

LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED

**PROJECT PROGRESS REPORT FOR THE PERIOD OF
DECEMBER 2004 -MARCH 2021**

LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED

1.0 INTRODUCTION

LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED Is a leader in the provision, management, and implementation of telecommunications network deployment services.

The company extensive and longstanding experience, building and upgrading networks countrywide, qualify us to offer our customers excellent, comprehensive operation and maintenance services for their networks, aimed at reducing the Operator's OPEX and increasing network efficiency and availability.

LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED is a company incorporated in Tanzania under Tanzania Laws, the company is incorporated under the companies Act 2002. And was issued Certificate of Change of Name No.48944 dated 2nd February 2011, Previously the Company was known as LEADCOM KASSIAN LIMITED with Certificate Of Incorporation No. 48944 dated 21st May 2004, the board of directors in 2011 made a bold decision to change the name so cope with new business environment which is very dynamic and needs innovation and creativity. The LEADCOM KASSIAN LIMITED was issued with certificate of incentives **No.110307** dated 1st February 2004 Issued by Tanzania investment Centre with main objective to establish a project for

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provision of technical, logistical, managerial and support system for telecommunication sector, Project sought to improve the Provision of digital telecommunication services in Tanzania by supporting mobile phones companies in construction and installation of telecommunication towers. Supplying telecommunication equipment, maintain and supporting telecommunication towers in consistent with the requirement of Tanzania Communication Regulatory. The project was developed and implemented in a collaborative with foreign investors who joined hands by mobilizing financial resources needed for investing in Tanzania.

2.0 OVERVIEW OF TANZANIA TELECOMMUNICATION SECTOR

In February 2005, Tanzania initiated liberalization of its telecommunications sector. The government has actively embraced competition in the telecom market despite it having retaken control of the incumbent telecom TTCL in June 2016. Foreign participation has also been encouraged to promote economic growth and social development. Policy reforms have led to the telecom sector becoming among the most liberal in Africa. However, high import tariffs on telecom equipment and taxes on telephone facilities by various authorities are still placing a burden on investors and operators.

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Tanzania has two fixed-line operators (TTCL and Zantel) and eight operational mobile networks, with four additional players licensed under a new converged regulatory regime. With four major operators;

- Vodacom,
- Bharti Airtel (formerly Zain),
- Tigo
- Halotel

Mobile penetration reached 88% by March 2020. In recent years, a price war among these players has adversely affected the smaller operators, which have suffered from customer churn.

The converged licensing regime has brought many new players into the market. The liberalization of Voice-over-Internet Protocol (VoIP) telephony as well as the introduction of third and fourth generation (3G, LTE) mobile services and wireless broadband networks has boosting the internet sector which has been otherwise hampered by the low level of development of the traditional fixed-line network.

With the launch of mobile broadband services, the mobile network operators have become the leading internet service providers. Operators are hoping for revenue growth in the mobile data services market, given

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that the voice market is almost entirely prepaid and voice average revenue per user continues to fall. To this end they have invested in network upgrades. A fast-developing source of revenue is from mobile money transfer and m-banking services.

The government has become more determined to manage the telecom sector more effectively. It has cracked down on counterfeit smartphones, which were thought to account for up to 30% of devices in circulation and has introduced a biometric SIM card registration scheme.

The government in September 2017 completed a long-term process to reacquire the incumbent, buying out the 35% stake owned by Bharti Airtel. The company was reformed as the TTC in January 2018, with a mandate to develop telecom services and manage infrastructure.

The market is very competitive with the following operational service providers:

Fixed network operators:

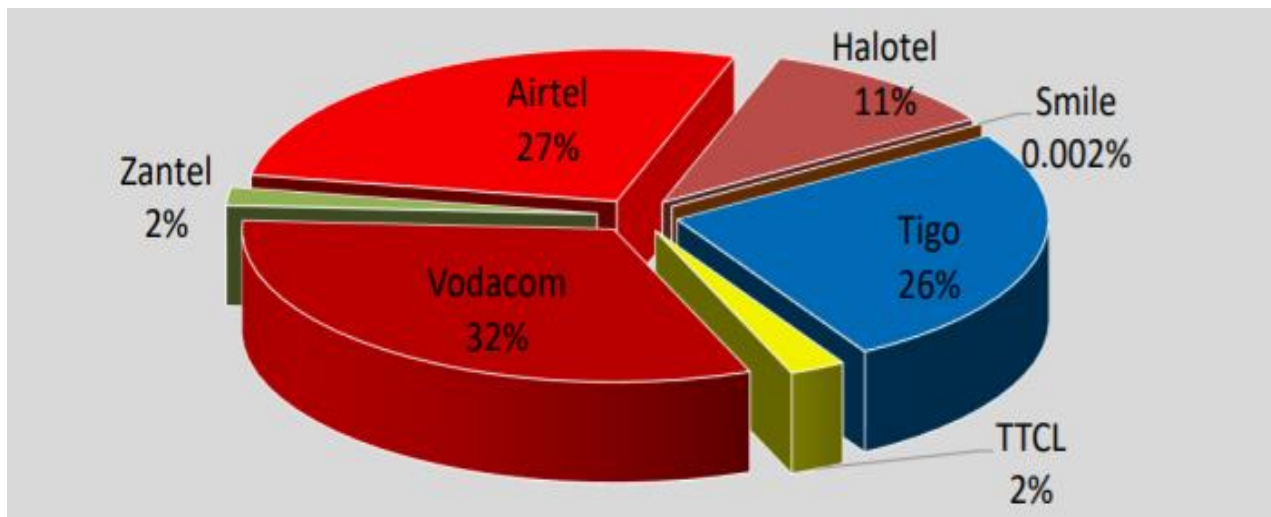
- Tanzania Telecommunications Company Limited (TTCL)
- Zanzibar Telecommunications Limited (ZANTEL)

Mobile network operators:

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- Tanzania Telecommunications Company Limited (TTCL)
- Zanzibar Telecommunications Limited (ZANTEL)
- Vodacom Tanzania Limited
- MIC Tanzania Limited (TIGO)
- Airtel Tanzania Limited
- Smile
- Viettel (HALOTEL)

Operators Subscription Market Share



Source: Telcom Statistics March 2020 – www.tcra.go.tz

The Tanzania Communications Regulatory Authority (TCRA), established by the TCRA Act no. 12 of 2003, is an independent authority governing the Postal,

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Broadcasting and Electronic communications industries in the Tanzania. TCRA regulates Tanzania's telecommunications industry. For more details visit:

www.tcra.go.tz

Summary of trends in Telecom Statistics

Year	2012	2013	2014	2015	2016	2017	2018	2019
Fixed	176,367	164,999	142,950	142,819	129,597	127,094	124,238	76,288
Mobile	27,450,789	27,442,823	34,108,851	39,665,600	40,044,186	39,953,860	43,497,261	48,863,584
Total	27,627,156	27,607,822	34,251,801	39,808,419	40,173,783	40,080,954	43,621,499	48,939,872
Penetration	61%	61%	71%	79%	80%	78%	81%	88%

Source: Telcom Statistic March 2020 – www.tcra.go.tz

3.0 COMPANY OWNERSHIP

LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED is currently jointly owned by three shareholders who agreed to come together to share vast experiences in managing and supporting telecommunication towers digital broadcasting for the mutual benefits of both parties:

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Name of shareholders	Nationality	%of shares
LEADCOM INTEGRATED SOLUTIONS INTERNATIONAL WTC TOWER E, 23RD FLOOR, PRINSES MARGARIETPLANSTONE 88. E-mail Address: ElyF@leadcom-ls.Com Tel: 972526057335	Netherlands	99
LCC EUROPE BV Email: ronb@leadcom-is.com Tel: +255703047700 Netherlands, s-Gravenhage, 0703047700, 2516CK,	Netherlands	1

4.0 LOCATION

The company head office is located at Plot No. 2379/34 WINDING AVENUE OYSTER BAY, Dar Es Salaam, Tanzania.

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5.0 LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED PROJECT AND COMPANY INFORMATION

1.	Contact Person	Name	Clara Philip Laiser
		Position	Human Resources Manager & Office Admin
		Communication Details (Email, Mobile and telephone)	Email: ClaraPL@leadcom-is.com Tel: +255717545435
2.	Incorporation	Certificate of Incorporation No.	No. 48944
3.	TIN information	TIN Certificate No.	No. 102 695 860
4.	Project Objective	Project Core Activity	provision, management, and implementation of telecommunications network deployment services
5.	Capacity	Project Capacity per Year	100 telecommunications towers
6.	Direct Employment	Foreign-Men	2
		Foreign-Women	Nil
		Local-Men	3

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		Local-Women	1
7.	Indirect employment	Estimated Total No.	140
		Type/areas of Indirect Employment	food suppliers, watchmen lubricants and oil suppliers, technicians etc

6.0 PROJECT IMPLEMENTATION

Project implementation period December 2004 -March 2021

7.0 PLANNED PROJECT INVESTMENT COST IN 2004

The project investment cost was estimated to be US\$410,000 as following:

LEADCOM INTERGRATED SOLUTIONS TANZANIA LIMITED COST STRUCTURE US\$

Land and Building	24,000
Plant and Machinery	293,000
Motor vehicles	40,000
Furnitures	3,000
Working Capita	50000
Total	410,000

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8.0 PROJECT FINANCING PLAN IN 2004

The project was planned to be financed as below:

	Amount (USD)	Source Country
Local Equity	NIL	NA
Local Loans	NIL	NA
Foreign Equity	410,000	Netherlands
Foreign Loans	NIL	NA
Total Investment	410,000	

8.1 LEADCOM INTERGRATED SOLUTIONS TANZANIA LIMITED PROJECT FINANCIAL EXPENDITURE TO DATE (USD):

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings		408,000	408,000
Plant and machinery		1,000,000	1,000,000
Vehicles/Aircrafts		80,000	80,000
Furniture		4,000	4,000
Office equipment		5,000	5,000
Insurance Cover		NIL	NIL
Pre-operational expenses		15,000	15,000
Working sub-total capital		200,000	200,000
GRAND TOTAL		1,712,000	1,712,000

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8.2 LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED PROJECT FINANCING PATTERN TO DATE (USD):

	Amount (USD)	Source Country
Local Equity	NIL	NA
Local Loans	NIL	NA
Foreign Equity	1,712,000	Netherlands
Foreign Loans	NIL	NA
Total Investment	1,712,000	

8.2 ACHIEVEMENT MADE TO DATE

Since 2004 the company has managed to accomplish planned activities as per company plan by 100%, LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED is among top 3 companies who are providing management, and implementation of telecommunications network

deployment services in Tanzania market, the company is proudly to mention that has accomplished to construct, install telecommunication equipment to not less than 900 telecommunication towers countrywide. The company normally construct telecommunication towers through outsourcing/subcontract that is why you will find the number of people employed directly by LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED is very minimal.

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Currently the company is maintaining and repairing 100 telecommunication towers countrywide

9.0 PLANNED EMPLOYMENT CREATION IN 2004

The company planned to create employment to 5 Tanzanians and 2 foreigners; the details is summarized below:

LEADCOM INTEGRATED SOLUTIONS TANZANIA LIMITED EMPLOYEES'

DISTRIBUTION SUMMARY

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	4	3	8
Men	1	6	10	17
TOTAL	2	10	13	25

9.1 ACTUAL EMPLOYMENT CREATED TO DATE

The company has employed 68 Tanzanians and 3 foreigners; the details is summarized below:

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	0	2	2	4
Men	2	2	4	8
TOTAL	2	4	6	12

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10.0 CHALLENGES

- I. High import tariffs on telecom equipment and taxes on telephone facilities by various authorities are still placing a burden on investors and operators
- II. Delays in mobilizing shareholders equity and loan for project investment
- III. Delays in obtaining various license and approvals
- IV. Fluctuation of exchange currency
- V. Stiff competitions from companies who are providing similar services
- VI. Limited availability of telecommunication towers experts in domestic market

11.0 PROPOSED SOLUTIONS

- I. The government need to review tax structure on telecommunication sector
- II. The Management have recommended to board of directors the company to use some of cash generated from businesses
- III. The TIC needs to improve services provided at one stop shop to include other permits and approvals which currently are not provided at TIC
- IV. Management have improved the quality of services and cost so as to maintain large market share
- V. The company have improved inhouse training and outsourcing

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12.0 FUTURE PLAN

- The company plan to establish corporate social responsibility from 2021
- The company plan to establish link with vocation training so establish formal communication to have qualified and competent local employees in telecommunication sector
- The company is exploring other investment opportunities in telecommunication sector
- The company is planning to improve marketing strategies
- The company is planning to increase number of employment and improve inhouse training

13.0 THE WAYWARD

The board of directors have confidence with the Tanzania business environment and the future is promising

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Telecommunication towers

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Telecommunication towers

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Telecommunication towers