

TERMS AND CONDITIONS FOR THE PURCHASE OF GOODS FROM SUBCONTRACTORS

1. INTERPRETATION

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

Company: DESIGN REALITY LIMITED.

Company Materials: Any and all materials, documents, data and equipment provided by the Company to the Subcontractor in order to enable the Subcontractor to fulfill its obligations under the Contract.

Conditions: these Terms and Conditions of Purchase.

Contract: the Order and the Subcontractor's acceptance of the Order.

Goods: any goods and/or services agreed in the Contract to be purchased by the Company from the Subcontractor (including any part or parts of them).

Intellectual Property Rights: any design rights, utility models, patents, inventions, logos, business names, trademarks, domain names, copyright, moral rights, rights in databases, source codes, reports, drawings, specifications, know how, trade secrets, rights in software, rights in the nature of unfair competition and the right to sue for passing off and any other equivalent or similar rights to any of the foregoing in any jurisdiction, whether registered or unregistered.

Order: the Company's written instruction to supply the Goods, incorporating these conditions. For the avoidance of doubt, an Order for Goods shall include an Order for services and these Conditions shall apply, mutatis mutandis, to services.

Subcontractor: the person, firm or company who accepts the Company's Order.

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

1.4 Condition headings do not affect the interpretation of these conditions.

2. APPLICATION OF TERMS

2.1 Subject to any variation under condition 2.4, these conditions are the only conditions upon which the Company is prepared to deal with the Subcontractor and they shall govern the Contract to the entire exclusion of all other terms or conditions.

2.2 Each Order for Goods by the Company from the Subcontractor shall be deemed to be an offer by the Company to buy Goods subject to these conditions and no Order shall be accepted until the Subcontractor either expressly by giving notice of acceptance, or impliedly by fulfilling the Order, in whole or in part accepts the offer.

2.3 No terms or conditions endorsed upon, delivered with or contained in the Subcontractor's Terms and Conditions of Sale or Supply, quotation, acknowledgement or acceptance of order, specification or similar document shall form part of the Contract and the Subcontractor waives any right which it otherwise might have to rely on such terms and conditions.

2.4 These conditions apply to all the Company's purchases and any variation to these conditions shall have no effect unless expressly agreed in writing and signed by Ms. Caroline Baker of the Company.

2.5 The Subcontractor shall not be considered to be an employee of the Company and shall have no power or authority to bind or pledge the Company and shall not hold itself out, or permit itself to be held out, as having any such power or authority.

3. QUALITY AND DEFECTS

3.1 The Goods shall be of the best available design, of the best quality, material and workmanship, be without fault, be capable of any and all standards of performance requested by the Company, be fit for any purpose made known to the Subcontractor expressly or by implication, comply with any relevant current legislation and conform in all respects with the Order and specification and/or patterns, drawings and plans specified or advised by the Company to the Subcontractor.

3.2 The Company's rights under these conditions are in addition to the statutory conditions implied in favour of the Company by the Sale of Goods Act 1979 and the Supply of Goods and Services Act 1982.

3.3 At any time prior to delivery of the Goods to the Company the Company shall have the right to inspect and test the Goods at all times.

3.4 If the results of such inspection or testing cause the Company to be of the opinion that the Goods do not conform or are unlikely to conform with the Order or to any specifications and/or patterns supplied or advised by the Company to the Subcontractor, the Company shall inform the Subcontractor and the Subcontractor shall immediately take such action as is necessary to ensure conformity and in addition the Company shall have the right to require and witness further testing and inspection.

3.5 Notwithstanding any such inspection or testing, the Subcontractor shall remain fully responsible for the Goods and any such inspection or testing shall not diminish or otherwise affect the Subcontractor's obligations under the Contract.

3.6 If any of the Goods fail to comply with the provisions set out in condition 3 the Company shall be entitled to avail itself of any one or more remedies listed in condition 14.

4. SERVICE STANDARDS

4.1 If the Contract requires the Subcontractor to provide services to the Company, then the Subcontractor shall, throughout the duration of the Contract and without limitation:

4.1.1 perform the services in a good and workmanlike manner;

4.1.2 employ competent staff, and ensure that such staff are subject to adequate supervision and that they discharge their duties diligently, and supply to such staff full and proper instructions as to anything required to perform the Subcontractor's obligations under the Contract; and

4.1.3 observe any reasonable instructions given to it by the Company in connection with the performance of its obligations under the Contract.

4.2 The Company shall have the right at any time during business hours to inspect any services performed by the Subcontractor pursuant to the Contract and the Subcontractor shall allow all reasonable

access and assistance to the representatives of the Company to enable such representatives to carry out the inspection promptly, including providing the Company with any information that may be reasonably required.

4.3 The Subcontractor may not subcontract anything required to fulfil the Subcontractor's obligations under these Conditions and/or the Contract (which, for the avoidance of doubt, includes any such obligation with respect to any goods, as well as services), without the prior written consent of the Company.

5. INDEMNITY

5.1 The Subcontractor shall keep the Company indemnified in full against all direct, indirect or consequential liabilities (all three of which terms include, without limitation, loss of profit, loss of business, depletion of goodwill and like loss), loss, damages, injury, costs and expenses (including legal and other professional fees and expenses) awarded against or incurred or paid by the Company as a result of or in connection with:

(a) defective workmanship, quality or materials;

(b) any fault in the Goods and/or any inability or failure of the Goods to be capable of any and all standards of performance requested by the Company, to be fit for any purpose made known to the Subcontractor expressly or by implication, to comply with any relevant current legislation, or to conform in any respect with the Order and specification and/or any and all patterns, drawings and plans specified or advised by the Company to the Subcontractor;

(c) an infringement or alleged infringement of any Intellectual Property Rights caused by the use, production or supply of the Goods; and

(d) any claim made against the Company in respect of any liability, loss, damage, injury, cost or expense sustained by the Company's employees or agents or by any customer or third party to the extent that such liability, loss, damage, injury, cost or expense was caused by, relates to or arises from the Goods as a consequence of a direct or indirect breach or negligent performance or failure or delay in performance of any term of the Contract by the Subcontractor.

5.2 The Subcontractor shall, throughout the Contract, maintain a policy of insurance which shall contain terms appropriate to provide adequate coverage for any and all risks contemplated in clause 5.1 above and which shall also be of an amount sufficient to provide adequate coverage for any and all such risks. The Subcontractor shall, upon request by the Company, produce such policy of insurance to the Company for inspection.

6. DELIVERY

6.1 The Goods shall be delivered, carriage paid, to the Company's place of business or to such other place of delivery as is agreed by the Company in writing prior to delivery of the Goods. The Subcontractor shall off-load the Goods at its own risk as directed by the Company.

6.2 The date for delivery shall be specified in the Order, or if no such date is specified then delivery shall take place within 28 days of the Order.

6.3 The Subcontractor shall invoice the Company upon, but separately from, despatch of the Goods to the Company.

6.4 The Subcontractor shall ensure that each delivery is accompanied by a delivery note which shows, among other things, the Order number, date of Order, number of packages and contents and, in the case of part delivery, the outstanding balance remaining to be delivered.

6.5 Time for delivery shall be of the essence.

6.6 Unless otherwise stipulated by the Company in the Order, deliveries shall only be accepted by the Company in normal business hours.

6.7 If the Goods are not delivered on the due date then, without prejudice to any other rights which it may have, the Company reserves the right to:

(a) cancel the Contract in whole or in part;

(b) refuse to accept any subsequent delivery of the Goods which the Subcontractor attempts to make;

(c) recover from the Subcontractor any expenditure reasonably incurred by the Company in obtaining the Goods in substitution from another supplier; and

(d) claim damages for any additional costs, loss or expenses incurred by the Company which are in any way attributable to the Subcontractor's failure to deliver the Goods on the due date.

6.8 If the Subcontractor requires the Company to return any packaging material to the Subcontractor that fact must be clearly stated on any delivery note delivered to the Company and any such packaging material shall only be returned to the Subcontractor at the cost of the Subcontractor.

6.9 Where the Company agrees in writing to accept delivery by instalments the Contract shall be construed as a single contract in respect of each instalment. Nevertheless, failure by the Subcontractor to deliver any one instalment shall entitle the Company at its option to treat the whole Contract as repudiated.

6.10 If the Goods are delivered to the Company in excess of the quantities ordered the Company shall not be bound to pay for the excess and any excess shall be and shall remain at the Subcontractor's risk and shall be returnable at the Subcontractor's expense.

6.11 The Company shall not be deemed to have accepted the Goods until it has had 30 days to inspect them following delivery. The Company shall also have the right to reject the Goods as though they had not been accepted for 30 days after any latent defect in the Goods has become apparent. Any Goods rejected by the Company shall remain at the Subcontractor's risk and shall be returnable at the Subcontractor's expense.

7. RISK/PROPERTY

7.1 The Goods shall remain at the risk of the Subcontractor until delivery to the Company is complete (including off-loading and stacking) when ownership of the Goods shall pass to the Company.

7.2 The Subcontractor shall, throughout the Contract, maintain a policy of insurance which shall contain terms appropriate to provide adequate coverage for any and all risks, damage and loss contemplated in clause 7.1 above and which shall also be of an amount sufficient to provide adequate

coverage for any and all such risks damage and/or loss. The Subcontractor shall, upon request by the Company, produce such policy of insurance to the Company for inspection.

8. PRICE

8.1 The price of the Goods shall be stated in the Order and unless otherwise agreed in writing by the Company shall be exclusive of value added tax but inclusive of all other charges.

8.2 No variation in the price nor extra charges shall be accepted by the Company.

9. PAYMENT

9.1 The Company will pay the price of the Goods within 30 days of delivery of the Goods to the Company, (and/or, if the Contract requires the Subcontractor to provide services to the Company, payment for said services will be made pursuant to this Condition 9.1 within 30 days of commencement of the performance of said services, as applicable) but time for payment shall not be of the essence of the Contract.

9.2 Without prejudice to any other right or remedy, the Company reserves the right to set off any amount owing at any time from the Subcontractor to the Company against any amount payable by the Company to the Subcontractor under the Contract.

9.3 If any sum under the Contract is not paid when due then, without prejudice to the parties' other rights under the Contract, that sum shall bear interest from the due date until payment is made in full, both before and after any judgment, at 2% per annum over the base lending rate of Barclay's Bank plc from time to time. The Subcontractor is not entitled to suspend deliveries of the Goods as a result of any sums being outstanding.

10. CONFIDENTIALITY

The Subcontractor shall keep in strict confidence all technical or commercial know-how, specifications, inventions, processes or initiatives which are of a confidential nature and have been disclosed to the

Subcontractor by the Company or its agents and any other confidential information concerning the Company's business or its products and/or services which the Subcontractor may obtain and the Subcontractor shall restrict disclosure of such confidential material to such of its employees, agents or sub-contractors as need to know the same for the purpose of discharging the Subcontractor's obligations to the Company and shall ensure that such employees, agents or sub-contractors are subject to like obligations of confidentiality as bind the Subcontractor. Without limitation, the Subcontractor shall not without the prior consent of the Company in writing mention the Company's name in connection with the Contract in any publicity material or other similar communications to third parties.

11. NON-SOLICITATION

The Subcontractor covenants with the Company that it shall not, in competition with the Company, on its own account, or as a director, employee, employer or agent of any other person, directly or indirectly throughout the duration of the Contract and for a period of three years from the date of termination of the Contract, transact business with or solicit for business any customers of the Company who are customers at the date of termination or within one year immediately preceding that date, or solicit or entice or endeavour to entice away from the Company throughout the duration of the Contract or for a period of three years from the date of termination, any employees or suppliers of the Company (which, for the avoidance of doubt includes any other subcontractors).

12. USE OF COMPANY MATERIALS AND INTELLECTUAL PROPERTY RIGHTS

12.1 All Company Materials shall at all times be and remain the exclusive property of the Company and shall be surrendered to the Company upon demand and in the condition in which they were originally provided to the Subcontractor and are to be used by the Subcontractor solely in order to fulfil the Subcontractor's obligations under the Contract. The Subcontractor agrees that no copy of any Company Materials shall be made without the consent in writing of the Company. Until the Subcontractor returns the Company Materials to the Company, they shall be held by the Subcontractor at the Subcontractor's risk and shall be insured by the Subcontractor at the Subcontractor's own expense against any risk of loss, theft or damage. Any loss of, or damage to, any Company Materials shall be made promptly and fully good by the Subcontractor, at the Subcontractor's expense.

12.2 Any form of Intellectual Property Rights in any Company Materials and/or in any specifications, patterns, drawings and plans supplied by the Company to the Subcontractor, shall at all times be and remain the exclusive property of the Company.

12.3 Without limiting the generality of Condition 12.2, all rights, including but not limited to any Intellectual Property Rights, derived or arising directly or indirectly from any work undertaken pursuant to the Contract, shall vest in and remain vested in the Company, to the extent that any such rights derive or arise directly or indirectly from any Company Materials and/or any specifications, patterns, drawings and plans supplied by the Company to the Subcontractor.

12.4 The Subcontractor shall do all acts and things necessary to assist the Company with respect to the protection, enforcement and transfer to the Company of any rights mentioned in Condition 12. 2 and Condition 12.3 and in this connection the Subcontractor agrees, without limitation, to assist the Company in obtaining registration of any relevant Intellectual Property Rights in any jurisdiction in the world, to promptly notify the Company of any actual or apparent infringement of any such Intellectual Property Rights (and to join in any proceedings initiated against any alleged infringer), and to effect any assignment of any such Intellectual Property Rights to the Company.

12.5 To the extent that any Intellectual Property Rights are, or could or might be, owned by the Subcontractor or licensed to the Subcontractor by any third party and any such Intellectual Property Rights are to be, or might be, utilised by the Company, the Subcontractor grants a perpetual, royalty-free licence or sub-licence in any such Intellectual Property Rights to the Company and warrants that the use of any such Intellectual Property Rights by the Company will not infringe the rights of any third party and without limiting the generality of Condition 5.1, the Subcontractor furthermore agrees to promptly and fully indemnify the Company against any liability, loss, damage, cost, charge or expense arising from any infringement or alleged infringement of any such Intellectual Property Rights whatsoever, howsoever and to whomsoever occurring.

13. TERMINATION

13.1 The Company shall have the right at any time and for any reason to terminate the Contract in whole or in part by giving the Subcontractor written notice whereupon all work on the Contract shall be discontinued and the Company shall pay to the Subcontractor fair and reasonable compensation for work-

in-progress at the time of termination but such compensation shall not include loss of anticipated profits or any consequential loss.

13.2 The Company shall have the right at any time by giving notice in writing to the Subcontractor to terminate the Contract forthwith if:

(a) the Subcontractor commits a material breach of any of the terms and conditions of the Contract; or

(b) any distress, execution or other process is levied upon any of the assets of the Subcontractor; or

(c) the Subcontractor has a bankruptcy order made against him or makes an arrangement or composition with his creditors, or otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors, or (being a body corporate) convenes a meeting of creditors (whether formal or informal), or enters into liquidation (whether voluntary or compulsory) except a solvent voluntary liquidation for the purpose only of reconstruction or amalgamation, or has a receiver or manager, administrator or administrative receiver appointed of its undertaking or any part thereof, or documents are filed with the court for the appointment of an administrator of the Subcontractor or notice of intention to appoint an administrator is given by the Subcontractor or its directors or by a qualifying floating charge holder (as defined in paragraph 14 of Schedule B1 to the Insolvency Act 1986), or a resolution is passed or a petition presented to any court for the winding-up of the Subcontractor or for the granting of an administration order in respect of the Subcontractor, or any proceedings are commenced relating to the insolvency or possible insolvency of the Subcontractor; or

(d) the Subcontractor ceases or threatens to cease to carry on its business; or

(e) the financial position of the Subcontractor deteriorates to such an extent that in the opinion of the Company the capability of the Subcontractor adequately to fulfil its obligations under the Contract has been placed in jeopardy.

13.3 The termination of the Contract, however arising, shall be without prejudice to the rights of the Company accrued prior to termination. Any conditions which expressly or impliedly have effect after termination shall continue to be enforceable notwithstanding termination.

14. REMEDIES

Without prejudice to any other right or remedy which the Company may have, if any Goods are not supplied in accordance with, or the Subcontractor fails to comply with, any of the terms of the Contract the Company shall be entitled to avail itself of any one or more of the following remedies at its discretion, whether or not any part of the Goods have been accepted by the Company:

(a) to rescind the Order;

(b) to reject the Goods (in whole or in part) and return them to the Subcontractor at the risk and cost of the Subcontractor on the basis that a full refund for the Goods so returned shall be paid forthwith by the Subcontractor;

(c) at the Company's option to give the Subcontractor the opportunity at the Subcontractor's expense either to remedy any defect in the Goods or to supply replacement Goods and carry out any other necessary work to ensure that the terms of the Contract are fulfilled;

(d) to refuse to accept any further deliveries of the Goods but without any liability to the Subcontractor;

(e) to carry out at the Subcontractor's expense any work necessary to make the Goods comply with the Contract; and

(f) to claim such damages as may have been sustained in consequence of the Subcontractor's breach or breaches of the Contract.

15. ASSIGNMENT

15.1 The Subcontractor shall not be entitled to assign the Contract or any part of it without the prior written consent of the Company.

15.2 The Company may assign the Contract or any part of it to any person, firm or company. Without limitation, the Company may direct any customer of the Company to place an Order directly with the Subcontractor and in any such case, each of these Conditions shall apply to any Contract made pursuant to these Conditions, as and between the Subcontractor and the particular customer of the Company. For the avoidance of doubt, in any such case, the Subcontractor shall request and receive payment of the price for the Goods solely from the particular customer of the Company and the Company shall have no liability therefor, under any circumstances.

16. FORCE MAJEURE

The Company reserves the right to defer the date of delivery or payment or to cancel the Contract or reduce the volume of the 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 Company including, without limitation, acts of God, governmental actions, war or national emergency, acts of terrorism, protests, riot, civil commotion, fire, explosion, flood, epidemic, lock-outs, strikes or other labour disputes (whether or not relating to either party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials.

17. GENERAL

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

17.2 If any provision of the Contract is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable it shall, to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness, be deemed severable and the remaining provisions of the Contract and the remainder of such provision shall continue in full force and effect.

17.3 Failure or delay by the Company 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.

17.4 Any waiver by the Company of any breach of, or any default under, any provision of the Contract by the Subcontractor shall not be deemed a waiver of any subsequent breach or default and shall in no way affect the other terms of the Contract.

17.5 Save in the circumstances set out in Condition 15.2, 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 formation, existence, construction, performance, validity and all aspects of the Contract shall be governed by English law and the parties submit to the exclusive jurisdiction of the English courts.