

A LICENCE GRANTED

BY

LESOTHO TELECOMMUNICATIONS AUTHORITY

TO

LESOTHO NATIONAL BROADCASTING SERVICES (LNBS)
(Trading as The Ultimate FM)
(LICENSEE)

FOR THE OPERATION OF SOUND BROADCASTING SYSTEM

AND

FOR THE PROVISION OF SOUND BROADCASTING SERVICE

(In terms of section 27 of the Act)

ON THE 11th DAY OF MAY 2006

.....

M. POSHOLI

CEO - LTA

SOUND BROADCASTING LICENCE

TERMS

1. The Lesotho Telecommunications Authority (the “Authority”), in accordance with sections, 27 and 52 of the Lesotho Telecommunications Authority Act 2000 as amended (the “Act”), hereby authorises *LESOTHO NATIONAL BROADCASTING SERVICES* (the “**Licensee**”) to construct, operate and maintain sound broadcasting systems as described herein (the “**Licensed System**”) and to provide sound broadcasting services as described herein (the “**Licensed Services**”).
2. The Licensed System is a sound broadcasting system located and operating within the Kingdom of Lesotho.
3. The Licensed Services are sound broadcasting services which the Licensee, is under an obligation to provide or may provide under this Licence.
4. This Licence is issued for a period of ten (10) years with effect from **15th MAY 2006** (the “Licence term”), unless it is revoked earlier as set out below.
5. Notwithstanding paragraph [4] of these terms, the Authority may at any time revoke this Licence by giving sixty (60) days’ notice in writing in any of the following circumstances:
 - a) If the Licensee agrees in writing with the Authority that this Licence should be revoked;
 - b) If any amount payable under Condition [4] is unpaid thirty (30) days after the Authority notifies the Licensee that the payment is overdue, provided that such notification shall not be given earlier than fourteen (14) days after the date on which the payment is due;
 - c) If the Licensee has failed to comply with any notice issued by the Authority under the Act, Rules, or the Regulations or pursuant to the terms of this Licence where the Authority has given the Licensee sixty (60) days in which to make representations in relation to the matters set out in the notice, and has taken such representations into account before taking further action;
 - d) If the Licensee is dissolved or enters liquidation, bankruptcy or equivalent proceedings or makes a general assignment for the benefit of creditors;

- e) If the Licensee fails to comply with the Code of Practice issued by the Authority; or
- f) If the Licensee fails to notify the Authority of any of the events specified in Conditions [7] or [8] of this Licence.

After the end of the initial notice period, the Authority shall issue a public notice stating that it intends to revoke this Licence and setting out the reasons on which this intention is based. Revocation shall take effect seven (7) days following publication of the notice.

6. The Authority may renew this Licence for an additional period following the expiry of the Licence Term, provided that the Authority has carried out a formal review to determine whether it is in the public interest that the Licence should be renewed.
7. This Licence shall be held subject to the terms and conditions set out herein, provisions of the Act, Rules and Regulations adopted pursuant to the Act
8. The Licensee shall at all times observe the provisions of any International Telecommunications Conventions, such as those ITU Conventions to which Lesotho is a party, to the extent that they may be applicable.
9. Words importing the singular shall include the plural and vice versa, words denoting persons shall include bodies corporate and unincorporated associations of persons and vice versa.
10. In these Licence Conditions any word to which a meaning has been assigned in the Lesotho Telecommunications Authority Act, 2000 shall have that meaning. In these conditions unless the context otherwise requires:

“Act” means the Lesotho Telecommunications Authority Act, 2000 as amended;

“ Authority” means the Lesotho Telecommunications Authority established in terms of the Act;

“Commencement Date” means the date on which the Licensee first commences provision of the broadcasting service;

“Disaster” means any catastrophic event. Without limiting the generality of the foregoing disaster shall include; any event or circumstance arising out of accidents, natural phenomena, fires, explosions, or incidents involving exposure or potential exposure to toxic or radioactive materials;

“Document of Assignment” means a document wherein the Authority stipulates frequencies that the Licensee is authorized to use for purposes of providing the Licensed Services;

“Emergency Service” means the service provided by the Licensee alone or in conjunction with any other person by means of which emergency broadcasts are made free of charge by national or local emergency organizations which shall include the police and security forces, fire brigade and ambulance services, medical and veterinarian services, environmental disaster agencies, whether or not such emergency organizations are owned and managed on a private or public basis and may include any additional emergency services which the Licensee may provide in its own discretion;

“Effective Date” means the date of issue of this Licence;

“Licensee” means the person described as such on the Licence , being an individual, a partnership or a company duly incorporated and registered in accordance with the laws of Lesotho;

“Licence” means a licence to provide broadcasting service issued under Section 27 of the Act;

“Licensed Service” means a sound broadcasting service which the Licensee is authorized to provide in terms of this Licence;

“Licensed System” means a sound broadcasting network or system or any part thereof which the Licensee is authorized to construct, operate and maintain in terms of this Licence;

“Line-up” means the complete testing and adjusting to appropriate levels of all adjustable parameters in a broadcasting system, including power supply voltages, input and output audio levels, local oscillator frequencies and levels, intermediate frequency signal levels and frequencies, transmitter frequencies and output power;

“Original Shareholders” means the shareholders of the Licensee at the time of issue of this Licence;

“Performance Period” means the period between 05h00 and 24h00 each day;

“Programme” in relation to a sound broadcasting service means sound or a combination of sounds, that are intended to inform, enlighten or entertain and includes advertising or sponsorship matter, whether or not of a commercial kind;

“Signal” includes any signs, sounds, text, images, information or data of any configuration sent, or to be sent, for conveyance by means of a telecommunication system;

CONDITION

1. Name of Licensee

- 1.1 The Licensee shall operate its sound broadcasting services under the name specified in the Licence.
- 1.2 The Licensee may change its name, subject to the written approval of the Authority, which approval shall not be unreasonably withheld.

2. Technical Standards

- 2.1 The Licensee shall confine its broadcasting service to the use of frequencies specified in the Document of Assignment.
- 2.2 Any breach, contravention of or non-compliance with any conditions contained in the Document of Assignment shall constitute a violation of this Licence.
- 2.3 The Licensee shall design, construct, operate and maintain the Licensed System to achieve service availability of 99.0% averaged over the preceding six months and an unweighted signal to noise ratio of 60 dB within the coverage area of the transmitters. These availability figures should take into account a loss of signal due to any cause except those which are beyond the control of the Licensee.
- 2.4 All outages of 5 minutes or more shall be reported in writing to the Authority, stating causes of such outages within two working days.
- 2.5 Requirements in 2.3 and 2.4 above shall only apply during performance period.
- 2.6 The Licensee shall keep detailed records of all major equipment repairs and Line-ups. A complete equipment Line-up shall be carried out at least once every two years. The Authority shall be informed at least seven (7) days in advance about all planned major repairs or Line-ups.
- 2.7 Suitable limiters shall be installed at the inputs of all FM transmitters to avoid over deviation and the resulting interference.

- 2.8 The operation of transmitters shall be in compliance with tolerance conditions as provided in ITU-R Appendix S2 to ensure absence of harmful interference to other stations.

3. Coverage

- 3.1 The Licensee shall notify the Authority in writing as soon as it meets its authorized coverage.

4. Fees

- 4.1 The fees payable by the Licensee shall be in accordance with the fee structure prepared by the Authority.
- 4.2 The Licensee shall, during the full term of this Licence, pay fees that are payable on an annual basis on or before the 1st July every year.

5. Programming

- 5.1 The Licensee shall file its programming format to the Authority for approval and if the Licensee intends to change its programming format by more than 15%, the Licensee shall apply for an amendment to the format.
- 5.2 The Licensee shall not broadcast third-party material without the written consent of the owner of such material. In complying with this clause, the Licensee shall keep written permission to broadcast material produced by third parties and such permission shall be made available for inspection by the Authority.
- 5.3 Sound recordings of all programmes shall be kept in such format as the Authority may approve or prescribe.

6. Ownership and Management

- 6.1 The Licensee shall ensure that the Licensed Service is wholly and operated by the Licensee.
- 6.2 The Licensee shall not transfer, cede, assign, pledge any rights conferred in terms of this Licence or dispose of this Licence without first obtaining written approval of the Authority.
- 6.3 Any changes to the shareholding structure, reflected in the documents of incorporation, any transfer or sale or encumbrance of any share shall be subject to the procedures for amendments set out in the Broadcasting Rules.

7. Amendments to certain documents of the Licensee

7.1 The written permission of the Authority must be obtained prior to effecting any amendment to the following documents where applicable:

7.1.1 The Memorandum or Articles of Association of the Licensee;

7.1.2 The Shareholders' Agreement of the Licensee;

7.1.3 Where applicable, the Shareholders' Agreement of the ultimate holding Company of the Licensee.

8. Shareholding changes

8.1 The Licensee shall notify the Authority if any entity becomes a parent undertaking or controlling entity in relation to the Licensee.

8.2 The Licensee shall notify the Authority of any change in the proportion of shares held in a Relevant Company by any person, the acquisition of any shares in a Relevant Company by a person not already holding shares, and the proportion of such shares held by that person immediately before acquisition if, by reason of that acquisition or change, the total number of shares in that Relevant Company held by that person together with any shares held by any nominee or trustee for that person immediately after the change or acquisition exceeds fifteen percent (15%) of the total number of voting shares in that company.

8.3 In any case referred to in Condition [8.1] or [8.2] above, notification shall be given by a date which is thirty (30) days prior to the taking effect of such change or acquisition, as the case may be, or as soon as practicable.

8.4 In the event that the Authority disapproves of the change in shareholding, it shall notify the Licensee within thirty (30) days of receipt of notification. The Authority may within sixty (60) days of notifying the Licensee of its disapproval, having taken into account representations made by interested parties, and giving reasons for its decision, prohibit the change in shareholding where it believes it is in the public interest to do so.

8.5 In any event where the Licensee's board of directors is changed, the Licensee shall inform the Authority within 14 (fourteen) days of such change, particularly where the change involves;

8.5.1 Any person who is in a position to veto any action taken by the board of directors or any delegate of the board;

8.5.2 Any person who is in a position to appoint or secure or veto the appointment of any director of the Licensee; or

8.5.3 Any person who is in a position to give or to exercise directly or indirectly any restraint or direction in any manner over any substantial issue affecting the management of the Licensee.

9. Social Obligations

9.1 The Licensee shall submit a detailed report in writing to the Authority no later than six months following the issue of this Licence making suitable proposals for achieving its social obligations outlined in the Broadcasting Rules.

9.2 The Licensee shall submit a report in writing to the Authority eighteen [18] months after the issue of this Licence indicating the extent to which it has met its social obligations and stating any impediments it has encountered in that regard.

10. Free Services

10.1 The Licensee shall provide public announcements requested in writing by the Commissioner of Police or his designate free of charge.

10.2 The Licensee shall reasonably allow the Authority time slot to make announcements and information dissemination free of charge

10.3 Where the Licensee considers any request to be unreasonable, it shall refer the matter to the Authority for determination.

11. Emergency Procedures

11.1 Within three months of the issue of this Licence, the Licensee shall set up procedures and appoint contact persons in order to co-ordinate with the Lesotho Defence Force, the Disaster Management Authority, Red Cross and any other relevant bodies in times of war, national emergency, disaster or the declaration of a state of emergency.

11.2 The procedures set up in condition [11.1] above and any amendments thereto shall be submitted to the Authority for approval.

12. Records and Reporting

- 12.1 The Licensee shall keep separately identifiable records for all transactions related to the activities contemplated in this Licence at its registered office.
- 12.2 The Licensee shall record its financial transactions in accordance with Generally Accepted Accounting Standards.
- 12.3 The Licensee shall submit a comprehensive report to the Authority within three months of the Licensee`s financial year-end or such date as the Authority may direct outlining the Licensee`s progress in respect of its obligations under this licence.
- 12.4 The Licensee shall grant, at all reasonable times, unhindered access to all its premises, facilities, installations, files and records to all officers authorized by the Authority.

13. Locations and Addresses

- 13.1 The Licensee`s head office shall be situated within Lesotho.
- 13.2 The Licence shall be placed in a conspicuous place at the Licensee`s registered office at all times.
- 13.3 The Licensee shall inform the Authority of the Licensee`s registered office, which shall not be changed without providing a written notice to the Authority two [2] months prior to the intended change.
- 13.4 The Licensee shall ensure that the studio and transmission rooms are located in a suitable, protected and secure environment to the satisfaction of the Authority.

14. Amendments to this Licence

- 14.1 The procedures for any amendment to this Licence shall be as set out in Broadcasting Rules.

15. Proceedings of the Authority

- 15.1 The Licensee shall at all times ensure that, in any hearing, investigation or amendment application in terms of these licence conditions, it co-operates fully with the Authority by complying timeously with all requests for information and/or documents and

any direction made by the Authority in connection with the hearing, investigation or amendment application.

16. Renewal of Licences

- 16.1 The Licensee may no earlier than two years or no later than one year prior to the expiry of this Licence submit to the Authority an application for renewal.
- 16.2 The Authority shall decide on the renewal application within 6 (six) months of receiving the application.
- 16.3 The Authority may, prior to its decision to grant or refuse any application for the renewal of the Licence, request such further information, documents or explanations from the Licensee as it deems necessary.
- 16.4 In the event of considering information which may reflect adversely on the Licensee's application for renewal, the Authority shall give the Licensee a full and proper opportunity to make such written and oral representations as the Licensee may require.

17. Privacy

- 17.1 The Licensee shall not present material which invades a person's privacy and family life unless there are identifiable public interest reasons for doing so.
- 17.2 The Licensee shall not use information acquired without a person's consent unless the information so acquired is essential to establish the credibility and authority of a source, and where the programme for which the information is required is clearly of important public interest.
- 17.3 Subject to the law, the journalists' convention in relation to the protection of sources who require confidentiality shall be respected.
- 17.4 The Licensee shall ensure that identity of a victim of a sexual offence is not divulged in any broadcast, unless the victim consents in writing to the disclosure of his or her identity.
- 17.5 Notwithstanding the provisions of paragraph 17.4 (above), the Licensee shall ensure that the identity of a child victim of a sexual offence is not divulged in any broadcast under any circumstances.
- 17.6 The Licensee shall avoid gratuitous and repetitive detail in covering sexual offences.

18. Complaints and Investigations

18.1 Within a period of two months from date of inception of business, the Licensee shall:

18.1.1 Provide the Authority with procedures designed to address complaints from the public about the Licensee; and,

18.1.2 Notify the Authority of the name and contact details of the person designated by the Licensee to deal with any complaints.

18.2 Should the Licensee propose to:

18.2.1 Change the complaints procedures referred to in paragraph 18.1.1 (above); or

18.2.2 Replace the person referred to in paragraph 18.1.2 (above),

The Authority must be advised in writing, within seven days of the changes, of the new contact person and details, or new complaints procedure (as the case may be).

18.3 The Licensee shall broadcast information on how complaints may be lodged about the Licensee's programming at least twice a month during peak times.

19. Freedom of Expression

19.1 In providing the Licensed Services, the Licensee shall exercise the freedom of expression cognizant of rights of other people; such as the consequent right to respond, right to privacy; etc.

20. Compliance

20.1 The Licensee shall comply with the terms and conditions of this licence at its issuance but may apply for concessions within twelve [12] months of the date of issuance.

21. Breach of Licence Conditions

21.1 In the event of any breach or failure to comply with these licence conditions, the procedures and penalties stipulated in the Broadcasting Rules shall apply.

21.2 Condition [21.1] shall not apply if, in the Authority's view, the failure to comply with the licence conditions is due to an emergency, national security, or circumstances beyond the Licensee's control.

22. Notices

22.1 All written notices to the Authority shall be marked for the attention of the Registrar and shall be hand-delivered to:

Lesotho Telecommunications Authority
6th Floor, Moposo House
Kingsway Road
Maseru

Or sent by registered post to:

Lesotho Telecommunications Authority
P.O. Box 15896
Maseru – 100
Lesotho

Or to such other address as the Authority may specify in writing to the Licensee.