

ENJOY A PROFITABLE & PROMISING BUSINESS

AS A FRANCHISEE OF BAKSO KOTA CAK MAN RESTAURANT

A meatball is simply ground meat combined with ingredients such as bread (or breadcrumbs) minced onion, various spices, and eggs rolled into a ball and cooked by frying, baking, steaming, or braising in sauce. There are many kinds of meatball recipes using various meats and spices. There are many styles and varieties of meatballs in the world today. How one makes a meatball depends as much on one's cultural background as on one's individual taste. There are even "meatless" meatballs to satisfy vegetarian palates. Varieties of meatballs are enjoyed in all corners of the earth, from the north-pole to the south-pole and in Europe, America, Africa and Asia.

In Greece, fried meatballs are called "keftedes" with ingredients including onions and mint leaf. Stewed meatballs are called "yuvarlakia". In Spain and Latin America, meatballs are called "albondigas" derived from the Arabic "al-bunduq" (meaning "hazelnut" or by extension, a small round object). Spanish "albondigas" can be served as an appetizer or as a main course, often in a tomato sauce, while Mexican "albondigas" are commonly served in a soup with a light broth and vegetables.

In Indonesia, meatballs are called "bakso" and are usually served in a bowl of soup with noodles, fried siomay/dim sum, steamed siomay/dim sum, and fried tofu. There are two major variants of the Indonesian meatball, namely "Bakso Solo" and "Bakso Malang". The first originates from Solo City in Central Java, and the second is from the mountainous city of Malang in East Java. With more than 10 ingredients, the Malangese bakso is a much richer variety when compared to the Solonese bakso. In the past, the Indonesian meatball was sold by street vendors using small, two-wheeled carts. Today, because of a much larger demand, larger restaurants now specialize in serving "Bakso Malang". The best of these restaurants, as "*Bakso Malang*" specialists, is BAKSO KOTA CAK MAN which is located in the district of Lowokwaru, Malang, East Java, Indonesia, established in 1984. BAKSO KOTA CAK MAN (BKCM) restaurant was legally registered and awarded a patent by the Ministry of Justice and Human Rights of the Republic of Indonesia in 2002. As of 2004, BKCM had 11 branches throughout Malang, making BKCM the most popular "Bakso Malang" restaurant in town.

Because of many requests to operate partnerships outside of Malang, H. Abdur Rachman Tukiman, owner of BKCM, decided to establish a limited corporation, PT KOTA JAYA, undertaking a solid franchise-management of his restaurant. Amazingly, in less than 3 years, BKCM under the management of KOTA JAYA Limited (Ltd) has successfully expanded its franchising operations by opening 74 branches in many cities throughout the Indonesian archipelago through the end of December 2007. What is the reason behind its success? The simple answer is that BKCM has proven to be a profitable business! Why? Bakso, especially "Bakso Malang" is versatile and can be served for breakfast, lunch or dinner. "Bakso Malang" is a favorite of children, adults and the elderly alike. And, "Bakso Malang" can be served on many occasions, such as birthday parties, wedding parties, company meetings and any other occasion where fine food is served. In short, the market for "Bakso Malang" has a large and promising future. As another milestone in the amazing story of BKCM, we were

presented an award by the World Record of Indonesia Museum for making the largest “ready-to-eat” meatball in the world with a diameter of 165 centimeters on July 8th 2007, which was held in Mega-Grosir International Trade Center (ITC) Surabaya, East Java, Indonesia.

GENERAL TERMS AND CONDITIONS

- a. The applicant should have a strong entrepreneurial spirit
- b. Payment of the Franchise Fee (in advance): \$ 5,500.00 (domestic)
\$ 15,500.00 (international)
- c. Royalty fees: 5% of gross sales per month (in Rupiah for the domestic franchisee or in the local currency for the international franchisee)
- d. Length of the contract: 5 years
- e. Net Profit margins: 20% - 30%
- f. Break Even Point: 1-2 years.

HOW TO BE FRANCHISEE of BKCM?

- a. Potential franchisees should send completed applications to our address.
- b. Upon the approval of an application, we will visit the proposed location to observe 3 indicators: 1) to ensure the proposed location of the restaurant is feasible, 2) to verify the product and price offered by existing competitors, and 3) to ensure the availability of raw materials for the meatballs and other ingredients in the local market.
- c. If all of the above indicators are considered acceptable, the next step would be to make a memorandum of understanding or by signing the mutual-agreement contract notarized by a notary public. While the application is processed, the finishing of the restaurant’s exterior and interior will begin including furniture, kitchen and counter appliances. Note: the Franchise Fee must be paid in full before signing the contract.
- d. After signing the mutual-agreement contract, a grand opening ceremony can take place with promotional activities followed by the continued success of the new restaurant.