

MOTOMEDIA TANZANIA

PAGE NO.

MINUTE

EXD

The approved project has fulfilled the investment requirements, which

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest USA 1.5 m.....
- (b) Legal entity has been incorporated under certificate No. 64724 of 18/03/2008.....

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

15th January 2009

TICC/PP.10/041600/2

15 January 2009

Managing Director,
Motomedia Tanzania Ltd,
P.O. Box 23282,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE SET UP OF
MANUFACTURING FACILITIES FOR ASSEMBLING AND INSTALLATION
OF DIGITAL EQUIPMENTS**

We wish to acknowledge receipt of your project proposal to set up manufacturing facilities for assembling and installation of digital equipments as presented in the TIC P.A. 1 Form No. 07492 and Feasibility Study with a projected investment of USD 1.5 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:

- Company Board Resolution accompanied by 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.
- Current Company shareholding position from BRELA.

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.10/041600/2

15 January 2009

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

Yours sincerely,
Tanzania Investment Centre


B. D. Chonjo
For: Executive Director

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

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

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

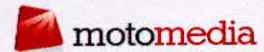


MOTOMEDIA TANZANIA LIMITED

Business Plan to Launch and Operate Motomedia StreetLevel Advertising in Tanzania

May 2008





Confidentiality Agreement

The undersigned reader acknowledges that the information provided by the Promoters in this business plan is confidential; therefore, the reader agrees not to disclose its contents without the express written permission of the Promoters.

It is further acknowledged by the reader that information furnished in this business plan is, in all respects, confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to interests of the Motomedia Tanzania Limited.

Upon request, this document is to be immediately returned to _____.

Signature

Name (typed or printed)

Date



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1 Introduction and background

1.1 Introduction

This report examines the value business opportunity for the Promoters to set up a business venture for outdoor advertising business in Tanzania, East Africa. In particular, it



outlines the value opportunity that exists in the marketing and advertising services and suggests how the Promoters can capture it by launching and operating Streetlevel advertising business using latest Information and Communication Technology (ICT) under trade mark of Motomedia. The report finally sets out a detailed financial projections and sensitivity analysis in order to provide financial justification for the project and business plan.

The project business plan is a draft description of the proposed project idea prepared by the Promoters to concretise and explore for possible tapping a business opportunity offered by the marketing and advertising industry in Tanzania to launch the new Motomedia products the first of its kind and technology in Tanzania and Africa. The business plan report outlines the initial plan laid out by the Promoters in undertaking the project, setting a business vision and gather initial cost estimates and also reporting on the progress so far achieved by the Promoters.

The Promoters are determined to launch the operation between July and August 2008 following the initial preparation and investment in business over a period of one year. The Motomedia Tanzania Limited is eager to join hands with financial institutions to provide additional funds required to support start-up period. The Promoters would like to re-assure the financial institutions and other targeted investors, that the project is commercially viable, environmentally friendly and above all, socially acceptable within the framework of the government policies, regulations and laws.



1.2 Purpose of the plan

1.2.1 Project Promoters

The project proposal is developed and invested by the **Motomedia Tanzania Limited**. The Motomedia Tanzania Limited will be a private company to be registered under the Company Ordinance Cap 212. The Company has already applied for registration with Business Registration and Licence Agency (BRELA) and is soon to receive its Certificate of Incorporation. The Company is owned by two directors who are Mr Mehbood Juma and Mr Peter Rupia. The shareholdings are Mr Mehbood S Juma (70%) and Mr Omar R Hatibu (30%).

Mehbood Juma

Mr Mehbood Juma is the founder of Motomedia Tanzania Limited and Motomedia Africa Limited. Mr Juma has 70% shares in the Motomedia Tanzania Limited. Mr Juma is one of successful business entrepreneurs in Tanzania. Mr Juma has been in business operations over a long period of time, and he climbed the ladder of promotions up to Managing Director and Chairman of some companies. For example, Mr Juma is a founder and director of the following businesses ventures in Tanzania:

- The Road Ahead Investment (T) Limited: This Company was registered on 16th November 2004 under Companies Ordinance (Cap 212) with Certificate of Incorporation No 50669. The Company is owned by two directors Mr Mehbood Juma (90%) and Mr Leo Mazigo (10%). Among its business objects, The Road Ahead Investment (T) Limited is acquiring by purchase or lease right of occupancy of estates, tenure in land and premises
- Dar Es Salaam International Academy: The new school is situated off Chole Road a few meters from the Transit Supermarket and within walking distance of the Indian Ocean. The School opened its doors in 2003, growth to Early Childhood and Grades 1-6 for 2004 was so rapid that it surpassed even business projections based on a three year growth plan. The School caters for approximately 180 students from Early Childhood (ages 3-4) all the way up to Grade 10. From Grades 6 – 10 the School implement the International Baccalaureate Middle Years Program.

1.2.2 Project progress

To-date the Promoters have undertaken several tasks and investing some capital for the establishment and set-up of the proposed business of Motomedia Tanzania Limited. These tasks and investment implications are summarised below:

- Acquired franchise rights to use Motomedia technology and name from Motomedia International. It took the Promoters a period of one-year to acquire the right to use Motomedia technology and franchise in Tanzania and Africa. The Promoters have paid USD 100,000 for the rights
- Secured an office accommodation for the Motomedia Tanzania Limited Head Office at Chole Road, Masaki Area in Dar Es Salaam. The Motomedia will be paying a monthly rent of USD 2,000 for the office space
- Lodged company registration with BRELA, and expecting to receive the Certificate of Incorporation around June 2008
- Procure some capital assets for establishment of the business such as few computers and office furniture.

1.2.3 Financing Requirement



The objective of this business plan is to outline finance requirement to enable the Promoters to launch and start the business in local market. The total funds required for the full project is USD 702,000. The Promoters have already invested USD 300,000 up to April 2008 and will continue to invest another USD 102,000 between June and July 2009. Therefore, the Promoters are looking for external funds in the form of term loan of USD 280,000 to finance capital expenditure and working capital before launching the business between July an August

2008.

The external fund will be equivalent to 40% of the project total funds and remaining 60% will be provided by the Promoters. However, during the first few years of operations, the Promoters will be able to provide additional working capital which will be required especially on payment of interest on external funds.

1.2.4 Loan Guarantee and Security

Given that Motomedia Tanzania will be a new business, the term loan will be secured and guaranteed by the related Company called The Road Ahead Investments (T) Limited. The Road Ahead Investments (T) Limited has entered into a 17 years full lease agreement for a building situated on Plot No 5 mikocheni 'B' Old Bagamoyo Road in Dar Es Salaam. The Company has so far invested TZS 400 million to refurbish the building and transformed it into a shopping centre. The Company started renting the shopping centre to various tenants in 2007. The current rental income per month is about USD 14,000 and operating expenses of about USD 2,500. The Promoters proposes to secure the term loan against the leased property and also start paying the term loan interest and capital though cash flows from the renting business of the Road Ahead Investments (T) Limited.

Also the Motomedia Tanzania Limited will secure and guarantee the loan with the building situated on Plot No 136 at Bahari Beach in Dar Es Salaam. The Plot land is 3,500 square metres in a prime area of Dar Es Salaam. The building is owned by an associate of the Company and the current market value is in a range between TZS 600 – 700 million (equivalent to USD 500 – 580,000).

1.3 Project Profile

1.3.1 Project benefits

The benefits or outcome of the project are many, such as:

- **Growing economy:** Conducive investment climate in Tanzania where economic growth has been substantial to ensure economic returns
- **Scalable business:** The business requires a minimum capital base to start operation and can be expanded in future as the market grows in the whole country
- **Reliable Market:** Demand in advanced outdoor advertising services is high in the country; and the market is driven by economic growth in various sectors
- **Economic support:** The project will be a direct link to the government effort in diversifying economy through strengthening marketing and advertising industry. The project will meet all government obligations such as payment of taxes, staff social securities, insurances, levies and duties as per regulations and laws.



- **Investment Returns:** Adequate returns to investors and financial institution which will provide term loan, a positive net present value, and internal rate of return higher than cost of capital
- **Employment creation:** Following its full operation in second year the project will create a minimum of 14 permanent jobs will be created in Dar Es Salaam Head Office and a number of Marketing Officers (Agents) who will be paid on performance (commissions). The Promoters considers job creation as a positive contribution towards government policy on poverty alleviation.

1.3.2 Investment incentives



The Promoters are planning to register this project with the Tanzania Investment Centre (TIC). The TIC was established by an Act of Parliament the Tanzania Investment Act No 26 of 1997. The Centre was established as a one-stop centre for investors which aim to coordinate, encourage, promote and facilitate investment in Tanzania. One of its main functions is to provide, develop, construct, maintain and administer investment sites, estates or land and its associated facilities.

The investors registered with TIC are awarded Certificate of Incentives, which under Tanzania Investment Act No 26 of 1997 are broadly categorised into fiscal and non-fiscal incentives. To qualify for and obtain TIC certificate of incentives, minimum fixed investment cost for new project should be at least USD 300,000 for projects which are wholly owned by foreign investors or joint venture (Foreigner and Tanzanian) and USD 100,000 for projects owned by Tanzanian citizen (s).

Incentives guaranteed to holders Of TIC certificates of incentives include:

- The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance with, MIGA (Multilateral Investment Guarantees Agency). Likewise Tanzania is a member of the International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank
- Zero percent (0%) Import Duty on project capital goods, computer and computer accessories, raw materials and motor vehicles in Completely Knocked Down (CND) form
- Ten percent (10%) – Import Duty for Semi-processed inputs and motor vehicle spares; Fifteen percent (15%) – Import Duty for fully processed inputs and motor vehicle spares; Twenty five percent (25%) – Import Duty for final consumer goods
- Abolition of the mandatory pre-shipment inspection in imported raw materials that have zero rate of Import Duty. Note: Pre-shipment inspection on commercial imports with FOB value of USD5, 000 and above is mandatory
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies
- 50% expensing of capital expenditure for all classes of assets. In subsequent years implement wear and tear allowance. Also Straight line depreciating allowance on capital goods
- Deferment of VAT payment on project capital assets; Locally procured building materials are deemed to be capital and therefore subject to VAT deferment; Zero rated VAT on exports



- Import Duty drawback on raw materials used to produce goods for exports and deemed exports. Deemed exports cover locally produced or manufactured goods which are sold to foreign agencies or entities operating in Tanzania, which are exempt from payment of import
- Indefinite carry forward of losses against future profit
- Corporate Tax Rate of 30 percent and withholding Tax Rates on dividends (10 percent) and (0 percent) on loan interest in both priority and lead sectors
- The right to transfer outside the country 100 percent of foreign exchange earned, profits and capital
- The ease of obtaining other permits such as residence/work permits, industrial licence, trading licence etc
- Automatic permit of employing 5 foreigners on the project holding Certificate of Incentives.

However, an investor can register with TIC and obtain Certificate of Incentives while securing project location outside TIC estates or lands.

1.4 Summary of Projections

Table 1.1 below shows summary financial projections results for the project on the base case scenario.

Measure	Value	Evaluation
Net Present Value (USD million)	1.1	Project has a positive NPV indicates viable for investment
Internal Rate of Return (%)	49%	IRR is greater than the cost of capital – the discount rate used
Profitability Index (Number)	2.4	The project is financially viable as Profitability Index is above one
Pay Back Period (Years)	3.2	Less than the financial projections period, the project is considered to be viable



2 Market analysis and forecast

2.1 Global Advertising Industry



Advertisement is a way of facilitating the distribution of commodities, broadening the market and making people aware of possibilities with which they would not otherwise be familiar. It means bringing something deliberately to some one notice thus establishing an awareness of, creating a favourable attitude to and stimulates demand for a product, idea or service among potential consumers. Advertising is therefore a marketing tool whose prime aim is to sell goods and services.

One year ago, the advertising industry was still struggling to find its feet following the slump it entered in 2001, when the bursting of the technology bubble brought about an abrupt collapse in ad spending. Although spending began slowly to grow again some forms of advertising seemed no longer to be working. Some advertisers abandoned traditional ads for other forms of marketing, such as in-store promotions, direct mail or outdoor posters. Some also turned to the internet, and in particular paid-for links on search sites such as Google or Yahoo. Now, however, adland is bouncing back unambiguously, even if it is still far from business as usual.

Worldwide advertising expenditure grew by almost 7% in 2004 to USD 370 billion, estimates ZenithOptimedia. As this was well above global economic growth, the consultancy says it shows that the industry is recovering strongly—just as it always has done after previous slumps. Historically, advertising expenditure has tended to fall further when GDP declines, only to recover faster when economies pick up. The ad market in 2004 was boosted by some special factors, such as a presidential election in America and the Olympics. Yet ad spending grew by around 6% in 2005. The growth came about as firms became more aggressive in their battles for market share and polish brands that lost ground to cheaper competitors during the slump. By 2011, Zenith predicts, China will have overtaken Britain and Germany to become the third-largest advertising market in the world after America and Japan.

Television remains the most-powerful advertising medium, with a 38% global share of spending on major media in 2004. But things are changing. Many people nowadays watch cable or satellite channels rather than the main networks. Zenith expects TV generally to retain its overall share of the market through 2009, although it is uncertain about the threat posed by personal video-recorders, which can capture programmes for viewing at any time—and skip past ads for the internet and some big campaigns are tested online before being given the final go-ahead. However, one of the strong contenders for growth recently has been innovative outdoor campaigns of high-tech companies such as Motomedia International.



2.2 Outdoor Advertising in Tanzania



As all other media, outdoor advertising is part of everybody's everyday life. Outdoor is one of the oldest advertising media. Outdoors promotional marketing is used to focus on a person-to-person basis; it is therefore also known as direct marketing. In Tanzania, its use has been limited in the past; this is now changing with the emergence of promotional companies and the realisation of benefits of the method of the advertising clients. The benefits of direct marketing include introduction of a brand to a consumer, and are also designed to build and maintain long-term brand growth. The method is also appropriate because of the feedback generated through dealing directly with the consumer.

The growth of outdoor in Africa has been on the back of tobacco and booze advertising. But that is changing as more and more products are advertised through outdoor activities. There is a move away from tobacco advertising in line with the rest of the world. Instead, there is more of a focus on fast-moving consumer goods and a marked increase in the advertising of professional services such as banking and, of course, cellular telecommunications. Tanzania has been singled out as one of the fast growing countries in outdoor advertising activities in Africa.

2.3 Supply Analysis

The use of outdoor media as an Advertising tool is advancing rapidly in Tanzania. There is a growing awareness of the power and impact of this form of communication and consequently an increase in its use. The industry is fragmented and not yet organised. The past and current companies conducting outdoor advertising business are highlighted below to set up competition environment for the Motomedia Tanzania. Although these outdoor advertising companies are using digital displays, but none is using Motomedia technology, which is live, interactive and data and information can be downloaded by customers through mobile phones and computers.

Monier International



Monier International was one of the leading companies dealing in outdoor advertising in Tanzania under the name Monier 2000. They specialise in the setting up of billboards and promotion posters. They were the first company to introduce the full colour photograph posters for billboards. Monier are

also involved in the installation of shop name signs across the country, putting up advertisements on the national stadium and full colour banners at Dar Es salaam International Airport. Monier has also introduced advertising on public transport. However, Monier 2000 sold its outdoor advertising business to AI Outdoor.

Corpcom

Corpcom Outdoor through its wholly owned subsidiary – Inter Africa Outdoor Advertising is the other major outdoor holding in Tanzania. They have dynamic billboard opportunities including 16,48,96 sheet billboards and illuminated 3 x 12m Super 96 sheet billboards located on major arterial routes and high traffic areas including the international airport.



AI Outdoor



A1 Outdoor was established in 2004 to carry out outdoor advertising business in Tanzania. A1 Outdoor is now established in Tanzania, Uganda, Kenya, Zambia, and Gabon and most recently in Sierra Leone. A1 Outdoor has network of support offices in Dubai and South Africa. AI Outdoor, the fastest growing outdoor advertising company in Tanzania, has recently bought the Tanzanian business of internationally based Monier 2000. The two rival outdoor advertising companies that for five years operated in a highly competitive market have announced their decision to solidify their core business strengths. Monier 2000 will continue expanding and growing their digital printing business while AI Outdoor will add all of their existing billboards to their current portfolio.

Through the acquisition of Monier 2000 outdoor sites and structures in April of 2005, A1 Outdoor was able to enhance its portfolio of outdoor sites in both Kenya and Tanzania. In Tanzania in particular, this purchase allowed A1 to firmly secure its position of market leader, both in terms of strategically located structures and market share. Today, A1 Outdoor has a staff of more than 80 individuals, both national and expatriate.

Clear Channel Independent (T) LTD



Clear Channel Independent (T) Limited is one of the major outdoor companies in the country. The company is a subsidiary of Clear Channel Outdoor Holdings. Clear Channel enjoys the largest portfolio of airport advertising opportunities in Africa.

Clear Channel Independent (T) Limited provides clients with advertising opportunities through billboards, street furniture displays, transit displays and other out-of-home advertising displays, such as wallsapes, spectaculars, neons and mall displays. The segments of the Company include Americas and International. During the year ended December 31, 2007, the Clear Channel Outdoor Holdings owned or operated approximately 897,000 advertising displays globally. As of January 17, 2008, the Company entered into an agreement to sell its equity investment in Clear Channel Independent, an out-of-home advertising company in South Africa with operations in Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda and Zambia.



2.4 Demand Analysis



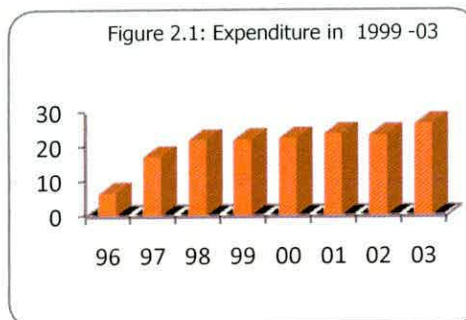
The market research has shown that there is high demand on marketing and advertising activities from various suppliers of products and services in Tanzania. High demand for modern and high-tech outdoor advertising campaigns stems from steady economic growth, products and consumers sophistications and development in application of high-tech in marketing and advertising. Both public and private sectors are demanding the marketing and advertising activities for their products and services. For example the Government institution such as Tanzania Revenue Authority (TRA) is at the forefront in spending significant amount of money to advertise its activities and create public awareness on the importance of paying taxes for the country development. Economic growth as shown by the Gross Domestic Product (GDP) indicator has been encouraging and motivating factors to many foreign and local investors in Tanzania. Over the last 10 years, the lowest GDP growth was in 1998 recorded at 4.0% and the highest been 6.7% in 2004 and 2005.

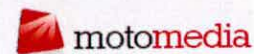
Following economic reforms in the country, many new economic ventures have been established in Tanzania which creates high demand for all forms of advertisements including outdoor activities. The economic reform has revamp the economic activities in all sectors of economy from construction, communication, manufacturing, financial, mining, tourism, trade and services. A large number of multi-national companies have acquired or established new businesses in the country. These large multi-national companies have traditionally been key drivers in adopting and implementing advertising as the major marketing tool. For example, the large companies with multinational links with significant advertising campaigns include:



- Kwanza Bottlers (Coca cola)
- Tanzania Breweries Limited
- Western Union (T) Limited
- Vodacom Tanzania Limited
- Celtel Tanzania Limited
- TIGO Tanzania Limited
- Barclays Bank (T) Limited
- Standard Chartered Bank (T) Limited

Also a large number of local companies have recently engaged in advertising activities as marketing tool to fight competition and introduce their products to the consumers. The increases in number of companies and new business have seen a high growth in expenditure in marketing and advertising including outdoor activities. Figure 2.1 shows expenditure in outdoor advertisements in the country from 1997 to 2003. Expenditures grew was TZS 6.6 billion (1996) and grew up to TZS 26.635 billion in 2003 a cumulative average growth rate (CAGR) of 22% per annum. Therefore, the sub-sector grew above the GDP during the initial periods and currently is growing in line with it. However, the advertising expenditure per capita in the





country is still very low at less than 1 USD. Therefore, there is a large room for growth in this subsector through establishments of new ventures and introduction of new products in the market such as new Motomedia technology.

2.5 Business Opportunity

This proposed business opportunity is targeting to exploit a large and expanding marketing advertising industry in Tanzania. The number of new products and services in the country is increasing, and the demand for effective and efficient marketing and advertising services is increasing as well. In year 2003, while the country's real Gross Domestic Product (GDP) grew by 6%, the advertising sector registered a growth rate of 13%.

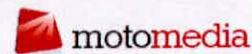
Motomedia gives the potential customers an opportunity to get large format advertising with audio, video, Bluetooth interaction and audience data capture at streetlevel. There is a great opportunity for Motomedia Tanzania to excel in the outdoor advertising business, especially in introduction of its new and modern technology in the country. This opportunity is enhanced mainly by the fact that Motomedia Africa Limited a holding company of the Motomedia Tanzania is the sole owner of the rights to establish, operate or franchise the Motomedia technology of outdoor advertising in Africa (except Egypt). It is evident that there is high demand for more sophisticated high-tech advertising marketing campaigns activities in Tanzania and Africa.

2.5.1 Mission and Vision

Motomedia Tanzania will offer its customers the best methods and tools in planning and implementing a successful Motomedia marketing and advertising campaigns and sustainable programs for the new and old products and services of various organisations in Tanzania. The application of latest Motomedia technology and equipments will cut through the mumbo jumbo of mass marketing, increase sales, and enhance customer satisfaction with the company. Motomedia Tanzania marketing and advertising campaigns will grab readers immediately and drive home the right message to the right audience.

Motomedia Tanzania will exceed its customers' expectations for marketing and advertising campaign returns in all sectors of the economy from the public to the private. The key to success for the Motomedia Tanzania will lies on the following strategies:

- Have the technical expertise to minimise the learning curve for Motomedia Tanzania clients and minimize their expenses
- Make Motomedia Tanzania part of client's business team
- Insure the timely launch of each client's marketing program
- Generate new innovative strategies for clients that result in a high-quality and cost-effective products and services
- Differentiate Motomedia services so that clients realize that Motomedia Tanzania are able to better serve their needs rather than a more generic competitor or in-house outdoor marketing
- Keeping close contact with clients and establishing a well functioning long-term relationship with them to generate repeat business and a top notch reputation
- Establish a comprehensive service experience for the clients that include consultation, analysis of Motomedia high-tech marketing campaign goals and target markets, creation of streamlined and custom advertising campaigns based on needs, expectations, implementation, and follow-up analysis.



2.5.2 Products and Services

The **Motomedia Tanzania** would like to take this business opportunity to invest in new technology outdoor advertising business in Tanzania. The main objectives of developing and operating Motomedia Tanzania are to:

- Achieve break-even by the first year of operation
- Establish a country scope for operations within 5 years and a regional presence within 10 years
- Establish minimum 95% customer satisfaction rate to establish long-term relationships with clients and create a viable reputation.

2.5.3 Competitive Edge

Motomedia outdoor marketing technology is an emerging marketing tool with few industry experts. Motomedia International's accomplishments over the past few years have been singled out by the industry as models for successful outdoor marketing and advertising business. Motomedia Tanzania has acquired rights (franchise) to operate Motomedia business in Africa except in Egypt. Motomedia Tanzania will be the only operator in Tanzania for the Motomedia technology and also its holding company Motomedia Africa Limited will receive royalties from other companies which will operate in their respective countries in Africa with exception of the companies operating in Egypt.

The only way to describe the impact of Motomedia within the outdoor sector of the advertising industry is sensational. The feedback and interest from some of the biggest brands in the world has been overwhelming. Diagio, Ebay and EMI to name a few have recognised that Motomedia's approach to digital advertising is something new, something powerful, and something they should know about.



3 Operational Plan

3.1 Business Plan

The proposed business plan is to launch and operate a local Motomedia in Tanzania. This section of the business plan provides information regarding major tasks and development which so far has been achieved and set a framework for the remaining tasks to be completed. The business plan is discussed under the following headings:

- Products and Technology
- Set-up Plans
- Site Locations

The design of Motomedia Tanzania will be of a distinctive character, immaculate and exotic outdoor high-tech displays thus creating life impression to all customers who will be visiting various display sites on targeted areas and regions in the country. The business plan is a simple process of setting up Head Office (rented), buy rights from shops and building owners to install Motomedia displays, contract advertising subscriptions with suppliers and manage advertisements through computerised database.

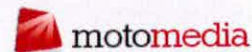
3.1.1 Products and Technology

Motomedia fuses design, digital media and Bluetooth to create a powerful marketing format that uses the windows of vacant retail units as an advertising platform. In today's high streets and shopping complexes, empty retail units can look tired and depressing. Motomedia generates income for landlords, acting agents and local authorities by providing advertisers a unique opportunity to place large-format advertising in high-profile locations on a short term basis. With a talented team of media and retail professionals driven to achieve 'best in class', the goal of Motomedia is delivering outstanding results for the clients.

The digital technology of Motomedia technology includes latest key features, which are advantages and user friendly to viewers and consumers doing shopping or searching more information of products and services advertised:

- **Bluetooth:** Bluetooth is a form of wireless communication and can be used to pass information to Bluetooth-enabled devices such as mobile phones. Bluetooth is an excellent protocol for wireless communication because it's capable of transmitting data at nearly 1MB/s, while consuming 1/100th of the power of Wi-Fi. There are no charges for delivering a message using Bluetooth unlike using SMS text messaging. Bluetooth is a fantastic resource but not all Bluetooth mobiles have it enabled. People must be made aware that they are to switch on their Bluetooth in order to receive information. This is where Motomedia comes into its own - Motomedia use graphics and digital media to tell shoppers and the public to activate their Bluetooth, allowing the client's message to be reinforced and successfully delivered to mobile devices. Bluetooth can be used to deliver a variety of information. This can include mp3s, video clips, images, textual information, redeemable offers and barcodes. Further to this it is possible to send Java applications which might contain a gallery, a calendar of events or even a game. Bluetooth downloads can be prepared by Motomedia to tie in with any advertising campaign





- **Motomedia Interactive:** Motomedia deploy a range of impressive technologies to create advanced advertising solutions and futuristic interactive information displays and fully enhance the StreetlevelBillboards™ concept. Touch screen interactivity allows the user to navigate projected content by touching the projection surface. Motion sensing - cameras and advanced software give the user the ability to move and navigate animated projected content using hand movement. A further use is seen in the Flash movie on this page - an advertisement display that animates and plays sound as viewers walk past. Motomedia can design custom animated content for use in conjunction with projection and interactive technologies. This content is similar in nature to website content and can be tailored to meet the design and interactivity requirements for a particular project; the possibilities are infinitely exciting.

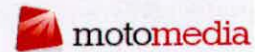


Using externally applied printed vinyl combined with several technologies, shop windows are converted into customer-facing. Large-scale, interactive audio-visual posters sites in the very center of the consumer domain. Motomedia deploy a range of impressive technologies to create advanced advertising solutions and futuristic interactive information displays. The displays for Motomedia outdoor advertising are basically in two formats: StreetlevelTV™ and StreetlevelBillboards™.

StreetlevelTV™

Shopping centres offer a fantastic advertising opportunity. With shopping centres full of browsing shoppers already primed to buy, and as a point of purchase of most brands and products, streetlevelTV™ offers a powerful medium to influence their spend. When in a shopping centre environment, shoppers will stop to look at something that catches their attention, whether this is an advert or a music video for an up and coming act. In partnership with the shopping centre owners Motomedia Tanzania are able to provide accurate demographic and footfall data; the weekly average footfall of a shopping centre in large market laces. StreetlevelTV™ gives shoppers an opportunity to use existing TV advertising with sound, interaction and audience data capture.

StreetlevelTV™ delivers much more than standard outdoor advertising. Using large format screens and advanced audio technology we can bring a huge variety of content like existing high quality TV ads, infomercials and live news and weather, all with sound, to compliment a marketing campaign. StreetlevelTV™ sends out Bluetooth content to mobiles and uses audience data capture techniques to measure effectiveness. It is designed to engage the consumer, it is at streetlevel, it is customer facing, measurable and is located in shopping havens. StreetlevelTV™ is more than a sequence of adverts - it is designed to engage the consumer by showing short films, community messages, infomercials, music videos and clips of unsigned bands and adverts for local events in conjunction with advertising. Intelligence hardware and software is included as standard. This gathers information on viewing times and viewer demographic and uploads reports to the internet. All playlists are scheduled remotely using advanced real-time server software.



StreetlevelBillboards™

With thousands of empty retail units available throughout Tanzania shopping centres and areas, Motomedia takes those in prime locations and transforms the shop windows into innovative and powerful advertising and marketing tools in the very center of the consumer domain. The glass windows of a vacant retail unit can be used as an advertising forum, with branded vinyl applied to the window, rear projection of video onto specialist screens that are visible in daylight, and audio driver technology turning the window into a speaker. This creates outstanding audio-visual theatre in any retail location and, coupled with Bluetooth, represents a particularly powerful method of raising awareness and delivering a message.





3.1.2 Set-up Plans

The Promoters have worked on a set-up plan to establish operation from a central location in Dar Es Salaam through a high-tech computer network with minimum capital investment. The set-up plans are discussed under the following sub-topics:



- **Franchise License:** Motomedia Tanzania Limited has acquired franchise rights to Motomedia technology for outdoor advertising business in Africa. The Promoters have already signed the franchise contract with Motomedia International and paid USD 100,000 for the license. Part of the agreement is for Motomedia Tanzania to pay a royalty fee of 20% of profit before tax per annum
- **Office and Location:** The Promoters have rented an office at Chole Road in Masaki Area which will be used for management and operation. The central computer systems and equipment will be installed at this office and networked to various display sites all over the country.

3.1.3 Site Locations

Motomedia Tanzania plans to launch its operation in Dar Es Salaam. The marketing research has shown that the saturation point for the sites installation in Tanzania is between 25 and 30 sites. Therefore:

- Each site is expected to accommodate a maximum of 25 subscribers who can advertise their products and services on Motomedia display equipments. Motomedia Tanzania will enter into contracts with shop-owners and property owners for the display sites to be used
- The initial plan is to start with four (4) sites in Dar Es Salaam and later expand to 12 sites by the end of the first year. The expansion phase will be in the second year of operation where additional 12 sites will be installed in other large sites such as Mwanza Airport, Kilimanjaro International Airport, Kariakoo shopping area and others. Each site will cost USD 15,000 for the equipments and installation costs
- The target sites are places where the displays can record a high rate of customers and public views and access to information. Therefore, initial plan is to set-up the Motomedia display equipments at Dar Es Salaam International Airport, large shopping centres such as Mlimani City (near University of Dar Es Salaam), Shoppers Plaza (Msasani), General Post Office (City Centre), Zanzibar Ferry Port (Kivukoni) and other large shopping malls.



3.2 Marketing Plan

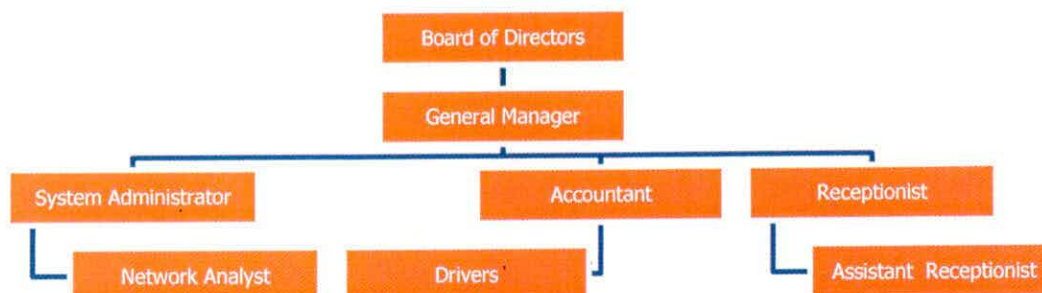
The Motomedia Tanzania Limited will be consistent in promoting the Motomedia technology in Tanzania in order to attract and retain customers' loyalty, satisfactions and achieve a higher subscription rate of its installed sites capacity. The marketing strategies which are able to withstand competition will from time to time been reviewed and modern techniques used. However, in this business plan initial marketing strategies are highlighted to respond on analysis of demand and supply of latest technology outdoor advertising media. The marketing plan is to recruit on a contact basis agents who will each manage site and will be responsible to sell subscriptions to various targeted customers and ensure timely cash collection. Each site will have one Marketing Officer (agent) who will be paid 10% of the sales.

3.3 Human Resources Plan

3.3.1 Staffing

The labour market of trained and skilled marketing and advertising staff has been growing in the country and in East Africa. There are several colleges run professional courses in ICT, marketing and advertising and Services in Tanzania. Therefore, the Promoters are not considering lack of staff to be a limiting factor for successful of the project during start-up operations. The staffing will base on a simple organisational structure and the Head Office will start with 12 permanent staff in the first year and recruit other staff in subsequent years. Figure 3.1 below shows the proposed organisational structure and staffing positions for the Motomedia Tanzania.

Figure 3.1: Organ gram of the Motomedia Tanzania





Motomedia Tanzania Limited will be responsible to recruit and train local staffs in various positions. The staffing plan is to have about 12 full-time employees at the Head Office to ensure smooth operations and close attention to customers. The management systems will be computerised for billing, financial management, customers' database and advertisements system. Table 3.1 below shows staff positions and minimum expected remuneration. It should be noted that key staffs will also be paid top-up allowances by the management company which will employ them.

Position	Number	Basic Monthly Pay	Total Pay
General Manager	1	5,000	5,000
Systems Administrator	1	4,000	4,000
Network Analyst	1	3,000	3,000
Accountant	1	3,000	3,000
Receptionist	1	1,000	1,000
Assistant Receptionist	1	500	500
Drivers	6	300	1,800
Total	12		18,300

3.3.2 Compensation and benefits

To ensure that the Motomedia Tanzania address the problems of adequate compensation, the Promoters will adopt and implement effective motivational and encouraging pay structure. Adequate salaries and other staff benefits will be offered in order to retain good and competent staff at the business.

The basic salary will be adjusted annually to reflect cost of living with a minimum increase for rates of inflation. The proposed compensation will include:

- Basic salary (market competitive)
- NSSF contributions (10% of basic)
- Medical insurance (5% of basic)
- Housing (All staff)
- Leave allowance (annually, average one month salary, 8.33% of basic)
- Bonuses (annually on the basis of performance)

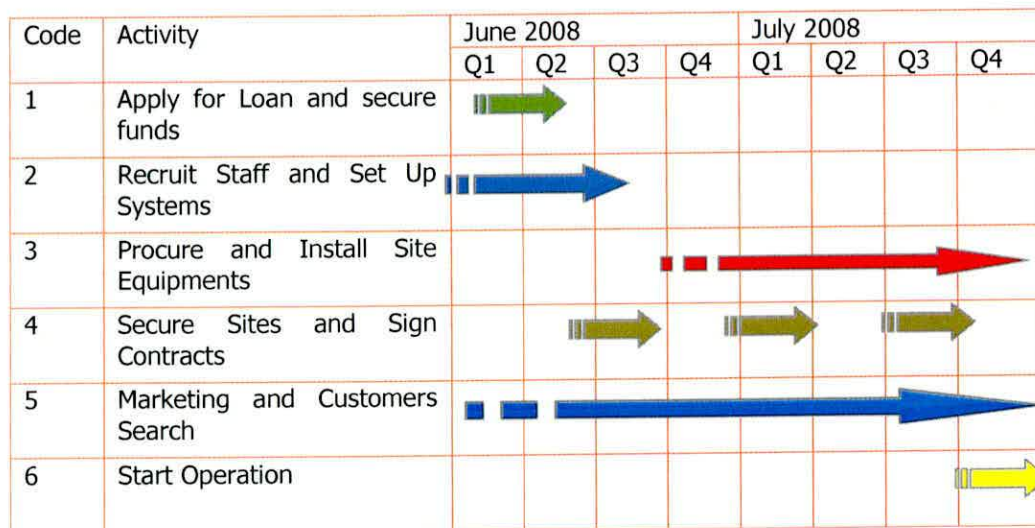


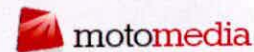
3.4 Project Work Plan

3.4.1 Gantt Chart

The project plan schedule shows that, main work in completion stage will take about three months before launching. This elapse time take into account about two (2) months for following up with the financial institutions in financing the remaining part of capital required. The critical factors to the project will be signing of the loan agreement between Promoters and the financial institution, procurement and installation of site equipments.

Figure 3.2 shows project Gantt chart, which highlights main tasks and related elapsed time for the duration of the project. It is expected that, the Motomedia Tanzania will be opened on 1st August 2008.





3.5 Project Risks

3.5.1 Risks Analysis

There are several risks, which may face the Motomedia Tanzania project in local market. However, in the following paragraphs the most important risk factors are highlighted, which the Promoters are aware and necessary precautions to alleviate or minimise are taken into account during project management and operational plan. These risks include rising inflation, instability of foreign exchange, political environment and market fluctuations.

- **Inflation risk:** There is a potential risk that inflation might raise at higher rates than projected. This may increase the replacement cost and reduce the capital capacity. Also it is likely that the cost of local borrowing could increase with increase of inflation. While this risk is ever present in developing economies, such as Tanzania, the government appears committed to continue maintaining the macroeconomic stability and bring inflation further down. The average headline inflation on local currency (TZS) was 6.2% in 2006 and 7.0% in 2007¹. February 2008, inflation was reported by The Bank of Tanzania reached 8.9%. The projections in this feasibility study have incorporate inflation adjustments based on the current trends assuming an average of 7.5% over the next 10 years
- **Exchange rate risk:** The Motomedia site equipments will be procured from abroad; hence exchange rate risk is high in Tanzania. Shilling depreciation against other major currencies may impact the investment in equipments as prices of imported goods would increase. However, a depreciation of a Tanzania shilling against the dollar will favour the business, since revenues are in terms of dollars, while operating costs are in the local currency. The current exchange rate is about USD 1200 per 1 USD. Given that Tanzanian inflation is consistently higher than USD inflation, then it is expected that Tanzanian shilling will continue to depreciate against USD. The expected devaluations have been reflected in projections for this business plan.
- **Political risk:** There is a risk that the central government or local authority could adopt or implement policies that may affect the outdoor advertising industry. However, this risk has been gradually eroded since mid 1980's when the government started a process of economic reform towards free market. The existing trade liberation and investment policy and poverty alleviation strategies are good evidence of government's commitment to increasing partnership between public and private in providing marketing and advertising services.
- **Market risk:** There is a risk that the marketing partners or agents may dishonour the Memorandum of Understanding to be signed with the Motomedia Tanzania Limited. However, to mitigate this risk, Motomedia Tanzania Limited will use standard criteria in selecting marketing officers (agents) for various sites to manage customers' accounts.

¹ Average inflations have been calculated from January to December. Data released by the National Bureau of Statistics on http://www.nbs.go.tz/publications/new_releases.htm accessed on 5th April 2008.



3.5.2 Risks Evaluation

Table 3.2 shows risk evaluation as calculated risk factor (score). Each risk element has been assigned magnitude of impact on project if that element will occur. The impact is then assessed in terms of probability of occurrence and weight is assigned in relation to importance and significant of the risk to the project. The final result is the risk factor of the particular risk element contributing to the project, and the total sum is the risk level of the entire project. Given the assessment and assumptions done by the Promoters, the risk level for the project is around 10%. However, given proper project management planning, implementation and assessment, the risk level of 10% is considered small given the size of investment and current operating environment of other marketing and advertising businesses in Tanzania.

Risk Element	Impact	Probability	Weight	Risk Factor
Inflation Risk	20%	0.5	0.1	1.0%
Exchange Rate	50%	0.2	0.3	3.0%
Political Risk	50%	0.1	0.2	1.0%
Market Risk	100%	0.1	0.2	2.0%
Labour Market	100%	0.2	0.1	2.0%
Project Delays	100%	0.1	0.1	1.0%
Risk Level				10.0%

4 Financial Plan

4.1 Introduction



This section presents financial plan, results of the financial analysis and future projections. The main objective of the financial analysis is to examine both commercial profitability and economic viability of the proposed project to develop and operate the Motomedia Tanzania. In other words, it examines whether the proposed investment would be able to generate adequate returns relative to its investment costs and lease agreement to cover operational costs and undertake further expansions.

The section begins by introducing the methodology, the basic assumptions of the model and the financing plan, which is followed by a descriptive analysis of the value drivers that determine project profitability. Then, a summary of profitability analysis based on the projected financial statements is presented, followed by an economic viability assessment. Finally, the resulting financial projections are provided in Annex A from Table A1 to A12.

4.2 Projections

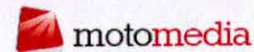
4.2.1 Methodology

In preparing the financial forecasts, a value driver methodology has been used, which is also consistent with modern corporate financial theories. This methodology is a powerful tool for analysing the financial feasibility and economic viability of investment projects. Under this approach, the shareholders' value in terms of the expected free cash flow is evaluated based on three generic key value drivers of business: growth, returns and risks. In turn, these generic value drivers are analysed to identify specific value drivers of particular business, taking into account the prevailing economic situation, its industry structure and the regulatory environment.

The shareholders' value analysis uses the Discounted Cash Flow (DCF) methodology. Under this methodology, the projected free cash flows, which depend on business value drivers, are discounted at a rate that reflects the level of risks associated with the investment (the cost of capital). The final value, which is also known as Net Present Value (NPV), is a robust yardstick for project's economic viability. A positive NPV means that the project is economically viable. In order to supplement the NPV criterion for evaluating projects viability, the Internal Rate of Return (IRR) and the Profitability Index (PI) are normally used.

- IRR is used to benchmark against management's minimum required rate of return (hurdle rate). A project considered economically viable if its IRR is greater than the cost of capital, which is the discount rate applied on the projected free cash flows
- PI measures the rate at which expected future cash flows will exceed the initial capital investment. A project is considered to be economically viable if the PI index is greater than one.

The value driver methodology has been used in analysing the feasibility of the proposed project of the Motomedia Tanzania. In addition to the business value drivers' analyses,



this model also uses a series of macro level value drivers. They include inflation, taxation, and exchange rates. The business value drivers are discussed in Section 4.3.

4.2.2 Financial Modelling

The financial model is a powerful tool for assessing the management's market and operational assumptions and for understanding how different business decisions may impact the firm's performance. Therefore, based on investors' business assumptions, the financial model has been used to map out the cause-effect relationships of value drivers and present them in the projected set of financial statements and performance measures, which are NPV, IRR and PI.

In this analysis, the financial model to have been built over 10-year duration, with Year 2008 as its base period for present values. A 10-year period has been chosen to demonstrate to the project evaluators that under the medium term plan that the project is viable and potential for higher returns. All financial values presented are denominated in the US Dollars (USD).

4.2.3 Basic Assumptions

Financial modelling of future business operations depends on a number of key assumptions. There are some underlying macro level assumptions, such as inflation, taxation and exchange rates, which are beyond the control of the management. Further, there are also some basic assumptions, which depend on management capacity to prepare and implement business policies and strategies. Below is a brief description of the major assumptions used in this financial model. The detailed model assumptions are provided in Annex A: Table A12.

- **Real GDP growth** – throughout the projected period, it is assumed a constant real gross domestic product (GDP) rate of between 5% and 6% per annum. The inflation is expected to be around 7.5% per annum
- **Taxation** – It is assumed that the corporate tax rate of 30% to prevail throughout the projected period. Although the tourism industry is exempted from paying VAT, the business could register for VAT in order to recover VAT inputs. However, in this business plan, it is assumed gross amounts for expenses and net to revenues
- **Exchange Rates** - the prevailing inflation rate differential between Tanzanian Shilling (TZS) and USD is assumed to be the best proxy for the future exchange rates determination. In this regard, the base period (2008) exchange rate is assumed to be USD 1,200 to a US dollar and the future exchange rates are determined by the difference in inflation rates of USD to USD
- **Discount Rate** – the model assumes a 15% rate of return on capital investment, which is denominated, in USD as adequate given the current market opportunities and risks involved in marketing advertising industry in Tanzania.

4.2.4 Total Investment Costs

The total capital investment requirement for the Motomedia Tanzania project is USD 702,000. The costs are estimated on the basis of the costs of procuring Motomedia displays, equipments, motor vehicles, working capital and office furniture. The breakdown of the capital investment requirements is provided in the value drivers' analysis under capital expenditure sub-section. The promoter plans to finance the capital investment through equity contribution and external funding and or capital grants. For the purpose of this feasibility study external fund is considered to be a long-term loan, with interest of



10%, one year grace period and four-year repayment. The summary of the financial requirement is provided in Table 4.1 below.

Capital Expenditure	Total	Investment %
Computer Systems	75,000	11%
Motomedia Displays	180,000	26%
Motor Vehicles	162,000	23%
Furniture & Fittings	15,000	2%
Preliminary Cost	150,000	21%
Working Capital Investment	120,000	17%
Total Costs	702,000	100%

The Promoters have already committed and spent USD 300,000 on the project in the first stage, and intends to invest further USD 102,000 to the end of the first year of operation. Therefore, the Promoters are looking for external finance of about USD 280,000 to support complete the project. In case of debt capital, the Promoters plan to start repaying the external funds, from 2009 after a grace period of 12 months in 2008. Table 4.2 below shows the planned financing of the completion stage, on which the promoter request for the fund as indicated in this schedule.

	Total	%
Capital Expenditure	702,000	100%
Promoters Capital	- 422,000	-60%
External Funds	280,000	40%



4.3 Value Drivers' Analysis

The value drivers' analysis methodology is used to determine the financial and economic viability of the proposed Motomedia Tanzania. This methodology enables the Promoters understand whether or not the financial projections made are in line with their business strategy and operating capacity. In other words, this methodology enables the Promoters to evaluate shareholders' value in terms of the expected future cash flows, which depend primarily on some key business drivers. This financial model uses seven business value drivers to determine the profitability and economic viability of the proposed Motomedia Tanzania project. They include the following:

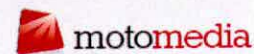
- Incremental Revenue
- Incremental Operating costs
- Working capital
- Capital expenditure
- Cash tax payment
- Cost of capital
- Projection period

4.3.1 Incremental Revenue

The main source of Motomedia Tanzania income will be periodic subscription fee for advertisers (suppliers) on Streetlevel displays (TVs and Billboards). The incremental revenue projections are based on the following key assumptions:

- Subscription Fees: Motomedia Tanzania will charge fee of USD 2,000 per month for each subscriber to each site
- Number of sites: The initial plan is to start with four (4) sites during the launching with addition of other eight (8) sites up to the end of the first year (2008/09). During the second year, the Promoters are planning to invest additional 12 sites to cover the whole country
- Subscribers per Site: Motomedia Streetlevel site has a maximum capacity to accommodate 25 subscribers. For the purpose of this business plan, it is estimated that each site will have an average of 10 subscribers per site.

The detailed assumptions on incremental revenue and projected income are provided in Annex A: Table A5.



4.3.2 Operating costs

The Motomedia Tanzania will have seven major types of operating costs:

- Direct Costs
- Employees Costs
- Marketing Costs
- Administration Costs
- Interest Expenses
- Depreciation Charges
- Royalty Expenses.

In the following paragraphs, brief description of the assumptions used in estimating the project operating costs are discussed.

Direct Costs

Detailed analysis of financial statements of similar businesses and competitors was done to determine the expected margins for the Motomedia Tanzania. The direct costs are estimated based on costs of sales in relation to the revenue. These are:

- Site Rental: Each site will cost USD 5,000 per month
- Site Maintenance: Each site will cost USD 1,000 for maintenance. Maintenance cost includes charges for electricity, insurance and security.

Employees Costs

The Employees Costs comprise of costs of maintaining employees for the Motomedia Tanzania. The employees' remuneration will include consolidated wages and salaries, social security costs and allowances.

- Salaries will start to be paid on a market range between USD 300 per month to USD 4,000. The salaries will gradually be increased with rate of inflation. The employees' cost is expected to be among the largest operating costs for the Motomedia Tanzania
- Social security is statutory payments for employing staff and 10% will be paid on basic salaries for all staffs
- Staff allowances will be paid for annual leave (one month pay) and medical insurance (5% of basic pay)

Marketing Costs

The Motomedia Tanzania will also incur the marketing expenses, which depends on level of incremental revenue. The marketing expense will comprises mainly sales commission to the Marketing Officers (Agents) who manage operational sites. To ensure that Marketing Officers are well motivated to increase high rate of subscription per site, Motomedia Tanzania plans to pay a higher commission than industry average. While other companies are paying commission between 2% to 5%, Motomedia Tanzania will pay commission of 10% of revenue collected.



Administration Costs

The Motomedia Tanzania will also incur the administrative expenses, which are more of fixed costs. Administrative expenses will include items such as office costs, maintenance, repairs, security, communication, transport, sports, utilities (water and electricity), cleaning, insurance and others. It is estimated that the administration costs will account about 15% of the incremental revenue.

Interest Expense

This is basically the interest rate charged on the loan capital to be drawn on USD. The interest expenses depend primarily on the agreed interest rate and terms of the loan. For the purpose of these projections, it is assumed that an interest rate of 10% will be charged on an outstanding loan balance at the end of each year. It is expected that the term loan will be repaid over a period of four-years with one grace period in the first year.

Depreciation Charges

The depreciation charges have also been built in the financial model. These charges are used to accumulate surplus reserves from internal cash flows, which could be used for future replacement of various assets. The depreciation charges on assets depend on the category with pre-operational costs having the least rate of 5.9% and others ranging between 10% and 12.5%. The basis is diminishing balance method for all assets.

Royalty Expenses

Motomedia Tanzania Limited has a contract with Motomedia International which gave the right to use Motomedia technology in Africa. The contract gave obligation to Motomedia Tanzania to pay a royalty of 20% of the net profit before tax.

4.3.3 Working Capital Investment

The availability of working capital will depend on management's ability to negotiate better terms of payment to its suppliers and promptly collect revenues from its customers. Due to the nature of its business, the Motomedia Tanzania will have small working capital requirements for inventory and minimal debtors.

Initial working capital investment of USD 120 million will be made during commencement to support operational costs while building business through marketing and customers searching. These are considered normal level of working capital for cash cycle of receipts and payments. It should be noted that a positive net investment in working capital reduces the level of free cash flows and the value of the project. In this regard, the Motomedia Tanzania would endeavour to maintain a negative net working capital. The following working capital policy will be adopted:

- Accounts payable will be maintained at 30 days cycle since receipt of invoices
- Accounts receivable will be maintained at 30 days cycle since billing the customers.



4.3.4 Capital Expenditure

This is the amount spent on purchases of new fixed assets, net of disposals. All capital expenditure is immediately charged to the equity holders. A fixed asset account is maintained throughout the projection horizon based on capital expenditure levels and the rate of depreciation of fixed assets. There are two types of capital expenditure projected in this business plan. These include the acquisitions of computer systems, Motomedia equipments & displays, furniture & fittings, and preliminary costs.

The capital expenditure in this project is expected to include:

- Computer systems
- Motomedia Displays
- Motor Vehicles
- Furniture & Fittings
- Preliminary Costs

Computer systems

Motomedia business model is formed on application of and use of latest computer systems and technology. The technology requires large computer servers, network machines and switches and internet connectivity such as VSAT and others to connect all display sites with Head Office databases. The customers (subscribers) advertisements will be processed and edited at the Head Office computer servers. It is estimated that total costs for computer systems will be USD 75,000. Some of the expenditures have already been incurred for example design of websites, procurement of few computers and accessories.

Motomedia Displays

Motomedia displays for both StreetlevelTV and StreetlevelBillboards are highly advanced technology and use specialised materials. These products will be procured directly from Motomedia International suppliers to ensure compliance with standards and quality. The estimated cost of purchase and installation is USD 15,000 per site. The installation of these Motomedia displays take at most one week per site, hence it is envisaged that within one months four target sites will be installed with these Motomedia displays to start operation in Dar Es Salaam. Further installation will be made for 8 sites to the end of the first year and 12 sites in second year. Total sites for full operation will be 24 sites.

Motor Vehicles

The Promoters plan to procure six (6) pick-up motor vehicles such as Nissan (Hard-top) or Toyota Hillux for operation and administrative work. Each pick-up is estimated to cost USD 27,000 and will be procured in the first year. Furthermore, during the second year, two (2) motor vehicles will be procured for the Directors. The estimated cost is USD 60,000 for each vehicle.

Furniture & Fittings

Small investment of USD 15,000 will be used to procure furniture and fittings for the Head Office.

Preliminary Costs:

The estimated capital expenditure on preliminary costs is about USD 150,000. The detailed breakdown is provided in Table 4.3 below. The payment structure is projected to be in Year 2008 (100%).



Item	Description	Price	Qty	Total
Franchise Rights	Motomedia International	100,000	1	100,000
Company Registration	Various Expenses	5,000	1	5,000
Professional Fees	Consultancy and Legal Costs	2,500	2	5,000
Pre-opening Promotion	Marketing Consultancy Days	10,000	2	20,000
Project Management	Monthly expenses	5,000	4	20,000
Total Costs				150,000

4.3.5 Cash Tax Rate

Tax policies and applicable rates have a significant impact on the viability of the project and on capital structure implications because they affect the timing and magnitude of the cash flows. This section analyses the various taxes in Tanzania and how they are likely to influence the financial feasibility of the proposed real estate project. The main taxes with business modelling implications are:

(a) Corporate Tax - is the tax paid in the accounting period. In other words, the corporate tax payments are on current year basis. This financial model assumes the existing corporation tax rate of 30% will be applicable throughout the project period. The TIC certificate will enable the Promoters to claim capital allowance of 50% of capital expenditure on all assets during the first year and wear and tear during the subsequent years. This will reduce the Corporation Tax to be paid.

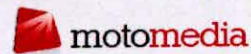
(b) Withholding Tax – Royalty is not subject to a withholding tax of 10% for both residents and non-residents in Tanzania. Therefore in this business plan the payment of royalty to Motomedia International projections are grossed and no deductions are indicated for separate payment to Tanzania Revenue Authority

(c) Value Added Tax – Revenue and expenditure are subjects to Value Added Tax (VAT) at 20% for registered businesses Tanzania. Therefore in this business plan revenue receipts and payments are grossed and no deductions are indicated for separate payment to Tanzania Revenue Authority.

4.3.6 Cost of Capital

An essential part of the Discounted Cash Flow (DCF) methodology is the discounting of future free cash flows at an appropriate risk adjusted cost of capital. The discount rate is calculated to reflect the opportunity cost of the investment funds, which is a function of both the financial and business risks.

The cost of capital could be defined as a minimum annual economic rate of return that providers of capital require to induce them to invest in a business. When considering whether or not to supply a business with capital, investors consider the rate of return they can expect to earn from the business after taxation. They will decide whether to invest by comparing the returns from business with likely post-tax returns from other investments of similar risks. Based on attainable current business returns in marketing and advertising industry, the cost of capital denominated in USD is estimated at 15% annual nominal rate.



In this regard, the Promoters have used 15% as a discounting rate throughout the ten-year projection period.

4.3.7 Growth Projection Period

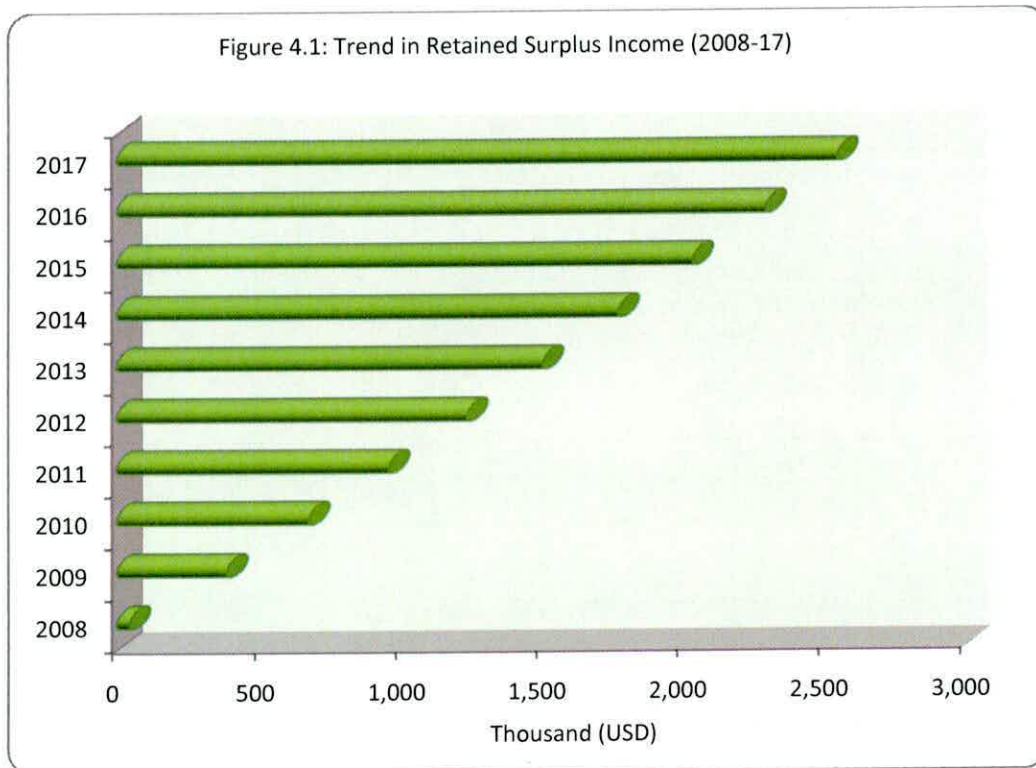
This is the period over which the project viability will be assessed. The basis of the financial modelling for this business plan is duration of 10-year period beginning in July 2008. The 10-year period has been adjusted with Terminal Value assuming on-going business after the projection period. The Terminal Value has been calculated on the basis of Free Cash Flow after tenth year (2018).

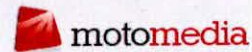


4.4 Financial Statements

4.4.1 Projected Profit and Loss

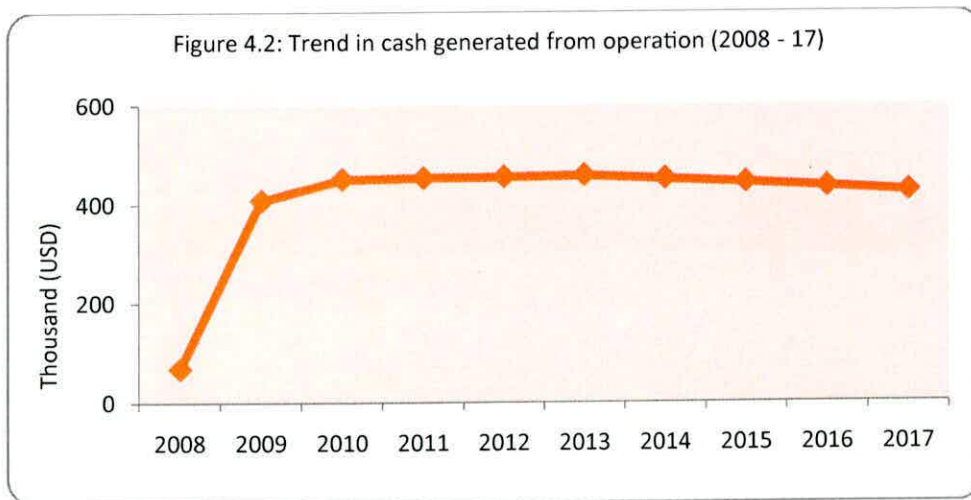
The projected profit and loss account of the Motomedia Tanzania shows promising results. The project is expected to generate a surplus income from its first year of its operation. The accumulated retained surplus during the projection period is growing from USD 45 thousand to USD 2.7 million. The projections were inclusive of tax charges on account as Motomedia Tanzania is a profit making organisation and will operate a marketing and advertising business. The projected profit and loss account shows Motomedia Tanzania will be able to generate high income that will cover its operating costs. Table A2 shows the projected profit and loss account from 2008 to 2017. Figure 4.1 below shows the trend of the accumulated retained profit as a result of the operation from the current position (2008) to the tenth year (2017) after launching of the Motomedia Tanzania between July and August 2008.





4.4.2 Projected Operating Cash Flows

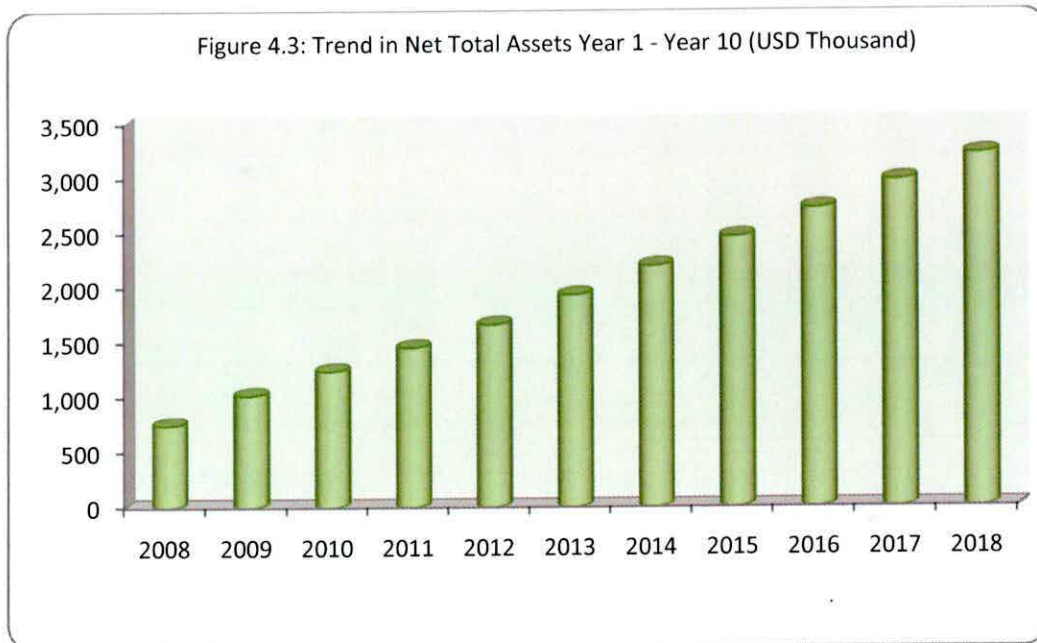
The cash flows statement provides information about the project's liquidity position and the breakdown of the sources and uses of its funds. The projected liquidity statement indicates a sound financial position for the proposed project of the Motomedia Tanzania. However, this is before taking into account the future capital adequacy maintenance. The analysis shows that positive net cash flows from operation will be available throughout the projection's period. The positive cash flows generated from project's operations could be used for increasing operating assets, replacing fixed assets, diversifying business and or paying dividends to the Promoters. The projected cash flow statement is shown in Table A4. Figure 4.2 below shows the trend of the cash from operation for the project from the current position (2008) to the tenth year (2017) after completion of the Motomedia Tanzania.





4.4.3 Projected Balance Sheet

The projected balance sheet indicates project's strong financial position in both the short and long terms. Table A3 in Annex A of this report shows the projected balance sheet for the projection period of the business plan. Figure 4.3 below shows the trend of the net total assets for the project from the current position (2008) to the eleventh year (2018) after completion and commissioning of the Motomedia Tanzania.





4.5 Viability Assessment

On the basis of the assumptions made on revenue generation, capital expenditure requirements, and cash flows projections, the project is both financially feasible and economically viable. Four measures have been used to evaluate viability of the proposed real estate project. They include the Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI) and the Payback Period (PBP). These measures of project viability are briefly discussed below.

4.5.1 Net Present Value (NPV)

The net present value (NPV) is defined as the present value of the future free cash flows, discounted at the required rate of return minus the initial investment. The free cash flows are discretionary cash left over after maintaining the business capital assets. Therefore, free cash flows provide an indication of funds available for distribution and business growth. This is sometimes referred to as the measure of "whole" intrinsic (embedded) business value. Projects, which show a positive NPV, are considered to be viable.

The proposed project of Motomedia Tanzania has an NPV of USD 1.1 million (Table A1). This means that it has the potential of adequately compensating its initial investment within the projected period of ten years, and give additional returns to its financiers including the existing Promoters.

4.5.2 Internal Rate of Return (IRR)

The internal rate of return (IRR) is defined as that rate which equates the present value of the cash outflows and inflows. In other words, it is the rate that makes the NPV equal zero. Hence, this is the rate of return on invested capital that the project is returning to the shareholders. A project is considered to be viable if the IRR is greater than the cost of capital – the discount rate used. The higher the IRR, the more viable it is.

The Motomedia Tanzania project has an estimated IRR of 49%, which is also greater than the cost of capital of 15% that has been used in this business plan. The IRR obtained in this study could also be used to determine the benchmark or the hurdle rate, which is defined as the minimum required rate of return, over and above their cost of capital. The potential investors and Motomedia Tanzania supporters use the hurdle rate to decide on whether or not to undertake the project.

4.5.3 Profitability Index (PI)

The Profitability Index (PI) is another indicator to assess the viability of the project. The profitability index is defined as the ratio of present values of future cash flows to the initial capital investment costs. In other words, PI measures how the proportion by which the expected future cash flows will exceed the initial capital investment costs. The project is termed profitable if the PI is above one (1). Since this project has a PI of 2.4 it is considered to be profitable.

4.5.4 Payback Period (PBP)

Another project viability assessment tool is the payback period (PBP). The payback period is defined as the time required for the investment project to generate cash flows that would be enough to payback the initial capital investment. The shorter the payback period, the more profitable is the project. The returns are estimated based on the free cash flows before or after discounting. The projections show that the proposed Motomedia Tanzania project will have a payback period in the region of 3.2 years. Since it is less than the financial projections period, the project is considered to be viable.



4.5.5 Projected Financial Ratios

Table 4.4 below shows a summary of financial ratios for the projected financial statements. Financial ratios are performance indicators which provide additional information from the financial statements.

Ratio	2008	2009	2010	2011	2012
Profit Margin	13%	13%	13%	13%	12%
Cash Ratio	11%	12%	12%	12%	12%
Current Ratio	2.2	3.5	4.6	5.7	6.6
Debt Ratio	21%	11%	5%	0%	0%
Assets Turnover	3.5	2.9	2.6	2.3	2.0
Return on Capital	46%	38%	33%	30%	25%



4.6 Sensitivity Analysis

The Motomedia Tanzania projections only reflect the most likely (or modal) cash flows based on the assumptions made. However, the actual results are most likely to be different, from projections made because of unexpected change of events. For example, new entrants may result in lower revenues and margins than projected. Also, costs may be higher due to inflation and government policies may change. The level of uncertainty about the actual performance depends on the level of specific risks inherent in the project.

Often, the projected cash flows do not fully reflect the level of uncertainty; hence they tend to differ from the actual future cash flows. In theory, these specific risks are included in the discounted cash flows. However, a more appropriate analysis would be to use the probability weighted average cash flow projections. This method involves projecting all potential outcomes under different plausible assumptions, assigning probabilities to each outcome and calculating the probability-weighted average.

Detailed sensitivity analysis was carried out on the business projections to assess the potential impact of changes to the key value drivers based on 10% to the projected results. The results are summarised in Table 4.5.

Value Driver	NPV	IRR	PI	Pay Back
Incremental Revenue	20.4%	7.4%	11.2%	9.6%
Operating Cost	113.4%	40.0%	63.0%	112.8%
Capital Expenditure	4.8%	4.2%	8.6%	5.1%

Clearly, the resulting NPV and IRR calculations are medium sensitive to changes in estimates of operating costs only. In order to achieve the expected results, management will focus on achieving the targeted operating costs through efficient use of resources and adopt approaches which will save costs. This operating cost value driver carry out the inherent business risk that could substantially affect the projected results.



4.7 Summary and Conclusion

Based on the business and macro-economic assumptions built in the financial projections of the expansion project for Motomedia Tanzania, the Promoters are confident that this project is both financially feasible and economically viable for additional financing. In the report analyses of the proposed project, the Promoters' estimates have taken into account on capital investment requirements, the existing and forecasted marketing and advertising industry in Tanzania and business operating assumptions. Since the analyses indicate that the project is viable, the Promoters believes this business plan to be its best representation and basis of the proposal submission to the potential financial institutions for securing term loan and other regulatory institutions such as Tanzania Investment Centre (TIC).



5 Annex A: Financial Projections

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A1: FINANCIAL EVALUATION RESULTS

(Base 2008 = 100)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Cash Flow												
Profit / (Loss)	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883	
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130	
Cash Tax Paid	0	(29,498)	(83,682)	(100,463)	(113,635)	(123,901)	(132,327)	(136,106)	(138,165)	(138,703)	(137,857)	
Working Capital	(36,000)	(37,944)	(1,996)	(2,050)	(2,106)	(2,163)	(2,221)	(2,281)	(2,343)	(2,406)	(2,471)	
Capital Expenditure	(582,000)	(300,000)	0	(3,727)	0	(79,307)	0	(4,977)	0	(5,752)	(75,000)	
Free Cash Flow	(514,081)	78,626	366,746	349,165	341,890	255,328	318,746	303,006	297,702	281,585	203,685	
Terminal Value												1,493,687
Discounted Value:	(514,081)	68,371	277,312	229,581	195,477	126,943	137,803	113,911	97,319	80,044	50,348	321,058
N P V	1,184,086											
IRR (%)	49%											
PI	2.4											
PBP	3.2											

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A2: PROFIT AND LOSS ACCOUNT

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INCOME											
Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
Other Income	0	0	0	0	0	0	0	0	0	0	0
Total Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
EXPENSES											
Direct Costs	864,000	1,774,656	1,822,572	1,871,781	1,922,319	1,974,222	2,027,526	2,082,269	2,138,490	2,196,230	2,255,528
Employees Costs	288,701	320,529	344,569	370,411	398,192	428,056	460,161	494,673	531,773	571,656	614,530
Marketing Costs	172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
Administration Costs	259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
Interest	28,000	28,000	21,000	14,000	7,000	0	0	0	0	0	0
Total Expenditure	1,671,099	3,085,657	3,178,678	3,263,190	3,352,958	3,456,661	3,553,511	3,664,080	3,780,665	3,902,389	4,039,952
Royalties	56,901	463,655	466,465	480,372	491,681	491,783	501,541	500,458	496,316	490,070	471,103
	<u>(11,380)</u>	<u>(92,731)</u>	<u>(93,293)</u>	<u>(96,074)</u>	<u>(98,336)</u>	<u>(98,357)</u>	<u>(100,308)</u>	<u>(100,092)</u>	<u>(99,263)</u>	<u>(98,014)</u>	<u>(94,221)</u>
Profit Before Tax	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883
Taxation	0	<u>(29,498)</u>	<u>(83,682)</u>	<u>(100,463)</u>	<u>(113,635)</u>	<u>(123,901)</u>	<u>(132,327)</u>	<u>(136,106)</u>	<u>(138,165)</u>	<u>(138,703)</u>	<u>(137,857)</u>
Net Profit After Tax	45,521	341,426	289,490	283,835	279,709	269,526	268,906	264,260	258,888	253,353	239,025
Retained Profit	45,521	386,947	676,436	960,271	1,239,980	1,509,506	1,778,412	2,042,672	2,301,560	2,554,913	2,793,938

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A3: BALANCE SHEET

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fixed Assets											
Tangible Assets	382,425	616,104	545,676	487,119	431,655	452,514	400,453	359,426	318,270	287,633	320,503
Investments	0	0	0	0	0	0	0	0	0	0	0
Pre-operation cost	141,176	132,353	123,529	114,706	105,882	97,059	97,059	97,059	97,059	97,059	97,059
Net Fixed Assets	523,601	748,457	669,205	601,825	537,538	549,573	497,512	456,485	415,329	384,691	417,561
Current Assets											
Debtors	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Cash and Bank	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712	2,704,396
Total Current Assets	331,919	492,321	797,053	1,084,419	1,364,733	1,628,711	1,956,341	2,268,470	2,575,542	2,866,750	3,080,318
Current Liabilities											
Creditors	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Short - Term	0	0	0	0	0	0	0	0	0	0	0
Bank Ovredraft	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Net Current Assets	223,919	270,489	569,231	850,447	1,124,443	1,381,933	1,702,900	2,008,187	2,308,231	2,592,221	2,798,377
Net Total Assets	747,521	1,018,947	1,238,436	1,452,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938
Financed By:											
Equity Capital											
Share Capital	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
Retained Profit	45,521	386,947	676,436	960,271	1,239,980	1,509,506	1,778,412	2,042,672	2,301,560	2,554,913	2,793,938
Total Equity	467,521	808,947	1,098,436	1,382,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938
Debt Capital											
Loan	280,000	210,000	140,000	70,000	0	0	0	0	0	0	0
Capital Employed	747,521	1,018,947	1,238,436	1,452,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A4: CASH FLOWS STATEMENT

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Profit Before Tax	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883
Adjustments:											
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
Working Capital											
Change in Debtors	(144,000)	(151,776)	(7,986)	(8,202)	(8,423)	(8,650)	(8,884)	(9,124)	(9,370)	(9,623)	(9,883)
Change in Creditors	108,000	113,832	5,989	6,151	6,317	6,488	6,663	6,843	7,028	7,217	7,412
Change in Shortterms	0	0	0	0	0	0	0	0	0	0	0
Cash From Operation	67,919	408,124	450,428	453,355	455,526	458,535	451,073	444,089	435,866	426,039	416,542
Less: Tax Paid	0	(29,498)	(83,682)	(100,463)	(113,635)	(123,901)	(132,327)	(136,106)	(138,165)	(138,703)	(137,857)
Investing:											
Fixed Assets	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
Net Investing	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
Net Cash Flows	(514,081)	78,626	366,746	349,165	341,890	255,328	318,746	303,006	297,702	281,585	203,685
Financing:											
Share Capital	422,000	0	0	0	0	0	0	0	0	0	0
Debt Received	280,000	0	0	0	0	0	0	0	0	0	0
Debt Repaid	0	(70,000)	(70,000)	(70,000)	(70,000)	0	0	0	0	0	0
Net Financing	702,000	(70,000)	(70,000)	(70,000)	(70,000)	0	0	0	0	0	0
Net Cash	187,919	8,626	296,746	279,165	271,890	255,328	318,746	303,006	297,702	281,585	203,685
Cash Balance b/f	0	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712
Cash Balance c/f	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712	2,704,396

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A 5: OUTDOOR ADVERTISING ACTIVITIES AND INCOME

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INCREMENTAL REVENUE											
Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
Other Income											
TOTAL INCOME	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
OUTDOOR SITES											
Number of Sites	12	24	24	24	24	24	24	24	24	24	24
Average Subscribers	10	10	10	10	10	10	10	10	10	10	10
Rate Per Subscriber P.M	\$2,000	\$2,054	\$2,109	\$2,166	\$2,225	\$2,285	\$2,347	\$2,410	\$2,475	\$2,542	\$2,611
Site Occupancy Rate	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Total Outdoor Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A6: OPERATING COSTS		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
DIRECT COSTS												
	Base											
Sites Rental	\$5,000	720,000	1,478,880	1,518,810	1,559,818	1,601,933	1,645,185	1,689,605	1,735,224	1,782,075	1,830,191	1,879,606
Sites Maintenance	\$1,000	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Total - Direct Costs		864,000	1,774,656	1,822,572	1,871,781	1,922,319	1,974,222	2,027,526	2,082,269	2,138,490	2,196,230	2,255,528
MARKETING												
Commissions	10%	172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
Total - Marketing Costs		172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
ADMINISTRATION												
General	15%	259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658
Total - Administration Costs		259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A7: STAFFING PLAN AND COSTS												
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
HUMAN RESOURCES PLAN:												
General Manager		1	1	1	1	1	1	1	1	1	1	1
Systems Administrator		1	1	1	1	1	1	1	1	1	1	1
Network Analyst		1	1	1	1	1	1	1	1	1	1	1
Accountant		1	1	1	1	1	1	1	1	1	1	1
Receptionist		1	1	1	1	1	1	1	1	1	1	1
Assistant Receptionist		1	1	1	1	1	1	1	1	1	1	1
Drivers		6	8	8	8	8	8	8	8	8	8	8
Total Employees		12	14	14	14	14	14	14	14	14	14	14
STAFFS COSTS												
	Basic:											
General Manager	5,000	60,000	64,500	69,338	74,538	80,128	86,138	92,598	99,543	107,009	115,034	123,662
Systems Administrator	4,000	48,000	51,600	55,470	59,630	64,103	68,910	74,078	79,634	85,607	92,027	98,930
Network Analyst	3,000	36,000	38,700	41,603	44,723	48,077	51,683	55,559	59,726	64,205	69,021	74,197
Accountant	3,000	36,000	38,700	41,603	44,723	48,077	51,683	55,559	59,726	64,205	69,021	74,197
Receptionist	1,000	12,000	12,900	13,868	14,908	16,026	17,228	18,520	19,909	21,402	23,007	24,732
Assistant Receptionist	500	6,000	6,450	6,934	7,454	8,013	8,614	9,260	9,954	10,701	11,503	12,366
Drivers	300	21,600	30,960	33,282	35,778	38,462	41,346	44,447	47,781	51,364	55,216	59,358
Total - Basic Salaries		219,600	243,810	262,096	281,753	302,884	325,601	350,021	376,272	404,493	434,830	467,442
STAFF BENEFITS												
Medical Insurance	5%	10,980	12,191	13,105	14,088	15,144	16,280	17,501	18,814	20,225	21,741	23,372
Leave Allowance	8%	<u>18,300</u>	<u>20,318</u>	<u>21,841</u>	<u>23,479</u>	<u>25,240</u>	<u>27,133</u>	<u>29,168</u>	<u>31,356</u>	<u>33,708</u>	<u>36,236</u>	<u>38,953</u>
Gross Package		248,880	276,318	297,042	319,320	343,269	369,014	396,690	426,442	458,425	492,807	529,768
STATUTORY COST:												
Social Security	10%	24,888	27,632	29,704	31,932	34,327	36,901	39,669	42,644	45,843	49,281	52,977
Skill & Dev Levy	6%	<u>14,933</u>	<u>16,579</u>	<u>17,823</u>	<u>19,159</u>	<u>20,596</u>	<u>22,141</u>	<u>23,801</u>	<u>25,587</u>	<u>27,506</u>	<u>29,568</u>	<u>31,786</u>
TOTAL STAFFS COST		288,701	320,529	344,569	370,411	398,192	428,056	460,161	494,673	531,773	571,656	614,530

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A8: WORKING CAPITAL PROJECTIONS

	2008	2009	2010	2010	2011	2012	2013	2014	2015	2016	2017
CURRENT ASSETS											
Debtors	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Total Assets	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
CURRENT LIABILITIES											
Creditors	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Shortterm											
Total Liabilities	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Working Capital Change											
Debtors	-144,000	-151,776	-7,986	-8,202	-8,423	-8,650	-8,884	-9,124	-9,370	-9,623	-9,883
Creditors	108,000	113,832	5,989	6,151	6,317	6,488	6,663	6,843	7,028	7,217	7,412
Shortterm	0	0	0	0	0	0	0	0	0	0	0
Net Change	-36,000	-37,944	-1,996	-2,050	-2,106	-2,163	-2,221	-2,281	-2,343	-2,406	-2,471

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A9: FIXED ASSETS SCHEDULE

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Computer Systems											
Cost:											
Opening B/F	0	75,000	75,000	75,000	75,000	75,000	150,000	150,000	150,000	150,000	150,000
Additions	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Revaluation											
Disposal											
Closing C/F	75,000	75,000	75,000	75,000	75,000	150,000	150,000	150,000	150,000	150,000	225,000
Depre:											
Rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Opening B/F	0	9,375	17,578	24,756	31,036	36,532	50,715	63,126	73,985	83,487	91,801
P & L	9,375	8,203	7,178	6,281	5,495	4,184	12,411	10,859	9,502	8,314	16,650
Revaluation											
Disposal											
Closing C/F	9,375	17,578	24,756	31,036	36,532	50,715	63,126	73,985	83,487	91,801	108,451
Net Book Value	65,625	57,422	50,244	43,964	38,468	99,285	86,874	76,015	66,513	58,199	116,549
Motomedia Displays											
Cost:											
Opening B/F	0	180,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Additions	180,000	180,000	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	180,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Depre:											
Rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Opening B/F	0	22,500	64,688	101,602	133,901	162,164	186,893	208,532	227,465	244,032	258,528
P & L	22,500	42,188	36,914	32,300	28,262	24,730	21,638	18,934	16,567	14,496	12,684
Revaluation											
Disposal											
Closing C/F	22,500	64,688	101,602	133,901	162,164	186,893	208,532	227,465	244,032	258,528	271,212
Net Book Value	157,500	295,313	258,398	226,099	197,836	173,107	151,468	132,535	115,968	101,472	88,788
Motor Vehicles											
Cost:											
Opening B/F	0	162,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
Additions	162,000	120,000	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	162,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
Depre:											
Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Opening B/F	0	16,200	30,780	55,902	78,512	98,861	117,175	133,657	148,491	161,842	173,858
P & L	16,200	14,580	25,122	22,610	20,349	18,314	16,483	14,834	13,351	12,016	10,814
Revaluation											
Disposal											
Closing C/F	16,200	30,780	55,902	78,512	98,861	117,175	133,657	148,491	161,842	173,858	184,672
Net Book Value	145,800	251,220	226,098	203,488	183,139	164,825	148,343	133,509	120,158	108,142	97,328
Furniture & Fittings											
Cost:											
Opening B/F	0	15,000	15,000	15,000	18,727	18,727	23,034	23,034	28,011	28,011	33,763
Additions	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Revaluation											
Disposal											
Closing C/F	15,000	15,000	15,000	18,727	18,727	23,034	23,034	28,011	28,011	33,763	33,763
Depre:											
Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Opening B/F	0	1,500	2,850	4,065	5,159	6,515	7,736	9,266	10,643	12,380	13,943
P & L	1,500	1,350	1,215	1,094	1,357	1,221	1,530	1,377	1,737	1,563	1,982
Revaluation											
Disposal											
Closing C/F	1,500	2,850	4,065	5,159	6,515	7,736	9,266	10,643	12,380	13,943	15,925
Net Book Value	13,500	12,150	10,935	13,568	12,212	15,297	13,768	17,368	15,631	19,820	17,838

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A9: FIXED ASSETS SCHEDULE											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Pre-operational costs											
Cost:											
Opening B/F	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Additions	150,000	0	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Amortisation:											
Rate	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Opening B/F	0	8,824	17,647	26,471	35,294	44,118	52,941	52,941	52,941	52,941	52,941
P & L	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	8,824	17,647	26,471	35,294	44,118	52,941	52,941	52,941	52,941	52,941	52,941
Net Book Value	141,176	132,353	123,529	114,706	105,882	97,059	97,059	97,059	97,059	97,059	97,059
DEPRECIATION											
Computer Systems	9,375	8,203	7,178	6,281	5,495	14,184	12,411	10,859	9,502	8,314	16,650
Motomedia Displays	22,500	42,188	36,914	32,300	28,262	24,730	21,638	18,934	16,567	14,496	12,684
Motor Vehicles	16,200	14,580	25,122	22,610	20,349	18,314	16,483	14,834	13,351	12,016	10,814
Furniture & Fittings	1,500	1,350	1,215	1,094	1,357	1,221	1,530	1,377	1,737	1,563	1,982
Preliminary Costs	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Total Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
BALANCE SHEET											
Computer Systems	65,625	57,422	50,244	43,964	38,468	99,285	86,874	76,015	66,513	58,199	116,549
Motomedia Displays	157,500	295,313	258,398	226,099	197,836	173,107	151,468	132,535	115,968	101,472	88,788
Motor Vehicles	145,800	251,220	226,098	203,488	183,139	164,825	148,343	133,509	120,158	108,142	97,328
Furniture & Fittings	13,500	12,150	10,935	13,568	12,212	15,297	13,768	17,368	15,631	19,820	17,838
Total	382,425	616,104	545,676	487,119	431,655	452,514	400,453	359,426	318,270	287,633	320,503
CASH PAYMENT											
Computer Systems	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0
Total	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
CAPITAL ALLOWANCE (TTC)											
Class 2: Equipment + Furr	135,000	191,250	143,438	107,578	80,684	60,513	45,385	34,038	25,529	19,147	14,360
Class 3: Motor Vehicles	81,000	130,875	114,516	100,201	87,676	76,717	67,127	58,736	51,394	44,970	39,349
Class 7: Intangibles	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Total - Capital Allowance	224,824	330,949	266,777	216,603	177,183	146,053	112,511	92,774	76,923	64,116	53,709

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A10: CAPITAL SOURCE & FINANCING PLAN											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CAPITAL EXPENDITURE											
Computer Systems	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0
Initial Working Capital	120,000										
TOTAL	702,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
EQUITY CAPITAL											
Opening Balance	0	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
Addition	422,000										
Drawings											
Adjustment											
Closing Balance	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
EXTERNAL FUNDS											
Interest Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Opening Balance	0	280,000	210,000	140,000	70,000	0	0	0	0	0	0
Addition	280,000	0	0	0	0	0	0	0	0	0	0
Capitalised											
Repaid		(70,000)	(70,000)	(70,000)	(70,000)						
Closing Balance	280,000	210,000	140,000	70,000	0	0	0	0	0	0	0

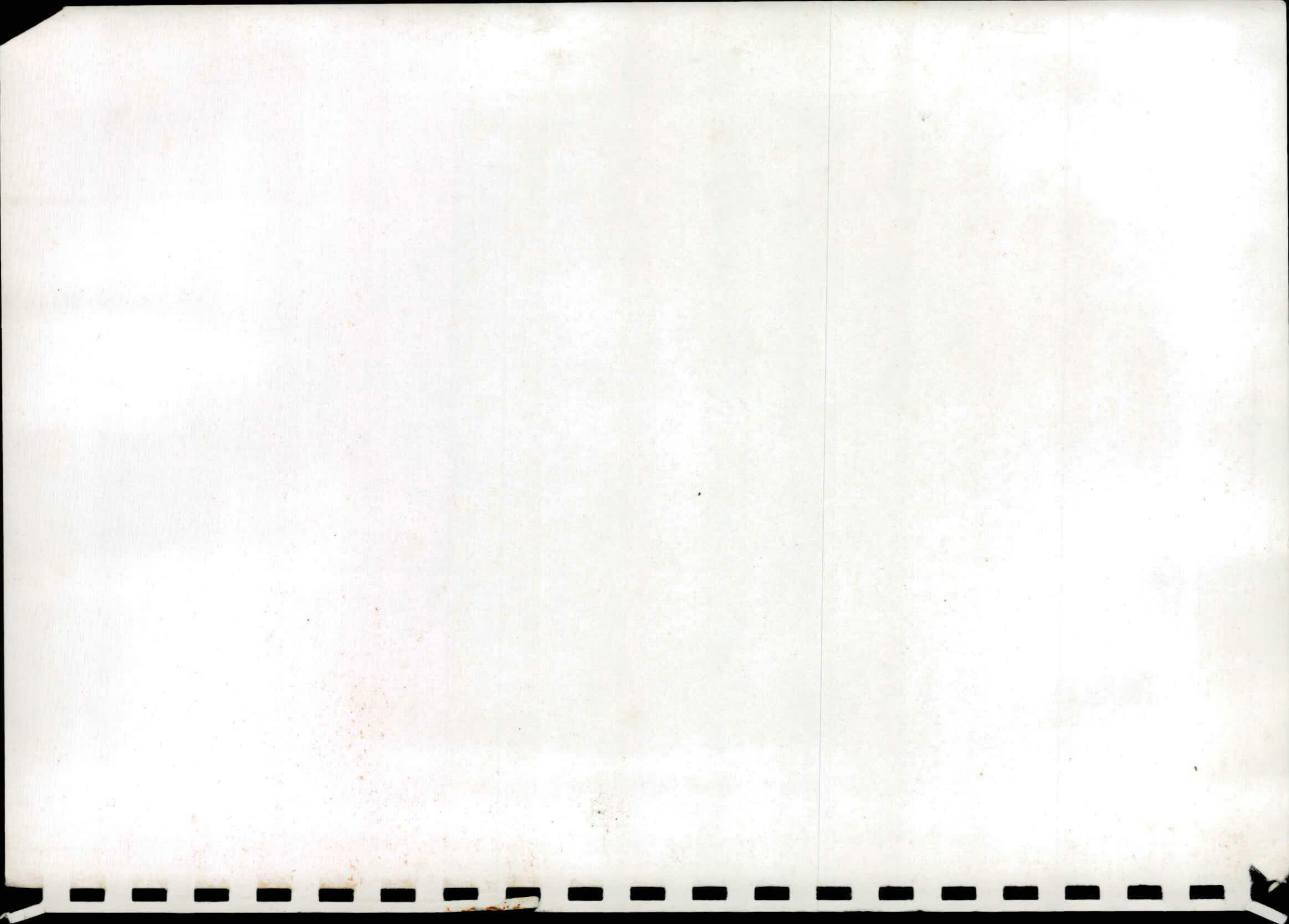
BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A11: CAPITAL EXPENDITURE COSTING AND BUDGET											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Computer Systems											
Network Servers	25,000					25,000					25,000
Switches and Modems	10,000					10,000					10,000
Desktop Computers	7,500					7,500					7,500
Computer Softwares	12,500					12,500					12,500
VSAT and Dishes	15,000					15,000					15,000
Webstes and Installations	5,000					5,000					5,000
Total Cost	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays											
Streetlevel Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Total - Motor Vehicles	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles											
Pick-Ups	162,000										
F-w-D		120,000									
Total - Vehicles Costs	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings											
Office Furniture	10,000			2,485		2,871		3,318		3,834	
Other Fittings	5,000			1,242		1,436		1,659		1,917	
Total - Furniture Costs	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs											
Franchise Rights	100,000										
Company Registration	5,000										
Professional Fees	5,000										
Pre-opening Promotion	20,000										
Project Management	20,000										
Total - Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A12 : FINANCIAL MODEL VARIABLES

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ECONOMY													
	SOURCE												
TZS Inflation Rate	BoT, NBS	8.9%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
TZS Price Index	Data analysis	1.00	1.08	1.16	1.24	1.34	1.44	1.54	1.66	1.78	1.92	2.06	2.22
USD Inflation Rate	FT Websites	3.1%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Exchange Depr. Rate	Consultant analysis	5.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
USD Inflation Index	Consultant analysis	1.00	1.03	1.05	1.08	1.11	1.14	1.17	1.21	1.24	1.27	1.31	1.34
Exchange Rate	Consultant analysis	1,200	1,258	1,318	1,381	1,448	1,517	1,590	1,666	1,746	1,830	1,918	2,010
TAXATION													
Corporate Tax	ITA 2004	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Class 1	ITA 2004	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%
Class 2	ITA 2004	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Class 3	ITA 2004	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Class 4	ITA 2004	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Class 5	ITA 2004	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Class 6 (Pre-operations)	ITA 2004	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
OPERATING DATA													
Creditors	Promoter	30	30	30	30	30	30	30	30	30	30	30	30
Debtors	Promoter	30	30	30	30	30	30	30	30	30	30	30	30
Working Days	Promoter	360	360	360	360	360	360	360	360	360	360	360	360
Operation Months	Promoter	12	12	12	12	12	12	12	12	12	12	12	12
ROYALTIES													
Franchise Fee	Motomedia Intern.	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
OUTDOOR SITES													
Number of Sites	Promoter	12	24	24	24	24	24	24	24	24	24	24	24
Average Subscribers	Promoter	10	10	10	10	10	10	10	10	10	10	10	10
Rate Per Subscriber	Promoter	\$2,000	\$2,054	\$2,109	\$2,166	\$2,225	\$2,285	\$2,347	\$2,410	\$2,475	\$2,542	\$2,611	\$2,681
Site Occupancy Rate	Promoter	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Site Cost		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
EXPENSES													
Marketing Cost	Promoter	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Interest Rate	Promoter	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
DEPRECIATION													
Computer Systems	Promoter	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Motomedia Displays	Promoter	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Furniture	Promoter	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Preliminary Costs	Promoter	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
WACC:													
WACC	Promoter	<u>Current:</u> 15.0%	1	2	3	4	5	6	7	8	9	10	11
			0.870	0.756	0.658	0.572	0.497	0.432	0.376	0.327	0.284	0.247	0.215





MOTOMEDIA TANZANIA LIMITED





MOTOMEDIA TANZANIA LIMITED

Business Plan to Launch and Operate
Motomedia StreetLevel Advertising in
Tanzania

May 2008





Confidentiality Agreement

The undersigned reader acknowledges that the information provided by the Promoters in this business plan is confidential; therefore, the reader agrees not to disclose its contents without the express written permission of the Promoters.

It is further acknowledged by the reader that information furnished in this business plan is, in all respects, confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to interests of the Motomedia Tanzania Limited.

Upon request, this document is to be immediately returned to _____.

Signature

Name (typed or printed)

Date



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1 Introduction and background

1.1 Introduction

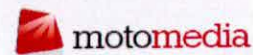
This report examines the value business opportunity for the Promoters to set up a business venture for outdoor advertising business in Tanzania, East Africa. In particular, it



outlines the value opportunity that exists in the marketing and advertising services and suggests how the Promoters can capture it by launching and operating Streetlevel advertising business using latest Information and Communication Technology (ICT) under trade mark of Motomedia. The report finally sets out a detailed financial projections and sensitivity analysis in order to provide financial justification for the project and business plan.

The project business plan is a draft description of the proposed project idea prepared by the Promoters to concretise and explore for possible tapping a business opportunity offered by the marketing and advertising industry in Tanzania to launch the new Motomedia products the first of its kind and technology in Tanzania and Africa. The business plan report outlines the initial plan laid out by the Promoters in undertaking the project, setting a business vision and gather initial cost estimates and also reporting on the progress so far achieved by the Promoters.

The Promoters are determined to launch the operation between July and August 2008 following the initial preparation and investment in business over a period of one year. The Motomedia Tanzania Limited is eager to join hands with financial institutions to provide additional funds required to support start-up period. The Promoters would like to re-assure the financial institutions and other targeted investors, that the project is commercially viable, environmentally friendly and above all, socially acceptable within the framework of the government policies, regulations and laws.



1.2 Purpose of the plan

1.2.1 Project Promoters

The project proposal is developed and invested by the **Motomedia Tanzania Limited**. The Motomedia Tanzania Limited will be a private company to be registered under the Company Ordinance Cap 212. The Company has already applied for registration with Business Registration and Licence Agency (BRELA) and is soon to receive its Certificate of Incorporation. The Company is owned by two directors who are Mr Mehbood Juma and Mr Peter Rupia. The shareholdings are Mr Mehbood S Juma (70%) and Mr Omar R Hatibu (30%).

Mehbood Juma

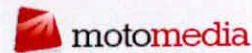
Mr Mehbood Juma is the founder of Motomedia Tanzania Limited and Motomedia Africa Limited. Mr Juma has 70% shares in the Motomedia Tanzania Limited. Mr Juma is one of successful business entrepreneurs in Tanzania. Mr Juma has been in business operations over a long period of time, and he climbed the ladder of promotions up to Managing Director and Chairman of some companies. For example, Mr Juma is a founder and director of the following businesses ventures in Tanzania:

- The Road Ahead Investment (T) Limited: This Company was registered on 16th November 2004 under Companies Ordinance (Cap 212) with Certificate of Incorporation No 50669. The Company is owned by two directors Mr Mehbood Juma (90%) and Mr Leo Mazigo (10%). Among its business objects, The Road Ahead Investment (T) Limited is acquiring by purchase or lease right of occupancy of estates, tenure in land and premises
- Dar Es Salaam International Academy: The new school is situated off Chole Road a few meters from the Transit Supermarket and within walking distance of the Indian Ocean. The School opened its doors in 2003, growth to Early Childhood and Grades 1-6 for 2004 was so rapid that it surpassed even business projections based on a three year growth plan. The School caters for approximately 180 students from Early Childhood (ages 3-4) all the way up to Grade 10. From Grades 6 – 10 the School implement the International Baccalaureate Middle Years Program.

1.2.2 Project progress

To-date the Promoters have undertaken several tasks and investing some capital for the establishment and set-up of the proposed business of Motomedia Tanzania Limited. These tasks and investment implications are summarised below:

- Acquired franchise rights to use Motomedia technology and name from Motomedia International. It took the Promoters a period of one-year to acquire the right to use Motomedia technology and franchise in Tanzania and Africa. The Promoters have paid USD 100,000 for the rights
- Secured an office accommodation for the Motomedia Tanzania Limited Head Office at Chole Road, Masaki Area in Dar Es Salaam. The Motomedia will be paying a monthly rent of USD 2,000 for the office space
- Lodged company registration with BRELA, and expecting to receive the Certificate of Incorporation around June 2008
- Procure some capital assets for establishment of the business such as few computers and office furniture.



1.2.3 Financing Requirement



The objective of this business plan is to outline finance requirement to enable the Promoters to launch and start the business in local market. The total funds required for the full project is USD 702,000. The Promoters have already invested USD 300,000 up to April 2008 and will continue to invest another USD 102,000 between June and July 2009. Therefore, the Promoters are looking for external funds in the form of term loan of USD 280,000 to finance capital expenditure and working capital before launching the business between July and August

2008.

The external fund will be equivalent to 40% of the project total funds and remaining 60% will be provided by the Promoters. However, during the first few years of operations, the Promoters will be able to provide additional working capital which will be required especially on payment of interest on external funds.

1.2.4 Loan Guarantee and Security

Given that Motomedia Tanzania will be a new business, the term loan will be secured and guaranteed by the related Company called The Road Ahead Investments (T) Limited. The Road Ahead Investments (T) Limited has entered into a 17 years full lease agreement for a building situated on Plot No 5 mikocheni 'B' Old Bagamoyo Road in Dar Es Salaam. The Company has so far invested TZS 400 million to refurbish the building and transformed it into a shopping centre. The Company started renting the shopping centre to various tenants in 2007. The current rental income per month is about USD 14,000 and operating expenses of about USD 2,500. The Promoters proposes to secure the term loan against the leased property and also start paying the term loan interest and capital through cash flows from the renting business of the Road Ahead Investments (T) Limited.

Also the Motomedia Tanzania Limited will secure and guarantee the loan with the building situated on Plot No 136 at Bahari Beach in Dar Es Salaam. The Plot land is 3,500 square metres in a prime area of Dar Es Salaam. The building is owned by an associate of the Company and the current market value is in a range between TZS 600 – 700 million (equivalent to USD 500 – 580,000).

1.3 Project Profile

1.3.1 Project benefits

The benefits or outcome of the project are many, such as:

- **Growing economy:** Conducive investment climate in Tanzania where economic growth has been substantial to ensure economic returns
- **Scalable business:** The business requires a minimum capital base to start operation and can be expanded in future as the market grows in the whole country
- **Reliable Market:** Demand in advanced outdoor advertising services is high in the country; and the market is driven by economic growth in various sectors
- **Economic support:** The project will be a direct link to the government effort in diversifying economy through strengthening marketing and advertising industry. The project will meet all government obligations such as payment of taxes, staff social securities, insurances, levies and duties as per regulations and laws.



- **Investment Returns:** Adequate returns to investors and financial institution which will provide term loan, a positive net present value, and internal rate of return higher than cost of capital
- **Employment creation:** Following its full operation in second year the project will create a minimum of 14 permanent jobs will be created in Dar Es Salaam Head Office and a number of Marketing Officers (Agents) who will be paid on performance (commissions). The Promoters considers job creation as a positive contribution towards government policy on poverty alleviation.

1.3.2 Investment incentives



The Promoters are planning to register this project with the Tanzania Investment Centre (TIC). The TIC was established by an Act of Parliament the Tanzania Investment Act No 26 of 1997. The Centre was established as a one-stop centre for investors which aim to coordinate, encourage, promote and facilitate investment in Tanzania. One of its main functions is to provide, develop, construct, maintain and administer investment sites, estates or land and its associated facilities.

The investors registered with TIC are awarded Certificate of Incentives, which under Tanzania Investment Act No 26 of 1997 are broadly categorised into fiscal and non-fiscal incentives. To qualify for and obtain TIC certificate of incentives, minimum fixed investment cost for new project should be at least USD 300,000 for projects which are wholly owned by foreign investors or joint venture (Foreigner and Tanzanian) and USD 100,000 for projects owned by Tanzanian citizen (s).

Incentives guaranteed to holders Of TIC certificates of incentives include:

- The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance with, MIGA (Multilateral Investment Guarantees Agency). Likewise Tanzania is a member of the International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank
- Zero percent (0%) Import Duty on project capital goods, computer and computer accessories, raw materials and motor vehicles in Completely Knocked Down (CND) form
- Ten percent (10%) – Import Duty for Semi-processed inputs and motor vehicle spares; Fifteen percent (15%) – Import Duty for fully processed inputs and motor vehicle spares; Twenty five percent (25%) – Import Duty for final consumer goods
- Abolition of the mandatory pre-shipment inspection in imported raw materials that have zero rate of Import Duty. Note: Pre-shipment inspection on commercial imports with FOB value of USD5, 000 and above is mandatory
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies
- 50% expensing of capital expenditure for all classes of assets. In subsequent years implement wear and tear allowance. Also Straight line depreciating allowance on capital goods
- Deferment of VAT payment on project capital assets; Locally procured building materials are deemed to be capital and therefore subject to VAT deferment; Zero rated VAT on exports



- Import Duty drawback on raw materials used to produce goods for exports and deemed exports. Deemed exports cover locally produced or manufactured goods which are sold to foreign agencies or entities operating in Tanzania, which are exempt from payment of import
- Indefinite carry forward of losses against future profit
- Corporate Tax Rate of 30 percent and withholding Tax Rates on dividends (10 percent) and (0 percent) on loan interest in both priority and lead sectors
- The right to transfer outside the country 100 percent of foreign exchange earned, profits and capital
- The ease of obtaining other permits such as residence/work permits, industrial licence, trading licence etc
- Automatic permit of employing 5 foreigners on the project holding Certificate of Incentives.

However, an investor can register with TIC and obtain Certificate of Incentives while securing project location outside TIC estates or lands.

1.4 Summary of Projections

Table 1.1 below shows summary financial projections results for the project on the base case scenario.

Measure	Value	Evaluation
Net Present Value (USD million)	1.1	Project has a positive NPV indicates viable for investment
Internal Rate of Return (%)	49%	IRR is greater than the cost of capital – the discount rate used
Profitability Index (Number)	2.4	The project is financially viable as Profitability Index is above one
Pay Back Period (Years)	3.2	Less than the financial projections period, the project is considered to be viable

2 Market analysis and forecast

2.1 Global Advertising Industry



Advertisement is a way of facilitating the distribution of commodities, broadening the market and making people aware of possibilities with which they would not otherwise be familiar. It means bringing something deliberately to some one notice thus establishing an awareness of, creating a favourable attitude to and stimulates demand for a product, idea or service among potential consumers. Advertising is therefore a marketing tool whose prime aim is to sell goods and services.

One year ago, the advertising industry was still struggling to find its feet following the slump it entered in 2001, when the bursting of the technology bubble brought about an abrupt collapse in ad spending. Although spending began slowly to grow again some forms of advertising seemed no longer to be working. Some advertisers abandoned traditional ads for other forms of marketing, such as in-store promotions, direct mail or outdoor posters. Some also turned to the internet, and in particular paid-for links on search sites such as Google or Yahoo. Now, however, adland is bouncing back unambiguously, even if it is still far from business as usual.

Worldwide advertising expenditure grew by almost 7% in 2004 to USD 370 billion, estimates ZenithOptimedia. As this was well above global economic growth, the consultancy says it shows that the industry is recovering strongly—just as it always has done after previous slumps. Historically, advertising expenditure has tended to fall further when GDP declines, only to recover faster when economies pick up. The ad market in 2004 was boosted by some special factors, such as a presidential election in America and the Olympics. Yet ad spending grew by around 6% in 2005. The growth came about as firms became more aggressive in their battles for market share and polish brands that lost ground to cheaper competitors during the slump. By 2011, Zenith predicts, China will have overtaken Britain and Germany to become the third-largest advertising market in the world after America and Japan.

Television remains the most-powerful advertising medium, with a 38% global share of spending on major media in 2004. But things are changing. Many people nowadays watch cable or satellite channels rather than the main networks. Zenith expects TV generally to retain its overall share of the market through 2009, although it is uncertain about the threat posed by personal video-recorders, which can capture programmes for viewing at any time—and skip past ads for the internet and some big campaigns are tested online before being given the final go-ahead. However, one of the strong contenders for growth recently has been innovative outdoor campaigns of high-tech companies such as Motomedia International.



2.2 Outdoor Advertising in Tanzania



As all other media, outdoor advertising is part of everybody's everyday life. Outdoor is one of the oldest advertising media. Outdoors promotional marketing is used to focus on a person-to-person basis; it is therefore also known as direct marketing. In Tanzania, its use has been limited in the past; this is now changing with the emergence of promotional companies and the realisation of benefits of the method of the advertising clients. The benefits of direct marketing include introduction of a brand to a

consumer, and are also designed to build and maintain long-term brand growth. The method is also appropriate because of the feedback generated through dealing directly with the consumer.

The growth of outdoor in Africa has been on the back of tobacco and booze advertising. But that is changing as more and more products are advertised through outdoor activities. There is a move away from tobacco advertising in line with the rest of the world. Instead, there is more of a focus on fast-moving consumer goods and a marked increase in the advertising of professional services such as banking and, of course, cellular telecommunications. Tanzania has been singled out as one of the fast growing countries in outdoor advertising activities in Africa.

2.3 Supply Analysis

The use of out door media as an Advertising tool is advancing rapidly in Tanzania. There is a growing awareness of the power and impact of this form of communication and consequently an increase in its use. The industry is fragmented and not yet organised. The past and current companies conducting outdoor advertising business are highlighted below to set up competition environment for the Motomedia Tanzania. Although these outdoor advertising companies are using digital displays, but none is using Motomedia technology, which is live, interactive and data and information can be downloaded by customers through mobile phones and computers.

Monier International



Monier International was one of the leading companies dealing in outdoor advertising in Tanzania under the name Monier 2000. They specialise in the setting up of billboards and promotion posters. They were the first company to introduce the full colour photograph posters for billboards. Monier are

also involved in the installation of shop name signs across the country, putting up advertisements on the national stadium and full colour banners at Dar Es salaam International Airport. Monier has also introduced advertising on public transport. However, Monier 2000 sold its outdoor advertising business to AI Outdoor.

Corpcom

Corpcom Outdoor through its wholly owned subsidiary – Inter Africa Outdoor Advertising is the other major out door holding in Tanzania. They have dynamic billboard opportunities including 16,48,96 sheet billboards and illuminated 3 x 12m Super 96 sheet billboards located on major arterial routes and high traffic areas including the international airport.



AI Outdoor



A1 Outdoor was established in 2004 to carry out outdoor advertising business in Tanzania. A1 Outdoor is now established in Tanzania, Uganda, Kenya, Zambia, and Gabon and most recently in Sierra Leone. A1 Outdoor has network of support offices in Dubai and South Africa. AI Outdoor, the fastest growing outdoor advertising company in Tanzania, has recently bought the Tanzanian business of internationally based Monier 2000. The two rival outdoor advertising companies that for five years operated in a highly competitive market have announced their decision to solidify their core business strengths. Monier 2000 will continue expanding and growing their digital printing business while AI Outdoor will add all of their existing billboards to their current portfolio.

Through the acquisition of Monier 2000 outdoor sites and structures in April of 2005, A1 Outdoor was able to enhance it's portfolio of outdoor sites in both Kenya and Tanzania. In Tanzania in particular, this purchase allowed A1 to firmly secure its position of market leader, both in terms of strategically located structures and market share. Today, A1 Outdoor has a staff of more than 80 individuals, both national and expatriate.

Clear Channel Independent (T) LTD

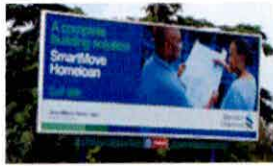


Clear Channel Independent (T) Limited is one of the major outdoor companies in the country. The company is a subsidiary of Clear Channel Outdoor Holdings. Clear Channel enjoys the largest portfolio of airport advertising opportunities in Africa.

Clear Channel Independent (T) Limited provides clients with advertising opportunities through billboards, street furniture displays, transit displays and other out-of-home advertising displays, such as wallscapes, spectaculars, neons and mall displays. The segments of the Company include Americas and International. During the year ended December 31, 2007, the Clear Channel Outdoor Holdings owned or operated approximately 897,000 advertising displays globally. As of January 17, 2008, the Company entered into an agreement to sell its equity investment in Clear Channel Independent, an out-of-home advertising company in South Africa with operations in Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda and Zambia.



2.4 Demand Analysis



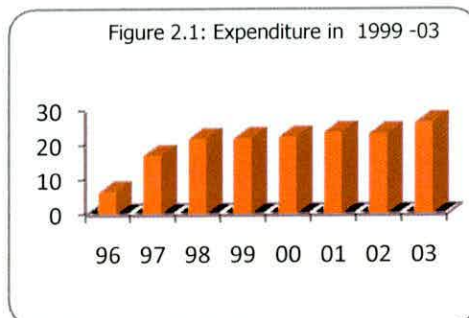
The market research has shown that there is high demand on marketing and advertising activities from various suppliers of products and services in Tanzania. High demand for modern and high-tech outdoor advertising campaigns stems from steady economic growth, products and consumers sophistications and development in application of high-tech in marketing and advertising. Both public and private sectors are demanding the marketing and advertising activities for their products and services. For example the Government institution such as Tanzania Revenue Authority (TRA) is at the forefront in spending significant amount of money to advertise its activities and create public awareness on the importance of paying taxes for the country development. Economic growth as shown by the Gross Domestic Product (GDP) indicator has been encouraging and motivating factors to many foreign and local investors in Tanzania. Over the last 10 years, the lowest GDP growth was in 1998 recorded at 4.0% and the highest been 6.7% in 2004 and 2005.

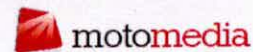
Following economic reforms in the country, many new economic ventures have been established in Tanzania which creates high demand for all forms of advertisements including outdoor activities. The economic reform has revamp the economic activities in all sectors of economy from construction, communication, manufacturing, financial, mining, tourism, trade and services. A large number of multi-national companies have acquired or established new businesses in the country. These large multi-national companies have traditionally been key drivers in adopting and implementing advertising as the major marketing tool. For example, the large companies with multinational links with significant advertising campaigns include:



- Kwanza Bottlers (Coca cola)
- Tanzania Breweries Limited
- Western Union (T) Limited
- Vodacom Tanzania Limited
- Celtel Tanzania Limited
- TIGO Tanzania Limited
- Barclays Bank (T) Limited
- Standard Chartered Bank (T) Limited

Also a large number of local companies have recently engaged in advertising activities as marketing tool to fight competition and introduce their products to the consumers. The increases in number of companies and new business have seen a high growth in expenditure in marketing and advertising including outdoor activities. Figure 2.1 shows expenditure in outdoor advertisements in the country from 1997 to 2003. Expenditures grew was TZS 6.6 billion (1996) and grew up to TZS 26.635 billion in 2003 a cumulative average growth rate (CAGR) of 22% per annum. Therefore, the sub-sector grew above the GDP during the initial periods and currently is growing in line with it. However, the advertising expenditure per capita in the





country is still very low at less than 1 USD. Therefore, there is a large room for growth in this subsector through establishments of new ventures and introduction of new products in the market such as new Motomedia technology.

2.5 Business Opportunity

This proposed business opportunity is targeting to exploit a large and expanding marketing advertising industry in Tanzania. The number of new products and services in the country is increasing, and the demand for effective and efficient marketing and advertising services is increasing as well. In year 2003, while the country's real Gross Domestic Product (GDP) grew by 6%, the advertising sector registered a growth rate of 13%.

Motomedia gives the potential customers an opportunity to get large format advertising with audio, video, Bluetooth interaction and audience data capture at streetlevel. There is a great opportunity for Motomedia Tanzania to excel in the outdoor advertising business, especially in introduction of its new and modern technology in the country. This opportunity is enhanced mainly by the fact that Motomedia Africa Limited a holding company of the Motomedia Tanzania is the sole owner of the rights to establish, operate or franchise the Motomedia technology of outdoor advertising in Africa (except Egypt). It is evident that there is high demand for more sophisticated high-tech advertising marketing campaigns activities in Tanzania and Africa.

2.5.1 Mission and Vision

Motomedia Tanzania will offer its customers the best methods and tools in planning and implementing a successful Motomedia marketing and advertising campaigns and sustainable programs for the new and old products and services of various organisations in Tanzania. The application of latest Motomedia technology and equipments will cut through the mumbo jumbo of mass marketing, increase sales, and enhance customer satisfaction with the company. Motomedia Tanzania marketing and advertising campaigns will grab readers immediately and drive home the right message to the right audience.

Motomedia Tanzania will exceed its customers' expectations for marketing and advertising campaign returns in all sectors of the economy from the public to the private. The key to success for the Motomedia Tanzania will lies on the following strategies:

- Have the technical expertise to minimise the learning curve for Motomedia Tanzania clients and minimize their expenses
- Make Motomedia Tanzania part of client's business team
- Insure the timely launch of each client's marketing program
- Generate new innovative strategies for clients that result in a high-quality and cost-effective products and services
- Differentiate Motomedia services so that clients realize that Motomedia Tanzania are able to better serve their needs rather than a more generic competitor or in-house outdoor marketing
- Keeping close contact with clients and establishing a well functioning long-term relationship with them to generate repeat business and a top notch reputation
- Establish a comprehensive service experience for the clients that include consultation, analysis of Motomedia high-tech marketing campaign goals and target markets, creation of streamlined and custom advertising campaigns based on needs, expectations, implementation, and follow-up analysis.



2.5.2 Products and Services

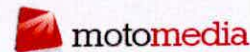
The **Motomedia Tanzania** would like to take this business opportunity to invest in new technology outdoor advertising business in Tanzania. The main objectives of developing and operating Motomedia Tanzania are to:

- Achieve break-even by the first year of operation
- Establish a country scope for operations within 5 years and a regional presence within 10 years
- Establish minimum 95% customer satisfaction rate to establish long-term relationships with clients and create a viable reputation.

2.5.3 Competitive Edge

Motomedia outdoor marketing technology is an emerging marketing tool with few industry experts. Motomedia International's accomplishments over the past few years have been singled out by the industry as models for successful outdoor marketing and advertising business. Motomedia Tanzania has acquired rights (franchise) to operate Motomedia business in Africa except in Egypt. Motomedia Tanzania will be the only operator in Tanzania for the Motomedia technology and also its holding company Motomedia Africa Limited will receive royalties from other companies which will operate in their respective countries in Africa with exception of the companies operating in Egypt.

The only way to describe the impact of Motomedia within the outdoor sector of the advertising industry is sensational. The feedback and interest from some of the biggest brands in the world has been overwhelming. Diagio, Ebay and EMI to name a few have recognised that Motomedia's approach to digital advertising is something new, something powerful, and something they should know about.



3 Operational Plan

3.1 Business Plan

The proposed business plan is to launch and operate a local Motomedia in Tanzania. This section of the business plan provides information regarding major tasks and development which so far has been achieved and set a framework for the remaining tasks to be completed. The business plan is discussed under the following headings:

- Products and Technology
- Set-up Plans
- Site Locations

The design of Motomedia Tanzania will be of a distinctive character, immaculate and exotic outdoor high-tech displays thus creating life impression to all customers who will be visiting various display sites on targeted areas and regions in the country. The business plan is a simple process of setting up Head Office (rented), buy rights from shops and building owners to install Motomedia displays, contract advertising subscriptions with suppliers and manage advertisements through computerised database.

3.1.1 Products and Technology

Motomedia fuses design, digital media and Bluetooth to create a powerful marketing format that uses the windows of vacant retail units as an advertising platform. In today's high streets and shopping complexes, empty retail units can look tired and depressing. Motomedia generates income for landlords, acting agents and local authorities by providing advertisers a unique opportunity to place large-format advertising in high-profile locations on a short term basis. With a talented team of media and retail professionals driven to achieve 'best in class', the goal of Motomedia is delivering outstanding results for the clients.

The digital technology of Motomedia technology includes latest key features, which are advantages and user friendly to viewers and consumers doing shopping or searching more information of products and services advertised:

- **Bluetooth:** Bluetooth is a form of wireless communication and can be used to pass information to Bluetooth-enabled devices such as mobile phones. Bluetooth is an excellent protocol for wireless communication because it's capable of transmitting data at nearly 1MB/s, while consuming 1/100th of the power of Wi-Fi. There are no charges for delivering a message using Bluetooth unlike using SMS text messaging. Bluetooth is a fantastic resource but not all Bluetooth mobiles have it enabled. People must be made aware that they are to switch on their Bluetooth in order to receive information. This is where Motomedia comes into its own - Motomedia use graphics and digital media to tell shoppers and the public to activate their Bluetooth, allowing the client's message to be reinforced and successfully delivered to mobile devices. Bluetooth can be used to deliver a variety of information. This can include mp3s, video clips, images, textual information, redeemable offers and barcodes. Further to this it is possible to send Java applications which might contain a gallery, a calendar of events or even a game. Bluetooth downloads can be prepared by Motomedia to tie in with any advertising campaign





- **Motomedia Interactive:** Motomedia deploy a range of impressive technologies to create advanced advertising solutions and futuristic interactive information displays and fully enhance the StreetlevelBillboards™ concept. Touch screen interactivity allows the user to navigate projected content by touching the projection surface. Motion sensing - cameras and advanced software give the user the ability to move and navigate animated projected content using hand movement. A further use is seen in the Flash movie on this page - an advertisement display that animates and plays sound as viewers walk past. Motomedia can design custom animated content for use in conjunction with projection and interactive technologies. This content is similar in nature to website content and can be tailored to meet the design and interactivity requirements for a particular project; the possibilities are infinitely exciting.

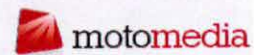


Using externally applied printed vinyl combined with several technologies, shop windows are converted into customer-facing. Large-scale, interactive audio-visual posters sites in the very center of the consumer domain. Motomedia deploy a range of impressive technologies to create advanced advertising solutions and futuristic interactive information displays. The displays for Motomedia outdoor advertising are basically in two formats: StreetlevelTV™ and StreetlevelBillboards™.

StreetlevelTV™

Shopping centres offer a fantastic advertising opportunity. With shopping centres full of browsing shoppers already primed to buy, and as a point of purchase of most brands and products, streetlevelTV™ offers a powerful medium to influence their spend. When in a shopping centre environment, shoppers will stop to look at something that catches their attention, whether this is an advert or a music video for an up and coming act. In partnership with the shopping centre owners Motomedia Tanzania are able to provide accurate demographic and footfall data; the weekly average footfall of a shopping centre in large market laces. StreetlevelTV™ gives shoppers an opportunity to use existing TV advertising with sound, interaction and audience data capture.

StreetlevelTV™ delivers much more than standard outdoor advertising. Using large format screens and advanced audio technology we can bring a huge variety of content like existing high quality TV ads, infomercials and live news and weather, all with sound, to compliment a marketing campaign. StreetlevelTV™ sends out Bluetooth content to mobiles and uses audience data capture techniques to measure effectiveness. It is designed to engage the consumer, it is at streetlevel, it is customer facing, measurable and is located in shopping havens. StreetlevelTV™ is more than a sequence of adverts - it is designed to engage the consumer by showing short films, community messages, infomercials, music videos and clips of unsigned bands and adverts for local events in conjunction with advertising. Intelligence hardware and software is included as standard. This gathers information on viewing times and viewer demographic and uploads reports to the internet. All playlists are scheduled remotely using advanced real-time server software.



StreetlevelBillboards™

With thousands of empty retail units available throughout Tanzania shopping centres and areas, Motomedia takes those in prime locations and transforms the shop windows into innovative and powerful advertising and marketing tools in the very center of the consumer domain. The glass windows of a vacant retail unit can be used as an advertising forum, with branded vinyl applied to the window, rear projection of video onto specialist screens that are visible in daylight, and audio driver technology turning the window into a speaker. This creates outstanding audio-visual theatre in any retail location and, coupled with Bluetooth, represents a particularly powerful method of raising awareness and delivering a message.





3.1.2 Set-up Plans

The Promoters have worked on a set-up plan to establish operation from a central location in Dar Es Salaam through a high-tech computer network with minimum capital investment. The set-up plans are discussed under the following sub-topics:

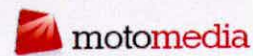


- **Franchise License:** Motomedia Tanzania Limited has acquired franchise rights to Motomedia technology for outdoor advertising business in Africa. The Promoters have already signed the franchise contract with Motomedia International and paid USD 100,000 for the license. Part of the agreement is for Motomedia Tanzania to pay a royalty fee of 20% of profit before tax per annum
- **Office and Location:** The Promoters have rented an office at Chole Road in Masaki Area which will be used for management and operation. The central computer systems and equipment will be installed at this office and networked to various display sites all over the country.

3.1.3 Site Locations

Motomedia Tanzania plans to launch its operation in Dar Es Salaam. The marketing research has shown that the saturation point for the sites installation in Tanzania is between 25 and 30 sites. Therefore:

- Each site is expected to accommodate a maximum of 25 subscribers who can advertise their products and services on Motomedia display equipments. Motomedia Tanzania will enter into contracts with shop-owners and property owners for the display sites to be used
- The initial plan is to start with four (4) sites in Dar Es Salaam and later expand to 12 sites by the end of the first year. The expansion phase will be in the second year of operation where additional 12 sites will be installed in other large sites such as Mwanza Airport, Kilimanjaro International Airport, Kariakoo shopping area and others. Each site will cost USD 15,000 for the equipments and installation costs
- The target sites are places where the displays can record a high rate of customers and public views and access to information. Therefore, initial plan is to set-up the Motomedia display equipments at Dar Es Salaam International Airport, large shopping centres such as Mlimani City (near University of Dar Es Salaam), Shoppers Plaza (Msasani), General Post Office (City Centre), Zanzibar Ferry Port (Kivukoni) and other large shopping malls.



3.2 Marketing Plan

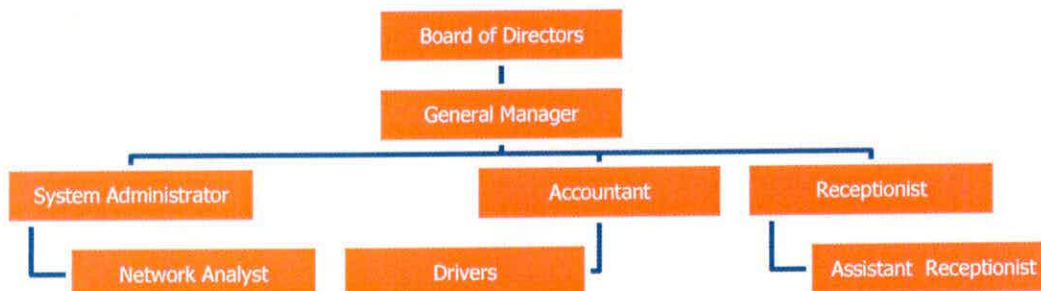
The Motomedia Tanzania Limited will be consistent in promoting the Motomedia technology in Tanzania in order to attract and retain customers' loyalty, satisfactions and achieve a higher subscription rate of its installed sites capacity. The marketing strategies which are able to withstand competition will from time to time been reviewed and modern techniques used. However, in this business plan initial marketing strategies are highlighted to respond on analysis of demand and supply of latest technology outdoor advertising media. The marketing plan is to recruit on a contact basis agents who will each manage site and will be responsible to sell subscriptions to various targeted customers and ensure timely cash collection. Each site will have one Marketing Officer (agent) who will be paid 10% of the sales.

3.3 Human Resources Plan

3.3.1 Staffing

The labour market of trained and skilled marketing and advertising staff has been growing in the country and in East Africa. There are several colleges run professional courses in ICT, marketing and advertising and Services in Tanzania. Therefore, the Promoters are not considering lack of staff to be a limiting factor for successful of the project during start-up operations. The staffing will base on a simple organisational structure and the Head Office will start with 12 permanent staff in the first year and recruit other staff in subsequent years. Figure 3.1 below shows the proposed organisational structure and staffing positions for the Motomedia Tanzania.

Figure 3.1: Organ gram of the Motomedia Tanzania





Motomedia Tanzania Limited will be responsible to recruit and train local staffs in various positions. The staffing plan is to have about 12 full-time employees at the Head Office to ensure smooth operations and close attention to customers. The management systems will be computerised for billing, financial management, customers' database and advertisements system. Table 3.1 below shows staff positions and minimum expected remuneration. It should be noted that key staffs will also be paid top-up allowances by the management company which will employ them.

Position	Number	Basic Monthly Pay	Total Pay
General Manager	1	5,000	5,000
Systems Administrator	1	4,000	4,000
Network Analyst	1	3,000	3,000
Accountant	1	3,000	3,000
Receptionist	1	1,000	1,000
Assistant Receptionist	1	500	500
Drivers	6	300	1,800
Total	12		18,300

3.3.2 Compensation and benefits

To ensure that the Motomedia Tanzania address the problems of adequate compensation, the Promoters will adopt and implement effective motivational and encouraging pay structure. Adequate salaries and other staff benefits will be offered in order to retain good and competent staff at the business.

The basic salary will be adjusted annually to reflect cost of living with a minimum increase for rates of inflation. The proposed compensation will include:

- Basic salary (market competitive)
- NSSF contributions (10% of basic)
- Medical insurance (5% of basic)
- Housing (All staff)
- Leave allowance (annually, average one month salary, 8.33% of basic)
- Bonuses (annually on the basis of performance)



3.5 Project Risks

3.5.1 Risks Analysis

There are several risks, which may face the Motomedia Tanzania project in local market. However, in the following paragraphs the most important risk factors are highlighted, which the Promoters are aware and necessary precautions to alleviate or minimise are taken into account during project management and operational plan. These risks include rising inflation, instability of foreign exchange, political environment and market fluctuations.

- **Inflation risk:** There is a potential risk that inflation might raise at higher rates than projected. This may increase the replacement cost and reduce the capital capacity. Also it is likely that the cost of local borrowing could increase with increase of inflation. While this risk is ever present in developing economies, such as Tanzania, the government appears committed to continue maintaining the macroeconomic stability and bring inflation further down. The average headline inflation on local currency (TZS) was 6.2% in 2006 and 7.0% in 2007¹. February 2008, inflation was reported by The Bank of Tanzania reached 8.9%. The projections in this feasibility study have incorporate inflation adjustments based on the current trends assuming an average of 7.5% over the next 10 years
- **Exchange rate risk:** The Motomedia site equipments will be procured from abroad; hence exchange rate risk is high in Tanzania. Shilling depreciation against other major currencies may impact the investment in equipments as prices of imported goods would increase. However, a depreciation of a Tanzania shilling against the dollar will favour the business, since revenues are in terms of dollars, while operating costs are in the local currency. The current exchange rate is about USD 1200 per 1 USD. Given that Tanzanian inflation is consistently higher than USD inflation, then it is expected that Tanzanian shilling will continue to depreciate against USD. The expected devaluations have been reflected in projections for this business plan.
- **Political risk:** There is a risk that the central government or local authority could adopt or implement policies that may affect the outdoor advertising industry. However, this risk has been gradually eroded since mid 1980's when the government started a process of economic reform towards free market. The existing trade liberation and investment policy and poverty alleviation strategies are good evidence of government's commitment to increasing partnership between public and private in providing marketing and advertising services.
- **Market risk:** There is a risk that the marketing partners or agents may dishonour the Memorandum of Understanding to be signed with the Motomedia Tanzania Limited. However, to mitigate this risk, Motomedia Tanzania Limited will use standard criteria in selecting marketing officers (agents) for various sites to manage customers' accounts.

¹ Average inflations have been calculated from January to December. Data released by the National Bureau of Statistics on http://www.nbs.go.tz/publications/new_releases.htm accessed on 5th April 2008



3.5.2 Risks Evaluation

Table 3.2 shows risk evaluation as calculated risk factor (score). Each risk element has been assigned magnitude of impact on project if that element will occur. The impact is then assessed in terms of probability of occurrence and weight is assigned in relation to importance and significant of the risk to the project. The final result is the risk factor of the particular risk element contributing to the project, and the total sum is the risk level of the entire project. Given the assessment and assumptions done by the Promoters, the risk level for the project is around 10%. However, given proper project management planning, implementation and assessment, the risk level of 10% is considered small given the size of investment and current operating environment of other marketing and advertising businesses in Tanzania.

Risk Element	Impact	Probability	Weight	Risk Factor
Inflation Risk	20%	0.5	0.1	1.0%
Exchange Rate	50%	0.2	0.3	3.0%
Political Risk	50%	0.1	0.2	1.0%
Market Risk	100%	0.1	0.2	2.0%
Labour Market	100%	0.2	0.1	2.0%
Project Delays	100%	0.1	0.1	1.0%
Risk Level				10.0%

4 Financial Plan

4.1 Introduction



This section presents financial plan, results of the financial analysis and future projections. The main objective of the financial analysis is to examine both commercial profitability and economic viability of the proposed project to develop and operate the Motomedia Tanzania. In other words, it examines whether the proposed investment would be able to generate adequate returns relative to its investment costs and lease agreement to cover operational costs and undertake further expansions.

The section begins by introducing the methodology, the basic assumptions of the model and the financing plan, which is followed by a descriptive analysis of the value drivers that determine project profitability. Then, a summary of profitability analysis based on the projected financial statements is presented, followed by an economic viability assessment. Finally, the resulting financial projections are provided in Annex A from Table A1 to A12.

4.2 Projections

4.2.1 Methodology

In preparing the financial forecasts, a value driver methodology has been used, which is also consistent with modern corporate financial theories. This methodology is a powerful tool for analysing the financial feasibility and economic viability of investment projects. Under this approach, the shareholders' value in terms of the expected free cash flow is evaluated based on three generic key value drivers of business: growth, returns and risks. In turn, these generic value drivers are analysed to identify specific value drivers of particular business, taking into account the prevailing economic situation, its industry structure and the regulatory environment.

The shareholders' value analysis uses the Discounted Cash Flow (DCF) methodology. Under this methodology, the projected free cash flows, which depend on business value drivers, are discounted at a rate that reflects the level of risks associated with the investment (the cost of capital). The final value, which is also known as Net Present Value (NPV), is a robust yardstick for project's economic viability. A positive NPV means that the project is economically viable. In order to supplement the NPV criterion for evaluating projects viability, the Internal Rate of Return (IRR) and the Profitability Index (PI) are normally used.

- IRR is used to benchmark against management's minimum required rate of return (hurdle rate). A project considered economically viable if its IRR is greater than the cost of capital, which is the discount rate applied on the projected free cash flows
- PI measures the rate at which expected future cash flows will exceed the initial capital investment. A project is considered to be economically viable if the PI index is greater than one.

The value driver methodology has been used in analysing the feasibility of the proposed project of the Motomedia Tanzania. In addition to the business value drivers' analyses,



this model also uses a series of macro level value drivers. They include inflation, taxation, and exchange rates. The business value drivers are discussed in Section 4.3.

4.2.2 Financial Modelling

The financial model is a powerful tool for assessing the management's market and operational assumptions and for understanding how different business decisions may impact the firm's performance. Therefore, based on investors' business assumptions, the financial model has been used to map out the cause-effect relationships of value drivers and present them in the projected set of financial statements and performance measures, which are NPV, IRR and PI.

In this analysis, the financial model to have been built over 10-year duration, with Year 2008 as its base period for present values. A 10-year period has been chosen to demonstrate to the project evaluators that under the medium term plan that the project is viable and potential for higher returns. All financial values presented are denominated in the US Dollars (USD).

4.2.3 Basic Assumptions

Financial modelling of future business operations depends on a number of key assumptions. There are some underlying macro level assumptions, such as inflation, taxation and exchange rates, which are beyond the control of the management. Further, there are also some basic assumptions, which depend on management capacity to prepare and implement business policies and strategies. Below is a brief description of the major assumptions used in this financial model. The detailed model assumptions are provided in Annex A: Table A12.

- **Real GDP growth** – throughout the projected period, it is assumed a constant real gross domestic product (GDP) rate of between 5% and 6% per annum. The inflation is expected to be around 7.5% per annum
- **Taxation** – It is assumed that the corporate tax rate of 30% to prevail throughout the projected period. Although the tourism industry is exempted from paying VAT, the business could register for VAT in order to recover VAT inputs. However, in this business plan, it is assumed gross amounts for expenses and net to revenues
- **Exchange Rates** - the prevailing inflation rate differential between Tanzanian Shilling (TZS) and USD is assumed to be the best proxy for the future exchange rates determination. In this regard, the base period (2008) exchange rate is assumed to be USD 1,200 to a US dollar and the future exchange rates are determined by the difference in inflation rates of USD to USD
- **Discount Rate** – the model assumes a 15% rate of return on capital investment, which is denominated, in USD as adequate given the current market opportunities and risks involved in marketing advertising industry in Tanzania.

4.2.4 Total Investment Costs

The total capital investment requirement for the Motomedia Tanzania project is USD 702,000. The costs are estimated on the basis of the costs of procuring Motomedia displays, equipments, motor vehicles, working capital and office furniture. The breakdown of the capital investment requirements is provided in the value drivers' analysis under capital expenditure sub-section. The promoter plans to finance the capital investment through equity contribution and external funding and or capital grants. For the purpose of this feasibility study external fund is considered to be a long-term loan, with interest of

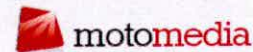


10%, one year grace period and four-year repayment. The summary of the financial requirement is provided in Table 4.1 below.

Capital Expenditure	Total	Investment %
Computer Systems	75,000	11%
Motomedia Displays	180,000	26%
Motor Vehicles	162,000	23%
Furniture & Fittings	15,000	2%
Preliminary Cost	150,000	21%
Working Capital Investment	120,000	17%
Total Costs	702,000	100%

The Promoters have already committed and spent USD 300,000 on the project in the first stage, and intends to invest further USD 102,000 to the end of the first year of operation. Therefore, the Promoters are looking for external finance of about USD 280,000 to support complete the project. In case of debt capital, the Promoters plan to start repaying the external funds, from 2009 after a grace period of 12 months in 2008. Table 4.2 below shows the planned financing of the completion stage, on which the promoter request for the fund as indicated in this schedule.

	Total	%
Capital Expenditure	702,000	100%
Promoters Capital	- 422,000	-60%
External Funds	280,000	40%



4.3 Value Drivers' Analysis

The value drivers' analysis methodology is used to determine the financial and economic viability of the proposed Motomedia Tanzania. This methodology enables the Promoters understand whether or not the financial projections made are in line with their business strategy and operating capacity. In other words, this methodology enables the Promoters to evaluate shareholders' value in terms of the expected future cash flows, which depend primarily on some key business drivers. This financial model uses seven business value drivers to determine the profitability and economic viability of the proposed Motomedia Tanzania project. They include the following:

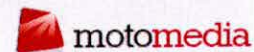
- Incremental Revenue
- Incremental Operating costs
- Working capital
- Capital expenditure
- Cash tax payment
- Cost of capital
- Projection period

4.3.1 Incremental Revenue

The main source of Motomedia Tanzania income will be periodic subscription fee for advertisers (suppliers) on Streetlevel displays (TVs and Billboards). The incremental revenue projections are based on the following key assumptions:

- Subscription Fees: Motomedia Tanzania will charge fee of USD 2,000 per month for each subscriber to each site
- Number of sites: The initial plan is to start with four (4) sites during the launching with addition of other eight (8) sites up to the end of the first year (2008/09). During the second year, the Promoters are planning to invest additional 12 sites to cover the whole country
- Subscribers per Site: Motomedia Streetlevel site has a maximum capacity to accommodate 25 subscribers. For the purpose of this business plan, it is estimated that each site will have an average of 10 subscribers per site.

The detailed assumptions on incremental revenue and projected income are provided in Annex A: Table A5.



4.3.2 Operating costs

The Motomedia Tanzania will have seven major types of operating costs:

- Direct Costs
- Employees Costs
- Marketing Costs
- Administration Costs
- Interest Expenses
- Depreciation Charges
- Royalty Expenses.

In the following paragraphs, brief description of the assumptions used in estimating the project operating costs are discussed.

Direct Costs

Detailed analysis of financial statements of similar businesses and competitors was done to determine the expected margins for the Motomedia Tanzania. The direct costs are estimated based on costs of sales in relation to the revenue. These are:

- Site Rental: Each site will cost USD 5,000 per month
- Site Maintenance: Each site will cost USD 1,000 for maintenance. Maintenance cost includes charges for electricity, insurance and security.

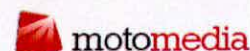
Employees Costs

The Employees Costs comprise of costs of maintaining employees for the Motomedia Tanzania. The employees' remuneration will include consolidated wages and salaries, social security costs and allowances.

- Salaries will start to be paid on a market range between USD 300 per month to USD 4,000. The salaries will gradually be increased with rate of inflation. The employees' cost is expected to be among the largest operating costs for the Motomedia Tanzania
- Social security is statutory payments for employing staff and 10% will be paid on basic salaries for all staffs
- Staff allowances will be paid for annual leave (one month pay) and medical insurance (5% of basic pay)

Marketing Costs

The Motomedia Tanzania will also incur the marketing expenses, which depends on level of incremental revenue. The marketing expense will comprises mainly sales commission to the Marketing Officers (Agents) who manage operational sites. To ensure that Marketing Officers are well motivated to increase high rate of subscription per site, Motomedia Tanzania plans to pay a higher commission than industry average. While other companies are paying commission between 2% to 5%, Motomedia Tanzania will pay commission of 10% of revenue collected.



Administration Costs

The Motomedia Tanzania will also incur the administrative expenses, which are more of fixed costs. Administrative expenses will include items such as office costs, maintenance, repairs, security, communication, transport, sports, utilities (water and electricity), cleaning, insurance and others. It is estimated that the administration costs will account about 15% of the incremental revenue.

Interest Expense

This is basically the interest rate charged on the loan capital to be drawn on USD. The interest expenses depend primarily on the agreed interest rate and terms of the loan. For the purpose of these projections, it is assumed that an interest rate of 10% will be charged on an outstanding loan balance at the end of each year. It is expected that the term loan will be repaid over a period of four-years with one grace period in the first year.

Depreciation Charges

The depreciation charges have also been built in the financial model. These charges are used to accumulate surplus reserves from internal cash flows, which could be used for future replacement of various assets. The depreciation charges on assets depend on the category with pre-operational cots having the least rate of 5.9% and others ranging between 10% and 12.5%. The basis is diminishing balance method for all assets.

Royalty Expenses

Motomedia Tanzania Limited has a contract with Motomedia International which gave the right to use Motomedia technology in Africa. The contract gave obligation to Motomedia Tanzania to pay a royalty of 20% of the net profit before tax.

4.3.3 Working Capital Investment

The availability of working capital will depend on management's ability to negotiate better terms of payment to its suppliers and promptly collect revenues from its customers. Due to the nature of its business, the Motomedia Tanzania will have small working capital requirements for inventory and minimal debtors.

Initial working capital investment of USD 120 million will be made during commencement to support operational costs while building business through marketing and customers searching. These are considered normal level of working capital for cash cycle of receipts and payments. It should be noted that a positive net investment in working capital reduces the level of free cash flows and the value of the project. In this regard, the Motomedia Tanzania would endeavour to maintain a negative net working capital. The following working capital policy will be adopted:

- Accounts payable will be maintained at 30 days cycle since receipt of invoices
- Accounts receivable will be maintained at 30 days cycle since billing the customers.



4.3.4 Capital Expenditure

This is the amount spent on purchases of new fixed assets, net of disposals. All capital expenditure is immediately charged to the equity holders. A fixed asset account is maintained throughout the projection horizon based on capital expenditure levels and the rate of depreciation of fixed assets. There are two types of capital expenditure projected in this business plan. These include the acquisitions of computer systems, Motomedia equipments & displays, furniture & fittings, and preliminary costs.

The capital expenditure in this project is expected to include:

- Computer systems
- Motomedia Displays
- Motor Vehicles
- Furniture & Fittings
- Preliminary Costs

Computer systems

Motomedia business model is formed on application of and use of latest computer systems and technology. The technology requires large computer servers, network machines and switches and internet connectivity such as VSAT and others to connect all display sites with Head Office databases. The customers (subscribers) advertisements will be processed and edited at the Head Office computer servers. It is estimated that total costs for computer systems will be USD 75,000. Some of the expenditures have already been incurred for example design of websites, procurement of few computers and accessories.

Motomedia Displays

Motomedia displays for both StreetlevelTV and StreetlevelBillboards are highly advanced technology and use specialised materials. These products will be procured directly from Motomedia International suppliers to ensure compliance with standards and quality. The estimated cost of purchase and installation is USD 15,000 per site. The installation of these Motomedia displays take at most one week per site, hence it is envisaged that within one months four target sites will be installed with these Motomedia displays to start operation in Dar Es Salaam. Further installation will be made for 8 sites to the end of the first year and 12 sites in second year. Total sites for full operation will be 24 sites.

Motor Vehicles

The Promoters plan to procure six (6) pick-up motor vehicles such as Nissan (Hard-top) or Toyota Hillux for operation and administrative work. Each pick-up is estimated to cost USD 27,000 and will be procured in the first year. Furthermore, during the second year, two (2) motor vehicles will be procured for the Directors. The estimated cost is USD 60,000 for each vehicle.

Furniture & Fittings

Small investment of USD 15,000 will be used to procure furniture and fittings for the Head Office.

Preliminary Costs:

The estimated capital expenditure on preliminary costs is about USD 150,000. The detailed breakdown is provided in Table 4.3 below. The payment structure is projected to be in Year 2008 (100%).



Item	Description	Price	Qty	Total
Franchise Rights	Motomedia International	100,000	1	100,000
Company Registration	Various Expenses	5,000	1	5,000
Professional Fees	Consultancy and Legal Costs	2,500	2	5,000
Pre-opening Promotion	Marketing Consultancy Days	10,000	2	20,000
Project Management	Monthly expenses	5,000	4	20,000
Total Costs				150,000

4.3.5 Cash Tax Rate

Tax policies and applicable rates have a significant impact on the viability of the project and on capital structure implications because they affect the timing and magnitude of the cash flows. This section analyses the various taxes in Tanzania and how they are likely to influence the financial feasibility of the proposed real estate project. The main taxes with business modelling implications are:

(a) Corporate Tax - is the tax paid in the accounting period. In other words, the corporate tax payments are on current year basis. This financial model assumes the existing corporation tax rate of 30% will be applicable throughout the project period. The TIC certificate will enable the Promoters to claim capital allowance of 50% of capital expenditure on all assets during the first year and wear and tear during the subsequent years. This will reduce the Corporation Tax to be paid.

(b) Withholding Tax – Royalty is not subject to a withholding tax of 10% for both residents and non-residents in Tanzania. Therefore in this business plan the payment of royalty to Motomedia International projections are grossed and no deductions are indicated for separate payment to Tanzania Revenue Authority

(c) Value Added Tax – Revenue and expenditure are subjects to Value Added Tax (VAT) at 20% for registered businesses Tanzania. Therefore in this business plan revenue receipts and payments are grossed and no deductions are indicated for separate payment to Tanzania Revenue Authority.

4.3.6 Cost of Capital

An essential part of the Discounted Cash Flow (DCF) methodology is the discounting of future free cash flows at an appropriate risk adjusted cost of capital. The discount rate is calculated to reflect the opportunity cost of the investment funds, which is a function of both the financial and business risks.

The cost of capital could be defined as a minimum annual economic rate of return that providers of capital require to induce them to invest in a business. When considering whether or not to supply a business with capital, investors consider the rate of return they can expect to earn from the business after taxation. They will decide whether to invest by comparing the returns from business with likely post-tax returns from other investments of similar risks. Based on attainable current business returns in marketing and advertising industry, the cost of capital denominated in USD is estimated at 15% annual nominal rate.



In this regard, the Promoters have used 15% as a discounting rate throughout the ten-year projection period.

4.3.7 Growth Projection Period

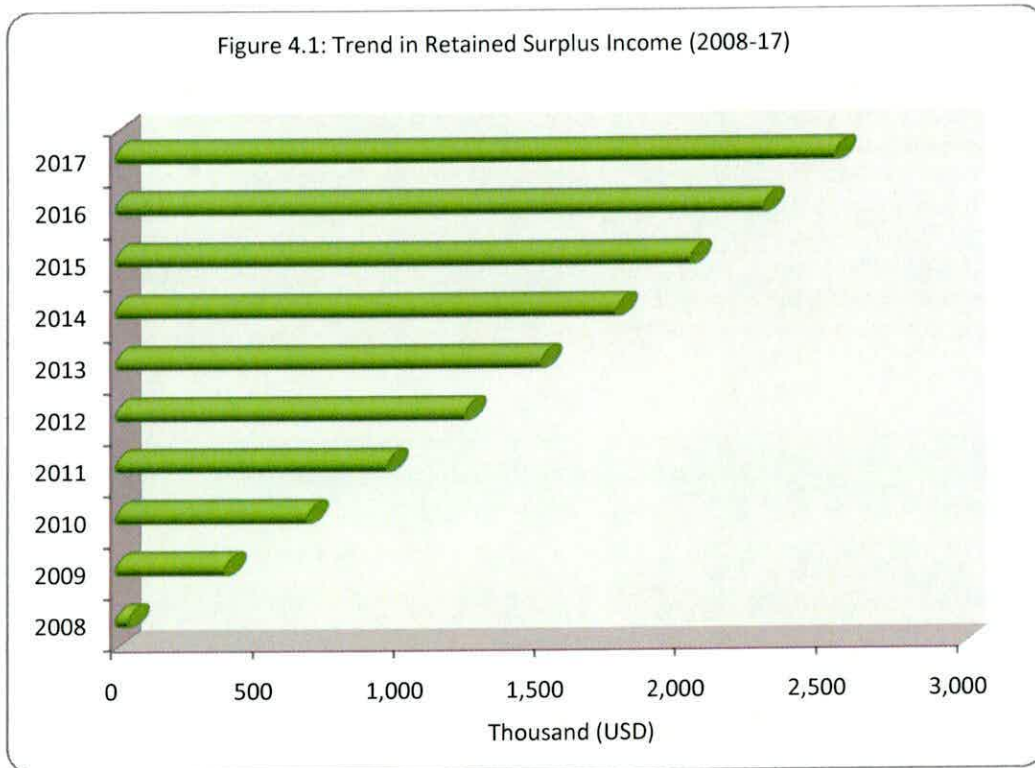
This is the period over which the project viability will be assessed. The basis of the financial modelling for this business plan is duration of 10-year period beginning in July 2008. The 10-year period has been adjusted with Terminal Value assuming on-going business after the projection period. The Terminal Value has been calculated on the basis of Free Cash Flow after tenth year (2018).

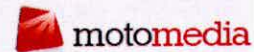


4.4 Financial Statements

4.4.1 Projected Profit and Loss

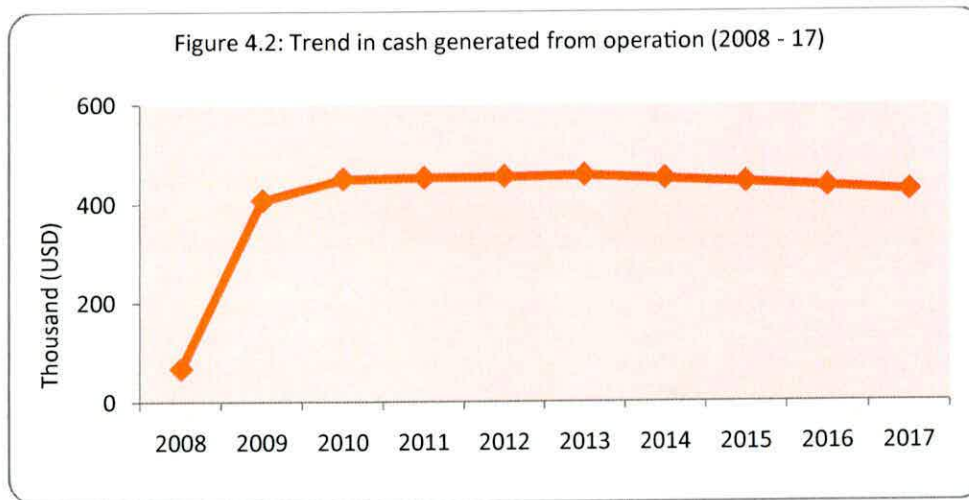
The projected profit and loss account of the Motomedia Tanzania shows promising results. The project is expected to generate a surplus income from its first year of its operation. The accumulated retained surplus during the projection period is growing from USD 45 thousand to USD 2.7 million. The projections were inclusive of tax charges on account as Motomedia Tanzania is a profit making organisation and will operate a marketing and advertising business. The projected profit and loss account shows Motomedia Tanzania will be able to generate high income that will cover its operating costs. Table A2 shows the projected profit and loss account from 2008 to 2017. Figure 4.1 below shows the trend of the accumulated retained profit as a result of the operation from the current position (2008) to the tenth year (2017) after launching of the Motomedia Tanzania between July and August 2008.





4.4.2 Projected Operating Cash Flows

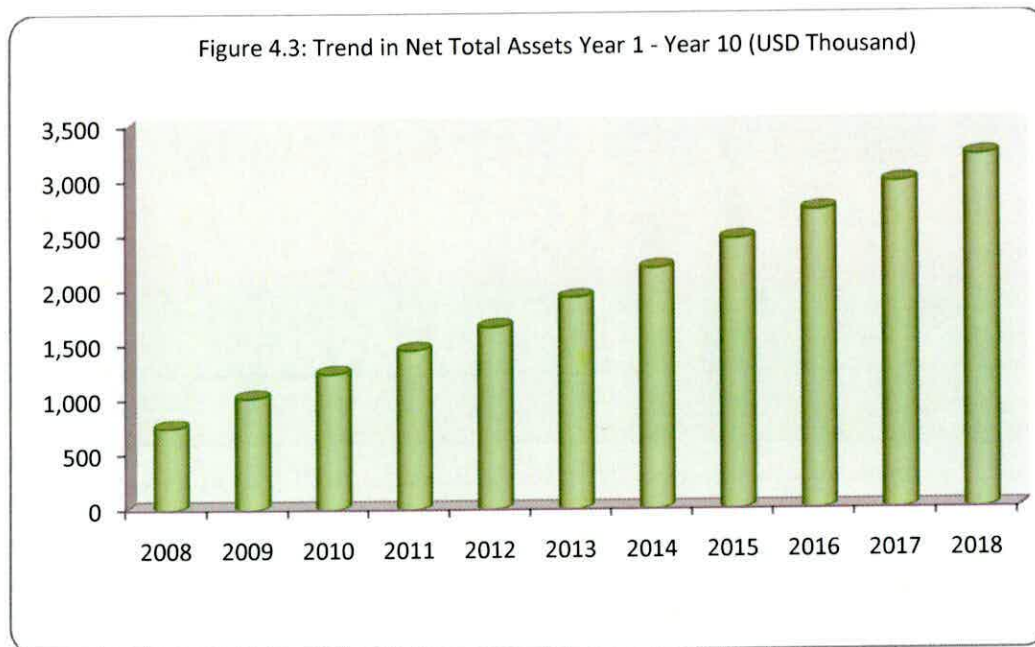
The cash flows statement provides information about the project's liquidity position and the breakdown of the sources and uses of its funds. The projected liquidity statement indicates a sound financial position for the proposed project of the Motomedia Tanzania. However, this is before taking into account the future capital adequacy maintenance. The analysis shows that positive net cash flows from operation will be available throughout the projection's period. The positive cash flows generated from project's operations could be used for increasing operating assets, replacing fixed assets, diversifying business and or paying dividends to the Promoters. The projected cash flow statement is shown in Table A4. Figure 4.2 below shows the trend of the cash from operation for the project from the current position (2008) to the tenth year (2017) after completion of the Motomedia Tanzania.





4.4.3 Projected Balance Sheet

The projected balance sheet indicates project's strong financial position in both the short and long terms. Table A3 in Annex A of this report shows the projected balance sheet for the projection period of the business plan. Figure 4.3 below shows the trend of the net total assets for the project from the current position (2008) to the eleventh year (2018) after completion and commissioning of the Motomedia Tanzania.





4.5 Viability Assessment

On the basis of the assumptions made on revenue generation, capital expenditure requirements, and cash flows projections, the project is both financially feasible and economically viable. Four measures have been used to evaluate viability of the proposed real estate project. They include the Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI) and the Payback Period (PBP). These measures of project viability are briefly discussed below.

4.5.1 Net Present Value (NPV)

The net present value (NPV) is defined as the present value of the future free cash flows, discounted at the required rate of return minus the initial investment. The free cash flows are discretionary cash left over after maintaining the business capital assets. Therefore, free cash flows provide an indication of funds available for distribution and business growth. This is sometimes referred to as the measure of "whole" intrinsic (embedded) business value. Projects, which show a positive NPV, are considered to be viable.

The proposed project of Motomedia Tanzania has an NPV of USD 1.1 million (Table A1). This means that it has the potential of adequately compensating its initial investment within the projected period of ten years, and give additional returns to its financiers including the existing Promoters.

4.5.2 Internal Rate of Return (IRR)

The internal rate of return (IRR) is defined as that rate which equates the present value of the cash outflows and inflows. In other words, it is the rate that makes the NPV equal zero. Hence, this is the rate of return on invested capital that the project is returning to the shareholders. A project is considered to be viable if the IRR is greater than the cost of capital – the discount rate used. The higher the IRR, the more viable it is.

The Motomedia Tanzania project has an estimated IRR of 49%, which is also greater than the cost of capital of 15% that has been used in this business plan. The IRR obtained in this study could also be used to determine the benchmark or the hurdle rate, which is defined as the minimum required rate of return, over and above their cost of capital. The potential investors and Motomedia Tanzania supporters use the hurdle rate to decide on whether or not to undertake the project.

4.5.3 Profitability Index (PI)

The Profitability Index (PI) is another indicator to assess the viability of the project. The profitability index is defined as the ratio of present values of future cash flows to the initial capital investment costs. In other words, PI measures how the proportion by which the expected future cash flows will exceed the initial capital investment costs. The project is termed profitable if the PI is above one (1). Since this project has a PI of 2.4 it is considered to be profitable.

4.5.4 Payback Period (PBP)

Another project viability assessment tool is the payback period (PBP). The payback period is defined as the time required for the investment project to generate cash flows that would be enough to payback the initial capital investment. The shorter the payback period, the more profitable is the project. The returns are estimated based on the free cash flows before or after discounting. The projections show that the proposed Motomedia Tanzania project will have a payback period in the region of 3.2 years. Since it is less than the financial projections period, the project is considered to be viable.



4.5.5 Projected Financial Ratios

Table 4.4 below shows a summary of financial ratios for the projected financial statements. Financial ratios are performance indicators which provide additional information from the financial statements.

Ratio	2008	2009	2010	2011	2012
Profit Margin	13%	13%	13%	13%	12%
Cash Ratio	11%	12%	12%	12%	12%
Current Ratio	2.2	3.5	4.6	5.7	6.6
Debt Ratio	21%	11%	5%	0%	0%
Assets Turnover	3.5	2.9	2.6	2.3	2.0
Return on Capital	46%	38%	33%	30%	25%



4.6 Sensitivity Analysis

The Motomedia Tanzania projections only reflect the most likely (or modal) cash flows based on the assumptions made. However, the actual results are most likely to be different, from projections made because of unexpected change of events. For example, new entrants may result in lower revenues and margins than projected. Also, costs may be higher due to inflation and government policies may change. The level of uncertainty about the actual performance depends on the level of specific risks inherent in the project.

Often, the projected cash flows do not fully reflect the level of uncertainty; hence they tend to differ from the actual future cash flows. In theory, these specific risks are included in the discounted cash flows. However, a more appropriate analysis would be to use the probability weighted average cash flow projections. This method involves projecting all potential outcomes under different plausible assumptions, assigning probabilities to each outcome and calculating the probability-weighted average.

Detailed sensitivity analysis was carried out on the business projections to assess the potential impact of changes to the key value drivers based on 10% to the projected results. The results are summarised in Table 4.5.

Value Driver	NPV	IRR	PI	Pay Back
Incremental Revenue	20.4%	7.4%	11.2%	9.6%
Operating Cost	113.4%	40.0%	63.0%	112.8%
Capital Expenditure	4.8%	4.2%	8.6%	5.1%

Clearly, the resulting NPV and IRR calculations are medium sensitive to changes in estimates of operating costs only. In order to achieve the expected results, management will focus on achieving the targeted operating costs through efficient use of resources and adopt approaches which will save costs. This operating cost value driver carry out the inherent business risk that could substantially affect the projected results.



4.7 Summary and Conclusion

Based on the business and macro-economic assumptions built in the financial projections of the expansion project for Motomedia Tanzania, the Promoters are confident that this project is both financially feasible and economically viable for additional financing. In the report analyses of the proposed project, the Promoters' estimates have taken into account on capital investment requirements, the existing and forecasted marketing and advertising industry in Tanzania and business operating assumptions. Since the analyses indicate that the project is viable, the Promoters believes this business plan to be its best representation and basis of the proposal submission to the potential financial institutions for securing term loan and other regulatory institutions such as Tanzania Investment Centre (TIC).



5 Annex A: Financial Projections

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A1: FINANCIAL EVALUATION RESULTS												
(Base 2008 = 100)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Cash Flow												
Profit / (Loss)	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883	
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130	
Cash Tax Paid	0	(29,498)	(83,682)	(100,463)	(113,635)	(123,901)	(132,327)	(136,106)	(138,165)	(138,703)	(137,857)	
Working Capital	(36,000)	(37,944)	(1,996)	(2,050)	(2,106)	(2,163)	(2,221)	(2,281)	(2,343)	(2,406)	(2,471)	
Capital Expenditure	(582,000)	(300,000)	0	(3,727)	0	(79,307)	0	(4,977)	0	(5,752)	(75,000)	
Free Cash Flow	(514,081)	78,626	366,746	349,165	341,890	255,328	318,746	303,006	297,702	281,585	203,685	
Terminal Value												1,493,687
Discounted Value:	(514,081)	68,371	277,312	229,581	195,477	126,943	137,803	113,911	97,319	80,044	50,348	321,058
N P V	1,184,086											
IRR (%)	49%											
PI	2.4											
PBP	3.2											

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A2: PROFIT AND LOSS ACCOUNT

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INCOME											
Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
Other Income	0	0	0	0	0	0	0	0	0	0	0
Total Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
EXPENSES											
Direct Costs	864,000	1,774,656	1,822,572	1,871,781	1,922,319	1,974,222	2,027,526	2,082,269	2,138,490	2,196,230	2,255,528
Employees Costs	288,701	320,529	344,569	370,411	398,192	428,056	460,161	494,673	531,773	571,656	614,530
Marketing Costs	172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
Administration Costs	259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
Interest	28,000	28,000	21,000	14,000	7,000	0	0	0	0	0	0
Total Expenditure	1,671,099	3,085,657	3,178,678	3,263,190	3,352,958	3,456,661	3,553,511	3,664,080	3,780,665	3,902,389	4,039,952
Royalties	56,901	463,655	466,465	480,372	491,681	491,783	501,541	500,458	496,316	490,070	471,103
	<u>(11,380)</u>	<u>(92,731)</u>	<u>(93,293)</u>	<u>(96,074)</u>	<u>(98,336)</u>	<u>(98,357)</u>	<u>(100,308)</u>	<u>(100,092)</u>	<u>(99,263)</u>	<u>(98,014)</u>	<u>(94,221)</u>
Profit Before Tax	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883
Taxation	0	<u>(29,498)</u>	<u>(83,682)</u>	<u>(100,463)</u>	<u>(113,635)</u>	<u>(123,901)</u>	<u>(132,327)</u>	<u>(136,106)</u>	<u>(138,165)</u>	<u>(138,703)</u>	<u>(137,857)</u>
Net Profit After Tax	45,521	341,426	289,490	283,835	279,709	269,526	268,906	264,260	258,888	253,353	239,025
Retained Profit	45,521	386,947	676,436	960,271	1,239,980	1,509,506	1,778,412	2,042,672	2,301,560	2,554,913	2,793,938

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A3: BALANCE SHEET

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fixed Assets											
Tangible Assets	382,425	616,104	545,676	487,119	431,655	452,514	400,453	359,426	318,270	287,633	320,503
Investments	0	0	0	0	0	0	0	0	0	0	0
Pre-operation cost	141,176	132,353	123,529	114,706	105,882	97,059	97,059	97,059	97,059	97,059	97,059
Net Fixed Assets	523,601	748,457	669,205	601,825	537,538	549,573	497,512	456,485	415,329	384,691	417,561
Current Assets											
Debtors	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Cash and Bank	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712	2,704,396
Total Current Assets	331,919	492,321	797,053	1,084,419	1,364,733	1,628,711	1,956,341	2,268,470	2,575,542	2,866,750	3,080,318
Current Liabilities											
Creditors	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Short - Term	0	0	0	0	0	0	0	0	0	0	0
Bank Ovredraft	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Net Current Assets	223,919	270,489	569,231	850,447	1,124,443	1,381,933	1,702,900	2,008,187	2,308,231	2,592,221	2,798,377
Net Total Assets	747,521	1,018,947	1,238,436	1,452,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938
Financed By:											
Equity Capital											
Share Capital	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
Retained Profit	45,521	386,947	676,436	960,271	1,239,980	1,509,506	1,778,412	2,042,672	2,301,560	2,554,913	2,793,938
Total Equity	467,521	808,947	1,098,436	1,382,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938
Debt Capital											
Loan	280,000	210,000	140,000	70,000	0	0	0	0	0	0	0
Capital Employed	747,521	1,018,947	1,238,436	1,452,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A4: CASH FLOWS STATEMENT

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Profit Before Tax	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883
Adjustments:											
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
Working Capital											
Change in Debtors	(144,000)	(151,776)	(7,986)	(8,202)	(8,423)	(8,650)	(8,884)	(9,124)	(9,370)	(9,623)	(9,883)
Change in Creditors	108,000	113,832	5,989	6,151	6,317	6,488	6,663	6,843	7,028	7,217	7,412
Change in Shortterms	0	0	0	0	0	0	0	0	0	0	0
Cash From Operation	67,919	408,124	450,428	453,355	455,526	458,535	451,073	444,089	435,866	426,039	416,542
Less: Tax Paid	0	(29,498)	(83,682)	(100,463)	(113,635)	(123,901)	(132,327)	(136,106)	(138,165)	(138,703)	(137,857)
Investing:											
Fixed Assets	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
Net Investing	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
Net Cash Flows	(514,081)	78,626	366,746	349,165	341,890	255,328	318,746	303,006	297,702	281,585	203,685
Financing:											
Share Capital	422,000	0	0	0	0	0	0	0	0	0	0
Debt Received	280,000	0	0	0	0	0	0	0	0	0	0
Debt Repaid	0	(70,000)	(70,000)	(70,000)	(70,000)	0	0	0	0	0	0
Net Financing	702,000	(70,000)	(70,000)	(70,000)	(70,000)	0	0	0	0	0	0
Net Cash	187,919	8,626	296,746	279,165	271,890	255,328	318,746	303,006	297,702	281,585	203,685
Cash Balance b/f	0	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712
Cash Balance c/f	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712	2,704,396

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A 5: OUTDOOR ADVERTISING ACTIVITIES AND INCOME											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INCREMENTAL REVENUE											
Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
Other Income											
TOTAL INCOME	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
OUTDOOR SITES											
Number of Sites	12	24	24	24	24	24	24	24	24	24	24
Average Subscribers	10	10	10	10	10	10	10	10	10	10	10
Rate Per Subscriber P.M	\$2,000	\$2,054	\$2,109	\$2,166	\$2,225	\$2,285	\$2,347	\$2,410	\$2,475	\$2,542	\$2,611
Site Occupancy Rate	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Total Outdoor Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A6: OPERATING COSTS		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
DIRECT COSTS												
	Base											
Sites Rental	\$5,000	720,000	1,478,880	1,518,810	1,559,818	1,601,933	1,645,185	1,689,605	1,735,224	1,782,075	1,830,191	1,879,606
Sites Maintenance	\$1,000	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Total - Direct Costs		864,000	1,774,656	1,822,572	1,871,781	1,922,319	1,974,222	2,027,526	2,082,269	2,138,490	2,196,230	2,255,528
MARKETING												
Commissions	10%	172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
Total - Marketing Costs		172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
ADMINISTRATION												
General	15%	259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658
Total - Administration Costs		259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A7: STAFFING PLAN AND COSTS												
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
HUMAN RESOURCES PLAN:												
General Manager		1	1	1	1	1	1	1	1	1	1	1
Systems Administrator		1	1	1	1	1	1	1	1	1	1	1
Network Analyst		1	1	1	1	1	1	1	1	1	1	1
Accountant		1	1	1	1	1	1	1	1	1	1	1
Receptionist		1	1	1	1	1	1	1	1	1	1	1
Assistant Receptionist		1	1	1	1	1	1	1	1	1	1	1
Drivers		6	8	8	8	8	8	8	8	8	8	8
Total Employees		12	14	14	14	14	14	14	14	14	14	14
STAFFS COSTS												
	Basic:											
General Manager	5,000	60,000	64,500	69,338	74,538	80,128	86,138	92,598	99,543	107,009	115,034	123,662
Systems Administrator	4,000	48,000	51,600	55,470	59,630	64,103	68,910	74,078	79,634	85,607	92,027	98,930
Network Analyst	3,000	36,000	38,700	41,603	44,723	48,077	51,683	55,559	59,726	64,205	69,021	74,197
Accountant	3,000	36,000	38,700	41,603	44,723	48,077	51,683	55,559	59,726	64,205	69,021	74,197
Receptionist	1,000	12,000	12,900	13,868	14,908	16,026	17,228	18,520	19,909	21,402	23,007	24,732
Assistant Receptionist	500	6,000	6,450	6,934	7,454	8,013	8,614	9,260	9,954	10,701	11,503	12,366
Drivers	300	21,600	30,960	33,282	35,778	38,462	41,346	44,447	47,781	51,364	55,216	59,358
Total - Basic Salaries		219,600	243,810	262,096	281,753	302,884	325,601	350,021	376,272	404,493	434,830	467,442
STAFF BENEFITS												
Medical Insurance	5%	10,980	12,191	13,105	14,088	15,144	16,280	17,501	18,814	20,225	21,741	23,372
Leave Allowance	8%	<u>18,300</u>	<u>20,318</u>	<u>21,841</u>	<u>23,479</u>	<u>25,240</u>	<u>27,133</u>	<u>29,168</u>	<u>31,356</u>	<u>33,708</u>	<u>36,236</u>	<u>38,953</u>
Gross Package		248,880	276,318	297,042	319,320	343,269	369,014	396,690	426,442	458,425	492,807	529,768
STATUTORY COST:												
Social Security	10%	24,888	27,632	29,704	31,932	34,327	36,901	39,669	42,644	45,843	49,281	52,977
Skill & Dev Levy	6%	<u>14,933</u>	<u>16,579</u>	<u>17,823</u>	<u>19,159</u>	<u>20,596</u>	<u>22,141</u>	<u>23,801</u>	<u>25,587</u>	<u>27,506</u>	<u>29,568</u>	<u>31,786</u>
TOTAL STAFFS COST		288,701	320,529	344,569	370,411	398,192	428,056	460,161	494,673	531,773	571,656	614,530

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A8: WORKING CAPITAL PROJECTIONS

	2008	2009	2010	2010	2011	2012	2013	2014	2015	2016	2017
CURRENT ASSETS											
Debtors	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Total Assets	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
CURRENT LIABILITIES											
Creditors	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Shortterm											
Total Liabilities	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Working Capital Change											
Debtors	-144,000	-151,776	-7,986	-8,202	-8,423	-8,650	-8,884	-9,124	-9,370	-9,623	-9,883
Creditors	108,000	113,832	5,989	6,151	6,317	6,488	6,663	6,843	7,028	7,217	7,412
Shortterm	0	0	0	0	0	0	0	0	0	0	0
Net Change	-36,000	-37,944	-1,996	-2,050	-2,106	-2,163	-2,221	-2,281	-2,343	-2,406	-2,471

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A9: FIXED ASSETS SCHEDULE

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Computer Systems											
Cost:											
Opening B/F	0	75,000	75,000	75,000	75,000	75,000	150,000	150,000	150,000	150,000	150,000
Additions	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Revaluation											
Disposal											
Closing C/F	75,000	75,000	75,000	75,000	75,000	150,000	150,000	150,000	150,000	150,000	225,000
Depre:											
Rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Opening B/F	0	9,375	17,578	24,756	31,036	36,532	50,715	63,126	73,985	83,487	91,801
P & L	9,375	8,203	7,178	6,281	5,495	4,184	12,411	10,859	9,502	8,314	16,650
Revaluation											
Disposal											
Closing C/F	9,375	17,578	24,756	31,036	36,532	50,715	63,126	73,985	83,487	91,801	108,451
Net Book Value	65,625	57,422	50,244	43,964	38,468	99,285	86,874	76,015	66,513	58,199	116,549
Motomedia Displays											
Cost:											
Opening B/F	0	180,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Additions	180,000	180,000	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	180,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Depre:											
Rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Opening B/F	0	22,500	64,688	101,602	133,901	162,164	186,893	208,532	227,465	244,032	258,528
P & L	22,500	42,188	36,914	32,300	28,262	24,730	21,638	18,934	16,567	14,496	12,684
Revaluation											
Disposal											
Closing C/F	22,500	64,688	101,602	133,901	162,164	186,893	208,532	227,465	244,032	258,528	271,212
Net Book Value	157,500	295,313	258,398	226,099	197,836	173,107	151,468	132,535	115,968	101,472	88,788
Motor Vehicles											
Cost:											
Opening B/F	0	162,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
Additions	162,000	120,000	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	162,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
Depre:											
Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Opening B/F	0	16,200	30,780	55,902	78,512	98,861	117,175	133,657	148,491	161,842	173,858
P & L	16,200	14,580	25,122	22,610	20,349	18,314	16,483	14,834	13,351	12,016	10,814
Revaluation											
Disposal											
Closing C/F	16,200	30,780	55,902	78,512	98,861	117,175	133,657	148,491	161,842	173,858	184,672
Net Book Value	145,800	251,220	226,098	203,488	183,139	164,825	148,343	133,509	120,158	108,142	97,328
Furniture & Fittings											
Cost:											
Opening B/F	0	15,000	15,000	15,000	18,727	18,727	23,034	23,034	28,011	28,011	33,763
Additions	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Revaluation											
Disposal											
Closing C/F	15,000	15,000	15,000	18,727	18,727	23,034	23,034	28,011	28,011	33,763	33,763
Depre:											
Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Opening B/F	0	1,500	2,850	4,065	5,159	6,515	7,736	9,266	10,643	12,380	13,943
P & L	1,500	1,350	1,215	1,094	1,357	1,221	1,530	1,377	1,737	1,563	1,982
Revaluation											
Disposal											
Closing C/F	1,500	2,850	4,065	5,159	6,515	7,736	9,266	10,643	12,380	13,943	15,925
Net Book Value	13,500	12,150	10,935	13,568	12,212	15,297	13,768	17,368	15,631	19,820	17,838

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A9: FIXED ASSETS SCHEDULE											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Pre-operational costs											
Cost:											
Opening B/F	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Additions	150,000	0	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Amortisation:											
Rate	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Opening B/F	0	8,824	17,647	26,471	35,294	44,118	52,941	52,941	52,941	52,941	52,941
P & L	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	8,824	17,647	26,471	35,294	44,118	52,941	52,941	52,941	52,941	52,941	52,941
Net Book Value	141,176	132,353	123,529	114,706	105,882	97,059	97,059	97,059	97,059	97,059	97,059
DEPRECIATION											
Computer Systems	9,375	8,203	7,178	6,281	5,495	14,184	12,411	10,859	9,502	8,314	16,650
Motomedia Displays	22,500	42,188	36,914	32,300	28,262	24,730	21,638	18,934	16,567	14,496	12,684
Motor Vehicles	16,200	14,580	25,122	22,610	20,349	18,314	16,483	14,834	13,351	12,016	10,814
Furniture & Fittings	1,500	1,350	1,215	1,094	1,357	1,221	1,530	1,377	1,737	1,563	1,982
Preliminary Costs	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Total Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
BALANCE SHEET											
Computer Systems	65,625	57,422	50,244	43,964	38,468	99,285	86,874	76,015	66,513	58,199	116,549
Motomedia Displays	157,500	295,313	258,398	226,099	197,836	173,107	151,468	132,535	115,968	101,472	88,788
Motor Vehicles	145,800	251,220	226,098	203,488	183,139	164,825	148,343	133,509	120,158	108,142	97,328
Furniture & Fittings	13,500	12,150	10,935	13,568	12,212	15,297	13,768	17,368	15,631	19,820	17,838
Total	382,425	616,104	545,676	487,119	431,655	452,514	400,453	359,426	318,270	287,633	320,503
CASH PAYMENT											
Computer Systems	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0
Total	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
CAPITAL ALLOWANCE (TTC)											
Class 2: Equipment + Furi	135,000	191,250	143,438	107,578	80,684	60,513	45,385	34,038	25,529	19,147	14,360
Class 3: Motor Vehicles	81,000	130,875	114,516	100,201	87,676	76,717	67,127	58,736	51,394	44,970	39,349
Class 7: Intangibles	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Total - Capital Allowance	224,824	330,949	266,777	216,603	177,183	146,053	112,511	92,774	76,923	64,116	53,709

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A10: CAPITAL SOURCE & FINANCING PLAN											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CAPITAL EXPENDITURE											
Computer Systems	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0
Initial Working Capital	120,000										
TOTAL	702,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
EQUITY CAPITAL											
Opening Balance	0	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
Addition	422,000										
Drawings											
Adjustment											
Closing Balance	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
EXTERNAL FUNDS											
Interest Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Opening Balance	0	280,000	210,000	140,000	70,000	0	0	0	0	0	0
Addition	280,000	0	0	0	0	0	0	0	0	0	0
Capitalised											
Repaid		(70,000)	(70,000)	(70,000)	(70,000)						
Closing Balance	280,000	210,000	140,000	70,000	0	0	0	0	0	0	0

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A11: CAPITAL EXPENDITURE COSTING AND BUDGET

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Computer Systems											
Network Servers	25,000					25,000					25,000
Swatches and Modems	10,000					10,000					10,000
Desktop Computers	7,500					7,500					7,500
Computer Softwares	12,500					12,500					12,500
VSAT and Dishes	15,000					15,000					15,000
Webstes and Installations	5,000					5,000					5,000
Total Cost	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays											
Streetlevel Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Total - Motor Vehicles	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles											
Pick-Ups	162,000										
F-w-D		120,000									
Total - Vehides Costs	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings											
Office Furniture	10,000			2,485		2,871		3,318		3,834	
Other Fittings	5,000			1,242		1,436		1,659		1,917	
Total - Furniture Costs	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs											
Franchise Rights	100,000										
Company Registration	5,000										
Professional Fees	5,000										
Pre-opening Promotion	20,000										
Project Management	20,000										
Total - Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A12 : FINANCIAL MODEL VARIABLES

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ECONOMY													
	SOURCE												
TZS Inflation Rate	BoT, NBS	8.9%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
TZS Price Index	Data analysis	1.00	1.08	1.16	1.24	1.34	1.44	1.54	1.66	1.78	1.92	2.06	2.22
USD Inflation Rate	FT Websites	3.1%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Exchange Depr. Rate	Consultant analysis	5.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
USD Inflation Index	Consultant analysis	1.00	1.03	1.05	1.08	1.11	1.14	1.17	1.21	1.24	1.27	1.31	1.34
Exchange Rate	Consultant analysis	1,200	1,258	1,318	1,381	1,448	1,517	1,590	1,666	1,746	1,830	1,918	2,010
TAXATION													
Corporate Tax	ITA 2004	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Class 1	ITA 2004	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%
Class 2	ITA 2004	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Class 3	ITA 2004	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Class 4	ITA 2004	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Class 5	ITA 2004	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Class 6 (Pre-operations)	ITA 2004	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
OPERATING DATA													
Creditors	Promoter	30	30	30	30	30	30	30	30	30	30	30	30
Debtors	Promoter	30	30	30	30	30	30	30	30	30	30	30	30
Working Days	Promoter	360	360	360	360	360	360	360	360	360	360	360	360
Operation Months	Promoter	12	12	12	12	12	12	12	12	12	12	12	12
ROYALTIES													
Franchise Fee	Motomedia Intern.	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
OUTDOOR SITES													
Number of Sites	Promoter	12	24	24	24	24	24	24	24	24	24	24	24
Average Subscribers	Promoter	10	10	10	10	10	10	10	10	10	10	10	10
Rate Per Subscriber	Promoter	\$2,000	\$2,054	\$2,109	\$2,166	\$2,225	\$2,285	\$2,347	\$2,410	\$2,475	\$2,542	\$2,611	\$2,681
Site Occupancy Rate	Promoter	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Site Cost		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
EXPENSES													
Marketing Cost	Promoter	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Interest Rate	Promoter	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
DEPRECIATION													
Computer Systems	Promoter	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Motomedia Displays	Promoter	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Furniture	Promoter	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Preliminary Costs	Promoter	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
WACC:													
WACC	Promoter	<u>Current:</u> 15.0%	1	2	3	4	5	6	7	8	9	10	11
			0.870	0.756	0.658	0.572	0.497	0.432	0.376	0.327	0.284	0.247	0.215



MOTOMEDIA TANZANIA LIMITED



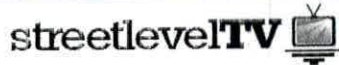


MOTOMEDIA TANZANIA LIMITED

Business Plan to Launch and Operate Motomedia StreetLevel Advertising in Tanzania

May 2008





Confidentiality Agreement

The undersigned reader acknowledges that the information provided by the Promoters in this business plan is confidential; therefore, the reader agrees not to disclose its contents without the express written permission of the Promoters.

It is further acknowledged by the reader that information furnished in this business plan is, in all respects, confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to interests of the Motomedia Tanzania Limited.

Upon request, this document is to be immediately returned to _____.

Signature

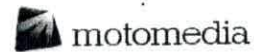
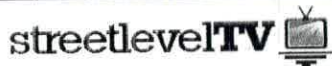
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1 Introduction and background

1.1 Introduction

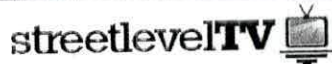
This report examines the value business opportunity for the Promoters to set up a business venture for outdoor advertising business in Tanzania, East Africa. In particular, it



outlines the value opportunity that exists in the marketing and advertising services and suggests how the Promoters can capture it by launching and operating Streetlevel advertising business using latest Information and Communication Technology (ICT) under trade mark of Motomedia. The report finally sets out a detailed financial projections and sensitivity analysis in order to provide financial justification for the project and business plan.

The project business plan is a draft description of the proposed project idea prepared by the Promoters to concretise and explore for possible tapping a business opportunity offered by the marketing and advertising industry in Tanzania to launch the new Motomedia products the first of its kind and technology in Tanzania and Africa. The business plan report outlines the initial plan laid out by the Promoters in undertaking the project, setting a business vision and gather initial cost estimates and also reporting on the progress so far achieved by the Promoters.

The Promoters are determined to launch the operation between July and August 2008 following the initial preparation and investment in business over a period of one year. The Motomedia Tanzania Limited is eager to join hands with financial institutions to provide additional funds required to support start-up period. The Promoters would like to re-assure the financial institutions and other targeted investors, that the project is commercially viable, environmentally friendly and above all, socially acceptable within the framework of the government policies, regulations and laws.



1.2 Purpose of the plan

1.2.1 Project Promoters

The project proposal is developed and invested by the Motomedia Tanzania Limited. The Motomedia Tanzania Limited will be a private company to be registered under the Company Ordinance Cap 212. The Company has already applied for registration with Business Registration and Licence Agency (BRELA) and is soon to receive its Certificate of Incorporation. The Company is owned by two directors who are Mr Mehbood Juma and Mr Peter Rupia. The shareholdings are Mr Mehbood S Juma (70%) and Mr Omar R Hatibu (30%).

Mehbood Juma

Mr Mehbood Juma is the founder of Motomedia Tanzania Limited and Motomedia Africa Limited. Mr Juma has 70% shares in the Motomedia Tanzania Limited. Mr Juma is one of successful business entrepreneurs in Tanzania. Mr Juma has been in business operations over a long period of time, and he climbed the ladder of promotions up to Managing Director and Chairman of some companies. For example, Mr Juma is a founder and director of the following businesses ventures in Tanzania:

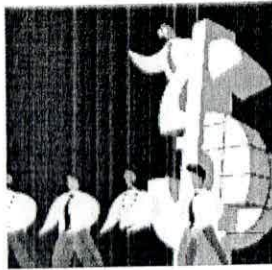
- The Road Ahead Investment (T) Limited: This Company was registered on 16th November 2004 under Companies Ordinance (Cap 212) with Certificate of Incorporation No 50669. The Company is owned by two directors Mr Mehbood Juma (90%) and Mr Leo Mazigo (10%). Among its business objects, The Road Ahead Investment (T) Limited is acquiring by purchase or lease right of occupancy of estates, tenure in land and premises
- Dar Es Salaam International Academy: The new school is situated off Chole Road a few meters from the Transit Supermarket and within walking distance of the Indian Ocean. The School opened its doors in 2003, growth to Early Childhood and Grades 1-6 for 2004 was so rapid that it surpassed even business projections based on a three year growth plan. The School caters for approximately 180 students from Early Childhood (ages 3-4) all the way up to Grade 10. From Grades 6 – 10 the School implement the International Baccalaureate Middle Years Program.

1.2.2 Project progress

To-date the Promoters have undertaken several tasks and investing some capital for the establishment and set-up of the proposed business of Motomedia Tanzania Limited. These tasks and investment implications are summarised below:

- Acquired franchise rights to use Motomedia technology and name from Motomedia International. It took the Promoters a period of one-year to acquire the right to use Motomedia technology and franchise in Tanzania and Africa. The Promoters have paid USD 100,000 for the rights
- Secured an office accommodation for the Motomedia Tanzania Limited Head Office at Chole Road, Masaki Area in Dar Es Salaam. The Motomedia will be paying a monthly rent of USD 2,000 for the office space
- Lodged company registration with BRELA, and expecting to receive the Certificate of Incorporation around June 2008
- Procure some capital assets for establishment of the business such as few computers and office furniture.

1.2.3 Financing Requirement



The objective of this business plan is to outline finance requirement to enable the Promoters to launch and start the business in local market. The total funds required for the full project is USD 702,000. The Promoters have already invested USD 300,000 up to April 2008 and will continue to invest another USD 102,000 between June and July 2009. Therefore, the Promoters are looking for external funds in the form of term loan of USD 280,000 to finance capital expenditure and working capital before launching the business between July and August

2008.

The external fund will be equivalent to 40% of the project total funds and remaining 60% will be provided by the Promoters. However, during the first few years of operations, the Promoters will be able to provide additional working capital which will be required especially on payment of interest on external funds.

1.2.4 Loan Guarantee and Security

Given that Motomedia Tanzania will be a new business, the term loan will be secured and guaranteed by the related Company called The Road Ahead Investments (T) Limited. The Road Ahead Investments (T) Limited has entered into a 17 years full lease agreement for a building situated on Plot No 5 mikocheni 'B' Old Bagamoyo Road in Dar Es Salaam. The Company has so far invested TZS 400 million to refurbish the building and transformed it into a shopping centre. The Company started renting the shopping centre to various tenants in 2007. The current rental income per month is about USD 14,000 and operating expenses of about USD 2,500. The Promoters proposes to secure the term loan against the leased property and also start paying the term loan interest and capital through cash flows from the renting business of the Road Ahead Investments (T) Limited.

Also the Motomedia Tanzania Limited will secure and guarantee the loan with the building situated on Plot No 136 at Bahari Beach in Dar Es Salaam. The Plot land is 3,500 square metres in a prime area of Dar Es Salaam. The building is owned by an associate of the Company and the current market value is in a range between TZS 600 – 700 million (equivalent to USD 500 – 580,000).

1.3 Project Profile

1.3.1 Project benefits

The benefits or outcome of the project are many, such as:

- Growing economy: Conducive investment climate in Tanzania where economic growth has been substantial to ensure economic returns
- Scalable business: The business requires a minimum capital base to start operation and can be expanded in future as the market grows in the whole country
- Reliable Market: Demand in advanced outdoor advertising services is high in the country; and the market is driven by economic growth in various sectors
- Economic support: The project will be a direct link to the government effort in diversifying economy through strengthening marketing and advertising industry. The project will meet all government obligations such as payment of taxes, staff social securities, insurances, levies and duties as per regulations and laws.



- Investment Returns: Adequate returns to investors and financial institution which will provide term loan, a positive net present value, and internal rate of return higher than cost of capital
- Employment creation: Following its full operation in second year the project will create a minimum of 14 permanent jobs will be created in Dar Es Salaam Head Office and a number of Marketing Officers (Agents) who will be paid on performance (commissions). The Promoters considers job creation as a positive contribution towards government policy on poverty alleviation.

1.3.2 Investment incentives



The Promoters are planning to register this project with the Tanzania Investment Centre (TIC). The TIC was established by an Act of Parliament the Tanzania Investment Act No 26 of 1997. The Centre was established as a one-stop centre for investors which aim to coordinate, encourage, promote and facilitate investment in Tanzania. One of its main functions is to provide, develop, construct, maintain and administer investment sites, estates or land and its associated facilities.

The investors registered with TIC are awarded Certificate of Incentives, which under Tanzania Investment Act No 26 of 1997 are broadly categorised into fiscal and non-fiscal incentives. To qualify for and obtain TIC certificate of incentives, minimum fixed investment cost for new project should be at least USD 300,000 for projects which are wholly owned by foreign investors or joint venture (Foreigner and Tanzanian) and USD 100,000 for projects owned by Tanzanian citizen (s).

Incentives guaranteed to holders Of TIC certificates of incentives include:

- The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance with, MIGA (Multilateral Investment Guarantees Agency). Likewise Tanzania is a member of the International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank
- Zero percent (0%) Import Duty on project capital goods, computer and computer accessories, raw materials and motor vehicles in Completely Knocked Down (CND) form
- Ten percent (10%) – Import Duty for Semi-processed inputs and motor vehicle spares; Fifteen percent (15%) – Import Duty for fully processed inputs and motor vehicle spares; Twenty five percent (25%) – Import Duty for final consumer goods
- Abolition of the mandatory pre-shipment inspection in imported raw materials that have zero rate of Import Duty. Note: Pre-shipment inspection on commercial imports with FOB value of USD5, 000 and above is mandatory
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies
- 50% expensing of capital expenditure for all classes of assets. In subsequent years implement wear and tear allowance. Also Straight line depreciating allowance on capital goods
- Deferral of VAT payment on project capital assets; Locally procured building materials are deemed to be capital and therefore subject to VAT deferral; Zero rated VAT on exports



- Import Duty drawback on raw materials used to produce goods for exports and deemed exports. Deemed exports cover locally produced or manufactured goods which are sold to foreign agencies or entities operating in Tanzania, which are exempt from payment of import
- Indefinite carry forward of losses against future profit
- Corporate Tax Rate of 30 percent and withholding Tax Rates on dividends (10 percent) and (0 percent) on loan interest in both priority and lead sectors
- The right to transfer outside the country 100 percent of foreign exchange earned, profits and capital
- The ease of obtaining other permits such as residence/work permits, industrial licence, trading licence etc
- Automatic permit of employing 5 foreigners on the project holding Certificate of Incentives.

However, an investor can register with TIC and obtain Certificate of Incentives while securing project location outside TIC estates or lands.

1.4 Summary of Projections

Table 1.1 below shows summary financial projections results for the project on the base case scenario.

Measure	Value	Evaluation
Net Present Value (USD million)	1.1	Project has a positive NPV indicates viable for investment
Internal Rate of Return (%)	49%	IRR is greater than the cost of capital – the discount rate used
Profitability Index (Number)	2.4	The project is financially viable as Profitability Index is above one
Pay Back Period (Years)	3.2	Less than the financial projections period, the project is considered to be viable

2 Market analysis and forecast

2.1 Global Advertising Industry



Advertisement is a way of facilitating the distribution of commodities, broadening the market and making people aware of possibilities with which they would not otherwise be familiar. It means bringing something deliberately to some one notice thus establishing an awareness of, creating a favourable attitude to and stimulates demand for a product, idea or service among potential consumers. Advertising is therefore a marketing tool whose prime aim is to sell goods and services.

One year ago, the advertising industry was still struggling to find its feet following the slump it entered in 2001, when the bursting of the technology bubble brought about an abrupt collapse in ad spending. Although spending began slowly to grow again some forms of advertising seemed no longer to be working. Some advertisers abandoned traditional ads for other forms of marketing, such as in-store promotions, direct mail or outdoor posters. Some also turned to the internet, and in particular paid-for links on search sites such as Google or Yahoo. Now, however, adland is bouncing back unambiguously, even if it is still far from business as usual.

Worldwide advertising expenditure grew by almost 7% in 2004 to USD 370 billion, estimates ZenithOptimedia. As this was well above global economic growth, the consultancy says it shows that the industry is recovering strongly—just as it always has done after previous slumps. Historically, advertising expenditure has tended to fall further when GDP declines, only to recover faster when economies pick up. The ad market in 2004 was boosted by some special factors, such as a presidential election in America and the Olympics. Yet ad spending grew by around 6% in 2005. The growth came about as firms became more aggressive in their battles for market share and polish brands that lost ground to cheaper competitors during the slump. By 2011, Zenith predicts, China will have overtaken Britain and Germany to become the third-largest advertising market in the world after America and Japan.

Television remains the most-powerful advertising medium, with a 38% global share of spending on major media in 2004. But things are changing. Many people nowadays watch cable or satellite channels rather than the main networks. Zenith expects TV generally to retain its overall share of the market through 2009, although it is uncertain about the threat posed by personal video-recorders, which can capture programmes for viewing at any time—and skip past ads for the internet and some big campaigns are tested online before being given the final go-ahead. However, one of the strong contenders for growth recently has been innovative outdoor campaigns of high-tech companies such as Motomedia International.

2.2 Outdoor Advertising in Tanzania



As all other media, outdoor advertising is part of everybody's everyday life. Outdoor is one of the oldest advertising media. Outdoors promotional marketing is used to focus on a person-to-person basis; it is therefore also known as direct marketing. In Tanzania, its use has been limited in the past; this is now changing with the emergence of promotional companies and the realisation of benefits of the method of the advertising clients. The benefits of direct marketing include introduction of a brand to a

consumer, and are also designed to build and maintain long-term brand growth. The method is also appropriate because of the feedback generated through dealing directly with the consumer.

The growth of outdoor in Africa has been on the back of tobacco and booze advertising. But that is changing as more and more products are advertised through outdoor activities. There is a move away from tobacco advertising in line with the rest of the world. Instead, there is more of a focus on fast-moving consumer goods and a marked increase in the advertising of professional services such as banking and, of course, cellular telecommunications. Tanzania has been singled out as one of the fast growing countries in outdoor advertising activities in Africa.

2.3 Supply Analysis

The use of outdoor media as an Advertising tool is advancing rapidly in Tanzania. There is a growing awareness of the power and impact of this form of communication and consequently an increase in its use. The industry is fragmented and not yet organised. The past and current companies conducting outdoor advertising business are highlighted below to set up competition environment for the Motomedia Tanzania. Although these outdoor advertising companies are using digital displays, but none is using Motomedia technology, which is live, interactive and data and information can be downloaded by customers through mobile phones and computers.

Monier International



Monier International was one of the leading companies dealing in outdoor advertising in Tanzania under the name Monier 2000. They specialise in the setting up of billboards and promotion posters. They were the first company to introduce the full colour photograph posters for billboards. Monier are

also involved in the installation of shop name signs across the country, putting up advertisements on the national stadium and full colour banners at Dar Es salaam International Airport. Monier has also introduced advertising on public transport. However, Monier 2000 sold its outdoor advertising business to AI Outdoor.

Corpcom

Corpcom Outdoor through its wholly owned subsidiary – Inter Africa Outdoor Advertising is the other major outdoor holding in Tanzania. They have dynamic billboard opportunities including 16,48,96 sheet billboards and illuminated 3 x 12m Super 96 sheet billboards located on major arterial routes and high traffic areas including the international airport.



AI Outdoor



A1 Outdoor was established in 2004 to carry out outdoor advertising business in Tanzania. A1 Outdoor is now established in Tanzania, Uganda, Kenya, Zambia, and Gabon and most recently in Sierra Leone. A1 Outdoor has network of support offices in Dubai and South Africa. AI Outdoor, the fastest growing outdoor advertising company in Tanzania, has recently bought the Tanzanian business of internationally based Monier 2000. The two rival outdoor advertising companies that for five years operated in a highly competitive market have announced their decision to solidify their core business strengths. Monier 2000 will continue expanding and growing their digital printing business while AI Outdoor will add all of their existing billboards to their current portfolio.

Through the acquisition of Monier 2000 outdoor sites and structures in April of 2005, A1 Outdoor was able to enhance its portfolio of outdoor sites in both Kenya and Tanzania. In Tanzania in particular, this purchase allowed A1 to firmly secure its position of market leader, both in terms of strategically located structures and market share. Today, A1 Outdoor has a staff of more than 80 individuals, both national and expatriate.

Clear Channel Independent (T) LTD



Clear Channel Independent (T) Limited is one of the major outdoor companies in the country. The company is a subsidiary of Clear Channel Outdoor Holdings. Clear Channel enjoys the largest portfolio of airport advertising opportunities in Africa.

Clear Channel Independent (T) Limited provides clients with advertising opportunities through billboards, street furniture displays, transit displays and other out-of-home advertising displays, such as wallscapes, spectaculars, neons and mall displays. The segments of the Company include Americas and International. During the year ended December 31, 2007, the Clear Channel Outdoor Holdings owned or operated approximately 897,000 advertising displays globally. As of January 17, 2008, the Company entered into an agreement to sell its equity investment in Clear Channel Independent, an out-of-home advertising company in South Africa with operations in Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda and Zambia.



2.4 Demand Analysis



The market research has shown that there is high demand on marketing and advertising activities from various suppliers of products and services in Tanzania. High demand for modern and high-tech outdoor advertising campaigns stems from steady economic growth, products and consumers sophistications and development in application of high-tech in marketing and advertising. Both public and private sectors are demanding the marketing and advertising activities for their products and services. For example the Government institution such as Tanzania Revenue Authority (TRA) is at the forefront in spending significant amount of money to advertise its activities and create public awareness on the importance of paying taxes for the country development. Economic growth as shown by the Gross Domestic Product (GDP) indicator has been encouraging and motivating factors to many foreign and local investors in Tanzania. Over the last 10 years, the lowest GDP growth was in 1998 recorded at 4.0% and the highest been 6.7% in 2004 and 2005.

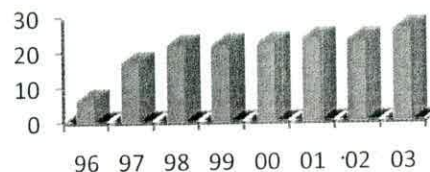
Following economic reforms in the country, many new economic ventures have been established in Tanzania which creates high demand for all forms of advertisements including outdoor activities. The economic reform has revamped the economic activities in all sectors of economy from construction, communication, manufacturing, financial, mining, tourism, trade and services. A large number of multi-national companies have acquired or established new businesses in the country. These large multi-national companies have traditionally been key drivers in adopting and implementing advertising as the major marketing tool. For example, the large companies with multinational links with significant advertising campaigns include:

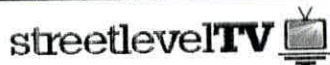


- Kwanza Bottlers (Coca cola)
- Tanzania Breweries Limited
- Western Union (T) Limited
- Vodacom Tanzania Limited
- Celtel Tanzania Limited
- TIGO Tanzania Limited
- Barclays Bank (T) Limited
- Standard Chartered Bank (T) Limited

Also a large number of local companies have recently engaged in advertising activities as marketing tool to fight competition and introduce their products to the consumers. The increases in number of companies and new business have seen a high growth in expenditure in marketing and advertising including outdoor activities. Figure 2.1 shows expenditure in outdoor advertisements in the country from 1997 to 2003. Expenditures grew was TZS 6.6 billion (1996) and grew up to TZS 26.635 billion in 2003 a cumulative average growth rate (CAGR) of 22% per annum. Therefore, the sub-sector grew above the GDP during the initial periods and currently is growing in line with it. However, the advertising expenditure per capita in the

Figure 2.1: Expenditure in 1999 -03





country is still very low at less than 1 USD. Therefore, there is a large room for growth in this subsector through establishments of new ventures and introduction of new products in the market such as new Motomedia technology.

2.5 Business Opportunity

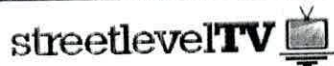
This proposed business opportunity is targeting to exploit a large and expanding marketing advertising industry in Tanzania. The number of new products and services in the country is increasing, and the demand for effective and efficient marketing and advertising services is increasing as well. In year 2003, while the country's real Gross Domestic Product (GDP) grew by 6%, the advertising sector registered a growth rate of 13%.

Motomedia gives the potential customers an opportunity to get large format advertising with audio, video, Bluetooth interaction and audience data capture at streetlevel. There is a great opportunity for Motomedia Tanzania to excel in the outdoor advertising business, especially in introduction of its new and modern technology in the country. This opportunity is enhanced mainly by the fact that Motomedia Africa Limited a holding company of the Motomedia Tanzania is the sole owner of the rights to establish, operate or franchise the Motomedia technology of outdoor advertising in Africa (except Egypt). It is evident that there is high demand for more sophisticated high-tech advertising marketing campaigns activities in Tanzania and Africa.

2.5.1 Mission and Vision

Motomedia Tanzania will offer its customers the best methods and tools in planning and implementing a successful Motomedia marketing and advertising campaigns and sustainable programs for the new and old products and services of various organisations in Tanzania. The application of latest Motomedia technology and equipments will cut through the mumbo jumbo of mass marketing, increase sales, and enhance customer satisfaction with the company. Motomedia Tanzania marketing and advertising campaigns will grab readers immediately and drive home the right message to the right audience. Motomedia Tanzania will exceed its customers' expectations for marketing and advertising campaign returns in all sectors of the economy from the public to the private. The key to success for the Motomedia Tanzania will lies on the following strategies:

- Have the technical expertise to minimise the learning curve for Motomedia Tanzania clients and minimize their expenses
- Make Motomedia Tanzania part of client's business team
- Insure the timely launch of each client's marketing program
- Generate new innovative strategies for clients that result in a high-quality and cost-effective products and services
- Differentiate Motomedia services so that clients realize that Motomedia Tanzania are able to better serve their needs rather than a more generic competitor or in-house outdoor marketing
- Keeping close contact with clients and establishing a well functioning long-term relationship with them to generate repeat business and a top notch reputation
- Establish a comprehensive service experience for the clients that include consultation, analysis of Motomedia high-tech marketing campaign goals and target markets, creation of streamlined and custom advertising campaigns based on needs, expectations, implementation, and follow-up analysis.



2.5.2 Products and Services

The Motomedia Tanzania would like to take this business opportunity to invest in new technology outdoor advertising business in Tanzania. The main objectives of developing and operating Motomedia Tanzania are to:

- Achieve break-even by the first year of operation
- Establish a country scope for operations within 5 years and a regional presence within 10 years
- Establish minimum 95% customer satisfaction rate to establish long-term relationships with clients and create a viable reputation.

2.5.3 Competitive Edge

Motomedia outdoor marketing technology is an emerging marketing tool with few industry experts. Motomedia International's accomplishments over the past few years have been singled out by the industry as models for successful outdoor marketing and advertising business. Motomedia Tanzania has acquired rights (franchise) to operate Motomedia business in Africa except in Egypt. Motomedia Tanzania will be the only operator in Tanzania for the Motomedia technology and also its holding company Motomedia Africa Limited will receive royalties from other companies which will operate in their respective countries in Africa with exception of the companies operating in Egypt.

The only way to describe the impact of Motomedia within the outdoor sector of the advertising industry is sensational. The feedback and interest from some of the biggest brands in the world has been overwhelming. Diagio, Ebay and EMI to name a few have recognised that Motomedia's approach to digital advertising is something new, something powerful, and something they should know about.



3 Operational Plan

3.1 Business Plan

The proposed business plan is to launch and operate a local Motomedia in Tanzania. This section of the business plan provides information regarding major tasks and development which so far has been achieved and set a framework for the remaining tasks to be completed. The business plan is discussed under the following headings:

- Products and Technology
- Set-up Plans
- Site Locations

The design of Motomedia Tanzania will be of a distinctive character, immaculate and exotic outdoor high-tech displays thus creating life impression to all customers who will be visiting various display sites on targeted areas and regions in the country. The business plan is a simple process of setting up Head Office (rented), buy rights from shops and building owners to install Motomedia displays, contract advertising subscriptions with suppliers and manage advertisements through computerised database.

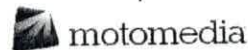
3.1.1 Products and Technology

Motomedia fuses design, digital media and Bluetooth to create a powerful marketing format that uses the windows of vacant retail units as an advertising platform. In today's high streets and shopping complexes, empty retail units can look tired and depressing. Motomedia generates income for landlords, acting agents and local authorities by providing advertisers a unique opportunity to place large-format advertising in high-profile locations on a short term basis. With a talented team of media and retail professionals driven to achieve 'best in class', the goal of Motomedia is delivering outstanding results for the clients.

The digital technology of Motomedia technology includes latest key features, which are advantages and user friendly to viewers and consumers doing shopping or searching more information of products and services advertised:

- Bluetooth: Bluetooth is a form of wireless communication and can be used to pass information to Bluetooth-enabled devices such as mobile phones. Bluetooth is an excellent protocol for wireless communication because it's capable of transmitting data at nearly 1MB/s, while consuming 1/100th of the power of Wi-Fi. There are no charges for delivering a message using Bluetooth unlike using SMS text messaging. Bluetooth is a fantastic resource but not all Bluetooth mobiles have it enabled. People must be made aware that they are to switch on their Bluetooth in order to receive information. This is where Motomedia comes into its own - Motomedia use graphics and digital media to tell shoppers and the public to activate their Bluetooth, allowing the client's message to be reinforced and successfully delivered to mobile devices. Bluetooth can be used to deliver a variety of information. This can include mp3s, video clips, images, textual information, redeemable offers and barcodes. Further to this it is possible to send Java applications which might contain a gallery, a calendar of events or even a game. Bluetooth downloads can be prepared by Motomedia to tie in with any advertising campaign





Motomedia Interactive: Motomedia deploy a range of impressive technologies to create advanced advertising solutions and futuristic interactive information displays and fully enhance the StreetlevelBillboards™ concept. Touch screen interactivity allows the user to navigate projected content by touching the projection surface. Motion sensing - cameras and advanced software give the user the ability to move and navigate animated projected content using hand movement. A



further use is seen in the Flash movie on this page - an advertisement display that animates and plays sound as viewers walk past. Motomedia can design custom animated content for use in conjunction with projection and interactive technologies. This content is similar in nature to website content and can be tailored to meet the design and interactivity requirements for a particular project; the possibilities are infinitely exciting.

Using externally applied printed vinyl combined with several technologies, shop windows are converted into customer-facing. Large-scale, interactive audio-visual posters sites in the very center of the consumer domain. Motomedia deploy a range of impressive technologies to create advanced advertising solutions and futuristic interactive information displays. The displays for Motomedia outdoor advertising are basically in two formats: StreetlevelTV™ and StreetlevelBillboards™.

StreetlevelTV™

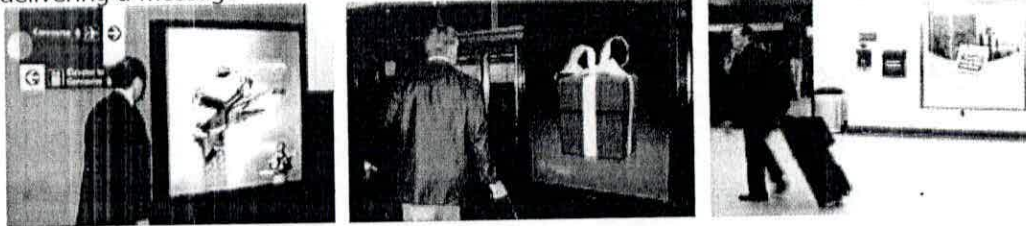
Shopping centres offer a fantastic advertising opportunity. With shopping centres full of browsing shoppers already primed to buy, and as a point of purchase of most brands and products, streetlevelTV™ offers a powerful medium to influence their spend. When in a shopping centre environment, shoppers will stop to look at something that catches their attention, whether this is an advert or a music video for an up and coming act. In partnership with the shopping centre owners Motomedia Tanzania are able to provide accurate demographic and footfall data; the weekly average footfall of a shopping centre in large market laces. StreetlevelTV™ gives shoppers an opportunity to use existing TV advertising with sound, interaction and audience data capture.

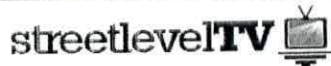
StreetlevelTV™ delivers much more than standard outdoor advertising. Using large format screens and advanced audio technology we can bring a huge variety of content like existing high quality TV ads, infomercials and live news and weather, all with sound, to compliment a marketing campaign. StreetlevelTV™ sends out Bluetooth content to mobiles and uses audience data capture techniques to measure effectiveness. It is designed to engage the consumer, it is at streetlevel, it is customer facing, measurable and is located in shopping havens. StreetlevelTV™ is more than a sequence of adverts - it is designed to engage the consumer by showing short films, community messages, infomercials, music videos and clips of unsigned bands and adverts for local events in conjunction with advertising. Intelligence hardware and software is included as standard. This gathers information on viewing times and viewer demographic and uploads reports to the internet. All playlists are scheduled remotely using advanced real-time server software.



StreetlevelBillboards™

With thousands of empty retail units available throughout Tanzania shopping centres and areas, Motomedia takes those in prime locations and transforms the shop windows into innovative and powerful advertising and marketing tools in the very center of the consumer domain. The glass windows of a vacant retail unit can be used as an advertising forum, with branded vinyl applied to the window, rear projection of video onto specialist screens that are visible in daylight, and audio driver technology turning the window into a speaker. This creates outstanding audio-visual theatre in any retail location and, coupled with Bluetooth, represents a particularly powerful method of raising awareness and delivering a message.





3.1.2 Set-up Plans

The Promoters have worked on a set-up plan to establish operation from a central location in Dar Es Salaam through a high-tech computer network with minimum capital investment. The set-up plans are discussed under the following sub-topics:



- Franchise License: Motomedia Tanzania Limited has acquired franchise rights to Motomedia technology for outdoor advertising business in Africa. The Promoters have already signed the franchise contract with Motomedia International and paid USD 100,000 for the license. Part of the agreement is for Motomedia Tanzania to pay a royalty fee of 20% of profit before tax per annum
- Office and Location: The Promoters have rented an office at Chole Road in Masaki Area which will be used for management and operation. The central computer systems and equipment will be installed at this office and networked to various display sites all over the country.

3.1.3 Site Locations

Motomedia Tanzania plans to launch its operation in Dar Es Salaam. The marketing research has shown that the saturation point for the sites installation in Tanzania is between 25 and 30 sites. Therefore:

- Each site is expected to accommodate a maximum of 25 subscribers who can advertise their products and services on Motomedia display equipments. Motomedia Tanzania will enter into contracts with shop-owners and property owners for the display sites to be used
- The initial plan is to start with four (4) sites in Dar Es Salaam and later expand to 12 sites by the end of the first year. The expansion phase will be in the second year of operation where additional 12 sites will be installed in other large sites such as Mwanza Airport, Kilimanjaro International Airport, Kariakoo shopping area and others. Each site will cost USD 15,000 for the equipments and installation costs
- The target sites are places where the displays can record a high rate of customers and public views and access to information. Therefore, initial plan is to set-up the Motomedia display equipments at Dar Es Salaam International Airport, large shopping centres such as Mlimani City (near University of Dar Es Salaam), Shoppers Plaza (Msasani), General Post Office (City Centre), Zanzibar Ferry Port (Kivukoni) and other large shopping malls.



3.2 Marketing Plan

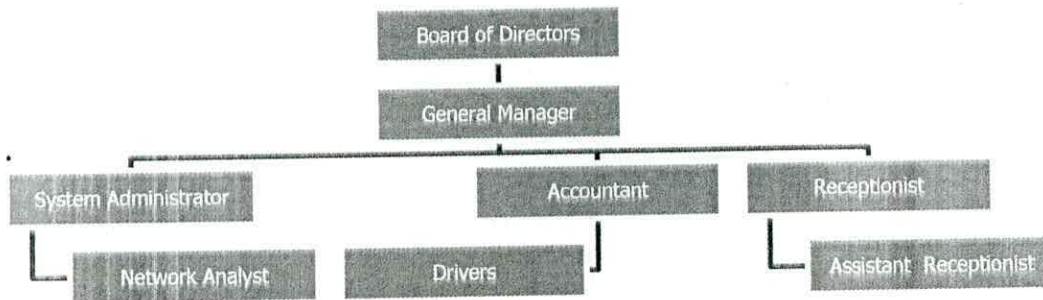
The Motomedia Tanzania Limited will be consistent in promoting the Motomedia technology in Tanzania in order to attract and retain customers' loyalty, satisfactions and achieve a higher subscription rate of its installed sites capacity. The marketing strategies which are able to withstand competition will from time to time been reviewed and modern techniques used. However, in this business plan initial marketing strategies are highlighted to respond on analysis of demand and supply of latest technology outdoor advertising media. The marketing plan is to recruit on a contact basis agents who will each manage site and will be responsible to sell subscriptions to various targeted customers and ensure timely cash collection. Each site will have one Marketing Officer (agent) who will be paid 10% of the sales.

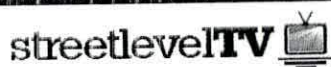
3.3 Human Resources Plan

3.3.1 Staffing

The labour market of trained and skilled marketing and advertising staff has been growing in the country and in East Africa. There are several colleges run professional courses in ICT, marketing and advertising and Services in Tanzania. Therefore, the Promoters are not considering lack of staff to be a limiting factor for successful of the project during start-up operations. The staffing will base on a simple organisational structure and the Head Office will start with 12 permanent staff in the first year and recruit other staff in subsequent years. Figure 3.1 below shows the proposed organisational structure and staffing positions for the Motomedia Tanzania.

Figure 3.1: Organ gram of the Motomedia Tanzania





Motomedia Tanzania Limited will be responsible to recruit and train local staffs in various positions. The staffing plan is to have about 12 full-time employees at the Head Office to ensure smooth operations and close attention to customers. The management systems will be computerised for billing, financial management, customers' database and advertisements system. Table 3.1 below shows staff positions and minimum expected remuneration. It should be noted that key staffs will also be paid top-up allowances by the management company which will employ them.

Table 3.1: Staffing Plan and Basic Remuneration (in USD)

Position	Number	Basic Monthly Pay	Total Pay
General Manager	1	5,000	5,000
Systems Administrator	1	4,000	4,000
Network Analyst	1	3,000	3,000
Accountant	1	3,000	3,000
Receptionist	1	1,000	1,000
Assistant Receptionist	1	500	500
Drivers	6	300	1,800
Total	12		18,300

3.3.2 Compensation and benefits

To ensure that the Motomedia Tanzania address the problems of adequate compensation, the Promoters will adopt and implement effective motivational and encouraging pay structure. Adequate salaries and other staff benefits will be offered in order to retain good and competent staff at the business.

The basic salary will be adjusted annually to reflect cost of living with a minimum increase for rates of inflation. The proposed compensation will include:

- Basic salary (market competitive)
- NSSF contributions (10% of basic)
- Medical insurance (5% of basic)
- Housing (All staff)
- Leave allowance (annually, average one month salary, 8.33% of basic)
- Bonuses (annually on the basis of performance)



3.5 Project Risks

3.5.1 Risks Analysis

There are several risks, which may face the Motomedia Tanzania project in local market. However, in the following paragraphs the most important risk factors are highlighted, which the Promoters are aware and necessary precautions to alleviate or minimise are taken into account during project management and operational plan. These risks include rising inflation, instability of foreign exchange, political environment and market fluctuations.

- **Inflation risk:** There is a potential risk that inflation might raise at higher rates than projected. This may increase the replacement cost and reduce the capital capacity. Also it is likely that the cost of local borrowing could increase with increase of inflation. While this risk is ever present in developing economies, such as Tanzania, the government appears committed to continue maintaining the macroeconomic stability and bring inflation further down. The average headline inflation on local currency (TZS) was 6.2% in 2006 and 7.0% in 2007¹. February 2008, inflation was reported by The Bank of Tanzania reached 8.9%. The projections in this feasibility study have incorporate inflation adjustments based on the current trends assuming an average of 7.5% over the next 10 years
- **Exchange rate risk:** The Motomedia site equipments will be procured from abroad; hence exchange rate risk is high in Tanzania. Shilling depreciation against other major currencies may impact the investment in equipments as prices of imported goods would increase. However, a depreciation of a Tanzania shilling against the dollar will favour the business, since revenues are in terms of dollars, while operating costs are in the local currency. The current exchange rate is about USD 1200 per 1 USD. Given that Tanzanian inflation is consistently higher than USD inflation, then it is expected that Tanzanian shilling will continue to depreciate against USD. The expected devaluations have been reflected in projections for this business plan.
- **Political risk:** There is a risk that the central government or local authority could adopt or implement policies that may affect the outdoor advertising industry. However, this risk has been gradually eroded since mid 1980's when the government started a process of economic reform towards free market. The existing trade liberation and investment policy and poverty alleviation strategies are good evidence of government's commitment to increasing partnership between public and private in providing marketing and advertising services.
- **Market risk:** There is a risk that the marketing partners or agents may dishonour the Memorandum of Understanding to be signed with the Motomedia Tanzania Limited. However, to mitigate this risk, Motomedia Tanzania Limited will use standard criteria in selecting marketing officers (agents) for various sites to manage customers' accounts.

¹ Average inflations have been calculated from January to December. Data released by the National Bureau of Statistics on http://www.nbs.go.tz/publications/new_releases.htm accessed on 5th April 2008.



3.5.2 Risks Evaluation

Table 3.2 shows risk evaluation as calculated risk factor (score). Each risk element has been assigned magnitude of impact on project if that element will occur. The impact is then assessed in terms of probability of occurrence and weight is assigned in relation to importance and significant of the risk to the project. The final result is the risk factor of the particular risk element contributing to the project, and the total sum is the risk level of the entire project. Given the assessment and assumptions done by the Promoters, the risk level for the project is around 10%. However, given proper project management planning, implementation and assessment, the risk level of 10% is considered small given the size of investment and current operating environment of other marketing and advertising businesses in Tanzania.

Risk Element	Impact	Probability	Weight	Risk Factor
Inflation Risk	20%	0.5	0.1	1.0%
Exchange Rate	50%	0.2	0.3	3.0%
Political Risk	50%	0.1	0.2	1.0%
Market Risk	100%	0.1	0.2	2.0%
Labour Market	100%	0.2	0.1	2.0%
Project Delays	100%	0.1	0.1	1.0%
Risk Level				10.0%

4 Financial Plan

4.1 Introduction



This section presents financial plan, results of the financial analysis and future projections. The main objective of the financial analysis is to examine both commercial profitability and economic viability of the proposed project to develop and operate the Motomedia Tanzania. In other words, it examines whether the proposed investment would be able to generate adequate returns relative to its investment costs and lease agreement to cover operational costs and undertake further expansions.

The section begins by introducing the methodology, the basic assumptions of the model and the financing plan, which is followed by a descriptive analysis of the value drivers that determine project profitability. Then, a summary of profitability analysis based on the projected financial statements is presented, followed by an economic viability assessment. Finally, the resulting financial projections are provided in Annex A from Table A1 to A12.

4.2 Projections

4.2.1 Methodology

In preparing the financial forecasts, a value driver methodology has been used, which is also consistent with modern corporate financial theories. This methodology is a powerful tool for analysing the financial feasibility and economic viability of investment projects. Under this approach, the shareholders' value in terms of the expected free cash flow is evaluated based on three generic key value drivers of business: growth, returns and risks. In turn, these generic value drivers are analysed to identify specific value drivers of particular business, taking into account the prevailing economic situation, its industry structure and the regulatory environment.

The shareholders' value analysis uses the Discounted Cash Flow (DCF) methodology. Under this methodology, the projected free cash flows, which depend on business value drivers, are discounted at a rate that reflects the level of risks associated with the investment (the cost of capital). The final value, which is also known as Net Present Value (NPV), is a robust yardstick for project's economic viability. A positive NPV means that the project is economically viable. In order to supplement the NPV criterion for evaluating projects viability, the Internal Rate of Return (IRR) and the Profitability Index (PI) are normally used.

- IRR is used to benchmark against management's minimum required rate of return (hurdle rate). A project considered economically viable if its IRR is greater than the cost of capital, which is the discount rate applied on the projected free cash flows
- PI measures the rate at which expected future cash flows will exceed the initial capital investment. A project is considered to be economically viable if the PI index is greater than one.

The value driver methodology has been used in analysing the feasibility of the proposed project of the Motomedia Tanzania. In addition to the business value drivers' analyses,



this model also uses a series of macro level value drivers. They include inflation, taxation, and exchange rates. The business value drivers are discussed in Section 4.3.

4.2.2 Financial Modelling

The financial model is a powerful tool for assessing the management's market and operational assumptions and for understanding how different business decisions may impact the firm's performance. Therefore, based on investors' business assumptions, the financial model has been used to map out the cause-effect relationships of value drivers and present them in the projected set of financial statements and performance measures, which are NPV, IRR and PI.

In this analysis, the financial model to have been built over 10-year duration, with Year 2008 as its base period for present values. A 10-year period has been chosen to demonstrate to the project evaluators that under the medium term plan that the project is viable and potential for higher returns. All financial values presented are denominated in the US Dollars (USD).

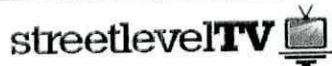
4.2.3 Basic Assumptions

Financial modelling of future business operations depends on a number of key assumptions. There are some underlying macro level assumptions, such as inflation, taxation and exchange rates, which are beyond the control of the management. Further, there are also some basic assumptions, which depend on management capacity to prepare and implement business policies and strategies. Below is a brief description of the major assumptions used in this financial model. The detailed model assumptions are provided in Annex A: Table A12.

- Real GDP growth – throughout the projected period, it is assumed a constant real gross domestic product (GDP) rate of between 5% and 6% per annum. The inflation is expected to be around 7.5% per annum
- Taxation – It is assumed that the corporate tax rate of 30% to prevail throughout the projected period. Although the tourism industry is exempted from paying VAT, the business could register for VAT in order to recover VAT inputs. However, in this business plan, it is assumed gross amounts for expenses and net to revenues
- Exchange Rates - the prevailing inflation rate differential between Tanzanian Shilling (TZS) and USD is assumed to be the best proxy for the future exchange rates determination. In this regard, the base period (2008) exchange rate is assumed to be USD 1,200 to a US dollar and the future exchange rates are determined by the difference in inflation rates of USD to USD
- Discount Rate – the model assumes a 15% rate of return on capital investment, which is denominated, in USD as adequate given the current market opportunities and risks involved in marketing advertising industry in Tanzania.

4.2.4 Total Investment Costs

The total capital investment requirement for the Motomedia Tanzania project is USD 702,000. The costs are estimated on the basis of the costs of procuring Motomedia displays, equipments, motor vehicles, working capital and office furniture. The breakdown of the capital investment requirements is provided in the value drivers' analysis under capital expenditure sub-section. The promoter plans to finance the capital investment through equity contribution and external funding and or capital grants. For the purpose of this feasibility study external fund is considered to be a long-term loan, with interest of



10%, one year grace period and four-year repayment. The summary of the financial requirement is provided in Table 4.1 below.

Capital Expenditure	Total	Investment %
Computer Systems	75,000	11%
Motomedia Displays	180,000	26%
Motor Vehicles	162,000	23%
Furniture & Fittings	15,000	2%
Preliminary Cost	150,000	21%
Working Capital Investment	120,000	17%
Total Costs	702,000	100%

The Promoters have already committed and spent USD 300,000 on the project in the first stage, and intends to invest further USD 102,000 to the end of the first year of operation. Therefore, the Promoters are looking for external finance of about USD 280,000 to support complete the project. In case of debt capital, the Promoters plan to start repaying the external funds, from 2009 after a grace period of 12 months in 2008. Table 4.2 below shows the planned financing of the completion stage, on which the promoter request for the fund as indicated in this schedule.

	Total	%
Capital Expenditure	702,000	100%
Promoters Capital	- 422,000	-60%
External Funds	280,000	40%



4.3 Value Drivers' Analysis

The value drivers' analysis methodology is used to determine the financial and economic viability of the proposed Motomedia Tanzania. This methodology enables the Promoters understand whether or not the financial projections made are in line with their business strategy and operating capacity. In other words, this methodology enables the Promoters to evaluate shareholders' value in terms of the expected future cash flows, which depend primarily on some key business drivers. This financial model uses seven business value drivers to determine the profitability and economic viability of the proposed Motomedia Tanzania project. They include the following:

- Incremental Revenue
- Incremental Operating costs
- Working capital
- Capital expenditure
- Cash tax payment
- Cost of capital
- Projection period

4.3.1 Incremental Revenue

The main source of Motomedia Tanzania income will be periodic subscription fee for advertisers (suppliers) on Streetlevel displays (TVs and Billboards). The incremental revenue projections are based on the following key assumptions:

- Subscription Fees: Motomedia Tanzania will charge fee of USD 2,000 per month for each subscriber to each site
- Number of sites: The initial plan is to start with four (4) sites during the launching with addition of other eight (8) sites up to the end of the first year (2008/09). During the second year, the Promoters are planning to invest additional 12 sites to cover the whole country
- Subscribers per Site: Motomedia Streetlevel site has a maximum capacity to accommodate 25 subscribers. For the purpose of this business plan, it is estimated that each site will have an average of 10 subscribers per site.

The detailed assumptions on incremental revenue and projected income are provided in Annex A: Table A5.



4.3.2 Operating costs

The Motomedia Tanzania will have seven major types of operating costs:

- Direct Costs
- Employees Costs
- Marketing Costs
- Administration Costs
- Interest Expenses
- Depreciation Charges
- Royalty Expenses.

In the following paragraphs, brief description of the assumptions used in estimating the project operating costs are discussed.

Direct Costs

Detailed analysis of financial statements of similar businesses and competitors was done to determine the expected margins for the Motomedia Tanzania. The direct costs are estimated based on costs of sales in relation to the revenue. These are:

- Site Rental: Each site will cost USD 5,000 per month
- Site Maintenance: Each site will cost USD 1,000 for maintenance. Maintenance cost includes charges for electricity, insurance and security.

Employees Costs

The Employees Costs comprise of costs of maintaining employees for the Motomedia Tanzania. The employees' remuneration will include consolidated wages and salaries, social security costs and allowances.

- Salaries will start to be paid on a market range between USD 300 per month to USD 4,000. The salaries will gradually be increased with rate of inflation. The employees' cost is expected to be among the largest operating costs for the Motomedia Tanzania
- Social security is statutory payments for employing staff and 10% will be paid on basic salaries for all staffs
- Staff allowances will be paid for annual leave (one month pay) and medical insurance (5% of basic pay)

Marketing Costs

The Motomedia Tanzania will also incur the marketing expenses, which depends on level of incremental revenue. The marketing expense will comprises mainly sales commission to the Marketing Officers (Agents) who manage operational sites. To ensure that Marketing Officers are well motivated to increase high rate of subscription per site, Motomedia Tanzania plans to pay a higher commission than industry average. While other companies are paying commission between 2% to 5%, Motomedia Tanzania will pay commission of 10% of revenue collected.



Administration Costs

The Motomedia Tanzania will also incur the administrative expenses, which are more of fixed costs. Administrative expenses will include items such as office costs, maintenance, repairs, security, communication, transport, sports, utilities (water and electricity), cleaning, insurance and others. It is estimated that the administration costs will account about 15% of the incremental revenue.

Interest Expense

This is basically the interest rate charged on the loan capital to be drawn on USD. The interest expenses depend primarily on the agreed interest rate and terms of the loan. For the purpose of these projections, it is assumed that an interest rate of 10% will be charged on an outstanding loan balance at the end of each year. It is expected that the term loan will be repaid over a period of four-years with one grace period in the first year.

Depreciation Charges

The depreciation charges have also been built in the financial model. These charges are used to accumulate surplus reserves from internal cash flows, which could be used for future replacement of various assets. The depreciation charges on assets depend on the category with pre-operational costs having the least rate of 5.9% and others ranging between 10% and 12.5%. The basis is diminishing balance method for all assets.

Royalty Expenses

Motomedia Tanzania Limited has a contract with Motomedia International which gave the right to use Motomedia technology in Africa. The contract gave obligation to Motomedia Tanzania to pay a royalty of 20% of the net profit before tax.

4.3.3 Working Capital Investment

The availability of working capital will depend on management's ability to negotiate better terms of payment to its suppliers and promptly collect revenues from its customers. Due to the nature of its business, the Motomedia Tanzania will have small working capital requirements for inventory and minimal debtors.

Initial working capital investment of USD 120 million will be made during commencement to support operational costs while building business through marketing and customers searching. These are considered normal level of working capital for cash cycle of receipts and payments. It should be noted that a positive net investment in working capital reduces the level of free cash flows and the value of the project. In this regard, the Motomedia Tanzania would endeavour to maintain a negative net working capital. The following working capital policy will be adopted:

- Accounts payable will be maintained at 30 days cycle since receipt of invoices
- Accounts receivable will be maintained at 30 days cycle since billing the customers.



4.3.4 Capital Expenditure

This is the amount spent on purchases of new fixed assets, net of disposals. All capital expenditure is immediately charged to the equity holders. A fixed asset account is maintained throughout the projection horizon based on capital expenditure levels and the rate of depreciation of fixed assets. There are two types of capital expenditure projected in this business plan. These include the acquisitions of computer systems, Motomedia equipments & displays, furniture & fittings, and preliminary costs.

The capital expenditure in this project is expected to include:

- Computer systems
- Motomedia Displays
- Motor Vehicles
- Furniture & Fittings
- Preliminary Costs

Computer systems

Motomedia business model is formed on application of and use of latest computer systems and technology. The technology requires large computer servers, network machines and switches and internet connectivity such as VSAT and others to connect all display sites with Head Office databases. The customers (subscribers) advertisements will be processed and edited at the Head Office computer servers. It is estimated that total costs for computer systems will be USD 75,000. Some of the expenditures have already been incurred for example design of websites, procurement of few computers and accessories.

Motomedia Displays

Motomedia displays for both StreetlevelTV and StreetlevelBillboards are highly advanced technology and use specialised materials. These products will be procured directly from Motomedia International suppliers to ensure compliance with standards and quality. The estimated cost of purchase and installation is USD 15,000 per site. The installation of these Motomedia displays take at most one week per site, hence it is envisaged that within one months four target sites will be installed with these Motomedia displays to start operation in Dar Es Salaam. Further installation will be made for 8 sites to the end of the first year and 12 sites in second year. Total sites for full operation will be 24 sites.

Motor Vehicles

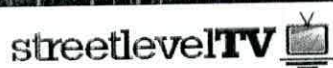
The Promoters plan to procure six (6) pick-up motor vehicles such as Nissan (Hard-top) or Toyota Hillux for operation and administrative work. Each pick-up is estimated to cost USD 27,000 and will be procured in the first year. Furthermore, during the second year, two (2) motor vehicles will be procured for the Directors. The estimated cost is USD 60,000 for each vehicle.

Furniture & Fittings

Small investment of USD 15,000 will be used to procure furniture and fittings for the Head Office.

Preliminary Costs:

The estimated capital expenditure on preliminary costs is about USD 150,000. The detailed breakdown is provided in Table 4.3 below. The payment structure is projected to be in Year 2008 (100%).



Item	Description	Price	Qty	Total
Franchise Rights	Motomedia International	100,000	1	100,000
Company Registration	Various Expenses	5,000	1	5,000
Professional Fees	Consultancy and Legal Costs	2,500	2	5,000
Pre-opening Promotion	Marketing Consultancy Days	10,000	2	20,000
Project Management	Monthly expenses	5,000	4	20,000
Total Costs				150,000

4.3.5 Cash Tax Rate

Tax policies and applicable rates have a significant impact on the viability of the project and on capital structure implications because they affect the timing and magnitude of the cash flows. This section analyses the various taxes in Tanzania and how they are likely to influence the financial feasibility of the proposed real estate project. The main taxes with business modelling implications are:

- (a) Corporate Tax - is the tax paid in the accounting period. In other words, the corporate tax payments are on current year basis. This financial model assumes the existing corporation tax rate of 30% will be applicable throughout the project period. The TIC certificate will enable the Promoters to claim capital allowance of 50% of capital expenditure on all assets during the first year and wear and tear during the subsequent years. This will reduce the Corporation Tax to be paid.
- (b) Withholding Tax – Royalty is not subject to a withholding tax of 10% for both residents and non-residents in Tanzania. Therefore in this business plan the payment of royalty to Motomedia International projections are grossed and no deductions are indicated for separate payment to Tanzania Revenue Authority
- (c) Value Added Tax – Revenue and expenditure are subjects to Value Added Tax (VAT) at 20% for registered businesses Tanzania. Therefore in this business plan revenue receipts and payments are grossed and no deductions are indicated for separate payment to Tanzania Revenue Authority.

4.3.6 Cost of Capital

An essential part of the Discounted Cash Flow (DCF) methodology is the discounting of future free cash flows at an appropriate risk adjusted cost of capital. The discount rate is calculated to reflect the opportunity cost of the investment funds, which is a function of both the financial and business risks.

The cost of capital could be defined as a minimum annual economic rate of return that providers of capital require to induce them to invest in a business. When considering whether or not to supply a business with capital, investors consider the rate of return they can expect to earn from the business after taxation. They will decide whether to invest by comparing the returns from business with likely post-tax returns from other investments of similar risks. Based on attainable current business returns in marketing and advertising industry, the cost of capital denominated in USD is estimated at 15% annual nominal rate.



In this regard, the Promoters have used 15% as a discounting rate throughout the ten-year projection period.

4.3.7 Growth Projection Period

This is the period over which the project viability will be assessed. The basis of the financial modelling for this business plan is duration of 10-year period beginning in July 2008. The 10-year period has been adjusted with Terminal Value assuming on-going business after the projection period. The Terminal Value has been calculated on the basis of Free Cash Flow after tenth year (2018).

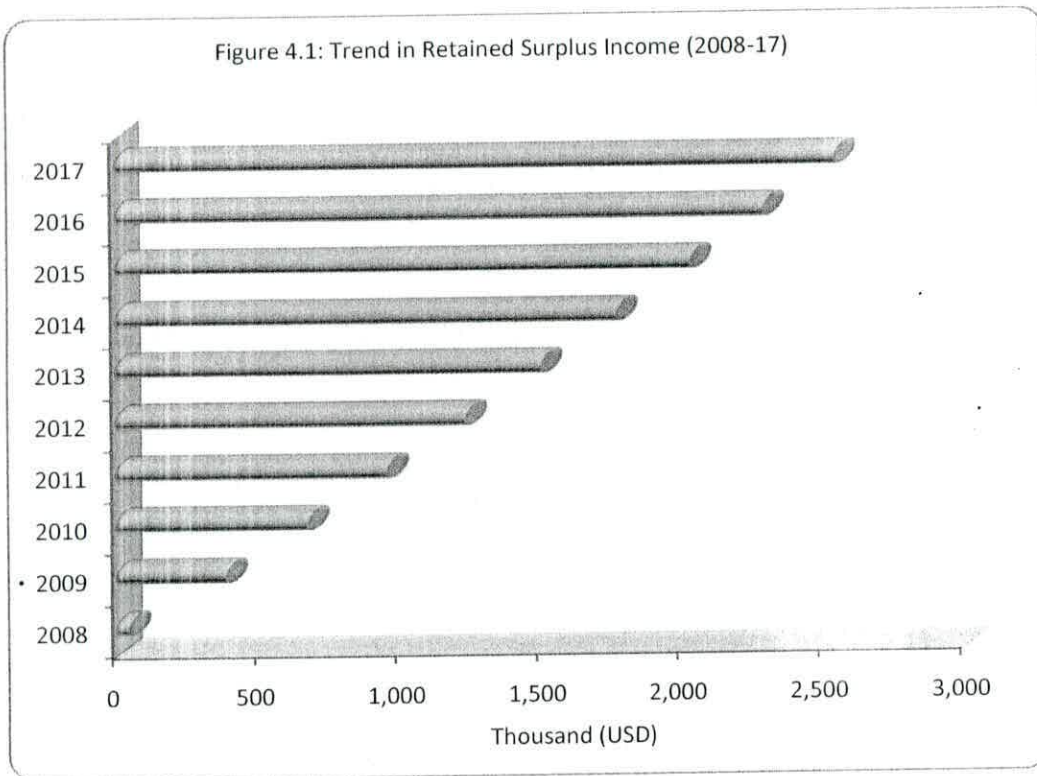


4.4 Financial Statements

4.4.1 Projected Profit and Loss

The projected profit and loss account of the Motomedia Tanzania shows promising results. The project is expected to generate a surplus income from its first year of its operation. The accumulated retained surplus during the projection period is growing from USD 45 thousand to USD 2.7 million. The projections were inclusive of tax charges on account as Motomedia Tanzania is a profit making organisation and will operate a marketing and advertising business. The projected profit and loss account shows Motomedia Tanzania will be able to generate high income that will cover its operating costs. Table A2 shows the projected profit and loss account from 2008 to 2017. Figure 4.1 below shows the trend of the accumulated retained profit as a result of the operation from the current position (2008) to the tenth year (2017) after launching of the Motomedia Tanzania between July and August 2008.

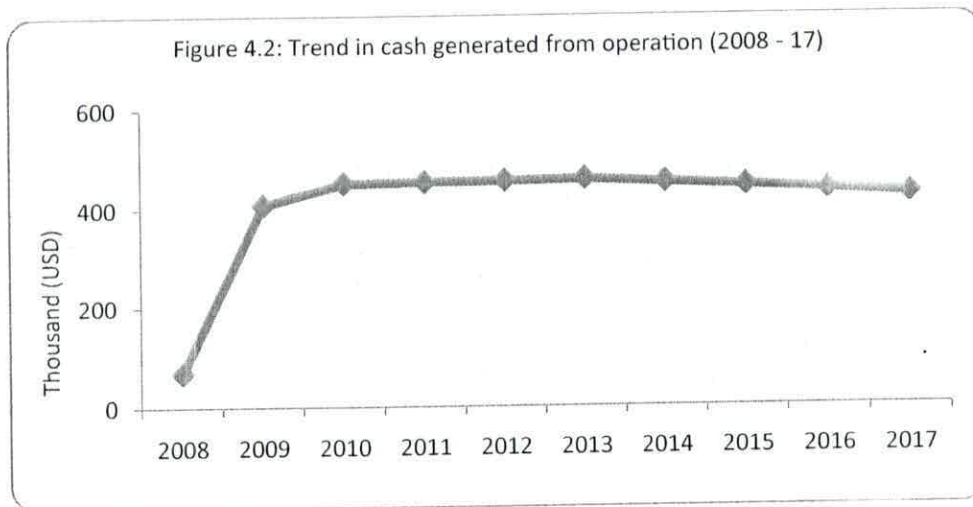
Figure 4.1: Trend in Retained Surplus Income (2008-17)





4.4.2 Projected Operating Cash Flows

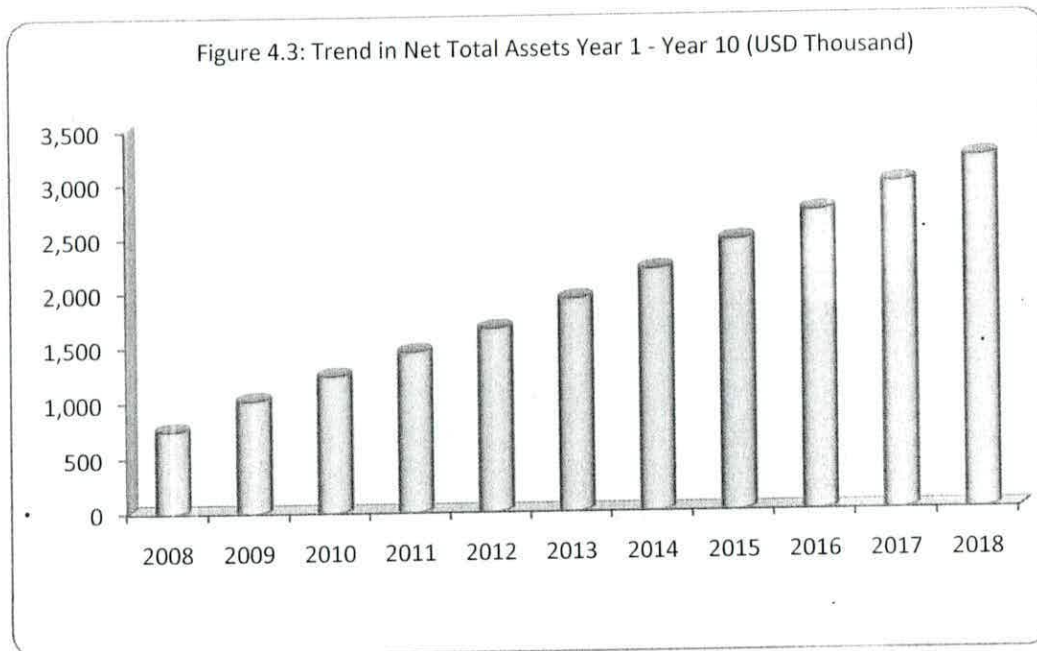
The cash flows statement provides information about the project's liquidity position and the breakdown of the sources and uses of its funds. The projected liquidity statement indicates a sound financial position for the proposed project of the Motomedia Tanzania. However, this is before taking into account the future capital adequacy maintenance. The analysis shows that positive net cash flows from operation will be available throughout the projection's period. The positive cash flows generated from project's operations could be used for increasing operating assets, replacing fixed assets, diversifying business and or paying dividends to the Promoters. The projected cash flow statement is shown in Table A4. Figure 4.2 below shows the trend of the cash from operation for the project from the current position (2008) to the tenth year (2017) after completion of the Motomedia Tanzania.





4.4.3 Projected Balance Sheet

The projected balance sheet indicates project's strong financial position in both the short and long terms. Table A3 in Annex A of this report shows the projected balance sheet for the projection period of the business plan. Figure 4.3 below shows the trend of the net total assets for the project from the current position (2008) to the eleventh year (2018) after completion and commissioning of the Motomedia Tanzania.





4.5 Viability Assessment

On the basis of the assumptions made on revenue generation, capital expenditure requirements, and cash flows projections, the project is both financially feasible and economically viable. Four measures have been used to evaluate viability of the proposed real estate project. They include the Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI) and the Payback Period (PBP). These measures of project viability are briefly discussed below.

4.5.1 Net Present Value (NPV)

The net present value (NPV) is defined as the present value of the future free cash flows, discounted at the required rate of return minus the initial investment. The free cash flows are discretionary cash left over after maintaining the business capital assets. Therefore, free cash flows provide an indication of funds available for distribution and business growth. This is sometimes referred to as the measure of "whole" intrinsic (embedded) business value. Projects, which show a positive NPV, are considered to be viable.

The proposed project of Motomedia Tanzania has an NPV of USD 1.1 million (Table A1). This means that it has the potential of adequately compensating its initial investment within the projected period of ten years, and give additional returns to its financiers including the existing Promoters.

4.5.2 Internal Rate of Return (IRR)

The internal rate of return (IRR) is defined as that rate which equates the present value of the cash outflows and inflows. In other words, it is the rate that makes the NPV equal zero. Hence, this is the rate of return on invested capital that the project is returning to the shareholders. A project is considered to be viable if the IRR is greater than the cost of capital – the discount rate used. The higher the IRR, the more viable it is.

The Motomedia Tanzania project has an estimated IRR of 49%, which is also greater than the cost of capital of 15% that has been used in this business plan. The IRR obtained in this study could also be used to determine the benchmark or the hurdle rate, which is defined as the minimum required rate of return, over and above their cost of capital. The potential investors and Motomedia Tanzania supporters use the hurdle rate to decide on whether or not to undertake the project.

4.5.3 Profitability Index (PI)

The Profitability Index (PI) is another indicator to assess the viability of the project. The profitability index is defined as the ratio of present values of future cash flows to the initial capital investment costs. In other words, PI measures how the proportion by which the expected future cash flows will exceed the initial capital investment costs. The project is termed profitable if the PI is above one (1). Since this project has a PI of 2.4 it is considered to be profitable.

4.5.4 Payback Period (PBP)

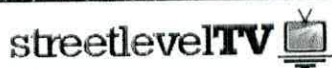
Another project viability assessment tool is the payback period (PBP). The payback period is defined as the time required for the investment project to generate cash flows that would be enough to payback the initial capital investment. The shorter the payback period, the more profitable is the project. The returns are estimated based on the free cash flows before or after discounting. The projections show that the proposed Motomedia Tanzania project will have a payback period in the region of 3.2 years. Since it is less than the financial projections period, the project is considered to be viable.



4.5.5 Projected Financial Ratios

Table 4.4 below shows a summary of financial ratios for the projected financial statements. Financial ratios are performance indicators which provide additional information from the financial statements.

Ratio	2008	2009	2010	2011	2012
Profit Margin	13%	13%	13%	13%	12%
Cash Ratio	11%	12%	12%	12%	12%
Current Ratio	2.2	3.5	4.6	5.7	6.6
Debt Ratio	21%	11%	5%	0%	0%
Assets Turnover	3.5	2.9	2.6	2.3	2.0
Return on Capital	46%	38%	33%	30%	25%



4.6 Sensitivity Analysis

The Motomedia Tanzania projections only reflect the most likely (or modal) cash flows based on the assumptions made. However, the actual results are most likely to be different, from projections made because of unexpected change of events. For example, new entrants may result in lower revenues and margins than projected. Also, costs may be higher due to inflation and government policies may change. The level of uncertainty about the actual performance depends on the level of specific risks inherent in the project.

Often, the projected cash flows do not fully reflect the level of uncertainty; hence they tend to differ from the actual future cash flows. In theory, these specific risks are included in the discounted cash flows. However, a more appropriate analysis would be to use the probability weighted average cash flow projections. This method involves projecting all potential outcomes under different plausible assumptions, assigning probabilities to each outcome and calculating the probability-weighted average.

Detailed sensitivity analysis was carried out on the business projections to assess the potential impact of changes to the key value drivers based on 10% to the projected results. The results are summarised in Table 4.5.

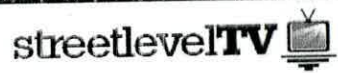
Value Driver	NPV	IRR	PI	Pay Back
Incremental Revenue	20.4%	7.4%	11.2%	9.6%
Operating Cost	113.4%	40.0%	63.0%	112.8%
Capital Expenditure	4.8%	4.2%	8.6%	5.1%

Clearly, the resulting NPV and IRR calculations are medium sensitive to changes in estimates of operating costs only. In order to achieve the expected results, management will focus on achieving the targeted operating costs through efficient use of resources and adopt approaches which will save costs. This operating cost value driver carry out the inherent business risk that could substantially affect the projected results.



4.7 Summary and Conclusion

Based on the business and macro-economic assumptions built in the financial projections of the expansion project for Motomedia Tanzania, the Promoters are confident that this project is both financially feasible and economically viable for additional financing. In the report analyses of the proposed project, the Promoters' estimates have taken into account on capital investment requirements, the existing and forecasted marketing and advertising industry in Tanzania and business operating assumptions. Since the analyses indicate that the project is viable, the Promoters believes this business plan to be its best representation and basis of the proposal submission to the potential financial institutions for securing term loan and other regulatory institutions such as Tanzania Investment Centre (TIC).



5 Annex A: Financial Projections

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A1: FINANCIAL EVALUATION RESULTS												
(Base 2008 = 100)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Cash Flow												
Profit / (Loss)	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883	
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130	
Cash Tax Paid	0	(29,498)	(83,682)	(100,463)	(113,635)	(123,901)	(132,327)	(136,106)	(138,165)	(138,703)	(137,857)	
Working Capital	(36,000)	(37,944)	(1,996)	(2,050)	(2,106)	(2,163)	(2,221)	(2,281)	(2,343)	(2,406)	(2,471)	
Capital Expenditure	(582,000)	(300,000)	0	(3,727)	0	(79,307)	0	(4,977)	0	(5,752)	(75,000)	
Free Cash Flow	(514,081)	78,626	366,746	349,165	341,890	255,328	318,746	303,006	297,702	281,585	203,685	
Terminal Value												1,493,687
Discounted Value:	(514,081)	68,371	277,312	229,581	195,477	126,943	137,803	113,911	97,319	80,044	50,348	321,058
N P V	1,184,086											
IRR (%)	49%											
PI	2.4											
PBP	3.2											

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A2: PROFIT AND LOSS ACCOUNT											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INCOME											
Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
Other Income	0	0	0	0	0	0	0	0	0	0	0
Total Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
EXPENSES											
Direct Costs	864,000	1,774,656	1,822,572	1,871,781	1,922,319	1,974,222	2,027,526	2,082,269	2,138,490	2,196,230	2,255,528
Employees Costs	288,701	320,529	344,569	370,411	398,192	428,056	460,161	494,673	531,773	571,656	614,530
Marketing Costs	172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
Administration Costs	259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
Interest	28,000	28,000	21,000	14,000	7,000	0	0	0	0	0	0
Total Expenditure	1,671,099	3,085,657	3,178,678	3,263,190	3,352,958	3,456,661	3,553,511	3,664,080	3,780,665	3,902,389	4,039,952
Royalties	56,901 <u>(11,380)</u>	463,655 <u>(92,731)</u>	466,465 <u>(93,293)</u>	480,372 <u>(96,074)</u>	491,681 <u>(98,336)</u>	491,783 <u>(98,357)</u>	501,541 <u>(100,308)</u>	500,458 <u>(100,092)</u>	496,316 <u>(99,263)</u>	490,070 <u>(98,014)</u>	471,103 <u>(94,221)</u>
Profit Before Tax	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883
Taxation	0	<u>(29,498)</u>	<u>(83,682)</u>	<u>(100,463)</u>	<u>(113,635)</u>	<u>(123,901)</u>	<u>(132,327)</u>	<u>(136,106)</u>	<u>(138,165)</u>	<u>(138,703)</u>	<u>(137,857)</u>
Net Profit After Tax	45,521	341,426	289,490	283,835	279,709	269,526	268,906	264,260	258,888	253,353	239,025
Retained Profit	45,521	386,947	676,436	960,271	1,239,980	1,509,506	1,778,412	2,042,672	2,301,560	2,554,913	2,793,938

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A3: BALANCE SHEET

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fixed Assets											
Tangible Assets	382,425	616,104	545,676	487,119	431,655	452,514	400,453	359,426	318,270	287,633	320,503
Investments	0	0	0	0	0	0	0	0	0	0	0
Pre-operation cost	141,176	132,353	123,529	114,706	105,882	97,059	97,059	97,059	97,059	97,059	97,059
Net Fixed Assets	523,601	748,457	669,205	601,825	537,538	549,573	497,512	456,485	415,329	384,691	417,561
Current Assets											
Debtors	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Cash and Bank	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712	2,704,396
Total Current Assets	331,919	492,321	797,053	1,084,419	1,364,733	1,628,711	1,956,341	2,268,470	2,575,542	2,866,750	3,080,318
Current Liabilities											
Creditors	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Short - Term	0	0	0	0	0	0	0	0	0	0	0
Bank Ovredraft	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Net Current Assets	223,919	270,489	569,231	850,447	1,124,443	1,381,933	1,702,900	2,008,187	2,308,231	2,592,221	2,798,377
Net Total Assets	747,521	1,018,947	1,238,436	1,452,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938
Financed By:											
Equity Capital											
Share Capital	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
Retained Profit	45,521	386,947	676,436	960,271	1,239,980	1,509,506	1,778,412	2,042,672	2,301,560	2,554,913	2,793,938
Total Equity	467,521	808,947	1,098,436	1,382,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938
Debt Capital											
Loan	280,000	210,000	140,000	70,000	0	0	0	0	0	0	0
Capital Employed	747,521	1,018,947	1,238,436	1,452,271	1,661,980	1,931,506	2,200,412	2,464,672	2,723,560	2,976,913	3,215,938

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A4: CASH FLOWS STATEMENT											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Profit Before Tax	45,521	370,924	373,172	384,298	393,344	393,426	401,233	400,366	397,053	392,056	376,883
Adjustments:											
Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
Working Capital											
Change in Debtors	(144,000)	(151,776)	(7,986)	(8,202)	(8,423)	(8,650)	(8,884)	(9,124)	(9,370)	(9,623)	(9,883)
Change in Creditors	108,000	113,832	5,989	6,151	6,317	6,488	6,663	6,843	7,028	7,217	7,412
Change in Shortterms	0	0	0	0	0	0	0	0	0	0	0
Cash From Operation	67,919	408,124	450,428	453,355	455,526	458,535	451,073	444,089	435,866	426,039	416,542
Less: Tax Paid	0	(29,498)	(83,682)	(100,463)	(113,635)	(123,901)	(132,327)	(136,106)	(138,165)	(138,703)	(137,857)
Investing:											
Fixed Assets	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
Net Investing	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
Net Cash Flows	(514,081)	78,626	366,746	349,165	341,890	255,328	318,746	303,006	297,702	281,585	203,685
Financing:											
Share Capital	422,000	0	0	0	0	0	0	0	0	0	0
Debt Received	280,000	0	0	0	0	0	0	0	0	0	0
Debt Repaid	0	(70,000)	(70,000)	(70,000)	(70,000)	0	0	0	0	0	0
Net Financing	702,000	(70,000)	(70,000)	(70,000)	(70,000)	0	0	0	0	0	0
Net Cash	187,919	8,626	296,746	279,165	271,890	255,328	318,746	303,006	297,702	281,585	203,685
Cash Balance b/f	0	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712
Cash Balance c/f	187,919	196,545	493,291	772,456	1,044,346	1,299,674	1,618,420	1,921,426	2,219,127	2,500,712	2,704,396

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A 5: OUTDOOR ADVERTISING ACTIVITIES AND INCOME											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INCREMENTAL REVENUE											
Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
Other Income											
TOTAL INCOME	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055
OUTDOOR SITES											
Number of Sites	12	24	24	24	24	24	24	24	24	24	24
Average Subscribers	10	10	10	10	10	10	10	10	10	10	10
Rate Per Subscriber P.M	\$2,000	\$2,054	\$2,109	\$2,166	\$2,225	\$2,285	\$2,347	\$2,410	\$2,475	\$2,542	\$2,611
Site Occupancy Rate	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Total Outdoor Sites Income	1,728,000	3,549,312	3,645,143	3,743,562	3,844,638	3,948,444	4,055,052	4,164,538	4,276,981	4,392,459	4,511,055

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A6: OPERATING COSTS		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
DIRECT COSTS												
	<u>Base</u>											
Sites Rental	\$5,000	720,000	1,478,880	1,518,810	1,559,818	1,601,933	1,645,185	1,689,605	1,735,224	1,782,075	1,830,191	1,879,606
Sites Maintenance	\$1,000	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Total - Direct Costs		864,000	1,774,656	1,822,572	1,871,781	1,922,319	1,974,222	2,027,526	2,082,269	2,138,490	2,196,230	2,255,528
MARKETING												
Commissions	10%	172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
Total - Marketing Costs		172,800	354,931	364,514	374,356	384,464	394,844	405,505	416,454	427,698	439,246	451,106
ADMINISTRATION												
General	15%	259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658
Total - Administration Costs		259,200	532,397	546,772	561,534	576,696	592,267	608,258	624,681	641,547	658,869	676,658

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A7: STAFFING PLAN AND COSTS												
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
HUMAN RESOURCES PLAN:												
General Manager		1	1	1	1	1	1	1	1	1	1	1
Systems Administrator		1	1	1	1	1	1	1	1	1	1	1
Network Analyst		1	1	1	1	1	1	1	1	1	1	1
Accountant		1	1	1	1	1	1	1	1	1	1	1
Receptionist		1	1	1	1	1	1	1	1	1	1	1
Assistant Receptionist		1	1	1	1	1	1	1	1	1	1	1
Drivers		6	8	8	8	8	8	8	8	8	8	8
Total Employees		12	14	14	14	14	14	14	14	14	14	14
STAFFS COSTS												
	Basic:											
General Manager	5,000	60,000	64,500	69,338	74,538	80,128	86,138	92,598	99,543	107,009	115,034	123,662
Systems Administrator	4,000	48,000	51,600	55,470	59,630	64,103	68,910	74,078	79,634	85,607	92,027	98,930
Network Analyst	3,000	36,000	38,700	41,603	44,723	48,077	51,683	55,559	59,726	64,205	69,021	74,197
Accountant	3,000	36,000	38,700	41,603	44,723	48,077	51,683	55,559	59,726	64,205	69,021	74,197
Receptionist	1,000	12,000	12,900	13,868	14,908	16,026	17,228	18,520	19,909	21,402	23,007	24,732
Assistant Receptionist	500	6,000	6,450	6,934	7,454	8,013	8,614	9,260	9,954	10,701	11,503	12,366
Drivers	300	21,600	30,960	33,282	35,778	38,462	41,346	44,447	47,781	51,364	55,216	59,358
Total - Basic Salaries		219,600	243,810	262,096	281,753	302,884	325,601	350,021	376,272	404,493	434,830	467,442
STAFF BENEFITS												
Medical Insurance	5%	10,980	12,191	13,105	14,088	15,144	16,280	17,501	18,814	20,225	21,741	23,372
Leave Allowance	8%	<u>18,300</u>	<u>20,318</u>	<u>21,841</u>	<u>23,479</u>	<u>25,240</u>	<u>27,133</u>	<u>29,168</u>	<u>31,356</u>	<u>33,708</u>	<u>36,236</u>	<u>38,953</u>
Gross Package		248,880	276,318	297,042	319,320	343,269	369,014	396,690	426,442	458,425	492,807	529,768
STATUTORY COST:												
Social Security	10%	24,888	27,632	29,704	31,932	34,327	36,901	39,669	42,644	45,843	49,281	52,977
Skill & Dev Levy	6%	<u>14,933</u>	<u>16,579</u>	<u>17,823</u>	<u>19,159</u>	<u>20,596</u>	<u>22,141</u>	<u>23,801</u>	<u>25,587</u>	<u>27,506</u>	<u>29,568</u>	<u>31,786</u>
TOTAL STAFFS COST		288,701	320,529	344,569	370,411	398,192	428,056	460,161	494,673	531,773	571,656	614,530

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A8: WORKING CAPITAL PROJECTIONS											
	2008	2009	2010	2010	2011	2012	2013	2014	2015	2016	2017
CURRENT ASSETS											
Debtors	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
Total Assets	144,000	295,776	303,762	311,964	320,387	329,037	337,921	347,045	356,415	366,038	375,921
CURRENT LIABILITIES											
Creditors	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Shortterm											
Total Liabilities	108,000	221,832	227,821	233,973	240,290	246,778	253,441	260,284	267,311	274,529	281,941
Working Capital Change											
Debtors	-144,000	-151,776	-7,986	-8,202	-8,423	-8,650	-8,884	-9,124	-9,370	-9,623	-9,883
Creditors	108,000	113,832	5,989	6,151	6,317	6,488	6,663	6,843	7,028	7,217	7,412
Shortterm	0	0	0	0	0	0	0	0	0	0	0
Net Change	-36,000	-37,944	-1,996	-2,050	-2,106	-2,163	-2,221	-2,281	-2,343	-2,406	-2,471

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A9: FIXED ASSETS SCHEDULE

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Computer Systems											
Cost:											
Opening B/F	0	75,000	75,000	75,000	75,000	75,000	150,000	150,000	150,000	150,000	150,000
Additions	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Revaluation											
Disposal											
Closing C/F	75,000	75,000	75,000	75,000	75,000	150,000	150,000	150,000	150,000	150,000	225,000
Depre:											
Rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Opening B/F	0	9,375	17,578	24,756	31,036	36,532	50,715	63,126	73,985	83,487	91,801
P & L	9,375	8,203	7,178	6,281	5,495	4,184	12,411	10,859	9,502	8,314	16,650
Revaluation											
Disposal											
Closing C/F	9,375	17,578	24,756	31,036	36,532	50,715	63,126	73,985	83,487	91,801	108,451
Net Book Value	65,625	57,422	50,244	43,964	38,468	39,285	86,874	76,015	66,513	58,199	116,549
Motomedia Displays											
Cost:											
Opening B/F	0	180,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Additions	180,000	180,000	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	180,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Depre:											
Rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Opening B/F	0	22,500	64,688	101,602	133,901	162,164	186,893	208,532	227,465	244,032	258,528
P & L	22,500	42,188	36,914	32,300	28,262	24,730	21,638	18,934	16,567	14,496	12,684
Revaluation											
Disposal											
Closing C/F	22,500	64,688	101,602	133,901	162,164	186,893	208,532	227,465	244,032	258,528	271,212
Net Book Value	157,500	295,313	258,398	226,099	197,836	173,107	151,468	132,535	115,968	101,472	88,788
Motor Vehicles											
Cost:											
Opening B/F	0	162,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
Additions	162,000	120,000	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	162,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
Depre:											
Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Opening B/F	0	16,200	30,780	55,902	78,512	98,861	117,175	133,657	148,491	161,842	173,858
P & L	16,200	14,580	25,122	22,610	20,349	18,314	16,483	14,834	13,351	12,016	10,814
Revaluation											
Disposal											
Closing C/F	16,200	30,780	55,902	78,512	98,861	117,175	133,657	148,491	161,842	173,858	184,672
Net Book Value	145,800	251,220	226,098	203,488	183,139	164,825	148,343	133,509	120,158	108,142	97,328
Furniture & Fittings											
Cost:											
Opening B/F	0	15,000	15,000	15,000	18,727	18,727	23,034	23,034	28,011	28,011	33,763
Additions	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Revaluation											
Disposal											
Closing C/F	15,000	15,000	15,000	18,727	18,727	23,034	23,034	28,011	28,011	33,763	33,763
Depre:											
Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Opening B/F	0	1,500	2,850	4,065	5,159	6,515	7,736	9,266	10,643	12,380	13,943
P & L	1,500	1,350	1,215	1,094	1,357	1,221	1,530	1,377	1,737	1,563	1,982
Revaluation											
Disposal											
Closing C/F	1,500	2,850	4,065	5,159	6,515	7,736	9,266	10,643	12,380	13,943	15,925
Net Book Value	13,500	12,150	10,935	13,568	12,212	15,297	13,768	17,368	15,631	19,820	17,838

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A9: FIXED ASSETS SCHEDULE

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Pre-operational costs											
Cost:											
Opening B/F	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Additions	150,000	0	0	0	0	0	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Amortisation:											
Rate	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Opening B/F	0	8,824	17,647	26,471	35,294	44,118	52,941	52,941	52,941	52,941	52,941
P & L	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Revaluation											
Disposal											
Closing C/F	8,824	17,647	26,471	35,294	44,118	52,941	52,941	52,941	52,941	52,941	52,941
Net Book Value	141,176	132,353	123,529	114,706	105,882	97,059	97,059	97,059	97,059	97,059	97,059
DEPRECIATION											
Computer Systems	9,375	8,203	7,178	6,281	5,495	14,184	12,411	10,859	9,502	8,314	16,650
Motomedia Displays	22,500	42,188	36,914	32,300	28,262	24,730	21,638	18,934	16,567	14,496	12,684
Motor Vehicles	16,200	14,580	25,122	22,610	20,349	18,314	16,483	14,834	13,351	12,016	10,814
Furniture & Fittings	1,500	1,350	1,215	1,094	1,357	1,221	1,530	1,377	1,737	1,563	1,982
Preliminary Costs	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Total Depreciation	58,399	75,144	79,252	71,107	64,287	67,272	52,061	46,004	41,156	36,389	42,130
BALANCE SHEET											
Computer Systems	65,625	57,422	50,244	43,964	38,468	99,285	86,874	76,015	66,513	58,199	116,549
Motomedia Displays	157,500	295,313	258,398	226,099	197,836	173,107	151,468	132,535	115,968	101,472	88,788
Motor Vehicles	145,800	251,220	226,098	203,488	183,139	164,825	148,343	133,509	120,158	108,142	97,328
Furniture & Fittings	13,500	12,150	10,935	13,568	15,297	15,297	13,768	17,368	15,631	19,820	17,838
Total	382,425	616,104	545,676	487,119	431,655	452,514	400,453	359,426	318,270	287,633	320,503
CASH PAYMENT											
Computer Systems	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0
Total	582,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
CAPITAL ALLOWANCE (TTC)											
Class 2: Equipment + Furr	135,000	191,250	143,438	107,578	80,684	60,513	45,385	34,038	25,529	19,147	14,360
Class 3: Motor Vehicles	81,000	130,875	114,516	100,201	87,676	76,717	67,127	58,736	51,394	44,970	39,349
Class 7: Intangibles	8,824	8,824	8,824	8,824	8,824	8,824	0	0	0	0	0
Total - Capital Allowance	224,824	330,949	266,777	216,603	177,183	146,053	112,511	92,774	76,923	64,116	53,709

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

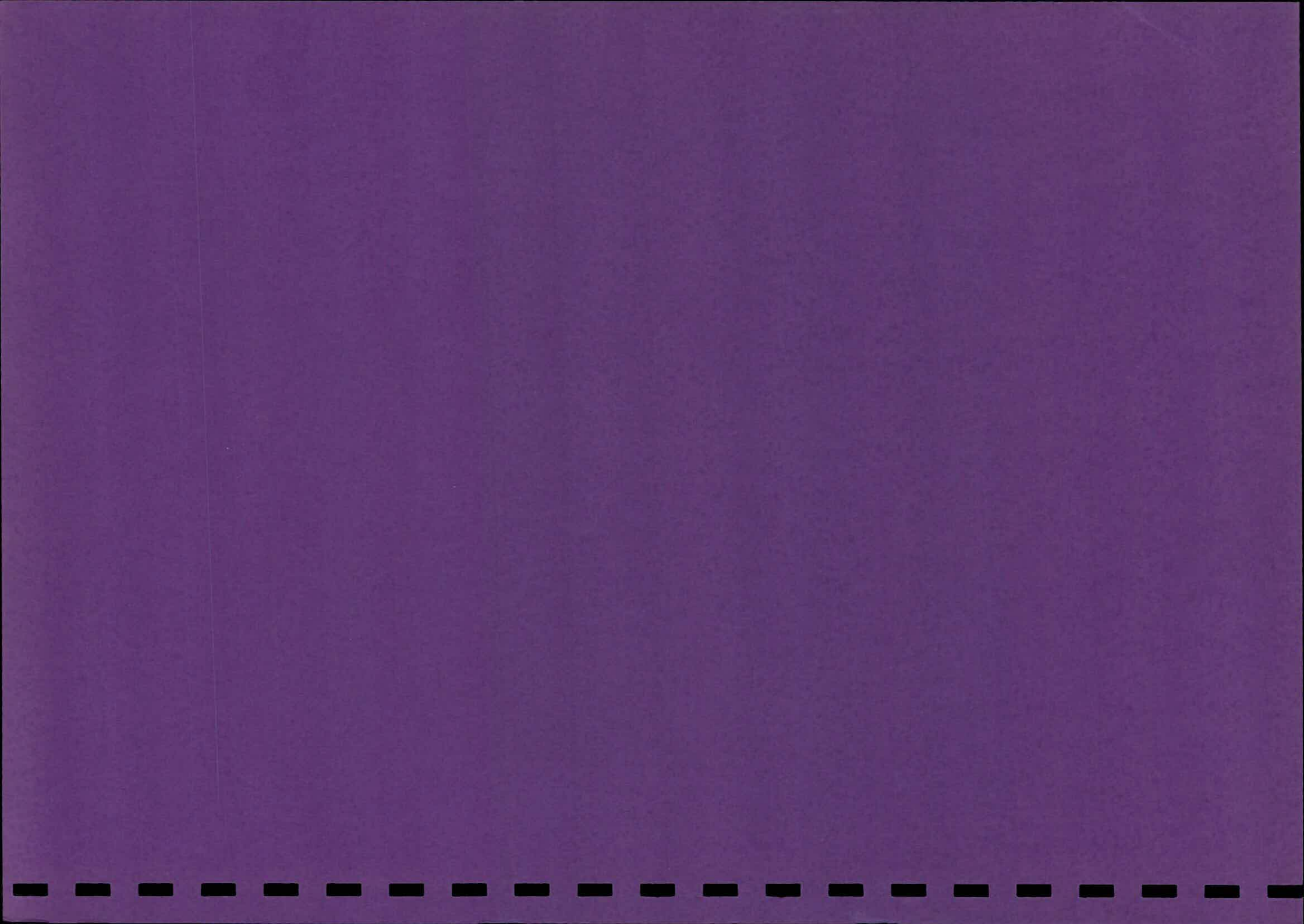
TABLE A10: CAPITAL SOURCE & FINANCING PLAN											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CAPITAL EXPENDITURE											
Computer Systems	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0
Initial Working Capital	120,000										
TOTAL	702,000	300,000	0	3,727	0	79,307	0	4,977	0	5,752	75,000
EQUITY CAPITAL											
Opening Balance	0	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
Addition	422,000										
Drawings											
Adjustment											
Closing Balance	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000	422,000
EXTERNAL FUNDS											
<u>Interest Rate</u>	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Opening Balance	0	280,000	210,000	140,000	70,000	0	0	0	0	0	0
Addition	280,000	0	0	0	0	0	0	0	0	0	0
Capitalised											
Repaid		(70,000)	(70,000)	(70,000)	(70,000)						
Closing Balance	280,000	210,000	140,000	70,000	0	0	0	0	0	0	0

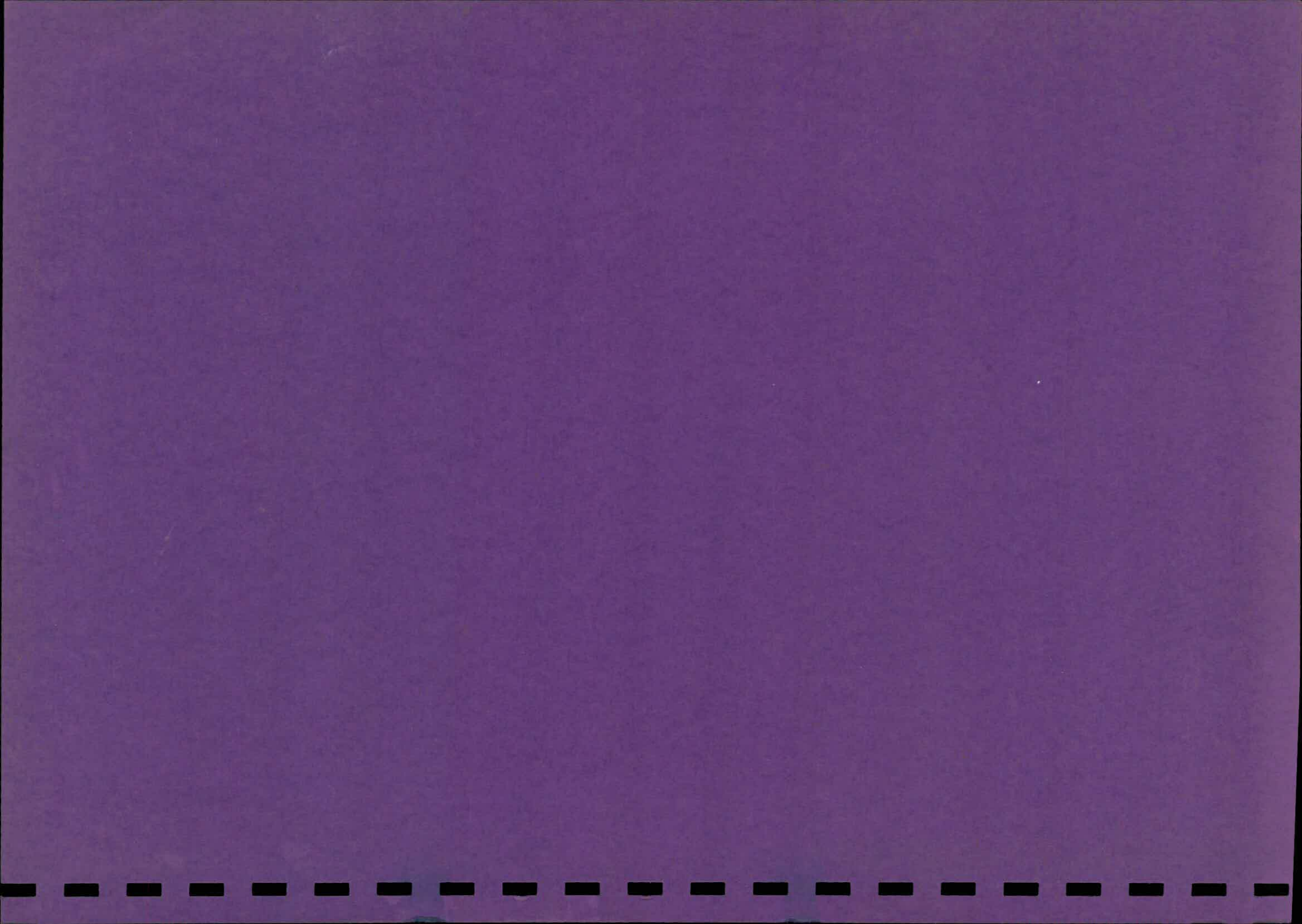
BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A11: CAPITAL EXPENDITURE COSTING AND BUDGET											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Computer Systems											
Network Servers	25,000					25,000					25,000
Switches and Modems	10,000					10,000					10,000
Desktop Computers	7,500					7,500					7,500
Computer Softwares	12,500					12,500					12,500
VSAT and Dishes	15,000					15,000					15,000
Webstes and Installations	5,000					5,000					5,000
Total Cost	75,000	0	0	0	0	75,000	0	0	0	0	75,000
Motomedia Displays											
Streetlevel Displays	180,000	180,000	0	0	0	0	0	0	0	0	0
Total - Motor Vehicles	180,000	180,000	0	0	0	0	0	0	0	0	0
Motor Vehicles											
Pick-Ups	162,000										
F-w-D		120,000									
Total - Vehicles Costs	162,000	120,000	0	0	0	0	0	0	0	0	0
Furniture & Fittings											
Office Furniture	10,000			2,485		2,871		3,318		3,834	
Other Fittings	5,000			1,242		1,436		1,659		1,917	
Total - Furniture Costs	15,000	0	0	3,727	0	4,307	0	4,977	0	5,752	0
Preliminary Costs											
Franchise Rights	100,000										
Company Registration	5,000										
Professional Fees	5,000										
Pre-opening Promotion	20,000										
Project Management	20,000										
Total - Preliminary Costs	150,000	0	0	0	0	0	0	0	0	0	0

BUSINESS PLAN TO LAUNCH AND OPERATE MOTOMEDIA ADVERTISING IN TANZANIA

TABLE A12 : FINANCIAL MODEL VARIABLES		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ECONOMY													
	SOURCE												
TZS Inflation Rate	BoT, NBS	8.9%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
TZS Price Index	Data analysis	1.00	1.08	1.16	1.24	1.34	1.44	1.54	1.66	1.78	1.92	2.06	2.22
USD Inflation Rate	FT Websites	3.1%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Exchange Depr. Rate	Consultant analysis	5.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
USD Inflation Index	Consultant analysis	1.00	1.03	1.05	1.08	1.11	1.14	1.17	1.21	1.24	1.27	1.31	1.34
Exchange Rate	Consultant analysis	1,200	1,258	1,318	1,381	1,448	1,517	1,590	1,666	1,746	1,830	1,918	2,010
TAXATION													
Corporate Tax	ITA 2004	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Class 1	ITA 2004	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%
Class 2	ITA 2004	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Class 3	ITA 2004	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Class 4	ITA 2004	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Class 5	ITA 2004	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Class 6 (Pre-operations)	ITA 2004	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
OPERATING DATA													
Creditors	Promoter	30	30	30	30	30	30	30	30	30	30	30	30
Debtors	Promoter	30	30	30	30	30	30	30	30	30	30	30	30
Working Days	Promoter	360	360	360	360	360	360	360	360	360	360	360	360
Operation Months	Promoter	12	12	12	12	12	12	12	12	12	12	12	12
ROYALTIES													
Franchise Fee	Motomedia Intern.	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
OUTDOOR SITES													
Number of Sites	Promoter	12	24	24	24	24	24	24	24	24	24	24	24
Average Subscribers	Promoter	10	10	10	10	10	10	10	10	10	10	10	10
Rate Per Subscriber	Promoter	\$2,000	\$2,054	\$2,109	\$2,166	\$2,225	\$2,285	\$2,347	\$2,410	\$2,475	\$2,542	\$2,611	\$2,681
Site Occupancy Rate	Promoter	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Site Cost		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
EXPENSES													
Marketing Cost	Promoter	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Interest Rate	Promoter	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
DEPRECIATION													
Computer Systems	Promoter	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Motomedia Displays	Promoter	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Furniture	Promoter	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Preliminary Costs	Promoter	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
WACC:		<u>Current:</u>	1	2	3	4	5	6	7	8	9	10	11
WACC	Promoter	15.0%	0.870	0.756	0.658	0.572	0.497	0.432	0.376	0.327	0.284	0.247	0.215





THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

MOTOMEDIA TANZANIA LIMITED

Incorporated at..... this..... day of.....2008

Drawn by:

Mehboob S. Juma
(Subscriber)
P.O. BOX 23282
DAR ES SALAAM

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

MOTOMEDIA TANZANIA LIMITED

Incorporated at..... this..... day of.....2008

Drawn by:

Mehboob S. Juma
(Subscriber)
P.O. BOX 23282
DAR ES SALAAM

THE UNITED REPUBLIC OF TANZANIA



CERTIFICATE OF INCORPORATION

No.

I HEREBY CERTIFY THAT

MOTOMEDIA TANZANIA LIMITED

In this day incorporated under the Companies Act 2002

And that the Company is Limited

GIVEN under my hand at Dar es Salaam, the day of
Two Thousand and Eight

Registrar of Companies

THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

MOTOMEDIA TANZANIA LIMITED

1. The name of the company is "MOTOMEDIA TANZANIA LIMITED"
2. The Registered office of the Company will be situated in Tanzania.
3. The objects for which the Company is established are:-
 - a) To carry on the trade or business of advertisements by installing, servicing billboards and electronics billboards, either by using wireless communications equipment, or any other information technology established, work, manage, maintain and sell or hire out advertisement Medias.
 - b) To indulge and carry out in business of supplying products, consultation and other services in the filed of advertising and sign management for all types of indoor and outdoor application to all levels of consumers, government, parastatal and other organizations, private, individuals and businesses in wholesale, retail and beyond retail, and all other who seek such product and or services in all over the world.
 - c) To rent out sites, bill boards, hoardings, structures, street name signs, foundation cage, signs and allied product, light box and related accessories, advertisement items and accessories, display and exhibition items and accessories for short tem or long term rentals.
 - d) To locally manufacture or fabricate or form products by any process or technology by any available means whether manual or mechanized using any machinery or equipment or tools to generate required product.
 - e) To carry out modifications, service and repairs to existing sign and allied products whether indoor or outdoor in or out United Republic of Tanzania.
 - f) To involve in design, manufacture, supply, install and erect all types of advertising materials, sign boards and bill boards, placards and banners, hoardings, glow signs, LED, EL, Fibre Optic, Solar powered and recharged battery back up signs and displays, Neon and conventionally illuminated and non illuminated signs, reflective and photo luminescent signs, cold cathode illumination and of any other power source or photo luminescent signs, cold cathode illumination and of any other power source of method or technology, including installation and wiring of electric power and cables whether surface or subsurface cabling and connection, distribution and switching.
 - g) To engage in advertising, marketing, promotion, consultancy, telecommunication equipment and contractual jobs regarding cellular operations, services and surveys, professional publishers, producers of newspapers, bulletions, journals, periodicals, magazines, programmer, advertisements, to be promoters and financiers of publicity and/or publications, newsagents, to offer and or render communication services, transportation facilities, telephones, telex, telefax, audio visual films, to be news collectors, editors, disseminators, television, radio broadcasting, buyers, sellers, importers, distributors, suppliers of all kinds of photographic equipments, story books and or booklets, pictorial albums, to be consultants, promoters, financiers and participants in either industrial commercial projects both nationally and internationally.
 - h) To engage and or otherwise carry on the business in general dealers of computer, hardware and softwares, to be importers and distributors of all kinds of computer hardware and softwares, to

TANZANIA
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TANZANIA
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provide general computer services, to be commercial computer programmers and generally to be computer acquisition consultants, to design and offer computer training services, and to operate schools and training centers, to be suppliers and manufactures representatives of all kinds of computers and telecommunication systems, to be general importers, distributors, installers and servicers of all kinds of photocopiers, fax and telex machines, general telephone apparels and generally to be telecommunication experts and consultants, to carry on the business of repairs of computers, all kinds of computer systems, electronic items and all kinds of electrical instruments.

- i) To carry on the business of general merchants, general store-keepers, universal providers, importers, exporters, and wholesale and/or retail traders of or otherwise dealers of and in piecewood, paints, hardware, glassware, crockery, cutlery, ironmongery, turners and other household fittings and requirements and other articles and commodities of personal and household use and consumption provisions, textiles, groceries, medicines, drugs, wines, spirits, liquors, chemical, surgical, option, photographic and other instruments, apparatus and materials, and motor vehicles, automobiles and generally in all manufactured goods of all types, and merchandise of all kinds.
- j) To carry on the business as general traders, importers, exporters, suppliers, merchants, stockists, wholesalers, retailers and dealers in all types of electrical goods, hardware, building materials, 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, timber, fishing gears, groceries, computers, office equipments, cooking oils, foodstuffs, oils, paints, spirits sheets, hinges, screws, iron mongery, textiles piece goods, all types of leather goods, shoes, bags and other similar goods.
- k) To carry on all or any of the business of transport, carriage and haulage contractors, owners and charter of road vehicles, aircraft, ships and boats of every description and carriers of goods and passenger by road, rail, water or air and to establish, acquire, maintain and operate transport service of every description both public and private and all services ancillary thereto and for such purposes or as independent undertakings to purchase, take in exchange, charter, hire, build, contract or otherwise acquire and to own, operate, work, manage, maintain, repair, service and deal with and in road vehicles, aircraft and vessels of every supplies therefore and to conduct any such business within the country or any other state in any other foreign country.
- l) To carry on the business of dealing in marketing, 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.
- m) To carry on the business of establishing and running supermarkets, department stores, shopping malls, provision stores, groceries and shops of all kinds and description and generally to deal with such activities.
- n) To carry on the business of household, domestic appliance and electrical goods, audio visual goods, electronic items, building material, hardwares, foodstuff, agricultural products and merchandise of every nature, kind and description whatsoever as a dealer, wholesaler, retailer, distributor, importer, exporter and after sales service and repairing.
- o) To carry on the business of miners and mining in all their branches and for the said purpose to peg, purchase, take on lease, or exchange or otherwise acquire concessions, grants, easements, options, claims, properties, cassettes- and effects supposed to contain minerals, diamonds, or other precious stones, and any interest therein, and to explore, mine, work, excise develop and turn to account mines and mining rights and any undertaking connected therewith.

- p) To carry on the business as general suppliers of all sorts and types of goods and services to individuals, offices, industries, shops, schools, factories, hospitals, army, military, ministries and all other government offices, universities and all other places where the services of a supplier are needed.
- q) To engage and or otherwise carry on business of importing, exporting and distribution of all types of merchandise and to open shops for wholesale or retail of all types of goods.
- r) To carry on the business of manufacturing mineral and aerated waters and other non alcoholic drinks, fruit drinks and fruit juices, and to pack and sell the same by whole sale or retail locally and to export the same to different parts of the world.
- s) To carry on the business as importers, exporters, suppliers, traders, general merchants, stockists, wholesalers, retailers and dealers in all types of cosmetics.
- t) To carry on the business as consultants, commission agents, court brokers, debt collectors, revenue collector, public auctioneers, insurance agents, general brokers, importers, exporters, manufacturers representatives, land and estate agents, technical advisors, clearing and forwarding agents, and all businesses and trades incidental or similar thereto or required to be or capable of being carried on in conjunction therewith.
- u) To carry on the business of clearing and forwarding agents, commission agents, transporters, freighters, hauliers, customs bonded warehouse and godown keepers, cargo and travel agents, insurance agents, tourist agents, manufacturers' representatives, road contractors, cargo superintendents, packers, machinery haulage specialists, warehousemen, engineers, electricians, motor cars, cabs, omnibus, lorries, oil tank and coach proprietors and transporters, civil transport contractors and transporters by any other means of conveyance of people and goods in Tanzania and the neighbouring countries and in such other place or places as may from time to time be determined by the company, engage in and or otherwise carry on the business as transporters and transport agents, freight forwarders.
- v) To promote, establish and carry on the business of manufactures, distributors, representatives and agents for all kinds and types of furniture of every description, including processing or wood, formica, chipboard, plywood, timber and every other content used in the manufacturing of furniture and furnishing wood, requisites of all kinds and goods of every description.
- w) To carry on the business of importers, exporters, buying selling, dealers in hardware, building materials, sanitary-ware, wall papers, roofing tiles, flooring tiles, supplying industrial equipment's agricultural implements and equipment's spares of every description, plumbers, decorators, steel fabrication, machine shop, nickel plating, electric plating, making steel windows, doors, frames and roof tresses.
- x) To carry on the business of mining of all types of minerals and gemstones including diamonds in all parts of the United Republic of Tanzania.
- y) To engage in and carry out the business of proprietors and managers of hotels, restaurants, cafes, road houses, motels, safari and holiday camps, caravan sites, guest houses, apartment housekeepers, refreshment and tea rooms, milk and snacks bars, tavern, beer house and lodging housekeepers and to provide food and catering services to individuals, private and public institutions and to industrial and business concerns.
- z) To promote tourism in Tanzania and elsewhere in Africa, to carry on business of travel and tourist agents and tour operators, to promote facilitate travelling to organise hunting, tented-camps, fishing and diving expeditions, safari promoters and undertakers generally and in particular to arrange and manager hunting safaris, photo safaris adventure tours, fishing trips, handling of game trophies and animal skins, catching, harbouring, transporting, wildlife and marine products of all kind.

- aa) To carry on business of land acquisition and development, estate agency, management and maintenance of organizations buildings, compounds gardening, land scalping, soil erosion control and related land conservation and environmental protection.
- bb) To carry on the business of marine salvage and construction, fishing and marketing of fish, including export of all kind of fish and fish products including prawns and all kind of marine products and to build cold storage system for fish and fish products, cold storage keepers and dealers in ice, ice block, general merchants, importers and exporters and dealer in goods and or articles of every description whatsoever.
- cc) To engage in and or otherwise carry on the business of body fitness training club and healthcare, health clinics and day care centres.
- dd) To appropriate any part or parts of the property of the company for the purpose of and to build or let shops, offices and other places of business and to use or lease any part of the property of the company not required for the purposes aforesaid for any purpose for which it maybe conveniently used or let.
- ee) To provide or procure the provision by others of every and any service need want or requirement of any business nature required by any persons, firm or company in connection with any business carried on by them.
- ff) To carry on any other trade, business or activity whatsoever and to do anything of any nature which can, in the opinion of the Directors of the Company, be advantageously or conveniently carried on by the Company in connection with, as ancillary to or independently of any of its businesses.
- gg) To improve, manage, develop, turn to account, grant rights or privileges in respect of or otherwise deal with any of the property, rights and privileges of the Company.
- hh) To subscribe for, purchase or otherwise acquire and hold shares, stocks, debentures and other securities of any other company and to invest and deal with the monies of the Company in any manner.
- ii) To vast any moveable or immovable property, right, privilege or interest acquired by or belonging to the Company in any person or company on behalf of or for the benefit of the Company and with or without any declared trust in favour of the Company.
- jj) To apply for, purchase or otherwise acquire and protect and renew, in any part of the world, any patents, patent rights, brevets d'invention, copyrights, trademarks, designs, formulae, licences, concessions and the like, conferring any exclusive or non-exclusive or limited right to their use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem likely, directly or indirectly, to benefit the Company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property rights or information so acquire and to expend money in experimenting upon, testing or improving any such inventions or property.
- kk) To acquire and undertake the whole or any part of the business, assets and liabilities of any person or Company carrying on or proposing to carry on any business which the Company is authorised to carry on or which can be carried on in conjunction with any business of the Company or which is capable of being conducted so as, directly or indirectly, to benefit the company or which is possessed of property suitable for the purposes of the Company.
- ll) To enter, with any government or authority, supreme, municipal, local or otherwise, or nay person or company, into any arrangement that may seem to the Directors of the Company to be conducive

to the attainment of the objects of the Company or any of them and to obtain from any such government, authority, person or company any rights, privileges, charters, contracts, licences or concessions which the Directors of the Company may think it desirable to obtain and to carry out, exercise and comply therewith.

- mm) To lend money or give credit to any person or company with or without security; to give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company; to secure or undertake in any way the repayment of money lent or advanced to or liabilities incurred by any person or company and otherwise to assist any person or company.
- nn) To receive money on deposit or loan and to borrow or raise money in such manner as the Directors of the Company may thin fit and to secure repayment of the same or the payment or performance of any debt, liability, contract, guarantee or other engagement incurred or entered into or to be incurred or entered into by the Company, by the issue of debentures or debenture stock or legal or equitable mortgages or charges over all or nay of the Company's property (both present and future⁰ including its uncalled capital or in any other way and to purchase, redeem or pay off any such securities.
- oo) To open and operate banking accounts and to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, drafts, cheques, bonds and other negotiable or transferable instruments, to apply for, promote and obtain any statute, decree, order of court, regulation or other enactment or authorisation which may, to the Directors of the Company, seem likely to benefit the Company, directly or indirectly, and to oppose any bills, proceedings or applications which may, in the opinion of the Directors of the Company, be likely, directly or indirectly to prejudice the interests of the Company.
- pp) To apply for, secure, acquire by grant, legislative enactment, assignment, transfer, purchase or otherwise and to exercise, carry out and enjoy any charter, licence, power, authority, franchise, concession, right or privilege which any government or authority, supreme, municipal, local or otherwise, or any corporation or any public body may be empowered to issue, confer or make and to pay for, aid in and contribute towards carrying the same into effect and to appropriate any of the Company's assets, shares, stock, debentures or other securities to defray the necessary costs and expenses thereof.
- qq) To pay out of the funds of the Company all expenses which the Company may lawfully pay for in or connection with the formation and registration of the Company or the issue of its capital.
- rr) To pay for any rights or property acquired by the company and to remunerate any person or company, by a cash payment or by the allotment of shares in the capital of the Company, credited as paid up in full or in part, by company or in any other lawful manner.
- ss) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension, provident or superannuation funds for the benefit of and to give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to any persons who are, or were at any time, in the employment or service of the Company or of any company which is its holding company or subsidiary or which is allied to or associated with the Company or with any such holding company or subsidiary or who are, or were at any time, Directors or Officers of the Company or of any such other company as aforesaid or any persons in whose welfare the Company or any such other company as aforesaid is or has been at any time interested and to the wives, widows, families and dependents of any such persons; to establish and subsidise or subscribe to any institutions, association, clubs or funds considered by the Directors of the Company to be for the benefit of or to advance the interest the well-being of the Company or of any such other company as aforesaid or of any such persons as aforesaid; to make payments for or towards the insurance of any such persons as aforesaid; to subscribe or guarantee money for charitable or benévolent objects or for any exhibition or for any public, general or useful

purpose and to do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.

- tt) To adopt such means of making known the businesses, activities, products, goods and services of and articles dealt in and sold by the Company as may, in the opinion of the Directors of the Company, seem expedient.
- uu) To amalgamate, enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal concession, limiting competition or otherwise, with any persons or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or which can be carried on in conjunction with any business of the Company or which is capable of being conducted so as to benefit the Company, directly or indirectly.
- vv) To establish or promote or concur in establishing or promoting any company, association syndicate or partnership any kind to acquire and take over all or any part of the undertaking, property, assets and liabilities of the Company or for any other purpose which may, in the opinion of the Directors of the Company, be likely directly or indirectly, to benefit the Company and to place or guarantee the placing of, underwrite, subscribe for, conditionally or unconditionally, or otherwise acquire all or any of the shares, stock, debentures or other securities of any such other company.
- ww) To sell, exchange, lease, mortgage, charge or otherwise dispose of the property, assets or undertaking of the Company or any part thereof for such consideration as the Directors of the Company may think fit and, in particular, for shares, stock, debentures or other securities of any other company, whether or not having objects altogether or in part similar to those of the company.
- xx) To distribute among the Members, in specie or in kind, any property of the Company or any proceeds of sale or disposal of any property of the Company but so that no distribution amounting to a reduction of capital shall be made except with any sanction for the time being required by law.
- yy) To undertake and execute any trust which may, in the opinion of the Directors of the Company, be conducive to any of the objects of the Company.
- zz) To act as agent, broker or trustee for any person or company and to act as secretary, manager, consultant, adviser book-keeper or registrar of or transfer agent for any other company.
- aaa) To do all or any of the above things in any part of the world and either as principal, agent, trustee, contractor or otherwise and either alone or jointly with others and either by or through agents, trustees, sub-contractors or otherwise.
- bbb) To procure the Company to be registered or recognised in any place outside the United Republic of Tanzania.
- ccc) To do all such other things as are or may be deemed incidental or conducive to the attainment of any of the objects and the exercise of any of the powers of the Company.

And it is hereby declared that:-

The word "company" in this clause, except where used in reference to this Company, shall be deemed to include any partnership or other body of persons, whether corporate or incorporate, and whether domiciled in the United Republic of Tanzania or elsewhere, and.

The object specified in each of the paragraphs of this clause shall be regarded as independent objects, and accordingly shall in no wise be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph

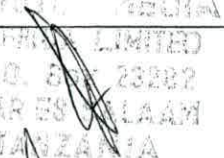


or the name of the Company, sense as if each of the said paragraphs defined the objects of a separate and distinct company, and

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

4. The Liability of the Members is Limited.
5. The capital of the Company is 10,000,000/= divided into 10,000 shares of Shillings 1,000/= each.

The Company shall have powers to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
MOTOMEDIA AFRICA LTD P. O. BOX 23465 DAR ES SALAAM	9000	 MOTOMEDIA AFRICA LTD P.O. BOX 23465 DAR ES SALAAM TANZANIA
MEHBOOB S. JUMA P. O. BOX 23465 DAR ES SALAAM	700	
PETER RUPIA P. O. BOX 23465 DAR ES SALAAM	300	

Dated at Dsm this 18th day of MARCH 2008

Witness to the above signatures

Name : Revocatus M. Mwangi

Signature : 

Postal Address : P.O. Box 23465 Dsm

Qualification : Advocate



THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF

MOTOMEDIA TANZANIA LIMITED

TABLE A EXCLUDE

1. The regulations in Table A in the First Schedule to the Company Act 2002 shall not apply to the Company, except so far as the same are repeated or contained in these Articles.

INTERPRETATION

In these Articles, unless the subject or context otherwise requires, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof:

WORDS AND MEANINGS

“Articles”: these Articles of Association as originally framed or as altered from time to time by Special Resolution;

“A Shareholder”: any holder from time to time of the Shares;

“The Directors”: the directors for the time being of the Company present at a duly convened meeting of the directors at which a quorum is present;

“The Office”: the registered office for the time being of the Company;

“The Act”: the Companies Act 2002 and every statutory modification and re-enactment thereof for the time being in force;

2. The Company is a Private Company and accordingly; no invitation or offer shall be made to the public (whether for cash or otherwise) to subscribe for any shares in or debentures of the Company, nor shall the Company allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.

The Company may pay to any person a commission in consideration of his subscribing or agreeing to subscribe, whether absolute or conditional, for any shares in the Company : provided that such commission shall not exceed 10 per cent of the price at which such shares are issued, or an amount equivalent to such percentage; and the requirements of Section 56 of the Act shall be observed.

3. a. The Directors may subject to Article 48 hereof allot, grant options over, or otherwise deal with or dispose of any relevant securities of the Company in accordance with the provisions of these Articles and the Act to such persons and generally on such terms and conditions as the Directors think proper.

- b. The general authority conferred by paragraph (a) of this article shall be conditional upon due compliance with Article 48 hereof and shall extend to the amount of the authorized share capital of the Company upon its incorporation.
 - c. The Directors shall be entitled under the general authority conferred by paragraph (a) of this Article to make at any time before the expiry of such authority any offer or agreement which will or might require relevant securities of the Company to be allotted after the expiry of such authority.
4. If two or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for any dividends or other moneys payable in respect of such share.
 5. No person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or required to recognize and equitable, contingent, future or partial interest in any share or any right whatsoever in respect of any share other than an absolute right to the entirety thereof in the registered holder, except as by these Articles otherwise expressly provide or as required by law.

CAPITAL

6. The capital of the Company is 10,000,000/= divided into 10,000 shares of Shillings 1,000/= each.

SHARES

7. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the capital of the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine.
8. Subject to the provisions of Companies Act 2002, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may by Special Resolution determine.
9. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed not to be varied by the creation or issued of further shares ranking pari-passu therewith.
10. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of the three fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate meeting the provisions of this articles relating to general meetings shall mutants apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy on-third of the issue shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
11. Every person whose name is entered as member in the register of members shall, without payment, be entitled to one certificate under the common 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 be bound to issue more than one

certificate, and delivery of certificate of a share to one of several jointly holders shall be sufficient delivery to all

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

LIEN

13. The Company shall have a lien on every share for all moneys (whether present payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien, if any on a share shall extend to all dividends payable thereon.
14. The Company may sell, in such manner as the directors thin 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 by reason of his death or bankruptcy to the share.
15. For giving effect to any such sale the directors may authorise some person 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 found to see to the application of the purchaser money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
16. The proceeds of sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall be held (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) by the Company on behalf of the person entitled to the shares at the date of the sale.

CALLS ON SHARES

17. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares, and each member shall (subject to receiving at least fourteen days notice specifying the time or times of payment) pay to the Company at the time or times of specified the amount called in his shares. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect hereof.
19. If sum called in respect of a share is not paid before or on the date appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at bank rate prevailing from time to time from the day appointed for payment thereof to the time of actual payment, but the directors shall be at liberty waive payment of the interest wholly or in part.
20. The provisions of these articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of 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 has become payable by virtue of a call duly made and notified.
21. The directors may m̄ake arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and in the times of payment.

22. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him; and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding, without the sanction of any Company in general meeting, the bank rate existing from time as may be agreed upon between the member paying the sum in advance and the directors).

TRANSFER AND TRANSMISSION

23. Subject to the provisions hereinafter contained shares in the Company shall be transferable by written instrument in the common form signed by both the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.
24. The directors may in their absolute discretion and without assigning any reason therefore decline to register any transfer of shares to any person 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 lien. The directors may also suspend the registration of transfers during the fourteen days immediately preceding the ordinary general meeting in each year. The directors may decline to recognise any instrument of transfer unless:-
- (a) A fee not exceeding shillings two hundred and fifty 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 transferor to make the transfer.
- If the directors refuse to register a transfer of any shares, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
25. The personal representatives of a deceased sole holder of share shall be the only persons recognised by the Company as having any title to the share. In the case of share registers in the names of two or more holders, the survivors or survivor, or the personal representatives of the deceased survivor, shall be the only persons recognised by the Company as having any title to the share.
26. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon such evidence being produced as may from time to time be required by the directors, have the right, either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of share as the deceased or bankrupt person could have made; but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of transfer of the share by the deceased or bankrupt person before the death or bankruptcy.
27. Except as hereinafter provided no share in the Company shall be transferred unless and until the rights of pre-emption hereinafter conferred shall have been exhausted.
28. Every member or other person referred to in article 26 hereof who intends to transfer shares (hereinafter called the vendor) shall give notice in writing to the board of his intention. The notice shall constitute the board his agent for the sale of the said shares in one or more lots at the discretion of the board to members of the Company at a price to be agreed upon by the vendor and the board, and 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.

29. Upon the price being fixed as aforesaid the board shall forthwith give notice to all the members of the Company other than holders of employees' shares of the number and price of the shares to be sold and invite each of them to state in writing within twenty-one 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.
30. At the expiration of the said twenty-one days the board shall allocate the said shares to or among the member or members who shall have expressed his or their willingness to purchase as aforesaid, and (if more than one) so far as may be pro rata according to the number of shares already held by them respectively, provided that no member shall be obliged to take more than the said maximum number of shares so notified by him as aforesaid. Upon such allocation being made the vendor shall bound on payment of the said price to transfer the shares to the purchaser or purchasers. If he make default in so doing the chairman for the time being 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 be duly appointed attorney of the vendor with full power to execute complete and deliver in the name and on behalf of the vendor a transfer of the shares to the purchasing member and 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 purchased by him.
31. In the event of the whole of the said shares not being purchased under article 28 the vendor may, at any time within six calendar months after the expiration of the said twenty-one days, transfer the shares not sold to any person (subject to article 17) and at any price.
32. Articles 25, 26, 27, 28 and 29 hereof shall not apply to a transfer to a person who is already a member of the Company, nor to a transfer merely for the purpose of effecting the appointment of new trustees, nor to a transfer by personal representatives to a legatee under the will of, or to the husband, wife or next of kin of, a deceased member, nor to a transfer by trustee to a beneficiary, provided that it is proved to the satisfaction of the board that the transfer bona fide falls within one of these exceptions.

FORFEITURE OF SHARES AND EXPROPRIATION OF SMALL HOLDINGS

33. If a member fails to pay any call or installment 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 installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
34. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
35. 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 and such forfeiture shall extend to any dividends in respect of any share so forfeited not actually paid at the date of the said notice.
36. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.
37. A person whose shares have been forfeited shall ceased to be a member in respect of the forfeited shares, but shall notwithstanding, remain liable to pay to the Company all moneys which, at the date of the forfeiture, were presently payable by him to the Company in respect of the shares, but

his liability shall cease if and when the Company receive payment in the full of the nominal amount of the shares

38. The holders for the time being of four-fifths of the issued shares in the Company shall be entitled at any time to purchase ex dividend all or any of the shares held by any member of the Company at a price equal to the sum paid up thereon and upon the tender of that price by the holders of four-fifths of the issued shares to any other member for the shares held by him that member shall execute transfer of the shares to the members by whom the tender is made or their nominees in such shares and proportions as they shall direct. If the member to whom the tender is made neglects or refuses to accept the sum tendered or to execute transfers of the shares the Company may on proof of his neglect or refusal accept and give a good discharge for the moneys tendered on behalf of the member to whom the same shall have been tendered, and the provisions of article 23 shall apply to the execution of transfer of the shares and the registration of the members by whom the tender was made or their nominees as owners of the said shares.
39. A statutory declaration in writing that declarant is a director of the Company, and that a share in the Company has been duly forfeited or expropriated on a date sated in the declaration, shall be conclusive evidence of the facts 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 on any sale or disposition thereof and may execute a transfer of 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 affected by any irregularity or invalidity in the proceedings in reference to the forfeiture or expropriation, sale or disposal of the share.
40. The provisions of these articles as to forfeiture shall apply in the case of non-payment of any sum which, by terms of issue of 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 been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

41. The Company may, from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
42. Subject to any direction to the contrary that may be given by the resolution sanctioning the increase of share capital, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances 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 to that time, or on 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 the same 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 ratio which the new shares bear to shares held by persons entitled to an offer of new shares cannot, in the opinion of the director, be conveniently offered under this article.
43. The new shares shall be subject to the same provisions with reference to payment of calls, lien, transfer, transmission, forfeiture, expropriation, and otherwise as the shares in the original share capital.
44. The Company may by ordinary resolution:-

- (a) Consolidate and divide all or any of its share 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 than is fixed by the memorandum of association, subject, nevertheless, to the Companies 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;
and may by special resolution:-
- (d) Reduce its share capital and any capital redemption reserve fund in any manner and with, and subject to, any incident authorised, and consent, required, by law.

GENERAL MEETINGS

- 45. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of an annual general meeting and that of the next. Provided that so long as the Company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and at such place as the directors shall appoint.
- 46. All general meeting other than the annual general meeting shall be called extraordinary general meetings.
- 47. The directors may, whenever they think fit, convene an extraordinary general meeting. If at any item there are not within the united republic of 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 any be convened by the directors.

PROCEEDINGS AT GENERAL MEETINGS

- 48. An annual general meeting and a meeting called for the passing of special resolution shall be called by twenty-one days' notice in writing at the least, and all other meetings by fourteen days' notice in writing at least. Such notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day, and the hour of meeting and, in case of special business, the general nature of the business shall be given in the manner hereinafter mentioned, or in such other manner, if nay, as may be prescribed by Company in general meeting to such persons as are, under these articles, entitled to receive such notices from the Company; but with the consent of all the members entitled to receive notice of some particular meeting, that meeting may be convened by such shorter notice and in such manner as those members may think fit.
- 49. The accidental omission to give notice to, or the non-receipt of notice of a meeting by, any member shall not invalidate the proceedings at any meetings.
- 50. All business shall deemed special that is transacted at an extraordinary general meeting, and all that is transacted at an annual general meeting, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the ordinary report of the directors and auditors, the election of directors in the place of those retiring by rotation, and the appointment and fixing of the remuneration of the directors.
- 51. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; same as herein otherwise provided two members personally present shall be a quorum.

52. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved.
53. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the Company.
54. 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 chairman, the members present shall choose some one of their number to be chairman.
55. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
56. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least one member entitled to vote present in person or by proxy; and 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 particular majority, or lost, and an entry to that effect in the minute book shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against the resolution.
57. 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 a resolution of the meeting at which the poll was demanded.
58. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.
59. A poll demanded on the election of a chairman, or in a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.
60. Any ordinary resolution of the Company determined on without any general meeting and evidenced by writing under the hands of all the directors or a sole director and of members of the Company holding 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 duly convened and held.

VOTES OF MEMBERS

61. On a show of hands every member present in person shall have one vote. On a poll every member shall have one vote for each share of which he is the holder.
62. 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 in the register of members.
63. 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, a

curator bonus, or other person in the nature of a committee or curator boons appointed by that court, and any such committee, curator boons, or other person may, on a poll, vote by proxy.

64. 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.
65. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
66. On a poll votes may be given either personally or by proxy.
67. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney so authorised. A member shall not be entitled to appoint more than one proxy to attend on the same occasion nor may a proxy vote except on a poll.
68. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a naturally certified copy of that power or authority shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting, or adjourned meeting, or taking of the poll at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
69. An instrument appointing a proxy may be in the following form, or in any other form which the directors shall approve:-

.....Limited

"I.....of, act. being a member of the Limited, hereby appoint of, act. 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 theday of..... and at any adjourned meeting thereof".

Signed this.....day of.....200.....

Signature of Member

70. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company and the person so authorised 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

71. 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 shall not be less than two.
72. The names of the first directors of the Company are as follows:
1. MEHBOOB S. JUMA
 2. PETER RUPIA

73. (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 traveling, 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 director.
74. Any director any 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 to 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 there at 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 alternate shall be payable out of the remuneration payable to the director appointing him, and the proportion thereof shall be agreed between them. An alternate director need not hold nay share qualification.
75. A director and alternate director shall not require a share qualification by 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.
76. The Company may by extraordinary resolution remove any director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead. An vacancy occurring in the board of directors may be filled up by the Company by an ordinary resolution.

POWERS AND DUTIES OF DIRECTORS

77. The business of the Company shall be managed by the directors, who may pay all expenses incurred in forming and registering the Company, and may exercise all such powers of the Company as are not, by the Companies Act 2002 or any statutory modification thereof, for the time being in force, or by these articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of these articles and of the said Ordinance, and the exercise of such powers shall be subject to control of any general meeting of the Company specially convened for the purpose, but no resolution of the Company in general meeting shall invalidate any prior act of the directors which would have been valid if that resolution had not been passed.
78. The directors may from time to time appoint one or more of their body to the office of managing director or manager for such term and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way and partially in another) as they may think fit. The office of managing director shall be subject to determination ipso facto if he ceases from any cause to be a director, or if the Company in general meeting resolves that his tenure of the office of managing director or manager be determined.
79. 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, debenture stock, and other securities whether outright or as security for any debt liability or obligation of the Company or of any third party.
80. The directors shall duly comply with the provisions of the Companies Act 2000 or any statutory modification thereof for the time being in force, and particular with the provisions in regard to registration of the particulars of mortgages and charges affecting the property of the Company, or created by it, and to keeping a register of the directors and secretaries, and to sending to the

Registrar of Companies an annual list of members, and a summary of particulars relating thereto, and notice of any consolidation or increase of share capital, or conversion of shares into stock, and copies of special and extraordinary resolutions, and a copy of the register of directors and notification of any changes therein.

- 8.1 The directors shall cause minutes to be made in the books provided for the purpose:-
- (a) Of all appointments of officers made by the directors;
 - (b) Of the names of the directors present at each meeting of the directors and of any committee of the directors;
 - (c) Of all resolutions and proceedings at all meetings of the Company, 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.

DISQUALIFICATION OF DIRECTORS

82. The Office of any director shall be vacated, if the director:
- (a) Resigns his office by notice in writing to the Company; or
 - (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 Ordinance; or
 - (c) Is found lunatic or becomes unsound mind; or
 - (d) Is punished with imprisonment for a term exceeding six months without the option of fine; or
 - (e) Is requested in writing by all his co-directors to resign.
83. Any director or any Company of firm of which a director is a member, may enter into contracts with the Company and any director may vote as a director or shareholder in respect of such contract and retain for his own use profits made by him under any such contract; provided always that unless he be at the time sole director he must disclose his interest to his co-directors before the contract is entered into by the directors, and if he be at the time sole directors be interested contract the contract must be entered into by the Company in general meeting, and before the contract is entered into, the director or directors must disclose his or their interest to the meeting.

PROCEEDINGS OF DIRECTORS

84. The directors may meet together for the dispatch of, adjourn and otherwise regulate their meetings, as they think fit, question arising at any meeting shall be decided by a majority of votes. In case of any 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.
85. 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.
86. The continuing directors may act notwithstanding any vacancy in the body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the quorum of directors, the continuing director may act for the purpose of increasing the number of directors to that number, or summoning a general meeting of the Company, but for no other purpose.
87. The Directors may elect a chairman of their general 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 number to be chairman of their meeting.

88. The directors may delegate any of their powers 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 delegate conform to any regulation that may be imposed on them by the directors.
89. A committee may elect a chairman of their meeting; 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 members present may choose any of their number to be chairman of the meeting.
90. A committee may meet and adjourn as they think proper. Questions arising at any meeting shall determined by a majority of votes of the members present, and in the case if an equality of votes the chairman shall have a second or casting vote.
91. All acts done by any meeting of the directors or of a committee of directors, or any person acting as a director, shall, notwithstanding that it afterwards discovered that there was some effect in the appointment of any such directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed to be a director.
92. A resolution determined on without any meeting of directors and evidenced by writing under the hands of all directors, or sole director, or of all members of a committee, or of sole member of a committee, shall be as valid and effectual as a resolution duly passed at meeting of the directors or of such committee.

SECRETARY

93. The secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may removed by them.
94. 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 of the Company; or
 - (c) the sole director of a corporation which is the sole director of the Company
95. A provision of the Companies Act 2002 or these 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 both as director and as, or in place of the secretary.

THE SEAL

96. The Director shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors or of a committee of the directors authorised by the directors in that behalf, and every instrument to which the Seal Secretary or by a second director or by some other person appointed by the directors for the purpose but so that the directors may be resolution determine, either generally or in any particular case, that the signature of any director may be affixed by some mechanical means to be specified in such resolution, provided that the use of such means is by such resolution restricted to certificates which have first been approved for sealing by the Auditors, Transfer Auditors, Transfer Agents or Bankers of the Company in writing.

DIVIDENDS AND RESERVE

97. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.
98. The directors may from time to time pay fo the members such interim dividends as appear to the directors to be justified by the profits of the Company.

99. No dividends shall be paid otherwise than out of profits.
100. 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 shares in the Company dividends may be declared and paid according to the amount of the shares. No amount paid on a share in advance of call shall, while carrying interest, be treated for purpose of this article as paid on the share.
101. The directors may, before recommending and dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the descretion 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 descretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the directors may from time to time think fit.
102. If several persons are registered as joint holders of any share any one of them may give effectual receipts for any dividends payable on the share.
103. No dividend shall bear interest against the Company.

ACCOUNTS

104. The directors shall cause proper books of accounts 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.
- All sales and purchases of goods by the Company; and The Assets and liabilities of the Company. Proper books of account means such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
105. The books of accounts 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.
106. The directors shall from time to time determine whether and to what extend and at what time 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 statue or authorised by the directors or by the Company in general meeting.
107. The directors shall from time to time in accordance with section 123 of the Companies Act 2002 or any statutory modification thereof for the time being in force, cause to be prepared and to be laid before the Company in general meeting such profit an loss accounts, balance sheet, group accounts (if any) and reports as are referred to in those sections.
108. A copy of every balance sheet (including every document required by the law to be annexed thereto) which is to be laid before the Company in General meeting before the date of the meeting together either a copy of the auditors report, shall not less than twenty one days be sent to every member of, and every holder of debentures of, the Company and to every person registered under regulation 19. Provided that the regulation shall not require a copy of those documents to be sent to any member of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

CAPITALISATION OF PROFITS

109. The Company in general meeting may upon the recommendation of the directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled there to distributed by law of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unused shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution.

Provided that a share premium account and capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unused shares to be issued to members of the Company as fully paid bonus shares.

110. Whenever such resolution as aforesaid shall have been passed the directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issue of fully paid up shares or debentures, if any, and generally shall do all acts and things to give effect thereto, with full power to the directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they as they think fit for the case of share of debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any other shares or debentures to which they may be entitled up on such capitalisation, or (as the case may require) for the payment up by the Company or their behalf, by the application thereto of their respective proportions of the profits of the resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effectively and binding on all such members.

AUDIT

111. Auditors shall be appointed and their duties regulated in accordance with the law for the time being governing the business of auditors, specifically of a company like this;
112. If a member has no registered address in Tanzania and has not supplied to the Company an address within The Republic of Tanzania for the giving of notices to him, a notice addressed to him, and displayed in the registered office of the company, shall be deemed to do dully given on the day on which it is so displayed.
113. The company shall have powers to make rules, circulars, and regulations etc. pecifically for purposes of governing any matter or activity of the company.

NOTICES

114. A notice may be given by the Company to any member either personally or by sending it by post to him or to his registered address, or (if has registered address in Tanzania, to the address, if any, within Tanzania 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 affected 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 latter would be delivered in the ordinary course of post.
115. If a member has no registered address in Tanzania and has not supplied to the Company an address within The Republic of Tanzania for the giving of notices to him, a notice addressed to him, and displayed in the registered office of the company, shall be deemed to do dully given on the day on which it is so displayed.




- 116 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 in respect of the share.
- 117 A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustees of the bankrupt, or by any like description, at the address, if any, in the United Republic of Tanzania 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.
- 118 Notice of any general meeting shall be given in the same manner hereinbefore authorised to (a) every member of the Company except those members who (having no registered address within the United Republic of Tanzania) have not supplied to the Company an address within The United Republic of Tanzania for the giving of notices to them, (b) every person entitled to share in consequence of death or bankruptcy of a member, who, but for his death or bankruptcy, would be entitled to receive notice of the meeting and (c) the auditors for the time being of the company. No other person shall be entitled to receive notices of general meetings.

WINDING UP

- 119 If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Act 2002 divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such decision shall be carried out as between the members or different classes of members. The Liquidator may, with sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributors as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY


120. Subject to the provisions of the Companies Act 2002 every director, managing director, agent, auditor, secretary and other officer for the time being of the Company shall be indemnified in any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted.

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
MOTOMEDIA AFRICA LTD P. O. BOX 23465 DAR ES SALAAM	9000	 MOTOMEDIA AFRICA LIMITED P.O. BOX 23465 DAR ES SALAAM TANZANIA
MEHBOOB S. JUMA P. O. BOX 23465 DAR ES SALAAM	700	
PETER RUPIA P. O. BOX 23465 DAR ES SALAAM	300	

Dated at Dsm this 18th day of MARCH 2008

Witness to the above signatures

Name : Reedonius M. Mwangi

Signature : 

Postal Address : P.O. Box 22465

Qualification : Advocate





TIC Evaluation Report

Name of the Company
Motomedia Tanzania Ltd.

Post Box	Old Bagamoyo Road Plot No. 5, Mikocheni B	COI Number	64724	Contact	Mehboob S. Juma
Post Office	23282	COI Date	18/03/2008	Designation	Chief Executive Officer
Region	Dar Es Salaam	Application F. No	07492	Phone	022 2602 012
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0
		Sub Sector	Assembly Plant	Fax	022 600 195
		File No	041600	E-Mail Address	Mjuma@Motomedia-Africa.Com

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot No. 5, Mikocheni B	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Old Bagamoyo	0	2.2	0	0
District	Kinondoni				
Region	Dar es Salaam				

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.06
Mehboob S. Juma	Tanzania	70	Plant	1
Omar R. Hatibu	Tanzanian	30	Vehicles	0.5 - (i)
			Furniture & Fittings	0.04
			Pre-expenses	0.1
			Others	0.2 - (ii) ?
			Working Capital	0.3
			Total	2.2

Employment	22	Evaluated By	Senzia Manager
Capacity	3,000 m2	Drawn By	Sarah Registry
Project Turn Over			

Description
To setup manufacturing facilities for assembling and installation of digital equipments

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

Decision
Approved. less (i) on the total cost of the investment.

[Signature]
Ag ExD
14/01/09

July 28, 2008

Contact Name
Tanzania Investment Center
Shaaban Robert Street 9A&B
P.O. Box 938 Dar es Salaam
Tanzania

SUBJECT: Investment Incentives for Investments

Dear [Sir/Madam],

We are in the process of setting up Digital equipment and Assembly Plant. Our project entails setting up facilities for assembling and installing digital impediments for digital information and retrieval technology. All documents and project plan with feasibility study have been attached. We will appreciate a quick favorable response so we can continue with our Endeavour.

Thank you of the interest that you have shown in empowering our objectives.

Sincerely,



MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

Mebs Juma
Managing Director
(255) 22 270 1965
mjuma@motomedia-africa.com

Motomedia Tanzania Limited

Plot No. 5 – Mikocheni B, Dar es Salaam, Tanzania Tel: (255) 22 270 1965 / Cell (255) 773 323 389
www.motomedia-africa.com

FORM P.A. 1

SERIAL NO.:

5382

TICN:

07492



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

Website: www.tic.co.tz

(Please fill the form in duplicate)

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 Mr. MEHBOOB S. JUMA / OMAR R. HATIBU
(director/directors/agent of MOTOMEDIA TANZANIA
(name of business enterprise) apply for registration of Tle
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. 5. MICHOCHEMI B' DSM

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. 5. MICHOCHEMI B' DSM

4. The Principal Officers of the Company are MEHBOOB S. JUMA
OMAR R. HATIBU

5. Auditors of the Company are ADOLF AND ASSOCIATES

6. The authorized share capital of the Company is Tshs./US\$ \$ 1000,000

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 2-3 million dollars

8. The month and day of the financial year end is DEC 31st, 2008

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\$ 1.00 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, MEHBOOB S. JUMA of Post Office Number 23282

D.S.M do solemnly and sincerely declare that I am a director/duly authorized agent of MOTOMEDIA TANZANIA LIMITED.

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.

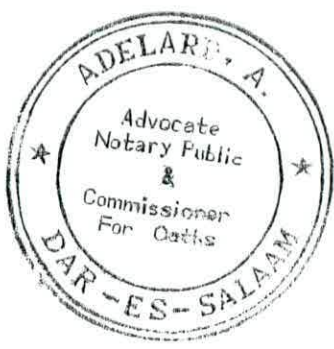
Declared at Dar es Salaam
The 9th day of July 2008

Applicant
MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

Before me:



.....
Commissioner for Oaths



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

APPLICATION SUMMARY

Company Name: MOTOMEDIA TANZANIA LIMITED

COI Number: 64724 Status: NEW

COI Date: 18th MARCH 2008

Post Box: 23282

Town: DSM

Sector: MFG.

Sub-Sector: ASSEMBLY PLANT.

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>0</u>	<u>\$ 1,000,000</u>

Project Objectives: SETTING UP FACILITIES FOR ASSEMBLING AND INSTALLING DIGITAL AND MANUAL INFORMATION AND RETRIEVAL SYSTEMS

Capacity: 3000 M²

Employment: Foreign: 2 Local: 20 Total: 25

Implementation Period: 1 Y.R.

Project Location

Site/Plot/Block No.: Plot No 5. MITHOCHENI 'B'

Street: O.D. BARAMO District: K/MOHOMBI Region: DSM
 (Attach sketch map showing project location)

Shareholders	Nationality	%
<u>OMAR R. HATIBU</u>	<u>TANZANIAN</u>	<u>30</u>
<u>MENBOOB S. JUMA</u>	<u>TANZANIAN</u>	<u>70</u>
.....
.....
.....

Investment Breakdown	US\$/Tshs.M
Land/Building	..60,000,000..
Plant	..300,000.....
Vehicles	200,000...
Furniture & Fittings	..40,000.....
Pre-expenses	..100,000.....
Others	..100,000.....
Working Capital	..200,000.....
TOTAL	..1,000,000.....

Contact Details:

Name: ..METHBOOB JUMA Title: ..CEO.....
 Telephone: +255 22 2602 012 Fax: +255 22 2602 018
 Email: ..Mduma © Motomedica - africa.com

COMMERCIAL LEASE AGREEMENT

This Lease Agreement (the "Agreement") is made and effective [June 10, 2008],

BETWEEN: [The Road Ahead Investments (T) Ltd.] (The "Landlord"), a corporation organized and existing under the laws of the [The United Republic of Tanzania], with its head office located at: Plot No. 5 Mickocheni, P.O. Box 23282 Dar Es Salaam Tanzania – Tel: 255 773 323 389 – email:mjuma@efulusi.co.tz.

AND: [Motomedia Tanzania Limited] – P.O. Box 23282 Dar es Salaam– Tanzania Tel: 255 786 80 80 88] (the "Tenant"), a Individual and existing under the laws of the [The United Republic of Tanzania], with its head office located at: P.O. Box 23282 Dar Es salaam – Tanzania

1. DESCRIPTION OF PREMISES

Landlord leases to Tenant the premises located at [PLOT NO. 5 MIKOCHENI CALLED LION KING PLAZA AND BUISNESS CENTER MIKOCHENI], [DAR ES SALAAM], [TANZANIA], and described more particularly as follows:

[LION KING PLAZA AND BUSINESS CENTER MIKOCHENI].

2. GRANT OF LEASE

Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed and observed by the Tenant, does hereby lease to the Tenant and the Tenant does hereby lease and take from the Landlord the property described in Exhibit "A" attached hereto and by reference made a part hereof (the "Leased Premises"), together with, as part of the parcel, all improvements located thereon.

3. LEASE TERM

- a. **Total Term of Lease:** The term of this Lease shall begin on the commencement date, as defined in Section b) of this Article 3, and shall terminate on [July 30th 1st1st., 2011].
- b. **Commencement Date:** The "Commencement Date" [June 10th. 2008] shall mean the date on which the Tenant shall be delivered the premises to conduct business on the Leased Premised, so long as such date is not in excess of [30] days subsequent to execution hereof.

4. EXTENSIONS

The parties hereto may elect to extend this Agreement upon such terms and conditions as may be agreed upon in writing and signed by the parties at the time of any such extension.

THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

5. DETERMINATION OF RENT

The Tenant agrees to pay the Landlord and the Landlord agrees to accept, during the term hereof, at such place as the Landlord shall from time to time direct by notice to the Tenant, rent at the following rates and times:

- a. **Annual Rent:** Annual rent for the year of the lease will be \$36,000 U.S. Excluding VAT and shall increase by 3% percent every year (1 years) to accommodate inflation.
- b. **Payment of Rent: Tick the option you want please:**
- c. **Offices for media and technology**
- d. Deposit of \$3000 plus first months rent on signing total of \$6,000
- e. Includes 800,000 to upgrade to Aluminum windows and doors
- f. Includes tenants own luku meter 3 phase connection
- g. The tenant shall install the toilet fixtures themselves. Plumbing and connection will be provided.
- h. Other conditions: The Tenant shall also pay to the Landlord rent at the said rate for any portion of the preceding calendar month included in the term of this Lease.
- i. Reference to yearly rent hereunder shall not be implied or construed to the effect that this Lease or the obligation to pay rent hereunder is from year to year, or for any term shorter than the existing Lease term, plus any extensions as may be agreed upon.
- j. A late fee in the amount of [20%] shall be assessed if payment is not postmarked or received by Landlord on or before the tenth day of each month.
- k. The rate will increase by 3% every year to incorporate the inflation and cost of living.

6. USE OF PROPERTY BY TENANT

The Leased Premises may be occupied and used by Tenant exclusively as a [Motomedia technology and media offices].

Nothing herein shall give Tenant the right to use the property for any other purpose or to sublease, assign, or license the use of the property to any Sub-Tenant, assignee, or licensee, which or who shall use the property for any other use.

7. RESTRICTIONS ON USE

Tenant shall not use the demised premises in any manner that will increase risks covered by insurance on the demised premises and result in an increase in the rate of insurance or a cancellation of any insurance policy, even if such use may be in furtherance of Tenant's business purposes.

Tenant shall not keep, use, or sell anything prohibited by any policy of fire insurance covering the demised premises, and shall comply with all requirements of the insurers applicable to the demised premises necessary to keep in force the fire and liability insurance.

8. WASTE, NUISANCE, OR UNLAWFUL ACTIVITY

Tenant shall not allow any waste or nuisance on the demised premises, or use or allow the demised premises to be used for any unlawful purpose.

9. DELAY IN DELIVERING POSSESSION

This lease agreement shall not be rendered void or void able by the inability of Landlord to deliver possession to Tenant on the date set forth in Section 3. Landlord shall not be liable to Tenant for any loss or damage suffered by reason of such a delay; provided, however, that Landlord does deliver possession no later than [JUNE 10TH, 2008]. In the event of a delay in delivering possession, the rent for the period of such delay will be deducted from the total rent due under this lease agreement. No extension of this lease agreement shall result from a delay in delivering possession.

UTILITIES

Tenant shall pay for all water, sanitation, sewer, electricity, light, heat, gas, power, fuel, janitorial, and other services incident to Tenant's use of the Leased Premises, whether or not the cost thereof be a charge or imposition against the Leased Premises.

10. OBLIGATIONS FOR REPAIRS

- a. **Landlord's Repairs:** Subject to any provisions herein to the contrary, and except for maintenance or replacement necessitated as the result of the act or omission of subtenants, licensees or contractors, the Landlord shall be required to repair only defects, deficiencies, deviations or failures of materials or workmanship in the building. The Landlord shall keep the Leased Premises free of such defects, deficiencies, deviations or failures during the first [3] months of the term hereof.
- b. **Tenant's Repairs:** The Tenant shall repair and maintain the Leased Premises in good order and condition, except for reasonable wear and tear, the repairs required of Landlord pursuant hereto, and maintenance or replacement necessitated as the result of the act or omission or negligence of the Landlord, its employees, agents, or contractors.
- c. **TENANT'S Alterations:** The Tenant shall have the right, at its sole expense, from time to time, to redecorate the Leased Premises and to make such non-structural alterations and changes in such parts thereof as the Tenant shall deem expedient or necessary for its purposes; provided, however, that such alterations and changes shall neither impair the structural soundness nor diminish the value of the Leased Premises. The Tenant may make structural alterations and additions to the Leased Premises provided that Tenant has first obtained the consent thereto of the Landlord in writing. The Landlord agrees that it shall not withhold such consent unreasonably. The Landlord shall execute and deliver upon the request of the Tenant such instrument or instruments embodying the approval of the Landlord which may be required by the public or quasi public authority for the purpose of obtaining any licenses or permits for the making of such alterations, changes and/or installations in, to or upon the Leased Premises and the Tenant agrees to pay for such licenses or permits.
- d. **Permits and Expenses:** Each party agrees that it will procure all necessary permits for making any repairs, alterations, or other improvements for installations, when applicable. Each Party hereto shall give written notice to the other party of any repairs required of the other pursuant to the provisions of this Article and the party responsible for said repairs agrees promptly to commence such repairs and to prosecute the same to completion.

diligently, subject, however, to the delays occasioned by events beyond the control of such party.

Each party agrees to pay promptly when due the entire cost of any work done by it upon the Leased Premises so that the Leased Premises at all times shall be free of liens for labor and materials. Each party further agrees to hold harmless and indemnify the other party from and against any and all injury, loss, claims or damage to any person or property occasioned by or arising out of the doing of any such work by such party or its employees, agents or contractors. Each party further agrees that in doing such work that it will employ materials of good quality and comply with all governmental requirements, and perform such work in a good and workmanlike manner.

11. TENANT'S COVENANTS

Tenant covenants and agrees as follows:

- a. To procure any licenses and permits required for any use made of the Leased Premises by Tenant, and upon the expiration or termination of this Lease, to remove its goods and effects and those of all persons claiming under it, and to yield up peaceably to Landlord the Leased Premises in good order, repair and condition in all respects; excepting only damage by fire and casualty covered by Tenant's insurance coverage, structural repairs (unless Tenant is obligated to make such repairs hereunder) and reasonable wear and tear;
- b. To permit Landlord and its agents to examine the Leased Premises at reasonable times and to show the Leased Premises to prospective purchasers of the Building and to provide Landlord, if not already available, with a set of keys for the purpose of said examination, provided that Landlord shall not thereby unreasonably interfere with the conduct of Tenant's business;
- c. To permit Landlord to enter the Leased Premises to inspect such repairs, improvements, alterations or additions thereto as may be required under the provisions of this Lease. If, as a result of such repairs, improvements, alterations, or additions, Tenant is deprived of the use of the Leased Premises, the rent shall be abated or adjusted, as the case may be, in proportion to that time during which, and to that portion of the Leased Premises of which, Tenant shall be deprived as a result thereof.

12. INDEMNITY BY TENANT

The Tenant shall save Landlord harmless and indemnify Landlord from all injury, loss, claims or damage to any person or property while on the Leased Premises, unless caused by the willful acts or omissions or gross negligence of Landlord, its employees, agents, licensees or contractors. Tenant shall maintain, with respect to the Leased Premises, public liability insurance with limits of not less than [100,000,000 million Tanzanian shillings] for injury or death from one accident and [100,000,000 million Tanzanian shillings] property damage insurance, insuring Landlord and Tenant against injury to persons or damage to property on or about the Leased Premises. A copy of the policy or a certificate of insurance shall be delivered to Landlord on or before the commencement date and no such policy shall be cancelable without [30] day's prior written notice to Landlord.

13. SIGNAGE

- a. **Exterior Signs:** Tenant shall have the right, at its sole risk and expense and in conformity with applicable laws and ordinances, to erect and thereafter, to repair or replace, if it shall so elect signs on any portion of the Leased Premises, providing that Tenant shall remove any such signs upon termination of this lease, and repair all damage occasioned thereby to the Leased Premises.

- b. **Interior Signs:** Tenant shall have the right, at its sole risk and expense and in conformity with applicable laws and ordinances, to erect, maintain, place and install its usual and customary signs and fixtures in the interior of the Leased Premises.
- a. **Abatement or Adjustment of Rent:** If the whole or any part of the Leased Premises shall be damaged or destroyed by fire or other casualty after the execution of this Lease and before the termination hereof, then in every case the rent reserved in Article IV herein and other charges, if any, shall be abated or adjusted, as the case may be, in proportion to that portion of the Leased Premises of which Tenant shall be deprived on account of such damage or destruction and the work of repair, restoration, rebuilding, or replacement or any combination thereof, of the improvements so damaged or destroyed, shall in no way be construed by any person to effect any reduction of sums or proceeds payable under any rent insurance policy.
- b. **Repairs and Restoration:** Landlord agrees that in the event of the damage or destruction of the Leased Premises, Landlord forthwith shall proceed to repair, restore, replace or rebuild the Leased Premises (excluding Tenant's leasehold improvements), to substantially the condition in which the same were immediately prior to such damage or destruction. The Landlord thereafter shall diligently prosecute said work to completion without delay or interruption except for events beyond the reasonable control of Landlord. Notwithstanding the foregoing, if Landlord does not either obtain a building permit within [30] days of the date of such damage or destruction, or complete such repairs, rebuilding or restoration within [3] months of such damage or destruction, then Tenant may at any time thereafter cancel and terminate this Lease by sending [30] days written notice thereof to Landlord, or, in the alternative, Tenant may, during said [30] day period, apply for the same and Landlord shall cooperate with Tenant in Tenant's application. Notwithstanding the foregoing, if such damage or destruction shall occur during the last year of the term of this Lease, or during any renewal term, and shall amount to [20%] or more of the replacement cost, (exclusive of the land and foundations), this Lease, may be terminated at the election of either Landlord or Tenant, provided that notice of such election shall be sent by the party so electing to the other within [30] days after the occurrence of such damage or destruction. Upon termination, as aforesaid, by either party hereto, this Lease and the term thereof shall cease, and come to an end, any unearned rent or other charges paid in advance by Tenant shall be refunded to Tenant, and the parties shall be released hereunder, each to the other, from all liability and obligations hereunder thereafter arising.

14. LANDLORD'S SELF HELP

If in the performance or observance of any agreement or condition in this Lease contained on its part to be performed or observed and shall not cure such default within [15] days after notice from Landlord specifying the default (or if such default shall reasonably take more than [7] days to cure, shall diligently prosecute the same to completion), Landlord may, at its option, without waiving any claim for damages for breach of agreement, at any time thereafter cure such default for the account of Tenant, and any amount paid or contractual liability incurred by Landlord in so doing shall be deemed paid or incurred for the account of Tenant and Tenant agrees to reimburse Landlord therefore and save Landlord harmless there from. Provided, however, that Landlord may cure any such default as aforesaid prior to the expiration of said waiting period, without notice to Tenant if any emergency situation exists, or after notice to Tenant, if the curing of such default prior to the expiration of said waiting period is reasonably necessary to protect the Leased Premises or Landlord's interest therein, or to prevent injury or damage to persons or property. If Tenant shall fail to reimburse Landlord upon demand for any amount paid for the account of Tenant hereunder, said amount shall be added to and become due as a part of the next payment of rent due and shall for all purposes be deemed and treated as rent hereunder.



15. ASSIGNMENT AND SUBLETTING

Under the terms and conditions hereunder, Tenant shall have the absolute right to transfer and assign this lease or to sublet all or any portion of the Leased Premises or to cease operating Tenant's business on the Leased Premises provided that at the time of such assignment or sublease Tenant shall not be in default in the performance and observance of the obligations imposed upon Tenant hereunder, and in the event that Tenant assigns or sublets this property for an amount in excess of the rental amount then being paid, then Landlord shall require as further consideration for the granting of the right to assign or sublet, a sum equal to [20%] of the difference between the amount of rental to be charged by Tenant to Tenant's subtenant or assignee and the amount provided for herein, payable in a manner consistent with the method of payment by the subtenant or assignee to the Tenant, and/or [15%] of the consideration paid or to be paid to Tenant by Tenant's or Sub-Tenant or assignee.

16. FIXTURES

All personal property, furnishings and equipment presently and all other trade fixtures installed in or hereafter by or at the expense of Tenant and all additions and/or improvements, exclusive of structural, mechanical, electrical, and plumbing, affixed to the Leased Premises and used in the operation of the Tenant's business made to, in or on the Leased Premises by and at the expense of Tenant and susceptible of being removed from the Leased Premises without damage, unless such damage be repaired by Tenant, shall remain the property of Tenant and Tenant may, but shall not be obligated to, remove the same or any part thereof at any time or times during the term hereof, provided that Tenant, at its sole cost and expense, shall make any repairs occasioned by such removal.

17. OPTION TO RENEW

Landlord grants to Tenant an option to renew this lease agreement for a period of [3] years after expiration of the term of this Lease agreement at a rental of [NEGOTIATED AT TIME OF RENEWAL] per month, with all other terms and conditions of the renewal lease to be the same as those in this lease agreement. To exercise this option to renew, Tenant must give Landlord written notice of intention to do so at least [7] days before this lease agreement expires.

18. BROKERAGE AND REFUND

No party has acted as, by or through a broker in the effectuation of this Agreement, except as set out hereinafter. (5% of the first years lease has to be paid to Nil as commission which will be shared). **Once the deposit is paid and the Tenant decides to break the lease 3 months deposit will be forfeited with first months rent. This will be considered as settlement for breaking the lease.**

19. ENTIRE AGREEMENT

This instrument contains the entire and only agreement between the parties, and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect. This Lease shall not be modified in any way except by a writing executed by both parties.

20. GOVERNING LAW

All matters pertaining to this agreement (including its interpretation, application, validity, performance and breach) in whatever jurisdiction action may be brought, shall be governed by, construed and enforced in accordance with the laws of the UNITED REPUBLIC OF TANZANIA. The parties herein waive trial by jury

and agree to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in [THE UNITED REPUBLIC OF TANZANIA].

21. LITIGATION

In the event that litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing party may be entitled. In such event, no action shall be entertained by said court or any court of competent jurisdiction if filed more than one year subsequent to the date the cause(s) of action actually accrued regardless of whether damages were otherwise as of said time calculable.

If Landlord files an action to enforce any agreement contained in this lease agreement, or for breach of any covenant or condition, Tenant shall pay Landlord reasonable attorney fees for the services of Landlord's attorney in the action, all fees to be fixed by the court.

22. CONTRACTUAL PROCEDURES

Unless specifically disallowed by law, should litigation arise hereunder, service of process therefore may be obtained through certified mail, return receipt requested; the parties hereto waiving any and all rights they may have to object to the method by which service was perfected.

23. EXTRAORDINARY REMEDIES

To the extent cognizable at law, the parties hereto, in the event of breach and in addition to any and all other remedies available thereto, may obtain injunctive relief, regardless of whether the injured party can demonstrate that no adequate remedy exists at law.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written or have caused this Lease to be executed by their respective officers thereunto duly authorized.

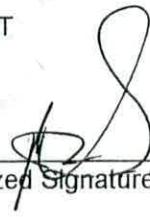
LANDLORD



Authorized Signature

F. Silaa - Renting Office
THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

TENANT



Authorized Signature

Mehboob B. Juma - Director
MOTOR MEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

EXHIBIT "A" LEGAL DESCRIPTION

The landlord will provide Toilet facility which will be shared and maintained by the landlord.

The shops will have electrical access, water termination and tiles.

Water tanks will be installed for all shoppers and will be used by everyone.

Every tenant will have their own LUKU meter. (Deposit of the LUKU meter will be paid by tenant)

Color of the building and tiles will be uniform throughout the center.

Security will be shared by all tenants. If any extraordinary security is required will be the task of tenants to procure it.

Waste and garbage disposal will be responsibility of each individual tenant.

THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

**BOARD RESOLUTION OF [Motomedia Tanzania Limited]
TO APPLY FOR TANZANIA INVESTMENT INCENTIVES**

DULY PASSED ON [July 28, 2008]

Application of Tanzania Investment Incentives

WHEREAS, the Corporation requires Investments and incentives in the area of [Expansion and infrastructure development] be it:

RESOLVED, to obtain incentives and tax rebates in the area of Digital Equipments Assembling Plant. The incentives will be utilized to setup facilities for assembling and installation of digital impediments for digital information and retrieval technology.

RESOLVED, that the officers of this corporation are, and each acting alone is, hereby authorized to do and perform any and all such acts, including execution of any and all documents and certificates, as such officers shall deem necessary or advisable, to carry out the purposes and intent of the foregoing resolutions.

RESOLVED FURTHER, that any actions taken by such officers prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of this corporation.

It is hereby certified by the undersigned that the foregoing resolution was duly passed by the Board of Directors of the above-named Company on the [28th.] day of [July, 2008], in accordance with the Memorandum or By-Laws and Articles of Incorporation of the Company and the laws and by-laws governing the Company and that the said resolution has been duly recorded in the Minute Book and is in


MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY

Terminating appointment as a director or secretary
(Not for appointment (Use Form 210a) or change of particulars (Use Form 210c))
Pursuant to Section 210 of the Companies Act, 2002

Company Number

Company Name (in full)

Date of termination of appointment

as director

as secretary

Name: (First Name(s))

(Surname)

Date of Birth

A serving director / secretary etc. must sign the form below

Signed * 
(A serving director / secretary / administrator / administrative receiver / receiver)

Date 20/06/2008

FOR OFFICIAL USE ONLY.

TRANSFER OF SHARE OR STOCK.

Stock forwarded to the Company's Office by

PETER RUPIA
P.O. BOX 23465
DAR ES SALAAM

in consideration of the sum of three hundred thousands (300,000/=)
paid by

OMAR HATIBU,
P.O. BOX 14296,
DARES SALAAM

hereinafter called the said Transferee

Do hereby bargain sell, assign, and transfer to the said transferee

Three thousand (3000) shares

of and in the undertaking called the MOTOMEDIA AFRICA LIMITED

As Witness our hands and Sales this

In the year Two Thousand and eight 20th day of June



Signed, sealed and delivered, by the above-named PETER RUPIA

In the Presence of PETER

Signature *

Address

Occupation

* 
PETER RUPIA 

Witness 1

Signed, sealed and delivered, by the above-named OMAR HATIBU

In the Presence of

Signature

Address

Occupation

* 
OMAR HATIBU 

Witness 2

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

TRANSFER OF SHARE OR STOCK.

Stock forwarded to the Company's Office by

I, PETER RUPIA
P.O. BOX 23465,
DAR ES SALAAM

in consideration of the sum of three hundred thousands (300,000/-)
paid by OMAR HATIBU,
P.O. BOX 14296,
DAR ES SALAAM

hereinafter called the said Transferee

Do hereby bargain sell, assign, and transfer to the said transferee

Three hundred shares

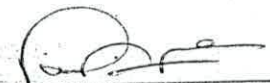
of and in the undertaking called the MOTOMEDIA TANZANIA LIMITED

As Witness our hands and Sales this

In the year Two Thousand and Eight 20th day of JUNE

Signed, sealed and delivered, by the above-named PETER RUPIA
in the Presence of

Signature
Address
Occupation



PETER RUPIA



Witness 1

Signed, sealed and delivered, by the above-named OMAR HATIBU
in the Presence of

Signature
Address
Occupation


OMAR HATIBU



Witness 2

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

TANZANIA



Certificate of Incorporation

Section 15

No 64724

I HEREBY CERTIFY THAT

MOTOMEDIA TANZANIA LIMITED =====

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

Given under my hand at Dar es salaam

this 18TH day of MARCH

TWO THOUSAND AND EIGHT

Assist. Registrar of Companies

TEN 226
(Rev. 296)

MS 27
38

JAMHURI YA MUUNGANO WA TANZANIA

B. No. 01120238

(Imetolewa chini ya Sheria ya Leseni za Biashara No. 25 ya Mwaka 1972, marekebisha ya mwaka 1980 na masharti yaliyo nyuma)

*Futa Isiyotakiwa

1. Onsi iliyotolewa

2. Nambari ya Ushuru wa mapato

3. Leseni imetolewa kwa

kuendesha biashara ya

kauka Wilaya/Kanda* ya

4. Ni ya Shina/Tawi

Ada Shii

ya tarehe

5. Mpya inaendeleza* muda wa leseni Na

ya tarehe

(ii) Muda wa leseni hii utaitishia 30 Juni 20

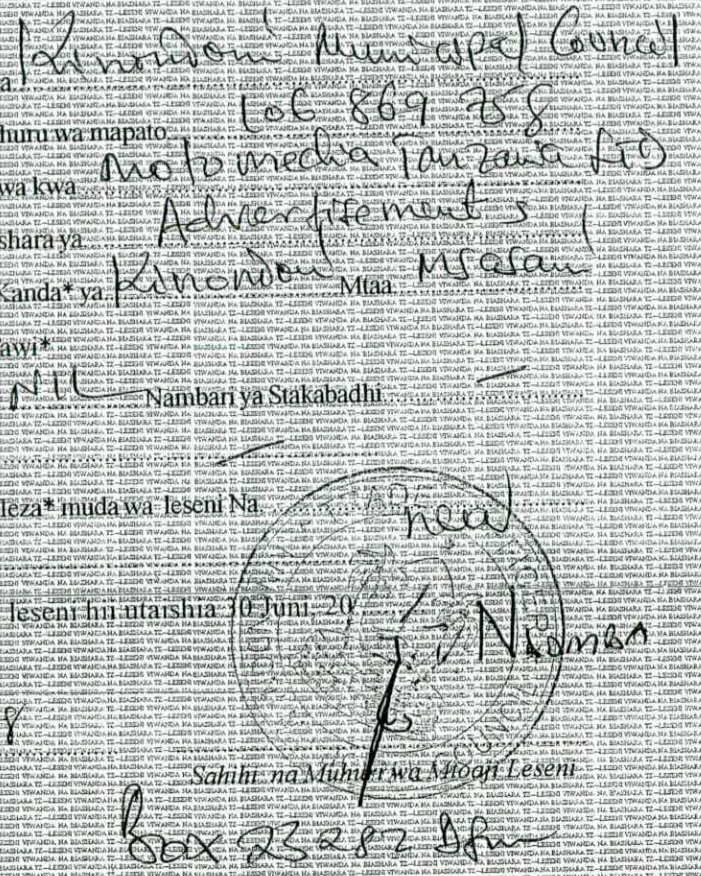
Tarehe

08/09

GP-DSM

Sahibina Mhali wa Moyo Leseni

Box 23782 A/A



CTIN.: 00335126



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

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

THIS IS TO CERTIFY THAT

MOTOMEDIA TANZANIA LTD.

.....

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

106-869-758

27/06/2008

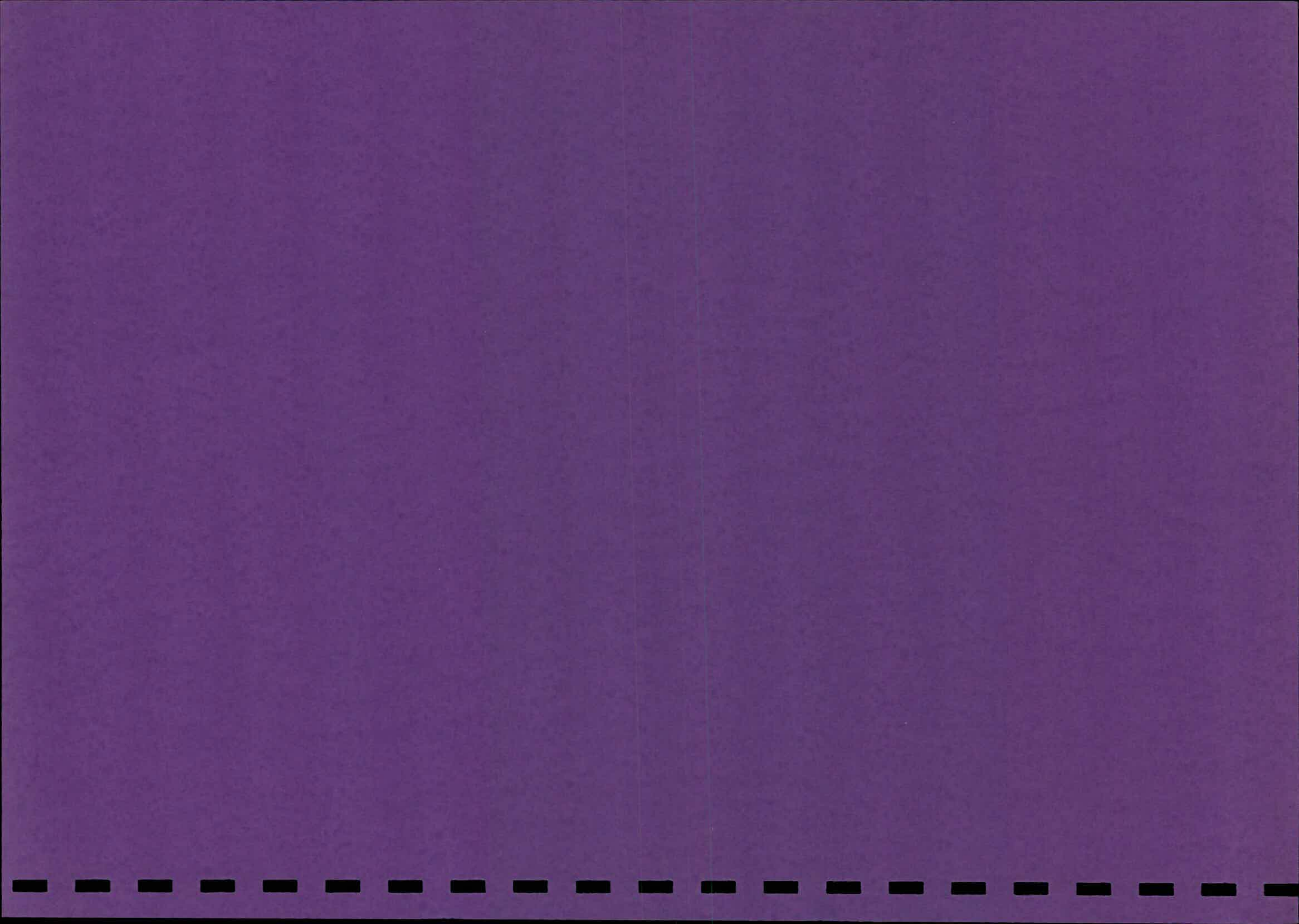
with effect from

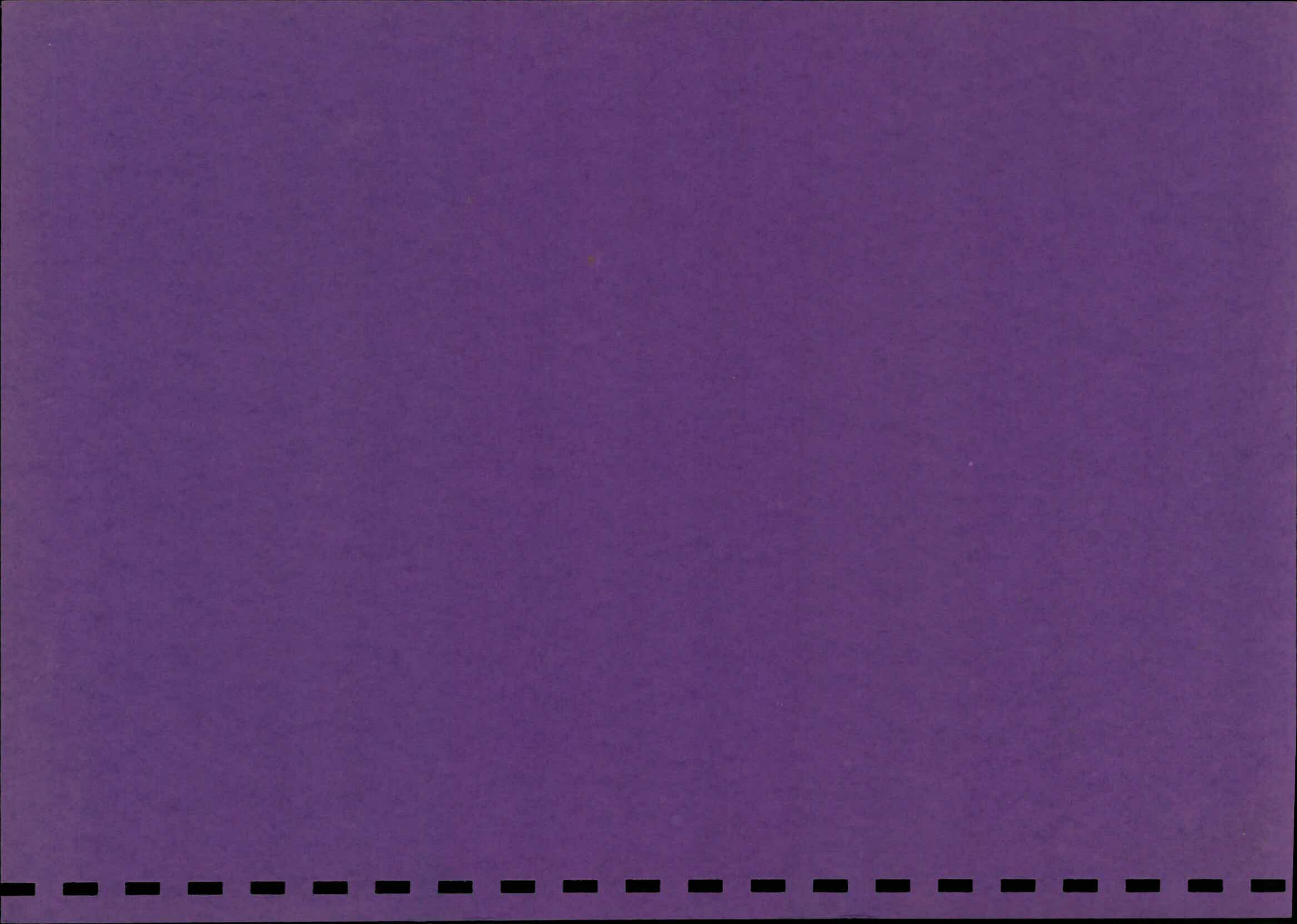
JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF





July 28, 2008

Contact Name
Tanzania Investment Center
Shaaban Robert Street 9A&B
P.O. Box 938 Dar es Salaam
Tanzania



SUBJECT: Investment Incentives for Investments

Dear [Sir/Madam],

We are in the process of setting up Digital equipment and Assembly Plant. Our project entails setting up facilities for assembling and installing digital impediments for digital information and retrieval technology. All documents and project plan with feasibility study have been attached. We will appreciate a quick favorable response so we can continue with our Endeavour.

Thank you of the interest that you have shown in empowering our objectives.

Sincerely,


Mebs Juma
Managing Director
(255) 22 270 1965
mjuma@motomedia-africa.com

MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

Motomedia Tanzania Limited
Plot No. 5 – Mikocheni B, Dar es Salaam, Tanzania Tel: (255) 22 270 1965 / Cell (255) 773 323 389
www.motomedia-africa.com

FORM P.A. 1

SERIAL NO: 5382

TICN:

07492



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

Website: www.tic.co.tz

(Please fill the form in duplicate)

SP1450

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 Mr. MEHBOOB S. JUMA / OMAR R. HATIBU
(director/directors/agent of MOTOMEDIA TANZANIA
(name of business enterprise) apply for registration of TIC
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. 5. MICHACHEMI B' DSN

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. 5. MICHACHEMI B' DSN
4. The Principal Officers of the Company are MEHBOOB S. JUMA
OMAR R. HATIBU
5. Auditors of the Company are ADOLF AND ASSOCIATES
6. The authorized share capital of the Company is Tshs./US\$ \$ 1000,000

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 2-3 million dollars

8. The month and day of the financial year end is DEC. 31st, 2008

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

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

I, MEHBOOB S. Juma of Post Office Number 23282

D.S.M do solemnly and sincerely declare that I am a director/duly

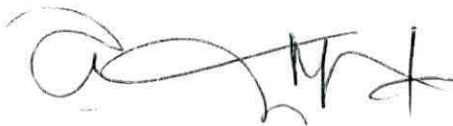
authorized agent of MOTOMEDIA TANZANIA LIMITED.

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.

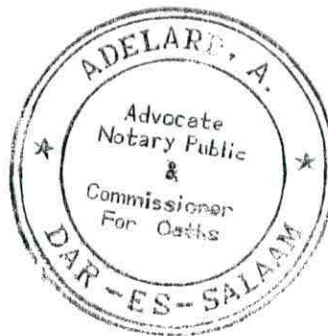
Declared at Dar es Salaam }
The 9th day of JULY 2008 }

Applicant
MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

Before me:



.....
Commissioner for Oaths



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

APPLICATION SUMMARY

Company Name: MOTOMEDIA TANZANIA LIMITED

COI Number: 64724 Status: NEW

COI Date: 18th MARCH 2008

Post Box: 23282

Town: DSM

Sector: MFG.

Sub-Sector: ASSEMBLY PLANT.

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>0</u>	<u>\$1,000,000</u>

Project Objectives: SETTING UP FACILITIES FOR ASSEMBLING AND INSTALLING DIGITAL AND MANUAL INFORMATION AND RETRIEVAL SYSTEMS

Capacity: 3000 M²

Employment: Foreign: 2 Local: 20 Total: 25

Implementation Period: 1 Y.R.

Project Location

Site/Plot/Block No.: Plot No 5. MITHOCHENI 'B'

Street: O.O. BAGAHO District: KIHOMBOI Region: DSM
 (Attach sketch map showing project location)

Shareholders	Nationality	%
<u>OMAR R. HATIBU</u>	<u>TANZANIAN</u>	<u>30</u>
<u>MENBOOB S. JUMA</u>	<u>TANZANIAN</u>	<u>70</u>
.....
.....
.....

Investment Breakdown	US\$/Tshs.M
Land/Building	..60,000,000..
Plant	..300,000.....
Vehicles	200,000....
Furniture & Fittings	..40,000.....
Pre-expenses	..100,000.....
Others	..100,000.....
Working Capital	..200,000.....
TOTAL	..1,000,000.....

Contact Details:

Name: MEMBOOB JUMA Title: CEO
 Telephone: +255 22 2602 012 Fax: +255 22 2602 018
 Email: Mjuma @ Matamedia - africa. com

COMMERCIAL LEASE AGREEMENT

This Lease Agreement (the "Agreement") is made and effective [June 10, 2008],

BETWEEN: [The Road Ahead Investments (T) Ltd.] (The "Landlord"), a corporation organized and existing under the laws of the [The United Republic of Tanzania], with its head office located at: Plot No. 5 Mickocheni, P.O. Box 23282 Dar Es Salaam Tanzania – Tel: 255 773 323 389 – email:mjuma@efulusi.co.tz.

AND: [Motomedia Tanzania Limited] – P.O. Box 23282 Dar es Salaam– Tanzania Tel: 255 786 80 80 88] (the "Tenant"), a Individual and existing under the laws of the [The United Republic of Tanzania], with its head office located at: P.O. Box 23282 Dar Es salaam – Tanzania

1. DESCRIPTION OF PREMISES

Landlord leases to Tenant the premises located at [PLOT NO. 5 MIKOCHENI CALLED LION KING PLAZA AND BUISNESS CENTER MIKOCHENI], [DAR ES SALAAM], [TANZANIA], and described more particularly as follows:

[LION KING PLAZA AND BUSINESS CENTER MIKOCHENI].

2. GRANT OF LEASE

Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed and observed by the Tenant, does hereby lease to the Tenant and the Tenant does hereby lease and take from the Landlord the property described in Exhibit "A" attached hereto and by reference made a part hereof (the "Leased Premises"), together with, as part of the parcel, all improvements located thereon.

3. LEASE TERM

- a. **Total Term of Lease:** The term of this Lease shall begin on the commencement date, as defined in Section b) of this Article 3, and shall terminate on [July 30th 1st1st., 2011].
- b. **Commencement Date:** The "Commencement Date" [June 10th. 2008] shall mean the date on which the Tenant shall be delivered the premises to conduct business on the Leased Premised, so long as such date is not in excess of [30] days subsequent to execution hereof.

4. EXTENSIONS

The parties hereto may elect to extend this Agreement upon such terms and conditions as may be agreed upon in writing and signed by the parties at the time of any such extension.

THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

5. DETERMINATION OF RENT

The Tenant agrees to pay the Landlord and the Landlord agrees to accept, during the term hereof, at such place as the Landlord shall from time to time direct by notice to the Tenant, rent at the following rates and times:

- a. **Annual Rent:** Annual rent for the year of the lease will be \$36,000 U.S. Excluding VAT and shall increase by 3% percent every year (1 years) to accommodate inflation.
- b. **Payment of Rent:** Tick the option you want please:
- c. **Offices for media and technology**
- d. Deposit of \$3000 plus first months rent on signing total of \$6,000
- e. Includes 800,000 to upgrade to Aluminum windows and doors
- f. Includes tenants own luku meter 3 phase connection
- g. The tenant shall install the toilet fixtures themselves. Plumbing and connection will be provided.
- h. Other conditions: The Tenant shall also pay to the Landlord rent at the said rate for any portion of the preceding calendar month included in the term of this Lease.
- i. Reference to yearly rent hereunder shall not be implied or construed to the effect that this Lease or the obligation to pay rent hereunder is from year to year, or for any term shorter than the existing Lease term, plus any extensions as may be agreed upon.
- j. A late fee in the amount of [20%] shall be assessed if payment is not postmarked or received by Landlord on or before the tenth day of each month.
- k. The rate will increase by 3% every year to incorporate the inflation and cost of living.

6. USE OF PROPERTY BY TENANT

The Leased Premises may be occupied and used by Tenant exclusively as a [Motomedia technology and media offices].

Nothing herein shall give Tenant the right to use the property for any other purpose or to sublease, assign, or license the use of the property to any Sub-Tenant, assignee, or licensee, which or who shall use the property for any other use.

7. RESTRICTIONS ON USE

Tenant shall not use the demised premises in any manner that will increase risks covered by insurance on the demised premises and result in an increase in the rate of insurance or a cancellation of any insurance policy, even if such use may be in furtherance of Tenant's business purposes.

Tenant shall not keep, use, or sell anything prohibited by any policy of fire insurance covering the demised premises, and shall comply with all requirements of the insurers applicable to the demised premises necessary to keep in force the fire and liability insurance.

8. WASTE, NUISANCE, OR UNLAWFUL ACTIVITY

Tenant shall not allow any waste or nuisance on the demised premises, or use or allow the demised premises to be used for any unlawful purpose.

9. DELAY IN DELIVERING POSSESSION

This lease agreement shall not be rendered void or void able by the inability of Landlord to deliver possession to Tenant on the date set forth in Section 3. Landlord shall not be liable to Tenant for any loss or damage suffered by reason of such a delay; provided, however, that Landlord does deliver possession no later than [JUNE 10TH, 2008]. In the event of a delay in delivering possession, the rent for the period of such delay will be deducted from the total rent due under this lease agreement. No extension of this lease agreement shall result from a delay in delivering possession.

UTILITIES

Tenant shall pay for all water, sanitation, sewer, electricity, light, heat, gas, power, fuel, janitorial, and other services incident to Tenant's use of the Leased Premises, whether or not the cost thereof be a charge or imposition against the Leased Premises.

10. OBLIGATIONS FOR REPAIRS

- a. **Landlord's Repairs:** Subject to any provisions herein to the contrary, and except for maintenance or replacement necessitated as the result of the act or omission of subtenants, licensees or contractors, the Landlord shall be required to repair only defects, deficiencies, deviations or failures of materials or workmanship in the building. The Landlord shall keep the Leased Premises free of such defects, deficiencies, deviations or failures during the first [3] months of the term hereof.
- b. **Tenant's Repairs:** The Tenant shall repair and maintain the Leased Premises in good order and condition, except for reasonable wear and tear, the repairs required of Landlord pursuant hereto, and maintenance or replacement necessitated as the result of the act or omission or negligence of the Landlord, its employees, agents, or contractors.
- c. **TENANT'S Alterations:** The Tenant shall have the right, at its sole expense, from time to time, to redecorate the Leased Premises and to make such non-structural alterations and changes in such parts thereof as the Tenant shall deem expedient or necessary for its purposes; provided, however, that such alterations and changes shall neither impair the structural soundness nor diminish the value of the Leased Premises. The Tenant may make structural alterations and additions to the Leased Premises provided that Tenant has first obtained the consent thereto of the Landlord in writing. The Landlord agrees that it shall not withhold such consent unreasonably. The Landlord shall execute and deliver upon the request of the Tenant such instrument or instruments embodying the approval of the Landlord which may be required by the public or quasi public authority for the purpose of obtaining any licenses or permits for the making of such alterations, changes and/or installations in, to or upon the Leased Premises and the Tenant agrees to pay for such licenses or permits.
- d. **Permits and Expenses:** Each party agrees that it will procure all necessary permits for making any repairs, alterations, or other improvements for installations, when applicable. Each Party hereto shall give written notice to the other party of any repairs required of the other pursuant to the provisions of this Article and the party responsible for said repairs agrees promptly to commence such repairs and to prosecute the same to completion.

diligently, subject, however, to the delays occasioned by events beyond the control of such party.

Each party agrees to pay promptly when due the entire cost of any work done by it upon the Leased Premises so that the Leased Premises at all times shall be free of liens for labor and materials. Each party further agrees to hold harmless and indemnify the other party from and against any and all injury, loss, claims or damage to any person or property occasioned by or arising out of the doing of any such work by such party or its employees, agents or contractors. Each party further agrees that in doing such work that it will employ materials of good quality and comply with all governmental requirements, and perform such work in a good and workmanlike manner.

11. TENANT'S COVENANTS

Tenant covenants and agrees as follows:

- a. To procure any licenses and permits required for any use made of the Leased Premises by Tenant, and upon the expiration or termination of this Lease, to remove its goods and effects and those of all persons claiming under it, and to yield up peaceably to Landlord the Leased Premises in good order, repair and condition in all respects; excepting only damage by fire and casualty covered by Tenant's insurance coverage, structural repairs (unless Tenant is obligated to make such repairs hereunder) and reasonable wear and tear;
- b. To permit Landlord and its agents to examine the Leased Premises at reasonable times and to show the Leased Premises to prospective purchasers of the Building and to provide Landlord, if not already available, with a set of keys for the purpose of said examination, provided that Landlord shall not thereby unreasonably interfere with the conduct of Tenant's business;
- c. To permit Landlord to enter the Leased Premises to inspect such repairs, improvements, alterations or additions thereto as may be required under the provisions of this Lease. If, as a result of such repairs, improvements, alterations, or additions, Tenant is deprived of the use of the Leased Premises, the rent shall be abated or adjusted, as the case may be, in proportion to that time during which, and to that portion of the Leased Premises of which, Tenant shall be deprived as a result thereof.

12. INDEMNITY BY TENANT

The Tenant shall save Landlord harmless and indemnify Landlord from all injury, loss, claims or damage to any person or property while on the Leased Premises, unless caused by the willful acts or omissions or gross negligence of Landlord, its employees, agents, licensees or contractors. Tenant shall maintain, with respect to the Leased Premises, public liability insurance with limits of not less than [100,000,000 million Tanzanian shillings] for injury or death from one accident and [100,000,000 million Tanzanian shillings] property damage insurance, insuring Landlord and Tenant against injury to persons or damage to property on or about the Leased Premises. A copy of the policy or a certificate of insurance shall be delivered to Landlord on or before the commencement date and no such policy shall be cancelable without [30] day's prior written notice to Landlord.

13. SIGNAGE

- a. **Exterior Signs:** Tenant shall have the right, at its sole risk and expense and in conformity with applicable laws and ordinances, to erect and thereafter, to repair or replace, if it shall so elect signs on any portion of the Leased Premises, providing that Tenant shall remove any such signs upon termination of this lease, and repair all damage occasioned thereby to the Leased Premises.



- b. **Interior Signs:** Tenant shall have the right, at its sole risk and expense and in conformity with applicable laws and ordinances, to erect, maintain, place and install its usual and customary signs and fixtures in the interior of the Leased Premises.
- a. **Abatement or Adjustment of Rent:** If the whole or any part of the Leased Premises shall be damaged or destroyed by fire or other casualty after the execution of this Lease and before the termination hereof, then in every case the rent reserved in Article IV herein and other charges, if any, shall be abated or adjusted, as the case may be, in proportion to that portion of the Leased Premises of which Tenant shall be deprived on account of such damage or destruction and the work of repair, restoration, rebuilding, or replacement or any combination thereof, of the improvements so damaged or destroyed, shall in no way be construed by any person to effect any reduction of sums or proceeds payable under any rent insurance policy.
- b. **Repairs and Restoration:** Landlord agrees that in the event of the damage or destruction of the Leased Premises, Landlord forthwith shall proceed to repair, restore, replace or rebuild the Leased Premises (excluding Tenant's leasehold improvements), to substantially the condition in which the same were immediately prior to such damage or destruction. The Landlord thereafter shall diligently prosecute said work to completion without delay or interruption except for events beyond the reasonable control of Landlord. Notwithstanding the foregoing, if Landlord does not either obtain a building permit within [30] days of the date of such damage or destruction, or complete such repairs, rebuilding or restoration within [3] months of such damage or destruction, then Tenant may at any time thereafter cancel and terminate this Lease by sending [30] days written notice thereof to Landlord, or, in the alternative, Tenant may, during said [30] day period, apply for the same and Landlord shall cooperate with Tenant in Tenant's application. Notwithstanding the foregoing, if such damage or destruction shall occur during the last year of the term of this Lease, or during any renewal term, and shall amount to [20%] or more of the replacement cost, (exclusive of the land and foundations), this Lease, may be terminated at the election of either Landlord or Tenant, provided that notice of such election shall be sent by the party so electing to the other within [30] days after the occurrence of such damage or destruction. Upon termination, as aforesaid, by either party hereto, this Lease and the term thereof shall cease and come to an end, any unearned rent or other charges paid in advance by Tenant shall be refunded to Tenant, and the parties shall be released hereunder, each to the other, from all liability and obligations hereunder thereafter arising.

14. LANDLORD'S SELF HELP

If in the performance or observance of any agreement or condition in this Lease contained on its part to be performed or observed and shall not cure such default within [15] days after notice from Landlord specifying the default (or if such default shall reasonably take more than [7] days to cure, shall diligently prosecute the same to completion), Landlord may, at its option, without waiving any claim for damages for breach of agreement, at any time thereafter cure such default for the account of Tenant, and any amount paid or contractual liability incurred by Landlord in so doing shall be deemed paid or incurred for the account of Tenant and Tenant agrees to reimburse Landlord therefore and save Landlord harmless there from. Provided, however, that Landlord may cure any such default as aforesaid prior to the expiration of said waiting period, without notice to Tenant if any emergency situation exists, or after notice to Tenant, if the curing of such default prior to the expiration of said waiting period is reasonably necessary to protect the Leased Premises or Landlord's interest therein, or to prevent injury or damage to persons or property. If Tenant shall fail to reimburse Landlord upon demand for any amount paid for the account of Tenant hereunder, said amount shall be added to and become due as a part of the next payment of rent due and shall for all purposes be deemed and treated as rent hereunder.



15. ASSIGNMENT AND SUBLETTING

Under the terms and conditions hereunder, Tenant shall have the absolute right to transfer and assign this lease or to sublet all or any portion of the Leased Premises or to cease operating Tenant's business on the Leased Premises provided that at the time of such assignment or sublease Tenant shall not be in default in the performance and observance of the obligations imposed upon Tenant hereunder, and in the event that Tenant assigns or sublets this property for an amount in excess of the rental amount then being paid, then Landlord shall require as further consideration for the granting of the right to assign or sublet, a sum equal to [20%] of the difference between the amount of rental to be charged by Tenant to Tenant's subtenant or assignee and the amount provided for herein, payable in a manner consistent with the method of payment by the subtenant or assignee to the Tenant, and/or [15%] of the consideration paid or to be paid to Tenant by Tenant's or Sub-Tenant or assignee.

16. FIXTURES

All personal property, furnishings and equipment presently and all other trade fixtures installed in or hereafter by or at the expense of Tenant and all additions and/or improvements, exclusive of structural, mechanical, electrical, and plumbing, affixed to the Leased Premises and used in the operation of the Tenant's business made to, in or on the Leased Premises by and at the expense of Tenant and susceptible of being removed from the Leased Premises without damage, unless such damage be repaired by Tenant, shall remain the property of Tenant and Tenant may, but shall not be obligated to, remove the same or any part thereof at any time or times during the term hereof, provided that Tenant, at its sole cost and expense, shall make any repairs occasioned by such removal.

17. OPTION TO RENEW

Landlord grants to Tenant an option to renew this lease agreement for a period of [3] years after expiration of the term of this Lease agreement at a rental of [NEGOTIATED AT TIME OF RENEWAL] per month, with all other terms and conditions of the renewal lease to be the same as those in this lease agreement. To exercise this option to renew, Tenant must give Landlord written notice of intention to do so at least [7] days before this lease agreement expires.

18. BROKERAGE AND REFUND

No party has acted as, by or through a broker in the effectuation of this Agreement, except as set out hereinafter. (5% of the first years lease has to be paid to Nil as commission which will be shared). **Once the deposit is paid and the Tenant decides to break the lease 3 months deposit will be forfeited with first months rent. This will be considered as settlement for breaking the lease.**

19. ENTIRE AGREEMENT

This instrument contains the entire and only agreement between the parties, and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect. This Lease shall not be modified in any way except by a writing executed by both parties.

20. GOVERNING LAW

All matters pertaining to this agreement (including its interpretation, application, validity, performance and breach) in whatever jurisdiction action may be brought, shall be governed by, construed and enforced in accordance with the laws of the UNITED REPUBLIC OF TANZANIA. The parties herein waive trial by jury

and agree to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in [THE UNITED REPUBLIC OF TANZANIA].

21. LITIGATION

In the event that litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing party may be entitled. In such event, no action shall be entertained by said court or any court of competent jurisdiction if filed more than one year subsequent to the date the cause(s) of action actually accrued regardless of whether damages were otherwise as of said time calculable.

If Landlord files an action to enforce any agreement contained in this lease agreement, or for breach of any covenant or condition, Tenant shall pay Landlord reasonable attorney fees for the services of Landlord's attorney in the action, all fees to be fixed by the court.

22. CONTRACTUAL PROCEDURES

Unless specifically disallowed by law, should litigation arise hereunder, service of process therefore may be obtained through certified mail, return receipt requested; the parties hereto waiving any and all rights they may have to object to the method by which service was perfected.

23. EXTRAORDINARY REMEDIES

To the extent cognizable at law, the parties hereto, in the event of breach and in addition to any and all other remedies available thereto, may obtain injunctive relief, regardless of whether the injured party can demonstrate that no adequate remedy exists at law.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written or have caused this Lease to be executed by their respective officers thereunto duly authorized.

LANDLORD



Authorized Signature

F. Silaa - Renting Officer
THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

TENANT



Authorized Signature

Mehboob M. Juma - Director
MOTOR MEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA



EXHIBIT "A" LEGAL DESCRIPTION

The landlord will provide Toilet facility which will be shared and maintained by the landlord.

The shops will have electrical access, water termination and tiles.

Water tanks will be installed for all shoppers and will be used by everyone.

Every tenant will have their own LUKU meter. (Deposit of the LUKU meter will be paid by tenant)

Color of the building and tiles will be uniform throughout the center.

Security will be shared by all tenants. If any extraordinary security is required will be the task of tenants to procure it.

Waste and garbage disposal will be responsibility of each individual tenant.

THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

**BOARD RESOLUTION OF [Motomedia Tanzania Limited]
TO APPLY FOR TANZANIA INVESTMENT INCENTIVES**

DULY PASSED ON [July 28, 2008]

Application of Tanzania Investment Incentives

WHEREAS, the Corporation requires Investments and incentives in the area of [Expansion and infrastructure development] be it:

RESOLVED, to obtain incentives and tax rebates in the area of Digital Equipments Assembling Plant. The incentives will be utilized to setup facilities for assembling and installation of digital impediments for digital information and retrieval technology.

RESOLVED, that the officers of this corporation are, and each acting alone is, hereby authorized to do and perform any and all such acts, including execution of any and all documents and certificates, as such officers shall deem necessary or advisable, to carry out the purposes and intent of the foregoing resolutions.

RESOLVED FURTHER, that any actions taken by such officers prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of this corporation.

It is hereby certified by the undersigned that the foregoing resolution was duly passed by the Board of Directors of the above-named Company on the [28th] day of [July, 2008], in accordance with the Memorandum or By-Laws and Articles of Incorporation of the Company and the laws and by-laws governing the Company and that the said resolution has been duly recorded in the Minute Book and is in


MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY

Terminating appointment as a director or secretary
(Not for appointment (Use Form 210a) or change of particulars (Use Form 210c))
Pursuant to Section 210 of the Companies Act, 2002

Company Number

Company Name
(in full)

Date of termination of appointment

as director

as secretary

Name: (First Name(s))

(Surname)

Date of Birth

A serving director / secretary etc. must sign the form below

Signed 
(A serving director / secretary / administrator / administrative receiver / receiver)

Date

FOR OFFICIAL USE ONLY.

TRANSFER OF SHARE OR STOCK.

Stock forwarded to the Company's Office by

PETER RUPIA
P.O. BOX 23465
DAR ES SALAAM

in consideration of the sum of three hundred thousands (300,000/=) paid by

OMAR HATIBU,
P.O. BOX 14296,
DAR ES SALAAM

hereinafter called the said Transferee

Do hereby bargain sell, assign, and transfer to the said transferee

Three thousand (3000) shares

of and in the undertaking called the MOTOMEDIA AFRICA LIMITED

As Witness our hands and Sales this
in the year Two Thousand and eight 20th day of June



Signed, sealed and delivered, by the above-named PETER RUPIA

in the Presence of PETER

Signature *

Address

Occupation

* 
PETER RUPIA 

Witness 1

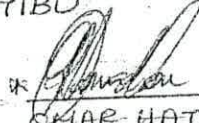

Signed, sealed and delivered, by the above-named OMAR HATIBU

in the Presence of

Signature

Address

Occupation

* 
OMAR HATIBU 

Witness 2

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

TRANSFER OF SHARE OR STOCK.

Stock forwarded to the Company's Office by

I, PETER RUPIA
P.O. BOX 23465,
DAR ES SALAAM

in consideration of the sum of three hundred thousands (300,000/-)
paid by OMAR HATIBU,
P.O. BOX 14296,
DAR ES SALAAM

hereinafter called the said Transferee

Do hereby bargain sell, assign, and transfer to the said transferee

Three hundred shares

of and in the undertaking called the MOTOMEDIA TANZANIA LIMITED

As Witness our hands and Sales this

In the year Two Thousand and Eight 20th day of JUNE

Signed, sealed and delivered, by the above-named PETER RUPIA
in the Presence of


Signature
Address
Occupation


PETER RUPIA



Signed, sealed and delivered, by the above-named OMAR HATIBU
in the Presence of

Signature
Address
Occupation


OMAR HATIBU



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

TANZANIA



Certificate of Incorporation

Section 15

No 64724

I HEREBY CERTIFY THAT

MOTOMEDIA TANZANIA LIMITED =====

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

Given under my hand at Dar es salaam

this 18TH day of MARCH**TWO THOUSAND AND EIGHT**

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

Assist. Registrar of Companies



TFN 226
(Rev-2/96)

MSS/38

JAMHURI YA MUUNGANO WA TANZANIA

LESENI YA BIASHARA

B N° 01120238

(Imetolewa chini ya Sheria ya Leseni za Biashara Na. 25 ya Mvaka 1972, marekebisho ya mwaka 1980 na masharti yaliyo nyuma)

*Futa isiyotakiwa

Kinondoni Municipal Council
TOL 869 258
Moto medwa Tanzania LTD
Advertisment
Kinondoni Mtaa

1. Ofisi iliyotolewa
2. Nambari ya Ushuru wa mapato
3. Leseni imetolewa kwa kuendesha biashara ya katika Wilaya/Kanda* ya Kinondoni Mtaa

4. Ni ya Shina/Tawi*

Ada Sh. **NTU** Nambari ya Stakabadhi

ya tarehe

5. Mpya inaendeleza* muda wa leseni Na

ya tarehe

(ii) Muda wa leseni hii unashia 10 Juni 2017 **NTU**



Tarehe 17/08

Sahihi na Muhihi wa Muofi Leseni

Box 23287 Dar

GP-DSM

CTIN.: 00335126



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION

FOR

TAXPAYER IDENTIFICATION NUMBER (TIN)

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

THIS IS TO CERTIFY THAT

MOTOMEDIA TANZANIA LTD.

.....

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

106-869-758

27/06/2008

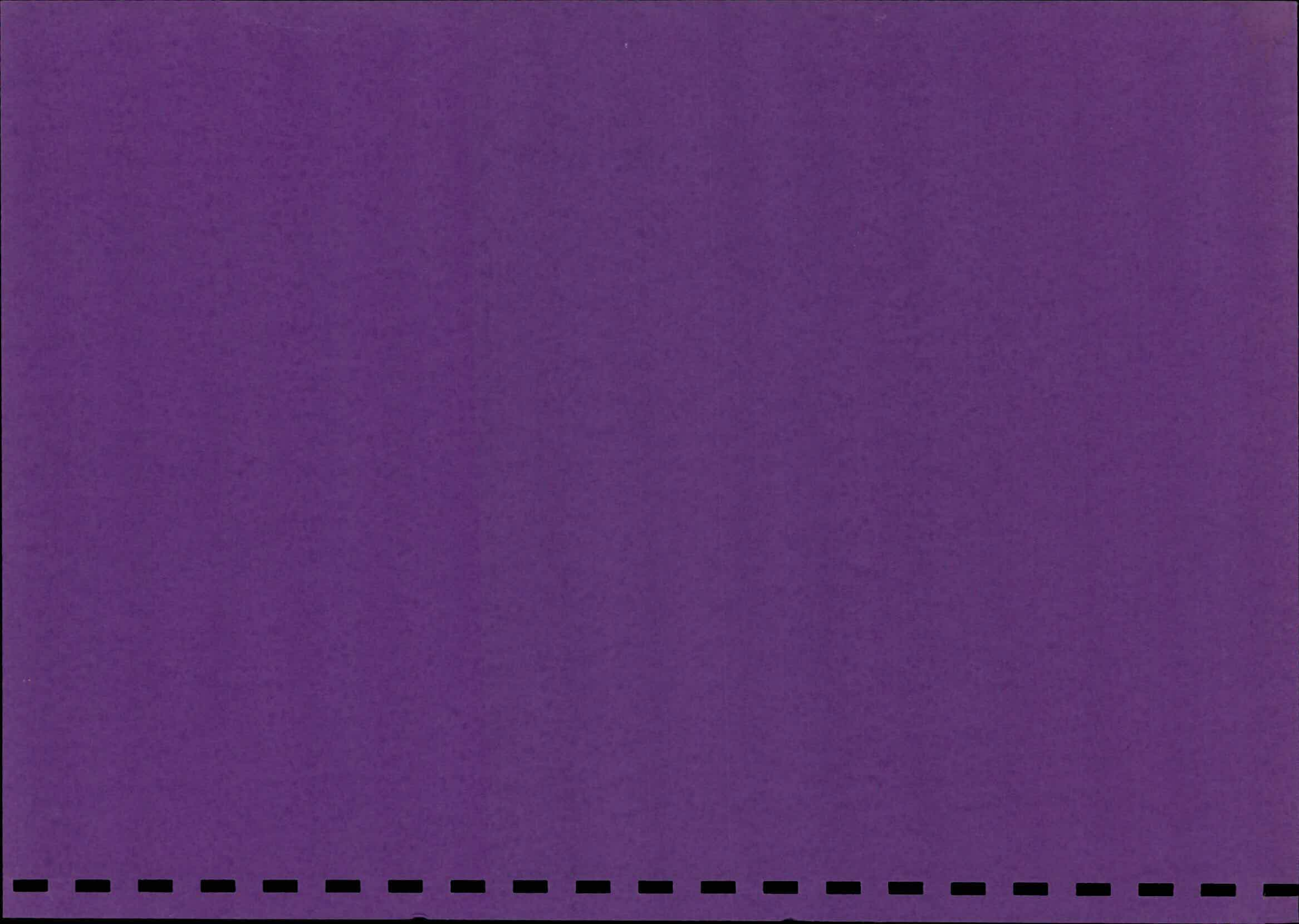
with effect from

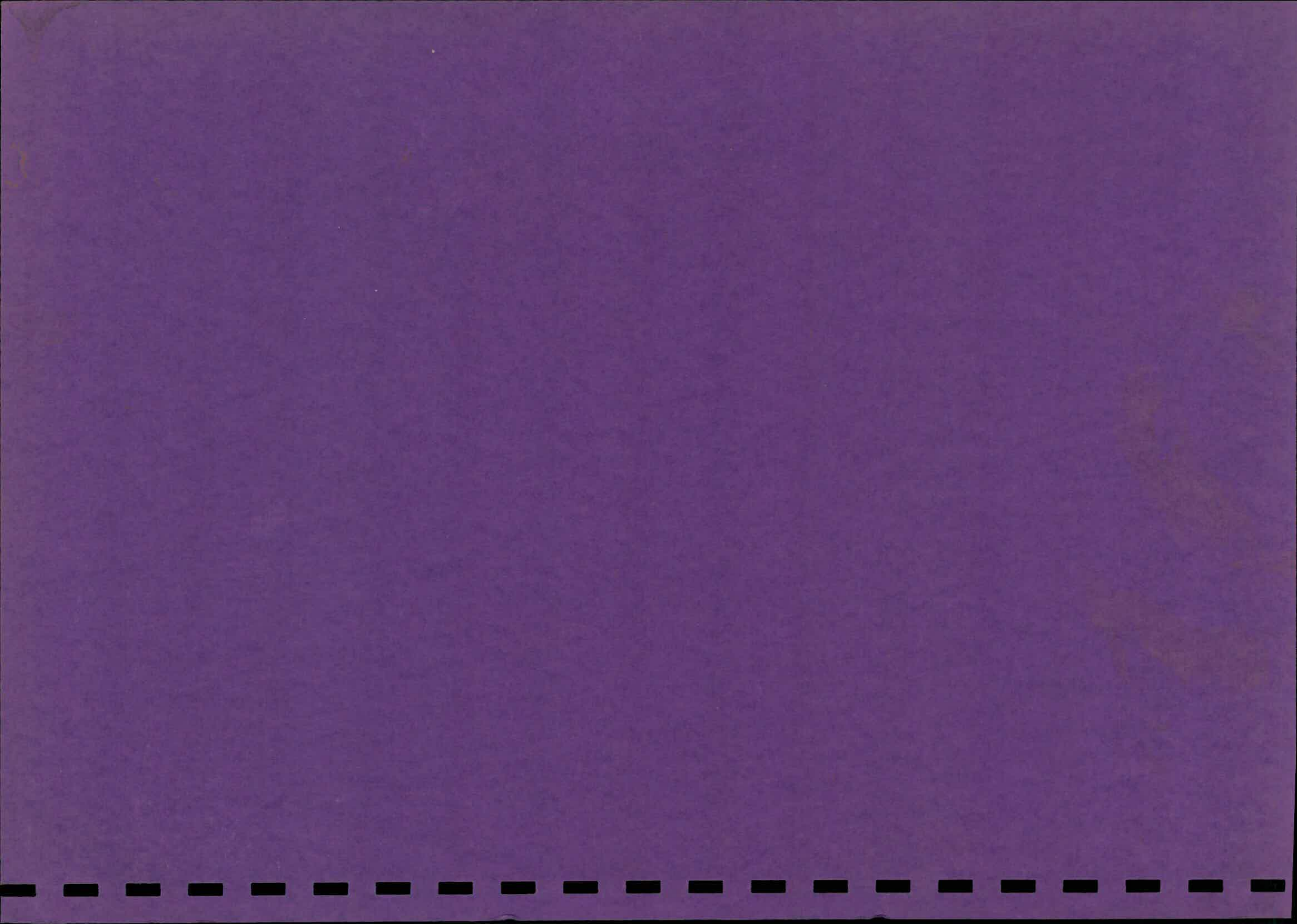
JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF





July 28, 2008

Contact Name
Tanzania Investment Center
Shaaban Robert Street 9A&B
P.O. Box 938 Dar es Salaam
Tanzania

SUBJECT: Investment Incentives for Investments

Dear [Sir/Madam],

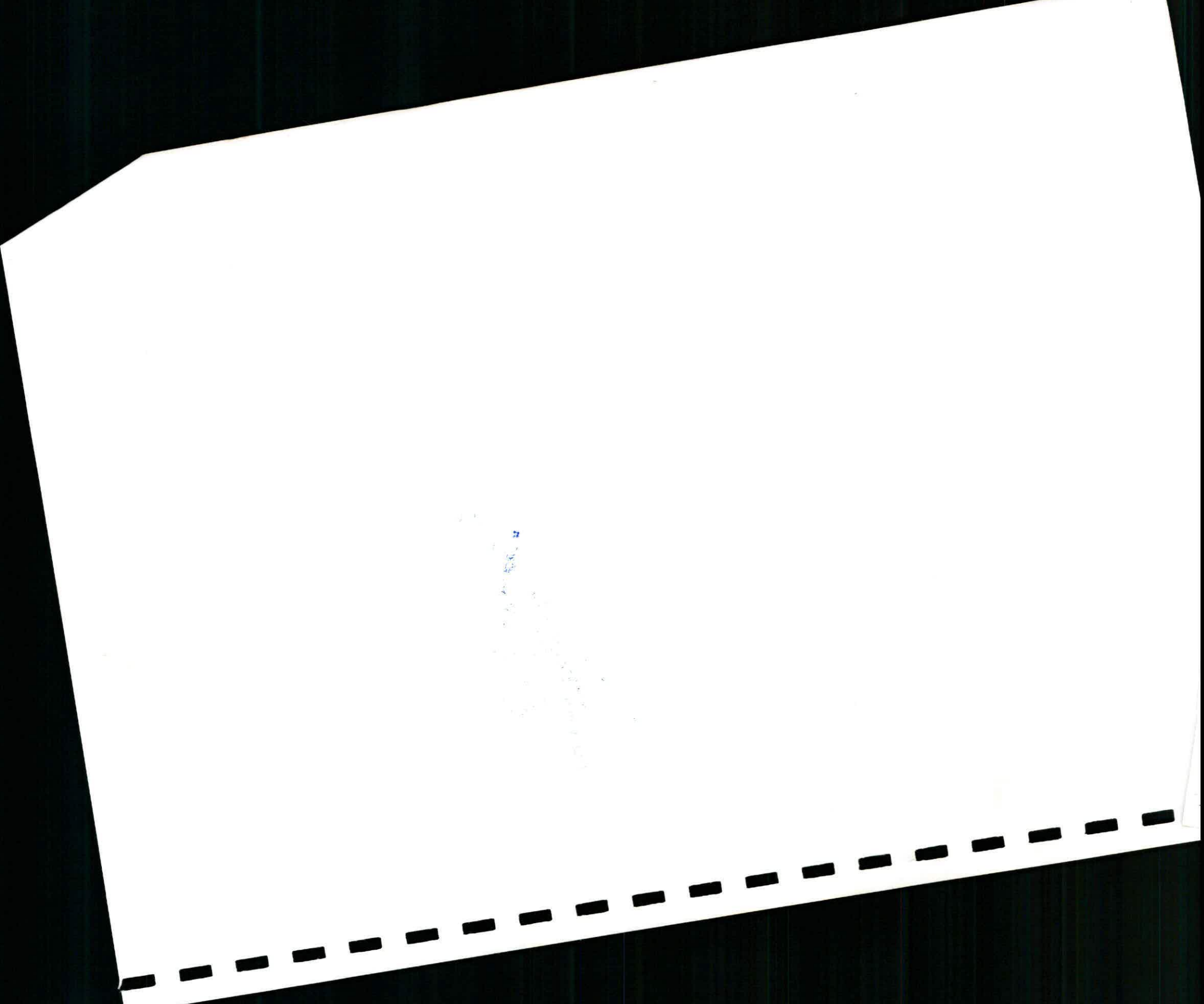
We are in the process of setting up Digital equipment and Assembly Plant. Our project entails setting up facilities for assembling and installing digital impediments for digital information and retrieval technology. All documents and project plan with feasibility study have been attached. We will appreciate a quick favorable response so we can continue with our Endeavour.

Thank you of the interest that you have shown in empowering our objectives.

Sincerely,

MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

Mebs Juma
Managing Director
(255) 22 270 1965
mjuma@motomedia-africa.com



FORM P.A. 1

SERIAL NO:

5382

TICN:

07492



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

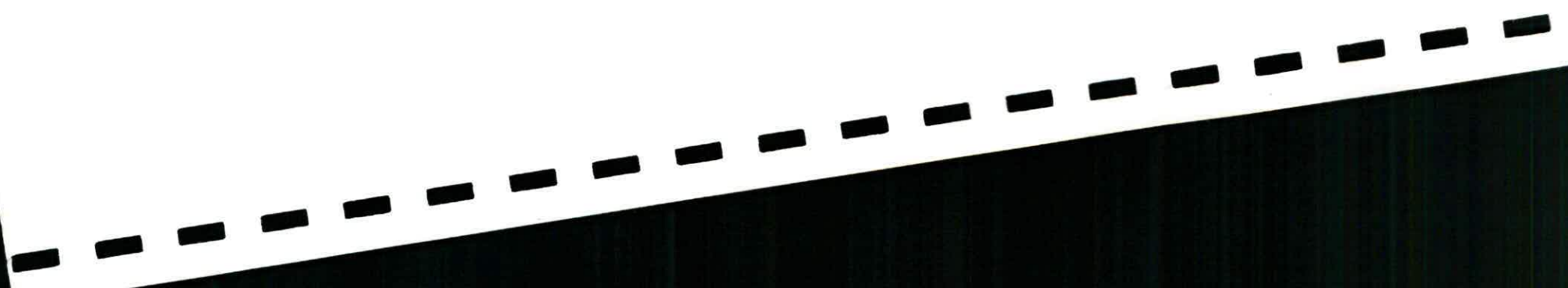
Fax. 2118253

e-mail: information@tic.co.tz

Website: www.tic.co.tz

(Please fill the form in duplicate)

100
100
100
100



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 Mr. MEHBOOB S. JUMA / OMAR R. HATIBU
(director/directors/agent of MOTOMEDIA TANZANIA)
(name of business enterprise) apply for registration of TIC
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. 5. MICHOKENI 'B'
Dsm

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. 5. MICHOKENI 'B' Dsm

4. The Principal Officers of the Company are MEHBOOB S. JUMA
OMAR R. HATIBU

5. Auditors of the Company are ADOLF AND ASSOCIATES

6. The authorized share capital of the Company is Tshs./US\$ \$ 1,000,000

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 2-3 Mill. dollars

8. The month and day of the financial year end is DEC. 31st, 2008

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

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

I, MEHBOOB S. JUMA of Post Office Number 23282

D.S.M do solemnly and sincerely declare that I am a director/duly

authorized agent of MOTOMEDIA TANZANIA LIMITED.

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.

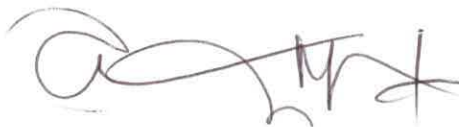
Declared at Dar es Salaam

The 9th day of JULY, 2008

Applicant

MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

Before me:



.....
Commissioner for Oaths



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

APPLICATION SUMMARY

Company Name: MOTOMEDIA TANZANIA LIMITED

COI Number: 64724 Status: NEW

COI Date: 18th MARCH 2008

Post Box: 23282

Town: DSM

Sector: MFG.

Sub-Sector: ASSEMBLY PLANT

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>0</u>	<u>\$ 1,000,000</u>		

Project Objectives: SETTING UP FACILITIES FOR ASSEMBLING AND INSTALLING DIGITAL AND MANUAL INFORMATION AND RETRIEVAL SYSTEMS

Capacity: 3000 M²

Employment: Foreign: 2 Local: 20 Total: 25

Implementation Period: 1.5 YR.

Project Location

Site/Plot/Block No.: Plot No 5, MITHOCHONI 'B'

Street: O.D. BAGAHOY District: KITHOHPOMI Region: DSM

(Attach sketch map showing project location)

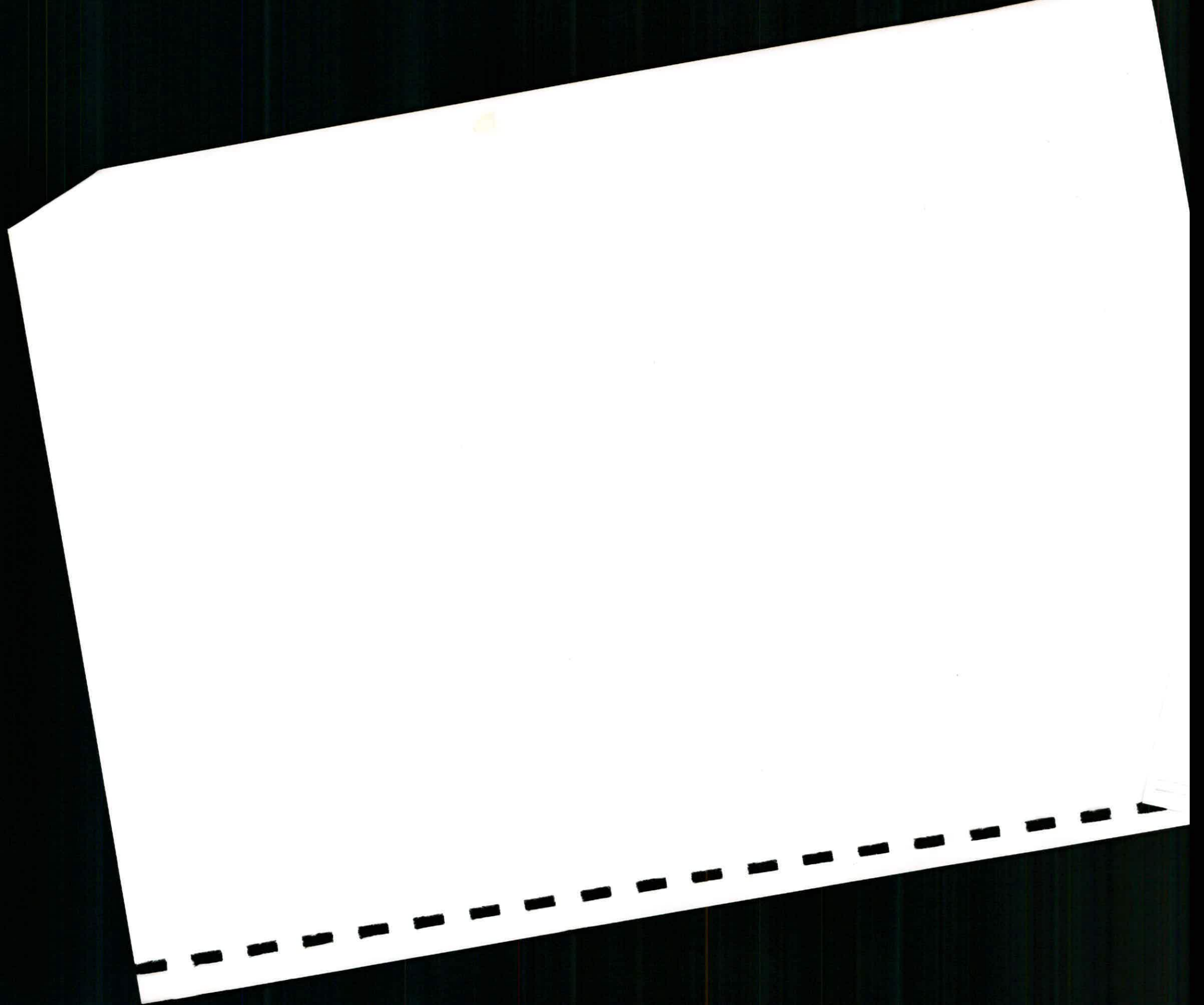
Shareholders

Shareholders	Nationality	%
<u>OMAR R. HATIBU</u>	<u>TANZANIAN</u>	<u>30</u>
<u>MENBOOB S. JUMA</u>	<u>TANZANIAN</u>	<u>70</u>
.....
.....
.....

Investment Breakdown	US\$/Tshs.M
Land/Building	..60,000,000..
Plant	..300,000,000.....
Vehicles	200,000,000....
Furniture & Fittings	...40,000,000.....
Pre-expenses	..100,000,000.....
Others	..100,000,000.....
Working Capital	..200,000,000.....
TOTAL	..1,000,000,000.....

Contact Details:

Name: ..METHBOOB JUMA Title: ..CEO.....
 Telephone: +255 22 2602 012 Fax: +255 22 2602 018
 Email: ..Mduma @ Motamedica - africa. com



COMMERCIAL LEASE AGREEMENT

This Lease Agreement (the "Agreement") is made and effective [June 10, 2008],

BETWEEN: [The Road Ahead Investments (T) Ltd.] (The "Landlord"), a corporation organized and existing under the laws of the [The United Republic of Tanzania], with its head office located at: Plot No. 5 Mickocheni, P.O. Box 23282 Dar Es Salaam Tanzania – Tel: 255 773 323 389 – email:mjuma@efulusi.co.tz.

AND: [Motomedia Tanzania Limited] – P.O. Box 23282 Dar es Salaam– Tanzania Tel: 255 786 80 80 88] (the "Tenant"), a Individual and existing under the laws of the [The United Republic of Tanzania], with its head office located at: P.O. Box 23282 Dar Es salaam – Tanzania

1. DESCRIPTION OF PREMISES

Landlord leases to Tenant the premises located at [PLOT NO. 5 MIKOCHE NI CALLED LION KING PLAZA AND BUISNESS CENTER MIKOCHE NI], [DAR ES SALAAM], [TANZANIA], and described more particularly as follows:

[LION KING PLAZA AND BUSINESS CENTER MIKOCHE NI].

2. GRANT OF LEASE

Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed and observed by the Tenant, does hereby lease to the Tenant and the Tenant does hereby lease and take from the Landlord the property described in Exhibit "A" attached hereto and by reference made a part hereof (the "Leased Premises"), together with, as part of the parcel, all improvements located thereon.

3. LEASE TERM

- a. **Total Term of Lease:** The term of this Lease shall begin on the commencement date, as defined in Section b) of this Article 3, and shall terminate on [July 30th 1st1st., 2011].
- b. **Commencement Date:** The "Commencement Date" [June 10th. 2008]shall mean the date on which the Tenant shall be delivered the premises to conduct business on the Leased Premised, so long as such date is not in excess of [30] days subsequent to execution hereof.

4. EXTENSIONS

The parties hereto may elect to extend this Agreement upon such terms and conditions as may be agreed upon in writing and signed by the parties at the time of any such extension.

THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

APPLICATION SUMMARY

Company Name: MOTOMEDIA TANZANIA LIMITED

COI Number: 64724 Status: NEW

COI Date: 18th MARCH 2008

Post Box: 23282

Town: DSM

Sector: MFG.

Sub-Sector: ASSEMBLY PLANT.

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>0</u>	<u>3,000,000</u>

Project Objectives: SETTING UP FACILITIES FOR ASSEMBLING AND INSTALLING DIGITAL AND MANUAL INFORMATION AND RETRIEVAL SYSTEMS

Capacity: 3000 M²

Employment: Foreign: 2 Local: 20 Total: 25

Implementation Period: 1 Y.R.

Project Location

Site/Plot/Block No.: Plot No 5. MITOCHENI 'B'

Street: O.D. BABANOY District: KIHOMBOVI Region: DSM
 (Attach sketch map showing project location)

Shareholders	Nationality	%
<u>OMAR R. HAIBU</u>	<u>TANZANIAN</u>	<u>30</u>
<u>MENBOOB S. JUMA</u>	<u>TANZANIAN</u>	<u>70</u>
.....
.....
.....

Investment Breakdown	US\$/Tshs.M
Land/Building	..60,000,000..
Plant	..300,000,000..
Vehicles	200,000,000...
Furniture & Fittings	..40,000,000..
Pre-expenses	100,000,000..
Others	..100,000,000..
Working Capital	..200,000,000..
TOTAL	..1,000,000,000..

Contact Details:

Name: METBOOB JUMA Title: CEO
 Telephone: +255 22 2602 012 Fax: +255 22 2602 018
 Email: Mjuma @ Motomedica - africa. com

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The parties hereto may elect to extend this Agreement upon such terms and conditions as may be agreed upon in writing and signed by the parties at the time of any such extension.

THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

5. DETERMINATION OF RENT

The Tenant agrees to pay the Landlord and the Landlord agrees to accept, during the term hereof, at such place as the Landlord shall from time to time direct by notice to the Tenant, rent at the following rates and times:

- a. **Annual Rent:** Annual rent for the year of the lease will be \$36,000 U.S. Excluding VAT and shall increase by 3% percent every year (1 years) to accommodate inflation.
- b. **Payment of Rent: Tick the option you want please:**
- c. **Offices for media and technology**
- d. Deposit of \$3000 plus first months rent on signing total of \$6,000
- e. Includes 800,000 to upgrade to Aluminum windows and doors
- f. Includes tenants own luku meter 3 phase connection
- g. The tenant shall install the toilet fixtures themselves. Plumbing and connection will be provided.
- h. Other conditions: The Tenant shall also pay to the Landlord rent at the said rate for any portion of the preceding calendar month included in the term of this Lease.
- i. Reference to yearly rent hereunder shall not be implied or construed to the effect that this Lease or the obligation to pay rent hereunder is from year to year, or for any term shorter than the existing Lease term, plus any extensions as may be agreed upon.
- j. A late fee in the amount of [20%] shall be assessed if payment is not postmarked or received by Landlord on or before the tenth day of each month.
- k. The rate will increase by 3% every year to incorporate the inflation and cost of living.

6. USE OF PROPERTY BY TENANT

The Leased Premises may be occupied and used by Tenant exclusively as a [Motomedia technology and media offices].

Nothing herein shall give Tenant the right to use the property for any other purpose or to sublease, assign, or license the use of the property to any Sub-Tenant, assignee, or licensee, which or who shall use the property for any other use.

7. RESTRICTIONS ON USE

Tenant shall not use the demised premises in any manner that will increase risks covered by insurance on the demised premises and result in an increase in the rate of insurance or a cancellation of any insurance policy, even if such use may be in furtherance of Tenant's business purposes.

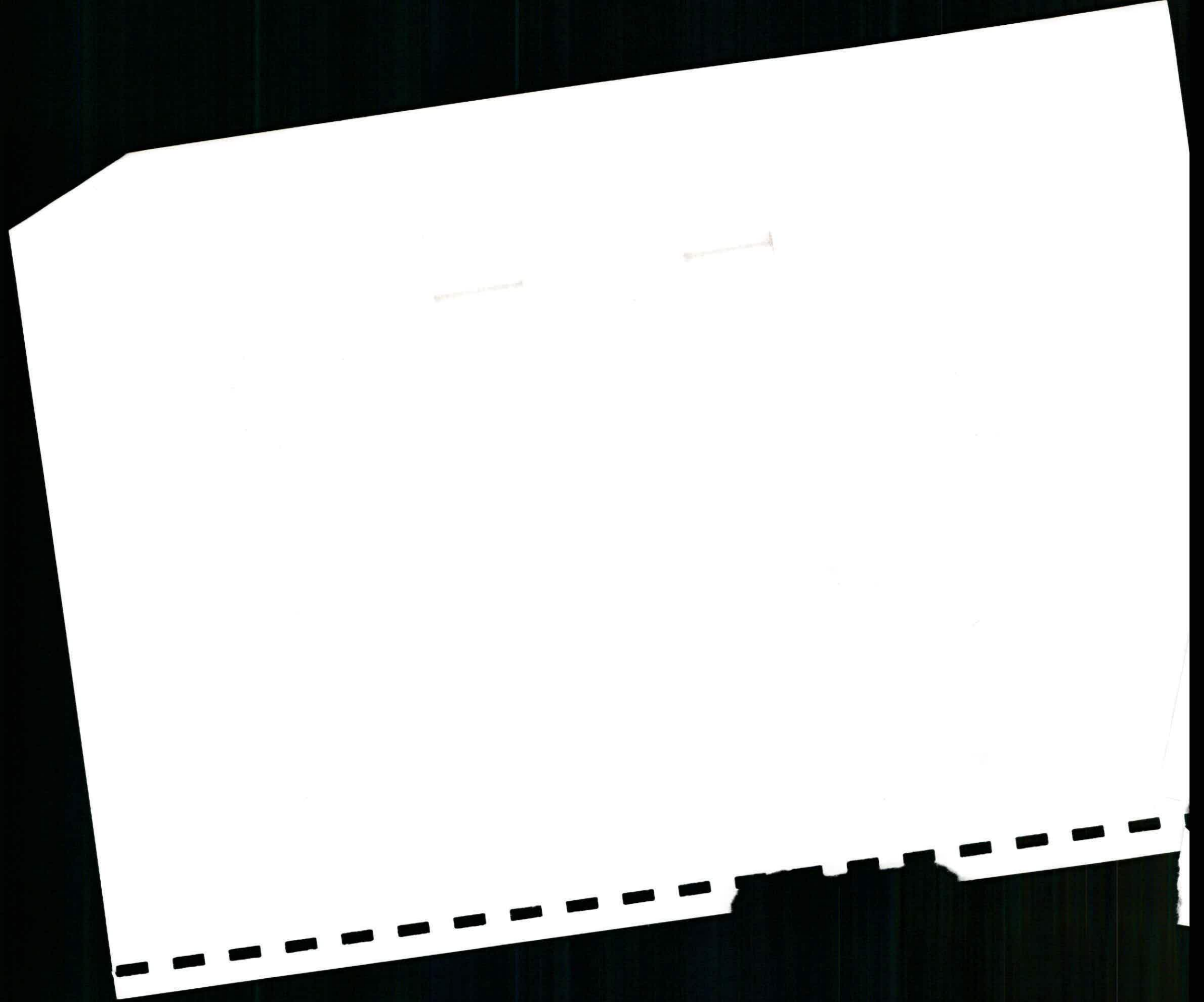
Tenant shall not keep, use, or sell anything prohibited by any policy of fire insurance covering the demised premises, and shall comply with all requirements of the insurers applicable to the demised premises necessary to keep in force the fire and liability insurance.

8. WASTE, NUISANCE, OR UNLAWFUL ACTIVITY

Lease Agreement

THE ROAD AHEAD INVESTMENTS LTD
P. O. Box 23282
DAR-ES-SALAAM

Page 2 of 8



Tenant shall not allow any waste or nuisance on the demised premises, or use or allow the demised premises to be used for any unlawful purpose.

9. DELAY IN DELIVERING POSSESSION

This lease agreement shall not be rendered void or void able by the inability of Landlord to deliver possession to Tenant on the date set forth in Section 3. Landlord shall not be liable to Tenant for any loss or damage suffered by reason of such a delay; provided, however, that Landlord does deliver possession no later than [JUNE 10TH, 2008]. In the event of a delay in delivering possession, the rent for the period of such delay will be deducted from the total rent due under this lease agreement. No extension of this lease agreement shall result from a delay in delivering possession.

UTILITIES

Tenant shall pay for all water, sanitation, sewer, electricity, light, heat, gas, power, fuel, janitorial, and other services incident to Tenant's use of the Leased Premises, whether or not the cost thereof be a charge or imposition against the Leased Premises.

10. OBLIGATIONS FOR REPAIRS

- a. **Landlord's Repairs:** Subject to any provisions herein to the contrary, and except for maintenance or replacement necessitated as the result of the act or omission of subtenants, licensees or contractors, the Landlord shall be required to repair only defects, deficiencies, deviations or failures of materials or workmanship in the building. The Landlord shall keep the Leased Premises free of such defects, deficiencies, deviations or failures during the first [3] months of the term hereof.
- b. **Tenant's Repairs:** The Tenant shall repair and maintain the Leased Premises in good order and condition, except for reasonable wear and tear, the repairs required of Landlord pursuant hereto, and maintenance or replacement necessitated as the result of the act or omission or negligence of the Landlord, its employees, agents, or contractors.
- c. **TENANT'S Alterations:** The Tenant shall have the right, at its sole expense, from time to time, to redecorate the Leased Premises and to make such non-structural alterations and changes in such parts thereof as the Tenant shall deem expedient or necessary for its purposes; provided, however, that such alterations and changes shall neither impair the structural soundness nor diminish the value of the Leased Premises. The Tenant may make structural alterations and additions to the Leased Premises provided that Tenant has first obtained the consent thereto of the Landlord in writing. The Landlord agrees that it shall not withhold such consent unreasonably. The Landlord shall execute and deliver upon the request of the Tenant such instrument or instruments embodying the approval of the Landlord which may be required by the public or quasi public authority for the purpose of obtaining any licenses or permits for the making of such alterations, changes and/or installations in, to or upon the Leased Premises and the Tenant agrees to pay for such licenses or permits.
- d. **Permits and Expenses:** Each party agrees that it will procure all necessary permits for making any repairs, alterations, or other improvements for installations, when applicable. Each Party hereto shall give written notice to the other party of any repairs required of the other pursuant to the provisions of this Article and the party responsible for said repairs agrees promptly to commence such repairs and to prosecute the same to completion.

diligently, subject, however, to the delays occasioned by events beyond the control of such party.

Each party agrees to pay promptly when due the entire cost of any work done by it upon the Leased Premises so that the Leased Premises at all times shall be free of liens for labor and materials. Each party further agrees to hold harmless and indemnify the other party from and against any and all injury, loss, claims or damage to any person or property occasioned by or arising out of the doing of any such work by such party or its employees, agents or contractors. Each party further agrees that in doing such work that it will employ materials of good quality and comply with all governmental requirements, and perform such work in a good and workmanlike manner.

11. TENANT'S COVENANTS

Tenant covenants and agrees as follows:

- a. To procure any licenses and permits required for any use made of the Leased Premises by Tenant, and upon the expiration or termination of this Lease, to remove its goods and effects and those of all persons claiming under it, and to yield up peaceably to Landlord the Leased Premises in good order, repair and condition in all respects; excepting only damage by fire and casualty covered by Tenant's insurance coverage, structural repairs (unless Tenant is obligated to make such repairs hereunder) and reasonable wear and tear;
- b. To permit Landlord and its agents to examine the Leased Premises at reasonable times and to show the Leased Premises to prospective purchasers of the Building and to provide Landlord, if not already available, with a set of keys for the purpose of said examination, provided that Landlord shall not thereby unreasonably interfere with the conduct of Tenant's business;
- c. To permit Landlord to enter the Leased Premises to inspect such repairs, improvements, alterations or additions thereto as may be required under the provisions of this Lease. If, as a result of such repairs, improvements, alterations, or additions, Tenant is deprived of the use of the Leased Premises, the rent shall be abated or adjusted, as the case may be, in proportion to that time during which, and to that portion of the Leased Premises of which, Tenant shall be deprived as a result thereof.

12. INDEMNITY BY TENANT

The Tenant shall save Landlord harmless and indemnify Landlord from all injury, loss, claims or damage to any person or property while on the Leased Premises, unless caused by the willful acts or omissions or gross negligence of Landlord, its employees, agents, licensees or contractors. Tenant shall maintain, with respect to the Leased Premises, public liability insurance with limits of not less than [100,000,000 million Tanzanian shillings] for injury or death from one accident and [100,000,000 million Tanzanian shillings] property damage insurance, insuring Landlord and Tenant against injury to persons or damage to property on or about the Leased Premises. A copy of the policy or a certificate of insurance shall be delivered to Landlord on or before the commencement date and no such policy shall be cancelable without [30] day's prior written notice to Landlord.

13. SIGNAGE

- a. **Exterior Signs:** Tenant shall have the right, at its sole risk and expense and in conformity with applicable laws and ordinances, to erect and thereafter, to repair or replace, if it shall so elect signs on any portion of the Leased Premises, providing that Tenant shall remove any such signs upon termination of this lease, and repair all damage occasioned thereby to the Leased Premises.



- b. **Interior Signs:** Tenant shall have the right, at its sole risk and expense and in conformity with applicable laws and ordinances, to erect, maintain, place and install its usual and customary signs and fixtures in the interior of the Leased Premises.
- a. **Abatement or Adjustment of Rent:** If the whole or any part of the Leased Premises shall be damaged or destroyed by fire or other casualty after the execution of this Lease and before the termination hereof, then in every case the rent reserved in Article IV herein and other charges, if any, shall be abated or adjusted, as the case may be, in proportion to that portion of the Leased Premises of which Tenant shall be deprived on account of such damage or destruction and the work of repair, restoration, rebuilding, or replacement or any combination thereof, of the improvements so damaged or destroyed, shall in no way be construed by any person to effect any reduction of sums or proceeds payable under any rent insurance policy.
- b. **Repairs and Restoration:** Landlord agrees that in the event of the damage or destruction of the Leased Premises, Landlord forthwith shall proceed to repair, restore, replace or rebuild the Leased Premises (excluding Tenant's leasehold improvements), to substantially the condition in which the same were immediately prior to such damage or destruction. The Landlord thereafter shall diligently prosecute said work to completion without delay or interruption except for events beyond the reasonable control of Landlord. Notwithstanding the foregoing, if Landlord does not either obtain a building permit within [30] days of the date of such damage or destruction, or complete such repairs, rebuilding or restoration within [3] months of such damage or destruction, then Tenant may at any time thereafter cancel and terminate this Lease by sending [30] days written notice thereof to Landlord, or, in the alternative, Tenant may, during said [30] day period, apply for the same and Landlord shall cooperate with Tenant in Tenant's application. Notwithstanding the foregoing, if such damage or destruction shall occur during the last year of the term of this Lease, or during any renewal term, and shall amount to [20%] or more of the replacement cost, (exclusive of the land and foundations), this Lease, may be terminated at the election of either Landlord or Tenant, provided that notice of such election shall be sent by the party so electing to the other within [30] days after the occurrence of such damage or destruction. Upon termination, as aforesaid, by either party hereto, this Lease and the term thereof shall cease and come to an end, any unearned rent or other charges paid in advance by Tenant shall be refunded to Tenant, and the parties shall be released hereunder, each to the other, from all liability and obligations hereunder thereafter arising.

14. LANDLORD'S SELF HELP

If in the performance or observance of any agreement or condition in this Lease contained on its part to be performed or observed and shall not cure such default within [15] days after notice from Landlord specifying the default (or if such default shall reasonably take more than [7] days to cure, shall diligently prosecute the same to completion), Landlord may, at its option, without waiving any claim for damages for breach of agreement, at any time thereafter cure such default for the account of Tenant, and any amount paid or contractual liability incurred by Landlord in so doing shall be deemed paid or incurred for the account of Tenant and Tenant agrees to reimburse Landlord therefore and save Landlord harmless there from. Provided, however, that Landlord may cure any such default as aforesaid prior to the expiration of said waiting period, without notice to Tenant if any emergency situation exists, or after notice to Tenant, if the curing of such default prior to the expiration of said waiting period is reasonably necessary to protect the Leased Premises or Landlord's interest therein, or to prevent injury or damage to persons or property. If Tenant shall fail to reimburse Landlord upon demand for any amount paid for the account of Tenant hereunder, said amount shall be added to and become due as a part of the next payment of rent due and shall for all purposes be deemed and treated as rent hereunder.



15. ASSIGNMENT AND SUBLETTING

Under the terms and conditions hereunder, Tenant shall have the absolute right to transfer and assign this lease or to sublet all or any portion of the Leased Premises or to cease operating Tenant's business on the Leased Premises provided that at the time of such assignment or sublease Tenant shall not be in default in the performance and observance of the obligations imposed upon Tenant hereunder, and in the event that Tenant assigns or sublets this property for an amount in excess of the rental amount then being paid, then Landlord shall require as further consideration for the granting of the right to assign or sublet, a sum equal to [20%] of the difference between the amount of rental to be charged by Tenant to Tenant's subtenant or assignee and the amount provided for herein, payable in a manner consistent with the method of payment by the subtenant or assignee to the Tenant, and/or [15%] of the consideration paid or to be paid to Tenant by Tenant's or Sub-Tenant or assignee.

16. FIXTURES

All personal property, furnishings and equipment presently and all other trade fixtures installed in or hereafter by or at the expense of Tenant and all additions and/or improvements, exclusive of structural, mechanical, electrical, and plumbing, affixed to the Leased Premises and used in the operation of the Tenant's business made to, in or on the Leased Premises by and at the expense of Tenant and susceptible of being removed from the Leased Premises without damage, unless such damage be repaired by Tenant, shall remain the property of Tenant and Tenant may, but shall not be obligated to, remove the same or any part thereof at any time or times during the term hereof, provided that Tenant, at its sole cost and expense, shall make any repairs occasioned by such removal.

17. OPTION TO RENEW

Landlord grants to Tenant an option to renew this lease agreement for a period of [3] years after expiration of the term of this Lease agreement at a rental of [NEGOTIATED AT TIME OF RENEWAL] per month, with all other terms and conditions of the renewal lease to be the same as those in this lease agreement. To exercise this option to renew, Tenant must give Landlord written notice of intention to do so at least [7] days before this lease agreement expires.

18. BROKERAGE AND REFUND

No party has acted as, by or through a broker in the effectuation of this Agreement, except as set out hereinafter. (5% of the first years lease has to be paid to _Nil_____ as commission which will be shared). **Once the deposit is paid and the Tenant decides to break the lease 3 months deposit will be forfeited with first months rent. This will be considered as settlement for breaking the lease.**

19. ENTIRE AGREEMENT

This instrument contains the entire and only agreement between the parties, and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect. This Lease shall not be modified in any way except by a writing executed by both parties.

20. GOVERNING LAW

All matters pertaining to this agreement (including its interpretation, application, validity, performance and breach) in whatever jurisdiction action may be brought, shall be governed by, construed and enforced in accordance with the laws of the UNITED REPUBLIC OF TANZANIA. The parties herein waive trial by jury

and agree to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in [THE UNITED REPUBLIC OF TANZANIA].

21. LITIGATION

In the event that litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing party may be entitled. In such event, no action shall be entertained by said court or any court of competent jurisdiction if filed more than one year subsequent to the date the cause(s) of action actually accrued regardless of whether damages were otherwise as of said time calculable.

If Landlord files an action to enforce any agreement contained in this lease agreement, or for breach of any covenant or condition, Tenant shall pay Landlord reasonable attorney fees for the services of Landlord's attorney in the action, all fees to be fixed by the court.

22. CONTRACTUAL PROCEDURES

Unless specifically disallowed by law, should litigation arise hereunder, service of process therefore may be obtained through certified mail, return receipt requested; the parties hereto waiving any and all rights they may have to object to the method by which service was perfected.

23. EXTRAORDINARY REMEDIES

To the extent cognizable at law, the parties hereto, in the event of breach and in addition to any and all other remedies available thereto, may obtain injunctive relief, regardless of whether the injured party can demonstrate that no adequate remedy exists at law.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written or have caused this Lease to be executed by their respective officers thereunto duly authorized.

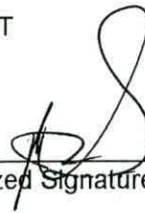
LANDLORD



Authorized Signature

F. Silaa - Renting Office
THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

TENANT



Authorized Signature

Mehboob S. Juma - Director
MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR-ES-SALAAM
TANZANIA



EXHIBIT "A" LEGAL DESCRIPTION

The landlord will provide Toilet facility which will be shared and maintained by the landlord.

The shops will have electrical access, water termination and tiles.

Water tanks will be installed for all shoppers and will be used by everyone.

Every tenant will have their own LUKU meter. (Deposit of the LUKU meter will be paid by tenant)

Color of the building and tiles will be uniform throughout the center.

Security will be shared by all tenants. If any extraordinary security is required will be the task of tenants to procure it.

Waste and garbage disposal will be responsibility of each individual tenant.

THE ROAD AHEAD INVESTMENTS (T) LTD.
P. O. Box 23282
DAR-ES-SALAAM

**BOARD RESOLUTION OF [Motomedia Tanzania Limited]
TO APPLY FOR TANZANIA INVESTMENT INCENTIVES**

DULY PASSED ON [July 28, 2008]

Application of Tanzania Investment Incentives

WHEREAS, the Corporation requires Investments and incentives in the area of [Expansion and infrastructure development] be it:

RESOLVED, to obtain incentives and tax rebates in the area of Digital Equipments Assembling Plant. The incentives will be utilized to setup facilities for assembling and installation of digital impediments for digital information and retrieval technology.

RESOLVED, that the officers of this corporation are, and each acting alone is, hereby authorized to do and perform any and all such acts, including execution of any and all documents and certificates, as such officers shall deem necessary or advisable, to carry out the purposes and intent of the foregoing resolutions.

RESOLVED FURTHER, that any actions taken by such officers prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of this corporation.

It is hereby certified by the undersigned that the foregoing resolution was duly passed by the Board of Directors of the above-named Company on the [28th.] day of [July, 2008], in accordance with the Memorandum or By-Laws and Articles of Incorporation of the Company and the laws and by-laws governing the Company and that the said resolution has been duly recorded in the Minute Book and is in


MOTOMEDIA TANZANIA LTD.
P. O. Box 23282
DAR ES SALAAM
TANZANIA

THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY

Terminating appointment as a director or secretary
(Not for appointment (Use Form 210a) or change of particulars (Use Form 210c))
Pursuant to Section 210 of the Companies Act, 2002

Company Number

Company Name
(in full)

Date of termination of
appointment

as director

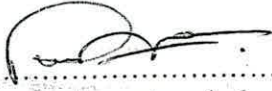
as secretary

Name: (First Name(s))

(Surname)

Date of Birth

A serving director / secretary etc. must sign the form below

Signed 

Date 20/06/2008

(A serving director / secretary / administrator / administrative receiver / receiver)

FOR OFFICIAL USE ONLY.

TRANSFER OF SHARE OR STOCK.

warded to the Company's Office by
Siv

PETER RUPIA
P.O. BOX 23465
DAR ES SALAAM

in consideration of the sum of three hundred thousands (300,000/=)
paid by

OMAR HATIBU,
P.O. BOX 14296,
DAR ES SALAAM

hereinafter called the said Transferee

Do hereby bargain sell, assign, and transfer to the said transferee

Three thousand (3000) shares

of and in the undertaking called the MOTOMEDIA AFRICA LIMITED

As Witness our hands and Sales this 20th day of June
in the year Two Thousand and eight

Signed, sealed and delivered, by the above-named PETER RUPIA
in the Presence of PETER

Witness 1

Signature *
Address
Occupation

* [Signature]
PETER RUPIA (SEAL)

Signed, sealed and delivered, by the above-named OMAR HATIBU
in the Presence of

Witness 2

Signature
Address
Occupation

* [Signature]
OMAR HATIBU (SEAL)

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

TRANSFER OF SHARE OR STOCK.

Stock forwarded to the Company's Office by

I, PETER RUPIA
P.O. BOX 23465,
DAR ES SALAAM

in consideration of the sum of three hundred thousands (3,00,000/-)
paid by OMAR HATIBU,
P.O. BOX 14296,
DAR ES SALAAM

hereinafter called the said Transferee

Do hereby bargain sell, assign, and transfer to the said transferee

Three hundred shares

of and in the undertaking called the MOTOMEDIA TANZANIA LIMITED

As Witness our hands and Sales this

In the year Two Thousand and Eight 20th day of JUNE

Signed, sealed and delivered, by the above-named PETER RUPIA

in the Presence of

Signature

Address

Occupation


PETER RUPIA



Signed, sealed and delivered, by the above-named OMAR HATIBU

in the Presence of

Signature

Address

Occupation


OMAR HATIBU



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

TANZANIA



Certificate of Incorporation

Section 15

No 64724

I HEREBY CERTIFY THAT

MOTOMEDIA TANZANIA LIMITED =====

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

Given under my hand at Dar es salaam

this 18TH day of MARCH

TWO THOUSAND AND EIGHT

Assist. Registrar of Companies

TFN: 226
(Rev. 2/96)

MS 226
37

TAMHURI YA MUUNGANO WA TANZANIA

LESENI YA BIASHARA

No. 01120238

(Imetolewa chini ya Sheria ya Leseni za Biashara Na. 25 ya Mwaka 1972 marekebisho ya mwaka 1980 na masharti yalivyo nyuma)

*Futa isiyotakiwa

1. Ofisi iliyotolewa

2. Nambari ya Ushuru wa mapato

3. Leseni imetolewa kwa

kuendesha biashara ya

kauka Wilaya/Kanda ya

4. Ni ya Shina/Lawi

Ada Sh.

ya tarehe

5. Mpya inaendeleza* muda wa leseni Na

ya tarehe

(ii) Muda wa leseni hii utarisha 10 Juni 20

Tarehe

GP-DSM

Advertising Council

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Mojo media Tanzania LTD

Advertisment

Kanondo Maa Msafaha

Namba ya Siakabadihi

10/08

10/08

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10/08

10/08

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10/08

10/08

CTIN.: 00335126



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION

FOR

TAXPAYER IDENTIFICATION NUMBER (TIN)

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

THIS IS TO CERTIFY THAT

MOTOMEDIA TANZANIA LTD.

.....

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

106-869-758

.....

27/06/2008

with effect from

JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

