

1. DEFINITIONS

In this document the following words shall have the following meanings:

"Agreement" means these Terms and Conditions together with the terms of any applicable Purchase Order;

"Buyer" means PRP OPTOELECTRONICS LIMITED;

"Intellectual Property Rights" means all patents, registered and unregistered designs, copyright, trademarks, know-how and all other forms of intellectual property wherever in the world enforceable;

"Purchase Order" means the standard Buyer document which includes or is attached to a statement of work describing the goods and/or services to be provided by the Supplier and which provides a maximum value payable by the Buyer to the Supplier;

"Supplier" means the organisation or person who supplies goods and/or services to the Buyer;

"Supplier Personnel" means any employee or contractor supplied by the Supplier to provide services.

"Suspect Counterfeit Supplies" means any Supplies that are suspected by testing, visual inspection or other information to be Counterfeit Supplies.

"Counterfeit Supplies" means (i) any material, component, part, assembly, sub-assembly, product and any other item forming part of the Supplies (together referred to as "Items" and separately as "Item") in which there is a confirmed indication by visual inspection, testing, or other information that it is a copy or substitute made without legal right or authority or one whose material, performance, Identity or characteristics have been misrepresented by the Supplier, manufacturer or a supplier in the Supplier's supply chain and/or (ii) previously used parts provided as 'new'.

"Identity" means any information which relates to the properties or characteristics of the Supplies including but not limited to the original manufacturer or suppliers, trademarks or other intellectual property rights, part numbers, date codes, lot numbers, applied testing methods and results, inspections performed, documentation, warranties, origin, alterations, tampering, salvage, recycling, ownership history, packaging, physical condition, previous use and rejection.

"OCM" means the organisation that is the originating source for the production of legitimate components; and

"OEM" means the organisation that is the originating source for the production of legitimate equipment.

2. GENERAL

These Terms and Conditions shall apply to all contracts for the supply of goods and/or services by the Supplier pursuant to one or more Purchase Order.

Where it is agreed that the Supplier shall supply goods and/or services, the goods and/or services to be supplied, the price payable and any other special terms agreed between the parties shall be set out in the Purchase Order. All Purchase Orders shall be subject to these Terms and Conditions.

No changes or variations to these Terms and Conditions or any Purchase Order shall be effective unless agreed in writing between the parties.

3. PRICE AND PAYMENT

The price and any taxes and expenses for the goods and/or services shall be as specified in the Purchase Order.

An invoice shall be produced by the Supplier to the Buyer in accordance with the terms set out in the Purchase Order.

The Buyer shall pay for the goods and/or services at the end of the month following the month in which the goods and/or services are supplied or in which the invoice is received, whichever is the later. In no circumstances shall the time for payment be of the essence of the Agreement.

The Buyer shall not be responsible for any expenses, charges or price other than those set out in the Purchase Order.

If the parties agree that the Supplier is to provide goods and/or services or resources in addition to those specified in a Purchase Order, then such agreement will be reflected in a further Purchase Order, which will be deemed incorporated into this Agreement.

Once a Purchase Order has been agreed by the Buyer the price for the goods and/or services shall be fixed.

4. WARRANTY

The Supplier warrants and guarantees that all goods and materials supplied under this Agreement shall be free from any defects, patent or latent, in material and workmanship, conform to applicable specifications and drawings and, to the extent that detailed designs were not provided to the Buyer, will be free from design defects and in every aspect suitable for the purposes intended by the Buyer, as to which the Supplier hereby acknowledges that it has had due notice. The approval by the Buyer of any designs provided by the Supplier shall not relieve the Supplier of its obligations under any provision contained in this Clause.

The Supplier's obligations under this Clause shall extend to any defect or non-conformity arising or manifesting itself within 12 months from delivery.

Where there is a breach of the warranty contained in this Clause by the Supplier, the Buyer, without thereby waiving any rights or remedies otherwise provided by law and/or elsewhere in this Agreement, may require the Supplier to repair or replace the defective goods at the Supplier's risk and expense or repay the price or part of the price relating to the defect to the Buyer.

Items repaired or replaced shall be subject to these Terms and Conditions in the same manner as those originally delivered under this Agreement. If the Supplier refuses or fails promptly to repair or replace items when requested under this provision, the Buyer

may itself, or through an agent or sub-contractor, or otherwise, repair or replace any item itself and the Supplier agrees to reimburse the Buyer for any costs or expenses incurred.

5. DELIVERY

Delivery of the goods shall be made to such location as the Buyer shall direct. Carriage shall be paid for by the supplier. Any time agreed between the parties for such delivery shall be of the essence of the Agreement and the Buyer shall be entitled to cancel, without notice, the whole or any part of this Agreement if the Supplier does not comply with this Clause.

Where the Buyer cancels the whole or part of the contract in accordance with these terms:

- a) all sums payable by the Buyer in relation to the whole or part of the contract cancelled shall cease to become payable;
- b) all sums paid by the Buyer in relation to the whole or part of the contract cancelled shall be repaid by the Supplier immediately;
- c) the Buyer shall be entitled to recover damages from the Supplier for any loss caused as a result of the Supplier's failure to deliver the goods and/or as a result of the cancellation of the whole or part of the contract.

6. TITLE

The Supplier warrants that it has good title to the goods and that it will transfer such title as it may have in the goods to the Buyer pursuant to these terms.

Title in the goods will pass to the Buyer when the goods are unconditionally appropriated (by either party or by or with the consent of either party) to this Agreement, or on delivery to the Buyer, whichever happens first.

7. RISK

The goods will be and shall remain at the Supplier's risk until such time as they are delivered to the Buyer (or at his direction), and are found to be in accordance with the requirements of this Agreement. It shall be the duty of the Supplier at all times to maintain a contract of insurance over the goods and, on request from the Buyer, to assign to the Buyer the benefits of such insurance.

8. INSPECTION OF GOODS

The Buyer shall inspect the goods upon delivery.

Where goods are damaged the Buyer shall notify the Supplier. The Buyer may reject the damaged goods and the following provisions shall apply:

- a) the Supplier shall collect the damaged goods from the Buyer at the Supplier's expense;
- b) during the period between delivery of the goods to the Buyer and collection by the Supplier, the Buyer shall not be liable for any loss or further damage caused to the damaged goods;
- c) all sums payable by the Buyer in relation to the damaged goods shall cease to become payable;
- d) all sums paid by the Buyer in relation to the damaged goods shall be repaid by the Supplier immediately;
- e) the Buyer shall be entitled to claim damages from the Supplier for any losses caused to the Buyer as a result of the goods being damaged.

Where there are shortages in the order the Buyer shall notify the Supplier and the following provisions shall apply:

- a) all sums payable by the Buyer in relation to the missing goods shall cease to become payable;
- b) all sums paid by the Buyer in relation to the missing goods shall be repaid by the Supplier immediately;
- c) the Buyer shall be entitled to claim damages from the Supplier for any losses caused to the Buyer as a result of the shortages.

If the Buyer so requests, the Supplier shall immediately replace damaged goods or supply goods which are missing at the Supplier's expense or the Buyer shall be entitled to cancel, without notice, the whole or any unexecuted part of the order and the applicable rights referred to in SECTION 5. DELIVERY shall apply.

Where there is an excess of goods in relation to the order the Buyer may reject the excess goods by notice in writing to the Supplier and the following provisions shall apply:

- a) the Supplier shall collect the excess goods from the Buyer at the Supplier's expense;
- b) during the period between delivery of the goods and collection by the Supplier, the Buyer shall not be liable for any loss or damage caused to the excess goods;
- c) no sum shall be due to the Supplier for the excess goods and in the event that sums are paid to the Supplier for the excess goods, the Supplier shall repay such sums to the Buyer immediately.

The Buyer may accept excess goods by notifying the Supplier of such acceptance and the price of the excess goods shall be payable by the Buyer.

The Supplier shall repair or replace free of charge, goods damaged or lost in transit upon receiving notice to that effect from the Buyer.

The Buyer's signature on any delivery note of the Supplier is evidence of the number of packages received only and not evidence of the correct quantity of goods received or that the goods are in a good condition or of the correct quality.

9. SUPPLIER'S OBLIGATIONS

The Supplier warrants, represents and undertakes that:

- a) all services performed under this Agreement shall be performed with all due skill and care, in a good and workmanlike manner and otherwise in line with best practice within its industry ("Best Industry Practice");

- b) the Supplier Personnel will possess the qualifications, professional competence and experience to carry out such services in accordance with Best Industry Practice;
- c) the services will not in any way infringe or violate any Intellectual Property Rights, trade secrets or rights in proprietary information, nor any contractual, employment or property rights, duties of non-disclosure or other rights of any third parties; and
- d) it has full capacity and authority to enter into this Agreement and that it has or will obtain prior to the commencement of the services, any necessary licences, consents and permits required of it for the performance of the services.

The Supplier shall provide the Buyer with such progress reports, evidence or other information concerning the services as may be requested by the Buyer from time to time.

The Supplier shall be responsible for maintaining such insurance policies in connection with the provision of the services as may be appropriate or as the Buyer may require from time to time.

The Supplier shall procure that the Supplier Personnel take all reasonable steps to safeguard their own safety and the safety of any other person who may be affected by their actions, and the Supplier agrees to indemnify and keep indemnified the Buyer from all and any liabilities, obligations, costs and expenses whatsoever arising from any loss, damage or injury caused to the Buyer or any third party by the Supplier Personnel.

10. COUNTERFEIT PARTS PREVENTION

The Supplier warrants that Counterfeit Supplies shall not be supplied to the Buyer or installed in the Buyer's products by the Supplier.

The Supplier warrants that only new, unused, authentic, genuine and legitimate Items shall form part of the Supplies supplied to the Buyer.

The Supplier may only purchase or source Items directly from OCM/OEM, OCM/OEM authorised (e.g. franchised) distributors or aftermarket manufacturers. Use, purchase or the sourcing of Items from non OCM authorised independent distributors or brokers is not permitted unless first approved in writing by the Buyer. The Supplier must present compelling support for its request to use such non OCM authorised suppliers for the Buyer's approval (including but not limited to OCM documentation that authenticates supply chain traceability of the parts to the OCM) and include in its request all necessary actions it shall take to ensure those Items thus procured are new, unused, authentic, genuine and legitimate Items.

The Supplier shall maintain a method of traceability that ensures tracking of the supply chain back to the manufacturer of all Items included in the Supplies being supplied. This traceability method shall clearly identify the name and location of all supply chain intermediaries from the manufacturer to the direct source of each Item for the Supplier and shall include the manufacturer's batch identification for the Item such as but not limited to date codes, lot codes, serializations, or other batch identifications. Full supply chain traceability documentation includes but is not limited to OCM/OEM and authorised (e.g. franchised) Supplier certificates of conformity, purchase orders and test/inspection data and/or certificates. The Purchase Order shall specify any such additional documentation (other than as specified in this clause) required by the Buyer.

If Counterfeit Supplies or Suspect Counterfeit Supplies are supplied or furnished under the Purchase Order such Supplies shall be impounded. The Supplier shall promptly replace such Supplies with Supplies acceptable to the Buyer and the Supplier shall be liable for all costs relating to impoundment, removal and replacement. The Buyer may notify and turn Counterfeit Supplies over to the relevant local or international Government authorities for investigation and the Buyer reserves the right to withhold payment pending the results of such investigations.

The Supplier shall control Suspect Counterfeit Supplies to prevent unintended reuse or re-entry into the market and ensure they are not returned to their supplier unless under controlled circumstances for validation or testing. The Supplier and those entities within its supply chain shall ensure that Counterfeit Supplies do not re-enter the market and the Buyer shall not be liable to the Supplier for the costs of any material that is not returned to the Supplier pursuant to this clause.

This clause 10 applies in addition to any quality provision, Specification, Statement of Work or other provision included in the Purchase Order addressing the authenticity of Supplies. To the extent that such provisions conflict with this clause, this clause 10 shall prevail.

The Supplier shall flow down these requirements contained in this clause 10 to the Supplier's supply chain for any Items that are intended for supply to the Buyer.

The Supplier shall inform its employees, contractors, workers and any other third parties (and shall procure that they shall inform their employees, contractors, workers and other third parties) engaged in the performance of work under the Purchase Order in writing prior to performance of work that there is a risk of criminal penalties associated with any falsification, concealment, fraud or misrepresentation in connection with work performed or Supplies provided under the Purchase Order in the UK and other jurisdictions.

The Supplier shall notify the Buyer as soon as it becomes aware of any Counterfeit Supplies or Suspect Counterfeit Supplies which arise in relation to any Supplies. Suppliers eligible for utilisation of the Government-Industry Data Exchange Program ("GIDEP") shall utilise the GIDEP process to alert the industry to Counterfeit Supplies or Suspect Counterfeit Supplies.

11. STATUS AND LIABILITIES

It is expressly understood that neither the Supplier nor the Supplier Personnel have the authority to act as agent for the Buyer or to contract on the Buyer's behalf.

The Supplier Personnel shall at no time be deemed to be employed or otherwise engaged by the Buyer.

The Supplier shall be responsible for paying the Supplier Personnel and for making any deductions required by law in respect of income tax and National Insurance contributions or similar contributions relating to the provision of the services. The Supplier agrees to

indemnify the Buyer in respect of any claims that may be made by the relevant authorities against the Buyer in respect of tax demands or National Insurance or similar contributions relating to the provision of the services by the Supplier.

The Supplier shall, and shall procure that the Supplier Personnel shall, comply with all applicable statutes, rules and regulations in providing the services, including all immigration and employment requirements imposed by any applicable jurisdiction, and the Supplier shall indemnify and hold harmless the Buyer from damages arising out of any failure to do so.

12. TERMINATION

The Buyer may terminate this Agreement for any reason by providing 15 days prior written notice to the Supplier.

The Buyer may terminate this Agreement with immediate effect by providing written notice to the Supplier if:

- a) the Supplier or the Supplier Personnel commit any material or persistent breach of this Agreement;
- b) the Supplier fails to or refuses after written warning to procure that the Supplier Personnel provide the services properly required of them in accordance with this Agreement;
- c) the Supplier passes a resolution for winding up (other than for the purpose of solvent amalgamation or reconstruction), or a court of competent jurisdiction makes an order to that effect;
- d) the Supplier ceases to carry on its business or substantially the whole of its business; or
- e) the Supplier is declared insolvent, or convenes a meeting of or makes or proposes to make any arrangement or composition with its creditors; or a liquidator, receiver, administrative receiver, manager, trustee or similar officer is appointed over any of its assets.

13. INDEMNITY

The Supplier agrees to indemnify the Buyer against all claims, costs and expenses which the Buyer may incur and which arise, directly or indirectly, from the Supplier's breach of any of its obligations under this Agreement.

14. INTELLECTUAL PROPERTY RIGHTS

All Intellectual Property Rights produced from or arising as a result of the performance of this Agreement shall, so far as not already vested, become the absolute property of the Buyer, and the Supplier shall do all that is reasonably necessary to ensure that such rights vest in the Buyer by the execution of appropriate instruments or the making of agreements with third parties.

15. FORCE MAJEURE

The Buyer shall not be liable for any delay or failure to perform any of its obligations under this Agreement if the delay or failure results from events or circumstances beyond its reasonable control, including but not limited to acts of God, strikes, lock outs, accidents, war, fire, flood or industrial disputes, and the Buyer shall be entitled to a reasonable extension of its obligations.

16. RELATIONSHIP OF PARTIES

Nothing in this Agreement shall be construed as establishing or implying any partnership or joint venture between the parties and nothing in this Agreement shall be deemed to construe either of the parties as the agent of the other.

17. ASSIGNMENT

The Supplier shall not be entitled to assign its rights or obligations or delegate its duties under this Agreement without the prior written consent of the Buyer.

18. SEVERABILITY

If any provision of this Agreement is held invalid, illegal or unenforceable for any reason by any court of competent jurisdiction such provision shall be severed and the remainder of the provisions herein shall continue in full force and effect as if this Agreement had been agreed with the invalid illegal or unenforceable provision eliminated.

19. WAIVER

No failure by the Buyer to enforce any of these Terms and Conditions shall constitute a waiver of its rights hereunder.

20. NOTICES

Any notice to be given by either party to the other may be served by email, fax, personal service or by post to the address of the other party given in the Purchase Order or such other address as such party may from time to time have communicated to the other in writing, and if sent by email shall unless the contrary is proved be deemed to be received on the day it was sent, if sent by fax shall be deemed to be served on receipt of an error free transmission report, if given by letter shall be deemed to have been served at the time at which the letter was delivered personally or if sent by post shall be deemed to have been delivered in the ordinary course of post.

21. NO THIRD PARTIES

Nothing in this Agreement is intended to, nor shall it confer any rights on a third party.

22. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties relating to the subject matter and supersedes any previous agreements, arrangements, undertakings or proposals, oral or written.

23. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the law of England and the parties hereby submit to the exclusive jurisdiction of the English courts.