

1. DEFINITION SCHEDULE

DESCRIPTION OF GOODS AS PER ATTACHED APPENDIX	SERIAL NUMBER	MONTHLY RENTAL (VAT EXCL.) R15200-00
COMMENCEMENT DATE 01.12.2012	INITIAL PERIOD OF HIRE 60 MONTHS	
THIS SCHEDULE SHALL BE PART OF THE CONTRACT BETWEEN THE PARTIES		

Memorandum of Agreement by and between Carospan (Pty) LTD
 A Company duly registered in accordance with the Law of the Republic of South Africa and trading as
 NASHUA FREE STATE AND NORTHERN CAPE, (hereinafter referred to as the Lessor) of
 Plot 64, Sand du Plessis Avenue, Estoire, Bloemfontein.

Siyancuma Municipality

OF
 Du Plessis Str, Douglas
 P.O Box 27, Douglas, 8730

Hereinafter referred to as the Lessee.
 The Lessor hereby agrees to hire the Lessee, who in turn agrees to hire from the Lessor the Goods.
 Described as in the Schedule above (hereinafter referred to as the goods) at the above rental period and upon the
 Conditions set out here under.

2. CONTRACT OF LEASE

The Lessor hereby lets the Goods to the Lessee who hires the same at the Rental and subject to the terms and conditions set out herein.

If, at the time of the signing of this contract, the Lessee is already in possession of the Goods, such equipment will constitute the Goods, being the subject matter of this contract. If the Goods are to be delivered after the signing hereof, the Lessor shall be entitled to select the specific equipment (confirming to the description of the Goods as specified in the Definition Schedule) out of its stock and deliver same to the Lessee, thereby identifying the equipment that will constitute the Goods.

2.3 If, for any reason whatsoever after the delivery of the Goods, the parties agree to substitute the Goods with another item, such substituted goods will, from the date of delivery thereof, constitute the Goods. The non-variation provisions of clause 10 hereof will not apply to the conclusion of such oral agreement but will only be deemed to have been entered into when the substituted Goods are in fact delivered to the Lessee and this contract will thereafter be deemed to have been amended only in respect of the subject matter of this contract.

3. DURATION

3.1 The initial period of hire shall, irrespective of the date of signature of this contract, commence on the Commencement Date and shall, after the Initial Period of Hire, continue indefinitely, unless written notice of termination is given by any party at least ninety (90) days prior to the expiry of the Initial Period of Hire. After the Initial Period of Hire, the contract may be terminated by any party on the anniversary date of Commencement Date, on condition that ninety (90) days prior written notice of such termination is given.

3.2 After the signing of this contract by the Lessee, it shall not be entitled to withdraw therefrom before the date of acceptance hereof by the Lessor.

4. RENTALS AND PAYMENTS

4.1 The first rental shall be paid on or before the Commencement Date.

4.2 All subsequent rentals shall be payable on or before the first day of each following month and shall, unless the Lessor or cessionary advises the Lessee to the contrary in writing, be payable by means of a debit order.

4.3 All payments in terms of this contract, shall be made free of bank or other charges at the Lessor's address or at such other place as the Lessor or cessionary may direct in writing. 4.4 The Lessee shall not be entitled to withhold payment of any rentals for any reason whatsoever and neither shall the Lessee be entitled to claim any remission of rental, save and except in the event of the non-delivery of the Goods to the Lessee.

4.5.1 For all purposes of this agreement "prime" shall mean the publicly quoted basic rate of interest per annum at which the LESSOR'S bankers will lend on overdraft, as certified by a manager of the said bankers, whose appointment it shall not be necessary to prove.

4.5.2 The rentals payable in terms of this agreement and the schedule/s are based on prime. Should prime increase during the term of this agreement, the LESSOR shall, with effect from date of such increase, adjust the rentals payable in this agreement. This adjustment is in addition to the annual of the rentals as stipulated in this schedule/s.

4.5.3 If so required by the LESSOR, the LESSEE shall complete and deliver to the LESSOR a banker's debit order document in such form as the LESSOR may require for purpose of payment of future rentals, and/or any other sums payable under this agreement the LESSEE's signature hereto constitutes the LESSEE's authority to the LESSOR or its cessionary to draw against the LESSEE's bank account, wherever it may be, all accounts due in this agreement.

5. OWNERSHIP

5.1 Ownership in and to the Goods shall at all times remain vested in the Lessor or its cessionary. The Lessee, or any other person on his behalf shall not at any time during or after the expiry of this contract obtain any rights of ownership in the Goods or to retain possession thereof obtain any rights of ownership in the Goods or to retain the right of the use or enjoyment of the Goods or to retain possession thereof.

5.2. The Lessor shall at the termination of this contract for whatsoever reason, repossess the Goods at his own expense to the Lessor in good repair and condition and in proper working order, fair wear and tear excepted. If the Goods are damaged or not in good repair and working condition the Lessor may reinstate the Goods in such good order and working condition and the costs thereof shall be paid by the Lessee on demand.

6. USE OF GOODS

The Lessee undertakes that it shall:

- 6.1 Use the Goods only for the purpose and in the manner for which it is intended to be used. 6.2 Keep the Goods free from the claims of other parties or from attachment and shall not alienate, assign or charge the Goods or any part thereof with any encumbrance or allow any lien to arise thereon or affix the Goods to any other property with the intention of or in such a manner that the Goods become affixed thereto.
- 6.3 Allow the Lessor or its agent reasonable facilities for the inspection and/or reparations of the Goods.
- 6.4 Not use the Goods in contravention of any statute, regulation or any law and shall strictly adhere to the Lessor's or the manufacturer's Instructions as to the use and servicing of the Goods, and shall only use such consumables as are approved by the Lessor.

7. LOSS OR DAMAGES

The Lessor shall not be liable to the Lessee or any other person for any loss or damage (whether consequential or not) caused by any defect in or which may arise from the use of the Goods.

8. CONDITION OF GOODS

- 8.1 The Lessee undertakes to examine the Goods or cause same to be examined on or before delivery thereof and the Goods shall irrefutably be deemed to have been delivered in good condition and working order if the Lessee has not, in writing, within three (3) days after the date of delivery advised the Lessor to the contrary.
- 8.2 The parties agree that no warranty as to the condition, quality or model for the Goods or as to the fitness of the Goods for any purpose had been given either expressly, tacitly or impliedly and any implied warranty is hereby expressly excluded.

9. RISK

- 9.1 The risk of loss, damage or destruction to the Goods shall pass to the Lessee on delivery thereof by the Lessor to the Lessee.
- 9.2 The Lessee shall comprehensively insure the Goods at its own costs against all risk and maintain such insurance policy for the duration of this contract. The Lessee hereby cedes, in securitatum debiti, all its right, title and interest in and to such policy for the due compliance with all its obligations in terms hereof and in the event of the Lessee failing to take out such policy or pay the premiums in respect thereof, the Lessor shall be entitled, but not obliged, to take out such policy or to pay the premiums on behalf of the Lessee, as the case may be. Any disbursements aforesaid will be repayable by the Lessee on demand. The Lessor shall at its discretion and in the event of the destruction or loss of the Goods be entitled to replace the Goods with similar Goods out of the proceeds of the insurance policy or to terminate this contract and to retain the proceeds as payment of its damages, or part thereof.

10. CESSION

- 10.1 Lessor shall be entitled to cede and transfer all or some of its rights in Goods and the Lessee hereby agrees, that in the event of such cession:
 - 10.1.1 It will hold the Goods on behalf of and in accordance with the instructions and direction of such cessionary in place of the Lessor, and
 - 10.1.2 It will continue making all payments due in terms hereof to the Lessor, unless it has been instructed otherwise in writing.
- 10.2 The Lessee shall not be entitled to or have the right to cede or to delegate its rights and obligations in terms of this contract.
- 10.3 In the event of such cession, all obligations of the Lessor in terms hereof, shall notwithstanding such cession, be discharged by the Lessor and the Lessee will not acquire any right or claim in respect of any such obligation against such cessionary.

11. INTEREST

- 11.1 If any amount due to the Lessor is not paid timeously in terms of this contract, irrespective of whether such amount arises from arrear rentals or disbursements on behalf of the Lessee or from other expenses incurred by the Lessor in connection with this contract as a result of the non-compliance of the Lessee with its obligations, the Lessor shall be entitled, without prejudice to any other rights that it may have, to charge interest on any such arrear or unpaid amount at the rate equal to five percent (5%) above the prime rate of interest charged by the banker of the Lessor on overdrawn accounts.

Such interest will be calculated on the amount unpaid or disbursed from the date it became due until the date of actual payment thereof and shall be calculated and capitalized monthly in advance.

12. ESCALATION

- 12.1 The rental shall annually, on the anniversary of the Commencement Date, escalate by an amount equal to fifteen percent (15%) of the rental payable during the last month of the previous year. 12.2 Should the Lessor decide to increase the rental at any time during the duration of this contract (in addition to the escalation set out in clause 12.1 above), it shall give sixty (60) days written notice of such intended increase, in which event the following provisions shall apply:
 - 12.2.1 The Lessee shall be entitled, during the period of sixty (60) days aforesaid, to advise the Lessor in writing that it objects to such intended increase of the rental;
 - 12.2.2 the Lessor shall have, for a period of sixty (60) days after receipt by it of such notice of objection, the option to terminate this contract by giving notice, within the said period of sixty (60) days, in writing to that effect to the Lessee, in which event this contract shall terminate at the end of the calendar month following the month during which the notice of termination is sent to the Lessee;
 - 12.2.3 if no notice of objection as is envisaged by clause 12.2.1 above is received by the Lessor, the Lessee shall be deemed to have agreed to the intended increase in rental;
 - 12.2.4 if no notice of termination is given by the Lessor as is envisaged by clause 12.2.2 above, this contract shall continue as if no notice of escalation in terms of clause 12.2 had been given.

13. DOMICILIA CITANDI ET EXECUTANDI

- 13.1 The parties choose as their domicilia citandi et executandi for all purposes under this contract, whether in respect of court process, notices or other documents or communication of whatsoever nature, the respective addresses stated in the Definition Schedule above.
- 13.2 Any party may by notice to the other party change its domicilium citandi et executandi to another physical address and/or telefax number in the Republic of South Africa, provided that such change shall become effective only on the 7th day after receipt of the notice.
- 13.3 Any notice to a party contained in a correctly addressed envelope and:
 - 13.3.1 sent by prepaid registered post from any Post Office in the Republic of South Africa to any other party to its postal address or physical address as set out in the definition schedule above, shall be deemed to have been received by such party on the 5th day after the posting thereof;
 - 13.3.2 delivered by hand to a responsible person during the ordinary business hours at its physical address as set out in the definition schedule above, shall be deemed to have been received by such party on the day of delivery thereof;
 - 13.3.3 transmitted by fax to the telefax number as set out in the definition schedule above shall be deemed to have been received by the addressee on the day after the transmission thereof.
- 13.4 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a party shall be an adequate written notice or communication to it notwithstanding that it was not sent to or delivered at the chosen domicilium citandi et executandi.
- 13.5 The Lessee undertakes and shall be obliged, whether it gives notice under this clause or not, to advise the Lessor of any change of its particulars contained in the Definition Schedule above.

14. BREACH

Should the Lessee fail to comply with any of its obligations arising from this contract, or commit any act of insolvency or die, or attempt to compromise with any of its creditors, or have made any incorrect or untrue statement in connection herewith, or do or cause to be done anything which may prejudice the Lessor's right under this contract, or allow any judgement against it to remain unsatisfied for a period of fourteen (14) days after it came to its notice, or be subject to judicial management, or should the Goods be seized under a legal process issued against the Lessee, the Lessor shall have the right, without prejudice to any other right which it may have at law:

- 14.1 to cancel this contract without any prior notice to the Lessee, in which event the Lessee shall pay to the Lessor on demand any arrear rentals due on the date of cancellation, plus the expenses incurred by the Lessor set out herein plus liquidated damages, amount to the aggregate of all rentals which would, but before such termination, have been payable for the unexpired period of this contract less the market value of the Goods at the date of the return of the Goods to the Lessor or repossession thereof by the Lessor (the market value being the value as determined by a sworn appraiser appointed by the Lessor or at the Lessor's option, the higher of two offers for the Goods obtained by the Lessor from two persons, one of whom shall be a dealer in the particular type of Goods and such market value shall be binding on the Lessee and Lessor for all purpose of this agreement); or

14.2 without terminating this contract, to treat as immediately due and payable all which would otherwise have become due and payable in terms of this contract over the then unexpired period of this contract, and to claim and recover from the Lessee forthwith the aggregate amount of such rentals as well as all rentals and other sums then in arrears in terms of this contract. The Lessor shall, pending payment of all those amounts, be entitled to be in possession thereof until full payment by the Lessee whereupon the Goods will be returned to the Lessee and the Lessee shall not be entitled to any rebate of rentals or other amounts by reason of its loss of possession and enjoyment of the Goods while same had been in the Lessor's possession. This risk in the Goods shall, however, remain with the Lessee during the period of possession by the Lessor in terms hereof.

15. CERTIFICATE

The amount of the Lessee's indebtedness to the Lessor at any time, the interest rates from time to time and any other factor relating to the termination of such indebtedness as well as the due date for payment of such amount, may at the option of the Lessor be proved by a certificate signed by any manager of the Lessor. It shall not be necessary to prove the appointment and authority of the person signing such certificate. Such certificate shall be binding on the Lessee as prima facie proof of the facts contained therein and shall by agreement constitute a valid liquid document against the Lessee in any competent Court for the purpose of obtaining provisional sentence or summary judgement against the Lessee.

16. CONSENT TO JURISDICTION

The Lessee hereby consents to the jurisdiction of the Magistrate's Court having jurisdiction over its person in respect of any action by the Lessor arising from this contract to the cancellation thereof. This consent does not oust the jurisdiction of any other competent court and the Lessor shall be entitled, in its discretion, to institute action against the Lessee in any court of competent jurisdiction. The parties agree that this consent is severable and shall apply even in the event of the cancellation of this contract.

17. APPROPRIATION OF PAYMENTS

All monies paid by the Lessee to the Lessor shall be applied in the first place to the payment of any additional amounts payable by the Lessee to the Lessor and the balance shall be applied to the payment of rental. The Lessor may, notwithstanding the above, in its own discretion and without notice to the Lessee apply for any monies received by it from the Lessee in payment of any other amount due by the Lessee to the Lessor whether in respect of goods sold, services rendered, monies advanced or any debt whatsoever. The Lessee shall forthwith and on demand settle any shortfall in the amounts due in terms of this contract which may arise in this manner.

18. WAIVER

No indulgence, latitude, extension of time or omission by the Lessor shall constitute a waiver by the Lessor of any of its rights under this contract and shall not amount, in an appropriate instance, to a condonation by the Lessor of any act or omission on the part of the Lessee and such conduct shall not, in any circumstances whatsoever, give rise to a defense of estoppel. The acceptance by the Lessor of any payment by the Lessee after the cancellation of this contract shall not be deemed to be a waiver of the Lessor's rights or a novation hereof.

19. VARIATION

The parties agree that this contract is the entire agreement between them. No variation hereof, the waiver of any right, the release from any obligation or consensual cancellation hereof shall be of any force or effect unless reduced to writing and signed by the parties.

20. WARRANTY

The Lessee hereby warrants that the rental payments will be wholly or partially deductible from the income of the Lessee under Part 1 of Chapter II of the Income Tax Act, 1962, as amended, or any subsequent Act.

21. SALES TAX

The Lessee shall be liable for and shall pay the amount of Value-added Tax payable from time to time in respect of this contract, or any other form of tax that may be imposed and be payable in place or of such Value-added Tax, or in addition thereto.

22. COSTS

The Lessee shall on demand pay all expenses actually incurred by the Lessor either on behalf of the Lessee or as a result of the Lessee's non-compliance with any provision of this contract, including tracing costs, all legal costs calculated on the scale as between attorney and its own client on the wider basis, collection commission, costs of valuation, dismantling, removal and storage of the Goods and all other expenses incurred by taking possession of the Goods.

23. PROHIBITION OF SET OFF

All payments in terms of this Contract shall be made without set off or deduction or withholding of any nature, free of bank or other charges at the Lessor's address or at such other place as the Lessor or its cessionary may direct in writing.

24. OBLIGATION TO NOTIFY LANDLORD

Inform the landlord of any premises at which the Goods are situated at any time, that the Lessee is not the lawful owner of the Goods, and affix and easily legible sign on all Goods reflecting this fact.


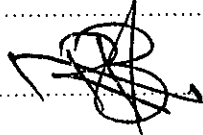
25. OBLIGATION TO NOTIFY LESSOR OF CHANGE OF ADDRESS OF EQUIPMENT

Keep the Goods in its custody and under its control at the premises mentioned in the Schedule and shall obtain the Lessor's written consent for the removal thereof to other premises. The Lessee shall regularly pay the rental of the premises where the Goods are kept and shall comply with all statutes, regulations or other contractual obligations pertaining to its occupation of the premises.

26. RENTAL AGREEMENT SEPARATE FROM MAINTENANCE AGREEMENT

It is recorded that this Contract applies only to the hiring of the Goods. The parties specifically agree that any maintenance agreement concluded between the parties in respect of the Goods is a separate and distinct agreement from this Contract and the Rental payable in respect of any Goods does not include any payment in respect of maintenance. The Lessee shall not be entitled to withhold compliance with its obligation under this Contract because of any dispute in the relation to any maintenance agreement and/or because of any non-performance in terms of any maintenance agreement.

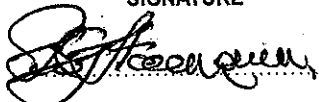

SIGNED BY THE PARTIES AS FOLLOWS

DATE	PLACE	SIGNATURE	WITNESSES
.....	.....	LESSOR	1
27.11.2012	DOUGLAS		2
.....	.....	LESSEE	1 
.....	.....	.....	2

CERTIFICATE

I, T. J. STADHOVER the person signing the above contract on behalf of the Lessee, hereby certify, warrant and agree that:

- I have been duly authorised to sign the document on behalf of the Lessee.
- I have been afforded sufficient opportunity to read the contents of the above contract, and have read it.
- No representation has been made to me by the Lessor or any of its representatives or agents as to the contents of the contract or the meaning thereof.

DATE	PLACE	SIGNATURE	WITNESSES
27.11.2012	DOUGLAS		1 
.....	.....	.....	2

RESOLUTION

Extract from the Minutes of a Meeting of the Members/Directors of

_____ (Lessee)

Registered Number: _____

Held at: _____ on this _____ on this _____ 20 _____

Resolved:

THAT _____ in his/her capacity as _____ of the Lessee

is hereby authorized to sign, endorse and execute all documents for and on behalf of the Lessee to give effect to this Resolution, with such modification as he/she in his/her sole discretion shall deem fit, his/her signature to be conclusive proof that the documents which bear it are authorized in terms hereof, Failing him/her any director of the Lessee be and is hereby authorized and empowered in his/her discretion to settle the terms of the Agreement and to sign the same for and on behalf of the Lessee.

Certified a true extract from the original minutes,

SIGNATURE: _____

FULL NAMES: _____
(IN BLOCKLETTERS)

CAPACITY: _____

SIGNATURE: _____

FULL NAMES: _____
(IN BLOCKLETTERS)

CAPACITY: _____

NASHUA

FINANCE

ANNEXURE TO SERVICE AGREEMENT
 CAROSPAN (PTY) LTD T/A NASHUA FREE STATE & NORTHERN CAPE



.....Siyancuma Municipality
P. P. P. STR.
DOUGLAS.....

(Physical address at which the user choose)

EQUIPMENT

<u>MODEL:</u>	<u>SERIAL NUMBER:</u>	<u>RENTAL:</u>
MP7502SP	W872J900074	R7600.00
KX-TD316 P.B.X	51627654	R7600.00
SR4060	—	—
RT4010	—	—
.....
.....
.....
.....
.....
.....

<u>DATE</u>	<u>PLACE</u>	<u>SIGNATURE</u>	<u>WITNESS</u>
_____	_____	_____	1 _____
		LESSOR	

<u>DATE</u>	<u>PLACE</u>	<u>SIGNATURE</u>	<u>WITNESS</u>
27.11.2012	DOUGLAS		1 
		LESSEE	
			2 _____