

SAFARI SEA FOOD

INDUSTRY IMPORT AND

EXPORT CO. LTD

MINUTE SHEET

Dokezo
No.

1

Ag. EXD

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

(a) Minimum finance investment threshold has been exceeded, the project expects to invest USD 0.42 m.

(b) Legal entity has been incorporated under certificate

No. 86611 of 20/10/2011

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

Submitted for signature.


N. Senzia

DIF

15th December, 2011

2

Ag. EXD

In response to the TIC letter of registration dated 15/12/2011

The project has submitted the required documents namely:-

(a) Company Board Resolution

(b) Reference letter/Financing from Standard Chartered

(c) Lease Agreement as evidence of land

With the above submission EXD is requested to sign Certificate of Incentives No. 042134 herein attached.

I submit for your signature


Mr. Bildard

A. DIF
29/12/2011

MINUTE SHEET

Dokezo
No.

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

P. O. BOX 34200
DAR ESSALAAM



Date: 22nd November 2011

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

Dear Sir,

APPLICATION FOR CERTIFICATE OF INCENTIVES FOR THE ESTABLISHMENT OF A FISHING/PROCESSING SEA FOOD PROJECT IN DAR ES SALAAM

Enclosed for your kind attention is our application for a Certificate of Incentive in order to establish fish and sea food industry processing plant in Dar es Salaam the cost of which is going to be **US Dollars 410,940** as shown in the following table.

CAPITAL COST SUMMARY			
	LOCAL	FOREIGN	TOTAL
	US DOLLARS	US DOLLARS	US DOLLARS
Land and Buildings = Rental	30,000	0	30,000
Machinery & Equipment	21,785	87,140	108,925
Operating Equipment	130,866	23,094	153,960
Motor Vehicles	4,200	16,800	21,000
Furniture & Fittings	3,010	12,040	15,050
Pre-Operational Expenses	16,447	0	16,447
Total Fixed Investment	206,308	139,074	345,382
Working Capital	65,558	0	65,558
Total Initial Investment	271,866	139,074	410,940

Enclosed for your ease of reference are the following documents: -

- (i) Copy of Memorandum and Articles of Association;
- (ii) Certificate of Incorporation;
- (iii) Three copies of the Project Profile;
- (iv) Evidence of Land and Financing (tenancy and bank reference);
- (v) Board Resolution authorising the investment.

The promoters are going to finance the project through their own funds.

We look forward on your ready and prompt co-operation as we hope to benefit from the assistance of your office in being exempted the respective tax(es) in this regard.

Yours faithfully,

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT CO. LTD.

Resul Colak
DIRECTOR





TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

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

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

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT
(No. 26 of 1997)

APPLICATION FOR REGISTRATION
(Made under Regulation 42)

To: The Executive Director
Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
Tanzania

1. I/We AFG KASTHANA
(director/directors/agent of SAFARI SEA FOOD INDUSTRY IMPORT & EXPORT CO LTD
(name of business enterprise) apply for registration of PRODUCTION, PROCESSING AND SEA PRODUCTS
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 P.O. Box 34200
Dar es Salaam.

Copies of the following documents are attached to this application:

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

3. The Head Office of the Company will be situated at

4. The Principal Officers of the Company are Hasan Niles & Resul Colak

5. Auditors of the Company are ERNST & YOUNG

6. The authorized share capital of the Company is Tshs./US\$ 1,000,000,000/= (One Billion)
divided into 50,000 Shares of TSh. 20,000 each.

7. The intended capital investment of the Company in terms of Section 2(2) of the Act

is Tshs./US\$ 410,940

8. The month and day of the financial year end is 1st January to 31 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\$

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

I, Adolph Francis G. M. Shere of Post Office Number 34200

Dar es Salaam do solemnly and sincerely declare that I am a director/duly authorized agent of SAFARI SEA FOOD IMPORT & EXPORT CO. LTD.

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

Declared at Dar es Salaam by ADOLPH FRANCIS M. SHERE

The 28 day of November 2011

[Signature]
Applicant

Before me:

[Signature]
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: SAFARI SEA FOOD (INDUSTRY) IMPORT & EXPORT P.O. LTD.

Certificate of Incorporation Number: 86611 Status: PRIVATE

Certificate of Incorporation Date: 20th OCTOBER 2011

Post Box: 34200

Town: Dar es Salaam

Sector: AGRICULTURE/F Sub-Sector: FOOD PROCESSING

Investment Financing Plan in Million US\$/Tshs:

Foreign Equity	Local Equity	Foreign Loan	Local Loan
139,274	271,866		

Project Objectives: Fishing Sea Food, Processing and Training Local Fishermen + Export Quality Products

Capacity: 50 METRIC TONNES PER WEEK

Employment: Foreign: 5 Local: 18 Total: 23

Implementation Period: 36 MONTHS January 2011 to December 2015

Project Location

Site/Plot/Block No.: KUN/KIL 44B

Street: Kilongawima District: Kinondoni Region: Dar es Salaam
 (Attach sketch map showing project location)

Shareholders	Nationality	%
Hosna Kileo	Turkish	42.50
Erdinc Cokyasar	Turkish	26.25
Ilhami Yazici	Turkish	21.25
Resul Colak	Turkish	10.00

Investment Breakdown US\$/Tshs.M

Land/Building 30,000
Plant 108,925
Vehicles 21,000
Furniture & Fittings 15,050
Pre-expenses 16,447
Others 153,960
Working Capital 65,558
TOTAL 410,940

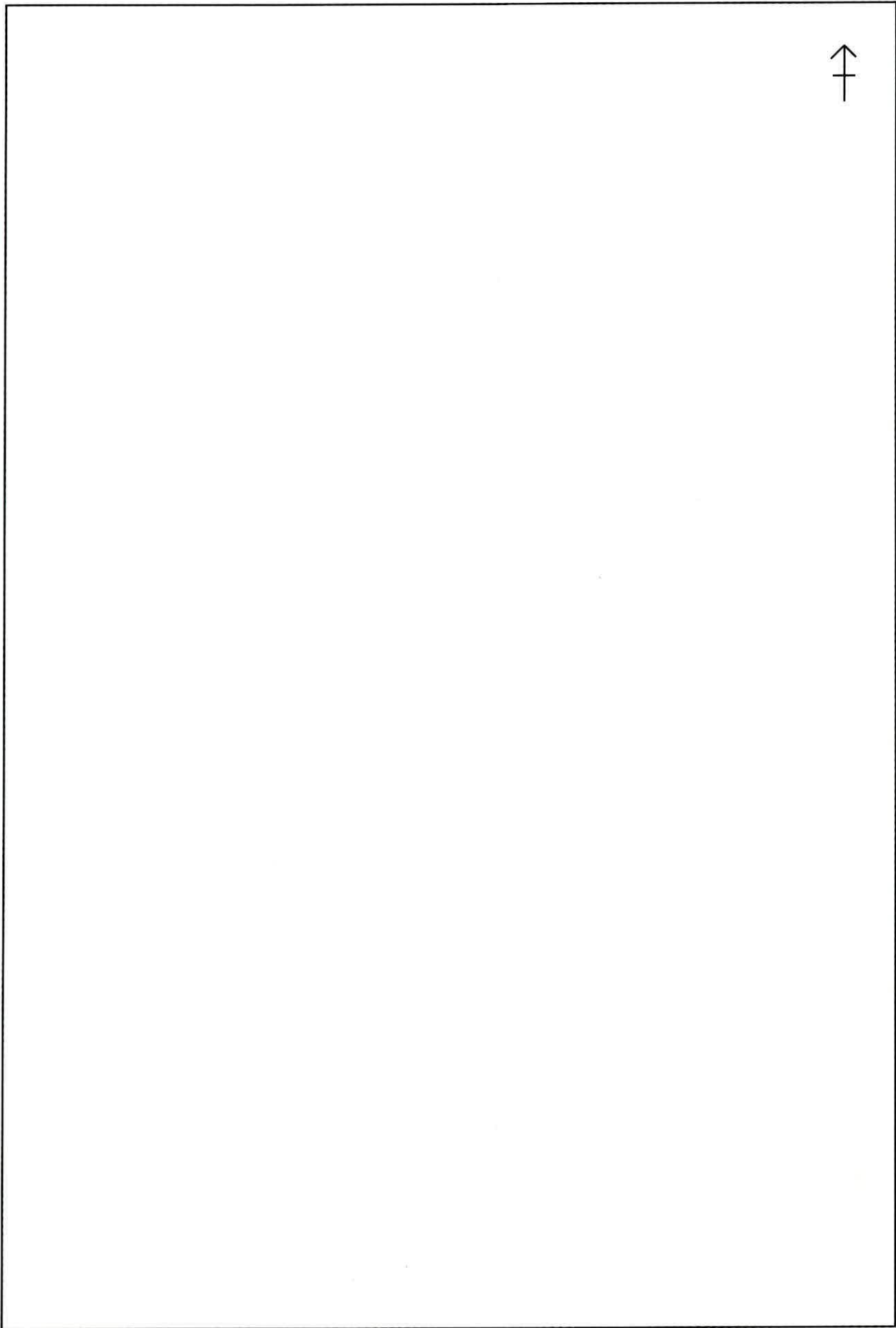
Contact Details:

Name: Atchmet Gul/Hasan Keles Title: Agent/Director
Telephone: 069 400015 Fax:
Email:

Payments to be made payable to:

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

SKETCH MAP SHOWING PROJECT LOCATION







TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

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

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Website: www.tic.co.tz

(Please fill the form in duplicate)

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Tanzania Investment Centre
P. O. Box 938
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Tanzania

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(director/directors/agent of SAFARI SEA FOOD INDUSTRY IMPORT & EXPORT CO LTD
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divided into 50,000 Shares of TSh. 20,000 each.

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is ~~Tshs.~~/US\$ 410,940

8. The month and day of the financial year end is 1st January to 31 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\$ 100 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*


I, Adele Francis G. Mshana of Post Office Number 34200

Dar es Salaam do solemnly and sincerely declare that I am a director/duly authorized agent of Safira Sea Food Import & Export Co. Ltd.

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

Declared at Dar es Salaam by Adele Francis Mshana

The 22 day of November 2011


Applicant

Before me:


Commissioner for Oaths



APPLICATION SUMMARY

Company Name: SARAI SEA FOOD (INDUSTRY, IMPORT & EXPORT) P.O. LTD.

Certificate of Incorporation Number: 86611 Status: PRIVATE

Certificate of Incorporation Date: 20th OCTOBER 2011

Post Box: 34200

Town: Dar es Salaam

Sector: AGRICULTURE/F

Sub-Sector: FOOD PROCESSING

Investment Financing Plan in Million US\$/Tshs:

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Implementation Period: 36 MONTHS January 2011 to December 2015

Project Location

Site/Plot/Block No.: KUN/KIL 448

Street: Kilongawima District: Kinondoni Region: Dar es Salaam
 (Attach sketch map showing project location)

Shareholders	Nationality	%
<u>Hasan Kileo</u>	<u>Turkish</u>	<u>42.50</u>
<u>Erdinc Cokyasar</u>	<u>Turkish</u>	<u>26.25</u>
<u>Ilhami Yazici</u>	<u>Turkish</u>	<u>21.25</u>
<u>Resul Colak</u>	<u>Turkish</u>	<u>10.00</u>

**SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY
LIMITED**

P. O. BOX 34200

DAR ESSALAAM

BOARD RESOLUTION

EXTRACTS FROM AN EXTRAORDINARY BOARD MEETING

ESTABLISHING SEA FOODS PRODUCTION AND PROCESSING PLANT IN TANZANIA

Present:

Name:

Hasan Keles
Erdinc Cokyasar
Ilham Yazici
Resul Colak

Title/Designation

Director/Chairman
Director
Director
Director

In Attendance:

Raymond Msangi

Secretary

The Board of Directors of **SAFARI SEA FOOD INDUSTRY IMPORT AN DEXPORT COMPANY LIMITED** held an Extra-ordinary Board Meeting on 24th October 2011 to deliberate on the establishment of a fish and allied aquamarine production and processing plant in Tanzania to be located at Kijitonyama Area –Kinondoni Municipality, Dar es Salaam Region, the cost of which should not exceed **US Dollars 500,000**.

The Board also directed that the implementation of the same should not exceed 36 months starting January 2011. The Board agreed unanimously on the above decision and the management was directed to make an application for a Certificate of Incentives from the Tanzania Investment Centre so that the project can benefit from the incentives thereof.

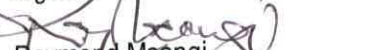
Signed:


Hasan Keles

CHAIRMAN OF THE BOARD

Date: 24th October 2011

Signed:


Raymond Msangi
SECRETARY TO THE BOARD

Date: 24th October 2011.

26th October 2011

TO WHOM IT MAY CONCERN


RE: SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY
LIMITED

This is to confirm that M/S SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED has a banking relationship with us and their accounts in the books of the Bank are well kept to our Bank's satisfaction to date.

In the opinion of the Bank's Management the Directors of the Company are respectable and financially sound and we do not think that they will enter into commitments which they cannot fulfill.

Please note that this information is given in strict confidence for private use only and without any responsibility or liability on the part of our Bank or any of its officers.

Yours truly,



Joseph Njile
BRANCH MANAGER

**LEASE AGREEMENT BETWEEN MESSRS. SAFARI SEA FOOD INDUSTRY
IMPORT AND EXPORT COMPANY LIMITED AND MR. GIDEON
RUTAINULWA**

THIS AGREEMENT is made this 1st day of October 2011 **between Mr. GIDEON RUTAINULWA of P. O. Box 72612 Dar es Salaam**, (hereinafter referred to as the lessor

AND

MESSRS. SAARI FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED of P. O. Box 34200 Dar es Salaam , (hereinafter referred to as the lessee) of the one part,

WHEREAS the lessor is the tenant of Plot No. KUN/KIL 448 located in Kilongawima Street Kunduchi– Kinondoni Municipality – Dar es Salaam and is desirous of leasing the PLOT hereinafter referred to as the “Demised Premises” to the lessee. WHEREAS the lessee is desirous of taking lease of he above mentioned “Demised Premises” upon conditions and the terms hereinafter appearing: -

1. The period of the tenancy referred to as the “Contractual Period” shall be **THREE YEARS** starting from 1st October 2011 to 31st September 2014 with the option of renewal on terms to be agreed thereat;
2. The monthly rent shall be TShs. 250,000/= - Say Tanzania shilling Two Hundred and Fifty Thousand – only; which shall be paid annually in advance;
3. **THE LESSEE HEREBY COVENANTS WITH THE LESSOR AS FOLLOWS:**
 - a. Not to assign, subject or part with the possession of the Premises or any part thereof without the consent of the lessor;
 - b. Not to make or suffer to be made any alteration or addition to the Premises without the consent of the lessor;
 - c. To use the Premises for Business purposes only;
 - d. To pay for electricity charges and water bills;
 - e. Arrange and foot the security of the Premises as well as his/her business;

- f. Not to do anything that would invalidate the insurance policy or increase of risk premium;
- g. If by the end of the lease any utility bills, i.e. electricity, water, security or other consumables, damages on premises and the outstanding charges remain unpaid, the lessee shall pay such bills, charges upon presentation before the time of vacating the premises.

4. THE LESSOR HEREBY CONVENANTS WITH THE LESSEE AS FOLLOWS; -

The lessor leases the Premises to the lessee unfurnished, of the lessee;

- a. While the lease is in force not to dispose of the premises without the consent of the lessor;
- b. To pay land rent, local rates and other statutory charges;
- c. The lessee, having occupied the said Premises and observing the several covenants shall peacefully hold and enjoy the Premises and observing without interruption by the lessor or his/her agent.

5. PROVIDED AND IT IS HEREBY AGREED AND DECLARED THAT

- a. If the rent hereby referred to or any part thereof shall remain unpaid for thirty days after becoming due and payable or if any covenant, condition or stipulation herein contained shall not be performed or observed by the lessee within a reasonable time, the lessor shall have the right to enter upon the Premises and terminate the lease;
- b. Either party terminate the lease by giving the other party three months' notice in writing to do so;
- c. All disputes arising out of this agreement shall be settled through negotiation or arbitration.

IN WITNESS WHEREOF, these presents have been executed on the date set out against our respective signatures.

R.

2

S.

SIGNED AND DELIVERED, by GIDEON RUTTAINULWA

SIGNED *G. Ruttainulwa*

QUALIFICATION LAND LORD..

This day *28th* of October..... 2011

SIGNED AND DELIVERED by the representative of SAFARI SEA FOOD
INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

SIGNED: RESUL COLAK *[Signature]*

QUALIFICATION ...DIRECTOR



This day *29th* of October..... 2011



Before me *[Signature]*

This day of October 2011



4

TANZANIA INVESTMENT CENTRE

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

RECEIPT REC005608

No. 000369

Received from : SAFARI SEA FOOD IND. IMPOR & EXP CO. LTD

Address P.O. Box 34200 Dar es Salaam

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

042134

Being payment in respect of :

Amount : USD 750.00

Cash / Cheque No: D/Depo 012

Date : 20-Dec-2011



BUisso

Receiving Officer

TICC/PP.10/042134/3

15th December, 2011

Managing Director,
Safari Sea Food Industry Import & Exprt Co. Ltd.,
P.O. Box 34200,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF FISHING AND PROCESSING OF SEA FOODS
PROJECT FOR EXPORT**

We wish to acknowledge receipt of your project proposal of establishing fishing and processing of sea foods project for export as presented in the TIC P.A. 1 Form No. 09690 and Feasibility Study with a projected investment of USD 0.42m.

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

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

.../2

TICC/PP.10/042134/3

15th December, 2011

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

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

Yours sincerely,

TANZANIA INVESTMENT CENTRE


B.D. Chonjo

FOR: EXECUTIVE DIRECTOR

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

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

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



TIC Evaluation Report

Name of the Company
Safari Sea Food Industry Import And Export Co. Ltd.

Post Box	Kilongawima, Kun/Kil 448	COI Number	86611	Contact	Hasan Keles
Post Office	34200	COI Date	20/10/2011	Designation	Director
Region	Dar Es Salaam	Application F. No	09690	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0717 391321/0657 56 3442
		Sub Sector	Food Processing <i>ing</i>	Fax	0
		File No	042134	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	Kun/Kil 448	<table border="1"> <thead> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> </thead> <tbody> <tr> <td>0.14</td> <td>0.28</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0.14	0.28	0	0			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
0.14	0.28		0	0									
Street	Kilongawima												
District	Kinondoni												
Region	Dar es Salaam												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)		
Resul Colak	Turkish	10	Land/Building	0.03
Ilhami Yazici	Turkish	21.25	Plant	0.12
Erdinc Cokyasar	Turkish	26.25	Vehicles	0.02
Hasan Keles	Turkish	42.5	Furniture & Fittings	0.02
			Pre-expenses	0.02
			Others	0.14
			Working Capital	0.07
			Total	0.42

Employment	23	Evaluated By	wf officer3
Capacity	50 metric tonnes per week	Drawn By	wf registry1
Project Turn Over		Project Type	Mixed(Local & Foreign)

Description

To establish fishing sea foods processing project for export

Recommendations

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

Decision

Approved
Registry
AZ BTD
18/12



00218307

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: ...042134.....

This is to certify that

SAFARI SEA FOOD INDUSTRY IMPORT AND

EXPORT CO. LTD

of address P.O. BOX 34200

DAR ES SALAAM

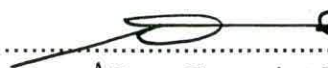
has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation/expansion~~
~~or equity of the~~ enterprise known as

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT
CO. LTD

Which is located at PLOT NO. KUN/KIL. 448. KILONGAWIMA

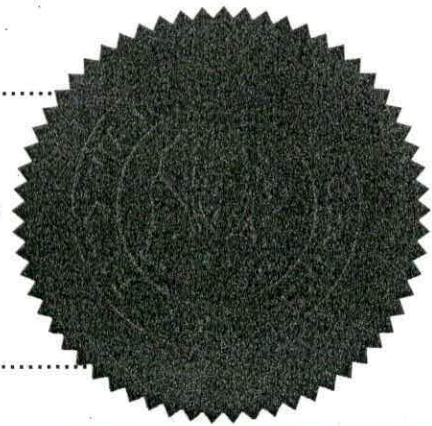
STREET KUNDUCHI

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


Ag. Executive Director

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

Dated 29TH DECEMBER, 2011



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

1. Shareholders

Shareholders	Nationality	Shareholding (%)
Resul colak	Turkish	10
Ilhami Yazici	Turkish	21.25
Erdinc Cokyasar	Turkish	26.25
Hasan Keles	Turkish	42.5
2. Proposed Activities : To establish fishing and processing of sea foods
3. Sector: Manufacturing Subsector Food processing
4. Investment cost: Foreign USD 0.14m. Local USD 0.28m. Total USD 0.42
5. Project Financing:

Equity	USD 0.42m	Loans	USD 0m	Total	USD 0.42m
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6. Source, terms and conditions of loan: None
7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 0.14m.	USD 0.28m.	USD 0.42m.
8. Technology Agreement: None
9. Date of TIC Registration: 15th December, 2011
10. Implementation period: December 2011 - November, 2014
11. Operative date: December, 2014
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 - (i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
 - (ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)
 - (iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate: None

Signed _____
Ag. Executive Director

TANZANIA



Certificate of Incorporation

Section 15


No 86611

I HEREBY CERTIFY THAT

**SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT
COMPANY 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 **20TH** day of **OCTOBER****TWO THOUSAND AND ELEVEN.**
.....
Asst. Registrar of Companies

THE COMPANIES ACT, 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

Incorporated this day of2011

Drawn Gratis By:

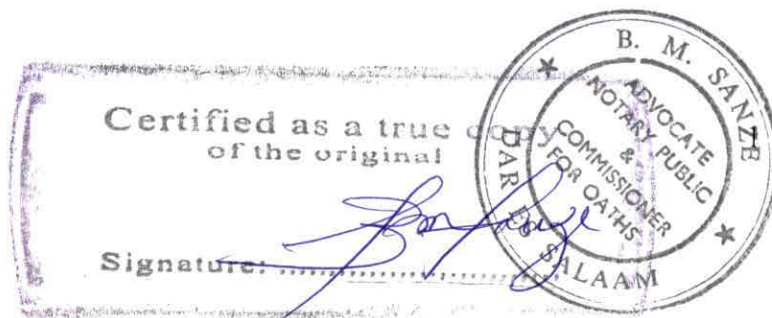
A. F. G. Mshana
P. O. Box 76565
Dar es Salaam



THE COMPANIES ACT, 2002
COMPANY LIMITED BY SHARES

MEMORANDUM AND ARTICLES OF ASSOCIATION
OF
SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

1. The name of the Company will be "SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED"
2. The registered office of the Company will be situated in the United Republic of Tanzania.
3. The objects for which the Company is established are:
 - (1) To carry on the business of rearing and produce all types of aqua marine products and foodstuffs, import and export the same, make sales and marketing from one foreign country to another without bringing them home, carry out representation of local and foreign companies in relation with this subject, carry on investments required by aqua marine products, carry out farming, importation and exportation of all types of aqua marine products, eggs, fry, seeds and other products related thereto.
 - (2) To carry out production of every types of aqua marine products, fish, seashells, sea molluscs, sea mammals, all other types of products and goods which are produced from the sea, and the products reared in fresh water, rivers and creeks, ponds and dams which can be subject to any type of commercial operations or transactions and, manufacturing, warehousing, cleaning, selection, processing, packaging, conserving marketing, importation and exportation and wholesale and retail trade sale and purchase of the same products.
 - (3) To carry on the business of building, buy selling or rent movable, real estate, plants, yards, orchards, lands, ponds, ice house, cold rooms, processing plants which are required for activities in relation with its subject, may install and use processing and maintenance technologies. Establish every type of factories, production shops, warehouse, administrative buildings and service buildings, sales buildings and special warehousing plants in order to realize its objects and may buy and sell, rent, hire the same, and may buy and sell machinery and transportation vehicles related to its objects and may enter



any type of public and private building related to its objects/subjects.

- (4) Establish, operate, transfer or give for rent farms related to fish rearing and rearing of other aqua marine products.
- (5) Carry out consultancy services, develop projects, undertake and supervise projects and investments in relation to aqua marine products and food issues.
- (6) Carry on the business of production, processing, storing, keeping of every type of aqua marine products at home and abroad and buying, selling, distribution, importation, wholesale and retail trade of necessary materials in this respect, and may carry out establishment of any type of processing plants and buying and selling of plants, machinery and their parts based on aqua marine products.
- (7) Carry on the business of production, buying and selling, exportation and importation of any type of raw materials, semi-finished and finished products related to aqua marine products and make all types of plants and investments required by the food industry.
- (8) To provide certified warehousing services related to aqua marine products and food industry and to make any type of investment, to establish, operate, hire or rent necessary plants for this purpose.
- (9) To provide, hire and operate facilities related to domestic and foreign tourism. To make any type related to tourism, establish, operate, hire and rent facilities like hotels, camping sites, restaurant, bar, cafeteria, resort village, and time share property; to buy and sell all types of touristic articles, to carry out any type of tours organizations and travel agencies, to open business places related to business of travel agencies, vehicle renting, to carry out passenger transportation for tourism purposes.
- (10) To make any investments, to establish, operate, rent and hire facilities in the subject of ecological tourism and agro-eco tourism, organize training and educational activities and organizations in relations with protection of environment, natural resources and air in compliance with the subject of ecological tourism and participate in such organizations.

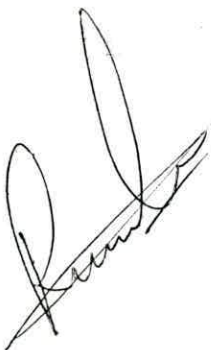


- (11) To incur debts, provide resources by means of issuing securities like stock and bond and similar securities pursuant to provisions of relevant legislation in order to realize its purpose and subject.
- (12) To buy securities and negotiate instruments and to hold title thereof by a good finance management with the exception of brokerage activities and securities-portfolio management.
- (13) On condition of being covered by its purpose and subject to and in order to realize its purpose and subject, to undertake any type of enterprise and undertakings, to cooperate with local and foreign persons, to establish person and stock corporations, partnerships, joint-ventures and consortiums or to participate in the already established ones, to conclude agreements of patents trademarks, licenses, agency, distributor, representation, to buy royalties, and to sell transfer to eliminate the same whenever required.
- (14) To carry out representation, proxy and agency activities of national or international nature related to aqua marine activities, or to carry out such intermediate activities, to carry out commission transactions, to establish representation or agencies.
- (15) To provide technical and legal advisory services in relation with aqua marine business or to realize the same jointly with other persons.
- (16) To buy, sell, import, export, take on hire, provide, maintain, repair, use and otherwise deal in aluminium sheeting and glass builders materials, electrical appliances, wiring and materials, wireless, mobile phones, communication equipment and other electronic apparatus, appliance and machines used in connection with the mechanical reproduction or transmission or pictures movement, music and sounds and such other goods as may be conveniently sold therewith or in the manufacture, maintenance or repair thereof.
- (17) To carry on the business of traders, general merchants, commission agents, licensees and concessionaries of all goods, produce, commodities of merchandise and all machinery and equipment, components and parts or products, materials and byproducts and articles of all descriptions and manufactures of



goods generally whether or not required by the Company or by other persons, businesses or enterprises.

- (18) To carry on the business of transport, cartage and haulage contractors, garage proprietors, carriers of passengers, animals and goods by road, rail, water or air, shipping, chartering, forwarding, transport and commission agents custom agent, stevedores, whaffingers, Carmen, cargo superintendents, packers, hauliers, warehousemen, storekeepers, electricians and engineers.
- (19) To develop projects and prepare projects feasibility studies, to provide project appraisal and monitoring services and generally to provide project management services, to prepare product and service marketing studies;
- (20) To engage into the business of real estate agents;
- (21) To carry on the business of proprietors, lessors, operators, managers, keepers of clubs, and snack bars, game lodges, tented, fishing and holiday camps, restaurants, cafes and snacks bars and licensed victuallers, wine, beer and spirit merchants, brewers, masters and distillers and importers and manufactures of aerated mineral and artificial waters and other drinks and caterers and contractors in all their respective branches.
- (22) To carry on the business of traders, general merchants, wholesalers and retailers, exporters and importers, commission agents and manufacturers' representatives and to buy, sell, hire, manufacture, barter, trade and deal in property, goods, produce articles and merchandise of all kinds and to transact any and every description of agency, commission, distribution, marketing, commercial, industrial, manufacturing, mercantile, insurance and financial business.
- (23) To engage in, conduct and between any and all the regions and districts in Tanzania, neighbouring countries and other foreign countries, as agents or otherwise, the business of general trucking, forwarding, cartage, storage, warehousing, consolidation, distributing; wharfage, contracting loading,



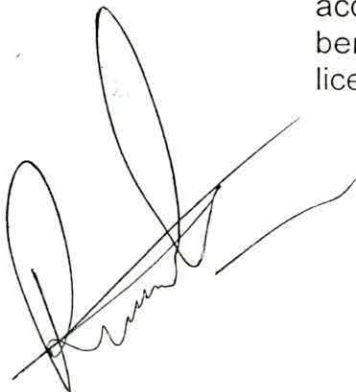
unloading and stevedoring business and to conduct as general brokerage commission and customs house, brokerage service business and to handle and forward for transportation by air, highway, water and rail, road between cities, towns, villages and other places in various parts of the world person, bills notes, packages, merchandise, luggage, goods, wares, parcels and other movable and personal property over and on such lines and routes as may from time to time exist and generally to act as agents for land and estate, brokers, charters, auctioneers, clearing and forwarding agents, insurance agents and agency in all its respective branches;

- (24) To undertake or direct the management of the lands, property, car parks service stations and buildings of the Company and any persons, whether members of the Company or not, in the capacity of directors, manager, stewards or receivers or otherwise and to purchase and sell property, buildings or land or any share or interest therein for any person, to transact on commission or otherwise the general business of land agent.
- (25) To purchase, take on lease or in exchange, hire or otherwise acquire any moveable or immovable property of any kind or any vehicles trucks, lorries, tankers and any interest therein and any rights or privileges which the Directors or the Company may think necessary or convenient for the purposes of or in connection with the Company's businesses or which may enhance the value of any other property of the Company.
- (26) To build, construct, alter, improve, enlarge, repair, maintain, develop, demolish, remove or replace and work, manage, carry out or control works of all descriptions, including but not limited to hotels, clubs, lodges, offices factories, warehouses, houses, mansionettes, flats, shops, stores, garages, car parks and other buildings, roads, machinery and plant, which may, in the opinion of the Directors of the Company, be likely to advance directly or indirectly the Company's interests, to clear sites for the same; construction, alteration, repair, improvement, enlargement, maintenance, development, demolition, removal, replacement, working, management, carrying out or control.
- (27) To improve, manage, develop, turn to account, grant rights or privileges in respect of or otherwise seal with any of the property, rights and privileges of the Company.
- (28) To invest in any movable or immovable property, right, privilege or interest acquired by or belonging to the Company in person



or company on behalf of or for the benefit of the Company and with or without any declared trust in favour of the Company.

- (29) To carry on business as investment advisers, business consultants, market research consultants, business transfer agents and valuers and to act as intermediaries in the introduction of sellers purchases, partners and employees.
- (30) To act as agents or managers in carrying on any business concerns and undertakings and to employ experts to investigate and examine into the condition, management, prospects, value and circumstances of any business concerns and undertakings and generally of any assets, property or rights of any kind.
- (31) To carry on the business of buyers, sellers, exporters, importers, distributors, wholesalers, retailers, manufacturers' representatives and agents and warehouse of all kinds of goods, stationeries produce equipment, articles, and things.
- (32) To carry on the business of buyers, sellers, exporters, importers, transporters, packers, manufacturers and otherwise dealers in curios, ornaments, furniture, furnishings, effects, works of art, handicrafts and all articles and things likely to be of interest or value to collectors, travelers, tourists and others.
- (33) To carry on any other trade, business or activity whatsoever and to do anything of any nature which can, in the opinion of the Directors of the Company, be advantageously or conveniently carried on by the Company in connection with, as ancillary to or independently of any of its businesses.
- (34) To subscribe for, purchase or otherwise acquire and hold shares, stocks, debentures and other securities of any other company and to invest and deal with the moneys of the Company in any manner.
- (35) To apply for, purchase or otherwise acquire and protect and renew, in any part of the world, any patents rights, *brevets d'inventions*, copyrights, trade marks, designs, formulae, licenses, concessions and the like, conferring any exclusive or non-exclusive or limited right to their use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company of the acquisition of which may seem likely, directly or indirectly, to benefit the Company and to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property

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rights or information so acquired and to spend money in experimenting upon, testing or improving any such invention or property.

- (36) To acquire and undertake the whole or any part of the business, assets and liabilities of any person or company carrying on or proposing to carry on any business which the Company is authorized to carry on or which can be carried on in conjunction with any business of the company or which is capable of being conducted so as, directly or indirectly, to benefit the Company or which is possessed of property suitable for the purposes of the Company.
- (37) To enter, with any government or authority, supreme, municipal, local or otherwise, or any person or company, into any arrangement that may seem to the Directors of the Company to be conducive to the attainment of the objects of the Company or any of them to obtain from any such government, authority, person or company any rights, privileges, charters, contracts, licenses or concessions which the Directors of the Company may think it desirable to obtain and to carry out, exercise and comply therewith.
- (38) To lend money or give credit to any person or company with or without security, to give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company; to secure or undertake in any way the repayment of money lent or advanced to or liabilities incurred by any person or company and otherwise assist any person or company.
- (39) To receive money on deposit or loan and to borrow or raise money in such manner as the Directors of the Company may think fit and to secure repayment of the same or the payment or performance of any debt, liability, contract, guarantee or other engagement incurred or entered into or to be incurred or entered in to by the Company, by the issue of debenture or debenture stock or legal or equitable mortgage or charges over all or any of the Company's property (both present and future) including its uncalled capital or in any other way and to purchase, redeem or pay off such securities.
- (40) To open and operate accounts and to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, drafts, cheques, bonds and other negotiable or transferable instruments.

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- (41) To apply for, promote and obtain any statute, decree, order to court, regulation or other enactment or authorization which may, to the Directors of the Company, seem likely to benefit the Company, directly or indirectly, and to oppose any bills, proceedings or applications which may, in the opinion of the Directors of the Company, be likely, directly or indirectly, to prejudice the interests of the Company.
- (42) To apply for, secure, acquire by grant, legislative enactment, assignment, transfer, purchase or otherwise and to exercise, carry out and enjoy any charter, license, power, authority, franchise, concession, right or privilege which any government of authority, supreme, municipal, local or otherwise, or any corporation or public body may be empowered to issue, confer or make and to pay for, aid in and contribute towards carrying the same into effect and to appropriate any of the Company's assets, shares, stock, debentures or other securities to defray the necessary costs and expenses thereof.
- (43) To pay out of the funds of the Company all expenses which the Company may lawfully pay for or in connection with the formation and registration of the Company or the issues of its capital.
- (44) To pay for any rights or property acquired by the Company and to remunerate any person or company, by cash payment or by the allotment of shares in the capital of the Company, credited as paid up in full or in part, by the issue of debentures or other securities of the Company or in any other lawful manner.
- (45) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension, provident or superannuation funds for the benefit of and to give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to any persons who are, or were at any time, in the employment or services of the Company or of such other company which is its holding company or subsidiary or which is allied to or associated with the Company or with any such holding or subsidiary company or who are, or were at any time, Directors or Officers of the Company or of any such Company or any such other company as aforesaid is or has been at any time interest and to wives, widows, families and dependants of any such persons; to establish and subsidize or subscribe to any institutions, associations, clubs or funds considered by the Directors of the

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Company to be for the benefits or to advance the interests and well-being of the Company or of any such other company as aforesaid or of any such persons as aforesaid; to make payments for or towards the insurance of any such persons as aforesaid; to subscribe of guarantee money for charitable or benevolent objects or for any such exhibition or for public, general or useful purpose and to do any of the matters aforesaid either done or in conjunction with any such other company as aforesaid.

- (46) To adopt such means of making known the business, activities, products, goods and services of and articles dealt in and sold by the Company as may in the opinion of the Directors of the Company seem expedient.
- (47) To amalgamate, enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession, limiting competition or otherwise, with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorized to carry on or engage in or which can be carried on in conjunction with any business of the Company or which is capable of being conducted so as to benefit the Company directly or indirectly.
- (48) To establish or promote or concur in establishing or promoting any company, association, syndicate or partnership of any kind, to acquire and take over all or any part of the undertaking, property, assets and liabilities of the Company or for any other purpose which may, in the opinion of the Directors of the Company, be likely directly or indirectly, to benefit the Company and to place or guarantee the placing of, underwritten, subscribe for, conditionally or unconditionally, or otherwise acquire all or any of the shares, stock debentures or other securities of any such other company.
- (49) To sell, exchange, lease, mortgage, charge or otherwise dispose of the property, assets or undertaking of the Company or any part thereof for such consideration as the Directors of the Company may think fit and, in particular, for shares, stock, debentures or other securities of any other company, whether or not having objects altogether or in part similar to those of the Company;
- (50) To distribute among the Members, in specie or in kind, any property of the Company or any proceeds of sale or disposal of



any property of the Company but so that no distribution amounting to a reduction of capital shall be made except with any sanction for the time being required by law.

- (51) To undertake and execute any trust which may, in the opinion of the Directors of the Company, be conducive to any of the objects of the Company.
- (52) To act as agent, broker or trustee for any person or company and to act as secretary, manager, consultant, adviser, bookkeeper or registrar of or transfer agent to other company.
- (53) To do all or any of the above things in any part of the world and whether as principal agent, trustee, contractor or otherwise and either alone or jointly with others and either by or through agents, trustees sub-contractors or otherwise.
- (54) To procure the Company to be registered or recognized in any place outside Tanzania.
- (55) To do all such other things as are or may be deemed incidental or conducive to the attainment of any of the objects and the exercise of any of the powers of the Company.



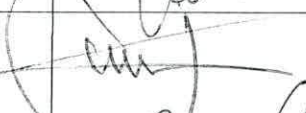
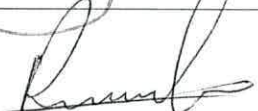
It is hereby declared: -

- (a) that the word "company" in this clause, except where used in reference to the Company, shall be deemed to include any partnership or other body or persons whether incorporated or not incorporated and whether domiciled in Tanzania or elsewhere;
- (b) that the objects specified in each of the paragraphs of this clause shall be regarded as independent objects and accordingly shall in no way be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph or the name of the Company but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraphs defined the objects of a separate and distinct company; and
- (c) that the meaning of any general word or words in any paragraphs of this clause shall not be restricted by being construed *ejusdem generis* with any particular word of words in the same paragraph.



4. The liability of the Members is limited
5. The share capital of the company is Tanzania Shilings One Billion (Tshs 1,000,000,000) divided into 20,000 shares of Tanzania shiling Twenty Five thousand (Tshs 25,000) each with power for the Company to increase or reduce such capital and divide any shares in its capital for the time being into several classes and to attach thereto Respectively any preferential deferred qualified or other rights Privileges, restrictions or conditions and to issue and or any part of Such original, increased or reduced capital with or subject to such Preferential, deferred, qualified or other rights privileges restrictions Condition:

We, these several persons whose names, addresses and occupations Are subscribed below 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, postal address	Nationality	Numbers of Shares taken	Signature
Hasan KELES P.O BOX 34200 DAR.	Turkish	8,500	
Erdic COKYASAR P.O BOX 34200 DAR.	Turkish	5,250	
Shami YAZICI P.O BOX 34200 DAR.	Turkish	4,250	
Resul COLAK P.O BOX 34200 DAR.	Turkish	2,000	

Dates..... 19th day of..... October 2011

IN WITNESS to the above signatures

Signature..... 

POSTAL Address..... Box 90171 DSM

Qualification..... ADVOCATE



Sad
19435
19/10/11

19435
19/10/11

THE COMPANIES ACT, 2002
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

PRELIMINARY

Interpretation

1. In these Regulations: -

"the Act"	means the Companies Act"
"the article"	means the articles of the company
"Clear days"	in relation to the period of a notice means that period excluding the day when the notice is given or on which it is to take effect.
"the holder"	relation to shares means the member whose name is entered in the register of members as the holder of the shares"
"the seal"	means the common seal of the company'
"secretary"	means the means the secretary of the company or any person appointed to perform the duties of the secretary of the company.

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

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

SHARE CAPITAL AND VARIATION OF RIGHTS

2. Subject to the provisions of the Act, and without prejudice to any rights attached to any existing shares, any share may be issued with such rights



or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may by ordinary resolution determine.

3. Subject to the provisions of section 61 of the Act, any shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.
4. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Regulations relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or proxy may demand a poll.
5. The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
6. The company may exercise the powers of paying commissions conferred by section 56 of the Act. Subjects to the provisions of the Act, such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
7. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in share or any interest in any fractional part of a share or (except as otherwise provided by the articles or by law) any other rights or interests in respect of any share except an absolute right to the entirety thereof in the registered holder.

Share Certificates

8. Every member, upon becoming the holder of any shares, shall be entitled without payment to receive within two months after allotment or lodgments of transfer (or within such other period as the conditions of issue shall provide) one certificate for all the shares of each class held by him(and,

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upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates after the first such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal that it relates and the amount or respective amounts paid thereon. In respect of a more than one certificate, and delivery of a certificate for a share to one joint holder shall be sufficient delivery to all joint holders.

9. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of expenses reasonably incurred by the company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing out) on delivery up of the old certificate.

LIEN

10. The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share; 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 extend to any amounts payable in respect of it.
11. The company may sell, in such manner as the directors determine any shares on which the company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after a notice in writing has been given to the holder of the share, or the person entitled thereto by reason of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
12. To give effect to any such sale the directors may authorize some person to transfer the shares sold to, or in accordance with the directions of, 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 to 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.
13. The net 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, if any, shall (upon surrender to the company for cancellation of the certificate for the shares

sold and subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares, at the date of the sale.

CALLS ON SHARES

14. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall exceed one-fourth of the nominal value of the share or be call, and each member shall (subject to receiving at least fourteen clear days notice the specifying when and where payment is to be made) pay to the company as required by the notice the amount called on his shares. A call may be required to be paid by installments. A call may, before receipt by the company of any sum due there under, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.
15. A call shall be deemed to have been made at the time when the resolution of the directors authorizing the call was passed.
16. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
17. If a call remains unpaid after it has become due and payable, the person from whom the sum is due shall pay interest on the amount unpaid from the day it became due and payable to the time of actual payment at the rate fixed by the term of allotment of the share or, if no rate is fixed, at a rate not exceed five percent per annum as the directors may determine, but the directors may waive payment of such interest wholly or in part.
18. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an installment of a call, shall be deemed to be call, and if it is not paid the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.
19. Subject to the terms of allotment, the directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
20. The directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys un-called and unpaid

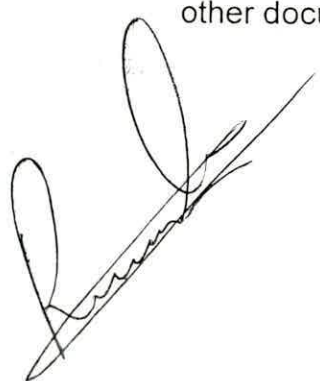
upon any shares held by him, and upon all or any the moneys so advanced may (until the same would, but for such advance become (payable) pay interest at such rate not exceeding (unless the company in general meeting shall otherwise direct) six per cent per annum, as may be agreed upon between the directors and the members paying such sum in advance.

TRANSFER OF SHARES

21. The instrument of transfer of any share shall be in any usual form or any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid up, by or on behalf of the 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.
22. The company is a private company and accordingly:-
 - (a) the right to transfer shares is restricted in manner hereinafter prescribed;
 - (b) the number of members of the company is limited to fifty as further provided for in the Act;
 - (c) any invitation to the public to subscribe for any shares or debenture of the public is prohibited;
 - (d) the company shall not have power to issue share warrants to bearer.

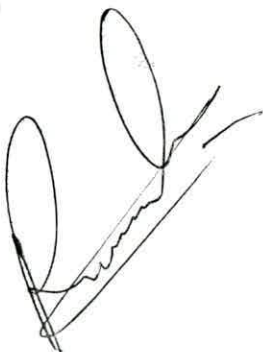
The directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any share, whether or not it is a fully paid share.

23. If the directors refuse to register a transfer they shall within sixty days after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.
24. The registration of transfers of shares or any transfers of any class of shares may be suspended at such times and of such periods (not exceeding thirty days in any year) as the directors may determine.
25. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting title to any share.

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TRANSMISSION OF SHARES

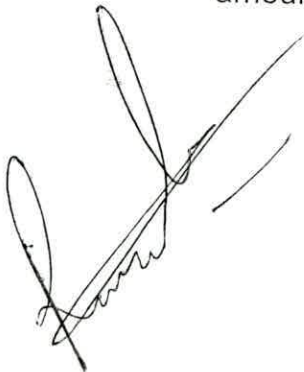
26. In case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the personal representatives of the deceased where he was a sole holder or the only survivor of joint holders, shall be the only persons recognized by the company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.
27. A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may properly be required by the directors and subject as hereinafter provided, either elect by notice to the company to be registered as holder of the share, or elect to have some person nominated by him registered as the transferee in which case he shall execute the appropriate instrument of transfer. All the articles relating to the right to transfer of shares shall apply to any such notice or transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.
28. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall have the rights to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.
29. If a call remains unpaid after it has become due and payable, the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid, together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with, the shares in respect of which the call was made will be liable to be forfeited.
30. If the notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.



31. Subject to the provisions of this Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person, and at any time before a sale, re-allotment or other disposition the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person, the directors may authorize some person to execute an instrument of transfer of the share in question.
32. A person any of whose shares have been forfeited shall cease to be a member in respect of the forfeited shares and shall surrender to the company of cancellation the certificate for the shares forfeited, but shall remain liable to the company for all moneys which, at the date of forfeiture, were payable by him to the company in respect of the shares, but his liability shall cease if and when the company shall have receive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture of for any consideration received on their disposal.
33. A statutory declaration by a director or the secretary that a share have been forfeited on a date stated in the declaration shall be conclusive evidence of the facts stated therein as the execution of an instrument of transfer if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

ALTERATION OF CAPITAL

34. The company may by ordinary resolution:-
- (a) increase its share capital by new shares of such amount, as the resolution prescribes;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares'
 - (c) subject to the provisions of section 65(1)(d) of the Act, sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association;
 - (d) cancel shares which, at the dare of the passing of the resolution, have into been taken or agreed to be taken by any person and diminish the amount of it share capital by the amount of the shares so cancelled.



- 35 Whether as result of a consolidation of shares any members would become entitled for fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including subject to the provisions of this Act, the company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorize some person to execute an instrument of transfer of the shares to or in accordance with the directions of the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
36. Subject to the provisions of the Act, the company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any way.
- 37 The company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next.
- 38 All general meetings other than annual general meetings shall be called extra ordinary general meetings.
- 39 The Directors may, whenever they think fit, call an extraordinary general meeting, and extraordinary general meetings shall also be convened by such requisitionists, as provided by section 134 of the Act. If at any time there are not within the Territory sufficient directors to call the meeting, any director or any two members of the company may call the meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

NOTICE OF GENERAL MEETINGS

40. Every general meeting shall be called by twenty-one clear days notice in writing. The notice shall specify the time and place of the meeting and the general nature of the business and, in the case of an annual general meeting, shall specify the meeting as such;

Provided that a meeting of the company may be called by shorter notice if it is so agreed:-

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and



(b) in the case of an other meeting by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

41. Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors. The accidental omissions to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

PROCEEDINGS AT GENERAL MEETINGS

42. All business shall be deemed special that is transacted at an extra ordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.

43. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the proceeds to business: two persons entitled to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorized representative of a corporation, shall be quorum.


44. If within half an hour from the time appointed for the meeting a quorum is not present, or if during the course of a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day such other time and place as the directors may determine.

45. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the general meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for the holding of the meeting and willing to act, the directors present shall elect one of their number to be chairman of the meeting and, if there is only one director present and willing to do so, he shall be chairman.

46. If any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the

meeting, the members present shall choose and willing to act, he shall be chairman.

47. A directors shall, notwithstanding that he is not a member, be entitled to attend and speak at a general meeting and at any separate meeting of the holders of any class of shares in the company.
48. The chairman may, with the consent of any meeting at which a quorum is present and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned meeting.
49. 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 unless a poll is (before or on the declaration of the result of the show of hands) demanded:
 - (a) by the chairman or;
 - (b) by at least two members having the right to vote at the meeting; or
 - (c) by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;
 - (d) by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; and a demand by a person as proxy for a member shall be the same as a demand by the member
50. Unless a poll be so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be evidence of that fact.
51. The demand for a poll may, before the poll is taken, be withdrawn.
52. Except as provided in article 54, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll



shall be deemed to be the resolution of the meeting at which the poll was demanded.

53. In the case of an equality of votes, whether on a show of hands or on a poll the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.
54. A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time not being more than thirty days after the poll is demanded as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
55. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting duly convened and held, and may consist of several instruments in the like form each executed by or on behalf of one or more members.

VOTES OF MEMBERS

56. Subject to any rights or restrictions attached to any share or class or classes of shares, on a show of hands every member (being an individual) present in person or (being a corporation) present by a duly authorized representative, not being himself a member entitled to vote, and on a poll every member shall have one vote for each share of which he is the holder.
57. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion for the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
58. A member in respect of whose estate a manager has been appointed under section 26 of the Mental Diseases Ordinance, may vote, whether on a show of hands or on a poll, by his manager, and any such manager may, on a poll, vote by proxy.
59. No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the company unless all calls or other sums presently payable by him in respect of shares in the company have been paid.



- 60. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote disallowed at such meeting shall be valid for all purposes. Any objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
- 61. On poll votes may be given either personally or by proxy. A member may appoint more than one proxy attend on the same occasion.
- 62. The instrument appointing proxy shall be in writing executed by or on behalf of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under the hand of an officer or attorney duly authorized. A proxy need not be a member of the cooperation, either under seal, or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the company.
- 63. The instrument appointing a proxy and any authority under which it is executed a copy of that authority certified notarially or in such other manner as approved by the directors shall be deposited at the registered office of the company or at such other place within the Tanzania as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- 64. An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

"..... Limited

I/we..... of, being..... a

Member/members of the above named company, hereby

appoint.....

..... of..... or failing him, of

.....

As my/our proxy to vote for me/us on my/our behalf at the (annual or extraordinary, as the case may be) general meeting of the company to be held on the..... day of, and at any adjournment thereof.

Signed this..... day

of..... 200....."



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

".....Limited

.....

I/weof
.....being.....a

Member/members of the above named company, hereby appoint.....

.....ofor failing him,of
.....as

my/our proxy to vote for me/us on my/our behalf at the (annual or extraordinary, as the case may be) general meeting of the company to be held on the.....day of, and at any adjournment thereof.

Signedthis.....day of
.....200....."

This form is to be used in favour of / against resolutions (1/2/3 etc) Unless other wise instructed, the proxy will vote as he thinks fit or abstain from voting.

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

67 . A vote given in accordance with the terms of an instrument of proxy, or poll demanded by proxy, or by the duly authorized representative of a corporation shall be valid notwithstanding the previous determination was received by the company at its registered office (or at such other place at which the instrument or proxy was duly deposited) before the commencement of the meeting or adjourned meeting at which the proxy is used.

CORPORATIONS ACTING BY REPRESENTATIVE AT MEETINGS

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

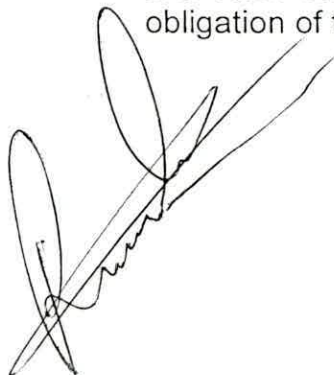


DIRECTORS

69. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum of association or a majority of them and until such determination the signatories to the Memorandum of Association shall be the first directors. Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum but shall be not less than two.
70. The shareholding qualification for directors may be fixed by the company in general meeting, and unless and until so fixed no qualification shall be required.

POWERS AND DUTIES OF DIRECTORS

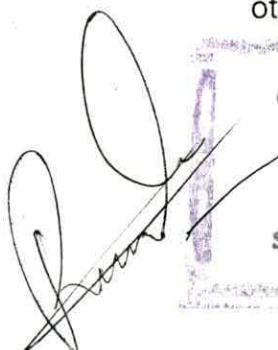
71. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors, who may exercise all the powers of the company. No alteration of the memorandum or articles and no such directions shall invalidate any prior act of the directors which would otherwise have been valid. The powers given this article shall not be limited by any special power given to the directors by the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the director.
72. The directors may by power of attorney appoint any person to be the attorney or agent of the company for such purposes and on such conditions as they determine, including authority for the attorney or agent to delegate all or any of his powers.
73. The directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party.


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- 74 The company may exercise the powers conferred upon the company by sections 124 to 127 of the Art with regard to the keeping of a branch register, and the directors may (subject to the provisions of those sections) make and vary such regulations as they may think fit respecting the keeping of any such register.

DIRECTOR'S APPOINTMENTS AND INTERESTS

- 75 The directors may appoint one or more of their number to the office of managing director or to any other executive office under the company and may enter into an agreement or arrangement with any director for his employment by the company or for the provision by him of any service outside the scope of the ordinary duties of a director. Any appointment of a director to an executive shall terminate if he ceases to be a director, but without prejudice to any claim to damages for breach of the contract of service between the director and the company. A managing director and a director holding any other executive office shall not be subject to retirement by rotation.
76. A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company shall declare the nature of his interest at a meeting of the directors in accordance with section 209 of the Act.
77. Subject to the provisions for the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office-
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested;
 - (b) may be a director or other office of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by the company or in which the company may be interested;
 - (c) shall not, by reason of his office, be accountable to the company for any benefit which he derives from any such office or employment remuneration or other benefits received by him as a director or office of, or from his interest in, such other company unless the company otherwise directs.

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of the original

Signature: 



Provided that nothing herein contained shall authorize a director his firm to act as auditor to the company.

78. For the purposes of articles 76 and 77-

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extend specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has interest in such transaction of the nature and extend specified; and
- (b) an interest of which a director has no knowledge and of which it is reasonable to expect him to have knowledge shall not be treated as an interest of his.

79. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the director shall from time to time by resolution determine.

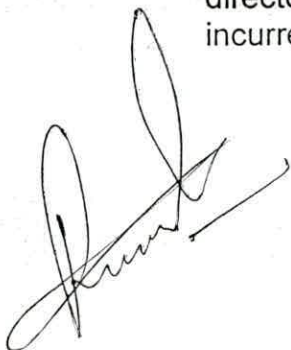
MINUTES

80. The directors shall cause minutes to be made in books kept for the purpose-

- (a) of all appointments of officers made by the directors;
- (b) of the names of the directors present at each meeting of the directors and of any committee of the directors;
- (c) of all resolutions and proceedings at all meetings of the company, of the holders of any class of shares in the company, and of the directors, and of committees of directors.

REMUNERATION AND EXPENSES, GRATUITIES AND PENSIONS

81. The remuneration of the directors shall be determined by ordinary resolution of the company and, unless the resolution otherwise provides such remuneration shall be deemed to accrue from day to day. The directors may also be paid all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors



or any committee of the directors or any committee of the directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the company or otherwise in connection with the business of the company.


82. The directors on behalf of the company may pay a gratuity or pension or allowance on retirement to any director who had held any other salaries office or place of profit with the company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provisions of any such gratuity, pension or allowance.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

83. The office director shall be vacated if the director.
- (a) ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
 - (b) becomes bankrupt or makes any arrangement
 - (c) becomes of unsound mind; or
 - (d) resigns his office by his notice in writing to the company; or
 - (e) shall for more than six consecutive months have been absent without permission of the directors from meetings of the directors held during that period and the directors resolve that his office be vacated.

APPOINTMENT AND RETIREMENT OF DIRECTORS

84. The company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or to be an additional director.
85. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the total number of directors does not exceed the number fixed by or in accordance with these articles. A director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election.
86. The company may by ordinary resolution, of which special notice has been given in accordance with section 144 of the act, remove any director before the expiration of his period of office notwithstanding anything in these articles or in any agreement between the company and the director. Such removal shall be without prejudice to any claim the director may have for damages for breach of any service contract with the company.



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Signature: 



87. The company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding regulation, and without prejudice to the powers of the directors under article 85 the company may by ordinary resolution appoint any person to be a director either to fill a vacancy or as an additional director

PROCEEDINGS OF DIRECTORS

88. Subject to the provisions of the articles, the directors may regulate their meetings as they think fit. Questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary at the request of a director shall, call a meeting of the directors, It shall not be necessary to give notice of a meeting directors to any director who is absent from the Tanzania.

89. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two.



90. The continuing directors may notwithstanding any vacancy in their number, but, if their number is reduced below the number fixed as the necessary quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.

91. The directors may appoint one of their numbers to be the chairman of the board of directors and determine the period of which he is to hold office. Unless he is unwilling to do so the director so appointed shall preside at every meeting of directors as which he is present.

But if no such chairman is appointed, or if he is unwilling to preside, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, directors present may choose one of their number to be chairman of the meeting.

92. The directors may delegate any of their powers to any committee consisting of one or more directors; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors. Subject to any such regulations, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.

93. All acts done by a meeting of the directors or of a committee of directors or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director, or that any of them were disqualified from holding office,

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or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and was entitled to vote

94. A resolution in writing, signed by all the directors entitled to receive notice of a meeting of the directors, or of a committee of directors, shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) a committee of directors duly convened and held, and may consist of several documents in the like form each signed by one or more directors.
95. Save as otherwise provided in the articles, a director shall not vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in conflicts or may conflict with the interests of the company. Subject to and in accordance with the provisions of the Act, an interest of a person who is connected with a director shall be treated as an interest of the director.
96. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
97. The company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the articles prohibiting a director from voting at a meeting of directors or of a committee of directors.
98. Where proposals are under consideration concerning the appointment of two or more directors to offices or employment with the company or any body corporate in which the company is interested, the proposals may be divided and considered in relation to each director separately and (provided he is not for another reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except resolution except than concerning his own appointment.
99. If a question arises at a meeting of directors or of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

SECRETARY

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of the original
Signature: 

 D. B. M. SANZ
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OAHs

- 100. 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.
- 101. 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.

THE SEAL

- 102. The seal shall only be used by the authority of the directors or of a committee of the directors authorized by the directors. The directors may satisfied by is being done by or to the same person acting both as director and as, or in place of, the secretary.

DIVIDENDS AND RESERVE

- 103. Subject to section 180 of the Act, the company may by ordinary resolution declare dividend in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.
- 104. Subject to the provisions of the Act, the directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company available for distribution.
- 105. The directors may, before recommending any dividend, set aside out f the profits of the company such sums as they think proper as a reserve or reserves which shall, at the direction of the directors, be applicable for any purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company as the directors may from time to time think fit. The directors may also without placing the same to reserve carry forward and any profits which they may think prudent not to divide.
- 106. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid on the shares in respect of which the dividends is paid. All dividends shall be apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

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of the original

Signature: 



107. Any general meeting declaring a dividend may, upon the recommendation of the directors, direct payment of such dividend wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same, and in particular may issue fractional certificates and fix the value of distribution of any assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of members, and may vest any assets in trustees.
108. Any dividend, interest or to other moneys payable in cash in respect of shares may be paid by cheque sent through the post to the registered address of the holders, to the registered address of that one of the joint holders who is first named in the register of members or to such person and to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and payment of the cheque shall be a good discharge to the company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable in respect of the shares held by them as joint holders.
109. No dividend or other moneys payable in respect of a share shall bear interest against the company unless otherwise provided by the rights attached to the share
110. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the company.

ACCOUNTS

111. The directors shall cause proper books of accounts to be kept with respect to:-

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company

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



112. The books of account shall be kept at the registered office of the company, or, subject to section 151(4) of the Act, at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.
113. No member shall (as such) have any right of inspecting any accounting records or other book or document of the company except as conferred by statute or authorized by the directors or by ordinary resolution of the company.
114. The directors shall, in accordance with section 153, 155 and 159 of the Act, cause to be prepared and to be laid before the company in general meeting such profit and loss accounts balance sheets, cash flow statements, group accounts (if any) and reports as are referred to in those section.
115. In accordance with section 163 of the Act, the copy of the company's annual accounts to be laid before the company in general meeting together with a copy of the director's report and the auditor's report shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the company. Provided that this regulation shall not require a copy of those documents to be sent to any person of whose address the company is not aware or to more than one of the joint holders of any shares or debentures.

CAPITALIZATION OF PROFITS

116. The directors may, with the authority of an ordinary resolution of the company:
- (a) Resolve 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 and loss account or otherwise available for distribution, and that such sum be capitalized to the members who would be been entitled to it were distributed by way of dividend and I the same proportions and apply such sum either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or in paying up in full in issued shares or debentures of the company to be allotted and distributed.
- (b) Make such provision of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and authorize any person to enter on behalf of all the members entitled there to into an agreement with the company providing for the allotment to them respectively, credited as full paid-up, of any shares or debentures to which they are entitled



upon such capitalization, and any agreement made under such authority shall be effective and binding on all such members.

AUDIT

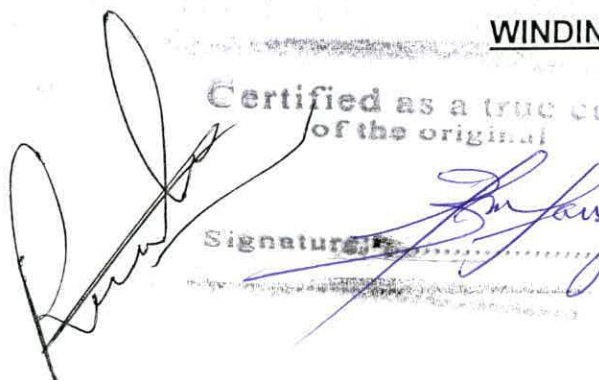
117. Auditors shall be appointed and their duties regulated in accordance with sections 170 of the Act.


NOTICE

118. By notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of directors need not be in writing. The company may give any notice to a member whether personally or by sending it by post in a prepaid envelop addressed to the member at his registered address, or by leaving it at that address. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, preparing, and posting a letter containing the notice, and to have been effected at the expiration of (seventy-two) hours after the letter containing the same was posted. A member whose registered address is not within the Tanzania and who gives to the company an address within the Tanzania at which notices may be given him shall be entitled to receive any notice from the company.
119. A notice may be given by the company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.
120. 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 or delivering it, in any manner authorized by the articles, addressed to them by name, or by the sending or delivering it, in any manner authorized by the articles, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within the Tanzania supplied for the purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.
121. A member present, either in person or by proxy, at any meeting of the company or of the holders of any class of shares in the company shall be deemed to have received purpose for which it was called.

WINDING UP

Certified as a true copy
of the original



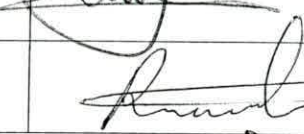
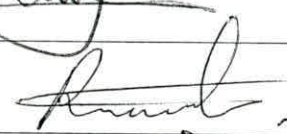
Signature: 



122. If the company is wound up the liquidator may, with sanction of a special Resolution of the company and any other sanction required by the Act Divide amongst the members in specie the whole or any part of the assets Of the company and may, for that purpose, set such value as he deems Fair upon any property to be divided any may determined how such Division shall be carried out as between the members or different classes Of members. The liquidator may, with the like sanction, vest the whole or Any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall determine, but no Member shall be compelled to accept any shares or other securities upon Which there is a liability

INDEMNITY

123. Subject to the provisions of the Act, but without prejudice to any indemnity To which director may otherwise be entitled, every director or other Officer or auditor of the company shall be indemnified out of the assets of The company against any liability incurred by him in defending any Proceedings, whether civil or criminal, in which judgment is given in his Favour or in which he is acquitted or in connection with any application Under section 481 of the Act in which relief is granted to him by the court From liability for negligence, default, breach of duty or breach of trust in Relation to the affairs of the company

Names, Postal Address	Number of shares taken	Signature
Hasan KELES p.o BOX 34200 DAR.	8,500	
Erdinc COKYASAR P.O BOX 34200 DAR.	5,250	
Ilhami YAZICI p.o BOX 34200 DAR.	4,250	
Resul COLAK P.O BOX 34200 DAR.	2,000	

Dated at D'Saleem this 19th day of October 2011

Witness to the above seal

Names MAJURA M-A. MAGAFO

Signature 

Postal Address Box 90177 D'Saleem

Qualification Advocate





TIC Evaluation Report

Name of the Company
Safari Sea Food Industry Import And Export Co. Ltd.

Post Box	Kilongawima, Kun/Kil 448	COI Number	86611	Contact	Hasan Keles
Post Office	34200	COI Date	20/10/2011	Designation	Director
Region	Dar Es Salaam	Application F. No	09690	Phone	0
Country	Tanzania	Status		Direct Phone	0
		Sector	Manufacturing	Cell Phone	0717 391321/0657 56 3442
		Sub Sector	Food Processor	Fax	0
		File No	042134	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Kun/Kil 448	Foreign Equity 0.14	Local Equity 0.28	Foreign Loan 0	Local Loan 0
Street	Kilongawima				
District	Kinondoni				
Region	Dar es Salaam				

Shareholders Detail		
Name	Nationality	(%)
Resul Colak	Turkish	10
Ilharni Yazici	Turkish	21.25
Erdinc Cokyasar	Turkish	26.25
Hasan Kelas	Turkish	42.5

Investment Breakdown (USD Million)	
Land/Building	0.03
Plant	0.12
Vehicles	0.02
Furniture & Fittings	0.02
Pre-expenses	0.02
Others	0.14
Working Capital	0.07
Total	0.42

Employment	23	Evaluated By	,wf officer3
Capacity	50 metric tonnes per week	Drawn By	wf registry1
Project Turn Over		Project Type	Mixed(Local & Foreign)

Description

To establish fishing sea foods processing project for export

Recomendations

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

Decision

Mulcone

S

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

P. O. BOX 34200
Dar es Salaam

PRODUCTION AND MARKETING OF FISHERY AND SEA PRODUCTS IN TANZANIA

Consultant:

A. F. G. Mshana, TACO, FEAC/(FECA)

Chief Consultant – Kangaroo Ltd;

UNIDO/UNDP National expert

Associate Consultant – ERNST & YOUNG

P. O. Box 76565 - Dar es Salaam

Phones: 0713 33 72 55; 022 2129 631; 022 2119000

Facsimile: 022 2119 001

E-mail: issltd@kangarootz.com

NOVEMBER 2011

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

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NOVEMBER 2011

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1.0 Executive Summary

The Project

The company will primarily be a packer-owned fish packing facility encompassing a value chain covering small fishermen processed and packed marine and aqua marine products. This means that the company will work closely with all fishermen where small fishermen will be able to bring about quality fish and other aqua marine products that meet international standards in terms of weight and product quality.

The company will focus more on the processed sea and aqua marine products to ensure added value for high returns:

The products will include:

- Whole fish (chilled)
- Fillet Fish
- Canned Fish

These products will be produced to the highest quality standards for both domestic and export markets.

It is understood that Tanzania has some of the greatest fresh water lakes in the world when we talk of the Lake Victoria Lake Tanganyika and Lake Nyasa. The Indian Ocean sea coast runs for over 800 km along the eastern coast.

A large portion of this aqua marine product stock is found within the regions where the plant is located. However the fish and the aqua marine product industry has not been able to utilize this opportunity into a commercially viable industry for both domestic and international markets that would ultimately earn the country foreign exchange. It is on these grounds that SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED has initiated this endeavour with a view of capturing this opportunity.

In summary the project consists of three main units as follows:

1. Enabling fishermen catch and training the fishermen, supporting them in technical terms;
2. Providing logistics and transportation for the caught fish under adequate conditions and by adequate equipment;
3. To turn the fish thus taken into the factory into high standard hygienic products and supply them to external markets.

The Company

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED is a private limited liability company registered under the Companies Act, 2002 with the Certificate of Incorporation number 86611 dated 20th October 2011.

The company was incorporated for the purpose amongst others; to develop facilities for fish production, processing and marketing.. The factory is being constructed to take advantage of location with close proximities to the availability of rich fishing grounds of the Indian Ocean amongst other things.

Mission

To procure, process and market high quality fish, allied products and related services using environmentally friendly processes in a manner that is rewarding to customers, suppliers, employees, the shareholders and other stakeholders.

Project Costs

Based on the financial projections prepared with this feasibility study, it is estimated that total project costs are estimated at **USD 410,940**.

CAPITAL COST SUMMARY			
	LOCAL	FOREIGN	TOTAL
	US DOLLARS	US DOLLARS	US DOLLARS
Land and Buildings = Rental	30,000	0	30,000
Machinery & Equipment	21,785	87,140	108,925
Operating Equipment	130,866	23,094	153,960
Motor Vehicles	4,200	16,800	21,000
Furniture & Fittings	3,010	12,040	15,050
Pre-Operational Expenses	16,447	0	16,447
Total Fixed Investment	206,308	139,074	345,382
Working Capital	65,558	0	65,558
Total Initial Investment	271,866	139,074	410,940

Management

The promoters intend to put in place a competent hands-on management team that will be responsible for day-to-day operations of the plant. Recruitment will be done at arm's-length basis so that only the most deserving candidates can and will secure the key positions.

Market, Marketing and Competition

Safari Sea Import & Export will endeavour to produce quality fish and aqua marine products mainly from fish. These sea/marine products will be sold in various forms namely Chilled Whole, Chilled Fillets Vacuum Packed Fish, Sausages, Salamis, and Bone soup. The products will be certified and sold as organic and their quality will be marked by tenderness and tastiness.

The target Export Market

Safari Sea Import & Export target market has been based on extensive research pulled together from the desk studies and international travel which facilitated consultations with prospective buyers. The research has established that worldwide demand for fish and aqua marine by-products has substantially outstripped supply and that the demand/supply gap will continue to widen. Safari Sea Import & Export has identified two distinct export markets for the fish products namely International and Regional Export Markets.

The International Market:

The international market for the fish and allied products and fish and allied products products from Safari Sea Import & Export will target the European market and the Middle East including Egypt. For several years Tanzania has been attempting to export fish products to the Middle East and Europe.

Until recently, export for fish and allied products did not rank as priority commodity for export and has been exported as a non-traditional product. As a result, to date Tanzania has not utilized the opportunity of abundant availability of fish for processing to add value for export. The Government resolve to encourage private investors to invest in fish processing to produce quality products will stimulate export of fish and fish products from Tanzania. The export market, however, is highly competitive as it is open to other international suppliers. This demands meeting all the standards of the market in terms of quality and delivery time.

International Markets Import Conditions:

Safari Sea Import & Export aims to penetrate into the European Union (EU) for export market for its fish and allied products. However, the EU has import conditions for fresh fish and aqua marine products among other products; these set a precondition for export to such a market, which have to be implemented both by the exporting country and the exporting entity. In this case the Government of Tanzania through the Ministry of Fish and allied products Development and Fisheries and Safari Sea Import & Export must each on its part implement the conditions for the latter to access entry into the EU market.

The East African Market

The East African Community which encompasses Kenya, Tanzania, Uganda, Burundi, and Rwanda has a total population of about 90 million people and constitute an important market segment. Cooperation in trade is one of the protocols in East Africa Cooperation. Cooperation in this area include harmonization of standards, relaxation and eventual removal of inter-estate trade formalities as well as tariff and non-tariff barriers, facilitation of transit traffic and joint trade promotion. This is with a view to encouraging and promoting trade among and outside the member states.

The Competition

Export Markets:

The global market for fish products is competitive in term of quality and prices. Competition in the export market for fish and aqua marine products is expected to emanate from the traditional suppliers to the target fish market. These include import from Australia, News Zealand, Kenya, Brazil, Argentina, Mexico, and South Africa.

Safari Sea Food has already started establishing contacts in the target markets in Egypt, Middle East, the European Union and Russia, however full acceptance will depend on the availability of fish and allied products samples and inspection of the processing facility to ensure that it meets the international export standards.

To ensure capturing this market, importers will be allowed to inspect the production facilities in order to satisfy themselves of the hygienic conditions of the plant. The company does not envisage any difficulties of sustaining the competition as all the quality issues are embedded in the project production process and adherence to the European Union Food Standards, which are acceptable universally.

Local Market:

Immediate competitors to the project would comprise long established processors located in Dar es Salaam, and Mwanza and to the limited extent Bukoba.

Marketing Strategy

Safari Sea Food Fish and allied products will standardize its product management process along its Strategic Thrust "**The One-Supplier Strategy**". The strategy is built on seven pillars as clearly demonstrated by the diagram below:

Seven (7) Pillars of a one Supplier Strategy

Pillars of The One Supplier Strategy

Customer Base	Management capabilities & Colleague development	Operational Efficiency	Credit efficiency	Capital discipline	Targeted Export growth	Execution model and Strategic Choices
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Project Success Factors:

The project has identified several niche factors upon which the project success will be built upon

- Strong Government commitment to support the project as an important investment in the country.
- The Government development strategy for agricultural sector (fish and allied products included) favours the establishment of production process activities that add value to raw materials and fostering private sector in medium/large scale farming and agro processing.
- Availability of growing and untapped fish and allied products markets covering Rwanda and the Democratic Republic of Congo.
- Implementation of customs union among the three East African states to permit export without duty restrictions.
- East Africa market with a size of 140 million people.
- Climate and vegetation being suitable for fish and allied products production.
- Improved transportation systems namely trunk roads network and air travel services

Value Creation

The viability of the project indicates creation of the following economic and social values:

- The project will earn foreign proceeds through exports
- The project will create job opportunities
- The project will create market for fish and allied products from the local fish and allied products keepers
- Will generate and contribute substantially to the Government revenue through direct and indirect taxes
- The project will provide a vital component in the Agricultural sub-sector of fish and allied products processing

Politically, the project will be a breakthrough to the people of Dar es Salaam and surrounding regions who remain anxious to see creation of a reliable market to harvest their fish and allied products towards poverty alleviation.

Financial Analysis and Profitability

Income & Loss Statement

The projected profit and loss account of the project indicates the ability to make profit from year one through year 10. In this case the project will remain profitable throughout the projected period, accumulating huge reserves after the completion of the loan repayment. The summary below demonstrates these facts:

Projected Income & Loss Statement

PROJECTED INCOME STATEMENT VALUES IN US DOLLARS					
YEAR		1	2	3	4 - 10
FISHING AND PROCESSING CAPACITY			2,600	M.TONNES	
CAPACITY UTILIZATION		65%	72%	79%	79%
METRIC TONNES		1,690	1,859	2,045	2,045
Sales	Unit Price				
	Metric Tonnes	\$3,529	3,877,059	4,691,241	5,676,402
Cost of Sales					
Raw Materials & Consumables	76.00%	2,946,565	3,565,343	4,314,065	4,314,065
Power & Water	8.00%	310,165	375,299	454,112	454,112
Packaging	5.00%	193,853	234,562	283,820	283,820
Total Cost of Sales		3,450,582	4,175,205	5,051,998	5,051,998
Contribution		426,476	516,037	624,404	624,404
Fixed/Semi fixed Costs					
Salaries & Wages		140,550	140,550	140,550	140,550
Administrative Over 'Heads		219,673	219,673	219,673	219,673
Total Fixed/Semi-fixed Costs		360,223	360,223	360,223	360,223
Operating Surplus		66,253	155,813	264,181	264,181

Cashflow Analysis

Cashflow analysis of the project indicates a continuation of positive net cashflow from year one of the operation. The cash flow remains in positive positions throughout the projected life of the project. The cashflow analysis further demonstrates the economic and financial viability of the proposed project.

The summary of cashflow is outlined below:

Cashflow Summary

PROJECTED CASHFLOW VAUES IN US DOLLARS					
YEAR	0	1	2	3	4 = 10
INFLOWS					
Share Capital	345,382				
Long Term Loan	0				
Depreciation	0	52,184	52,184	52,184	52,184
Net Profit	0	9,848	72,540	148,398	148,398
TOTAL INFLOWS	345,382	62,032	124,724	200,582	200,582
OUTFLOWS					
Investments	345,382	0	0	0	0
Changes in W/Capital	0	65,558	7,463	9,031	0
Repayments					
Long Term Loan	0	0	0	0	0
TOTAL OUTFLOWS	345,382	65,558	7,463	9,031	0
NET CASHFLOW	0	(3,526)	117,261	191,551	200,582
CUMULATIVE CASHFLOW	0	(3,526)	113,735	305,286	505,868

Balance Sheet:

The projected balance sheet indicates a sustained healthy state of affair with liabilities adequately covered by net assets.

Financial returns & IRR

Based on the conservative assumptions outlined above, the project will yield an internal rate of return of **33.89%**. This is considered attractive as the weighted cost of capital is estimated at 10%

Conclusion and Recommendations

There is still potential for great demand on fish and allied products and fish and allied products both for the domestic and international markets that are not met both by the existing fish and allied products processing facilities. Based on the fact that Tanzania commands the largest stock of fish and allied products in Africa, it is important that such vast resources are put in value. This is exactly what Safari Sea Food is aiming at.

The review of this project has indicated the financial, social and economical viability of the proposed commercial undertaking. The project has also proved its tremendously potential to contribute to the fish and allied products and fish and allied products processing sector by creating both the market and employment while earning foreign currency national reserves through exports.

Timely implementation of the project is therefore highly advised.

2.0 INTRODUCTION AND BACKGROUND

2.1 Background

The project is promoted by **SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED (Safari Sea Food)**. **Safari Sea Food** is a private limited liability company registered under the Companies Act. 2002 with the Certificate of Incorporation number 86611 dated 20th October 2011.

2.2 Overview of Fish and allied products Production in Tanzania

Post independence Tanzania saw all fish and allied products commercial activities being managed by under a national body, Tanzania Fisheries Corporation (TAFICO), which was responsible for the management of all fishing activities, processing facilities and fish and allied products processing plants.

Liberalization of markets in early 80's saw the industry diversified and placed in private hands. The famous New fish and allied products processing plants were established in Mwanza and Dar es Salaam.

In 1997, the Government issued a new policy on Agriculture and Fish and allied products aimed at, among other things, reviving the industry and to compliment the market liberalization policy.

The policy further aimed at promoting the fish and allied products industry so as to increase production and productivity to ensure that the nation achieves a per capita consumption of fish and allied products of 4.8 kg per annum by the year 2005 (an increase of 39%). This will enhance farmers' income, production and exports of both fresh fish and other products.

2.3 Strategies to improve the fish and allied products industry:

The policy outlines the following strategies to improve the fish and allied products industry:

- § Private sector is encouraged to participate in promotion of community-based management of fish and allied products infrastructure;
- § Strengthening extension services and research by both government and private sector participation.
- § Encourage the fishing communities to form savings and credit institutions such as savings, and credit societies, trust funds and rural banks and work with fishing communities and develop appropriate credit systems.
- § Establishment of fish and allied products associations in the fishing areas to enhance their bargaining and purchasing power in the supply of inputs, organizing the market of products and dissemination of new technology.
- § Private sector will be encouraged to participate in processing and export of fish and allied products and fish and allied products surpluses.
- § Provision of marketing information by the government and on potential import markets.

Despite existence of this policy, very little investment has been put in the fish and allied products industry to date, although very high market potentials. In fact the country continues to import fish and allied products and other fish and allied products products, despite having one of the largest fish and allied products populations in Africa.

Project Promoters

A local businessman is promoting the project in collaboration with corporate private body registered in the United Republic of Tanzania as detailed in Table 1.

List of Shareholders

	Name	Citizenship	No. of shares
1.	Hasan Keles P. O. Box 34200 Dar es Salaam	TURKISH	8,500
	Erdinc Cokyasar P. O. Box 34200 Dar es Salaam	TURKISH	5,250
	Ilhami Yazici P. O. Box 34200 Dar es Salaam	TURKISH	4,250
2.	Resul Colak P. O. Box 34200 Dar es Salaam	TURKISH	2,000

Project Financing

The total project costs are estimated at **USD 410,940**. It is proposed that the capital costs be financed through

2.4 Tanzania Microeconomic Indicators

Background and Country Analysis

A relatively large country located in east Africa, Tanzania has a total area of 945,087 square kilometers (364,900 square miles). The area of Tanzania includes the islands of Mafia, Pemba, and Unguja. The latter two forms a semi autonomous region called Zanzibar, which is part of an official union within the United Republic of Tanzania. Tanzania has coastline that spans 1,424 kilometres (883 miles) on the western side of the Indian Ocean, while Kenya and Uganda border the country in the north. Burundi, DRC and Rwanda are on the western border, while Malawi, Mozambique and Zambia are on the southern border.

The former capital of Tanzania, Dar es Salaam, is located slightly to the north of the central point along the coastline of the Indian Ocean. The new capital Dodoma is located at the centre of the country. Tanzania contains three of Africa's best-known lakes namely Victoria in the north, Tanganyika in the west and Nyasa in the south. Mount Kilimanjaro in the north, 19,340 ft (5,895 m) above sea level, is the highest point on the continent. The island of Zanzibar is separated from the mainland only by a 22 miles channel.

The country's economy depends heavily on agriculture, which accounts for more than 40% of GDP, provides 85% of exports and employs 80% of the work force. Topography and climatic conditions, however limit cultivated crops to only 4% of the land area. Plantation cash crops include coffee, tea, pyrethrum, sisal, rice, peanuts, tobacco, sugarcane, cotton, copra, cashews, and cloves (cultivated in Zanzibar and Pemba). Most of the population however is engaged in subsistence farming, growing corn, wheat, millet, sorghum, vegetables, bananas and

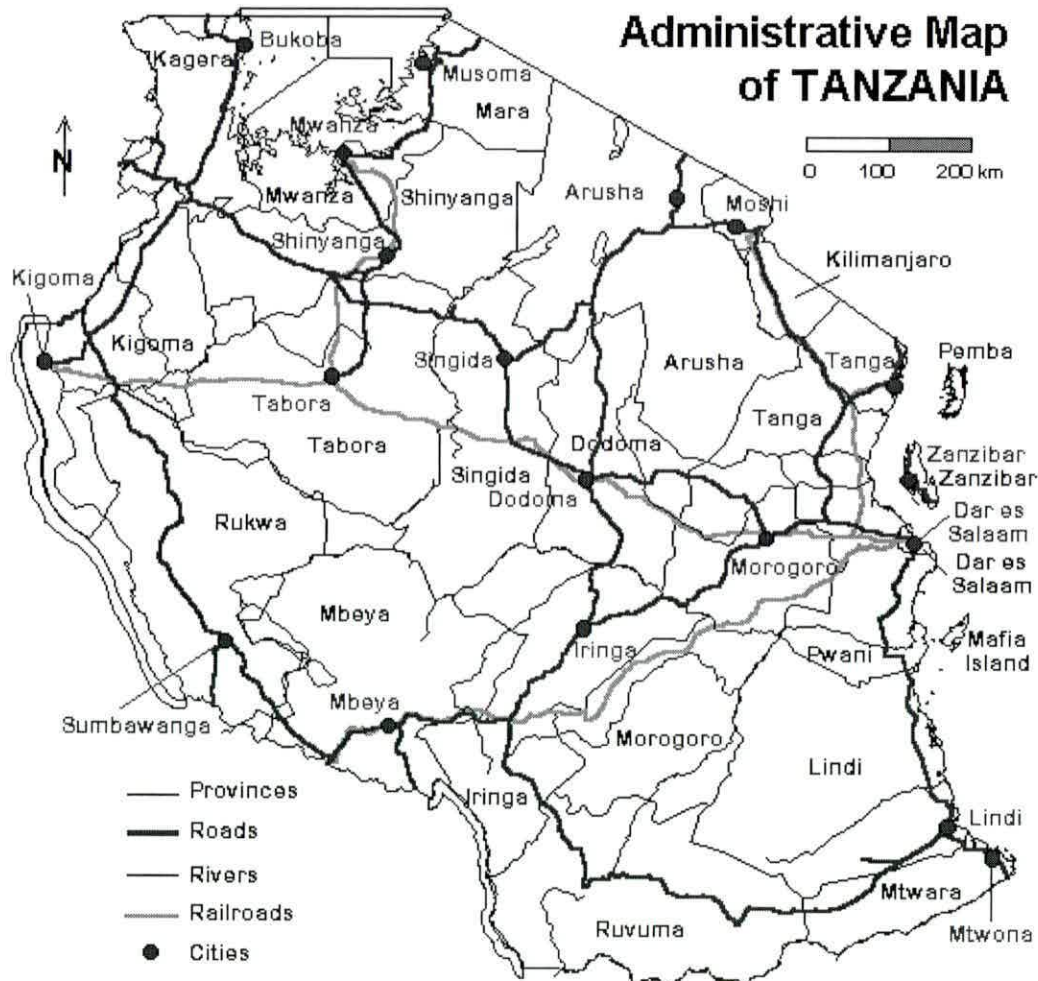
cassava. In addition, there are large numbers of the fish and allied products (18.8 m), sheep (3.5 m) and goats (13.5 m). Timber is important and includes mahogany, teak, ebony, camphor wood and mangrove. Manufactures are largely limited to processed agriculture goods, beverages, paper and basic consumer items. Refined petroleum, fertilizer, aluminum goods and construction materials (especially cement) are also produced. Diamond, Tanzanite and other gemstones are mined in Tanzania. Other minerals extracted in significant quantities include gold, salt, gypsum, phosphates, and kaolin. There are also tin mines in northwest Tanzania and coal and iron deposits near Lake Nyasa. Natural gas from deposits around Songosongo Island, off the central coast and Mnazi Bay on the southern coast, is used to generate electricity.

Tanzania has a limited rail network. The main rail lines run from Dar es Salaam to Kigoma (on Lake Tanganyika) and Tanga, Moshi and Arusha in north east. The great Uhuru (or TAZARA) railroad, built in the 1970s by the Chinese, connects Dar es Salaam with central Zambia, providing landlocked Zambia with an alternative route to sea. The country's highways network is fast growing to connect all 21 mainland regions with tarmac roads before 2015. The same network connects to all neighbouring countries.

Tanzania has a growing trade deficit, exacerbated by nationalization efforts. The exports are made up of agricultural goods, diamond and other gemstones. The principal imports are consumer goods, machinery, transportation equipment, foodstuffs, refined petroleum and chemicals. The leading trade partners are the European Union countries, Japan, India and United States. Tanzania is a member of the Southern African Development Community (SADC).

Traditional industries featured in the processing of agricultural products and light consumer goods. Long term growth through 2005 featured a pickup in industrial production and a substantial increase in output of minerals especially gold. Recent banking reforms have helped increase private sector growth and investment. The World Bank, the IMF and bilateral donors have provided funds to rehabilitate Tanzania's outdated economic infrastructure and to alleviate poverty. Continued donor assistance and solid macroeconomic policies supported real GDP growth of nearly 7% in 2007.

Map of Tanzania



2.5 Macroeconomic & Industry Analysis

Since the 1990s, Tanzania has made major strides toward a free market economy, emerging from its socialist past and adapting to a globalized market system. The government of Tanzania has instituted a comprehensive economic reform program including liberation of agricultural marketing lifting of foreign exchange controls, deregulation of price controls, and privatization of state owned enterprises and, implementation of a new investment code offering competitive incentives for foreign investment. These significant economic reforms have been coupled with impressive macroeconomic stability, leading to steady growth over the last ten years.

2.4.1 Agricultural and Fish and allied products Sector.

Agriculture remains the country's most important sector for a growth and development of the Tanzanian economy. Agriculture sector contributed to 44.7 percent of GDP in 2006, compared to 46.1 percent in 2005. The decrease in the growth rate was caused by a drought, which hit many parts of the country during the 2005/06 rainy season, hence affecting production of various food and cash crops and fish and allied products pastures.

The agriculture sector is characterized predominantly by small producers operating on an average land size of two hectares and fully dependant on rainfall. Most agricultural activities are carried out using traditional and rudimentary technology with very low productivity. Major agricultural export products include coffee, cotton, tea, tobacco, cloves, sisal, cashew nuts, fish and allied products, sugar, pyrethrum and fish products.

Fish and allied products production contributes around 13% of GDP and 30% of agricultural GDP. Of the latter, about 40% is fish and allied products production, 30% milk production and 30% poultry and small stock production. Tanzania's national fish and allied products herd is about 18.8 million of indigenous traditionally kept stocks, 237,000 dairy fish and allied products and 121,000 fish and allied products fish and allied products commercially managed in ranches.

Most attractive sectors, which have been given priority by the Government of Tanzania, are agriculture including fish and allied products, mining, tourism and other service sectors such as communication. The agricultural sector traditionally exports large volume of agriculture and fish and allied products in raw form (or in form of live animals), thus without any value addition. As a result crops like cotton, cashew nuts, coffee, tea, hides and fish and allied products are exported in raw forms due to limited domestic processing capacities. In this case fish and allied products from the country are exported to neighbouring countries where they fetch low price. In recognition of this problem, government policies on agriculture and fish and allied products, together with the national industrial policy, emphasize the need to locally process all raw products in order to add value before getting to the markets. SAFARI SEA FOOD decision to invest in fish and allied products processing is therefore in line with government policies encouraging value addition through processing of all raw products.

2.4.2 Industrial sector

Estimates for 2006 suggest that the industrial sector continued to achieve rapid growth of 7.4 per cent, albeit below the 10.6 per cent recorded in 2005. The industrial sectors rapid growth was due to strong performances in manufacturing construction and especially mining and quarrying. Mining and quarrying output grew in real terms by 15.7 per cent. Growth in the construction sector rose to 11.9 per cent after remaining at around 11 per cent for three years in a row, while growth in manufacturing output rose to 9.0 per cent from 8.6 per cent in 2005. However, the drought – induced power crisis in the country continues to hamper industrial activity.

2.4.3 Mining

Mining is the fastest growing sector in Tanzania in terms of its contribution to GDP, its share of exports, and the generation of foreign exchange earnings. In 2006 Tanzania's mining sector grew by 16.4 percent, compared to 15.7 percent in 2005, and the contribution of the sector to the GDP increased to 3.8 percent from 3.5 percent registered in 2005. The value of Tanzania's mineral exports increased from USD 711.3 million in 2005 to USD 823.9 million in 2006, an increase of 15.8 percent. The increase in the value of mineral exports was mainly attributed to an increase in the price of gold on the world market. Tanzania is the third largest gold producer in Africa, producing about 50 tones per annum.

In addition to gold, Tanzania is also rich in other minerals including base metals; diamonds, industry minerals are the country's main mineral resources (soda, kaolin, tin, gypsum and phosphate) and gemstones including tanzanite, which is only found in the country. In addition more than 200 kimberlite pipes are available. As a result, the sector has attracted substantial foreign direct investment in mineral development including exploration, with total investment surpassing one billion US Dollars.

2.4.4 Transportation

Tanzania is internationally accessible by means of land, water and air routes. It has two main railway lines: Tanzania-Zambia Railway (TAZARA) line, which runs between Dar es Salaam (Tanzania) and Kapiri Mposhi (Zambia), and a national railway line commonly known as "central line", which runs from Dar es Salaam to Kigoma, Mwanza, Mpanda and Moshi. A highways network is fast growing with connections to all 21 regions on the mainland to be completed before 2015. There are three international airports namely Dar es Salaam and Kilimanjaro on the mainland and Zanzibar where international flights operate daily. A number of airports and airstrips are found in almost every region served by local air companies.

Maritime transport also connects Tanzania with the rest of the world as the country has several main ports namely Dar es Salaam, Tanga, and Mtwara, all situated along the coast of Tanzania mainland, and ports on Pemba and Zanzibar isles. There are also inland ports in Lake Victoria that connect Tanzania to Kenya and Uganda. Malawi and Mozambique, and DRC and Zambia are also connected to Tanzania by inland ports on Lake Nyasa and Lake Tanganyika respectively.

2.4.5 Expenditure

The expenditure composition of Tanzania's GDP reveals a new outlook, with investment from both the public and private sectors showing a growing trend (see Table 3). Both public and private investments are rapidly expanding as government capital expenditure increases and anticipated increases in foreign inflows materialize. Nonetheless, it is incumbent on the government to increase momentum in enhancing the business environment in order to maintain the confidence of private investors in the economy.

GDP Performance

	1998	2005	2006(e) 2007(p) 2008(p)		
	Percentage of GDP (Current Price)		Percentage changes, volume		
Gross Capital Formation	16.2	22.2	8.8	10.4	15.0
Public	3.3	9.1	7.0	8.0	15.0
Private	12.9	13.1	10.0	12.0	15.0
Consumption	98.5	85.3	3.9	6.3	5.4
Public	7.8	7.3	3.0	3.0	3.0
Private	90.7	78	4.0	6.4	5.5
External Sector	-14.7	-7.5			
Exports	13.4	22.9	5.7	3.0	3.0
Imports	-28.1	-30.4	4.0	8.0	8.3

3.0 COMPANY BACKGROUND

M/S SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED (SAFARI SEA FOOD) is a private limited liability company registered under the Companies Act, 2002 with the Certificate of Incorporation number 86611 dated 20th October 2011. The company was incorporated for the purpose of, amongst others, engaging in fish and allied products processing in Tanzania.

3.1 Company vision and mission

3.1.1 Vision

To be the first choice fish and allied products company that constantly supplies high quality fish and allied products and allied products of international standards.

3.1.2 Mission

To procure, process and market high quality fish and allied products, allied products and related services using environmentally friendly processes in a manner that is rewarding to customers, suppliers, employees, the shareholders and other stakeholders.

3.1.3 Values

In pursuit of this vision the company will be guided by the following values as keys to success:

- Professionalism
- Increase shareholder value
- Customer delight
- Innovation
- Utmost integrity
- Accountability and responsiveness
- Environmentally friendly process and state of the art equipment
- Development of superior resource base
- Meaningful contribution to the welfare of the communities within which the company operates

3.2 Share capital and Shareholders of the Company

The company was established with an authorized share capital of TZS 500,000,000 (five hundred divided into One Thousand (1,000) shares of Tanzania Shillings Ten Thousand each. The Memorandum of Association provide roof of either increasing or decreasing the capital depending on the prevailing circumstances.

SAFARI SEA FOOD has four shareholders each allotted shares as follows:

List of Shareholders

Name	Citizenship	No. of shares
Hasan Keles P. O. Box 34200 Dar es Salaam	TURKISH	8,500
Erdinc Cokyasar P. O. Box 34200 Dar es Salaam	TURKISH	5,250
Ilhami Yazici P. O. Box 34200 Dar es Salaam	TURKISH	4,250
Resul Colak P. O. Box 34200 Dar es Salaam	TURKISH	2,000

4.0 PROJECT DESCRIPTION

4.1 Location and the Area

The proposed location of the company project is in Dar es Salaam, the region that ranks first in the country for holding about fish and other aqua marine products. Other neighbouring regions are also rich in fish and allied products, altogether creating a large pool source (**main catchment area**) of stocks to the plant. The plant is located in an area that is easily accessible by sea, railway and road; it is also reachable by air through Mwalimu Nyerere International airport. The plant has both electricity and water facilities connected to the main national power grid and Lake Victoria water supply system.

4.2 Products

The company will primarily be a packer-owned fish and allied products packing facility with various support elements. This means that the company will purchase healthy fish and allied products fish from local fishermen prior to the final process.

The company will focus more on the processed fish and allied products to ensure added value for high returns:

The products will include:

- Whole Fish (chilled fish and allied products)
- Fish Fillet and allied products
- Canned Fish and allied products
- Sausages, Salamis and Beacons, etc
- Canned Soup Bones

These products will be produced to the highest quality standards for both domestic and export markets..

4.3 Project Description

The project aims at converting the existing plant into an ultra modern fish and allied products processing plant that will produce quality products for both domestic and export markets. The project entails various sections that will ultimately form the fish and allied products processing plant under different. Pricing of fish and allied products suppliers will be at a weighted average of US Dollars 3.53 per kilogram or US Dollars 3,529 per Metric Tonne.

4.3.1 The Plant

- **Fish and allied products and Rendering Plants**

Both fish and allied products and rendering plants will be located on buildings which will be fitted with state-of-the-art facilities for optimal capacity utilisation and quality production.

Fish and allied products Plant

This will be an integrated plant, which will carry out multi functional activities in terms of both production and **fish and allied products processing**.

- **The Plant:** Being the first stage of primary processing, the plant defines the processing capacity of the plant. The installed facility at the plant will have a capacity to process 50 tonnes per week.

Identified Equipment

1. Requirements for fishermen;
 - a) Fishing nets of different sizes and materials produced specifically for fishing;
 - b) Tools and devices
 - c) Boats for fishermen 20 units
 - d) Engines required for the boats;
 - e) Solar and gprs devices 20 sets;
 - f) Diving materials required for fishing – 40 sets;
 - g) Other fishery equipment
2. Transportation and logistics for the caught fish
 - a) cold storage houses – 10 units;
 - b) ice production machines – 10 units;
 - c) generators – 10 units
 - d) solar devices – 10 units;
 - e) refrigerated vehicles – 3 trucks; 10 small trucks; 3 pick-ups;
 - f) specific cages for fish transfer.
3. Establishing of the factory
 - a) Land at least 4000 square metres;
 - b) Construction materials for the factory including sand, gravel, cement, electricity installation, plumbing and special hygiene;
 - c) Heat protection panels – 1600 square metres;
 - d) Quick freezing units – 3 units;
 - e) Packing units – 3 pcs;
 - f) Administration and social facility equipping materials;
 - g) High processing plants – 3 sets
 - h) 3 cars and jeeps for managers at the factory
 - i) 2 generators

- j) Containers with cold storage rooms to store the production - 6 units;
- k) Chemicals required for hygiene – 10 tonnes.

4.

- o **Fish and allied products Processing:** This is the second stage of fish and allied products processing and will involve sectioning of the fish into preferred parts and will be accompanied by vacuum packing, boxing and palletisation of the products. This section will also include production of consumer and retail packed finished products such as sausages, salamis, beacons, etc.

Rendering Plant

This plant will process by-products (inedible offal) that include blood, bones, etc into animal feeds and tallow for the soap industry, etc.

- **Plant Design**

The designs are in accordance with the international standards is in line with the European Union Hygienic Regulations on equipment, building structures, etc in order to meet the export standards. The plant design is linear to allow for easy control.

- **Plant Production Capacity**

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED will have an installed slaughtering capacity of 50 tonnes of fish and allied products per week on a scheduled eight (8) hour shift per day. The annual working days is 250 days and the remaining days of the year represent the provision of time required for:

- o Cleaning of the plant
- o Processing of fish and allied products product
- o Maintenance and repairs

- **Waste management**

Fish and allied products processing plant produces waste on both solid and waste water from which consist of the pollutants such as blood, fat etc.

- **Utilities**

The plant will be connected to electricity and water supplies from the national grid and SHUWASA respectively.

4.3.2 Products Supply Lines

The plant's finished products will involve wholesaling to the following:

- Retailers and Hotels-Restaurants-Institutions (HRIs) who finally supply to the domestic customers/market. The company will set up products supply centres in all strategic hotspots such as Mwanza, Dar es Salaam and Arusha

- Exporters to the foreign customers/market. Dar es Salaam and Mwanza Airports are key exit points to overseas markets whereas the good road network will support transportation of products to neighbouring countries.

In all cases, sanitary and phyto-sanitary standards will be observed in order to build and maintain customers' confidence on health safety of the products.

4.3.3 Role of the Government

General incentives towards encouraging and supporting the private sector investments in the fish and allied products industry include the following:

- National Fish and allied products Policy of 2006
- Fish and allied Products Act No.10 of 2006
- Animal Diseases Act No. 4? of 2002

In addition to the above incentives, the Government through the Ministry of Fish and allied products Development and Fisheries is taking specific initiatives to improve the fish and allied products sector, some of which have direct positive impact to investment in the fish and allied products industry for which the Safari Sea Food project stands to benefit in terms of supply of quality fish and allied products fish and allied products.

4.3.4 Safety and Security Measures

Safety Measures

Safari Sea Food will abide to all safety measures as set out by the regulations governing industries in Tanzania. The company however will ensure the following procedures are met:

1. Provision of safety Training to its staff
2. Provision of working gears, including overalls, boots, gloves, masks, etc
3. Availing of assembly points in case of fire or any other emergencies

Security Measures

Safari Sea Food security plan has been grouped in four key areas namely, Physical Security, Operational security, Personnel and Product/process security. Figure x below demonstrates this group.



Figure 4: Security Measures

To ensure smooth implementation and monitoring, the above measures are further split into nine (9) sections:

1. Food Security Plan Management
2. Outside Security
3. Inside Security
4. Processing Security
5. Storage Security
6. Shipping and Receiving Security
7. Water and Ice Supply Security
8. Mail Handling Security
9. Personnel Security

To ensure smooth operations of the proposed measures, the company has set up a quality and security control unit that will be entrusted to oversee implementation of the above safety and security measures.

5.0 MARKET ANALYSIS

5.1 Market and Marketing Aspects:

This Chapter review and analyses in detail the market and marketing issues of fish and allied products in Tanzania with reference to SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED. The availability of fish and allied products for slaughtering by SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED, competition, and demands are discussed below.

5.2 Fish and allied Products:

Safari Sea Food will produce fish and allied products mainly from fish and allied products. Fish and allied products will be sold in various forms namely Chilled Fish and allied Fresh Whole, Fillet Vacuum Packed Fish and allied products, Canned Fish and allied products, Sausages, Salamis, and Canned Soup Bones. The fish and allied products will be certified and sold as organic and their quality will be marked by tenderness and tastiness.

5.3 Fish and allied products World Markets and Trade:

The global fish and allied products trade shows movement of fish and allied products among producing and importing countries. Fish and allied products producing countries export fish and allied products and at the same time import to cover the gaps created by fish and allied products exported. There are no trade restrictions in exporting and importing fish and allied products in several fish and allied products trading countries only where there are disease-related trade restrictions. The major fish and allied products trading countries in the world include the following: Australia, Brazil, Canada, China, European Union, Russia and United State. Data on production, consumption, imports and exports from 2002-2007 is reported below:

Major Trade and US Trade of Fish and allied products 2002-2007(000M/T)

Item	2002	2003	2004	2005	2006	2007
Production	51,241	50,095	51,327	52,374	53,511	54,717
Imports	5,242	5,074	4,891	5,423	5,007	5,365
Sub Total	56,483	55,169	56,218	57,797	58,518	60,082
Less: Exports	6,274	6,339	6,496	7,092	6,996	7,454
Consumption	50,209	48,830	49,722	50,705	51,522	52,628
US Market Share	18%	18%	3%	4%	7%	9%

Source: USDA-FAS attach reports, official statistics and results of office research.

Canadian and US fish and allied products exports have not achieved full recovery of lost markets due to over fishing in source areas and exhaustion. Canada and US fish and allied products exports in 2007 were forecasted down 28% and 39% respectively from 2002 levels. However, US fish and allied products market exports are continuing to recover and were forecasted to rise 30% in 2007 to 680,000 tonnes. The above figure shows that production in the major trading states grew from 51,241,000 Metric Tones in 2002 to estimated figure of 54,717,000 Metric Tonnes in 2007. Imports of fish and allied products fish and allied products and veal grew from 5,242,000 Metric Tonnes in 2002 to estimated 5,365,000 Metric Tonnes in 2007. At the same time exports from the countries increased from 6,274,000 Metric Tonnes in 2002 to estimated 7,454,000 Metric Tonnes in 2007. The total consumption from these countries increased from 50,209,000 Metric Tonnes in 2002 to estimated 52,628,000 Metric Tonnes in 2007. The same countries which are exporting fish and allied products are also

importing and this is attributed to filling in the gap created by export or restriction on use of fish and allied products from certain part of the country due to exhaustion in the main source areas, thus resort to cover the deficit by importing from disease free countries.

5.4 The target Export Market for Fish and allied products Productions.

SAFARI SEA FOOD target market findings for fish and allied products is based on extensive research pulled together from the desk studies and international travel which facilitated consultations with prospective buyers. The research has established that world wide demand for fish and allied products and fish and allied products by products has substantially outstripped supply and that the demand/supply gap will continue to widen. SAFARI SEA FOOD has identified two distinct export markets for fish and allied products namely International and Regional Export Markets.

5.4.1 International Market:

The international market for the fish and allied products and fish and allied products for SAFARI SEA FOOD will target the European market and the Middle East including Egypt. For several years Tanzania has attempting to export products to the Middle East and Comoro Islands. In many cases live fish and allied products have been exported to the Middle East and Comoro Island, and currently fish and allied products are being transported from Dar es Salaam for export.

Until recently, export for fish and allied products did not rank as priority commodity for export and has been exported as a non-traditional product. The Government tried it the TANZANIA FISHEIES CORPORATION (TAFICO) that owned and operated fish and allied products facilities; this public company initiated plans to export of fish and allied products products, but very little was achieved. As result Tanzania has not utilized the opportunity of abundant availability of fish and allied products for processing to add value for export. The Government resolve to encourage private investors to invest in fish and allied products processing to produce quality fish and allied products will stimulate export of fish and allied products and fish and allied products products from Tanzania. The export market, however, is highly competitive as it is open to other international suppliers. This demands meeting all the standards of the market in terms of quality and delivery time.

United Arab Emirates, Saudi Arabia, Muscat, Oman and now Egypt have been regular buyers of fish and allied products from Tanzania as per records obtained from Tanzania Revenue Authority (TRA), Board of External Trade (BET) and the Ministry of Fish and allied products Development and Fisheries. Based on the information received from the fish and allied products industry experts, most of the clients from Comoro and to a lesser extent the Middle East prefer to buy live animals over processed fish and allied products because of the strong religious beliefs and suspicion they have on slaughtering practices from non-Muslim countries. This challenge will be addressed by SAFARI SEA FOOD will have to invite buyers from the Middle East to witness the process undertaken in accordance Muslim practices.

International Markets Import Conditions:

SAFARI SEA FOOD aims to penetrate into the European Union (EU) for export market for its fish and allied products and fish and allied products. However, the EU has import conditions for fresh fish and allied products and fish and allied products among other products; these set a precondition for export to such a market, which have to be implemented both by the exporting country and the exporting entity. In this case the Government of

Tanzania through the Ministry of Fish and allied products Development and Fisheries and SAFARI SEA FOOD must each on its part implement the conditions for the latter to access entry into the EU market.

5.4.2 Regional Market (East Africa)

The Regional market covers the East and Southern Africa countries namely Kenya, Uganda, Burundi, Rwanda, Democratic Republic of Congo (DRC) and Zambia.

East African Market

The East African Community, which encompasses Kenya, Tanzania, Uganda, Burundi, and Rwanda, has a total population of about 90 million people and constitute an important market segment. Cooperation in trade is one of the protocols in East Africa Cooperation. Cooperation in this area includes harmonization of standards, relaxation and eventual removal of inter-estate trade formalities as well as tariff and non-tariff barriers, facilitation of transit traffic and joint trade promotion. This is with a view to encouraging and promoting trade among and outside the member states.

Democratic Republic of Congo (DRC)

DRC has an estimated population of more than 60 million people (UN, 2006) with Kinshasa city having an estimated population of between 7-8 million. According to official from Federation of Enterprises (Fe' de ratio des Enterprises du Congo-FEC), population for both DRC and Kinshasa City is either stagnant or rising at an insignificant rate. DRC traders who import fish and allied products from Tanzania use refrigerated vehicles for transportation.

The demand for fish and allied products and fish and allied products in DRC has been made by Federation of Enterprises (Fe' de ration des Enterprises du Congo-FEC) FEC estimates the demand for fish and allied products by Kinshasa city to be 160 tones per month, which equals to 1920 Tonnes per annum- rounded off to 200 Tonnes.

The following are identified as the major customers of fish and allied products products in DRC:

- Army
- Tourist hotels-Grand Hotel and Memlin Hotel
- UN Peace-Keeping Forces.
- Mining companies- notably JECA MINE based in Lubumbashi (copper mines) and MIBA based in Kasai (Diamond Mines) and
- Private firms and the general community.

The competition from the products in DRC would come from wild fish and allied products, fish, and imported L frozen fish and allied products and chicken. With peace being promoted in DRC, it means commercial activities will expand leading to high employment with attractive salaries hence disposal of income to purchase imported fish and allied products and fish and allied products.

5.4.3 Competition for fish and allied products in the Export Markets

The global market for fish and allied products is competitive in term of quality and prices. Competition in the export market for fish and allied products is expected to emanate from the traditional suppliers to the target fish

and allied products market. These include import from Australia, News Zealand, Kenya, Brazil, Mexico, and South Africa. SAFARI SEA FOOD has already started establishing contacts in the target markets in Egypt, Middle East, the European Union and Russia, however full acceptance will depend on the availability of fish and allied products samples and inspection of the processing facility to ensure that it meets the export conditions. In this case the success of SAFARI SEA FOOD in the export market will depend on the fish and allied products products meeting the required quality standards in the target market and strict delivery schedule. Production facilities will be inspected by importers to satisfy themselves of the hygienic conditions of the plant. The company does not envisage any difficulties of sustaining the competition as all the quality issues are embedded in the project production process and adherence to the European Union Food Standards, which are acceptable universally.

5.6 Domestic Consumption of fish and allied products:

Domestic consumption of fish and allied products is derived from adding together the volume of local production of fish and allied products (Table 7) and imports of fish and allied products into the country (Table 8).

The trend of selected fish and allied products production from 2001/02 to 2005/06

Product/Year	2001/02	2002/03	2003/04	2004/05	2005/06	Estimates 2006/07
Fish and allied products Fish and allied products	182,000	182,500	184,000	204,520	210,370	218,785
Mutton/Lamb	74,000	74,500	75,800	78,093	78,579	81,722
Pork	21,000	23,000	23,000	26,000	27,000	31,122
Chicken	55,0000	61,500	61,500	63,000	68,896	72,197
Total Fish and allied products	332,000	341,500	341,500	348,800	378,509	403,826

Source: Ministry of Fish and allied products Development and Fisheries

The highest level of production was recorded in 2005/06 when a total of 388,294 M/T of fish and allied products and small fish and allied products was produced with the former accounting for 54% of total production. Estimates for year 2006/07 were expected to increase by 4% to 403, 826 M/T

To sustain the local market, Tanzania continues to import fish and allied products and fish and allied products products from elsewhere. By 2006/2007, Tanzania imported fish and allied products totaling 1, 138,978 KGS. Available information from the Ministry of Fish and allied products Development and Fisheries and the Tanzania Bureau of Standards, indicates the trend has been growing year from year as Table 8 below indicates:

Recorded Imports of Fish and allied Products (Tonnes)

S/N	Product/Year	2002/2003	2003/2004	20004/2005	2005/2006	2006/2007
1	Lamb	63,185	250	60,000	84,900	106,987
2	Pork	218,020	164,719	75,892	556,454	356,790
3	Chicken	27,840	68,425	199,007	391,874	311,000
4	Fish and allied products fish and allied products	374,011	150,000	109,564	105,750	587,589
	Total	683,056	383,394	444,463	1,138,978	1,362,366

Source: Ministry of Fish and allied products/TBS

The collection of hides and skins has been fluctuating due mainly to the fact that some of these products are channeled through an informal system and hence not declared to the responsible authority. Major importers of hides and skins from Tanzania include Hong Kong, Pakistan, India, Italy and Kenya. The above table depicts that over 90% of hides and skins are exported to fetch good prices. Table 9 also indicates the value of exports of hides and skins.

Domestic Demand for Fish and allied Products

The domestic fish and allied products demand has continued to grow as per capita income improves and the liberalized market continues to bring more international employees and visitors accommodated in international hotels that demand quality fish and allied products for their international cuisine and menus. Table 10 indicates projected national demand on all fish and allied products (fish and allied products, goat, mutton); a clear growing demand is evident. Specific domestic market for the plant' fish and allied products will include local urban residents in Shinyanga and neighboring regions, hotels and lodges such as those in the Serengeti (12+) and Ngorongoro (8+). Most of major urban centers including Arusha,

Projected National Domestic Demand for Fish and allied Products (Tonnes)

Year	2012	2013	2014	2015	2016	2017	2018
Base Estimate 485,000	519,000	555,000	594,000	635,000	675,000	726,000	777,000

Source: Ministry of Fish and allied products Development and Fisheries

These estimates do not include Zanzibar with a population of about one million residents and over 248 hotels that accommodate foreign visitors to the island.

5.5 Local Competition to SAFARI SEA FOOD Fish and allied Products

Immediate competitors to the project would comprise long established fishing processing located all over Dar es Salaam, Arusha, Kwanzaa and to the limited extent Bukoba.

SAFARI SEA FOOD expects to counter the competition by application of vacuum package system. This is a modern way of packaging fish and allied products and guarantees longer shelf life.

Once the East Africa Customs union is in operation, duty free movement of goods across the border is expected to surface. This development is bound to stiffen competition and sellers of goods with fish and allied products included from each of the East African countries will need to be more aggressive in order to survive.

Prices

The company will initially apply an average weighted price is US Dollars 3.53/kg

- Whole Fish (chilled fish and allied products)
- Fish Fillet and allied products
- Canned Fish and allied products
- Sausages, Salamis, Beacons, etc
- By-products

These prices are recommended entry market prices for fish and allied products. The export prices are quite competitive considering the fact that the products will be sold as organic in the export market where several products in the market are not of this quality. The fish and allied products process from Brazil, Argentina and Uruguay in the Russian market range between Euro 4.46 to 4.59 per kg for fish fillet and allied products.

From the description of the market prospects, it is evident that the domestic market for fish and allied products and fish and allied products is increasing and this matches with the growth in population, levels of development and income. Availability of fish and allied products and their prices influence the demand for the product. On export market brand names and certification to meet the internationally accepted quality standards will be adhered. There is growing shortage of fish and allied products both in domestic and international market.

5.6 Marketing Strategy

Safari Sea Food Fish and allied products will standardize its product management process along its Strategic Thrust "The One-Supplier Strategy". The strategy is built on seven pillars as clearly demonstrated by the diagram below (Table 11).

Seven (7) Pillars of a one Supplier Strategy

Pillars of The One Supplier Strategy						
Customer Base	Management capabilities & Colleague development	Operational efficiency	Credit efficiency	Capital discipline	Targeted Export growth	Execution model and Strategic Choices
This is achieved Through acquisition, retention and Allocating resources to the profitable Customer Base	Ability to execute our strategy relies very clearly on our bench strength, capability motivation and performance of our colleague	As Suppliers of fish and allied products our customers want more value, not less in our products and services. It provides the strategic flexibility to deliver further revenue growth ahead of competition.	We shall guard against unguided missiles in our Credit activities and do a good job managing risk.	Capital is treated as a scarce resource and we ensure that capital is allocated to parts of the business that will provide sustainable returns to shareholders.	Taking a conscious growth on well researched markets before embarking on such markets	Lesser focus on execution of Strategy. At the core of the Execution model is the link between strategy and the link btn strategy, people, process and systems and how we monitor and measure performance.

Representatives from marketing will always be involved in the product management process, as they have primary responsibility for sales of the products.

6.0 ORGANISATION AND MANAGEMENT.

6.1 Organization Structure

Organization structure is necessary in any institution to promote good governance. A well-structured organization should promote efficiency and increased productivity leading to sustainable operations. An organization structure also displays the required reporting arrangements and thus the span of control at different levels of authority. Any developed structure must lead to efficient way of undertaking tasks and it should always display efficiency. The structure has to be responsive to changes in the business environment. The heavy build structures have tended to be too expensive to maintain and slow in action when translated in terms of manpower requirement and supporting facilities.

SAFARI SEA FOOD will implement a structure that will take into consideration the practical and realistic way of accommodating private sector realities of life, but also one that is efficient, promotes communication, eases information sharing and matches the resources to maintain it towards achieving the company's vision and mission.

6.2 Board of Directors:

A Board of Director being in place and functioning is an indicator for achievement of corporate governance in an institution. There will be a Board of Directors, which will be a high policy making body in the company. The Board of Directors will normally meet at least 2-3 times a year and its role will be more on strategic decision making and policy aspects of the company, covering approval of Annual Company Plans, Budget and Accounts, recruitment and confirmation of appointments for Company Senior Staff such as the General Manager and Heads of Departments. The Board will in no way be a hindrance to the Company's decision-making process and the Executive Director will facilitate this.

Members of the Board apart from the shareholders will also include professional who will be appointed to the Board on merits based on expertise, experience and skills in their different fields and influence in the business sector relevant to the fish and allied products industry. The Chairman of the Board will be one of the demonstrated business/ managerial capability elsewhere and with reputable background in commercial, agribusiness, financial undertakings, particularly in private sector. However the Board of Directors will depute one of the founding Directors to serve as an Executive Director on full time basis.

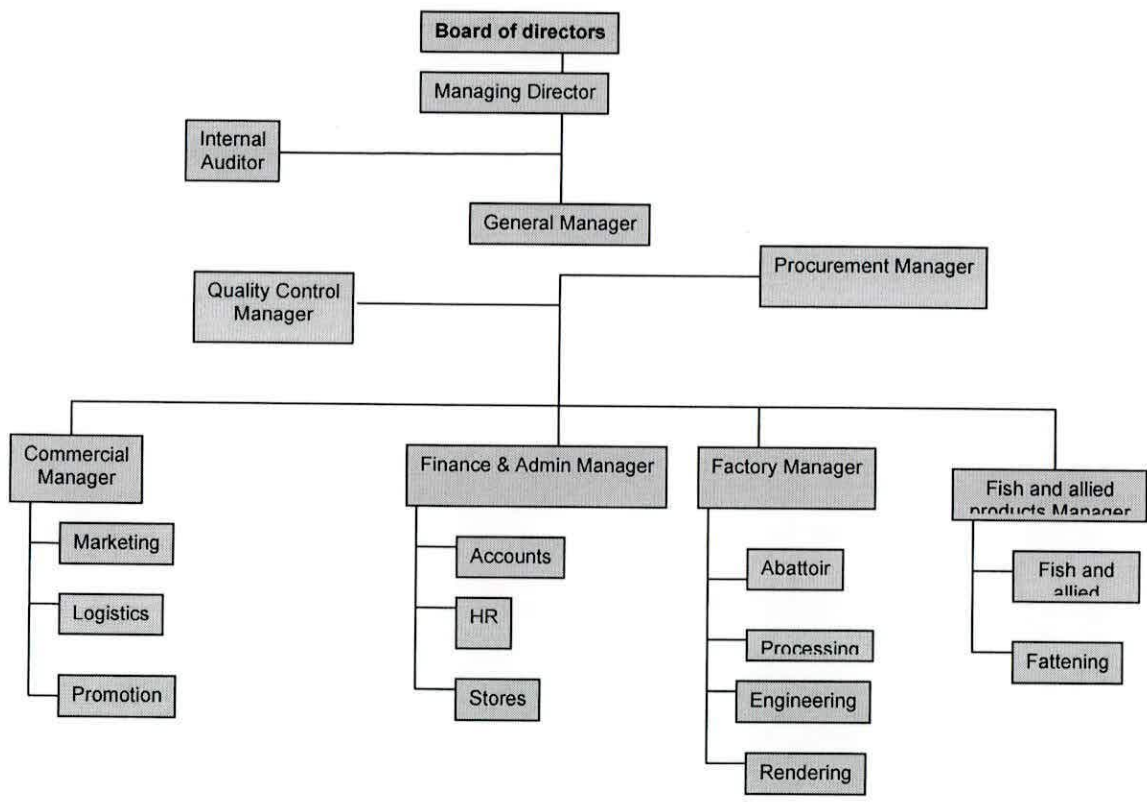
The Board will delegate management of the company to a management team of qualified and committed experts who are professional in their respective fields. However the Board will be accountable for the performance of the company.

6.3 Management:

The promoters intend to put in place a competent hands-on management team that will be responsible for day to day operations of the plant. Recruitment will be done at arms-length basis so that only the most deserving candidates can and will secure the key positions.

Therefore the proposed organization structure can be summarised in an organisation chart as follows:

Safari Sea Food Proposed Management Structure



7.0 ENVIRONMENTAL IMPACT AND WASTE DISPOSAL

The fish and allied products processing industry is a healthy operation, which does not involve use of any chemicals or toxic substances in the process. The only toxic item, which will be in use by the process, is ammonium gas, which is used in the refrigeration system, and this is not a waste disposal item. This could pose a minor problem in case of gas leakage. However no leakage is anticipated during normal operation of the plant.

Fish and allied products processing involves fish and allied products processing. The processing gives out the following waste products/offal which will affect the environment if not processed into other useful products: blood, etc. All the offal from processing is expected to be processed by the rendering plant into fish and allied products and fat which contains valuable ingredients for animal food.

The rendering plant for processing the offal is part of this project and will be supplied together with the main plant and fish and allied products processing plant. Rendering system is a modern and simple system for processing waste from fish and allied products processing plants, recycling fish and allied products offal, bone and intestines into fish and allied products and bone meal, as well as valuable fat. Once this plant is installed, all the offal and other wastes from the slaughter process will be processed.

From this analysis, it is evident that the problem of waste disposal will be well handled in the project. This will make the plant comply with the requirements of importers and even international buyers who are sensitive to disposal of waste from fish and allied products processing plants.

Other environmental issues such as noise from the plant are not of any importance because the plant is located far away from residential areas and that doors of the factory will be closed for most of the time.

An Environmental Impact Assessment (EIA), as required by the Environmental Impact Assessment and Audit Regulations, 2005 (Government Notice No 349 of 2005) from the Environment Management Act 2004, is being undertaken by an Approved Environmental Expert, upon which RQFP will be issued together with an EIA Certificate. A preliminary environmental clearance certificate has been issued by the National Environment Management Council (NEMC) (see App. x) .

8.0 IMPLEMENTATION PLAN

It is planned that initial commercial operation of the plant will commence 36 months after complete mobilization of funds. The implementation schedule and timetable are summarized in the table below:

Project Implementation Plan

Months 3 Months each	3	6	9	12	15	18	21	24	27	30	33	36
Final Designs												
Mobilization		x	x									
Import of Equipment												
Equipment Delivery												
Installations									x	X		
Trial Runs										x	X	
Quality Reviews & Marketing											x	X
Start Commercial Operations												x

9.0 PROJECT COSTS AND FUNDING ARRANGEMENTS

9.1 Cost Estimates & Financing Plan

The total project costs are estimated at **USD 28.18 million**. It is proposed that the capital costs be financed through a combination of debt and equity. The detailed capital investment items are demonstrated in the table below:

CAPITAL COST SUMMARY			
	LOCAL	FOREIGN	TOTAL
	US DOLLARS	US DOLLARS	US DOLLARS
Land and Buildings = Rental	30,000	0	30,000
Machinery & Equipment	21,785	87,140	108,925
Operating Equipment	130,866	23,094	153,960
Motor Vehicles	4,200	16,800	21,000
Furniture & Fittings	3,010	12,040	15,050
Pre-Operational Expenses	16,447	0	16,447
Total Fixed Investment	206,308	139,074	345,382
Working Capital	65,558	0	65,558
Total Initial Investment	271,866	139,074	410,940

10.0 FINANCIAL AND ECONOMIC ANALYSIS

10.1 Basic assumptions

The basic assumptions underlying the financial and economic projections and evaluations are:

- Currency – US Dollar
- Evaluation period -10 years
- Inflationary effect not taken into consideration
- Assets will be depreciated on the straight line basis.
- Utilization capacity (Occupancy level) has been projected at 65% in year one to three increasing at 10% upto year 3 and remains constant thereafter at the operational level of 79%.
- The plant will have an installed processing capacity of 50 metric tonnes of fish per week on a scheduled eight (8) hour shift per day.
- The annual working days are 250 - the remaining days of the year represent the provision of time required for:
 - Cleaning of the plant
 - Processing of fish and allied products product
 - Maintenance and

10.2 Revenue Resources

Project revenue resources will be derived the following services and facilities:

- Whole Fish (chilled fish and allied products)
- Canned Fish and allied products
- Fish Fillet and allied products
- Sausages, Salamis and Beacon
- Canned Soup Bones

10.3 Income & Loss Statement

The projected profit and loss account of the project indicates the ability to make profit from year. The project remains profitable throughout the projected period, accumulating huge reserves after the completion of the loan repayment.

The ability of the project to continue demonstrating profit, servicing the debt and retaining reserves that may be distributed as dividends without causing any liquidity constrain to the operations of the project confirms the high value of the project and its ability to generate revenue and indeed both its economic and financial viability.

PROJECTED INCOME STATEMENT - VALUES IN US DOLLARS				
YEAR	1	2	3	4 - 10
Sales Revenue	3,877,059	4,691,241	5,676,402	5,676,402
Less: Cost of Sales	3,450,582	4,175,205	5,051,998	5,051,998
Contribution	426,476	516,037	624,404	624,404
Less: Fixed/Semi fixed Costs	360,223	360,223	360,223	360,223
Operational Surplus	66,253	155,813	264,181	264,181
Capital Charges				
Depreciation	52,184	52,184	52,184	52,184
Interest	0	0	0	0
Total Capital Charges	52,184	52,184	52,184	52,184
Profit Before Tax	14,069	103,629	211,997	211,997
Corporation Tax 30%	4,221	31,089	63,599	63,599
Net Profit After Tax	9,848	72,540	148,398	148,398
Revenue Reserves	9,848	82,389	230,787	379,185

10.4 Cashflow Analysis

Cashflow analysis of the project indicates a continuation of positive net cashflow from year one of the operation. The cash flow remains in positive positions throughout the projected life of the project. The cashflow analysis further demonstrates the economic and financial viability of the proposed project.

PROJECTED CASHFLOW - VALUES IN US DOLLARS					
YEAR	0	1	2	3	4 - 10
INFLOWS					
Share Capital	345,382				
Long Term Loan	0				
Depreciation	0	52,184	52,184	52,184	52,184
Net Profit	0	9,848	72,540	148,398	148,398
TOTAL INFLOWS	345,382	62,032	124,724	200,582	200,582
OUTFLOWS					
Investments	345,382	0	0	0	0
Changes in W/Capital	0	65,558	7,463	9,031	0
Repayments					
Long Term Loan	0	0	0	0	0
TOTAL OUTFLOWS	345,382	65,558	7,463	9,031	0
NET CASHFLOW	0	(3,526)	117,261	191,551	200,582
CUMULATIVE CASHFLOW	0	(3,526)	113,735	305,286	505,868

10.5 Balance Sheet

The projected balance sheet indicates a sustained healthy state of affair with liabilities adequately covered by net assets.

PROJECTED BALANCE SHEETS - VALUES IN USDOLLARS					
YEAR	0	1	2	3	4 - 10
ASSETS					
Fixed Assets	328,935	328,935	328,935	328,935	328,935
Depreciation	0	48,894	97,789	146,683	195,578
Net Fixed Assets	328,935	280,040	231,146	182,251	133,357
CURRENT ASSETS					
Cash	0	-3,526	113,735	305,286	505,868
Other Cur. Assets	0	640,655	768,889	924,052	924,052
Total Cur. Assets	0	637,129	882,624	1,229,338	1,429,920
TOTAL ASSETS	328,935	917,170	1,113,770	1,411,589	1,563,276
LIABILITIES					
Current Liabilities					
Sundry Creditors	0	575,097	695,867	842,000	842,000
Long Term Liability					
Long Term Loan	0	0	0	0	0
TOTAL LIABILITIES	0	575,097	695,867	842,000	842,000
TOTAL NET ASSETS	328,935	342,073	417,902	569,590	721,277
AMORTIZATION	16,447	13,157	9,868	6,579	3,289
TOTAL NET ASSETS	345,382	355,230	427,771	576,168	724,566
REPRESENTED					
Share Capital	345,382	345,382	345,382	345,382	345,382
Revenue Reserves	0	9,848	82,389	230,787	379,185
TOTAL EQUITY	345,382	355,230	427,771	576,168	724,566

10.6 Financial returns & IRR

Based on the conservative assumptions outlined above, the project will yield an internal rate of return of **33.89%**. This is considered attractive as the weighted cost of capital is estimated at 10%

DISCOUNTED CASHFLOW - VALUES IN US DOLLARS				
YEAR	0	1	2	3 - 10
INFLOWS				
Net Profit	0	9,848	72,540	148,398
Capital Charges	0	52,184	52,184	52,184
Recovery of W/Capital	0	0	0	0
Salvage Value	0	0	0	0
TOTAL INFLOWS	0	62,032	124,724	200,582
OUTFLOWS				
Investments	345,382	0	0	0
Changes in W/Capital	0	65,558	7,463	9,031
TOTAL OUTFLOWS	345,382	65,558	7,463	9,031
NET CASHFLOW	(345,382)	(3,526)	117,261	191,551
NET PRESENT VALUE	NPV		528,312	
INTERNAL RATE OF RETURN	IRR		33.89%	

11. CONCLUSION AND RECOMMENDATIONS

Review of this project indicates financial, social and economical viability. The project will further contribute tremendously to the fish and allied products and fish and allied products processing sector and anticipated to contribute to the foreign national reserves.

There is still potential for great demand on fish and allied products and fish and allied products products both for the domestic and international markets that are not met both by the existing fish and allied products processing facilities. Domestic demands are also not met by local production and imports.

The evaluation has also proved the project to be technically feasible.

The viability of the project indicates the following:

- The project will earn foreign proceeds through exports
- The project will create job opportunities
- The project will generate and contribute substantially to the Government revenue through direct and indirect taxes.
- The project will provide a vital component in the development of the fish and allied products sector.

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED is investing in the fish and allied products processing sector, a sub-sector of the fish and allied products sector based on the well researched fact that has presented unmet market demand both on the local and international fronts.

	B	C	D	E	F	G	H	I	J	K	L	M	N	O
42	INVESTMENT & RRE-INVESTMENT SCHEDULE								US DOLLARS					APPENDIX III
43	=====													
44		YEAR		VALUE	1	2	3	4	5	6	7	8	9	10
45	=====													
46	Land and Buildings = Rental		30,000	0	0	0	0	0	0	0	0	0	0	0
47	Machinery & Equipment		108,925	0	0	0	0	0	0	0	0	0	0	0
48	Motor Vehicles		21,000	0	0	0	0	0	21,000	0	0	0	0	0
49	Furniture & Fittings		15,050	0	0	0	0	0	15,050	0	0	0	0	0
50	Operating Equipment		153,960	0	0	0	0	0	0	0	0	0	153,960	0
51	Pre-Operational Expenses		16,447	0	0	0	0	0	0	0	0	0	0	0
52	=====													
53		TOTAL	345,382	0	0	0	0	0	36,050	0	0	0	153,960	0
54	=====													

	B	C	D	E	F	G	H
98	SCHEDULE OF STAFF AND THEIR REMUNERATION					APPENDIX V	
99							
100				US DOLLARS			
101							
102					MONTHLY	SALARY @	SALARY @
103	SECTION		STRENGTH		RATE	MONTH	ANNUM
104							
105							
106	Managerial/Administration						
107	Managerial/Directors		2		2,200	4,400	52,800
108	Chief Accountant		1		1,500	1,500	18,000
109	Secretary/ Receptionists		2		220	440	5,280
110	Accounts		2		300	600	7,200
111	Clerical/Stores		2		250	500	6,000
112	Drivers		2		200	400	4,800
113	Watchmen		2		120	240	2,880
114							
115		Sub-Total	13			8,080	96,960
116							
117	Production/Operations						
118	Chief Engineer		1		1,500	1,500	18,000
119	Operations Manager		1		1,500	1,500	18,000
120	Production		5		150	750	9,000
121	Inspector		1		300	300	3,600
122	Other Staff		2		120	240	2,880
123							
124		Sub-Total	10			1,290	15,480
125							
126		Sub-Total	23			9,370	112,440
127							
128		Add: 25% Fringe Benefits				2,343	28,110
129							
130		Total Annual Bill				11,713	140,550

	C	D	E	F	G	H	I	J	K	L	M	N	O
159	PROJECTED INCOME STATEMENT											US DOLLARS	APPENDIX VII
160	=====												
161		YEAR		1	2	3	4	5	6	7	8	9	10
162	=====												
163	FISHING AND PROCESSING CAPACITY				2,600								
164	CAPACITY UTILIZATION			65%	72%	79%	79%	79%	79%	79%	79%	79%	79%
165	METRIC TONNES			1,690	1,859	2,045	2,045	2,045	2,045	2,045	2,045	2,045	2,045
166	=====												
167													
168	Sales		Unit Price										
169	Metric Tonne		S3,529		3,877,059	4,691,241	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402
170	-----												
171	Cost of Sales												
172	Raw Materials & Consum		76.00%	2,946,565	3,565,343	4,314,065	4,314,065	4,314,065	4,314,065	4,314,065	4,314,065	4,314,065	4,314,065
173	Power & Water		8.00%	310,165	375,299	454,112	454,112	454,112	454,112	454,112	454,112	454,112	454,112
174	Packaging		5.00%	193,853	234,562	283,820	283,820	283,820	283,820	283,820	283,820	283,820	283,820
175	-----												
176	Total Cost of Sales			3,450,582	4,175,205	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998
177													
178	Contribution			426,476	516,037	624,404	624,404	624,404	624,404	624,404	624,404	624,404	624,404
179													
180	Fixed/Semifixed Costs												
181	Salaries & Wages			140,550	140,550	140,550	140,550	140,550	140,550	140,550	140,550	140,550	140,550
182	Administrative O'Heads			219,673	219,673	219,673	219,673	219,673	219,673	219,673	219,673	219,673	219,673
183													
184	Total Fixed/Semi-fixed Costs			360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223
185													
186	Operating Surplus			66,253	155,813	264,181	264,181	264,181	264,181	264,181	264,181	264,181	264,181
187	=====												

	C	D	E	F	G	H	I	J	K	L	M	N	O	
192	PROJECTED WORKING CAPITAL REQUIREMENTS							US DOLLARS						APPENDIX VIII
193	=====													
194		YEARS		1	2	3	4	5	6	7	8	9	10	
195	=====													
196	CURRENT ASSETS													
197	Debtors			323,088	390,937	473,033	473,033	473,033	473,033	473,033	473,033	473,033	473,033	
198	Stocks			287,549	347,934	421,000	421,000	421,000	421,000	421,000	421,000	421,000	421,000	
199	Cash-in-Hand			30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	
200	-----													
201	Total Current Assets			640,655	768,889	924,052	924,052	924,052	924,052	924,052	924,052	924,052	924,052	
202	-----													
203	CURRENT LIABILITIES													
204	Sundry Creditors			575,097	695,867	842,000	842,000	842,000	842,000	842,000	842,000	842,000	842,000	
205	-----													
206	NET W/CAPITAL			65,558	73,022	82,052	82,052	82,052	82,052	82,052	82,052	82,052	82,052	
207	-----													
208	CHANGES IN W/CAPITAL			65,558	7,463	9,031	0	0	0	0	0	0	0	
209	=====													

	C	D	E	F	G	H	I	J	K	L	M	N	O
243	PROJECTED CASHFLOW												APPENDIX X
244	=====												
245		YEAR	0	1	2	3	4	5	6	7	8	9	10
246	=====												
247	INFLOWS												
248	Share Capital		345,382										
249													
250	Long Term Loan		0										
251													
252	Depreciation		0	52,184	52,184	52,184	52,184	52,184	48,894	48,894	48,894	48,894	48,894
253													
254	Net Profit		0	9,848	72,540	148,398	148,398	148,398	150,700	150,700	150,700	150,700	150,700
255	=====												
256	TOTAL INFLOWS		345,382	62,032	124,724	200,582	200,582	200,582	199,595	199,595	199,595	199,595	199,595
257	=====												
258	OUTFLOWS												
259	Investments		345,382	0	0	0	0	0	36,050	0	0	153,960	0
260													
261	Changes in W/Capital		0	65,558	7,463	9,031	0	0	0	0	0	0	0
262													
263	Repayments												
264	Long Term Loan		0	0	0	0	0	0	0	0	0	0	0
265	=====												
266	TOTAL OUTFLOWS		345,382	65,558	7,463	9,031	0	0	36,050	0	0	153,960	0
267	=====												
268	NET CASHFLOW		0	(3,526)	117,261	191,551	200,582	200,582	163,545	199,595	199,595	45,635	199,595
269	=====												
270	CUMULATIVE CASHFLOW		0	(3,526)	113,735	305,286	505,868	706,449	869,994	1,069,589	1,269,184	1,314,819	1,514,414
271	=====												

	C	D	E	F	G	H	I	J	K	L	M	N	O
318	DISCOUNTED CASHFLOW												APPENDIX XII
319	=====												
320		YEAR	0	1	2	3	4	5	6	7	8	9	10
321	-----												
322	INFLOWS												
323	Net Profit		0	9,848	72,540	148,398	148,398	148,398	150,700	150,700	150,700	150,700	150,700
324	Capital Charges		0	52,184	52,184	52,184	52,184	52,184	48,894	48,894	48,894	48,894	48,894
326	Recovery of W/Capital		0	0	0	0	0	0	0	0	0	0	82,052
328	Salvage Value		0	0	0	0	0	0	0	0	0	0	30,000
330	-----												
331	TOTAL INFLOWS		0	62,032	124,724	200,582	200,582	200,582	199,595	199,595	199,595	199,595	311,647
332	-----												
333	OUTFLOWS												
334	Investments		345,382	0	0	0	0	0	36,050	0	0	153,960	0
335	Changes in W/Capital		0	65,558	7,463	9,031	0	0	0	0	0	0	0
337	-----												
338	TOTAL OUTFLOWS		345,382	65,558	7,463	9,031	0	0	36,050	0	0	153,960	0
339	-----												
340	NET CASHFLOW		(345,382)	(3,526)	117,261	191,551	200,582	200,582	163,545	199,595	199,595	45,635	311,647
341	-----												
342	NET PRESENT VALUE	NPV			528,312								
343	-----												
344	INTERNAL RATE OF RETURN	IRR			33.89%								
345	=====												

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

P. O. BOX 34200
Dar es Salaam

PRODUCTION AND MARKETING OF FISHERY AND SEA PRODUCTS IN TANZANIA

Consultant:

A. F. G. Mshana, TACO, FEAC/(FECA)

Chief Consultant – Kangaroo Ltd;

UNIDO/UNDP National expert

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NOVEMBER 2011

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED

P. O. BOX 34200

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NOVEMBER 2011

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1.0 Executive Summary

The Project

The company will primarily be a packer-owned fish packing facility encompassing a value chain covering small fishermen processed and packed marine and aqua marine products. This means that the company will work closely with all fishermen where small fishermen will be able to bring about quality fish and other aqua marine products that meet international standards in terms of weight and product quality.

The company will focus more on the processed sea and aqua marine products to ensure added value for high returns:

The products will include:

- Whole fish (chilled)
- Fillet Fish
- Canned Fish

These products will be produced to the highest quality standards for both domestic and export markets.

It is understood that Tanzania has some of the greatest fresh water lakes in the world when we talk of the Lake Victoria Lake Tanganyika and Lake Nyasa. The Indian Ocean sea coast runs for over 800 km along the eastern coast.

A large portion of this aqua marine product stock is found within the regions where the plant is located. However the fish and the aqua marine product industry has not been able to utilize this opportunity into a commercially viable industry for both domestic and international markets that would ultimately earn the country foreign exchange. It is on these grounds that SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED has initiated this endeavour with a view of capturing this opportunity.

In summary the project consists of three main units as follows:

1. Enabling fishermen catch and training the fishermen, supporting them in technical terms;
2. Providing logistics and transportation for the caught fish under adequate conditions and by adequate equipment;
3. To turn the fish thus taken into the factory into high standard hygienic products and supply them to external markets.

The Company

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED is a private limited liability company registered under the Companies Act, 2002 with the Certificate of Incorporation number 86611 dated 20th October 2011.

The company was incorporated for the purpose amongst others; to develop facilities for fish production, processing and marketing.. The factory is being constructed to take advantage of location with close proximities to the availability of rich fishing grounds of the Indian Ocean amongst other things.

Mission

To procure, process and market high quality fish, allied products and related services using environmentally friendly processes in a manner that is rewarding to customers, suppliers, employees, the shareholders and other stakeholders.

Project Costs

Based on the financial projections prepared with this feasibility study, it is estimated that total project costs are estimated at **USD 410,940**.

CAPITAL COST SUMMARY			
	LOCAL	FOREIGN	TOTAL
	US DOLLARS	US DOLLARS	US DOLLARS
Land and Buildings = Rental	30,000	0	30,000
Machinery & Equipment	21,785	87,140	108,925
Operating Equipment	130,866	23,094	153,960
Motor Vehicles	4,200	16,800	21,000
Furniture & Fittings	3,010	12,040	15,050
Pre-Operational Expenses	16,447	0	16,447
Total Fixed Investment	206,308	139,074	345,382
Working Capital	65,558	0	65,558
Total Initial Investment	271,866	139,074	410,940

Management

The promoters intend to put in place a competent hands-on management team that will be responsible for day-to-day operations of the plant. Recruitment will be done at arm's-length basis so that only the most deserving candidates can and will secure the key positions.

Market, Marketing and Competition

Safari Sea Import & Export will endeavour to produce quality fish and aqua marine products mainly from fish. These sea/marine products will be sold in various forms namely Chilled Whole, Chilled Fillets Vacuum Packed Fish, Sausages, Salamis, and Bone soup. The products will be certified and sold as organic and their quality will be marked by tenderness and tastiness.

The target Export Market

Safari Sea Import & Export target market has been based on extensive research pulled together from the desk studies and international travel which facilitated consultations with prospective buyers. The research has established that worldwide demand for fish and aqua marine by-products has substantially outstripped supply and that the demand/supply gap will continue to widen. Safari Sea Import & Export has identified two distinct export markets for the fish products namely International and Regional Export Markets.

The International Market:

The international market for the fish and allied products and fish and allied products products from Safari Sea Import & Export will target the European market and the Middle East including Egypt. For several years Tanzania has been attempting to export fish products to the Middle East and Europe.

Until recently, export for fish and allied products did not rank as priority commodity for export and has been exported as a non-traditional product. As a result, to date Tanzania has not utilized the opportunity of abundant availability of fish for processing to add value for export. The Government resolve to encourage private investors to invest in fish processing to produce quality products will stimulate export of fish and fish products from Tanzania. The export market, however, is highly competitive as it is open to other international suppliers. This demands meeting all the standards of the market in terms of quality and delivery time.

International Markets Import Conditions:

Safari Sea Import & Export aims to penetrate into the European Union (EU) for export market for its fish and allied products. However, the EU has import conditions for fresh fish and aqua marine products among other products; these set a precondition for export to such a market, which have to be implemented both by the exporting country and the exporting entity. In this case the Government of Tanzania through the Ministry of Fish and allied products Development and Fisheries and Safari Sea Import & Export must each on its part implement the conditions for the latter to access entry into the EU market.

The East African Market

The East African Community which encompasses Kenya, Tanzania, Uganda, Burundi, and Rwanda has a total population of about 90 million people and constitute an important market segment. Cooperation in trade is one of the protocols in East Africa Cooperation. Cooperation in this area include harmonization of standards, relaxation and eventual removal of inter-estate trade formalities as well as tariff and non-tariff barriers, facilitation of transit traffic and joint trade promotion. This is with a view to encouraging and promoting trade among and outside the member states.

The Competition

Export Markets:

The global market for fish products is competitive in term of quality and prices. Competition in the export market for fish and aqua marine products is expected to emanate from the traditional suppliers to the target fish market. These include import from Australia, News Zealand, Kenya, Brazil, Argentina, Mexico, and South Africa.

Safari Sea Food has already started establishing contacts in the target markets in Egypt, Middle East, the European Union and Russia, however full acceptance will depend on the availability of fish and allied products samples and inspection of the processing facility to ensure that it meets the international export standards.

To ensure capturing this market, importers will be allowed to inspect the production facilities in order to satisfy themselves of the hygienic conditions of the plant. The company does not envisage any difficulties of sustaining the competition as all the quality issues are embedded in the project production process and adherence to the European Union Food Standards, which are acceptable universally.

Local Market:

Immediate competitors to the project would comprise long established processors located in Dar es Salaam, and Mwanza and to the limited extent Bukoba.

Marketing Strategy

Safari Sea Food Fish and allied products will standardize its product management process along its Strategic Thrust "**The One-Supplier Strategy**". The strategy is built on seven pillars as clearly demonstrated by the diagram below:

Seven (7) Pillars of a one Supplier Strategy

Pillars of The One Supplier Strategy

Customer Base	Management capabilities & Colleague development	Operational Efficiency	Credit efficiency	Capital discipline	Targeted Export growth	Execution model and Strategic Choices
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Project Success Factors:

The project has identified several niche factors upon which the project success will be built upon

- Strong Government commitment to support the project as an important investment in the country.
- The Government development strategy for agricultural sector (fish and allied products included) favours the establishment of production process activities that add value to raw materials and fostering private sector in medium/large scale farming and agro processing.
- Availability of growing and untapped fish and allied products markets covering Rwanda and the Democratic Republic of Congo.
- Implementation of customs union among the three East African states to permit export without duty restrictions.
- East Africa market with a size of 140 million people.
- Climate and vegetation being suitable for fish and allied products production.
- Improved transportation systems namely trunk roads network and air travel services

Value Creation

The viability of the project indicates creation of the following economic and social values:

- The project will earn foreign proceeds through exports
- The project will create job opportunities
- The project will create market for fish and allied products from the local fish and allied products keepers
- Will generate and contribute substantially to the Government revenue through direct and indirect taxes
- The project will provide a vital component in the Agricultural sub-sector of fish and allied products processing

Politically, the project will be a breakthrough to the people of Dar es Salaam and surrounding regions who remain anxious to see creation of a reliable market to harvest their fish and allied products towards poverty alleviation.

Financial Analysis and Profitability

Income & Loss Statement

The projected profit and loss account of the project indicates the ability to make profit from year one through year 10. In this case the project will remain profitable throughout the projected period, accumulating huge reserves after the completion of the loan repayment. The summary below demonstrates these facts:

Projected Income & Loss Statement

PROJECTED INCOME STATEMENT VALUES IN US DOLLARS					
YEAR		1	2	3	4 - 10
FISHING AND PROCESSING CAPACITY			2,600	M.TONNES	
CAPACITY UTILIZATION		65%	72%	79%	79%
METRIC TONNES		1,690	1,859	2,045	2,045
Sales	Unit Price				
	Metric Tonnes	\$3,529	3,877,059	4,691,241	5,676,402
Cost of Sales					
Raw Materials & Consumables	76.00%	2,946,565	3,565,343	4,314,065	4,314,065
Power & Water	8.00%	310,165	375,299	454,112	454,112
Packaging	5.00%	193,853	234,562	283,820	283,820
Total Cost of Sales		3,450,582	4,175,205	5,051,998	5,051,998
Contribution		426,476	516,037	624,404	624,404
Fixed/Semi fixed Costs					
Salaries & Wages		140,550	140,550	140,550	140,550
Administrative Over 'Heads		219,673	219,673	219,673	219,673
Total Fixed/Semi-fixed Costs		360,223	360,223	360,223	360,223
Operating Surplus		66,253	155,813	264,181	264,181

Cashflow Analysis

Cashflow analysis of the project indicates a continuation of positive net cashflow from year one of the operation. The cash flow remains in positive positions throughout the projected life of the project. The cashflow analysis further demonstrates the economic and financial viability of the proposed project.

The summary of cashflow is outlined below:

Cashflow Summary

PROJECTED CASHFLOW VAUES IN US DOLLARS					
YEAR	0	1	2	3	4 = 10
INFLOWS					
Share Capital	345,382				
Long Term Loan	0				
Depreciation	0	52,184	52,184	52,184	52,184
Net Profit	0	9,848	72,540	148,398	148,398
TOTAL INFLOWS	345,382	62,032	124,724	200,582	200,582
OUTFLOWS					
Investments	345,382	0	0	0	0
Changes in W/Capital	0	65,558	7,463	9,031	0
Repayments					
Long Term Loan	0	0	0	0	0
TOTAL OUTFLOWS	345,382	65,558	7,463	9,031	0
NET CASHFLOW	0	(3,526)	117,261	191,551	200,582
CUMULATIVE CASHFLOW	0	(3,526)	113,735	305,286	505,868

Balance Sheet:

The projected balance sheet indicates a sustained healthy state of affair with liabilities adequately covered by net assets.

Financial returns & IRR

Based on the conservative assumptions outlined above, the project will yield an internal rate of return of **33.89%**. This is considered attractive as the weighted cost of capital is estimated at 10%

Conclusion and Recommendations

There is still potential for great demand on fish and allied products and fish and allied products both for the domestic and international markets that are not met both by the existing fish and allied products processing facilities. Based on the fact that Tanzania commands the largest stock of fish and allied products in Africa, it is important that such vast resources are put in value. This is exactly what Safari Sea Food is aiming at.

The review of this project has indicated the financial, social and economical viability of the proposed commercial undertaking. The project has also proved its tremendously potential to contribute to the fish and allied products and fish and allied products processing sector by creating both the market and employment while earning foreign currency national reserves through exports.

Timely implementation of the project is therefore highly advised.

2.0 INTRODUCTION AND BACKGROUND

2.1 Background

The project is promoted by **SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED (Safari Sea Food)**. **Safari Sea Food** is a private limited liability company registered under the Companies Act, 2002 with the Certificate of Incorporation number 86611 dated 20th October 2011.

2.2 Overview of Fish and allied products Production in Tanzania

Post independence Tanzania saw all fish and allied products commercial activities being managed by under a national body, Tanzania Fisheries Corporation (TAFICO), which was responsible for the management of all fishing activities, processing facilities and fish and allied products processing plants.

Liberalization of markets in early 80's saw the industry diversified and placed in private hands. The famous New fish and allied products processing plants were established in Mwamza and Dar es Salaam.

In 1997, the Government issued a new policy on Agriculture and Fish and allied products aimed at, among other things, reviving the industry and to compliment the market liberalization policy.

The policy further aimed at promoting the fish and allied products industry so as to increase production and productivity to ensure that the nation achieves a per capita consumption of fish and allied products of 4.8 kg per annum by the year 2005 (an increase of 39%). This will enhance farmers' income, production and exports of both fresh fish and other products.

2.3 Strategies to improve the fish and allied products industry:

The policy outlines the following strategies to improve the fish and allied products industry:

- § Private sector is encouraged to participate in promotion of community-based management of fish and allied products infrastructure;
- § Strengthening extension services and research by both government and private sector participation.
- § Encourage the fishing communities to form savings and credit institutions such as savings, and credit societies, trust funds and rural banks and work with fishing communities and develop appropriate credit systems.
- § Establishment of fish and allied products associations in the fishing areas to enhance their bargaining and purchasing power in the supply of inputs, organizing the market of products and dissemination of new technology.
- § Private sector will be encouraged to participate in processing and export of fish and allied products and fish and allied products surpluses.
- § Provision of marketing information by the government and on potential import markets.

Despite existence of this policy, very little investment has been put in the fish and allied products industry to date, although very high market potentials. In fact the country continues to import fish and allied products and other fish and allied products products, despite having one of the largest fish and allied products populations in Africa.

Project Promoters

A local businessman is promoting the project in collaboration with corporate private body registered in the United Republic of Tanzania as detailed in Table 1.

List of Shareholders

	Name	Citizenship	No. of shares
1.	Hasan Keles P. O. Box 34200 Dar es Salaam	TURKISH	8,500
	Erdinc Cokyasar P. O. Box 34200 Dar es Salaam	TURKISH	5,250
	Ilhami Yazici P. O. Box 34200 Dar es Salaam	TURKISH	4,250
2.	Resul Colak P. O. Box 34200 Dar es Salaam	TURKISH	2,000

Project Financing

The total project costs are estimated at **USD 410,940**. It is proposed that the capital costs be financed through

2.4 Tanzania Microeconomic Indicators

Background and Country Analysis

A relatively large country located in east Africa, Tanzania has a total area of 945,087 square kilometers (364,900 square miles). The area of Tanzania includes the islands of Mafia, Pemba, and Unguja. The latter two forms a semi autonomous region called Zanzibar, which is part of an official union within the United Republic of Tanzania. Tanzania has coastline that spans 1,424 kilometres (883 miles) on the western side of the Indian Ocean, while Kenya and Uganda border the country in the north. Burundi, DRC and Rwanda are on the western border, while Malawi, Mozambique and Zambia are on the southern border.

The former capital of Tanzania, Dar es Salaam, is located slightly to the north of the central point along the coastline of the Indian Ocean. The new capital Dodoma is located at the centre of the country. Tanzania contains three of Africa's best-known lakes namely Victoria in the north, Tanganyika in the west and Nyasa in the south. Mount Kilimanjaro in the north, 19,340 ft (5,895 m) above sea level, is the highest point on the continent. The island of Zanzibar is separated from the mainland only by a 22 miles channel.

The country's economy depends heavily on agriculture, which accounts for more than 40% of GDP, provides 85% of exports and employs 80% of the work force. Topography and climatic conditions, however limit cultivated crops to only 4% of the land area. Plantation cash crops include coffee, tea, pyrethrum, sisal, rice, peanuts, tobacco, sugarcane, cotton, copra, cashews, and cloves (cultivated in Zanzibar and Pemba). Most of the population however is engaged in subsistence farming, growing corn, wheat, millet, sorghum, vegetables, bananas and

cassava. In addition, there are large numbers of the fish and allied products (18.8 m), sheep (3.5 m) and goats (13.5 m). Timber is important and includes mahogany, teak, ebony, camphor wood and mangrove. Manufactures are largely limited to processed agriculture goods, beverages, paper and basic consumer items. Refined petroleum, fertilizer, aluminum goods and construction materials (especially cement) are also produced. Diamond, Tanzanite and other gemstones are mined in Tanzania. Other minerals extracted in significant quantities include gold, salt, gypsum, phosphates, and kaolin. There are also tin mines in northwest Tanzania and coal and iron deposits near Lake Nyasa. Natural gas from deposits around Songosongo Island, off the central coast and Mnazi Bay on the southern coast, is used to generate electricity.

Tanzania has a limited rail network. The main rail lines run from Dar es Salaam to Kigoma (on Lake Tanganyika) and Tanga, Moshi and Arusha in north east. The great Uhuru (or TAZARA) railroad, built in the 1970s by the Chinese, connects Dar es Salaam with central Zambia, providing landlocked Zambia with an alternative route to sea. The country's highways network is fast growing to connect all 21 mainland regions with tarmac roads before 2015. The same network connects to all neighbouring countries.

Tanzania has a growing trade deficit, exacerbated by nationalization efforts. The exports are made up of agricultural goods, diamond and other gemstones. The principal imports are consumer goods, machinery, transportation equipment, foodstuffs, refined petroleum and chemicals. The leading trade partners are the European Union countries, Japan, India and United States. Tanzania is a member of the Southern African Development Community (SADC).

Traditional industries featured in the processing of agricultural products and light consumer goods. Long term growth through 2005 featured a pickup in industrial production and a substantial increase in output of minerals especially gold. Recent banking reforms have helped increase private sector growth and investment. The World Bank, the IMF and bilateral donors have provided funds to rehabilitate Tanzania's outdated economic infrastructure and to alleviate poverty. Continued donor assistance and solid macroeconomic policies supported real GDP growth of nearly 7% in 2007.

Map of Tanzania



2.5 Macroeconomic & Industry Analysis

Since the 1990s, Tanzania has made major strides toward a free market economy, emerging from its socialist past and adapting to a globalized market system. The government of Tanzania has instituted a comprehensive economic reform program including liberation of agricultural marketing lifting of foreign exchange controls, deregulation of price controls, and privatization of state owned enterprises and, implementation of a new investment code offering competitive incentives for foreign investment. These significant economic reforms have been coupled with impressive macroeconomic stability, leading to steady growth over the last ten years.

2.4.1 Agricultural and Fish and allied products Sector.

Agriculture remains the country's most important sector for a growth and development of the Tanzanian economy. Agriculture sector contributed to 44.7 percent of GDP in 2006, compared to 46.1 percent in 2005. The decrease in the growth rate was caused by a drought, which hit many parts of the country during the 2005/06 rainy season, hence affecting production of various food and cash crops and fish and allied products pastures.

The agriculture sector is characterized predominantly by small producers operating on an average land size of two hectares and fully dependant on rainfall. Most agricultural activities are carried out using traditional and rudimentary technology with very low productivity. Major agricultural export products include coffee, cotton, tea, tobacco, cloves, sisal, cashew nuts, fish and allied products, sugar, pyrethrum and fish products.

Fish and allied products production contributes around 13% of GDP and 30% of agricultural GDP. Of the latter, about 40% is fish and allied products production, 30% milk production and 30% poultry and small stock production. Tanzania's national fish and allied products herd is about 18.8 million of indigenous traditionally kept stocks, 237,000 dairy fish and allied products and 121,000 fish and allied products fish and allied products commercially managed in ranches.

Most attractive sectors, which have been given priority by the Government of Tanzania, are agriculture including fish and allied products, mining, tourism and other service sectors such as communication. The agricultural sector traditionally exports large volume of agriculture and fish and allied products in raw form (or in form of live animals), thus without any value addition. As a result crops like cotton, cashew nuts, coffee, tea, hides and fish and allied products are exported in raw forms due to limited domestic processing capacities. In this case fish and allied products from the country are exported to neighbouring countries where they fetch low price. In recognition of this problem, government policies on agriculture and fish and allied products, together with the national industrial policy, emphasize the need to locally process all raw products in order to add value before getting to the markets. SAFARI SEA FOOD decision to invest in fish and allied products processing is therefore in line with government policies encouraging value addition through processing of all raw products.

2.4.2 Industrial sector

Estimates for 2006 suggest that the industrial sector continued to achieve rapid growth of 7.4 per cent, albeit below the 10.6 per cent recorded in 2005. The industrial sectors rapid growth was due to strong performances in manufacturing construction and especially mining and quarrying. Mining and quarrying output grew in real terms by 15.7 per cent. Growth in the construction sector rose to 11.9 per cent after remaining at around 11 per cent for three years in a row, while growth in manufacturing output rose to 9.0 per cent from 8.6 per cent in 2005. However, the drought – induced power crisis in the country continues to hamper industrial activity.

2.4.3 Mining

Mining is the fastest growing sector in Tanzania in terms of its contribution to GDP, its share of exports, and the generation of foreign exchange earnings. In 2006 Tanzania's mining sector grew by 16.4 percent, compared to 15.7 percent in 2005, and the contribution of the sector to the GDP increased to 3.8 percent from 3.5 percent registered in 2005. The value of Tanzania's mineral exports increased from USD 711.3 million in 2005 to USD 823.9 million in 2006, an increase of 15.8 percent. The increase in the value of mineral exports was mainly attributed to an increase in the price of gold on the world market. Tanzania is the third largest gold producer in Africa, producing about 50 tones per annum.

In addition to gold, Tanzania is also rich in other minerals including base metals; diamonds, industry minerals are the country's main mineral resources (soda, kaolin, tin, gypsum and phosphate) and gemstones including tanzanite, which is only found in the country. In addition more than 200 kimberlite pipes are available. As a result, the sector has attracted substantial foreign direct investment in mineral development including exploration, with total investment surpassing one billion US Dollars.

2.4.4 Transportation

Tanzania is internationally accessible by means of land, water and air routes. It has two main railway lines: Tanzania-Zambia Railway (TAZARA) line, which runs between Dar es Salaam (Tanzania) and Kapiri Mposhi (Zambia), and a national railway line commonly known as 'central line', which runs from Dar es Salaam to Kigoma, Mwanza, Mpanda and Moshi. A highways network is fast growing with connections to all 21 regions on the mainland to be completed before 2015. There are three international airports namely Dar es Salaam and Kilimanjaro on the mainland and Zanzibar where international flights operate daily. A number of airports and airstrips are found in almost every region served by local air companies.

Maritime transport also connects Tanzania with the rest of the world as the country has several main ports namely Dar es Salaam, Tanga, and Mtwara, all situated along the coast of Tanzania mainland, and ports on Pemba and Zanzibar isles. There are also inland ports in Lake Victoria that connect Tanzania to Kenya and Uganda. Malawi and Mozambique, and DRC and Zambia are also connected to Tanzania by inland ports on Lake Nyasa and Lake Tanganyika respectively.

2.4.5 Expenditure

The expenditure composition of Tanzania's GDP reveals a new outlook, with investment from both the public and private sectors showing a growing trend (see Table 3). Both public and private investments are rapidly expanding as government capital expenditure increases and anticipated increases in foreign inflows materialize. Nonetheless, it is incumbent on the government to increase momentum in enhancing the business environment in order to maintain the confidence of private investors in the economy.

GDP Performance

	1998	2005	2006(e) 2007(p) 2008(p)		
	Percentage of GDP (Current Price)		Percentage changes, volume		
Gross Capital Formation	16.2	22.2	8.8	10.4	15.0
Public	3.3	9.1	7.0	8.0	15.0
Private	12.9	13.1	10.0	12.0	15.0
Consumption	98.5	85.3	3.9	6.3	5.4
Public	7.8	7.3	3.0	3.0	3.0
Private	90.7	78	4.0	6.4	5.5
External Sector	-14.7	-7.5			
Exports	13.4	22.9	5.7	3.0	3.0
Imports	-28.1	-30.4	4.0	8.0	8.3

3.0 COMPANY BACKGROUND

M/S SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED (SAFARI SEA FOOD) is a private limited liability company registered under the Companies Act, 2002 with the Certificate of Incorporation number 86611 dated 20th October 2011. The company was incorporated for the purpose of, amongst others, engaging in fish and allied products processing in Tanzania.

3.1 Company vision and mission

3.1.1 Vision

To be the first choice fish and allied products company that constantly supplies high quality fish and allied products and allied products of international standards.

3.1.2 Mission

To procure, process and market high quality fish and allied products, allied products and related services using environmentally friendly processes in a manner that is rewarding to customers, suppliers, employees, the shareholders and other stakeholders.

3.1.3 Values

In pursuit of this vision the company will be guided by the following values as keys to success:

- Professionalism
- Increase shareholder value
- Customer delight
- Innovation
- Utmost integrity
- Accountability and responsiveness
- Environmentally friendly process and state of the art equipment
- Development of superior resource base
- Meaningful contribution to the welfare of the communities within which the company operates

3.2 Share capital and Shareholders of the Company

The company was established with an authorized share capital of TZS 500,000,000 (five hundred divided into One Thousand (1,000) shares of Tanzania Shillings Ten Thousand each. The Memorandum of Association provide roof of either increasing or decreasing the capital depending on the prevailing circumstances.

SAFARI SEA FOOD has four shareholders each allotted shares as follows:

List of Shareholders

Name	Citizenship	No. of shares
Hasan Keles P. O. Box 34200 Dar es Salaam	TURKISH	8,500
Erdinc Cokyasar P. O. Box 34200 Dar es Salaam	TURKISH	5,250
Ilhami Yazici P. O. Box 34200 Dar es Salaam	TURKISH	4,250
Resul Colak P. O. Box 34200 Dar es Salaam	TURKISH	2,000

4.0 PROJECT DESCRIPTION

4.1 Location and the Area

The proposed location of the company project is in Dar es Salaam, the region that ranks first in the country for holding about fish and other aqua marine products. Other neighbouring regions are also rich in fish and allied products, altogether creating a large pool source (**main catchment area**) of stocks to the plant. The plant is located in an area that is easily accessible by sea, railway and road; it is also reachable by air through Mwalimu Nyerere International airport. The plant has both electricity and water facilities connected to the main national power grid and Lake Victoria water supply system.

4.2 Products

The company will primarily be a packer-owned fish and allied products packing facility with various support elements. This means that the company will purchase healthy fish and allied products fish from local fishermen prior to the final process.

The company will focus more on the processed fish and allied products to ensure added value for high returns:

The products will include:

- Whole Fish (chilled fish and allied products)
- Fish Fillet and allied products
- Canned Fish and allied products
- Sausages, Salamis and Beacons, etc
- Canned Soup Bones

These products will be produced to the highest quality standards for both domestic and export markets..

4.3 Project Description

The project aims at converting the existing plant into an ultra modern fish and allied products processing plant that will produce quality products for both domestic and export markets. The project entails various sections that will ultimately form the fish and allied products processing plant under different. Pricing of fish and allied products suppliers will be at a weighted average of US Dollars 3.53 per kilogram or US Dollars 3,529 per Metric Tonne.

4.3.1 The Plant

- **Fish and allied products and Rendering Plants**

Both fish and allied products and rendering plants will be located on buildings which will be fitted with state-of-the-art facilities for optimal capacity utilisation and quality production.

Fish and allied products Plant

This will be an integrated plant, which will carry out multi functional activities in terms of both production and **fish and allied products processing**.

- **The Plant:** Being the first stage of primary processing, the plant defines the processing capacity of the plant. The installed facility at the plant will have a capacity to process 50 tonnes per week.

Identified Equipment

1. Requirements for fishermen;
 - a) Fishing nets of different sizes and materials produced specifically for fishing;
 - b) Tools and devices
 - c) Boats for fishermen 20 units
 - d) Engines required for the boats;
 - e) Solar and gprs devices 20 sets;
 - f) Diving materials required for fishing – 40 sets;
 - g) Other fishery equipment
2. Transportation and logistics for the caught fish
 - a) cold storage houses – 10 units;
 - b) ice production machines – 10 units;
 - c) generators – 10 units
 - d) solar devices – 10 uits;
 - e) refrigerated vehicles – 3 trucks; 10 small trucks; 3 pick-ups;
 - f) specific cages for fish transfer.
3. Establishing of the factory
 - a) Land at least 4000 square metres;
 - b) Construction materials for the factory including sand, gravel, cement, electricity installation, plumbing and special hygiene;
 - c) Heat protection panels – 1600 square metres;
 - d) Quick freezing units – 3 units;
 - e) Packing units – 3 pcs;
 - f) Administration and social facility equipping materials;
 - g) High processing plants – 3 sets
 - h) 3 cars and jeeps for managers at the factory
 - i) 2 generators

- j) Containers with cold storage rooms to store the production - 6 units;
- k) Chemicals required for hygiene – 10 tonnes.

4.

- o **Fish and allied products Processing:** This is the second stage of fish and allied products processing and will involve sectioning of the fish into preferred parts and will be accompanied by vacuum packing, boxing and palletisation of the products. This section will also include production of consumer and retail packed finished products such as sausages, salamis, beacons, etc.

Rendering Plant

This plant will process by-products (inedible offal) that include blood, bones, etc into animal feeds and tallow for the soap industry, etc.

- **Plant Design**

The designs are in accordance with the international standards is in line with the European Union Hygienic Regulations on equipment, building structures, etc in order to meet the export standards. The plant design is linear to allow for easy control.

- **Plant Production Capacity**

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED will have an installed slaughtering capacity of 50 tonnes of fish and allied products per week on a scheduled eight (8) hour shift per day. The annual working days is 250 days and the remaining days of the year represent the provision of time required for:

- o Cleaning of the plant
- o Processing of fish and allied products product
- o Maintenance and repairs

- **Waste management**

Fish and allied products processing plant produces waste on both solid and waste water from which consist of the pollutants such as blood, fat etc.

- **Utilities**

The plant will be connected to electricity and water supplies from the national grid and SHUWASA respectively.

4.3.2 Products Supply Lines

The plant's finished products will involve wholesaling to the following:

- Retailers and Hotels-Restaurants-Institutions (HRIs) who finally supply to the domestic customers/market. The company will set up products supply centres in all strategic hotspots such as Mwanza, Dar es Salaam and Arusha

- Exporters to the foreign customers/market. Dar es Salaam and Mwanza Airports are key exit points to overseas markets whereas the good road network will support transportation of products to neighbouring countries.

In all cases, sanitary and phyto-sanitary standards will be observed in order to build and maintain customers' confidence on health safety of the products.

4.3.3 Role of the Government

General incentives towards encouraging and supporting the private sector investments in the fish and allied products industry include the following:

- National Fish and allied products Policy of 2006
- Fish and allied Products Act No.10 of 2006
- Animal Diseases Act No. 4? of 2002

In addition to the above incentives, the Government through the Ministry of Fish and allied products Development and Fisheries is taking specific initiatives to improve the fish and allied products sector, some of which have direct positive impact to investment in the fish and allied products industry for which the Safari Sea Food project stands to benefit in terms of supply of quality fish and allied products fish and allied products.

4.3.4 Safety and Security Measures

Safety Measures

Safari Sea Food will abide to all safety measures as set out by the regulations governing industries in Tanzania. The company however will ensure the following procedures are met:

1. Provision of safety Training to its staff
2. Provision of working gears, including overalls, boots, gloves, masks, etc
3. Availing of assembly points in case of fire or any other emergencies

Security Measures

Safari Sea Food security plan has been grouped in four key areas namely, Physical Security, Operational security, Personnel and Product/process security. Figure x below demonstrates this group.



Figure 4: Security Measures

To ensure smooth implementation and monitoring, the above measures are further split into nine (9) sections:

1. Food Security Plan Management
2. Outside Security
3. Inside Security
4. Processing Security
5. Storage Security
6. Shipping and Receiving Security
7. Water and Ice Supply Security
8. Mail Handling Security
9. Personnel Security

To ensure smooth operations of the proposed measures, the company has set up a quality and security control unit that will be entrusted to oversee implementation of the above safety and security measures.

5.0 MARKET ANALYSIS

5.1 Market and Marketing Aspects:

This Chapter review and analyses in detail the market and marketing issues of fish and allied products in Tanzania with reference to SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED. The availability of fish and allied products for slaughtering by SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED, competition, and demands are discussed below.

5.2 Fish and allied Products:

Safari Sea Food will produce fish and allied products mainly from fish and allied products. Fish and allied products will be sold in various forms namely Chilled Fish and allied Fresh Whole, Fillet Vacuum Packed Fish and allied products, Canned Fish and allied products, Sausages, Salamis, and Canned Soup Bones. The fish and allied products will be certified and sold as organic and their quality will be marked by tenderness and tastiness.

5.3 Fish and allied products World Markets and Trade:

The global fish and allied products trade shows movement of fish and allied products among producing and importing countries. Fish and allied products producing countries export fish and allied products and at the same time import to cover the gaps created by fish and allied products exported. There are no trade restrictions in exporting and importing fish and allied products in several fish and allied products trading countries only where there are disease-related trade restrictions. The major fish and allied products trading countries in the world include the following: Australia, Brazil, Canada, China, European Union, Russia and United State. Data on production, consumption, imports and exports from 2002-2007 is reported below:

Major Trade and US Trade of Fish and allied products 2002-2007(000M/T)

Item	2002	2003	2004	2005	2006	2007
Production	51,241	50,095	51,327	52,374	53,511	54,717
Imports	5,242	5,074	4,891	5,423	5,007	5,365
Sub Total	56,483	55,169	56,218	57,797	58,518	60,082
Less: Exports	6,274	6,339	6,496	7,092	6,996	7,454
Consumption	50,209	48,830	49,722	50,705	51,522	52,628
US Market Share	18%	18%	3%	4%	7%	9%

Source: USDA-FAS attach reports, official statistics and results of office research.

Canadian and US fish and allied products exports have not achieved full recovery of lost markets due to over fishing in source areas and exhaustion. Canada and US fish and allied products exports in 2007 were forecasted down 28% and 39% respectively from 2002 levels. However, US fish and allied products market exports are continuing to recover and were forecasted to rise 30% in 2007 to 680,000 tones. The above figure shows that production in the major trading states grew from 51,241,000 Metric Tones in 2002 to estimated figure of 54,717,000 Metric Tonnes in 2007. Imports of fish and allied products fish and allied products and veal grew from 5,242,000 Metric Tonnes in 2002 to estimated 5,365,000 Metric Tonnes in 2007. At the same time exports from the countries increased from 6,274,000 Metric Tonnes in 2002 to estimated 7,454,000 Metric Tonnes in 2007. The total consumption from these countries increased from 50,209,000 Metric Tonnes in 2002 to estimated 52,628,000 Metric Tonnes in 2007. The same countries which are exporting fish and allied products are also

importing and this is attributed to filling in the gap created by export or restriction on use of fish and allied products from certain part of the country due to exhaustion in the main source areas, thus resort to cover the deficit by importing from disease free countries.

5.4 The target Export Market for Fish and allied products Productions.

SAFARI SEA FOOD target market findings for fish and allied products is based on extensive research pulled together from the desk studies and international travel which facilitated consultations with prospective buyers. The research has established that world wide demand for fish and allied products and fish and allied products by products has substantially outstripped supply and that the demand/supply gap will continue to widen. SAFARI SEA FOOD has identified two distinct export markets for fish and allied products namely International and Regional Export Markets.

5.4.1 International Market:

The international market for the fish and allied products and fish and allied products for SAFARI SEA FOOD will target the European market and the Middle East including Egypt. For several years Tanzania has attempting to export products to the Middle East and Comoro Islands. In many cases live fish and allied products have been exported to the Middle East and Comoro Island, and currently fish and allied products are being transported from Dar es Salaam for export.

Until recently, export for fish and allied products did not rank as priority commodity for export and has been exported as a non-traditional product. The Government tried it the TANZANIA FISHEIES CORPORATION (TAFICO) that owned and operated fish and allied products facilities; this public company initiated plans to export of fish and allied products products, but very little was achieved. As result Tanzania has not utilized the opportunity of abundant availability of fish and allied products for processing to add value for export. The Government resolve to encourage private investors to invest in fish and allied products processing to produce quality fish and allied products will stimulate export of fish and allied products and fish and allied products products from Tanzania. The export market, however, is highly competitive as it is open to other international suppliers. This demands meeting all the standards of the market in terms of quality and delivery time.

United Arab Emirates, Saudi Arabia, Muscat, Oman and now Egypt have been regular buyers of fish and allied products from Tanzania as per records obtained from Tanzania Revenue Authority (TRA), Board of External Trade (BET) and the Ministry of Fish and allied products Development and Fisheries. Based on the information received from the fish and allied products industry experts, most of the clients from Comoro and to a lesser extent the Middle East prefer to buy live animals over processed fish and allied products because of the strong religious beliefs and suspicion they have on slaughtering practices from non-Muslim countries. This challenge will be addressed by SAFARI SEA FOOD will have to invite buyers from the Middle East to witness the process undertaken in accordance Muslim practices.

International Markets Import Conditions:

SAFARI SEA FOOD aims to penetrate into the European Union (EU) for export market for its fish and allied products and fish and allied products. However, the EU has import conditions for fresh fish and allied products and fish and allied products among other products; these set a precondition for export to such a market, which have to be implemented both by the exporting country and the exporting entity. In this case the Government of

Tanzania through the Ministry of Fish and allied products Development and Fisheries and SAFARI SEA FOOD must each on its part implement the conditions for the latter to access entry into the EU market.

5.4.2 Regional Market (East Africa)

The Regional market covers the East and Southern Africa countries namely Kenya, Uganda, Burundi, Rwanda, Democratic Republic of Congo (DRC) and Zambia.

East African Market

The East African Community, which encompasses Kenya, Tanzania, Uganda, Burundi, and Rwanda, has a total population of about 90 million people and constitute an important market segment. Cooperation in trade is one of the protocols in East Africa Cooperation. Cooperation in this area includes harmonization of standards, relaxation and eventual removal of inter-estate trade formalities as well as tariff and non-tariff barriers, facilitation of transit traffic and joint trade promotion. This is with a view to encouraging and promoting trade among and outside the member states.

Democratic Republic of Congo (DRC)

DRC has an estimated population of more than 60 million people (UN, 2006) with Kinshasa city having an estimated population of between 7-8 million. According to official from Federation of Enterprises (Fe' de ratio des Enterprises du Congo-FEC), population for both DRC and Kinshasa City is either stagnant or rising at an insignificant rate. DRC traders who import fish and allied products from Tanzania use refrigerated vehicles for transportation.

The demand for fish and allied products and fish and allied products in DRC has been made by Federation of Enterprises (Fe' de ration des Enterprises du Congo-FEC) FEC estimates the demand for fish and allied products by Kinshasa city to be 160 tones per month, which equals to 1920 Tonnes per annum- rounded off to 200 Tonnes.

The following are identified as the major customers of fish and allied products products in DRC:

- Army
- Tourist hotels-Grand Hotel and Memlin Hotel
- UN Peace-Keeping Forces.
- Mining companies- notably JECA MINE based in Lubumbashi (copper mines) and MIBA based in Kasai (Diamond Mines) and
- Private firms and the general community.

The competition from the products in DRC would come from wild fish and allied products, fish, and imported L frozen fish and allied products and chicken. With peace being promoted in DRC, it means commercial activities will expand leading to high employment with attractive salaries hence disposal of income to purchase imported fish and allied products and fish and allied products.

5.4.3 Competition for fish and allied products in the Export Markets

The global market for fish and allied products is competitive in term of quality and prices. Competition in the export market for fish and allied products is expected to emanate from the traditional suppliers to the target fish

and allied products market. These include import from Australia, News Zealand, Kenya, Brazil, Mexico, and South Africa. SAFARI SEA FOOD has already started establishing contacts in the target markets in Egypt, Middle East, the European Union and Russia, however full acceptance will depend on the availability of fish and allied products samples and inspection of the processing facility to ensure that it meets the export conditions. In this case the success of SAFARI SEA FOOD in the export market will depend on the fish and allied products products meeting the required quality standards in the target market and strict delivery schedule. Production facilities will be inspected by importers to satisfy themselves of the hygienic conditions of the plant. The company does not envisage any difficulties of sustaining the competition as all the quality issues are embedded in the project production process and adherence to the European Union Food Standards, which are acceptable universally.

5.6 Domestic Consumption of fish and allied products:

Domestic consumption of fish and allied products is derived from adding together the volume of local production of fish and allied products (Table 7) and imports of fish and allied products into the country (Table 8).

The trend of selected fish and allied products production from 2001/02 to 2005/06

Product/Year	2001/02	2002/03	2003/04	2004/05	2005/06	Estimates 2006/07
Fish and allied products Fish and allied products	182,000	182,500	184,000	204,520	210,370	218,785
Mutton/Lamb	74,000	74,500	75,800	78,093	78,579	81,722
Pork	21,000	23,000	23,000	26,000	27,000	31,122
Chicken	55,0000	61,500	61,500	63,000	68,896	72,197
Total Fish and allied products	332,000	341,500	341,500	348,800	378,509	403,826

Source: Ministry of Fish and allied products Development and Fisheries

The highest level of production was recorded in 2005/06 when a total of 388,294 M/T of fish and allied products and small fish and allied products was produced with the former accounting for 54% of total production. Estimates for year 2006/07 were expected to increase by 4% to 403, 826 M/T

To sustain the local market, Tanzania continues to import fish and allied products and fish and allied products products from elsewhere. By 2006/2007, Tanzania imported fish and allied products totaling 1, 138,978 KGS. Available information from the Ministry of Fish and allied products Development and Fisheries and the Tanzania Bureau of Standards, indicates the trend has been growing year from year as Table 8 below indicates:

Recorded Imports of Fish and allied Products (Tonnes)

S/N	Product/Year	2002/2003	2003/2004	20004/2005	2005/2006	2006/2007
1	Lamb	63,185	250	60,000	84,900	106,987
2	Pork	218,020	164,719	75,892	556,454	356,790
3	Chicken	27,840	68,425	199,007	391,874	311,000
4	Fish and allied products fish and allied products	374,011	150,000	109,564	105,750	587,589
	Total	683,056	383,394	444,463	1,138,978	1,362,366

Source: Ministry of Fish and allied products/TBS

The collection of hides and skins has been fluctuating due mainly to the fact that some of these products are channeled through an informal system and hence not declared to the responsible authority. Major importers of hides and skins from Tanzania include Hong Kong, Pakistan, India, Italy and Kenya. The above table depicts that over 90% of hides and skins are exported to fetch good prices. Table 9 also indicates the value of exports of hides and skins.

Domestic Demand for Fish and allied Products

The domestic fish and allied products demand has continued to grow as per capita income improves and the liberalized market continues to bring more international employees and visitors accommodated in international hotels that demand quality fish and allied products for their international cuisine and menus. Table 10 indicates projected national demand on all fish and allied products (fish and allied products, goat, mutton); a clear growing demand is evident. Specific domestic market for the plant' fish and allied products will include local urban residents in Shinyanga and neighboring regions, hotels and lodges such as those in the Serengeti (12+) and Ngorongoro (8+). Most of major urban centers including Arusha,

Projected National Domestic Demand for Fish and allied Products (Tonnes)

Year	2012	2013	2014	2015	2016	2017	2018
Base Estimate 485,000	519,000	555,000	594,000	635,000	675,000	726,000	777,000

Source: Ministry of Fish and allied products Development and Fisheries

These estimates do not include Zanzibar with a population of about one million residents and over 248 hotels that accommodate foreign visitors to the island.

5.5 Local Competition to SAFARI SEA FOOD Fish and allied Products

Immediate competitors to the project would comprise long established fishing processing located all over Dar es Salaam, Arusha, Kwanzaa and to the limited extent Bukoba.

SAFARI SEA FOOD expects to counter the competition by application of vacuum package system. This is a modern way of packaging fish and allied products and guarantees longer shelf life.

Once the East Africa Customs union is in operation, duty free movement of goods across the border is expected to surface. This development is bound to stiffen competition and sellers of goods with fish and allied products included from each of the East African countries will need to be more aggressive in order to survive.

Prices

The company will initially apply an average weighted price is US Dollars 3.53/kg

- Whole Fish (chilled fish and allied products)
- Fish Fillet and allied products
- Canned Fish and allied products
- Sausages, Salamis, Beacons, etc
- By-products

These prices are recommended entry market prices for fish and allied products. The export prices are quite competitive considering the fact that the products will be sold as organic in the export market where several products in the market are not of this quality. The fish and allied products process from Brazil, Argentina and Uruguay in the Russian market range between Euro 4.46 to 4.59 per kg for fish fillet and allied products.

From the description of the market prospects, it is evident that the domestic market for fish and allied products and fish and allied products is increasing and this matches with the growth in population, levels of development and income. Availability of fish and allied products and their prices influence the demand for the product. On export market brand names and certification to meet the internationally accepted quality standards will be adhered. There is growing shortage of fish and allied products both in domestic and international market.

5.6 Marketing Strategy

Safari Sea Food Fish and allied products will standardize its product management process along its Strategic Thrust "The One-Supplier Strategy". The strategy is built on seven pillars as clearly demonstrated by the diagram below (Table 11).

Seven (7) Pillars of a one Supplier Strategy

Pillars of The One Supplier Strategy						
Customer Base	Management capabilities & Colleague development	Operational efficiency	Credit efficiency	Capital discipline	Targeted Export growth	Execution model and Strategic Choices
This is achieved Through acquisition, retention and Allocating resources to the profitable Customer Base	Ability to execute our strategy relies very clearly on our bench strength, capability motivation and performance of our colleague	As Suppliers of fish and allied products our customers want more value, not less in our products and services. It provides the strategic flexibility to deliver further revenue growth ahead of competition.	We shall guard against unguided missiles in our Credit activities and do a good job managing risk.	Capital is treated as a scarce resource and we ensure that capital is allocated to parts of the business that will provide sustainable returns to shareholders.	Taking a conscious growth on well researched markets before embarking on such markets	Lesser focus on execution of Strategy. At the core of the Execution model is the link between strategy and the link btn strategy, people, process and systems and how we monitor and measure performance.

Representatives from marketing will always be involved in the product management process, as they have primary responsibility for sales of the products.

6.0 ORGANISATION AND MANAGEMENT.

6.1 Organization Structure

Organization structure is necessary in any institution to promote good governance. A well-structured organization should promote efficiency and increased productivity leading to sustainable operations. An organization structure also displays the required reporting arrangements and thus the span of control at different levels of authority. Any developed structure must lead to efficient way of undertaking tasks and it should always display efficiency. The structure has to be responsive to changes in the business environment. The heavy build structures have tended to be too expensive to maintain and slow in action when translated in terms of manpower requirement and supporting facilities.

SAFARI SEA FOOD will implement a structure that will take into consideration the practical and realistic way of accommodating private sector realities of life, but also one that is efficient, promotes communication, eases information sharing and matches the resources to maintain it towards achieving the company's vision and mission.

6.2 Board of Directors:

A Board of Director being in place and functioning is an indicator for achievement of corporate governance in an institution. There will be a Board of Directors, which will be a high policy making body in the company. The Board of Directors will normally meet at least 2-3 times a year and its role will be more on strategic decision making and policy aspects of the company, covering approval of Annual Company Plans, Budget and Accounts, recruitment and confirmation of appointments for Company Senior Staff such as the General Manager and Heads of Departments. The Board will in no way be a hindrance to the Company's decision-making process and the Executive Director will facilitate this.

Members of the Board apart from the shareholders will also include professional who will be appointed to the Board on merits based on expertise, experience and skills in their different fields and influence in the business sector relevant to the fish and allied products industry. The Chairman of the Board will be one of the demonstrated business/ managerial capability elsewhere and with reputable background in commercial, agribusiness, financial undertakings, particularly in private sector. However the Board of Directors will depute one of the founding Directors to serve as an Executive Director on full time basis.

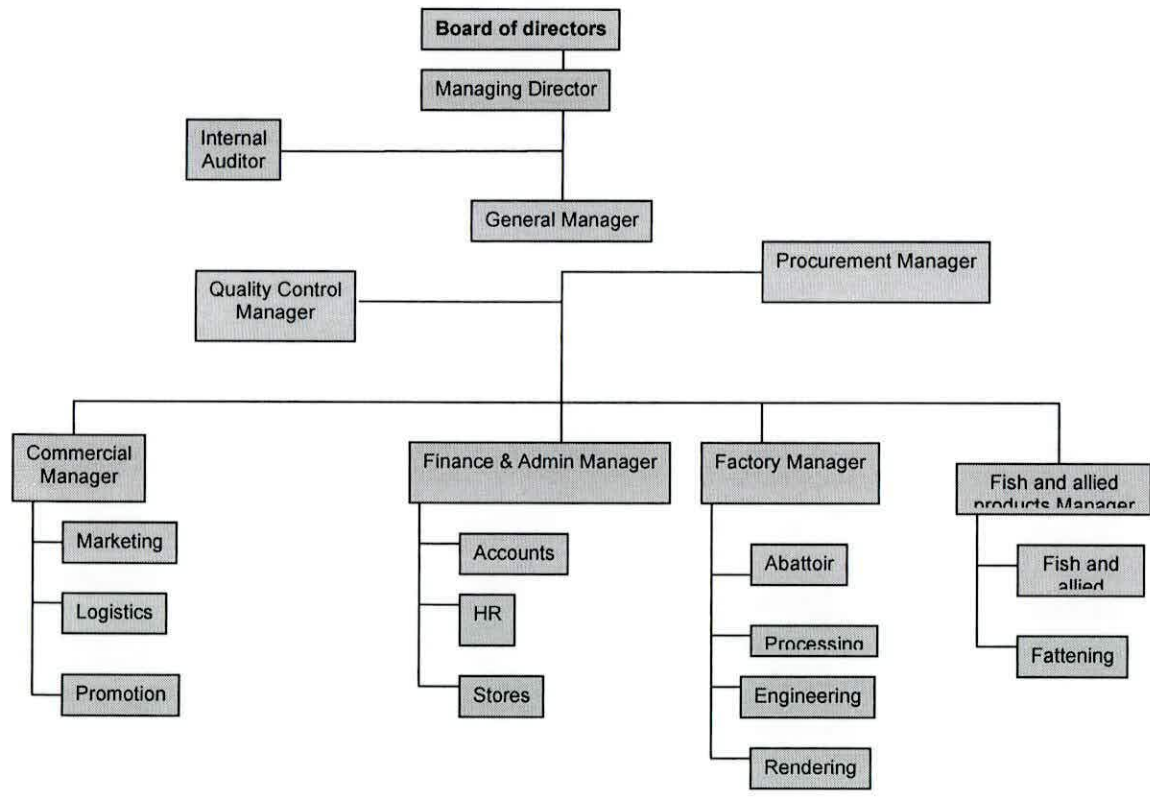
The Board will delegate management of the company to a management team of qualified and committed experts who are professional in their respective fields. However the Board will be accountable for the performance of the company.

6.3 Management:

The promoters intend to put in place a competent hands-on management team that will be responsible for day to day operations of the plant. Recruitment will be done at arms-length basis so that only the most deserving candidates can and will secure the key positions.

Therefore the proposed organization structure can be summarised in an organisation chart as follows:

Safari Sea Food Proposed Management Structure



7.0 ENVIRONMENTAL IMPACT AND WASTE DISPOSAL

The fish and allied products processing industry is a healthy operation, which does not involve use of any chemicals or toxic substances in the process. The only toxic item, which will be in use by the process, is ammonium gas, which is used in the refrigeration system, and this is not a waste disposal item. This could pose a minor problem in case of gas leakage. However no leakage is anticipated during normal operation of the plant.

Fish and allied products processing involves fish and allied products processing. The processing gives out the following waste products/offal which will affect the environment if not processed into other useful products: blood, etc. All the offal from processing is expected to be processed by the rendering plant into fish and allied products and fat which contains valuable ingredients for animal food.

The rendering plant for processing the offal is part of this project and will be supplied together with the main plant and fish and allied products processing plant. Rendering system is a modern and simple system for processing waste from fish and allied products processing plants, recycling fish and allied products offal, bone and intestines into fish and allied products and bone meal, as well as valuable fat. Once this plant is installed, all the offal and other wastes from the slaughter process will be processed.

From this analysis, it is evident that the problem of waste disposal will be well handled in the project. This will make the plant comply with the requirements of importers and even international buyers who are sensitive to disposal of waste from fish and allied products processing plants.

Other environmental issues such as noise from the plant are not of any importance because the plant is located far away from residential areas and that doors of the factory will be closed for most of the time.

An Environmental Impact Assessment (EIA), as required by the Environmental Impact Assessment and Audit Regulations, 2005 (Government Notice No 349 of 2005) from the Environment Management Act 2004, is being undertaken by an Approved Environmental Expert, upon which RQFP will be issued together with an EIA Certificate. A preliminary environmental clearance certificate has been issued by the National Environment Management Council (NEMC) (see App. x) .

8.0 IMPLEMENTATION PLAN

It is planned that initial commercial operation of the plant will commence 36 months after complete mobilization of funds. The implementation schedule and timetable are summarized in the table below:

Project Implementation Plan

Months 3 Months each	3	6	9	12	15	18	21	24	27	30	33	36
Final Designs												
Mobilization		x	x									
Import of Equipment												
Equipment Delivery												
Installations												
Trial Runs									x			
Quality Reviews & Marketing											x	
Start Commercial Operations												x

9.0 PROJECT COSTS AND FUNDING ARRANGEMENTS

9.1 Cost Estimates & Financing Plan

The total project costs are estimated at **USD 28.18 million**. It is proposed that the capital costs be financed through a combination of debt and equity. The detailed capital investment items are demonstrated in the table below:

CAPITAL COST SUMMARY			
	LOCAL	FOREIGN	TOTAL
	US DOLLARS	US DOLLARS	US DOLLARS
Land and Buildings = Rental	30,000	0	30,000
Machinery & Equipment	21,785	87,140	108,925
Operating Equipment	130,866	23,094	153,960
Motor Vehicles	4,200	16,800	21,000
Furniture & Fittings	3,010	12,040	15,050
Pre-Operational Expenses	16,447	0	16,447
Total Fixed Investment	206,308	139,074	345,382
Working Capital	65,558	0	65,558
Total Initial Investment	271,866	139,074	410,940

10.0 FINANCIAL AND ECONOMIC ANALYSIS

10.1 Basic assumptions

The basic assumptions underlying the financial and economic projections and evaluations are:

- Currency – US Dollar
- Evaluation period -10 years
- Inflationary effect not taken into consideration
- Assets will be depreciated on the straight line basis.
- Utilization capacity (Occupancy level) has been projected at 65% in year one to three increasing at 10% upto year 3 and remains constant thereafter at the operational level of 79%.
- The plant will have an installed processing capacity of 50 metric tonnes of fish per week on a scheduled eight (8) hour shift per day.
- The annual working days are 250 - the remaining days of the year represent the provision of time required for:
 - Cleaning of the plant
 - Processing of fish and allied products product
 - Maintenance and

10.2 Revenue Resources

Project revenue resources will be derived the following services and facilities:

- Whole Fish (chilled fish and allied products)
- Canned Fish and allied products
- Fish Fillet and allied products
- Sausages, Salamis and Beacon
- Canned Soup Bones

10.3 Income & Loss Statement

The projected profit and loss account of the project indicates the ability to make profit from year. The project remains profitable throughout the projected period, accumulating huge reserves after the completion of the loan repayment.

The ability of the project to continue demonstrating profit, servicing the debt and retaining reserves that may be distributed as dividends without causing any liquidity constrain to the operations of the project confirms the high value of the project and its ability to generate revenue and indeed both its economic and financial viability.

PROJECTED INCOME STATEMENT - VALUES IN US DOLLARS				
YEAR	1	2	3	4 - 10
Sales Revenue	3,877,059	4,691,241	5,676,402	5,676,402
Less: Cost of Sales	3,450,582	4,175,205	5,051,998	5,051,998
Contribution	426,476	516,037	624,404	624,404
Less: Fixed/Semi fixed Costs	360,223	360,223	360,223	360,223
Operational Surplus	66,253	155,813	264,181	264,181
Capital Charges				
Depreciation	52,184	52,184	52,184	52,184
Interest	0	0	0	0
Total Capital Charges	52,184	52,184	52,184	52,184
Profit Before Tax	14,069	103,629	211,997	211,997
Corporation Tax 30%	4,221	31,089	63,599	63,599
Net Profit After Tax	9,848	72,540	148,398	148,398
Revenue Reserves	9,848	82,389	230,787	379,185

10.4 Cashflow Analysis

Cashflow analysis of the project indicates a continuation of positive net cashflow from year one of the operation. The cash flow remains in positive positions throughout the projected life of the project. The cashflow analysis further demonstrates the economic and financial viability of the proposed project.

PROJECTED CASHFLOW - VALUES IN US DOLLARS					
YEAR	0	1	2	3	4 - 10
INFLOWS					
Share Capital	345,382				
Long Term Loan	0				
Depreciation	0	52,184	52,184	52,184	52,184
Net Profit	0	9,848	72,540	148,398	148,398
TOTAL INFLOWS	345,382	62,032	124,724	200,582	200,582
OUTFLOWS					
Investments	345,382	0	0	0	0
Changes in W/Capital	0	65,558	7,463	9,031	0
Repayments					
Long Term Loan	0	0	0	0	0
TOTAL OUTFLOWS	345,382	65,558	7,463	9,031	0
NET CASHFLOW	0	(3,526)	117,261	191,551	200,582
CUMULATIVE CASHFLOW	0	(3,526)	113,735	305,286	505,868

10.5 Balance Sheet

The projected balance sheet indicates a sustained healthy state of affair with liabilities adequately covered by net assets.

PROJECTED BALANCE SHEETS - VALUES IN USDOLLARS					
YEAR	0	1	2	3	4 - 10
ASSETS					
Fixed Assets	328,935	328,935	328,935	328,935	328,935
Depreciation	0	48,894	97,789	146,683	195,578
Net Fixed Assets	328,935	280,040	231,146	182,251	133,357
CURRENT ASSETS					
Cash	0	-3,526	113,735	305,286	505,868
Other Cur. Assets	0	640,655	768,889	924,052	924,052
Total Cur. Assets	0	637,129	882,624	1,229,338	1,429,920
TOTAL ASSETS	328,935	917,170	1,113,770	1,411,589	1,563,276
LIABILITIES					
Current Liabilities					
Sundry Creditors	0	575,097	695,867	842,000	842,000
Long Term Liability					
Long Term Loan	0	0	0	0	0
TOTAL LIABILITIES	0	575,097	695,867	842,000	842,000
TOTAL NET ASSETS	328,935	342,073	417,902	569,590	721,277
AMORTIZATION	16,447	13,157	9,868	6,579	3,289
TOTAL NET ASSETS	345,382	355,230	427,771	576,168	724,566
REPRESENTED					
Share Capital	345,382	345,382	345,382	345,382	345,382
Revenue Reserves	0	9,848	82,389	230,787	379,185
TOTAL EQUITY	345,382	355,230	427,771	576,168	724,566

10.6 Financial returns & IRR

Based on the conservative assumptions outlined above, the project will yield an internal rate of return of **33.89%**. This is considered attractive as the weighted cost of capital is estimated at 10%

DISCOUNTED CASHFLOW - VALUES IN US DOLLARS				
YEAR	0	1	2	3 - 10
INFLOWS				
Net Profit	0	9,848	72,540	148,398
Capital Charges	0	52,184	52,184	52,184
Recovery of W/Capital	0	0	0	0
Salvage Value	0	0	0	0
TOTAL INFLOWS	0	62,032	124,724	200,582
OUTFLOWS				
Investments	345,382	0	0	0
Changes in W/Capital	0	65,558	7,463	9,031
TOTAL OUTFLOWS	345,382	65,558	7,463	9,031
NET CASHFLOW	(345,382)	(3,526)	117,261	191,551
NET PRESENT VALUE	NPV		528,312	
INTERNAL RATE OF RETURN	IRR		33.89%	

11. CONCLUSION AND RECOMMENDATIONS

Review of this project indicates financial, social and economical viability. The project will further contribute tremendously to the fish and allied products and fish and allied products processing sector and anticipated to contribute to the foreign national reserves.

There is still potential for great demand on fish and allied products and fish and allied products products both for the domestic and international markets that are not met both by the existing fish and allied products processing facilities. Domestic demands are also not met by local production and imports.

The evaluation has also proved the project to be technically feasible.

The viability of the project indicates the following:

- The project will earn foreign proceeds through exports
- The project will create job opportunities
- The project will generate and contribute substantially to the Government revenue through direct and indirect taxes.
- The project will provide a vital component in the development of the fish and allied products sector.

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED is investing in the fish and allied products processing sector, a sub-sector of the fish and allied products sector based on the well researched fact that has presented unmet market demand both on the local and international fronts.

SAFARI SEA FOOD INDUSTRY IMPORT AND EXPORT COMPANY LIMITED				
				<u>APPENDIX I</u>
CAPITAL COST SUMMARY		LOCAL	FOREIGN	TOTAL
		US DOLLARS	US DOLLARS	US DOLLARS
Land and Buildings = Rental		30,000	0	30,000
Machinery & Equipment		21,785	87,140	108,925
Operating Equipment		130,866	23,094	153,960
Motor Vehicles		4,200	16,800	21,000
Furnniture & Fittings		3,010	12,040	15,050
Pre-Operational Expenses		16,447	<u>0</u>	16,447
Total Fixed Investment		206,308	139,074	345,382
Working Capital		65,558	0	65,558
Total Initial Investment		271,866	139,074	410,940

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
42	INVESTMENT & RRE-INVESTMENT SCHEDULE								US DOLLARS					APPENDIX III	
43	=====														
44		YEAR		VALUE	1	2	3	4	5	6	7	8	9	10	
45	=====														
46		Land and Buildings = Rental		30,000	0	0	0	0	0	0	0	0	0	0	
47		Machinery & Equipment		108,925	0	0	0	0	0	0	0	0	0	0	
48		Motor Vehicles		21,000	0	0	0	0	0	21,000	0	0	0	0	
49		Furniture & Fittings		15,050	0	0	0	0	0	15,050	0	0	0	0	
50		Operating Equipment		153,960	0	0	0	0	0	0	0	0	153,960	0	
51		Pre-Operational Expenses		16,447	0	0	0	0	0	0	0	0	0	0	
52	=====														
53		TOTAL		345,382	0	0	0	0	0	36,050	0	0	153,960	0	
54	=====														

	B	C	D	E	F	G	H
98	SCHEDULE OF STAFF AND THEIR REMUNERATION					APPENDIX V	
99							
100				US DOLLARS			
101							
102					MONTHLY	SALARY @	SALARY @
103	SECTION		STRENGTH		RATE	MONTH	ANNUM
104							
105							
106	Managerial/Administration						
107	Managerial/Directors		2		2,200	4,400	52,800
108	Chief Accountant		1		1,500	1,500	18,000
109	Secretary/ Receptionists		2		220	440	5,280
110	Accounts		2		300	600	7,200
111	Clerical/Stores		2		250	500	6,000
112	Drivers		2		200	400	4,800
113	Watchmen		2		120	240	2,880
114							
115		Sub-Total	13			8,080	96,960
116							
117	Production/Operations						
118	Chief Engineer		1		1,500	1,500	18,000
119	Operations Manager		1		1,500	1,500	18,000
120	Production		5		150	750	9,000
121	Inspector		1		300	300	3,600
122	Other Staff		2		120	240	2,880
123							
124		Sub-Total	10			1,290	15,480
125							
126		Sub-Total	23			9,370	112,440
127							
128		Add: 25% Fringe Benefits				2,343	28,110
129							
130		Total Annual Bill				11,713	140,550

	C	D	E	F	G	H	I	J	K	L	M	N	O	
159	PROJECTED INCOME STATEMENT							US DOLLARS						APPENDIX VII
160	=====													
161		YEAR		1	2	3	4	5	6	7	8	9	10	
162	=====													
163	FISHING AND PROCESSING CAPACITY				2,600									
164	CAPACITY UTILIZATION			65%	72%	79%	79%	79%	79%	79%	79%	79%	79%	
165	METRIC TONNES			1,690	1,859	2,045	2,045	2,045	2,045	2,045	2,045	2,045	2,045	
166	=====													
167														
168	Sales		Unit Price											
169	Metric Tonne		\$3,529	3,877,059	4,691,241	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	
170	-----													
171	Cost of Sales													
172	Raw Materials & Consum	76.00%		2,946,565	3,565,343	4,314,065	4,314,065	4,314,065	4,314,065	4,314,065	4,314,065	4,314,065	4,314,065	
173	Power & Water	8.00%		310,165	375,299	454,112	454,112	454,112	454,112	454,112	454,112	454,112	454,112	
174	Packaging	5.00%		193,853	234,562	283,820	283,820	283,820	283,820	283,820	283,820	283,820	283,820	
175	-----													
176	Total Cost of Sales			3,450,582	4,175,205	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	
177														
178	Contribution			426,476	516,037	624,404	624,404	624,404	624,404	624,404	624,404	624,404	624,404	
179														
180	Fixed/Semifixed Costs													
181	Salaries & Wages			140,550	140,550	140,550	140,550	140,550	140,550	140,550	140,550	140,550	140,550	
182	Administrative O'Heads			219,673	219,673	219,673	219,673	219,673	219,673	219,673	219,673	219,673	219,673	
183														
184	Total Fixed/Semi-fixed Costs			360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223	
185														
186	Operating Surplus			66,253	155,813	264,181	264,181	264,181	264,181	264,181	264,181	264,181	264,181	
187	=====													

	C	D	E	F	G	H	I	J	K	L	M	N	O	
192	PROJECTED WORKING CAPITAL REQUIREMENTS							US DOLLARS						APPENDIX VIII
193	=====													
194		YEARS		1	2	3	4	5	6	7	8	9	10	
195	=====													
196	CURRENT ASSETS													
197	Debtors			323,088	390,937	473,033	473,033	473,033	473,033	473,033	473,033	473,033	473,033	
198	Stocks			287,549	347,934	421,000	421,000	421,000	421,000	421,000	421,000	421,000	421,000	
199	Cash-in-Hand			30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	
200	-----													
201	Total Current Assets			640,655	768,889	924,052	924,052	924,052	924,052	924,052	924,052	924,052	924,052	
202	-----													
203	CURRENT LIABILITIES													
204	Sundry Creditors			575,097	695,867	842,000	842,000	842,000	842,000	842,000	842,000	842,000	842,000	
205	-----													
206	NET W/CAPITAL			65,558	73,022	82,052	82,052	82,052	82,052	82,052	82,052	82,052	82,052	
207	-----													
208	CHANGES IN W/CAPITAL			65,558	7,463	9,031	0	0	0	0	0	0	0	
209	=====													

	C	D	E	F	G	H	I	J	K	L	M	N	O
214	PROJECTED PROFIT AND LOSS ACCOUNT												APPENDIX IX
215	=====												=====
216		YEAR		1	2	3	4	5	6	7	8	9	10
217	=====												=====
218	Sales Revenue			3,877,059	4,691,241	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402	5,676,402
219	Less: Cost of Sales			3,450,582	4,175,205	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998	5,051,998
220													
221	Contribution			426,476	516,037	624,404	624,404	624,404	624,404	624,404	624,404	624,404	624,404
222	Less: Fixed/Semifixed Costs			360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223	360,223
223													
224	Operational Surplus			66,253	155,813	264,181	264,181	264,181	264,181	264,181	264,181	264,181	264,181
225													
226	Capital Charges												
227	Depreciation			52,184	52,184	52,184	52,184	52,184	48,894	48,894	48,894	48,894	48,894
228	Interest			0	0	0	0	0	0	0	0	0	0
229													
230	Total Capital Charges			52,184	52,184	52,184	52,184	52,184	48,894	48,894	48,894	48,894	48,894
231													
232	Profit Before Tax			14,069	103,629	211,997	211,997	211,997	215,286	215,286	215,286	215,286	215,286
233													
234	Corporation Tax 30%			4,221	31,089	63,599	63,599	63,599	64,586	64,586	64,586	64,586	64,586
235													
236	Net Profit After Tax			9,848	72,540	148,398	148,398	148,398	150,700	150,700	150,700	150,700	150,700
237													
238	Revenue Reserves			9,848	82,389	230,787	379,185	527,582	678,283	828,983	979,684	1,130,384	1,281,084
239	=====												=====

	C	D	E	F	G	H	I	J	K	L	M	N	O
318	DISCOUNTED CASHFLOW												APPENDIX XII
319	=====												
320		YEAR	0	1	2	3	4	5	6	7	8	9	10
321	-----												
322	INFLOWS												
323	Net Profit		0	9,848	72,540	148,398	148,398	148,398	150,700	150,700	150,700	150,700	150,700
324													
325	Capital Charges		0	52,184	52,184	52,184	52,184	52,184	48,894	48,894	48,894	48,894	48,894
326													
327	Recovery of W/Capital		0	0	0	0	0	0	0	0	0	0	82,052
328													
329	Salvage Value		0	0	0	0	0	0	0	0	0	0	30,000
330													
331	TOTAL INFLOWS		0	62,032	124,724	200,582	200,582	200,582	199,595	199,595	199,595	199,595	311,647
332													
333	OUTFLOWS												
334	Investments		345,382	0	0	0	0	0	36,050	0	0	153,960	0
335													
336	Changes in W/Capital		0	65,558	7,463	9,031	0	0	0	0	0	0	0
337													
338	TOTAL OUTFLOWS		345,382	65,558	7,463	9,031	0	0	36,050	0	0	153,960	0
339													
340	NET CASHFLOW		(345,382)	(3,526)	117,261	191,551	200,582	200,582	163,545	199,595	199,595	45,635	311,647
341													
342	NET PRESENT VALUE		NPV		528,312								
343													
344	INTERNAL RATE OF RE		IRR		33.89%								
345	=====												

