



McCLOSKEY INTERNATIONAL LTD – CONDITIONS OF PURCHASE.

1. DEFINITIONS

In these conditions the following expressions shall have the following meanings:

- 1.1.1 “The Company” shall mean McCloskey International, having its registered offices at 47 Moor Road, Coalisland, Co. Tyrone BT71 4QB
- 1.1.2 “The Buyer” shall mean McCloskey International, having its registered offices at 47 Moor Road, Coalisland, Co. Tyrone BT71 4QB
- 1.1.3 “The Supplier” shall mean the company, firm or individual on whom the Company places an order for goods or services.
- 1.1.4 “The Order” shall mean the contract formed by the Supplier’s acceptance of the Company’s order in accordance with these conditions.
- 1.1.5 “The Goods” shall mean the goods and/or services specified in the Company’s order.
- 1.1.6 “The Contract” shall mean the contract for supply of Goods formed by the Supplier’s acceptance of the Order containing these Terms & Condition, and any other documents (or parts thereof) specified in the Order. Should there be any inconsistency between the documents comprising the Contract the inconsistency shall be resolved by giving such documents the following order of preference 9a) the text of the purchase order, (b) any documents (or parts thereof) specified in the text of the purchase order and (c) these Terms and Conditions.

2. EXISTENCE AND SCOPE OF ORDERS

2.1 The Company will have no liability in connection with any orders except such as are made on the Company’s order form in accordance with these conditions which represent the only condition upon which the Company is prepared to procure the Goods from the Supplier. No amendment or variation of the Order or these conditions shall be effective unless agreed by the Company in writing.

2.2 Any commencement of work or written acknowledgement (whether or not referring to conditions inconsistent with these conditions unless clearly stated on its face to be a counter-offer) in connection with any order given by the Company shall constitute an unconditional acceptance of the order and these conditions.

2.3 Except of specifically agreed by the Company in writing the Order shall exclude all terms or conditions contained or referred to in any quotation given by the Supplier or elsewhere and all previous negotiations shall not affect any statement or representation (written or oral) made by or on behalf of the Supplier in connection with the Order.

3. PRICES

3.1 Unless otherwise stated in the Company’s order or any amendment thereof made in accordance with these condition, prices are fixed and firm for the duration of the Order inclusive of all charges including packaging, carriage, insurance and delivery but exclusive of any applicable Value Added Tax.

3.2 No variation in price nor extra charges will be accepted by the Company unless agreed in writing.

3.3 The Company shall not be responsible for the payment of any charges for goods supplied in excess of Goods required by the contract and such excess Goods shall remain at the Supplier's risk and shall be returnable at the Suppliers expense.

3.4 Without prejudice to any other right or remedy the Buyer reserves the right to set off any amount owing at any time from the Supplier to the Buyer against any amount payable by the Buyer under this Contract

4. PAYMENT

4.1 The Supplier's invoices shall clearly state the Company's order numbers, the Company's part numbers, and the description, quantity and delivery location of the Goods and a separate invoice must be rendered for each individual consignment, invoices not in accordance with these requirements will be rejected.

4.2 Statements of account must be rendered monthly by the 5th day of each month.

4.3 Subject to Conditions 4.1 and 4.2, the Company shall pay the price of the Goods within 60 days following the end of the month of delivery to the Company (or such other period as shall be specified overleaf) but time for payment shall not be of the essence of the contract

4.3 The Company shall be entitled at any time to set off against any amounts owing to the Supplier

under the Order any sums which have or may become due from the Supplier to the Company whether under the Order or on any other account whatsoever and whether or not any demand has been made for payment of any such sums.

5. QUALITY AND CONDITION

5.1 The Supplier warrants as separate conditions of the Order that all Goods supplied or to be supplied under the Order shall be new and unused, free from defects in design, materials and workmanship and merchantable quality and fit for the purpose for which they are intended and shall comply with all specifications, drawings, samples or other description furnished or specified by the Company (including any Initial Sample Inspection Reports of the Company). These warranties are in addition to any obligations implied by law, trade usage or otherwise.

5.2 Without prejudice to the generality of the foregoing warranties the Supplier warrants that in

relation to any Goods supplied too the Company which constitute products which use dates and times in relation to their operations and performance (whether computerised or not) such Goods shall comply with Year 2000 Conformity as defined in British Standards DISC ID2000-1 "A Definition of the Year 2000 Conformity Requirements".

6. DELIVERY AND PERFORMANCE

6.1 Unless specific instructions are given in the Company's Order, the Supplier shall not deliver, manufacture or procure any Goods or materials expect as authorised in written delivery schedules furnished by the Company to the Supplier which refer to the Order. The Company shall have no responsibility for Goods or materials not covered in the Company's delivery schedules and shall not be bound by any estimate of quantities or dates or frequency of delivery whether given in the order or otherwise.

6.2 The Supplier shall promptly advise of any difficulty or delay actual or expected in performance of Orders and its proposed remedial action.

6.3 The Goods shall be delivered not earlier or later than the times (which shall be of the essence of the Order) and at the places stated in the Order or the Company's delivery schedules.

6.4 Buyer will not accept deliveries before 8.00am and after 4.30pm Monday to Thursday and before 8.00am and after 2.00pm on a Friday without prior arrangement. All weekend deliveries MUST be by prior arrangement Any delivery arriving outside the stated times without prior arrangement will not gain entry to the plant.

6.5 The Goods shall be adequately packed and protected against damage or deterioration in transit or storage.

6.6 Each delivery shall also be accompanied by an advice note which shall contain the Company's order number, part number and the description, quantity and delivery location of the Goods.

6.7 If the Company requires special arrangements to be made because of failure by the Supplier to make deliveries in accordance with the Order, the Supplier shall conform to such requirements at its own expense. The Supplier shall also be responsible for any expense incurred to deliver any incorrectly delivered items to the correct delivery location or to return any items delivered in excess of the quantities specified in the Order or any delivery schedules.

6.8 The Company shall have no responsibility for packing materials or cases except as agreed in writing between the parties.

6.9 All deliveries must conform to ISPM15 Packaging Regulations

7. INSPECTION, TESTING AND QUALITY ASSURANCE

7.1 All supplies although assumed to have been properly inspected and tested by the Supplier prior to delivery are subject to inspection and test by the Company, at its discretion.

7.2 The Supplier shall observe such quality and specification control procedures including testing, inspection, documentation and certification as the Company requests, including the Supplier's initial sample inspection reports of certifications of conformance, to be retained by the Supplier, for a period of 6 months from delivery of first production batch. This documentation to be made available to the Company on request.

7.3 The Supplier shall also keep the Company advised of the details of such procedures as it operates in connection with the Company's Orders and shall not make any charge therein without the Company's prior written agreement. When Goods are purchased against a particular quality standard it is of the essence that the traceability requirements of that standard are complied with.

7.4 The Supplier shall, at the Company's request, permit or procure permission for representatives of the Company, its customers and other organisations (including MOD) to carry out such inspections and assessments (including the taking of samples) as they request in connection with any goods and any processes carried out in relation to them including quality assurance systems and procedures.

7.5 The Company's right to reject any Goods shall not be affected by the carrying out or any failure to carry out any inspection or testing of the Goods or any approval given by or on behalf of the Company or by any payment being made for them.

8. REJECTION AND OTHER RIGHTS

8.1 Without prejudice to any other of its rights, in case of an early, late, partial, excessive, defective or otherwise incorrect delivery or performance or any failure by the Supplier to comply with these conditions the Company shall be entitled, at its discretion, to exercise some, all or any of the following rights, namely:

8.1.1 To reject such delivery or performance and, where any Goods so rejected are the same as other goods supplied by the Supplier which are held by the Company at any location, to reject those goods also.

8.1.2 To require the Supplier at its expense to immediately supply in substitution any rejected Goods, goods or services which do not conform to the Order or, at the Company's option, to carry out repairs or remedial work.

8.1.3 At the Supplier's expense, to carry out or have carried out any work which the Company considers necessary to conform any Goods to the Order.

8.2 The Supplier shall compensate and indemnify the Company against any loss or damage (including any handling, labour, Transport or administration charges and the cost of carrying out any work) arising from any failure by the Supplier to comply with the Order and any delivery schedules or other instructions given by the Company.

8.3 Goods rejected by the Company shall be collected by the Supplier within 30 days of notice of rejection being despatched by the Company, Pending collection the Goods shall be held at the expense and risk of the Supplier who shall also pay all expenses incurred by the Company in packing, handling and sorting rejected Goods. If the Supplier fails to collect the rejected Goods the Company reserves the right, at the Suppliers expense, to destroy or otherwise dispose of the rejected Goods in any manner it thinks fit without liability to the Supplier.

9. PASSING OF TITLE AND RISK

Title and Risk in the Good shall pass to the Company on delivery at the location stated in the Order.

10. COMPANY'S PROPERTY, TOOLING AND DRAWINGS

10.1 The Supplier shall, where the Order requires it to apply a process to or to repair otherwise render services in connection with any goods or materials of the Company such as items supplied by the Company to the Supplier on a "free issue" basis or to prepare at the Company's expense any software, source codes or other material ("Company's Property").

10.1.1 Bear all risks of loss of or damage to and adequately insure the Company's Property whilst in the Supplier's possession or control.

10.1.2 Ensure that the Company's Property is marked with such indications of ownership as the Company directs and is kept in good condition.

10.1.3 Not permit the Company's Property to be removed from the Supplier's premises.

10.1.4 Not use or permit the use of the Company's Property except for the purpose of the Order.

10.1.5 Permit or procure permission for the Company or its representatives to enter at any reasonable time any premises where the Company's Property is located for the purpose of inspecting it.

10.1.6 Immediately return the Company's Property on demand in good condition and permit or procure permission for the Company in the course of any inspection pursuant to Condition 10.1.5 to re-possess the same.

10.1.7 Pay to the Company on demand the full value (or, where the Company's Property consists of Tooling less that the full cost of which has been contributed by the Company, the proportion of such value which the Company's contribution bears to the cost thereof) of any of the Company's property which is not returned in good condition or accounted for to the Company's satisfaction, and waive any lien when the Supplier might otherwise have (whether at the date of the Order or subsequently) on any of the Company's Property for work done thereon or otherwise.

10.2 In connection with all tools, jigs, dies, fixtures, moulds, patterns, plant and/or equipment or other items to be supplied or paid for in whole or in part by the Company in connection with any Order ("Tooling") the Supplier agrees that all Tooling shall be and remain the Company's Property subject to the requirements stated in condition 10.1 and without prejudice to the generality thereof shall, at its expense.

10.2.1 Maintain and on the Company's request make available at any reasonable time for inspection on a Tooling Register and furnish such photographic or other evidence as the Company at any time requests as to the existence, location and condition of the tooling.

10.2.2 Maintain all tooling in good condition and immediately replace any items which are lost or destroyed or become worn out.

10.3 The Supplier shall treat as confidential (and, in particular, not use except for the purpose of the Order or disclosure to any third party) and shall immediately return to the Company on completion of the Order or earlier on the Company's request and drawings, specifications, technical data, computer software including source codes or similar material) or the like prepared by the Supplier or made available by the Company in connection with the order.

10.4 The ownership of any patent, design, copyright or other industrial property rights in connection with any Goods and all drawings, specifications, technical data, computer software (including source codes and similar material) or the like prepared by or on behalf of the Company in relation to the Goods shall be and remain vested in the Company.

10.5 The Supplier shall be responsible for any errors or omissions in any particulars supplied by it, whether or not approved by the company, except only to the extent that such errors or omissions are due to inaccurate information supplied in writing by the Company and such information was not supplied subject to confirmation by the Supplier.

10.6 The Supplier shall be solely responsible for and shall indemnify the Company against any claims, liabilities, damages, costs and expenses arising from any accident or damage resulting from the improper use or use without the Company's proper authority of any property of the Company by the Supplier or its authorised sub-contractors or its or their employees or representatives. The Supplier shall also at all times whilst on the premises of the Company, its customers or other of its

suppliers inform itself of any comply with all security and safety regulations from time to time in force at those premises.

11. INDEMNITY AND INSURANCE

11.1 The Supplier shall forthwith upon demand indemnify the Company against any loss, damage or injury to the Company and from and against any claim in respect of loss, damage or injury made against the Company by any third party or parties and any costs and expenses arising in connection therewith which result from the Supplier's performance or purported performance of or failure to perform the Order whether negligent of otherwise and, in particular, but without prejudice to the generality of the foregoing which result from any defect in the Goods or their materials, construction, workmanship or design (except to the extent that the Company is responsible for design).

11.2 The Supplier shall at all times insure itself and keep adequately insured with a reputable insurance company against all insurable liability under the Order and, in particular, its liabilities under Condition 11.1, and shall, on request, provide the Company with evidence as to the existence and sufficiency of such insurance.

11.3 The Supplier shall provide all facilities, assistance and advice required by the Company or its insurers for the purpose of contesting of dealing with any action, claim or demand arising out of the Supplier's performance or purported performance of or failure to perform the Order.

12. CUSTOMER SERVICE

12.1 Where in response to any claims under the terms of any warranty given by it for any of its products, the Company makes good, repairs or replaces any Goods which are proved by the person making the claim to the Company's satisfaction to have been, at the time of their delivery by the Supplier, defective in materials, workmanship or design (except solely to the extent that the Company is responsible for design) or otherwise not in conformity with the Order of these conditions then the Company shall be entitled at its option to credit or compensation for or the making good replacement, or repair free of charge of such Goods by the Supplier, without prejudice to any other rights of the Company, including, without limitation, the reimbursement of any labour or other costs incurred by the Company.

12.2 Any Good replaced under Conditions 12.1 will be returned to the Supplier upon its written request and at its expense (and where the Goods or the products containing the same have been consigned to a destination outside the United Kingdom mainland such request shall be accompanied by full payment in advance of the carriage and any other charges) and if such request is not made within 28 days of the Company's giving the Supplier written notice of such warranty claim the Company may, at its discretion, destroy or otherwise dispose of the defective Goods without liability to the Supplier.

12.3 Each McCloskey unit sold has supporting documentation indicating a date each unit is commissioned. All suppliers to McCloskey must provide warranty coverage for a period of at least 1 year from date of the commissioning unless otherwise agreed upon.

13. PATENTS AND OTHER RIGHTS

The Supplier shall indemnify the Company against all actions, claims, demands, costs, charges and expenses incurred by the Company in connection with any infringement or alleged infringement in any country of the rights of any third party claimed under or in connection with any patent, registered design, trademark, copyright, design right, breach of confidence or other industry property right arising from the sale or use of any Goods provided by the Supplier except only to the extent that such infringement results exclusively from a design or written instruction given by the

Company and shall, at the Company's request, defend or assist defending, at the Suppliers expense, any action against the Company or any person to whom the Goods have been supplied.

14. TERMINATION AT OPTION OF COMPANY

Performance of an Order may be terminated by the Company, at its option, in whole or in part, at any time by written notice to the Supplier (notwithstanding the existence with respect to the Supplier of any force majeure circumstances). In such event the Company's liability shall in no circumstances exceed the price of the Goods delivered and accepted by the Company and not previously paid for. The Supplier shall also, if so required by the Company in writing, complete all Goods partially manufactured at the date of such notice which are due for delivery within any lead-time previously agreed by the Company and the Company shall pay the price of all such Goods as it accepts.

15. TERMINATION FOR DEFAULT OR INSOLVENCY OF SUPPLIER

15.1 The Company may at its discretion, without prejudice to any other remedy, terminate or suspend its performance of the Order in whole or in part by written notice to the Supplier at any time if the Supplier:

15.1.1 Fails to comply with the provision of the Order or delivery schedule or any other agreement with the Company or fails to make progress so as in the reasonable opinion of the Company to endanger the performance of the Order and either of such cases such failure is unremediable or if remediable the Supplier does not remedy the same to the Company's satisfaction within a period of ten (10) days after the date of which the Company has given the Supplier written notice thereof, or

15.1.2 Becomes insolvent, has a receiver, manager, administrative receiver, administrator or trustee in bankruptcy appointed in respect of any of its undertaking assets or income, is the subject of any bankruptcy order or has any petition presented to any court of resolution passed for its windup up whether compulsory or voluntarily, or is dissolved, has any distrains or execution levied on any of its assets, enters into any composition or arrangement with its creditors or suffers any similar action in consequence of debt under the laws of any jurisdiction, or the Company bona fide believes that any of the foregoing events may occur. 15.2 No failure or delay by the Company to exercise rights in respect of any default under the Order by the Supplier shall prejudice the Company's rights in connection with the same of any subsequent default.

16. OBSOLETE PARTS

Prior to the termination of the production of any components for use as original equipment the Supplier shall agree to a defined and given period which shall not be less than 10 years during which it will maintain the supply of obsolete and non-current parts of the Company.

17. FORCE MAJEURE

The Buyer reserves the right to defer the date of delivery or payment or to cancel the Contract or reduce the volume of Goods ordered if it is prevented from or delayed in the carrying on of its business due to circumstances beyond the reasonable control of the Buyer including without limitation acts of God, governmental decisions, war or national emergency, acts of terrorism, protests, riot, civil commotion, fire, flood explosion, labour disputes (whether or not relating to either part's workforce) or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate suitable materials.

18. MODIFICATIONS

The Company reserve the right, at any time by thirty days written notice to make changes in the specifications applicable to the Goods, the method of packing or places for delivery or performance and if any such changes affect the cost or performance of the Order, the Company may make such adjustment as it considers equitable in the purchase price of the delivery schedule or both.

19. STATUTORY RIGHTS

The Supplier undertakes that the Goods are safe and without risk to health when properly used and company in all respects with all relevant statues regulations, bye law and standards in force at the date of delivery. The Supplier shall, in particular, supply in respect of the Goods full information about their use and proper evidence of all tests and examination and research relating to them.

20. ASSIGNMENT AND SUB-CONTRACTING

20.1 The Supplier shall not without the prior written consent of the Company assign or sub-contract any of its obligations under the Order in whole or in part.

20.2 If the Company consents to any such assignments or sub-contract, the Supplier shall nevertheless continue to be responsible to the Company for all the Supplier's obligations under the Order, and:

20.3 In the case of any sub-contract to which the Company has so consented the Supplier shall include in its conditions consistent with those of the Order (in particular those relating to compliance with quality standards) for the benefit of and enforceable directly by the Company and furnish the Company on demand with details of any such sub-contract.

22. NOTICES

Any notice given by either party to the other under these conditions shall be in writing addressed to that other party at is registered office or principal place of business

23. CONSTRUCTION

23.1 The construction, validity and performance of the Order shall be governed in all respects by English law and the Supplier consents to the jurisdiction of the English courts in all matters relating to the Order.

24. WARRANTY

24.1 The Supplier warrants the Goods shall:

24.1.1 be the best design, quality, material and workmanship, be without fault and conform in all respects with the Order and specifications, drawings, samples, description and /or patterns supplied or advised by the Buyer to the Supplier and

24.1.2 comply with all statutory requirements and regulations and voluntary codes of conduct in respect of the Goods

24.2 The duration of the warranty shall be the greater of

24.2.1 a period of 12 months from the date of commissioning of the Buyer's product incorporating the Goods

24.2.2 18 months from delivery of the Goods to the Buyer

24.3 The Buyer shall notify the supplier within 90 days of the discovery of the defects requesting remedial action.

