

Management Services Agreement

This Management Services Agreement (the "Agreement") is made and entered into by and between **Howden Group Limited**, registered number 00472621, a company organised and existing under the laws of England and Wales and having its registered office at One London Wall, London EC2Y 5AB, United Kingdom (the "Service Provider") and **Howden Africa Holdings Limited** registered number 1996/002982/06, a company organised and existing under the laws of South Africa and having its registered office at 1A Booyens Road, Booyens, Johannesburg 2091, South Africa (the "Client").

This Agreement replaces and supersedes any Management Services Agreement previously entered into by the Parties hereby.

RECITALS

WHEREAS, the Client is part of a multinational group of enterprises which together are part of the Howden Group;

WHEREAS, the Client has a continuing need for advise and assistance in the areas of management, sales, logistics/warehouse and distribution, production management and marketing, after sales services, accounting and finance, information technology, quality assurance, manufacturing, procurement, insurance, risk management, health and safety, treasury, tax, legal, business development and human resources;

WHEREAS, the Service Provider is staffed with experienced personnel and is therefore able to provide and co-ordinate a variety of useful and beneficial services in the above mentioned areas, by drawing on its own resources as well as on those available from other companies that are part of the Howden Group or from Third Parties;

WHEREAS, the purpose of this Agreement is to set out the terms and conditions on which such services will be provided by the Service Provider.

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the Parties hereby mutually agree as follows:

I. Capitalized Terms

The following terms shall have the following meanings:

"Howden Group"	means Howden Holdings Limited, its ultimate holding company and its subsidiaries throughout the world, including the Client and the Service Provider.
"Computer Usage"	means the interactive CPU usage, which the Client has used.
"External Costs"	means costs invoiced by a party other than the Service Provider, in relation to the services rendered to the Client which are directly invoiced to the Client without added value

	provided by the Service Provider and without a profit mark-up.
“Net Costs”	means the differences in costs that correspond to what is invoiced by the Service Provider and what is invoiced to the Service Provider as recipient.
“Shareholder Expenses”	means expenses incurred for the benefit of a shareholder as defined in the OECD Guidelines published Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 1995 and subsequently updated as of March 1996, August 1997, February 1998, October 1999, July 2010 and any subsequent updates.
“Third Party”/“Third Parties”	means persons and companies or other legal entities in any form whatsoever not forming part of the Howden Group.
“Turnover”	means all gross income which the Client has derived from the sale of products and/or rendering services, except inter-company sales from the production unit to a sales unit within the same legal entity. This definition will be applied in accordance with US GAAP (Generally Accepted Accounting Principles).

II. Engagement of Service Provider

1. The Service Provider desires to work with the Client in certain areas including but not limited to those specified in Appendix I (the “Services”). Those services will be performed on a continuing basis without any further specific request or whenever the Client requests such Services. Notwithstanding the date or dates of execution of this Agreement, the parties agree that the effective date of this Agreement is 1st January, 2013 and it is intended that the provisions of this Agreement apply to the supply of the Services from that date.
2. Apart from the Services, the Client may also from time to time request the Service Provider to render additional special services (the “Special Services”) and the Service Provider undertakes to use reasonable efforts to comply with such requests to the extent that such requests are reasonable and it has sufficient resources and capacity to comply. Costs relating to Special Services will be negotiated at the time of such request and directly charged to the Client on an arm’s length basis through a transfer pricing method to be defined on a case-by-case basis.

3. During the term of this Agreement, subject to the terms and conditions stated herein, the Service Provider will perform the Services and Special Services for the interest of the Client.

III. Services Not Covered by this Agreement

1. This Agreement does not apply to Shareholder Expenses.
2. For the avoidance of doubt, no services shall be provided to the Client under the terms of this Agreement which are in the nature of research and development, transfer of knowledge or any other type of transaction for which any payment would be regarded as a royalty. Any such activities undertaken on behalf of the Client are outside the scope of this Agreement and if they are to be provided will be governed by a separate agreement or agreements.

IV. Fees

1. General

- 1.1 In consideration of the Services to be rendered by the Service Provider under this Agreement, the Service Provider agrees to bear its share of the Net Costs incurred on its behalf for all activities covered by this Agreement for each fiscal year.
- 1.2 The Service Provider shall compute the costs associated with the Services and charge them directly to the Client. The Service Provider will include an arm's length profit mark-up. This mark-up will not be applied to External Costs.
- 1.3 For the purposes of calculating such costs, in accordance with acceptable cost accounting methods, the Service Provider shall add up all direct and indirect costs incurred in rendering all of the Services (excluding any VAT or equivalent taxes properly claimable on costs by the Service Provider), including all costs of personnel, travel and equipment, all expenses paid to Third Parties and all overhead expenses in accordance with clauses 2 and 3 below.
- 1.4 For the avoidance of doubt, all Shareholder Expenses shall be excluded from any fees paid by the Client.
- 1.5 Where specific costs are identifiable and are exclusively and directly attributable to the Client, the service fee in respect of these costs shall be computed in accordance with clause 2 below.
- 1.6 Where it is not possible to determine the costs attributable to Services provided to the Client, the service fee in respect of these costs shall be treated as a pool or entirety and remuneration for the Services shall be assessed in total in accordance with clause 3 below.
- 1.7 If the Client is organized in separate business units for production and sales, the computation of costs will be made separately for these units, upon request by the Client.

2. Specific Services

The service fee will be computed by apportioning the costs of the appropriate department on the basis of an estimate of the time spent and include disbursements by the Service Provider's personnel in delivering the Services to the Client.

3. *Non-Specific Services*

The aggregate amount of costs that are subject to this clause 3 shall be computed as follows:

3.1 The following are allocation factors that can be applied when calculating the Client's share of the cost of non-specific Services:

- Total Turnover that the Client has realized during the fiscal year;
- Number of employees the Client has employed during the fiscal year;
- Number of orders of the Client during the fiscal year;
- Number of picking lines during the fiscal year;
- Number of credit notes issued during the fiscal year;
- Total number of computers and/or computer licenses allocated to personnel during the accounting year;
- Total Computer Usage during the accounting year;
- Total employee expenses incurred during the accounting year; and
- An average of two or more of the above factors.

3.2 If agreed by the Parties, alternative allocation factors can be applied to allocate the costs relating to the Services rendered under this Agreement.

3.3 Such of the allocation factors set forth above as is deemed appropriate by the parties will then be applied in order to ascertain the Client's share of the costs for non-specific Services. The costs shall be computed by: (i) apportioning the costs of the appropriate department on the basis of an estimate of the time spent; and (ii) including disbursements by the Service Provider's personnel in delivering the Services to the Client.

V. Payment

1. Amounts which are agreed as being payable by the Client under this Agreement shall, unless stated otherwise, be exclusive of amounts in respect of VAT or any equivalent taxes. If any such amount is the consideration for a taxable supply for VAT purposes, the Client shall, in addition to such amounts, pay, on receipt of a valid VAT invoice, an amount equal to any VAT which may from time to time be properly charged in respect of supplies made to the Client under this Agreement.
2. Invoices will be issued by the Service Provider to the Client during the fiscal year to which the Services and Special Services relate at a time agreed by both parties. To determine the amount of the payment, the Service Provider shall prior to each fiscal year budget the costs for the Services that will likely be rendered. When the annual actual costs differ from the annual budgeted costs, a year-end adjustment will take place and an invoice for the difference from actual costs will be provided to the Client for payment.

3. All sums invoiced to the Client for the Services and Special Services under this Agreement shall be invoiced and paid in British pounds.
4. For the avoidance of doubt, any applicable withholding tax imposed under the laws of South Africa shall be deducted by the Client from the sums due to the Service Provider.
5. Payment shall be made by the Client in the calendar month following the month in which an invoice is received.

VI. Records and Documentation of Costs

1. In order to facilitate the cost allocation the Service Provider shall establish a cost accounting system that conforms to the requirements of an acceptable cost accounting method. In particular, the Service Provider shall keep true and accurate books and records in such detail as is necessary to identify the costs related to render the Services and Special Services.
2. All books and records shall be audited, at a minimum, once per fiscal year, by a recognized international independent certified public accountant. If the books and records are not audited, the financial statements should be prepared using consistent accounting methods and standards when compared to previous financial statements.

VII. Warranty/Liability

1. The Service Provider will render services that meet reasonable and appropriate standards of professional workmanship and will only employ personnel who are qualified to perform the Services.
2. Under this Agreement, the liability of the Service Provider for a material breach of the terms of this Agreement shall be limited to cases where the Client can prove negligence or wrongful intent on the part of the Service Provider or any of its employees, provided, however, that in no event shall the Service Provider be held liable for any other parties' actions or omissions, and provided further that the amount of damages claimed in respect of all cumulative breaches of contract or any liability pursuant to this Agreement that may occur during one calendar year in regard to the Client shall not exceed the amount of the payment for Services which the Client owes to the Service Provider in the year during which the breach, breaches or liability occurred.
3. The Service Provider is not liable to the Client for, and the Client hereby waives any right to recover from the Service Provider any compensation for, the actions of any Third Party in connection with this Agreement.
4. Notwithstanding anything to the contrary set forth herein, in no event shall either party be liable to the other for any loss of profit, loss of use, indirect or consequential damages whatsoever sustained or alleged to be sustained by the other.

VIII. Term and Termination

1. This Agreement shall be effective for a period of five years, unless terminated according to the provisions set forth below.

2. This Agreement shall remain effective after the lapse of the aforementioned period of time, unless and until it is terminated by a party on three (3) months' written notice in accordance with this Agreement.
3. Notwithstanding clause 2 above, either party may terminate this Agreement with immediate effect in case of a repeated failure of the other party to comply with its material obligations which it has assumed under this Agreement or in case of another sufficiently material action or omission. In such circumstances, the burden of proof is placed on the party that wishes to have this Agreement terminated. If at any time either party ceases to be an entity in the Howden Group, this Agreement shall be deemed to be immediately terminated.
4. Any sums outstanding at the date of termination will remain due and payable in accordance with the payment provisions of this Agreement.

IX. Amendments

1. The parties will continuously review this Agreement as to the reasonableness of its terms, particularly as to the adequacy of the allocation of cost.
2. If at any time the parties discover that this Agreement does not provide for a fair balance between them, this Agreement shall be amended in writing and signed by both parties to reflect the change of circumstances as is practicable.
3. No modification, amendment or waiver of this Agreement or provision hereof shall be binding upon any party unless made in writing or confirmed in writing by each parties' duly authorized representatives.

X. Law

This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of England and Wales. The parties hereby submit to the exclusive jurisdiction of the courts of England.

XI. Partial Invalidity

In the event that any term or condition of this Agreement shall be declared invalid, this Agreement shall be construed as if that part which is declared invalid had not been inserted.

XII. Confidentiality

The parties agree to regard as confidential information any written information relating to the details of this Agreement, the parties or their business, which the party regards or could reasonably be expected to regard, as confidential (hereinafter "Confidential Information"). Each party shall at all times use its best efforts to keep confidential (and to ensure that its employees, agents and representatives shall keep confidential) any Confidential Information which it may acquire in relation to the other party as a consequence of this Agreement and shall not use or disclose any such Confidential Information except (i) with the prior written consent of the other party or (ii) as required by applicable law. Confidential Information shall not include information

that otherwise is or comes into the public domain other than as a result of a breach of this Agreement. The obligations of each party under this Section XII shall survive termination of this Agreement and shall continue for three (3) years thereafter.

XIII. Assignment

This Agreement is personal to each of the parties, who shall not be entitled to assign it whether wholly or partially without the prior written consent of the other party.

XIV. Notices

Any notice to be given by the parties shall be in writing and may be given personally or by email to the business email address of the persons specified below or prepaid registered or express post to the addressee at the address set forth below or such other address as the intended recipient shall have notified the other party in writing.

Client:

Attention: Chief Financial Officer
Howden Africa Holdings Limited
1A Booyens Road
Booyens
Johannesburg 2091
South Africa

Service Provider:

Attention: Chief Financial Officer
Howden Group Limited
Old Govan Road
Renfrew
PA4 8XJ
United Kingdom

XV. Headings

The headings or titles used herein are for the purpose of convenience only and are not to be used in construing the meaning or intent of the Agreement.

XVI. Languages

If this Agreement is translated into any language other than English and there is any conflict with or ambiguity between the English language version and such other version(s), the English language version shall prevail.

IN WITNESS WHEREOF, the parties have hereunto executed this Management Service Agreement as of the date first set forth above.

HOWDEN GROUP LIMITED

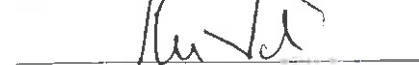


By:

Title:

Date:

HOWDEN AFRICA HOLDINGS
LIMITED



By: KEVIN JOHNSON

Title: HAHK CFO

Date: 20/12/2013

Appendix 1

Services, which may be rendered under the Management Service Agreement, include, but are not limited to, the following:

1. Management
2. Sales
3. Logistics/warehouse and distribution
4. Product Management and marketing
5. After Sales Service
6. Accounting & Finance
7. Information Technology
8. Quality Assurance
9. Manufacturing
10. Procurement
11. Insurance
12. Risk Management
13. Health and Safety
14. Treasury
15. Tax
16. Legal
17. Business Development; and
18. Human Resources.