



Extreme limits

Home to Mt. Kilimanjaro, Tanzania has also proven itself as a high point for casino, street and online gaming

Tanzania is probably one of the oldest known continuously inhabited areas on Earth with fossils dating back to over two million years. Travellers and merchants from the Persian Gulf and Western India visited the East African coast from as early as the first millennium AD.

The Omani Sultan moved his capital to Zanzibar City in 1840 and during this time the city became the centre for the Arab slave trade. Between 65 and 90 per cent of the population of the Arab-Swahili Zanzibar was enslaved.

Tanzania was formed and the name was derived out of the union of two sovereign states namely Tanganyika and Zanzibar. Tanganyika became a sovereign state in 1961 and a republic the following year. Zanzibar became independent in 1963 and the Peoples Republic of Zanzibar was established in 1964. The two republics formed Tanzania in April 1964 whilst the government is a unitary republic which consists of the Union Government and the Zanzibar Revolutionary Government.

In the late 19th century Germany conquered the regions that are now Tanzania, Rwanda and Burundi and incorporated them into German East Africa. During World War I, an invasion attempt by the British was thwarted by the Germans who then mounted a guerrilla campaign against the British.

However, the area became a British Mandate until 1961 after a relatively peaceful campaign when it became independent.

After the Zanzibar Revolution overthrew the Arab dynasty in neighbouring Zanzibar the island merged with mainland Tanganyika to form the nation of Tanzania in 1964. From the late 1970s Tanzania's economy took a turn for the worse and it sought Chinese Aid, although this came with the condition that the projects be completed with imported Chinese labour. Then from the mid 1980s the regime financed itself by borrowing from the IMF.

The country is a unitary republic and composes of 26 mikoa (regions). The current head of state is President Jakaya Mrisho Kikwete who was elected in 2005. Parliamentary elections have been held without fail every five years since independence. The country enjoys political stability.

One of the key areas of policy focus is the promotion of sustained and shared economic growth. The government is also committed to the promotion of public and private sector partnerships.

Tanzania is in the bottom 10 per cent of the world's economies in terms of per capita income. The economy depends

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heavily on agriculture which accounts for more than a quarter of the GDP, provides 85 per cent of exports and employs 80 per cent of the work force. However cultivated crops are limited to around four per cent of the land area due to topography and climate.

Long term growth through 2005 saw a pick up in industrial productions and increase in the output of minerals. Recent banking reforms have also helped increase private sector growth and investments. Tanzania is located in central east Africa and is bordered by Kenya and Uganda to the north, Rwanda and Burundi and the Congo in the west and Zambia, Malawi and Mozambique to the south. The eastern borders lie on the Indian Ocean.

With 947,300 sq.km Tanzania is the world's 31st largest country and is mainly mountainous in the northeast where Mount Kilimanjaro, Africa's highest peak, is situated. To the north and west are the Great Lakes of Lake Victoria (Africa's largest lake) and Lake Tanganyika (Africa's deepest lake). Central Tanzania comprises of a large plateau with plains and arable land. The country has the

largest concentration of wild animals and also has pristine sandy beaches and Africa's highest snow capped mountain. It is home to 15 famous National Parks and 31 Game Reserves.

Dar es Salaam is the commercial capital and major sea port and serves neighbouring land-locked countries of Malawi, Zambia, Burundi, Rwanda and Uganda. It is also the gateway to east and central Africa.

Meanwhile, tourism in Tanzania is less well developed than in other African countries, which is partly due to past government policies which hindered the growth. The Tanzanian state had a major shareholding in the tourist industry and foreign companies were reluctant to invest in the country.

In 1990 the government began to liberalise the tourist sector which revitalised the tourist industry and it created the Tanzanian Tourist Board in 1992. The tourist industry currently generates a quarter of Tanzania's foreign exchange and contributes 17 per cent of the GDP.

In 2009 Tanzania saw 714,367 visitors and saw receipts of US\$1.2bn. The tourist board is now aiming to increase its tourism campaigns to build on this figure. It has already promoted tourism in India and some 1,000 tourists are expected to visit next year.

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THE GAMING MARKET

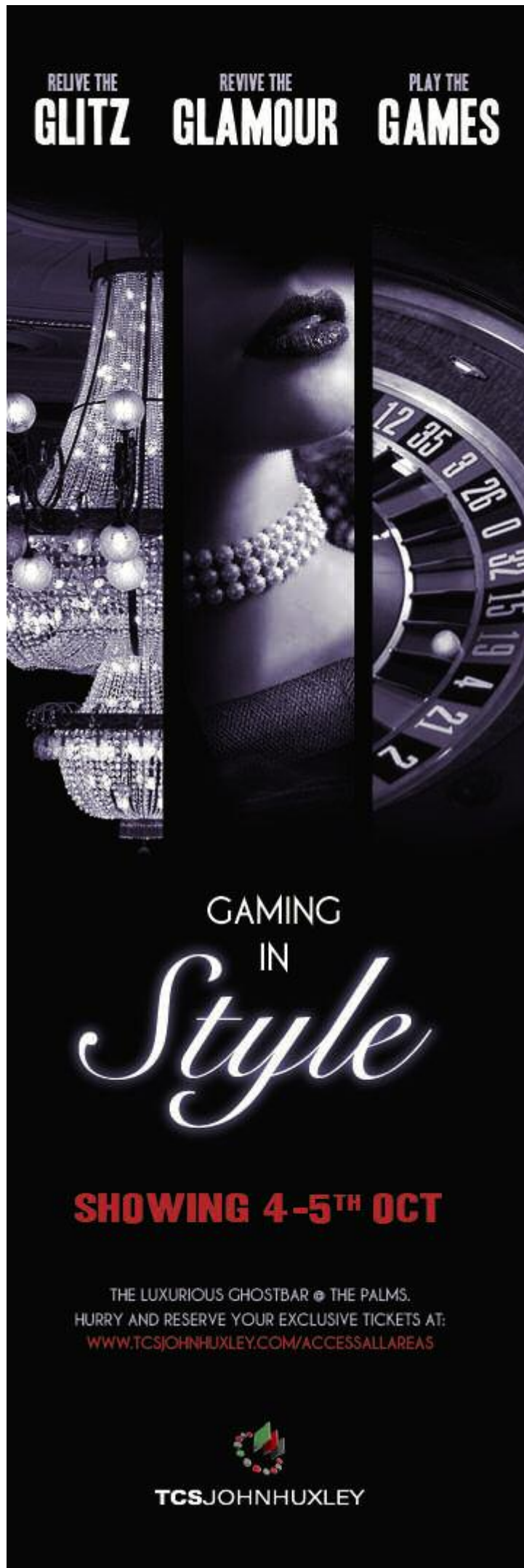
The history of gaming in Tanzania dates back to the colonial era. During the late 1950s a form of lottery was introduced in clandestine operations although it was meant to fund good causes. The gaming industry later became regulated under the Pools and Lotteries Act 1967 and the National Lotteries Act 1974. The board of the National Lotteries was vested with the role of regulating the industry and conducting national lotteries although this later proved a conflict of interests. Up until 1985 only the national lottery was conducted in Tanzania by the now defunct National Lotteries group. When economic reforms began this stimulated investment projects within the hotel and leisure industry and as such encouraged the development of a National Policy on Gaming Activities which later became the Gaming Act Cap.41.

Gaming operators have since been licensed to operate national lottery, casinos, slot machines, fete and public/private lotteries and promotional lotteries. M/S Gaming Services Tanzania Ltd (GAMAT) was issued with the National Lottery licence in 2004 although this was later revoked.

The Gaming Board of Tanzania is a gaming regulatory body which was established under the Gaming Act Cap.41 in 2003 and oversees the gaming activities in Tanzania. It is responsible for issuing licences for all gaming operators and consists of a Board of Directors of six members and secretary. There are currently eight casinos, one national lottery and 215 slot machine route operations.



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The gaming policy aims to ensure the industry is regulated and that casinos, slot machines and bingo halls are owned by the private sector whilst the national lottery is owned and regulated by the government but contracted to the private sector.

The gaming act includes the following points:

- AWP's (with or without prizes) are permitted in commercial or non-commercial entertainment facilities but restricted to those over 18 years of age.
- Slot halls with more than 40 machines must be at least 500m away from casinos in Dar es Salaam and 200m away from casinos in other regions.
- Casinos pay 13 per cent of the monthly GGR whilst the national lottery pays a total of 15 per cent tax per lottery (10% gaming tax, 3% royalty and 2% gaming levy) whilst slot machines pay Tz\$16,000 per machine per month.
- Proceeds of gaming tax and levies go towards promoting sporting activities.
- Domestic and foreign investors are allowed to invest in the gaming sector with priority investment in hotels, tourism and other related community development activities. Joint ventures between local and foreign partners are encouraged.
- Gaming licences are only issued to suitable locations and not within an immediate vicinity of schools, churches, hospitals or residential areas.
- Slots in casinos must have a minimum return of not less than 80 per cent.
- Slots in slot halls shall have a minimum return of not less than 75 per cent.
- A maximum of two slot machines are allowed in places which sell alcohol.
- The application fee for a casino in Dar es Salaam is Tz\$500,000 with an annual licence fee of US\$40,000 plus 1.5% of GGR monthly levy.
- The application fee for casinos elsewhere is Tz\$500,000 with an annual licence fee of US\$15,000 plus a 1.5% of GGR monthly levy.
- The application fee for slot machines in shops is Tz\$50,000 with an annual licence fee of Tz\$50,000 with a Tz\$3,000 monthly fee per machine.
- The application fee for slot machines in bars (or places selling alcohol) is



Tz\$10,000 plus an annual licence fee of Tz\$30,000 with a Tz\$3,000 monthly fee per machine.

- The application fee for slot halls (with 40+ machines) in Dar es Salaam is Tz\$500,000 with an annual licence fee of Tz\$15,000. For those in other regions the application fee is the same and the licence fee is Tz\$10,000.
- The application fee for bingo (in a hall or casino) is Tz\$100,000 plus an annual licence fee of Tz\$500,000 with 1.5% monthly levy of the gross sales.
- The application fee for amusement games is Tz\$5,000 with a Tz\$10,000 annual licence fee per location.

In 2003 the gaming sector employed a total of 555 Tanzanians and saw a total of Tz\$960.35m paid in gaming tax. A total of Tz\$891.73m was paid to the government by the sector.

OPERATORS AND OPERATIONS

The KaiRo International Group is an

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investment and development company in the gaming, leisure and entertainment industry. It operates and manages casinos and slot operations in Africa and has offices in Gibraltar, Tanzania and Vietnam.

The directors are all ex-Sun International employees who met during the gaming boom in South Africa in the 70s and 80s. In the early 1990s the group owned casinos in the TGI group which comprised of nine operations in Turkey. These were sold in 1996. The group has since worked on developing projects in other countries and to date has completed 20 projects worldwide with current land based operations in Tanzania, Malawi and Ghana.

KaiRo has a joint venture partnership with Ladbrokes for the African continent and Indian Ocean Islands promoting and marketing Ladbrokes.com online betting. KaiRo also operates Ladbrokes sports betting on a land-based system where approved.

TANZANIA: VITAL STATISTICS

Capital: Dodoma (official)
Population: 41,892,895
Land Area: 885,800 sq.km
Median age: 18.3 years
Languages: Kiswahili of Swahili (official), English, Arabic, local languages
Currency: Tanzanian shillings (TZS)
Government: Republic
Chief of State: President Jakaya Kikwete
Head of Government: Prime Minister Abbas El Fassi (since 2007)
Cabinet: Cabinet appointed by the president from among members of National Assembly.
Elections: Next election to be held in 2015.

Casinos: 8
Casino operators: 4
Casino Slots: 400 approx
Casino Tables: 60 approx



The Tanzania casinos operations include the New Africa Hotel in Dar es Salaam which opened in 1997 followed by the Safari in Arusha which opened in 2000. KaiRo also has casinos in Malawi (Colony Club) which opened in 2002, La Palm Casino in Ghana which opened a year later and Saigon Lounge which opened in 2008.

Meanwhile Odyssey International operates four of the casinos in Tanzania - Le Grand Casino, Kilimanjaro Casino, Palm Beach Casino and Sea Cliff Casino

DAR ES SALAAM

This former capital city (which translates as House of Peace) is the largest city in Tanzania and also the richest which consists of three local administrative districts. It has a population of 2.4 million and although lost its capital status to Dodoma in 1974 remains the centre of the permanent central government bureaucracy.

NEW AFRICA HOTEL AND CASINO was opened in 1997 by KaiRo International. It

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was the group's first African casino in the refurbished New Africa Hotel in the city. The casino has eight gaming tables (four American Roulette and four card tables) and 78 slots including Novomatic's Super V+ Gaminators linked to Mega Mystery Jackpot. The slots are fitted with online smart card management system and bill acceptors. The casino also features a Ladbrokes.com lounge offering online sports betting.

KILIMANJARO HOTEL KEMPINSKI is located in the city. The hotel was rebuilt and the casino opened in the hotel in 2006. It is operated by Odyssey International.

PALM BEACH HOTEL is not actually on the beach. However when it was originally built in 1954 it was one of the only buildings in the area with nothing to separate it from the beach just 200m away. Now the city of Dar es Salaam is built up around the hotel. It was recently renovated and restored to its former art deco glory and offers 32 bedrooms, conference room and restaurant. The casino was opened in 2005 and is operated by Odyssey International.

HOTEL SEA CLIFF is as the name implies located on the cliff edge of the Masaki peninsula and set in beautiful manicured gardens. There are 114 rooms with views of the ocean plus a gym, business centre and restaurants. The casino is part of the Odyssey International Group and offers eight table games and 80 slots.

LE GRAND CASINO has got six table games and 100 slots. The entrance is via the Harbour View Towers building where the J. Mall shopping centre is located. It is operated by Odyssey International.

LAS VEGAS CASINO has got nine gaming tables

ARUSHA

This is a city in northern Tanzania which has a population of 1.2 million and is surrounded by national parks and famous landscapes. Arusha is also a major international diplomatic hub.

SAFARI CASINO was opened in 2000 by KaiRo International in Arusha. It is located in the Arusha Hotel opposite the landmark Clock Tower. The hotel was recently refurbished and the casino offers 19 video slots, four pokers and one roulette machine.

MWANZA

This is the capital of the Mwanza region located in northern Tanzania and is the country's second largest city located on the shores of Lake Victoria. It is a tourist hub serving north west Tanzania.

KINGS CASINO is located in the New Mwanza Hotel which lies in the heart of the city. It is within walking distance to Lake Victoria and just seven kilometres from the airport. The hotel has 54 rooms and six suites. The Kings Casino is located within the hotel and has got 28 slots and seven gaming tables. It is operated by XaaX Gaming (XaaX Entertainment).

LOTTERY

The lottery licence in Tanzania was originally issued to Gaming Management Tanzania Ltd (GAMAT) in 2004. In 2007 the licence was revoked for Lotto Kitita for various irregularities surrounding the apparent loss making lottery which was run by businessman Yusuf Manji.

Manji, through his Quality Group Limited company, had been running Lotto Kitita using the licence issued to GAMAT. Under the terms of condition GAMAT was supposed to install 350 lottery terminals in the first year and 1,300 within two years. However by April 2006 only 181 terminals were in operation.

Meanwhile in 2005 Selcom Gaming was given a licence to operate Kisimati SMS which is a lottery via mobile phones.

Tanzanians were the first in Africa to be able to play the lottery with a regular mobile phone. Selcom Gaming, the lottery operator, partnered with Dutch company Openlot Systems to launch a mobile lottery in 2005. The lottery offers both sports betting and numbers games. Consumers pay with the phone using SMS and prizes are redeemed through a player account.

Apparently the SMS craze has gripped the country and phone companies are generating some Tz\$300m in revenue each day with around 5.1 million text messages daily. The SMS segment of the mobile phone service in Tanzania generates nearly Tz\$9bn a month.

Meanwhile, last year a company called Entertainment Africa Ltd (trading as Premier Betting) launched a new bingo game in Dar es Salaam which is now televised by the Tanzanian Broadcasting Corporation once a week.

Premier Bingo, Easy Bingo and Sports Betting games are held during the show. The company is a partner of the International Gaming Operations (IGO) company providing commercial and operational expertise to various other gaming operations. Online gaming in Tanzania was legalised in 1999 following an amendment to the Gaming Act. This permits fixed odds wagering, sports betting and lotteries.