

GENERAL CONDITIONS OF PURCHASE

GENERAL

1.1 In these conditions "Company" shall mean SOUTHCO and "Supplier" shall mean the person, firm or company to whom the Company's order is issued and 'Products' shall mean all products and services and associated documentation covered by Company's order.

1.2 These conditions shall apply to and be incorporated in the contract between Supplier and Company for the supply of the products and shall be in substitution for any ongoing arrangement made between Supplier and Company and shall prevail over any inconsistent terms or conditions contained in or referred to in Supplier's quotation or acceptance of order or correspondence or elsewhere or implied by trade custom or practice or course of dealing and no addition to or variation of or exclusion or attempted exclusion of the order and/or these conditions or any of them shall be binding upon Company unless specifically agreed to in writing and signed by a duly authorised representative of Company.

1.3 All the provisions of the contract between Company and Supplier are contained in or referred to in the order and in these conditions. Supplier's execution or commencement of work or any delivery pursuant to the order or acceptance of any progress payment constitutes acceptance of the order on the terms hereof by Supplier. Acceptance of the order may only be made by acceptance by Supplier of these conditions.

1.4 Specific terms contained in Company's order shall stand in addition to these conditions and in the event of a conflict in the specific terms of Company which come latest in time shall prevail. Company's standard purchase conditions current from time to time shall apply to all future contracts for the supply of products by Supplier to Company.

1.5 Time is of the essence of this contract.

DELIVERY

2.1 The date or period for delivery of the products shall be that specified in Company's order and shall be of the essence of the contract. Consignment or part deliveries may be rejected unless Company has agreed to accept such deliveries.

2.2 Supplier shall furnish such programmes and progress reports of manufacture and delivery as Company may reasonably request and Supplier shall give notice to company forthwith if such programmes are likely to be delayed. Without prejudice to any other rights accruing to Company and substitute delivery date or period agreed shall also be of the essence of the contract.

2.3 Company's order number shall be printed or written legibly by Supplier on all products delivered by package or parcel and on all related despatch notes and invoices.

2.4 All products must be delivered at the delivery point specified in Company's order at times either specified or agreed by Company. Delivery shall be completed only when the products have been

unloaded and the delivery has been accepted by a duly authorised representative of Company as provided in Clause 3.

2.5 Subject as provided by these conditions commercial terms concerned with foreign trade shall bear the meanings assigned to them by the current INCOTERMS.

2.6 Unless otherwise stated in Company's order Supplier is responsible for obtaining all necessary documentation for export of the products to the UK and for the import of the products into the UK including export and import licences and Supplier shall be responsible for delays due to export and/or import licences not being available when required.

2.7 Supplier agreed on request to supply Company with such declarations and documents as may be reasonably required to establish the origin of the products and the manner in which they qualify for EC EEA or EFTA preferences or duty exemptions.

2.8 In the event of any strike, lock out, fire, explosion or accident, or other matter or occurrence which for any reason prevents or hinders the use of any products delivery of such products and/or payment therefore may be suspended or postponed at Company's option until the circumstances preventing or hindering the use of products have ceased.

ACCEPTANCE

3.1 Acceptance of the products will only be effective if communicated in writing and Company's acknowledgment of delivery on a delivery note or similar document shall not constitute acceptance and Company retains the right to reject any products until fully inspected by it.

3.2 Should the products delivered by Supplier fail to conform to the contract for whatever reason Company may without prejudice to its other rights:

3.2.1 Reject all or any of the products within a reasonable time of their inspection by Company notwithstanding that Company may have effected payment therefore; and

3.2.2 Purchase elsewhere as nearly as practicable to the same specifications and conditions as circumstances shall admit and recover from Supplier any additional expenses thereby incurred together with the purchase price if previously paid.

TITLE AND RISK

4. Without prejudice to any right of rejection which may accrue to Company and unless otherwise stated in Company's order title to the

products shall pass to Company upon the earlier of delivery of any payment being made therefore and risk shall pass upon delivery and acceptance of the products. Supplier shall be responsible for transport and unloading costs and for insurance of the products to their full value against all risks or damage or loss prior to completion of delivery and acceptance.

PRICE AND PAYMENT

5.1 Unless otherwise stated in Company's order all prices are fixed fully inclusive of all duties and delivery charges are not subject to escalation or additions and payment shall be made at the end of period negotiated and agreed at the commencement of trading and Supplier may invoice only after delivery of all products the subject of the order has been accepted by Company.

5.2 No payment or an account of the price shall constitute any admission by Company as to proper performance by Supplier of its obligations.

5.3 Packages and containers will be non-returnable and no charge therefore shall be made unless otherwise agreed.

5.4 All materials or articles furnished by Supplier hereunder shall be free of all liens and encumbrances.

VARIATIONS

6. Company has the right to amend quantities, specifications and scheduled times or deliveries by issuing a written amendment to Supplier with which Supplier shall comply. Any other amendments to the contract must be made by agreement in writing. Supplier shall advise Company forthwith if any proposed amendments either prevent the specified time for delivery being met or have any other material implication in regard to Supplier's obligations to Company and if appropriate Company shall allow a reasonable adjustment to the price and/or time for delivery.

PATENT ETC. INDEMNITY

7. Supplier will indemnify Company against any claims for infringement of any patent registered design, design right, trade mark, copyright confidentiality and any other intellectual or industrial property rights arising by reason of the use or sale of

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the products, against all claims for royalties payable in respect of the products and against all losses, costs, damages, expenses and claims which company may become liable as a result of such claims for infringement or royalties including without limitation the cost of obtaining non-infringing replacements for the products.

SAFETY AND ENVIRONMENTAL

8.1 Supplier warrants that in the design manufacture supply and installation of the products and the provision of information relating

thereto it will comply and will facilitate Company's compliance with the duties imposed by any applicable environmental and health and safety laws and with all other relevant statutory provisions rules and regulations so far as they are applicable to the products and that the products will be supplied with all safety guards devices and markings sufficient to comply with all applicable legal requirements.

8.2 Where Company expressly agreed in the contract that the products are to be supplied without the usual or compulsory guards or safety devices then Supplier must specify in writing at or before delivery what guards and safety devices (if any) will be required to be purchased by Company to confirm with all relevant laws.

8.3 Supplier warrants that all products supplied to Company together with all necessary instructions, information and warnings supplied therewith will be designed, manufactured and produced in such a manner as to ensure that the products are not defective within the meaning of Part 1 of the Consumer Protection Act 1987 and Supplier shall indemnify Company against all losses, costs, expenses and damages that Company may suffer or incur in connection with the products being defective within the meaning of Part 1 of the said Act.

8.4 In the event that Supplier becomes aware at any time of any incidents, events or discoveries which are in any way relevant to the safe operation of products supplied or to be supplied then Supplier shall forthwith issue written notice thereof to Company.

8.5 In the event that in connection with the contract Supplier or its sub-contractors enter upon any land or premises occupied by Company, Supplier shall indemnify Company against all losses, costs, expenses and damages suffered or injury to persons or property of any kind arising out of any act or omission negligent or otherwise of Supplier or its sub-contractors.

ASSIGNMENT AND SUB-CONTRACTORS

9.1 Supplier shall not without the written consent of Company sub-contract or assign all or any part of the benefit or burden of the contract.

9.2 Any authority given by Company for Supplier to sub-contract shall not impose any duty on Company to enquire as to the competency authorised sub-contractor and Supplier shall not be excused full and proper performance of the contract. **9.3** Company shall be entitled to assign any and all of its rights and benefits under the contract without notice to Supplier.

PROGRESS INSPECTION AND TESTING

10.1 The products shall be subject to all specified and usual tests and checks by Supplier and to any other tests which Company may reasonably require.

10.2 Company's representatives and appropriate official authorities (where relevant) shall have the right to progress and inspect all products and attend tests thereon at Supplier's works and at the works of sub-contractors at all reasonable times and Supplier shall give reasonable prior notice to allow such attendance at any tests.

10.3 Any attendance inspection approval or acceptance given by or on behalf of Company shall not relieve Supplier of any obligation under the contract.

RIGHTS IN DESIGNS ETC .

11.1 Full title including design right, copyright and all other intellectual property rights in all specifications, plans, drawings, pattern or designs supplied by Company to Supplier in connection with the contract or prepared or made by Supplier, its employees, agents or sub-contractors for the purpose of fulfilling the contract shall vest in and belong to Company absolutely and any information derived therefrom or otherwise communicated to Supplier in connection with the contract shall be regarded by Supplier as confidential and shall not without the written consent of Company be published or disclosed to any third party or made use of by Supplier except for the purpose of performing the contract.

11.2 Supplier hereby agreed to execute and procure execution of any assignment deed or other document reasonably required by Company to transfer and vest in Company ownership of anything which is to belong to Company in terms of Clause 11.1.

11.3 Any drawings, circuit diagrams, cable layouts, operating and maintenance instructions or like documentation supplied by Supplier and not covered by Clause 11.1 may be freely used by Company for any reasonable purpose including the production by Company or procurement from any third party for its use of any parts for the products.

11.4 The term "Proprietary Information" includes any information from Company to Supplier which is not readily available to Company's competitors and which, if known by a competitor of Company, might lessen any competitive advantage of Company or give such competitor a competitive advantage and also includes, but is not limited to, drawings, samples and specifications received from Company or items/deliverables developed by Supplier for Company. Company retains ownership of all Proprietary Information and all documentation which contains Proprietary Information. Supplier shall not disclose, duplicate or reproduce any Proprietary Information, nor shall Supplier use any Proprietary Information other than in the course of performing its obligations under this Purchase Order. Supplier shall take all reasonable steps to prevent the disclosure, duplication or reproduction of any information (whether or not marked "Proprietary Information").

INFORMATION

12.1 Supplier shall neither publish information about the contract or any correspondence concerned with it to any third party nor use the name of Company for advertisement or publicity purposes without Company's prior written consent.

12.2 Supplier shall submit to Company as soon as practicable after receipt of Company's order such drawings, design details and operational and maintenance manuals which are required by Company or which it is usual in the trade to provide in respect of products of the same kind as the products.

12.3 Supplier shall be responsible for all errors and omissions in drawings, calculations, packing details or other particulars supplied by it and approval or acceptance thereof by Company shall not relieve Supplier of any obligation under the contract.

FREE-ISSUE MATERIALS AND TOOLS

13.1 Where Company issues materials to Supplier for use in connection with the contract such materials shall be and remain the property of the Company.

13.2 Supplier shall maintain such materials in good order and condition and at its risk subject in the case of tooling patterns and the like to fair wear and tear and shall use the same only in connection with the contract.

13.3 Any surplus materials shall be disposed of in accordance with Company's directions and any materials wasted as a result of Supplier's bad workmanship or negligence shall be replaced at Supplier's expense.

13.4 Supplier shall at any time forthwith upon Company's request deliver up to Company all material issued by Company.

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13.5 Any tools (such as jigs, dies, etc.) which Supplier may construct or acquire specifically in connection with the products and for which Supplier makes any charges shall be and remain Company's sole and unencumbered property and Company may at any time call for possession.

SUPPLIER'S GUARANTEE

14.1 It is a condition of the contract that the Products will confirm with the specifications, drawings and other details supplied or adopted by Company; be new and fit and sufficient for the purpose for which they are intended; be of good quality design and workmanship and entirely free of defects; will satisfactorily fulfill the performance requirements supplied or adopted by company; and will conform with all appropriate British EC and other international standards and specifications applicable to the products.

14.2 Supplier warrants its expertise and the accuracy of all statements and representations made in respect of the products prior to the contract.

14.3 Nothing contained in these conditions shall in any way detract from Supplier's obligations and Company's rights under common law or statute or any express or implied term condition or warranty.

14.4 Notwithstanding that Company has accepted the Products or part thereof and/or title in the products has passed to Company, the breach by Supplier of any express or implied term, condition or warranty to be fulfilled by it may be treated as a ground for rejecting the products and treating the contract as repudiated.

14.5.1 Without prejudice to Company's rights to treat the contract as repudiated or its other rights Supplier shall forthwith at Company's request repair or (if Company so requires) replace at Supplier's expense all products which fail or are or become defective within either the period of 12 months from putting into service or the period of 18 months from delivery (whichever shall be the first to expire) where such failure or defect occurs due to inadequate operational life, faulty design, Supplier's erroneous instructions, faulty materials or workmanship or any other breach of Supplier's obligations express or implied. Supplier shall on demand pay or reimburse to Company any costs, expenses and or damages of any kind incurred by it in removal, re-installation, shutdown and other actions related directly or indirectly to the repair or replacement, or by reason of supply by supplier of defective Products.

14.5.2 Repaired and replacement products shall themselves be warranted in accordance with this Clause 14 (in the case of Clause 14.5.1 for a period of 12 months from the later of date of delivery, re-installation or passing of tests) and Company's request for or acceptance of a repair or replacement shall not preclude rejection of the repair or replacement and/or termination of the contract if it is not entirely to Company's satisfaction.

14.6 Supplier agrees to assign to Company upon request the benefit of any warranty, guarantee or like rights which it has against any third party, manufacturer or supplier of the products or any parts thereof.

14.7 Supplier will provide all facilities assistance and advice required by Company or Company's insurers for the purpose of contesting or dealing with any action, claim or matter arising out of the order or the Supplier's performance of the order.

CANCELLATION

15. Without prejudice to any other lawful right available Company shall have the right to cancel the contract (in whole or in part) without cause at any time by giving written notice to Supplier whereupon all work pursuant to the contract which is thereby canceled shall be discontinued forthwith and Company shall pay to Supplier such proportion of the price as may be fair

and reasonable having regard to the value of the products which are then acceptable to Company for delivery under the contract and on such payment no further sum or sums shall be due by way of damages, loss of profits or otherwise from Company to Supplier by reason of such cancellation..

TERMINATION

16.1 Without prejudice to any other rights or remedies of Company it shall be entitled in any of the following circumstances to terminate (in whole or in part) this and any other contracts whenever made between Company and Supplier:-

16.1.1 Supplier makes or proposes any voluntary arrangement with its creditors or becomes subject to an administration order or becomes bankrupt or goes into liquidation;

16.1.2 An encumbrancer takes possession or a receiver is appointed of any of the property or assets of Supplier;

16.1.3 Supplier becomes unable to satisfy its debts as they fall due or ceases or threatens to cease to carry on business;

16.1.4 Company reasonably believes or apprehends that any of the events mentioned above or any equivalent under any relevant laws has or may occur;

16.1.5 Supplier commits any breach of this or any other contract whenever made between Supplier and Company.

16.2 The remedies provided herein shall be cumulative and not exclusive and are in addition to any other remedies that Company may be provided by law.

LAW AND JURISDICTION ETC.

17.1 Supplier shall comply with, and all works shall conform to the requirements of all applicable laws, current codes, ordinances, regulations, etc.

17.2 The contract shall be governed and interpreted exclusively according to the Laws of England. The parties hereby agreed to submit to the exclusive jurisdiction of the English Courts provided that Company may at its option take proceedings in the Courts of the State in which Supplier is domiciled.

17.3 No waiver of or delay or failure by Company to exercise any rights or remedies shall prejudice or preclude any future or further exercise thereof.

17.4 Company may set off against the price or any claim by Supplier under the contract any other liability or claim howsoever arising of Company against Supplier whether actual, contingent, primary, collateral, joint or several.

17.5 If any provision of these conditions shall be held invalid or unenforceable in whole or in part then the unaffected provisions shall remain in full force and effect. Headings appear for convenience only and shall not affect the construction of these conditions

WAIVER

18. Company's failure on any occasion to insist on strict performance of any term or condition hereof shall not constitute a waiver of compliance with such term or condition on any other occasion or waiver of default.

YEAR 2000 COMPLIANCE

19. Supplier warrants and represents that all controllers, computer software and hardware comprising or incorporated into articles, equipment, materials or items which are the subject matter of this Purchase Order and required or desirable for performance of such articles, equipment, materials or items shall be free of defects and operate in accordance with applicable specification prior to, on or after 1 January, 2000.

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