



C. F KAINAT TURKEY (TI) LTD

Dokezo No.

110

AG. 4EXD done by 13/11/2013

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

(a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 1.285M

(b) Legal entity has been incorporated under certificate

No. 97770 of 13/03/2013

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

13<sup>th</sup> November, 2013

2.0

**EXD**

In response to the TIC letter of registration dated 6<sup>th</sup> November 2013

the project has submitted the required documents namely: -


(a) Company Board Resolution.

(b) Reference letter/Financing from CRDB Bank LTD

(c) Lease Agreement on Evidence

With the above submission EXD is requested to sign Certificate of Incentives No. 042553 herein attached.

16/12/2013

APPROVED BY   
Sign: [Signature]  
Date: 12/12/13

  
DIF

Dokezo  
No. 3.0

NIM

Please confirm the current status of  
the shareholders into this Company

~~Harley~~ - SIFD

14/7/2014

5.0

EXD

Certificate of members has been amended  
to reflect new shareholders as per status in  
as follows and is hereby submitted  
for your signature

APPROVED BY EXL

Sign: 

Date: 29/08/14

  
DIF

~~28/08/2014~~  
28/08/2014

**TANZANIA INVESTMENT CENTRE  
DAR ES SALAAM**

**PROGRESS REPORT IN RESPECT OF C.F KAINAT TURKEY TANZANIA  
LTD**

1. (Information required for the project's progress report after every six months)

Planned Activities for the period: **Our planned was to manufacture wooden and MDF furniture in which 2014 we have started to manufacture MDF furniture like kitchen cabinets, TV cabinets, wardrobes and shelves. Also we have build factory which has warehouse for keeping our stack MDF material other accessories for making our products. We have employed more than fifteen workers in our company and we planned to have more than 26 workers up to end of this year as business expanded.**

2. Achievements made on the project implementation to date:

(i.e. from the date the project was approved to the date of writing the report)  
**The main achievements we have made on the project implementation to date is to be able to manufacture and fitting our products to the customer's houses and have more demands from customers who like our products to visit their place like houses, apartments, offices for taking measurement. So many customers are like our products.**

Describe the status of activities that have already been undertaken e.g. construction of buildings, acquisition of supplies, installation of equipment, etc. **We have highly and smart technology machine for manufacture MDF product here in Tanzania. Our machine were imported from Turkey and installed here in Dar Es Salaam at Vingunguti Industrial Area. We have expand our showroom which our main showroom is located in Gerezani /Makamba street at the same building with Rex Energy. We have local distributors who act as our agencies by displaying our products at their showroom.**

**Project Financial Expenditure todate:**

	Foreign	Local	Total
Land and Buildings	Renting for 18,000\$ for a year.		
Plant and machinery	100,000\$		
Vehicles/Aircrafts			
Furniture			

Office equipment

Insurance Cover            30,000\$

Pre-operational expenses

Working sub-total capital 148,000\$

## **GRAND TOTAL**

### **1. Project Financing**

Explain how the project is being financed e.g. equity, loans, sources of loans, conditions, etc.

We have financed our project on our own money. No loans or credit taken from anywhere.

### **2. Problems and Solution**

Explain problems, which the management is encountering in executing the project and the steps being taken to solve them. We have not got any problem so far this year. **Our management team our always keep their eyes close to the company by double checking if there are any fault or wrong might be happened and taking the right solution on that fault. They make sure that they detect any risk early which might happen before affect the company.**

### **3. Future Plans**

Explain future plans for the next coming six months and planned financial commitments

Our future plans for our company is to increase more production and supply by all around Tanzania. We are looking to build new and large working place which will have Big Showroom, Warehouse and factory. This will minimize cost and time of productions as now we have to go from showroom to factory which are 7 km distance apart everyday.

### **4. Recommendations and any other comments**

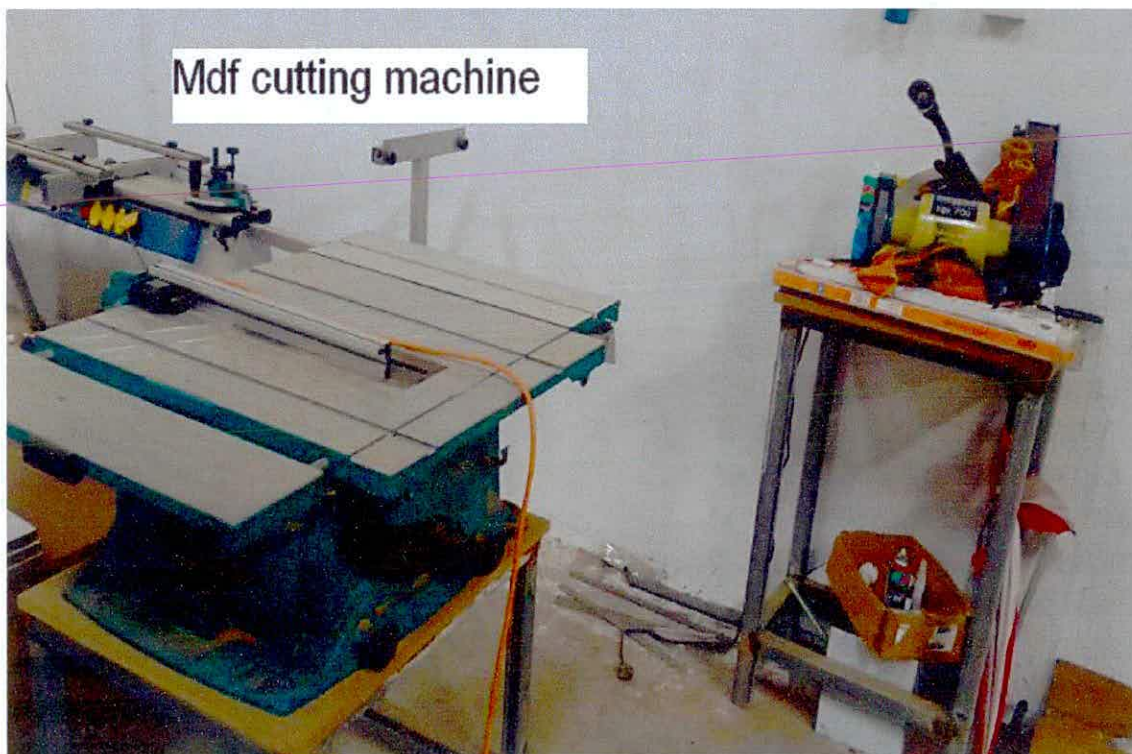
### **5. ETC.**

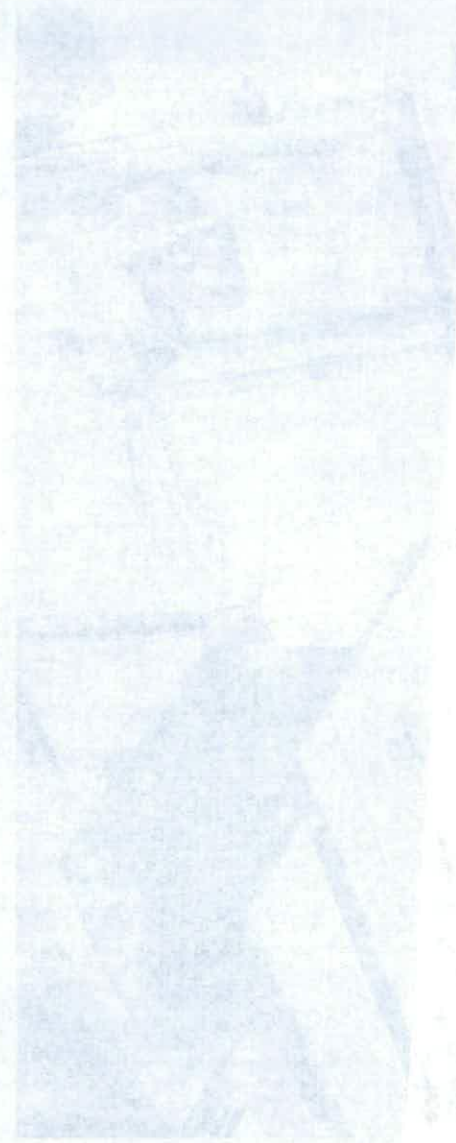
**C.F KAINAT TURKEY TANZANIA LTD**  
**Factory Manufacturing process**

**1. MDF Cutting Machine**



**2. MDF Cutting Machine**

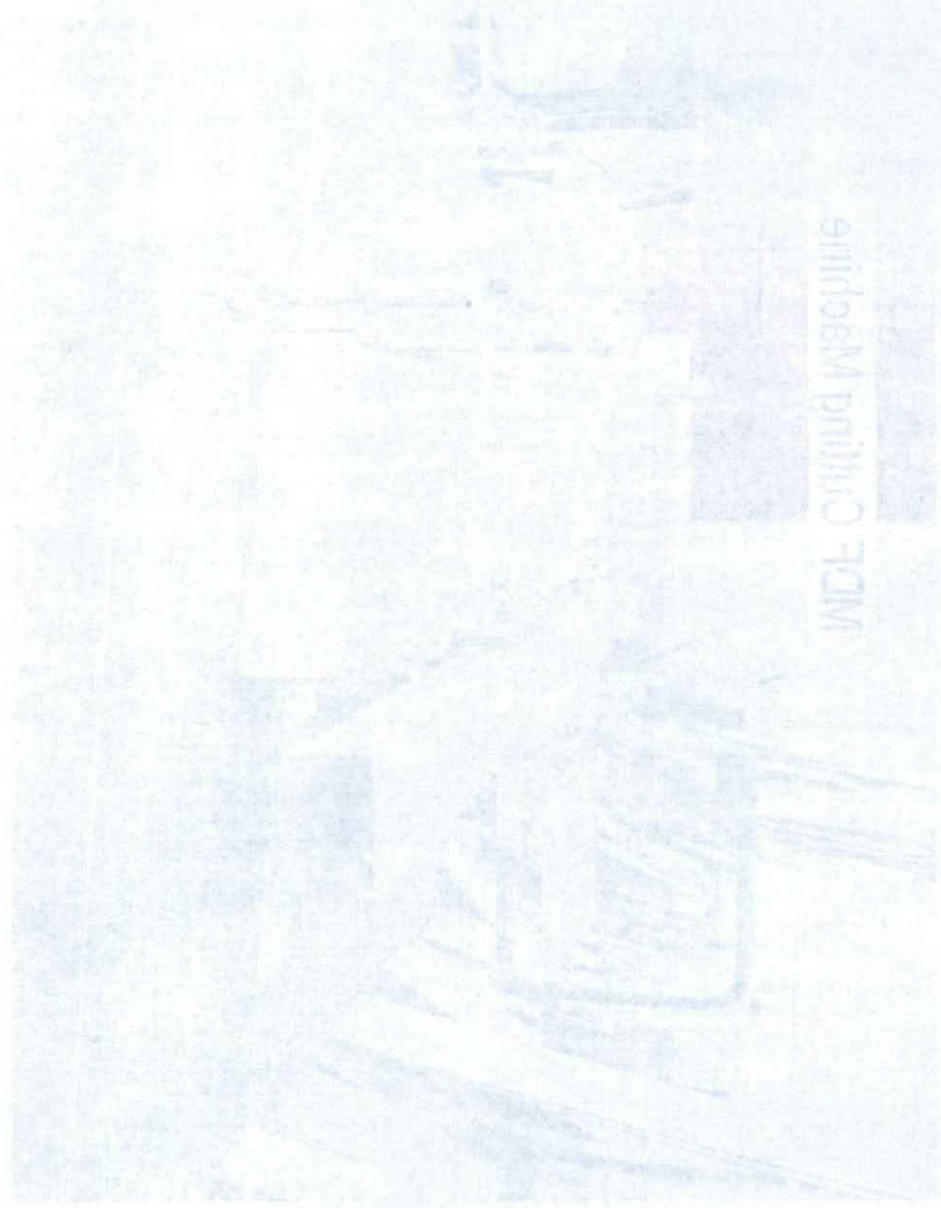




WDM

WDM Cutting Machine

WDM Cutting Machine

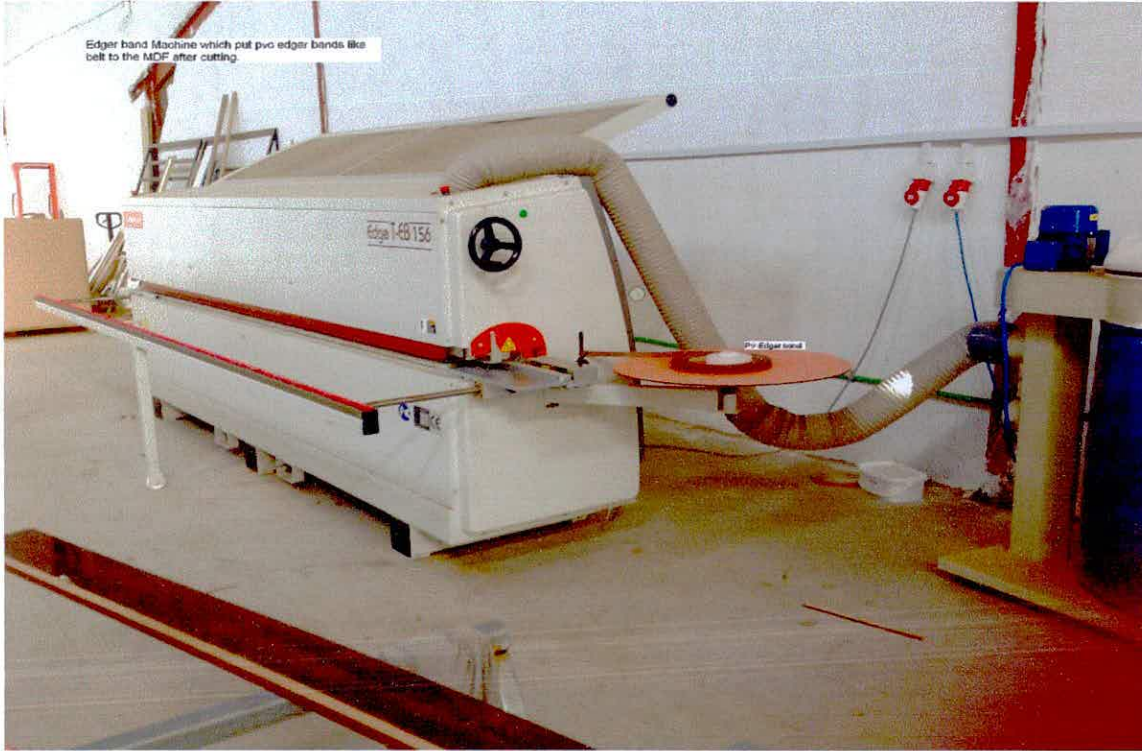


WDM Cutting Machine

WDM Cutting Machine  
WDM Cutting Machine  
WDM Cutting Machine  
WDM Cutting Machine

**C.F KAINAT TURKEY TANZANIA LTD**  
**Factory Manufacturing process**

3. **Edger band Machine** which put pvc edger band (like belt) to the MDF after cutting



**4. Kitchen Cabinets on process at the Factory**



**C.F KAINAT TURKEY TANZANIA LTD**  
**Factory Manufacturing process**  
**5.Cabinets ready for making Kitchen Cabinets**



**6.Cabinets which are ready for fitting at customer Kitchen**





## **C.F KAINAT TURKEY TANZANIA LTD**

### **Factory Manufacturing process**

#### **7.Kitchen Cabinet is in the fitting process at customer house**



#### **8.Kitchen Cabinet after being fitted to customer house**



**C.F KAINAT TURKEY TANZANIA LTD**  
**Factory Manufacturing process**

**9.Final looking of Kitchen Cabinet after fitted to customer house**



Certified True Copy of the Original  
Documents Sighted by Me

GEORGE NYANGUSI EXECUTION COPY

Advocate, Notary Public &

Commissioner for Oaths

P. O. Box 7579, Dar es Salaam

**THE COMPANIES ACT**

(CAP. 212 R.E, 2002)

**C.F KAINAT TURKEY (T) LIMITED**

REG. No. 97770

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**CIRCULAR SPECIAL RESOLUTION OF ALL MEMBERS OF THE COMPANY IN LIEU OF A GENERAL MEETING AND PURSUANT TO SECTION 147 OF THE COMPANIES ACT, (CAP. 212 R.E, 2002)**

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The undersigned, being all members of the company, do hereby consent to the passing of these special resolutions in lieu of a meeting:

**TABLED THAT:**

**Mr. Taner Durmus**, who is an expert in furniture manufacturing, which is the core business of the company, together with his two other partners, namely, **Mr. Hasan Sahinler** and **Mr. Erol Yenigun** be accepted to join the company as new members and be allotted 35% of all the company's shares for the purposes of enabling them to assist to run the furniture factory **AND** that the members to contribute a total sum of **USD.420,000.00** which is estimated as a Six Months Budget Costs of running the company's business.

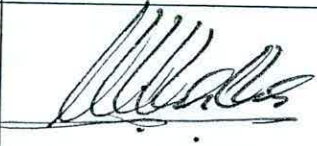
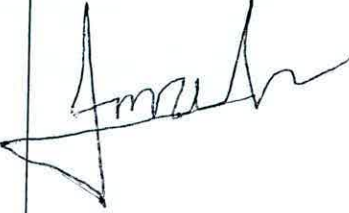

As such all members of the company hereby approve the passing of the following resolutions:

**RESOLVED:**

1. That, Mr. Taner Durmus, Mr. Hasan Sahinler and Mr. Erol Yenigun be accepted to join the company as new members .

2. That, the Company's share Capital is hereby varied by increasing it from TZS. **100,000,000.00** to TZS. **500,000,000.00** by creating and issuing 40,000, Ordinary shares with par value of TZS 10,000/= each.
3. That, **Mr. Taner Durmus, Mr. Hasan Sahinler and Mr. Erol Yenigun** shall jointly be allotted **35%** of all the company's shares, of which, **12%** shares are allotted to **Mr. Hasan Sahinler**, **12%** shares to **Mr. Erol Yenigun** and the remaining **11%** to **Mr. Taner Durmus**.
4. That, in consideration for allotment of **35%** shares of the company, **Mr. Taner Durmus, Mr. Hasan Sahinler and Mr. Erol Yenigun** shall jointly pay a total sum of **USD 147,000.000** as the value for all **35%** shares acquired.
5. That, **Mr. Ferdinand Chacha** shall remain with **30%** of all the company's shares while **Mr. Sinan Emre Zengin and Mr. Hasan Huseyin Dilber** shall acquire **17.5%** each.
6. That, **Mr. Ferdinand Chacha** shall contribute the remaining balance of **USD.106,000.00** in order to make up a total of **USD. 206,000.00** which he is required to contribute for both Furniture and Akfix business.
7. All pending contributions by both **Mr. Chacha and Mr. Taner Durmus** shall be contributed on or before **15<sup>th</sup> November, 2013**.
8. That, a new company in the name of **C.F TURKEY HARDWARE LIMITED**, or any such other name as shall be approved by the Registrar of Companies be incorporated with the present members as its shareholders for the purposes of dealing with the **Akfix** business which will not involve **Mr. Taner Durmus, Mr. Hasan Sahinler and Mr. Erol Yenigun**

## EXECUTION COPY

SERIAL NO.	NAMES OF MEMBERS OF THE COMPANY	SIGNATURE	DATE
1.	FERDINARD CHACHA P.O.BOX 79824 DAR ES SALAAM TANZANIA		17/10/2013
2.	SINAN EMRE ZENGİN YESILVADI EVLEN, F BLOCK NO.11 EVREN STREET GUNESLI MAH BAGCILAR ISTANBUL TURKEY		17/10/2013
3.	HASAN HUSEYİN DİLBER YESILVADI EVLEN, F BLOCK NO.11 EVREN STREET GUNESLI MAH BAGCILAR ISTANBUL TURKEY		17/10/2013

7/18/22/10/2013  
GEORGE NYANGUSU Form 66  
Advocate, Notary Public & Commissioner for Oaths  
Box 7379 Dar es Salaam

THE UNITED REPUBLIC OF TANZANIA

BUSINESS REGISTRATIONS AND LICENSING AGENCY

15,000/-  
B

Notice of increase in nominal capital Pursuant to Section 66(2) of the Companies Act 2002

22/10/2013

To the Registrar of Companies

Company Number

97770

Name of company (Full Name)

C.F. KAINAT TURKEY (T) LIMITED

The above-named Company gives notice in accordance with section 66 of the above Act that by resolution of the Company dated 17th OCTOBER 2013 the nominal capital of the Company has been increased by TSh 400,000,000/= beyond the registered capital of TSh 100,000,000/=

Printed copies of the resolution authorising the increase are attached.

The conditions (e.g. voting rights, dividend rights, winding-up rights etc.) subject to which the new shares have been or are to be issued are as follows:

Signed

*[Signature]*

(Director / Secretary / Administrator / Administrative Receiver / Receiver)


Print Name

FERDINAND CHACHA

Date

17th OCTOBER, 2013

FOR OFFICIAL USE ONLY.

Certified True Copy of the Original Documents Sighted by Me 5,000/-  
  
 GEORGE NYANGUSU  
 Advocate, Notary Public & Commissioner for Oaths Form 55a  
 P. O. Box 7379, Dar es Salaam 22/10/13

**THE UNITED REPUBLIC OF TANZANIA**  
**BUSINESS REGISTRATIONS AND LICENSING AGENCY**

**Return of Allotment of Shares**  
**Pursuant to Section 55(1) of the Companies Act 2002**

Company Number 97770

Company Name in Full C.F KAINAT TURKEY (T) LIMITED

**Shares allotted (including bonus shares)**

Date or period during which shares were allotted:  
 (If shares were allotted on one date, enter that date in the "from" box)

From: 17<sup>th</sup> OCTOBER 2013  
 To:  

Class of Shares (ordinary or preference etc)	ORDINARY		
Number allotted	40,000		
Nominal value of each share	10,000/=		
Amount (if any) paid or due on each share	10,000/=		

List the names and addresses of the allottees and the number of shares allotted overleaf  
 If the allotted shares are fully or partly paid up otherwise than in cash please state:

% that each share is to be treated as paid up			
Consideration for which the shares were allotted (this information must be supported by the duly stamped contract or by the duly stamped particulars on form 55b is the contract is not in writing).	CASH CONTRIBUTION		

FOR OFFICIAL USE ONLY.

Shareholder details	Shares and share class allotted	
Name:	Class of Shares	Number Allotted
FERDINAND CHACHA		
Address: PLOT 560, BLOCK "D"	ORDINARY	11,000
MIBERI BEACH, KINONDONI		
P.O. Box 79824, DAR ES SALAAM		

Name:	Class of Shares	Number Allotted
SINAN EMRE ZENGİN		
Address: YESILVADI EVLEN, F BLOCK No.11	ORDINARY	5,750
EVRENE STREET, GUNESLI MAH.		
BAGCILAR, ISTANBUL - TURKEY		

Name:	Class of Shares	Number Allotted
HASAN HUCEYİN DİLBER		
Address: YESILVADI EVLEN F BLOCK No.11	ORDINARY	5,750
EVRENE STREET, GUNESLI MAH		
BAGCILAR, ISTANBUL - TURKEY		

Name:	Class of Shares	Number Allotted
EROL YENİGÜN		
Address: YESILVADI EVLEN, BLOCK No. 8	ORDINARY	6,000
EVRENE STREET, GUNESLI MAH		
BAGCILAR, ISTANBUL - TURKEY		

Please enter the number of continuation sheets (if any) attached to this form


Signed



director / secretary / administrator / administrative receiver / receiver / manager

Date

17<sup>th</sup> FEBRUARY 2013  
 Certified True Copy of the Original Documents Sighted by Me

  
 GEORGE NYANGUSU  
 Advocate, Notary Public &  
 Commissioner for Oaths  
 P. O. Box 7379, Dar es Salaam


Shareholder details	Shares and share class allotted	
	Class of Shares	Number Allotted
Name: HASSAN SAHINLER		
Address: BLOCK No. 8, YESILVADI	ORDINARY	6000
EYRENE STREET, GUNESLI MAH		
BAGCILAR ISTANBUL - TURKEY		

Shareholder details	Shares and share class allotted	
	Class of Shares	Number Allotted
Name: TANER DURMUS,		
Address: YESILVADI EVLEN BLOCK NO. 8	ORDINARY	5,500
EYRENE STREET GUNESLI MAH		
BAGCILAR, ISTANBUL - TURKEY		

Shareholder details	Shares and share class allotted	
	Class of Shares	Number Allotted
Name:		
Address:		


Shareholder details	Shares and share class allotted	
	Class of Shares	Number Allotted
Name:		
Address:		

Please enter the number of continuation sheets (if any) attached to this form

Signed    
 director / secretary / administrator / administrative receiver / receiver / manager

Date 17<sup>th</sup> OCTOBER, 2013

Certified True Copy of the Original Documents Sighted by Me

   
 GEORGE NYANGUSU   
 Advocate, Notary Public & Commissioner for Oaths   
 P. O. Box 7379, Dar es Salaam

*Handwritten signature*  
Form 128  
*Handwritten signature*

THE UNITED REPUBLIC OF TANZANIA

BUSINESS REGISTRATIONS AND LICENSING AGENCY

"AMENDED"

Annual Return of a Company  
Pursuant to Section 128 of the Companies Act 2002

Company Number

Company Name (in Full)

The information in this return is made up to: 30TH MARCH, 2014

Address of registered office of Company PLOT NO. 49/55, BLOCK 79, MAKAMBA STREET, ILALA MUNICIPAL, DAR ES SALAAM

Company type PRIVATE LIMITED LIABILITY COMPANY

(If the company does not have a share capital there must be annexed to the return a statement containing particulars of the total amount of indebtedness of the company in respect of all mortgages and charges required to be registered under the Act)

Principal business activities SUPPLIES OF HARDWAR & BUILDING MATERIALS

If different from the registered office, state address where the register of members or any register of debenture holders is kept

Register of members	—
Register of debenture holders	—

Company Secretary

Name	<u>GEORGE NYANGUSU</u>
Previous name(s)	<u>- NIL -</u>
Address	<u>PLOT NO. 79/86, 3RD FLOOR, SPERON TOWER, MSIMBAZI/MAKAMBA STREET, ILALA MUNICIPAL, P.O. BOX 7379, DAR ES SALAAM</u>

FOR OFICIAL USE ONLY.

Directors  
(use additional copies of this sheet if necessary)

Name FERDNAND CHACHA	Business occupation BUSINESSMAN
Previous name(s) —	Nationality TANZANIAN
Address PLOT NO. 283, BLOCK G., MBEZI BEACH KINONDONI, BOX 63285, DAR ES SALAAM	Date of birth 15 <sup>TH</sup> JANUARY, 1948
Other relevant past or present directorships	
C.F. BUILDERS, C.F TURKEY HARDWARE LIMITED	

Name SINAN EMRE ZENGIN	Business occupation BUSINESSMAN
Previous name(s) -NIL-	Nationality TURKISH
Address	Date of birth 28 <sup>TH</sup> JANUARY, 1983
Other relevant past or present directorships	
YESILVADI EVLEN, F BLOCK II, EVREN STREET, GUNESLI MAH, BAGULAR, ISTANBUL TURKEY	

Name HASAN HUSEYIN	Business occupation BUSINESSMAN
Previous name(s) -NIL-	Nationality TURKISH
Address YESILAVADI EVLEN, F BLOCK II EVREN STREET, GUNESLI MAH, BAGULAR, ISTANBUL, TURKEY	Date of birth 24 <sup>TH</sup> SEPTEMBER, 1982
Other relevant past or present directorships <del>—</del>	
DIRECTOR, C.F TURKEY HARDWARE LIMITED	

aded share capital

Enter details of all the shares in issue at the date of the return.

	Class	Number of shares issued	Aggregate nominal value
1	ORDINARY	50,000	TSh 500,000,000
2			TSh
3			TSh
4			TSh
5			TSh
Totals:		50,000	TSh 500,000,000

**List of past and present members**

A full list is required if one was not included with either of the last two returns.


There were no changes in the period

A list of changes is enclosed (pages 4 and 5)

A full list of members is enclosed (pages 4 and 5)

I certify that the information given in this return is true to the best of my knowledge and belief.

Signed.....  
Director / Secretary



Date.....16<sup>th</sup> MAY, 2014

**LIST OF PAST AND PRESENT MEMBERS (Continued from page 4)**  
 (use additional copies of this sheet if necessary)

	Number of shares or amount of stock held by existing members at date of return	Particulars of shares transferred since the date of the last return (or, in the case of the first return, of the incorporation of the company) by (a) persons who are still members, and (b) persons who have ceased to be members (note 12)		Remarks
		Number/ amount transferred	Date of registration of transfer	
1	15,000			11,000 Shares were allotted on 17/10/2013
2	8,750			5,750-shares were allotted on 17/10/2013
3	8,750			5,750 allotted on 17/10/2013
4	6,000			All shares allotted on 17/10/2013
5	6,000			All shares allotted on 17/10/2013
6	5,500			All shares allotted on 17/10/2013
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				



WAKALA WA USAJILI WA BIASHARA NA LESENI.  
S.L.P 9393, Dar-es-Salaam.  
SIMU : +255 22 2180141, 2180113, 2181113. NUKUSHI: +255 22 2180371  
BARUA PEPE: usajili@cats-net.com, brela@cats-net.com  
TOVUTI: http://www.brela-tz.com



RECEIPT NO: 00208976

NIMEPOKEA KWA  
Received from

CF KAINI TURKEY (T) LTD

KIASI CHA SHILINGI (KWA MANENO)  
Sum of shillings (In words)

FIFTEEN THOUSAND TANZANIAN SHILLINGS ONLY.

KWA MALIPO YA  
In respect of

FILLING FEES [ TSHS 15,000 ]  
TOTAL TSHS : 15,000

KWA FEDHA TASLIMU/HUNDI NAMBA  
By cash/cheque No.

CASH

KITUO  
Station

DAR ES SALAAM

SAHIHI YA MPOKEAJI  
Receiving officer's sign

ARTHUR A.K

CHEO  
Title

CASHIER



TAREHE  
Date

19/05/2014

Designed By SURA Technologies

Company Secretary

GEORGE NYANGUSU

Business name(s)

- NIL -

Address

PLOT NO. 79/86, 3RD FLOOR, SPERON TOWER, KISIMBAZI/MAKAMBA STREET, ILALA MUNICIPAL, P.O. BOX 7379, DAR ES SALAAM

OFFICIAL USE ONLY.

LIST OF PAST AND PRESENT MEMBERS (Continued on page 5)  
(use additional copies of this sheet if necessary)

	Names and addresses
1	FERDINAND CHACHA - PLOT NO. 283, BLOCK G, MBEZI BEACH, KINONDONI, P. O. BOX 63285, DAR ES SALAAM.
2	SINAN EMRE ZENGIN - YESILVADI EVLEN, F BLOCK II EVREN STREET, GUNESLI MAH, BAGLILAR ISTANBUL, TURKEY
3	HASAN HUSEYIN DILBER - YESILVADI, EVLEN, BLOCK II EVREN STREET, GUNESLI MAH, BAGLILAR ISTANBUL TURKEY
4	HASAN SAHINLER - YESILVADI, EVLEN, BLOCK F 10, EVREN STREET, GUNESLI MAH, BAGLILAR INSTANBUL, TURKEY
5	EROL YENIGUN - YESILVADI, EVLEN, BLOCK F 10, EVREN STREET, GUNESLI MAH, BAGLILAR INSTANBUL, TURKEY
6	TANER DURMUS - YESILVADI EVLEN, F BLOCK II, EVREN STREET, GUNESLI MAH, BAGLILAR INSTANBUL, TURKEY
7	
8	
9	
10	

THE UNITED REPUBLIC OF TANZANIA  
BUSINESS REGISTRATIONS AND LICENSING AGENCY

First Directors and Secretary and intended situation of Registered Office  
Pursuant to Section 14(2) of the Companies Act 2002

FEE PAID Shs. 15000/-

RECEIPT No: 153689

DATE 12/3/2013

Company Number [ ]

Company Name in full C.F KAINAT TURKEY TANZANIA LIMITED

Address of Proposed Registered Office PLOT NO. 49/55, BLOCK 79

MAKAMBA STREET, IALA,

DAR ES SALAAM

If the memorandum is delivered by an agent for the subscriber(s) give the agent's name and address

Agent's name FERDINAND CHACHA

Address P. O. BOX 63285 DAR ES SALAAM

TANZANIA

[ ]


FOR OFFICIAL USE ONLY. FILED 13/3/13  
ASST. REGISTRAR OF COMPANIES

Company Secretary

Form 14a

First Name(s)	GEORGE NYANGUSU
Surname	NYANGUSU
Previous Name(s)	— NIL —
Address	PLOT NO. 79/86, 3 <sup>RD</sup> FLOOR, SPERON TOWER, MSIMBAZI/MAKAMBA STREET, BOX 7379, DAR

I consent to act as secretary of the Company named on page 1

Consent signature		Date	12 <sup>TH</sup> MARCH, 2013
-------------------	--	------	------------------------------

Directors

First Name(s)			
Surname			
Previous Name(s)			
Address			
	Date of Birth	Nationality	
Business Occupation			
Other Directorships			



I consent to act as director of the Company named on page 1

Consent signature		Date	
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Directors (continued)

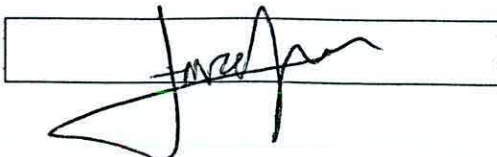
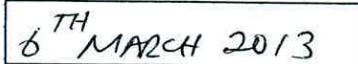
First Name(s)	FERDINAND	
Surname	CHACHA	
Previous name(s)	—	
Address	P.O. BOX 63285 DAR ES-SALAAM	
	PLOT NO. 283, BLOCK 6, MBEZI BEACH, DAR ES SALAAM	
Business Occupation	Date of Birth	Nationality
	15 <sup>TH</sup> JAN. 1948	TANZANIAN
Other directorships	BUSINESSMAN	
	DIRECTOR, C.F. BUILDERS LTD	

I consent to act as director of the Company named on page 1

Consent signature  Date 

First Name(s)	SINAN EMRE	
Surname	ZENGIN	
Previous name(s)	—	
Address	YESILVADI EULEN, F BLOCK NO = 11, EUREN STREET	
	GUNESLI MAH, BAGCILAR IN ISTANBUL, TURKEY	
Business Occupation	Date of Birth	Nationality
	28 <sup>TH</sup> JANUARY 1983	TURKISH
Other directorships	BUSINESSMAN	

I consent to act as director of the Company named on page 1

Consent signature  Date 

Directors (continued)

Form 14a

First Name(s)	HASAN HUSEYIN	
Surname	DILBER	
Previous name(s)	—	
Address	YESILVADI EULEN, F BLOCK NO = 11, EVREN STREET GUNEJLI MAH, BAGCILAR ISTANBUL, TURKEY	
Business Occupation	Date of Birth	Nationality
	24 <sup>TH</sup> SEPTEMBER 1982	TURKISH
Other directorships	BUSINESSMAN	

I consent to act as director of the Company named on page 1

Consent signature



Date

6<sup>TH</sup> MARCH 2013

This section must be signed by either an agent on behalf of all subscribers or the subscribers (i.e. those who signed as members on the memorandum of association).

Signed



Date

6<sup>TH</sup> MARCH 2013

Signed

Date

Signed

Date

Signed

Date

Signed

Date

**Notes for completion**

1. Show for an individual the full First Name(s), NOT INITIALS and Surname, together with any previous First Name(s) or surname(s).

If the director or secretary is a corporation, show the corporate name on the Surname line.

Give previous First Name(s) or Surname(s) except that:

- for a married woman, the name by which she was known before marriage need not be given.
- names not used since the age of 18 or for at least 20 years need not be given.

Address:

Give the usual residential address.

Subscribers:

The form must be signed personally either by the subscriber(s) or by a person or persons authorised to sign on behalf of the subscriber(s).

2. Directors known by another description:

A director includes any person who occupies that position even if called by a different name.

3. Directors' details:

Show for each individual director the director's date of birth, business occupation and nationality.

4. Other directorships:

Give the name of every company of which the person concerned is a director or has been a director at any time in the past 5 years.

If there is insufficient space on the form for other directorships you may use a separate sheet of paper, which should include the company's number and the full name of the director.

5. Use photocopies of pages 2 and 3 to provide details of joint secretaries or additional directors.

THE UNITED REPUBLIC OF TANZANIA  
BUSINESS REGISTRATIONS AND LICENSING AGENCY

Declaration of Compliance on Application for the Registration of a Company  
Pursuant to Section 14 (4) of the Companies Act 2002

FEE PAID Shs. 15000/-

RECEIPT No: 153689

DATE: 12/3/2013

Company Number

Company Name in Full  
C.F KAINAT TURKEY TANZANIA LIMITED

I (Full name), GEORGE NYANGLU

of (Address) P.O. BOX 7379, DAR ES SALAAM

do solemnly and sincerely declare that I am (delete as necessary) [an advocate of the High Court engaged in the formation of the company] [a person named as [director] [secretary] of the company in the statement delivered to the Registrar under section 14(2) of the Act] and that all of the requirements of the Companies Act 2002 in respect of the registration of the above company and of matters precedent and incidental to it have been complied with.  
AND I make this solemn declaration conscientiously believing the same to be true.

Declarant's Signature 

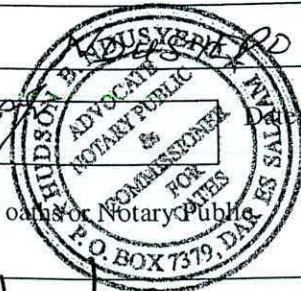
Declared at DAR ES SALAAM

on 12th MARCH, 2013

Before me (please print name) HUDSON

Signed  12th March, 2013

A commissioner for oaths or Notary Public



FOR OFFICIAL USE ONLY.  
FILED 13/3/13  
Stamp Duty Shs. 1200/- Paid  
Receipt No. 3284 of 12/3/13  
ASST. REGISTRAR OF COMPANIES  
  
Asst. Registrar of Companies

LA

**TICC/PP.10/042553/7**

**06/01/2014**

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

Dear Sir,

**RE: DUTY AND VAT REMISSIONS ON CAPITAL/ DEEMED  
CAPITAL GOODS – CERTIFICATE OF INCENTIVES NO:  
042553**

**M/S C.F Kainat Turkey Tanzania Limited** is a TIC registered company with certificate of incentives **No. 042553** which is valid up to **October 2016**

The company has been registered with objectives of establishing Project for manufacturing wooden & MDF Furniture.

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

Yours sincerely

**TANZANIA INVESTMENT CENTRE**



N.A. Senzia

**FOR: EXECUTIVE DIRECTOR**

# C.F KAINAT TURKEY TANZANIA LIMITED

**P.O. Box 1755, MWANZA – TANZANIA**

**Tel: +255 754 263347; E-mail: [cfbuilders2011@yahoo.com](mailto:cfbuilders2011@yahoo.com)**

6

Ref. No: CFKTTL/TRA/1/2013

December 21 2013

Commissioner for Customs & Excise  
P.O. Box 9053  
Dar es Salaam

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



Received on  
21/1/14  
M  
Tanzania

Dear Sir,

**RE: APPLICATION FOR IMPORT DUTY AND VAT EXEMPTIONS ON THE CAPITAL/DEEMED CAPITAL GOODS: TIC CERTIFICATE OF INCENTIVES NO: 042553 DATED 13<sup>TH</sup> DECEMBER 2013**

We are a TIC registered project holding TIC Certificate of Incentives No. 042553 dated 13<sup>th</sup> December 2013 granted for purposes of establishing and operating a private hospital project at Plot No. 95 & 96 Block B Vingunguti Industrial Area in Dar es Salaam.

Attached herewith please find a list of vehicles, equipment and machinery relevant to the project which we trust you will find in order for your kind approval for exemption of import duty, and Value Added Tax. Also attached are two certified true copies of our Certificate of Incentives and TIN.

Thanking you for your kind cooperation.

Yours sincerely,  
C.F KAINAT TURKEY TANZANIA LIMITED

*F. CHACHA*  
Ferdinand Chacha  
DIRECTOR





00220506

Approved This Copy  
of The Original  
Investment  
Date 18/12/2013  
For: Executive Director  
Tanzania Investment Centre

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

042553

No: .....

## This is to certify that

C.F KAINAT TURKEY TANZANIA LIMITED

of address .....  
P.O. BOX 1755

DAR ES SALAAM

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

C.F KAINAT TURKEY TANZANIA LIMITED

Which is located at .....  
PLOT NO. 95, 96 BLOCK B VINGUNGUTI INDUSTRIAL AREA

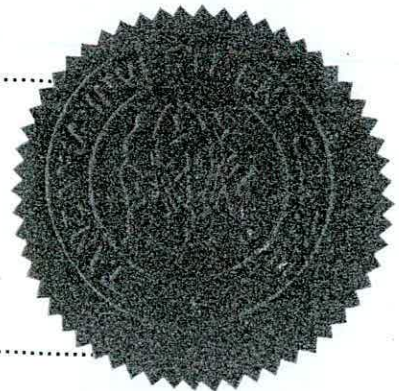
ILALA - DAR ES SALAAM

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

Executive Director

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

Dated .....  
13TH DECEMBER 2013



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

1. Shareholders
 

	Nationality	Shareholding (%)
<b>Hasan Huseyin Dilber</b>	<b>Turkish</b>	<b>30</b>
<b>Sinan E.Z. Yesilvadi Evlen</b>	<b>Turkish</b>	<b>30</b>
<b>Ferdinard Chacha</b>	<b>Tanzanian</b>	<b>40</b>
  
2. Proposed Activities : **To establish project for manufacturing of wooden & MDF furniture**
  
3. Sector: **Manufacturing** Subsector **Wood & MDF Furniture**
  
4. Investment cost: Foreign **—** Local **USD 1.985m.** Total **USD 1.985m.**
  
5. Project Financing: Equity **USD 0.935m.** Loans **USD 1.05m.** Total **USD 1.985m.**
  
6. Source, terms and conditions of loan.....
  
7. Assets to be invested:
 

	Foreign	Local	Total
Capital items:	<b>—</b>	<b>USD 1.985m...</b>	<b>USD 1.985m</b>
  
8. Technology Agreement ..... **None**
  
9. Date of TIC Registration: ..... **6th November 2013**
  
10. Implementation period ..... **November 2013 - October 2016**
  
11. Operative date..... **November 2016**
  
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997  
 (i) Applicable Import Duty ..... **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**  
 (ii) Applicable with-holding Tax ..... **As per Income Tax Act, 2004 (as amended)**  
 (iii) Eligibility of Capital Allowances ..... **As per Income Tax Act, 2004 (as amended)**
  
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
  
14. Conditions attached to this Certificate of Incentives
  - (i) Date of Commencement of investment has to be notified to the Centre.
  - (ii) Certificate not to be transferred, assigned or amended
  - (iii) Failure to commence implementation within two years invalidates Certificate
  - (iv) Failure to operate investment must be notified to the Centre
  - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
  
15. Additional conditions attached to Certificate  
**Finished goods are not allowed under this Certificate**

Signed   
Executive Director



# TANZANIA REVENUE AUTHORITY

## CERTIFICATE OF REGISTRATION

### FOR

## TAXPAYER IDENTIFICATION NUMBER (TIN)

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

### THIS IS TO CERTIFY THAT

C.F KAINAT TURKEY TANZANIA LIMITED

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

120-952-579

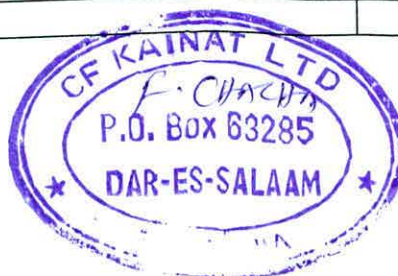
30-05-2013

with effect from

P. N. Kassera

LIST OF CAPITAL/DEEMED CAPITAL GOODS FOR  
M/S C.F KAINAT TURKEY TANZANIA LIMITED  
SECTOR: MANUFACTURING  
SUB-SECTOR: WOODEN AND MDF FURNITURE  
TIC CERTIFICATE NO. 042553

NO	DESCRIPTION/ITEM	QUANTITY	UNIT
A	<b>MACHINERY &amp; EQUIPMENT</b>		
1	Saw 18"	10	Pcs
2	Saw 27"	10	Pcs
3	Saw 30"	10	Pcs
4	Cutter Sliding	10	Pcs
5	Cutter Round	10	Pcs
6	Guage 14"	10	Pcs
7	Gauge 18"	10	Pcs
8	Planer / Shaper 12"	10	Pcs
9	Surface & Thickness Planners	10	Pcs
10	Routers	4	Pcs
11	Vertical Spindle Moulder Machine	4	Pcs
12	Chain Mortiser Machine	4	Pcs
13	Wood Lathe Machine	4	Pcs
14	Spindle Moulder Machine	4	Pcs
15	Grinder	4	Pcs
16	Drill Machine	4	Pcs
17	Compressor	4	Pcs
18	Flake Belt Conveyer	4	Pcs
19	Flaker	4	Pcs
20	Heat Milling Machine	4	Pcs
21	Flake Feeding Machine	4	Pcs
22	Gluing Machine	4	Pcs
23	Hot Wind Generator	4	Pcs
24	Main Blower and Motor	4	Pcs
25	Drying Pipe	4	Pcs
26	Whirlwind Separator	4	Pcs
27	Dry Wind Control System	4	Pcs
28	Fibre Silo	4	Pcs
29	Paving Machine	4	Pcs
30	Boards Conveyer	4	Pcs
31	Pre-Presser	4	Pcs
32	Plain Machine	4	Pcs
33	Board Sawyer	4	Pcs
34	Edge Trimming Machine	4	Pcs
35	Fibre Recycle System	4	Pcs
36	Support Board Callback System	4	Pcs
37	Board Feeding Machine	4	Pcs
38	Hot Presser	4	Pcs
39	Board Unloading Machine	4	Pcs
40	Board Outlet Machine	4	Pcs







41	Conveyor	4	Pcs
42	Surface Processing Machine	4	Pcs
43	Steaming Boiler	4	Pcs
45	Transformer	1	Pc
46	Fire Control Equipment	20	Pcs
47	Heating Refiner	4	Pcs
48	Stand-by Power Generator	2	Pcs
49	Complete MDF Machinery & Equipment (MDF Production Line)	4	Pcs
50	MDF Wood Door Making Machine	4	Pcs
51	Woodworking MDF Portable Edge Banding Machine	4	Pcs
52	Wood and MDF Laser Engraving and Cutting Machine	4	Pcs
53	MDF Wrapping Machine with Cold Glue	4	Pcs
54	CNC Router MDF Machine	4	Pcs
55	Particle Board Making & Particle Board Cutting Machine	4	Pcs
56	Miscellaneous Tools (Hand Tools, Paint Gun etc.)	5@	Pcs
<b>B MOTOR VEHICLES</b>			
1	Heavy Truck	2	Units
3	Toyota Land Cruiser (Hardtop)	1	Unit
4	Pick-Up (Single Cabin)	1	Unit





5

00220506

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

042553

No: .....

## This is to certify that

.....  
C. F KAINAT TURKEY TANZANIA LIMITED  
.....

.....  
P.O. BOX 1755  
.....

of address .....

DAR ES SALAAM  
.....

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

C. F KAINAT TURKEY TANZANIA LIMITED  
.....

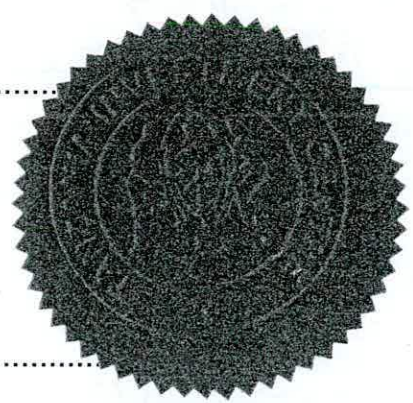
Which is located at .....  
PLOT NO. 95, 96 BLOCK B VINGUNGUTI INDUSTRIAL AREA  
.....

ILALA - DAR ES SALAAM  
.....

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

.....  
Executive Director

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



Dated .....  
13TH DECEMBER 2013

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

1. Shareholders
 

	Nationality	Shareholding (%)
<b>Hasan Huseyin Dilber</b>	<b>Turkish</b>	<b>30</b>
<b>Sinan E.Z. Yesilvadi Evlen</b>	<b>Turkish</b>	<b>30</b>
<b>Ferdinard Chacha</b>	<b>Tanzanian</b>	<b>40</b>
  
2. Proposed Activities : **To establish project for manufacturing of wooden & MDF furniture**
  
3. Sector: **Manufacturing** Subsector **Wood & MDF Furniture**
  
4. Investment cost: Foreign **—** Local **USD 1.985m.** Total **USD 1.985m.**
  
5. Project Financing: Equity **USD 0.935m.** Loans **USD 1.05m.** Total **USD 1.985m.**
  
6. Source, terms and conditions of loan.....
  
7. Assets to be invested:
 

	Foreign	Local	Total
Capital items:	<b>—</b>	<b>USD 1.985m.</b>	<b>USD 1.985m</b>
  
8. Technology Agreement **None**
  
9. Date of TIC Registration: **6th November 2013**
  
10. Implementation period **November 2013 - October 2016**
  
11. Operative date **November 2016**
  
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 

**And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**

(i) Applicable Import Duty	<b>As per Income Tax Act, 2004 (as amended)</b>
(ii) Applicable with-holding Tax	<b>As per Income Tax Act, 2004 (as amended)</b>
(iii) Eligibility of Capital Allowances	<b>As per Income Tax Act, 2004 (as amended)</b>
  
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
  
14. Conditions attached to this Certificate of Incentives
  - (i) Date of Commencement of investment has to be notified to the Centre.
  - (ii) Certificate not to be transferred, assigned or amended
  - (iii) Failure to commence implementation within two years invalidates Certificate
  - (iv) Failure to operate investment must be notified to the Centre
  - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
  
15. Additional conditions attached to Certificate
 

**Finished goods are not allowed under this Certificate**

Signed   
Executive Director

Unclaimed refund beyond three years will be forfeited



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# TANZANIA INVESTMENT CENTRE

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

RECEIPT REC013719

No. 007665

Received from : C F KAPAT TURKEY TANZANIA LTD

Address P.O. Box 63 Dar Es Salaam

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



Being payment in respect of : CERTIFICATE OF INCENTIVES

Amount : USD 1,000.00

Cash / Cheque No: D Deposit

Date : 04-Dec-2013

SUISSO

Receiving Officer

3

TICC/PP.10/042553/3

13<sup>th</sup> September, 2013

Managing Director,  
C. F. Kainat Turkey Tanzania Ltd  
P.O. Box 1755,  
**DAR ES SALAAM**

**RE: CERTIFICATE OF INCENTIVES FOR MANUFACTURING OF  
WOODEN & MDF FURNITURE**

We wish to acknowledge receipt of your project proposal to establish manufacturing of wooden & MDF furniture project as presented in the TIC P.A. 1 Form No. 11478 and Feasibility Study with a projected investment amounting to USD 1.985m.

We are pleased to inform you that your investment proposal is officially registered by TIC and therefore the project will be granted a certificate of incentives under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997.

Also be informed that you will have to submit a project implementation Progress Report on the implementation of the project in every six months for centre's information and review. Guidelines for the preparation of the report are contained in annexure attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Also note that a facilitation fee equivalent to US\$ 1000.00 is payable at the ruling exchange rate prior issuance of the Certificate of Incentives. Please make deposit direct to the bank as per bank details below:-

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

.../2

TICC/PP.10/042553/3

13<sup>th</sup> September, 2013

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

Yours sincerely,

**Tanzania Investment Centre**



Abdi S. Kagomba

**AG. EXECUTIVE DIRECTOR**

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

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

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



*(Handwritten signature)*

## TIC Evaluation Report

Name of the Company  
**C. F. Kainat Turkey Tanzania Ltd.**

Post Box	Vingunguti, Plot No. 95 And 96 Block B	COI Number	97770	Contact	Mr. Ferdinand Chacha
Post Office	1755	COI Date	13/03/2013	Designation	Director
Region	Dar Es Salaam	Application F. No	11478	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0754 26 33 47
		Sub Sector	Wood & Mdf Furniture	Fax	0
		File No	042553	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot No. 95 & 96 Block B	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Vingunguti	0	0.935	0	1.05
District	Ilala				
Region	Dar es Salaam				

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.3
Hassan Huseyindilber	Turkish	30	Plant	1.2
Sinanemre Zengin	Turkish	30	Vehicles	0.25
Fernandind Chacha	Tanzanian	40	Furniture & Fittings	0.03
			Pre-expenses	0.03
			Others	0.025
			Working Capital	0.15
			Total	1.985

Employment	54	Evaluated By	wf officer4
Capacity	8hrs a day for 300days	Drawn By	wf registry2
Project Turn Over		Project Type	Local

### Description

To establish project for manufacturing of wooden & MDF Furniture

### Recommendations

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

### Decision



# C.F KAINAT TURKEY TANZANIA LIMITED

**P.O. Box 1755, MWANZA – TANZANIA**

**Tel: +255 754 263347; E-mail: [cfbuilders2011@yahoo.com](mailto:cfbuilders2011@yahoo.com)**

(1)



October 12, 2013

Ref. No: CFKTTL/TIC/2013/1

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

## RE: APPLICATION FOR TIC CERTIFICATE OF INCENTIVES

We are planning to implement a project for wooden and MDF furniture manufacturing in Dar es Salaam City.

It is against this background that we hereby submit our application for TIC Certificate of Incentives to facilitate smooth implementation of the project.

Attached herewith please find the following basic documents for ease of reference and approval:

1. Three copies of Application for TIC Certificate of Incentives form
2. Certified true copy of Certificate of Incorporation.
3. A copy of Company Memorandum and Articles of Association
4. One copy of project Feasibility Study Report
5. Land Document in respect of the project location
6. A Letter of Reference from the Bank
7. Company Board Resolution to register the project with TIC

Thanking you for your kind cooperation.

Yours sincerely,

**C.F KAINAT TURKEY TANZANIA LIMITED**

  
Ferdinand M. Chacha  
DIRECTOR

**LEASE AGREEMENT**

**MADE THIS 16<sup>TH</sup> DAY OF SEPTEMBER 2013**

**BETWEEN**

**PREMIER CASHEW INDUSTRIES LIMITED  
"The Lessor"**

**AND**

**C.F KAINAT TURKEY TANZANIA LIMITED  
"The Lessee"**

**DRAWN BY:  
Premier Cashew Industries Limited  
P.O. Box 816  
Dar es Salaam  
TANZANIA**

**1. THIS AGREEMENT** made this SIXTEENTH day of SEPTEMBER 2013 between PREMIER CASHEW INDUSTRIES LIMITED of P.O. Box 5421 DAR ES SALAAM, Tanzania (hereinafter referred to as "the Lessor") of the one part and C.F KAINAT TURKEY TANZANIA LIMITED of P.O. Box 1755 MWANZA, Tanzania (hereinafter referred to as "the Lessee") of the other part.

**2. WHEREAS** the Lessor is the owner of land and buildings on PLOT No: 9596 BLOCK B situated at VINGUNGUTI INDUSTRIAL AREA, ILALA MUNICIPALITY IN DAR ES SALAAM CITY and is desirous of leasing THE LAND AND BUILDINGS (hereinafter referred to as the "Demised Premises") to the Lessee for a consideration of USD 1,500 (ONE THOUSAND FIVE ONLY) per month and,

**3. WHEREAS** the Lessee is desirous of taking in lease the abovementioned Demised Premises for the same consideration and upon the conditions and the terms hereinafter appearing.

**4. NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

4.1 The period of tenancy herein referred as the "Contractual Period" shall be for Five (5) years starting from the SIXTEENTH day of SEPTEMBER 2013 to the FIFTEENTH day of SEPTEMBER 2018 with an option for renewal following three months prior to the expiry date.

4.2 The monthly rent shall be USD 1,500 (ONE THOUSAND FIVE ONLY) (SHILLINGS FIVE HUNDRED THOUSAND ONLY) payable twelve months in advance and the receipt of the first such payment shall be signified by signing of the agreement.

**5. THE LESSEE HEREBY COVENANTS WITH THE LESSOR AS FOLLOWS**

5.1 Not to assign, sublet or part with the possession of the premises or any part thereof without the written consent of the Lessor.

5.2 Not to prevent the Lessor and/or his agent with or without workmen, at reasonable time of the day, after reasonable notice to the Lessee in that respect, to enter upon the premises to examine and/or execute major repairs to the said premises under the Lessor's covenants in that behalf.

5.3 To use the premises for lawful business purposes

5.4 To keep the premises and fixtures in good state of repair

5.5 Not to make any alterations or additions to the premises without the written consent of the Lessor

5.6 Not to do anything that will invalidate the insurance policy or cause an increase of risk and premium and pay for such damages unless the Lessor is eligible for insurance compensation

5.7 Unless the lease is renewed, within three months prior to the expiry of the contractual period, to surrender vacant possession of the premises to the Lessor

5.8 Either party may terminate the lease by giving the other party three months notice in writing of the desire to do so, any time from 12 months after this lease has become effective, on FIRST day of OCTOBER 2013

5.9 If at any time during the lease the property becomes damaged by fire, not attributable to the Lessee, or by major forces and it becomes unfit for habitation/intended business, the Lessor shall afford the Lessee acceptable alternative accommodation/business premises or terminate the lease.

**6. PROVIDED ALWAYS THAT IT IS HEREBY MUTUALLY AGREED AND DECLARED AS FOLLOWS:**

6.1 That if any of the covenants on the Lessee's part herein contained shall not be performed or observed, then it shall be lawful for the Lessor at any time thereafter to re-enter upon the said premises or any part thereof in the name of whole and then this Lease Agreement shall absolutely

determine but without prejudice to any right or action of the Lessor in respect of any breach of the Lessee's covenants herein contained. A notice of three months will be given to either party in case it has been decided to abrogate the agreement.

- b) That if any dispute, difference or question shall at any time hereafter arise between the parties hereto or their respective representatives or assigns in respect of the construction of this Lease Agreement or concerning anything herein contained or arising out of this Lease Agreement or as to the rights, liabilities, or duties of the said parties hereunder, the same shall be referred to the arbitration of two arbitrators, one to be appointed by each of the parties hereto or by its representatives or assigns in accordance with and subject to the provisions of the Arbitration Ordinance Cap. 25 of the Laws of Tanzania.

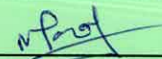
**IN WITNESS WHEREOF** the parties hereto have executed these presents on the days and in the manner hereinafter appearing:-

**SIGNED SEALED and DELIVERED** by the said Landlord

**PREMIER CASHEW INDUSTRIES LIMITED**

This 16<sup>th</sup> day of **September** 2013

**NAME:** MUSHTAQ FAZAL

**SIGNATURE:** 

**QUALIFICATION:** DIRECTOR



STAMP

**SIGNED SEALED and DELIVERED** with the Common Seal of the said Tenant

**C.F. KAINAT TURKEY TANZANIA LTD**

This 16<sup>th</sup> day of **September** 2013

**NAME:** TAMER DURMUS

**SIGNATURE:** 

**QUALIFICATION:** DIRECTOR



STAMP



CRDB BANK PLC  
Nyerere Branch  
Nyerere Road  
P.O. Box 1853, Mwanza  
Tel: +255 (0)28 2500848/2500457  
Fax: +255 (0)28 2800849  
Website: <http://www.crdbbank.co>

Ref: No. 4433/599764/2013

17<sup>th</sup> OCTOBER 2013

THE EXECUTIVE DIRECTOR,  
TANZANIA INVESTMENT CENTER,  
P.O. BOX 6482  
DAR ES SALAAM.

Dear Sir/Madam

**RE: FINANCIAL STATUS OF C.F KAINAT TURKEY TANZANIA LIMITED**

Please refer to the heading above

**M/s C.F KAINAT TURKEY TANZANIA LIMITED** is our customer maintaining account number 0150354926900 in two currencies USD and Tanzania shillings since 2012.

The customer has been operating his account to our satisfaction.

The customer has been categorized as corporate in our customer segmentation records due to its volume of business, management and capital requirements.

Based on our assessment the Bank can extend a loan facility for the said project.

This information is given in strict confidence and neither should nor be divulged in anyway, what so ever.

Please be guided accordingly.

Yours faithfully,

CRDB BANK PLC

Eugenius Mashishanga  
**BUSINESS MANAGER.**

# C.F KAINAT TURKEY TANZANIA LIMITED

**P.O. Box 1755, MWANZA – TANZANIA**

**Tel: +255 754 263347; E-mail: [cfbuilders2011@yahoo.com](mailto:cfbuilders2011@yahoo.com)**

EXTRACT FROM THE MINUTES OF THE BOARD OF DIRECTORS MEETING HELD AT THE JB BELMONT HOTEL LOCATED AT KENYATTA ROAD IN MWANZA CITY ON 29<sup>TH</sup> DAY OF SEPTEMBER 2013

## Present

- |                        |   |                   |
|------------------------|---|-------------------|
| 1. Ferdinand M. Chacha | - | Chairman/Director |
| 2. Sinan Emre Zengin   | - | Director          |
| 3. Fred Chacha         | - | Secretary         |

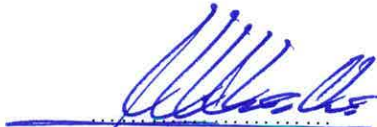
**AGENDA NO. 1/2013:** APPLICATION FOR TANZANIA INVESTMENT CENTRE (TIC) CERTIFICATE OF INCENTIVES

At its meeting on Saturday 29<sup>th</sup> September 2013 at around 16.05 hrs, the Board of Directors of C.F Kainat Turkey Tanzania Limited resolved to apply for the Certificate of Incentives from TIC to facilitate implementation of a project for manufacturing wooden and MDF Furniture in Dar es Salaam City.

## The Board resolved further that:

- This Certificate shall be used only for the purpose of the stated project and not otherwise.
- Mr. Ferdinand M. Chacha, Director and Shareholder of this company be and is hereby authorized, directed and empowered to execute for and on behalf of this company and its name any and all documents required in connection with this application.

The meeting was closed by the Chairman at around 17.10 hours.

  
Chairman

  
Secretary

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 FERDINAND CHACHA  
.....  
(director/directors/agent of CF KATWAT TURKEY TANZANIA LTD  
.....  
(name of business enterprise) apply for registration of T.I.C CERTIFICATE OF INCENTIVE  
.....  
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 MAKUMBA ROAD 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 MAKUMBA ROAD-DAR ES SALAAM  
.....
4. The Principal Officers of the Company are 1. FERDINAND CHACHA  
2. SINAN EMRE ZENGİN (3) HASAN H. DILBER  
.....
5. Auditors of the Company are W.M. KIZILE & COMPANY  
.....
6. The authorized share capital of the Company is Tshs./US\$ 100,000,000/=  
(ONE HUNDRED MILLION)  
.....

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 1955000/-
8. The month and day of the financial year end is 31<sup>ST</sup> DECEMBER

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

I/We enclose a cheque/cash made payable to the Tanzania Investment Centre for Tshs./US\$ 162,000/- Being the Registration Fees. **In the event this application is unsuccessful we understand that this fee will not be refunded.**

I, FERDINAND CHACHA of Post Office Number 1755 MWANZA

do solemnly and sincerely declare that I am a director/duly authorized agent of C.F. KAINAT, TURKEY (P) LTD

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

Declared at Dar es Salaam }  
 ..... }  
 The 18<sup>th</sup> day of OCTOBER 2013 }

[Signature]  
 Applicant

Before me:

GEORGE NYANGUSU

.....  
 Commissioner for Oaths





# TANZANIA INVESTMENT CENTRE

## REGISTRATION FORM

FOR

## CERTIFICATE OF INCENTIVES

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

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

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

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

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

1. I/we FERDINAND CHACHA  
(director/directors/agent of CF KATWAT TURKEY TANZANIA LTD  
(name of business enterprise) apply for registration of T.I.C. CERTIFICATE OF INCENTIVE  
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 MAKUMBA ROAD 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 MAKUMBA ROAD DAR ES SALAAM
4. The Principal Officers of the Company are 1. FERDINAND CHACHA  
2. SINAN EMRE ZENGİN (3) HASAN H. DILBER
5. Auditors of the Company are W.M. KIZILE & COMPANY
6. The authorized share capital of the Company is Tsh./US\$ 100000000/=  
(ONE HUNDRED MILLION)

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

is Tshs./US\$ 1,955,000/-

8. The month and day of the financial year end is 31<sup>ST</sup> DECEMBER

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

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

100,000/- Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, FERDINAND CHACHA of Post Office Number 1755 DARWAZA

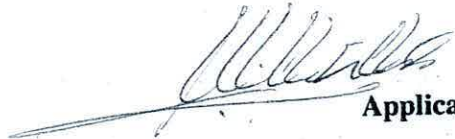
do solemnly and sincerely declare that I am a director/duly

authorized agent of CEKAINAT TURKEY (P) LTD

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

Declared at Dar es Salaam }

The 18<sup>th</sup> day of OCTOBER 2013. }

  
Applicant

Before me:

GEORGE NYANGUSU

Commissioner for Oaths



APPLICATION SUMMARY

Company Name: C.F. KANAKI TURKEY GOLD

Certificate of Incorporation Number: 97770 Status: NEW

Certificate of Incorporation Date: 13<sup>TH</sup> MARCH 2013

Post Box: 1755

Town: Mwanza

Sector: MANUFACTURING

Sub-Sector: WOOD & MDF FURNITURE

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

Foreign Equity	Local Equity	Foreign Loan	Local Loan
.....	935,000/-	.....	10,500,000/-

Project Objectives: TO MANUFACTURE WOODEN & MDF FURNITURE.

Capacity: PRODUCE BOTH WOODEN & MDF FURNITURE

Employment: Foreign: 4 Local: 50 Total: 54

Implementation Period: 3 YEARS

Project Location

Site/Plot/Block No.: PLOT NO. 95 & 96 BLOCK "B"

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

Shareholders	Nationality	%
FERDINAND CHACHA	TANZANIAN	40%
SINAN EMRE ZENGİN	TURKISH	30%
HASAN HUSEYİN DİMBER	TURKISH	30%
.....	.....	.....
.....	.....	.....

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

Land/Building	300,000/-
Plant	1,200,000/-
Vehicles	250,000/-
Furniture & Fittings	30,000/-
Pre-expenses	30,000/-
Others (CONTINGENCIES)	25,000/-
Working Capital	150,000/-
<b>TOTAL</b>	<b>1,985,000/-</b>

**Contact Details:**

Name: FERDINAND CHACHA

Title: DIRECTOR

Telephone: 0754-263347

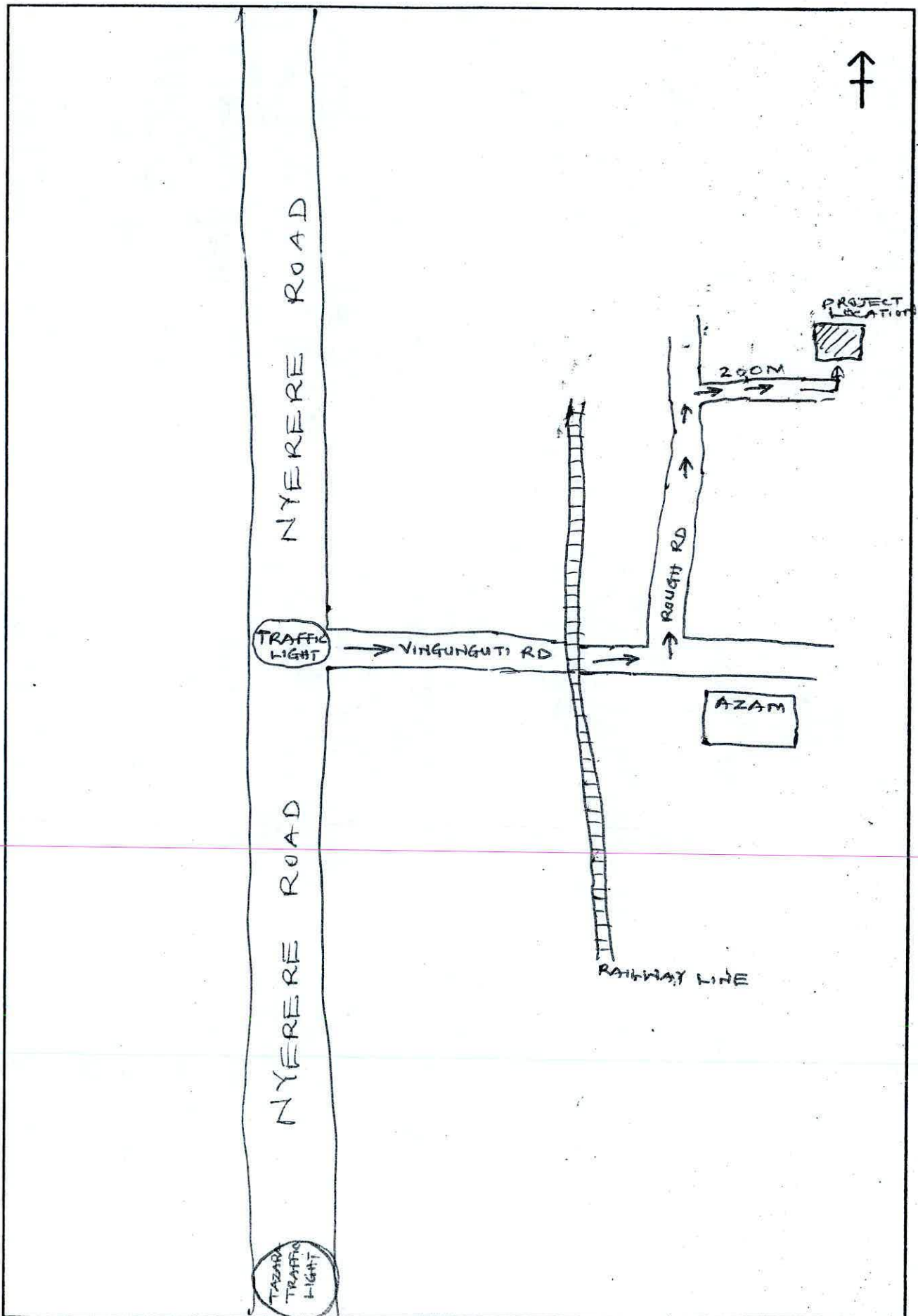
Fax: 028-2500293

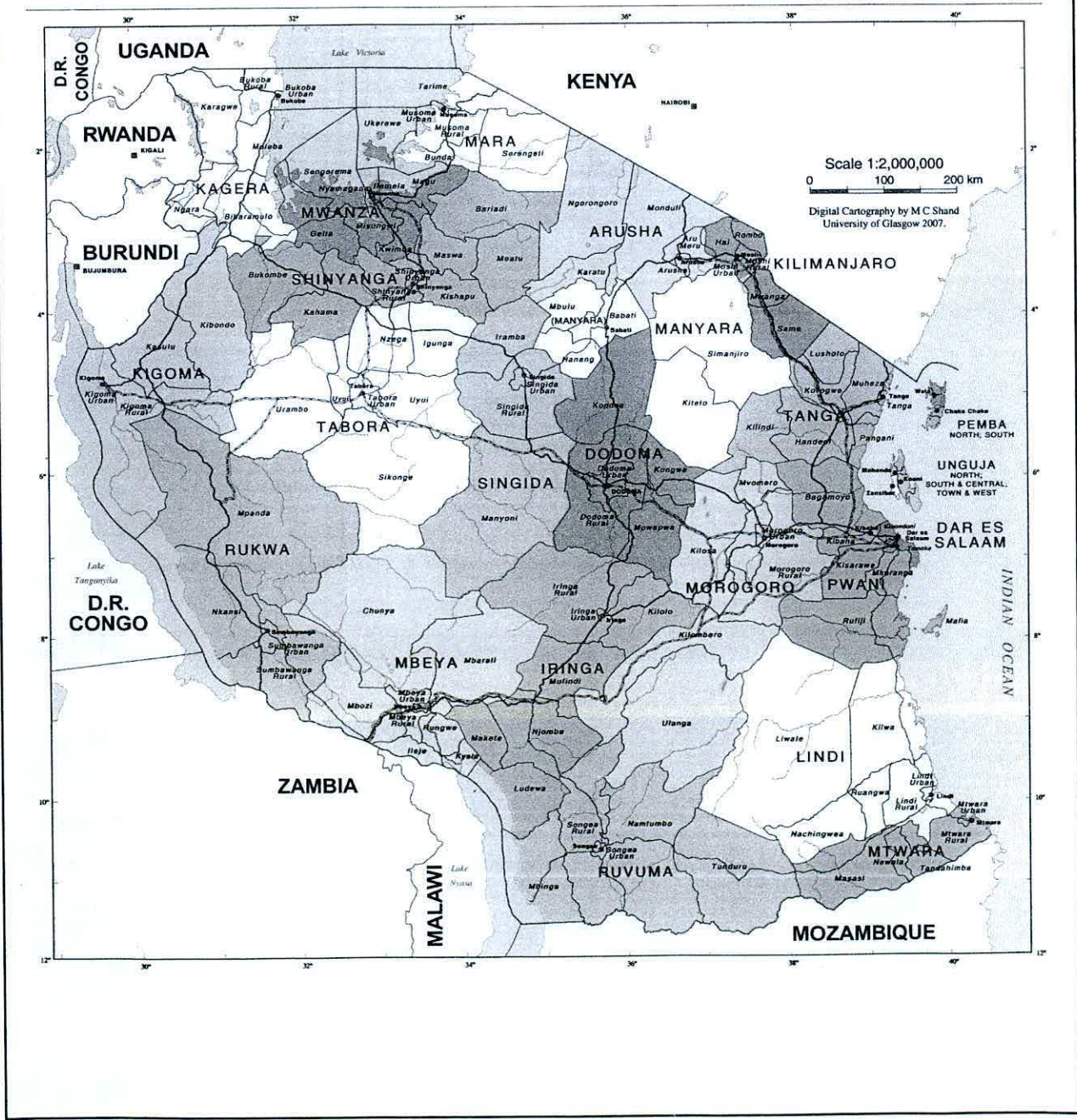
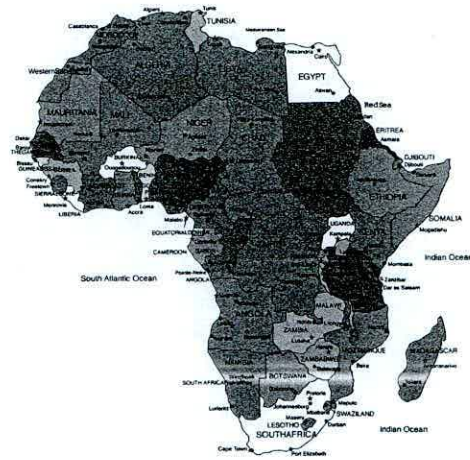
Email: cfbuilders2011@yahoo.com

**Payments to be made payable to:**

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

# SKETCH MAP SHOWING PROJECT LOCATION





APPLICATION SUMMARY

Company Name: CF KANAT TURKEY LTD

Certificate of Incorporation Number: 97770 Status: NEW

Certificate of Incorporation Date: 13th MARCH 2013

Post Box: 1755

Town: Mwanza

Sector: MANUFACTURING Sub-Sector: WOOD & MDF FURNITURE

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

Foreign Equity	Local Equity	Foreign Loan	Local Loan
	935,000/-		1,050,000/-

Project Objectives: TO MANUFACTURE WOODEN & MDF FURNITURE.

Capacity: PRODUCE BOTH WOODEN & MDF FURNITURE.

Employment: Foreign: 4 Local: 50 Total: 54

Implementation Period: 3 YEARS

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FERDINAND CHACHA	TANZANIAN	40%
SINAN EMRE ZENGİN	TURKISH	30%
HASAN HUSEYİN DİLBER	TURKISH	30%

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Land/Building	300,000/-
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Furniture & Fittings	30,000/-
Pre-expenses	30,000/-
Others (CONTINGENCIES)	25,000/-
Working Capital	150,000/-
<b>TOTAL</b>	<b>1,985,000/-</b>

**Contact Details:**

Name: FERDINAND CHACHA

Title: DIRECTOR

Telephone: 0754-263347

Fax: 028-2500293

Email: cfbuilders2011@yahoo.com

**Payments to be made payable to:**

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

## TANZANIA



## Certificate of Incorporation

Section 15

No 97770

I HEREBY CERTIFY THAT

**C.F KAINAT TURKEY TANZANIA 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 13TH day of MARCH**TWO THOUSAND AND THIRTEEN**
*Asst. Registrar of Companies*

CERTIFIED AS A TRUE COPY OF THE ORIGINAL

MELKIZEDECK F. GUNDA  
ADVOCATE, NOTARY PUBLIC & COMMISSIONER FOR OATHS  
P.O. BOX 1596 - MWANZA.

**THE COMPANIES ACT**  
**(ACT NO.12 OF 2002)**  
**COMPANY LIMITED BY SHARES**

---

**MEMORANDUM**  
**AND**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**C.F KAINAT TURKEY TANZANIA LIMITED**

Incorporated this                      day of                      2013

**Drawn by:**

***FERDINARD CHACHA (Subscriber)***  
***P.O. BOX 79824***  
***DAR ES SALAAM.***

**THE COMPANIES ACT**

**(ACT NO. 12 OF 2002)**

**COMPANY LIMITED BY SHARES**

---

**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

**OF**

**C.F KAINAT TURKEY TANZANIA LIMITED**

Incorporated this

day of

2013

**Drawn by:**

***FERDINARD CHACHA (Subscriber)***

***P.O. BOX 79824***

***DAR ES SALAAM.***

**UNITED REPUBLIC OF TANZANIA**

**Certificate of Incorporation**

\_\_\_\_\_  
**No.**  
\_\_\_\_\_

**I HEREBY CERTIFY that**

**C.F KAINAT TURKEY TANZANIA LIMITED**

**Is this day incorporated under the Companies  
Act No. 12 of 2002 and that the Company is Limited.**

**Given under my hand at Dar es Salaam this ..... day of ....., Two  
Thousand and Thirteen.**

.....  
**Registrar of Companies**

THE COMPANIES ACT No. 12 of 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

C.F KAINAT TURKEY TANZANIA LIMITED

TANZANIA  
Stamp Duty Shts. 5000/-  
PAID ON ORIGINAL  
Receipt No. 3256 of 12/3/13  
Stamp Duty Officer

TANZANIA  
Stamp Duty Shts. 2500/- Paid  
Receipt No. 3256 of 12/3/13  
Asst. Registrar of Companies

1. The name of the company is **C.F KAINAT TURKEY TANZANIA LIMITED**.
2. The Registered office of the Company shall be situated in the United Republic of Tanzania.
3. The objects for which the company is established are:-
  - (a) To carry on business and act as importers, exporters, wholesalers, retailers, commission agents, sales representatives, carriers, advertisers, promoters, brokers of all types of hardware materials used in various types of buildings or materials.
  - (b) To carry on any other business of similar nature of any business which may in the opinion of the directors be conveniently carried on by the company.
  - (c) To carry on any other business, which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
  - (d) To establish depots and agencies in different parts of the world for the purpose of carrying on any or all of the business of the company.
  - (e) To enter into any arrangements and contracts with Government or Authorities supreme, Municipal, local or otherwise or any corporations companies or persons having objects that may seem conducive to the Company's object or any of them and to obtain from any such Government Authority, Corporation, Company, or persons any characters, contracts, decrees, rights, privileges and concessions.

- (f) To borrow or raise or secure the payment of money in such manner as the company shall think fit, and in particular by the issue of debenture stock, certificates or other securities perpetual or otherwise charged upon all or any company's rights and property (present and future) including any uncalled capital or without any such security and to purchase, redeem, or off any such security or loan.
- (g) To amalgamate with, or enter into partnership or into any arrangement for sharing profits. union of interest, co-operation, joint venture, reciprocal concession or otherwise with any person or company carrying on engaged in or about to carry on or engage in any business or transaction which this company is authorized to carry on or engage in any business or transaction capable of being conducted so directly or indirectly to benefit this company. And to take or otherwise acquire shares and securities of any such Company, and sell, hold re-issue with or without guarantee, or otherwise deal with the same.
- (h) To promote another company for the purpose of acquiring all of any of the property and liabilities of this company, or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
- (i) To sale or dispose of the undertaking and property of the company or any party thereof, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any other Company having objects altogether or in part similar to those of this company.
- (j) To lease or let out any property of the company
- (k) To purchase or by any other means acquired any right of occupancy leasehold or other property for any estate or interest whatsoever and any right, privileges or easements over or in any respect of any property, of the interest of the company.
- (l) To sell or dispose of the undertaking or property of the company or any party thereof for such consideration as the company may deem fit.
- (m) To advance and lend money to builders, tenants and others who may be wishing to build on, or improve any land or buildings in which the company is interested, and generally to advance money to such other persons having dealings with the company and on such terms as maybe arranged.

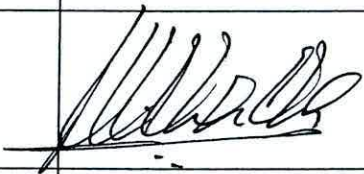
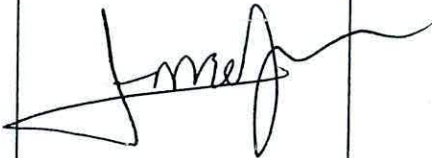

- (n) To lend and advance money or give credit to persons on such terms as may be expedient, and in particular to customers having dealings with the company, and to ice currents or become surety for any such persons.
- (o) To improve, manage, develop, exchange, let for lease, or otherwise mortgage, give lien, sell, and dispose, of turn to account, grant rights and privileges in respect of or otherwise deal with all or any part of the property and rights of the company.
- (p) To invest and deal with moneys of the company not immediately required upon such securities and in such manner as may from time to time be determined.
- (q) To borrow or raise money I such manner as the company shall think fit, and to secure the repayment of any money borrowed, raised or owing by mortgage, charge lien upon the whole or any part of the company's property or assets (whether present or future) including its uncalled capital, and also by similar mortgage, charge or lien, to secure and guarantee the performance by the company of any obligation or liability it may undertake.
- (r) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, and bills of adding warrants, debentures, and other negotiable instruments.
- (s) To enter into any partnership or arrangement in the nature of a partnership, co-operations or union of interests, with any person or persons, company or cooperation engaged or carrying on or conduct of business or enterprise which this company is authorized to carry or conduct or from which this company would or might derive any benefit whether direct or indirect.
- (t) To promote any other company for the purpose of acquiring all or any of the property, and undertaking, any of the liabilities of this company or to enhance the value of any property or business for this company, and to place or guarantee the placing of underwrite, subscribe for or otherwise acquire all or any part of the shares or securities of such company as aforesaid.
- (u) To distribute among the members of the company in kind and property, undertaking and assets of the company either together or in portions for such considerations as the company may think fit.

- (v) To carry on any other business which may seem to the company capable of being conveniently carried on in connection with any of the above or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.
- (w) To carry on, develop extend and return to account and estate, trade or business whatsoever which can in the opinion of the company, be advantageously or conveniently carried on by the company by way of extension or in connection with its business or is calculated directly or indirectly to develop any branch of the account any of the company's assets, property or rights.
- (x) To do all or any of the above things in Tanzania or in any part of the world and either as principals or agents, trustees or otherwise and to do all other things as may be necessary incidental or inclusive to the attainment of the above objects or any one or more of them.

**AND** it is hereby declared that the word "company" in this clause except where used in reference to this company, shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated, and whether domiciled in Tanzania or elsewhere, and that the intention is that each of the objects set forth in any sub-clause of this clause shall not except when the context expressly so requires, be in any wise limited or restricted reference to or inferences from the terms of any other sub-clause or by the name of the company. None of such sub-clause or the objects herein specified or the power thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause, but the company shall have fully powers to exercise all or any of the powers conferred by any part of this clause and notwithstanding that the business, undertaking, property performed do not fall within the objects of the first sub-clause of this clause.

4. The liability of the members shall be limited.
5. The initial share capital of the company is Tanzanian Shillings One Hundred Million only (**Tshs. 100, 000,000/=**) divided into ten thousand shares (10,000) of Ten Thousand Shillings (**Tshs 10,000/=**) each. The company shall have all the powers to increase its capital and to divide shares in its capital for the time being into several classes of stock or shares and attain thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the articles of association of the company.

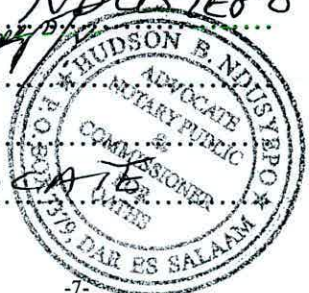
WE, THE SEVERAL PERSONS, whose names addresses and descriptions are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the company opposite our respective names.

SERIAL NO.	NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS	NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURE OF SUBSCRIBER
1.	FERDINARD CHACHA P.O.BOX 79824 DAR ES SALAAM TANZANIA	4,000	
2.	SINAN EMRE ZENGİN YESILVADI EVLEN, F BLOCK NO=11 EVREN STREET GUNESLI MAH BAGCILAR ISTANBUL TURKEY	3,000	
3.	HASAN HUSEYİN DİLBER YESILVADI EVLEN, F BLOCK NO=11 EVREN STREET GUNESLI MAH BAGCILAR ISTANBUL TURKEY	3,000	

Dated at Dar es Salaam this .....12<sup>th</sup>.....day of.....MARCH.....2013

Witness to the above Signatures:

Full Name: HUDSON B. NDUSIYO  
 Signature:   
 Postal Address: .....  
 Qualification: ADVOCATE



THE COMPANIES ACT (CAP 212 R.E 2002)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

C.F KAINAT TURKEY TANZANIA LIMITED

PRELIMINARY

TANZANIA  
Stamp Duty Shs. 2000/-  
PAID ON ORIGINAL  
Receipt No. 32564 of 12/3/13  
Stamp Duty Officer

TANZANIA  
Stamp Duty Shs. 2000/- Paid  
Receipt No. 32564 of 12/3/13  
Asst. Registrar of Companies

1. In these regulations, unless the context otherwise requires expressions defined in the Companies Act, 2002 (Cap. 212 R.E 2002), or any statutory modification thereof in force at the date of which these regulations become binding on the Company, shall have the meanings so defined, and words importing the singular shall include the plural, and vice versa, and words importing the masculine gender shall include females and words importing person shall include bodies corporate.
2. The company shall be a private company, and accordingly the following provisions shall have effect:-
  - i) The company shall not offer any of its shares and debentures to the public for subscription.
  - ii) The number of members of the Company (not including persons who are in the employment of the company) shall not at any time exceed fifty. Provided that when two or more persons hold one or more shares in the Company jointly; they shall for the purpose of these articles be treated as a single person.
  - iii) The right to transfer shares is restricted in the manner hereinafter provided.
3. The regulations contained in Table "A" in the first schedule to the Companies Act (RE) Cap 212, shall not apply to the Company except as far expressly incorporated herein. All references herein contained to any specified articles to table "A" shall be inclusive of the first and last articles referred to; and in case of any conflict between the provisions herein contained and the incorporated clause of Table "A" the provisions contained herein shall prevail.
4. In this article, if not inconsistent with the subject or context, the words standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column thereof.

<b>Words-</b>	<b>Meanings</b>
<i>The Act-</i>	The Companies Act No 12/2012
<i>These Articles -</i>	These Articles of Association as originally framed or as from time altered by special Resolution
<i>The Office-</i>	The Register Office of the Company
<i>Board-</i>	The Board of Directors
<i>Paid-</i>	Paid or credited as paid
<i>The Register-</i>	The Register of Members of the Company required to be kept by section 115(1) of the Act.
<i>The Seal -</i>	The Common Seal of the Company
<i>Share -</i>	Share or Stock
<i>Dividend-</i>	Dividend or Bonus
<i>In Writing-</i>	Printed or lithographed or in any other mode of Representing or reproducing words in visible form.

5. Save as aforesaid any words or expressions defined in the Act shall bear the same meaning in these Articles.

#### **BUSINESS**

5. Any branch or kind of business which the Company is either expressly or by implication authorized to undertake may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind or business may have been actually commenced or not so long as the Directors may deem fit if expedient not commence or proceed with such branch or kind of business.

## REGISTERED OFFICE

7. The Office shall be at such place as the Directors shall from time to time appoint

## SHARES CAPITAL AND VARIATION OF RIGHTS

8. The Share Capital of the Company is One Hundred Million Tanzanian Shillings (100,000,000/=), divided into ten thousand (10,000) Ordinary Shares of ten thousand shillings (10,000/=) each.
9. Without prejudice to any special rights previously conferred on the holders of any existing shares of class of shares any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may from time to time by ordinary resolution determine.
10. Subject to the provisions of the Act, any preference 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.
11. If at any time 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 an Extraordinary 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 Articles 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 (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote or share of the class of which he is the holder.
12. The right conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
13. The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the rate of the commission shall not

exceed the rate of 10 per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent of such price (as the case may be). 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. The Company may also on any issue of shares pay such brokerage as may be lawful.

14. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be profitable for lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in the act and may charge the sum so paid by way of interest to capital as paid by way of interest to capital as part of the cost of construction of the work or building, or the provision of plant.
15. 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 part of a share or any interest in any fractional part of a share of (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
16. Every person whose name is entered as a member in the Register shall be entitled without payment to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon payment of five shillings for every certificate after the first or such less sum as the Directors shall from time to time determine. Every certificate shall be under the seal and shall from specify the shares to which it relates held the amount paid up thereon. Provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
17. If a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee of five shillings or such less sum and terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company of investigating evidence as the Directors think fit.
18. The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company (if any) nor shall the Company make a loan for any purpose whatsoever on the security of its shares but nothing

in this Article shall prohibit transactions mentioned in the proviso to section 56(l) of the Act.

### LIEN

19. The Company shall have a first and paramount lien on every share (registered in the name of a member whether solely or jointly with other) for all moneys (whether presently payable or not) due by him or his estate, either alone or jointly with any other person to the company, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this article. The company's lien, if any, on a share shall extend to all dividends payable thereon.
20. The Company may sell in such manner as the Directors think fit, any share on which the Company has a lien, but no sale shall be unless a sum in respect of which the lien exists is presently payable, or until the expiration of fourteen days after notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.
21. To give effect to any such sale the Directors may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see 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.
22. The net proceeds of any such sale shall be received by the Company and applied in the or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall subject to alike 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.

### CALL ON SHARES

23. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) 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 payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall (subject to receding at least fourteen day's notice specifying the time or time and place) so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

24. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed and may be required to be paid by installments.
25. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
26. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding 10 percent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.
27. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premiums, shall for the purposes of these Articles be deemed to be a call duly made payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
28. 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.
29. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of 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) 9 per cent per annum, as may be agreed upon between the Directors and the members paying such sum in advance. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period to the date upon which such sum would, but for such payment, become presently payable.
30. no member shall be entitled to receive any dividend or to be present to vote on any question, either personally or by proxy, at any General Meeting, or upon a poll, or to be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of the shares held by him, whether alone or jointly with other person.
31. The Company shall not be bound to recognize any equitable contingent future or partial interest in any share or any right in respect to a share other than an absolute right thereto in the person or persons from time to time registered as the holder or holders thereof, but the directors shall be

at liberty at their sole discretion to register any share in the joint names of any two or more person who may have interest therein.

32. The shares shall be under the control of the Directors who will allow or otherwise dispose of the same to such persons and on such conditions and terms as they may think fit.

### TRANSMISSION OF SHARES

33. The instrument of transfer of any shares shall be executed by or on behalf of the transferor and transferee and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
34. The directors may in their absolute discretion and without assigning reason decline register any transfer of whom they do not approve. The directors may decline to register any transfer of such shares on which the Company has a lien. The Directors may also suspend the registration of transfer during the fourteen days immediately preceding the Ordinary general meeting in each.
35. The directors may decline to recognize any instrument of transfer unless:-
- i. A fee not exceeding thirty shillings is paid to the Company in respect thereof.
  - ii. The instrument of transfer is accompanied by the certificate of the ordinary shares to which it relates and such other evidence as the directors may reasonably require showing the right of the transferor to make the transfer. If the directors refuse to register a transfer of any ordinary shares, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
36. In case of the death of a member, the Legal personal representative of a deceased holder of a share shall be the only person recognized by the Company as having any title to the share. In the case of the share registered in the names of two or more representatives of the deceased shall be the only persons recognized by the Company as having any title to the share.
37. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which the would be entitled if he was a registered holder of the share except that he shall he would be entitled if he was a registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the Company.

38. Same as hereby otherwise provided no share shall be transferred to any person who is not a member of the Company so long as any member is willing to purchase the same at a fair value which shall be determined as hereunder provided.
39. In order to ascertain whether any member is willing to purchase a share at a fair value, whether a member of the Company or not, proposing to transfer the same (hereinafter called "the retiring member") shall give a notice in writing (hereinafter described as "sale notice") to the Company that he desires to sell the same. Every such notice shall specify the number of shares which the retiring member desires to sell, and shall constitute the Company the agent of the retiring member for the sale of such shares to any member of the Company at the fair value. No sale notice shall be withdrawn except with the sanction of the Directors.
40. The Company shall within sixty days after the service of a sale notice find a member willing to purchase any share comprised therein, (hereafter described as "purchasing member") and shall give notice thereof to the retiring member, the retiring member shall be bound upon payment of the fair value to transfer the share to such purchasing member who shall be bound upon payment of the fair value to complete the purchase within fifteen days from the service of such last mentioned notice. The Directors shall with a view of finding a purchasing member after any shares comprised in a sale notice to the persons then holding the remaining shares in the company on the terms and the shares so offered to them shall be sold to the members accepting the offer in proportion as nearly as may be without increasing the number allocated to any member beyond the number applied for by him to the existing holding of the original shares in the initial capital. Such offer shall be made by notice specifying the number of shares offered limiting time within which such offer if not accepted will be deemed to be declined; and
41. The fair value shall be such price as may be mutually agreed upon between the retiring member and the purchasing member or in the absence of any agreement, the fair value at the date when the retiring member became bound as aforesaid be fixed by the auditors for the time being of the Company. Either party may upon the retiring member becoming bound as aforesaid apply to the Company to have value fixed by the auditors and they shall thereupon certify the sum which in their opinion is the fair value and in so certifying the auditors shall be considered to be acting as expert and not as arbitrators. The fees of the auditors for fixing of the fair value and giving of certificate as aforesaid shall, unless the directors shall otherwise resolve, be paid by the retiring member and shall be due from to the Company.
42. In the event of the retiring member failing to carry out the sale of any shares which he shall have become bound to transfer, as aforesaid the

directors may authorize one of their members to execute a transfer of the shares to the purchase price of such shares and may register the purchasing member as the holder thereof and issue him a certificate for the same and thereupon the purchasing member shall in such case be bound to deliver upon his certificate for the said shares, and on such delivery shall be entitled to receive the said purchase price without interest, and if such certificate shall comprise any shares which has not become bound to transfer as aforesaid the Company shall issue to him a balance certificate for the shares.

43. If the Directors shall not within the space of sixty days after the service of a sale notice, find a purchasing member for all or any of the shares comprised there and give notice in the manner aforesaid or if through no default of the retiring member, the purchase of any shares in respect of which such last mentioned notice shall not be completed within twenty one days from the service of such notice, the retiring member shall at any time within six months thereafter be at liberty to sell and transfer the shares comprised in his sale notice. (or such of them as shall not have been sold to purchasing member), to any person and at any price.
44. The executors or administrators of any member dying shall be bound from time to time after the expiration of six months from the date of his death, if any when called upon in writing by the Directors so to do, either to transfer all the shares registered in the name of the deceased member at the date of his death, or to give a transfer notice in respect thereof, and should such executors or administrators fail so to do within the period of 14 days after being so called upon, they shall be deemed to have given such transfer notice at the expiration of the said period of fourteen (14) days and the provisions of these Articles shall come into effect accordingly.

#### **FORFEITURE OF SHARES**

45. If a member fails to pay any call or installment on the day appointed for payment thereof the Directors may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and all expenses that have been incurred by the Company by reason of such non-payment.
46. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
47. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time

thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before forfeiture.

48. When any share shall have been so forfeiture shall be given to the holder of the share, or the person entitled to the share by transmission, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture, with the date thereof, shall forth with be made in the Register, but no forfeiture shall be invalidate by any failure to give such notice or make such entry as aforesaid.
49. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
50. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, together with interest thereon at such rate not exceeding 10 percent per annum, as Directors shall think fit, from the date of forfeiture until payment but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect the shares.
51. A statutory declaration in writing that the declaring is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any given for the shares on any sale, re-allotment or other disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold, re-allotted or otherwise disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be effected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or disposal of the share.
52. The Company may by Ordinary Resolution convert any paid-up share into stock, and reconvert any stock into paid-up shares of any denomination.
53. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and Directors may from time to time fix the minimum amount of stock

transferable, provided that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

54. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
55. Such of the Articles of the Company as are applicable to paid-up shares apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

#### ALTERATION OF CAPITAL

56. The Company may from time to time by Ordinary Resolution increase the share Capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
57. Subject to the other provisions of the see Articles the shares shall be at the disposal of the Board, which may allot or otherwise dispose of them to such person (including any Directors) at such times and for such consideration and upon such terms and conditions as the Directors may determine.
58. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raise by the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, and otherwise, unless otherwise provided in accordance with these Articles the new shares shall be Ordinary Shares.
59. The Company may from time to time by Ordinary Resolution:-
- i. Consolidate and divide all any of its shares capital into shares of large amount than its existing shares; or
  - ii. Subdivide its shares, or any them, into shares of smaller amount than is fixed by its Memorandum of Association subject, nevertheless, to the provisions of the Ordinance; or
  - iii. Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, admonish the amount of its share capital by the amount of the shares so cancelled.

60. The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorized and consent required, by law.

### GENERAL MEETING

61. 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 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. The annual General Meeting shall be held at such time and place as the Directors shall appoint.
62. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.
1. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisitions, or in default, may be convened by such requisitions, as provided by the Act. If at any time there are not within the Country sufficient Directors capable of acting to form a quorum, any Director or any two members having the right to attend General Meetings and vote thereat may convene an Extraordinary General meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

### NOTICE OF GENERAL MEETINGS

64. An Annual General Meeting and a meeting of the Company other than meeting for passing of the Special Resolution shall be called by fourteen days notice in writing at the last. A meeting called for the passing of a Special Resolution shall be called twenty-one days notice in writing at the last.
1. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day, and the hour of the meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or such in other manner, if any, as may be prescribed by the Company in General Meeting, to such persons as are, under the regulations of the Company, entitled to receive such notice from the Company, but with the consent of all the members entitled to receive notice of some particular meeting, that meeting may be convened by such shorter notice and in such manner as those members may think fit.
66. Notice may be given by the Company to any member entitled to receive the same either personally or by sending post to him or to his registered address, or (if he has no registered address within the Country) or to the

address, if any, within the Country supplied by him to the Company for the giving of notice to him. Where the notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of twenty-four hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

67. A notice may be given by the Company to the joint holders of a share giving the notice to the joint holder first named in the Register in respect of the share.

68. Any notice or document sent by post to or left at the registered address of, any member, in pursuance of these Articles, shall, notwithstanding such member be then deceased or bankrupt and whether or not the Company have notice of his decease or bankruptcy, be deemed to have been duly served in respect of any shares, whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in any such share.

69. Notice of every General Meeting shall be given in any manner hereinbefore authorized to:-

(a) every member except those members who (having no registered address within the Country) have not supplied to the Company an address within Tanzania for the giving of notices to them;

(b) every person upon whom the ownership of a devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member where the member but for his death or bankruptcy would be entitled receive notice of the meeting; and

(c) the auditor for the time being of the Company.

70. No other persons shall be entitled to receive notices of General Meetings.

71. The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

72. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all business that is transacted at an Annual

General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, the election of Direction in place of those retiring and the appointment of, and the fixing of the remuneration of, the Auditors.

73. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two members having the right to attend and vote thereat present in person or by proxy shall be quorum.
74. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members having the right to attend and vote thereat who are present shall be a quorum.
75. The Chairman, if any, of the Board of Directors shall preside as chairman at every General Meeting of the Company, or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act the Directors present shall elect one of their number to be chairman of the meeting.
76. If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting the members having the right to attend and vote thereat who are present shall choose one of their number to be Chairman of the meeting.
77. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, seven clear days notice at the least of the adjourned meeting shall be given specifying the place and the time of the meeting as in the case of an original meeting, but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.
78. At a 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 show of hands) demanded:

- a) By the chairman of the meeting; or
- b) Any one member present in person or by proxy who holds not less than fifteen per centum of the paid up share capital carrying voting rights; or
- c) By any two members present in person or by proxy and having the right to attend General Meetings and vote thereat.

Unless a poll be so demanded a declaration by the chairman of the meeting that a resolution has on show of hands been carried, or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

- 79. Except as provided in Article 74, if a poll is duly demanded it shall be taken in such manner and at such time (within fourteen days) and place as the chairman of the meeting direct, and the result of the poll be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 80. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- 81. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on a other question shall be taken such time within fourteen days as the chairman of the meeting directs, and ay business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll. The demand for a poll may be withdrawn.
- 82. Subject to the provisions of the Act, a resolution in writing signed by all the members for the being entitled to receive notice of and to attend a vote at general meetings (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the company duly convened and held.

#### **VOTES OF MEMBERS**

- 83. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder.

84. On a poll a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
85. 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 seniority shall be determined by the order in which the names stand in the Register of members.
86. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver curator bonis or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver curator bonis or other person may, on a poll, vote by proxy.
87. No member other than a member having the right to attend General Meetings and vote thereat shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
88. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
89. On poll votes may be given either personally or by proxy.
90. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the Company. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him.
91. The instrument appointing a proxy and the power of attorney or other authority if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place within the country as is specified for that purpose in the notice convening the meeting, not less than forty eight 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 twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. No instrument of proxy shall be valid after the expiration of twelve months from the date of its execution except at an adjourned meeting or on a poll demanded at a meeting or adjourned meeting in

cases where the meeting was originally held within twelve months from that date.

92. An instrument appointing a proxy shall be in the following form or a form a near thereto as circumstance admit.

**C.F KAINAT TURKEY TANZANIA 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 200....., and at any adjournment thereof.

Signed this .....day of ..... 20.....

This instrument is to be used in favor of/ against (delete as necessary) the resolution. Unless otherwise instructed, the proxy will vote as he thinks fit.

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

94. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

**DIRECTORS**

95. Unless otherwise determined by the General Meeting the number of Directors shall not be less than two or more than seven.

96. The first Directors are:

1. FERDINARD CHACHA
2. SINAN EMRE ZENGİN
3. HASAN HUSEYİN DİLBER

97. Each Director shall have power to nominate any person to act as an alternate Director during his absence from Dar es Salaam, or inability to act as such Director and at his discretion to remove such alternate Director.
98. The remuneration of each Director shall be determined by the company in general meeting from time to time. The Directors shall also be entitled to be repaid all travel expenses incurred by them, respectively in or about, the performance of their duties as Director including their expenses of traveling and Board Meetings. If any Director shall render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration, in addition to his ordinary remuneration, and such special remuneration may be by way of salary, commission, participation, in profits or otherwise as may be arranged.
99. The Continuing Directors may act notwithstanding any vacancy in their body, but if the number falls below the minimum above fixed the Directors shall not except in emergencies or for the purpose of filling up vacancies, act so long as the number is below the minimum.
100. The business of the Company shall be managed by the Directors; who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not by the Ordinance or by these Articles required to be exercised by the Company in General Meeting. Subject eventless to any regulations of these Articles, to the provisions of the Ordinance, and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting, but no regulations or provisions made by the company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
101. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fits, and any such period and subject to such conditions as they may think fits, and any such powers at attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

## **RESOLUTION WITHOUT MEETING**

102. Resolution may be determined without any meetings of the Directors and evidenced by assenting Signatures under the hands of the Majority of Directors. The resolution shall be submitted to each Director in Dar es Salaam or any part of Tanzania for his approval or Dissent.

## **PROCEEDINGS OF DIRECTORS**

103. The Directors may meet together for the dispatch of business adjourn and otherwise regulate their meetings and proceedings, as they think fit, and may determine the quorum necessary for the transaction of business. Until otherwise determined two Directors constitute a quorum.
104. Questions arising at any meeting shall be decided by a majority of Votes, and in case of an equality of votes the Managing Director shall have second or casting vote.

## **REMUNERATION OF DIRECTORS**

105. ARTICLES 81 of Table "A" shall apply.

## **DISQUALIFICATION DIRECTORS**

106. The office of Directors shall ipso facto be vacated:
- a) If becomes bankrupt or suspended payment or compound with his Directors; or
  - b) If he is found lunatic or becomes of unsound mind; or
  - c) If by notice in writing to the Company he resigns his office; or
  - d) If he is suspended in writing by all his co-Directors to resign; or
  - e) If he becomes prohibited from being a Director be reason of any order made under section 197 of the Act.

## **SECRETARY**

107. The Company may from time to time appoint a person to act as Secretary for the time being the Company, and any person so appointed shall be deemed for all purposes to be the Secretary of the Company.

## **BORROWING POWERS**

108. The Directors may, from time to time, at their own discretion borrow or secure the payment of any sum or sums of money for the purposes of the Company provided that the directors shall not, without the section of a general meeting of the Company then outstanding exceed the nominal amount of the capital for the time being of the Company. Nevertheless,

no lender or other person dealing with the Company shall be concerned to see this limit is observed.

109. The Directors may raise or secure the payment of such and or sums in such manner and upon such terms and conditions in all respect as think fit, and in particular, the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage charge or other security on the undertaking or the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.
110. The Directors shall cause proper register to be kept in accordance with section 108 of the Act of all of the Company; and shall dully comply with the requirements of section 96(1) of the Act in regard to the requisition of mortgages and charges therein specified or otherwise

#### **SEAL**

111. The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of a Director and Secretary or of such other person as the Directors may appoint for the purpose; and the Director and the Secretary or other person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in the presence.

The Company may exercise the powers conferred by the Act with regard to having an official seal for use abroad and such powers be vested in the Directors.

#### **DIVIDEND AND RESERVE**

112. The Company in General Meeting may declare dividends, but to dividend exceed the amount recommended by the Director.
113. 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.
114. The Company in general meeting may at any time to time resolve that any surplus moneys in the hands of the Company representing profits deemed to be the income to the Company by the income Tax authorities and/or capital profits arising from the receipt of moneys received or recovered in respect of or arising from the realization of any capital assets of the Company or any investment representing the same and not required for the payment or provision of any dividend instead of being applied in the purchase of other capital assets or for other capital purposes be distributed amongst the Ordinary shareholders on the footing

that they receive the same as capital and in the shares and proportions in which they would have been entitled to receive the same if it had been distributed by way dividend provided always that no such profit aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid-up share capital of the Company for the time being.

115. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves, which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments other than shares of the Company or of its holding company as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.
116. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credit as paid a share in advance of calls shall be treated for the purposes of this Articles as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as 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 share shall rank for dividend accordingly.
117. The Directors may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
118. The Directors may retain any dividend or other money payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
119. With the sanction of a General Meeting any dividend may be paid wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of any other company or in any one or more of such way. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof 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 all members, and may vest any such specific assets

in trustees upon trust for the members entitled to the dividend as seem expedient to the Directors.

120. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders to the registered address of that one of joint holders who is first named on the Register (of members) or 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. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares hold by them as joint holder.
121. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
122. All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having been declared shall be forfeited and shall revert to the Company.

#### ACCOU NTS

123. The Directors shall cause proper books of account to be kept with respect of:
  - 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 Company's affairs and to explain its transactions.~~

124. The books of account shall be kept at the office, or, subject to the Ordinance, at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
125. The Directors shall from time to time determine whether and what extent, and at what times and places, and under what conditions or regulations, the accounts and books of the Company, or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account of book

or document of the Company, except as conferred by statute of authorized by the Directors, or by the Company in General Meeting, and no member, not being a Director, shall be entitled to require or receive any information concerning the business, trading or customers of the Company, or any trade secret process of or used by the Company.

126. The Directors shall from time to time, in accordance with the Ordinance, cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in that section.
127. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting together with a copy of Auditor's report, shall not less than fourteen days before the date of the meeting be sent to every member of and every holder of debentures of, the Company and to every person registered under Article 38. Provided that this Article 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.

#### **AUDIT**

128. Auditors shall be appointed and their duties regulated in accordance with Act.
129. Every account of the Directors with the Company, when audited and approved by a General Meeting, shall be conclusive, except as regards any error discovered therein within three months next after the approval thereof. Whether any such error is discovered within that period, the account shall forthwith be corrected, and thenceforth shall be conclusive.
130. Every member of the Company submits to the jurisdiction of the High Court of Tanzania.

#### **WINDING UP**

131. If the Company shall be wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the ordinance, divide amount the members in special or kind the whole or any party of the assets of the Company (whether they shall consist the property of the same kind or not) and may, for the purpose set such value as he deems fair upon any property to be divided as aforesaid and may determined how such division shall be carried out as between the members of different classes of members. The liquidator may, with the like sanction vest the whole or any part of such assets in trustees upon such trust for the like sanction; shall think fit, but so that no member shall

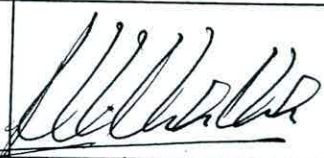


be compelled to accept any shares or any securities whereon there is any liability.

### INDEMNITY

132. Every Director, Secretary, Auditor, Agent and any other officer for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favors or in which is acquitted or in connection with any application under section 481 and Article 123 Table 'A' of the Act.

### ALTERATION OR ADDITIONS

133. Subject to the provisions of the Act and those contained in the Memorandum of Association of the Company, the Company may by special resolution make alteration or addition and once so made shall be as valid and effectual if it was originally contained in these articles and be subject in the like manner to the alteration by special alteration.

SERIAL NO.	NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS	NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURE OF SUBSCRIBER
1.	FERDINARD CHACHA P.O. Box 79824 DAR ES SALAAM TANZANIA	..... 4,000	
2.	SINAN EMRE ZENGİN YESILVADI EVLEN, F BLOCK NO=11 EVREN STREET GUNESLI MAH BAGCILAR ISTANBUL TURKEY	..... 3,000	
3.	HASAN HUSEYİN DİLBER YESILVADI EVLEN, F BLOCK NO=11 EVREN STREET GUNESLI MAH BAGCILAR ISTANBUL TURKEY	..... 3,000	

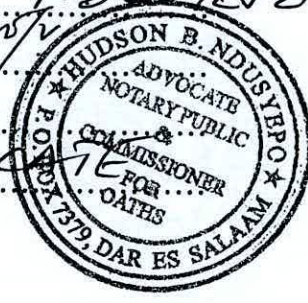


12/03/2013

Dated at Dar es Salaam this 12<sup>th</sup> day of MARCH 2013

Witness to the above Signatures:

Full Name: HUDSON NDUSTEDO  
Signature: [Handwritten Signature]  
Postal Address: .....  
Qualification: ADVOCATE



# **C.F KAINAT TURKEY TANZANIA LIMITED**

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## **Feasibility Study Report for Wooden and MDF Furniture Manufacturing**

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Prepared by:

**C.F Kainat Turkey Tanzania Limited**

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**P.O. Box 1755, MWANZA – TANZANIA**  
Tel: +255 754 263347; E-mail: [cfbuilders2011@yahoo.com](mailto:cfbuilders2011@yahoo.com)

**COMPANY PROFILE**

Company Name	C.F KAINAT TURKEY TANZANIA LIMITED
Address	P.O. Box 1755 MWANZA TANZANIA
Contact person	Mr. Ferdinand M. Chacha
Phone	<b>+255-754- 263347</b>
Fax	
E-mail	<a href="mailto:cfbuilders2011@yahoo.com">cfbuilders2011@yahoo.com</a>
Web Site	
Year of Establishment	2013
Present Type of Business	Wooden and MDF Furniture Production
Annual Sales Turnover	Tshs. 170,000,000
Present Ownership Structure	Joint Venture: Local: 50% Foreign: 50%
Bankers	CRDB PLC Bank (Tanzania) Limited
Manpower Total (Nos.)	54
Brief Professional/Business Background	C.F Kainat Turkey Tanzania Limited is managed under the able leadership of Directors. The Managing Director is a respected businessman in Mwanza. He has been operating various businesses over the past forty years, specializing in construction industry in the Northern part of Tanzania.
Company Commitment	C.F Kainat Turkey Tanzania Limited is committed to produce high quality products by using research and modern technology without compromising on environment & safety.

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### **EXECUTIVE SUMMARY**

The project is being sponsored by C.F KAINAT TURKEY TANZANIA LIMITED; a private limited liabilities company incorporated in Tanzania on the 13<sup>th</sup> day of March, 2013 under Certificate of Incorporation No. 97770.

The shareholders and also directors of the Company are:

1. Ferdinand M. Chacha
2. Sinan Emre Zengin
3. Hasan H. Dilber

All directors are holding 100% shares into the authorized and issued capital of the company in proportions of 40%, 30% and 30% respectively.

The objective of the proposed project is to manufacture wooden and MDF furniture in Dar es Salaam City. The proposed plant will have the installed capacity for producing both Wooden and MDF furniture comprising the following product mix: Bed Set [Superior (20%), Fine (30%) Normal (50%)], Dining Set [Superior (20%), Fine (30%) Normal (50%)], Sofa Set [Superior (20%), Fine (30%) Normal (50%)], Misc. Furniture [Superior (20%), Fine (30%) Normal (50%)] and Office Furniture [Superior (20%), Fine (30%) Normal (50%)]. The Company is expected to make a turnover of USD 1,940,000 during the first year of operation.

The project is expected to contribute to the increased supply of furniture products in the Country. Increased supply relative to demand would have the potential of keeping prices low. In addition, the project will contribute to the generation of foreign currency as some proportion of wooden and MDF furniture will be exported to the neighbouring countries.

The project will also contribute to the growth of the Tanzanian economy through generation of employment to 54 people, increase in government revenue through payment of taxes, and through a multiplier effect that would arise through various points in the value chain of furniture production and distribution.

The total project cost, combining start up costs, capital expenditure, and working capital and operating expenses amounts to USD 1,985,000.

The project will be financed through both equity and loan. The project promoters, who are the directors and shareholders of the Company, will inject equity into the project in the form of cash and assets. Assets will comprise primarily of buildings, vehicles, machinery and equipment and start up costs to be capitalised. The total amount of equity is expected to amount to USD 935,000.

The projected cash flows indicate a very strong cash position, enough to support loan repayment and interest payments at the due dates. The projected interest calculation and loan repayment is attached as **Appendix XII**.

On the basis of the results of the analysis, the project is financially viable as it has a positive net present value. The Internal rate of Return (IRR) of 65% is also above the cost of capital.

The project's payback period is 5 years or 60 months

The project is recommended for approval and immediate implementation.

## **INTRODUCTION**

*This section presents the necessary background information pertinent to the project. Among presented information includes legal mandate of the Company, background of directors and senior management, and the objectives of the project. The section also examines the economy, the opportunity, and the contribution of the project to economic development.*

## 1.0 INTRODUCTION

### 1.1 Project Background

The Government of Tanzania, recognizing the need for promoting investment in the Country enacted the National Investment (Promotion and Protection) Act, 1990, which was amended under the Tanzania Investment Act, 1997. The Government identified several areas for investment as a national priority and extended incentives and guarantees in order to encourage investments particularly in manufacturing sector.

The performance of the manufacturing sector however, has remained relatively strong over the past few years, with growth of 9.9 per cent in 2008 and 8 percent in 2009. Performance of manufacturing activities measured by Manufacturing Production Index (MPI), increased by 5.8 percent compared with a growth rate of 5.6 percent compared with a growth rate of 5.6 percent recorded in 2009. The good performance in the manufacturing sector during this period can be partly explained by the increase in demand for manufactured products, availability of reliable electricity, and increased investments under the export processing and special economic zones (Bank of Tanzania, Annual Report 2010/11). As a reflection of the good performance in the manufacturing sector, overall employment rose to 89,031 from 87,779 recorded in 2009.

In 2009, manufacturing activities attracted the most investors, with 183 projects worth TZS 654,472 million and employment potential of 14,143 people. According to the Tanzania Investment Centre (TIC), manufacturing sector once again emerged top in 2010 in attracting investment projects (**2011/12 Tanzania Review 3<sup>rd</sup> Edition**).

It is against this background that C.F Kainat Turkey Tanzania Limited proposes to invest in the establishment of wooden and MDF furniture manufacturing unit in Dar es Salaam with a view to providing high quality furniture at competitive price.

### 1.2 Forest Plantation Situation in Tanzania

Tanzania is a well-endowed country from a natural resources point of view; with its area of more than 945 000 km<sup>2</sup> of which about 334000 km<sup>2</sup> was estimated to be forests and woodlands in 2010 (**Table 1**), representing 39.9% of the total land area (FAO, 2009). About 6% of the area consists of permanent crops, 40% of permanent pastures and 7% is inland waters. There are a number of rivers and lakes, mostly fed from the catchment forests of Tanzania. Tanzania has several distinct climatic zones which provide a wide range of opportunities.

**Table 1:** Forestry and other area information for Tanzania, 1990 –2010

Category	Areas in km <sup>2</sup>				
	1990	1995	2000	2005	2010
Forest	414,949	394,783	374,616	354,450	334,284
Other wooded land	181,834	165,424	149,014	132,604	116,193
Other land	289,017	325,593	362,170	398,746	435,323
Inland water bodies			61,500		
<b>Total Area</b>			<b>947,300</b>		

**Source:** FBD, 2010

Note: Forests are areas with canopy cover of over 10% and other wooded area 5-10% of canopy cover

The total gross area of forest plantations in Tanzania is estimated to be about 250 000 ha. Out of this, government owns about 85 000 ha, privately owned plantations are estimated to be 40000 ha, out-grower schemes and woodlots occupy between 80 000 and 140 000 ha in total. The most important industrial plantation species are pines (*Pinus patula*, *P. elliottii* and *P. caribaea*), cypress, eucalyptus and teak. Pines are the dominant species in most of the government and private plantations with about 78% of the total area planted and the remaining 22% is shared among hardwoods and other softwood species. The age structure is considerably skewed towards young age (27.4%) and older (28.1%) classes. Generally, the health of forest stands is good in most of the plantations. Most of the major diseases and insect attacks which affected plantations in early years of introduction in Tanzania have been addressed. However, fire seems to be a major problem in Tanzania's forest plantations.

Currently, the forest sector in Tanzania is financed by both the government and Development Partners (DPs) through different mechanisms. Also the private sector is financing their forestry activities through own sources, loans and grants.

### **1.3 Purpose of the document**

The objectives of this Feasibility Study Report are twofold. First, is to determine the viability of the proposed project. Second, is to facilitate potential entrepreneurs in project identification for investment. Third, is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deferrals and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997) for the Project.

This project Feasibility Study Report may also form the basis of an important investment decision and in order to serve this objective, the document/study covers various aspects of project concept development, start-up, production, marketing, finance and business management.

### **1.4 The Project Profile**

#### **1.4.1 Project Brief**

The proposed project is for setting up "Wooden and MDF Furniture Manufacturing Units". The project will cater to the needs of the domestic and international market. This project will be capable of integrated manufacturing of wooden furniture starting from cutting of wood to retailing of product to the customer. Auxiliary processes like carving will be met through sub contracting.

The project will also manufacture MDF furniture from imported raw materials. The most raw materials used for MDF furniture will be wooden materials.

#### **1.4.2 Opportunity Rationale**

The demand for wooden furniture is increasing in the domestic market as well as in the international market due to its traditional appeal and durability despite the introduction of new materials in furniture manufacturing.

With the rapid increase in the development of new housing schemes, the increased demand of wooden and MDF furniture is also anticipated.

In the international market, demand for wooden furniture is increasing for its unique style and aristocratic and elegant appearance. The demand of wooden furniture in the

International market is increasing gradually at an annual average rate of 4 percent. In 2006 the global exports of wooden furniture was valued at US \$ 16.191 billion. The top exporters for wooden furniture in 2006 were China, Germany, Malaysia, Canada, Romania, Denmark and USA. Pakistan share in the furniture exports is around 0.08%. Following is the table showing the world imports and exports of Office, Bedroom and Wooden Furniture (other than bedroom & office furniture).

#### 1.4.3 Project Capacity and Rationale

The proposed project is capable of manufacturing the complete range of wooden furniture and MDF furniture to meet the demand of both domestic and international market.

Show room will work on 11 hours a day for 300 days, while factory will work on 8 hours shift for 300 days.

#### 1.4.4 Project Investment

The proposed project is estimated at USD 1,985,000 over an implementation period of three years. The project sponsors have enough financial resources and adequate access to bank funding to undertake the contemplated investment. The project promoters are planning to finance project cost in the following pattern:

Owners' Equity Contribution: USD 935,000 (47%)

Bank Loans: USD 1,050,000 (53%)

A bank loan has been assumed at a rate of 5% and a repayment period of 7 years inclusive of one-year grace period. The project will be implemented in a period of 36 months. The financial projections with respect to commercial operations have been made for 10-year period.

#### 1.4.5 Proposed Product Mix

These units are capable of producing different sort of wooden and MDF furniture. As this project involves craftsmanship of human resource, different type of products can be manufactured but for the purpose of this pre-feasibility, the project is assumed to manufacture bed sets, dining sets, sofa sets, misc. furniture (centre table & end tables for sofa set) and office furniture.

#### 1.4.6 Recommended Project Parameters

**Table 2:** Recommended Project Parameters

Capacity	Human Resource		Technology/Machinery	Location
-	54		Foreign	Dar es Salaam
Project Cost	IRR	NPV at 25%	Payback Period	Highest B.E Capacity
1,985,000	65%	4,410,903.53	7	57.93% during 6 <sup>th</sup> Year

#### **1.4.7 Proposed Location**

Local Furniture demand is directly related to the population living in a locality. Therefore, the demand for wooden and MDF furniture is higher in heavily populated cities of Tanzania like Dar es Salaam, Mwanza, Arusha, Tanga and Mbeya.

The proposed project will be located at Plot 9596 Block B Vingunguti Industrial Area in Dar es Salaam City. The area is permanently accessible by road, water and electricity.

#### **1.4.8 Key Success Factors**

- Proper selection of wood is important for the success of business as wood is the major raw material and it plays an important role in achieving good quality finished product. Properly seasoned (Dry) wood ensures high quality furniture as it minimizes deforming due to dampness in wood.
- Proper selection of labor is also important as it can improve quality of finished product by better craftsmanship & lower wastage. Hence, specialized labor should be used for the particular design and product, which will give high quality furniture at lower cost.
- New designs and styles can build brand equity for the business. As there is high competition in the market, to make the project commercially viable, creation of new designs and styles and setting new trends is vital.
- Reasonable number hiring of permanent labor is important to maintain lower overhead cost, as the business is labor intensive and skilled labor is readily available in the local industry. So, it is important to hire permanent skilled labor according to production requirement. Skilled labor is easily available in the market and additional manufacturing workload can be sub-contracted.
- The final objective of the business is to sell the final product in the market to get the desired return. The location of show room is very important for success. The showroom should be located in a heavily populated or developing city and its location within the city should be in accordance with the target market of the business.
- While selecting the location for production, proximity to raw material and availability of skilled labor should be taken into account, as this will reduce cost of production.

## **FORESTRY INDUSTRY IN TANZANIA**

*This section presents the information pertinent to the forestry industry in the country. It includes, among others, forest distribution, plantations and wood trading in Tanzania.*

## 2.0 AN OVERVIEW TO THE FORESTRY INDUSTRY IN TANZANIA

2.1. Tanzania is endowed with vast forest resources. The country has 33.5 million hectares of forests and woodlands (Table 2).

**Table 3:** Forest distribution by area and cover type

Type of forest	Area ('000 hectares)	Percentage
Closed forests	1,400	4.18
Mangroves	115	0.34
Woodlands	31,985	95.48
Total	33,500	100.00
Used of forest land		
Net productive area	23,755	78.04
Unproductive area	9,745	21.96
Total	33,500	100.00
Legal status		
Forest reserves	13,059	38.98
Forest/woodlands within parks	2,000	5.97
Public forest lands	18,441	55.05
Total	33,500	100.00

The Forestry and Beekeeping Division is responsible for administering a total of 13 million hectares of forest reserves and 20.2 million hectares of unreserved forest resources in general lands. These forests contain many potential wood and non-wood products and a number of outstanding scenery sites.

## 2.2 Forest plantations.

Tanzania has 16 plantations covering a total planted area of 80,000 hectares. Tree species planted include: *Pinus patula*, *Pinus caribaea*, *Pinus elliottii*, *Cupressus lusitanica*, *Cedrela odorata*, *Tectona grandis*, *Terminalia* spp, *Podocarpus species*, *Juniperus procera* and various *Eucalyptus* species. Most of these plantations are mature and ready for harvesting. Table 2 presents a summary of the industrial forest plantation resources.

**Table 4:** Forest Plantations

SN	Plantation	Location	Major species	Area (Ha)	Estimated Allowable cut) m3
1	Shume	Lushoto-Tanga	Pines, Cypress	3,388	54,209
2	Magamba	Lushoto - Tanga	Pines, Cypress, Cedar	523	8,368
3	Ukaguru	Kilosa, Morogoro	Pines	2,396	38,336
4	Rondo	Lindi	Teak, Pines	2,664	42,624
5	Matogoro	Songea, Ruvuma	Pines	1,029	16,464
6	Kawetire	Mbeya	Pines	1,764	28,224
7	Kiwira	Mbeya	Pines	2,627	42,032
8	Rubare	Kagera	Pines	285	
9	Rubya	Ukerewe, Mwanza	Pines	1,816	29,056
10	Buhindi	Mwanza	Pines	3,206	51,296
11	Meru	Arusha	Cypress, Pines, Eucalyptus	6,885	110,160
12	West Kilimanjaro	Kilimanjaro	Pines, Cypress	4,653	74,448
13	North Kilimanjaro	Kilimanjaro	Pines, Cypress	5,588	89,409
14	Longuza	Muheza, Tanga	Teak, Terminalia	1,746	27,936
15	Sao Hill	Mufindi, Iringa	Pines, Eucalyptus	40,529	648,464
16	Mtibwa	Turiani, Morogoro	Teak, Cedrela	1,773	28,369
	Total			80,508	1,288,128

### 2.3 Natural forests

These forests have numerous valuable indigenous tree species suitable for industrial wood production such as *Dalbergia melanoxylon* (E.A. Blackwood), *Pterocarpus angolensis* (mninga), *Khaya anthotheca* (African mahogany), *paurosa* etc. These species are suitable for construction timber, joinery, and furniture production, carving, flooring and general purpose construction wood.

Soft wood and hardwood plantations offer good opportunities to invest in establishment of wood based industries, which may includes:

- Sawmilling (saw wood) industry

## **TECHNICAL ASPECTS**

*This section presents the information pertinent to the project. It includes, among others, project location, infrastructure availability, and civil works. Civil works describes all significant land, buildings, equipments, and technology issues related to the project and products.*

## 2 TECHNICAL ASPECTS

### 3.1 Project Location, Civil Works, and Equipment

The Company will construct buildings for manufacturing/production of wooden and MDF furniture, as well as an administration block. Period of construction is estimated at 18 months for civil works and 6 months for machinery and equipment layout and installation.

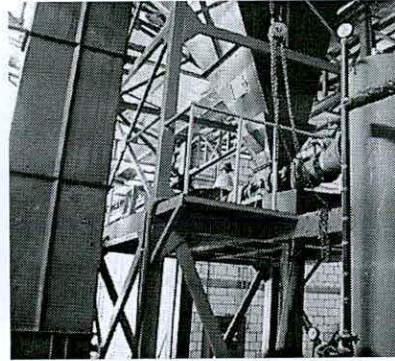
The substantial part of the investment would be devoted to various machinery and equipment, which would include:

- Saw 18"
- Saw 27"
- Saw 30"
- Cutter sliding
- Cutter round
- Guage 14"
- Gauge 18"
- Planer / Shaper 12"
- Surface & Thickness Planners
- Routers
- Vertical Spindle Moulder Machine
- Chain Mortiser Machine
- Wood Lathe Machine
- Spindle Moulder Machine
- Grinder
- Drill Machine
- Compressor
- Flake Belt Conveyer
- Flaker
- Heat Milling Machine
- Flake Feeding Machine
- Gluing Machine
- Hot Wind Generator
- Main Blower and Motor
- Drying Pipe
- Whirlwind Separator
- Dry Wind Control System
- Fibre Silo
- Paving Machine
  
- Boards Conveyer
  
- Pre-Presser
  
- Plain Machine

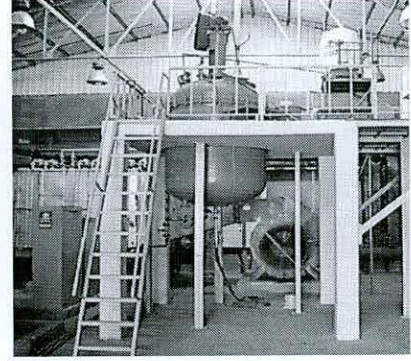
- Board Sawyer
- Edge Trimming Machine
- Fibre Recycle System
- Support Board Callback System
- Board Feeding Machine
- Hot Presser
- Board Unloading Machine
- Board Outlet Machine
- Conveyor
- Surface Processing Machine
- Steaming Boiler
- Transformer
- Fire Control Equipment
- Heating Refiner
- Miscellaneous Tools (Hand Tools, Paint Gun etc.)
- Stand-by Power Generator



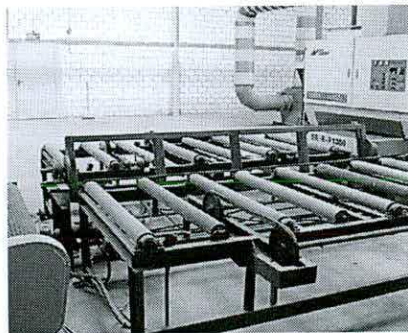
Glue preparation



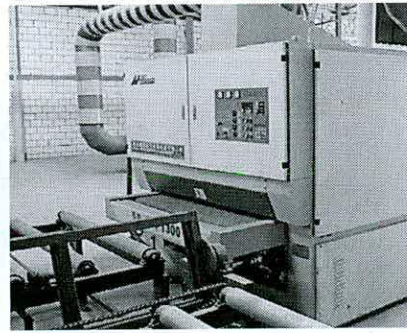
Fibre processing



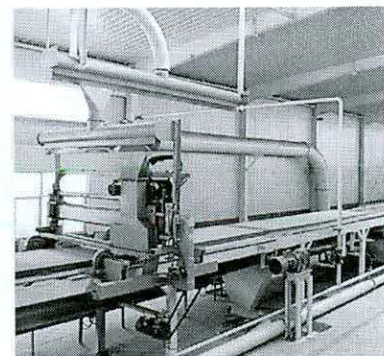
Glue preparation



Conveyor



Surface processing machine



MDF

### 3.2 Motor Vehicles

The Company will acquire four semi/heavy trucks for haulage of timber (raw materials) or distributing furniture from the factory to various customer points in the Country as well as in the neighbouring countries, two delivery vans, one land cruiser (hardtop) and four pick-ups (single cabin) for the management and/or marketing activities. The Company will also acquire two mini buses for the employees' transport.

### 3.3 Infrastructure

The currently earmarked site is well connected to accessible road, and utilities such as electricity and water are readily available.

### 3.4 Technology

In Tanzania, manufacturing of wooden furniture is mostly done by hands. Hence, skilled manpower is the essential element in the manufacturing process of furniture. Imported machinery will be required during the manufacturing process of wooden and MDF furniture and this will require high capital investment & high running. Skilled labor required to operate these machines is easily available in the local market. In the world, there are several manufacturers of furniture machines. The machines for this project will be mainly imported from the following countries.

- China
- Turkey
- India
- South Africa

### 3.5 Proposed Product Mix

The proposed production mix of wooden furniture manufacturing unit will be as follows:

**Table 5:** Proposed Production Mix of Wooden Furniture

Description	Percentage
Bed Set	Superior (20%), Fine (30%) Normal (50%)
Dinning Set	Superior (20%), Fine (30%) Normal (50%)
Sofa Set	Superior (20%), Fine (30%) Normal (50%)
Misc. Furniture	Superior (20%), Fine (30%) Normal (50%)
Office Furniture	Superior (20%), Fine (30%) Normal (50%)
<b>Total</b>	<b>100</b>

The proposed production mix of MDF furniture manufacturing unit will be as follows:

**Table 6:** Proposed Production Mix of MDF Furniture

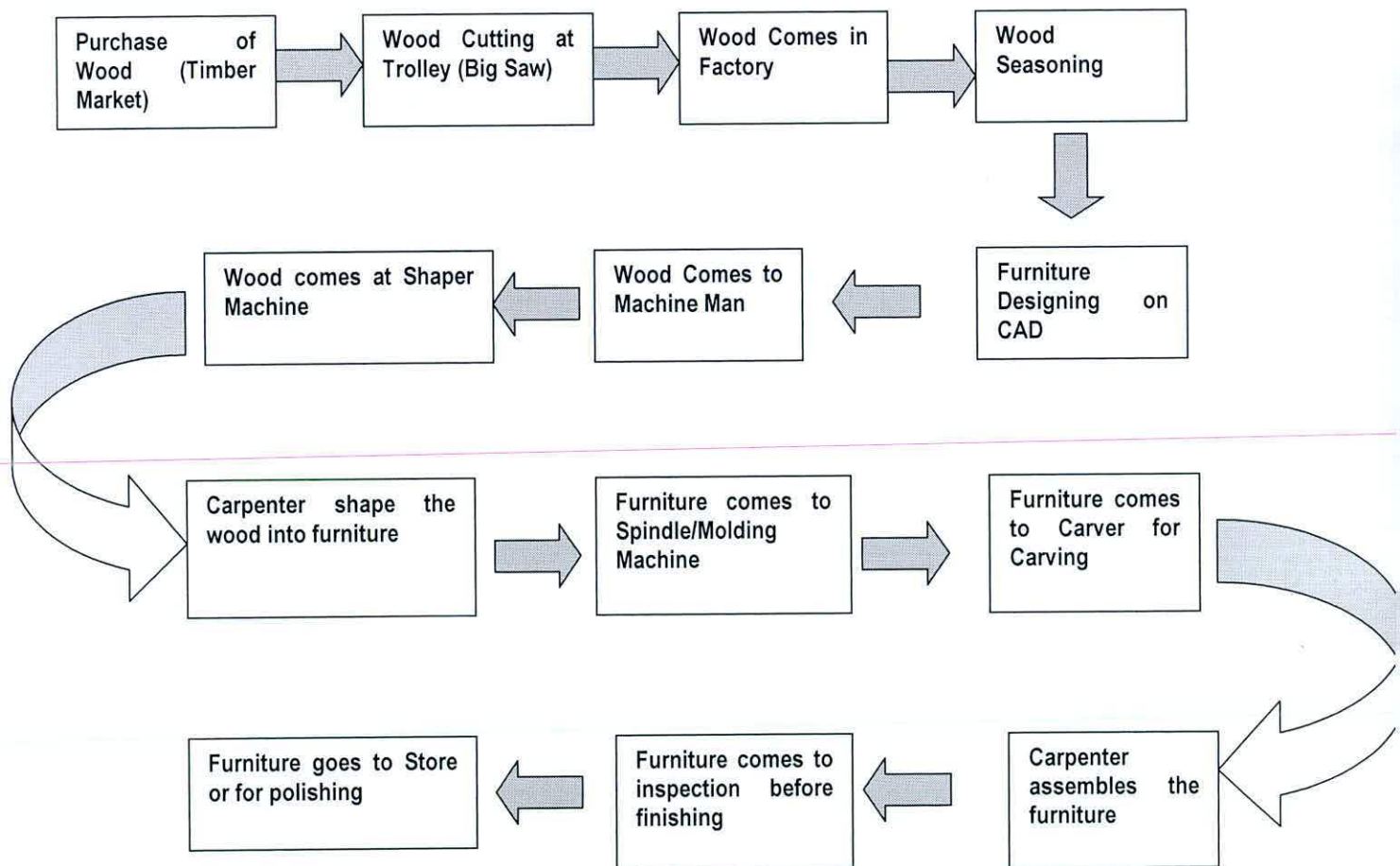
Description	Percentage
Bed Set	Superior (20%), Fine (30%) Normal (50%)
Dinning Set	Superior (20%), Fine (30%) Normal (50%)
Sofa Set	Superior (20%), Fine (30%) Normal (50%)
Misc. Furniture	Superior (20%), Fine (30%) Normal (50%)
Office Furniture	Superior (20%), Fine (30%) Normal (50%)
<b>Total</b>	<b>100</b>

**Note:**

Manufacturing of wooden furniture involves skilled labor. Issues like use of minor labor, deviation from labor laws can influence the business significantly. To avoid issues like minor labor, social security and employee's old age benefit schemes, it is recommended that minimum number of permanent skilled labor should be employed and all other manufacturing should be outsourced on contractual basis to avoid such issues.

**3.6 Production Process Flow for Wooden Furniture**

**Figure 1:** Production Process Flow (Wooden Furniture Manufacturing Unit)



### **3.6.1 Purchase of Wood**

Wood is purchased after Quality inspection. In determining quality following points are considered:

- Age of Wood
- Dryness of wood
- Its surface, which should be plane without holes, etc

### **3.6.2 Cutting of Wood**

When purchased, the wood of natural form, this wood after purchase is cut into different sizes of blocks and slabs.

### **3.6.3 Seasoning/Drying of Wood**

Season wood is higher in price than the fresh wood, so if the wood purchased is not properly dried wood than these blocks/slices are seasoned through different processes, namely:

- Condensation
- Boiler System
- Vacuum System
- Seasoning through putting the wood slices under normal environmental temperature for considerable duration.

### **3.6.4 Selection of Design**

Before start of manufacturing of any furniture product a desired design is selected. Selection of elegant design is important to ensure attractive finished product.

### **3.6.5 Cutting into Slices**

The seasoned wood blocks are cut into desired shape and slices according to the requirement of design.

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### **3.6.6 Molding**

The slices of wood are molded into the desired shape according to the design.

### **3.6.7 Carving**

Carving means different elegant pattern carved in the wood. Quality of carving depends on the skills of the labor.

### **3.6.8 Assembly/Fitting**

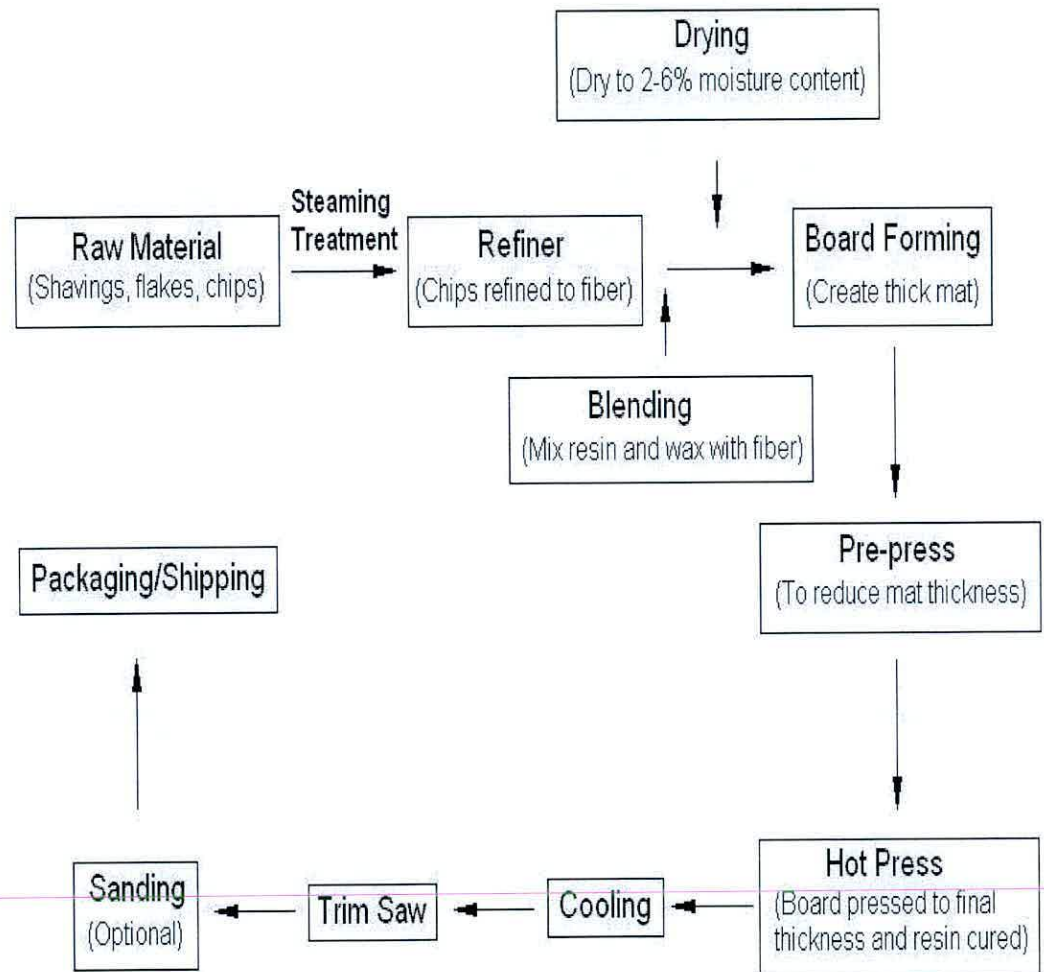
Once the different pieces are carved & molded than these parts/pieces are assembled or fixed together to give the shape to the final product.

### 3.6.9 Finishing (Paint/Polishing)

Assembled product is grind to make the surface smooth. Once the surface is smooth, finishing material is applied to make the surface ready for paint or polish. After the base is prepared final finishing is applied depending on requirement in term of paint/polish. Upholstery of fabric is carried out according requirement of design.

### 3.7 Production Process Flow for MDF

**Figure 2:** Production Process Flow (MDF Furniture Manufacturing Unit)



#### Illustration of process

##### 3.7.1 Raw Materials

The majority of raw material for the production is wood material including twig with the diameter between 50-230mm, small diameter log, slab and lath from timber mill, peeler core, truncation, waste veneer etc from plywood plant(dissection for the one with diameter of more than 230mm,and truncation for the one with bending).the production line can make some

adjustment as per the different material source in different region so as to meet the processing requirements for the non-wood materials like salix psammophi, caragana korshinskii, the stalk, bagasse, the silk of oil palm and so on.

### **3.7.2 Chip Preparation Section**

This section consists of chipping, sifting, storing process and so on in the purpose of providing the qualified chips for hot mill

The raw material is sent by feeding belt conveyor to the drum chipper for being cut into even chips which are apt to transport, store and defiberize. The chips are delivered to the cylinder sift for sieving out the wooddust, big blocks etc. The qualified chips after sieving will be transported via belt conveyor to the bucket lifter which will elevate the chips to a high position for sending them in the chips bin for storage through belt conveyor. The chips in the bin then will be discharged on the belt conveyor under the action of vibration by outfeed chute under bin. After that the oil-cooled electric magnetic iron remover locating on the top of belt conveyor will eliminate the irony matters in the chips under its powerful magnetosonic action. Then sent in the chip pre-heating bin via belt conveyor.

### **3.7.3 Fiber Preparation Section**

This section is composed of hot milling, glue blending and applying, drying and fiber storage section etc to provide the qualified fiber. Firstly the chips are softened in the pre-heating bin by the pre-heating action of steam, then sent in the infeed screw of hot mill by oscillation outfeed device. Secondly the wood plug screw squeezes the chips into wood plug which will be transported in the vertical digester for digesting and softening treatment. New type of  $\gamma$ -ray level of material control system equipped with the digester to accurately control the level of chips and digesting time. Finally, the chips after softening treatment will be sent in the milling chamber of hot mill for defiberation.

The coming out fiber from hot mill will mix with the paraffin and glue sprayed simultaneously at the location of hot mill outlet, then which will be ejected in the drying duct where fiber will be dried momentarily at the state of suspension by the high-speed hot airflow shock.

In order to prevent fiber from fire during drying process, the automatic spark detector and fire-extinguishing system equipped with the drying duct, can automatically give an alarm and put out the fire in time. The dry fiber will be separated from drying gas by the cyclone separator at the rear of drying duct. The dry fiber at the location of cyclone separator outlet, the dry fiber will be sent in the dry fiber bin through rotational valve of dryer and fire-proofing screw conveyor. If fire alarm goes off, then the fire-proofing screw conveyor will return to eject the fiber in case that the fiber with spark would enter the bin and cause a fire disaster

### **3.7.4 Forming and Hot Pressing Section**

This section is constituted by forming, pre-pressing, saw-cutting, transporting, and hot-pressing process etc.

The forming machine includes airflow forming type and mechanical forming type according to the different forming principle. For the mechanical type forming machine, the auxiliary head

with new type of inclined structure will be favorable for increasing the homogenization of mat density. While for the airflow forming machine, the simple structure will be ease of operation. The equipped negative pressure box unit can extract the extra air from mat to improve the quality of mat forming. Above two types of forming machines could be freely chosen by the user.

The shaped mat will be sent in the pre-press for pre-pressing to make sloppy mat have a degree of compactness and bearing strength with the guarantee of no break and no damage during transportation, cutting, loading as well as to reduce the thickness of mat for the achievement of narrowing the clamp opening of press.

The continuous mat band after forming and pre-pressing entering synchronous conveyor will be cut into the rough edge sheet thickness by the spacing –adjusting trimming saw. Then transversally cut by transversal cutting saw into the size which will match with the breadth of hot pressing plate

The mat after trimming firstly will be detected by metal detector, and then sent to acceleration conveyor.

The emerging unqualified mat during forming, pre-pressing, transporting process, will be retrieved by mat recycling equipment.

There is a cart without backing plate which has loading belt conveyor and unloading pusher dog on every layer, equipped with loader for production line. After the loader filled with mats, the cart will send the mats in the hot press, at the same time unloading pusher dog pushes off the unfinished boards which have been compacted the week before into the unloader. After that, when the cart returns, the belt of cart runs forward at the same speed then the board immediately enters in the hot press. That is one-stop operation for board loading and unloading. The hot press full of mats utilizes the simultaneous opening and closing device for instant closing and for automatically completing the whole hot pressing period as per scheduled hot pressing curve which can also regulate the key parameters in the pressing process such as: closing time, pressure rising time, pressure relief time, the clamp opening time so as to meet the requirements of different hot pressing processes. Hot press makes use of the returning pressure way of under slung plunger type cylinder. The pressing power is provided by hydraulic system, while the heat medium for hot pressing plate can take advantage of steam or thermal oil.

After hot pressing process done, the press will automatically load off and open. the mats filling in loader will be reloaded in hot press, simultaneously the pusher dog will push off the unfinished MDF which was compacted just now into unloader. The unfinished board then will be sent for next section one by one via unloader outfeed device.

### **3.7.5 Final Product Preparation Section**

This section consists of cooling board, trimming, stacking section and so on.

The temperature of board after pressing is very high, which has to be transported in the turning cooler for natural cool treatment via cooling turner conveyor.

Rough edged unfinished board after cooling treatment will be sent in the longitudinal and transversal trimming saw which will cut it into the specified board with certain size as per requirements via outfeed conveyor

The board after trimming will be sent in the stacker which will stockpile boards on the hydraulic elevator through outfeed conveyor. The hydraulic elevator will automatically unload them in the forklift roll case one by one. Then the forklift will transport the boards to the semi-final products warehouse for a while, the water content is uniformly distributed in board and is balanced with atmospheric temperature to get ready for being sanded.

### **3.7.6 Sanding Section**

The board after trimming stockpiled for some time will be sent to the sanding line via forklift for removing the surface frozen layer as the requirements so as to obtain the MDF with homogeneous thickness, fine surface and a certain thickness deviation. The final products after sanding will be graded and classified for warehousing.

### **3.8 Product Mix Offered**

For the purpose of this feasibility, it is assumed that project will offer the following products:

- **Bed Set**

These include beds, side tables, dressing tables, dressing stools.

- **Sofa Set**

These include standard sofa set of three seats, two seats and one seat.

- **Dining Set**

These include glass top dining table with eight chairs.

- **Misc. Furniture Set**

A part of Sofa Set but not sold along with it includes glass top centre table along with two end tables for the Sofa Set.

- **Office Furniture Set**

These include office tables along with side tables for computers with one executive and two visitors' chairs.

#### **3.8.1 Superior Quality**

Superior quality bed set, dining set, misc. furniture set and office furniture set are made of supreme quality pure wood furniture with elegant hand carved design. Superior quality has extra carving with complex and elegant design and extra fine polishing and finishing. While Superior quality sofa set is manufacturer from best available upholstery material with elegant design & extra comfort.

#### **3.8.2 Fine Quality**

Fine quality bed set, dining set, misc. furniture set and office furniture are made of fine quality pure wood. Simple but appealing hand carving is done with fine quality polishing. While fine quality sofa set has a quality upholstery material & elegant design.

**3.8.3 Normal Quality**

Normal quality bed set, dining set, misc. furniture set and office furniture are made of a mixture of pure wood and substitute materials. These give fine and even surface for finishing and paint smooth surface gives eye-catching effect. The finish of bed set & dining set are assumed to be of paint due to the extra fine surface. The normal quality sofa set a simple design sofa set with good quality upholstery material.

## **MARKETING**

*This section presents important marketing concerns. It gives details of the key products to be provided by the Company, pricing structure, market demand, competitor analysis, and customer analysis. It gives a detailed account of strategies and channels that the project promoters plan to use in order to sell their services and to capture the desired market share. This information is vital for the justification of investment into the project.*

### **3 MARKETING**

#### **4.1 Domestic Market**

In local market the target market comprises of the following segments:

##### **4.1.1 Target Customers**

In local market, the requirement for wooden and MDF furniture can be categorized into two namely:

- For house use (living room, kitchen, bedroom, etc);
- For offices (public & private sector)

The majority of customers in the domestic market belong to first and second category. These customers require furniture for their newly built houses and usually buy range of products like bed sets, dining sets and sofa sets with other decorative materials for their entire house.

Initially project promoters should target these customers to establish the business and to increase the customer base. These potential customers can play a dominating role in the successful breakthrough of the business.

With the flourishing of tourism and hotel industry, considerable scope emerges for wooden and MDF furniture in this sector. Large orders can be secured to supply wooden and MDF furniture to these hotels and resorts.

##### **4.1.2 Supply**

Government plantations (85000 ha) is the major supply of wood raw material and Sao Hill Forest Plantation (SHFP) alone is currently supplying over 85% of raw material consumed by industries.

Individual private plantations/woodlots, also known as non- industrial private forests (NIPF), are currently supplying an estimated 200000 - 250000 m<sup>3</sup> of roundwood. Supply forecast of roundwood from plantations until year 2030 is estimated at 2.2 million m<sup>3</sup>.

##### **4.1.3 Demand Projection**

The basic raw materials for manufacturing of furniture are wood (lumber, hardwood plywood and MDF). Wood obtained from the forest is of prime quality. Therefore, it is recommended to use dry wood from the forests for manufacturing of quality wooden furniture. Forest wood is easily available in the Tanzanian market. Forecasts of demand for wood from plantations in the base scenario indicate that demand will surpass supply by about 400 000 m<sup>3</sup> by year 2030. However, if the economy grows at the same pace as now, and also the population and urbanisation continue to grow, the forecast is that demand for wood from plantations will exceed supply by about 2,200,000 m<sup>3</sup> by year 2030.

MDF (Medium Density Fiberboard) contains a mixture of wood solids, wax, and resin bonded together under high temperatures and high pressure to create a uniform wood-like product that is far cheaper than real wood.

Raw materials for wooden furniture are plenty in Tanzania; however, MDF raw materials will need to be imported from abroad.

Other materials used in the furniture manufacturing process are nails, screws, glue/solution, spirit, lakh, thinner, lacquer, sealer, hardener, etc. These raw materials are also easily available in the market.

#### **4.2 Pricing and Distribution**

The pricing strategy will be in line with the going rate market prices of the different local brands. Since a new brand has to face a lot of competition from the market, it is suggested that the price ceiling should not be crossed whatever price strategy be adopted.

Preliminary prices are indicated in the assumptions leading to projected financial statements.

The product will be distributed directly from the showrooms to major users or sold by use of agents. Consumers will also be able to purchase their needs directly from the factory.

#### **4.3 Branding and Marketing**

Branding and marketing of furniture is as essential as water for survival of the human body. The traditional marketing tools include site advertisement, TV, Radio, Internet and print media advertising and brochures. This study allocates between 0.5% and 1% of revenue for advertising and promotional purposes.

Marketing expense has been included in the total project cost and it has been estimated at around \$ 2,000 per year or \$ 10,000 in five years period. The following table gives the breakup of the marketing expense:

**Table 7: Marketing Expenses**

<b>Media</b>	<b>In % of the marketing expenses</b>
TV Advertisement	30%
Site Advertisement	10%
Newspapers	38%
Magazines	4%
Point of Sales Marketing	18%

#### **4.4 Product Designing**

Product designing and presentation is one of the main dynamics, which control the flow of target customers towards the product. Furniture can be a product of design and is considered a form of decorative art, creative and technical line of work. Designing furniture will be in line with the industrial norms. Designing will also vary with the understanding of the target market.

## **SWOT ANALYSIS**

*This section presents SWOT Analysis of the Lime manufacturing industry. It identifies key factors that affect the success of this industry. The four factors considered a part of a SWOT analysis are: strengths, weaknesses, opportunities and threats. SWOT Analysis will estimate the risks for this particular project.*

## **5 SWOT ANALYSIS**

### **5.1 Strengths**

- Skilled Labor Force
- Suppliers of raw materials(mainly wood) are available
- Local tools available
- Strong historical background of craftsmen
- The Company has an adequate capital base for commercial operations
- There is adequate space for the intended manufacturing plant
- The Board of Directors consists of people of broad and rich experiences that are useful in guiding the Company activities
- The Management and staff of the Company have a genuine commitment for excellence and well-focused shared vision

### **5.2 Weaknesses**

- High cost of production due to high rate of raw materials
- Lack of educated, certified and professionally trained work force
- No Designing and R&D facilities available
- Unawareness of Social compliance and Environmental issues
- Unawareness of any quality control and standards
- Constraint of Technology
- Fluctuating prices of the raw materials.

### **5.3 Opportunities**

- The size of market for furniture is big, giving ample opportunities for the Company's growth
- The introduction of investor friendly government policies including :
  - Market liberalization
  - Lucrative investment incentive package
- Technical up gradation

### **5.4 Threats**

- Stiff competition from imported furniture (mainly from China) is a threat to the Company
- There exists, albeit in small scale a threat of bureaucracy and corruption, factors which should not be ignored as it might affect government facilitation particularly among public servants who are supposed to support the private sector.
- Higher cost of utilities like power, transport, water
- Higher duties and taxes
- Migration of trained work forces from the sector

## **ORGANISATION AND HUMAN RESOURCES**

*This section presents management issues that are essential components of the success and sustainability of the project. It communicates the organisational structure of the Company sponsoring the project, presents the reputability and experience of the promoters and key stakeholders, and technical advisory services used by the Company. It also presents the nature and extent of the support services needed and its availability, and more importantly the alignment of the management structure to its business strategy and market positioning. This section explains also about commitment and quality policy of the Company*

## 6 ORGANISATION AND HUMAN RESOURCES

### 6.1 Organisational Structure

The Company will adapt an Organization structure capable of meeting the needs of its operations, and recruit personnel to operate the business. The Company requires both administrative and Technical personnel for its smooth operation thus; the total manpower requirement by type is listed in **Table 7** below.

The adapted structure will comprise of the following:

*Board of Directors:* This will consist of the shareholders of the Company and the Managing Director (MD). The Board will be responsible for overseeing the overall direction of the Company, setting goals, and monitoring performance of the management.

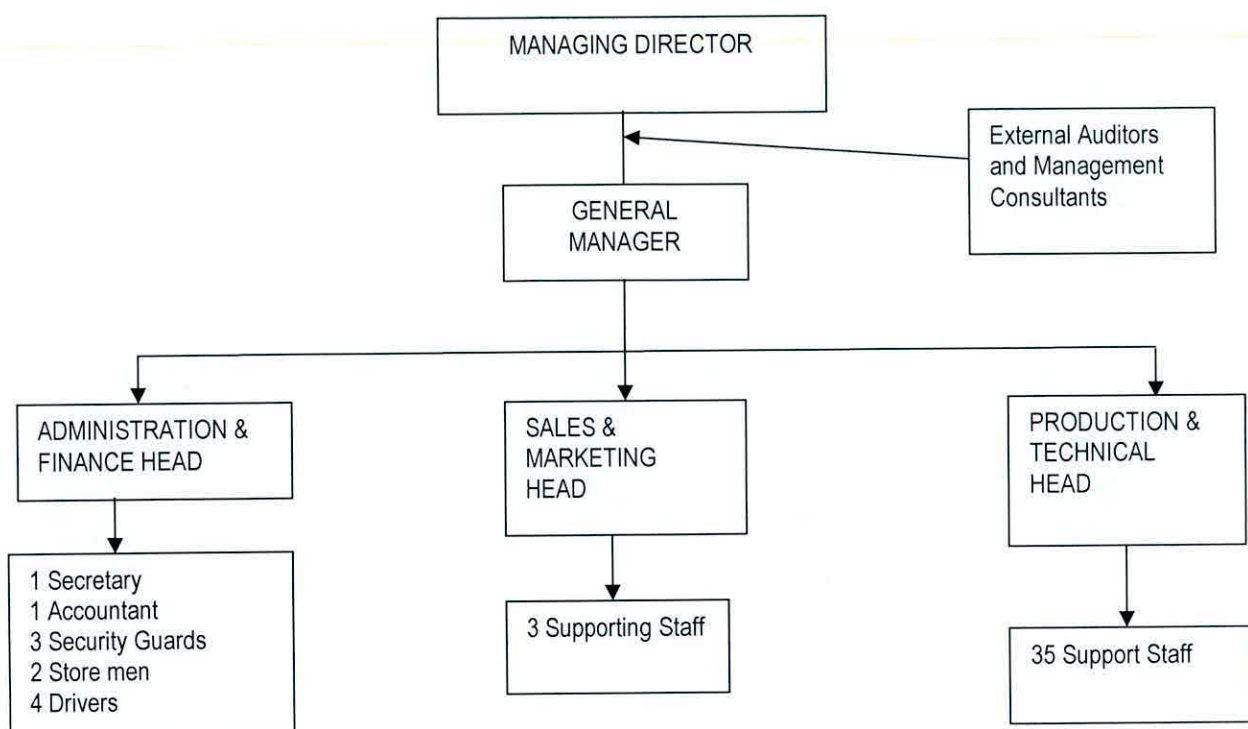
*Managing Director (MD):* The MD will oversee and coordinate the implementation of various Board decisions and business goals. He will be in charge of all affairs of the Company and reports to the Board.

The following requirement of staff along with their levels and monthly salary is foreseen for this project:

**Table 8:** Human Resource Requirement

Designation	No. of Staff	Monthly Salary	Annual Cost
<b>A. Administrative</b>			
General/Plant Manager	1	900	10,800
Administration & Finance Head	1	800	9,600
Secretary cum Receptionist	1	150	1,800
Chief Accountant	1	700	8,400
Cashier	1	400	4,800
Sales & Marketing Head	1	700	8,400
Sales and Marketing Assistants	3	250	9,00
Administration Officer	1	500	6,000
Purchase/Store Men	2	300	7,200
Security Guards	3	70	2,520
Drivers	4	100	4,800
<b>B. Technical</b>			
Production & Technical Head	1	800	9,600
Production Supervisor	2	450	10,800
Machine Operators	2	350	8,400
Carpenters	5	150	9,000
Polish & Carving	5	150	9,000
Electricians	2	300	7,200
Unskilled Workers	19	80	18,240
<b>Sub Total</b>			<b>149,160.00</b>
<b>Payroll Levy 4%</b>			<b>5,788.80</b>
<b>10% Pension Fund</b>			<b>14,472.00</b>
<b>Grand Total</b>	<b>54</b>		<b>164,980.80</b>

**Figure 3: The Organisational Structure**



### 6.2 Technical Advisory Services

The Company plans to engage external consultants and auditors to provide management advisory services, including the initial set up of accounting and management information system, tax issues, and audit of financial statements for external users. Consultants will be engaged on contract terms, and would be expected to work closely with the MD. The Company's use of external consultants would ensure continuous improvements in business strategy and will be a low cost alternative to having a large internal pool of employee.

### 6.3 Recruitment

The recruitment of personnel is carried out in line with the rate of capacity utilization of the furniture manufacturing project. However, key personnel such as engineers, machine operators, carpenters, quality supervisors and few support staff will be recruited on competitive basis from the market.

### 6.4 Training Requirement

Training is a critical requirement for ensuring operational efficiency of the project. Looking to the nature of operations and the size of the proposed unit, it is suggested

that training of the technical and key personnel should be carried out through attachment of existing factories within or outside the country. MDF Production and technical personnel can be given on-the-job training during the erection and commissioning period.

## **6.5 Duties and Responsibilities**

The duties and responsibilities of key personnel will be designed according to the Company objectives in a team approach. Each individual will be expected to accomplish the assigned duties with efficiency to the satisfaction of the Company and market needs.

The Company staff establishment philosophy is to offer a competitive remuneration package enough to get the best from the market and eventually to retain the clean out of it.

Each key staff shall be given a job description and scheme of services. The Company will design a Human Resources Policy and Procedures that will provide among others the following:

- i. Recruitment and appointments
- ii. Salaries, allowances and staff benefits
- iii. Staff Rules
- iv. Human Resource Training and development
- v. Discipline and disciplinary procedures
- vi. Organization chart, job description and salary structure

## **6.6 Management Structure and Strategic Positioning**

The Structure of the Organisation proposed is expected to afford the management a reasonable degree of flexibility and information flow that is considered critical for its business strategy and its market target. The strategy requires high level of contact and interaction with market players; therefore need to remove information barriers between the top management and operational staff. The structure would also allow an efficient and effective production and distribution of furniture, leading the Company into achieving its objectives of supplying quality furniture to a large number of customers and at competitive prices.

## **6.7 The Profile of a Top Management of the Company**

The directors of the Company are long time businessmen. They have a wide experience in business management after having engaged in a number of businesses such as in construction industry in the Northern part of Tanzania.

## **6.8 Commitment of the Company**

The Company is committed to produce high quality products by using research and modern technology without compromising on environment & safety.

They believe in maintaining high ethical standards in whatever they do.

They maintain a healthy relationship of trust and confidence in their Associates whether they are Suppliers, Employees, Customers or Partners.

They believe in ethical practice. They feel proud of their investment in the Region which brings employment to local community. This helps them to live a quality life and provide food and education to their families.

## **6.9 Quality Policy of the Company**

The Company shall strive to deliver products to meet and exceed Customer expectation of quality, quantity, delivery and cost.

This policy shall be deployed through:

- Continual improvement in product quality by process control & variability reduction
- Upgradation of manufacturing technology and skills
- Cost reduction through elimination of waste in all business processes
- Development of Human Resources
- Development and participation of our suppliers.

## **ENVIROMENTAL IMPACT ASSESSMENT**

*This section presents the crucial and yet often ignored concerns on environment and sustainable utilisation of resources. It presents the evaluation of potential environmental impacts of the project, and how the project promoters have planned to prevent or to internalise. It also presents the management commitment to ensure compliance with environmental standards, monitoring, and control.*

## **7 ENVIRONMENTAL IMPACT ASESMENT**

C.F Kainat Turkey Company Limited operations have been designed to comply with Tanzanian environmental requirements and Company's corporate environmental policy. The project has been designed to industry best practice standards. The Company's motto would be to ensure that at all times of operation, maximum safety to both personnel and equipment is maintained, while at the same time keeping the environment friendlier. The factory will be designed to ensure maximum safety to both personnel and equipment. This entails:

- Spacing of production machines according to API 650 Standards to ensure that there is no damage to adjacent facilities in case of structural failure and avoids the risk of damage in case of fire outbreak
- Adoption of NFPA 11 Standards for fire fighting to ensure that all factory machines, buildings and equipment are equipped with foam extinguishing appliances and water rights for fire fighting
- Moreover, in order to combat fire in the event of fire outbreak at the factory, fire-fighting equipment such as sand baskets, fire extinguishers (mobile and fixed) will be fixed in all strategic and key locations
- A bund wall will be built to surround the factory and a protection wall will be erected surrounding the production area to ensure that dusts and fire outbreaks do not spread beyond the production area
- C.F Kainat Turkey Company Limited will be instating her staff to wear protective equipment such as gum boots, nose masks, gloves, goggles, etc in order to avoid direct exposure of wood dusts.

### **7.1 Potential Impacts of the Project and Mitigating Measures to be taken**

C.F Kainat Turkey Company Limited is committed to leading the industry in minimizing the impact of its activities on the environment. In keeping with our environmental ethics, the project promoters would ensure high standards of the facilities to be installed sufficient to comply with safety standards. The company will have appropriate environmental standards in place for surface and ground water management. Part III and Part VII of the Environmental Management (Water Quality Standard) Regulations, 2007 provide water quality standards and penalties respectively.

If not properly handled, lime products may cause tremendous environmental degradation. This project will be designed such that it is friendlier to the environment. Yet accidental events during production may be hazardous to the environment if mitigating measures are not undertaken. The following mitigating measures will be considered:

- The factory will be located in the area far from residential areas to avoid environmental pollution to residents
- Chimney pipes from the factory with low flashpoint will be designed with a floating roof deck, thus reducing drastically possible dusts. Hence air pollution will be kept to the minimum level possible
- The factory will be designed to have an efficient drainage system and an interceptor that collects any accidental spillage and allow only permissible

hydrocarbon concentrations. The presence of these will minimize pollution of land and water.

## **7.2 Planned Preventive and Environmental Care**

The project promoters have planned to prevent threats to the environment, including any emissions to water, air or land as well as disposal and storage of hazardous waste. The Company will employ a Strategy that would provide measures and directions that have to be taken to prevent environmental degradation due to illegal human or industrial activities as per the **National Environmental Policy (1997), The Environmental Management Act No. 20 of 2004** and various International Conventions, of which Tanzania is a signatory.

The key points of this Strategy are to:

- Minimize waste by evaluating operations and ensuring they are as efficient as possible.
- Minimize toxic emissions through the selection and use of its fleet and the source of its power requirement.
- Actively promote recycling both internally and amongst its customers and suppliers.
- Source and promote a product range to minimize the environmental impact of both production and distribution.
- Meet or exceed all the environmental legislation that relates to the Company.
- Use an accredited program to offset the greenhouse gas emissions generated by industrial activities.

## **7.3 Monitoring and Evaluation**

The management has full commitment to ensuring good use of the resources and sustainable environment and the well being of the Community with which they will do business. Thus, the directors consider environment as an important clause in the job functions and the management philosophy of the Company. Through its business processes, managers will strive to ensure compliance to standards and safety of products and customers they serve.

The Company plans to engage some industry experts to undertake periodic technical evaluation of the effectiveness of the facilities. The first evaluation will take place after installation of the effluent treatment facility and just before the commencement of commercial production, and once every two years.

The company would hire environmental technicians to monitor the environmental protection facility installed in the area.

The Company will also conduct environmental monitoring and publish reports that will be readily accessible to the public.

## **INVESTMENT AND FINANCING PLAN**

*This section gives detailed financial information, which includes investment structure and financing plan. The investment structure gives a breakdown of the total project cost, which includes start up costs, capital expenditures and working capital. Financing plan includes capital structure, indicating the amount and form of equity contribution by the project promoters and the amount and form of loan capital to be obtained. It also provides a detailed analysis of cash flows and income projections for a reasonably foreseeable period, loan repayment schedule, and feasibility valuations based on results of valuation methods such as Discounted Cash Flow methods and the Payback period.*

## 8 FINANCING AND INVESTMENT PLAN

### 8.1 Financing Plan

The project will be financed by both equity and loan. The project promoters, who are the directors and shareholders of the company, will inject equity into the project in the form of cash and assets. Equity injection amounts to USD. 1,985,000.

The debt to equity ratio given the estimated amounts of equity of loan will be as follows:

	<u>Amount (USD)</u>	<u>Percentage</u>
Equity	935,000	47
Loan	1,050,000	53
<b>Total</b>	<b>1,985,000</b>	<b>100</b>

### 8.2 Project Investment Costs

Break down of total project cost is in the table below:

**Table 9:** Project Costs

Description	Equity (USD)	Loan (USD)	Total (USD)
Land and Buildings and Other Civil Works	250,000	50,000	300,000
Plant and Machinery	350,000	850,000	1,200,000
Motor Vehicles	100,000	150,000	250,000
Furniture, Fixture and Fittings	30,000	0.00	30,000
Pre-Operational Expenses	30,000	0.00	30,000
Others (Contingencies)	25,000	0.00	25,000
Working Capital	150,000	0.00	150,000
<b>Total Project Costs</b>	<b>935,000</b>	<b>1,050,000</b>	<b>1,985,000</b>

During the operational phase of the project, the company would require additional funds for working capital, operational expenses or revenue expenditure, and financial expenses. The amount required would cover initial operating expenditures, and will thus be reflected in the projections of income statements.

### 8.3 Land, Building and Infrastructure

The factory building will be L-Shaped. At one end of the building is raw materials preparation section while at the end there will be a raw material blending and grinding sections.

The finished product will be stored just after the packing unit. The factory is highly ventilated to eliminate possible accumulation of dust. The walls are constructed of louver blocks and at the

top there are exhaust fans and dust collectors for quick removal of dust. The factory buildings will have two main gates; one gate for the intake of raw materials while the other will be used for outgoing finished products.

The buildings will be constructed of asbestos sheets. The walls are of normal cement sand louver bricks. A chemical testing laboratory will be contained within the factory block. The office block will be located at the end of the factory block near the gatehouse. The office block will accommodate office for the Managing Director, Factory Manager, Chief Accountant, Sales and Marketing Manager and Financial and Administrative Manager and Production Manager.

It is recommended that an electric control system be installed. The PLC programmable controller will be adopted for the electric control system for production line for central management, which can automatically perform the operations like interlocking, connection, start and stop between the sections of field data acquisition, analysis, calculation, output, security dispatching. Through which the running condition of the whole production line can clearly displayed on the large-scale simulation flow chart of operation panel of centralized control room for two sites. Upper location computer monitoring system and advanced bus line control system in the field also can be equipped with the electric control system for the production line as per the buyer's requirements.

**Table 10:** The key technical and economic index for the item

No	Item	Unit	Quantity			Remark
1	Production capacity	m <sup>3</sup> /a	30000	50000	80000	On the basis of the board with thickness of 15mm
2	Working system	Shift	3	3	3	
	Working time per shift	h	7 . 5	7 . 5	7 . 5	
	Working days per year	d	300	300	300	
3	Specifications of final product					
	Thickness	mm	8—25	8—25	8—25	
	Length X width	X	2440×1220			
4	Raw materials consumption index					
	Wood material	T/a	28000	50000	74500	Calculated at the absolute dry material
	Urea-formaldehyde glue	T/a	2520	4000	6700	Solid content percentage of 100%
	Ammonia chloride	T/a	25	50	67	
	Paraffin	T/a	450	900	1200	
5	Power consumption					
	Water consumption for production	M3/h	4	6	8	
	Cooling circulating water	M3/h	35	60	70	
	Compressed air	M3/h	580	600	700	
	Thermal consumption	Gcal/h	6(10—12T)	9(15T)	14(20-25T)	Max air pressure 1. 6Mpa
	Hot mill: Accounts for 25%—28% thermal energy		3T steam boiler	—4T steam boiler	6T steam boiler	
	Dryer : accounts for 45%—55% thermal energy		6T steam boiler	9T steam boiler	12T steam boiler	
	Hot press : accounts for 15% thermal energy		1 . 5T steam boiler	2 . 5T steam	3T steam boiler	

				boiler		
6	Total installed capacity	Kw	3000	4500	5600	Electric consumption
7	The total area of producing workshop	M2	5000	6000	6000	per m <sup>2</sup> m <sup>2</sup> 200-220KW/h
8	The area of raw material storage	M2	13000	25000	35000	3 months for storage
9	Number of fixed workers in workshop	people	60	75	75	

Total land, civil works and other infrastructure cost is estimated at about USD 300,000.

#### 8.4 Machinery and Equipment

The List will include the following:

- Saw 18"
- Saw 27"
- Saw 30"
- Cutter sliding
- Cutter round
- Guage 14"
- Gauge 18"
- Planer / Shaper 12"
- Surface & Thickness Planners
- Routers
- Vertical Spindle Moulder Machine
- Chain Mortiser Machine
- Wood Lathe Machine
- Spindle Moulder Machine
- Grinder
- Drill Machine
- Compressor
- Flake Belt Conveyer
- Flaker
- Heat Milling Machine
- Flake Feeding Machine
- Gluing Machine
- Hot Wind Generator
- Main Blower and Motor
- Drying Pipe
- Whirlwind Separator
- Dry Wind Control System
- Fibre Silo
- Paving Machine
- Boards Conveyer

- Pre-Presser
- Plain Machine
- Board Sawyer
- Edge Trimming Machine
- Fibre Recycle System
- Support Board Callback System
- Board Feeding Machine
- Hot Presser
- Board Unloading Machine
- Board Outlet Machine
- Conveyor
- Surface Processing Machine
- Steaming Boiler
- Transformer
- Fire Control Equipment
- Heating Refiner
- Miscellaneous Tools (Hand Tools, Paint Gun etc.)
- Stand-by Power Generator

The total cost of machinery and equipment is estimated at about USD 1,200,000.

#### **8.5 Motor Vehicles**

The Company will acquire four semi/heavy trucks for haulage of timber (raw materials) or distributing furniture from the factory to various customer points in the Country as well as in the neighbouring countries, two delivery vans, one land cruiser (hardtop) and four pick-ups (single cabin) for the management and/or marketing activities. The Company will also acquire two mini buses for the employees' transport.

The total cost of motor vehicles is estimated at about USD 250,000.

## 8.6 Furniture, Fixture and Office Equipment Requirements

The details of the required furniture, fixture and office equipment are as shown in **Table 11** below:

**Table 11:** Furniture, Fixture and Office Equipment Requirement

<b>Item</b>	<b>Quantity</b>
Table & Chairs for CEO	5
Table & Chairs for General Manager	3
Table & Chairs for Administration and Finance Manager	3
Table & Chairs for Sales and Marketing Manager	3
Table & Chairs for Chief Staff	3
Table & Chairs for Other Staff	15
Visitors chairs for management office	15
Other staff chairs	20
Computers	10
Laser Printer	2
Dot Matrix	4
UPS	10
Air Conditioners/Fans	20
Office Cabinets	5
Safe	1

The total cost of furniture, fixture and office equipment is estimated at about USD 30,000.

## **ECONOMIC AND FINANCIAL ANALYSIS**

*This section gives economic and financial analysis. This includes detailed analysis of cash flows and income projections for a reasonably foreseeable period, loan repayment schedule, and feasibility valuations based on results of valuation methods such as Discounted Cash Flow methods and the Payback period.*

## **9 ECONOMIC AND FINANCIAL ANALYSIS**

### **9.1 Projected Financial Statements**

The projected financial statements for ten year period are attached as **Appendix I-XII**. These statements include the projected balance sheets, income statements, and the statement of cash flows.

The projected balance sheets indicate a healthy trend, with a total equity position. The projected current assets will remain substantially above current liabilities, thus posing no liquidity problems. The projected income statement shows a steady increase in net income starting from the first year of project implementation.

The projected cash flows indicate a strong cash position, enough to support loan repayment and interest payments at the due dates. The projected interest calculation and loan amortisation is attached as **Appendix XII**.

### **9.2 Analysis of Financial Viability**

The analysis of financial viability of the projected was done using the Discounted Cash flow approach (DCF) and the payback method. On the basis of the results of the analysis, the project is financially viable as it has a positive net present value. The Internal Rate of Return (IRR) of 65% is also above the cost of capital.

The project's payback period is 5 years or 60 months.

#### **9.2.1 Annual Production**

The proposed plant will have the installed capacity for producing both Wooden and MDF furniture comprising the following product mix: Bed Set [Superior (20%), Fine (30%) Normal (50%)], Dining Set [Superior (20%), Fine (30%) Normal (50%)], Sofa Set [Superior (20%), Fine (30%) Normal (50%)], Misc. Furniture [Superior (20%), Fine (30%) Normal (50%)] and Office Furniture [Superior (20%), Fine (30%) Normal (50%)].

#### **9.2.2 Revenue Assumptions**

Sales of finished products are assumed to be for both local and international market as shown below:

##### **A: Bed Set:**

- Superior \$US 120,000 in the 1<sup>st</sup> Year
- Fine \$US 180,000 in the 1<sup>st</sup> Year
- Normal \$US 130,000 in the 1<sup>st</sup> Year

**B: Dining Set:**

- Superior \$US 90,000 in the 1<sup>st</sup> Year
- Fine \$US 80,000 in the 1<sup>st</sup> Year
- Normal \$US 140,000 in the 1<sup>st</sup> Year

**C: Sofa Set:**

- Superior \$US 100,000 in the 1<sup>st</sup> Year
- Fine \$US 80,000 in the 1<sup>st</sup> Year
- Normal \$US 200,000 in the 1<sup>st</sup> Year

**D: Misc. Furniture:**

- Superior \$US 110,000 in the 1<sup>st</sup> Year
- Fine \$US 140,000 in the 1<sup>st</sup> Year
- Normal \$US 160,000 in the 1<sup>st</sup> Year

**E: Office Furniture:**

- Superior \$US 120,000 in the 1<sup>st</sup> Year
- Fine \$US 110,000 in the 1<sup>st</sup> Year
- Normal \$US 180,000 in the 1<sup>st</sup> Year

**9.2.3 Depreciation and Amortisation**

Depreciation of motor vehicles has been calculated on the Straight Line Method (SLM), while depreciation of land and buildings, office furniture and machinery & equipment have been calculated on Declining Balance (DB), all basing on life.

- Plant and machinery: 25%
- Land and Buildings: 4%
- Office Furniture: 12.5%
- Motor vehicles: 25%

**9.2.4 Projections of Operating Costs**

• **Raw materials and Inputs**

The majority of raw material for the production is wood material including twig with the diameter between 50-230mm, small diameter log, slab and lath from timber mill, peeler core, truncation, waste veneer etc from plywood plant(dissection for the one with diameter of more than 230mm,and truncation for the one with bending).The production line can make some adjustment as per the different material source in different region so as to meet the processing requirements for the non-wood materials like salix psammophi, caragana korshinskii, the stalk, bagasse, the silk of oil palm and so on.

Other materials used in the furniture manufacturing process are nails, screws, glue/solution, spirit, lakh, thinner, lacquer, sealer, hardener, etc. These raw materials are also easily available in the market.

These raw materials are estimated at the cost of \$US 125,200 in year 1.

- **Salaries and Wages**

This is another major cost item in this kind of undertakings. A total of 54 people will be employed by the project on a permanent basis.

Salaries and wages of the above employees as given under the Financial Statements annexed to this profile are estimated at USD 164,980.80 per annum in year 1.

- **Utilities**

- Electricity and water are estimated at USD 34,200 p.a.
- Telephone/fax/email (Communication) are estimated at USD 4,100 p.a.
- Plant/Motor running, repair and maintenance expenses are estimated at USD 10,200 p.a.
- Insurance is estimated at USD 19,850 p.a

- **License**

This is estimated at USD 5,000 p.a

- **Assumptions for Projections**

- Number of working days in a year are 300 days
- Number of working hours in one day are 8 hours
- Working hours per Month are 25
- After 3 years, sales will increase by 10% every year
- The value of US \$ is calculated at: 1 USD =Tshs 1,600/=

### **9.2.5 Profitability**

According to the projected Income and Expenditure Statement, the project will start generating profit in the first year of operation. Important ratios such as profit to total sales, net profit to equity (Return on equity) and net profit plus interest on total investment (return on total investment) will show an increasing trend during the life-time of the project.

The income statement and the other indicators of profitability show that the project is viable.

### **9.2.6 Break-even Analysis**

Highest breakeven capacity is estimated at 57.93% during the third year of operation and the lowest breakeven capacity is 51.80% during the 1<sup>st</sup> year. The breakeven point declines as the profitability increases due to improved performance of the workers after gaining enough experience, increased production and profitability in the market

arising from improving quality of the products and minimizing production losses and distribution costs over the years.

The management will strive to achieve higher capacity than the breakeven point at 57.93%.

### **9.2.7 Internal Rate of Return and Net Present Value**

Based on the cashflow statement, the calculated IRR of the project is 65% and the Net Present Value (NPV) at 25% is 4,410,903.53

### **9.2.8 The Pay-back Period**

The investment cost and income statement projection are used to project the pay-back period. The project's initial investment will be fully recovered within 5 years.

## **9.3 Contribution of the Project to Economic Development**

The project will serve as an additional source of furniture to the economy. The demand for furniture products will be reflected by the various different users. These include homes and offices. Wooden furniture for example would make a substantial contribution to development in country, producing important economic benefits and playing a significant role in promoting economic growth. As this sector develops, it will create employment (which in turn expands the tax base in the country), generate a trained workforce, and contribute to the development of physical and institutional infrastructure. This project would also contribute to foreign exchange earnings and stimulate investment in a range of secondary support industries.

## **SOCIAL ASPECTS**

*This section presents the various social aspects such as public areas concerns, land rights issues, community services, and acceptability of the project to the society. This analysis is essential because social contradictions may result in losses of revenue and may be administratively costly to resolve.*

## 10 SOCIAL ASPECTS

The Company understands the importance of the community in areas where it does business as an important stakeholder to the Company. During due diligence review of the industry and social implications, nothing negative about the social implications of the project came to the attention of the promoters, aside from environmental aspects dealt with above.

The project promoters will participate and engage in the Community's joint efforts to improve infrastructure and other social services around their business areas. The Company will seek partnership with Community groups to engage in Community development issues, and to resolve amicably, any social misunderstanding or conflicts of interest that arise between the Company and other parties such as the government, employees, customers, suppliers, and other stakeholders.

## **IMPLEMENTATION PLAN**

*This section presents the planned implementation schedule for the project, from preparations, procurement, operational planning, hiring, and commencement of operations.*

## 11 IMPLEMENTATION PLAN

The Company's plan of activities for development of business is divided into the following main activities:

- Completion of initial formalities, i.e. selection of suitable location, etc.
- Mobilization of Resources (including financing)
- Consultations and approvals from TIC, TBS
- Procurement and installation of necessary machinery and equipments
- Furnishing and staff appointment
- Operations (production, marketing, distribution, etc)

This project will take-off after 12 months of preparation and construction.

These will be implemented as indicated in the schematic below:

Activity/Time (Quarters)	2013				2014			
	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4
Completion of initial formalities								
Mobilization of resources								
Consultations and approvals from TIC, TBS								
Construction of Factory Buildings								
Procurement and installation of machinery and equipment								
Furnishing and staff appointment								
Operation								

## **CONCLUDING REMARKS AND RECOMMENDATIONS**

*This section presents summary and remarks on various issues analysed, which includes financial and economic viability, market strength, and environmental suitability. It finally presents recommendations for the appropriate action to be taken by the Company and Authorities responsible for various approvals.*

## 12 CONCLUDING REMARKS AND RECOMMENDATIONS

### 12.1 Overall Project Concept

The overall project concept is sound as it contributes to increased supply of furniture products to the home and office use. It also has great potential for generating foreign exchange for the economy.

### 12.2 Economic and Financial Viability

The technical analysis indicates that the project is both financially and economically feasible.

### 12.3 Social and Administrative Sustainability

The project is socially acceptable as it contributes directly to the national development objective. There are no likely social complexities with respect to the project.

### 12.4 Recommendations

The project is highly recommended for implementation and necessary approvals.

M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

**CAPITAL INVESTMENT STRUCTURE (in US \$ )**

Description	Equity	Loan	Total
Land and Buildings	250,000.00	50,000.00	300,000.00
Motor Vehicles	100,000.00	150,000.00	250,000.00
Furniture, Fixture & Fittings	30,000.00	-	30,000.00
Machinery & Equipment	350,000.00	850,000.00	1,200,000.00
Preparation Expenses	30,000.00	-	30,000.00
Others (Contingencies )	25,000.00	-	25,000.00
Working Capital	150,000.00	-	150,000.00
<b>Total</b>	<b>935,000.00</b>	<b>1,050,000.00</b>	<b>1,985,000.00</b>
<b>Contribution in Percentage</b>	<b>47%</b>	<b>53%</b>	<b>100%</b>

## Appendix II

M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

## Staff Remunerations Package (in USD )

Position	Employees	Salary	Monthly Pay	Annual Package
<b>A. Administrative</b>				
General Manager/Factory Manager	1	900	900.00	10,800.00
Administration & Finance Head	1	800	800.00	9,600.00
Sales and Marketing Head	1	700	700.00	8,400.00
Chief Accountant	1	700	700.00	8,400.00
Cashier	1	400	400.00	4,800.00
Secretary cum Receptionist	1	150	150.00	1,800.00
Administration Officer	1	500	500.00	6,000.00
Sales and Marketing Assistants	3	250	750.00	9,000.00
Purchase/Store Men	2	300	600.00	7,200.00
Drivers	4	100	400.00	4,800.00
Security Guards	2	70	140.00	1,680.00
<b>B. Technical</b>				
Production & Technical Head	1	800	800.00	9,600.00
Production Supervisor	2	450	900.00	10,800.00
Machine Operators	2	350	700.00	8,400.00
Carpenters	5	150	750.00	9,000.00
Polish & Carving	5	150	750.00	9,000.00
Electricians	2	300	600.00	7,200.00
Unskilled Workers	19	80	1,520.00	18,240.00
<b>Sub Total</b>			<b>6,155.00</b>	<b>144,720.00</b>
Payroll Levy 4%				5,788.80
10% Pension fund				14,472.00
<b>Grant Total</b>	<b>54</b>			<b>164,980.80</b>

Note: \*

- 10% of the benefits will be for Social Security Fund's contribution.
- salary will be inclusive of housing allowance

## Operating Cost Schedule (in USD)

## Guidelines:

- Operating cost will increased by 8% every year
- Insurance will be 2% of the major capital assets(Motor vehicles and Machinery/Equipment)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Insurance 2% of assets	19,850.00	21,438.00	23,153.04	25,005.28	27,005.71	29,166.16	31,499.46	34,019.41	36,740.96	39,680.24
Raw Materials & Inputs	125,200.00	135,216.00	146,033.28	157,715.94	170,333.22	183,959.88	198,676.67	214,570.80	231,736.46	250,275.38
Electricity & Water	34,200.00	36,936.00	39,890.88	43,082.15	46,528.72	50,251.02	54,271.10	58,612.79	63,301.81	68,365.96
Stationery & Office utilities	2,240.00	2,419.20	2,612.74	2,821.75	3,047.50	3,291.29	3,554.60	3,838.97	4,146.08	4,477.77
Communications	4,100.00	4,428.00	4,782.24	5,164.82	5,578.00	6,024.25	6,506.18	7,026.68	7,588.81	8,195.92
Plant/Motor Running & Repair	10,200.00	11,016.00	11,897.28	12,849.06	13,876.99	14,987.15	16,186.12	17,481.01	18,879.49	20,389.85
License	5,000.00	5,000.00	5,400.00	5,832.00	6,298.56	6,802.44	7,346.64	7,934.37	8,569.12	9,254.65
Travelling costs	6,500.00	7,020.00	7,581.60	8,188.13	8,843.18	9,550.63	10,314.68	11,139.86	12,031.05	12,993.53
Advertising/Marketing expenses	2,000.00	2,160.00	2,332.80	2,519.42	2,720.98	2,938.66	3,173.75	3,427.65	3,701.86	3,998.01
Consultancy/Audit Fees	5,000.00	5,400.00	5,832.00	6,298.56	6,802.44	7,346.64	7,934.37	8,569.12	9,254.65	9,995.02
Contingency 10%	15,000.00	16,200.00	17,496.00	18,895.68	20,407.33	22,039.92	23,803.11	25,707.36	27,763.95	29,985.07
Directors/Board Fees	6,200.00	6,696.00	7,231.68	7,810.21	8,435.03	9,109.83	9,838.62	10,625.71	11,475.77	12,393.83
<b>Total</b>	<b>235,490.00</b>	<b>253,929.20</b>	<b>274,243.54</b>	<b>296,183.02</b>	<b>319,877.66</b>	<b>345,467.87</b>	<b>373,105.30</b>	<b>402,953.73</b>	<b>435,190.03</b>	<b>470,005.23</b>

## M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

## Assumptions for Projections

- No. of working days in one year: 300
- Operating Hours per Day: 8
- Working Hours per Month: 25
- After 3 years, Sales will Increase by 10% Every year

## Sales/Revenue Projections (in USD )

Description	% Product Mix	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Bed Set</b>											
Superior	20%	120,000	120,000	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846
Fine	30%	180,000	180,000	180,000	198,000	217,800	239,580	263,538	289,892	318,881	350,769
Normal	50%	130,000	130,000	130,000	143,000	157,300	173,030	190,333	209,366	230,303	253,333
<b>Dinning Set</b>											
Superior	20%	90,000	90,000	90,000	99,000	108,900	119,790	131,769	144,946	159,441	175,385
Fine	30%	80,000	80,000	80,000	88,000	96,800	106,480	117,128	128,840	141,724	155,896
Normal	50%	140,000	140,000	140,000	154,000	169,400	186,340	204,974	225,471	248,018	272,820
<b>Sofa Set</b>											
Superior	20%	100,000	100,000	100,000	110,000	121,000	133,100	146,410	161,051	177,156	194,872
Fine	30%	80,000	80,000	80,000	88,000	96,800	106,480	117,128	128,840	141,724	155,896
Normal	50%	200,000	200,000	200,000	220,000	242,000	266,200	292,820	322,102	354,312	389,743
<b>Misc. Furniture</b>											
Superior	20%	110,000	110,000	110,000	121,000	133,100	146,410	161,051	177,156	194,872	214,359
Fine	30%	140,000	140,000	140,000	154,000	169,400	186,340	204,974	225,471	248,018	272,820
Normal	50%	160,000	160,000	160,000	176,000	193,600	212,960	234,256	257,682	283,450	311,795
<b>Office Furniture</b>											
Superior	20%	120,000	120,000	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846
Fine	30%	110,000	110,000	110,000	121,000	133,100	146,410	161,051	177,156	194,872	214,359
Normal	50%	180,000	180,000	180,000	198,000	217,800	239,580	263,538	289,892	318,881	350,769
<b>Total</b>		<b>1,940,000</b>	<b>1,940,000</b>	<b>1,940,000</b>	<b>2,134,000</b>	<b>2,347,400</b>	<b>2,582,140</b>	<b>2,840,354</b>	<b>3,124,387</b>	<b>3,436,826</b>	<b>3,780,508</b>

## Appendix V

M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

## Assumptions for Projections

- Salaries and Wages will Increase by 5% Every year

## Projected Income and Expenditure Statement (in US \$)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Revenue:</b>										
Sales/Revenue	1,940,000	1,940,000	1,940,000	2,134,000	2,347,400	2,582,140	2,840,354	3,124,387	3,436,836	3,780,508
Total Income	1,940,000	1,940,000	1,940,000	2,134,000	2,347,400	2,582,140	2,840,354	3,124,387	3,436,836	3,780,508
<b>Less: Expenses:</b>										
Salary and wages	164,980.80	164,981	173,230	181,891	190,986	200,535	210,562	221,090	232,145	243,752
Operating expenses	235,490	253,929	274,244	296,183	319,878	345,468	373,105	402,954	435,190	470,005
Total Expenses	400,471	418,910	447,473	478,074	510,864	546,003	583,667	624,044	667,335	713,757
Operating Profit	1,539,529	1,521,090	1,492,527	1,655,926	1,836,536	2,036,137	2,256,687	2,500,343	2,769,501	3,066,751
Less: Interest	0	0	0	0	0	0	0	0	0	0
<b>Profit Before Tax</b>	<b>1,539,529</b>	<b>1,521,090</b>	<b>1,492,527</b>	<b>1,655,926</b>	<b>1,836,536</b>	<b>2,036,137</b>	<b>2,256,687</b>	<b>2,500,343</b>	<b>2,769,501</b>	<b>3,066,751</b>
<b>Cummulative Profit</b>	<b>1,539,529</b>	<b>3,060,619</b>	<b>4,553,146</b>	<b>6,209,071</b>	<b>8,045,608</b>	<b>10,081,745</b>	<b>12,338,432</b>	<b>14,838,775</b>	<b>17,608,276</b>	<b>20,675,027</b>

M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

## Depreciation Schedule (in US \$)

NO:	Item	Rate	Method	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X	R/Value
1	Land and buildings	4%	DB												
	Opening Balance			300,000.00	300,000.00	294,000.00	288,120.00	282,357.60	276,710.45	271,176.24	265,752.71	260,437.66	255,228.91	250,124.33	
	Depreciation				6,000.00	5,880.00	5,762.40	5,647.15	5,534.21	5,423.52	5,315.05	5,208.75	5,104.58	5,002.49	
	<b>Closing Balance</b>				<b>294,000.00</b>	<b>288,120.00</b>	<b>282,357.60</b>	<b>276,710.45</b>	<b>271,176.24</b>	<b>265,752.71</b>	<b>260,437.66</b>	<b>255,228.91</b>	<b>250,124.33</b>	<b>245,121.84</b>	<b>245,121.84</b>
2	Motor Vehicle	25%	SLM												
	Opening Balance			250,000.00	250,000.00	187,500.00	125,000.00	96,500.00	72,375.00	48,250.00	24,125.00	0.00	0.00	0.00	
	Depreciation				62,500.00	62,500.00	62,500.00	24,125.00	24,125.00	24,125.00	24,125.00	0.00	0.00	0.00	
	<b>Closing Balance</b>				<b>187,500.00</b>	<b>125,000.00</b>	<b>62,500.00</b>	<b>72,375.00</b>	<b>48,250.00</b>	<b>24,125.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
3	Office Furniture	12.5%	DB												
	Opening Balance			30,000.00	30,000.00	26,250.00	22,968.75	20,097.66	17,585.45	15,387.27	13,463.86	11,780.88	10,308.27	9,019.73	
	Depreciation				3,750.00	3,281.25	2,871.09	2,512.21	2,198.18	1,923.41	1,682.98	1,472.61	1,288.53	1,127.47	
	<b>Closing Balance</b>				<b>26,250.00</b>	<b>22,968.75</b>	<b>20,097.66</b>	<b>17,585.45</b>	<b>15,387.27</b>	<b>13,463.86</b>	<b>11,780.88</b>	<b>10,308.27</b>	<b>9,019.73</b>	<b>7,892.27</b>	<b>7,892.27</b>
4	Machinery & Equipment	25.0%	DB												
	Opening Balance			1,200,000.00	1,200,000.00	900,000.00	675,000.00	506,250.00	379,687.50	284,765.63	213,574.22	160,180.66	120,135.50	90,101.62	
	Depreciation				300,000.00	225,000.00	168,750.00	126,562.50	94,921.88	71,191.41	53,393.55	40,045.17	30,033.87	22,525.41	
	<b>Closing Balance</b>				<b>900,000.00</b>	<b>675,000.00</b>	<b>506,250.00</b>	<b>379,687.50</b>	<b>284,765.63</b>	<b>213,574.22</b>	<b>160,180.66</b>	<b>120,135.50</b>	<b>90,101.62</b>	<b>67,576.22</b>	<b>67,576.22</b>
	<b>Total Invest. &amp; Reinvestment</b>			<b>1,985,000.00</b>	<b>1,985,000.00</b>	<b>1,407,750.00</b>	<b>1,111,088.75</b>	<b>905,205.26</b>	<b>746,358.40</b>	<b>619,579.13</b>	<b>516,915.79</b>	<b>432,399.20</b>	<b>385,672.67</b>	<b>349,245.69</b>	
	<b>Total Depreciation</b>				<b>372,250.00</b>	<b>296,661.25</b>	<b>239,883.49</b>	<b>158,846.86</b>	<b>126,779.27</b>	<b>102,663.34</b>	<b>84,516.59</b>	<b>46,726.53</b>	<b>36,426.99</b>	<b>28,655.36</b>	

Note: DB - Declining Balance Method

SL - Straight Line Method

## Appendix VII

M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

## Working Capital Schedule (In US \$)

Item\ Year	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Current Assets:</b>										
Debtors 1 month of sales	55,000.00	58,678.00	61,332.00	63,000.00	65,616.67	67,178.33	71,696.17	73,365.58	76,402.17	78,042.33
Trade debtors insurance - 1 Year	19,850.00	21,438.00	23,153.04	25,005.28	27,005.71	29,166.16	31,499.46	34,019.41	36,740.96	39,680.24
<b>Total Current Assets</b>	<b>74,850.00</b>	<b>80,116.00</b>	<b>84,485.04</b>	<b>88,005.28</b>	<b>92,622.38</b>	<b>96,344.49</b>	<b>103,195.63</b>	<b>107,384.99</b>	<b>113,143.13</b>	<b>117,722.57</b>
<b>Current Liabilities:</b>										
Salaries and wages (1 month)	13,748.40	14,435.82	15,157.61	15,915.49	16,711.27	17,546.83	18,424.17	19,345.38	20,312.65	21,328.28
Raw Materials and Inputs (1 month)	10,433.30	11,267.96	12,169.40	13,142.95	14,194.39	15,329.94	16,556.34	17,880.84	19,311.31	20,856.21
Electricity & Water (1 month)	2,850.00	3,078.00	3,324.24	3,590.18	3,877.39	4,187.59	4,522.59	4,884.40	5,275.15	5,697.16
Communications	341.67	369.00	398.52	430.41	464.84	502.03	542.19	585.56	632.41	683.00
Stationery & Office Utilities	186.67	201.60	217.73	235.15	253.96	274.28	296.22	319.92	345.51	373.15
Plant/Motor Running & Repair (1 month)	850.00	918.00	991.44	1,070.76	1,156.42	1,248.93	1,348.84	1,456.75	1,573.29	1,699.15
<b>Total Current Liabilities</b>	<b>28,410.04</b>	<b>30,270.39</b>	<b>32,258.95</b>	<b>34,384.94</b>	<b>36,658.27</b>	<b>39,089.59</b>	<b>41,690.35</b>	<b>44,472.85</b>	<b>47,450.32</b>	<b>50,636.97</b>
<b>Net Working Capital</b>	<b>46,439.96</b>	<b>49,845.61</b>	<b>52,226.09</b>	<b>53,620.35</b>	<b>55,964.11</b>	<b>57,254.90</b>	<b>61,505.27</b>	<b>62,912.14</b>	<b>65,692.81</b>	<b>67,085.60</b>
Change in Working Capital	46,439.96	3,405.65	2,380.48	1,394.26	2,343.76	1,290.79	4,250.37	1,406.86	2,780.68	1,392.79

## Appendix VIII

M/S C.F. KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

## Cashflow Projections (in US \$)

Item	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Inflows:</b>										
Equity	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00
Loan Capital	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00
Profit Before Tax	1,539,529.00	1,521,090.00	1,492,527.00	1,655,926.00	1,836,536.00	2,036,137.00	2,256,687.00	2,500,343.00	2,769,501.00	3,066,751.00
Depreciation	372,250.00	296,661.25	239,883.49	158,846.86	126,779.27	102,663.34	84,516.59	46,726.53	36,426.99	28,655.36
<b>Total Inflows</b>	<b>2,961,779.00</b>	<b>3,802,751.25</b>	<b>3,717,410.49</b>	<b>3,799,772.86</b>	<b>3,948,315.27</b>	<b>4,123,800.34</b>	<b>4,326,203.59</b>	<b>4,532,069.53</b>	<b>4,790,927.99</b>	<b>5,080,406.36</b>
<b>Outflows:</b>										
Investment	1,985,000.00	1,985,000.00	1,985,000.00	1,985,000.00	1,985,000.00	1,985,000.00	1,985,000.00	1,985,000.00	1,985,000.00	1,985,000.00
Reinvestment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital	46,439.96	3,405.65	2,380.48	1,394.26	2,343.76	1,290.79	4,250.37	1,406.86	2,780.68	1,392.79
<b>Total Outflows</b>	<b>2,031,439.96</b>	<b>1,988,405.65</b>	<b>1,987,380.48</b>	<b>1,986,394.26</b>	<b>1,987,343.76</b>	<b>1,986,290.79</b>	<b>1,989,250.37</b>	<b>1,986,406.86</b>	<b>1,987,780.68</b>	<b>1,986,392.79</b>
<b>Operating Cashflow</b>	<b>930,339.04</b>	<b>1,814,345.60</b>	<b>1,730,030.01</b>	<b>1,813,378.60</b>	<b>1,960,971.51</b>	<b>2,137,509.55</b>	<b>2,336,953.22</b>	<b>2,545,662.67</b>	<b>2,803,147.31</b>	<b>3,094,013.57</b>
<b>Less: Loan Instalment</b>	<b>0.00</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Cashflow</b>	<b>930,339.04</b>	<b>1,797,202.74</b>	<b>1,712,887.15</b>	<b>1,796,235.74</b>	<b>1,943,828.65</b>	<b>2,120,366.69</b>	<b>2,319,810.36</b>	<b>2,528,519.81</b>	<b>2,803,147.31</b>	<b>3,094,013.57</b>
<b>Cummulative Cashflows</b>	<b>930,339.04</b>	<b>2,727,541.78</b>	<b>4,440,428.94</b>	<b>6,236,664.68</b>	<b>8,180,493.33</b>	<b>10,300,860.02</b>	<b>12,620,670.39</b>	<b>15,149,190.20</b>	<b>17,952,337.51</b>	<b>21,046,351.08</b>

M/S C.F. KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1705 MWANZA

Discounted Cashflows (in US \$)											
Item	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Inflows:</b>											
Profit Before Tax		1,539,529.00	1,521,090.00	1,492,527.00	1,655,926.00	1,836,536.00	2,036,137.00	2,256,687.00	2,500,343.00	2,769,501.00	3,066,751.00
Depreciation		372,250.00	296,661.25	239,883.49	158,846.86	126,779.27	102,663.34	84,516.59	46,726.53	36,426.99	28,655.36
Residue Value		0.00	0.00	0.00	405,890.82	231,445.04	200,561.86	172,177.04	145,689.74	138,710.16	132,835.08
<b>Total Inflows</b>	<b>0.00</b>	<b>1,911,779.00</b>	<b>1,817,751.25</b>	<b>1,732,410.49</b>	<b>2,220,663.68</b>	<b>2,194,760.31</b>	<b>2,339,362.20</b>	<b>2,513,380.63</b>	<b>2,692,759.27</b>	<b>2,944,638.15</b>	<b>3,228,241.44</b>
<b>Outflows:</b>											
Investment	1,985,000.00	1,985,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reinvestment		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital		46,439.96	3,405.65	2,380.48	1,394.26	2,343.76	1,290.79	4,250.37	1,406.86	2,780.68	1,392.79
<b>Total Outflows</b>	<b>1,985,000.00</b>	<b>2,031,439.96</b>	<b>3,405.65</b>	<b>2,380.48</b>	<b>1,394.26</b>	<b>2,343.76</b>	<b>1,290.79</b>	<b>4,250.37</b>	<b>1,406.86</b>	<b>2,780.68</b>	<b>1,392.79</b>
<b>Net Cashflows</b>	<b>-1,985,000.00</b>	<b>1,865,339.04</b>	<b>1,814,345.60</b>	<b>1,730,030.01</b>	<b>2,219,269.42</b>	<b>2,192,416.55</b>	<b>2,338,071.41</b>	<b>2,509,130.26</b>	<b>2,691,352.41</b>	<b>2,941,857.47</b>	<b>3,226,848.65</b>

NPV at 25%	4,410,903.53
NPV at 30%	3,387,765.13
IRR	65.00

## M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

## Projected Balance Sheet (in USD)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Assets:</b>										
Fixed Assets (net)	398,900.00	405,850.00	419,351.75	425,625.18	431,445.04	440,561.86	442,177.04	448,689.74	452,710.16	460,835.08
<b>Current Assets:</b>										
Cash & bank	110,121.00	117,300.00	125,063.00	127,122.68	131,762.71	139,125.34	146,290.52	154,009.36	156,082.81	159,674.30
Debtors	15,133.33	15,293.33	15,485.33	17,149.07	19,002.21	21,068.32	23,374.22	25,950.52	28,832.23	32,059.44
<b>Total Current Assets</b>	<b>125,254.33</b>	<b>132,593.33</b>	<b>140,548.33</b>	<b>144,271.75</b>	<b>150,764.92</b>	<b>160,193.66</b>	<b>169,664.74</b>	<b>179,959.88</b>	<b>184,915.04</b>	<b>191,733.74</b>
<b>Less: Current Liabilities:</b>										
Trade Creditors	2,124.36	2,257.58	2,399.62	2,551.09	2,712.66	2,885.02	3,068.95	3,265.24	3,474.77	3,698.49
<b>Net Current Assets</b>	<b>2,124.36</b>	<b>2,257.58</b>	<b>2,399.62</b>	<b>2,551.09</b>	<b>2,712.66</b>	<b>2,885.02</b>	<b>3,068.95</b>	<b>3,265.24</b>	<b>3,474.77</b>	<b>3,698.49</b>
<b>Net Total Assets</b>	<b>522,029.97</b>	<b>536,185.76</b>	<b>557,500.47</b>	<b>567,345.84</b>	<b>579,497.31</b>	<b>597,870.50</b>	<b>608,772.83</b>	<b>625,384.39</b>	<b>634,150.43</b>	<b>648,870.33</b>
<b>Financed by:</b>										
Equity	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00	935,000.00
Loan	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	0.00	0.00
Reserves	44,967.68	49,188.26	53,568.53	58,238.84	64,782.85	73,452.43	84,536.35	88,366.29	95,323.78	98,848.46
<b>Net Worth</b>	<b>979,967.68</b>	<b>984,188.26</b>	<b>988,568.53</b>	<b>993,238.84</b>	<b>999,782.85</b>	<b>1,008,452.43</b>	<b>1,019,536.35</b>	<b>1,023,366.29</b>	<b>1,030,323.78</b>	<b>1,033,848.46</b>

## M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

## Break - Even Analysis (in US \$)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI
<b>Sales Revenue</b>	<b>1,940,000.00</b>	<b>1,940,000.00</b>	<b>1,940,000.00</b>	<b>2,134,000.00</b>	<b>2,347,400.00</b>	<b>2,582,140.00</b>
Variable Costs	235,490.00	253,929.20	274,243.54	296,183.02	319,877.66	345,467.87
Variable Margin	1,704,510.00	1,686,070.80	1,665,756.46	1,837,816.98	2,027,522.34	2,236,672.13
Variable Margin Ratio (%)	13.76	11.53	7.68	17.21	27.20	34.39
<b>Including Cost of finance</b>						
Fixed costs	662,272.00	662,272.00	662,272.00	662,272.00	662,272.00	662,272.00
Financial costs	138,623.20	127,812.33	115,054.53	0.00	0.00	0.00
Break-even sales value	891,559.09	833,608.86	633,179.42	592,619.62	592,619.62	444,650.50
Break-even ratio (%)	76.67	72.77	79.79	78.87	78.87	75.51
<b>Fixed costs coverage ratio</b>	<b>1.153762</b>	<b>1.374188</b>	<b>1.672598</b>	<b>1.698765</b>	<b>1.698765</b>	<b>1.801587</b>
<b>Excluding cost of finance</b>						
Fixed costs	662,272.00	662,272.00	662,272.00	662,272.00	662,272.00	662,272.00
Break-even sales value	779,976.78	754,010.24	592,619.62	592,619.62	592,619.62	444,650.50
Break-even ratio (%)	51.80	52.30	53.16	57.30	55.05	57.93
Fixed costs coverage ratio	1.14	0.90	1.07	0.89	1.00	1.00

## M/S C.F KAINAT TURKEY TANZANIA LIMITED P.O. BOX 1755 MWANZA

**Loan Repayment Schedule (in US \$ )**

Amount 1,050,000  
 Period 5 years or 60 Months  
 Rate 18% p.a

	Loan	Months	Rate		
	1,050,000	60	18.00%		
	Start	Interest	End	Payment	Balance
1	1,050,000	15,750	1,065,750	26,663	1,039,087
2	1,039,087	15,586	1,054,673	26,663	1,028,010
3	1,028,010	15,420	1,043,430	26,663	1,016,767
4	1,016,767	15,252	1,032,019	26,663	1,005,356
5	1,005,356	15,080	1,020,436	26,663	993,773
6	993,773	14,907	1,008,679	26,663	982,016
7	982,016	14,730	996,747	26,663	970,083
8	970,083	14,551	984,635	26,663	957,972
9	957,972	14,370	972,341	26,663	945,678
10	945,678	14,185	959,863	26,663	933,200
11	933,200	13,998	947,198	26,663	920,535
12	920,535	13,808	934,343	26,663	907,680
13	907,680	13,615	921,295	26,663	894,632
14	894,632	13,419	908,052	26,663	881,388
15	881,388	13,221	894,609	26,663	867,946
16	867,946	13,019	880,965	26,663	854,302
17	854,302	12,815	867,117	26,663	840,454
18	840,454	12,607	853,061	26,663	826,397
19	826,397	12,396	838,793	26,663	812,130
20	812,130	12,182	824,312	26,663	797,649
21	797,649	11,965	809,614	26,663	782,951
22	782,951	11,744	794,695	26,663	768,032
23	768,032	11,520	779,552	26,663	752,889
24	752,889	11,293	764,183	26,663	737,520
25	737,520	11,063	748,582	26,663	721,919
26	721,919	10,829	732,748	26,663	706,085
27	706,085	10,591	716,676	26,663	690,013
28	690,013	10,350	700,363	26,663	673,700

Total Interest

549,786

28	690,013	10,350	700,363	26,663	673,700
29	673,700	10,106	683,806	26,663	657,143
30	657,143	9,857	667,000	26,663	640,337
31	640,337	9,605	649,942	26,663	623,279
32	623,279	9,349	632,628	26,663	605,965
33	605,965	9,089	615,054	26,663	588,391
34	588,391	8,826	597,217	26,663	570,554
35	570,554	8,558	579,112	26,663	552,449
36	552,449	8,287	560,736	26,663	534,073
37	534,073	8,011	542,084	26,663	515,421
38	515,421	7,731	523,152	26,663	496,489
39	496,489	7,447	503,936	26,663	477,273
40	477,273	7,159	484,432	26,663	457,769
41	457,769	6,867	464,636	26,663	437,973
42	437,973	6,570	444,542	26,663	417,879
43	417,879	6,268	424,147	26,663	397,484
44	397,484	5,962	403,446	26,663	376,783
45	376,783	5,652	382,435	26,663	355,772
46	355,772	5,337	361,109	26,663	334,445
47	334,445	5,017	339,462	26,663	312,799
48	312,799	4,692	317,491	26,663	290,828
49	290,828	4,362	295,190	26,663	268,527
50	268,527	4,028	272,555	26,663	245,892
51	245,892	3,688	249,580	26,663	222,917
52	222,917	3,344	226,261	26,663	199,598
53	199,598	2,994	202,592	26,663	175,929
54	175,929	2,639	178,568	26,663	151,905
55	151,905	2,279	154,183	26,663	127,520
56	127,520	1,913	129,433	26,663	102,770
57	102,770	1,542	104,311	26,663	77,648
58	77,648	1,165	78,813	26,663	52,150
59	52,150	782	52,932	26,663	26,269
60	26,269	394	26,663	26,663	0
		549,786			

(S)

TICC/PP.10 / 042553

14<sup>th</sup> JULY, 2014

The Chief Executive  
Business Registrations and Licensing Agency,  
P.O. Box 9393,  
**DAR ES SALAAM.**

Dear Sir,

**RE: APPLICATION FOR THE POSITION OF SHARE HOLDERS OF C.F  
KAINAT TURKEY TANZANIA LIMITED C.NO 97770 OF 13<sup>RD</sup>  
MARCH. 2013.**

Please refer to the heading above

We request you to furnish us with the current status of **shareholders and directors** of the above mentioned company incorporated in your office as shown above.

This information is necessary for us to process further the company's application for grant of the Certificate of Incentive which is kept pending on this ground

We thank you in advance.

Yours faithfully,

*N. Mchome*

N.Mchome  
**For: Executive Director**

DAR-ES-SALAAM  
P. O. Box 938  
04 JUL 2011  
RECEIVED  
TANZANIA INVESTMENT CENTRE

Director  
Tanzania Investment Centre

Unclaimed refund beyond three years will be forfeited



# TANZANIA INVESTMENT CENTRE

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

**RECEIPT** REC016223

No. 010065

Received from : C. F. KAINAT TURKEY TANZANIA LTD

Address P. O. Box 63285, Dar Es Salaam.

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

Being payment in respect of : CERTIFICATE OF INCENTIVES FEES

Amount : USD 1,000.00

Cash / Cheque No: Deposit 47

Date : 04-Jul-2014

J Simba

Receiving Officer





PA/ ALL GL/122-letter/C.F/14

2<sup>nd</sup> July, 2014

The Executive Director,  
Tanzania Investment Centre (TIC),  
P.O. Box  
**Dar es Salaam.**

Dear Sir/Madam,

**RE: REQUEST FOR AMENDMENT OF THE LIST OF SHAREHOLDERS OF  
C.F. KAINAT TURKEY (T) LTD**

1. Kindly refer to the subject in caption.
2. We are Advocate for the above mentioned Company, namely; **M/s. C.F. KAINAT TURKEY (T) LTD**, (hereinafter refer to as our client).
3. Our client is body corporate duly incorporated under the **Companies Act, (Cap 212, RE 2002)** dealing with among other things, manufacturing and sale of furniture and other construction material.
4. **On 13<sup>th</sup> December, 2013**, your office issued our said client with a **Certificate of Incentives No. 042553**. However, while the Application for the said Certificate was still pending at your office, sometimes on **17<sup>th</sup> October, 2013**, the said company underwent further structural changes whereby, three other new investors from Turkey also joined the company as its new shareholder hence increasing the number of the shareholders from three to six. The said new members were, **Mr. Erol Yanigun (6,000 shares)**, **Mr. Hassan Sahinler (6,000 shares)** and **Mr. Taner Durmus (5,500 shares)**
5. In view of the above changes and by virtue of the fact that all the three new members who joined the Company as investors are all foreigner, we



(S)

TICC/PP.10 / 042553

14<sup>th</sup> JULY, 2014

The Chief Executive  
Business Registrations and Licensing Agency,  
P.O. Box 9393,  
**DAR ES SALAAM.**

Dear Sir,

**RE: APPLICATION FOR THE POSITION OF SHARE HOLDERS OF C.F  
KAINAT TURKEY TANZANIA LIMITED C.NO 97770 OF 13<sup>RD</sup>  
MARCH. 2013.**

Please refer to the heading above

We request you to furnish us with the current status of **shareholders and directors** of the above mentioned company incorporated in your office as shown above.

This information is necessary for us to process further the company's application for grant of the Certificate of Incentive which is kept pending on this ground

We thank you in advance.

Yours faithfully,

*N. Mchome*

N.Mchome  
**For: Executive Director**

request your esteemed office to amend the previous list of shareholders and reissue a new Certificate of Incentives pursuant to the changes.

**Your prompt action on the above request shall be highly appreciated.**

Respectfully,  
**PRIME ATTORNEYS**



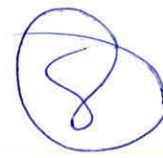
George Nyangusu  
**ADVOCATE**

- C.C: 1. Permanent Secretary,  
Ministry of Finance,  
P.O. Box 9111,  
**Dar es Salaam.**
2. Permanent Secretary,  
Ministry of Industry,  
Trade & Marketing,  
P.O. Box 9503,  
**Dar es Salaam.**
3. Commissioner General,  
Tanzania Revenue Authority,  
P.O. Box 11491,  
**Dar es Salaam.**

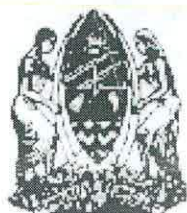
**Attachments:**

1. *Company Progress Report.*
2. *Photos revealing project progress.*
3. *Resolution by shareholders to alter share-structure of the company and adopt new shareholders.*
4. *Brella documents for establishment of the Company and subsequent changes made in respect thereof.*
5. *Original Certificate of Incentives issued on 13<sup>th</sup> December, 2013.*

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



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



P. O. Box 9393,  
DAR ES SALAAM.

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

In reply please quote:

Ref: No. MIT/RC/97770/4

17<sup>th</sup> July, 2014

Executive Director,  
Tanzania Investment Centre  
P.O. Box 938,  
**DAR ES SALAAM**

**RE: 1. THE COMPANIES ACT NO. 22 OF 2002**  
**2. C.F KAINAT TURKEY TANZANIA LIMITED**

Reference is made to your letter TICC/PP.10/042553 dated 14<sup>th</sup> July, 2014,  
Below are the search results:-

1. Number of Incorporation:- 97770
2. Date of Incorporation:-13<sup>th</sup> March,2013
3. Shareholders:-
  - i) Ferdinard Chacha 4,000 shares
  - ii) Sinana E. Zengin 3,000 shares
  - iii) Hasan H. Dilber 3,000 shares

4. Directors
  - i) Ferdinard Chacha (Tanzanian)
  - ii) Sinana E. Zengin (Turkish)
  - iii) Hasan H. Dilber (Turkish)

5. Note: The company has submitted documents to change the capital and annual return forms but they have not been registered due to the following anomalies:-

- Resolution for increase of share capital is not submitted
- Wrong company secretary indicated on the annual returns
- Incomplete annual returns (other past and present directorships)
- Proper business occupation to be indicated

- % to be treated on each share is not indicated on allotment form

Yours Sincerely,



R.J. Kitambi

**SENIOR ASSISTANT REGISTRAR OF COMPANIES.**

(9)

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

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



P. O. Box 9393,  
DAR ES SALAAM.

(All Official communications should be  
addressed to the Chief Executive Officer not  
to individuals)  
In reply please quote

Ref: No: MIT/RC/97770/06

14<sup>th</sup> August, 2014.

Prime Attorneys,  
P.O.Box 7379,  
Dar es salaam.

**RE: THE COMPANIES ACT, 2002.**  
**: C.F KAINAT TURKEY TANZANIA LIMITED.**

Reference is made to your letter dated 11<sup>th</sup> August, 2014.

1. Shareholders:

- Ferdinand Chacha - 15,000 shares.
- Sinai Emre Zengin - 8,750 shares.
- Hasan Huseyin Dilber - 8,750 shares.
- Hasan Sahinler - 6,000 shares.
- Erol Yenigun - 6,000 shares.
- Taner Durmus - 5,500 shares.

2. Directors:

- Ferdinand Chacha
- Sinai Emre Zengin
- Hasan Huseyin Dilber

  
Noel J. Shani

**SENIOR ASSISTANT REGISTRAR OF COMPANIES**

