

STANDARD TERMS & CONDITIONS OF PURCHASE

1. Definitions

The "Company" means ATLAS Elektronik Limited whose registered and business addresses are specified on the face of this Purchase Order. The "Supplier" means the other contracting party named on the face of this Order and shall be deemed to include any director officers employees and agents thereof. The "Goods" means all articles material work or services which are the subject of this Order. The "Purchase Order" means this Contract between the Parties defined overleaf and any amendment thereto by the Company accepted by the Supplier for the supply of the Goods in accordance with these conditions and any conditions within the Purchase Order.

2. Formation of contract

- The Company shall only be bound by Orders and amendments thereto which are placed on its official printed Purchase Order forms signed on its behalf by a duly authorised officer and acknowledged by the Supplier in accordance with (b) below.
- Acknowledgement of this Purchase Order must be made by signing and returning the attached duplicate Purchase Order to the Company within fourteen (14) days of the date of this Order. Should the Supplier despatch Goods perform work or services in accordance with this Purchase Order without such an acknowledgement the Supplier shall be deemed to have accepted the Purchase Order and these terms and conditions.
- If the Goods subject of this Purchase Order are to be used in connection with a Ministry of Defence contract (specified overleaf) then this Purchase Order shall be subject to the conditions of the contract which shall take precedence over these conditions where such terms are in conflict. Details of any such conditions shall be supplied by the Company on request but the Supplier shall be deemed to have accepted the same as part of this Purchase Order whether such request has been made by the Supplier or not.
- Nothing in these conditions shall prejudice any condition or warranty expressed or implied or any legal right or remedy to which the Company may be entitled in relation to the Goods the subject of this Purchase Order by virtue of any statute or custom or any general law or local law or regulation.

3. Delivery

- The Supplier shall on or up to a maximum of three working days before the delivery date stated in this Purchase Order and at its own expense and risk deliver the Goods properly packed and sealed to the Company at the address specified in this Purchase Order or as subsequently agreed in writing. It is acknowledged that late delivery by the Supplier may cause financial damage and/or loss to the Company. Unless otherwise stated in this Purchase Order or otherwise previously agreed delivery shall take place during normal working hours (at the Company's specified address for delivery) under the terms of carriage specified overleaf.
- Without prejudice to any of the Company's other rights failure to deliver the Goods or any part thereof by the due date shall entitle the Company to determine the contract in respect of the undelivered Goods and any other Goods already delivered which cannot effectively or commercially be used by reason of the said non delivery.
- If for any reason the Company is unable to accept delivery of the Goods until after the agreed delivery date the Supplier shall store the Goods safeguard them and take all reasonable steps to prevent their deterioration until such time that delivery can take place. In cases where Condition 15 does not apply the Company shall pay the Supplier in accordance with the terms overleaf. Upon delivery of the Goods to storage and where such storage exceeds thirty days the Company shall reimburse the Supplier its reasonable costs (including insurance) for such storage.
- All despatches must be plainly marked with the Company name Order number and contain a packing note which is uniquely numbered and sent at the same time as the Goods are despatched.
- On delivery of each consignment of the Goods the Supplier shall deliver to the Company such documents (which shall include without limitation advice notes and certificates of conformity) as required by this Purchase Order.
- If the Supplier fails to comply with this Condition the Company shall be under no obligation to accept delivery of the relevant consignment.

4. Specifications, Quality Tests, Rejection

- The Goods must conform in all respects with the drawings specifications and other requirements or descriptions stated in this Purchase Order. All Goods must be new unless specifically agreed by the Company in writing of sound materials workmanship and (where the Supplier is responsible) design and shall be equal in all respects to relevant samples or patterns provided by the Supplier.
- The Company shall be entitled to inspect and test both the Goods during their manufacture processing or storage and the Supplier's quality control procedures at any reasonable time at the Supplier's works or at the premises of its subcontractors. Such inspection or failure to inspect shall not constitute acceptance by the Company and does not relieve the Supplier or any subcontractor of any responsibility under this Purchase Order whether implied or expressed.
- All of the Goods must pass the Company's acceptance tests. Without prejudice to the Company's other rights it shall be entitled to reject all Goods which do not conform completely in every respect with the terms of this Purchase Order and in particular parts a) and f) hereof. Furthermore if by the nature of the Goods any defects therein or any failure to conform as aforesaid does not or would not become apparent until after use the Company may reject the same within a reasonable period of time (being in any case not less than 12 months) after the Goods are placed into use.
- In the event that Goods are rejected under c) above the Company shall have the option to:
 - require the Supplier at its risk and expense to replace the rejected Goods and deliver additional Goods in compliance with this Purchase Order;
 - cancel this Purchase Order as provided by Condition 15 both in respect of the Goods in question and/or the whole of the undelivered balance of the this Purchase Order; and/or
 - recover from the Supplier any monies paid by the Company in respect of such rejected Goods and if the Company so requires any other Goods comprised in this Purchase Order together with any additional expense reasonably incurred by the Company in obtaining replacement Goods from an alternative source. All rejected Goods shall be returned to the Supplier at the Supplier's expense.
- The Company's signature given in respect of receipt of the Goods is evidence only of the number of packages received. In particular it is not evidence that the correct quantity or number of the Goods has been delivered or that the Goods delivered are in good condition or of the correct quality.
- The Supplier shall ensure that in all respects except where the Company is responsible for the design or specification of the Goods that the Goods comply with all relevant requirements of any statute statutory instrument order or other regulations having the force of law which may be in force when the Goods are delivered and/or the work performed as the case may be. In particular without prejudice to the generality of the foregoing all Goods shall comply with all applicable CE marking and other labelling requirements and the Supplier shall retain relevant test certificates conformity assessments and test construction files and ensure that these are available for inspection by the Company or regulatory authorities when required.

5. Price and Payments

- Prices and currency shall be those specified within this Purchase Order and shall be fixed and firm exclusive of Value Added Tax but inclusive of all other taxes imposts fees and duties.
- No charges shall be made for packing insurance or delivery unless otherwise agreed and any such charge shall be separately detailed in the Supplier's invoice.

- Unless otherwise agreed in writing the Supplier shall submit its invoice in respect of the Goods which subject to Condition 4 shall become due for payment by the Company 45 (forty-five) days from the date of receipt of invoice. Invoices shall accurately replicate the Order line items and shall state the price exclusive of Value Added Tax. Invoices shall not be sent to the Company prior to the date of delivery of the Goods and must be sent to the Company address designated on this Order quoting the relevant Order number.
- Subsequent to the agreement of prices for Goods or Services the Supplier shall identify opportunities for cost reduction, whether by design change, material change, material cost reduction or manufacturing process change. In order to reward the Supplier for seeking such cost reduction opportunities the Company agrees to allot a percentage portion of the saving to the Supplier. The percentage portion shall vary according to the circumstances and shall be subject to allocation by the Company on a fair and reasonable basis.
- Non - Recurring Engineering cost shall be paid subject to agreement in writing at the start of negotiation. These however shall not be chargeable after agreement in writing has been reached and are not shall not be payable should any agreement volume relating to the charges be reduced.
- Late payment of undisputed invoices shall carry interest at a rate of 2% above the Bank of England base rate commencing 30 days after payment first becomes due. The Parties agree that this represents a substantial contractual remedy for late payments and no additional statutory interest shall be payable.

6. Properties and Risk

- Subject to b) below property and risk in the Goods shall pass to the Company on delivery in accordance with Condition 3 above. Such passing of property and risk shall be without prejudice to any right of rejection or cancellation arising under these conditions in particular (but without prejudice to the generality of the foregoing) under conditions 4 & 5. Where the Company is required under Government Standard Condition 49 to vest title in the Secretary of State for Defence the Supplier hereby gives permission for such re-allocation of title.
- Any Goods or materials purchased or allocated by the Supplier for the purpose of this Purchase Order or any work thereon shall immediately vest in the Company where advance payment or progress payments have been made quoting this Purchase Order number.

7. Warranty

- Without prejudice to any other rights whether express or implied by statute or otherwise which the Company may have the Supplier undertakes at the Company's option forthwith either to repair to replace or refund the cost of the Goods which are or become defective within 12 (twelve) months from the date of delivery or within such longer period as may be specified in this Purchase Order.
- If a substantial proportion of the Goods is defective or does not conform as aforesaid the Company may without prejudice to its other rights cancel this Purchase Order and reject any or all of the Goods already delivered and the Supplier shall thereupon repay any sums already paid by the Company in respect of the Goods so rejected whether or not delivered.
- The Supplier shall with all possible speed repair or replace free of charge Goods damaged or lost in transit provided the Company shall give written notice of such damage or loss within a reasonable period of time. Any Goods repaired or replaced pursuant to a) or c) above shall be supplied to the Company with a 12 (twelve) month warranty in accordance with a) above.
- The Company's rights under this Condition 7 are in addition to and not in substitution of the Company's common law and statutory rights and remedies.

8. Intellectual Property Rights

- Any and all patents designs (whether registered or not) copyright or other industrial or intellectual property rights throughout the world whether or not similar to any of the foregoing resulting from any work carried out by the Supplier in the execution of this Order shall vest exclusively in the Company.
- The Supplier warrants that neither the sale nor the use of the Goods nor the performance of this Purchase Order shall infringe any British or foreign patent copyright trade mark or name design (whether registered or not) or other industrial or intellectual property rights whether or not similar to any of the foregoing and shall indemnify and hold the Company harmless from all actions claims demands costs expenses and liabilities whatsoever resulting whether directly or indirectly from any actual or alleged infringement as aforesaid. The Supplier at its own expense shall defend or (at the Company's option) assist in the defence or settlement of any such infringement or proceedings which may be brought in that connection provided that the Supplier shall be under no liability under this Condition in respect of any infringement as aforesaid caused directly by use of a design or specification supplied by the Company.
- No Goods covered by this Purchase Order shall be manufactured sold or disposed of by the Supplier in violation of any right whatsoever of third parties and in particular but without prejudice to the generality of the foregoing of any patent right trade mark or similar right or any charge mortgage or lien provided that the Supplier shall be under no liability under this Condition in respect of a violation as aforesaid directly occasioned by use of a design or specification supplied to the Supplier by the Company.
- The Supplier shall ensure that the Company is covered by a licence agreement required to enable the legal use of Goods supplied under this Order. Should the Company be exposed in any manner (legal or otherwise) as a result of the Supplier's failure so to do the Supplier warrants to indemnify the Company against all related liabilities.

9. Confidentiality

- The Supplier agrees to treat and keep confidential and shall not disclose to any third party (except sub-contractors authorised by the Company in writing to accept a like obligation of confidentiality and then only to the extent necessary to the performance of the sub-contract) all information including without limitation technical and commercial information advice know-how drawings designs and specifications supplied by the Company in connection with this Purchase Order or which becomes known to the Supplier through performance of this Purchase Order.
- The Supplier shall not use any of the foregoing information except in connection with the execution of this Purchase Order and shall on completion of this Purchase Order or earlier termination in accordance with these conditions return all such information to the Company.
- All such information as described in a) above shall remain the exclusive property of the Company and save as stated in this Purchase Order no licence or rights are granted by the Company to the Supplier.
- This Purchase Order shall be treated as confidential and no reference to the existence of this Purchase Order or the Company's name shall be made or disclosed in any publicity material or other similar communications to third parties without the Company's prior consent in writing.

10. Company's Property

- If the Company supplies any jigs tools dies patterns moulds gauges components materials or any other items of whatsoever nature for use in connection with this Purchase Order the same shall be at the Supplier's risk from the time they leave the Company's factory until they are returned thereto but shall remain the property of the Company. The Company shall have the right of reasonable access to the Supplier's properties to inspect such items while they are there. The Supplier shall not use any of the foregoing except in connection with this Purchase Order and shall maintain the same in good condition and return them to the Company at any time on demand or otherwise automatically on completion of this Purchase Order. Gauges are

issued as reference standards only. All jigs tools dies patterns moulds and gauges manufactured or provided by the Supplier for the Company in connection with this Purchase Order shall become the Company's property and shall be retained by the Supplier until disposal instructions are given by the Company to the Supplier in writing which instructions shall be complied with forthwith.

- The Supplier shall indemnify the Company against any loss or damage to the items mentioned in Condition a) above arising while such items are in the Supplier's possession or before re-delivery to the Company. The Supplier shall insure the aforesaid items against fire and explosion and (if necessary) note the Company's interests on its policy.
- The Company and/or its licensors shall retain all industrial or intellectual property rights in any specifications drawings designs and descriptions provided to the Supplier and no licence of the same is granted or to be implied save for a non-transferable licence for the Supplier to use the same for the sole purpose of fulfilling this Purchase Order.

11. Indemnity

- The Supplier shall indemnify and hold the Company harmless from all actions claims demands costs expenses and liabilities whatsoever in respect of personal injury or death of any person or in respect of any loss damage or destruction to property (not attributable to any default or neglect of the Company) which shall have occurred in connection with any work executed by the Supplier pursuant to this Purchase Order or shall be alleged to be attributable to defects in the Goods.
- The Supplier shall indemnify and hold the Company harmless against all actions claims demands costs expenses and liabilities incurred by the Company whether directly or as a result of the claim of any third party by reason of any breach by the Supplier or these conditions or of any terms or obligations on the Supplier's part implied by the Sale of Goods Act 1979 or the Sale and Supply of Goods Act 1994 or the Supply of Goods and Services Act 1982 (or any statutory re-enactment thereof) or by any other statute or statutory provision relevant to this Purchase Order or to Goods or work converted thereby. This indemnity shall not be prejudiced or waived by any exercise of the Company's rights under Condition 4.

12. Hazardous Goods

- The Supplier shall mark all hazardous goods with international danger symbols where they exist and display the name of the material in English. Transport and other documents must include a declaration of the hazard and name of the material in English.
- Goods must be accompanied by emergency information in English in the form of written instructions labels or markings. The Supplier shall observe the requirements of the UK and EU legislation including without limitation the Control of Substances Hazardous to Health Regulations 2002 (as amended) and any relevant international agreements relating to the packing labelling and carriage of hazardous goods. All information held by or reasonably available to the Supplier regarding any potential hazards known or believed to exist in the transport handling or use of the Goods supplied shall be promptly communicated to the Company prior to delivery.
- The Supplier shall comply with the Montreal Protocol. Should the requirements of this Purchase Order not be possible without contravening the covenant of the said Protocol the Supplier shall notify the Company in writing within 4 (four) working days of the receipt of this Purchase Order. Failure so to do shall be taken to indicate compliance and any liabilities (financial or otherwise) incurred as a result shall be the responsibility of the Supplier.

13. Services

- If the performance of this Purchase Order requires the Supplier to send employees to the Company's premises then notwithstanding any degree of supervision or instruction by the Company such employees shall remain employees of the Supplier and under the Supplier's control. Without prejudice to Condition 11 the Supplier shall effect and maintain in force comprehensive employer's liability insurance in respect of such employees.
- Should the Supplier use any personnel to execute work on the Company's premises in performance of this Purchase Order it shall be required to abide by the safety rules and other relevant regulations laid down by the Company from time to time together with any other existing related legislation? Without limiting the generality of this Condition 13 the Supplier shall execute such work in accordance with any supplementary conditions attached to this Purchase Order provided that these supplementary conditions shall always prevail.
- The Supplier shall indemnify and hold the Company harmless against all such actions claims demands costs expenses and other liabilities whatsoever which the Company may incur either at common law or by statute (other than as a result of any default or neglect of the Company) arising from personal injury to or death of any such employees agents sub-contractors or other representatives while on the Company's premises whether or not such persons are at the time acting in the course of their employment when the personal injury or death are caused.

14. Manufacturing Changes

The Company must be advised in writing of any and all proposed changes in the specification of this Purchase Order or method of construction of the Goods to be supplied. In the event of such notice the Company reserves the right to cancel this Purchase Order in accordance with Condition 15 hereof or at its option to confirm this Purchase Order whereupon the Company's written approval shall be sent to the Supplier.

15. Cancellation

- Save as provided in this Condition a) neither the Supplier nor the Company shall be liable for any failure to complete or otherwise perform its obligations under this Purchase Order if such failure is caused by any circumstances whatsoever beyond its reasonable control. In the event of any failure for the aforementioned purposes such performance shall be suspended and if it cannot be completed within a reasonable time after the due date as specified in this Purchase Order this Purchase Order may be cancelled by the Company. The Company shall pay to the Supplier such sum as may be fair and reasonable in all the circumstances of the case in respect of work performed by the Supplier under this Purchase Order prior to cancellation and in respect of which the Company has received the benefit. This Condition can only have effect if it is called into operation by the party wishing to rely on it giving prior written notice to the other to that effect.
- Subject to Condition a) above the Company reserves the right to cancel the whole or any part of this Purchase Order or any consignment on account thereof if the same is not completed in all respects in accordance with the instructions and specifications stated and with the foregoing conditions. In the event the Company cancels this Purchase Order as to all or any of the Goods covered thereby the Company shall be entitled to purchase from a third party a like quantity of Goods of a similar description and quality or a reasonable alternative thereto bearing in mind the Company's need to take delivery of the Goods by the date specified overleaf or to contract with a third party to perform work of a similar description and quality and in that event the Supplier shall be liable to reimburse to the Company on demand all expenditure incurred by the Company in connection with the said cancellation including any increase in the price over that stated overleaf.
- The Company reserves the right to cancel the whole or any part of this Purchase Order at any time without cause and require the Supplier to cease work or part thereof in respect of the Goods. In full settlement the Company shall pay to the Supplier a fair and reasonable price for all Goods delivered or in a deliverable state at the date of notice of cancellation but in no event shall the amount so payable exceed the total Order price stated overleaf.

16. Continuity of Supply

The Supplier undertakes to use all reasonable endeavours to accept future orders in respect of the Company's future requirements for similar Goods at prices and delivery lead-times no less favourable to the Company than those agreed for this Purchase Order having regard to the economic circumstances at the time. In the event that the Supplier is reasonably unable to accept such orders it shall at the Company's request enter into negotiations with the Company to agree on reasonable terms the conditions and licences necessary to enable the Company to receive and use all necessary drawings manufacturing information and tooling to enable the Company to make the Goods or have them made elsewhere.

17. Bankruptcy or Liquidation

If a voluntary arrangement is proposed or approved or an administration order is made or receivership or administrative receiver is appointed over any of the Supplier's assets or undertaking or a winding-up resolution or petition is passed or presented (otherwise than for the purposes of a solvent reconstruction or amalgamation) or if any circumstances arise which entitle the Court or a creditor to appoint a receiver administrative receiver or administrator or to present a winding up petition or to make a winding-up order or if the Supplier is an individual firm partnership or other unincorporated body an interim order is applied for or made or a voluntary arrangement approved or if a petition for bankruptcy order is presented or a bankruptcy order is made against the Supplier or if a receiver or trustee in bankruptcy is appointed of the Supplier's estate or other similar equivalent action is taken against or by the Supplier by reason of its insolvency or in consequence of debt the Company shall without prejudice to any claim or right the Company may otherwise have the right to i) cancel this Purchase Order summarily by notice in writing without compensation to the Supplier or ii) give notice to any receiver administrative receiver administrator or liquidator or other person of the option of carrying out this Purchase Order or iii) require Goods at the Supplier's premises which are owned by the Company or Goods which have been paid for by the Company or otherwise allowed to the Company under Condition 6 hereof to be returned or delivered as appropriate to the Company's premises stated overleaf.

18. Set Off

In the event ATLAS has or will have Offset obligations in a country where the Supplier develops or will develop all or part of a contract signed with an ATLAS Business Unit, the Supplier will endeavor to make the total value of such Contract to be recognized as eligible to the fulfillment of such present/future offset obligations of ATLAS.

19. Assignment and Sub-Contracting

- a) The Supplier may not assign or transfer this Purchase Order or any part thereof to any other person without the prior written consent of the Company.
- b) The Supplier may not without the prior written consent of the Company sub-contract this Purchase Order or any part thereof other than for materials or for any part of the Goods of which the makers are specified overleaf to the extent sub-contracting is a trade custom in relation to the subject matter of this Purchase Order.

20. Waiver

The failure by the Company to insist in any one or more instances upon the performance of any of the terms and conditions of this Purchase Order shall not be construed as a waiver or relinquishment of the Company's rights under this Purchase Order or to future performance of such terms and conditions.

21. Notices

Any notice required to be given in accordance with these terms and conditions shall be deemed served if sent by pre-paid first class registered post by hand telex or facsimile sent to the Company's registered office or the Supplier's address stated on this Purchase Order as appropriate and shall be deemed served at the time when in the ordinary course of transmission it would reach its destination.

22. Entire Agreement

The terms and conditions set forth in this Purchase Order constitute the entire agreement between the Company and the Supplier in respect of the subject matter of this Purchase Order unless specifically stated to the contrary overleaf.

23. Special Conditions

Where special conditions are stated on the front of this Purchase Order these conditions shall apply equally with the Conditions shown herein save that where there are any inconsistencies between the special conditions and these Conditions the special conditions shall prevail and take precedence.

24. Further Assurance

The Supplier agrees to do all such additional acts and execute such additional documents which may reasonably be required to effectuate the purposes of this Purchase Order.

25. Interpretations and Severance

a) Condition headings are for convenience only and shall not govern the interpretation of these conditions.

b) In the event that any term condition provision clause or phrase of this Purchase Order shall be nullified or made void by any statute regulation or order by the decision or order of any court having jurisdiction the remaining terms conditions and provisions of this Purchase Order shall remain in full force and effect.

26. Waste Management Regulations

The Supplier shall comply with all relevant UK and ECC Regulations in respect of Waste Management and Control. The Supplier subject to formal notification shall support the Customer in his obligations under the Regulation by providing regular reporting on waste management, including but not limited to Packaging usage data, Hazardous substances.

27. ROHS & WEE

The Supplier shall comply with all relevant UK and ECC Regulations relating to ROHS & WEE. In compliance with these Regulations the Supplier shall provide

the Customer with full support and all necessary data in the format agreed ensure in order to ensure the Customers full compliance with the Regulations.

28. Supplier Evaluation

The Supplier shall have procedures for and shall actively participate in Supplier Evaluation and continuous performance improvement initiatives.

29. International Trade Terms & Conditions

The supplier shall ensure that they comply with all legislative Import and Export Regulations including but not limited to, INCOTERMS 2002, ITAR, Export licensing. Where the Supplier requires information from the Customer in order to comply with the Regulation, the Customer will provide on request all information required without prejudice.

30. Liquidated Damages

The customer shall have the right as deemed appropriate to levy Liquidated Damages from the Supplier for late deliveries. Late deliveries shall be deemed as deliveries not received against the negotiated delivery date and delivery acceptance as lay out in Clause 3 or deliveries that on initial receipt are deemed not to be fit for purpose. Liquidated Damages shall be incurred at a rate of 1 % (1 percent) per week of the value of the Goods or Services outstanding to a maximum value of 10%.

31. Obsolescence

The Supplier shall have an obsolescence policy and procedure, and shall provide notification to the Customer of all product or services that are due to become obsolete. This notification shall be no less than 12 months prior to the point at which the product or service shall cease and shall allow the Customer the option of an all time Buy or Technical transfer in order to support the Customer's on going business requirement. In addition all the associated costs to maintain form, fit and function throughout the life of the program and/or product use shall be born by the Supplier.

32. Risk Management

The Supplier shall demonstrate and show a positive attitude towards Risk Management. The Supplier shall have procedures for and may upon request be required to provide input to the Company's Risk Management process.

33. Maintenance and Support

The Supplier shall where appropriate provide Maintenance and Support Service at a cost to be agreed for the Product or Services it provides. This Service shall be either on an As Required Basis or Fixed Cost for an agreed period as deemed appropriated by both Parties.

34. Law

This Purchase Order and resulting contract shall be governed and construed in all aspects in accordance with the Laws of England and the parties hereby submit to the non-exclusive jurisdiction of the English Courts.