

GHUSIN/MEMO

STRICTLY PRIVATE & CONFIDENTIAL
FOR THE EYES OF THE ADDRESSEES ONLY

WERNER & PFLEIDERER

MOSS / LIEBESMAN

SUPPLEMENTARY MEMORANDUM

11 December 1995

Addressees:

Peter Moss
Jeff Liebesman

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RECORDAL OF AGREEMENT

A. Before my memorandum dated 7 December 1995 was distributed I received a call from Peter asking to meet with me to discuss the agreements reached on 6 December 1995. I met with Peter on 7 December 1995 following which Peter and Jeff met. The following is my understanding of the final agreement reached during these discussions.

1. All of the shareholders interests in Werner & Pfleiderer Industrielle Backtechnik GmbH and 50% of the shareholders interests in Bakery Equipment Inc (collectively "WP INT") acquired pursuant to the Letter of Understanding concluded at Stuttgart and Johannesburg on 1 and 5 December 1995 respectively, will be purchased by and registered in the names of -

IBIT as to 60%
WELBAKE as to 40%

who will be nominated by Peter for this purpose as contemplated in paragraph 23 of the letter of understanding.

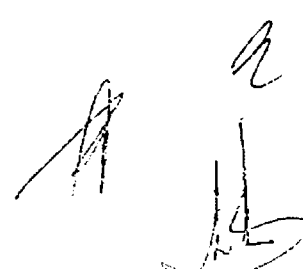
2. All of the shareholders interests in Werner & Pfleiderer SA (Pty) Limited ("WP SA") will be purchased by and registered in the names of -

IBIT as to 60%
WELBAKE as to 40%

to which end IBIT and WELBAKE will be nominated in terms of the provisions of paragraph 44 of the agreement regulating the acquisition of the shareholders interests in WP SA concluded at Johannesburg on 17 November 1995.

3. As expeditiously as circumstances permit WP SA will repay its shareholders loans as to -

R800 000 to IBIT
R200 000 to WELBAKE



provided that such payment will be made from the proceeds of the sale by WP SA of its immovable property to the extent that the sale proceeds exceed the amount payable by WP SA to Polysius to discharge the mortgage over the property and in compliance with clauses 22 and 23 of the agreement, by an amount of not less than R1,000,000.

It is recognised that the repayment of loans in terms hereof is disproportionate to shareholding. There will be no subsequent re-adjustment. Thenceforth repayments of loan accounts will be proportional to shareholding.

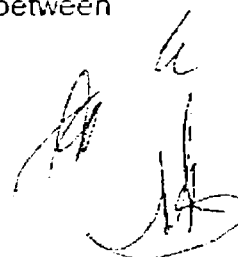
4. The relationship between the shareholders will be regulated by means of an agreement typical to the circumstances. Such agreement will deal, *inter alia*, with the following -

- * Rights of pre-emption between the shareholders.
- * If at any time before the second anniversary of the effective dates of the relevant acquisitions (WP INT - 1.1.96. WP SA - 1.12.95) WELBAKE offers its shareholders interests to IBIT and the value of the total shareholders interests in WP INT and WP SA is no more than the value thereof as at the relevant effective dates, determined in accordance with principles equivalent to and consistent with those applied in the conclusion of this agreement, then the price payable by IBIT to WELBAKE in consideration therefor will be R4 in respect of WP SA and DM20,000 in respect of WP INT.
- * If WELBAKE offers to sell its shareholders interests before the second anniversary of the effective date and the market value of the shareholders interests exceeds the value as at the effective date, calculated as aforesaid, then the price payable by IBIT to WELBAKE will be the true market value of such shareholders interests less 20% thereof.
- * If at any time before the second anniversary of the effective date WELBAKE procures a third party offer to purchase its shareholders interests based upon a value of the total shareholders interests which exceeds the value thereof as at the effective date calculated as aforesaid then the restrictions aforesaid will not apply to any right of pre-emption enjoyed by IBIT in respect of the shareholders interests which WELBAKE wishes to sell to such third party but in such event WELBAKE will not sell its shareholders interests to such third party unless it simultaneously procures that the third party will purchase from IBIT a *pro rata* part of its shareholders interests for consideration and on terms

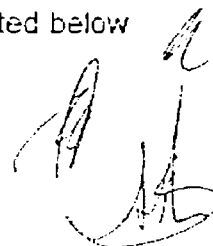
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and conditions *mutatis mutandis* the same as those applicable to the proposed sale to such third party by WELBAKE.

5. WP INT, WP SA and each of their subsidiaries will appoint Jeff as a management and corporate finance consultant. In this regard -
- * Jeff will devote the equivalent of a day per week to the business.
 - * In addition Jeff will be responsible for corporate structuring and corporate development.
 - * Jeff will participate actively in the operation of the businesses within the confines of the time commitments above.
 - * The corporate service functions given by Jeff will not bear the usual corporate service fee (eg the 2½% charges by Global in connection with Motolink). This does not mean that if it is appropriate to employ outside advisors these will not be employed in the usual way. It is foreseen that outside advisors will not have to be used for corporate services apart from "endorsements" and to meet investor requirements.
 - * No material decisions will be taken without Jeff's prior concurrence.
 - * Compositely WP INT and WP SA will pay R15 000 per month net of tax in consideration for Jeff's corporate and management services. This may be structured by way of benefits such as motor vehicles etc or otherwise for mutual efficacy.
6. I will be appointed as a non-executive director of WP SA and its subsidiaries. IBIT will appoint a majority of such directors.
7. WELBAKE will nominate one director to the board of WP INT and its subsidiaries. IBIT will appoint a majority of such directors.
8. If the shareholders interests in and/or businesses of WP L GmbH, comprising its LH - activities in Dinkelsbühl, Haton (Netherlands), Vienna, Leipzig and Moskau, as particularised in the letter from Krupt Hoech Maschinenbau dated 5 December 1995 is exercised or otherwise concluded the interests therein will be dealt with, *mutatis mutandis*, in the same way as those applicable to WP INT and WP SA, as between IBIT and WELBAKE and subject to the consultancy of Jeff.



- B. In order to move forward positively and comfortably it is necessary that the arrangement described above be "cast in stone" albeit that the formalisation through comprehensive documentation might take some time. I propose therefore that this memorandum be signed and I have provided for signature accordingly. Implementation should also be effected immediately. Consequently signature of this memorandum constitutes a binding agreement part of which is that a formal agreement will be concluded in good faith but this agreement is not conditional thereon.
- C. I would like to add to the foregoing agreement the following matters which were not discussed but are natural consequences and extensions. If my recommendations are acceptable they will form part of the agreement on signature hereof. To the extent that they are not acceptable or require further discussion they should be deleted by manuscript.
- (a) For a variety of reasons the entire shareholders interests in WP SA and WP INT should be held by a BVI holding company ("HOLDCO") and IBIT and WELBAKE will hold the shares therein as to 60% and 40% respectively. Consequential changes to A above to follow accordingly.
 - (b) An annexure to this memorandum showing how the shareholders interests are valued for the purpose of this memorandum, as at the effective date, is strongly recommended. If agreed and available it should be attached and signed as part of this agreement.
 - (c) Where the shareholders interests are required to be valued in terms of the agreement, this pertains to a valuation of the entire shareholders interests not only the percentage under consideration. Consequently no discount or premium will be applied for controlling or non-controlling interests.
 - (d) The agreement to repay R1 000 000 of loan accounts is based on the expectation of net sale proceeds from the property of R5.4m ie R2m over the mortgage.
 - (e) This realisation benefit represents the entire value of the shareholders interests in WP SA as well as the reserve from which any cash flow hiccups could be funded. On current projections the reserve will now be R1m. I am concerned to ensure that this is sufficient. I am also concerned that if the net sales proceeds are less than R2m and the loan repayment is fixed at R1m then the reserve will be depleted below required limits.

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circumstances this may arise.

- * The maintenance of the utmost confidentiality with regard to the relationships amongst the parties.
- * The referral of all disputes to arbitration.

SIGNED at JOHANNESBURG on this 13th day of December 1995.

Jeffrey Michael Liebesman

JEFFREY MICHAEL LIEBESMAN

Gustav Benjamin Liebmann

GUSTAV BENJAMIN LIEBMANN

Peter Moss
PETER MOSS

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