

SPECIALISED
MANUFACTURING
SERVICES LTD

MINUTE SHEET

Page No.

1.0

EXD

Approved *[Signature]* EXD 10/07/13

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

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest ... *US\$ 0.995 m*
- (b) Legal entity has been incorporated under certificate No. *90849* of *05/10*

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.

[Signature]

N. Senzia

DIF

27th June, 2013

2.0

EXD

In response to the TIC letter of registration dated *27/06/2013*

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from *Standard Chattered Bank*
- (c) *Lease Agreement*

With the above submission EXD is requested to sign Certificate of Incentives No. *042487* herein attached.

[Signature]
A.g. DIF
15/8/2013

APPROVED BY EXD

Sign: *[Signature]*

Date: *26/08/13*

MINUTE SHEET

Dokezo
No. 30

DIF

Folio 5, 6 & 7 contains all required documents
to extend implementation period COI no. 042487.
I therefore recommend COI to be sent to
Exo for signature

SIFO ~~Ward~~

17/10/2016

3.1 AS EXO

Certificate of members has been amended &
per approved in folio 6 and is hereby submitted
for your signature

17/10/2016

APPROVED BY EX.	
Sign: <u>Ward</u>
Date: <u>17/10/2016</u>


DIF

Unclaimed refund beyond three years will be forfeited



TANZANIA INVESTMENT CENTRE

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

RECEIPT REC028134

No. 021406

Received from : SPECIALISED MANUFACTURING SERVICES

Address

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

Being payment in respect of: CERTIFICATE OF INCENTIVES

Amount USD 1,000.00

Cash / Cheque No: D/Deposit 13/10

Date : 13-Oct-2016

BUI/aso

Receiving Officer



TANZANIA INVESTMENT CENTRE

Shaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel: +255 22 118128-31 Fax: +255 22 2 11820-3

RECEIPT

No. 00000000

Received from

Address

Received for the sum of (in words)

Being payment in respect of

Carry Over No.

Date

Responsible Officer

SPECIALISED
MANUFACTURING
SERVICES LIMITED

PROPOSED PROJECT FOR
MANUFACTURING HYDRAULIC
COMPONENTS

BUSINESS PLAN

2013

P.O. BOX 2920, MWANZA

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

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Business Plan for Proposed Project of Remanufacturing Hydraulic Component

1.0 INTRODUCTION

1.1 FOREWORD

This Project Feasibility Study Report sets out proposals by M/S Specialised Manufacturing Services Limited for establishing hydraulic remanufacturing facilities in Mwanza. This will specialize in processes such as hard chrome electroplating, machining, welding, honing and hydraulic testing

Through these processes Specialised Manufacturing Services Limited will be able to manufacture hydraulic components for earth moving equipment used mainly in the mining and construction industries.

The equipment used in the machining will be mainly lathe, milling and grinding machines. The Chrome plant will have the capacity to chrome up to 6 metres in length using a 6 metre chrome tank connected to a 3000amp rectifier being one of the biggest chrome plants outside South Africa.

The ISO9001:2008 quality management system will be adapted for Specialised Manufacturing Services Limited including international quality control procedures and administration. The ability to manufacture and service components in Mwanza will reduce the importing of components and help to keep the forex in the Tanzanian market place.

1.2 ENGINEERING INDUSTRY

Engineering industry comprises of chemical, civil, industrial and mechanical engineering divisions, where civil engineering division basically concerned with the activities like planning, construction, designing or manufacturing of structures. The chemical industry is concerned with engineering activities like construction, design and operation of plants and machinery of chemical products like drugs, synthetic rubber etc. Electrical engineering primarily deals with all engineering activities like manufacturing of devices for generation of electricity or designing devices for transmission of electricity. This electrical engineering division is also concerned with the designing and manufacturing of electronic devices

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

including computers and its accessories. The mechanical engineering division specifically deals with designing and manufacturing of power plants, engines or related devices and the industrial engineering is principally concerned with the processing of production like laying out plants etc. Engineering industry also comprise of fields like Aeronautical engineering, where engineers supervise designing of aircraft, missiles etc

1.3 OBJECTIVES OF THE STUDY

The purpose of this business plan is to work out the technical and commercial details and the financial viability for the above mentioned project.

1.4 PROJECT PROMOTERS

The following sponsors are promoting the proposed facilities. Directors (shareholders) are namely:

NAME & ADDRESS	NATIONALITY	% SHARE-HOLDING
Catherine Anne Lithgow	South African	99%
Sidney Oslo Sabela	South African	1%

The current shareholders of the company have a wealth of experience in hydraulic remanufacturing and are keen to exploit such experience to make this project a success.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

2.0 EXECUTIVE SUMMARY

2.1 INTRODUCTION

The Study examines the possibility of establishing a project for hydraulic remanufacturing in Mwanza. Recognition of market needs and demands will be the hallmark of the anticipated success in the company's manufacturing operations.

The project will be properly developed using leading edge technology to enable Specialised Manufacturing Services Limited to enjoy rapid expansion in all target markets as more and more customers continue to appreciate the benefits of its products. The company will develop the technical capability to produce products to suit its target market.

It is expected that innovative design and consistency in the manufacturing process will earn the company's products an international reputation for excellence. Development of specialised technology is expected to contribute in positioning the company as leader in hydraulic remanufacturing. All operations will have latest international standard accreditation, reassuring customers of products designed to meet their needs and produced to consistently high quality standards.

Founders of Specialised Manufacturing Services Limited have enjoyed a proud history and the future looks even brighter for the proposed project in Mwanza. The following are reasons why one should select the company's products

- **Strong Foundations:**

A strict code of professionalism, quality and service will place the company at the top of other hydraulic components remanufacturers, and its reputation will be steadily extended through the obvious satisfaction of customers.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

- Strong On Quality:

The company will manufacture hydraulic components employing processes such as hard chrome electroplating, machining, welding, honing and hydraulic testing. Its range of products will be of superb quality. The factory will maintain high quality standards certified to universally recognized criteria.

2.2 HYDRAULIC REMANUFACTURING

Remanufacturing is a relatively new term used in the fluid power industry. For many years, exhausted hydraulic components would either be repaired or rebuilt. This would typically involve replacing only worn parts and reassembling the unit. The quality of these types of repairs was marginal at best. Many "repaired" items would fail upon reinstallation, therefore giving the repair industry a bad reputation. Due to the increased expectation of quality in the early 90's, the hydraulic remanufacturing industry evolved. With equipment becoming more affordable and available, several companies made investments to shift from repairing to remanufacturing.

Remanufacturing is a complex process that involves 5 steps. First, each component is completely disassembled. Every part is then thoroughly inspected to determine if it will meet specifications. The parts are then routed through a series of cleaning, machining, hardening and restorative processes to return it to like new condition. Finally, the parts are reassembled along with new seals and bearings and rigorously tested to insure quality before the component is shipped. The hydraulic remanufacturing industry provides many benefits to its' customers. They include significant cost savings, readily available products and the ability to offer products that have been obsolete by the manufacturer. Also, by recycling previously manufactured items, we are conserving valuable natural resources. A remanufactured component is an excellent alternative to a new or aftermarket component.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

2.3 MARKET AND MARKETING ASPECTS

As mentioned earlier **Specialised Manufacturing Services Limited** is related to another company established in South Africa in 1983 and which has a sister company operating in Zambia since 2003. The Zambian firm has been servicing the mines in Tanzania, but due to logistical delays, the mines have requested for the building of a facility in Mwanza. This implies that there is demand for proposed manufacturing operations in Mwanza. In this regard business opportunity exists for establishing production facilities to satisfy the market requirement. With local manufacturing facilities, the country will save foreign exchange lost each year through import of remanufactured hydraulic products.

2.4 PROCESS AND TECHNOLOGY

Specialised Manufacturing Services Limited is related to quality-certified suppliers of remanufactured hydraulic components for leading international mining and construction companies.

Severely worn or badly damaged hydraulic components result in lost productivity and machine downtime. The company's experienced engineers and machinists are expected to meet and exceed industry standards in the remanufacturing of various mechanical components including but not limited to:

- Hydraulic Pumps
- Hydraulic Motors
- Hydraulic Valves

Extensive engineering and design capabilities, coupled with decades of hands-on repair experience, will enable **Specialised Manufacturing Services Limited** to restore hydraulic components to required specifications at an economical cost, making client machinery and employees productive again. Its remanufacturing process will include:

- Disassembly, cleaning, and inspection of all components
- Delivering written inspection report and estimate

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

- Component repair as per customer specifications
- Assembly and testing components to ensure desired performance

2.5 LOCATION

The plant will be located on industrial site on plot no.71, Block C, Igogo Industrial Area, Mwanza.

2.6 MANPOWER REQUIREMENTS

The whole project will comprise about 20 permanent employees and several others may be employed on temporary basis. Initially there will be a few technical expatriates who will give training to the local staff. Maximum employment will be given to the local work force. The factory will be organized into three major areas namely:

- ❖ Production
- ❖ Marketing
- ❖ Finance and administration

2.7 IMPLEMENTATION

The project is planned to undergo two phases:

Phase I: Major activities to be involved include registration of the project and approvals by the Tanzania Investment Centre (TIC), and mobilization of funds from sponsors. Other activities include identification of appropriate technology, sourcing of machinery and equipment, construction and renovation of buildings, staff recruitment and training of core personnel.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

Phase II: Will involve commencement of manufacturing operations at project site.

2.8 PROJECT ECONOMICS

2.8.1 Capital Investment Requirements

COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	120,000
Machinery & Equipment	480,000
Motor Vehicles	92,000
Furniture & Fixtures	12,500
Pre exp	40,000
Others	70,000
Working Capital	85,000
TOTAL	899,500

*US\$ 1 = Tshs 1,630

2.8.2 Expenditure on basic materials and Profitability

The major expenditure item is the purchase of various materials used in hydraulic components remanufacturing process. Project revenue will accrue from sale of remanufactured hydraulic and other mechanical components. Based on projected revenue at sustainable levels of production the project is quite profitable.

2.9 RECOMMENDATIONS

The study shows the proposed project is both technically and financially a feasible undertaking. Furthermore, it will create local employment for the national benefit. In view of the findings, the project is recommended for implementation.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

4.0 PRODUCTION PROCESS AND TECHNOLOGY

4.1 BASIC PROCESS

It has been mentioned before that the objective of the project is to establish a hydraulic remanufacturing facility in Mwanza. The following guidelines are important to achieve positive results in hydraulic remanufacturing:

- Observe and record special conditions or features prior to disassembly
- Complete disassembly of component
- Inspect and measure all parts for damage and wear
- Machine parts to return them to manufacturer's specifications
- Replace worn or damaged parts with genuine original or top quality aftermarket parts
- Reassemble according to manufacturer's specifications
- Complete hydraulic test upon completion
- High quality paint job to give the unit a new look to match its new life

The project will specialize in processes such as hard chrome electroplating, machining, welding, honing and hydraulic testing.

4.1.1 Chrome Electroplating

There are two different general applications for chrome plating: "hard chrome plating" which is sometimes called 'engineering chrome plating' and "decorative chrome plating" also known as 'nickel-chrome plating'.

Hard chrome plating is chrome plating that has been applied as a fairly heavy coating for wear resistance, lubricate, oil retention, and other 'wear' purposes. Some examples would be hydraulic cylinder rods, rollers, piston rings, mold surfaces, thread guides, gun bores, etc. 'Hard chrome' is not really harder than other chrome plating, it is called hard chromium because it is thick enough that a hardness measurement can be performed on it,

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

whereas decorative chrome plating is only millionths of an inch thick and will break like an eggshell if a hardness test is conducted, so its hardness can't really be measured directly.

Hard chrome plating is almost always applied to items that are made of steel, usually hardened steel. It is metallic in appearance but is not particularly reflective or decorative. Hard chrome plating is not a finish that you would want on a wheel or bumper.

There are variations even within hard chrome plating, with some of the coatings optimized to be especially porous for oil retention, etc. The company Chrome plant will have the capacity to chrome up to 6 metres in length using a 6 metre chrome tank connected to a 3000amp rectifier.

4.1.2 Machining

Conventional machining is a collection of material-working processes in which power-driven machine tools such as saws, lathes, milling, machines and drill presses are used with a sharp cutting tool to mechanically cut the material to achieve the desired geometry. Machining is a part of the manufacture of almost all metal products, and it is common for other materials, such as wood and plastic, to be machined. A person who specializes in machining is called a machinist. A room, building, or company where machining is done is called a machine shop. Much of modern day machining is controlled by computers using computer numerical control (CNC) machining.

The three principal machining processes are classified as turning, drilling and milling. Other operations falling into miscellaneous categories include shaping, planning, boring, broaching and sawing.

- Turning operations are operations that rotate the work piece as the primary method of moving metal against the cutting tool. Lathes are the principal machine tool used in turning.

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- Milling operations are operations in which the cutting tool rotates to bring cutting edges to bear against the work piece. Milling machines are the principal machine tool used in milling.
- Drilling operations are operations in which holes are produced or refined by bringing a rotating cutter with cutting edges at the lower extremity into contact with the work piece. Drilling operations are done primarily in drill presses but sometimes on lathes or mills.
- Miscellaneous operations are operations that strictly speaking may not be machining operations in that they may not be swarf producing operations but these operations are performed at a typical machine tool. Burnishing is an example of a miscellaneous operation. Burnishing produces no swarf but can be performed at a lathe, mill, or drill press.

4.1.3 Welding

Welding is the process of joining metals by melting the parts and then using a filler to form a joint. Welding can be done using different energy sources, from a gas flame or electric arc to a laser or ultrasound.

Until the beginning of the 20th century, welding was done via a process known as forge welding, which consists of heating up the pieces to be fixed together and then hammering them until they amalgamate. With the advent of electricity, welding became easier and faster, and it played an important part of the industrialization. There are different welding processes in use in modern times:

- Arc welding is done through the use of an electrical current, and can be performed by using inexpensive equipment.
- Gas Welding is widely used for repair work, especially in anything involving pipes and tubes. Gas welding is common in the jewelry industry, as well as for the welding of plastics and other materials that cannot stand higher temperatures.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

- Resistance welding involves the use of additional sheets of metal to encase the pieces to be welded together. It is the most environmentally-friendly of all methods, but it requires costly equipment that cannot be used in all situations.
- Energy beam welding, also known as laser beam welding, is one of the most modern techniques used. Laser welding is fast and accurate, but the high equipment cost makes it prohibitive for many industries.
- Welding cannot be done with all types of metals, as some materials, such as stainless steel, are prone to cracking and distortion when overheated. Alloys are particularly problematic, since it's hard to know the exact chemical composition of the metal. Welding has become highly automatized over the last decade, and the use of welding robots is now common place in certain industries, such as the automotive manufacturing plants.

4.1.4 Honing

Honing is an abrasive machining process that produces a precision surface on a metal work piece by scrubbing an abrasive stone against it along a controlled path. Honing is primarily used to improve the geometric form of a surface, but may also improve the surface texture.

Typical applications are the finishing of cylinders for internal combustion engines, air bearing spindles and gears. Types of hone are many and various but all consist of one or more abrasive stones that are held under pressure against the surface they are working on

4.1.5. Hydraulic Testing

Hydraulic testing evaluates hydraulic components and finished products through flow and pressure tests, performance tests, environmental exposure tests, dynamic tests, and other specialized tests.

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Hydraulic testing equipment includes test stands, manifolds, manifold-mounted components, and controls. Manifold-mounted controls are organized for operator convenience.

A hydraulic tester can operate with a number of different fluids, including phosphate ester-based fluids and red-oils. Hydraulic testers may be capable of higher pressures (<5000 psi) and can use a variety of electrical supply power ratings. A hydraulic testing service can upgrade hydraulic equipment with features such as automatic controls and data acquisition.

4.2 QUALITY CONTROL SYSTEM

Quality will be the nucleus of Specialised Manufacturing Services Limited and the company will make sure that it is not compromised at any cost. The company expects to incorporate a strict quality management system, which will be responsible for keeping the entire business proceeding under a strict vigil. Its range of products will undergo strict quality check at each level. A variety of measures will be taken to ensure that the finished products meet specifications based on international standards.

4.3 ENVIRONMENT PROTECTION

With a conscious mind, Specialised Manufacturing Services Limited expects to undertake eco-friendly manufacturing processes and make sure that less effluent and smoke are released. It will take the following three concerns seriously as defined by some of the well-known regulatory bodies.

- Reduction in hazardous environmental release
- Recycling of waste products
- Use of environmentally preferable products

For this, it will source some of the latest and high performing machines for its factory.

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5.0 MACHINERY EQUIPMENT AND CIVIL WORKS

5.1 MACHINERY & EQUIPMENT

The company will hence acquire appropriate manufacturing machinery and equipment including lathe, milling and grinding machines. The technology to be used will be modern to achieve remanufacturing of high quality hydraulic components. The company is already negotiating with suppliers of required machinery and equipment for supply of the same once all necessary preparations are completed.

5.2 PLANT LOCATION AND CIVIL WORKS

5.2.1 Site and Location

The plant shall be located on industrial site on plot no.71, Block C, Igogo Industrial Area, Mwanza. This location takes into consideration such important factors like availability of reliable power.

5.2.2 Production Building Required

The built up area required for production will be medium sized taking into consideration the kind of operations to be undertaken

5.2.3 Office Building

An office block to accommodate the administrative and clerical staff will also be required.

5.3 UTILITY SERVICES

5.3.1 Water

A three-inch diameter pipeline to the premises from the main pipeline is adequate. To avoid incidences of water shortage a water reservoir of capacity 20,000 liters is recommended to be constructed.

5.3.2 Electricity

The Tanzania Electric Supply Company Ltd. (TANESCO) will continue providing the required amount of electricity from the national grid.

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6.0 MANPOWER AND PLANT ORGANIZATION

The proposed project will have three independent departments, namely:

- Production
- Sales and Marketing
- Administration and Finance

6.1 ORGANIZATION

The Board of Directors of M/s Specialised Manufacturing Services Limited shall manage the project at policy level. The top most people in the day to day running of the company will be the Managing Director. Under the Managing Director's office will be the three Departments mentioned above. Each will be under a Manager and will comprise a number of Sections each headed by a Section Head as follows.

PRODUCTION DEPARTMENT

Sections:

- Operations
- Maintenance

SALES AND MARKETING DEPARTMENT

Sections:

- Research & Promotion
- Sales

ADMINISTRATION AND FINANCE DEPARTMENT

Sections:

- Human Resources & Administration
- Finance & Accounts

Each Department will be manned by a number of personnel with varying education levels and work experiences.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

The management team of M/s Specialised Manufacturing Services Limited will comprise the Managing Director, Production Manager, Finance & Administration Manager and Sales & Marketing Manager.

6.2 RESPONSIBILITIES

Responsibilities will be as follows:

6.2.1 Production Department

The Manager will be responsible for planning and overseeing daily hydraulic components remanufacturing activities being carried out. He will further be responsible for repair and maintenance of company assets and research and development activities. The Department will comprise Sections, namely:

- The Production Section which would be responsible for overseeing manufacturing operations. An expatriate will be employed to train the local technicians in this aspect of operations.
- Maintenance Section which will manage plant and machinery maintenance

6.2.2 Finance and Administration Department

An Administration and Finance Manager will head the Department. He will be responsible for the administration of the company as well as overseeing the financial aspects of the company. An Accountant will manage the finance function while a Human Resources Section Head will oversee company human resource issues. The following important units will be under the Department.

- The personnel and administration unit which will be responsible for the general administrative matters of the company as well as personnel issues.
- The finance unit, which will be responsible for financial issues. It will also be responsible for the proper maintenance of books of accounts and financial planning.
- The purchasing unit which will be responsible for the purchase of raw materials, spare parts and equipment. This section will also be responsible for the receipt, storage and issue of purchased materials.

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6.2.3 Sales and Marketing Department

This Department will be headed by the Sales and Marketing Manager who will be responsible for the development of a sustainable sales and distribution network. This will involve developing distribution network and recruitment and training of qualified and well motivated marketing and sales personnel.

There will be two Section Heads under the Department. One Section will be responsible for Research & Promotion and another will handle Sales function.

6.3 MANPOWER REQUIREMENT

The permanent manpower requirement for running the proposed project is 30. Several other employees may be contracted on temporary basis.

6.4 SOURCE OF MANPOWER

Manpower for proposed project will be employed from local sources, except for a few expatriates who would basically be engaged in the training of local staff. The workers will be given on-the-job training for familiarizing them with the proposed machinery and equipment.

After the initial 2 years, depending on the results of the training, local counter parts will replace the expatriates.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

7.0 INVESTMENT AND FINANCING

7.1 ASSUMPTIONS

The financial projections to determine the viability of the project by M/s Specialised Manufacturing Services Limited are based on the following key assumptions:

- Acquisition and Installation of machinery and equipment for hydraulic components remanufacturing will start immediately. Thereafter production of operations will commence.
- The company market will be local as well as export based on current operations
- Financial calculations are based on current market prices and costs are assumed constant throughout the operating period under view on the assumption that if operation costs change, selling prices will change proportionally to preserve the profit margins.
- The project has adopted the currency exchange rate of United States Dollar 1 = Tanzania Shilling 1,630 as prevailing during June 2013.

7.2 SUMMARY OF CAPITAL COSTS

On completion of project implementation, the total investment will reach to US\$ 0.899 million as shown in attached schedules.

7.3 BUILDING AND CIVIL WORKS COSTS

The main civil works required involves construction/renovation of factory buildings in which the machinery will be installed .Other civil works will be electrification and water supply, etc. Total investment on land and buildings is estimated at US\$ 120,000.

7.4 PLANT MACHINERY AND EQUIPMENT COSTS

The main plant and machinery for the envisaged project will be for remanufacturing of hydraulic and other mechanical components including lathe, milling and grinding machines. Other supporting equipment, tools, accessories, etc. will be required as explained earlier in attached schedules.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

The total investment on machinery and equipment is based on a quotation received from major suppliers for main production machinery and amount to US\$ 480,000 approximately.

7.5 MOTOR VEHICLES

For company work, the promoters intend to procure various vehicles at total cost of US\$ 92,000.

7.6 PRE-PRODUCTION CAPITAL EXPENDITURES

These include project development cost for feasibility study and start-up expenses. A budget of US\$ 40,000 is considered adequate for this item

7.7 INITIAL WORKING CAPITAL

Initial net working capital requirement at maximum for the proposed project works out at about US\$ 85,000. This is mainly for the procurement of initial stocks of raw materials. Rest of the requirement of the working capital will be raised from commercial banks as and when the need arises. This will fluctuate as per stocks in hand.

7.8 FINANCING PATTERN

The financing of the project will be from shareholder's equity contribution. The financing of the project will take the following form

	EQUITY(US\$)	LOAN(US\$)
FOREIGN	645,000	254,500

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

8.0 COST OF OPERATIONS

The anticipated costs for operating the project are detailed in the following sections and summarized in attached schedules. The summarized costs are based on the fifth year of operation.

8.1 UTILITIES

A total of US\$ 84,113 will be required as water bills and for the purchase of electric power at sustainable production level.

8.2 VEHICLE RUNNING EXPENSES

Vehicle running expenses include fuel, maintenance, lubricants, road licenses, etc. The cost has been estimated at US\$ 270,013

8.3 SALARIES AND WAGES

The number of employees, along with their incomes, is shown in attached schedules. The total annual wage package is estimated at US \$ 234,836 including fringe benefits and related taxes

8.4 MARKETING

The marketing costs are estimated at US\$ 116,385 in the fifth year of operation as per attached schedules

8.1 SALARIES AND WAGES

8.4 MARKETING

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8.5 DEPRECIATION

The following is a depreciation schedule for major assets to be employed in manufacturing operations of the project.

DEPRECIATION	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land & Buildings	12,000	12,000	12,000	12,000	12,000
Plant & Equipment	48,000	48,000	48,000	48,000	48,000
Motor Vehicles	9,200	9,200	9,200	9,200	9,200
Furniture & Fixtures	1,250	1,250	1,250	1,250	1,250
ANNUAL DEPRECIATION	70,450	70,450	70,450	70,450	70,450

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

9.0 FINANCIAL ANALYSIS

9.1 INCOME AND EXPENDITURE

9.1 Income

The proposed project by M/s Specialised Manufacturing Services Limited expects to earn its income through revenue generated from sale of remanufactured hydraulic and other mechanical components. The total sales are expected to stand at US\$ 2,327,694 in the fifth year of operation

9.1.1 Expenditure

Some project costs have been discussed in Chapter 9 and are summarized in detail in attached schedule.

9.2 NET INCOME STATEMENT HIGHLIGHTS

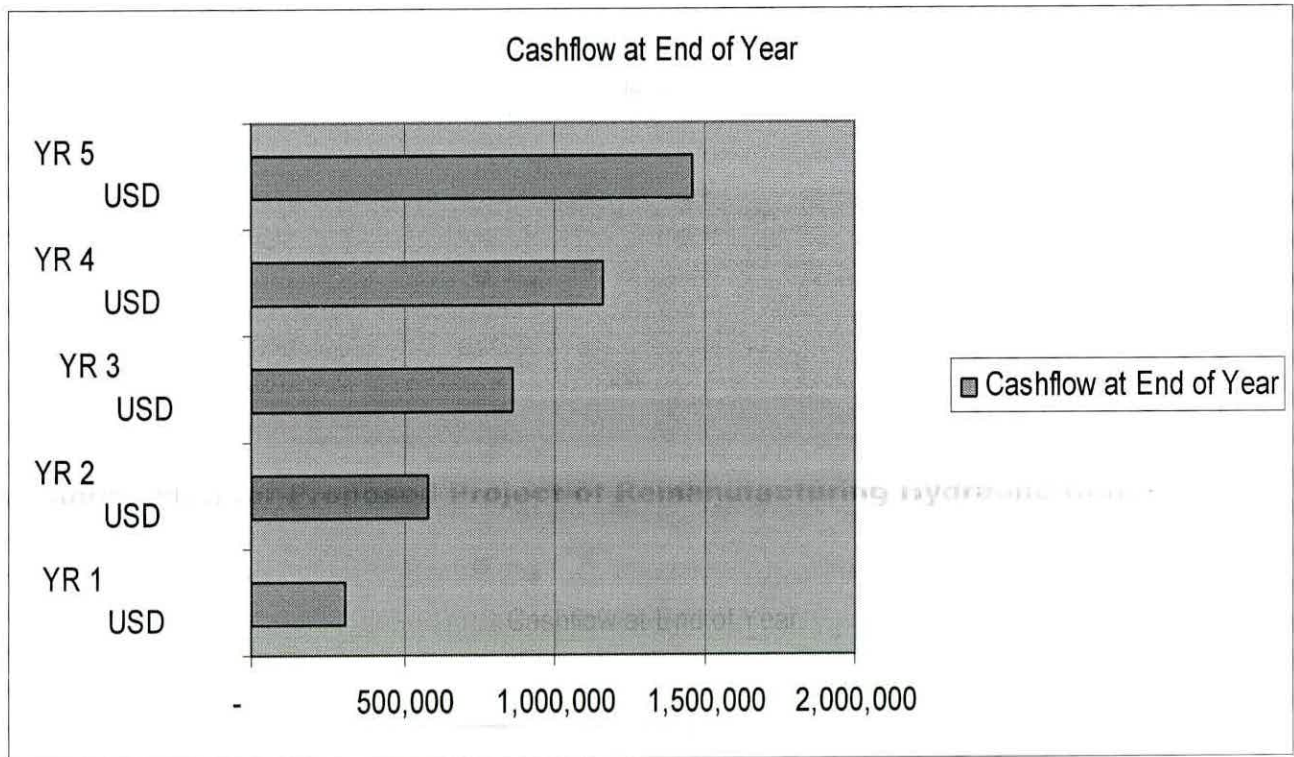
The project's annual after tax net income during the fifth year of production is estimated to reach US\$ 240,626 as presented in the Income Statement of the financial statements appendix.

9.3 CASH FLOW HIGHLIGHTS

This is shown in the financial statements. The project has a positive end of the year cash flow from year 1 of operation to the 5th year as shown hereunder.

CASH FLOW PROJECTION										
	YR USD	1	YR USD	2	YR USD	3	YR USD	4	YR USD	5
Cash flow at End of Year	309,580		580,557		863,212		1,157,815		1,463,614	

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

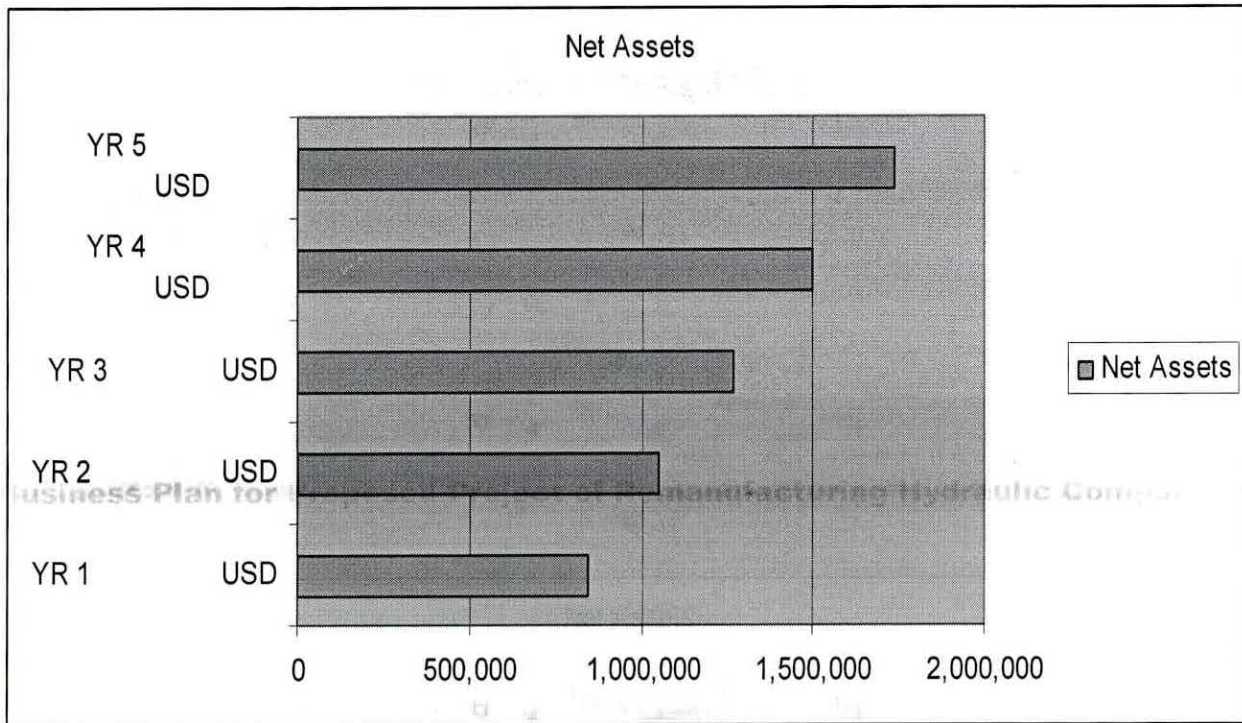


9.4 BALANCE SHEET

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from US\$ 842,295.00 in the first year of operation to US\$ 1,739,251.00 in the 5th year.

BALANCE SHEET PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Net Assets	842,295	1,050,116	1,268,785	1,498,625	1,739,251

Business Plan for Proposed Project of Remanufacturing Hydraulic Component



Business Plan for Proposed Project of Remanufacturing Hydraulic Component

10.0 ECONOMIC ANALYSIS:

10.1 ASSUMPTIONS AND CONSIDERATIONS

The basic assumptions underlying economic benefits and costs are:

10.1.1 Taxes on capital costs have not been considered.

10.1.2 Conversion factors have been used to determine economic costs and benefits.

10.1.3 Economic life of the project is assumed to be 5 years.

10.2 ECONOMIC ANALYSIS:

10.2 ECONOMIC BENEFITS OF THE PROJECT

The successful operation of the Project will contribute significant economic benefits to Tanzania. In summary the benefits which will be realized are as follows:-

- This project will boost investment in manufacturing sector which is important for the economy, contributing to research and other skills development. It will provide vital support to activities in mining and construction sectors.
- Employment opportunities for at least 30 permanent staff when the project is fully operational.
- The direct income for the workers, combined with other social benefits that the Management of M/s Specialised Manufacturing Services Limited will provide, will help in overall efforts of alleviation of poverty in the Region.
- Provision of a market for goods and services demanded by expanded tax base to the Treasury and local Government authorities and generation of substantial income to the Government.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

11.0 RECOMMENDATIONS

The project is technically feasible, financially and economically viable and environmental friendly. A fast implementation of the project is highly recommended to avoid cost overruns and for the project to be able to realize the benefits outlined above; especially at this juncture when the Government is making effort to boost investment in various sectors in the economy.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component
In view of the above it is further strongly recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, 1997 to facilitate smooth implementation.

The project is technically feasible, financially and economically viable and environmental friendly. A fast implementation of the project is highly recommended to avoid cost overruns and for the project to be able to realize the benefits outlined above; especially at this juncture when the Government is making effort to boost investment in various sectors in the economy.

In view of the above it is further strongly recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, 1997 to facilitate smooth implementation.

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

SPECIALISED MANUFACTURING SERVICES LIMITED						
PROJECTED INCOME & EXPENDITURE STATEMENT						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue		1,915,000	2,010,750	2,111,288	2,216,852	2,327,694
Cost of Sales		727,700	764,085	802,289	842,404	884,524
Gross Profit		1,187,300	1,246,665	1,308,998	1,374,448	1,443,171
Operating Expenses:						
Administrative Expenses:		229,800	241,290	253,355	266,022	279,323
Motor Vehicle running expenses		222,140	233,247	244,909	257,155	270,013
Salaries and wages		193,200	202,860	213,003	223,653	234,836
Pension contribution		19,320	20,286	21,300	22,365	23,484
Depreciation		50,500	50,500	50,500	50,500	50,500
Marketing Costs		95,750	100,538	105,564	110,843	116,385
Utility costs		57,450	63,195	69,515	76,466	84,113
Insurance		25,800	25,800	25,800	25,800	25,800
Communication		11,490	12,065	12,668	13,301	14,966
Total Expenses		905,450	949,780	996,614	1,046,105	1,099,419
Profit before Tax		281,850	296,885	312,385	328,343	343,752
Tax (30%)		84,555	89,066	93,715	98,503	103,126
Profit After Tax		197,295	207,820	218,669	229,840	240,626

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

SPECIALISED MANUFACTURING SERVICES LIMITED											
PROJECTED BALANCE SHEET											
		YR USD	1	YR USD	2	YR USD	3	YR USD	4	YR USD	5
<u>Fixed Assets</u>											
Long-term Assets		505,000		454,500		404,000		353,500		303,000	
Depreciation		50,500		50,500		50,500		50,500		50,500	
Total Long-term Assets		454,500		404,000		353,500		303,000		252,500	
<u>Current Assets</u>											
Cash		309,580		580,557		863,212		1,157,815		1,463,614	
Accounts Receivable		2,747,017		2,773,080		2,795,453		2,814,069		2,829,157	
Stock		555,945		628,094		700,652		773,640		847,075	
Total Current Assets		3,612,542		3,981,730		4,359,317		4,745,523		5,139,846	
Total Assets		4,067,042		4,385,730		4,712,817		5,048,523		5,392,346	
<u>Current Liabilities</u>											
Accounts Payable		2,844,031		2,951,988		3,057,350		3,160,007		3,259,833	
Other Current Liabilities		58,216		61,127		64,183		67,392		70,762	
Subtotal Current Liabilities		2,902,247		3,013,114		3,121,533		3,227,400		3,330,595	
<u>Long-term Liabilities</u>											
Long-term Liabilities		322,500		322,500		322,500		322,500		322,500	
Total Liabilities		3,224,747		3,335,614		3,444,033		3,549,900		3,653,095	
Net Assets		842,295		1,050,116		1,268,785		1,498,625		1,739,251	
<u>Capital and Reserves</u>											
Owners Contribution		645,000		645,000		645,000		645,000		645,000	
Retained Earnings		197,295		405,116		623,785		853,625		1,094,251	
Total Capital		842,295		1,050,116		1,268,785		1,498,625		1,739,251	

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

SPECIALISED MANUFACTURING SERVICES LIMITED						
PROJECTED CASHFLOW						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
CASHFLOW FROM OPERATIONS:						
Cash Sales		1,532,000	1,608,600	1,689,030	1,773,482	1,862,156
VAT Receipt		383,000	402,150	422,258	443,370	465,539
Subtotal Cash Received		1,915,000	2,010,750	2,111,288	2,216,852	2,327,694
Expenditures from Operations:						
Purchases		654,930	687,677	722,060	758,163	796,072
Additional Cash Spent		854,950	899,280	946,114	995,605	1,048,919
VAT payments		145,540	152,817	160,458	168,481	176,905
Interest Expense		-	-	-	-	-
Subtotal Cash payment		1,655,420	1,739,774	1,828,632	1,922,249	2,021,895
CASH FROM OPERATIONS		259,580	270,977	282,656	294,603	305,799
CASH FLOW FROM INVESTMENTS:						
Purchase of Assets		-505,000				
Working capital		- 90,000				
CASH FLOW FROM INVESTMENTS:		- 595,000	-	-	-	-
CASH FLOW FROM FINANCING:						
Owners Equity Contribution		645,000				
Bank loan		-				
CASH FLOW FROM FINANCING		645,000	-	-	-	-
NET CASHFLOW FOR						

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

PERIOD	309,580	270,977	282,656	294,603	305,799
CASHFLOW AT START OF YEAR	-	309,580	580,557	863,212	1,157,815
CASHFLOW AT THE END OF YEAR	309,580	580,557	863,212	1,157,815	1,463,614

SPECIALISED MANUFACTURING SERVICES LIMITED					
SCHEDULES AND GRAPHS					
SCHEDULE 1					
REVENUE PROJECTION					
PRODUCTS	YR USD 1	YR USD 2	YR USD 3	YR USD 4	YR USD 5
Hydraulic Components	1,350,000	1,417,500	1,488,375	1,562,794	1,640,933
Other	565,000	593,250	622,913	654,058	686,761
	1,915,000	2,010,750	2,111,288	2,216,852	2,327,694

SCHEDULE 2					
OTHER OPERATING COSTS					
OTHER OPERATING COST	YR USD 1	YR USD 2	YR USD 3	YR USD 4	YR USD 5
Motor vehicle running expenses	222,140	233,247	244,909	257,155	270,013
Salaries and wages	193,200	202,860	213,003	223,653	234,836
Pension contribut.	19,320	20,286	21,300	22,365	23,484
Depreciation	50,500	50,500	50,500	50,500	50,500
Administrative expenses	229,800	241,290	253,355	266,022	279,323
Marketing Costs	95,750	100,538	105,564	110,843	116,385
Utility costs	57,450	63,195	69,515	76,466	84,113
Insurance	25,800	25,800	25,800	25,800	25,800
Communication	11,490	12,065	12,668	13,301	13,966
Total costs	905,450	949,780	996,614	1,046,105	1,098,419

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

SCHEDULE 3	
COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	120,000
Machinery & Equipment	480,000
Motor Vehicles	92,000
Furniture & Fixtures	12,500
Pre exp	40,000
Others	70,000
Working Capital	85,000
TOTAL	899,500

SCHEDULE 4										
FIXED ASSETS SCHEDULE										
NAME OF ASSETS	YR USD	1	YR USD	2	YR USD	3	YR USD	4	YR USD	5
Land and Buildings	120,000		110,000		100,000		90,000		80,000	
Plant & Equipment	480,000		432,000		384,000		336,000		288,000	
Motor Vehicles	92,000		82,800		73,600		64,400		55,200	
Furniture & Fixtures	12,500		11,250		10,000		8,750		7,500	
TOTAL	704,500		636,050		567,600		499,150		430,700	
DEPRECIATION	YR USD	1	YR USD	2	YR USD	3	YR USD	4	YR USD	5
Land and Buildings	12,000		12,000		12,000		12,000		12,000	
Plant & Equipment	48,000		48,000		48,000		48,000		48,000	
Motor Vehicles	9,200		9,200		9,200		9,200		9,200	
Furniture & Fixtures	1,250		1,250		1,250		1,250		1,250	
ANNUAL DEPRECIATION	70,450		70,450		70,450		70,450		70,450	

Business Plan for Proposed Project of Remanufacturing Hydraulic Component

CLOSING ASSETS	FIXED	634,050	565,600	497,150	428,700	360,250
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SCHEDULE 5						
SALARIES & WAGES						
NO.	DEPARTMENTS/DESIGNATION	NO.	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY	
1	Managing Director	1	2000	2000	24,000	
2	Finance and Administration Manager	1	1500	1500	18,000	
3	Production Manager	1	1500	1500	18,000	
4	Sales and Marketing Manager	1	1500	1500	18,000	
5	Marketing Officer	1	800	800	9,600	
6	Accountants	1	800	800	9,600	
7	Engineers	5	800	4000	48,000	
8	Technicians	5	400	2000	24,000	
8	Secretary	1	250	250	3,000	
9	Drivers	3	150	450	5,400	
10	Machine Operators	6	150	900	10,800	
11	Security Guards	2	100	200	2,400	
12	Office Assistant	2	100	200	2,400	
TOTAL USD \$		30	10,050	16,100	193,200	

SPECIALISED MANUFACTURING SERVICES LIMITED

EXTRACT FROM A MEETING OF THE BOARD OF DIRECTORS AND SHAREHOLDERS OF SPECIALISED MANUFACTURING SERVICES LIMITED

At a duly convened and constituted meeting of the board of directors of Specialised Manufacturing Services Limited held at the registered offices of the company on the 10th day of May 2013, the following resolutions were passed:

1. That a project for construction of commercial/ residential building for lease be undertaken at Plot No. 77, Block C, Igogo Industrial Area, Mwanza City
2. That funds amounting to US\$ 899,500 be raised by shareholders to facilitate implementation of the project.
3. That the project be registered with Tanzania Investment Centre so as to enjoy fully investment incentives, benefits and protection as statutorily provided for under Tanzania Investment Act, 1997.

Certified True Extract

(By order of the Board)

Chairman

Secretary

IGOGO INDUSTRIAL AREA, PLOT NO. 71, BLOCK 'C', P.O. BOX 2920 MWANZA.
MOB: +255 762 343916

SPECIALISED MANUFACTURING SERVICES LIMITED

Date: June 17th 2013

The Executive Director,
Tanzania Investment Centre,
P.O. Box 938 ,
Dar es salaam.
TANZANIA.

Dear Maadam,

RE: PROJECT FOR MANUFACTURING HYDRAULIC COMPONENTS;

We are in the process of constructing a 7 storey commercial/residential building at Plot No. 71, Block C, Igogo Industrial Area, Nyamagana District - Mwanza City. It is due to this reason that we kindly submit our application for TIC Certificate of Incentives to facilitate smooth implementation of our programme.

Attached herewith please find the following basic documents for your perusal and necessary action:

1. One (1) duly completed and signed Application Form for TIC Certificate.
2. A copy of our Certificate of Incorporation
3. A copy of the company's Memorandum and Articles of Association
4. Evidence of Land Ownership for Project Location.
5. A letter of credibility from our Banker.
6. Company Board Resolution to register with TIC
7. A copy of our Business Plan.

Thanking you for your kind consideration

Yours' sincerely,

SPECIALISED MANUFACTURING SERVICES LIMITED

Sidney Oslo Sabela
DIRECTOR

**IGOGO INDUSTRIAL AREA, PLOT NO. 71,BLOCK 'C', P.O.BOX 2920 MWANZA.
MOB: +255 762 343916**

Thanking you for your kind consideration

SPECIALISED MANUFACTURING SERVICES LIMITED

THE COMPANIES ACT

(CAP 212 OF 2002)

COMPANY LIMITED BY SHARES

Memorandum

and

Articles of Association

of

**SPECIALISED MANUFACTURING
SERVICES LIMITED**

Incorporated this 26th day of April 2011

Drawn by:
Anthony Victor Lithgow
(Subscriber)
Box2920, Mwanza

TANZANIA
STAMP DUTY SHEET
5000/-
RECEIPT NO. 24431 OF 7/5/12
Stamp Duty Office

RECEIVED
24/4/2012
7/5/12

COMPANIES ACT (CAP. 212)

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
OF
SPECIALISED MANUFACTURING SERVICES LIMITED

1. The name of the Company is **SPECIALISED MANUFACTURING SERVICES LIMITED**
2. ~~The registered office of the Company will be situated in Tanzania.~~
3. The objects for which the Company is formed are (and it is expressly declared that the several sub-clauses of this clause and all the powers thereof are to be cumulative and in no case is the generality of any one sub-clause nor is any general expression in any sub-clause to be narrowed or restricted by any particularity of expression in the same sub-clause or by the application of any rule of construction *ejusdem generis* or otherwise).
 - (a) To establish and trade businesses in machinery including manufacture, repair, maintenance and replacement of hydraulic cylinder due to either external or internal leakage. Close inspection through disassembly either caused by distortion, erosion or missing completely and complete manufacture of hydraulic cylinder components for internal and external.
 - (b) To manufacture and repair earth moving machine buckets arising out of corrosion or heavy usage and also the repair of hydraulic pump, motor and valves and their complete manufacture
 - (c) To supply and support mechanical and electrical equipments for mining, agricultural and construction industries and engage in On-site line boring, hard chroming (electrolysis), fabrication and boiler making.

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- (d) To purchase plant, machinery implements, conveniences provisions and things capable of being used in connection with the operations of or required by workmen and others employed by the Company
- (e) To buy, sell and export excellent mining, agricultural and construction products and services to neighbouring countries so as to develop and generate export income, and also improve availability of products in these various sectors.
- (f) To carry on the business as general merchants, universal providers, ~~universal exporters~~ and importers, universal wholesalers ~~and~~ retailers of all commodities and/or goods of whatever description.
- (g) To carry on the business of builders, architects and surveyors, brick and tile makers, lime-burners, house and estate agents
- (f) To erect and construct houses, buildings or works of every description on any land of the Company, or upon any other lands or property, and to pull down, rebuild, enlarge, alter and improve existing houses, buildings or works thereon, to convert and appropriate any such land into and for roads, streets, squares, gardens and pleasure grounds and other conveniences, and generally to deal with and improve the property of the Company.
- (i) To carry on the business of caterers, promote, manage, organise and run hotels, lodges, restaurants, apartments, inns, motels, auto-courts, lodging, house keepers; and generally to facilitate the provisions of accommodation, entertainment facilities, provisions of guides, safe deposits, inquiry bureaux, language aids, baggage transport and arranging and operating packages tours travel agents, tourist agents and contractors;
- (j) To establish, manage develop and hire premises for catering services, restaurant services, bar services, embankment of passengers and provide services, including warehousing for

passengers, telecommunications, transit motels food and refreshment facilities and all other ancillary services connected with the business of passenger transport and related food industry.

- (k) To buy and sell immovable property, movable property, chattels, goods, stock, shares and any kind of property, whether movable or immovable and whether of a speculative nature or otherwise, and also to hire and lease any kind of property or things, movable or immovable.
- (l) ~~In the matters and for the purposes aforesaid to act solely or jointly with any other person company corporation or body as the circumstances may require.~~
- (m) To sell, improve, manage, develop, lease, mortgage, dispose of, turn to account, or otherwise deal with all or any part of the present or future property or rights of the Company.
- (n) To carry on and to undertake any business transactions or operations commonly carried on or undertaken by promoters of companies, financiers, concessionaires, contractors for public and other works, capitalists, merchants or traders, and to carry on other business which may seem to the Company capable of being conveniently carried on in connection with any of its objects, or calculated, directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- (o) To issue for value coupons, stamps or other vouchers to be used or issued to their customers by dealers, shop keepers, merchants or others as cash discount for purchases and to redeem the same upon such terms as may be agreed upon in exchange for cash goods, merchandise or otherwise.
- (p) To apply for, hold, purchase or otherwise acquire any patents, brevets d'invention, licences and the like, conferring an exclusive or non-exclusive or limited right to use any secret or any other

information which may seem to the Company capable of being profitably dealt with.

- (q) To enter into any arrangement for sharing profits, union of interest, amalgamation, joint venture, reciprocal concession or otherwise with any person or company carrying on or about to carry on any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to take or otherwise acquire shares, debentures, and securities of any such company, and to sell, hold, re-issue with or without guarantee or otherwise deal with the same.
- (r) To sell or let the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other Company.
- (s) Generally to purchase, take on lease or in exchange, hire or otherwise acquire any movable or immovable property, and any rights or privileges which the Company may think necessary or convenient for the purpose of its business and in particular any land leases, options over lands or leases, stands, buildings, servitudes, machinery, plant and also any concessions, licences, trade marks, and other rights in Africa or elsewhere, and either solely or jointly with others and to pay therefore in cash or in stock or in shares of the Company or partly in cash and partly in stock or shares or otherwise.
- (t) To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.
- (u) To make, accept, endorse, execute and issue promissory notes, bills of exchange and other negotiable instruments for the purpose of the Company's business.

- (v) To raise money in such manner as the Company shall think fit and in particular by the issue of debentures, perpetual or otherwise charged upon all of any of the Company's property and rights both present and future
- (w) To make any sale, mortgage, lease, sub-lease, or other disposition of the undertaking in whole or in part of the property of the Company in such manner and on such terms and conditions, at such rent, for such purpose and for such consideration whether cash, shares, bonds, debentures or securities of any other Company having objects altogether or in part similar or analogous to those of this Company or otherwise as ~~may be deemed advantageous~~ or desirable and to divide, by way of bonus or otherwise, any such considerations in any shares, debentures or stocks held or received by this Company amongst the members of this Company.
- (x) To pay all the costs and expenses of and incidental to the formation and registration of the Company.
- (y) To do all or any part of the above things in any part of the world as principals or agents, and by or through agents either alone or in conjunction with others.
- (z) To deal with any un-appropriated shares by way of bonus compensation, sale or in any way whatsoever that may appear to be to the advantage of the Company.
- (aa) To adopt such means of making known the products of the Company as may seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works and interest, by publication of books and periodicals and by granting prizes, rewards and donations.
- (bb) To establish and support, or aid in the establishment and support of associations, institutions, and conveniences calculated to benefit any of the employees or ex-employees of the Company, or the

dependents or connections of such persons and to grant pensions and allowances, and to make payments towards insurance, and to sub-scribe, underwrite, form or guarantee money for charitable or benevolent objects or for any exhibition, or for any public, general or useful object.

- (cc) To amalgamate with any other company having objects altogether or in any part similar to those of this Company.
- (dd) To distribute any of the property of the Company in specie among the members.
- (ee) To do all such other things as are incidental or conducive to the attainment of the above objects.

It is hereby declared that the word "Company" save when used in reference to this Company, in this clause shall be deemed to include any partnership or other body of persons, whether domiciled in East Africa or elsewhere.

4. The liability of the members is limited.
5. The Share capital of the Company is Shillings *Two Million Shillings Only (TShs.2,000,000/=)* divided into *Two Thousand (2,000) Ordinary Shares of Shillings One Thousand (TShs.1,000)* each with such rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

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

Names, Post Address and Occupation of Subscriber	Number of Shares taken by each Subscriber	Signatures of Subscribers.
Catherine Anne Lithgow P. O. Box 2920 Mwanza Tanzania	1,980	<i>C. Lithgow</i>
Sidney Oslo Sabela P. O. Box 2920 Mwanza Tanzania	20	<i>S. O. SABELA</i>

Dated this 2nd day of May 2012.

WITNESSES to the above Signatures:

Signature: *[Signature]*

Postal Address: 331 - MWANZA

Qualifications: STATE ATTORNEY



5000
24/11/12
7/5/12

24/11/12
7/5/12

THE COMPANIES ACT (CAP. 212)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

SPECIALISED MANUFACTURING SERVICES LIMITED

1. The regulations contained in Table "A" in the first schedule to the Companies Act (Chapter 212) shall ~~not apply~~ to this Company, but the following shall be the regulations of the Company.
2. In the construction of these Articles the following words shall have the respective meanings hereby assigned to them, unless there be something in the context inconsistent therewith.
 - (a) "The Act" means the Companies Act (Chapter 212).
 - (b) "The Seal" means the Common Seal of the Company.
 - (c) Words denoting the singular number only shall include the plural number also, and vice versa,
 - (d) Words importing persons or Companies only shall include Corporations.
 - (f) "Special Resolution" and "Extraordinary Resolution" have the meaning assigned thereto respectively by the Companies Act (CAP.212).
 - (g) "In writing" or "written" include printing, lithography, typewriting and all other modes of representing or reproducing words in a visible form.
 - (h) "Office" shall mean the registered office of the Company.
 - (i) "Month" shall mean a calendar month.

- (j) "The Board" shall mean the Board of Directors of the Company.
- (k) "Secretary" shall mean any person appointed to perform the duties of the Secretary of the Company.

Subject as aforesaid any words or expressions defined in the Act shall, if not inconsistent with the context, bear the same meaning in these Articles.

3. The Company is a private company, and accordingly:-

- (a) The right to transfer is restricted in the manner hereinafter provided.
- (b) The number of members of the Company (not including persons who are in the employment of the Company, and persons, who having been formerly in the employment of the Company were while in that employment and have continued after the determination of that employment to be members of the Company) is limited to fifty. Provided that where two or more persons hold one or more shares in the Company, jointly they shall for the purpose of this Article be treated as a single member.
- (c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

SHARES

- 4. The Share capital of the Company is *Two Million Shillings Only (TShs. 2,000,000/=) divided into Two Thousand (2,000) Ordinary Shares of Shillings One Thousand (TShs.1,000) each* with such rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.
- 5. Subject to the provisions, if any, in that behalf of the Memorandum of Association, and without prejudice to any special rights previously conferred on the holders of existing shares, any share may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of share capital or otherwise, as the Company may from time to time by special resolution determine, and any preference share may, with the sanction of a special resolution, be

issued on the terms that it is, or at the option of the Company is liable to be redeemed.

6. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class may be varied with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.
 - (2) In every such separate general meeting the provisions of these regulations relating to general meeting should *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy seventy-five percent of the issued shares of that class, and that any holder or shares of the class ~~present in person or by proxy may demand a poll.~~
 - (3) For the purpose of this Article, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
7. The Directors may allot and issue shares in the capital of the Company in payment or part payment for any property sold or transferred, goods or machinery supplied, or for service rendered to the Company in the conduct of its business as fully paid-up shares, and if so issued, shall be deemed to be fully paid up.
 8. Every person whose name is registered as a member on the register of members shall, without payment, be entitled to a certificate under the Seal of the Company specifying the share or shares held by him and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.
 9. No person shall exercise any rights or privileges of a member until he shall have paid all calls and other moneys for the time being due on every share held by him.
 10. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any, not exceeding one shilling, and on such terms, if any, as to evidence and indemnity, as the Directors think fit.

11. No part of the funds of the Company shall directly or indirectly be employed in the purchase of, or in loans upon the security of, the Company's shares, but nothing in this regulation shall prohibit transactions mentioned in the proviso of the Act.
12. The Company shall be entitled to treat the person whose name appears upon the register in respect of any shares as the absolute owner thereof and shall not be under any obligation to recognize any trust or equity or equitable claim to or partial interest in such shares whether or not it shall have express or other notice thereof.

LIEN

13. ~~The Company shall have~~ a lien on every share for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The Company's lien, if any, on a share shall extend to all dividends payable thereon.
14. The Company may sell, subject to the provisions on forfeiture of shares, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.
15. For giving effect to any such sale the Directors may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
16. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

17. The Directors may, subject to any conditions of allotment from time to time make calls upon the members in respect of any moneys unpaid on their shares whether on account of the nominal value of the (shares or by way of premium) provided that (except as otherwise fixed by the conditions of allotment) no call on any share shall be payable at less than thirty days from the date appointment for payment of the last preceding call, and each member shall (subject to being given at least three weeks' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares.
18. ~~The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.~~
19. If a sum called in respect of a share is not paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per centum per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
20. The provisions of these regulations as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue or a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
21. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the money unpaid upon the shares held by him beyond the sums actually called upon thereon as a payment in advance of call which shall extinguish, so far as the same shall extend liability upon the shares in respect of which it is advanced, and the Company may pay interest upon the money received, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which it has been received, at such rate as the member paying such sum and the Directors agree.

TRANSFER AND TRANSMISSION OF SHARES

TRANSFER

22. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
23. Shares shall be transferred in the following form, or in any usual or common form which the Directors shall approve:-

"I, A.B. of in consideration of Shs. paid to me by C.D. of (hereinafter called "the said transferee") do hereby transfer to the said transferee the share (or shares) numbered in the undertaking called to hold unto the said transferee, subject to the several conditions on which I hold the same; and I, the said transferee, do hereby agree to take the said aforesaid
As witness our hands set below Witness to the signatures of etc."

24. The Directors may in their absolute discretion decline to register any transfer of shares to a person of whom they do not approve not being already a member of the Company and may also decline to register any transfer to shares on which the Company has a lien. The Directors may also suspend the registration of transfer during the fourteen days immediately preceding the ordinary general meeting in each year. The Directors may decline to recognize any instrument of transfer unless:
- (a) a fee-note exceeding two shillings is paid to the Company in respect thereof, and
 - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

If the Directors refuse to register a transfer of any shares they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

TRANSMISSION OF SHARES

25. The legal personal representatives of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor or the legal personal representatives of the deceased's survivor shall be the only persons recognised by the Company as having any title to the share.
26. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon such evidence being produced as may from time to time be properly required by the Directors, have the right, ~~either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as~~ the deceased or bankrupt person could have made, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of transfer of the share by the deceased or bankrupt person before the death or bankruptcy.
27. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled to were he the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.
28. Save as hereinafter provided, no shares in the Company shall be transferred otherwise than to a person who is already a member of the Company until the rights of pre-emption hereby conferred shall have been exhausted that it to say:
- (i) Every member or other person referred to in Article 26 who intends to transfer shares (hereinafter called the Vendor) shall give notice in writing to the Board of his intention so to do. Such notice shall constitute the Board his agent for the sale of the said shares in one or more lots at the discretion of the Board to members of the Company at a price to be agreed upon by the Vendor and the Board, or in default of agreement, at a price which the Auditor of the Company for the time being shall certify by writing under his hand, to be in his opinion, the fair selling value thereof as between a willing Vendor and willing purchaser.

- (ii) Upon the price being fixed as aforesaid the Board shall forthwith give notice to all the members of the Company of the number and price of the shares to be sold and invite each of them to state in writing within thirty days from the date of the said notice whether he is willing to purchase any, and if so, what maximum number of the said shares.
- (iii) At the expiration of the said thirty days the Board shall allocate the said shares to or amongst the members or member who shall have expressed his or their willingness to purchase as aforesaid and (if more than one) so far as may be pro rata according to the number of shares already held by them respectively **PROVIDED THAT** no member shall be obliged to take more than the said maximum number of shares so notified by him as aforesaid.
- (iv) Upon such allocation being made the Vendor shall be bound on payment of the said price to transfer the shares to the Purchaser or purchasers. If he makes default in so doing the Chairman for the time being of the Directors of the Company or failing him one of the Directors duly nominated by resolution of the Board for that purpose shall forthwith be deemed to be duly appointed attorney of the Vendor, with full power to execute, complete and deliver in the name and on behalf of the vendor a transfer of the shares to the purchasing member and the Board may receive and give a good discharge for the Purchase money on behalf of the Vendor and enter the name of the purchaser in the register of members as holder by transfer of the shares purchased by him.
- (v) In the event of the whole or any lot of shares offered through the Board as provided by this article not being sold in the manner by this article provided the Vendor may at any time within six calendar months after the expiration of the said period of thirty days after the date of the notice given by the Board to the members transfer the shares not so sold to any person (subject to article 24) and at any price.

FORFEITURE OF SHARES

29. If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or

instalment as is unpaid, together with any interest which may have accrued.

30. The notice shall name a further day (not earlier than the expiration of three weeks from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
31. If the requirements of such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time hereafter before the payment required by the notice has been made be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares not actually paid before the forfeiture.
32. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be canceled on such terms as the Directors think fit.
33. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the nominal amount of the shares.
34. A Statutory Declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
35. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share,

becomes payable at a fixed time, whether in account of the amount of the share, or by way of premium, as if the same had been payable by virtue of all calls duly made and notified.

CONVERSION OF SHARES INTO STOCK

36. The Company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.
37. The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as, and, subject to which, the shares from which the stock arose might previous to conversion have been transferred, or as near thereto as circumstances admit but the directors may from time to time fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of the minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.
38. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no privilege or advantage (except participation in the dividends and profits of the Company) shall be conferred by any such a liquor part of the stock as would not if existing in shares, have conferred that privilege or advantage.
39. Such of the regulations of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

ALTERATION OF CAPITAL

40. The Company may from time to time by special resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
41. Subject to any direction to the contrary that may be given by the Company by special resolution in general meeting, all new shares shall, before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in

proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled.

The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to have the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot in the opinion of the Directors, be conveniently offered under this article.

~~42. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.~~

43. The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (b) sub-divide its existing shares or any of them, into shares of a smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of Section 64 (1) of the Act;
- (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

44. The Company may, by special resolution, reduce its share capital and any capital redemption reserve fund in any manner and with, and subject to, any incident authorised and consent required, by law.

GENERAL MEETINGS

45. A general meeting shall be held once in every calendar year at such time (not being more than fifteen months after the holding of the last preceding general meeting) and place as may be determined by the Directors. In default of a general meeting so held a general meeting may be convened by any one member in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.

46. All such general meetings shall be called Annual General Meetings and all other general meetings shall be called Extraordinary General Meetings. Annual General Meeting shall be held in Tanzania unless all the members entitled to vote agree in writing to meeting at a place outside Tanzania
47. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by section 114 of the Companies Act. If at any time there are not within Tanzania sufficient Directors capable of acting to form a quorum, any Director or any one member of the Company convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

48. Subject to the provisions of section 135 of the Act relating to special resolutions, three week's notice at the least (exclusive of the day on which the notice is served or deemed to be served by inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and, in case of special business, the general business, the general nature of that business shall be given in manner hereinafter mentioned, or in such other manner if any, as may be prescribed by the Company in general meeting, to such persons, as are, under the regulations of the Company entitled to receive such notices from the Company but with the consent of all the members entitled to receive notice of some particular meeting that meeting may be convened by such shorter notice and in such manner as those members may think fit.

PROCEEDINGS AT GENERAL MEETINGS

49. All business transacted at any general meeting shall be deemed special with the exception of the consideration of the accounts, balance sheet and the ordinary report of the Directors and Auditors.
50. No business shall be transacted at any general meeting or any adjournment thereof unless a quorum of members is present when the meeting proceeds to business. A quorum shall be constituted when two members are present in person or by proxy and hold not less than seventy-five percent of the issued share capital entitled to vote on the matters therein presented.

51. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the request of members, shall be dissolved in any other case, it shall be adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum (as defined in article 50), is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved.
52. No resolution, whether special or extraordinary, shall be carried as being passed at any general meeting or any adjournment thereof, unless the said resolutions received the affirmative vote of not less than seventy-five percent of the shares of such members as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose the resolution as special or extraordinary has been duly given.
53. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company.
54. If there is no such Chairman, or if at any meeting, he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose some one of their number to be Chairman.
55. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
56. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least one member present in person or by proxy and entitled to vote. Unless a poll is so demanded, a declaration by the Chairman that the resolution has, on a show of hands, been carried or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minute book shall be conclusive evidence of the fact.

57. If a poll is duly demanded, it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
58. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
59. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

VOTES OF MEMBERS

60. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have no vote. On a poll every member shall have one vote for each share of which he is the holder.
61. In case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
62. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian appointed by the court, and any such committee or other legal guardian may, on a poll, vote by proxy.
63. On a poll votes may be given either personally or by proxy, provided that no company shall vote by proxy unless a resolution of its Directors in accordance with the provisions of section 139 and 140 of the Act is in force.
64. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or, if the appointor is a corporation, either under seal, or under the hands of an officer or attorney duly authorised. A proxy need not be a member of the Company.

65. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a naturally certified copy of that power or authority shall be deposited at the registered office of the Company not less than twenty-four hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

66. An instrument appointing a proxy may be in the following form, or any other form which the Directors shall approve:

"I, of
being a member of a
hereby appoint
of as my proxy, to vote for me and on
my behalf at the (ordinary or extraordinary as the case may be)
general meeting of the company to be held on
..... the day of
20....., and at any adjournment thereof.

Signed this day of 20.....

67. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

CORPORATIONS ACTING BY
REPRESENTATIVES AT MEETINGS

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

DIRECTORS

69. The first Directors of the Company shall be:

1. Catherine Anne Lithgow
2. Sidney Oslo Sabela

70. Any member or members shall, so long as he or they continue to hold in the aggregate twenty percent (20%) in nominal value of the issued shares of the Company, in respect of each such holding of twenty percent (20%), be entitled to appoint any person to be a Director of the Company. Every such member or members may at any time remove from office and Directors appointed or removal shall be effected by notice in writing signed by the member or members making the same or, in the case of a member being a Corporation, signed by any of its Directors or other Authorised officer on its behalf, and shall take effect upon lodgment at the registered office.
71. Any member or members holding in the aggregate more than fifty percent (50%) in nominal value of the issued shares of the Company may nominate as ~~Chairman of the Board~~ of Directors, one of the Directors appointed under this Article.
72. A Director may resign from office upon giving one month's notice in writing to the company of his intention so to do, and such resignation shall take effect upon the expiration of such notice or its earlier acceptance by the Board of Directors.
73. (1) ~~The remuneration of the Directors shall from time to time be determined by the Company in General Meeting.~~
- (2) In addition to their usual remuneration the Directors shall, subject to the approval of the whole Board of Directors, also be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the exercise of their duties, including any such expenses incurred in connection with their attendance at meetings of Directors.
74. Any Director may at any time appoint any person to be an alternate Director of the Company, with powers which may be limited by the Director, and may at any time remove any alternate Director so appointed from office, and, appoint another person in his place. An alternate Director shall (subject to his giving to the Company an address at which notices may be served on him) be entitled to receive notices of all meetings of the Directors, and to attend and vote as a Directors at any meetings at which the Director appointing him is not personally present and generally to perform all the functions of his appointor as a Director in the absence of such appointor. An alternate Director shall *ipso facto* cease to be an alternate Director if his appointor ceases for any reason to be a Director. All appointments and removals of alternate Directors shall be effected by

notice in writing under the hand of the Directors or by cable, making or revoking such appointment sent to or left at the registered office. An alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. The remuneration of any such alternate Director shall be payable out of the remuneration payable to the Director appointing him and shall consist of such part (if any) of the last mentioned remuneration as shall be agreed between the alternate Director and the Director appointing him. Any Director or alternate Director may, in addition to his position as Director or alternate Director, be appointed as an alternate to or by any number of Directors.

75. A Director and alternate Director shall not require a share qualification but nevertheless shall be entitled to attend and speak at any general meeting of the Company, and at any separate meeting of the holders of any class of shares in the Company.
76. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall when the number of Directors exceeds three, be three, and when the number of Directors does not exceed three, be two. A resolution in writing signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted and may consist of several documents in the like form, each signed by one or more of the Directors but so that the expression "Director" in this article shall not include an alternate Director other than an alternate Director appointed by a Director who at the date of the resolution is absent from Tanzania.
77. Provided a Director declared his interest therein in manner provided by the Ordinance he may vote as a Director in regard to any contract or arrangement in which he is interested or upon any matter arising there out, and if he shall so vote his vote shall be counted in the quorum when any such contract or arrangement is under consideration.
78. The Directors may exercise all of the powers of the Company with the exception of the following, which shall require ratification by the Company in general meeting:
- (1) borrowing money in excess of Shs. 5,000,000/=;
 - (2) mortgaging or charging the Company's undertaking; property and uncalled capital or any part thereof;

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- (3) issuing debentures, debenture stock and other securities in excess of Shs. 5,000,000/=, whether outright or as security for any debt liability or obligation of the Company or of any third party.
79. The business of the Company shall be managed by the Directors who may pay all expenses incurred in getting up and registering the Company, and may exercise all such powers of the Company, as are not, by the Act, or by these articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any regulation of these articles, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid regulation or provisions, as may be prescribed by the Company in general meeting; but no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
80. The Directors may from time to time appoint one or more of their body to the office of Managing Director or may appoint any person or body corporate to manage the Company for such term and at such remuneration (whether by way of salary or commission, or participation in profits, or partly in one way and partly in another) as they may think fit. In the case of the appointment of a Managing Director such appointment shall be subject to determination *ipso facto* if he ceases from any cause to be a Director.
81. The Directors shall cause minutes to be made in books provided for the purposes:
- (a) of all appointments of officers made by the Directors;
 - (b) of the names of the Directors present at each meeting of the Directors;
 - (c) of all resolutions and proceedings at all meetings of the Company, and of the Directors;

and every Director present at any meeting of Directors shall sign his name in a book to be kept for that purpose.

THE SEAL

82. The Board shall provide for the safe custody of the seal. The seal shall be used only by the authority of the Board and every instrument to which the

seal shall be affixed shall be signed by a Director and also by the Secretary or by a second Director or by some other person appointed by the Board for the purpose.

DISQUALIFICATION OF DIRECTORS

83. The Office of Director shall be vacated if the Director:
- (a) without the consent of the Company in general meeting holds any other office of profit under the Company except that of Managing Director or Manager, or
 - (b) becomes bankrupt in this Territory or in any other territory which is declared to be a reciprocating territory under section 147 of the Bankruptcy Act; or
 - (c) ceases to be a director by virtue of any provisions of the Act or becomes prohibited by law from being a director ; or
 - (d) Is found lunatic or becomes of unsound mind; or
 - (e) resigns his office by notice in writing to the Company; or
 - (f) is punished with imprisonment for a term exceeding six months without the option of a fine.
 - (g) Is directly or indirectly interested in any contract with the company and fails to declare the nature of his interest in manner required by the Act.

PROCEEDINGS OF DIRECTORS

84. The Directors may meet, together, upon adequate notice duly given for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall, except as otherwise agreed from time to time by the members, be decided by a majority of votes. A Director may, and the secretary on the requisition of a Director shall at any time summon a meeting of the Directors. Adequate notice shall in all cases be that which is reasonably calculated to advise Directors whether within or without Tanzania of the proposed meeting.

85. If at any time the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

SECRETARY

86. The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any Secretary so appointed may be removed by them.
88. ~~A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.~~

DIVIDENDS AND RESERVE

89. The Company in general meeting may, by special resolution declare dividends, but no dividend shall exceed the amount recommended by the Directors.
90. No dividend shall be paid otherwise than out of profits.
91. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this article as paid on the share.
92. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the Directors may from time to time think fit.

93. If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.
94. Any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto or in the case of joint holders to any one of such joint holders at his registered address or to such person and such address as the member or person entitled to such joint holders, as the case may be, may direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint holders, as the case may be, may direct.
95. No dividend shall bear interest against the Company.

ACCOUNTS

96. The Directors shall cause proper books of account to be kept with respect to:
- o All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
 - o All sales and purchases of goods by the Company and the assets and liabilities of the Company.
97. Books of accounts shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
98. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting.
99. The Directors shall from time to time in accordance with section 132 of the Act, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in that section.

100. The profit and loss account shall show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the meeting and, in case where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.
101. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting together with a copy of the Auditor's report shall not less than three weeks before the date of the meeting be sent to all persons entitled to receive notices of general meetings of the Company.

AUDIT

102. The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold the office until the next Annual General Meeting.
103. A person or corporation other than the retiring Auditor shall not be capable of being appointed Auditor at an Annual General Meeting unless notice of an intention to nominate that person or corporation to the office of Auditor has been given by a member of the Company not less than fourteen days before the Annual General Meeting and the Company shall send such notice to the retiring Auditor and shall give notice thereof to the members not less than seven days before the Annual General Meeting.
104. The remuneration of the Auditors shall be fixed by the Company in General Meeting.
105. The Auditors shall be entitled to attend any general meeting of the Company at which any accounts which have been examined or reported on by them are to be laid before the Company and to make any statement or explanation they desire with respect to the accounts.

NOTICES

106. A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address, or such other address or addresses as shall be designated in writing. If he has no registered address within the Territory, it shall be by cable or radiogram with a confirming registered letter return receipt requested addressed to him at such address outside of the territory as shall have been designated by him in writing.
107. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and unless the contrary is proved to have been effected at the time at which the letter would be delivered in the ordinary course of post.
108. If a member has no registered address within the Territory and has not supplied to the Company an address for the giving of notices to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the Company shall be deemed to have been duly given to him at noon on the day on which the advertisement appears.
109. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder named first in the register of members in respect of the share.
110. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or receiver of the bankrupt, or by any like description, at the address, if any, within the Territory supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy has not occurred.
111. Notice of every general meeting shall be given in the same manner hereinbefore authorised to (a) every member except those members who (having no registered address within the territory) have not supplied to the Company an address for the giving of notices to them, and also to (b) every person entitled to a share in consequence of the death or bankruptcy of a member, who, but for his death or bankruptcy would be entitled to

receive notice of the meeting. No other person shall be entitled to receive notices of general meetings.

CAPITALIZATION OF PROFITS

112. The Company in general meeting may upon the unanimous recommendation of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts or to the credit of the profit or loss the company's reserve accounts or to the credit of the profit or loss account or otherwise available for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be ~~applied~~ either in or towards paying up any amounts for the time being unpaid on any shares by such members respectively, or paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way or partly in the other, and the Directors shall give effect to such resolution.
113. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full powers to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in factions, and also to authorize any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

114. If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Act, if any, and having due regard to the respective rights of the holders of different classes of shares to which special rights are attached, divide amongst the members in specie or kind of the whole or any part of the assets of the Company and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes of members. The liquidator may with like sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities, whereon there is any liability.

INDEMNITY

115. Subject to the provisions of the Act, every Director or other officer and auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto unless the same occur through his own dishonesty, negligence, default, breach of duty, criminal, etc, or breach of trust wherein the Director or officer shall be personally liable.

ARBITRATION

116.

Whenever any differences shall arise between the Company and the Directors on the one hand and any of the members or representatives on the other hand, or within the Directors with regard to anything done, executed, omitted or suffered in pursuance of these present or any claim on account of any such breach, or otherwise relating to the premises or to these premises or to any of the affairs of the Company then such differences shall be referred to an Arbitrator or two Arbitrators of whom one shall be appointed by each of the parties, and any such reference shall be subject to the provisions of the Arbitration Act Chapter and any statutory modification thereof for the time being in force.

Names, Post Address and Occupation of Subscriber	Number of Shares taken by each Subscriber	Signatures of Subscribers.
Catherine Anne Lithgow P.O. Box 2920 Mwanza Tanzania	1,980	<i>C. Lithgow</i>
Sidney Oslo Sabela P.O. Box 2920 Mwanza Tanzania	20	<i>S. Sabela</i>

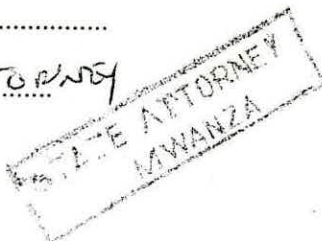
Dated this 2nd day of May 2012.

WITNESSES to the above Signatures:

Signature: *Officer*

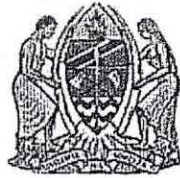
Postal Address: 331 - Mwanza

Qualifications: STATE ATTORNEY



CL
OS

TANZANIA



Certificate of Incorporation

Section 15

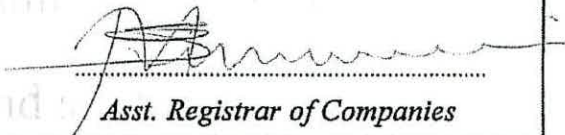
No 90849

I HEREBY CERTIFY THAT

SPECIALISED MANUFACTURING SERVICES 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 10TH day of MAY**TWO THOUSAND AND TWELVE.**
Asst. Registrar of Companies

LEASE AGREEMENT

THIS LEASE AGREEMENT is made on the 1st Day of February 2013.

BETWEEN

Ryan's Bay Hotel of P.O. Box 1904 Mwanza, hereafter known as the **Landlord**.

AND

Specialised Manufacturing Services Ltd of P.O. Box 2920 Mwanza, hereafter known as the **Tenant**.

The Landlord agrees to lease office 1 on the premises situated on **Plot no: 58, Block "C", Station Road, Mwanza**, to the Tenant for business use on the following conditions:

1. The period of the lease shall be for **60 months** effective from the 1st of February 2013. The monthly rent of USD900-00 including 10% withholding tax shall be paid by the Tenant to the Landlord, plus VAT of 18%.
2. Rent shall be paid in lump sum for three months.
3. The Landlord will be responsible for insurance for the Landlord's property. The Landlord will be responsible for and will pay for the repair of any damage or technical faults which have not been caused by carelessness or improper use by the tenant, his family members or visitors.
4. The Tenant will during occupancy take care to maintain the condition of the property as received at the inception of the lease during the tenancy and no alterations will be effected without the consent of the Land Lord previously sought and obtained.
5. The Tenant will be responsible for paying all and telephone bills in question which are incurred after the 1st February 2013 and during the tenancy. The Landlord will be responsible for water and electricity bills during the tenancy.
6. The Landlord shall have the right to enter and inspect the conditions of the premises at any time, provided such entry is made after appropriate notice has been given to the Tenant.
7. This Agreement may be terminated by either the Landlord or the Tenant giving at least three months notice in writing.

RYAN'S BAY HOTEL
P.O. BOX : 1904
MWANZA - TANZANIA
TEL: +255 28 2541702
MOB: +255 786 781 981



SIGNED AND AGREED BY:
LUCAS FORTES
LANDLORD

Date: 18 FEB 2013

[Handwritten signature of Lucas Fortes]

WITNESSED BY: LEO FORTES

SIGNED AND AGREED BY:
SPECIALISED MANUFACTURING SERVICES LTD
TENANT

Date: 1st February 2013

[Handwritten signature of R. K. Kumar]

WITNESSED BY: R. KRANTHI KUMAR

22nd June, 2013

REF: SCBT/CB/SMEMZA/220613

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

Dear Sir/Madam,

RE: SPECIALISED MANUFACTURING SERVICES LIMITED

The following instruction has been provided on the specific request from our client and is strictly confidential, for your private use only without any responsibility on the part of this bank or its officials.

We would like to confirm that **SPECIALISED MANUFACTURING SERVICES LIMITED** is our client.

We have been maintaining the accounts for the captioned customer since 3rd July, 2012 and the operation of their accounts has been satisfactory.

Any assistance rendered to our client will be greatly appreciated.

Yours sincerely,



Bonus Ansgar Lwiwa
Relationship Manager, ME



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

**(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)**

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)

THE 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~~ CATHERINE ANNE LITHGOW
(director/~~directors~~/agent of SPECIALISE MANUFACTURING SERVICES LTD
(name of business enterprise) apply for registration of SPECIALISED MANUFACTURING SERVICES 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

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

4. The Principal Officers of the Company are

- ① CATHERINE ANNE LITHGOW
- ② SIDNEY OSLO SABELA.

5. Auditors of the Company are W.M. KILELE & COMPANY
P.O. BOX 1424 - MWANZA.

6. The authorized share capital of the Company is Tshs. ~~US\$~~ (TSHS. 2,000,000/=)
DIVIDED INTO TWO THOUSAND (2000) ORDINARY
SHARES OF SHILLINGS ONE THOUSAND (TSHS. 1,000) EACH.

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 899,500/=

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

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

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

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

I, CATHERINE ANNE LITHGOW of Post Office Number 2920 MWANZA

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

authorized agent of SPECIALISED MANUFACTURING SERVICES LTD

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

Declared at ~~Dares Salaam~~ MWANZA

The 24th day of June 2013 }

Applicant

Before me: STEVEN MANKWENA


Commissioner for Oaths



APPLICATION SUMMARY

Company Name: SPECIALISED MANUFACTURING SERVICES LTD

Certificate of Incorporation Number: 90849 Status: NEW

Certificate of Incorporation Date: 10TH MAY 2012

Post Box: 2920

Town: MWAZA

Sector: MANUFACTURING

Sub-Sector: HYDRAULIC COMPONENT ENGINEERING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity

Local Equity

Foreign Loan

Local Loan

\$ 749,500/=

\$ 150,000/=

Project Objectives: TO ESTABLISH A PROJECT FOR HYDRAULIC COMPONENTS RE-MANUFACTURING, FOR A PURPOSE OF SERVING MINING SECTOR IN THE LAKE ZONE REGIONS.

Capacity: 920 COMPONENTS/YEAR.

Employment: Foreign: 5 Local: 30 Total: 35

Implementation Period: 3 YEARS

Project Location

Site/Plot/Block No.: PLOT N° 58, BLOCK "C".

Street: STATION ROAD/CAPRIPOINT District: NYAMAGANA Region: MWANZA

(Attach sketch map showing project location)

Shareholders

Nationality

%

CATHERINE ANNE LITHGOW SOUTH AFRICAN 99%

SIDNEY OSLO SABELA SOUTH AFRICAN 1%

.....
.....
.....

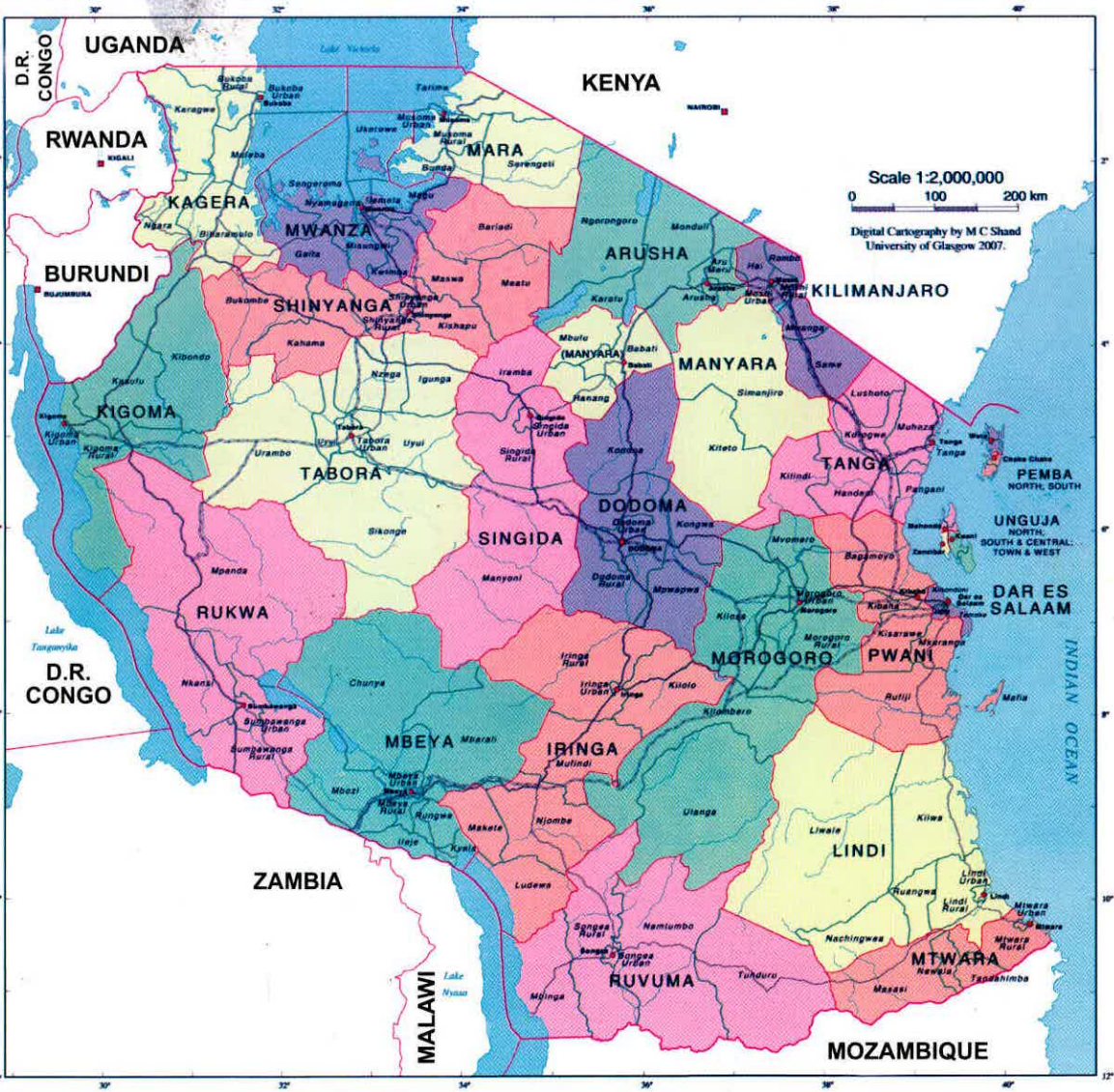
Investment Breakdown	US\$/Tshs.M
Land/Building	120,000/=
Plant	480,000/=
Vehicles	92,000/=
Furniture & Fittings	12,500/=
Pre-expenses	40,000/=
Others	70,000/=
Working Capital	85,000/=
TOTAL	\$ 899,500/=

Contact Details:

Name: CATHERINE A. LITHGOW Title: DIRECTOR/SHARE HOLDER
 Telephone: +255 755 305868 Fax: —
 Email: catherine.lithgow@homesupport.com

Payments to be made payable to:

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



SPECIALISED MANUFACTURING SERVICES LIMITED

①

Date: June 17th 2013

The Executive Director,
Tanzania Investment Centre,
P.O. Box 938 ,
Dar es salaam.
TANZANIA.



Dear Maadam,

RE: PROJECT FOR MANUFACTURING HYDRAULIC COMPONENTS;

We are in the process of constructing a workshop facility for hydraulic component manufacturing at Plot No. 58, Block W, Capri Point, Station Road Area, Nyamagana District - Mwanza City. It is due to this reason that we kindly submit our application for TIC Certificate of Incentives to facilitate smooth implementation of our programme.

Attached herewith please find the following basic documents for your perusal and necessary action:

1. One (1) duly completed and signed Application Form for TIC Certificate.
2. A copy of our Certificate of Incorporation
3. A copy of the company's Memorandum and Articles of Association
4. Evidence of Land Ownership for Project Location.
5. A letter of credibility from our Banker.
6. Company Board Resolution to register with TIC
7. A copy of our Business Plan.

Thanking you for your kind consideration

Yours' sincerely,

SPECIALISED MANUFACTURING SERVICES LIMITED


Sidney Oslo Sabela
DIRECTOR

18/06/2013

CAPRI POINT, STATION ROAD AREA, PLOT NO. 71, BLOCK 'C', P.O. BOX 2920 MWANZA.
MOB: +255 762 343916

EXTRACT FROM A MEETING OF THE BOARD OF DIRECTORS AND
SHAREHOLDERS OF
SPECIALISED MANUFACTURING SERVICES LIMITED

At a duly convened and constituted meeting of the board of directors of Specialised Manufacturing Services Limited held at the registered offices of the company on the 10th day of May 2013, the following resolutions were passed:

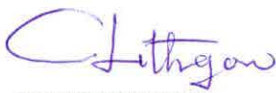
1. That a project for construction of commercial/ residential building for lease be undertaken at Plot No. 77, Block C, Igogo Industrial Area, Mwanza City

2. That funds amounting to US\$ 899,500 be raised by shareholders to facilitate implementation of the project.

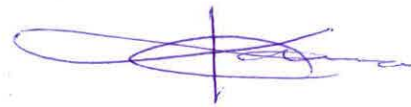
3. That the project be registered with Tanzania Investment Centre so as to enjoy fully investment incentives, benefits and protection as statutorily provided for under Tanzania Investment Act, 1997.

Certified True Extract

(By order of the Board)



Chairman



Secretary

18/06/2013

JAMHURI YA MUUNGANO WA TANZANIA

THE UNITED REPUBLIC OF TANZANIA

TFN: 614 (Rev. 8.94)

STAKABADHI YA SERIKALI

37896772

1

EXCHEQUER RECEIPT

NIMEPOKEA KWA

Received from

SPECIALISED MANUFACTURING SERVICES

KIASI
Amount

Shs.		Cts.
1	62000	

JUMLA YA SHILINGI (Kwa maneno)

The sum of Shillings (Words)

ONE HUNDRED SIXTY TWO THOUSANDS

NA SENTI

And Cents

ONLY

KWA MALIPO YA

In respect of

APPLICATION FORM

KWA FEDHA TASLIMU/HUNDI

NAMBA By Cash/Cheque No.

DL

KITUO - Station

SAHIHI YA MPOKEAJI

Signature

Receiving Officer's

CHEO - Title

TAREHE - Date

[Signature]

IFPD

22-06-13

TIC - MWANZA

NPC-KIUTA



TIC Evaluation Report

Name of the Company
Specialised Manufacturing Services Ltd.

Post Box	Station Road/Capripoint, Plot No. 58 Block C, Nyamagana District	COI Number	90849	Contact	Ms. Catherine A. Lithgow
Post Office	2920	COI Date	05/10/2012	Designation	Director
Region	Mwanza	Application F. No	11222	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0755 305 868
		Sub Sector	Hydraulic Component Engineering	Fax	0
		File No	042487	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD										
Plot/Block	Plot No. 58 Block C	<table border="1" style="width: 100%;"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td style="text-align: center;">0.7495</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0.15</td> <td style="text-align: center;">0</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0.7495	0	0.15	0		
Foreign Equity	Local Equity		Foreign Loan	Local Loan								
0.7495	0		0.15	0								
Street	Station Road/Capripoint											
District	Nyamagana											
Region	Mwanza											

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.12
Sidney Oslo Sabela	South Africa	1	Plant	0.48
Catherine Anne Lithgow	South Africa	99	Vehicles	0.092
			Furniture & Fittings	0.0125
			Pre-expenses	0.04
			Others	0.07
			Working Capital	0.085
			Total	0.8995

Employment	35	Evaluated By	wf officer3
Capacity	920 components/year	Drawn By	wf registry1
Project Turn Over		Project Type	Foreign

Description

To establish facilities for manufacturing hydraulic componets to serve mining sector

Recomendations

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

Decision

Approved. 27.06.13

3

TICC/PP.10/042487/3

27th June, 2013

Managing Director,
Specialised Manufacturing Services Ltd,
P.O. Box 2920,
Mwanza.

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF FACILITIES FOR MANUFACTURING HYDRAULIC
COMPONENTS TO SERVE MINING SECTOR**

We wish to acknowledge receipt of your project proposal to establish facilities for manufacturing hydraulic components to serve mining sector as presented in the TIC P.A. 1 Form No. 11222 and Feasibility Study with a projected investment of USD 0.8995m.

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

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

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

.../2

TICC/PP.10/042487/3

27th June, 2013

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

Yours sincerely,

TANZANIA INVESTMENT CENTRE



Juliet R. Kairuki

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

4

JAMHURI YA MUUNGANO WA TANZANIA
 THE UNITED REPUBLIC OF TANZANIA
 TAKABADHI YA SERIKALI
 CHEQUE RECEIPT
 MPOKOA KWA
 37896793 1
 T.F.N. 614 (Rev. 5/94)

Shs	Cts
1620000	

Kiasi Amount
 SPECIALISED MANUFACTURING SERVICES
 KWA SHILINGI (Kwa maneno) ONE MILLION SIX HUNDRED TWENTY
 The sum of Shillings (Words) THOUSANDS SHILLINGS ONLY
 NA SENTI And Cents
 MAMBA YA MPOKOA: CERTIFICATE OF INCENTIVES
 MAMBA YA MPOKOA: DL
 MAMBA YA MPOKOA: TIC - MWANZA
 MPOKOA: IFPO 2-08-13
 MPOKOA: TIC - MWANZA





00220188

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042487

This is to certify that

SPECIALISED MANUFACTURING SERVICES LTD

of address P.O. BOX 2920

MWANZA

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

SPECIALISED MANUFACTURING SERVICES LTD

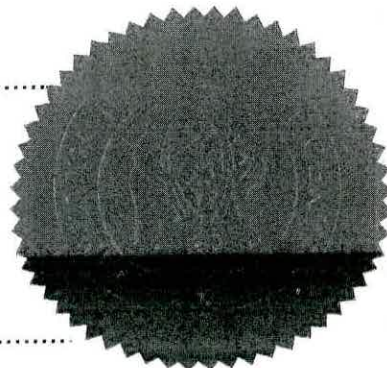
Which is located at PLOT NO. 58 BLOCK C STATION ROAD, CAPRIPOINT
NYAMAGANA - MWANZA

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

Executive Director

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

Dated 27TH JUNE 2013



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

1. Shareholders

	Nationality	Shareholding (%)
Sidney Oslo Sabela	South African	1
Catherine Anne Lithgow	South African	99

2. Proposed Activities : **To establish facilities for manufacturing hydraulic components to serve mining sector**

3. Sector: **Manufacturing** Subsector: **Hydraulic Components Engineering**

4. Investment cost: Foreign **USD 0.8995m.** Local **-** Total **USD 0.8995m.**

5. Project Financing: Equity **USD 0.7495m.** Loans **USD 0.15m.** Total **USD 0.8995m.**

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

7. Assets to be invested:

	Foreign	Local	Total
Capital items:	USD 0.8995m.	-	USD 0.8995m.

8. Technology Agreement **None**

9. Date of TIC Registration: **27th June 2013**

10. Implementation period **June 2013 - May 2016**

11. Operative date **June 2016**

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
None

Signed 
Executive Director

5

Progress Report
For
Specialized Manufacturing Services Limited
P. O. Box 2920, Tel: +255755305868
Dar es Salaam
January-October 2016

1 INTRODUCTION

Specialized Manufacturing Services Limited locally registered company manufacturing hydraulic components to serve mining sector, the company was issued with Certificate of incentives No, 042487.

Specialized Manufacturing Services Limited project is located at Plot No.58, Block C, Satation Road/Capripoint, Nyamagana, Mwanza region, the company wholly owned by South African investors.

2 PROPOSED INVESTMENT STRUCTURE

Land and Building	0.12
Plant & Machinery	0.48
Vehicles	0.092
Furniture & Fittings	0.0125
Others	0.07
Working capital	0.085

Total	0.8995
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The estimated investment cost is **US\$ 0.8995m.**

3 PROPOSED PROJECT FINANCING

The shareholders of this company will finance the project using foreign loan of US \$ 0.15 and Foreign equity US\$0.7495

Source/Type of financing	US\$M
Equity	0.7495
Loan	0.15

4 PLANNED ACTIVITIES

- To lease industrial premises
- To purchase machines, plants and other project equipments
- To purchase 4 trucks
- To recruits 35 employees

5 ACHIEVEMENT MADE ON THE PROJECT IMPLEMENTATION TO DATE:

- Industrial premises was leased and renovated.
- Employment of 10 employees
- Purchasing of 2 vehicles were purchased
- Machines were installed

6 PROJECT FINANCING EXPENDITURE TO DATE

- For all period the company has managed to spend Us\$ **0.5m** using foreign loan and cash generated from
- The project has managed to generate net profit of US\$ **0.1m**

7 PROBLEM AND SOLUTION

- Unnecessary bureaucracy in clearing goods at port
- Tsh currency instability
- Inflation
- Limited availability of investment loan
- High tax rate
- Unpredictable investment environment
- NEMC long and complicated procedures

8 FUTURE PLAN

- To penetrate other markets
- Importing other project equipments
- Employing more locals

9 RECOMMENDATIONS

- I recommend TIC and TRA to speed up the approval of additional list so that to complete the project as it was planned
- TIC should advise the Government to strengthen Tanzania Investment Bank so that Investor can get long term loan
- TIC should advise TRA to speed up the process of getting approved list and clearing procedure at the port
- There should be special incentives for local investors
- Interest on foreign loan should not be taxed since it discourage investment

NB: TIC certificate should be extended for one year to complete the project as it was planned.

PROJECT FOR EXTENSION OF IMPLEMENTATION PERIOD

Name of the Project: Specialized Manufacturing
Services Ltd

Project Description: Certificate No: **042487**

To establish facilities for manufacturing hydraulic components

Approval Date: 27th June 2013

Implementation Period Expiry: June 2013 – May 2016

Number of Previous Extensions: NIL

Reasons for this Extension:

To accomplish the implementation of the project

Recommendations:

I recommend the project implementation period be extended for one year

Decision:

APPROVED BY EX.

Sign: W. J. Anderson

Date: 7/10/2016













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