

SDT DRIVE TECHNOLOGY (SDT)

STANDARD SALES TERMS & CONDITIONS

1. DEFINITIONS & INTERPRETATION

1.1 The definitions and rules of interpretation in this condition apply to these Conditions.

"Agreement" these Terms and Conditions of Purchase together with the Order pursuant to which Goods or Services are being provided and all documents specifically referenced herein or in such Order.

"Carrier" means the person who delivers the Goods to the Customer's designated premises on behalf of SDT.

"Conditions" means these terms and conditions of sale and, where SDT is providing services to the Customer in relation to a special project, SDT's additional terms and conditions relating to special projects.

"Contract" means any contract between SDT and the Customer for the sale and purchase of the Goods and, where SDT is providing services to the Customer in relation to a special project, for the provision of services, and shall incorporate these Conditions pursuant to condition 2.1.

"Goods" means any goods to be supplied to the Customer by SDT (including any part or parts of them) under the Contract.

"SDT" means SDT (Company VAT Registration No. 218 8408 93)

"The Customer" means the person, firm or company who purchases the Goods from SDT.

1.2 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, application or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.3 Words in the singular include the plural and in the plural include the singular.

1.4 A reference to one gender includes a reference to the other gender.

1.5 A reference to a company shall include any company, corporation or other body corporate, wherever or however incorporated or established and any person or other legal entity and in each case vice versa.

1.6 Headings do not affect the interpretation of these Conditions.

2. APPLICATION OF TERMS

2.1 All quotations, whether written or otherwise, are made and all orders, whether written or otherwise, are accepted subject to these Conditions. No terms or conditions put forward by the Customer shall be binding on SDT. No addition or variation to these Conditions shall be effective unless agreed in writing and signed by a director for the time being of SDT.

2.2 SDT's employees, agents and representatives are not authorised to make any representations or affirmations or give any warranty concerning the Goods other than representations, affirmations or warranties expressly stated in these Conditions. Any other warranties, representations and affirmations shall not be binding on SDT unless they are confirmed in writing by SDT. In entering into the Contract the Customer acknowledges that it does not rely on and waives any claim for any breach of any representation, affirmation or warranty which is not so confirmed.

2.3 Where the use of the Goods is stated to be subject to any instructions or warnings, they are supplied on the condition that such instructions or warnings will be strictly adhered to.

3. ACCEPTANCE & QUOTATIONS

3.1 Subject to condition 3.2, quotations given by SDT shall remain valid for a period of 30 days from their date of issue.

3.2 Unless otherwise stated on a quotation, SDT reserves the right to vary or withdraw any quotation or conditions on which the Goods are to be supplied on notice with immediate effect. If the Customer's order is at variance with SDT's quotation SDT reserves the right to withdraw the quotation and submit a new quotation.

3.3 Each order for Goods by the Customer from the Seller shall be deemed to be an offer by the Customer to buy Goods subject to these Conditions and any written quotation by SDT and no order shall be accepted until the Seller expressly gives notice in writing of its acceptance of the offer. The Contract shall be formed on acceptance by SDT of the offer by the Customer.

3.4 SDT's quotations and these Conditions, together with any special terms agreed in writing by SDT, constitute the entire subject matter of the Contract.

3.5 The Customer's order shall be accompanied by full and final information enabling SDT to proceed with the work immediately on formation of the Contract. If this information is not given, SDT reserves the right not to accept the order until such information is received and to revise the quotation to meet any increases in costs which have taken place since it was issued.

4. DESCRIPTION

4.1 The quantity and description of the Goods shall be as set out in SDT's quotation or acknowledgement of order. In the event of any discrepancy between the acknowledgement of the order and the quotation the acknowledgement shall prevail.

4.2 Unless otherwise stated in SDT's quotation, any samples, specifications, drawings and particulars of weights and measurements, submitted with a quotation are approximate only. Descriptions and illustrations in catalogues, price lists and other advertisements are intended merely to present a general idea of the goods described in such catalogues and price lists. They do not form part of any quotation or contract and no sale by SDT is a sale by sample.

4.3 If the Goods are to be manufactured or any process is to be applied to the Goods by SDT in accordance with a specification submitted by the Customer, the Customer shall indemnify SDT against all loss, damages, costs and expenses awarded against or incurred by SDT in connection with or paid or agreed to be paid by SDT in settlement of any claim for infringement of any patent, copyright design right, trademark or other industrial or intellectual property rights of any other person which results from SDT's use of the Customer's specification in relation to the Goods. Save with SDT's prior written consent no trademark other than a trademark supplied by SDT may be marked on or applied in relation to the Goods and no right or license is granted under the Contract under any patent, trademark, copyright, registered design or other intellectual property right except the right to use or resell the Goods.

5. PACKING

Unless otherwise agreed in writing, the prices quoted include packing in accordance with SDT's normal practice for such Goods. Where the Customer requires packing otherwise than in accordance with SDT's normal practice, an additional charge will be made.

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6. RISK / TITLE

6.1 All Goods are dispatched at the Customer's risk as from delivery or at the time when SDT tenders delivery or, where Goods are delivered ex-works, at the time when SDT notifies the Customer that the Goods are available for collection.

6.2 Until full payment has been received by SDT for all Goods whatsoever supplied and for all services rendered at any time whether under the Contract or any other contract between SDT and the Customer and for all monies whatsoever due to SDT, the property in the Goods shall remain with SDT.

6.3 Until the title passes to the Customer, the Customer shall:

- (i) hold the Goods as bailee for SDT;
- (ii) store the Goods (at no cost to SDT) separately from all other goods of the Customer or any third party in such a way that they remain readily identifiable as being the property of SDT;
- (iii) not destroy, deface or obscure any identifying mark or packaging on or relating to the Goods; and
- (iv) maintain the Goods in a satisfactory condition and keep them insured on SDT's behalf for their full price against all risks to the reasonable satisfaction of SDT. On request the Customer shall produce the policy of insurance to SDT.

6.4 Should the Customer convert the Goods (or any of them) into a new product which combines or involves the mixture of any other goods or thing belonging to the Customer and in whatever proportions the conversion shall be effected by the Customer solely as bailee for SDT and SDT shall have the full legal and beneficial ownership of the new products.

6.5 Subject to conditions 6.6 and 6.7 below the Customer shall be at liberty to sell the Goods referred to in condition 6.4 above in the ordinary course of business at full market value on the basis that the proceeds of the sale shall be held by the Customer as trustee for SDT and that the Customer shall account to SDT on demand provided the Customer shall have no authority to enter into any contract or sale on behalf of SDT and any contract or sale shall accordingly be concluded in the name of the Customer.

6.6 SDT may at any time revoke the Customer's power of sale by notice to the Customer if the Customer is in default for longer than seven days in the payment of any sum whatsoever due to SDT whether in respect of the Goods or any other goods supplied or services rendered at any time by SDT to the Customer or if any bill of exchange, cheque or any other negotiable instrument drawn or accepted by the Customer in favor of SDT is dishonored on presentation for payment or if SDT has bona fide doubts as to the solvency of the Customer or for any other reason whatsoever.

6.7 The Customer's right to possession of the Goods and power of sale shall automatically cease if:

- (i) a receiver, administrator or administrative receiver is appointed over any of the assets or the undertaking of the Customer or if the Customer becomes subject to an administration order or if a winding-up order is made against the Customer or the Customer goes into voluntary liquidation (other than for the purposes of reconstruction or amalgamation) or causes a meeting of or makes any arrangement or composition with creditors or is made or becomes bankrupt or any proceedings are commenced relating to the insolvency or possible insolvency of the Customer; or
- (ii) the Customer suffers or allows any execution, whether legal or equitable, to be levied on his property or obtained against him or fails to observe any of his obligations under the Contract or any other Contract between SDT and the Customer or is unable to pay his debts within the meaning of section 123 of the Insolvency Act 1986 or the Customer ceases to trade; or
- (iii) the Customer encumbers or in any way charges any of the Goods.

6.8 Upon determination of the Customer's power of sale under condition 6.6 or 6.7 above, the Customer shall place the Goods at the

disposal of SDT who shall be entitled to use such force as may be necessary to enter upon the premises of the Customer for the purposes of removing such Goods from the premises (including severance from the realty where necessary).

6.9 SDT shall be entitled to recover payment for the Goods notwithstanding that ownership of any of the Goods has not passed from SDT.

6.9 The Customer grants SDT, its agents and employees an irrevocable licence at any time to enter any premises where the Goods are or may be stored in order to inspect them.

6.10 Where payment is made by means of a bill of exchange, cheque or other negotiable instrument SDT shall not be deemed to have received payment for the purpose of condition 6.2 until the bill of exchange, cheque or instrument has been honored on presentation for payment, notwithstanding that SDT may have negotiated and received value therefor.

7. PRICE & PAYMENT

7.1 Unless otherwise agreed by SDT in writing, the price for the Goods shall be the price set out in SDT's quotation.

7.2 Unless otherwise agreed in writing, the prices quoted are ex-works and do not include delivery or any VAT, sales tax or any other sales taxes of a similar nature which the Customer shall be additionally liable to pay SDT.

7.3 SDT reserves the right to increase the price of the Goods by way of a surcharge at any time before delivery, to reflect any increase in SDT's costs that is due to:

- (a) any factor beyond SDT's control or which is due to foreign exchange fluctuations, increases in taxes and duties, and increases in labour, materials and other manufacturing costs;
- (b) any request by the Customer to change the delivery date(s), quantities or types of Goods ordered; or
- (c) any delay caused by any instructions of the Customer or failure of the Customer to give SDT adequate or accurate information or instructions.

7.4 If the Customer requests cancellation of orders, SDT shall be entitled to invoice the Customer and be paid for price of the Goods.

7.5 Goods will be invoiced on dispatch (or collection) or, in the case of Goods for which delivery instructions are awaited, 14 days after posting or otherwise sending to the Customer notification that the Goods are ready and awaiting those instructions. However SDT reserves the right to request that it is put in funds by the Customer prior to delivery.

7.6 Unless the quotation states to the contrary payment shall be in full by the end of the month in pounds sterling following that in which the invoice is issued. No discounts for early settlements will be allowed unless expressly agreed in writing in the quotation.

7.7 The Customer shall make all payments due under the Contract in full without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise unless the Customer has a valid court order requiring an amount equal to such deduction to be paid by SDT to the Customer.

7.8 Time for payment shall be of the essence and no payment shall be deemed to have been received until SDT has received cleared funds.

7.9 Interest shall be payable on overdue accounts at a rate of 5 per cent above National Westminster Bank plc base rate for the time being in force. Such interest, which shall accrue as from the due date of payment until payment is made, shall be calculated on a daily basis and shall be compounded annually.

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7.10 If the Customer fails to make any payment on its due date then without prejudice to SDT's other rights provided for in these Conditions, SDT may cancel or suspend delivery of any goods due to the Customer and/or appropriate any payment made by the Customer to such of the Goods which are due to the Customer or such other goods as are to be provided under any other contract with the Customer as SDT may in its sole discretion think fit.

7.11 All payments payable to SDT under the Contract shall become due immediately on its termination despite any other provision.

8. DELIVERY & DELAY

8.1 Unless otherwise agreed in writing, delivery of the Goods shall be made when SDT notifies the Customer that the Goods are available for collection from SDT.

8.2 The Customer shall take delivery of the Goods within [] days of SDT giving it notice that the Goods are ready for collection. The Customer is responsible for making appropriate transport and insurance arrangements.

8.3 Where delivery is to be made by SDT except pursuant to condition 8.1, delivery shall be affected when SDT makes the Goods available to the Carrier. An additional charge may be made for transport, packing and insurance. The Carrier shall be deemed to be the Customer's agent and SDT shall not be liable for loss or damage in transit.

8.4 Any time given for dispatch or delivery by SDT is an estimate only. Time for delivery shall not be of the essence unless previously agreed by SDT in writing. SDT shall not be liable for any loss or damage arising from any delay in the delivery of the Goods however caused nor shall any delay entitle the Customer to terminate or rescind the Contract unless such delay exceeds 90 days.

8.5 If for any reason the Customer fails to collect the Goods or to accept delivery of any of the Goods when the Carrier tenders delivery or SDT is unable to deliver the Goods on time because the Customer has not provided appropriate instructions, documents, licenses or authorisations:

(i) risk in the Goods shall immediately pass to the Customer (including for loss or damage caused by SDT's negligence), if it has not already done so; and

(ii) SDT may store the Goods until the Customer collects the Goods or accepts delivery or provides the applicable information (as the case may be), whereupon the Customer shall be liable for all related costs and expenses (including, without limitation, storage and insurance). If the Customer has not collected the Goods or otherwise accepted delivery of the Goods within 12 months of SDT first tendering delivery of the Goods, SDT may in its sole discretion and without liability to the Customer, dispose of the Goods without notice. [If the Customer fails to pay any of the related costs incurred by SDT referred to in this condition 8.5(ii) within 28 days of SDT's invoice and fails to accept delivery of or collect the Goods, SDT shall have the right to dispose of the Goods without liability to the Customer on serving not less than 14 days' written notice of its intention to so dispose of the Goods.]

8.6 The Goods may be delivered by SDT in advance of the quoted delivery date upon giving reasonable notice to the Customer without liability to the Customer.

8.7 Where the Goods are to be delivered in instalments each delivery shall constitute a separate contract and failure by SDT to deliver any one or more of the instalments in accordance with these conditions or any claim by the Customer in respect of any one or more instalments shall not entitle the Customer to treat the Contract as a whole as repudiated.

9 NON DELIVERY

9.1 The quantity of any consignment of Goods as recorded by SDT on dispatch from SDT's place of business shall be conclusive evidence of the quantity received by the Customer on delivery unless the Customer can provide conclusive evidence proving the contrary.

9.2 SDT shall not be liable for any non-delivery of Goods (even if caused by SDT's negligence) unless the Customer gives written notice to SDT of the non-delivery within [14] days of the date when the Goods would in the ordinary course of events have been received.

9.3 Any liability of SDT for non-delivery of the Goods shall be limited to replacing the Goods within a reasonable time or issuing a credit note at the pro rata contract rate against any invoice raised for such Goods.

10. WARRANTY

10.1 Subject to conditions 10.3, SDT warrants that the Goods will perform in accordance with the performance figures as specified in writing by SDT at the time of purchase for one year from delivery. To reject product as not meeting specifications, the buyer must notify the Company in writing within 21 days from initial receipt of the product. The Company shall have the option of re-inspection at the buyer's plant or its own, before allowing or rejecting the claim. If the Company allows any rejection of product, the Company's sole obligation (and buyer's sole remedy) shall be, at the Company's election, repair or replacement of the rejected product. Commutator and/or brush wear and its associated effects are normal occurrence and are not covered by this warranty.

10.2 Subject to conditions 10.3, SDT will make good, by repair or at their option by the supply of a replacement, defects which under proper use appear in the Goods within a period of 12 calendar months after the Goods have been delivered pursuant to condition 8.1 and arise solely from SDT's faulty design, materials or workmanship; provided always that written notification of the defect is received and the defective parts returned to SDT's works within 21 days from the date of delivery in the case of defects apparent on. The repaired or new parts will be delivered by SDT free of charge. Any replacement parts will have the benefit of the warranty for the remainder of the 12 month period.

10.3 The warranties in conditions 10.1 and 10.2 shall not apply if:

- (i) performance figures are not specified in writing by SDT;
- (ii) the Goods are not used in accordance with the instructions of SDT;
- (iii) the Goods are altered, modified or converted by the Customer or a third party; or
- (iv) the Customer does not install any mandatory upgraded component supplied by SDT.

11. CANCELLATION & SUSPENSION

SDT may (at its discretion) cancel or suspend any contract to the extent that such contract has not been performed if the Customer is adjudicated bankrupt or without lawful justification suspends payment whether in respect of that contract or in respect of any other outstanding contract between SDT and the Customer or makes any agreement with creditors compounding debts or enters into liquidation whether voluntary or compulsory or suffers a receiver to be appointed or if the Customer fails to perform any of its obligations in its contract with SDT. On such a termination the obligations of SDT and the Customer under the contract shall terminate but without prejudice to any rights accruing to either party up to the time of such termination.

12. DRAWINGS- SAMPLES - OTHER DESIGN DATA

12.1 All specifications, drawings, designs, samples, data, information, ideas, methods, tools, gages, dies, fixtures, patterns and/or inventions made, conceived, developed or acquired by SDT in connection with procuring and/or executing the Customer's order shall remain the sole property of SDT and shall vest in and inure to SDT's sole benefit at all times, notwithstanding any charges which may have been or may be imposed by SDT. The Customer shall not give, loan, exhibit, sell or transfer to any third party, or otherwise use for any purpose other than that agreed with SDT, any such items or information, nor any reproduction thereof, which may enable such third party to manufacture or procure similar goods.

12.2 In the event of unsuccessful completion of a project, or if the customer does not proceed to place an order, the receiving company/customer shall, upon request, promptly return to the Disclosing Company all samples supplied, whether paid for or not, with no right of retention. Any charges applied in relation to such samples shall be deemed to cover engineering time, preparation and associated work only, and shall not confer any right of ownership in the samples themselves. The receiving company/customer shall also make available to the Disclosing Company all designs, engineering data, specifications and other technical information relating to the Disclosing Company's products, as reasonably required.

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12.3 CUSTOMISED PRODUCTS– SUPPLY COMMITMENT

Where SDT develops, designs, adapts or customises products to meet a Customer's specific requirements, the Customer agrees to a minimum three-year supply arrangement with SDT, commencing from the first production order, unless otherwise agreed in writing.

This arrangement recognises SDT's investment in engineering, development, samples, tooling, fixtures, materials and production preparation. Minimum order quantities (MOQs) and unit prices stated in SDT's quotations apply to the relevant orders and do not, by themselves, constitute guaranteed annual purchases.

If, during this period, the Customer cancels or discontinues the customised product, materially redesigns it, or transfers or sources its supply elsewhere, the Customer shall reimburse SDT for reasonable, documented and unrecovered project-specific costs directly attributable to the development and supply arrangement, including engineering, development, tooling, fixtures, dedicated materials, components, stock and non-cancellable supplier commitments.

Any separately agreed outstanding minimum purchase obligations shall remain payable in accordance with the contract, subject to applicable law and without double recovery

13. LIMITATION OF LIABILITY

13.1 The following provisions set out the entire liability of SDT (including any liability for the acts or omissions of its employees, agents or sub-contractors) to the Customer in respect of:

- (i) any breach of these Conditions;
- (ii) any use made or resale by the Customer of any of the Goods, or of any product incorporating any of the Goods; and
- (iii) any representation, statement or tortious act or omission including negligence arising under or in connection with the Contract.

13.2 Save as expressly provided in these Conditions or the Contract all warranties, conditions and representations whether express or implied by statute or otherwise are, to the fullest extent permitted by

law, excluded from the Contract and all including without limitation any implied warranties or conditions as to quality, fitness for purpose or reasonable care and skill provided that nothing in the Contract or in these Conditions shall restrict or exclude liability for death or personal injury caused by the negligence of SDT or fraud on the part of SDT.

13.3 Subject to condition 12.2 SDT's total liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Contract shall under no circumstances exceed the price of the Goods.

13.4 SDT will not be liable for the following loss or damage however caused and even if foreseeable by SDT:

- (i) economic loss, which term shall include loss of profits, loss of use of profits, business, revenue, goodwill or actual or anticipated savings;
- (ii) special, indirect or consequential loss;
- (iii) loss or damage arising from the Customer's failure to fulfil its responsibilities or any matter under the control of the Customer or a third party.

14. LEGAL CONSTRUCTION & ADR

The construction, interpretation and performance of any contract subject to these Conditions and of any dispute arising under the contract shall be governed in all respects by the laws of England:

- (i) The parties will attempt in good faith to resolve any dispute or claim arising out of or relating to the Contract or these Conditions promptly;
- (ii) If any dispute or claim is not resolved through negotiation the parties will attempt in good faith with the assistance of the Centre for Dispute Resolution to seek to resolve the dispute or difference amicably by using an Alternative Dispute Resolution ("ADR") procedure acceptable to both parties before pursuing any other remedies available to them;
- (iii) If either party fails or refuses to agree to participate in the AD R procedure or if in any event the dispute or difference is not resolved to the satisfaction of both parties within 60 days after it has arisen then all such disputes arising out of the Contract or these Conditions shall be subject to the exclusive jurisdiction of the courts of England and Wales.

15. ASSIGNMENT

15.1 SDT may assign the Contract or any part of it to any person, firm or company.

15.2 The Customer shall not be entitled to assign the Contract or any part of it without the prior written consent of SDT.

16. FORCE MAJEURE

SDT reserves the right to cancel the Contract or reduce the volume of the Goods ordered by the Customer or alter the delivery date or suspend work on the Contract (without liability to the Customer) if it is prevented from or delayed in the carrying on of its business due to circumstances beyond the reasonable control of SDT including, without limitation, acts of God, governmental actions, war or war-like operations or national emergency, acts of terrorism, protests, riot, civil commotion, fire, explosion, flood, storm, epidemic, lock-outs, strikes or other labour disputes (whether or not relating to either party's workforce), or restraints or delays affecting carriers or sub-contractors or inability or delay in obtaining supplies of adequate or suitable materials or components, general transport difficulties or break-downs, provided that, if the event in question continues for a continuous period in excess of 90 days, the Customer shall be entitled to give notice in writing to SDT to terminate the Contract. SDT is expected to take reasonable steps to inform the Customer promptly if such circumstances arise.

17. GENERAL

17.1 The Customer is responsible for complying with any legislation or regulations governing the importation of the Goods into the country of destination and for payment of any duties on them, save as otherwise agreed in writing with SDT. If any of these Conditions is held by any competent authority to be invalid or unenforceable in whole or in part the validity of the other provisions of the conditions and the remainder of the provision in question shall not be affected.

17.2 Any notice required to be given by either SDT or the Customer to the other pursuant to these Conditions shall be in writing and shall be served by sending the same by pre-paid first class post, airmail if overseas, or by facsimile transmission or by delivering the same by hand to the registered or principal office for the time being of the party to be served and any notice so served shall be deemed to have been served if delivered by hand at the time of delivery, if sent through the post forty-eight hours after the time of dispatch or seven days after the time of dispatch in the case of posting overseas and if sent by facsimile transmission at the time of transmission and in proving service it shall be sufficient to prove in the case of a letter that such letter was properly delivered or stamped, addressed and placed in the post (as the case may be) and in the case of a facsimile transmission that such facsimile was duly dispatched to a current telecopy number of the addressee at the said address for service.

17.3 Each right or remedy of SDT under the Contract is without prejudice to any other right or remedy of SDT whether under the Contract or not.

17.4 Failure or delay by SDT in enforcing or partially enforcing any provision of the Contract shall not be construed as a waiver of any of its rights under the Contract.

17.5 The parties to the Contract do not intend that any term of the Contract shall be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person that is not a party to it.

17.6 The Customer shall pay to SDT all expenses, including the cost of employees' time and legal costs on a full indemnity basis, incurred by or on behalf of SDT in enforcing the provisions of the Contract.