

FOWZ INTERNATIONAL
COMP LTD

IN WITNESS WHEREOF the Parties hereto have executed these presents in the manner and on the days herein after appearing.

SIGNED and DELIVERED by the said

..... ASMA RASHID)
.....)
In the presence of..... ALI MAGERS)
..... who is known to me)
Signature..... *[Signature]*)
Address..... *[Stamp]*)
Occupation *[Stamp]*)

[Signature]
ASMA RASHID

SIGNED and DELIVERED by the said

.....)
.....)
For and on behalf of:)
FOWZI INTERNATIONAL CO. LIMITED)
In the presence of..... ALI MAGERS)
..... who is known to me)
Signature:..... *[Signature]*)
Address:..... *[Stamp]*)
Occupation:..... *[Stamp]*)

[Signature]
FOWZI INTERNATIONAL CO LTD
P.O. Box 578
DAR ES SALAAM

TICC/PP.10/041662/3

19th March 2009

Managing Director,
Fowzi International Company Limited,
P.O. Box 5784

DAR ES SALAAM.

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF MANUFACTURING FOR GARMENTS**

We wish to acknowledge receipt of your project proposal to establish manufacturing facilities for garments as presented in the TIC P.A. 1 Form No. 07682 and Feasibility Study with a projected investment of USD. 0.650m.

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

- Certified document showing evidence of Land ownership for the location of project.

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

.../2

TICC/PP.10/041662/3

19th March 2009

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

Yours sincerely,

Tanzania Investment Centre



B. D. Chonjo

For: EXECUTIVE DIRECTOR

Copy to: Permanent Secretary,
Ministry of Finance and Economic Affairs,
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

r41662

FOWZI INTERNATIONAL COMPANY LIMITED

CERTIFICATE OF INCORPORATION NO: 65089

**EXTRACT FROM THE MINUTES OF THE EXTRA-ORDINARY MEETING
OF MEMBERS OF THE COMPANY HELD ON 25TH OCTOBER, 2008**

**ITEM NO. 2 AND NO. 3: **CONSIDERATION OF NON-PAYMENT OF
ALLOTTED SHARES AND FORFEITURE
THEREOF****

HAVING considered the cases of non-payment of allotted shares by SAFIA OSOBOLE ROBLE and GULED HASSAN AHMED as presented before the meeting of Members, it was RESOLVED that the said number of shares allotted to each of the two members be and are hereby forfeited.

IT IS FURTHER RESOLVED that since only HUSSEIN MOHAMED ADOW had requested for allotted of the forfeited shares the share are hereby re-allocated to HUSSEIN MOHAMED ADOW effective to day and that the names of the two members be stroke off the Members Register and that with effect from the day of this RESOLUTION the Company will have FOUR MEMBERS only.



CHAIRMAN



MEMBER

REG: 65089

TRANSFER OF SHARE OR STOCK.

Stock forwarded to the Company's Office by

SAFIA OSOBOLE ROBLE P.O. BOX
105 BLKRD N. APT
310 MNNESOTA U.S.A

In consideration of the sum of FORFEITURE FOR NON-PAYMENT FOR ALLOTTED SHARES
~~paid by~~ AND REALLOCATION OF THOSE SHARES TO
HUSSEIN MOHAMED ADOW OF P.O. BOX 77833
DAR ES SALAAM

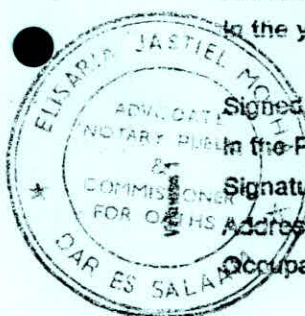
hereinafter called the said Transferee

Do hereby bargain sell, assign, and transfer to the said transferee
FIVE HUNDRED SHARES OF TSHS 100,000/= EACH

of and in the undertaking called the
FOWZI INTERNATIONAL COMPANY LIMITED

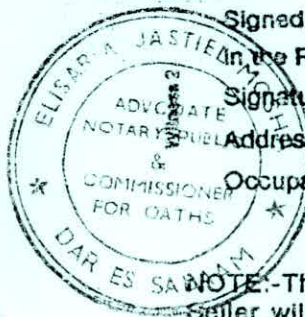
As Witness our hands and Sales this 6TH
to the year Two Thousand andNINE..... day of FEBRUARY.....

STAMP DUTY
Shs. 50,000/= Collected
Receipt No. 104128 Date 18/02/07
Regional Manager, IIDA Tax Dept



Signed, sealed and delivered, by the above-named
In the Presence of Eusarcia Jastiel Mocha
Signature [Signature]
Address Box 10189 Dar
Occupation Advocate

SAFIA. SEAL



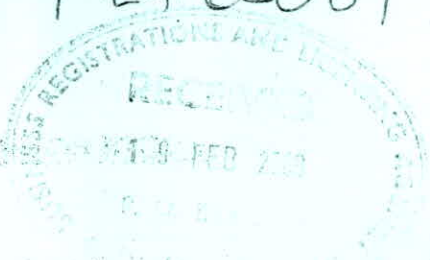
Signed, sealed and delivered, by the above-named
In the Presence of Eusarcia Jastiel Mocha
Signature [Signature]
Address Box 10189 Dar
Occupation Advocate

[Signature] SEAL

NOTE:-The Consideration money set forth in a Transfer may differ from that which the first
Seller will receive, owing to sub-sales by the original Buyer; the Stamp Act requires that in
such case the Consideration money paid by the Sub-purchaser shall be the one inserted in
the Deed. As regulating the *ad valorem* Duty; the following in the *Clause* in question. Where a
person having contracted for the purchase of any Property, but not having obtained a
Conveyance thereof, contracts to sell the same to any other Person and the Property is,
in consequence, conveyed immediately to the sub-purchaser, the conveyance is to be charged
with *ad valorem* Duty in respect of the Consideration moving from the Sub-purchaser.

KEG 65089

TRANSFER OF SHARE OR STOCK



Stock Forwarded to the Company's Office by

1 GULED HASSAN AHMED OF P.O. BOX 5792
MOGADISHU SOMALIA

in consideration of the sum of FORFEITURE FOR NON-PAYMENT FOR ALLOTTED SHARES
~~AND~~ AND REALLOCATION OF THOSE SHARES TO

HUSSEIN MOHAMED ADOW OF P.O. BOX 77833
DAR ES SALAAM

hereinafter called the said Transferee

Do hereby bargain sell, assign, and transfer to the said transferee
FIVE HUNDRED SHARES OF TSHS 100,000/= EACH

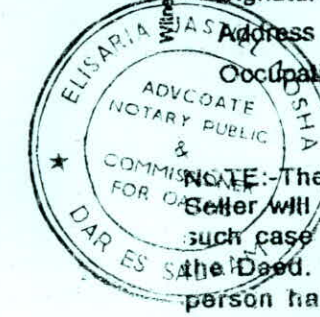
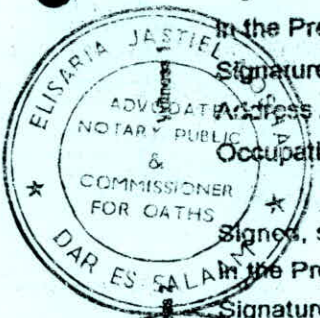
of and in the undertaking called the
FOWZI INTERNATIONAL COMPANY LIMITED

STAMP DUTY
Shs. 50,000/= Collected
Receipt No. 012/14/2009
18/02/09
Regional Managers - Duty Tax Dept

As Witness our hands and Sales this 6TH
in the year Two Thousand andNINE..... day ofFEBRUARY.....

Signed, sealed and delivered, by the above-named
in the Presence of Elisaria Jastiel Moshe
Signature Moshe GULED SEAL
Address Box 10189 DSm
Occupation Advocate

Signed, sealed and delivered, by the above-named
in the Presence of Elisaria Jastiel Moshe
Signature Moshe HS SEAL
Address Box 10189 DSm
Occupation Advocate



NOTE: The Consideration money set forth in a Transfer may differ from that which the first
Seller will receive, owing to sub-sales by the original Buyer; the Stamp Act requires that in
such case the Consideration money paid by the Sub-purchaser shall be the one inserted in
the Deed. As regulating the *ad valorem* Duty; the following in the *Clause* in question. Where a
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Conveyance thereof, contracts to sell the same to any other Person and the Property is,
in consequence, conveyed immediately to the sub-purchaser, the conveyance is to be charged
with *ad valorem* Duty in respect of the Consideration moving from the Sub-purchaser.



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

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

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

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

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

1. I/~~WE~~ HUSSEIN MOHAMED ADOW
(director/directors/~~agents~~ of FOWZI INTERNATIONAL COMPANY LTD
(name of business enterprise) apply for registration of ... CERTIFICATE OF INCENTIVES
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 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 DAR ES SALAAM

4. The Principal Officers of the Company are ... 1) HUSSEIN MOHAMED ADOW
2) SALAD HASSAN ADOW 3) OSMAN BARE ADOW

5. Auditors of the Company are

6. The authorized share capital of the Company is Tshs. /~~US\$~~ 500,000,000/=
(FIVE HUNDRED MILLION)

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is ~~Tshs.~~/US\$ 650,000

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

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ =100 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

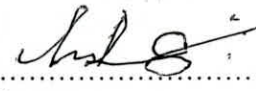
I, HUSSEIN M. ADOW of Post Office Number 5784 DAR ES SALAAM

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

~~XXXXXX~~ authorized agent of FOWZI INTERNATIONAL COMPANY LTD

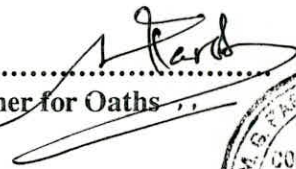
AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, **AND** I make this solemn declaration conscientiously believing the same to be true.


Declared at Dar es Salaam)


.....
Applicant

The 4th day of March, 2009, DA

Before me:


.....
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: FOWZI INTERNATIONAL COMPANY LTD

Certificate of Incorporation Number: 65089 Status: LIMITED LIABILITY

Certificate of Incorporation Date: 15TH APRIL 2008

Post Box: 5784

Town: DAR ES SALAAM

Sector: MANUFACTURING Sub-Sector: APPAREL AND CLOTHING
MANUFACTURING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
..... 260,000 .....	..... 0 .....	..... 390,000 .....	..... 0

Project Objectives: TO MANUFACTURE APPAREL CLOTHING
..... AND GARMENTS USING LOCALLY MADE OR
..... IMPORTED FABRICS

Capacity: 200 UNITS OF CLOTHING PER DAY

Employment: Foreign: 5 Local: 75 Total: 75

Implementation Period: 30 MONTHS

Project Location

Site/Plot/Block No.: 18 BLOCK 15

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

Shareholders	Nationality	%
..... HUSSEIN M. ADOW .....	..... KENYAN .....	..... 70
..... SALAD H. ADOW .....	..... KENYAN .....	..... 10
..... MUMN S. HAGAI .....	..... SOMALI .....	..... 10
..... OSMAN B. ADOW .....	..... KENYAN .....	..... 10
.....

Investment Breakdown US\$/Tshs.M

Land/Building	...110,000.....
Plant	..400,000.....
Vehicles	..70,000.....
Furniture & Fittings	..15,000.....
Pre-expenses	..15,000.....
Others	.....0.....
Working Capital	..40,000.....
TOTAL	..650,000.....

Contact Details:

Name: HUSSEIN M. ADOW Title: DIRECTOR

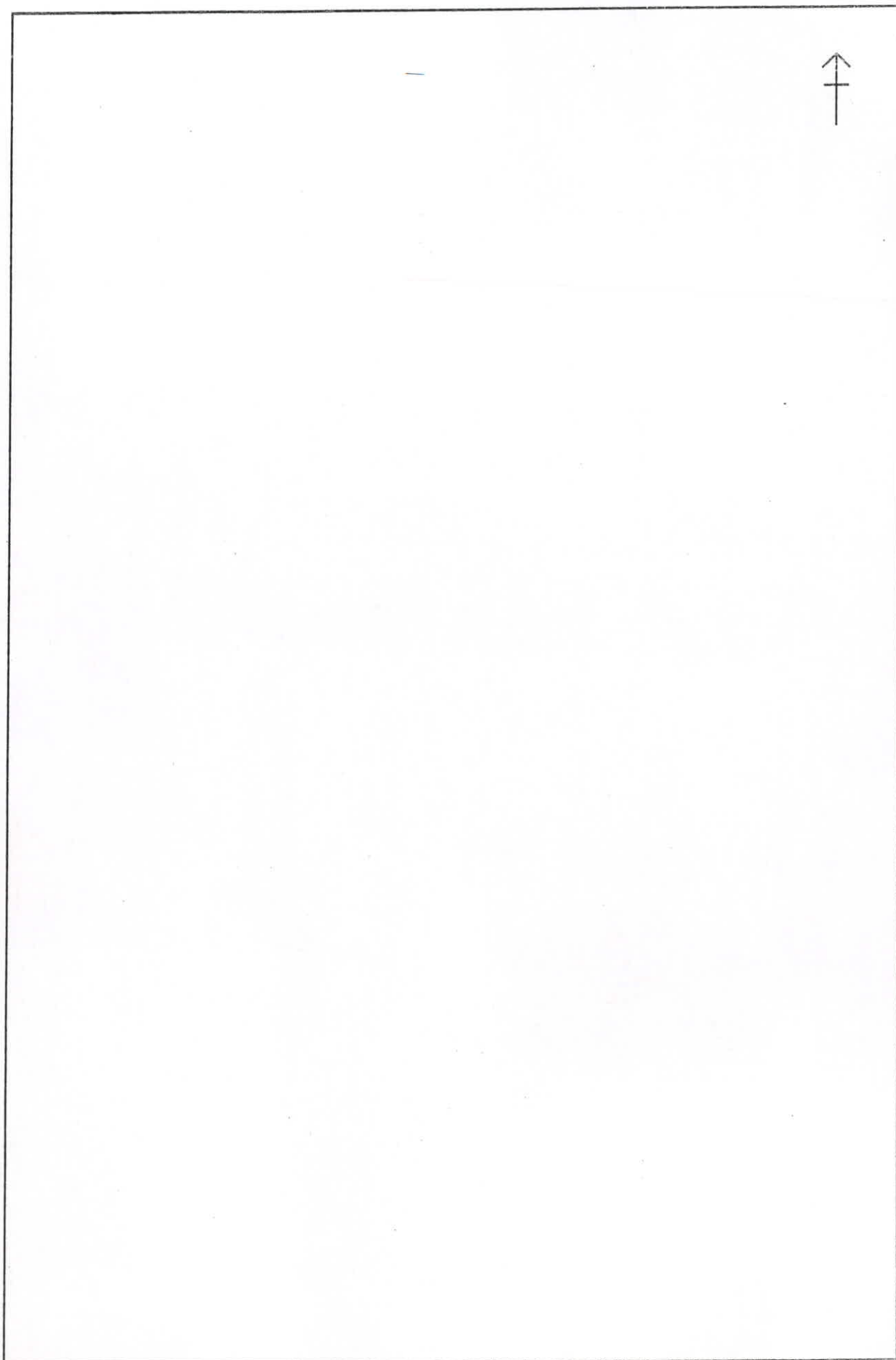
Telephone: 255 782647233 Fax:

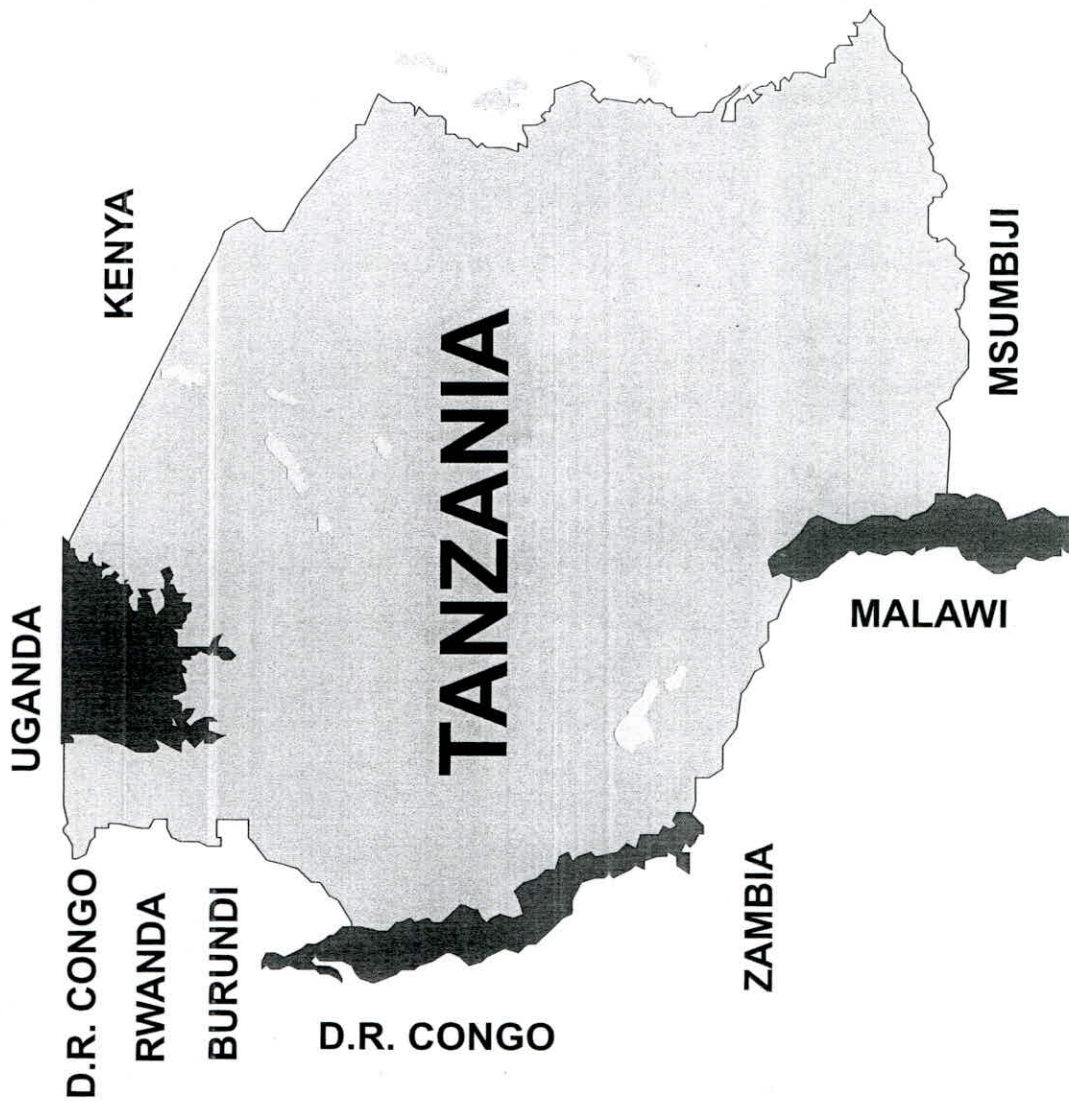
Email:

Payments to be made payable to:

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

SKETCH MAP SHOWING PROJECT LOCATION







TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

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(No. 26 of 1997)

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(Made under Regulation 42)

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1. I/~~WE~~ **HUSSEIN MOHAMED ADOW**
(director/directors/~~agent~~ of **FOWZI INTERNATIONAL COMPANY LTD**
(name of business enterprise) apply for registration of **CERTIFICATE OF INCENTIVES**
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 **DAR ES SALAAM**

Copies of the following documents are attached to this application:

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2) SALAD HASSAN ADOW 3) OSMAN BARE ADOW

5. Auditors of the Company are

6. The authorized share capital of the Company is Tshs. ~~000~~ **500,000,000/=**
(FIVE HUNDRED MILLION)

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is ~~Tshs~~/US\$ 650,000

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

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ =100 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, HUSSEIN M. ADOW of Post Office Number 5784 DAR ES SALAAM

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

authorized agent of ~~XXXXXXXXXX~~ FOWZI INTERNATIONAL COMPANY 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 4th day of March, 2009 JA

[Signature]
Applicant

Before me:

[Signature]
Commissioner for Oaths



A circular notary seal for M. S. FARDHAM, Advocate, Commissioner for Oaths & Notary Public, located at Box 527, Dar es Salaam.

APPLICATION SUMMARY

Company Name: FOWZI INTERNATIONAL COMPANY LTD

Certificate of Incorporation Number: 65089 Status: LIMITED LIABILITY

Certificate of Incorporation Date: 15TH APRIL 2008

Post Box: 5784

Town: DAR ES SALAAM

Sector: MANUFACTURING Sub-Sector: APPAREL AND CLOTHING
MANUFACTURING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
..... 260,000 .....	..... 0 .....	..... 390,000 .....	..... 0

Project Objectives: TO MANUFACTURE APPAREL CLOTHING
..... AND GARMENTS USING LOCALLY MADE OR
..... IMPORTED FABRICS

Capacity: 200 UNITS OF CLOTHING PER DAY

Employment: Foreign: 5 Local: 75 Total: 75

Implementation Period: 30 MONTHS

Project Location

Site/Plot/Block No.: 18 BLOCK 15

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

Shareholders	Nationality	%
..... HUSSEIN M. ADOW .....	..... KENYAN .....	..... 70
..... SALAD H. ADOW .....	..... KENYAN .....	..... 10
..... MUMN S. HAGAI .....	..... SOMALI .....	..... 10
..... OSMAN B. ADOW .....	..... KENYAN .....	..... 10
.....

Investment Breakdown US\$/Tshs.M

Land/Building	...110,000.....
Plant	..400,000.....
Vehicles	..70,000.....
Furniture & Fittings	..15,000.....
Pre-expenses	..15,000.....
Others	.....0.....
Working Capital	..40,000.....
TOTAL	..650,000.....

Contact Details:

Name: HUSSEIN M. ADOW Title: DIRECTOR

Telephone: 255 782647233 Fax:

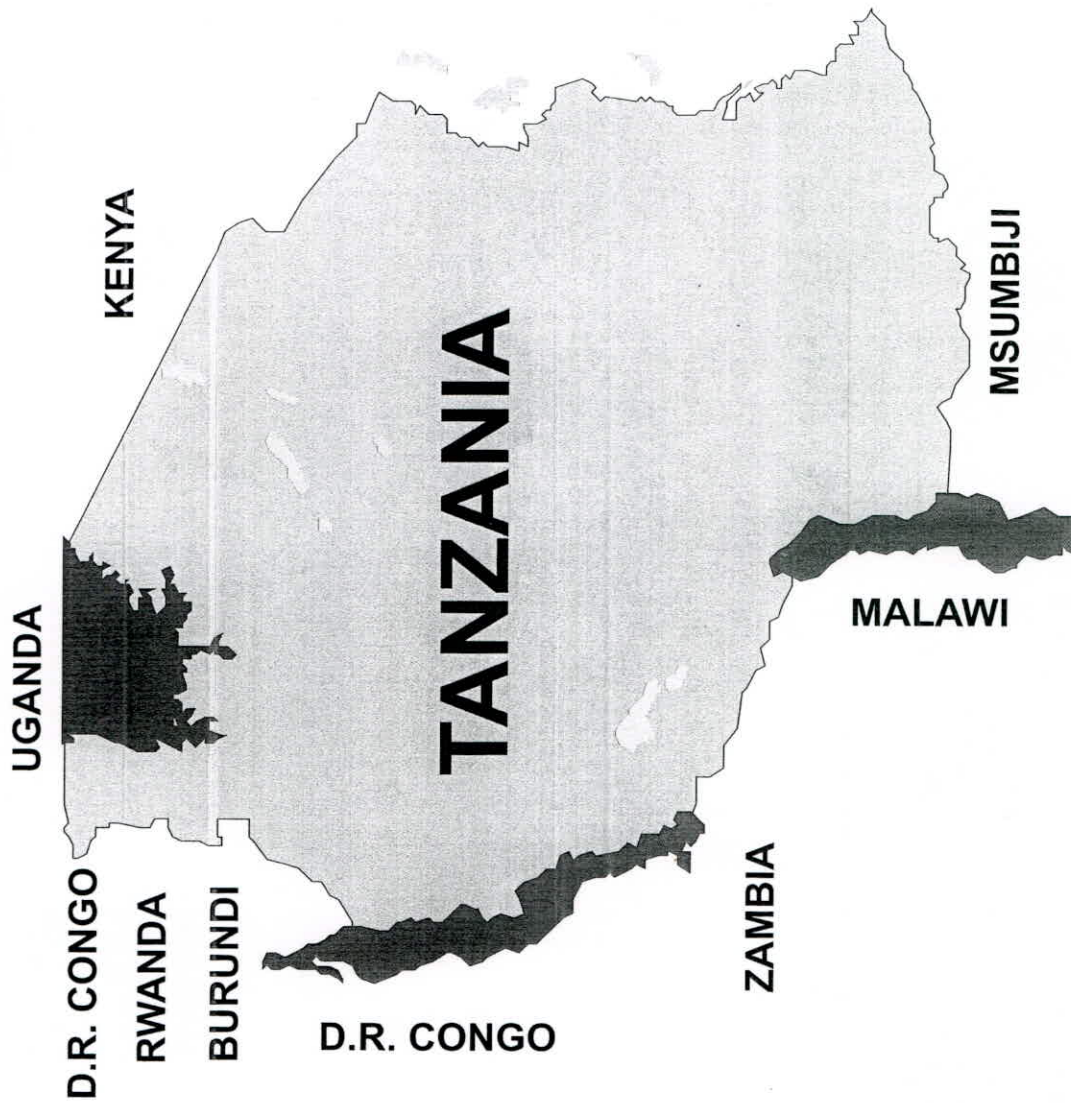
Email:

Payments to be made payable to:

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

SKETCH MAP SHOWING PROJECT LOCATION





7. The intended capital investment of the Company in terms of Section 2(2) of the Act is ~~TSh~~/US\$ 650,000

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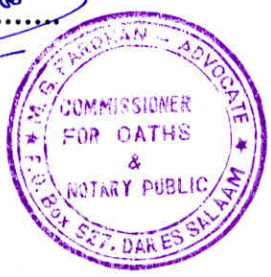
Declared at Dar es Salaam)

+
Applicant

The ^{4th} day of ^{March} 2009) ^{At}

Before me:

.....
Commissioner for Oaths



UNITED REPUBLIC OF TANZANIA

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(No. 26 of 1997)

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(Made under Regulation 42)

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(FIVE HUNDRED MILLION).....



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

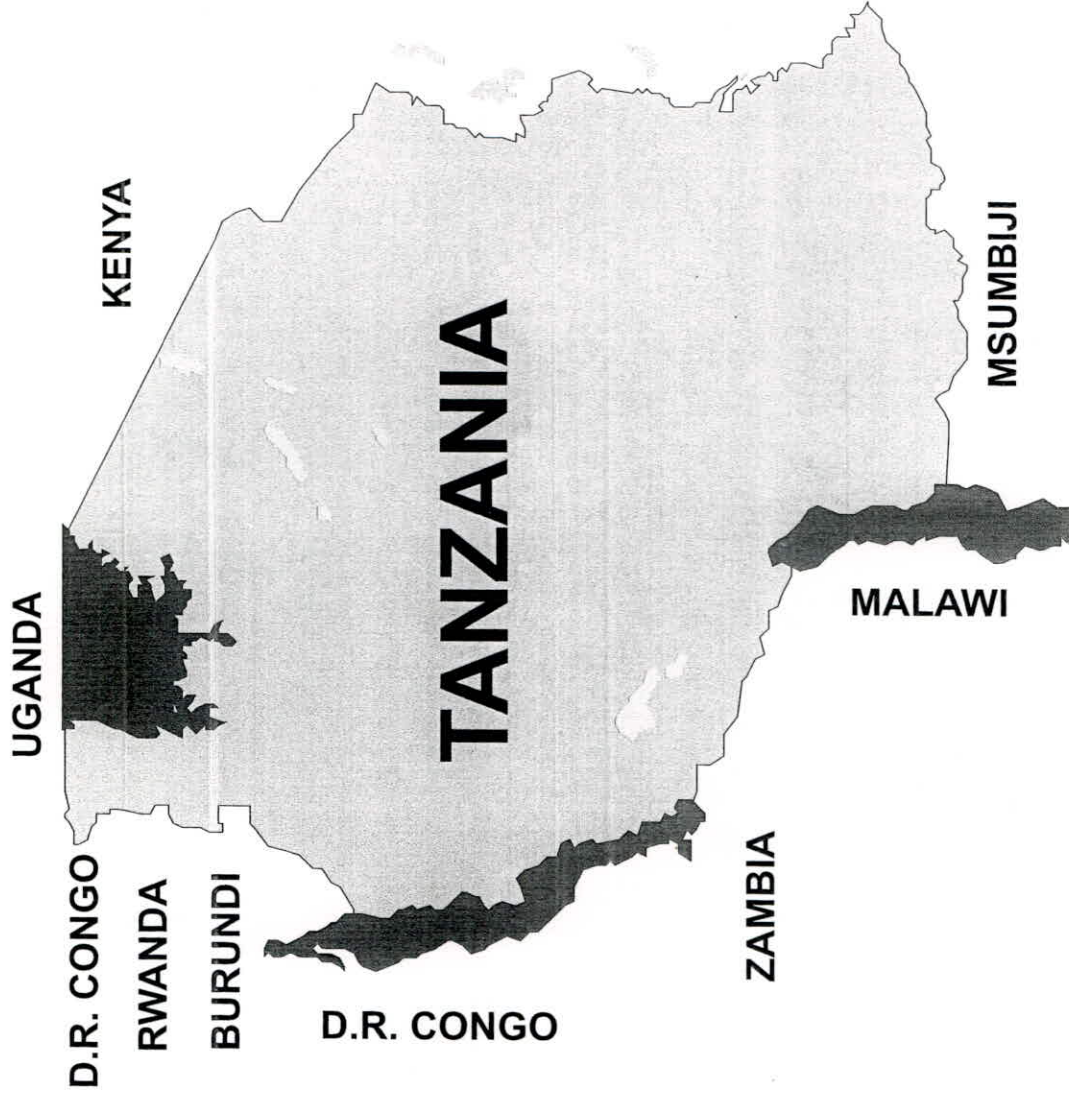
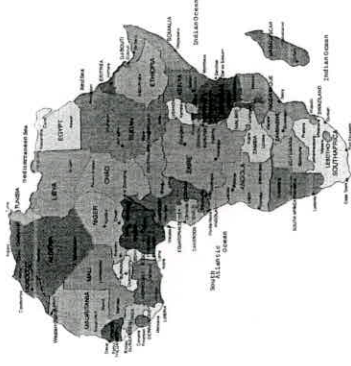
FOR

CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,
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Tanzania Investment Centre
9A & B Shaaban Robert Street
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DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)



APPLICATION SUMMARY

Company Name: FOWZI INTERNATIONAL COMPANY LTD

Certificate of Incorporation Number: ... 65089 Status: LIMITED LIABILITY

Certificate of Incorporation Date: ... 15TH APRIL 2008

Post Box: 5784

Town: ... DAR ES SALAAM

Sector: ... MANUFACTURING

Sub-Sector: APPAREL AND CLOTHING
MANUFACTURING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
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... SALAD H. ADOW KENYAN 10
... MUMN S. HAGAI SOMALI 10
... OSMAN B. ADOW KENYAN 10
.....

Investment Breakdown US\$/Tshs.M

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Plant	.. 400,000.....
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TOTAL	.. 650,000.....

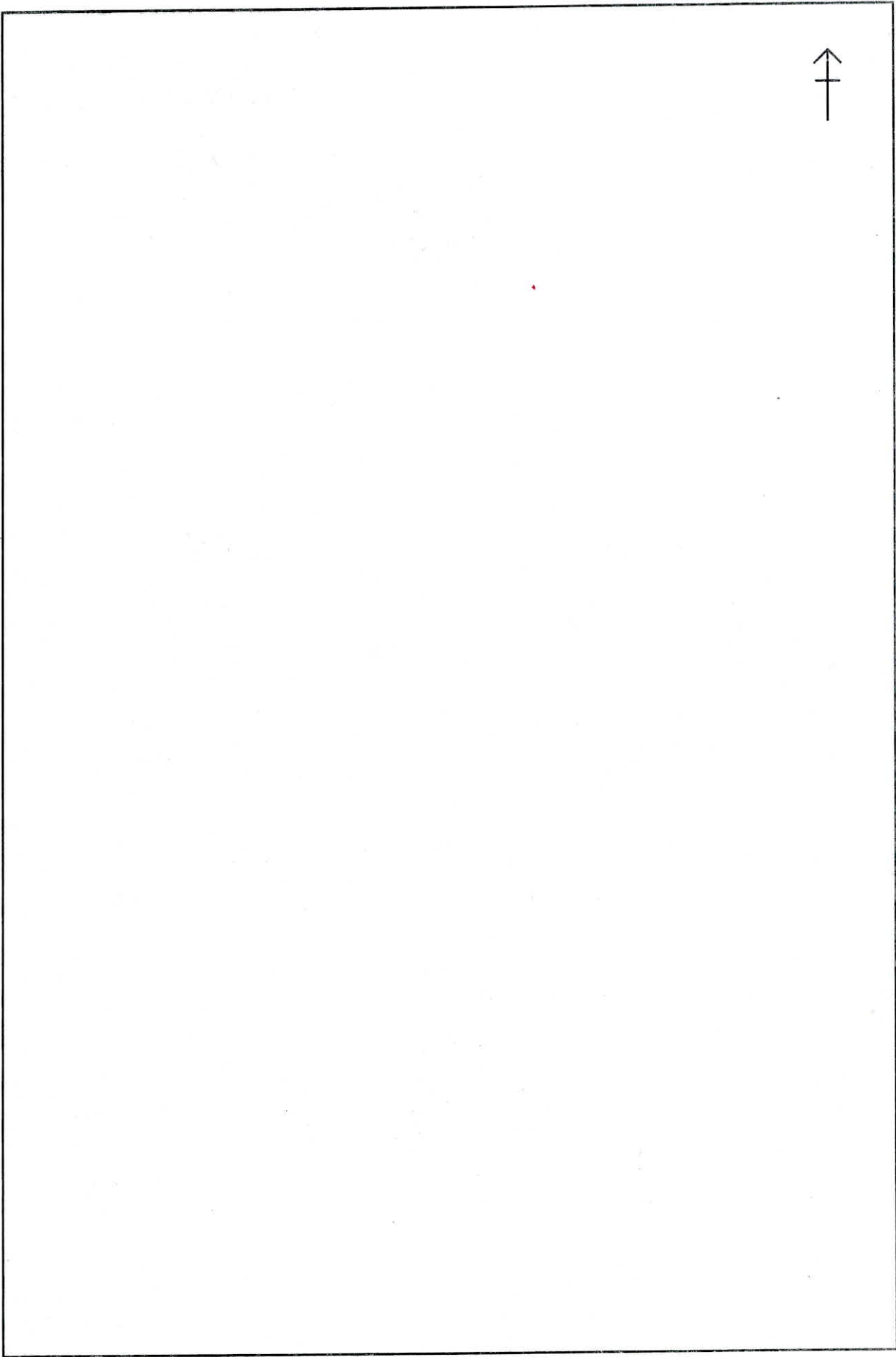
Contact Details:

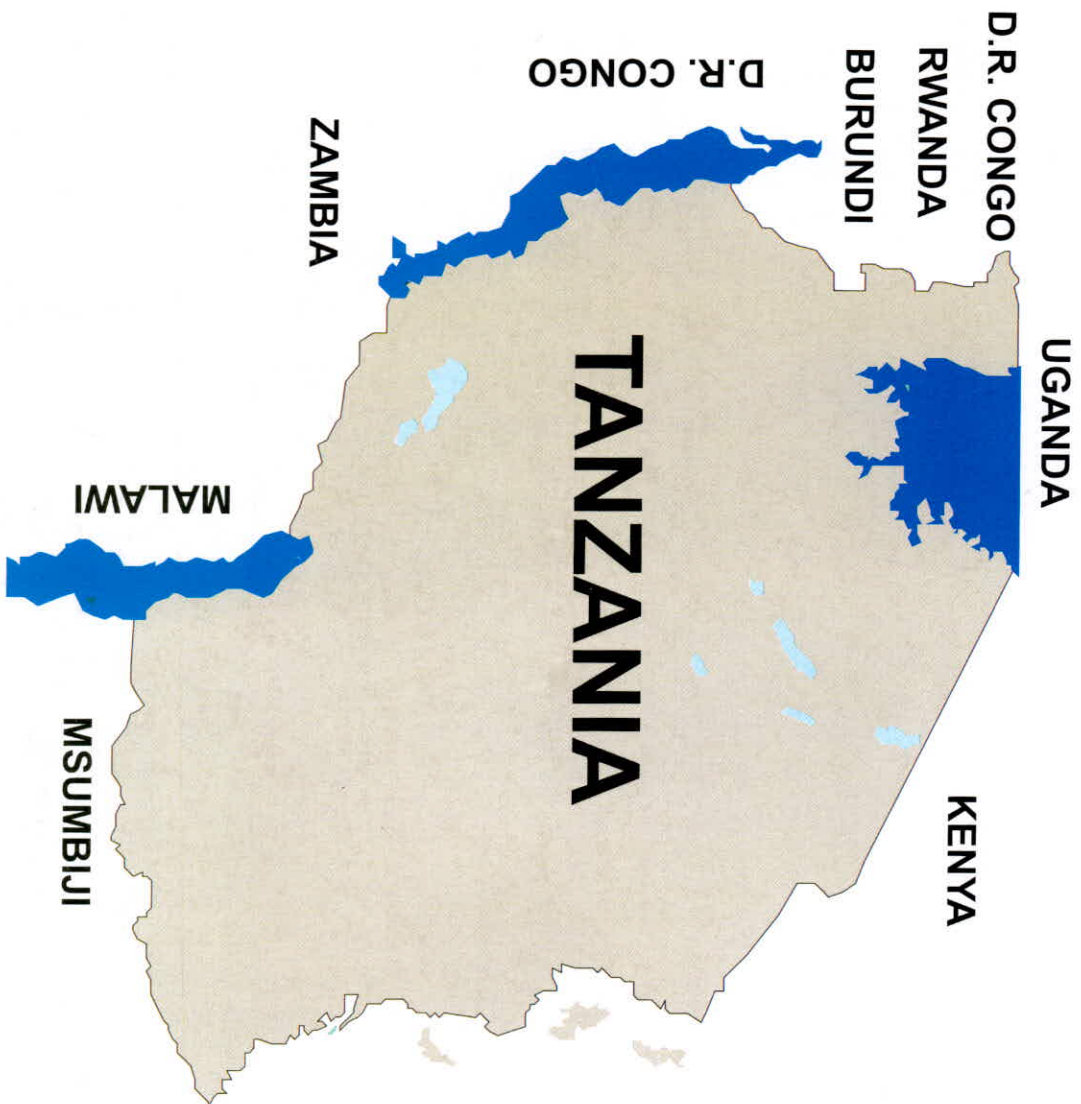
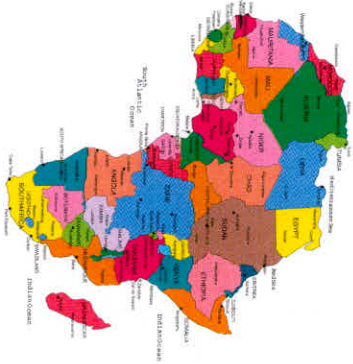
Name: HUSSEIN M. ADOW Title: DIRECTOR
Telephone: 255 782647233 Fax:
Email:

Payments to be made payable to:

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

SKETCH MAP SHOWING PROJECT LOCATION





TANZANIA



Certificate of Incorporation

Section 15

No 65089

I HEREBY CERTIFY THAT

FOWZI INTERNATIONAL COMPANY LIMITED

=====

is this day incorporated under the Companies Act, 2002 and that the Company is Limited

Given under my hand at Dar es salaam

this **15TH** day of **APRIL**

TWO THOUSAND AND EIGHT

A handwritten signature in black ink, appearing to read 'J. Mays'.

Assist. Registrar of Companies

FOWZI INTERNATIONAL COMPANY LIMITED
P.O. BOX 5784 DAR ES SALAAM

Date: 04/02/2009

EXTRACT FROM BOARD RESOLUTION MADE ON
25TH OCTOBER 2008

ITEM NO. 5

APPLICATION FOR CERTIFICATE OF INCENTIVES FROM
TANZANIA INVESTMENT CENTRE

ON MOTION PRESENTED by Mr. Hussein Mohamed Adow and seconded by Salad Hassan Adow and Osman Bare Adow it was RESOLVED that "FOWZI INTERNATIONAL COMPANY Capital project to establish the Apparel, Clothing and Garment Manufacturing be registered with T.I.C for the grant of Certificate of Incentives RESOLVED further that the management persue this with utmost urgency.



CHAIRMAN



MEMBER



No. 00215505

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041662

This is to certify that

FOWZI INTERNATIONAL COMPANY LTD

of address P.O. BOX 5784

DAR ES SALAAM

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

FOWZI INTERNATIONAL COMPANY LTD

Which is located at PLOT NO. 18, BLOCK NO.15, NYAMWEZI,

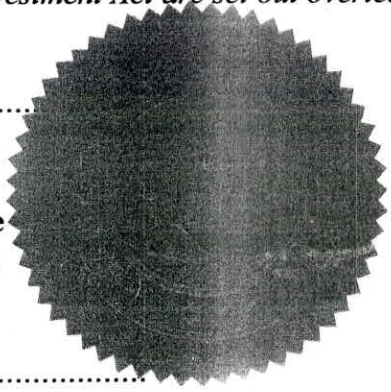
ILALA DISTRICT - DAR ES SALAAM

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 15TH APRIL 2009



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 (%)
Hussein M. Adow	Kenyan	70
Salad H. Adow	Kenyan	10
Mumn S. Hagai	Somali	10
Osman B. Adow	Kenyan	10
2. Proposed Activities : To establish manufacturing facilities for garments
3. Sector: Manufacturing Subsector Garments manufacturer
4. Investment cost: Foreign USD 0.65m. Local - Total USD 0.65m.
5. Project Financing: Equity USD 0.26m. Loans USD 0.39m. Total USD 0.65m.
6. Source, terms and conditions of loan
7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 0.65m.	-	USD 0.65m.
8. Technology Agreement None
9. Date of TIC Registration: 19th March 2009
10. Implementation period: March 2009 - February 2012
11. Operative date: March 2012
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
 - (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

4



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

30325419 1

TFN. 614 (Rev. 8.94)

NIMEPOKEA KWA
Received from

FORZI INTERNATIONAL Co. Ltd



KIASI
Amount

Shs.				Cts.	
U	S	7	50		

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

USDOLAR SEVEN HUNDRED FIFTY ONLY

For Executive Director
Tanzania Investment Centre

KWA MALIPO YA
In Respect of

CERTIFICATE OF INCENTIVES

KWA FIDHA TASLIM/HUNDI NAMBA
By Cash/Cheque No.

CASH

KITUO - Station

SALIHU YA MPOKEAJI-Receiver's
Signature.

[Signature]

CHEO- Title

Acc.

TAREHE - Date

01 APR. 2009

DSM.

MINUTE

PAGE NO. _____

EXD

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

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 0.65 m
- (b) Legal entity has been incorporated under certificate No. 65089 of 15/04/2008

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

Submitted for signature.



N. A. Senzia
DIF

20th March 2009

EXD

In response to the TIC letter of registration dated 19th March 2007

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from Kenya Commercial Bank Ltd
- (c) Lease Agreement

With the above submission EXD is requested to sign Certificate of Incentives No. 041662 herein attached.

17/04/09



DIF



TIC Evaluation Report

Name of the Company
Fowzi International Co Ltd

Post Box	Gerezani	COI Number	65089	Contact	Hussein Adow
Post Office	5784	COI Date	15/04/2008	Designation	Director
Region	Dar Es Salaam	Application F. No	07682	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0782 647233
		Sub Sector	Clothes and garments	Fax	0
		File No	041662	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD										
Plot/Block	Plot no 18 Block 15	<table border="1"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td>0.26</td> <td>0</td> <td>0.39</td> <td>0</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0.26	0	0.39	0		
Foreign Equity	Local Equity		Foreign Loan	Local Loan								
0.26	0		0.39	0								
Street	Gerezani											
District	Ilala											
Region	Dar es Salaam											

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.11
Osman Bare Adow	Kenyan	10	Plant	0.4
Mumin Sabrie Hagai	Somali	10	Vehicles	0.07
Salad Hassan Adow	Kenyan	10	Furniture & Fittings	0.015
Hussein Mohamed Adow	Kenyan	70	Pre-expenses	0.015
			Others	0
			Working Capital	0.04
			Total	0.65

Employment	80	Evaluated By	Sospeter Ndelema Dome
Capacity	200	Drawn By	Sarah Registry
Project Turn Over			

Description

To establish manufacturing facilities for garments

Recommendations

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

Decision

Approved
Shauqy
Aty Ex
176369

FOWZI INTERNATIONAL COMPANY LIMITED

P.O. BOX 5784 DAR ES SALAAM

Date: 04/02/2009



The Executive Director
Tanzania Investment Centre,
9A and 9B Shaaban Robert Street,
P.O. Box 938,
DAR ES SALAAM

Dear Sir,

**RE: APPLICATION FOR REGISTRATION AND GRANT OF
CERTIFICATE OF INCENTIVES**

Fowzi International Company limited is a newly established enterprise which will mainly concentrate in the business of apparel, cloth and garment manufacturing.

The establishment of this enterprise is expected to contribute so much in the development of apparel and textile industry which for the last two decade had not been performing well until the government introduced trade liberalition and privatization policies.

Enclosed herewith please find:

- 1) Registration Form PA - I
- 2) Copy of the Memorandum and Articles of Association
- 3) Copy of Certificate of Incorporation
- 4) Three Copies of Business Plan
- 5) Copy of Board Resolution
- 6) Certified Copy of Lease Agreement for the Premises
- 7) Letter from Bank

Yours truly,

A handwritten signature in dark ink, appearing to read "Hussein Mohamed Adow".

Hussein Mohamed Adow



KCB

Making the
Difference

KCB (Tanzania) Limited
(INCORPORATED IN TANZANIA)

DAR ES SALAAM BRANCH
National Audit House
Samora Avenue / Ohio St.
P.O.Box 804
Dar es Salaam, Tanzania.

Tel: (+255-22) 2115386 / 2115390
Fax: (+255-22) 2115388
Website: <http://www.kcb.co.ke>
SWIFT: KCBLTZTZ

KCBT/UHURU BR/09/01
February 05, 2009

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

Dear Sir,


RE: MR HUSSEIN MOHAMED ADOW

We wish to introduce to you Mr. Hussein Mohamed Adow that he is known to us on business relationship grounds as our customer maintaining a current account no. 025247504882 in his name since January 28, 2009 to date.

In the light of the above therefore, we kindly request you to accord him necessary assistance that he may need from your good office.

Thank you,

Yours faithfully


Anganile Mwankuga
Ag. Operations Manager



LEASE AGREEMENT

Entered into between ASMA RASHID, P.O. BOX 9153 Dar es Salaam hereinafter called the "Landlord" and FOWZI INTERNATIONAL CO. LTD, P.O. Box 5784 Dar es Salaam hereinafter called the "Tenant".

For good consideration, it is agreed between the parties as follows:-

1. Landlord hereby leases and lets to the tenant the Business premises situated on Plot No.18 Block 15 Nyamwezi – Ilala District – Dar es Salaam.
2. This lease shall be for a term of five years commencing on 10th April, 2008 to 9th April, 2013.
3. The tenant shall pay the landlord the annual rent of Tshs.150,000/= (One hundred fifty thousand) per month, the tenant paid 9,000,000/= (Nine million) for five years.
4. The tenant shall at its expenses provided the following utilities or services such as electricity, water, trash removal, repair and maintenance.
5. The tenant further agreed that:-
 - i) Upon the expiration of the lease it shall return possession of the leased premises in its present condition, reasonable, wear and tear, fire casualty excepted. The tenant shall commit no waste to the leased premises.
 - ii) The Tenant shall not assign or sublet the said premises or allow any other person to occupy the leased premises without the landlord's prior written consent.
 - iii) The tenant shall not make any material or structural alteration to the leased premises without the landlord's prior written consent.
 - iv) The Tenant shall not conduct at the premises any activity deemed extra hazardous, or nuisance.
 - v) In the event of any breach of payment of rent or any other allowed charge or other breach of this lease, the landlord shall have full rights to terminate this lease in accordance with the State Law and re-claim possession of the leased premises in addition to such other remedies available to the landlord arising from the said breach.

THE UNITED REPUBLIC OF TANZANIA

THE COMPANIES ACT, 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

FOWZI INTERTIONAL COMPANY LTD

Incorporated this Day of 2008

DRAWN BY:

**HUSSEIN MOHAMED ADOW
(SUBSCRIBER)
P.O.BOX 5784,
DAR ES SALAAM**

THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

FOWZI INTERTIONAL COMPANY LTD

TANZANIA 5000/-
Stamp Duty PAID
Stamp No. 3018082
Stamp Duty No. 15428
Stamp Duty Officer: [Signature]

TANZANIA 2500/-
Stamp Duty Shs. 31618082
Receipt No. 15428
Asst. Registrar of Companies: [Signature]

1. The name of the company is FOWZI INTERTIONAL COMPANY LTD
2. The Registered office of the Company will be situated in Tanzania.
3. The objects for which the Company is established are:-
 - (a) To carry on the business of transportation, cargo and travel agents, commission agents, customs agents, insurance agents, tourist agents, manufacturers representatives, clearing and forwarding agents, road contractors, cargo superintendents, packers, machinery haulage specialists, warehousemen, engineers, electricians, motor cars, cabs, omnibus, lorries, oil tank and coach proprietors and transporters by any other means of conveyance of people and goods in Tanzania and the neighbouring countries and in such other place or places as may from time to time determined by the Company.
 - (b) To carry on the business of block industries, roofing tiles, floor tiles, ceramic tiles, gutters, drainage pipes and to sell bricks, floor tiles, roofing tiles, ceramic tiles, iron sheets, import and export the same and to carry on the business of consultants in the field of construction, manufacturing and production of roofing materials, floor and carpet laying.
 - (c) To engage and or carry on the business of engineering, general civil works, constructions, buildings, renovations, office partitioners, decoratories, maintainers of dilapidated buildings, plumbing, furniture manufactures, suppliers and exporters, residential and office furnishers and general to be designers and fabricators of all kinds of gadgets whatsoever, to be timber processors, plumbers, sawmillers and suppliers of all kinds of timber, to be hardware and building materials suppliers, manufactures of electrical equipments and suppliers of same.
 - (d) To carry on all their respective branches all or any of the business of builders mansory and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and advertise railways, roadways, tramways, docks, harbours, wharves, canals, water-courses, reservoirs, embankments, irrigations, reclamations, sewage, drainage and other sanitary works, water, gas, mechanic, electric and other supply works, houses buildings and erections of every kind and to carry on any other business in connection with the above mentioned business.
 - (e) To carry on the business of importers, exporters, buying selling, dealers in building materials, hardware, sanitary-ware, wall papers, roofing

tiles, flooring tiles, supplying industrial equipment's, agricultural implements and equipment's spares of every description, plumbers, decorators, steel fabrication, machine shop, nickel plating, electric plating, making steel windows, doors, frames and roof tresses.

- (f) To manufacture, prepare, pack, distribute, export, transport, buy, sell and generally handle pharmaceutical products, drugstore items, chemical products for agricultural purposes, agricultural products, veterinary preparations, dietetic preparations and patented medicines, surgical and medical supplies and equipment, supplies and equipment for dentist biological products, food additives, cosmetics, oils and all articles, equipment, veterinary consultancy services, drugs, and formulas of all types and descriptions used or useful for treatment of diseases or for the improvement of the health of human beings, animals, livestock and plants and also to manage and direct laboratories for research and analyses of animals, livestock, and plants, and to operate clinics, hospitals, stores, shops and others and to promote or pursue directly or indirectly the activities of the company in view of the development of all sciences of nature.
- (g) To carry on the business as general traders, importers, exporters, suppliers, merchants, stockists, wholesalers, retailers and dealers in all types of electrical goods, hardware, building materials, timber, fishing gears, groceries, computers, office equipments, stationeries, cooking oils, salts, foodstuffs, cosmetics, oils, spare parts and maintenance, tyres, tubes, tools and accessories for all types of automotive, motor vehicles, agricultural machinery, implements, equipment, all kinds of industrial projects machinery and equipment, paints, spirits sheets, hinges, screws, iron mongery, textiles piece goods, all types of leather goods, shoes, bags and other similar goods.
- (h) To carry on the business of dealing in marketing, manufacturing, importing, exporting, stocking, buying, selling whether by wholesale or retail of various categories of goods and merchandise, and to act as commission agents and manufacturers, representatives in all fields. To establish business enterprises whether small scale, industries and generally deal in all kinds of general merchants and to import, export and all either by merchandise and articles of all description.
- (i) To carry on the business of clearing and forwarding agents, commission agents, transporters, freighters, hauliers, customs bonded warehouse and godown keepers, cargo and travel agents, insurance agents, tourist agents, manufacturers' representatives, road contractors, cargo superintendents, packers, machinery haulage specialists, warehousemen, engineers, electricians, motor cars, cabs, omnibus, lorries, oil tank and coach proprietors and transporters, civil transport contractors and transporters by any other means of conveyance of people and goods in Tanzania and the neighbouring countries and in such other place or places as may from time to time be determined by the company, engage in and or otherwise carry on the business as transporters and transport agents, freight forwarders.

- (j) To carry on the business of comprehensive water engineering, sewage systems, sanitation works, dams construction and establish a water factory.
- (k) To carry on the business of mechanical engineering, electrical engineering, electronic telecommunication engineering, to design, manufacture, assemble, repair any electrical and electronic apparatus, component or system, to act as manufactures' representatives, commission agents, merchants or brokers and to import, export, hire, sell, purchase or otherwise dealing in all kinds of electrical, mechanical and electronic systems.
- (l) To provide consultancy on architecture and structures design of all buildings, to conduct feasibility studies related to all civil engineering works and to conduct detailed engineering design of all civil engineering works.
- (m) To provide consultancy on architecture, structural designs and engineering, construction, construction labour management, estate plans and soil testing.
- (n) To carry on the business of Architechial work and technical drawings on building and contractors, masonry and general construction contractors and were necessary to give consultation on the same.
- (o) To carry on the business of miners and mining in all their branches and for the said purpose to peg, purchase, take on lease, or exchange or otherwise acquire concessions, grants, easements, options, claims, properties, cassettes- and effects supposed to contain minerals, diamonds, or other precious stones, gas oil and any interest therein, and to explore, mine, work, excise develop and turn to account mines and mining rights and any undertaking connected therewith.
- (p) To carry on the business as general suppliers of all sorts and types of goods and services to individuals, offices, industries, shops, schools, factories, hospitals, army, military, ministries and all other government offices, universities and all other places where the services of a supplier are needed.
- (q) To carry on the business of carpeting, training college, interior designers, contractors, and decorators, curtain and sofa set makers, woodwork and furniture dealers and makers, woodwork and furniture repairs and dealers in household, hotel, hospitals, public residentially and office, camping and gardening furniture, fixtures and fittings and furniture requisites, utensils and trimmings, vehicles, carriage, boat ship, aircraft and rocket furniture fixtures and to publish and sell all types of journals in relation to furniture and woodwork in the United Republic of Tanzania.
- (r) To carry on the business as architectural and planning in interior designs, consultants and supervisors in interior designs, manufacturers,

importers, fitters, installers, distributors and merchants of and dealers in window frames, doors, and furniture equipment including drought-excluding meat strips, building constructors whether of wood or metal works or any other building materials, offices factories, painters and decorators.

- (s) To carry on the business of establishing and running supermarkets, department stores, shopping malls, provision stores, groceries and shops of all kinds and description and generally to deal with such activities.
- (t) To carry on the business of household, domestic appliance and electrical goods, audio visual goods, electronic items, building material, hardwares, foodstuff, agricultural products and merchandise of every nature, kind and description whatsoever as a dealer, wholesaler, retailer, distributor, importer, exporter and after sales service and repairing.
- (u) To carry on the business and act as managers of investments and investment company, real estate agents, property managers, developers, valuers, decorators, engineers and to generally be able to carry out activities of any description with regards to land, property and real estate, investment in any type of property, buildings, lands, securities, bonds, shares and any property act as a holding company with subsidiaries and invest in any projects as the company may think fit.
- (v) To act as investment company, holding company, finance company and to deal in all types of investment whatsoever. To hold and own shares, land, buildings, shopping malls, residential houses, commercial buildings, invest in securities, bond share, debentures, options, warrants, convertible stock, promissory notes, bills of exchange, loans, bills, shipping documents, ships, aircraft, self propelling vehicles and all types of property whatsoever.
- (w) To carry on all or any business of publishing, printing, distributing and selling of business, management, industrial, scientific, academic, communications, financial, agricultural, social and environmental information technology periodicals, brochures and books and any other reading materials.
- (x) To carry on the trade or business of bonded warehousemen, removers, stores, packers and carriers of personal property of every description, clearing and forwarding agents and to issue warrants to persons warehousing goods with the company, and to lend money upon the security of goods.
- (y) To promote tourism in Tanzania and elsewhere in Africa, to carry on business of travel and tourist agents and tour operators, to promote facilitate traveling to organise hunting, tented-camps, fishing and diving expeditions, safari promoters and undertakers generally and in particular to arrange and manager hunting safaris, photo safaris adventure tours,

fishing trips, handling of game trophies and animal skins, catching, harbouring, transporting, wildlife and marine products of all kind.

- (z) To carry on the business of media and entertainment advertising, media communication and consultancy advertising agents, public relations consultants and sales promotion consultants in all their aspects and to advise on publicity, sales promotion, staff relations, industrial relation, press and community relations. To conduct and advise on market research, publicity projects, advertising campaigns, exhibitions, trade fairs, displays, film shows, radio and television programmes, and also to carry on the business of investment advisers, market research and to act as intermediaries in the introduction of sellers, purchasers and partners.
- (aa) To engage in advertising, marketing, consultancy, promotion, telecommunication equipment and contractual jobs regarding cellular operations, services and surveys, professional publishers, producers of newspapers, bulletions, journals, periodicals, magazines, programmer, advertisements, to be promoters and financiers of publicity and/or publications, newsagents, to offer and or render communication services, transportation facilities, telephones, telex, telefax, audio visual films, to be news collectors, editors, disseminators, television, radio broadcasting, buyers, sellers, importers, distributors, suppliers of all kinds of photographic equipments, story books and or booklets, pictorial albums, to be consultants, promoters, financiers and participants in either industrial commercial projects both nationally and internationally.
- (bb) To purchase, take on lease and otherwise acquire for investment or resale any estate, land, buildings, easements and other rights and interests in immovable property or any tenure in Tanzania and elsewhere and to sell let or lease exchange or otherwise dispose of or grant rights over any immovable property, belong to the company.
- (cc) To purchase, take or lease or in exchange, hire or otherwise acquire and hold any state or interest in any lands buildings, casements, rights, licenses secret processes, machinery, plants. stock, in trade and real or personal property of any kind.
- (dd) To accept payment for any property or rights sold or otherwise disposed or dealt with by the company either in cash, by installment or otherwise or in fully or partly paid up shares of the company or corporation, with or without deferred or preferred or guaranteed rights.
- (ee) To carry any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on by the Company in connection with the above business or the general business of the company.
- (ff) To act as agents for the sale and purchase of any stocks shares or securities or for any other monetary or mercantile transactions.

- (gg) To act as executors and trustees of wills and settlements made by customers and others and undertake and execute trusts of all kinds.
- (hh) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others and either or through agents, sub-contractors, trustees and otherwise.
- (ii) To remunerate any person, firm or company rendering services to this company, whether by cash payments or by allotment to him or them of shares or securities of the Company credited and paid in full or in part, otherwise.
- (jj) To accept for safe custody and keep for customers of the company all kinds of securities valuables and things.
- (kk) To lend money on any terms that may thought fit, and particularly to customers or other person or corporations having dealing with societies and to give any guarantees that may be expedient..
- (ll) To advance money to shareholders in the company, and other to the purpose of enabling the person borrowing the same erect or purchase, or enlarge or repair any house or building or to purchase the fee simple or any less estate or interest in, or to take a demise for any term or terms of years of any freehold or leasehold property upon such terms and conditions as the company may think fit.
- (mm) To invest and deal with the moneys of the Company not immediately required, upon such securities and in such manner as may from time to time be determined.
- (nn) To distribute among the members in pieces any property of the company, or any proceeds of sale or disposal of any property of the company.
- (oo) To draw, make, accept, endorse, discount execute and issue promissory notes, bills of lading, warrants, debentures and negotiable or transferable instruments.
- (pp) To act as agents or brokers, and as trustees for any person firm or company, and to undertake and perform sub-contracts and also to act in any other business of the company through or by means of agents, brokers, sub-contractors or others.
- (qq) To obtain any provisional order, ordinance or act of Parliament for enabling the Company to carry any of it is objects into effect, or for affecting any modification of the Company's constitution, or any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the company's interest.

- (rr) To take or otherwise and hold shares in any other company having objects altogether or in part similar to this company, or carrying on any business capable of being conducted so as directly or indirectly to benefit the company.
- (ss) To transact or carry on all kinds of Agency business and in particular in relation to the investment of money, the sale of property, and the collection and receipt of money.
- (tt) To do all other things as may be deemed incidental or conducive to the attainment of the objects or any 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 corporate or incorporate, and whether domiciled in the United Republic of Tanzania or elsewhere.



The object specified in each of the paragraphs of the paragraph of this clause shall be regarded as independent objects, and accordingly shall in no way be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph of the name of the Company but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraph define the objects of the separate and distinct compound.

That the meaning of any general word or words in any paragraph of this clause shall not be restricted by being construed ejusdem generis with any particular word or words in the same paragraph.

- 4. The Liability of the Members is Limited.
- 5. The capital of the Company is Shillings 500,000,000/= divided into 5,000 shares of Shillings 100,000/= each.

The Company shall have powers to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach 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 and addresses are subscribed, are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.


Names, Address, and Description of Subscribers	Number of Shares Taken by Each Subscriber	Signature
1. HUSSEIN MOHAMED ADOW P.O.BOX 77833 NAIROBI KENYA	2500	
2. SALAD HASSAN ADOW P.O.BOX 77833 NAIROBI KENYA	500	
3. MUMIN SABRIE HAGAI P.O.BOX 5792 MOGADISHU-SOMALIA	500	MUMIN
4. SAFIA OSOBLE ROBLE 105 BLKE RD N. APT 310, MINNESOTA U.S.A	500	SAFIA
5. GULED HASSAN AHMED P.O.BOX 5792 MOGADISHU SOMALIA	500	GULED
6. OSMAN BARE ADOW P.O.Box 77833 NAIROBI -KENYA	500	OSMAN

Dated at Dar es Salaam this 15th day of April 2008.

WITNESS to the above Signatures:-

Signature 

Postal Address: P.O. Box 22222



Qualification: Advocate



THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

POWEL INTERNATIONAL COMPANY LTD

PRELIMINARY

TANZANIA

Stamp Duty Shs. 5000/-

PAID ON

Receipt No. 21618682

Stamp Duty Office

TANZANIA

Stamp Duty Shs. 2500/-

PAID ON

Receipt No. 21618682

Stamp Duty Office

Asst. Registrar of Companies

1. In these regulations:-
"The Act" means the Companies Act 2002 of the Laws of Tanzania

When any provision of the Act is referred to, the reference is that provision is as modified by any law for the time being in force.

Unless the context otherwise requires, the expressions defined in the Act or any statutory modification thereof in the force at the date at which these regulations become binding on the company, shall have the meaning so defined.

Any words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include females, and the words importing persons shall include bodies corporate, partnership, firms, cooperatives, societies, etc.

The regulations of Companies Act shall not apply to the company, save in so far as they are varied or excluded hereby, but in case of any conflict between the provisions herein, and the provisions under this regulation the former shall prevail, and in addition to substitution shall be the regulations of the company.

PRIVATE COMPANY

2. The Company is a Private Company and accordingly:-
- The right to transfer shares is restricted in manner hereinafter prescribed.
 - The number of members of the company (exclusive of persons who are in the employment of the Company and of persons who have been formerly in the employment of the company were while in such employment to be the member of the company) is limited fifty, provided that where two or more persons hold one or more shares in the company jointly they shall for the purpose of this regulation be tested as a single member.
 - Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.
 - The Company shall not have power to issue share warrants to bearer.

TRANSFER OF SHARES

3. The Directors may in their direction and without assigning any reason thereof refuse to register the transfer of any share to any person who it shall in their opinion be undesirable for any reason whatsoever to admit to membership.
4. Subject to clauses 2 and 3 hereof the right to members to transfer their shares shall be restricted as follows;
 - (a) No share shall be transferred to a person who is not a member so long as any member of any person selected by the Directors as one who it is desirable in the interest of the Company to admit to membership.
 - (b) Every shareholder or trustee in bankruptcy, or any person who may desire to sell or transfer any such shares and every who may desire to sell or transfer any such shares and every personal representatives of a deceased shareholder shall give notice in writing to the Directors that he desires to make such sale or transfer. Such notice shall constitute the Board of Directors of the Company as his agent for the sale of the said shares to any member or members of the company at the price to be agreed upon between the party giving such notice the party and the board, or in case of difference to be determined by the Auditor of the Company.
 - (c) Upon price of such shares being agreed on a determined as per clause (b) above, the board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell or transfer the said shares, stating the number and price of such share inviting the person to whom notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any, if so what maximum number of such shares. At the expiration of such days 21 notice the board shall apportion such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase number of shares already held by them respectively, or if there be only one such shareholder, that the whole of such shares shall be sold to him, provided no shareholder shall be obliged to take more than the maximum number of such shares stated in his answer to the said notice.

Upon such apportionment being made or such one shareholder notifying his intention to purchase, as the case may be, the party desiring to sell or transfer such shares shall be bound upon payment of the said price to transfer the shares to the respective shareholders or to single shareholder who shall have agreed to purchase the same.

5. **GENERAL MEETINGS: NOTICE OF GENERAL MEETING AND PROCEEDINGS OF THE GENERAL MEETINGS.**

The regulation of Companies Act shall apply to the following variations:-

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

6. DIRECTORS

- (a) Until otherwise determined by the company in General Meeting the Directors shall not be less than two and not more than ten in number.
- (b) The following persons shall be the first Directors of the company:-
 - 1. HUSSEIN MOHAMED ADOW
 - 2. SALAD HASSAN ADOW
 - 3. MUMIN SABRIE HAGAI
 - 4. SAFIA OSOBLE ROBLE
 - 5. GULED HASSAN AHMED
 - 6. OSMAN BARE ADOW
- 7. The shareholding qualification for Directors may be fixed by the company in General Meeting, and unless and until so fixed no qualification shall be required.
- 8. The quorum of Directors for transacting business shall, unless otherwise fixed by the Directors, be nine.
- 9. A resolution in writing signed by all the Directors then in Tanzania shall be as valid and effectual as if it had been passed at a meeting of Directors duly called and constituted.
- 10. The Directors may from time to time borrow or raise any money for the purposes of the Company which may exceed the issued share capital of the company.

BORROWING POWERS

The Directors may from time to time in their discretion raise or borrow for the purpose of any Company's business such sum or sums of money as they think fit.

11. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company present or future including its uncalled capital for the time being, or by the issue at such price as they may think fit, of bonds or debentures either charged upon the whole or any part of the property and assets of the company or not so charged or in such other way as the Directors may think expedient.

VOTE OF MEMBERS

12. On a show of hands every member present in person shall have one vote. On a roll every member shall have one vote only for the shares of which he is holder.
13. No member shall be entitled to vote at any general meeting unless all calls or other sums presently by him in respect of shares in the Company have been paid.

DISQUALIFICATION OF DIRECTORS

14. The office of a Director shall be vacated if the Director;
- (a) becomes bankrupt; or
 - (b) is found to be a lunatic or becomes of unsound mind; or
 - (c) resigns his office by notice in writing to the Company;
 - (d) abstains himself from meetings of the directors for a period of six months without special leave of absence from the other Directors.

SEAL

15. The Directors shall provide for the safe custody of the Seal. 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 at least two Directors or a Director and Secretary or other person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

ALTERNATE DIRECTORS

16. Any director shall have power to nominate any person to act or attend as alternate Director during his absence or during his inability so to act. Such Director shall be subject in all respects to the terms and conditions existing with reference to the other Directors and such Alternate Director shall exercise and discharge all the duties of Director whom he represents.
17. Unless otherwise decided by the Directors the quorum necessary to transact business of the Directors shall be two Directors personally present.

SECRETARY

18. The Secretary shall be appointed by the Board for such terms at such remuneration and upon such condition as it may think fit, and any Secretary so appointed may be removed by the Board.

WINDING UP

19. With the sanction of a special resolution of the shareholders any part of the assets of the Company including any shares in other Companies may be divided between the members of the Company in special or may be vested in Trustees for the benefit of such members and the liquidation of the company may be closed and the company dissolved but so that no member shall be compelled to accept any shares whereupon there is any liability.

ALTERNATION OR ADDITION



20. Subject to the provisions of the Act and to those contained in the Memorandum of Association the Company may by Special Resolution make alteration or addition so made shall be as valid and effectual as if originally contained in those articles and be subject in like manner to alteration by Special Resolution.

INDEMNITY

21. Every Director, Managing Director, Agent, Auditor, Secretary and 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 judgement is given in his favour or in which he is acquitted or is in connection with any application in which relief is granted to him by the Court.

ARBITRATION

22. If and whenever any dispute or difference shall arise between the Company and any of the members or their respective representatives touching upon the construction or meaning of any of the Articles herein contained or any act matter or thing made or done or omitted to be done or with regard to the rights or liabilities arising here under or arising out of the relation existing between the parties by reasons of these Articles or the Act, such differences shall (unless a sole arbitrator be agreed upon) forthwith be referred to the arbitration of three 3) arbitrators, one to be appointed by each party and the third to be appointed by the first two or, in the event of failure to agree within (Cap. 15) or any then existing statutory modifications or re-enactment thereof shall apply.

Names, Address, and Description of Subscribers	Number of Shares Taken by Each Subscriber	Signature
1. HUSSEIN MOHAMED ADOW P.O.BOX 77833 NAIROBI KENYA	2500	
2. SALAD HASSAN ADOW P.O.BOX 77833 NAIROBI KENYA	500	
3. MUMIN SABRIE HAGAI P.O.BOX 5792 MOGADISHU-SOMALIA	500	MUMIN
4. SAFIA OSOBLE ROBLE 105 BLKE RD N. APT 310,MINNESOTA U.S.A	500	SAFIA
5. GULED HASSAN AHMED P.O.BOX 5792 MOGADISHU SOMALIA	500	GULED
6. OSMAN BARE ADOW P.O.Box 77833 NAIROBI -KENYA	500	OSMAN

Dated at Dar es Salaam this 15th day of March 2008.

WITNESS to the above Signatures:-

Signature 

Postal Address: P.O. Box

Qualification: 

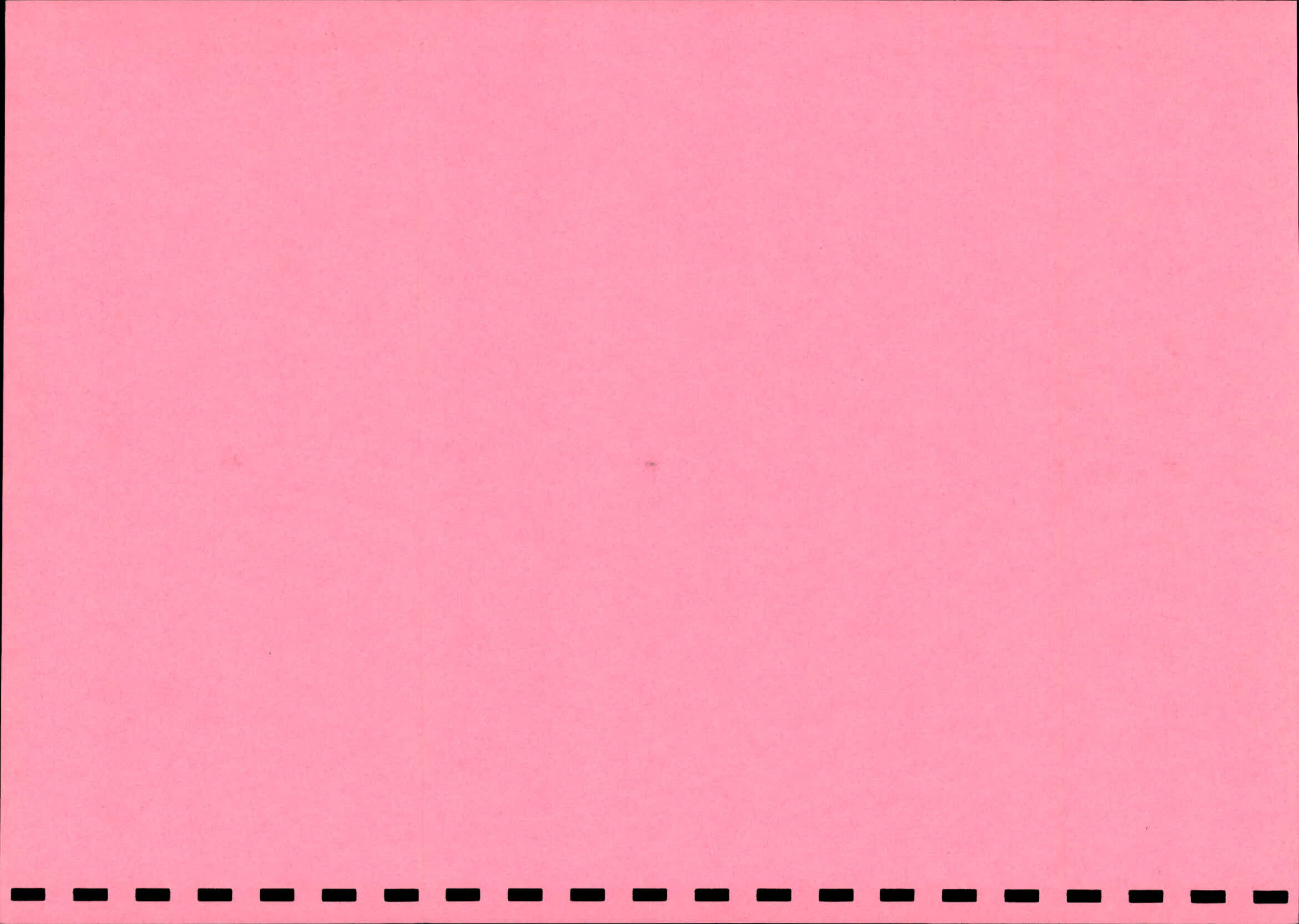


**FOWZI INTERNATIONAL COMPANY
LIMITED**

**PROPOSED PROJECT TO ESTABLISH APPAREL AND
CLOTH MANUFACTURING COMPANY**

BUSINESS PLAN

FEBRUARY 2009



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**FOWZI INTERNATIONAL COMPANY LTD
BUSINESS PLAN**

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FOWZI INTERNATIONAL COMPANY LIMITED

BUSINESS PLAN

1. INTRODUCTION

1.1 Background

This Business Plan whose objectives are given in the summary below considers the viability of establishing a business enterprise to deal with the manufacture of apparel and clothing that will comprise of men's modeled shirts, Men's trousers, Women's blouse and trousers, Women's dresses and skirts.

This business enterprise will therefore, be a newly established firm under the Company's Act 2002. It has been registered on 15th April 2008 with Certificate of Incorporation No. 65089.

The promoters of this new enterprise are will established entrepreneurs in apparel and textile sector as are currently operating a sizeable shop importing and selling clothes from Europe, Far East and Middle East Countries. They resolved to establish this project to take advantage of business opportunities available in manufacturing sector and in particular the clothing and textile sub sector.

1.2 The objectives of the Enterprise

The enterprise as stated above is aiming at participating in the manufacture of apparel, clothing and garments using locally made or imported fabrics.

The enterprise will seek ISO registration under ISO 9001 International quality control standard and authentication. The enterprise will in future introduce other products to consist of mens, ladies and childrens skirts, jackets, shirts, polo shirts and coats.

The enterprise aims further to enable customer's easy and affordable source of apparel and clothes. Besides those objectives the enterprise seeks at making profits and create employment to local personnel.

2. MARKETING AND SALES PLAN

2.1 Apparel and Garment Manufacturing Industries

Clothing and Textile Sector as one of the priority sector is required to be developed to provide opportunities due to growth in markets for apparels and textiles in the local and export market. Opportunities are readily available in spinning, weaving and textiles, knitting, manufacturing of garments, cloth and fabrics, carpets, rags, cordage, rope and twines. Opportunities on Cut, Make and Trim (CMT) units for export also exist.

Exploitation of the above stated opportunities are also expected to improve the production and export of hand picked cotton which produces quality fabrics for both local and export markets.

It is a fact that cotton industry in the country has declined over the past decades in both volume and value as production tumbled from 70,000 tons in 1992 to slightly over 40,000 tons in 2005. Mainly owing to structural weaknesses linked to production, processing and marketing.

Liberalization coupled with privatization in the sub sectors of textile has seen new private investment in export based manufacturing focused on AGOA opportunities, but this has not been quite significant and is in Cut, Make, Trim (CMT) operations that rely on imported fabrics.

Revamping and re-establishment of apparel, garment and textile industries lies squarely in the hands of the private sector after successful divestiture of URAFIKI Textile Mills, Sunflag Textile Mills, Morogoro Polyester, Musoma Textile, Mwatex, Ubungo Spinning Mills and Ubungo Garment all of which are providing inputs for the kind of project which we consider to establish.

2.2 Demand and Supply Aspects

It is a well known fact that demand for apparel and clothes in the country have grown over time. There are more shops and business enterprises selling cloth and garments than any other time.

The growth in increased demand of apparel and clothing is a result of improved income for households; improved living standards and increased attractions to fashionable clothing and goods.

Trade liberalization has also opened the other window for second hand clothes however, the government has been trying so hard to discourage people to import and buy second hand clothes including items like second hand underwear and pants, ladies brasseries, socks and stockings.

Observations made above provide proof of increased demand of apparel and clothing products.

On supply side there has been a satisfactory response from investors who have been trying to seize opportunities to invest in apparel, clothing and textile industry including those in the sub sector of Cut, Make and Trim and garment manufacturing.

Manufacturers of apparel and Clothing are able to obtain raw materials from local textile mills and from foreign markets. Similarly ready made garments and apparel are imported from abroad to fill up gaps in demand and supply that are left and unattended by local firms.

Businessmen and women in the country import apparel and textiles from as far as Thailand, Hong Kong, Indonesia, Malaysia, China and India. Some are importing from European countries like France, England and Italy.

2.3 Competition and the Company's share of the market

The new business enterprise will compete with more than 15 similar companies operating from Dar es Salaam, Arusha, Moshi, Tanga, Morogoro and Mwanza. An analysis conducted on some of the competitors on the areas of their marketing strategies, their strengths and weakness has enabled the Company to come up with appropriate marketing strategy comprised of:

- (1) Product Strategies
- (2) Pricing Strategies
- (3) Distribution Strategies and
- (4) Promotion strategies

Information on the competitors was drawn out from:

- 1) News papers
- 2) Magazines
- 3) Websites
- 4) Catalogues
- 5) Internet
- 6) From distributors
- 7) From customers and
- 8) National Bureau of Statistics.

Summarized information of what was collected from above mentioned sources enabled the company to enumerate each competitor's strengths and weaknesses and made it easy to assess its share of the business opportunities in the sector. It is assumed that the Company's Production capacity will be sufficient to meet 0.5% of the required supply of apparel and clothing products in the local market.

2.4 Sales Strategy

The Company management understand that there several local companies offering an extensive selection of men's and women's sporting and casual apparel and accessories but this new company will strive to appeal to the

upscale taste of lower, middle and upper-class consumers for fashionable casual apparel.

The Company will be unique in offering of high-quality product lines using competent sales people trained in image building and customers relations.

The Company will look into having periodical clearance sales at mid year and during end of year holidays and put in place a well prepared sales promotional strategy.

As stated earlier in this Business Plan that the company will be committed to maintain and to cultivate its image of exclusivity which means that its products will be unique, selective, tasteful and distinctive in all its production and merchandising activities.

3. TECHNICAL ASPECT OF THE PROJECT AND PRODUCTION PLAN

3.1 Project Location

The project will be carried out at Gerezani, Industrial Area at its initial stages but will later move to a more permanent location of its own in Kinondoni Municipality in Dar es Salaam. The location in Dar es salaam is considered ideal because there are many shops and superstore conducting business in apparel and clothing products. Those are the targeted market.

3.2 Land and Factory Building

As stated earlier the project will be located at rented premises in Gerezani area after efforts to be located at Millennium Business Park failed. However, long term plans for the project is to construct its own business premises in Kinondoni Municipality to comprise of the Factory, Offices and showrooms

3.3 Equipment and Machinery

The proposed project is expected to employ the following equipment and machinery:

- 1) 50 Singer Industrial Sewing Machine
- 2) 10 Juki Sewing Machines
- 3) 10 Chain Stitch Helper
- 4) 10 Cloth Cutting Machines
- 5) 10 SIRUBA Model Finishing Machines
- 6) 10 Singer Over Locking Machines
- 7) 10 Pressure Ironing Systems
- 8) 5 Steam Stations
- 9) 20 Ironing Boards
- 10) 10 Trouser Press
- 11) 5 Washer and Drier machines
- 12) 10 Automatic Clothing Driers

The above advanced equipment and machinery will be ordered from Japan, China and India. A number of embroidery machines will be added to the list given above. These will include Multi Head embroidery machine with Head Number 10 – 30; Embroidery width (Y direction) up to 1000 mm. The machines will require power supply of 240V single phase; or 380V three phase with 50/60 Hz. The machines have LCD display and operating panel and could be sourced from Italy and or Swiss.

Although there will be more than 150 pieces of machines, still the enterprise will be a medium size clothing company. Support equipment will include bag-opening machines and sleeving machines, Electric Cloth Cutting Machines; Workshop tools and equipment for maintenance work.

3.4 Motor Vehicles

The Company will purchase at least four motor vehicles to enable the Company to effectively carry out its activities. The Company will purchase one truck; two pick ups, A Van and Supervision vehicle. The truck will be utilized for transportation of raw materials from textile mills, the pick ups will be utilized for transportation of finished products to marketing and sales outlets. The Van will perform duties related to maintenance, repair works and purchase of spare and replacement parts of Company machines and equipment.

3.5 Raw Materials

Raw material to be purchased will be comprised of (i) clothing and fabric materials such as cotton fabric, polyster, viscous, nylon, acetate linings, wool, etc. (2) Garment Accessories such as lace, ribbons, tapes, plain and or jacquard elastic, etc. (3) Sewing Accessories, like reels, needles, buttons, zips etc and fusible linings and interlinings for shirts, collars, etc.

3.6 Production Plan

The Company has planned to produce the following products:

- 1) Men's shirts
- 2) Men's Trousers
- 3) Men's Suits
- 4) Women's Blouse
- 5) Women Trousers
- 6) Women Dresses
- 7) Women's Skirts

The production of the above products will seek ISO 900I international quality control authentication. There will be other products to be introduced later which will be comprised of men's and ladies and children's casual shirts, jackets, polo shirts and sports wear.

Products composition will mainly consist of 100% cotton, polyester and other mixed fabrics made available in numerous specifications sizes and packings. Customers should expect to receive exquisite products, reliable quality and excellent services from the company.

Production Unit is targeting to produce 200 pieces of clothing a day using the Company's advanced technology.

The production process is to be based on design, style, fabric, quality of cutting and professional sewing and workmanship emanating the ISO 9001 standard which the Company will seek for its certification.

4: **PROJECTED INVESTMENT AND FINANCING**

4.1 Projected Investment Cost

The project Investment Cost

The project is expected to require a total of USD 650,000 as categorized and as indicated down below:

	Foreign	Local	Total
a) Land and Building	80,000	30,000	110,000
b) Equipment and Machines	400,000	-	400,000
c) Motor Vehicles	70,000	-	70,000
d) Furniture and Fittings	-	15,000	15,000
e) Preoperational Expenses	-	15,000	15,000
f) Initial Working Capital	20,000	20,000	40,000
TOTAL	570,000	80,000	650,000

As is portrayed in the table above USD 650,000 will be required to finance this project. USD 570,000 will be needed to finance the foreign component of the project and USD 80,000 will be for use to finance the local component of the project.

4.2 Financing of the Project

The project will be financed by sources made available by the Company shareholders or equity and from sources to be secured from banks.

(a) Equity funding

The shareholders will provide USD 260,000 from their own sources to financing the investment plan. This financing is 40% of the projects financing requirement.

(b) Loan financing

To accomplish the required investment outlay for the project the promoters are expected to obtain loan from Bank. Negotiations have started and are at advanced stage. It is likely that the promoters are going to secured a Bank loan amounting to USD 390,000.

The loan will be required to be repaid within a span of 10 years at equal annual installments plus interest at the rate of 10% annually on outstanding amount

5: **PROJECTED FINANCIAL PERFORMANCE**

5.1 Projected Revenue

The company's main revenue source will come from the sale of its products. The Company intends to register its own "Brand" and "Trade Mark" for its apparel and clothing products. The company expects to register "FOWZI" as its brand name to be affixed or labeled to its products.

As stated elsewhere in this plan the Company will initially produce six different kinds of products namely:

- A: Shirts
- B: Trousers
- C: Suits
- D: Women Dresses
- E: Blouses
- F: Skirts

Additional kind of products will be made later, say in three years time after the start of commercial operation.

The products will be affordable to both low income and middle income group of persons. Affordability of Company's products is part of the company's pricing and sales strategies.

Company products will have different colours, 100% cotton pique (Black, Green or Navy; Wine, Red or Orange, White, Rose or Blue) to be attractive and fashionable.

Prices for shirts are expected to range from as low as Tshs. 10,000/= to as much as 40,000/= depending on the type and quality of fabric.

Prices for trousers are expected to range from as low as Tshs. 15,000/= per piece to Tshs. 50,000/= per pair of trousers also depending on the type of fabric.

The Company will produce "Classic Suits" comfortable for work with a mix of wool and polyster fabric to cost between Tshs. 100,000/= to Tshs. 200,000/= per suit (Three or Two pieces)

Women Dresses made from 100% cotton fabric or with a mix of 70% to 30% polyster will cost Tshs. 20,000/= to as high as Tshs. 50,000/= per dress. Blouse and Skirt each will cost from Tshs. 10,000/= to as high as Tshs. 20,000/= per piece.

However, for planning purpose the Company has put in place an average price for every group of garment to be used for determining sales revenue per day, per month and per annum. Each month is expected to have 20 effective working days; and* each year is planned to have 10 effective

working months with the remaining two months planned for repair and maintenance and stock taking activities.

The following Table provides the expected Sales Revenues:

Product Type	Units Produced	Price Tshs.	Revenue Per day Tshs
A: Shirts	50	20,000/=	1,000,000/=
B: Trousers	40	30,000/=	1,200,000/=
C: Suits	10	150,000/=	1,500,000/=
D: Women Dresses	25	30,000/=	750,000/=
E: Blouses	50	15,000/=	750,000/=
F: Skirts	25	15,000/=	375,000/=
TOTAL	200		5,575,000/=
Expected Revenue per month			111,500,000/=
Expected Revenue per annum			1,115,000,000/=

The figures have to be converted into USD at the rate of USD 1 = Tshs. 1,400/=. Sales Revenue are therefore estimated amount to USD 800,000 (amount given to nearest 100,000).

5.2 Projected Operating/Manufacturing Costs

Production Plan is the key to the workings of preparing the operating costs for this project. After a decision is reached e.g. to what quantities of products will be manufactured, the operating costs can be estimated. Operating costs are nothing but the summary of cost elements that are going to be spent for enabling the Production Plan and sale Plan to be realized.

(a) Raw materials:

In order to realize the proposed production plan the Company will need raw materials to be converted into finished products. In this project the raw materials will be comprised of clothing and fabric materials, garment accessories like lace, ribbons, tapes, sewing accessories like cotton reels

needles batons, fusible linings and interlinings for shirts, collars, etc. 25% of the sales turnover is going to be spent for materials. This item will cost USD 200,000 per annum.

(b) Maintenance

The repairs and maintenance expenditure have been estimated on the basis of the expected turnover. In this plan this element is estimated at the rate of 10% of the sales turnover or USD 80,000 per annum.

(c) Labour

The Company is expected to employ on average 50 persons on permanent terms and at least 25 others (unskilled) on seasonal or temporary arrangements. The Company will employ talented designers, machine operators who will be able to keep pace with global fashion trends. Labour cost element is estimated at the rate of 10% of the estimated sales Turnover or USD 80,000 per annum.

(d) Utilities

The cost of utilities consist of the cost of electricity consumption and water consumption. With 150 pieces of equipment the company estimated to consume utilities at the rate of 5% of the Sales turnover or USD 40,000 per annum.

(e) Overheads

Overheads in this plan are consisted of Factory and Management expenses not included in any of the above stated operating expenditure elements. The expenses also consist of sales expenditure budget. The item is expected to be in the region of 10% of the sales turnover or USD 80,000 per annum. Appendix 1 provides information on operating cost for the relative years

5.3 Projected Capital Charges

5.3.1 Depreciation

This is a concept used to allocate charges for a piece of fixed asset in equitable manner over its operating life. This Business Plan has incorporated provisions from Income Tax Law for rates and methods to be applied for each category of fixed asset. The rates and method used are given below:

- | | | |
|-----|--|-----|
| (a) | Land and Building; Straight line, | 5% |
| (b) | Equipment; Diminishing Method, | 20% |
| (c) | Motor vehicles; Diminishing, | 20% |
| (d) | Furniture, Diminishing Method, | 12% |
| (e) | Preoperational Expenses and Initial
Working Capital; Straight line, | 10% |

Appendix 5 provides a Depreciation Schedule to be applied in this Plan.

5.3.2 Interest on Loan

The amount of loan to be procured from Bank is USD 390,000. The promoters intend to negotiate the loan to be repaid in ten (10) years at an interest rate of 10% per annum on outstanding balance.

Based on observation made from Appendix 4 of this Plan the interest has been worked out to top at USD 39,000 in the first year of loan acquisition, declining thereafter to USD 23,000 in year five.

5.4 Projected Taxation

Referring to appendix 6 it can be observed that the project will be making profits throughout its planning period. The profits generated will enable the Company to pay corporate tax at the rate of 30% per annum. In the case of this Company it will pay this tax amounting to USD 52,000 in the first year of the projects operation. The amount will be growing overtime to reach USD

74,000 in year five (5.). In five years time the project will be able to pay to government USD 320,000 as its tax liability,

5.5 Loan Amortization

Part of the financing of this project will be collected from Bank in the form of a Loan. This loan amount to USD 390,000 and will be amortized annually for a period of ten (10) years without any moratorium period. The loan is going to be secured at an interest of 10%. At the end of year one the amount stands at UD 390,000. With payment of USD 39,000 annually the amount will be reduced to USD 234,000 at end of year five (5). Likewise the loan interest at end of year one is estimated at USD 39,000 declining there from to USD 23,400 in year five.

5.6 Projected Profit and Loss Accounts

The financial projections conducted over a period of five years and above indicate that the project is viable and profitable as it makes reasonable profits through out the expected period as shown in the Appendix I of this Business Plan. The expected profit before tax is estimated to reach USD 174,000 in the first year of its operation onwards. Accumulated after tax profits are expected to reach USD 746,000 in year five as is shown in appendix 6.

5.7 Projected Cash Flow Statement

Total Cash inflows are expected to amount to USD 282,000 in the first year of the project's operation. The amount is expected to grow steadily to reach USD 297,000 in the fifth year of the project's life. Cash outflows are expected to grow from USD 91,000 in the first year of the project's commercial operations to USD 113,000 in the fifth year. Like wise accumulated cash balance is expected to grow from USD 190,000 in the first year of the project's life to USD 929,000 in the fifth year. This proves that the project will be operating with cash surplus through out the planning period . Appendix 2 is relevant here.

5.8 Projected Balance Sheets

The project's total net assets are expected to grow from USD 772,000 in year one to USD 1,240,000 in the fifth year. However, the project's net fixed assets due to wear and tear and without replacing them show a declining value. In the first year of the project's life the values of net fixed assets amounted to USD 543,000 declining there from to USD 272,000 in year five.

Reserves are expected to grow from USD 122,000 in year one to USD 746,000 in the fifth year. Long term loan will be reduced from USD 390,000 in the first year of the company's Commercial operation to USD 234,000 in the fifth year. Shareholders equity remained constant at USD 260,000 through out the planning period. This again, portrays a healthy growth of the company and the shareholders can use the reserve fund for re-investment or resolve for the payment of dividends.

6. ECONOMIC ASPECT OF THE PROJECT

6.1 Social-Economic Benefits

It is expected that the implementation of this project will have the following social and economic development values:

- a) Apparel and textile manufacturing industry with its sub sectors enhance cotton growth which was declining before trade liberalization and privatization policies. Cotton growers are not compelled to sale their cotton to overseas market only as local textile industries are now using cotton as inputs in their mills.
- b) The project is expected to create employment for more than 75 person in the field of machine operator, mechanics, designers, marketing and sales personnel, etc.
- c) Implementation of the project will contribute to development of apparel and textile sector's growth and likewise contribute to

- d) The project is expected to contribute to foreign currency generation since some of its products will qualify for participation in the AGOA – African Growth and Opportunity Act in the United States of America.

6.2 Environmental Impact

- a) The project will deploy high technology machines and equipment currently in use in the manufacture of apparel and clothing than those which are now in use in the country. The efficient technology reduces waste generation and results into a cleaner environment.
- b) Whatever little leftover that is expected to be made from the project's operations will be made into rugs which are used in factories as cleaning materials.
- c) The project is not expected to negatively affect the environment because most of its raw materials are cloth which may be bought locally or abroad and will not have any chance of polluting the surrounding environment.

7: ORANIZATION PLAN

7.0 Organization

In accordance with the Company's Memorandum and Articles of Association the Company will be led by a Board of Directors consisting of six members.

The Management of the Company will be entrusted to the owners who will appoint a General Manager. The General Manager will be assisted by two key personnel, the Production Manager and Marketing and Sales Manager.

The Production Manager will supervise industrial Sewing Machines and support equipment. He will be responsible for cloth designing and Quality control. Machine Operators and mechanics will be reporting to him.

The Marketing and Sales Manager will supervise the marketing, sales and warehousing, Accounts and Administrative functions. Appendix 7 provides the Company's Organization chart.

7.2 Employment

As is reported somewhere else in this Plan that the General Manager will be assisted by two key personnel the Production and the Marketing Manager.

The above key personnel will supervise operational staff in the following categories:

- 1) Machine operators
- 2) Mechanics
- 3) Designers
- 4) Quality Control
- 5) Marketing and Sales
- 6) Warehousing
- 7) Accounts
- 8) Administrative

A total of 75 employees are expected to be employed on permanent and on seasonal terms to perform duties categorized above. A few others will be offered employment on daily paid basis, to do the loading, off loading and cleaning assignments.

8: CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

The project is expected to be beneficial to both the investors and the nation at large.

It has been observed that the project is profitable and viable. It will create wealth to its investors provide employment and contribute to government coffers.

The project's implementation will provide a market for other textile and fabric manufacturers and cotton spinning industries that are using cotton and lint from the farmers. This process has a multiplier effect in terms of employment creation, export trade, government revenues, etc.

8.2 Recommendations

Since the project is expected to make significant contributions towards making the country self sufficient in the manufacturing of apparel and clothing and since it will also save and generate the much needed foreign currencies, it is recommended that the project be given the necessary support by authorities and government agencies like T.I.C, BRELA, TRA, the Ministries etc.

9. **IMPLEMENTATION PROGRAMME**

Implementation of the project may take 30 months to accomplish, however, major activities may include the following:

- 1) Company Registration
- 2) Tax Registration
- 3) Acquisition of Premises
- 4) Licensing
- 5) T.I.C Registration
- 6) Finance Procurement
- 7) Ordering Equipment and Machines
- 8) Installation of Equipment
- 9) Training of Machine Operators
- 10) Trial Production
- 11) Commercial Production
- 12) Advertising and Marketing
- 13) Sales Activities.

"APPENDIX 1"

**PROJECTED PROFIT AND LOSS ACCOUNTS
(FIGURES IN USD)**

ITEM	YEAR				
	1	2	3	4	5
Sales Revenue	800,000	800,000	800,000	800,000	800,000
<u>Operating Costs:</u>					
• Materials	200,000	200,000	200,000	200,000	200,000
• Maintenance	80,000	80,000	80,000	80,000	80,000
• Labour	80,000	80,000	80,000	80,000	80,000
• Utilities	40,000	40,000	40,000	40,000	40,000
• Overheads	80,000	80,000	80,000	80,000	80,000
Total Manufacturing Cost	480,000	480,000	480,000	480,000	480,000
Operating Profit	320,000	320,000	320,000	320,000	320,000
<u>Capital charges:</u>					
• Depreciation	106,800	87,784	72,554	60,355	50,581
• Loan Interest	39,000	35,100	31,200	27,300	23,400
Total Capital Charges	145,800	122,884	103,754	87,655	73,981
Profit (Loss) before Tax	174,200	197,116	216,246	232,345	246,019

"APPENDIX 2"

PROJECTED CASH FLOWS FOR THE YEARS AHEAD
(FIGURES IN USD)

ITEM	YEAR				
	1	2	3	4	5
Cash Inflows:					
• Profit Before Tax	174,200	197,116	216,246	232,345	246,019
<u>Add:</u>					
• Depreciation	106,800	87,784	72,554	60,355	50,581
Total Cash Inflows	281,000	284,900	288,800	292,700	296,600
Cash Outflows					
• Corporation Tax	52,260	59,135	64,874	69,704	73,806
• Loan Repayment	39,000	39,000	39,000	39,000	39,000
Total Cash Outflows	91,260	98,135	103,874	108,704	112,806
Net Cash flows	189,740	186,765	184,926	183,996	183,794
Opening Cash Balance	0	189,740	376,505	561,431	745,427
Closing Cash Balance	189,740	376,505	561,431	745,427	929,221

"APPENDIX 3"

PROJECTED BALANCE SHEETS
(FIGURES IN USD)

ITEM	YEAR				
	1	2	3	4	5
Assets:					
• Net Fixed Assets	543,200	455,416	382,862	322,507	271,926
• Current Assets	320,000	513,640	704,305	893,131	1,081,027
• Current Liabilities	91,260	98,135	103,874	108,704	112,806
• Net Current Assets	228,740	415,505	600,431	784,427	968,221
TOTAL NET ASSETS	771,940	870,921	983,293	1,106,934	1,240,147
FINANCED BY:					
• Shareholders Equity	260,000	260,000	260,000	260,000	260,000
• Reserves	121,940	259,921	411,293	573,934	746,147
• Term Loan	390,000	351,000	312,000	273,000	234,000
TOTAL SHAREHOLDERS FUND	77,940	870,921	983,293	1,106,934	1,240,147

"APPENDIX 4"

**PROJECTED AMORTIZATION SCHEDULE
(FIGURES IN USD)**

YEAR	OUTSTANDING	PRINCIPAL	INTEREST AT 10%	PREMIUM PAYMENT
1	390,000	-	39,000	39,000
2	351,000	39,000	35,100	74,100
3	312,000	39,000	31,200	70,200
4	273,000	39,000	27,300	66,300
5	234,000	39,000	23,400	62,400
6	195,000	39,000	19,500	58,500
7	156,000	39,000	15,600	54,600
8	117,000	39,000	11,700	50,700
9	78,000	39,000	7,800	46,800
10	39,000	39,000	3,900	42,900

DEPRECIATION SCHEDULE FOR FIVE YEARS
(FIGURES IN USD)

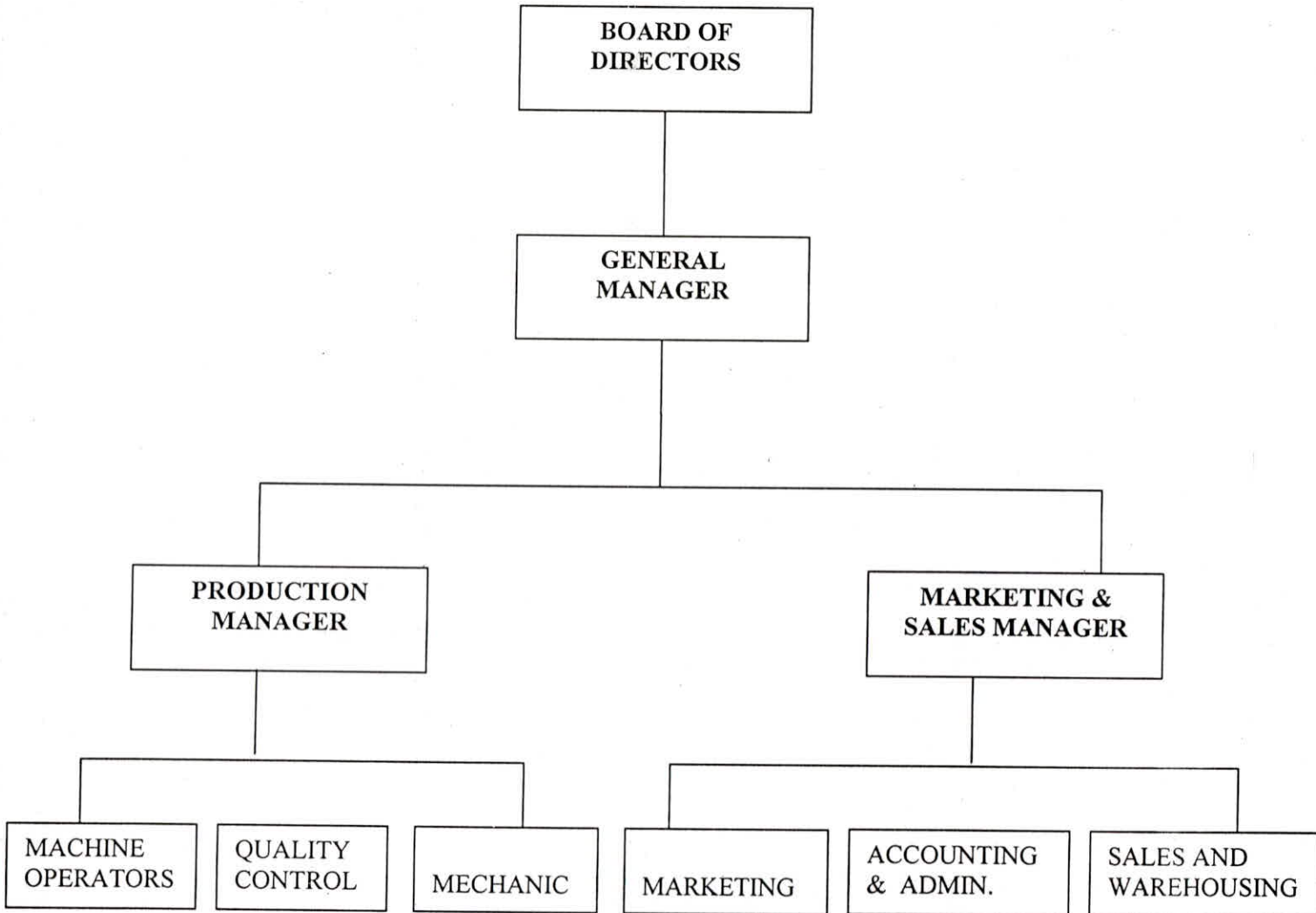
ITEM	RATE	CAPITAL COST TSHS.	YEAR				
			1	2	3	4	5
Land and Building	5%	110,000	5,500	5,500	5,500	5,500	5,500
Motor vehicles	20%	70,000	145,000	11,200	8,960	7,168	5,734
Equipment	20%	400,000	80,000	64,000	51,200	40,960	32,768
Furniture and Fittings	12%	15,000	1,800	1,584	1,394	1,227	1,079
Pre-operational & Initial Working Capital	10%	55,000	5,500	5,500	5,500	5,500	5,500
TOTAL	-	650,000	106,800	87,784	72,554	60,355	50,581
Accumulated Depreciation	-	-	106,800	194,584	267,138	327,493	378,074
Net Asset Value	-	50,000	543,200	455,416	382,862	322,507	271,926

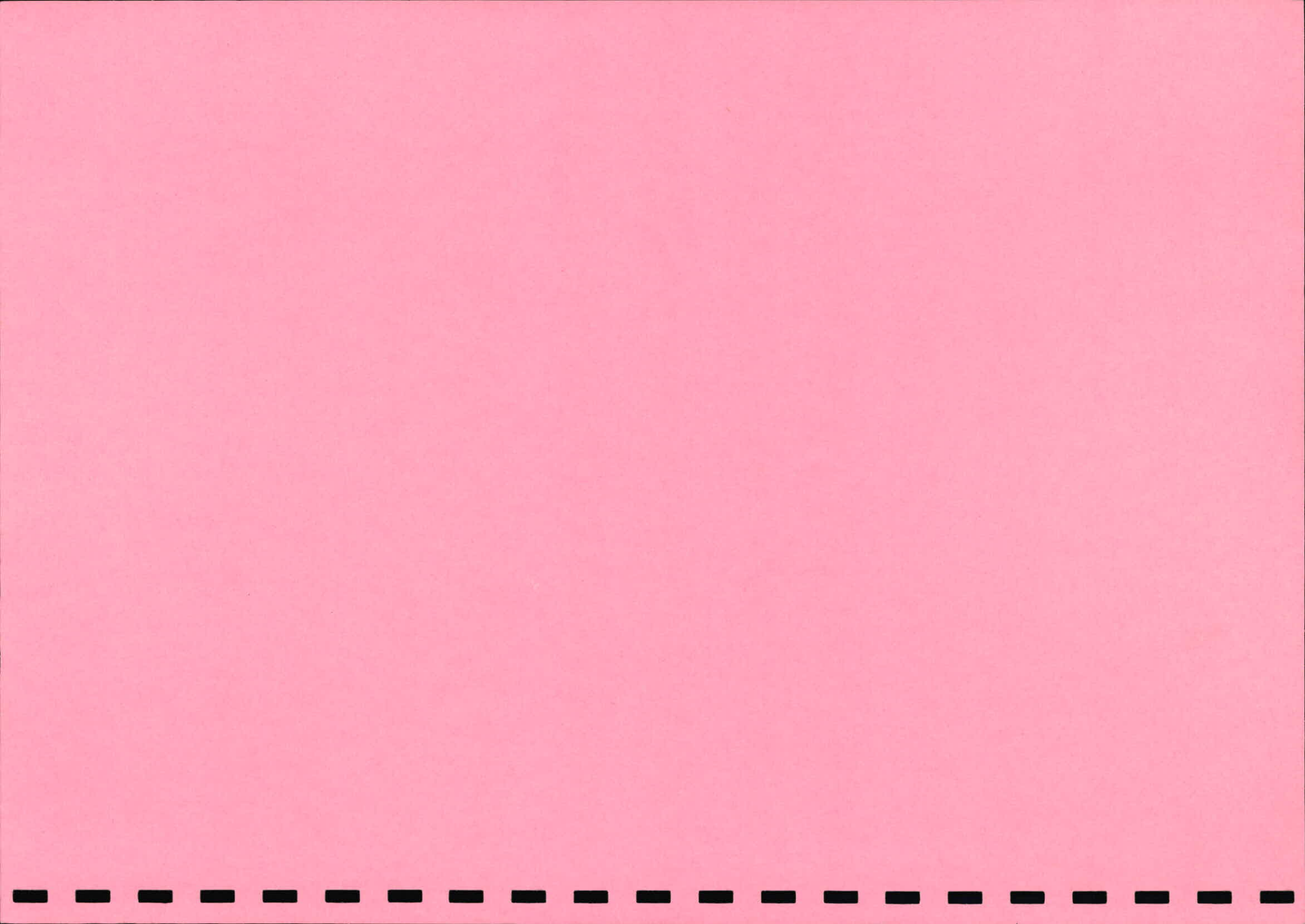
"APPENDIX 6"

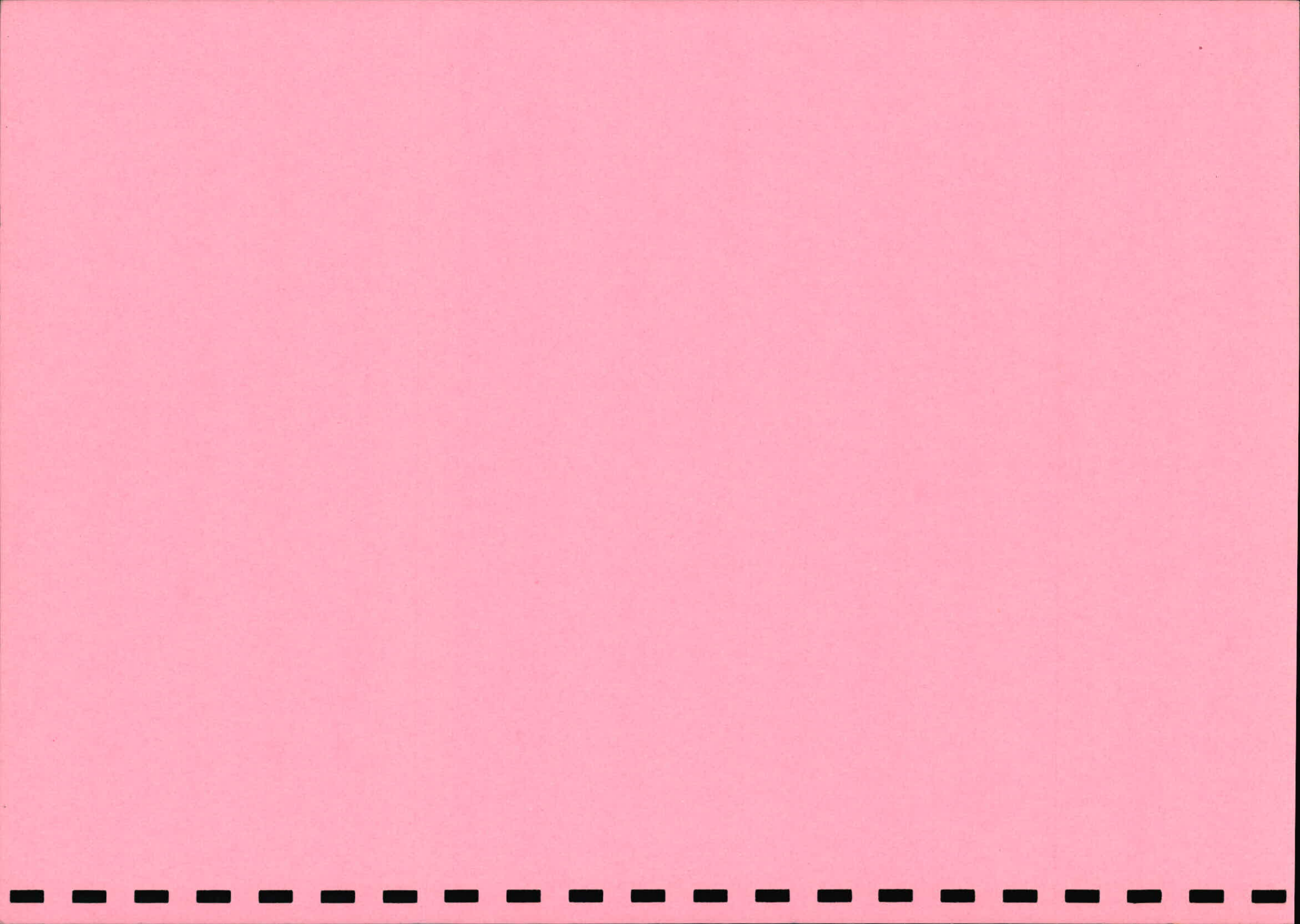
**PROJECTED TAX SCHEDULE
(FIGURES IN USD)**

ITEM	YEAR				
	1	2	3	4	5
Profit Before Tax	174,200	197,116	216,246	232,345	246,019
Corporation Tax (30%)	52,260	59,135	64,874	69,704	73,806
Profit After Tax	121,940	137,981	151,372	162,641	172,213
Cumulative Profit	121,940	259,921	411,293	573,934	746,147

PROPOSED ORGANIZATION CHART





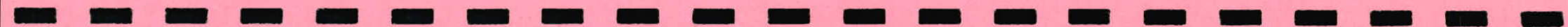


**FOWZI INTERNATIONAL COMPANY
LIMITED**

**PROPOSED PROJECT TO ESTABLISH APPAREL AND
CLOTH MANUFACTURING COMPANY**

BUSINESS PLAN

FEBRUARY 2009



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**FOWZI INTERNATIONAL COMPANY LTD
BUSINESS PLAN**

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FOWZI INTERNATIONAL COMPANY LIMITED

BUSINESS PLAN

1. INTRODUCTION

1.1 Background

This Business Plan whose objectives are given in the summary below considers the viability of establishing a business enterprise to deal with the manufacture of apparel and clothing that will comprise of men's modeled shirts, Men's trousers, Women's blouse and trousers, Women's dresses and skirts.

This business enterprise will therefore, be a newly established firm under the Company's Act 2002. It has been registered on 15th April 2008 with Certificate of Incorporation No. 65089.

The promoters of this new enterprise are will established entrepreneurs in apparel and textile sector as are currently operating a sizeable shop importing and selling clothes from Europe, Far East and Middle East Countries. They resolved to establish this project to take advantage of business opportunities available in manufacturing sector and in particular the clothing and textile sub sector.

1.2 The objectives of the Enterprise

The enterprise as stated above is aiming at participating in the manufacture of apparel, clothing and garments using locally made or imported fabrics.

The enterprise will seek ISO registration under ISO 9001 International quality control standard and authentication. The enterprise will in future introduce other products to consist of mens, ladies and childrens skirts, jackets, shirts, polo shirts and coats.

The enterprise aims further to enable customer's easy and affordable source of apparel and clothes. Besides those objectives the enterprise seeks at making profits and create employment to local personnel.

2. MARKETING AND SALES PLAN

2.1 Apparel and Garment Manufacturing Industries

Clothing and Textile Sector as one of the priority sector is required to be developed to provide opportunities due to growth in markets for apparels and textiles in the local and export market. Opportunities are readily available in spinning, weaving and textiles, knitting, manufacturing of garments, cloth and fabrics, carpets, rags, cordage, rope and twines. Opportunities on Cut, Make and Trim (CMT) units for export also exist.

Exploitation of the above stated opportunities are also expected to improve the production and export of hand picked cotton which produces quality fabrics for both local and export markets.

It is a fact that cotton industry in the country has declined over the past decades in both volume and value as production tumbled from 70,000 tons in 1992 to slightly over 40,000 tons in 2005. Mainly owing to structural weaknesses linked to production, processing and marketing.

Liberalization coupled with privatization in the sub sectors of textile has seen new private investment in export based manufacturing focused on AGOA opportunities, but this has not been quite significant and is in Cut, Make, Trim (CMT) operations that rely on imported fabrics.

Revamping and re-establishment of apparel, garment and textile industries lies squarely in the hands of the private sector after successful divestiture of URAFIKI Textile Mills, Sunflag Textile Mills, Morogoro Polyester, Musoma Textile, Mwatex, Ubungo Spinning Mills and Ubungo Garment all of which are providing inputs for the kind of project which we consider to establish.

2.2 Demand and Supply Aspects

It is a well known fact that demand for apparel and clothes in the country have grown over time. There are more shops and business enterprises selling cloth and garments than any other time.

The growth in increased demand of apparel and clothing is a result of improved income for households; improved living standards and increased attractions to fashionable clothing and goods.

Trade liberalization has also opened the other window for second hand clothes however, the government has been trying so hard to discourage people to import and buy second hand clothes including items like second hand underwear and pants, ladies brasseries, socks and stockings.

Observations made above provide proof of increased demand of apparel and clothing products.

On supply side there has been a satisfactory response from investors who have been trying to seize opportunities to invest in apparel, clothing and textile industry including those in the sub sector of Cut, Make and Trim and garment manufacturing.

Manufacturers of apparel and Clothing are able to obtain raw materials from local textile mills and from foreign markets. Similarly ready made garments and apparel are imported from abroad to fill up gaps in demand and supply that are left and unattended by local firms.

Businessmen and women in the country import apparel and textiles from as far as Thailand, Hong Kong, Indonesia, Malaysia, China and India. Some are importing from European countries like France, England and Italy.

2.3 Competition and the Company's share of the market

The new business enterprise will compete with more than 15 similar companies operating from Dar es Salaam, Arusha, Moshi, Tanga, Morogoro and Mwanza. An analysis conducted on some of the competitors on the areas of their marketing strategies, their strengths and weakness has enabled the Company to come up with appropriate marketing strategy comprised of:

- (1) Product Strategies
- (2) Pricing Strategies
- (3) Distribution Strategies and
- (4) Promotion strategies

Information on the competitors was drawn out from:

- 1) News papers
- 2) Magazines
- 3) Websites
- 4) Catalogues
- 5) Internet
- 6) From distributors
- 7) From customers and
- 8) National Bureau of Statistics.

Summarized information of what was collected from above mentioned sources enabled the company to enumerate each competitor's strengths and weaknesses and made it easy to assess its share of the business opportunities in the sector. It is assumed that the Company's Production capacity will be sufficient to meet 0.5% of the required supply of apparel and clothing products in the local market.

2.4 Sales Strategy

The Company management understand that there several local companies offering an extensive selection of men's and women's sporting and casual apparel and accessories but this new company will strive to appeal to the

upscale taste of lower, middle and upper-class consumers for fashionable casual apparel.

The Company will be unique in offering of high-quality product lines using competent sales people trained in image building and customers relations.

The Company will look into having periodical clearance sales at mid year and during end of year holidays and put in place a well prepared sales promotional strategy.

As stated earlier in this Business Plan that the company will be committed to maintain and to cultivate its image of exclusivity which means that its products will be unique, selective, tasteful and distinctive in all its production and merchandising activities.

3. TECHNICAL ASPECT OF THE PROJECT AND PRODUCTION PLAN

3.1 Project Location

The project will be carried out at Gerezani, Industrial Area at its initial stages but will later move to a more permanent location of its own in Kinondoni Municipality in Dar es Salaam. The location in Dar es salaam is considered ideal because there are many shops and superstore conducting business in apparel and clothing products. Those are the targeted market.

3.2 Land and Factory Building

As stated earlier the project will be located at rented premises in Gerezani area after efforts to be located at Millennium Business Park failed. However, long term plans for the project is to construct its own business premises in Kinondoni Municipality to comprise of the Factory, Offices and showrooms

3.3 Equipment and Machinery

The proposed project is expected to employ the following equipment and machinery:

- 1) 50 Singer Industrial Sewing Machine
- 2) 10 Juki Sewing Machines
- 3) 10 Chain Stitch Helper
- 4) 10 Cloth Cutting Machines
- 5) 10 SIRUBA Model Finishing Machines
- 6) 10 Singer Over Locking Machines
- 7) 10 Pressure Ironing Systems
- 8) 5 Steam Stations
- 9) 20 Ironing Boards
- 10) 10 Trouser Press
- 11) 5 Washer and Drier machines
- 12) 10 Automatic Clothing Driers

The above advanced equipment and machinery will be ordered from Japan, China and India. A number of embroidery machines will be added to the list given above. These will include Multi Head embroidery machine with Head Number 10 – 30; Embroidery width (Y direction) up to 1000 mm. The machines will require power supply of 240V single phase; or 380V three phase with 50/60 Hz. The machines have LCD display and operating panel and could be sourced from Italy and or Swiss.

Although there will be more than 150 pieces of machines, still the enterprise will be a medium size clothing company. Support equipment will include bag-opening machines and sleeving machines, Electric Cloth Cutting Machines; Workshop tools and equipment for maintenance work.

3.4 Motor Vehicles

The Company will purchase at least four motor vehicles to enable the Company to effectively carry out its activities. The Company will purchase one truck; two pick ups, A Van and Supervision vehicle. The truck will be utilized for transportation of raw materials from textile mills, the pick ups will be utilized for transportation of finished products to marketing and sales outlets. The Van will perform duties related to maintenance, repair works and purchase of spare and replacement parts of Company machines and equipment.

3.5 Raw Materials

Raw material to be purchased will be comprised of (i) clothing and fabric materials such as cotton fabric, polyster, viscous, nylon, acetate linings, wool, etc. (2) Garment Accessories such as lace, ribbons, tapes, plain and or jacquard elastic, etc. (3) Sewing Accessories, like reels, needles, buttons, zips etc and fusible linings and interlinings for shirts, collars, etc.

3.6 Production Plan

The Company has planned to produce the following products:

- 1) Men's shirts
- 2) Men's Trousers
- 3) Men's Suits
- 4) Women's Blouse
- 5) Women Trousers
- 6) Women Dresses
- 7) Women's Skirts

The production of the above products will seek ISO 900I international quality control authentication. There will be other products to be introduced later which will be comprised of men's and ladies and children's casual shirts, jackets, polo shirts and sports wear.

Products composition will mainly consist of 100% cotton, polyester and other mixed fabrics made available in numerous specifications sizes and packings. Customers should expect to receive exquisite products, reliable quality and excellent services from the company.

Production Unit is targeting to produce 200 pieces of clothing a day using the Company's advanced technology.

The production process is to be based on design, style, fabric, quality of cutting and professional sewing and workmanship emanating the ISO 900I standard which the Company will seek for its certification.

4: **PROJECTED INVESTMENT AND FINANCING**

4.1 Projected Investment Cost

The project Investment Cost

The project is expected to require a total of USD 650,000 as categorized and as indicated down below:

	Foreign	Local	Total
a) Land and Building	80,000	30,000	110,000
b) Equipment and Machines	400,000	-	400,000
c) Motor Vehicles	70,000	-	70,000
d) Furniture and Fittings	-	15,000	15,000
e) Preoperational Expenses	-	15,000	15,000
f) Initial Working Capital	20,000	20,000	40,000
TOTAL	570,000	80,000	650,000

As is portrayed in the table above USD 650,000 will be required to finance this project. USD 570,000 will be needed to finance the foreign component of the project and USD 80,000 will be for use to finance the local component of the project.

4.2 Financing of the Project

The project will be financed by sources made available by the Company shareholders or equity and from sources to be secured from banks.

(a) Equity funding

The shareholders will provide USD 260,000 from their own sources to financing the investment plan. This financing is 40% of the projects financing requirement.

(b) Loan financing

To accomplish the required investment outlay for the project the promoters are expected to obtain loan from Bank. Negotiations have started and are at advanced stage. It is likely that the promoters are going to secured a Bank loan amounting to USD 390,000.

The loan will be required to be repaid within a span of 10 years at equal annual installments plus interest at the rate of 10% annually on outstanding amount

5: **PROJECTED FINANCIAL PERFORMANCE**

5.1 Projected Revenue

The company's main revenue source will come from the sale of its products. The Company intends to register its own "Brand" and "Trade Mark" for its apparel and clothing products. The company expects to register "FOWZI" as its brand name to be affixed or labeled to its products.

As stated elsewhere in this plan the Company will initially produce six different kinds of products namely:

- A: Shirts
- B: Trousers
- C: Suits
- D: Women Dresses
- E: Blouses
- F: Skirts

Additional kind of products will be made later, say in three years time after the start of commercial operation.

The products will be affordable to both low income and middle income group of persons. Affordability of Company's products is part of the company's pricing and sales strategies.

Company products will have different colours, 100% cotton pique (Black, Green or Navy; Wine, Red or Orange, White, Rose or Blue) to be attractive and fashionable.

Prices for shirts are expected to range from as low as Tshs. 10,000/= to as much as 40,000/= depending on the type and quality of fabric.

Prices for trousers are expected to range from as low as Tshs. 15,000/= per piece to Tshs. 50,000/= per pair of trousers also depending on the type of fabric.

The Company will produce "Classic Suits" comfortable for work with a mix of wool and polyster fabric to cost between Tshs. 100,000/= to Tshs. 200,000/= per suit (Three or Two pieces)

Women Dresses made from 100% cotton fabric or with a mix of 70% to 30% polyster will cost Tshs. 20,000/= to as high as Tshs. 50,000/= per dress. Blouse and Skirt each will cost from Tshs. 10,000/= to as high as Tshs. 20,000/= per piece.

However, for planning purpose the Company has put in place an average price for every group of garment to be used for determining sales revenue per day, per month and per annum. Each month is expected to have 20 effective working days; and each year is planned to have 10 effective

working months with the remaining two months planned for repair and maintenance and stock taking activities.

The following Table provides the expected Sales Revenues:

Product Type	Units Produced	Price Tshs.	Revenue Per day Tshs
A: Shirts	50	20,000/=	1,000,000/=
B: Trousers	40	30,000/=	1,200,000/=
C: Suits	10	150,000/=	1,500,000/=
D: Women Dresses	25	30,000/=	750,000/=
E: Blouses	50	15,000/=	750,000/=
F: Skirts	25	15,000/=	375,000/=
TOTAL	200		5,575,000/=
Expected Revenue per month			111,500,000/=
Expected Revenue per annum			1,115,000,000/=

The figures have to be converted into USD at the rate of USD 1 = Tshs. 1,400/=. Sales Revenue are therefore estimated amount to USD 800,000 (amount given to nearest 100,000).

5.2 Projected Operating/Manufacturing Costs

Production Plan is the key to the workings of preparing the operating costs for this project. After a decision is reached e.g. to what quantities of products will be manufactured, the operating costs can be estimated. Operating costs are nothing but the summary of cost elements that are going to be spent for enabling the Production Plan and sale Plan to be realized.

(a) Raw materials:

In order to realize the proposed production plan the Company will need raw materials to be converted into finished products. In this project the raw materials will be comprised of clothing and fabric materials, garment accessories like lace, ribbons, tapes, sewing accessories like cotton reels

needles batons, fusible linings and interlinings for shirts, collars, etc. 25% of the sales turnover is going to be spent for materials. This item will cost USD 200,000 per annum.

(b) Maintenance

The repairs and maintenance expenditure have been estimated on the basis of the expected turnover. In this plan this element is estimated at the rate of 10% of the sales turnover or USD 80,000 per annum.

(c) Labour

The Company is expected to employ on average 50 persons on permanent terms and at least 25 others (unskilled) on seasonal or temporary arrangements. The Company will employ talented designers, machine operators who will be able to keep pace with global fashion trends. Labour cost element is estimated at the rate of 10% of the estimated sales Turnover or USD 80,000 per annum.

(d) Utilities

The cost of utilities consist of the cost of electricity consumption and water consumption. With 150 pieces of equipment the company estimated to consume utilities at the rate of 5% of the Sales turnover or USD 40,000 per annum.

(e) Overheads

Overheads in this plan are consisted of Factory and Management expenses not included in any of the above stated operating expenditure elements. The expenses also consist of sales expenditure budget. The item is expected to be in the region of 10% of the sales turnover or USD 80,000 per annum. Appendix 1 provides information on operating cost for the relative years

5.3 Projected Capital Charges

5.3.1 Depreciation

This is a concept used to allocate charges for a piece of fixed asset in equitable manner over its operating life. This Business Plan has incorporated provisions from Income Tax Law for rates and methods to be applied for each category of fixed asset. The rates and method used are given below:

- | | | |
|-----|--|-----|
| (a) | Land and Building; Straight line, | 5% |
| (b) | Equipment; Diminishing Method, | 20% |
| (c) | Motor vehicles; Diminishing, | 20% |
| (d) | Furniture, Diminishing Method, | 12% |
| (e) | Preoperational Expenses and Initial
Working Capital; Straight line, | 10% |

Appendix 5 provides a Depreciation Schedule to be applied in this Plan.

5.3.2 Interest on Loan

The amount of loan to be procured from Bank is USD 390,000. The promoters intend to negotiate the loan to be repaid in ten (10) years at an interest rate of 10% per annum on outstanding balance.

Based on observation made from Appendix 4 of this Plan the interest has been worked out to top at USD 39,000 in the first year of loan acquisition, declining thereafter to USD 23,000 in year five.

5.4 Projected Taxation

Referring to appendix 6 it can be observed that the project will be making profits throughout its planning period. The profits generated will enable the Company to pay corporate tax at the rate of 30% per annum. In the case of this Company it will pay this tax amounting to USD 52,000 in the first year of the projects operation. The amount will be growing overtime to reach USD

74,000 in year five (5.). In five years time the project will be able to pay to government USD 320,000 as its tax liability,

5.5 Loan Amortization

Part of the financing of this project will be collected from Bank in the form of a Loan. This loan amount to USD 390,000 and will be amortized annually for a period of ten (10) years without any moratorium period. The loan is going to be secured at an interest of 10%. At the end of year one the amount stands at UD 390,000. With payment of USD 39,000 annually the amount will be reduced to USD 234,000 at end of year five (5). Likewise the loan interest at end of year one is estimated at USD 39,000 declining there from to USD 23,400 in year five.

5.6 Projected Profit and Loss Accounts

The financial projections conducted over a period of five years and above indicate that the project is viable and profitable as it makes reasonable profits through out the expected period as shown in the Appendix I of this Business Plan. The expected profit before tax is estimated to reach USD 174,000 in the first year of its operation onwards. Accumulated after tax profits are expected to reach USD 746,000 in year five as is shown in appendix 6.

5.7 Projected Cash Flow Statement

Total Cash inflows are expected to amount to USD 282,000 in the first year of the project's operation. The amount is expected to grow steadily to reach USD 297,000 in the fifth year of the project's life. Cash outflows are expected to grow from USD 91,000 in the first year of the project's commercial operations to USD 113,000 in the fifth year. Like wise accumulated cash balance is expected to grow from USD 190,000 in the first year of the project's life to USD 929,000 in the fifth year. This proves that the project will be operating with cash surplus through out the planning period . Appendix 2 is relevant here.

5.8 Projected Balance Sheets

The project's total net assets are expected to grow from USD 772,000 in year one to USD 1,240,000 in the fifth year. However, the project's net fixed assets due to wear and tear and without replacing them show a declining value. In the first year of the project's life the values of net fixed assets amounted to USD 543,000 declining there from to USD 272,000 in year five.

Reserves are expected to grow from USD 122,000 in year one to USD 746,000 in the fifth year. Long term loan will be reduced from USD 390,000 in the first year of the company's Commercial operation to USD 234,000 in the fifth year. Shareholders equity remained constant at USD 260,000 through out the planning period. This again, portrays a healthy growth of the company and the shareholders can use the reserve fund for re-investment or resolve for the payment of dividends.

6. **ECONOMIC ASPECT OF THE PROJECT**

6.1 Social-Economic Benefits

It is expected that the implementation of this project will have the following social and economic development values:

- a) Apparel and textile manufacturing industry with its sub sectors enhance cotton growth which was declining before trade liberalization and privatization policies. Cotton growers are not compelled to sale their cotton to overseas market only as local textile industries are now using cotton as inputs in their mills.
- b) The project is expected to create employment for more than 75 person in the field of machine operator, mechanics, designers, marketing and sales personnel, etc.
- c) Implementation of the project will contribute to development of apparel and textile sector's growth and likewise contribute to

- d) The project is expected to contribute to foreign currency generation since some of its products will qualify for participation in the AGOA – African Growth and Opportunity Act in the United States of America.

6.2 Environmental Impact

- a) The project will deploy high technology machines and equipment currently in use in the manufacture of apparel and clothing than those which are now in use in the country. The efficient technology reduces waste generation and results into a cleaner environment.
- b) Whatever little leftover that is expected to be made from the project's operations will be made into rags which are used in factories as cleaning materials.
- c) The project is not expected to negatively affect the environment because most of its raw materials are cloth which may be bought locally or abroad and will not have any chance of polluting the surrounding environment.

7: **ORANIZATION PLAN**

7.0 Organization

In accordance with the Company's Memorandum and Articles of Association the Company will be led by a Board of Directors consisting of six members.

The Management of the Company will be entrusted to the owners who will appoint a General Manager. The General Manager will be assisted by two key personnel, the Production Manager and Marketing and Sales Manager.

The Production Manager will supervise industrial Sewing Machines and support equipment. He will be responsible for cloth designing and Quality control. Machine Operators and mechanics will be reporting to him.

The Marketing and Sales Manager will supervise the marketing, sales and warehousing, Accounts and Administrative functions. Appendix 7 provides the Company's Organization chart.

7.2 Employment

As is reported somewhere else in this Plan that the General Manager will be assisted by two key personnel the Production and the Marketing Manager.

The above key personnel will supervise operational staff in the following categories:

- 1) Machine operators
- 2) Mechanics
- 3) Designers
- 4) Quality Control
- 5) Marketing and Sales
- 6) Warehousing
- 7) Accounts
- 8) Administrative

A total of 75 employees are expected to be employed on permanent and on seasonal terms to perform duties categorized above. A few others will be offered employment on daily paid basis, to do the loading, off loading and cleaning assignments.

8: **CONCLUSIONS AND RECOMMENDATIONS**

8.1 Conclusions

The project is expected to be beneficial to both the investors and the nation at large.

It has been observed that the project is profitable and viable. It will create wealth to its investors provide employment and contribute to government coffers.

The project's implementation will provide a market for other textile and fabric manufacturers and cotton spinning industries that are using cotton and lint from the farmers. This process has a multiplier effect in terms of employment creation, export trade, government revenues, etc.

8.2 Recommendations

Since the project is expected to make significant contributions towards making the country self sufficient in the manufacturing of apparel and clothing and since it will also save and generate the much needed foreign currencies, it is recommended that the project be given the necessary support by authorities and government agencies like T.I.C, BRELA, TRA, the Ministries etc.

9. **IMPLEMENTATION PROGRAMME**

Implementation of the project may take 30 months to accomplish, however, major activities may include the following:

- 1) Company Registration
- 2) Tax Registration
- 3) Acquisition of Premises
- 4) Licensing
- 5) T.I.C Registration
- 6) Finance Procurement
- 7) Ordering Equipment and Machines
- 8) Installation of Equipment
- 9) Training of Machine Operators
- 10) Trial Production
- 11) Commercial Production
- 12) Advertising and Marketing
- 13) Sales Activities.

"APPENDIX 1"

**PROJECTED PROFIT AND LOSS ACCOUNTS
(FIGURES IN USD)**

ITEM	YEAR				
	1	2	3	4	5
Sales Revenue	800,000	800,000	800,000	800,000	800,000
<u>Operating Costs:</u>					
• Materials	200,000	200,000	200,000	200,000	200,000
• Maintenance	80,000	80,000	80,000	80,000	80,000
• Labour	80,000	80,000	80,000	80,000	80,000
• Utilities	40,000	40,000	40,000	40,000	40,000
• Overheads	80,000	80,000	80,000	80,000	80,000
Total Manufacturing Cost	480,000	480,000	480,000	480,000	480,000
Operating Profit	320,000	320,000	320,000	320,000	320,000
<u>Capital charges:</u>					
• Depreciation	106,800	87,784	72,554	60,355	50,581
• Loan Interest	39,000	35,100	31,200	27,300	23,400
Total Capital Charges	145,800	122,884	103,754	87,655	73,981
Profit (Loss) before Tax	174,200	197,116	216,246	232,345	246,019

"APPENDIX 2"

**PROJECTED CASH FLOWS FOR THE YEARS AHEAD
(FIGURES IN USD)**

ITEM	YEAR				
	1	2	3	4	5
Cash Inflows:					
• Profit Before Tax	174,200	197,116	216,246	232,345	246,019
<u>Add:</u>					
• Depreciation	106,800	87,784	72,554	60,355	50,581
Total Cash Inflows	281,000	284,900	288,800	292,700	296,600
Cash Outflows					
• Corporation Tax	52,260	59,135	64,874	69,704	73,806
• Loan Repayment	39,000	39,000	39,000	39,000	39,000
Total Cash Outflows	91,260	98,135	103,874	108,704	112,806
Net Cash flows	189,740	186,765	184,926	183,996	183,794
Opening Cash Balance	0	189,740	376,505	561,431	745,427
Closing Cash Balance	189,740	376,505	561,431	745,427	929,221

"APPENDIX 3"

**PROJECTED BALANCE SHEETS
(FIGURES IN USD)**

ITEM	YEAR				
	1	2	3	4	5
Assets:					
• Net Fixed Assets	543,200	455,416	382,862	322,507	271,926
• Current Assets	320,000	513,640	704,305	893,131	1,081,027
• Current Liabilities	91,260	98,135	103,874	108,704	112,806
• Net Current Assets	228,740	415,505	600,431	784,427	968,221
TOTAL NET ASETS	771,940	870,921	983,293	1,106,934	1,240,147
FINANCED BY:					
• Shareholders Equity	260,000	260,000	260,000	260,000	260,000
• Reserves	121,940	259,921	411,293	573,934	746,147
• Term Loan	390,000	351,000	312,000	273,000	234,000
TOTAL SHAREHOLDERS FUND	77,940	870,921	983,293	1,106,934	1,240,147

"APPENDIX 4"

**PROJECTED AMORTIZATION SCHEDULE
(FIGURES IN USD)**

YEAR	OUTSTANDING	PRINCIPAL	INTEREST AT 10%	PREMIUM PAYMENT
1	390,000	-	39,000	39,000
2	351,000	39,000	35,100	74,100
3	312,000	39,000	31,200	70,200
4	273,000	39,000	27,300	66,300
5	234,000	39,000	23,400	62,400
6	195,000	39,000	19,500	58,500
7	156,000	39,000	15,600	54,600
8	117,000	39,000	11,700	50,700
9	78,000	39,000	7,800	46,800
10	39,000	39,000	3,900	42,900

DEPRECIATION SCHEDULE FOR FIVE YEARS
(FIGURES IN USD)

ITEM	RATE	CAPITAL COST TSHS.	YEAR				
			1	2	3	4	5
Land and Building	5%	110,000	5,500	5,500	5,500	5,500	5,500
Motor vehicles	20%	70,000	145,000	11,200	8,960	7,168	5,734
Equipment	20%	400,000	80,000	64,000	51,200	40,960	32,768
Furniture and Fittings	12%	15,000	1,800	1,584	1,394	1,227	1,079
Pre-operational & Initial Working Capital	10%	55,000	5,500	5,500	5,500	5,500	5,500
TOTAL	-	650,000	106,800	87,784	72,554	60,355	50,581
Accumulated Depreciation	-	-	106,800	194,584	267,138	327,493	378,074
Net Asset Value	-	50,000	543,200	455,416	382,862	322,507	271,926

"APPENDIX 6"

**PROJECTED TAX SCHEDULE
(FIGURES IN USD)**

ITEM	YEAR				
	1	2	3	4	5
Profit Before Tax	174,200	197,116	216,246	232,345	246,019
Corporation Tax (30%)	52,260	59,135	64,874	69,704	73,806
Profit After Tax	121,940	137,981	151,372	162,641	172,213
Cumulative Profit	121,940	259,921	411,293	573,934	746,147

PROPOSED ORGANIZATION CHART

