

TERMS AND CONDITIONS OF PURCHASE

1. DEFINITIONS

“Buyer” means First Byte Micro Limited.

“Seller” means the person, firm or company to whom the Purchase Order is addressed and any employees, sub-contractors or agents of said person, firm or company.

“Goods” means the materials, articles, works and services described in the Contract.

“Purchase Order” means the Buyer’s Authorised Purchase Order having these General Conditions of Purchase on its reverse or attached to it or referring to these General Conditions of Purchase on its face.

“Order Amendment” means the Buyer’s Order Amendment or series of Order Amendments, each Order Amendment having precedence over any earlier Order Amendment.

“Contract” has the meaning given in Condition 2 below.

“Price” has the meaning given in Condition 3 below.

“Sale of Goods Act 1979” shall mean the Sale of Goods Act 1979 as amended by the Sale and Supply of Goods Act 1994.

“Supply of Goods and Services Act 1982” shall mean the Supply of Goods and Services Act 1982 as amended by the Sale and Supply of Goods Act 1994.

2. GENERAL

The Seller agrees to sell and the Buyer agrees to purchase the Goods in accordance with the Contract. The Contract shall comprise (in order of precedence): any Order Amendments, the Purchase Order, these General Conditions of Purchase, any other document (or part document) referred to on the Purchase Order. The Contract shall not include any of the Seller’s conditions of sale, notwithstanding reference to them in any document. However, should this Contract be held by a court of competent jurisdiction to include the Seller’s terms and conditions of sale then in the event of any conflict or apparent conflict these General Conditions of Purchase shall always prevail over the Seller’s terms and conditions of sale. Delivery of Goods in response to a Purchase Order or Order Amendment shall be taken to imply that the Seller has accepted the terms and conditions of this Contract.

3. PRICE

The Seller will sell the Buyer the Goods for the firm and fixed Price stated in the Contract.

4. PAYMENT

Unless stated otherwise in the Contract the Buyer shall pay the Seller within sixty (60) days of receipt of a correctly rendered invoice. The Seller’s invoice must quote the full Purchase Order number. The Buyer shall not be held responsible for delays in payment caused by the Seller’s failure to comply with the Buyer’s invoicing instructions.

5. CANCELLATION

In addition to the other rights of cancellation under this Contract, the Buyer may cancel the Purchase Order and any Order Amendment thereto at any time by sending the Seller a notice of termination. The Seller will comply with any instructions that the Buyer may issue with regard to the Goods. If the Seller submits a termination claim then the Buyer will pay to the Seller the cost of any commitments, liabilities or expenditure which in the Buyer’s reasonable opinion were a consequence of this Contract at the time of termination. The total of all payments made or due to the Seller under this Contract, including any termination payment, shall not exceed the Price. If the Seller fails to submit a termination claim within 3

months of the date of the Buyer's notice of termination then the Buyer shall have no further liability under the Contract.

6. DELIVERY

- a. The Goods shall be properly packaged and secured and despatched to arrive in good condition at the time or times and the place or places specified in the Contract.
- b. If the Goods or any part of them are not delivered by the time or times specified in the Contract then the Buyer may by written notice cancel any undelivered balance of the Goods. The Buyer may also return for full credit and at the Seller's expense any Goods that in the Buyer's opinion cannot be utilised owing to this cancellation. This shall not affect any other rights that the Buyer may have.
- c. If the Seller or the Seller's carrier delivers any Goods at the wrong time or to the wrong place then the Buyer may deduct from the Price any resulting costs of storage or transport.

7. TRANSIT AND RISK

The Seller shall bear all risks of loss or damage to Goods despatched within the United Kingdom until they have been delivered and shall insure accordingly

8. INSPECTION

- The Buyer shall have the right to inspect and to reject Goods that do not comply with the Contract.
- The Seller's sub-contracts shall reserve such right for the Buyer. Any inspection or approval shall not relieve the Seller from the Seller's obligations under this Contract.

9. OWNERSHIP OF THE GOODS

Ownership of the Goods shall pass to the Buyer on the earlier of when the Goods have been delivered (but without prejudice to the Buyer's right of rejection under this Contract) or if the Buyer makes any advance or stage payment, at the time such payment is made, in which case the Seller must as soon as possible mark the Goods as the Buyer's property.

10. RECOVERY OF SUMS DUE AND INSOLVENCY

- a. Whenever under the Contract any sums of money shall be recoverable from or payable by the Seller or any subsidiary or associated company of the Seller they may be deducted from any sums then due, or which at any later time may become due to the Seller under this Contract or under any other contract the Seller may have with the Buyer.
- b. If the Seller becomes insolvent or bankrupt or (being a company) makes an arrangement with the Seller's creditors or has an administrative receiver or administrator appointed or commences to be wound up (other than for the purposes of amalgamation or reconstruction) the Buyer may without replacing or reducing any other of the Buyer's rights terminate the Contract with immediate effect by written notice to the Seller or any person in whom the Contract may have become vested.

11. QUALITY AND DESCRIPTION

- a. The Goods shall conform in every respect with the provisions of the Contract, be capable of all standards of performance specified in the Contract, be fit for any purpose made known to the Seller expressly or by implication and in this respect the Buyer shall rely on the Seller's skill and judgement, be new and not more than 18 months old (unless otherwise specified on the Purchase Order), not be pre-programmed unless specified and be of sound materials and skilled and careful workmanship, be packaged in the manufacturers' original packaging (unless otherwise agreed), correspond with their description or any samples, specifications or drawings referred to in the Contract, be of satisfactory quality and comply with any current legislation.
- b. The Seller warrants that it has clear title to all items furnished subject hereto and that they are free and clear of any encumbrances.

12. DEFECTIVE GOODS

- The Buyer shall have the right to reject the Goods in whole or in part whether or not paid for in full or in part within a reasonable time of delivery if they do not conform to the requirements of this Contract. It is agreed that the Buyer may exercise the right of rejection notwithstanding any provision contained in section 11 or section 15A or section 30 (subsections 2A and 2B) or section 35 of the Sale of Goods Act 1979. The Buyer shall give the Seller a reasonable opportunity to replace the Goods with new Goods that conform with this contract, after which time the Buyer shall be entitled to cancel the Purchase Order and purchase the nearest equivalent goods elsewhere. In the event of cancellation under this condition the Seller shall promptly repay any moneys paid under the Contract without any retention or offset whatsoever. Cancellation of the Purchase Order under this condition shall not affect any other rights the Buyer may have. The Seller must collect all rejected Goods within a reasonable time of rejection or the Buyer shall return them to the Seller at the Seller's risk and expense.
- The Seller shall promptly make good at the Seller's expense any defect in the Goods that the Buyer discover under proper usage during the first 12 months of actual use or 18 months from the date of acceptance by the Buyer customers whichever period shall expire first. Such defects may arise from the Seller's faulty design, the Seller's erroneous instructions as to use or inadequate or faulty materials or poor workmanship or any other breach of the Seller's obligations whether in this contract or at law. The aforesaid obligation shall survive acceptance and payment and shall run to the Buyer, its customers, their successors in title and shall not be deemed to be exclusive but shall be in addition to the Buyer's other terms of this order or at law or equity.

13. INDEMNITY

- The Seller shall indemnify the Buyer against all loss, actions, costs, claims, demands, expenses and liabilities whatsoever including legal fees on a Full Indemnity basis (if any) which the Buyer may incur either at common law or by statute in respect of personal injury to or death of any person or in respect of any loss or destruction of or damage to property (other than as a result of any default or neglect of the Buyer or of any person for whom the Buyer is responsible) which shall have occurred in connection with any breach by the Seller of its obligations under this Contract or shall be alleged to be attributable to some defect in the Goods.
- The Seller will indemnify the Buyer against any and all loss, costs, expenses and liabilities including legal fees on a full indemnity basis caused to the Buyer whether directly or as a result of the action, claim or demand of any third party by reason of any breach by the Seller of these conditions or of any terms or obligations on the Seller's part implied by the Sale of Goods Act 1979, by the Supply of Goods and Services Act 1982 or by any other statute or statutory provision relevant to the Contract or to Goods or work covered thereby. This indemnity shall not be prejudiced or waived by any exercise of the Buyer's rights under the Contract.
- The Buyer's insurance for international purchase provides for US \$75,000 per package and the Seller shall package its shipments to allow the Buyer to take best advantage of this cover. The Buyer will have no responsibility for lost or damaged packages exceeding these values.

14. INTELLECTUAL PROPERTY

With the exception of Goods made to the Buyer's design or instructions, the Seller warrants that neither the Goods nor the Buyer's use of them will infringe any patent registered design trade mark copyright or other protected right and undertake to indemnify the Buyer against all actions, claims, demands, costs, charges and expenses arising from or incurred by reason of any infringement or alleged infringement of any such right

15. ASSIGNMENT AND SUB-LETTING

The Contract shall not be assigned by the Seller nor sub-let as a whole. The Seller shall not sub-let any part of the Contract without the Buyer's written consent, but the Buyer shall not refuse such consent unreasonably. The restriction contained in this condition shall not apply to sub-contracts for materials for

minor details or for any part of which the makers are named in the Contract. The Seller shall be responsible for all work done and Goods supplied by all sub-contractors.

16. MATTERS BEYOND CONTROL

In the event that we shall be delayed in or prevented from carrying out all or any of its obligations under a contract of sale of Goods as a result of any cause beyond its control including (but not by the way of limitation) war invasion hostilities civil war or common strikes lock-outs breakdown of plant storm flood, failure of third parties to deliver the Goods or provide services connected therewith or any cause it shall be relieved of its obligations and liabilities incurred under such contract in so far as and so long as the fulfilment of such obligations and liabilities is thereby prevented frustrated or impeded

17. WAIVER

A failure at any time to enforce any provision of the Contract shall in no way affect the right at a later date to require complete performance of the Contract; nor shall the waiver of the breach of any provision be taken or held to be a waiver of any subsequent breach of the provision or be a waiver of the provision itself.

18. SEVERABILITY

Each of the provisions of these Terms and Conditions will be severable and distinct from one another and if any one or more of those provisions (or any part thereof) is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

19. NOTICES

Any communications or notices to be sent by the Buyer pursuant to the agreement shall not be valid unless sent in writing and transmitted either by recorded delivery, e mail or fax

20. LAW

These conditions and the contract and all matters pertaining thereto shall be governed by English law, and the English courts shall have jurisdiction in relation thereto.