

PURCHASE ORDER

STANDARD TERMS AND CONDITIONS

1 DEFINITIONS

In this Purchase Order:

“Buyer” means Australian Arrow Pty Ltd (AAPL), of 65 Lathams Road, Carrum Downs, Victoria, 3201.

“Contract” means the contract arising from the acceptance of the offer constituted by this Purchase Order.

“Confidential Information” means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on or after the date of this Purchase Order relating to the business, technology or other affairs of the Buyer.

“Corporations Act” means the Corporations Act 2001 (Cwlth).

“Goods” means the items described on the face of this Purchase Order.

“Purchase Order” means the information on the face of this document and these standard terms and conditions.

“Seller” means the person named on the face of this Purchase Order as the supplier of Goods.

2 ACCEPTANCE

2.1 This Purchase Order constitutes an offer to purchase. The initiation of performance as contemplated by this Purchase Order is acceptance by the Seller of the Buyer’s offer.

2.2 This Purchase Order does not override other Supply or Service agreements entered into by the Seller and the Buyer, from time to time.

3 AUTHORITY

This Purchase Order is of no force or effect unless it is signed on behalf of the Buyer. Purchase Orders transmitted by Electronic Data Interchange (EDI) are authorised in a separate agreement.

4 DESCRIPTION OF GOODS

The Goods must conform to the description, quality, price, quantity and specifications as set forth in this Purchase Order.

5 DELIVERY

5.1 The Seller must ensure that all order quantities are delivered to the nominated location in this Purchase Order by the nominated delivery date, (or, if the nominated delivery date is not a working day, the first working day following the nominated delivery date).

5.2 100% on time delivery by the Seller is a requirement of the Buyer. Delivery performance will be monitored.

5.3 The Buyer reserves the right to return any Goods oversupplied against this Purchase Order where approval for oversupply is not authorized by the Buyer. Any costs

incurred in returning Goods will be borne by the Seller.

5.4 The Seller shall formally advise the Buyer of the expected or scheduled dates for negotiation of the Seller’s Employment Contract with its workforce, as soon as timing is known. Additionally, at this point two (2) weeks build up of stock is to be held and accessible (at a non affiliated site).

6 PACKAGING AND LABELLING

6.1 All shipments under this Purchase Order shall be packaged and marked in accordance with any legal or other requirements at no extra charge to the Buyer unless specified in this Purchase Order.

6.2 Where the Buyer is aware that:

- (a) all or part of the Goods are to be included in products for export; and
- (b) special requirements or specifications, different to those ordinarily required by Australian law or practice must be observed,

then those special requirements or specifications will be set out on the face of this Purchase Order or on the additional drawings or documents attached to this Purchase Order.

- Refer Supplier Requirements manual -Packaging & Labelling requirements – Electronics division, Wiring Harness division.
- <http://www.australianarrow.com.au> refer - Customers & Suppliers

7 ACCEPTANCE AND INSPECTION

When Goods are delivered, those Goods will be accepted subject to subsequent inspection by the Buyer who may reject any Goods which are defective or do not conform to the description specified in this Purchase Order. Any payment for the Goods prior to their inspection does not constitute acceptance of those Goods by the Buyer. The Seller must refund to the Buyer any payment made in respect of defective or non-conforming Goods, including transportation and handling costs, immediately upon being informed by the Buyer of the rejection of the Goods.

8 REJECTION

The Buyer may reject any Goods which are defective or do not conform to the description specified in this Purchase Order at any time. The Buyer may, at its option either, require the Seller to collect the Goods, or return the Goods to the Seller at the Seller’s cost and risk (including transport and handling costs).

9 LATE AND NON-CONFORMING GOODS

If a delivery of Goods required under this Purchase Order:

- (a) is late; or

- (b) does not conform with the description or specification in this Purchase Order, are defective or not fit for the purpose;
- and
- (c) as a consequence the Buyer is required to incur any additional costs to ensure that the Buyer meets its related production and delivery obligations,

then, the Seller will bear that additional cost (including, but not limited to, any additional road or air transportation and packaging and handling costs).

- The Seller should refer to Supplier Requirements manual, Quality System Requirement - 3.1, 3.8 to be found at <http://www.australianarrow.com.au> refer- Customers & Suppliers

10 TITLE AND RISK

The risk of any loss of, damage to or deterioration of the Goods does not pass to the Buyer until the Goods have been physically delivered in accordance with the requirements of this Purchase Order, inspected and accepted by the Buyer. Subject to clause 20 (Payments and security interest), title to the Goods will remain with the Seller until delivery and acceptance of the Goods by the Buyer.

11 RIGHT TO INSPECT

The Buyer, or its authorised agents, shall have the right to inspect the Goods at all reasonable times and places during manufacture and before delivery. Non-conforming Goods shall be returned and replaced at the Seller's expense (including any transportation and handling costs).

12 CHANGES

- 12.1 The Buyer may by notice in writing to the Seller at any time alter the specifications, design testing procedures, method of packing, or place of delivery of the Goods. In these circumstances, the Buyer will notify the Seller at the earliest practical time.
- 12.2 In the event that a change is notified to the Seller and as a direct result of implementing that change the Seller incurs, additional or non – recoverable costs, or expenses then the Seller and the Buyer will renegotiate the price of the Goods.

13 CANCELLATION

- 13.1 The Buyer may cancel this Purchase Order, in whole or in part, by notice in writing to the Seller at any time if:
 - (a) the Seller fails to deliver the Goods within the time specified by the Buyer in this Purchase Order or in any requirement schedule;
 - (b) the Goods delivered are defective, not fit for the purpose or fail to comply with specifications.
- 13.2 The Buyer may cancel this Purchase Order for any reason by notice in writing

to the Seller in which event the Seller will immediately:

- (a) stop work on the production of the Goods;
- (b) calculate and account to the Buyer for all costs and expenses directly incurred in fulfilling this Purchase Order to the date of notification of the cancellation; and
- (c) provide to the Buyer, a properly drawn tax invoice for those costs and expenses.

14 INSURANCE

The Seller must effect and maintain insurance coverage which, in the reasonable opinion of the Buyer, is suitable and sufficient to the Buyer and its customers with appropriate cover against the risk of legal liability to any person or customer, arising in connection with the Goods, including public liability, with coverage of A\$10,000,000 in aggregate. On request, the Seller must provide the Buyer with copies of all relevant certificates of insurance.

15 BUYER'S PROPERTY

- 15.1 Any tooling, dies, gauges, jigs or patterns supplied by the Buyer to the Seller, or paid for by the Buyer, and used in producing the Goods, will remain the property of the Buyer and will be appropriately marked by the Seller.
- 15.2 In consideration of the Buyer placing this order with the Seller, the Seller expressly covenants and agrees that production from any tooling, dies, gauges, jigs or patterns, in which the Buyer has retained title will not be carried out for any other client of the Seller, or for the Seller itself.
- 15.3 Upon termination of the contract between the Buyer and the Seller any items in which the Buyer has retained title, shall be returned to the Buyer, or disposed of in a manner authorised in writing by the Buyer. The Seller shall compensate the Buyer for any damage to the Buyer's property, including, without limitation, any damage caused to the tooling, dies, gauges, jigs or patterns hereinbefore referred to. The Seller shall not modify any such tooling, dies, gauges, jigs or patterns without the prior written consent of the Buyer.

16 TOOLING MAINTENANCE

The Seller shall maintain in good working order and condition (fair wear and tear excepted) all tooling, dies, gauges, jigs and patterns, in which the Buyer has retained the title, for the duration of their working. The Seller shall make such items available for inspection by the Buyer at any reasonable time.

17 PRICE

The price on this Purchase Order is firm and not subject to change, unless subsequently negotiated and agreed in writing.

18 PAYMENT TERMS

	The Buyer will pay for the Goods within 30 days of the end of the month in which the Buyer receives an invoice for the Goods. Payment of invoices does not affect the Buyer's right to dispute invoices or to make claims against Seller.		in this Purchase Order; or
		(iii)	had not been defective; or
19	GOODS AND SERVICES TAX	(b)	a product incorporating a Good being found to be defective as a result of the Goods supplied by the Seller:
	All amounts paid or to be paid under the Contract are inclusive of GST. The Seller must issue a tax invoice in respect of all supplies under the Contract.	(i)	not being fit for the purpose for which they were supplied to the Buyer;
20	PAYMENTS AND SECURITY INTEREST	(ii)	not conforming with the description specified in this Purchase Order; or
	Full or partial payment for Goods prior to delivery and acceptance by the Buyer shall cause title to the Goods to pass to the Buyer and the Seller shall be deemed a bailee of all such Goods. The Seller grants the Buyer a security interest over those Goods.	(iii)	being defective,
21	SET-OFF		regardless of whether such Goods had been inspected and accepted by the Buyer.
	At any time, the Buyer may set-off any amount due for payment by the Seller to the Buyer against any amount due for payment by the Buyer to the Seller.	22.5	The Seller is to warrant the product for a minimum of three (3) years, which is in line with the Australian Automotive industry requirements.
22	WARRANTY AND INDEMNITIES	23	SYSTEM
22.1	The Seller warrants that the Goods:	23.1	The Seller either has, or is in the process of obtaining QS9000 certification.
(a)	will conform with the description specified in this Purchase Order and will not deviate from the specifications, drawings, samples and other descriptions furnished to the Seller;	23.2	In addition, once TS16949 and its regulations are developed and finalised, the Seller must comply with TS16949, where applicable.
(b)	will be fit for the purpose for which they are intended to be used by the Buyer and free of any defects; and	24	CONFIDENTIALITY
(c)	will be free from any liens, charges, encumbrances, mortgages, or any other defects in title.		No Confidential Information may be disclosed by the Seller to any person except:
22.2	These warranties are in addition to any statutory warranties applicable to the Goods.	(c)	representatives of the Seller or its related entities requiring the information for the purposes of this Purchase Order; or
22.3	The Seller indemnifies and holds the Buyer harmless from all damage and costs incurred by the Buyer as a consequence of any claims of patent infringement or wrongful use of any trademark, copyright or trade secrets.	(d)	with the consent of the Buyer.
22.4	The Seller indemnifies the Buyer for any liability, loss or damage (including direct or indirect loss, consequential loss and loss of profits) it suffers, including any costs and expenses incurred, as a result of:	•	Depending upon the Goods being supplied and the nature of the information disclosed the Buyer may require the Seller to execute the Buyer's Confidentiality Agreement.
(a)	a product recall by the Buyer or any other person where that product recall would not have occurred if the Goods supplied by the Seller:	25	INSOLVENCY
(i)	were fit for the purpose for which they were supplied to the Buyer;	25.1	The Buyer may immediately terminate this Purchase Order without liability to the Seller if the Seller becomes Insolvent .
(ii)	conformed with the description specified	25.2	For the purposes of this clause the Seller is Insolvent if:
		(a)	it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
		(b)	it has a Controller appointed, is in liquidation, in provisional liquidation, under administration or wound up or has had a Receiver appointed to any part of its property; or
		(c)	it is subject to any arrangement, assignment, moratorium or

	composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the Buyer); or		during any anticipated labour disruption or resulting from the expiration of Seller's labour contract(s). If requested by the Buyer, the Seller shall, within 5 days, provide adequate assurances that the delay shall not exceed 30 days. If the delay lasts more than 30 days or the Seller does not provide adequate assurance that the delay will cease within 30 days, the Buyer may immediately terminate this Purchase Order without liability.
	(d) an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or	27	NON-ASSIGNMENT The Seller may not assign or delegate its rights or obligations under this Purchase Order without the Buyer's prior written consent.
	(e) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or	28	NOTICES Any notices required to be served under these terms and conditions shall be validly given if executed by a duly authorised person on behalf of either party and delivered to the other party, at its address shown hereon.
	(f) it is the subject of an event described in section 459(C)(2)(b) or section 585 of the Corporations Act (or it makes a statement from which the Buyer reasonably deduces it is so subject); or	29	COMPLIANCE WITH LAW The Seller shall comply with all regulations, rules, statutes, orders and ordinances of any federal, state or local government or agencies including, but not limited to, all environmental, safety and health rules, regulations, statutes or orders.
	(g) it is otherwise unable to pay its debts when they fall due; or	30	SEVERABILITY If any part of a provision of this Purchase Order, or a part of a provision of any existing Supply or Service agreement between the Buyer and the Seller, is illegal, void or unenforceable in a jurisdiction it is severed for that jurisdiction. The remainder of this Purchase Order has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this agreement or is contrary to public policy.
	(h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.		
26	FORCE MAJEURE		
26.1	Any delay or failure of either party to perform its obligations shall be excused if the Seller is unable to produce, sell or deliver, or the Buyer is unable to accept delivery, buy or use, the Goods, as a result of an event or an occurrence beyond the reasonable control of the relevant party and without its fault or negligence, including, but not limited to, acts of God, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, labour problems (including lockout strikes and slow downs), inability to obtain power, material, labour equipment or transportation, or court injunction or order; provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party as soon as possible after the event or occurrence (but in no event more than 5 days thereafter).	31	RELATIONSHIP OF PARTIES The Seller and the Buyer are independent contracting parties and nothing in this Purchase Order shall make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.
26.2	During the period of such delay or failure to perform by the Seller, the Buyer, at its option, may purchase Goods from other sources in quantities and at times requested by the Buyer. In addition, the Seller at its expense shall take such actions as are necessary to ensure that supply of Goods to the Buyer will continue for a period of at least 30 days	32	ENTIRE AGREEMENT AND VARIATION 32.1 This Purchase Order constitutes the entire agreement of the Buyer and Seller about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter. 32.2 A provision of this agreement or a right created under it may be modified only by written agreement signed by both parties, or their authorised agents.
		33	APPLICABLE LAW This Purchase Order is governed by the law in force in the State of Victoria. Each party submits to the non-exclusive jurisdiction of the courts of that place.

ENVIRONMENTAL PRESERVATION AND RESOURCE CONSERVATION

- 34.1 The Seller shall comply not only with all its domestic environmental laws and regulations but also such environmental laws and regulations as may be applicable from time to time of Australia, Japan, United States of America("USA") and the European Union("EU") member states, including but not limited to EC directives and other regulations, and shall also engage in environmental and resource preservation activities to reduce the impact on the global environment, including but not limited to preservation of global warming, reduction of waste, conservation of resources, and reduction of usage of hazardous and toxic substances
- 34.2 The Seller hereby guarantees that all Products supplied to the Buyer and/or its customers(unless otherwise agreed to in advance in writing by the Buyer) shall be free of lead, mercury, cadmium, hexavalent chromium and any other substances of concern("SOCs") that the Buyer may at any time and from time to time notify the Seller of. No Product substitutes are permitted without prior written approval from the Buyer.
- 34.3 In respect of all the Products supplied by the Seller to the Buyer and/or its customers, the Buyer shall, unless otherwise agreed to in advance in writing by the Buyer, submit to the Buyer the Material Safety Data Sheet ("MSDS") regarding the substances contained in the Products and such MSDS shall be based on the "Ministerial Ordinance pertaining to methods of providing information concerning the properties and handling of Designated Chemical Substances".
- 34.4 Upon the Buyer's request, the Seller shall immediately provide the Buyer will all relevant information (in a format stipulated by the Seller) in regard to the environmental preservation and resource conservation information with respect to the Products, including but not limited to the status of the Seller's environmental preservation and resource conservation activities, recycling activities and materials (substances) used.
- 34.5 In the event that Seller breaches the guarantee stipulated in Article 34.2 above by delivering goods to Buyer that contain the substances which Buyer has notified Seller of, Seller shall compensate Buyer for any resulting losses and damages incurred by Buyer, including but not limited to costs incurred in Product recalls and other market related responses.