



CONVEYOR EQUIPMENT

10 January 2007

We are pleased to advise that Rulli Rulmeca of Italy (<http://www.rulmeca.com>) has acquired Melco Conveyor Equipment, with effect from December 7 2006.

Several significant benefits will flow from this transaction:

- Melco will become an important member of a successful international group of companies with manufacturing facilities in 10 countries. Melco will be the largest single manufacturing site of idlers for bulk handling within the group.
- Melco's board of directors will be strengthened by the appointment of 4 senior Rulmeca personnel who will act as non executive directors.
- Personnel within the Company and Customers in Melco's traditional markets in South Africa and internationally, will be assured of succession of stable ownership and professional management.
- Melco will have further access to modern manufacturing technology.
- There will be a pooling of ideas and facilities for Product Development.
- Additional important products for the bulk materials handling industry will be introduced to Melco for marketing in South Africa.

The company will continue to operate as before, and through association with Rulmeca will strive to enhance levels of productivity, service and quality.

Melco's existing directors remain executive members of the Board and will continue to be involved in running the company on a full time basis.

This transaction represents an important and significant step in the ongoing development of Melco as a world class company. This should result in substantial benefits for the Bulk Materials Handling Industry in South Africa.

We take this opportunity of thanking you for your support in the past and look forward to working with you in the future.

Should you require any further information, please contact any member of our management.

With kind regards,

Melvyn Cohen

Roy Cohen

Malcolm Elston

Derek Cohen

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***Italian **Danish**