
PROGRESS REPORT AS AT 28TH DECEMBER 2020

1.0 Planned Project Activities

1.1 Project promoters planned to establish and operate a grain terminals and maize processing facilities at Plot No. 3 Mponela Village in Mbozi District, Songwe region and at Plot No. 204 Block A, Zegereni Area in Kibaha District. They planned expansion and modernization of its existing grain terminal at Mbozi as well as establishing another ultra-modern grain terminals with conventional warehouses, silos and milling plants with cleaning and drying facilities at Kibaha in Coastal region to install two storage facilities capable of storing 15,500 MTs to both sites.

1.2 The shareholders and also directors of the company are:

- (i) Leonard Dominick
- (ii) Joseph Leonard
- (iii) Anastazia Leonard
- (iv) Mary Benedict

All directors are holding 100% shares into the authorized and issued capital of the company in proportions of 50%, 20%, 20% and 10% respectively.

1.3 The project holds a TIC Certificate of Incentives No. 001030 dated 17th December 2019 which amended TIC Certificate of Incentives No. 001046 dated 17th November, 2017 to incorporate Plot No. 204 Zegereni Industrial Area in Kibaha.

1.4 Project promoters planned to install a grain terminal and construct warehouses and buildings for processing and storing both raw and processed maize flour, as well as an administration block.

1.5 Project promoters planned to procure essential machinery & equipment and utility vehicles in relation to the project.

2 Achievement Made on The Project Implementation to-date

- 2.2 We obtained TIC Certificate of Incentives No. 001046 on 17th November 2017 covering a period of three years and it was amended and subsequently replaced by TIC Certificate of Incentives No. 001030 issued on 17th December, 2019 for additional of plot.
- 2.3 We obtained Duty/VAT Exemption on some machinery & equipment and utility vehicles in 2018. During the period under review, we managed to complete construction of one factory building, warehouses, administration building and fencing.
- 2.4 The other two main factory building and warehouses as a result of modernization and expansion are still under construction but at the final stages and some of the machinery, prefabricated steel structure and other equipment for implementation of the project which the company have procured are yet to be shipped. *Evidence of procurement*
- 2.5 During the period under review Dominick Milling Group Ltd also managed to import some machinery, fabricated steel structure and equipment for the two factories in 2020.
- 2.6 The project has created 10 additional direct and indirect employment making current employment to reach 29 Tanzanians.
- 2.7 The project promoters have already obtained long term loan from a commercial bank to facilitate implementation of this project. *Evidence of loan*
- 2.8 The project is still under construction and is yet to be completed because of some challenges which the project has encountered including COVID-19, unexpected heavy rain pattern during rainy season of 2020 as well as delay of electricity connection by TANESCO. Also some of the machinery, prefabricated steel structure and other equipment for implementation of the project which the company have procured are yet to be shipped. *Confirm*
- 2.9 The total project cost to-date combining start up costs, capital expenditure, and working capital and operating expenses is estimated at Tshs. 5,255,642,885.

3.0 Updates on the following information

3.1 The shareholders and also directors of the company remain to be;

- i. Leonard Dominick
- ii. Joseph Leonard
- iii. Anastazia Leonard
- iv. Mary Benedict

3.2 All directors are holding 100% shares into the authorized and issued capital of the company in proportions of 50%, 20%, 20% and 10% respectively. All Shareholders and also directors are Tanzanian nationals and remain unchanged since inception of the Company.

3.3 Company Communication Information.

The current Company's communications remain to be as follows;

- i. Head Office physical address is located at Plot no. 37 Block G, Regent Estate Street, 7th Floor Victoria House, and P.O Box 4520 within Kinondoni district-Dar es Salaam.
- ii. Email Address: ifo@dominickgroup.co.tz
- iii. Mobile: +255 754 274 601
- iv. Telephone: +255 222 926 132

3.4 Contact Person

The Company's contact person is;

Name: Leonard Dominick

Position: Managing Director

Email: leonard@dominickgroup.co.tz

Mobile: +255 754 274 601

3.5 Company Incorporation information.

Dominick Milling Group Ltd was incorporated on 11th May 2017 under the Company's Act, 2002 and was issued a Certificate of Incorporation No. 135094. Dominick Milling Group Limited holds a business license no. B 03438679 and Tax Payer Identification No 133-573-704. Dominick Milling Group Limited is owned and managed by dynamic, self-motivated, knowledgeable and skilled business person.

3.5 Project Objective

The proposed project is about establishing grain terminals and maize flour mill plants to enable expansion and modernization of its existing grain terminal at

Mbozi as well as establishing another ultra-modern grain terminals with conventional warehouses, silos and milling plants with cleaning and drying facilities at Kibaha in Coastal region as well as collection, storage, processing, marketing and selling of its various processed products.

3.6 Project Core Activities

The establishment, expansion and modernization of the terminals will enable Dominick Milling Group Limited to collect, dry, store and process various cereals as a result reduce post-harvest losses which cause farmers to lose significant amount of their valuable incomes, improve quality of produce and add value to the produces which will facilitate achievement of national food security, contribution to economic growth and poverty reduction by ensuring obtainment of quality foodstuff at competitive and affordable prices. It is expected that at least 20,000 small- holder farmers in the Southern Highland, coastal and central zones would benefit from this project through sale of maize, red and white sorghum to Dominick Milling Group Limited. In order to ensure the two grain terminals are completed and ready for 2020/2021 harvesting season, from now to June 2022 Dominick Milling Group Limited plans to accomplish a number of activities which will culminate into establishing and operating the two factories, some activities are expected to be completed concurrently, the activities include obtaining permits from various regulatory bodies, constructing factory buildings, procuring, installing, testing and commissioning of plants and machinery, employing additional experienced and competent key staff, procuring raw materials and finally producing, marketing and selling products to its customers.

3.7 Project Capacity

Dominick Milling Group Limited plans to invest in two state of the art grain terminals with conventional warehouses, silos and food processing plants one at Mponela in Songwe region with capacity to produce 100 Tons of various cereals in which Dominick Milling Group Limited plans to collect, store, clean, dry and process maize, sorghum and other cereals with a view to adding value to them as well as reducing post-harvest losses which are rampant in the country. Furthermore, Dominick Milling Group Limited is building a grain terminal with a warehouse and processing machinery with

capacity to produce 50Tons of various cereals at Zegereni, Kibaha in Coastal region to enable it to collect, store, clean, dry and process maize, sorghum and other cereals from Northern and central corridor including Morogoro, Dodoma and Manyara as well as storing of processed goods from Songwe grain terminal. Considering the minimum economic scale of production, the envisaged plants are planned to have installed capacity of about 150 tons per day.

3.8 Direct Employment

Dominick Milling Group Limited has already hired a total of 29 employee at the moment as direct employee of whom 20 are men and 9 are women. It is envisaged that when implementation is complete and start production at full capacity, the project will employ approximately 55 direct employees which will comprise 5 foreign both men and women as well as 50 local employee of whom 35 employee will be men and 15 women.

3.9 Indirect Employment

The project employs approximately 45 indirect employee in both sites of Mponela- Mbozi as well as Zegereni industrial area in Kibaha mostly in the area of casual works during this period of project implementation. It is anticipated that, when implementation of the project is complete and start production, the project will employ approximately 100 indirect employee in the area of casual works, cleaning and packaging.

4 Project Financial Expenditure to-date

The total project financial expenditure to-date is estimated at Tshs. 5,255,642,885 summarized as follows:

| S/N | | TOTAL IN TSHS |
|-----|------------------------------|----------------------|
| 1 | Land and Buildings | 3,775,493,470 |
| 2 | Plant, Machinery & Equipment | 925,149,415 |
| 3 | Motor Vehicles | 50,000,000 |
| 4 | Furniture & Fittings | 80,000,000 |
| 5 | Office Equipment | 10,000,000 |
| 6 | Insurance Cover | 75,000,000 |
| 7 | Pre-Operational Expenses | 340,000,000 |
| 6 | Working sub-total | 5,255,642,885 |
| | Grand Total | 5,255,642,885 |

Financing Structure

To-date we have already spent about Tshs 5,255,642,885, of which Tshs 1,205,215,558 (23%) has been funded by directors' own funds and Tshs 4,050,427,327 (77%) has been funded by borrowings shown as follows:

| S/No | Source of Funds | Percentage | T.Shs |
|------|-----------------------------|-------------|----------------------|
| 01 | Owners' Equity Contribution | 23% | 1,205,215,558 |
| 02 | Long Term Loan | 77% | 4,050,427,327 |
| | Total Financing | 100% | 5,255,642,885 |

5 PROJECT FINANCING

The proposed project is valued at Tshs 6,815,642,887 (when fully implemented), of which Tshs 2,765,215,560 (30%) will be funded by directors' own funds and Tshs 4,050,427,327 (70%) will be funded by borrowings shown as follows:

| S/No | Source of Funds | Percentage | T.Shs |
|------|-----------------------------|-------------|----------------------|
| 01 | Owners' Equity Contribution | 30% | 2,765,215,560 |
| 02 | Long Term Loan | 70% | 4,050,427,327 |
| | Total Financing | 100% | 6,815,642,887 |

6 Exemptions On Capital/Deemed Capital Goods to-date

We are grateful for TIC facilitation in obtaining exemptions on capital/deemed capital goods which has enabled us reduce some project costs substantially, particularly on the duty exemption on plant and machinery.

7.0 Problems and Solution.

We are happy to report that our application for TIC Certificate of Incentives was granted promptly. Our application for tax exemptions by TRA was also granted without delay except for unexpected heavy rain pattern during the 2020 rain season and electricity connection by TANESCO. There was no serious problem that has hampered development of our project locally. However around February/March 2020 the project started to face some serious problems due to the outbreak of COVID-19.

7.1 The outbreak of COVID-2019

The outbreak of Covid-19 worldwide especially China where Dominick Milling Group Limited had procured machinery, prefabricated steel structure and accessories and equipment as well as experts for machinery installation affected badly implementation of the project timely. Prefabricated steel structure, Machinery and other equipment could not be shipped as scheduled. Also Chinese Engineers could not fly to Tanzania because of COVID-19 despite the fact that the company had already paid for such services. Attached herewith are some of the communication between Dominick Milling Group Limited and the Supplier of Machinery who was supposed to send engineers for installation, testing and commissioning. Dominick Milling Group Limited opted to find and engage local engineers for machinery Installation in respect of already shipped machineries as well as assembling prefabricated steel structure and other equipment.

7.2 Un expectable rain pattern

The rain pattern of the year 2020 had been abnormal and severely affected implementation of the project. The rain abnormality affected construction activities in the project sites rendering the project taking too long than earlier expected. Un expectable rain further affected site accessibility especially at Kibaha site, it could take 5-7days for a 7km distance for heavy truck carrying machinery, prefabricated steel structure and other equipment to the site because of unpassable mud road during that period.

7.3 Electricity connection from TANESCO.

It took too long to get transformer and electricity connection by TANESCO, this also affected timely installation of machinery. The installation of the machinery commenced in November 2020 and such activities is still going on to date. Previously the installation of machinery was expected to commence on July 2020 and completion was expected to be on August 2020.

As a result the project implementation has taken too long than expected leading to prolonged implementation period than earlier anticipated thereby exceeding implementation period provided by TIC Certificate of Incentive No. 001030 which was October 2020 and operative date of the project was November, 2020.

Confirm
Electricity
connect

8.0 Future Plans

The directors of Dominick Milling Group Limited have recently resolved to apply for Extension of the TIC Certificate of Incentives No. 001030 dated 17th December 2019 to finalize implementation of the ongoing planned project of expansion and modernization of its existing grain terminal at Mbozi by establishing another ultra-modern grain terminals with conventional warehouses, silos and milling plants with cleaning and drying facilities at Kibaha in Coastal region to install two storage facilities for grain terminals and maize processing facilities at Plot No. 3 Mponela Village in Mbozi District, Songwe region and at Plot No. 204 Block A, Zegereni Area in Kibaha District. In addition to that, during the implementation of the project it has become apparent that, there will be need to establish Animal Feed Production Plant which will consume byproduct of human feed as raw material.

9.0 Recommendations

While we thank TIC for your kind assistance in enabling us start implementation of our project partially at Plot No. 3 Mponela in Mbozi District, Songwe Region and at Plot No. 204 Block A, Zegereni Area in Kibaha District, we further request your esteemed organization to approve our application for Extension of TIC Certificate of Incentives No. 001030 dated 17th December 2019 to enable finalization of implementation of the ongoing planned project of expansion and modernization of existing grain terminal at

Mbozi as well as at Kibaha. In addition to that, some of the machinery, prefabricated steel structure and other equipment for implementation of the project which the company have procured are yet to be shipped.

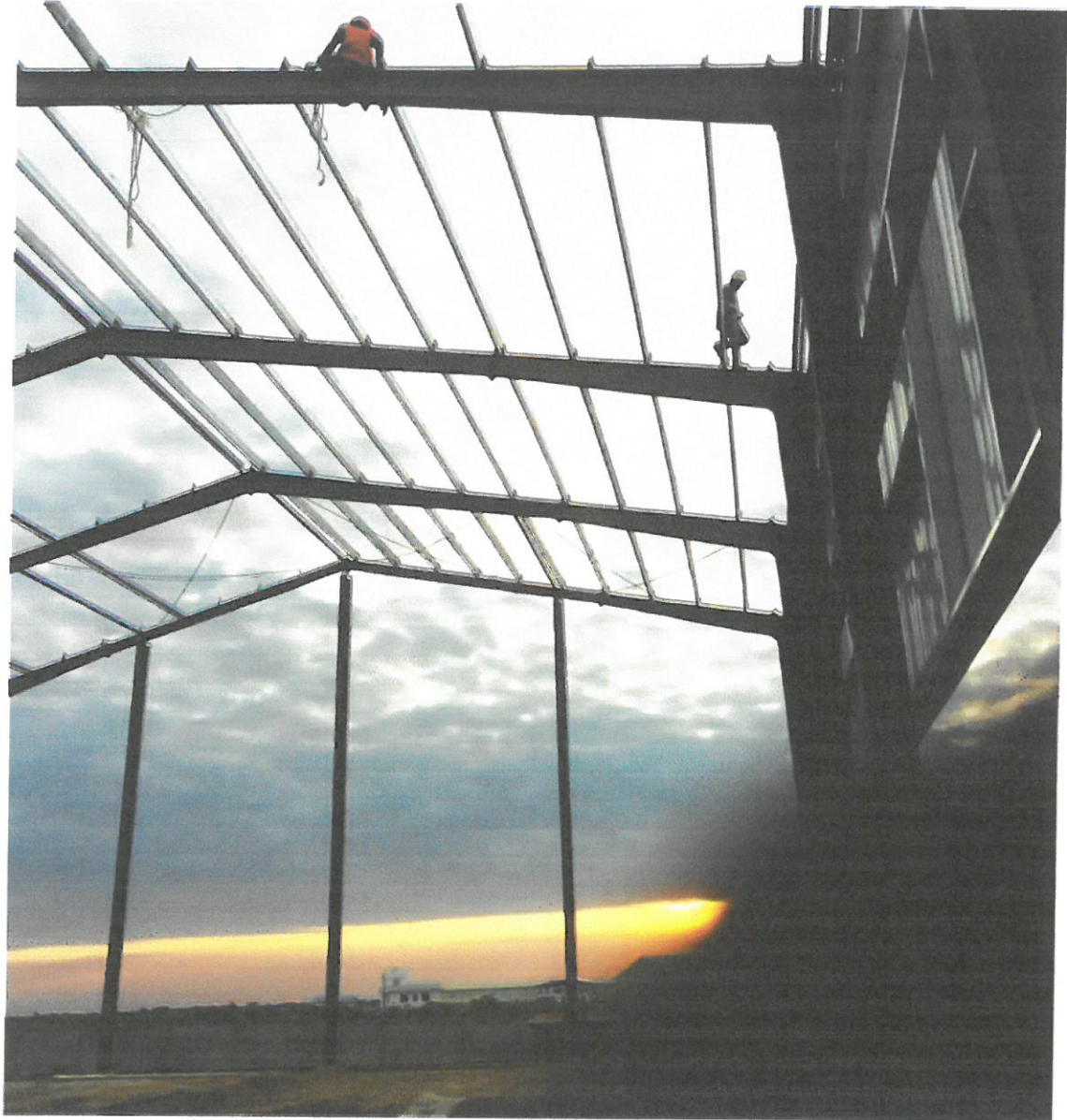
10. Project Photo



View of construction (at foundation stage) of factory building of Dominick Milling Group Limited



Casual workers at work



View of contractors at work at the site



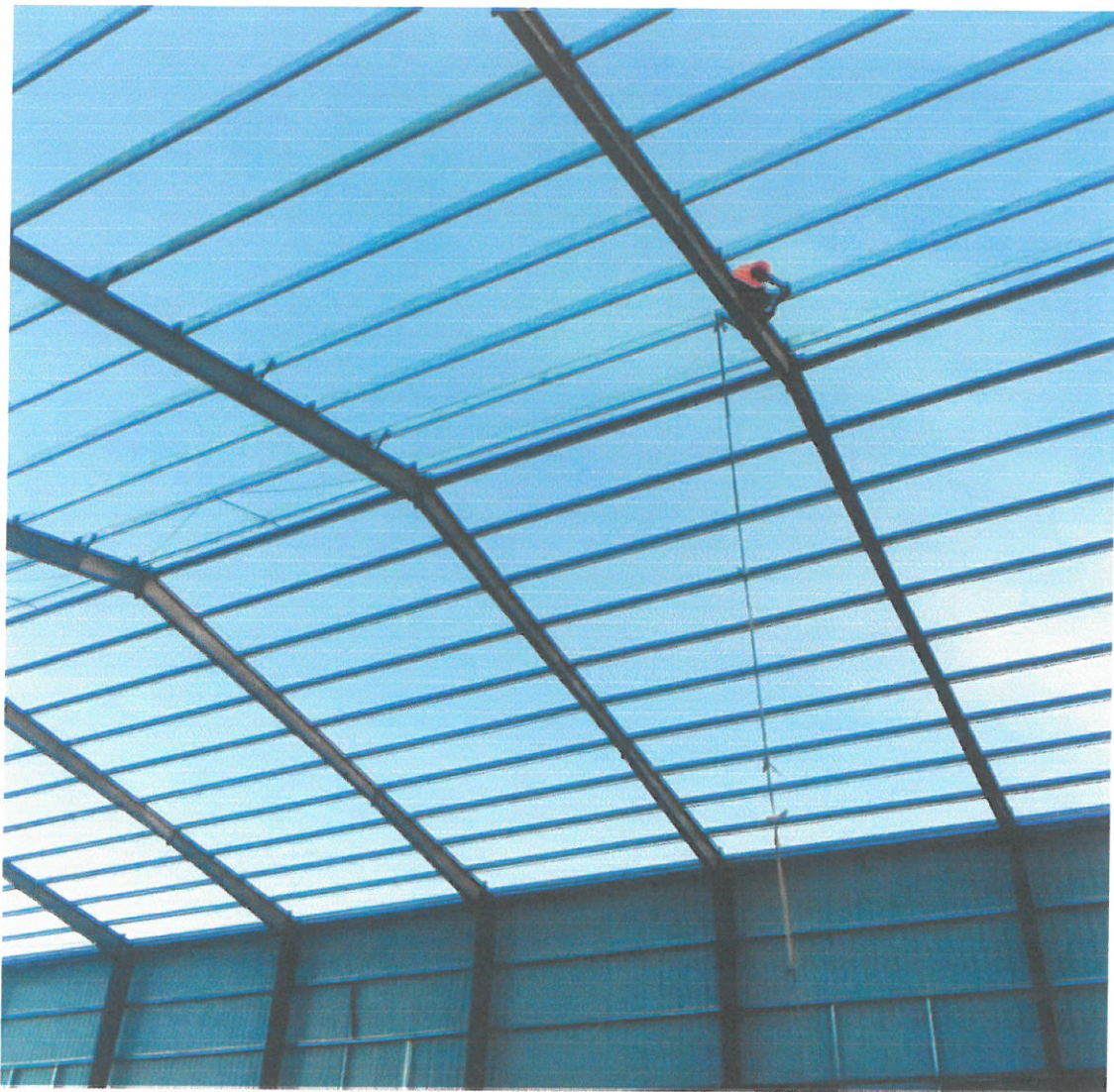
View of contractors at work at Dominick Milling Group Ltd



View of contractors at work Plot No. 204 Zegereni Industrial Area in Kibaha



Contractors at work



Contractors at work



Contractors at work



Contractors at work



Contractors at work



Contractors at work



A warehouse under construction



A warehouse under construction



A contractors painting a warehouse



A warehouse under construction