



DODOMA

PROCESSING CO.

LID

**EXD**

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

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest ..... USD 2.307 m .....
- (b) Legal entity has been incorporated under certificate  
No. 65588 ..... of 15/05/2008 .....

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**

17<sup>th</sup> November 2008

MINUTE

PAGE NO. \_\_\_\_\_

# DODOMA PROCESSING COMPANY LTD.

P. O. Box 834 TEL: 0782 202435, DODOMA,

Ref: DPC/008/01

Date: 24<sup>th</sup> October, 2008

EXECUTIVE DIRECTOR  
TIC  
P. O. Box 938  
DAR ES SALAAM



**RE: APPLICATION FOR PROJECT APPROVAL / CERTIFICATE  
OF INCENTIVES; INTEGRATED EDIBLE OIL/SOAP  
PROCESSING UNDERTAKING**


We are Multi entity firm with a bias in investments related to manufacturing sector based in Dodoma.

We hereby apply for Project approval / Certificate of Incentives on the above proposal.

Enclosed herein are three copies of the feasibility study, Certificate of Incorporation, Memorandum / Articles for association and your. P.A. I form duly filled, for your perusal and further action.

We hope our request will receive your favourable consideration and acted upon at your earliest convenience.

Yours sincerely,  
DODOMA PROCESSING CO.LTD

  
Shaher A. Geyash  
**MANAGING DIRECTOR**

TICC/PP.10/041602/2

17 November 2008

Managing Director,  
Dodoma Processing Company Ltd,  
P.O. Box 641,  
**DODOMA**

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE  
ESTABLISHMENT OF A FACTORY FOR PROCESSING OF EDIBLE  
OILS AND SOAP MANUFACTURING**

We wish to acknowledge receipt of your project proposal to manufacture edible oils and soap as presented in the TIC P.A. 1 Form No. 06309 and Feasibility Study with a projected investment of USD 2.309 m.

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 Incentives, you will be required to submit the following:-

- Bank Reference for equity funding or a letter from Bank/Financial Institution indicating that a loan is granted or is under consideration as required by Section 17 (3) (f) of Tanzania Investment Act, 1997.
- Certified document showing evidence of Land Ownership for the location of the 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 your Certificate of Incentives is prepared. Please arrange to make payments at your earliest convenience.

.../2

TICC/PP.10/041602/2

17 November 2008

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**



## TIC Evaluation Report

Name of the Company  
**Dodoma Processing Co. Ltd.**

Post Box	Makole Area Plot No. 837	COI Number	65588	Contact	Mr. Shafer Abdulmajid Geyash
Post Office	641	COI Date	15/05/2008	Designation	Managing Director
Region	Dodoma	Application F. No	06309	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0782 202 435
		Sub Sector	Agro-Processing	Fax	0
		File No	041602	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	Plot No. 837	<table border="1"> <thead> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0.916</td> <td>0</td> <td>1.393</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0	0.916	0	1.393			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
0	0.916		0	1.393									
Street	Makole Area												
District	Dodoma Urban												
Region	Dodoma												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	Plant
Said Abdulmajid Geyash	Tanzanian	10	0.2	0.95
Shafer Abdulmajid Geyash	Tanzanian	90	Vehicles	0.9
			Furniture & Fittings	0.18
			Pre-expenses	0.025
			Others	0
			Working Capital	0.054
			Total	2.309

Employment	60	Evaluated By	Zakaria kingu
Capacity	30,000 tones of edible oils	Drawn By	Dorah Registry
Project Turn Over			

### Description

To establish a factory for processing of edible oils and soap manufacturing

### Recommendations

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

### Decision

*Approved*  
*Shafer Abdulmajid Geyash*  
 13/11

**INTEGRATED EDIBLE OIL/SOAP  
PROCESSING UNDERTAKING**

**FEASIBILITY STUDY**

**FOR**

**DODOMA PROCESSING COMPANY  
LIMITED**

**PREPARED BY:  
TRANSNATIONAL CONSULT (T) LTD**

**INTEGRATED EDIBLE OIL/SOAP  
PROCESSING UNDERTAKING**

**FEASIBILITY STUDY**

**FOR**

**DODOMA PROCESSING COMPANY  
LIMITED**

**PREPARED BY:  
TRANSNATIONAL CONSULT (T) LTD**

**TRANSNATIONAL CONSULT (T) LTD**

**LIDA BUILDING  
NKRUMAH STREET  
P. O. Box 72447  
DAR ES SALAAM**

**INTEGRATED EDIBLE OIL SOAP  
PROCESSING UNDERTAKING**

**FEASIBILITY STUDY**

**FOR**

**DODOMA PROCESSING COMPANY  
LIMITED**

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**OCTOBER, 2008**

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## **1.0 INTRODUCTION**

### **1.1 BACKGROUND**

This study covers out of the establishment / operation of an integrated vegetable oil / soaps processing plant to be based in a suitable Plot No: 837 Makole Area within Dodoma Municipality.

The plant is intended to process oil seeds so as to produce edible vegetable oils for both local and export markets. However the emphasis will be on the latter markets.

Along with the processing of oil there will also be an in built set up to process soaps, since the key by product in the processing of oil: liquor and the oils are the potential raw materials for soap processing.

As mentioned above the products from this plant are intended to be disposed off in the local market to the tune of 70% and balance to the local / neighboring countries.

### **1.2 PROJECT UNDERTAKERS.**

The project sponsors are Dodoma Processing Company Ltd (DPC) whose Shareholder Directors have vast experience in initiating multitude of projects / investments, the one in question inclusive.

### **1.3 LAYOUT OF THE STUDY**

This report presents the Tech-economic and financial analysis on the setting up / operation of an integrated vegetable oil / soaps processing undertaking to be based in plot No. 837 Makole Area, within Dodoma Municipality.

The report is organized in 9 chapters. An introduction is as dealt with in this chapter 1, followed by the summary / recommendation in chapter 2. Markets, marketing and plant capacity aspects are dealt with in chapter 3. There after follows the Civil works and building in chapter 4. Whereas aspects on the manpower requirements and organisation are outlined in chapter 5. Then follows the coverage of the implementation schedule in chapter 6.

The envisaged investment and financing arrangements are as presented in chapter 7. Chapter 8 deliberates on the costs of operation. The report ends up with the coverages of financial / economic analysis in chapter 9.

## **2.0 SUMMARY AND RECOMMENDATIONS**

### **2.1 INTRODUCTION**

The report accounts for the financial and techno-economic analysis on the setting up / operation of an integrated vegetable oil / soaps processing project to be based in a suitable Plot No: 837 within Dodoma Municipality.

### **2.2 MARKET**

There is a substantial demand supply gap both in the local and in the neighboring countries. In the context of the latter market there is a substantial market potential. What will be required by this project executors is to carry out proper identification / firming up business understanding with appropriate clientele.

### **2.3 PROJECT OBJECTIVE**

As noted in chapter one the objective of this project is carry out the processing of the various types of oil seeds in to edible vegetable oils both the local and export markets. The envisaged assembling capacity of the project in terms of oil production will be to the tune of 10,000 – 20,000 tonnes per annum.

Also to into economic use of the key by product: liquor that are produced in course of oil processing, provisions for the processing of soaps shall be made.

### **2.4 LOCATION AND SITE**

As noted above the project will be established in an appropriate location as indicated above within Dodoma Municipality. The location is accessible and fully provided with the necessary utilities: water and electricity.

### **2.5 PLANT LAYOUT**

The layout proposed is the one deemed appropriate for the functional areas of the plant.

However, among the key functional areas of the factory building will include the following:

- Storage space for processing inputs

- Office space
- Processing hall
- Storage of processed products
- Social amenities space
- Ordinary stores
- Sales shop

## 2.6 MANPOWER

The initial manpower is estimated at 60 people. This again has been derived taking into account the types of activities that are intended to be undertaken.

## 2.7 IMPLEMENTATION SCHEDULE

It is estimated that the implementation period will take about 36 months to completion once the decision for implementation has been reached.

## 2.8 INVESTMENT STRUCTURE

The total initial investment in fixed assets and working capital is estimated at US\$ 2,308,583. The breakdown of which is as follows:-

**TABLE 2.1 INVESTMENT STRUCTURE**

ITEM	US \$
<b>Fixed Assets</b>	
Land and buildings	200,000
Machinery and Equipment	950,000
Furniture and Fittings	180,000
Vehicles	900,000
Pre-Operational expenses	25,000
<b>Sub total</b>	<b>2,255,000</b>
Initial working capital	53,583
<b>GRAND TOTAL</b>	<b>2,308,583</b>

## 2.9 FINANCING PATTERN

The total initial investment of US\$. 2,308,583 shall be financed as follows:

**TABLE 2.2: FINANCING PATTERN BREAKDOWN**

<b>SOURCE</b>	<b>US\$</b>
<b>Fixed Assets</b>	
Equity (40%)	902,000
Long term loan (60%)	1,353,000
<b>Sub total</b>	<b>2,255,000</b>
<b>Working Capital</b>	
Bank Overdraft (75%)	40,188
Equity (25%)	13,396
<b>Sub total</b>	<b>53,583</b>
<b>GRAND TOTAL</b>	<b>2,308,583</b>

**2.10 OPERATIONAL COSTS**

The structure of operating costs at full capacity is as given below.

**TABLE 2.3: OPERATIONAL COSTS BREAKDOWN**

<b>ITEM</b>	<b>USD</b>
Raw materials	420,250
Salaries & wages	110,316
Vehicle running expenses	52,500
Insurance: Personnel	4,000
Insurance: buildings	2,000
Insurance: machinery / equipments	8,000
Packaging materials	105,063
Water	2,000
Electricity	36,000
Maintenance Furniture & fittings	960
Maintenance: Machinery/ equipment	7,000
Maintenance Buildings	5,000
Marketing / Advertisement	15,000
Administrative overheads	50,000

**2.11 FINANCIAL INDICATORS**

The financial indicators show that the project is viable as hereafter confirmed here below;

### **2.11.1 Break-even Analysis 3<sup>rd</sup> year**

The break – even analysis on the 3<sup>rd</sup> year of operation shows breakeven sales at US\$ 1,087,268 and break even capacity of 36%.

### **2.11.2 Internal Rate of Return (IRR) After Tax**

The project's internal rate of return after tax is 24% well above the lending rates of 10% and 14% for long term loan and bank overdraft respectively used for the study.

### **2.11.3 Payback period**

This gives an estimated period from start of operation to the time when initial fixed investment is recovered through profits after tax and depreciation charges. The payback period for this undertaking estimated at around 4 years 9 months.

## **2.12 ECONOMIC ADVANTAGES**

On the basis of the above account the analysis has overwhelmingly proved that the project is financial sound and techno-economically viable.

Furthermore the project has the potential towards the earning of the badly needed forex earnings. It is hereby recommended that the project be implemented. The envisaged undertaking will be viable and profitable if it is implemented early.

However, there will be several social economic benefits that will be realized in the course of operating this undertaking. These will include the following:-

- Expanded employment creation
- Expanded tax base
- Expanded capacity to earn foreign exchange

## **2.13 CONCLUSION**

The project, as shown in this study is a valuable undertaking to both investors and the country of Tanzania at large. Apart from rigid assumptions and pessimistic revenue projections contained in this study, the

project has shown that it is capable of creating employment, generating foreign exchange, expanding the local and central government's tax base.

The project has a potential of bringing about a multiplication effect in economic terms / contributing positively to the volume and earnings from agro-based products.

This project is in line with the Government objective of encouraging the development in Agro-processing sector.

In addition, it will have a positive impact on the development of the region, as it would generate a number of benefits and more positive impact on the economy of the region. This undertaking will bring about the generation a number of benefits and reliable incomes for the employees of the project and providers of the services and goods demanded by the project's workforce / their families.

This document has provided a full analysis on the financial, techno-economic viability on the integrated vegetable oil / soaps processing project to be situated in a suitable industrial plot within. Dodoma Municipality, along with the financing requirements / parameters have been considered and have established that the proposed project is technically sound, financially viable, and economically / socially beneficial.

In order to ensure prompt implementation of the project and achieving the anticipated impact a number of factors have to be taken into account this will include the level of the proposed investment in this project, manpower needs, machinery / equipment, anticipated significant roles in the above mentioned sector and in the overall status of the national economy, and the proposed project area.

In the context of the immense useful potential of this project, the management of M/S DPC Ltd anticipates that all interested parties in the region / and the Government of Tanzania will give their full support so as to ensure timely implementation of the project and apprehension of successful operation.

The project also stands to benefit the people of Dodoma region and the country at large.

## **3.0 MARKETS, MARKETING AND PLANT CAPACITY**

### **3.1 GENERAL**

As per the market survey carried out through questionnaires sent to, 8 importers, 15 wholesalers and 10 retailers, situated in Dar es Salaam, Region, it has been proved that there is a substantial demand – supply gap for such products in the country.

As already noted in section 1.1 the present sources of such products in Tanzania are through both imports and local production. In spite of having these sources, there appears to be a substantial demand – supply gap for such products in this country.

These supplies are so easily marketed that there is hardly any form of outstanding efforts of advertisements being carried out for these products as compared with other categories of products that do prevail in the country. This implies that the proposed products as spelt out in this project, will only meet a portion of the annual demand.

### **3.2 EDIBLE VEGETABLE OILS/SOAPS AS PRODUCTS.**

As it is the case in the all categories of edible oils the obvious use of vegetable oils are in preparations of foods that are many and varied. There is hardly any food product in which edible oil is not used. The food products range from animal based such as meat to cereals such as rice.

Whereas soaps find their use in hygiene operations which basically constitute cleaning undertakings at varied levels and in different contexts. For direct human use soaps as products can either be used as laundry or as toilet whose demand is always on the increase.

The envisaged products of the project will be of a very high quality and will be marketed at extremely competitive price rates that are acceptable.

### **3.3 CURRENT MARKET STATUS**

#### **3.3.1 Market Target**

These products are usually used by firms / individuals for the above mentioned functional roles. Hence the project will cater for the entire local market and export market.

### **3.3.2 Supply**

At present such products are supplied into Tanzania through local production and imports.

The total imports of edible oils range the region of 15,000-20,000 tonnes per annum. The effective operation output is by no means in excess of the demand level.

The market of Tanzania is dominated largely by imported. Unfortunately, imported products if observed in context of internationally acceptable quality level, appear of being questionable statuses.

In the context of the above, there appears to be an immense potential for successful marketing the products of this project in the country.

### **3.3.3 Market Potential**

Based on the demand and supply situation prevailing in the country as narrated above, it can be concluded that there is a huge ready market for such products in Tanzania. Hence, the project sponsors need to worry only on how to tap this potential.

The entire anticipated output can be disposed in the local market. The annual demand of edible oils on this assumption works out to be 45,000 tones. Hence the demand for these products are quite substantial.

### **3.3.4 Price**

The current retail price of a edible oil ranges from Tshs. 100 – 50,000 per unit. In order to penetrate the market it is proposed that the company should charge at competitive price ranges.

## **3.4 DISTRIBUTION SYSTEM**

The products will be distributed locally directly to sub-wholesalers and retailers using company motor vehicles. The latter will sell to other retailers and final customers respectively.

## **3.5 ADVERTISEMENTS**

On the basis of the market survey it has been found that none of existing suppliers carries out promotional efforts. This is an indication of the

existence of un-satisfied demand. Nevertheless, in order to penetrate the market quickly and accrue position, the project will carry out project advertisement efforts promote.

### 3.6 UNIT CAPACITY

The proposed plant will have a capacity to process **10,000 - 30,000** tonnes of such products per annum. It is envisaged that the attainable processing capacities will range of 60%, 70% and 80% for years 1,2,3 – respectively.

## **4.0 CIVIL WORKS AND BUILDING**

### **4.1 GENERAL**

The proposed facility shall be located in a suitable industrial Plot No: 837 Makole Area within Dodoma Municipality.

### **4.2 ACCESSIBILITY OF THE SITE**

The envisaged project site is accessible. It has full provision of all the basic necessities: Electricity and water.

### **4.3 DESIGN CONCEPT**

The Proposed factory complex will be built of concrete blocks and properly designed with ample space to cover all the functional spaces such as: Processing hall, offices, raw materials storage, product storage and other social amenities space requirement. It is envisaged that on final completion the factory will have a total built up are of 1000 M<sup>2</sup>.

### **4.4 DESCRIPTION OF THE WORKS**

Construction works for the proposed buildings will entail the underlined main task activities.

#### **4.4.1 Site Investigation works**

- Topographical survey
- Geo-technical investigations
- Hydro-geological survey

#### **4.4.2 Preparatory Works**

- Demolition works
- Mobilization works – involve procurement of equipment and machinery and manpower.

## **4.5 MAIN CONSTRUCTION WORKS**

### **4.5.1 Substructures Works**

- Cleaning
- Setting out of works

- Foundation works

#### **4.5.2 Super Structures**

These elements comprise construction of load bearing framework of concrete which includes columns and beams attached and roof structures.

#### **4.5.3 Finishing Works**

This task comprises fixing of windows, doors, electrical and plumbing fixtures, iron monger, glazing and ceiling.

#### **4.5.4 Site Works**

This activity comprises drainage works, pavement works and land scraping.

#### **4.5.5 Installation Works**

These comprise electrical installation, drilling of bore hole, piping, connection, installation of standby generator etc.

### **4.6 SITE INVESTIGATION WORKS AND COSTS**

#### **4.6.1 Topographic Survey and Drawing**

Topographic survey and drawing are vital for site works. Through topographical drawings of the area one can determine the relocation of the existing services and location of the new ones.

TRANACO's survey revealed that similar topographical surveys were conducted by CEMCO Ltd. Consulting land and Engineering Surveyor's for M/S MD Consultants at PPF Tower Construction site for about T.Shs. 3.5 million.

#### **4.6.2 Geo-technical and Sub-soil investigations**

In accordance with TRANACO's survey, the following firms are experienced and active in this field:

- Ministry of Water – Maji Ubungu
- Ministry of Works – Central Materials Laboratory, Dar es Salaam
- Ministry of Industrial Cooperation – University of Dar es Salaam

The price lists given by Maji and BICCO are very similar ranging between T.Shs. 6.5m and 7.5m for 5 bore holes.

#### 4.6.3 Geophysical / Hydro-Geological Survey

Survey to locate best yielding point for drilling a bore hole and depth of the hole to be drilled is vital before construction commences.

According to the quotation obtained from Maji Ubungo, the cost for this survey is estimated at T.Shs. 3.5 million.

#### 4.6.4 Mobilization Works

Mobilization works will include establishment of contractors camp and facilities, procurement of equipment, materials and manpower. The cost estimates of the preparation works, the project sponsors might need only to make provision not exceeding T.Shs. 5.0 million to cater for procuring necessary permits and licenses.

### 4.7 CONSTRUCTION COST ESTIMATES FOR THE BUILDING

#### 4.7.1 Building Construction Rates

In order to effectively estimate the costs involved, the method of estimation basing on G.E.A. (General External Area) has been adopted. The consultants have surveyed prevailing rates of construction cost per unit area in Dar es Salaam.

Table 4.1 shows rates of construction obtained from contractors who are registered in class I thus capable of undertaking the type of construction required.

**TABLE 4.1 : BUILDING CONSTRUCTION RATES IN DAR ES SALAAM**

S/NO	CONTRACTOR	BUILDING RATE T.SHS. / M <sup>2</sup>
1	National Housing Corporation	330,000
2	Konoike Construction Co. Ltd	440,000
3	Builders V.M. Chavda	450,000
4	Codes Construction Co. Ltd	350,000
5	Ghana Construction Co. Ltd	400,000
6	D.B. Shapriya	340,000

7	Masasi Construction Co. Ltd	350,000
8	Italframe	410,000
9	G.A.KL. Patel	380,000
10	Mvji Construction Co. Ltd	380,000
11	MECCO	350,000
12	NOREMCO	500,000
13	C.G. Jensen	550,000

The construction rates given above have been obtained through interviews with the companies concerned and consultation with some reputable quantity surveying companies in the country.

For the purpose of the proposed of the proposed project which are to meet all international construction requirements, the rate of T.Shs. 370,500 / M<sup>2</sup> has been adopted

#### 4.8 ENVIRONMENTAL CONSIDERATION

The design of the project building will have to take full account of maximum consideration of environmental impact assessment. The building will have to be designed so as to receive maximum natural ventilation and light. Mechanical ventilation should be an alternative only in the absence of natural one.

#### 4.9 AUXILIARY SERVICES REQUIREMENT

##### 4.9.1 Power Supply System

- **Main Power Supply**

Is be fully provided through connection with the national grid that operates in the Municipality.

- **Emergency Power Supply**

A standby generator shall have to be provided to supply all the essential loads in the event of TANESCO power failure.

- **Small Power Installation**

State of the art accessories will be specified to supply power to various appliances.

- **Power Distribution**

Power distribution through the plant compound will be via underground cables installed with TANESCO requirements.

- **Fire Protection**

It is proposed to provide fire detection and fire fighting systems. Fire detection system with consist of automatic and manual detection devices, alarm and communication system whereas fire fighting system will feature portable extinguishers, hose reels, wet and dry rises and automatic sprinkler system.

- **Security**

Proper security measures will have to be taken to ensure that the building and machinery equipment maintained in safe custody.

#### **4.9.2 Access Entrance**

Wide inlet / entrance will be provided so as to facilitate smooth passage of the workers, law material and products.

#### **4.9.3 Water Supply**

- **Source of Water**

The source of water will be the existing supply of the Dodoma urban portable system.

Design of water supply piping set up shall be based on the Ministry of Water and Livestock Design Manual. Material specifications for pipes and fittings will be according to the relevant British standards.

Provision for both ground and overhead storage tanks will be of priority so as to boost the water pressure and for availability whenever the pipes

go dry. The tanks capacity will depend on the use needs which will be determined by the design concept and scheme.

#### **4.9.4 Storm Water Drainage and Sewerage System**

- **Storm Water Drainage**

Road storm water drainage will be dealt separately during design of the parking whereby all the drainage structures will be considered.

Storm water-run-off will be collected from the building by means of spouts and full boras through down pipes and will be discharged into the open channel and deposited into the road side drains.

Also some method / channels will be used to dispose storm water run-off from car park and other facilities to the road side drains.

- **Sewerage System**

Waste and foul water will be collected from building by means of UPVCP pipes of different sizes e.g. 75 mm and 150mm to the to the municipal sewer lines.

## 5.0 MANPOWER REQUIREMENTS AND ORGANISATION

### 5.1 MANAGEMENT

The success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country. There will be a need of recruiting expatriates in some key positions.

It is envisaged that the proposed manpower level would give an effective means towards the control of the activities.

The overall in charge, responsible for the day to day operations will be the Project Manager who will in turn be answerable to the Board of Directors.

### 5.2 ORGANIZATION SET UP

Initially the operations will broadly be divided into the following: -

- Administration Department
- Production Department
- Marketing and Sales Department
- Finance Department

### 5.3 MANPOWER REQUIREMENTS

#### 5.3.1 Total Manpower Requirements

Based on the envisaged activities the project will initially employ a total of 60 persons. However it is anticipated that by the time the project attains maturity the envisaged employees will be in the region of 100 people.

The breakdown of the initial work force in terms of its categories is as after presented in Table 5.1.

**TABLE 5.1 PERSONNEL REQUIREMENTS**

S/N	CATEGORY	STRENGTH
<b>1.</b>	<b>PROJECT MANAGERS OFFICE</b>	
1.1	Project Manager	1
1.2	Personal Secretary	1
	<b>Sub Total (i)</b>	<b>2</b>
<b>2.</b>	<b>PRODUCTION DEPARTMENT</b>	
2.1	Manager	1

2.2	Production Officer	1
2.3	Production supervisor	3
2.4	Mechanic / Electrician	2
2.5	Plant Operator	18
2.6	Drivers	1
2.7	Security guards	2
2.8	Material assistants	5
2.9	General hand	2
	<b>Sub total (ii)</b>	<b>35</b>
<b>3.</b>	<b>FINANCE DEPARTMENT</b>	
3.1	Manager	1
3.2	Chief Accountant	1
3.3	Account Assistants	2
3.4	Cashier	1
3.5	Secretary	1
3.6	Driver	1
	<b>Sub total (iii)</b>	<b>7</b>
<b>4.</b>	<b>MARKETING AND SALES DEPARTMENT</b>	
4.1	Manager	1
4.2	Marketing Officer	1
4.3	Marketing / Sales Assistants	2
4.4	Sales Clerks	2
4.5	Sales drivers	2
	<b>Sub total (iv)</b>	<b>8</b>
<b>5.</b>	<b>ADMINISTRATION DEPARTMENT</b>	
5.1	Manager	1
5.2	Administration Assistants	2
5.3	Personnel officer	1
5.4	Secretary / Telephone operator	2
5.5	Messenger	1
5.6	Driver	1
	<b>Sub Total (v)</b>	<b>8</b>
	<b>TOTAL</b>	<b>60</b>

### 5.3.2 Salaries and Wages

Total wage bill for the proposed project has been computed at US\$ 110,316. An allowance of 15% has been given for social benefits.

## **5.4 RECRUITMENT AND TRAINING**

### **5.4.1 Recruitment**

All new staff would be recruited at least one month before the project operations are commenced.

### **5.4.2 Training**

The Management of the project would strive to employ competent and qualified personnel in the edible oil business. To reduce cost few senior staff will be trained at the selected locally available institutions.

All other supporting staff will be trained on the job. However, it is expected that most of them will have some basic knowledge and experience in edible oil business.

## **6.0 IMPLEMENTATION SCHEDULE**

### **6.1 GENERAL**

Both local and external factors have been taken into account when drawing out the proposed schedule of implementation. Factors such as finalization of civil works, acquisition of machinery and equipment, recruitment of qualified personnel and other factors have been looked into.

### **6.2 PRELIMINARY FORMALITIES**

On the finalization of the study a duration of about 2 weeks will be needed for the execution of the preliminary formalities of the project.

### **6.3 PROJECT STAGE**

#### **6.3.1 Construction of the building**

This undertaking will require a period of 12 months to completion.

#### **6.3.2 Ordering of Machinery / Equipment / Vehicles / Furniture**

Timely ordering will have to be executed to match the rate of development of the plant. Time needed will run into few days.

#### **6.3.3 Installation of Machinery / Equipment / Furniture**

Once the building is constructed and then will follow the installation of machinery /equipment/furniture and fittings upon arrival at the project site.

#### **6.3.4 Commercial Operation**

On completion of the buildings, fitting of machinery / furniture / fittings will be carried out. Thereafter followed by trial runs and commercial operation of the project in the context of the anticipated status.

## 7.0 INVESTMENT AND FINANCING

### 7.1 ASSUMPTIONS

- The project construction time is assumed to be three years.
- The economic life of the project is 10 years.
- The currency exchange rate of T.Shs. 1,200/= to one US\$ has been adopted.
- Re-investment in vehicles shall be done after every four years.
- Interest on OD is 14% whereas on the long term loan is 10%.

### 7.2 INVESTMENT STRUCTURE

The total initial investment in fixed assets is estimated at US\$ 2,308,583 whose breakdown is as follows (also see **Appendix 7:A**)

**TABLE 7.1: INVESTMENT STRUCTURE**

ITEM	US \$
<b>Fixed Assets</b>	
Land and buildings	200,000
Machinery and Equipment	950,000
Furniture and Fittings	180,000
Vehicles	900,000
Pre-Operational expenses	25,000
<b>Sub total</b>	<b>2,255,000</b>
Initial working capital	53,583
<b>GRAND TOTAL</b>	<b>2,308,583</b>

#### 7.2.1 Land and buildings

The proposed civil works are estimated at a cost of US\$. 200,000.

#### 7.2.2 Machinery and Equipment

The initial machinery / equipment needs for the undertaking are estimated at cost of US\$ 950,000

#### 7.2.3 Vehicles

These are estimated at US\$. 900,000

#### 7.2.4 Furniture & Fittings

These are estimated at US\$. 180,000.

#### 7.2.5 Pre-operational expenses

These are estimated at US\$ 25,000

#### 7.2.6 The initial Working Capital

The initial working capital is computed at US\$.53, 583. A further presentation of the same is as indicated in **Appendix 7:A**. Whereas the Net Working Capital in subsequent years is as presented in **Appendix 7:B**

#### 7.3 RE – INVESTMENT

There shall be need for re-investment in vehicles after every four years, i.e. in year 4 and year 8.

#### 7.4 FINANCING PATTERN

The initial total investment of US\$ 2,308,583 shall be financed as here after presented in Table 7:2 and further outlined in **Appendix 7:A**

**TABLE 7.2: FINANCING PATTERN BREAK DOWN**

SOURCE	US\$
<b>Fixed Assets</b>	
Equity (40%)	902,000
Long term loan (60%)	1,353,000
<b>Sub total</b>	<b>2,255,000</b>
<b>Working Capital</b>	
Bank Overdraft (75%)	40,188
Equity (25%)	13,396
<b>Sub total</b>	<b>53,583</b>
<b>GRAND TOTAL</b>	<b>2,308,583</b>

As indicated above the financing of the fixed assets will be financed through long term loan and equity at 60% and 40% respectively. Whereas the working capital will be financed through equity and bank overdraft at 25% and 75% respectively.

#### 7.5 BANK OVERDRAFT

As noted above a short term of financing of US\$ 40,188 shall be sought to cover 75% of the initial working capital requirement. An interest rate of 14% has been assumed.

## 8.0 OPERATING COSTS

### 8.1 ASSUMPTIONS

The prices of inputs are assumed to remain constant over the ten years period because under rising inflation the prices and services will rise including those of outputs hence leaving the profit margin unchanged.

### 8.2 OPERATIONAL COST STRUCTURE

The main items which will constitute the operating costs are as hereafter outlined, in Table 8.1 when unit will be in full operation.

**TABLE 8.1: OPERATING COSTS BREAKDOWN**

ITEM	USD
Raw materials	420,250
Salaries & wages	110,316
Vehicle running expenses	52,500
Insurance: personnel	4,000
Insurance: buildings	2,000
Insurance: machinery / equipments	8,000
Packaging materials	105,063
Water	2,000
Electricity	36,000
Maintenance Furniture & fittings	960
Maintenance: Machinery/ equipment	7,000
Maintenance Buildings	5,000
Marketing / advertisement	15,000
Administrative overheads	50,000

### 8.3 BREAKDOWN ON THE OPERATING EXPENSES

The main cost items will include raw materials, salaries and wages, vehicle running expenses, electricity, water, insurance, maintenance: civil works / machinery and equipment / furniture and fittings, advertising / marketing and administrative overheads.

The details of all projected operating expenses are shown in **Appendix 8:A** however a brief mention of each is as hereafter presented.

### **8.3.1 Raw materials**

The annual requirements are estimated at US\$ 420,250.

### **8.3.2 Salaries and Wages**

These will average at US\$. 110,316 per annum for the envisaged manpower to operate the plant.

### **8.3.3 Insurance: Buildings**

The annual requirement is estimated at US\$ 5,000

### **8.3.4 Insurance: Machinery / Equipments**

Annually this will cost at US\$ 8,000.

### **8.3.5 Insurance : Personnel**

This is estimated at US\$ 4,000 per annum.

### **8.3.6 Vehicle Running Expenses**

This will average at US\$. 52,500 per annum.

### **8.3.7 Electricity**

The total cost per year will average at US\$. 36,000.

### **8.3.8 Water**

This is estimated at US\$. 2000 per annum.

### **8.3.9 Maintenance: Civil works**

These have been computed at US\$ 5,000 per annum.

### **8.3.10 Maintenance: Machinery / equipment**

Annually this will cost US\$ 7,000.

### 8.3.11 Maintenance: Furniture and fittings

The annual amount will be US\$ 960.

### 8.3.12 Marketing / Advertising

This is estimated at US\$ 15,000 per annum

### 8.3.13 Administration Overheads

The administrative expenses are estimated at US\$ 50,000 per annum. These will include items such as stationary, telephone, fax, uniforms and other adhoc services.

### 8.3.14 Depreciation

Depreciation rates have been calculated as follows:

Land, Building and civil works	4% Straight Line
Vehicle	25% Straight Line
Pre-operational Expenses	20% Straight Line
Equipment	12.5% Diminishing Value

Total depreciation charges in year one is US\$ 104,250 decreasing steadily to US\$ 24,160 in year 10 as illustrated in **Appendix 8:B**.

### 8.3.12 Tax

Corporation tax is charged at 30% on profits before tax. Tax in year 1 is estimated at US\$ 19,909 in year 1 rising to US\$ 72,606 in year 10.

Details of financial costs and corporation tax are shown in **Appendix 8:C**.

<b>INITIAL INVESTMENT COSTS</b>		USD
<b>SN.</b>	<b>Item Description</b>	<b>Initial Investment</b>
A	Civil Works	200,000
B	Machinery and Equipment	950,000
C	Furniture and fittings	180,000
D	Vehicles	900,000
E	Pre-operational expenses	25,000
	<b>Total Fixed Costs</b>	<b>2,255,000</b>
	Initial Working Capital	53,583
	<b>TOTAL INVESTMENT</b>	<b>2,308,583</b>
<b>FINANCING STRUCTURE</b>		
	<b>Fixed Costs</b>	
	Equity (40%)	902,000
	Long-term Loan (60%)	1,353,000
	<b>Subtotal</b>	<b>2,255,000</b>
	<b>Initial Working Capital</b>	
	Bank Overdraft (75%)	40,188
	Equity (25%)	13,396
	<b>Subtotal</b>	<b>53,583</b>
	<b>TOTAL FINANCING</b>	<b>2,308,583</b>

WORKING CAPITAL REQUIREMENTS										
										USD
ITEM DESCRIPTION/YEAR	1	2	3	4	5	6	7	8	9	10
Raw Materials	1 month	33,333	34,167	35,021	35,021	35,021	35,021	35,021	35,021	35,021
Packaging materials	1 month	8,333	8,542	8,755	8,755	8,755	8,755	8,755	8,755	8,755
Electricity	1 month	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Water	1 month	167	167	167	167	167	167	167	167	167
Cash in hand	1 month salaries	8,750	8,969	9,193	9,193	9,193	9,193	9,193	9,193	9,193
Total		53,583	54,844	56,136	56,136	56,136	56,136	56,136	56,136	56,136
Net working capital		53,583	54,844	56,136	56,136	56,136	56,136	56,136	56,136	56,136
Change in working capital		-	1,260	1,292	-	-	-	-	-	-

	OPERATING COSTS									
YEAR	1	2	3	4	5	6	7	8	9	10
	USD									
Raw Materials	400,000	410,000	420,250	420,250	420,250	420,250	420,250	420,250	420,250	420,250
Packaging materials	100,000	102,500	105,063	105,063	105,063	105,063	105,063	105,063	105,063	105,063
Salaries and wages	105,000	107,625	110,316	110,316	110,316	110,316	110,316	110,316	110,316	110,316
Vehicle running expenses	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Electricity	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Water	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Insurance: buildings	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance: personnel	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Insurance: machinery/equipment	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Repairs furniture/fittings	960	960	960	960	960	960	960	960	960	960
Maintenance - civil works	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Maintenance machinery/equipment	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Marketing/adverts	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Administrative overheads	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
TOTAL	790,460	805,585	821,088	821,088	821,088	821,088	821,088	821,088	821,088	821,088

DEPRECIATION SCHEDULE														USD
Item Description	Value	Rate %	1	2	3	4	5	6	7	8	9	10	Total	Residual Value
Civil Works	200,000	4.0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	80,000	120,000
Machinery and Equipment	950,000	12.5	118,750	103,906	90,918	79,553	69,609	60,908	53,294	46,633	40,804	35,703	700,078	249,922
Furniture and fittings	180,000	12.5	22,500	19,688	17,227	15,073	13,189	11,540	10,098	8,836	7,731	6,765	132,646	47,354
Vehicles	900,000	25.0	225,000	225,000	225,000	225,000	-	-	-	-	-	-	900,000	-
Pre-operational expenses	25,000	20.0	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	25,000	-
Total	2,255,000		379,250	361,594	346,145	332,626	95,798	80,448	71,392	63,468	56,535	50,468	1,837,725	417,275

PROJECTED INCOME AND EXPENDITURE STATEMENT										
										USD
YEAR	1	2	3	4	5	6	7	8	9	10
Income	1,015,000	1,055,600	1,087,268	1,087,268	1,087,268	1,087,268	1,087,268	1,087,268	1,087,268	1,087,268
Less Operating costs	790,460	805,585	821,088	821,088	821,088	821,088	821,088	821,088	821,088	821,088
Profit before interest and depreciation	224,540	250,015	266,180	266,180	266,180	266,180	266,180	266,180	266,180	266,180
Depreciation	104,250	97,531	91,652	86,508	44,507	35,569	32,123	29,107	26,469	24,160
Interest on long-term loan (10%)	48,300	38,640	28,980	19,320	9,660	-	-	-	-	-
Interest on bank overdraft (14%)	5,626	-	-	-	-	-	-	-	-	-
Subtotal	158,176	136,171	120,632	105,828	54,167	35,569	32,123	29,107	26,469	24,160
Profit before tax	66,364	113,844	145,548	160,352	212,013	230,611	234,057	237,072	239,711	242,020
Tax (30%)	19,909	34,153	43,664	48,105	63,604	69,183	70,217	71,122	71,913	72,606
Profit after tax	46,455	79,691	101,883	112,246	148,409	161,428	163,840	165,951	167,798	169,414
Accumulated Profit	46,455	126,145	228,029	340,275	488,683	650,111	813,951	979,902	1,147,700	1,317,113

CASH FLOW PROJECTIONS											
											USD
ITEM DESCRIPTION/YEAR	0	1	2	3	4	5	6	7	8	9	10
<b>Sources</b>											
Profit before interest and depreciation	-	224,540	250,015	266,180	266,180	266,180	266,180	266,180	266,180	266,180	266,180
Long-term Loan	483,000	-	-	-	-	-	-	-	-	-	-
Bank overdraft	40,188	-	-	-	-	-	-	-	-	-	-
Equity	335,396	-	-	-	-	-	-	-	-	-	-
<b>Total sources</b>	<b>858,583</b>	<b>224,540</b>	<b>250,015</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>
<b>Applications</b>											
Capital expenditure	805,000	-	-	-	-	-	-	-	-	-	-
Working capital	53,583	1,260	1,292	-	-	-	-	-	-	-	-
Cash	-	12,657	79,330	96,936	102,154	96,316	196,997	195,963	195,058	194,267	193,574
Tax	-	19,909	34,153	43,664	48,105	63,604	69,183	70,217	71,122	71,913	72,606
<b>Sub-total</b>	<b>858,583</b>	<b>33,826</b>	<b>114,775</b>	<b>140,600</b>	<b>150,260</b>	<b>159,920</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>
<b>Debt service</b>											
Principal	-	136,788	96,600	96,600	96,600	96,600	-	-	-	-	-
Interest	-	53,926	38,640	28,980	19,320	9,660	-	-	-	-	-
<b>Total debt service</b>	<b>-</b>	<b>190,714</b>	<b>135,240</b>	<b>125,580</b>	<b>115,920</b>	<b>106,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total applications</b>	<b>858,583</b>	<b>224,540</b>	<b>250,015</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>
Accumulated cash	-	12,657	91,987	188,922	291,077	387,393	584,389	780,352	975,410	1,169,677	1,363,251
Necessary working capital	53,583	54,844	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136

REPAYMENT OF LOANS AND BANK OVERDRAFT							
							USD
Year	Loan			Bank overdraft			Total Bank credit
	Inward Balance	Interest (10%)	Adds/reds	Inward Balance	Interest (14%)	Adds/reds	
0	-	-	483,000	-	-	40,188	
1	483,000	48,300	96,600	40,188	5,626	40,188	190,714
2	386,400	38,640	96,600	-	-	-	135,240
3	289,800	28,980	96,600	-	-	-	125,580
4	193,200	19,320	96,600	-	-	-	115,920
5	96,600	9,660	96,600	-	-	-	106,260
6	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-

PROJECTED BALANCE SHEET											USD
YEAR	0	1	2	3	4	5	6	7	8	9	10
<b>Fixed Assets</b>											
Opening balance	-	2,255,000	1,875,750	1,514,156	1,168,012	835,385	739,587	659,139	587,746	524,278	467,743
Additions	2,255,000	-	-	-	-	-	-	-	-	-	-
	2,255,000	2,255,000	1,875,750	1,514,156	1,168,012	835,385	739,587	659,139	587,746	524,278	467,743
Less depreciation	-	379,250	361,594	346,145	332,626	95,798	80,448	71,392	63,468	56,535	50,468
Closing balance	2,255,000	1,875,750	1,514,156	1,168,012	835,385	739,587	659,139	587,746	524,278	467,743	417,275
Working capital	53,583	54,844	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136
Accumulated cash	-	- 332,733	- 589,895	- 820,141	- 1,035,501	- 1,302,968	- 1,285,498	- 1,270,744	- 1,258,368	- 1,248,071	- 1,239,595
Total assets	2,308,583	1,597,860	980,397	404,006	- 143,981	- 507,245	- 570,223	- 626,862	- 677,954	- 724,192	- 766,184
<b>Financed by</b>											
Equity	915,396	915,396	915,396	915,396	915,396	915,396	915,396	915,396	915,396	915,396	915,396
Accumulated profit	-	- 399,935	- 746,799	- 1,052,590	- 1,329,976	- 1,422,641	- 1,485,619	- 1,542,258	- 1,593,350	- 1,639,588	- 1,681,580
Total equity	915,396	515,460	168,597	- 137,194	- 414,581	- 507,245	- 570,223	- 626,862	- 677,954	- 724,192	- 766,184
Long-term Loan	1,353,000	1,082,400	811,800	541,200	270,600	-	-	-	-	-	-
Bank overdraft	40,188	-	-	-	-	-	-	-	-	-	-
Total debts	1,393,188	1,082,400	811,800	541,200	270,600	-	-	-	-	-	-
Total equity and debts	2,308,583	1,597,860	980,397	404,006	- 143,981	- 507,245	- 570,223	- 626,862	- 677,954	- 724,192	- 766,184

INTERNAL RATE OF RETURN (IRR) AFTER TAX					
					USD
Year	Investment	Working Capital	Profit before depreciation and interest	Tax	Cashflow
0	- 805,000	-	-	-	- 805,000
1	-	- 1,260	224,540	19,909	203,370
2	-	- 1,292	250,015	34,153	214,570
3	-	-	266,180	43,664	222,516
4	-	-	266,180	48,105	218,074
5	-	-	266,180	63,604	202,576
6	-	-	266,180	69,183	196,997
7	-	-	266,180	70,217	195,963
8	-	-	266,180	71,122	195,058
9	-	-	266,180	71,913	194,267
10*	233,122	2,552	266,180	72,606	429,249
Internal Rate of Return (IRR) after tax =		24%			
* = Residual Value					

<u>PAYBACK PERIOD</u>					
				USD	
Year	Profit after tax	Depreciation	Total Cash Flow	Accumulated Cash Flow	
1	46,455	104,250	150,705	150,705	
2	79,691	97,531	177,222	327,927	
3	101,883	91,652	193,536	521,462	
4	112,246	86,508	198,754	720,217	
5	148,409	44,507	192,916	913,133	
6	161,428	35,569	196,997	1,110,129	
7	163,840	32,123	195,963	1,306,092	
8	165,951	29,107	195,058	1,501,150	
9	167,798	26,469	194,267	1,695,417	
10	169,414	24,160	193,574	1,888,991	
Initial fixed investment and working capital for expansion = USD			858,583		
From above table, payback period is calculated at 4 years			9	months	

BREAKEVEN ANALYSIS BASED ON YEAR THREE			
			USD
ITEM	FIXED COST	VARIABLE COST	TOTAL COST
Raw Materials	-	420,250	420,250
Packaging materials	-	105,063	105,063
Vehicle running expenses	-	52,500	52,500
Electricity	-	36,000	36,000
Water	-	2,000	2,000
Depreciation	91,652	-	91,652
Interest	28,980	-	28,980
Administrative overheads	50,000	-	50,000
Total	170,632	615,813	786,445
A: Sales Revenue			1,087,268
B: Variable Costs			615,813
C: Contribution Margin (A-B)			471,456
D: Fixed Costs			170,632
E: Contribution Margin Ratio (C/A*100)			43%
F: Breakeven Sales (D/E)			393,511
G: Breakeven Capacity			36%

THE COMPANIES ACT, CAP 212 R.E 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

DODOMA PROCESSING COMPANY LIMITED

Incorporated this ..... Day of ..... 2008.

**Drawn by:**

Makoa law Chambers,  
IPS ,Building ,4<sup>th</sup> Floor,  
Azikiwe street,  
P.o Box 71393  
Dar es Salaam

# TANZANIA



## Certificate of Incorporation

Section 15

No 65588

### I HEREBY CERTIFY THAT

**DODOMA PROCESSING 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 **MAY**

**TWO THOUSAND AND EIGHT**

  
Assist. Registrar of Companies

**CERTIFIED TO BE THE TRUE COPY**  
Date .....  
**AT Dar es Salaam**

/MM

THE COMPANIES ACT, CAP 212 R.E 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

DODOMA PROCESSING COMPANY LIMITED

Incorporated this ..... Day of ..... 2008.

**Drawn by:**

Makoa law Chambers,  
IPS ,Building ,4<sup>th</sup> Floor,  
Azikiwe street,  
P.o Box 71393  
Dar es Salaam

THE UNITED REPUBLIC OF TANZANIA

THE UNITED REPUBLIC OF TANZANIA



Certificate of Incorporation

No.

I hereby certify that

.....

Is this day incorporated under Cap 212 R.E 2002, and that the Company is Limited

Given under my hand at Dar es Salaam this .....day of.....Two Thousand and Eight.

Seal

**Registrar of Companies**

TANZANIA  
Stamp Duty Shs. 5000/-  
PAID ON ORIGINAL  
Receipt No. 3219332 of 29/4/08  
Stamp Duty Officer

THE COMPANIES ACT, CAP 212 R.E OF 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

DODOMA PROCESSING COMPANY LIMITED.

TANZANIA  
Stamp Duty Shs. 2500/- paid  
Receipt No. 3219332 of 29/4/08  
Asst. Registrar of Companies

1. The name of the Company is "**DODOMA PROCESSING COMPANY LIMITED**".
2. The Registered office of the Company will be situated in the United Republic of Tanzania,
3. The objects for which the Company is formed are:-
  - (a) To engage in business of edible oil processing and cereal milling.
  - (b) To carry on the business of milling and processing, selling, distributing, supplying and exporting milled products and packaging all other kind of agricultural products.
  - (c) To carry on the business of operating and managing hotels, recreation centres, supermarkets, department stores, shopping malls, provision stores, groceries and shops of all kinds and description and generally to deal with such activities.
  - (d) To carry on the business of selling and purchasing of gemstones and other precious metals, to operate lapidary facilities and to trade in any other manners as it shall deem conducive to the Company in mining industry.
  - (e) To carry on the business of selling, purchasing, importing and exporting, operating assembling and repair facilities, large and small scale shops for mobile phones and other telecommunication accessories.
  - (f) To carry on business of as arms and security contractors, supplying, installing, servicing, assembling and manufacturing of arms, ammunitions and other security equipments and devises.
  - (g) To own, and manage water purification plants, distillers and bottling, canning, drying, tinning, and pickling factories and distribution centres.

- (h) To own, develop, construct, establish and manage natural water sources, collecting centres for natural water, fruits, vegetable, poultry, dairy and other products for the purpose of making the commercial use as the company shall deem conducive.
- (i) To erect, maintain or alter, or cause to be erected, maintained or altered upon any land acquired or hired by the Company any buildings, erections or structure of whatsoever nature and to enter into contracts with builders, architects, engineers, and others for the erection of such buildings, erections or structures.
- (j) To carry on business of exporting and importing of distilled, bottled, canned, dried, tinned, pickled, natural water for domestic, office and other industrial use, all other kinds of beverages and agricultural products.
- (k) To carry on business of commission agents for distilled, bottled, canned, dried, tinned, pickled, natural water for domestic, office and other industrial use, all other kinds of beverages and agricultural products.
- (l) To carry on business of professional consultants the area of distilling, bottling, canning, drying, tinning, pickling, purification of natural water, drilled water, sewage water for domestic, office and other industrial use, all other kinds of beverages and agricultural products.
- (m) To buy or otherwise acquire land suitable for constructing factories, plants, drilling of wells, tapping water, establishing and of all other kinds of commercial farming as it shall deem conducive from time to time.
- (n) To carry on the business of establishing and running hotels, recreation centres, supermarkets, department stores, shopping malls, provision stores, groceries and shops of all kinds and description and generally to deal with such activities.
- (o) To apply for, purchase, or by other means acquire and protect, prolong, and renew, any patents, copyrights, trademarks, protections and concessions which may appear likely to be advantageous or useful to the Company, and to use and turn to account and to manufacture under or grant licenses or privileges in respect of the same, and to expend money in experimenting upon and testing and in improving or seeking to improve any patents, inventions, processes or rights which the Company may acquire or propose to acquire.
- (p) To engage in investment scheme for construction, rehabilitation, erection, ownership and management of commercial buildings, export processing zones and special economic zones, to buy, sell, hire, manufacture, trade, and deal in property, goods, produce, articles, and merchandise of all kinds and transact any and every description as development agency, distribution, marketing, commercial, industrial, manufacturing, mercantile, insurance and financial business and carry on the business of traders, general merchants, general storekeepers, metals, commission agents, business consultants, market research consultants, business transfer agents, company promoters, underwriters, financiers and bill brokers, del-credre agents, barter traders, court brokers, auctioneers

and generally to execute and undertake agencies of all kind or carry on the business of warehouse construction, landscaping, engineering, general civil works and deal in all kinds of scrap metal and precious metals.

- (q) To carry on business as dealers, buyers, sellers, importers, exporters, manufacturers, stores, processors, blenders of agricultural and industrial chemicals, veterinary drugs, vaccines, animal health products, natural drugs extractors, pharmaceutical chemicals, phosphorous chemicals, chemicals for water treatment, equipment suppliers and stores.
- (r) Local and imported for new and used motor vehicles, tractors, Lorries, construction machinery, military equipments, bicycles, industrial machinery, all sorts of related spare parts as allowed by the law.
- (s) 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.
- (t) To carry on the business as general suppliers, importers, exporters, traders, 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, textiles piece goods, all types of leather goods, shoes, bags and other similar goods.
- (u) 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
- (v) To apply for, purchase, or by other means acquire and protect, prolong, and renew, any patents, copyrights, trademarks, protections and concessions which may appear likely to be advantageous or useful to the Company, and to use and turn to account and to manufacture under or grant licenses or privileges in respect of the same, and to expend money in experimenting upon and testing and in improving or seeking to improve any patents, inventions, processes or rights which the Company may acquire or propose to acquire.
- (w) To carry on the business as owners, operators, managers, lessors and keepers of exclusive hunting and tourist clubs, games lodges, game lookouts, hotels, tented camps, restaurants, cafes, holiday camps, casinos and camping sites for tourists, travellers or otherwise.

- (x) To carry on the business or businesses of importers and exporters of, and agents, representatives and distributors for the manufacture, sale and distribution of all kinds of fertilizers, agricultural products, agricultural machines and other agricultural businesses.
- (y) To carry on the business of tourism, transportation, tour guide and travel agents.
- (z) To carry on the business of manufacturers, importers, exporters, dealers, agents for manufacturers, and dealers in all kinds of ware, merchandise, substances, devices, articles and things capable of being used in any such business as aforesaid and deemed requisite for the purposes of the business of the Company.
- (aa) To act as manager, secretary, trustee, administrator, technical adviser, buying agents, commission agent, importer, exporter, or member or local or advisory committee or any other company or firm.
- (bb) To acquire by purchase, lease, exchange or otherwise, land, buildings, shares and hereditaments of any tenure or description situate anywhere in the United Republic of Tanzania, and any estate or interest therein, and any rights over or connected with land so situate, and to lease, sell, dispose of the same or otherwise turn the same to account as may seem expedient, and in particular by preparing building sites, and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining offices, shops, buildings, works and conveniences of all kinds, and by consolidating or connecting or sub-dividing properties, and by leasing and disposing of the same, to pay for any property so acquired either in cash, shares or debentures, debenture bonds, or by the passing of mortgages on any of the Company's property and or in any other manner.
- (cc) To establish and carry on, and promote the establishment and carrying on, upon any property in which the Company is interested, any business which may be conveniently carried on upon or in connection with such property, and the establishment of which may seem calculated to enhance the value of the Company's interest in such property, or to facilitate the disposal thereof.
- (dd) To sell, lease, grant licences, easements and other rights over and in any other manner deal with or dispose of the undertaking, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit and, in particular for stock, shares or securities of any company, whether fully or partly paid up.
- (ee) To acquire, take over and undertake the whole or any part of the business, property and liabilities (including Mortgage Bonds) of any person or Company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purpose of this Company.
- (ff) To enter into partnership or any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal, concession or otherwise, with any person or company carrying on or engaged in, any business or transaction which this Company is authorised to carry on or engage in, or any business or transaction capable of being conducted so as to directly or indirectly benefit this Company. AND to lend money to: guarantee the

contracts of, or otherwise acquire shares and securities of any such company, and to sell, hold, re-issue with or without guarantee, or otherwise deal with the same.

- (gg) To enter into any arrangements with any governments or authorities, municipals, or, that may seem conducive to the Company's objects, or any of them, and to obtain from any such government or authority, any rights, privileges, and concessions which the Company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (hh) To promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company, or for any other purpose which may seem directly or indirectly to benefit the Company
- (ii) To remunerate any person or company for services rendered, or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, debenture stock or other securities of the Company, or in about the formation or promotion of the Company or the conduct of its business.
- (ij) To draw, make, accept, endorse, discount, execute and issue, promissory notes, bills of exchange, bills of lading, warrants, debentures, and other negotiable or transferable instruments.
- (kk) To undertake and execute any trusts the undertaking whereof may seem desirable, and either gratuitously or otherwise.
- (ll) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any Company having objects altogether or in part similar to those of this Company.
- (mm) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account, or otherwise deal with, all or any of the property and rights of the Company
- (nn) To apply for, purchase, or by other means acquire and protect, prolong, and renew, any patents, copyrights, trademarks, protections and concessions which may appear likely to be advantageous or useful to the Company, and to use and turn to account and to manufacture under or grant licenses or privileges in respect of the same, and to expend money in experimenting upon and testing and in improving or seeking to improve any patents, inventions, processes or rights which the Company may acquire or propose to acquire.
- (oo) To carry on all kinds of promotion business and in particular to form, constellate, float, lend money to subsidise -assets and control any Companies, associations, partnerships or undertakings whatsoever.



- (pp) To carry on any other business or activity and do any thing of any nature which may seem to the Company capable of being conveniently carried on or done in connection with the above, or calculated directly or indirectly to enhance the value of or render more profitable any of the Company's business or property.
- (qq) To invest and deal with moneys of the Company not immediately required and in such a manner as may from time to time be determined.
- (rr) To adopt means of making known the products of the Company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works, art or interest by publication of books and periodicals and by granting prizes, rewards and donations.
- (ss) To sell, exchange, mortgage, let on rent, share of profit, royalty or otherwise, grant licences, easements, options servitude's and other rights over and in any other manner deal with or dispose of the undertaking, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit, and in particular for stocks, shares, debentures or other obligations or securities, whether fully or partly paid up, of any other Company.
- (tt) To give any remuneration or other compensation or reward for services rendered or to be rendered in placing or procuring subscription of, or otherwise assisting in the issue of any shares, debentures or other securities of the Company or in or about the formation of the Company or the conduct of its business.
- (uu) To procure the registration or incorporation of the Company in or under the laws of any place outside United Republic of Tanzania.
- (vv) To subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object, or for any exhibition, or for any purpose which may be considered likely directly or indirectly to further the objects of the Company or the interests of its members.
- (ww) To grant bonuses or gratuities to any officers or employees or ex-officers or ex-employees of the Company, or of its predecessors in business or of its holding company or subsidiary companies (if any), or to the relations, connections or dependants of any such persons, and to establish or support any associations, institutions, clubs, building and housing schemes, pension schemes, funds and trusts which may be considered calculated to benefit any such persons or otherwise advance the interests' of the Company or of its Members.
- (xx) To distribute any of the property of the Company among its members in specie or kind.
- (yy) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.

(zz) To do all such other things which are incidental or conducive to the attainment of the above objects.

And it is hereby declared that the word "Company" in this clause, except where used in reference to this Company, shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated, and whether domiciled in United Republic of Tanzania or elsewhere, and that the objects specified in the different paragraphs of this clause shall not, except where the context expressly so requires, be in anywise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent.

5. The share capital of the Company is Tanzania Shillings Ten Million (10,000,000.00) divided into Ten Thousand(10,000) shares with the value of Tanzania Shillings One Thousand(1,000) each , and the Company shall have the power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified or other special rights, privileges, restrictions or conditions

**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, Addresses, and Description of Subscribers	Number of shares taken by each Subscriber	Signature
Mr. Shaher Abdulmajid Geyash, P.O Box 641, Dodoma. <b>TANZANIA.</b>	900	
Mr. Said Abdulmajid Geyash, P. O Box 641, Dodoma. <b>TANZANIA.</b>	100	

**DATED** at Dar es Salaam this 29<sup>th</sup> day of April 2008.

**WITNESS** to the above Signatures:-

Signature : 



Postal Address :.....  
71303 Penn

Qualification :.....  
~~Xerox~~

TANZANIA  
Stamp Duty Shs. 5000/-  
PAID ON ORIGINAL  
Receipt No. 2219337 of 29/4/08  
Stamp Duty Officer

THE COMPANIES ACT  
(CAP 212 R.E OF 2002)  
PRIVATE COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION TO A COMPANY PRECEDING  
MEMORUNDUM OF ASSOCIATION  
OF  
DODOMA PROCESSING COMPANY LIMITED  
INTERPRETATION

TANZANIA  
Stamp Duty Shs. 2500/- paid  
Receipt No. 2219337 of 29/4/08  
Asst. Registrar of Companies

1. In these articles:-

"The Act" means the Companies Act Cap 212 R.E 2002;

"The articles" means the articles of the company;

"Clear days" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"The seal" The seal of the Company duly authorised by the Board of Directors.

"Secretary" shall mean any person appointed to perform the duties of Secretary of the Company;

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

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

2. The Regulations contained in Table A of the First Schedule of the Companies Act, 2002 shall not apply to the Company.

3. The Company is a private Company and accordingly:

- a) The rights to transfer shares are restricted in manner hereinafter prescribed.
- b) The number of members of the Company (exclusive of persons who are in the employment of the company and or persons who having been formerly in the

Company) is limited to fifty; provided that where two or more persons hold one or more shares in the company jointly they shall for the purpose of this regulation be treated as a single.

- c) Any invitation to the public to subscribe for any shares of debenture of company is prohibited.
- d) The Company shall not have power to issue share warrants to bearer.

4. The share capital of the Company is Tanzanian Shillings Ten Million (10,000,000) divided into Ten Thousand (10,000) ordinary shares of Tanzania Shillings One Thousand (1000) each.

5. Subject to the provisions, if any, in that behalf of the Memorandum of Association, and without prejudice to any special rights previously conferred on the holders of existing shares, any share may be issued with such preferred, deferred or other special rights such restrictions, whether in regard to dividend, voting, return of share capital or otherwise, as the Company may from time to time by Special Resolution determine, and any preference share may, with the sanction of a Special Resolution, be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.

6.(1) If any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issues of the class) may be varied with the sanction of any Extra ordinary Resolution passed at a separate General Meeting of the Shareholders of that class.

(2) In every such separate General Meeting, the provisions of the Regulations relating to General Meetings should mutates mutandis apply, but so that the necessary quorum shall be two persons at least holding or representative by proxy one third of the issued shares of the class present in person or by proxy may demand a poll.

(3) For the purposes of this Article, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

7. Every person whose name is registered as a member in the registered of members shall, without payment, be entitled to a certificate under the Seal of the Company specifying the share or shares held by him and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.

8. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any not exceeding one shilling, on such terms, if any, as to evidence and indemnity, as directors think fit.

9. No part of the funds of the Company shall directly or indirectly be employed in the purchase of, or in loans upon the security of, the Company's shares, but nothing in this regulation shall prohibit transaction mentioned in the proviso of the Act.

10. The Company shall be entitled to treat the person whose name appears upon the registered in respect of any share as the absolute owner thereof, and shall not be under any obligation to recognize any trust or equitable claim to partial interest in such shares whether or not it shall have equitable claim to partial interest in such shares whether or not it shall have express or other notice thereof.

#### LIEN

11. The Company shall have a lien on every share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company's lien, if any, on a share shall extend to all dividends payable thereon.

12. The Company may sell, in such manner as the directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

13. For giving effect to any such sale the directors may authorize some persons to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see the application of the purchase money, nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale.

14. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

#### CALLS ON SHARES

15. The Directors may, subject to any conditions of allotment, from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) provided that (except as otherwise fixed by the conditions of allotment) no call on any share shall be payable at less than thirty days from the day of appointed for payment of last preceding call, and each member shall (subject to being given at least fourteen days notice specifying the time or times and place of payment) pay to the Company at the time or times and places so specified the amount called on his shares.
16. The joint holders shall be joint and severally liable to pay all calls in respect thereof.

17. If a call in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per centum per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

(18) The provisions of these Regulations as to the liability of joint holders and as the payment of interest shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium as if the same had become payable by virtue of a call duly made and notified.

19. The Directors may if they think fit, receive from any member willing to advance the same all or any part of the money unpaid from the shares held by him beyond the sums actually called upon thereon as a payment in advance of calls which shall extinguish, so far as the same shall extend the liability upon the shares in respect of which it is advanced, and the Company may pay interest upon the money so received, at such rate as the member paying such sum and the Directors agree.

#### TRANSFER AND TRANSMISSION OF SHARES

20. The instruments of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of transferee is entered in the register of member in respect thereof.

21. Shares shall be transferred in the following form, or in any usual or common form which the Directors shall approve-

I, **A.B** of..... in consideration of the sums of Shs..... paid to me by **C.D**, of .....(hereinafter called the said transferee) do hereby transfer to the said transferee the share (or shares) numbered in the undertaking called..... the Company, Limited, to hold unto the said transferee, subject to the several conditions on which I hold the same, and I, the said transferee, do hereby agree to take the said share ( or shares) subject to the conditions aforesaid.

As witness our hands the.....day of .....**2008**.  
Witness to the Signature of, etc."

22. The Director may in their absolute direction decline to register any transfer of shares to a person of whom they do not approve not being already a member of the company and may also decline to register any transfer of shares on which the company has a lien. The directors may also suspend the registration of transfer during the fourteen days immediately proceeding the Ordinary General meeting in each year. The directors may decline to recognise any instrument of transfer unless-

(a) A fee not exceeding two shillings is paid to the company in respect thereof;  
and

(b) The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transfer or to make the transfer. If the directors refuse to register a transfer of any share they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

23. The legal personal representative of a deceased sole holder of a share shall be the only person recognized by the company as having any title to the share. In the case of a share registered in the same names of two or more holders, the survivor, or the legal personal representatives of the deceased's survivor, shall be the only person recognized by the company as having any title to the share.

24. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall upon such accident being produced as may from time to time be properly required by the directors, have the right, either to be registered as they would have had in the case of a transfer death or bankruptcy.

25. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of it to exercise any right conferred by membership in relation to meetings of the company.

26. Saves as hereinafter provided no shares in the company shall be transferred other wise than to a person who is already a member of the company until the rights of pre-emption hereby conferred shall have been exhausted that is to say:-

(i) Every member or other person referred to in Article 24 who intends to transfer shares (hereinafter called the vendor) shall give notice in writing to the Board of his intention so to do. Such notice shall constitute the Board of his intention so to do. Such notice shall constitute the Board his agent for the sale of the said shares in one or more lots at the board, or in default of agreement, at a price which the auditor of the company for the time being shall certify by writing under his hand, to be in his opinion, the fair selling value thereof as between a willing vendor and a willing purchaser.

(ii) Upon the price being fixed as aforesaid the Board shall forthwith give notice to all the members of the company of the number and price of the shares to be sold and invite each of them to state in writing within thirty days from the date of the said notice whether he is willing to purchase any and, if so what maximum number of the said shares.

(iii) At the expiration of the said thirty days the Board shall allocate the said shares to or amongst the member or members who shall have expressed his or there willingness to purchase as aforesaid, and (if more than one) so far as may be pro rate according to the member of shares already held by them respectively **PROVIDED THAT** No member shall be obliged to take more than the said maximum umber of shares so notified by him as afore-said.

(iv) Upon such allocation being made the vendor shall be bound on payment of the said price to transfer the shares to the purchaser or purchasers. If he makes company or failing him one of the directors of the company or failing him one of the directors duly nominated by resolution of the board for that purpose shall forthwith be deemed to duly appointed attorney of the vendor with full power to executed complete and deliver in the name and on behalf of the vendor a transfer of the shares to the purchasing member land the board may receive and give a good discharge for the purchase-money on behalf of the vendor and enter the name of the purchaser in the register of members as holder by transfer of the shares not sold to any person (subject to article 22) and at any price.

(v) In the event of the whole or any lot of shares offered through the Board as provided by this article not being sold in the manner by this article provided, the vendor may at any time within six calendar months after the expiration of the said period of thirty days after the date of the notice given by the Board to the members, transfer the shares not sold to any person (subject to article 22)

#### **FORFEITURE OF SHARES**

27. If a member fails to pay any call or mutatis instalment of a call on the day appointed for payment thereof, the directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment so much of the call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

28. The notice shall name a further day (not earlier then the expiration of fourteen days from the date of the notice) on or before which the call was made will be liable to be forfeited.

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

30. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and lat anytime before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

32. A statutory declaration in writing that the declaration is a director of the company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the acts therein stated as against all persons claiming to be entitled to the share, The company may receive the consideration, if any given for the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be effected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The company may by ordinary resolution convert any paid-up shares into stock and reconvert any stock into paid-up shares of any denomination.

### **CONVERSION OF SHARES INTO STOCK**

34. The company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.

35. The holder of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as, and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit but the directors may from time to time fix the minimum amount of stock transfer of fraction of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.

36. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company and other matters as if they held the shares from which the stock arose, no such privilege or advantage (except participation in the dividends and profits of the company) shall be conferred by any such aliquot part of stock as would not if existing in share, have conferred that privileges or advantage.

37. Such of the regulations of the Company may from time to time by special resolution increase the share capital by such sum to be divided into shares of such amount, as the resolution shall prescribe.

39. All new shares shall, before issue, be offered to such persons the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstance admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time, within which the offer, if not accepted will be deemed to be declined and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of those shares in

such manner as they think most beneficial to the company. The directors may likewise so dispose of any new shares which (by reason of the ration which the mew shares bear to share held by persons entitled to and offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this article.

40. The company may be ordinary resolution:-

(a) Consolidate and divide all or any of its shares capital into shares of larger amount than its existing shares.

(b) Sub-divide its existing shares, or any of them, into shares of smaller amount that is fixed by the memorandum of association subject, nevertheless, to the provisions of section 61 (d) of the Act.

(c) Cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

41. The Company may, by special resolution, reduce the share capital and any capital redemption reserve fund in any manner and with, and subject and with, and subject to, any incident authorized, land consent required by law.

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

43. All such general meetings shall be called Annual General Meetings, and all other general meetings shall be called Extraordinary General Meeting.

44. The directors may, wherever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meeting shall also be convened on such requisition or, in default, ma be convened by such requisitions as provided by section 134 of the Companies Act, 2002. If at any time there are not within Tanzania sufficient directors capable of acting to form a quorum, any director or any one member of the company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

#### **NOTICE OF GENERAL MEETING**

45. Subject to the provision of section 133 of the Act. The relating to special resolutions, 121 days' notice at the least (exclusive of the day on which the notice is served or deemed to be served but inclusive of the day for which notice is given) specifying the place, the day and the hour of the meeting and in case of special business, the general nature of that business shall

be given in manner hereinafter mentioned, or in such other manner, if any as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company in general meeting, to such persons as are, under the regulations of the company entitled to receive such notices from the company but with the consent of all the members entitled to receive notice of some particular meeting may be convened by such shorter notice and in such manner as those members may think fit.

46. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any member shall not invalidate the proceedings at any such meeting.

#### **PROCEEDING AT GENERAL MEETING**

47. All business shall be deemed special that is transacted at Extraordinary Meeting and all that is transacted at an ordinary meeting, with the exception of sanctioning of the accounts, balance sheets and the ordinary report of the directors and auditors, the election of firestorm and other officers in the place of those retiring by rotation, and the firing of remuneration of the auditors.

48. No business shall be transacted at any general meeting unless a quorum of the members is present at the time when the meeting proceeds to business save as herein provided. two members present in person or by proxy shall be a quorum.

49. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members shall be dissolved and in any other case it shall be adjourned to the see day in the next week at the same time and place and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

50. The Chairman, if any, of the board of directors shall preside as chairman at every general meeting of the company.

51. If there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairmen, the members present shall choose someone of their member to be chairman.

52. The chairman may, with the consent of any meeting at which a quorum is present ( and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place, When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting, Save as aforesaid it shall to be necessary to give any notice of an adjournment or the business to be transacted at an adjourned meeting.

53. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless poll is (before or on the declaration of the result of the show of hands) demanded by at least one member present in person or by proxy and entitled to vote. Unless a poll is so demanded, a declaration by the chairman that the resolution has, on a show of hands, been carried or carried unanimously or by a particular majority, or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact.

54. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

55. In the case of an equality of votes, whether of a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

56. A poll demanded on the election of a chairman or on a question adjournment shall be taken forthwith. A poll demanded on any the question shall be taken at such time as the chairman of the meeting directs.

57. An ordinary resolution of a Company determined of without and general meeting and evidence by writing under the hands of all the directors or a sole director and of members of the company holding in the aggregate three-fourths of the issued shares of the company shall be as valid and effectual as an ordinary resolution duly passed at a general meeting of the Company.

#### **VOTES OF MEMBERS**

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

59. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand into he register of members.

60. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian appointed by that court, and any such committee or other legal guardian may, on a poll vote by proxy.

61. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

62. On a poll votes may be given either personally or by proxy. Provided that no Company shall vote by proxy as long as a resolution of its directors in accordance with the provisions of section 136 of the Companies Act 2002.

63. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the company.

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

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

" I,..... of being a member of Limited hereby appoint of , as my proxy, to vote for me and on my behalf at the (Ordinary or Extraordinary, as the case may be ) General Meeting of the Company to be held on the day of 200.. ."

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

#### **CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS**

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

#### **DIRECTORS**

68. The first directors shall be not less than two in number and shall be appointed by the subscribers to the Memorandum of Association. Unless and until otherwise determined by the Company by ordinary resolution the number of directors (excluding alternate Directors) shall not be less than two. The first directors shall be:-

1. Mr, Shafer Abdulmajid Geyash
2. Mr. Said Abdulmajid Geyash

69. The Company may by extraordinary resolution remove any director and may by an ordinary resolution appoint another person in his stead; any vacancy occurring in the Board of Directors may be filled up by the Company by an ordinary resolution.

70. (1) The remuneration of the directors shall from time to time be determined by the Company in General Meeting.

(2) In addition to their usual remuneration the directors shall also be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the exercise of their duties, including any such expenses incurred in connection with their attendance at meetings of directors.

71. Any Director may in writing appoint any person, who is approved by the majority of the Directors, to be his alternate to act in his place at any meeting of the directors at which he is unable to be present, Every such alternate shall be entitled to notice of meetings of the directors and to attend and vote thereat as a director when the person appointing him is not personally present, and where he is a director to have a separate vote on behalf of the director he is representing in addition to his own vote. A director may at any time in writing revoke the appointment of an alternate appointed by him. Every such alternate shall be an officer of the Company and shall not be deemed to be the agent of the director appointing him. The remuneration of such an alternate shall be payable out of the remuneration payable to the director to the director appointing him, and the proportion thereof shall be agreed between them.

72. A Director and alternate director shall not require a share qualification but nevertheless shall be entitled to attend and speak at any general meeting of the company, and at any separate meeting of the holders of any class of shares in the Company.

73. A resolution in writing signed by all the directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted and may consist of several documents in the like form, each signed by one or more of the director other than an alternate director appointed by a director who at the date of the resolution is absent from Tanzania.

74. Provided that a Director declared his interest therein in manner provided by the Ordinance he may vote as a director in regard to any contract or arrangement in which he is interested or upon any matter arising there out, and if he shall so vote his vote shall be counted in the quorum when any such contract or arrangement is under consideration.

75. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property uncalled capital, or any part thereof, and to

issue debentures, debentures stock, and other securities whether outright or as security for any debt liability or obligation of the Company or of any third party.

76. The business of the company shall be managed by the directors who may pay all expenses incurred in getting up and registering the Company, and may exercise all such powers of the Company, as are not, by the Ordinance, or by these articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any regulation of these articles, to the provisions of the Ordinance, Ordinance, and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in general meeting; but no regulations made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

77. The Directors may from time to time appoint one or more of their body to the office of Managing Director or may appoint any person or body corporate to manage the company for such term and at such remuneration (whether by way of salary or commission, or participation in profits, or partly in one way and partly in another) as they may think fit. In the case of the appointment of the Managing Director such appointment shall be subject to determination *ips facto* if he ceases from any cause to be director.

78. The directors shall cause minutes to be made in books provided for the purpose:

- (a) Of all appointment of officers made by the directors;
- (b) Of the names of the directors present at each meeting of the directors and of any Committee of the directors;
- (c) Of all resolutions and proceedings at all meetings of the Company, and of the Directors, and of Committees of Directors;

and every director present at any meeting of directors or committee of directors shall sign his name in a book to be kept for that purpose.

#### **THE SEAL**

79. The Board shall provide for the safe custody of the Seal. The seal shall be used only by the authority of the Board and every instrument to which the seal shall be affixed shall be signed by a director and also by the Secretary or by a second director or by some other person appointed by the Board for the purpose.

#### **DISQUALIFICATION OF DIRECTORS**

80. The office of director shall be vacated, if the director:-

- (a) Without the consent of the Company, in general meeting holds any other office of profit under the Company except that of Managing Director or manager;
- (b) becomes bankrupt in this Territory or in any other territory which is declared to be a reciprocating territory under section 147 of the Bankruptcy Act or;

- (c) Becomes prohibited from being a director by reason for any order made under sections 144 of the Companies Act 2002.
- (d) Is found lunatic or comes of unsound mind: or
- (e) Resigns his office by notice in writing to the Company; or
- (f) Is punished with imprisonment for a term exceeding six months without the option of a fine.

#### **PROCEEDING OF DIRECTORS**

81. The directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of a equality of votes the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.
82. The quorum necessary for the transaction of the business of the directors may be fixed by the Directors and unless so fixed shall be two.
83. The continuing directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed by or pursuant to the regulation of the Company as the necessary quorum of directors, the continuing directors may act for the purpose of summoning a general meeting of the Company, but for no other purpose.
84. The directors may elect a chairman of their meeting and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their member to be chairman of the meeting.
85. The directors may delegate any of their power to committees consisting of such members of their body as they think fit, any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.
86. A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same the member to be chairman of the meeting.
87. A committee may meet and adjourn as it thinks. Questions arising at any meeting shall be determined by a majority of votes of the members present and in case of an equality of votes the chairman shall have a second or casting vote.
88. All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or

that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

89. The Secretary shall be appointed by the director for such term at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them.

90. No person shall be appointed or hold office as a Secretary who is:-

- (a) The sole director of the Company; or
- (b) a corporation the sole director of which is the sole director or the Company ; or
- (c) the sole director of a corporation which is the sole director of the Company.

91. A provision of the Act or Regulations requiring or authorising a thing to be done by or to a director and the Secretary shall not be satisfied by its being done by or to the same person acting as director and a , or in place of the Secretary.

92. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.

93. The Directors, from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

94. No dividend shall be paid otherwise than out of profit.

95. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid up on any of the shares. No amount paid on a share in advance of calls shall while carrying interest, be treated for the purposes of this article as paid on the share.

96. The directors may, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserves which shall, at the discretion of the directors, be applicable for meeting contingencies or for equalising dividends, or for any other purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the company) as the directors may from time to time think fit.

97. If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.

98. Any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto or in the case of joint holders at his registered address or to such person and such address as the member or person entitled or such joint holders as the case may be may direct. Every such cheque or warrant shall be made payable to the order of person to whom, it is sent or to the order of such other person as the member or person entitled or such joint holders as the case may be direct.

99. No dividends shall bear interest against the Company.

#### ACCOUNTS

100. The Directors shall cause proper books of account to be kept with respect to; -

All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;

(i) All sales and purchases of goods by the Company.

(ii) The Asset and liabilities of the Company.

101. The book of account shall be kept at the registered office of the Company, or at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.

102. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorized by the directors or by the Company in general meeting.

103. The directors shall from time to time in accordance with section 153, 155 and 159 of the Companies Act; of the cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in that section.

104. The profit and loss account shall show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the meeting and, in case where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be

stated with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.

105. A copy of every balance sheet ( including every document required by law to be annexed thereto ) which is to be laid before the company in general meeting together with a copy of the meeting be sent to all persons entitled to receive notices of general meeting of the company.

#### AUDIT

106. Auditors shall be appointed and their duties regulated in accordance with section 170 and 179 of the Companies Act, 2002.

#### NOTICES

107. A notice may be given by the Company to any member either personally or sending it by post to him to his registered address, or (if he has no registered address within the Territory supplied by him to the Company for the giving of notices to him.

Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and unless the contrary is proved to have been effected at the time at which the letter would be delivered in the ordinary course of post.

108. If a member has no registered address within the Territory and has not supplied to the Company an address within the Territory for the giving of notices to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the Company shall be deemed to have been duly given to him at noon on the day on which the advertisement appears.

109. A notice may be given by the company to the joint holders of a share by giving the notice to the joint holder named first in the register of members in respect to the share.

110. A notice may be given by the company to the persons entitled to a share in consequence of the death of bankruptcy of member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or receipt of the bankrupt, or by any like description, at the address, if any within the Territory supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied ) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

111. Notice of every general meeting shall be given in some manner hereinbefore authorized to (a) every member except those members who (having no registered address within the

Territory ) have not supplied to the company an address within the Territory for the giving of notice to them, and also to (b) every -persons entitled to a share in consequence of the death or bankruptcy would be entitled to receive notice of the meeting. No other person shall be entitled to receive notice of General meetings.

#### **CORPORATIONS ACTING BY REPRESENTATION AT MEETINGS**

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

#### **MANAGEMENT**

114. The majority share holder shall be the chief executive office\*\*\*\*\* of the Company responsible for the running of day to day affairs of the Company.

115. That the majority share holder may appoint any other person to act or to be the Chief Executive Officer of the Company for the period and terms which shall be notified to the Board of Directors.

#### **BORROWING POWERS**

116. The Director may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the company or any third party.

#### **SECRETARY**

117. The Secretary shall be appointed by the Board of directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

118. A provisions of the Act or these articles requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

#### **WINDING UP**



119. 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 member of the Company 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 all member shall be compelled to accept any shares whereupon there is any liability.

## INDEMNITY

120. 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 to defending any proceedings, whether civil or criminal, in which judgments is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the Court **ALTERATION OR ADDITIONS** subject to the provision of the Act and to those contained in the Memorandum of Association of 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.

## ARBITRATION

121. If and whenever any dispute or difference shall arise between the Company and any of the members or their respective representative 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 there under or arising out of the relation existing between the parties by reason 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 thirty(30) days the procedure laid down in the Arbitration Act ,Cap.15 R.E 2002 or any then existing statutory modifications or re-enactments thereof shall apply.

Names, Addresses, and Description of Subscribers	Number of shares taken by each Subscriber	Signature
Mr. Shaher Abdulmajid Geyash, P.O Box 641, Dodoma, <b>TANZANIA</b>	900	
Mr. Said Abdulmajid Geyash, P.O Box 641, Dodoma, <b>TANZANIA.</b>	100	

DATED at Dar es salaam this 29<sup>th</sup> day of April 2008.

WITNESS to the above Signatures:-

Signature .....

Postal Address .....

Qualification: .....

*Annelllem*  
*1293 Dom*  
*Asyocal*



# DODOMA PROCESSING CO. LTD

## BOARD RESOLUTION

### MINUTES: EXTRA ORDINARY MEETING ON 16<sup>TH</sup> SEPTEMBER, 2008

#### 1. ATTENDANCE:

- |       |                            |              |
|-------|----------------------------|--------------|
| (i)   | Shaher Abdulmajid Geyash   | Chairman     |
| (ii)  | Said Abdulmajid Geyash     | Share holder |
| (iii) | Abdulrahman Mahmoud Geyash | Secretary    |

#### 2. AGENDA:

2.1 Deliberation on the investment potentials in Tanzania.

#### 2.2 OPENING OF THE MEETING:

The Chairman declared the meeting opened at 9.30a.m.

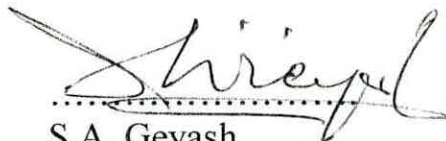
#### 3. RESOLUTIONS

3.1 After a lengthy/thorough discussion, it was agreed that let the Company carryout the initiation / establishment /operation of integrated Edible Oils /Soap processing plant.

3.2 Let the Company appoint a consultant to carryout the study for submission to TIC for the Investors Certificate of Incentives.

#### 4. CLOSURE OF THE MEETING

There being no other business for discussion the Chairman closed the meeting at 10.30am.

  
.....  
S.A. Geyash  
CHAIRMAN

  
.....  
A. M. Geyash  
SECRETARY

4199

06309



## 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. 2116328

Fax. 2118253

e-mail: [information@tic.co.tz](mailto:information@tic.co.tz)

Website: [www.tic.co.tz](http://www.tic.co.tz)

(Please fill the form in duplicate)

POZ20

THE 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 SHAHER ABDULMAJID GEYASH  
(director/directors/agent of DODOMA PROCESSING CO. LTD.  
(name of business enterprise) apply for registration of INTEGRATED EDIBLE  
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 PLOT NO. 837  
MAKOLE AREA, DODOMA MUNICIPALITY

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 PLOT NO. 837

4. The Principal Officers of the Company are .....

- 1. SHAHER ABDULMAJID GEYASH: MANAGING DIRECTOR.
- 2. SAID ABDULMAJID GEYASH: DIRECTOR OF FINANCE.

5. Auditors of the Company are -

6. The authorized share capital of the Company is Tshs./US\$ 10,000,000/=

- 7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 2,308,583
- 8. The month and day of the financial year end is 31<sup>st</sup> DECEMBER

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

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

I, SHAHER ABDUL MAJID GEYASH of Post Office Number 641  
DODOMA ..... do solemnly and sincerely declare that I am a director/duly  
 authorized agent of DODOMA PROCESSING COMPANY.....

**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 30<sup>th</sup> day of Oct, 2008

  
 Applicant

Before me:

  
 Commissioner for Oaths



Attach only where applicable, otherwise indicate "N/A"

**APPLICATION SUMMARY**

Company Name: DODOMA PROCESSING COMPANY LTD

COI Number: 65588 Status:

COI Date: 15/05/2008 LTD

Post Box: 641

Town: DODOMA

Sector: MANUFACTURING Sub-Sector: AGRO-PROCESSING

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

Foreign Equity	Local Equity	Foreign Loan	Local Loan
.....	<u>915,396</u>	.....	<u>1,393,188</u>

Project Objectives: JOSET UP / OPERATE AN / INTEGRATED EDIBLE OILS / SOAPS PROCESSING PROJECT

Capacity: 30,000 TONES OF EDIBLE OILS

Employment: Foreign: 5 Local: 55 Total: 60

Implementation Period: 36 MONTHS

**Project Location**

Site/Plot/Block No.: 837

Street: MAKOLE AREA District: DODOMA Region: DODOMA  
 (Attach sketch map showing project location)

Shareholders	Nationality	%
1. <u>SHAHER ABDULMAJID</u>	.....	.....
<u>GEYASH</u>	<u>TANZANIA</u>	<u>90</u>
2. <u>SAID ABDULMAJID</u>	.....	.....
<u>GEYASH</u>	<u>TANZANIA</u>	<u>10</u>
.....	.....	.....

Investment Breakdown	US\$/Tshs.M
Land/Building	200,000
Plant	950,000
Vehicles	900,000
Furniture & Fittings	180,000
Pre-expenses	25,000
Others	—
Working Capital	53,583
<b>TOTAL</b>	<b>2,308,583</b>

**Contact Details:**

Name: SHAHER ABDULMAJID GEYASH Title: MANAGING DIRECTOR  
 Telephone: 0782 202 435 Fax: —  
 Email: .....



## TANZANIA INVESTMENT CENTRE

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Declared at Dar es Salaam  
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.....  
Applicant  
A f

Before me:

  
.....  
Commissioner for Oaths



Attach only where applicable, otherwise indicate "N/A"

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Post Box: 641

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Implementation Period: 36 MONTHS

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Site/Plot/Block No.: 837

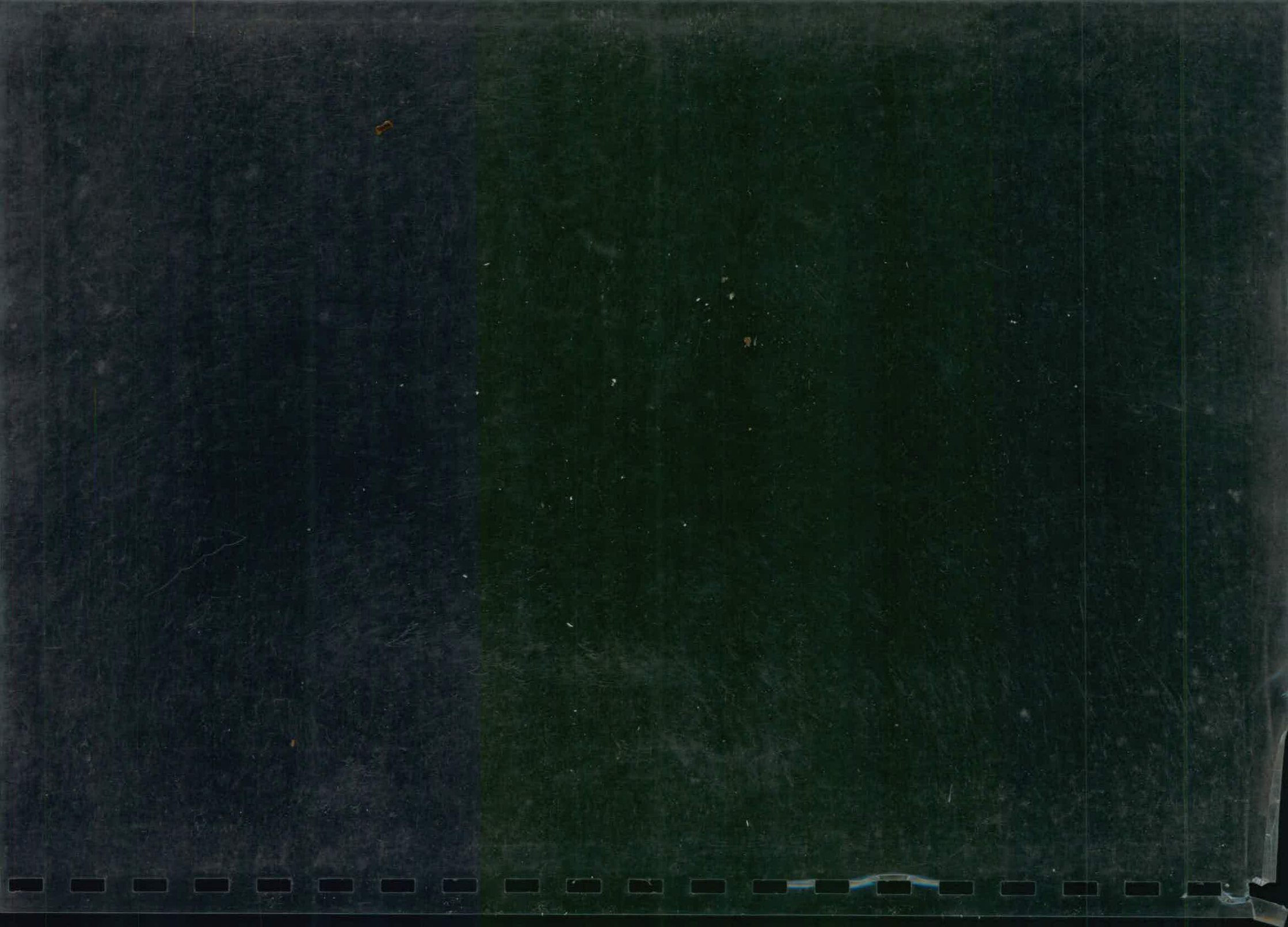
Street: MAKOLE AREA District: DODOMA Region: DODOMA (Attach sketch map showing project location)

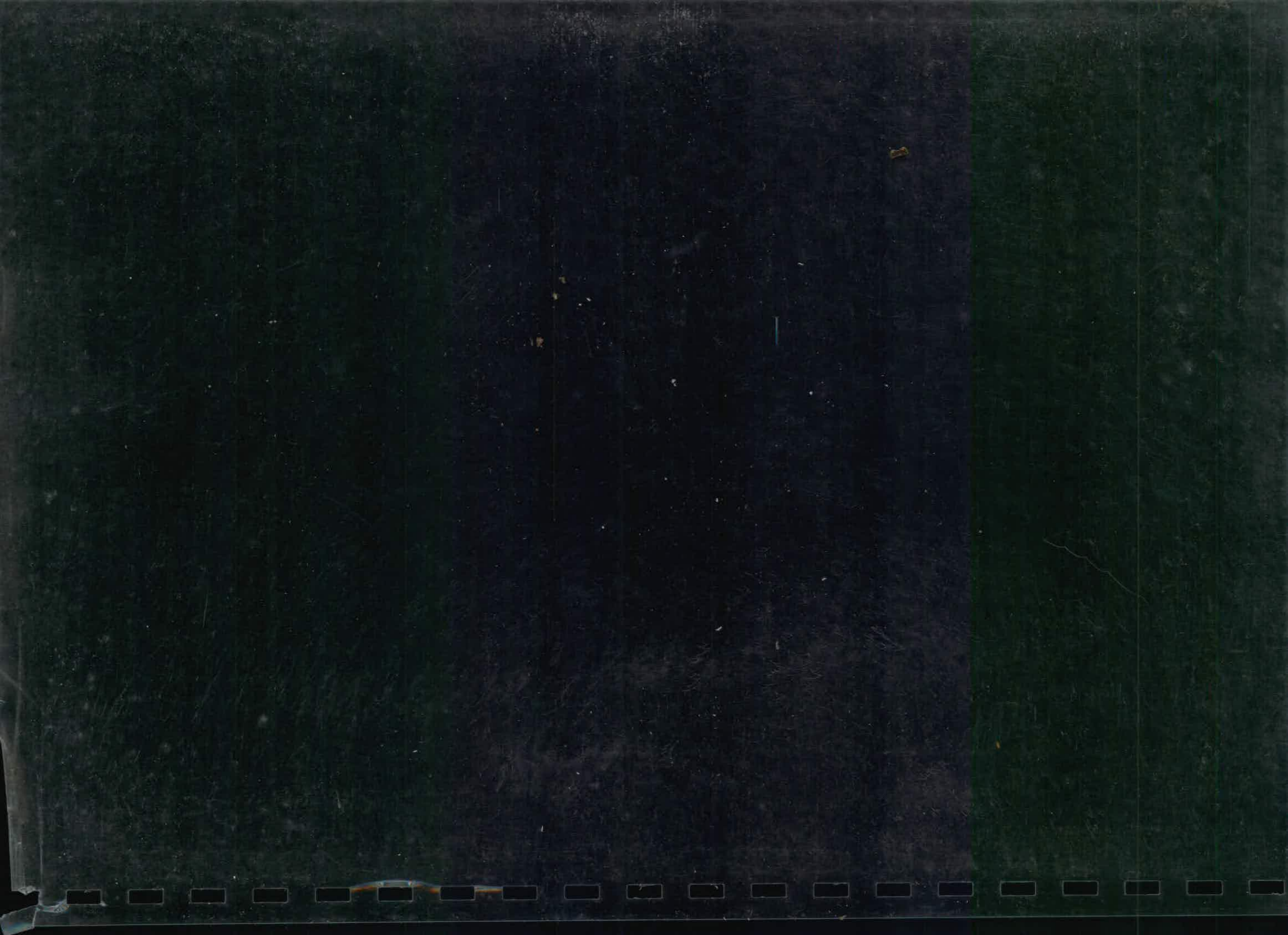
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GEYASH	TANZANIA	90
2. SAID ABDULMAJID		
GEYASH	TANZANIA	10

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Plant	950,000
Vehicles	900,000
Furniture & Fittings	180,000
Pre-expenses	25,000
Others	—
Working Capital	535,83
<b>TOTAL</b>	<b>2,308,583</b>

**Contact Details:**

Name: SHAHER ABDULMAJID GEYASH Title: MANAGING DIRECTOR  
 Telephone: 0782 202 435 Fax: —  
 Email: .....





**INTEGRATED EDIBLE OIL/SOAP  
PROCESSING UNDERTAKING**

**FEASIBILITY STUDY**

**FOR**

**DODOMA PROCESSING COMPANY  
LIMITED**

**PREPARED BY:  
TRANSNATIONAL CONSULT (T) LTD**

**INTEGRATED EDIBLE OIL/SOAP  
PROCESSING UNDERTAKING**

**FEASIBILITY STUDY**

**FOR**

**DODOMA PROCESSING COMPANY  
LIMITED**

**PREPARED BY:  
TRANSNATIONAL CONSULT (T) LTD**

**TRANSNATIONAL CONSULT (T) LTD**

**LIDA BUILDING  
NKRUMAH STREET  
P. O. Box 72447  
DAR ES SALAAM**

**INTEGRATED EDIBLE OIL SOAP  
PROCESSING UNDERTAKING**

**FEASIBILITY STUDY**

**FOR**

**DODOMA PROCESSING COMPANY  
LIMITED**

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**OCTOBER, 2008**

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## **1.0 INTRODUCTION**

### **1.1 BACKGROUND**

This study covers out of the establishment / operation of an integrated vegetable oil / soaps processing plant to be based in a suitable Plot No: 837 Makole Area within Dodoma Municipality.

The plant is intended to process oil seeds so as to produce edible vegetable oils for both local and export markets. However the emphasis will be on the latter markets.

Along with the processing of oil there will also be an in built set up to process soaps, since the key by product in the processing of oil: liquor and the oils are the potential raw materials for soap processing.

As mentioned above the products from this plant are intended to be disposed off in the local market to the tune of 70% and balance to the local / neighboring countries.

### **1.2 PROJECT UNDERTAKERS.**

The project sponsors are Dodoma Processing Company Ltd (DPC) whose Shareholder Directors have vast experience in initiating multitude of projects / investments, the one in question inclusive.

### **1.3 LAYOUT OF THE STUDY**

This report presents the Tech-economic and financial analysis on the setting up / operation of an integrated vegetable oil / soaps processing undertaking to be based in plot No. 837 Makole Area, within Dodoma Municipality.

The report is organized in 9 chapters. An introduction is as dealt with in this chapter 1, followed by the summary / recommendation in chapter 2. Markets, marketing and plant capacity aspects are dealt with in chapter 3. There after follows the Civil works and building in chapter 4. Whereas aspects on the manpower requirements and organisation are outlined in chapter 5. Then follows the coverage of the implementation schedule in chapter 6.

The envisaged investment and financing arrangements are as presented in chapter 7. Chapter 8 deliberates on the costs of operation. The report ends up with the coverages of financial / economic analysis in chapter 9.

## **2.0 SUMMARY AND RECOMMENDATIONS**

### **2.1 INTRODUCTION**

The report accounts for the financial and techno-economic analysis on the setting up / operation of an integrated vegetable oil / soaps processing project to be based in a suitable Plot No: 837 within Dodoma Municipality.

### **2.2 MARKET**

There is a substantial demand supply gap both in the local and in the neighboring countries. In the context of the latter market there is a substantial market potential. What will be required by this project executors is to carry out proper identification / firming up business understanding with appropriate clientele.

### **2.3 PROJECT OBJECTIVE**

As noted in chapter one the objective of this project is carry out the processing of the various types of oil seeds in to edible vegetable oils both the local and export markets. The envisaged assembling capacity of the project in terms of oil production will be to the tune of 10,000 – 20,000 tonnes per annum.

Also to into economic use of the key by product: liquor that are produced in course of oil processing, provisions for the processing of soaps shall be made.

### **2.4 LOCATION AND SITE**

As noted above the project will be established in an appropriate location as indicated above within Dodoma Municipality. The location is accessible and fully provided with the necessary utilities: water and electricity.

### **2.5 PLANT LAYOUT**

The layout proposed is the one deemed appropriate for the functional areas of the plant.

However, among the key functional areas of the factory building will include the following:

- Storage space for processing inputs

- Office space
- Processing hall
- Storage of processed products
- Social amenities space
- Ordinary stores
- Sales shop

## 2.6 MANPOWER

The initial manpower is estimated at 60 people. This again has been derived taking into account the types of activities that are intended to be undertaken.

## 2.7 IMPLEMENTATION SCHEDULE

It is estimated that the implementation period will take about 36 months to completion once the decision for implementation has been reached.

## 2.8 INVESTMENT STRUCTURE

The total initial investment in fixed assets and working capital is estimated at US\$ 2,308,583. The breakdown of which is as follows:-

**TABLE 2.1 INVESTMENT STRUCTURE**

ITEM	US \$
<b>Fixed Assets</b>	
Land and buildings	200,000
Machinery and Equipment	950,000
Furniture and Fittings	180,000
Vehicles	900,000
Pre-Operational expenses	25,000
<b>Sub total</b>	<b>2,255,000</b>
Initial working capital	53,583
<b>GRAND TOTAL</b>	<b>2,308,583</b>

## 2.9 FINANCING PATTERN

The total initial investment of US\$. 2,308,583 shall be financed as follows:

**TABLE 2.2: FINANCING PATTERN BREAKDOWN**

<b>SOURCE</b>	<b>US\$</b>
<b>Fixed Assets</b>	
Equity (40%)	902,000
Long term loan (60%)	1,353,000
<b>Sub total</b>	<b>2,255,000</b>
<b>Working Capital</b>	
Bank Overdraft (75%)	40,188
Equity (25%)	13,396
<b>Sub total</b>	<b>53,583</b>
<b>GRAND TOTAL</b>	<b>2,308,583</b>

**2.10 OPERATIONAL COSTS**

The structure of operating costs at full capacity is as given below.

**TABLE 2.3: OPERATIONAL COSTS BREAKDOWN**

<b>ITEM</b>	<b>USD</b>
Raw materials	420,250
Salaries & wages	110,316
Vehicle running expenses	52,500
Insurance: Personnel	4,000
Insurance: buildings	2,000
Insurance: machinery / equipments	8,000
Packaging materials	105,063
Water	2,000
Electricity	36,000
Maintenance Furniture & fittings	960
Maintenance: Machinery/ equipment	7,000
Maintenance Buildings	5,000
Marketing / Advertisement	15,000
Administrative overheads	50,000

**2.11 FINANCIAL INDICATORS**

The financial indicators show that the project is viable as hereafter confirmed here below;

### **2.11.1 Break-even Analysis 3<sup>rd</sup> year**

The break – even analysis on the 3<sup>rd</sup> year of operation shows breakeven sales at US\$ 1,087,268 and break even capacity of 36%.

### **2.11.2 Internal Rate of Return (IRR) After Tax**

The project's internal rate of return after tax is 24% well above the lending rates of 10% and 14% for long term loan and bank overdraft respectively used for the study.

### **2.11.3 Payback period**

This gives an estimated period from start of operation to the time when initial fixed investment is recovered through profits after tax and depreciation charges. The payback period for this undertaking estimated at around 4 years 9 months.

## **2.12 ECONOMIC ADVANTAGES**

On the basis of the above account the analysis has overwhelmingly proved that the project is financial sound and techno-economically viable.

Furthermore the project has the potential towards the earning of the badly needed forex earnings. It is hereby recommended that the project be implemented. The envisaged undertaking will be viable and profitable if it is implemented early.

However, there will be several social economic benefits that will apprehend in the course of operating this undertaking. These will include the following:-

- Expanded employment creation
- Expanded tax base
- Expanded capacity to earn foreign exchange

## **2.13 CONCLUSION**

The project, as shown in this study is a valuable undertaking to both investors and the country of Tanzania at large. Apart from rigid assumptions and pessimistic revenue projections contained in this study, the

project has shown that it is capable of creating employment, generating foreign exchange, expanding the local and central government's tax base.

The project has a potential of bringing about a multiplication effect in economic terms / contributing positively to the volume and earnings from agro-based products.

This project is in line with the Government objective of encouraging the development in Agro-processing sector.

In addition, it will have a positive impact on the development of the region, as it would generate a number of benefits and more positive impact on the economy of the region. This undertaking will bring about the generation a number of benefits and reliable incomes for the employees of the project and providers of the services and goods demanded by the project's workforce / their families.

This document has provided a full analysis on the financial, techno-economic viability on the integrated vegetable oil / soaps processing project to be situated in a suitable industrial plot within. Dodoma Municipality, along with the financing requirements / parameters have been considered and have established that the proposed project is technically sound, financially viable, and economically / socially beneficial.

In order to ensure prompt implementation of the project and achieving the anticipated impact a number of factors have to be taken into account this will include the level of the proposed investment in this project, manpower needs, machinery / equipment, anticipated significant roles in the above mentioned sector and in the overall status of the national economy, and the proposed project area.

In the context of the immense useful potential of this project, the management of M/S DPC Ltd anticipates that all interested parties in the region / and the Government of Tanzania will give their full support so as to ensure timely implementation of the project and apprehension of successful operation.

The project also stands to benefit the people of Dodoma region and the country at large.

### **3.0 MARKETS, MARKETING AND PLANT CAPACITY**

#### **3.1 GENERAL**

As per the market survey carried out through questionnaires sent to, 8 importers, 15 wholesalers and 10 retailers, situated in Dar es Salaam, Region, it has been proved that there is a substantial demand – supply gap for such products in the country.

As already noted in section 1.1 the present sources of such products in Tanzania are through both imports and local production. In spite of having these sources, there appears to be a substantial demand – supply gap for such products in this country.

These supplies are so easily marketed that there is hardly any form of outstanding efforts of advertisements being carried out for these products as compared with other categories of products that do prevail in the country. This implies that the proposed products as spelt out in this project, will only meet a portion of the annual demand.

#### **3.2 EDIBLE VEGETABLE OILS/SOAPS AS PRODUCTS.**

As it is the case in the all categories of edible oils the obvious use of vegetable oils are in preparations of foods that are many and varied. There is hardly any food product in which edible oil is not used. The food products range from animal based such as meat to cereals such as rice.

Whereas soaps find their use in hygiene operations which basically constitute cleaning undertakings at varied levels and in different contexts. For direct human use soaps as products can either be used as laundry or as toilet whose demand is always on the increase.

The envisaged products of the project will be of a very high quality and will be marketed at extremely competitive price rates that are acceptable.

#### **3.3 CURRENT MARKET STATUS**

##### **3.3.1 Market Target**

These products are usually used by firms / individuals for the above mentioned functional roles. Hence the project will cater for the entire local market and export market.

### **3.3.2 Supply**

At present such products are supplied into Tanzania through local production and imports.

The total imports of edible oils range the region of 15,000-20,000 tonnes per annum. The effective operation output is by no means in excess of the demand level.

The market of Tanzania is dominated largely by imported. Unfortunately, imported products if observed in context of internationally acceptable quality level, appear of being questionable statuses.

In the context of the above, there appears to be an immense potential for successful marketing the products of this project in the country.

### **3.3.3 Market Potential**

Based on the demand and supply situation prevailing in the country as narrated above, it can be concluded that there is a huge ready market for such products in Tanzania. Hence, the project sponsors need to worry only on how to tap this potential.

The entire anticipated output can be disposed in the local market. The annual demand of edible oils on this assumption works out to be 45,000 tones. Hence the demand for these products are quite substantial.

### **3.3.4 Price**

The current retail price of a edible oil ranges from Tshs. 100 – 50,000 per unit. In order to penetrate the market it is proposed that the company should charge at competitive price ranges.

## **3.4 DISTRIBUTION SYSTEM**

The products will be distributed locally directly to sub-wholesalers and retailers using company motor vehicles. The latter will sell to other retailers and final customers respectively.

## **3.5 ADVERTISEMENTS**

On the basis of the market survey it has been found that none of existing suppliers carries out promotional efforts. This is an indication of the

existence of un-satisfied demand. Nevertheless, in order to penetrate the market quickly and accrue position, the project will carry out project advertisement efforts promote.

### 3.6 UNIT CAPACITY

The proposed plant will have a capacity to process **10,000 - 30,000** tonnes of such products per annum. It is envisaged that the attainable processing capacities will range of 60%, 70% and 80% for years 1,2,3 – respectively.

## **4.0 CIVIL WORKS AND BUILDING**

### **4.1 GENERAL**

The proposed facility shall be located in a suitable industrial Plot No: 837 Makole Area within Dodoma Municipality.

### **4.2 ACCESSIBILITY OF THE SITE**

The envisaged project site is accessible. It has full provision of all the basic necessities: Electricity and water.

### **4.3 DESIGN CONCEPT**

The Proposed factory complex will be built of concrete blocks and properly designed with ample space to cover all the functional spaces such as: Processing hall, offices, raw materials storage, product storage and other social amenities space requirement. It is envisaged that on final completion the factory will have a total built up area of 1000 M<sup>2</sup>.

### **4.4 DESCRIPTION OF THE WORKS**

Construction works for the proposed buildings will entail the underlined main task activities.

#### **4.4.1 Site Investigation works**

- Topographical survey
- Geo-technical investigations
- Hydro-geological survey

#### **4.4.2 Preparatory Works**

- Demolition works
- Mobilization works – involve procurement of equipment and machinery and manpower.

## **4.5 MAIN CONSTRUCTION WORKS**

### **4.5.1 Substructures Works**

- Cleaning
- Setting out of works

- Foundation works

#### **4.5.2 Super Structures**

These elements comprise construction of load bearing framework of concrete which includes columns and beams attached and roof structures.

#### **4.5.3 Finishing Works**

This task comprises fixing of windows, doors, electrical and plumbing fixtures, iron monger, glazing and ceiling.

#### **4.5.4 Site Works**

This activity comprises drainage works, pavement works and land scraping.

#### **4.5.5 Installation Works**

These comprise electrical installation, drilling of bore hole, piping, connection, installation of standby generator etc.

### **4.6 SITE INVESTIGATION WORKS AND COSTS**

#### **4.6.1 Topographic Survey and Drawing**

Topographic survey and drawing are vital for site works. Through topographical drawings of the area one can determine the relocation of the existing services and location of the new ones.

TRANACO's survey revealed that similar topographical surveys were conducted by CEMCO Ltd. Consulting land and Engineering Surveyor's for M/S MD Consultants at PPF Tower Construction site for about T.Shs. 3.5 million.

#### **4.6.2 Geo-technical and Sub-soil investigations**

In accordance with TRANACO's survey, the following firms are experienced and active in this field:

- Ministry of Water – Maji Ubungo
- Ministry of Works – Central Materials Laboratory, Dar es Salaam
- Ministry of Industrial Cooperation – University of Dar es Salaam

The price lists given by Maji and BICCO are very similar ranging between T.Shs. 6.5m and 7.5m for 5 bore holes.

#### 4.6.3 Geophysical / Hydro-Geological Survey

Survey to locate best yielding point for drilling a bore hole and depth of the hole to be drilled is vital before construction commences.

According to the quotation obtained from Maji Ubungu, the cost for this survey is estimated at T.Shs. 3.5 million.

#### 4.6.4 Mobilization Works

Mobilization works will include establishment of contractors camp and facilities, procurement of equipment, materials and manpower. The cost estimates of the preparation works, the project sponsors might need only to make provision not exceeding T.Shs. 5.0 million to cater for procuring necessary permits and licenses.

### 4.7 CONSTRUCTION COST ESTIMATES FOR THE BUILDING

#### 4.7.1 Building Construction Rates

In order to effectively estimate the costs involved, the method of estimation basing on G.E.A. (General External Area) has been adopted. The consultants have surveyed prevailing rates of construction cost per unit area in Dar es Salaam.

Table 4.1 shows rates of construction obtained from contractors who are registered in class I thus capable of undertaking the type of construction required.

**TABLE 4.1 : BUILDING CONSTRUCTION RATES IN DAR ES SALAAM**

S/NO	CONTRACTOR	BUILDING RATE T.SHS. / M <sup>2</sup>
1	National Housing Corporation	330,000
2	Konoike Construction Co. Ltd	440,000
3	Builders V.M. Chavda	450,000
4	Codes Construction Co. Ltd	350,000
5	Ghana Construction Co. Ltd	400,000
6	D.B. Shapriya	340,000

7	Masasi Construction Co. Ltd	350,000
8	Italframe	410,000
9	G.A.KL. Patel	380,000
10	Mvji Construction Co. Ltd	380,000
11	MECCO	350,000
12	NOREMCO	500,000
13	C.G. Jensen	550,000

The construction rates given above have been obtained through interviews with the companies concerned and consultation with some reputable quantity surveying companies in the country.

For the purpose of the proposed of the proposed project which are to meet all international construction requirements, the rate of T.Shs. 370,500 / M<sup>2</sup> has been adopted

#### 4.8 ENVIRONMENTAL CONSIDERATION

The design of the project building will have to take full account of maximum consideration of environmental impact assessment. The building will have to be designed so as to receive maximum natural ventilation and light. Mechanical ventilation should be an alternative only in the absence of natural one.

#### 4.9 AUXILIARY SERVICES REQUIREMENT

##### 4.9.1 Power Supply System

- **Main Power Supply**

Is be fully provided through connection with the national grid that operates in the Municipality.

- **Emergency Power Supply**

A standby generator shall have to be provided to supply all the essential loads in the event of TANESCO power failure.

- **Small Power Installation**

State of the art accessories will be specified to supply power to various appliances.

- **Power Distribution**

Power distribution through the plant compound will be via underground cables installed with TANESCO requirements.

- **Fire Protection**

It is proposed to provide fire detection and fire fighting systems. Fire detection system with consist of automatic and manual detection devices, alarm and communication system whereas fire fighting system will feature portable extinguishers, hose reels, wet and dry rises and automatic sprinkler system.

- **Security**

Proper security measures will have to be taken to ensure that the building and machinery equipment maintained in safe custody.

#### **4.9.2 Access Entrance**

Wide inlet / entrance will be provided so as to facilitate smooth passage of the workers, law material and products.

#### **4.9.3 Water Supply**

- **Source of Water**

The source of water will be the existing supply of the Dodoma urban portable system.

Design of water supply piping set up shall be based on the Ministry of Water and Livestock Design Manual. Material specifications for pipes and fittings will be according to the relevant British standards.

Provision for both ground and overhead storage tanks will be of priority so as to boost the water pressure and for availability whenever the pipes

go dry. The tanks capacity will depend on the use needs which will be determined by the design concept and scheme.

#### 4.9.4 Storm Water Drainage and Sewerage System

- **Storm Water Drainage**

Road storm water drainage will be dealt separately during design of the parking whereby all the drainage structures will be considered.

Storm water-run-off will be collected from the building by means of spouts and full boras through down pipes and will be discharged into the open channel and deposited into the road side drains.

Also some method / channels will be used to dispose storm water run-off from car park and other facilities to the road side drains.

- **Sewerage System**

Waste and foul water will be collected from building by means of UPVCP pipes of different sizes e.g. 75 mm and 150mm to the to the municipal sewer lines.

## 5.0 MANPOWER REQUIRMENTS AND ORGANISATION

### 5.1 MANAGEMENT

The success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country. There will be a need of recruiting expatriates in some key positions.

It is envisaged that the proposed manpower level would give an effective means towards the control of the activities.

The overall in charge, responsible for the day to day operations will be the Project Manager who will in turn be answerable to the Board of Directors.

### 5.2 ORGANIZATION SET UP

Initially the operations will broadly be divided into the following: -

- Administration Department
- Production Department
- Marketing and Sales Department
- Finance Department

### 5.3 MANPOWER REQUIREMENTS

#### 5.3.1 Total Manpower Requirements

Based on the envisaged activities the project will initially employ a total of 60 persons. However it is anticipated that by the time the project attains maturity the envisaged employees will be in the region of 100 people.

The breakdown of the initial work force in terms of its categories is as after presented in Table 5.1.

**TABLE 5.1 PERSONNEL REQUIREMENTS**

S/N	CATEGORY	STRENGTH
<b>1.</b>	<b>PROJECT MANAGERS OFFICE</b>	
1.1	Project Manager	1
1.2	Personal Secretary	1
	<b>Sub Total (i)</b>	<b>2</b>
<b>2.</b>	<b>PRODUCTION DEPARTMENT</b>	
2.1	Manager	1

2.2	Production Officer	1
2.3	Production supervisor	3
2.4	Mechanic / Electrician	2
2.5	Plant Operator	18
2.6	Drivers	1
2.7	Security guards	2
2.8	Material assistants	5
2.9	General hand	2
	<b>Sub total (ii)</b>	<b>35</b>
<b>3.</b>	<b>FINANCE DEPARTMENT</b>	
3.1	Manager	1
3.2	Chief Accountant	1
3.3	Account Assistants	2
3.4	Cashier	1
3.5	Secretary	1
3.6	Driver	1
	<b>Sub total (iii)</b>	<b>7</b>
<b>4.</b>	<b>MARKETING AND SALES DEPARTMENT</b>	
4.1	Manager	1
4.2	Marketing Officer	1
4.3	Marketing / Sales Assistants	2
4.4	Sales Clerks	2
4.5	Sales drivers	2
	<b>Sub total (iv)</b>	<b>8</b>
<b>5.</b>	<b>ADMINISTRATION DEPARTMENT</b>	
5.1	Manager	1
5.2	Administration Assistants	2
5.3	Personnel officer	1
5.4	Secretary / Telephone operator	2
5.5	Messenger	1
5.6	Driver	1
	<b>Sub Total (v)</b>	<b>8</b>
	<b>TOTAL</b>	<b>60</b>

### 5.3.2 Salaries and Wages

Total wage bill for the proposed project has been computed at US\$ 110,316. An allowance of 15% has been given for social benefits.

## **5.4 RECRUITMENT AND TRAINING**

### **5.4.1 Recruitment**

All new staff would be recruited at least one month before the project operations are commenced.

### **5.4.2 Training**

The Management of the project would strive to employ competent and qualified personnel in the edible oil business. To reduce cost few senior staff will be trained at the selected locally available institutions.

All other supporting staff will be trained on the job. However, it is expected that most of them will have some basic knowledge and experience in edible oil business.

## **6.0 IMPLEMENTATION SCHEDULE**

### **6.1 GENERAL**

Both local and external factors have been taken into account when drawing out the proposed schedule of implementation. Factors such as finalization of civil works, acquisition of machinery and equipment, recruitment of qualified personnel and other factors have been looked into.

### **6.2 PRELIMINARY FORMALITIES**

On the finalization of the study a duration of about 2 weeks will be needed for the execution of the preliminary formalities of the project.

### **6.3 PROJECT STAGE**

#### **6.3.1 Construction of the building**

This undertaking will require a period of 12 months to completion.

#### **6.3.2 Ordering of Machinery / Equipment / Vehicles / Furniture**

Timely ordering will have to be executed to match the rate of development of the plant. Time needed will run into few days.

#### **6.3.3 Installation of Machinery / Equipment / Furniture**

Once the building is constructed and then will follow the installation of machinery /equipment/furniture and fittings upon arrival at the project site.

#### **6.3.4 Commercial Operation**

On completion of the buildings, fitting of machinery / furniture / fittings will be carried out. Thereafter followed by trial runs and commercial operation of the project in the context of the anticipated status.

## 7.0 INVESTMENT AND FINANCING

### 7.1 ASSUMPTIONS

- The project construction time is assumed to be three years.
- The economic life of the project is 10 years.
- The currency exchange rate of T.Shs. 1,200/= to one US\$ has been adopted.
- Re-investment in vehicles shall be done after every four years.
- Interest on OD is 14% whereas on the long term loan is 10%.

### 7.2 INVESTMENT STRUCTURE

The total initial investment in fixed assets is estimated at US\$ 2,308,583 whose breakdown is as follows (also see **Appendix 7:A**)

**TABLE 7.1: INVESTMENT STRUCTURE**

ITEM	US \$
<b>Fixed Assets</b>	
Land and buildings	200,000
Machinery and Equipment	950,000
Furniture and Fittings	180,000
Vehicles	900,000
Pre-Operational expenses	25,000
<b>Sub total</b>	<b>2,255,000</b>
Initial working capital	53,583
<b>GRAND TOTAL</b>	<b>2,308,583</b>

#### 7.2.1 Land and buildings

The proposed civil works are estimated at a cost of US\$. 200,000.

#### 7.2.2 Machinery and Equipment

The initial machinery / equipment needs for the undertaking are estimated at cost of US\$ 950,000

#### 7.2.3 Vehicles

These are estimated at US\$. 900,000

#### 7.2.4 Furniture & Fittings

These are estimated at US\$. 180,000.

#### 7.2.5 Pre-operational expenses

These are estimated at US\$ 25,000

#### 7.2.6 The initial Working Capital

The initial working capital is computed at US\$.53, 583. A further presentation of the same is as indicated in **Appendix 7:A**. Whereas the Net Working Capital in subsequent years is as presented in **Appendix 7:B**

#### 7.3 RE – INVESTMENT

There shall be need for re-investment in vehicles after every four years, i.e. in year 4 and year 8.

#### 7.4 FINANCING PATTERN

The initial total investment of US\$ 2,308,583 shall be financed as here after presented in Table 7:2 and further outlined in **Appendix 7:A**

**TABLE 7.2: FINANCING PATTERN BREAK DOWN**

SOURCE	US\$
<b>Fixed Assets</b>	
Equity (40%)	902,000
Long term loan (60%)	1,353,000
<b>Sub total</b>	<b>2,255,000</b>
<b>Working Capital</b>	
Bank Overdraft (75%)	40,188
Equity (25%)	13,396
<b>Sub total</b>	<b>53,583</b>
<b>GRAND TOTAL</b>	<b>2,308,583</b>

As indicated above the financing of the fixed assets will be financed through long term loan and equity at 60% and 40% respectively. Whereas the working capital will be financed through equity and bank overdraft at 25% and 75% respectively.

#### 7.5 BANK OVERDRAFT

As noted above a short term of financing of US\$ 40,188 shall be sought to cover 75% of the initial working capital requirement. An interest rate of 14% has been assumed.

## 7.6 OWNER'S EQUITY

The owners shall finance 25% of working capital and 40% of the fixed assets costs

## 8.0 OPERATING COSTS

### 8.1 ASSUMPTIONS

The prices of inputs are assumed to remain constant over the ten years period because under rising inflation the prices and services will rise including those of outputs hence leaving the profit margin unchanged.

### 8.2 OPERATIONAL COST STRUCTURE

The main items which will constitute the operating costs are as hereafter outlined, in Table 8.1 when unit will be in full operation.

**TABLE 8.1: OPERATING COSTS BREAKDOWN**

ITEM	USD
Raw materials	420,250
Salaries & wages	110,316
Vehicle running expenses	52,500
Insurance: personnel	4,000
Insurance: buildings	2,000
Insurance: machinery / equipments	8,000
Packaging materials	105,063
Water	2,000
Electricity	36,000
Maintenance Furniture & fittings	960
Maintenance: Machinery/ equipment	7,000
Maintenance Buildings	5,000
Marketing / advertisement	15,000
Administrative overheads	50,000

### 8.3 BREAKDOWN ON THE OPERATING EXPENSES

The main cost items will include raw materials, salaries and wages, vehicle running expenses, electricity, water, insurance, maintenance: civil works / machinery and equipment / furniture and fittings, advertising / marketing and administrative overheads.

The details of all projected operating expenses are shown in **Appendix 8:A** however a brief mention of each is as hereafter presented.

### **8.3.1 Raw materials**

The annual requirements are estimated at US\$ 420,250.

### **8.3.2 Salaries and Wages**

These will average at US\$. 110,316 per annum for the envisaged manpower to operate the plant.

### **8.3.3 Insurance: Buildings**

The annual requirement is estimated at US\$ 5,000

### **8.3.4 Insurance: Machinery / Equipments**

Annually this will cost at US\$ 8,000.

### **8.3.5 Insurance : Personnel**

This is estimated at US\$ 4,000 per annum.

### **8.3.6 Vehicle Running Expenses**

This will average at US\$. 52,500 per annum.

### **8.3.7 Electricity**

The total cost per year will average at US\$. 36,000.

### **8.3.8 Water**

This is estimated at US\$. 2000 per annum.

### **8.3.9 Maintenance: Civil works**

These have been computed at US\$ 5,000 per annum.

### **8.3.10 Maintenance: Machinery / equipment**

Annually this will cost US\$ 7,000.

### 8.3.11 Maintenance: Furniture and fittings

The annual amount will be US\$ 960.

### 8.3.12 Marketing / Advertising

This is estimated at US\$ 15,000 per annum

### 8.3.13 Administration Overheads

The administrative expenses are estimated at US\$ 50,000 per annum. These will include items such as stationary, telephone, fax, uniforms and other adhoc services.

### 8.3.14 Depreciation

Depreciation rates have been calculated as follows:

Land, Building and civil works	4% Straight Line
Vehicle	25% Straight Line
Pre-operational Expenses	20% Straight Line
Equipment	12.5% Diminishing Value

Total depreciation charges in year one is US\$ 104,250 decreasing steadily to US\$ 24,160 in year 10 as illustrated in **Appendix 8:B**.

### 8.3.12 Tax

Corporation tax is charged at 30% on profits before tax. Tax in year 1 is estimated at US\$ 19,909 in year 1 rising to US\$ 72,606 in year 10.

Details of financial costs and corporation tax are shown in **Appendix 8:C**.

<b>INITIAL INVESTMENT COSTS</b>		<b>USD</b>
<b>SN.</b>	<b>Item Description</b>	<b>Initial Investment</b>
A	Civil Works	200,000
B	Machinery and Equipment	950,000
C	Furniture and fittings	180,000
D	Vehicles	900,000
E	Pre-operational expenses	25,000
	<b>Total Fixed Costs</b>	<b>2,255,000</b>
	Initial Working Capital	53,583
	<b>TOTAL INVESTMENT</b>	<b>2,308,583</b>
<b>FINANCING STRUCTURE</b>		
<b>Fixed Costs</b>		
	Equity (40%)	902,000
	Long-term Loan (60%)	1,353,000
	<b>Subtotal</b>	<b>2,255,000</b>
<b>Initial Working Capital</b>		
	Bank Overdraft (75%)	40,188
	Equity (25%)	13,396
	<b>Subtotal</b>	<b>53,583</b>
	<b>TOTAL FINANCING</b>	<b>2,308,583</b>

		WORKING CAPITAL REQUIREMENTS									
		1	2	3	4	5	6	7	8	9	10
ITEM DESCRIPTION/YEAR		USD									
Raw Materials	1 month	33,333	34,167	35,021	35,021	35,021	35,021	35,021	35,021	35,021	35,021
Packaging materials	1 month	8,333	8,542	8,755	8,755	8,755	8,755	8,755	8,755	8,755	8,755
Electricity	1 month	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Water	1 month	167	167	167	167	167	167	167	167	167	167
Cash in hand	1 month salaries	8,750	8,969	9,193	9,193	9,193	9,193	9,193	9,193	9,193	9,193
Total		53,583	54,844	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136
Net working capital		53,583	54,844	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136
Change in working capital		-	1,260	1,292	-	-	-	-	-	-	-

	OPERATING COSTS									
YEAR	1	2	3	4	5	6	7	8	9	10
	USD									
Raw Materials	400,000	410,000	420,250	420,250	420,250	420,250	420,250	420,250	420,250	420,250
Packaging materials	100,000	102,500	105,063	105,063	105,063	105,063	105,063	105,063	105,063	105,063
Salaries and wages	105,000	107,625	110,316	110,316	110,316	110,316	110,316	110,316	110,316	110,316
Vehicle running expenses	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Electricity	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Water	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Insurance: buildings	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance: personnel	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Insurance: machinery/equipment	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Repairs furniture/fittings	960	960	960	960	960	960	960	960	960	960
Maintenance - civil works	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Maintenance machinery/equipment	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Marketing/adverts	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Administrative overheads	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
TOTAL	790,460	805,585	821,088	821,088	821,088	821,088	821,088	821,088	821,088	821,088

DEPRECIATION SCHEDULE														USD
Item Description	Value	Rate %	1	2	3	4	5	6	7	8	9	10	Total	Residual Value
Civil Works	200,000	4.0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	80,000	120,000
Machinery and Equipment	950,000	12.5	118,750	103,906	90,918	79,553	69,609	60,908	53,294	46,633	40,804	35,703	700,078	249,922
Furniture and fittings	180,000	12.5	22,500	19,688	17,227	15,073	13,189	11,540	10,098	8,836	7,731	6,765	132,646	47,354
Vehicles	900,000	25.0	225,000	225,000	225,000	225,000	-	-	-	-	-	-	900,000	-
Pre-operational expenses	25,000	20.0	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	25,000	-
<b>Total</b>	<b>2,255,000</b>		<b>379,250</b>	<b>361,594</b>	<b>346,145</b>	<b>332,626</b>	<b>95,798</b>	<b>80,448</b>	<b>71,392</b>	<b>63,468</b>	<b>56,535</b>	<b>50,468</b>	<b>1,837,725</b>	<b>417,275</b>

PROJECTED INCOME AND EXPENDITURE STATEMENT										
										USD
YEAR	1	2	3	4	5	6	7	8	9	10
Income	1,015,000	1,055,600	1,087,268	1,087,268	1,087,268	1,087,268	1,087,268	1,087,268	1,087,268	1,087,268
Less Operating costs	790,460	805,585	821,088	821,088	821,088	821,088	821,088	821,088	821,088	821,088
Profit before interest and depreciation	224,540	250,015	266,180	266,180	266,180	266,180	266,180	266,180	266,180	266,180
Depreciation	104,250	97,531	91,652	86,508	44,507	35,569	32,123	29,107	26,469	24,160
Interest on long-term loan (10%)	48,300	38,640	28,980	19,320	9,660	-	-	-	-	-
Interest on bank overdraft (14%)	5,626	-	-	-	-	-	-	-	-	-
Subtotal	158,176	136,171	120,632	105,828	54,167	35,569	32,123	29,107	26,469	24,160
Profit before tax	66,364	113,844	145,548	160,352	212,013	230,611	234,057	237,072	239,711	242,020
Tax (30%)	19,909	34,153	43,664	48,105	63,604	69,183	70,217	71,122	71,913	72,606
Profit after tax	46,455	79,691	101,883	112,246	148,409	161,428	163,840	165,951	167,798	169,414
Accumulated Profit	46,455	126,145	228,029	340,275	488,683	650,111	813,951	979,902	1,147,700	1,317,113

CASH FLOW PROJECTIONS											USD
ITEM DESCRIPTION/YEAR	0	1	2	3	4	5	6	7	8	9	10
<b>Sources</b>											
Profit before interest and depreciation	-	224,540	250,015	266,180	266,180	266,180	266,180	266,180	266,180	266,180	266,180
Long-term Loan	483,000	-	-	-	-	-	-	-	-	-	-
Bank overdraft	40,188	-	-	-	-	-	-	-	-	-	-
Equity	335,396	-	-	-	-	-	-	-	-	-	-
<b>Total sources</b>	<b>858,583</b>	<b>224,540</b>	<b>250,015</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>
<b>Applications</b>											
Capital expenditure	805,000	-	-	-	-	-	-	-	-	-	-
Working capital	53,583	1,260	1,292	-	-	-	-	-	-	-	-
Cash	-	12,657	79,330	96,936	102,154	96,316	196,997	195,963	195,058	194,267	193,574
Tax	-	19,909	34,153	43,664	48,105	63,604	69,183	70,217	71,122	71,913	72,606
<b>Sub-total</b>	<b>858,583</b>	<b>33,826</b>	<b>114,775</b>	<b>140,600</b>	<b>150,260</b>	<b>159,920</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>
<b>Debt service</b>											
Principal	-	136,788	96,600	96,600	96,600	96,600	-	-	-	-	-
Interest	-	53,926	38,640	28,980	19,320	9,660	-	-	-	-	-
<b>Total debt service</b>	<b>-</b>	<b>190,714</b>	<b>135,240</b>	<b>125,580</b>	<b>115,920</b>	<b>106,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total applications</b>	<b>858,583</b>	<b>224,540</b>	<b>250,015</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>	<b>266,180</b>
Accumulated cash	-	12,657	91,987	188,922	291,077	387,393	584,389	780,352	975,410	1,169,677	1,363,251
Necessary working capital	53,583	54,844	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136

REPAYMENT OF LOANS AND BANK OVERDRAFT							
							USD
Year	Loan			Bank overdraft			Total Bank credit
	Inward Balance	Interest (10%)	Adds/reds	Inward Balance	Interest (14%)	Adds/reds	
0	-	-	483,000	-	-	40,188	
1	483,000	48,300	96,600	40,188	5,626	40,188	190,714
2	386,400	38,640	96,600	-	-	-	135,240
3	289,800	28,980	96,600	-	-	-	125,580
4	193,200	19,320	96,600	-	-	-	115,920
5	96,600	9,660	96,600	-	-	-	106,260
6	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-

PROJECTED BALANCE SHEET											
											USD
YEAR	0	1	2	3	4	5	6	7	8	9	10
ITEM DESCRIPTION											
<b>Fixed Assets</b>											
Opening balance	-	2,255,000	1,875,750	1,514,156	1,168,012	835,385	739,587	659,139	587,746	524,278	467,743
Additions	2,255,000	-	-	-	-	-	-	-	-	-	-
	2,255,000	2,255,000	1,875,750	1,514,156	1,168,012	835,385	739,587	659,139	587,746	524,278	467,743
Less depreciation	-	379,250	361,594	346,145	332,626	95,798	80,448	71,392	63,468	56,535	50,468
Closing balance	2,255,000	1,875,750	1,514,156	1,168,012	835,385	739,587	659,139	587,746	524,278	467,743	417,275
Working capital	53,583	54,844	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136	56,136
Accumulated cash	-	- 332,733	- 589,895	- 820,141	- 1,035,501	- 1,302,968	- 1,285,498	- 1,270,744	- 1,258,368	- 1,248,071	- 1,239,595
<b>Total assets</b>	<b>2,308,583</b>	<b>1,597,860</b>	<b>980,397</b>	<b>404,006</b>	<b>- 143,981</b>	<b>- 507,245</b>	<b>- 570,223</b>	<b>- 626,862</b>	<b>- 677,954</b>	<b>- 724,192</b>	<b>- 766,184</b>
<b>Financed by</b>											
Equity	915,396	915,396	915,396	915,396	915,396	915,396	915,396	915,396	915,396	915,396	915,396
Accumulated profit	-	- 399,935	- 746,799	- 1,052,590	- 1,329,976	- 1,422,641	- 1,485,619	- 1,542,258	- 1,593,350	- 1,639,588	- 1,681,580
<b>Total equity</b>	<b>915,396</b>	<b>515,460</b>	<b>168,597</b>	<b>- 137,194</b>	<b>- 414,581</b>	<b>- 507,245</b>	<b>- 570,223</b>	<b>- 626,862</b>	<b>- 677,954</b>	<b>- 724,192</b>	<b>- 766,184</b>
Long-term Loan	1,353,000	1,082,400	811,800	541,200	270,600	-	-	-	-	-	-
Bank overdraft	40,188	-	-	-	-	-	-	-	-	-	-
<b>Total debts</b>	<b>1,393,188</b>	<b>1,082,400</b>	<b>811,800</b>	<b>541,200</b>	<b>270,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and debts</b>	<b>2,308,583</b>	<b>1,597,860</b>	<b>980,397</b>	<b>404,006</b>	<b>- 143,981</b>	<b>- 507,245</b>	<b>- 570,223</b>	<b>- 626,862</b>	<b>- 677,954</b>	<b>- 724,192</b>	<b>- 766,184</b>

INTERNAL RATE OF RETURN (IRR) AFTER TAX					
					USD
Year	Investment	Working Capital	Profit before depreciation and interest	Tax	Cashflow
0	805,000	-	-	-	805,000
1	-	1,260	224,540	19,909	203,370
2	-	1,292	250,015	34,153	214,570
3	-	-	266,180	43,664	222,516
4	-	-	266,180	48,105	218,074
5	-	-	266,180	63,604	202,576
6	-	-	266,180	69,183	196,997
7	-	-	266,180	70,217	195,963
8	-	-	266,180	71,122	195,058
9	-	-	266,180	71,913	194,267
10*	233,122	2,552	266,180	72,606	429,249
Internal Rate of Return (IRR) after tax =		24%			
* = Residual Value					

PAYBACK PERIOD				
USD				
Year	Profit after tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	46,455	104,250	150,705	150,705
2	79,691	97,531	177,222	327,927
3	101,883	91,652	193,536	521,462
4	112,246	86,508	198,754	720,217
5	148,409	44,507	192,916	913,133
6	161,428	35,569	196,997	1,110,129
7	163,840	32,123	195,963	1,306,092
8	165,951	29,107	195,058	1,501,150
9	167,798	26,469	194,267	1,695,417
10	169,414	24,160	193,574	1,888,991
Initial fixed investment and working capital for expansion = USD			858,583	
From above table, payback period is calculated at 4 years			9	months

<u>BREAKEVEN ANALYSIS BASED ON YEAR THREE</u>			
			USD
ITEM	FIXED COST	VARIABLE COST	TOTAL COST
Raw Materials	-	420,250	420,250
Packaging materials	-	105,063	105,063
Vehicle running expenses	-	52,500	52,500
Electricity	-	36,000	36,000
Water	-	2,000	2,000
Depreciation	91,652	-	91,652
Interest	28,980	-	28,980
Administrative overheads	50,000	-	50,000
Total	170,632	615,813	786,445
A: Sales Revenue			1,087,268
B: Variable Costs			615,813
C: Contribution Margin (A-B)			471,456
D: Fixed Costs			170,632
E: Contribution Margin Ratio (C/A*100)			43%
F: Breakeven Sales (D/E)			393,511
G: Breakeven Capacity			36%