

LI COMPONENTS LTD

("The Conditions")

1. DEFINITIONS

"Contract" means the contract between the Buyer and the Company constituted by the Order Acknowledgement Form issued by the Company and of which these Terms and Conditions form part; "Goods" means the goods referred to in the Contract;

"Buyer" means the customer named on the front of the Order Acknowledgement Form and/or on the front of the Sales Invoice;

and "the Company" means the company stated on the front of the Order Acknowledgement Form and/or on the front of the Sales Invoice.

Where Goods are purchased "ex-works", this shall have the meaning ascribed to it by INCOTERMS 1990 as published by the International Chamber of Commerce.

2. GENERAL

(i) The Buyer's order shall not be deemed accepted by the Company unless and until the Company issues an Order Acknowledgement Form or, failing issue of an Order Acknowledgement Form, the date of despatch of the Goods to the Buyer, whichever is the earlier, at which point a binding Contract shall be deemed to have been concluded.

(ii) The Contract shall constitute the whole agreement between the Company and the Buyer. These Conditions shall supersede any earlier set of conditions appearing in our catalogue or elsewhere and shall take precedence over any general or standard conditions put forward by the Buyer whether or not such general or standard conditions are or were incorporated expressly or by reference or by implication in any communication between the Company and the Buyer. If the Buyer's general or standard terms and conditions contain the same or a similar over-riding provision, these

Conditions shall prevail.

(iii) If any paragraph or sub-paragraph of these Conditions shall be found to be invalid, ineffective or unenforceable, such invalidity, ineffectiveness or unenforceability shall not affect any other paragraph or sub-paragraph hereof.

(iv) The relaxation or waiver by the Company of any Conditions on any occasion shall act merely as a waiver on that occasion and shall not affect the Company's right to enforce any of these Conditions on any subsequent occasion.

(v) Any variation on these Conditions must be confirmed in writing by the Company and will not otherwise be valid.

(vi) Any description given by the Company of the Goods is given by the way of identification only and the use of such description shall not constitute a contract of sale by description.

3. PRICES

All orders are accepted for execution at prices current at the date of despatch. The Company reserves the right, by giving notice to the Buyer at any time before delivery, collection or despatch, to increase the price of the Goods. Prices are quoted ex-works. No discount shall apply unless previously agreed by the Company in writing. For the avoidance of any doubt, prices are quoted exclusive of any applicable Value Added Tax and where appropriate, Value Added Tax will be added to prices.

4. PAYMENT

Terms of payment are strictly cash with order unless a credit account has been established with the Company. The Company will, at its sole and absolute discretion, consider the granting of a credit account on receipt of such information and references as are deemed acceptable by the Company. The Company may establish a credit account with the Buyer on such terms and conditions as the Company may in its sole and absolute discretion determine. The

Company reserves the right to vary the terms and conditions of or withdraw such credit account at any time without giving prior notice to the Buyer. If the settlement terms are not fully and timeously complied with the terms of payment shall revert to cash upon written intimation by the Company to the Buyer. The time of payment of the price shall be of the essence of the Contract. No deduction shall be made for or on account of any matter or thing whatsoever including, but not limited to, any set-off, counter-claim or present or future taxes unless agreed in writing by the Company. Without prejudice to the Company's other rights, interest at the rate of five per cent per annum above the base rate from time to time of Barclays Bank plc (running from day to day) shall be payable on any payment which is more than 30 days overdue until payment in full is made. Notwithstanding any statement to the contrary by the Buyer, the Company shall be entitled in its absolute discretion to appropriate any payment received by it from the Buyer to or towards any indebtedness of the Buyer with it, whether under this or any other contract.

5. RE-SCHEDULING OF ORDERS

Where an order includes an agreed delivery date or dates, these may be re-scheduled only with the Company's specific written agreement, and in any event the Company will require not less than three months' prior written notice of any required re-scheduling. Any stockholding costs incurred as a result of any re-scheduling will be payable to the Company by the Buyer.

6. CANCELLATION

In the event of the cancellation by the Buyer of any order the Company reserves the right without prejudice to any of the rights and remedies available to the Company howsoever arising, to charge at the Company's discretion up to 100% of the value of the order for Goods cancelled.

7. DELIVERY

Delivery of the Goods shall be deemed to have been effected when the Goods are despatched from the premises of the Company, whether by way of post, courier, collection or otherwise. Any time or date quoted by the Company for delivery is given and intended as an estimate only. Whilst every endeavour will be made to meet an estimated time of delivery, no warranty or guarantee shall be given or deemed to have been given and the Company shall not be liable to make good to the Buyer any damage or loss whether arising directly or indirectly out of delay in delivery howsoever such delay is caused. The Company reserves the right to deliver by instalments against any order. Where the Goods are to be delivered by instalment, each delivery shall constitute a separate Contract and failure by the Company to deliver any one or more of the instalments in accordance with these Conditions or any claim by the Buyer in respect of any one or more instalments shall not entitle the Buyer to treat the Contract as a whole as repudiated. Non-delivery must be reported immediately in writing to the Company and to the carriers within 7 days of the date of despatch. Where the Company tenders delivery in accordance with the Contract and the Buyer either refuses to accept delivery at that time or subsequently returns the Goods without the prior written approval of the Company, the Buyer shall be deemed to be in breach of the Contract and the Company shall be entitled to treat the order (or any relevant part thereof) as cancelled by the Buyer (without prejudice to any other rights the Company may have). Where delay in delivery is caused by an event outwith the Company's control or by the Buyer refusing to accept delivery or subsequently returning the Goods without the prior written approval of the Company, any stockholding or other additional costs incurred by the Company during the period of delay will be payable by the Buyer to the Company.

8. INSPECTION

When the Goods are delivered to the Buyer, the Buyer shall inspect them immediately on arrival and shall within 7 days of such

inspection give written notice to the Company of any matter or thing by reason of which the Buyer may allege that the Goods are not in accordance with the Contract. The Buyer shall afford the Company the opportunity to examine any of the Goods which are the subject of such a claim before they have been further handled, used or otherwise dealt with. If the Buyer shall fail to give such notice the Goods shall be deemed to be in all respects in accordance with the Contract and the Buyer shall be bound to accept and pay for the Goods accordingly.

9. OWNERSHIP

(i) Until the Buyer makes payment in full for the Goods the Buyer shall at all times keep them in its possession and control and shall not remove them without the Company's consent and will not sell or otherwise dispose of or deal with the Goods. Title to and property in the Goods shall remain with the Company, notwithstanding delivery thereof to the Buyer, until such time as the Company has received payment in full (and cleared funds have been received in full) of all sums due by the Buyer to the Company, whether arising under this Contract or otherwise.

(ii) The Company will permit the Buyer to sell the Goods in the ordinary course of its business (either separately or as part of constructed products), but in that event the proceeds of sale thereof, whether tangible or intangible, including insurance proceeds, will be held by the Buyer as Trustee for the Company to the extent of the Buyer's indebtedness to the Company and the Buyer shall keep such proceeds of sale separate from moneys or other property of the Buyer and third parties and, in the case of tangible proceeds, properly stored, protected and insured.

(iii) Pending any such sale, the Buyer will be obliged to keep the Goods separate from its own goods until the property therein passes to the Buyer or until the same are sold on to a third party.

10. PASSING OF RISK

Notwithstanding that ownership of the Goods may remain with the Company, as from the time of the delivery of the Goods to the Buyer the risk of any loss or damage of the Goods from whatever cause arising shall be borne by the Buyer.

11. MARKS AND NUMBERS

The Buyer shall not remove or otherwise interfere with the marks or numbers on any of the Goods supplied by the Company.

12. DEFAULT

If the Buyer makes default in any payment on the due date (time being of the essence) or is otherwise in breach of any of these Conditions, or if the Buyer makes default under any contract between the Company and the Buyer or if the Buyer (being an individual) becomes apparently insolvent or is sequestrated or (being a company) enters into administration, liquidation or receivership (whether compulsory or voluntary otherwise than for the purposes of amalgamation or reconstruction) or if an encumbrancer takes possession of the whole or any part of the Buyer's business or undertaking, or execution of a decree or diligence is levied against the Buyer, or if the Buyer makes or offers to make any voluntary arrangement or composition with its creditors, or if the Buyer ceases or threatens to cease carrying on its business or any event occurs in respect of the Buyer in any jurisdiction outside Scotland which is analogous to any of the foregoing events, then in any such case (and without prejudice to any other rights and remedies the Company may have):-

(i) the Company shall be entitled to treat the Contract or any part thereof as repudiated;

(ii) the Company shall be entitled to repossess and re-sell the Goods delivered to the Buyer and not paid for in full and for that purpose to enter upon the property in which they are situated;

(iii) the Company shall be entitled to suspend all further deliveries to the Buyer until the default is made good or to refuse to deliver any further goods to the Buyer and to re-sell any further goods ordered by the Buyer whether they are the balance of an order or the whole part of a further order, provided always that in such event, the Company shall not be liable to the Buyer in damages or otherwise in respect of such suspension or refusal and the Buyer shall not be entitled to treat any such suspension or refusal as a repudiation by the Company;

(iv) the Company shall be entitled to withhold delivery of the Goods or any part thereof until payment is made in full therefor; and

(v) the Buyer shall in any event be liable to make good to the Company its loss of profit on all such Goods and all costs and expenses of repossession, storage, insurance and sale and to pay to the Company interest as provided above until actual payment in full.

13. DEFECTIVE GOODS

Any claim which is based upon any defect in the quality or condition of the Goods shall be notified to the Company within 7 days of delivery. If the Buyer does not notify the Company timeously the Buyer shall not be entitled to reject the Goods and the Company shall not have any liability for such defect, provided always however, that if the Buyer can show to the satisfaction of the Company that such defect is due to defective materials or faulty workmanship, the Company may in its sole and absolute discretion replace the Goods (or part thereof) free of charge or refund the purchase price (or part thereof) to the Buyer, but the Company shall have no further liability to the Buyer. All representations, conditions or warranties, express or implied, as to the quality or fitness for any purpose of the Goods are, to the extent permitted by law, hereby expressly excluded to the extent that the Company shall have no liability to the Buyer or to any third party in respect of any loss or defect in the Goods and the Buyer will indemnify the Company against any such claims. Under no circumstances will the Company be liable for any consequential

loss suffered by the Buyer due to any setting off, and the full amount of all sums payable to the Company from the Buyer hereunder shall remain due and owing provided always that nothing herein shall exclude the Company's liability in respect of personal injury or death. All Goods are covered by their respective manufacturer's warranty and should be subject to a batch check before use or installation into equipment. The Company's liability (if any) to the Buyer (excepting always liability in respect of personal injury or death), whether in contract, delict, quasi-delict or otherwise, in respect of (i) any defect in the Goods, (ii) any breach of the Contract, (iii) any negligent act or omission by the Company or its employees or agents and/or (iv) any breach by the Company or its foresaids of any duty owed to the Buyer in connection with the Contract or the Goods shall be limited to the price payable under the Contract.

14. USE OF GOODS

(i) The Buyer acknowledges that the Company acts solely as a distributor of electronic products and that the buyer is exclusively responsible for detailing the specification of the Goods ordered from the Company, for ascertaining the use to which they will be put, and for determining their ability to function for that purpose. Accordingly (and without limiting the generality of the previous Condition) the Company has no liability arising out of any advice given by the Company to the Buyer relating to its requirements in respect of the Goods.

(ii) The Buyer undertakes to the Company that none of the Goods supplied by the Company shall be incorporated in or used in or in connection with any life critical appliance, life support or other health care appliances and the Buyer will indemnify the Company in respect of any loss, damage, costs or expenses which the Company may suffer, incur or sustain from a breach of the Buyer's obligation in terms of this Condition.

(iii) The Buyer acknowledges that some or all of the Goods may be controlled under US

Government distribution licence procedures and UK export regulations and may not be exported without the prior approval of any relevant department or agency of either the US or UK Government. The Buyer undertakes to the Company that the export and use of the Goods shall not, to any extent whatsoever, contravene or breach any relevant US or UK statute, regulation, act or order in relation to the export or use of the Goods and the Buyer will indemnify the Company in respect of any loss, damage, costs or expenses which the Company may suffer, incur or sustain from a breach of the Buyer's obligations in terms of this Condition.

15. COMPUTER SOFTWARE

Where any Goods supplied by the Company embody, include or contain computer program(s) and/or related documentation the copyright in which is owned by a third party, all rights and liabilities associated with the use and/or reproduction thereof will be subject to the terms of the applicable and user licence, to the exclusion of all liabilities and obligations on the part of the Company.

16. INTELLECTUAL PROPERTY

The Buyer will indemnify the Company against all liabilities for infringement of third party intellectual property rights arising from the Company's compliance with the Buyer's specific requirements regarding design or specification for the Goods or arising from the use of the Goods in combination with other products.

17. LIEN

Upon the occurrence of any event specified in Condition 12 hereof, the Company shall be entitled (in addition to any lien arising by law) to a general lien on all the Buyer's goods in the Company's possession (although the Goods or some of them may have been paid for) for any money due in respect of such Goods or in respect of any general or particular balance or other money due from the Buyer to the Company, whether under the same or any other order.

18. FORCE MAJEURE

The Company shall be relieved of all liability for obligations incurred to the Buyer whenever, and to the extent of which the fulfilment of such obligation is prevented, frustrated or impeded in consequence of any statute, rules, regulations, orders or requisitions issued by any government department, council, other duly constituted authority or any reason of any strikes, combination of workmen, lockouts, breakdown of plant, accident, adverse inclement weather, civil commotion, war, force majeure or any other cause beyond the Company's control.

19. NOTICES

Any notice required to be given under the Contract shall be deemed to be served:-

(i) if sent by pre-paid first class post to the party to whom it is addressed at its last known address, in which case it shall be deemed to have been received on the third day after posting;

(ii) if sent by fax to the recipient's fax number, in which case it shall be effective on completion of transmission and the recipient's fax number is shown on the transmission slip retained by the sender.

20. ACCURACY OF PROMOTIONAL MATERIAL

The Company shall have no liability to the Buyer for any inaccuracy, misrepresentation or omission contained in any advertisement, brochure, or other promotional material prepared by the Company or on its behalf.

21. LAW

These Conditions and the Contract and all matters pertaining thereto shall be governed by Scots law, and the Scottish courts shall have jurisdiction in relation thereto.