

THIS MEMORANDUM OF UNDERSTANDING dated _____ **XXXX**

BETWEEN:

..... a Kenyan registered company whose postal address is care of Post Office Box Number Kenya (“.....”); and

..... **CO** an Egyptian registered company whose address is

WHEREAS:

Treadsetters specialises in retreading of tyres in Kenya and is the authorised agent for in that region;

..... has specialised in tyre retreading in Egypt and is the authorised agent for in that region;

Treadsetters wishes to take over’s retreading operation in Egypt and to become the new agent in the Egyptian region andwishes this to occur;

..... has equipment and a property factory which it wishes to take over and to operate from and to pay a regular amount for the use of the same;

..... presently has fiscal and tax advantages which have been granted to it by the Egyptian authorities and wishes to acquire those advantages and benefits.

The parties acknowledge that the agreement and structure of the arrangement needs to be carefully resolved in such a way as to ensures can take advantage of the said tax benefits.

The parties acknowledge that resolving the best practical structure may take some time to resolve to their mutual satisfaction and as such in the interim they wish to record their general understanding in this agreement.

This Memorandum of Agreement now records as follows:

Subject to the terms and conditions of a formal Agreement and a structure most advantageous to the parties and agreed by them:

..... shall allows occupation and use of its property and factory together with the use of all equipment and machinery located therein;

..... shall be entitled to remain in use and occupation of the said factory and use the machinery for a period of five (5) years from the date hereof provided always either side may give not less than six (6) months written notice to the other to terminate such use and occupation.

..... during the period of use and occupation shall be responsible for maintaining the said factory and machinery;

..... shall insure the equipment and machinery throughout the period of use and occupation;

..... shall in the event it wishes to sell either the factory or equipment or machinery first offer the same to and only in the event that shall decline to purchase the same shall be at liberty to sell the same to a third party at a price the same as or higher than that offered to Treadsetters;

Throughout the period of occupation and use of the factory shall pay the sum of USD month for such use and occupation;

Throughout the period of use of the equipment and machinery shall pay the sum of USD per tyre retreaded per month subject to a minimum payment of USD per month and a maximum payment of USD per month provided always that as of the the minimum shall be increased to USD per month.

Nefeidi shall undertake to ensure all creditors, employees and liabilities of its business have been discharged in full prior to the occupation and use by Treadsetters of the factory, equipment and machinery;

Nefeidi shall warrant it has unencumbered beneficial ownership of the factory, equipment and machinery and that all are in good and working condition.

Communications

All communications between the parties with respect to this agreement shall be delivered by hand or sent by first class post to the address of the addressee as set out in this agreement or to such other address (being in Egypt) as the addressee may from time to time have notified for the purpose of this clause or sent by facsimile transmissions.

Communications shall be deemed to have been received

if sent by first class post 7 business days after posting exclusive of the day of posting.

if delivered by hand on the day of delivery.

if sent by facsimile transmission at the time of transmission.

Communications addressed to:

Nefeidi shall be marked for the attention of _____;

Treadsetters shall be marked for the attention of _____.

In proving service

by delivery by hand it shall be necessary only to produce a receipt for the communication signed by or on behalf of the addressee.

by post it shall be necessary only to prove that the communication was contained in an envelope which was duly addressed and posted in accordance with this clause.

by facsimile transmission it shall be necessary only to produce the sender's transmission confirmation.

Final Agreement

The parties shall as soon as practicable after signing the Memorandum of Understanding consult with their respective advisers and agree the most appropriate and advantageous method to put into effect the terms contained herein and thereafter proceed with good faith to a formal agreement.

Arbitration and Governing Law

Any dispute controversy or claim arising out of or in connection with this agreement, including any question

