE &amp; FITTINGS:</b>							
Office Furniture & Fittings	\$	5,000					
Computerization & Telecommunication	\$	8,000					
<b>TOTAL FURNITURE &amp; FITTINGS</b>	<b>\$</b>	<b>13,000</b>					
<b>MOTOR VEHICLES:</b>							
Delivery trucks	\$	200,000					
Forklifts	\$	50,000					
Pickup	\$	50,000					
Insurance & Others	\$	5,000					
<b>TOTAL MOTOR VEHICLES</b>	<b>\$</b>	<b>305,000</b>					
<b>TOTAL CAPITAL INVESTMENT</b>	<b>\$</b>	<b>3,800,000</b>					
<b>FINANCING PLAN:</b>							
Internal sources	\$	760,000					
Loan	\$	3,040,000					
<b>TOTAL FINANCING</b>	<b>\$</b>	<b>3,800,000</b>					

<b>DEBT SERVICING SCHEDULE</b>							
Bank Loan:	Year 1	Year 2	Year 3	Year 4	Year 5		
Opening Balance	\$ 3,040,000	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -		
Interest (5% p.a)	\$ 121,600	\$ 121,600	\$ 81,067	\$ 40,533	\$ -		
Repayments	\$ -	\$ 1,013,333	\$ 1,013,333	\$ 1,013,333			
Closing Balance	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -	\$ -		
<b>DEPRECIATION SCHEDULE</b>							
		Rate	Year 1	Year 2	Year 3	Year 4	Year 5
PLANT, EQUIPMENT & TOOLS:	\$ 3,482,000	0.125	\$ 435,250	\$ 435,250	\$ 435,250	\$ 435,250	\$ 435,250
FURNITURE & FITTINGS:	\$ 13,000	0.125	\$ 1,625	\$ 1,625	\$ 1,625	\$ 1,625	\$ 1,625
MOTOR VEHICLES:	\$ 305,000	0.250	\$ 76,250	\$ 76,250	\$ 76,250	\$ 76,250	
Total	\$ 3,800,000		\$ 513,125	\$ 513,125	\$ 513,125	\$ 513,125	\$ 436,875
ACCUMULATED DEPRECIATION			\$ 513,125	\$ 1,026,250	\$ 1,539,375	\$ 2,052,500	\$ 2,489,375
<b>PRODUCTION FORECAST</b>							
	Year 1	Year 2	Year 3	Year 4	Year 5		
Installed capacity (bags)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000		
Capacity Utilization	0.70	0.75	0.80	0.85	0.90		
Production (bags)	14,000,000	15,000,000	16,000,000	17,000,000	18,000,000		
<b>TOTAL SALES REVENUE</b>	<b>\$ 4,130,000</b>	<b>\$ 4,425,000</b>	<b>\$ 4,720,000</b>	<b>\$ 5,015,000</b>	<b>\$ 5,310,000</b>		
<b>COST OF SALES:</b>							
	Year 1	Year 2	Year 3	Year 4	Year 5		
Raw Material costs	\$ 2,291,324	\$ 2,454,990	\$ 2,618,656	\$ 2,782,322	\$ 2,945,988		
Production costs	\$ 239,711	\$ 256,833	\$ 273,955	\$ 291,078	\$ 308,200		
Depreciation	\$ 513,125	\$ 549,777	\$ 586,429	\$ 623,080	\$ 659,732		
Spares and Maintenance (2% of Machinery cost)	\$ 69,640	\$ 74,614	\$ 79,589	\$ 84,563	\$ 89,537		
Miscellaneous	\$ 25,000	\$ 26,786	\$ 28,571	\$ 30,357	\$ 32,143		
<b>TOTAL COST OF SALES</b>	<b>\$ 3,138,800</b>	<b>\$ 3,363,000</b>	<b>\$ 3,587,200</b>	<b>\$ 3,811,400</b>	<b>\$ 4,035,600</b>		

<b>SALES AND ADMINISTRATIVE EXPENSES</b>						
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
Selling, Administrative and Finance charges	\$ 215,764	\$ 222,490	\$ 188,683	\$ 154,875	\$ 121,068	
<b>TOTAL SALES AND ADMIN. EXP.</b>	<b>\$ 215,764</b>	<b>\$ 222,490</b>	<b>\$ 188,683</b>	<b>\$ 154,875</b>	<b>\$ 121,068</b>	
<b>SALARIES &amp; WAGES</b>						
	<u>Per Month</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Production Manager	\$ 2,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Finance and Administrative Manager	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Production Superintendent	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Maintenance Engineer	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Maintenance Technicians(5)	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Quality Controller	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Marketing officer	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Personnel officer	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Accountants(1)	\$ 400	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Stores staff(3)	\$ 900	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
Sales staff(3)	\$ 1,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Labour (120)	\$ 150	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Secretary	\$ 300	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Drivers	\$ 300	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Security guards(5)	\$ 600	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200
<b>TOTAL SALARIES &amp; WAGES</b>	<b>\$ 11,450</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>	<b>\$ 153,600</b>

<b>WORKING CAPITAL SCHEDULE</b>							
	<u>Days</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
<b>STOCKS:</b>							
Raw Materials	120	\$ 763,775	\$ 818,330	\$ 872,885	\$ 927,441	\$ 981,996	
Finished Goods	15	\$ 130,783	\$ 140,125	\$ 149,467	\$ 158,808	\$ 168,150	
Spare Parts, Lubes & Consumables	90	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
<b>DEBTORS:</b>							
One Week Sales	30	\$ 344,167	\$ 368,750	\$ 393,333	\$ 417,917	\$ 442,500	
<b>SUB TOTAL</b>		<b>\$ 1,248,725</b>	<b>\$ 1,337,205</b>	<b>\$ 1,425,685</b>	<b>\$ 1,514,166</b>	<b>\$ 1,602,646</b>	
<b>CREDITORS:</b>							
Creditors for Raw Material	30	\$ 190,944	\$ 204,583	\$ 218,221	\$ 231,860	\$ 245,499	
Variable Costs	30	\$ 261,567	\$ 280,250	\$ 298,933	\$ 317,617	\$ 336,300	
Sales & Admin. Exp.	30	\$ 17,980	\$ 18,541	\$ 15,724	\$ 12,906	\$ 10,089	
Salaries & Wages	30	\$ 12,800	\$ 12,800	\$ 12,800	\$ 12,800	\$ 12,800	
<b>SUB TOTAL</b>		<b>\$ 483,291</b>	<b>\$ 516,173</b>	<b>\$ 545,678</b>	<b>\$ 575,183</b>	<b>\$ 604,688</b>	
<b>NET WORKING CAPITAL</b>		<b>\$ 765,434</b>	<b>\$ 821,032</b>	<b>\$ 880,007</b>	<b>\$ 938,983</b>	<b>\$ 997,958</b>	
<b>INCREASE IN WORKING CAPITAL</b>		<b>\$ 765,434</b>	<b>\$ 55,598</b>	<b>\$ 58,975</b>	<b>\$ 58,975</b>	<b>\$ 58,975</b>	
<b>PROJECTED PROFIT &amp; LOSS ACCOUNT</b>							
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
Capacity Utilization		70%	75%	80%	85%	90%	
<b>SALES REVENUE</b>		<b>\$ 4,130,000</b>	<b>\$ 4,425,000</b>	<b>\$ 4,720,000</b>	<b>\$ 5,015,000</b>	<b>\$ 5,310,000</b>	
<b>COST OF SALES</b>		<b>\$ 3,138,800</b>	<b>\$ 3,363,000</b>	<b>\$ 3,587,200</b>	<b>\$ 3,811,400</b>	<b>\$ 4,035,600</b>	
<b>GROSS PROFIT:</b>		<b>\$ 991,200</b>	<b>\$ 1,062,000</b>	<b>\$ 1,132,800</b>	<b>\$ 1,203,600</b>	<b>\$ 1,274,400</b>	
<b>OPERATING EXPENSES:</b>							
Sales & Admin. Expenses		\$ 215,764	\$ 222,490	\$ 188,683	\$ 154,875	\$ 121,068	
Salaries & Wages		\$ 153,600	\$ 153,600	\$ 153,600	\$ 153,600	\$ 153,600	
<b>PROFIT BEFORE TAX</b>		<b>\$ 621,836</b>	<b>\$ 685,910</b>	<b>\$ 790,517</b>	<b>\$ 895,125</b>	<b>\$ 999,732</b>	
Taxation		\$ -	\$ 58,949	\$ 328,749	\$ 367,924	\$ 383,250	
<b>PROFIT AFTER TAX</b>		<b>\$ 621,836</b>	<b>\$ 626,961</b>	<b>\$ 461,768</b>	<b>\$ 527,201</b>	<b>\$ 616,482</b>	

<b>PROJECTED CASHFLOWS:</b>							
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>		
<b>CAPITAL INFLOWS:</b>							
Internal sources	\$ 760,000						
Loans	\$ 3,040,000						
<b>OPERATIONAL INFLOWS:</b>							
Pre Tax Profit	\$ 621,836	\$ 685,910	\$ 790,517	\$ 895,125	\$ 999,732		
Depreciation	\$ 513,125	\$ 513,125	\$ 513,125	\$ 513,125	\$ 436,875		
<b>TOTAL INFLOWS:</b>	<b>\$ 4,934,961</b>	<b>\$ 1,199,035</b>	<b>\$ 1,303,642</b>	<b>\$ 1,408,250</b>	<b>\$ 1,436,607</b>		
<b>CAPITAL OUTFLOWS:</b>							
Investments	\$ 3,800,000	\$ -	\$ -	\$ -	\$ -		
Loan Repayment	\$ -	\$ 1,013,333	\$ 1,013,333	\$ 1,013,333	\$ -		
<b>OPERATIONAL OUTFLOWS:</b>							
Taxation	\$ -	\$ 58,949	\$ 328,749	\$ 367,924	\$ 383,250		
Change in Working Capital	\$ 765,434	\$ 55,598	\$ 58,975	\$ 58,975	\$ 58,975		
<b>TOTAL OUTFLOWS:</b>	<b>\$ 4,565,434</b>	<b>\$ 1,127,880</b>	<b>\$ 1,401,058</b>	<b>\$ 1,440,233</b>	<b>\$ 442,226</b>		
<b>NET CASHFLOW</b>	<b>\$ 369,527</b>	<b>\$ 71,155</b>	<b>\$ (97,415)</b>	<b>\$ (31,983)</b>	<b>\$ 994,381</b>		
<b>OPENING BALANCE</b>	<b>\$ -</b>	<b>\$ 369,527</b>	<b>\$ 440,682</b>	<b>\$ 343,267</b>	<b>\$ 311,284</b>		
<b>CLOSING BALANCE</b>	<b>\$ 369,527</b>	<b>\$ 440,682</b>	<b>\$ 343,267</b>	<b>\$ 311,284</b>	<b>\$ 1,305,665</b>		

**PROJECTED BALANCE SHEET:**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>FIXED ASSETS</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>	<b>\$ 3,800,000</b>
Accumulated Depreciation	\$ 513,125	\$ 1,026,250	\$ 1,539,375	\$ 2,052,500	\$ 2,489,375
<b>NET FIXED ASSETS</b>	<b>\$ 3,286,875</b>	<b>\$ 2,773,750</b>	<b>\$ 2,260,625</b>	<b>\$ 1,747,500</b>	<b>\$ 1,310,625</b>
<b>CURRENT ASSETS:</b>					
Stocks	\$ 904,558	\$ 968,455	\$ 1,032,352	\$ 1,096,249	\$ 1,160,146
Debtors	\$ 344,167	\$ 368,750	\$ 393,333	\$ 417,917	\$ 442,500
Cash Balance	\$ 369,527	\$ 440,682	\$ 343,267	\$ 311,284	\$ 1,305,665
	<b>\$ 1,618,252</b>	<b>\$ 1,777,887</b>	<b>\$ 1,768,952</b>	<b>\$ 1,825,449</b>	<b>\$ 2,908,311</b>
<b>CURRENT LIABILITIES:</b>					
Creditors	\$ 483,291	\$ 516,173	\$ 545,678	\$ 575,183	\$ 604,688
<b>NET CURRENT ASSETS</b>	<b>\$ 1,134,961</b>	<b>\$ 1,261,714</b>	<b>\$ 1,223,274</b>	<b>\$ 1,250,266</b>	<b>\$ 2,303,623</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,421,836</b>	<b>\$ 4,035,464</b>	<b>\$ 3,483,899</b>	<b>\$ 2,997,766</b>	<b>\$ 3,614,248</b>
<b>REPRESENTED BY:</b>					
Revenue Reserves	\$ 621,836	\$ 1,248,797	\$ 1,710,566	\$ 2,237,766	\$ 2,854,248
Loans	\$ 3,040,000	\$ 2,026,667	\$ 1,013,333	\$ -	\$ -
Internal funds	\$ 760,000	\$ 760,000	\$ 760,000	\$ 760,000	\$ 760,000
<b>TOTAL LIABILITIES</b>	<b>\$ 4,421,836</b>	<b>\$ 4,035,464</b>	<b>\$ 3,483,899</b>	<b>\$ 2,997,766</b>	<b>\$ 3,614,248</b>

**THE COMPANIES ACT, 2002**

**COMPANY LIMITED BY SHARES**

**MEMORANDUM**  
**&**  
**ARTICLES OF ASSOCIATION**

**OF**

**AZAM POLYSACKS**

**LIMITED**

Drawn by:  
Mr.Said Salim Awadh Bakhresa  
'Promoter & Director',  
P. O. Box 2517  
Dar es Salaam

UNITED REPUBLIC OF TANZANIA

CERTIFICATE OF INCORPORATION

No.

I HEREBY CERTIFY that

**AZAM POLYSACKS 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 ..... day of  
..... Two Thousand and Nine



.....  
Registrar of Companies

50000  
15364 13-5-2011

THE COMPANIES ACT, 2002  
COMPANY LIMITED BY SHARES  
MEMORANDUM OF ASSOCIATION  
OF  
AZAM POLYSACKS LIMITED

25000  
15364 13-5-2011

1. The name of the company is **AZAM POLYSACKS LIMITED**
2. The registered office of the company will be situated in Republic of Tanzania.
3. The objective for which the company is established are: -
  - i) To carry on the business as manufacturer, trader, importer, exporter, wholesaler, distributor, supplier, retailer of packaging material of all kinds.
  - ii) To carry on the business of manufacturer of and dealer in all types of bags, and other types of containers and any articles and things which may be manufactured from paper, sisal, jute and other fibres etc.
  - iii) To carry on the business of manufacturing, importing and exporting of all kinds of packaging material.
  - iv) To carry on the business of trading of locally manufactured and imported packaging products and printing of all kinds.
  - v) To carry on a bussiness of selling, distribution, exporting of all products of any description, printing machines, printers & publishers, and conduct all other activities relating to paper & printing industry.
  - vi) To provide consultancy services on packaging & printing industries and operations and carry out a business as management consultants, financial consultants, and in the promotion of all the activities in these industries and all other activities related to these areas which the company may feel fit to do.

- vii) To manufacture, store, maintain, sell, buy, barter, repair, alter and exchange, hire, let to hire, export, import and deal in all kinds of articles and things, including all kinds of conveyances, and all component parts, fittings, tools, implements, accessories, materials and all articles and things used in connection therewith in any way whatsoever, which may be required for the purpose of any of the business of the Company or are commonly supplied or dealt with by persons engaged in any such businesses or which may seem capable or being profitably dealt with in connection with any of the business of the Company.
- viii) To carry on the business of manufacturers, dealers, wholesaler, distributor, importer, exporter, general trader, stockist, and retailer of educational materials, school supplies, office supplies both in wholesale and retail and in all kinds of stationery items in general.
- ix) To carry on the business of purchasing, selling or otherwise dealing in and as manufacturers, dealers, wholesaler, distributor, importer, exporter, general trader, stockist, and retailer of medicines, chemicals, cosmetics and any other pharmaceutical products both for human being and or animal consumption or use.
- x) To carry on the business of buying & selling, importation & exportation in all kinds of hardware materials, building materials, electrical items & and in all types of goods, articles and merchandise.
- xi) To carry on the business as importers of various plastic packing materials household items, industrial raw materials, textiles, building materials and agriculture materials.
- xii) To carry on the business of on an Investing Company including but not limited to investing in properties, shares, stocks, bonds, etc.
- xiii) To build, construct, maintain, alter, enlarge, down, remove and replace any shops, buildings, offices, foundries and generally to carry on business as building contractors, civil engineers, general engineers, surveyors, architects and any others

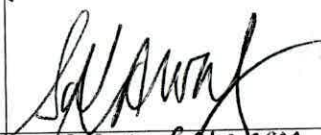
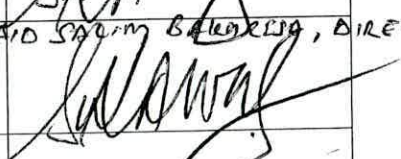
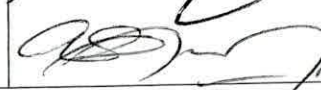
works connected therewith and which may be conveniently carried on or which may be necessary in connection with any or all of the objects of the company.

- xiv) To acquire and undertake the whole or any part of the business property and liabilities of any persons, firms or company carrying on any business in which company is authorized to carry on, or possesses property suitable for the purposes of this company.
- xv) To purchase, lease or otherwise acquire and to hold, sell, improve, develop, exchange, mortgage or otherwise dispose of any lands, buildings or any other assets.
- xvi) To carry on the business of advertising contractors and agents, representatives, consultants, advisers, supply accessories for advertising material, to acquire and disposal of advertising time, space or opportunities in any media, to undertake advertising and promotional campaigns of any nature, to acquire and provide promotional requisites of every kind and description, and to carry on any other business which may be usefully carried on in connection with such business, and to acquire and undertake the whole or any part of the business as such contractors or agents, or any other business which may be usefully carried on in connection therewith.
- xvii) To amalgamate or enter into partnership whether perpetual or terminable for sharing profits, unions of interest, joint ventures, reciprocal concession or co-operation with any person, firm, association or group of persons carrying on or engaged in or about to carry on or engage in or in the transaction or cause of action which may seem to the company capable of being conducted so as directly or indirectly benefit the company or to prevent or minimize apprehended loss, damage or cost to the company or to such person, firm, society, association or group of persons and to purchase subscription for or, otherwise acquire and hold shares (fully or partly paid up) or stock in society, association or group of persons, and to sell, hold, reissue with or without guarantee or otherwise deal with such shares, stock or securities.

- xviii) To purchase or otherwise acquire all or any part of the business properties and liabilities of any company, society, partnership or persons, formed for all or any part of the purpose within the objective of the company and to conduct and carry on, or liquidate and wind up any such business.
- xix) To manufacture, sell and generally deal in any plant, machinery tools, goods or things of any description which in the opinion of the company may be conveniently dealt with, by the company in connection with any of its objects.
- xx) To receive money deposits, with or without allowance of interest thereof.
- xxi) To advance and lend money up on such securities as may be thought proper or without taking any security thereof.
- xxii) To carry on, develop, extend and turn to account any trade, business or operation whatsoever which can in the opinion of the company could be advantageously or conveniently carried by the company by way of extension of or in connection with all or any of the trade, business and operations which the company is authorized to carry on or is calculated directly or indirectly to develop any branch of the company's business or to increase the value of or turn to account of the company assets, property or rights.
- xxiii) Generally to do all such other things as may appear to be incidental or conducive to the attainment of the above objects or any of them and IT IS HEREBY DECLARED that in the interpretation of this clause the powers conferred up on the company or by juxtaposition of two or more objects, nor shall any of the aforesaid objects or powers be deemed subsidiary or auxiliary merely to the objects mentioned the first or any other paragraph, save as is expressly provided, but so that the company shall have full power to exercise all or any of the powers conferred by and part of this clause in any part of the word and in the event of any ambiguity this clause and every paragraph hereof shall be construed in such a way as to widen and not to restrict the power of the company.

4. The liability of the members is Limited.
5. The Share capital of the Company is T. Shs. 1,000,000,000/= divided to 10,000 Ordinary shares of T. Shs. 100,000/= each with power to increase/reduce the capital or consolidate or subdivide the share into shares of larger or smaller amount and to all or any part of the said Capital. The company has the power to alter the capital value of shares and create classes to shares, attach special rights, limitations and obligations to shares from time to time as it may deem fit.

WE the undersigned 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 number of shares in capital of the Company set opposite our respective names.

NAMES, ADDRESSES AND DESCRIPTION OF SUBSCRIBERS	NO. OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURE OF SUBSCRIBERS
1. M/s Said Salim Bakhresa & Co. Limited, P.O.Box-2517, Dar es Salaam	9,998	<i>For SAID SALIM BAKHRESA &amp; Co. LTD.</i> 
2. Mr. Said Salim Awadh Bakhresa P. O. Box – 2517, Dar es Salaam	1	<i>(SAID SALIM BAKHRESA, DIRECTOR)</i> 
3. Mr. Abubakar Said Salim Bakhresa P. O. Box – 2517, Dar es Salaam	1	

Dated at Dar es Salaam this 10<sup>th</sup> day of MAY ~~April~~ 2011


Witness to the above signatures: -

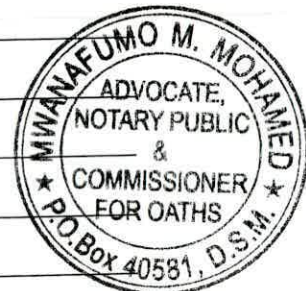
MWANAFUMO M. MOHAMED

SIGNATURE:

POSTAL ADDRESS:

QUALIFICATION:

  
M.M.H.  
P.O BOX 40581  
DAR-ES-SALAAM  
ADVOCATE



5000F

13-5-2011  
5364  
Retrieved

THE COMPANIES ACT, 2002  
COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
AZAM POLYSACKS LIMITED

2500F  
13-5-2011  
5364  
Retrieved

INTERPRETATIONS

1. In these Regulations:

"the Act" means The Companies Act, 2002;

"the Articles" means the articles of the company;

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

"the holder" in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

"the seal" means the common seal of the company;

"secretary" means the secretary of the company or any person appointed to perform the duties of the secretary of the company;

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

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

The regulation contained in Part I of Table A to the Companies Act, 2002 shall apply save for Regulation 22 and in so far as they are varied or excluded hereby, but in case of any conflict between the provisions herein, and the provisions under Table "A" the former shall prevail

and in addition to substitution for or modification of the provisions of Table "A" the following be the regulations of the Company.

#### **PRIVATE COMPANY**

2. The Company is Private Company and accordingly: -

- (a) The right to transfer shares is restricted in manner hereinafter prescribed.
- (b) The number of members of the Company (exclusive of person who are in the employment of the company and of persons who have been formerly in employment of the Company) is limited to fifty, provided that where two or more persons hold one or more shares in the Company they shall for the purpose of this regulation be treated as a single member.
- (c) Any invitation to the public to subscribe for any share or debenture of the Company is prohibited.
- (d) The Company shall not have the powers to issue warrants to bearer.

#### **SHARE CAPITAL & VARIATION of RIGHTS**

3. Subject to the provision of the Act, and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may by ordinary resolution determine.
4. Subject to the provision of Section 61 of the Act, any shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.
5. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class) may, whether or not the company is being wound-up, be varied with the consent in writing of the holders of three-fourth of the issued share of that class, or with the sanction of a

special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall apply, but so that the necessary quorum shall be 2 persons at least holding or representing by proxy 1/3rd of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

6. The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the terms of issue of shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
7. The company may exercise the power of paying commission conferred by Section 56 of the Act. Subject to the provisions of the Act, such commission may be stratified by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in other.
8. Accept as required by law, no person shall be recognised by the company as holding any share up on any trust, and the company shall not be bound by or to be compelled in any way to recognised (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in fractional part of a share or (accept as otherwise provided by the articles or by law) any other rights or interests in respect of any share except in absolute right to the entirety thereof in the registered holder.

#### **ALTERATION OF CAPITAL**

9. Articles 29 to 39 of Table "A" shall apply with following clarifications:

The company may by ordinary resolution:-

- a. Increase its share capital by the new shares of such amount, as the resolution prescribes;
- b. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.

- c. Subject to the provisions of Section 65(1)(d) of the Act, sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association.
- d. Cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

If a call remains unpaid after it has become due and payable, shares can be forfeited and reissued or canceled by the directors as per the articles provided in Table A.

#### **TRANSFER OF SHARES**

- 10. The Directors may in their discretion and without assigning any reason thereof refuse to register the transfer of any share to any person whom to their opinion he/she is undesirable for any reason whatsoever to admit to membership.
- 11. Subject to Article 2 and 3 hereof rights of members to transfer their shares shall be restricted as follows: -
  - (a) No Share shall be transferred to a person who is not a member so long as any member or any person selected by the Directors as one who it is desirable in the interests of the Company to admit to membership.
  - (b) Every shareholder of Trustee in bankruptcy, or any person who may desire to sell or transfer any such shares and every personal representative of a deceased shareholder shall give notice in writing to the Directors that he desires to make such sales or such a transfer, such notice shall constitute the board of Directors as his agents for sale of such shares to any member or members of the company at a price to be agreed upon between the party giving such a notice and the board and in the case of difference the same shall be determined by the Auditor of the Company.
  - (c) Upon the price of such shares being agreed on or determined as Clause (b) above, the Board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell or transfer the said shares, stating the number and price of such shares

inviting the person to whom the notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any, if so what maximum number of such shares. At the expiration of such 21 days' notice the Board shall apportion such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase the same and as far as may be proper according to the number of shares already held by them respectively, or if there be only one such shareholder the whole of such shares be sold to him, provided that no shareholder shall be obliged to take more than the maximum number of such shares stated in his answer to the said notice.

### GENERAL MEETINGS

#### NOTICE OF GENERAL MEETINGS AND PROCEEDINGS

##### AT THE GENERAL MEETING

12. Articles 40 to 55 Table "A" shall apply subject to the following variations: -

- (a) A General meeting, Ordinary or Extra ordinary meeting, may with the consent of majority of members be convened on a shorter notice than seven days or without notice.
- (b) Two members, present either personally or by proxy shall form a quorum.
- (c) Any ordinary resolution of the Company determined without any general meeting and evidenced by writing under the hands of majority of the Directors and or the members of the Company holding three votes of the issued shares of the Company shall be valid and effectual as an ordinary resolution duly passed at a general meeting of the company.

### DIRECTORS

13. (a) Until otherwise determined by the Company in general meeting the Directors shall not be less than 2 and not more than 50 in number.

14. The following persons shall be the first Directors of the company:

- **MR. SAID SALIM AWADH BAKHRESA**
- **MR. ABUBAKAR SAID SALIM BAKHRESA**
- **MRS. FATHIYA AHMED**

15. The shareholding qualifications for the Directors may be fixed by the Company in General Meeting and unless and until so fixed no qualification shall be required.

16. The quorum of Directors for transaction business shall, unless otherwise fixed by the Directors, be 2 (Two).

17. Resolution in writing by all the Directors then in Tanzania shall be as valid and effectual resolution as if it had been passed at a meeting of Directors duly called and constituted.

18. The Directors may from time to time borrow or raised any money for the purpose of the company, which may exceed the issued share capital of the company.

#### **BORROWING POWERS**

19. The Directors may raise or borrow for the purpose of the company's business such sum or sums of money as they may think fit and they may secure the repayment of or raise any such or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the company, present and future, including its uncalled or un-issued capital or by the issue, at such price as they may think fit, or bonds or debentures, either charged upon the whole or any part of the property and assets of the company, or not charged, or in such other way as the Directors may think expedient.

#### **ALTERNATE DIRECTORS**

20. Each Director may nominate a person, who shall be approved of in writing by the other Directors, to act as alternate in his place during his absence from Tanzania or inability to act

as such Director. Shall be subject in all other respect to be terms and conditions existing with reference to the directors of the Company and such alternate Directors when acting shall exercise and discharge all duties and functions of the Director whom he represents and in the case of an alternate Director being unable to act during the absence of inability to act as Director whom he represents he may subject to the like approval of the other Directors appoint a dully qualified person to act in his place.

#### **SECRETARY**

21. The Secretary shall be appointed by the Board for such terms as such remuneration and upon such conditions as it may think fit, and any secretary so appointed may be removed by the Board.
22. The board may authorize the auditors or their associates or any capable person to work as secretary to carry any specific secretarial work on payment of fees.

#### **WINDING UP**

23. With the sanction of a Special Resolution of the shareholders any part of the assets of the company including any shares in other companies may be divided between the members of the company is special or may be vested in Trustees for the benefit of such members and the liquidation of the company be closed and the company dissolved by so that no member shall be compelled to accept any shares whereupon there is only liability.

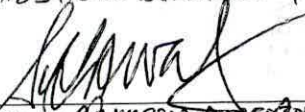
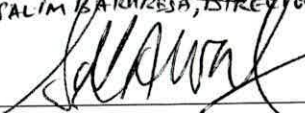
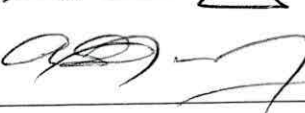
#### **INDEMNITY**

24. Every Director, Managing Director, Agent, Auditor, Secretary and officers for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment

is given in this favor or in which he is acquitted or in connection with any application in which relief is granted to him by the court.

**ALTERATION OR ADDITION**

25. Subject to the provisions of the Act and those contained in the Memorandum of Association, the Company may by special resolution make an alteration and or addition to the memorandum and articles of association and alterations so made shall be as valid and effectual as if originally contained in those articles and be subject in like manner to alteration by special resolution.


NAMES, ADDRESSES AND DESCRIPTION OF SUBSCRIBERS	NO. OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURE OF SUBSCRIBERS
1. M/s Said Salim Bakhresa & Co. Limited, P.O.Box-2517, Dar es Salaam	9,998	For SAID SALIM BAKHRESA & CO. LTD. 
2. Mr. Said Salim Awadh Bakhresa P. O. Box – 2517, Dar es Salaam	1	(SAID SALIM BAKHRESA, DIRECTOR) 
3. Mr. Abubakar Said Salim Bakhresa P. O. Box – 2517, Dar es Salaam	1	

Dated at Dar es Salaam this 10<sup>th</sup> day of MAY 2011

Witness to the above signatures: -

MWANAFUMO M. MOHAMED

SIGNATURE:



POSTAL ADDRESS:

P.O BOX. 40581,  
DAR-ES-SALAAM.

QUALIFICATION:

ADVOCATE.



## TANZANIA



## Certificate of Incorporation

Section 15


No **84470**

I HEREBY CERTIFY THAT

**AZAM POLYSACKS 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 **12TH** day of **JULY****TWO THOUSAND AND ELEVEN.**  
Asst. Registrar of Companies

Certified as a True Copy of the Original

  
MWANAFUMO M. MOHAMED  
Advocate, Notary Public & Commissioner for Oaths



# AZAM POLYSACKS LIMITED

P.O. Box 2517, Dar es Salaam

## BOARD RESOLUTION

RESOLVED THAT a New Polypropylene Bags manufacturing plant, be started in the city of Dar Es Salaam with a capacity of 20 million bags per year in order to cater to domestic market and export market for use in packing cement, fertilizers, sugar, chemicals etc.

FURTHER RESOLVED THAT Mr. Said Salim Awadh Bakhresa, Director be and is hereby authorised on behalf of the company to execute necessary documents for registration of the Project with Tanzania Investment Centre & also to execute all other documents / legal formalities in connection with the implementation of the project.



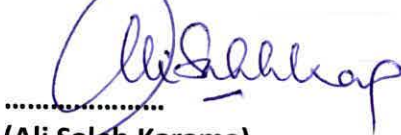
.....  
(Signed)

Chairman

Dated: 7<sup>th</sup> September 2011

I certify that the above is a true extract of the resolution passed at the meeting of the Board of Directors of Azam Polysacks Limited, held on 7<sup>th</sup> September, 2011, Thursday at 10.00 hours at the registered office of the company at Dar es Salaam

For Said Salim Bakhresa & Company Limited



.....  
(Ali Saleh Karama)

Company Secretary

Dated: 7<sup>th</sup> September 2011

# ***AZAM POLYSACKS LIMITED***

## ***PP WOVEN BAGS MANUFACTURING PLANT***

***AT PLOT NO.74/4, PUGU ROAD,  
DAR ES SALAAM***

**-----AN INVESTMENT PROPOSAL-----**

September 2011  
DAR ES SALAAM

# CONTENTS

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8.0	ECONOMIC AND SOCIAL BENEFITS	8
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10.0	CONCLUSIONS AND RECOMMENDATIONS	9

# ANNEXURE

ANNEX I MAJOR ASSUMPTIONS USED

ANNEX II ORGANISATION STRUCTURE

ANNEX III PROFORMA FOR SUPPLY OF PP BAGS PLANT AND MACHINERY

ANNEX IV PROJECTIONS AND OTHER STATEMENTS

- CAPITAL INVESTMENT
- FINANCING PLAN
- DEBT SERVICING SCHEDULE
- DEPRECIATION SCHEDULE
- PRODUCTION FORECAST
- COST OF SALES
- SALES AND ADMINISTRATIVE EXPENSES
- SALARIES AND WAGES
- WORKING CAPITAL SCHEDULE
- PROFIT AND LOSS ACCOUNT
- CASH FLOWS
- BALANCE SHEET

## **1.0. EXECUTIVE SUMMARY**

This is an investment proposal by M/S Azam Polysacks Limited (Subsidiary of M/s Said Salim Bakhresa and Company Limited (SSBC) to setup a new project to manufacture PP Woven bags. The project will involve setting up of the New Polypropylene Woven Bags plant (20 million bags per year capacity) at Plot No.74/4, Pugu Road, Dar Es Salaam.

This project will supply packing material for the products for its prospective customers dealing in cement, wheat flour etc. It will also supply bags to its targeted buyers being manufacturers of sugar, fertilisers and chemicals and also export to neighbouring countries.

Excluding initial working capital, the project is estimated to cost US\$3.8 million, the major components of which being that of Plant and machinery US\$ 3.48 million, Furniture and Motor vehicles US\$ 0.32 million. The operations will be carried out at rented premises owned by Said Salim Bakhresa & Co. Limited.

The financing of the project would be by way of credit from banks and internal funds. The initial working capital will be financed by SSBC from internal sources. The project will start commercial operations beginning January 2012 after completion of plant and machinery erection, commissioning and trial run and training by the end of December 2011.

The new plant is projected to attain 80% capacity utilization by 2014 and hence will be producing 16 million PP bags worth US\$ 4.72 million per annum by the end of third year generating a pre-tax profit of US\$ 0.79 million and after adjusting the capital allowances, the Government will earn corporate income tax of US\$ 0.33 million.

The new project has a lot of economic and social benefits including that of generating direct employment to 150 Tanzanians.

It is therefore financially attractive and economically desirable to warrant the Tanzania Investment Centre's approval and support.

**In summary project highlights are:**

1. Description of the Project

To set up a new project to manufacture Polypropylene bags (capacity of 20 million per year) to support the packing material requirement local and export markets at Dar Es Salaam at plot No. 74/4, Pugu Road, Dar Es Salaam.

2. Type of Enterprise

Polypropylene bags manufacturing plant.

3. Investment Cost (in million)

Foreign	US\$ NIL
Local	US\$ 3.8
Total	US\$ 3.8

4. Project Financing (in million)

Loans	US\$ 3.04
Internal funds	US\$ 0.76

5. Source, Terms and Conditions of Loan

Loan from SCB Ltd. @ 4% per annum

6. Technology agreement

None

7. Implementation period

September 2011 to December 2011

8. Operative date

January 2012

## **2.0. PROJECT BACKGROUND**

### **2.1. Introduction**

The parent company, Said Salim Bakhresa and Company Limited (SSBC) since its incorporation in 1983 has concentrated in the wheat grain milling industry as its core business. The company currently owns wheat mills in Tanzania with a total capacity of 1,750 metric tons per day.

Apart from this it has 70 metric ton maize mill in Tanzania. SSBC is milling the wheat grain and producing super fine variety of wheat flour for home consumption as well as export. The wheat bran is also exported. It is estimated that SSBC and its sister companies alone require 8 million PP bags per year.

The supply and demand gap for Block Bottom Valve Polypropylene bags and normal polypropylene bags in Tanzania is high. The demand for bags is ever increasing in view of its multiple benefits. Industries such as sugar, flour, cement, chemical and other commodities require PP bags as packing material due to its durability. It shares many advantages compared to other style sacks such as high strength, low cost, high filling speed, suitable for automatic insert filling line, great environment protection, stably palletize, high efficient transportation, easy remark, etc. Besides these bags can be sealed without the use of glue, only by applying hot air and pressure.

Further, the company is getting huge orders in its PP bags division and thus, to cater to outside customers, the company has considered investing in this PP bags manufacturing plant expansion project in Dar Es Salaam.

### **2.2. PROMOTERS AND OWNERS**

#### **2.2.1. The Company:**

The project is owned by M/s Azam Polysacks Limited, 100% subsidiary of M/S Said Salim Bakhresa & Company Limited.

#### **2.2.2. Shareholders and Directors:**

Azam Polysacks Limited has a paid up capital of Tzs 1 Billion, fully owned by M/s Said Salim Bakhresa & Co. Limited, with Mr. Said Salim Bakhresa and Mr. Abubakar Bakhresa holding 1 share each.

All the shareholders are Tanzanians and also directors in the company constituting the Board of Directors.

### **2.2.3. Industrial experience:**

The parent company, SSBC was incorporated on 7<sup>th</sup> June 1983 as a private limited liability company in Tanzania. The main business of the company is milling of wheat grain to produce wheat flour for bakery and ordinary consumption i.e., for the industrial market segment and for the house hold market segment.

The Board of Directors runs the company and Mr. Said Salim Awadh is the Chairman and Managing Director. The day to day affairs of the company are looked after by Mr. Said and Mr. Abubakar, Executive Director.

Mr. Said has got over 31 years of rich experience in the grain milling business. Mr. Abubakar is a graduate in finance and business from Georgetown University in USA and has got the successful track record of implementing the mega project of 1,500 ton wheat plant and running the same in profits.

The project will be managed by the management of the company with the help of qualified and experienced professionals.

### **2.2.4. Financial performance**

Azam Polysacks Limited is a new company and thus, do not have any past financial performance data.

### **2.3. Economic Industrial Policies:**

Currently the Government is pursuing policies encouraging the private sector to take a commanding role in the economic development of the country.

Many of the projects of Bakhresa group are approved by Tanzania Investment Centre and are successfully running contributing to the economic growth of the country.

The list of projects approved by TIC are given below:

1. Said Salim Bakhresa & Company Limited-----to set up wheat mill at Kipawa, Dar Es Salaam
2. Said Salim Bakhresa & Company Limited-----to expand and set up 500 ton wheat mill plant at Mzizima, Dar Es Salaam

3. Azam Bakeries Company Limited-----to expand and rehabilitate bakery division of SSBC and set up a new biscuit plant at Kipawa, Dar Es Salaam
4. Bakhresa Food Products Limited-----to set up food processing industry to produce ice cream products, artificial juices and mineral water at Kipawa, Dar Es Salaam
5. Omar Packaging Industries Limited----to set up a plastic packing material manufacturing plant at Kiwalani, Dar Es Salaam
6. Said Salim Bakhresa & Company Limited--- to expand and set up a new 500 ton wheat mill plant at Plot No.74/1, Nyerere road, Dar Es Salaam
7. Said Salim Bakhresa & Company Limited---to set up a PP bags plant to produce polypropylene bags at Plot No.110 kipawa , Nyerere road, Dar Es Salaam.

Azam Polysacks Limited is a wholly Tanzanian owned company and believes in the future of this country. The current industrial policies are conducive to serious investments and it is with this belief that the management wishes to invest in this new project to manufacture Polypropylene bags.

It is noteworthy that all the projects approved by Tanzania Investment Centre under Bakhresa Group are successfully running and contributing to the economic growth of Tanzania.

### **3.0. The Market and plant capacity:**

The estimated demand for the Polypropylene bags in Tanzania is around 150 million bags per annum. The estimated annual capacity of all the PP bags plants in Tanzania does not exceed 90 million per year.

Thus, one can see that there is a huge gap between demand and supply of PP bags in Tanzania. According to the estimates around 10 million PP bags are imported into Tanzania during the year 2009 mainly from India, China, UAE.

#### **4.0. PLANT INPUTS**

##### **4.1. RAW MATERIALS**

The main raw material is PP granules. At present there is no production of PP granules in Tanzania. Hence, the raw material has to be imported. The company proposes to import from South Africa and countries in Middle East (Saudi Arabia) and Far East Asia (Taiwan and Singapore).

##### **4.2. POWER SUPPLY**

The plant will depend on TANESCO for power supply but to guard against power interruptions, a standby generator of 500 KVA will be installed. The power consumption is estimated at minimum 900 KVA and 393 KW per hour of production.

#### **5.0. PROJECT ENGINEERING**

##### **5.1. LOCATION**

The plant will be located at plot No.74/4, Pugu Road, Dar Es Salaam. The location is very good as it is served by main road. It has power, water and telecommunication connections. This enables to supply the packing material instantly. Further, Dar Es Salaam has been selected because of its port facilities and huge market. Further, for exports to sister company of SSBC located in Kampala, railways can be utilised.

##### **5.2. PLANT AND MACHINERY**

The promoters have successfully negotiated with Bag Solutions Worldwide and Starlinger for the supply, erection and commissioning of machinery for the production of upto 20 million PP bags per year.

The plant and machinery is currently under final stages of manufacture process and according to the supplier would be shipped to Dar Es Salaam by the end of the August 2011.

### Erection and commissioning:

M/S BSW and Starlinger will provide specialists for about 14 man weeks for plant erection and commissioning and to assist the above specialists. Azam Polysacks Limited will provide counter parts plus additional skilled and unskilled workforce.

### Product range:

The plant will produce different varieties of PP bags to suit the needs of various industries such as grain, flour, commodities, cement , sugar, chemicals etc.

### Material Handling and Transport facilities:

Raw materials, work in progress and finished products will be handled using conventional means such as trucks.

## **6.0. COSTS**

### **6.1. FIXED CAPITAL COSTS**

The fixed capital costs for the project is estimated at US\$3.8 million summarised as follows:

(US\$ in million)

	Rented
Land and Buildings	
Plant and machinery	3.48
Motor Vehicles	0.31
Furniture & Fittings	0.01
TOTAL	3.80

## **7.0. MANPOWER**

The project will employ 150 persons at an annual wage bill of US\$ 0.154 million.

### **7.1. Organisation Structure:**

The factory will be run as an independent profit centre with its own General Manager assisted by various departmental heads. The Organisation structure is shown in the **Annex II**.

## **8.0. Economic and Social benefits**

In addition to the good profits, the project will generate for the investors other economic and social benefits as under:

- There is a continuous supply of international quality of packing material in the local market for packing wheat grain, wheat flour, wheat bran and maize flour and other commodities like sugar, chemicals, cements etc.
- The project will generate foreign exchange by exports in addition to saving foreign exchange by producing PP bags locally instead of importing the same.
- The project will generate direct employment to 150 Tanzanians.
- The project will increase direct and indirect taxes to the Government. At its peak production the project will pay about US\$ 0.383 million annually as corporate income tax.
- The project aims to supply superior quality of PP bags conforming to International standards to other local industries such as cement and sugar.

## **9.0. Project Implementation Schedule:**

As already mentioned, the implementation of the project will be supervised by the experienced team of Azam Polysacks Limited assisted by SSBC staff supported by Plant manufacturers, engineers during the erection and commissioning. Implementation of the project has already started since civil works construction commenced, plant and machinery are ordered and other preparatory activities such as application of TIC certificate are underway.

### **9.1. The implementation schedule is shown below:**

August 2011 to	December 2011	Plant and machinery erection
January 2012		Commissioning
January 2012		Trial runs, Training
January 2012		Commercial production

## **10.0. Conclusions and Recommendations**

In order to take advantage of the current Government policies that encourage the private sector to take a leading role in the economic activities of the country, SSBC wish to expand and diversify their business to PP bags manufacturing unit in Dar Es Salaam so as to capture the ever growing demand of PP bags market in Tanzania and the neighbouring countries.

The project is profitable to the promoters and is economically and socially beneficial to the nation as a whole.

It is, therefore, recommended for approval and support by all concerned. In view of its tremendous benefits to the economy of the country, it is the hope of the promoters that the Tanzania Investment Centre will approve this project as a strategic investment and grant it the required incentives as stipulated in the Tanzania Investment Act, 1997.

## ANNEX I

### Major assumptions used:

- Number of working days per year 300
- VAT on capital goods Zero (deferred and discharged)
- Working capital Financed from SSBC internally generated funds
- Exchange rate of Euro 1 =US \$1.43
- Selling Price per Bag US \$0.295
- Interest rate(US \$) 4 %
- Dividends NIL



# 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](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://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 SAID SALIM AWADH BAKHRESA  
(director/directors/agent of AZAM POLYSACKS LIMITED  
(name of business enterprise) apply for registration of AZAM POLYSACKS LIMITED  
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at PLOT NO. 74/4, PUGU ROAD,  
P.O. BOX 2517, DAR ES SALAAM.

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
  - (ii) Certificate of Incorporation/Registration
  - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
  - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at PLOT NO. 74/4, PUGU ROAD,  
DAR ES SALAAM
4. The Principal Officers of the Company are .....
1. MR. SAID SALIM AWADH BAKHRESA - DIRECTOR  
2. MR. ABUBAKAR SAID SALIM BAKHRESA - DIRECTOR
5. Auditors of the Company are BAKER TILLY DGP & CO., P.O. BOX 1314,  
DAR ES SALAAM
6. The authorized share capital of the Company is Tshs. ~~1000,000,000/=~~ 1,000,000,000/=  
(Shwinge One Billion Only)

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is ~~Tshs.~~/US\$ 3,800,000/= (US Dollars Three Million Eight hundred thousand only)
8. The month and day of the financial year end is 31<sup>st</sup> 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\$

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

I, SAID SALIM AWADH BAKHRESA of Post Office Number 2517, DAR ES

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

authorized agent of AZAM POLYSACKS LIMITED

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

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

The ..... day of ..... 20..... }

**Applicant**

Before me:

.....  
**Commissioner for Oaths**

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**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.

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 The ..... day of ..... 20..... } **Applicant**

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## APPLICATION SUMMARY

Company Name: AZAM POLYSACKS LIMITED

Certificate of Incorporation Number: 84470

Status: PRIVATE LIMITED

Certificate of Incorporation Date: 12<sup>TH</sup> JULY 2011 COMPANY

Post Box: 2517

Town: DAR ES SALAAM

Sector: PRIORITY

Sub-Sector: MANUFACTURING

### Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>NIL</u>	<u>760,000/=</u>	<u>NIL</u>	<u>304,000/=</u>

Project Objectives: To produce Polypropylene bags within country to reduce gap between demand and supply of such bags in Tanzania

Capacity: 20,000,000 bags (installed)

Employment: Foreign: 5 Local: 145 Total: 150

Implementation Period: 2 YEARS

### Project Location

Site/Plot/Block No.: 74/4

Street: PUGU ROAD District: ILALA Region: DAR ES SALAAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
① SAID SALIM BAKHRESA & CO. LIMITED	TANZANIAN	99.98
② MR. SAID SALIM AWADH BAKHRESA	TANZANIAN	0.01
③ MR. ABUBAKAR SAID SALIM BAKHRESA	TANZANIAN	0.01
.....	.....	.....
.....	.....	.....

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

Land/Building	.....	—
Plant	.....	3 482 000/=
Vehicles	.....	305 000/=
Furniture & Fittings	.....	13 000/=
Pre-expenses	.....	—
Others	.....	—
Working Capital	.....	—
<b>TOTAL</b>	.....	<b>3 800 000/=</b>

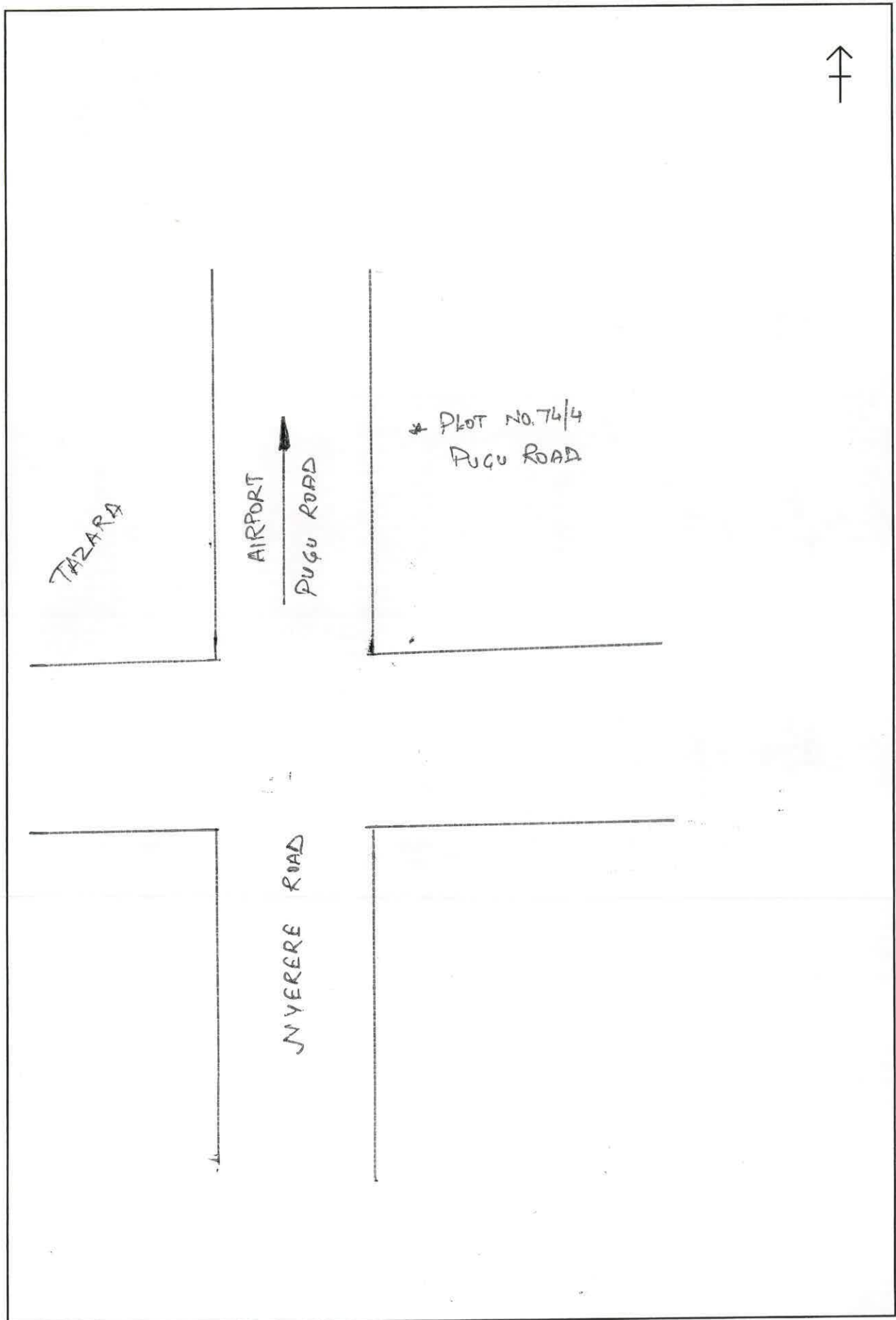
**Contact Details:**

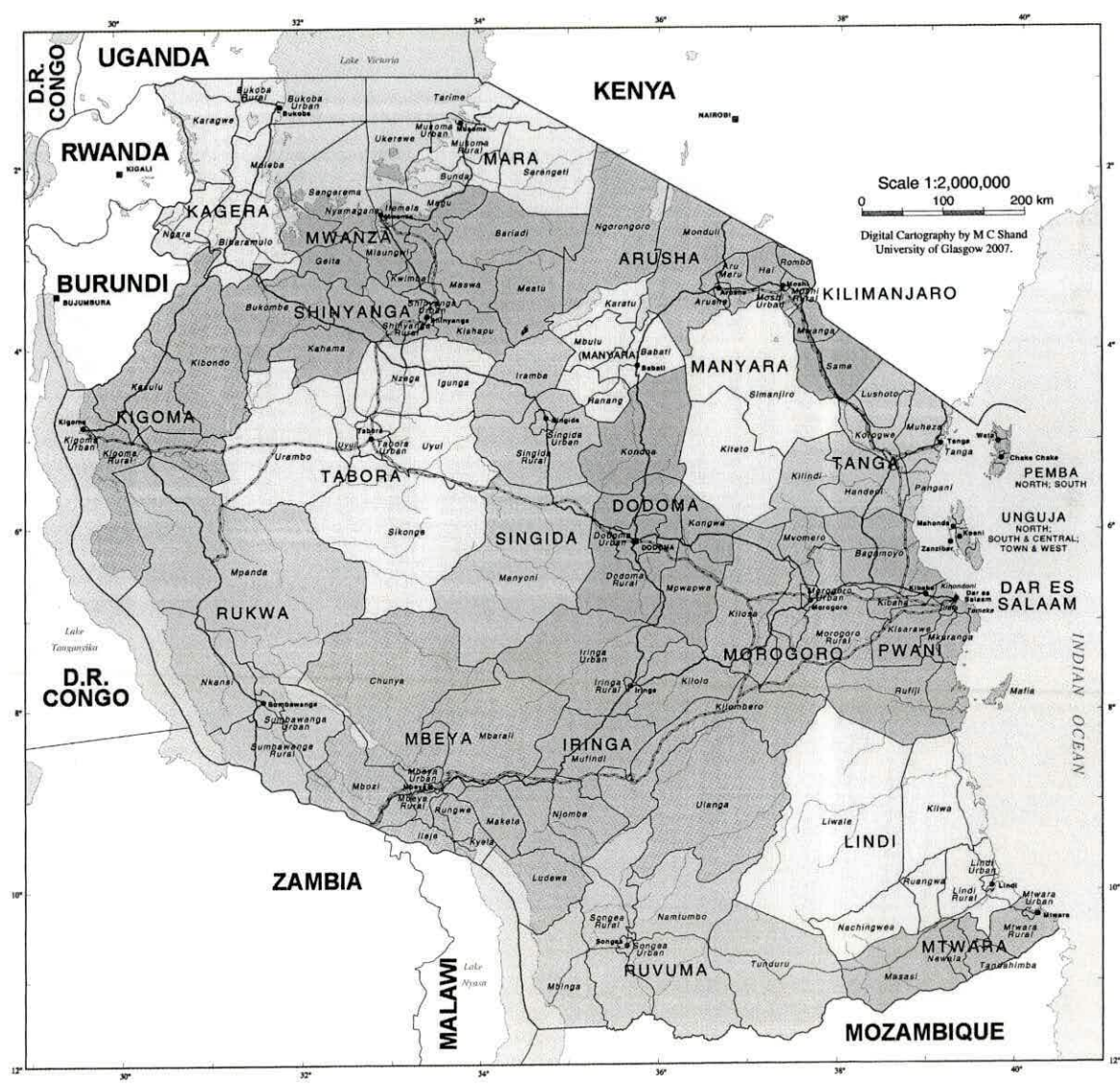
Name: SAID SALIM AWADH BAKHRESA      Title: DIRECTOR  
Telephone: 2180194      Fax: 2180167  
Email: asgar@bakhresa.com

**Payments to be made payable to:**

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

# SKETCH MAP SHOWING PROJECT LOCATION







# **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](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

**(Please fill the form in duplicate)**

UNITED REPUBLIC OF TANZANIA

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

The 8<sup>th</sup> day of September, 2011. }

*[Signature]*  
Applicant

Before me:

*[Faint handwritten text]*

*[Signature]*  
.....  
Commissioner for Oaths



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**TOTAL** ..... 3,800,000/=

**Contact Details:**

Name: SAID SALIM AWADH BAKHRESA      Title: DIRECTOR  
Telephone: 2180194      Fax: 2180167  
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