



CONDITIONS OF SERVICE AND PERSONNEL POLICIES

COMPANY CONFIDENTIAL

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1. INTRODUCTION

The following conditions of service and personnel policies have been approved by the Qmuzik Board. Qmuzik includes all the companies under the control of Qmuzik.

It applies to all permanent personnel and is an extension to letters of appointment. Contravention of these conditions and/or policies may result in disciplinary action or in extreme cases, dismissal.

The employer reserves the right to change the conditions and policies after consultation with employees where necessary.

Although this is a policy approved by the board, management has discretion in applying the policy.

2. PROBATION

Employees are appointed on a probationary period of 3 (three) months from the date of commencement of employment. Qmuzik reserves the right to extend the probation period should it be necessary.

During such period the employee's performance, skill, conduct, compatibility and knowledge will be evaluated by Qmuzik and any failure by the employee to comply or meet with the above conditions or standards during, or at the conclusion of the probationary period, shall be sufficient reason for Qmuzik to terminate the employee's services. Probationary employees will be entitled to counselling regarding any deficiency, and will receive instruction and proper guidance in their work.

Notice periods for termination of this Agreement are as stipulated in paragraph 7 hereafter.

3. REMUNERATION

Remuneration will be determined on the basis of total direct cost to company excluding group life insurance, unemployment insurance, and any other statutory charges outside the control of the employee.

Qmuzik may also make deductions to reimburse the employer for loss or damage caused by employees in the course of their employment.

4. MEDICAL AID

Membership to a medical aid shall be for the employees account. The company will assist the employee with applying for membership at Discovery Health.

5. PROVIDENT / RETIREMENT FUND

Membership of a provident or retirement fund shall be for the employee's account.

6. WORKING HOURS

The minimum hours of work are 42.5 hours per week and flexitime is allowed. Core hours are between 09:00 and 15:00 and include a 30 minute lunch break. Absence during core hours is subject to approval.

7. TERMINATION OF EMPLOYMENT

The employee's service may be terminated by either the employee or by Qmuzik by giving not less than:

- One week written notice during the first 6 months employment;
- Two weeks written notice during the period after the first six months of employment until one year of employment;
- Four weeks written notice after one year of employment.

7.1. Either party may summarily terminate the employment agreement for any cause recognised by law as being sufficient, subject to this being produced in writing.

7.2. Employment agreements may be terminated by Qmuzik without any notice or any payment in lieu of notice in the case of gross misconduct or dishonesty on the part of the employee. Qmuzik will in such event follow the procedure laid down in the disciplinary code and procedure.

8. ANNUAL LEAVE

Employees will be entitled to 20 working days (and 25 working days for directors) of paid vacation leave during every twelve months of completed service to Qmuzik. This will increase by 3 days after 5 years' service. In the case of directors (level 1 Exco) the leave will further increase by another 2 days after 10 years of service. Leave shall be taken in accordance with the prescribed leave rules and regulations and at the time agreed by Qmuzik and at Qmuzik's discretion. Qmuzik's leave cycle terminates on 31 December each year and should the commencement of employment not coincide with 1 January, employee's leave entitlement for the first year of service will be pro-rated accordingly. Qmuzik is entitled to require the employee to take leave entitlement during December when Qmuzik closes for business for the December holidays.

Employees may not accumulate more than 25% of annual leave due for a period of more than 12 months, following the year in which the leave accrued.

Only upon termination of the employee's employment will any amount in respect of leave accrued to the employee, but not taken or forfeited, be paid to the employee. Similarly, should the employee have been granted more leave than has accrued, Qmuzik will make an appropriate deduction from the employee's final salary.

9. STUDY LEAVE

If an employee follows a course of study which is directly related to the employee's duties at work, the employee will be entitled to 2 days of paid study leave per examination paper;

- The day prior to the examination and

- The day the examination is written.
- Paid study leave will be granted by Qmuzik at its discretion.

10. SICK LEAVE

Paid leave for illness will be granted to employees in accordance with the Basic Conditions of Employment Act as amended.

Employees are entitled to one day's sick leave for every 26 days worked during the first 4 months of employment, and thereafter to the number of days they normally work in six weeks during each 36-month cycle.

The employee will notify Qmuzik as soon as but not later than the first day of any illness that he/she will be absent from work, due to such illness. When illness continues for more than 2 working days, the employee must submit a medical certificate from a registered medical practitioner. Where the employee is absent on a Friday or Monday or a day before or after a public holiday, a medical certificate will be required before payment of any days absent.

The employee gives permission to Qmuzik to obtain any medical reports from his/her doctor(s), hospitals/clinics or institutions or to be sent by Qmuzik to either one of the above mentioned for the acquiring of a report.

11. MATERNITY LEAVE

In terms of the Basic Conditions of Employment Act ("BCEA"), no employer may permit a female employee to work during the period commencing four weeks prior to the expected date of confinement and ending eight weeks after the date of her confinement. Qmuzik may in the case of strategic resources agree on specific conditions regarding partially paid maternity leave.

12. FAMILY RESPONSIBILITY LEAVE

After four months employment and provided the employee works at least four days a week, and at the request of the employee, Qmuzik will grant the employee three days paid leave in a year when:

- the employee's child is born (excluding possible maternity leave); or
- the employee's child is sick; or
- the employee's spouse or life partner, parent, adopted parent, grandparent, child, adopted child, sibling or grandchild dies.

The employee is required to provide proof, acceptable to Qmuzik, of the event contemplated for which leave was required.

The employee's unused entitlement to Family Responsibility Leave lapses at the end of the annual leave cycle in which it occurs.

13. WORK OUTSIDE EMPLOYMENT

Employees shall not be entitled to work outside normal working hours, for any other employer, or conduct his/her own business, unless the nature of this involvement has been revealed to Qmuzik and the written consent of Qmuzik has been obtained. A further condition is that the undertaking of the other Qmuzik business shall not, directly or indirectly, be in competition with the undertaking of Qmuzik and the employee's involvement may not in any way whatever detrimentally affect the employee's work or his/her working relationship with Qmuzik.

14. PATENTS AND COPYRIGHT

14.1. Qmuzik shall reserve the right to retain all and/or any right to any patents or copyright to any inventions, designs, discoveries, improvement as made, discovered or conceived by the employee during his/her employment with Qmuzik, whether wholly or partly, and whether in connection with or incidental to his/her employment with Qmuzik, and which may relate to or be in connection or be useful to the business carried out by Qmuzik, whether or not during normal working hours and whether or not at Qmuzik's premises. Such patents or copyrights shall not be limited to any particular area or country and Qmuzik shall have the right to alter, modify, adapt or change any designs, processes or methods of any such patents or copyrights.

14.2. The employee shall not copy, print or publish any of Qmuzik's methods, processes, and procedures relating to the business of Qmuzik unless permission has been granted by Qmuzik to do so.

14.3. Should the employee, within one year after the termination of his/her employment with Qmuzik, either alone or jointly with others, originate invent or design any Intellectual Property in relation to any product or process upon which he/she worked or which came to his/her attention during the last 2 years of his/her employment by Qmuzik or on which a copyright had been obtained, such Intellectual Property or the employee's interests therein shall automatically vest in Qmuzik.

14.4. Employees are bound and undertake to immediately communicate full details of such Intellectual Property to Qmuzik and to no other person; without expense to the employee, sign all such documents and do all such acts as may be required by Qmuzik in order to vest formal title in such Intellectual Property in Qmuzik and/or to enable Qmuzik to apply for local or foreign patents, registered designs or trademarks in respect thereof; in those countries in which a patent or design application may only be filed in the name of the inventor or author, he/she will at the request of Qmuzik, but at the latter's expense, sign the documents which may be required by Qmuzik to enable a patent or design application to be filed therein in respect of such Intellectual Property and subsequently to assign the same to Qmuzik.

14.5. Employees specifically undertake not to take any software belonging to the company, including any toolsets, methods or business objects.

15. RESTRAINTS

In order to protect the proprietary interest of Qmuzik;

15.1 employees are bound to not, during their employment and for a period of 12 (twelve) months after the termination of their employment with Qmuzik, be directly or indirectly interested, engaged or concerned, whether as principal, agent, partner, representative, shareholder, member

of a close corporation, director, employee, consultant, advisor, financier, administrator or in any other like capacities, in any business:

- 15.1.1** carried on within the Republic of South Africa, or any other territory into which the business of Qmuzik is expanded to;
- 15.1.2** which competes with any business, conducted by Qmuzik at the termination date of this Agreement and which in the process use the same suppliers and/or clients or potential clients of Qmuzik.
- 15.2** Employees are bound to not, for a period of 12 (twelve) months after the termination of their employment with Qmuzik, solicit, interfere with, or entice or endeavour to entice away from Qmuzik, any person, firm or company who or which during the period of his/her employment with Qmuzik or at the date of his/her termination, was a customer or was accustomed to dealing with Qmuzik.
- 15.3** If the employee breaches his/her obligations in terms of this condition the employee acknowledges that Qmuzik may suffer irreparable commercial damages and Qmuzik shall be entitled, notwithstanding any other rights it may have, to claim all such damages including indirect and consequential damages.
- 15.4** Employees therefore acknowledge:
- 15.4.1** that the restraint imposed upon them is reasonable as to subject matter, area and duration, and is reasonably required by Qmuzik to protect and maintain the goodwill of Qmuzik's business;
- 15.4.2** the provision of 15.1 and 15.2 above shall be construed as imposing a separate and independent restraint in respect of :
- each of the years falling within the period referred to in 15.1 and 15.2; and
 - every locality falling within the area; and
 - every activity falling within the ambit of a competitive business; and
 - every capacity, in relation to a competitive business, in which the employee is prohibited from acting in terms of 15.1 and 15.2.
- 15.5** Employees undertake that neither the employee nor any company, close corporation, firm, undertaking or concern in or by which the employee is directly or indirectly interested or employed will, within one year after the termination of their appointment and whether rewarded or not, directly or indirectly encourage or entice or incite or persuade or induce any other employee of Qmuzik, who was employed whilst the employee was employed by Qmuzik, to terminate his/her employment with Qmuzik.

16. OVERTIME

Overtime is only applicable at operational level in terms of labour law and must be approved in advance at Exco level.

Overtime will be paid as follows:

- Week days and Saturdays - 1.5 times of hourly tariff.
- Sundays and public holidays - 2 times of hourly tariff.

17. COMPANY PAID COSTS

The Company will pay the following costs and will also pay future possible statutory charges not under the control of employees:

- Unemployment insurance
- Life Insurance and Disability Fund

18. THIRTEENTH CHEQUE

No thirteenth cheque will be payable. Employees may structure their salary payments to make provision for a “bonus” month.

19. PERFORMANCE BONUS SCHEMES

A performance bonus scheme is operated by the company the conditions of which are approved from time to time by the board. All performance bonuses are paid at the sole discretion of the board. Project bonus schemes can be implemented by Exco, but needs to be approved in principle by the board. No one can share in both schemes.

20. SALARY INCREASE DATE

1 June.

21. BUSINESS TOOLS

Business tools will be provided to employees on an individual basis as dictated by job requirements as determined by Qmuzik. This can be done either through allowances or making available company assets for this purpose. Assets can also be rented from employees.

22. STAFF LOANS

Staff loans will only be given in exceptional cases, with approval from the Financial Director, as follows:

- Maximum of 50% of monthly salary.
- Interest payable will be 5% above prime
- Repayable over 6 months or less

In hardship cases Exco may decide on assistance that is appropriate under the specific circumstances.

No salary advances will be made.

23. STUDY ASSISTANCE

It is Qmuzik policy to assist members of staff with further education which will be of benefit to themselves and to the Company, in the capacity in which they are employed, or which they can be deployed.

Qmuzik will pay annual study fees to a maximum amount of R10 000 per annum. If the staff member should fail the total amount paid is to be reimbursed to the company. The person is required to work back one year for every year assistance that is given but work back is done on a rolling basis i.e. assistance for one year is worked back in year 2 etc.

24. FUEL CLAIMS

If not allowed for already in a site allowance, employees are entitled to claim official kilometres, with the office as base, at the rate allowed for income tax purposes as published by the Receiver of Revenue from time to time.

25. RETIREMENT AGE

The normal retirement age is 60 years.

26. SHARE SCHEME

A share scheme exists and is operated by the employees through elected Trustees. The rules of the scheme are incorporated by the Employee Shares Trust Deed.

27. LOCAL TRAVEL

- All flights will be economy class.
- Actual costs will be reimbursed inclusive of reasonable costs for meals against documentary proof. Otherwise bed and breakfast plus R110.00 per night slept over will be paid calculated from time of departure to time of arrival.
- No private expenses will be paid for by the company.
- Advances may be given provided that a claim form be handed in within 7 days after return.
- Hotel accommodation should not exceed a three star rating.
- If a trip exceeds 7 days reasonable laundry costs will be paid for by the company.
- Where cars are rented, the cheapest car with air conditioning (summer) will be provided.
- A daily allowance as allowed by the Receiver of Revenue (currently R 303.00) may be claimed where actual expenses are not claimed. This will be the case where an employee for example stays with family or friends. The allowance will be calculated from the time of departure to the time of arrival.

28. INTERNATIONAL TRAVEL (OUTSIDE SADEC)

- All flights will be economy class except for directors who may travel business class.
- The company pays for bed and breakfast at an equivalent of a three star hotel.
- A standard daily allowance of USD 75 will be payable. However, regional adjustments based on cost of living, and specific arrangements with the customer can influence the standard allowance. The allowance will be calculated from the time of departure to the time of arrival and needs to cover meals and private expenses.
- If a trip exceeds 7 days reasonable laundry costs will be paid for by the company.
- Official expenses inclusive of transport may be claimed.
- Advances may be given provided that a claim form is handed in within 7 days after return.