

**PURCHASE ORDER**

PRIVATE AND CONFIDENTIAL

Date: 3 June 2009

**Purchase Order** – Dairy Farmers of Britain Limited (Receivers and Managers appointed) – Industrial/Provident No: **IP29004R** (hereafter referred to as **DFB**)

This purchase order is made pursuant to the terms and conditions listed below between DFB and a member of the DFB (the **Member**) (the **Order**). By accepting this Order, the Member agrees to all the terms and conditions of this Order. For the avoidance of doubt, the terms and conditions of this Order shall prevail over any and all other terms issued or relied upon by the Member.

**TERMS AND CONDITIONS OF PURCHASE**

No.	Terms and Conditions
1	<p>The Member shall:</p> <ul style="list-style-type: none"> <li>(a) supply all the Milk it produces to DFB;</li> <li>(b) maintain at all times Assured Dairy Farms Standards;</li> <li>(c) shall comply with all its obligations in the Rules;</li> <li>(d) ensure that all Milk it produces complies with the Standards and is produced to at least the same quality as in the previous 6 months;</li> <li>(e) provide and maintain Bulk Tanks. The Milk it produces must be transferred to the Bulk Tank as soon as practicable after milking and then cooled and maintained below 4.50 centigrade within 30 minutes of completion of every milking. Milk supplied by the Member to DFB will exclude (unless otherwise agreed between the Parties): <ul style="list-style-type: none"> <li>(i) any Milk it produces in excess of the Bulk Tank's maximum capacity;</li> <li>(ii) all Milk it produces stored in the Bulk Tank, if any of that milk in the Bulk Tank has been produced outside of the Collection Period;</li> <li>(iii) combined Milk it produces from more than 4 milkings (or 6 milkings if the Member is milking 3 times per day);</li> <li>(iv) Milk it produces or stores in Bulk Tanks not having passed the Standards and the DHI;</li> </ul> </li> <li>(f) provide and maintain, in the opinion of DFB, its agents, contractors and</li> </ul>



	<p>servants, safe, suitable and unobstructed access to and way out from the Farm Premises;</p> <p>(g) give full co-operation to Collection Vehicles, testing personnel and any other personnel of DFB;</p> <p>(h) hold at all times the required licence from DHI;</p> <p>(i) indemnify and keep indemnified DFB for any claims, costs, expenses, penalties and losses however caused arising from the failure of Milk to comply with the Standards or the failure of the Milk to be marketable due to a breach of any term or terms of this Order by the Member;</p> <p>(j) inform DFB immediately and if not already collected inform the driver of the Collection Vehicle so as to prevent Collection where the Member places or believes they have placed Milk not complying with the Standards in the Bulk Tank;</p> <p>(k) notify DFB immediately in the event of any restriction, order notice or otherwise being placed on the Member's Farm Premises, animals or the Milk it produces;</p> <p>(l) indemnify and keep indemnified DFB, its personnel, its contractors, its agents and anyone acting on its behalf against any claims, costs, expenses, penalties and losses arising from the normal operation of a Collection in respect of damage to access way to and way out from the Farm Premises and any damage to Collection Vehicles or injury to DFB personnel, its contractors, its agents or anyone acting on its behalf whilst on the Farm Premises save in the event of negligence by DFB or anyone acting on its behalf.</p>
2	<p>Messrs Ian Green, David Kelly and Stephen Oldfield are all licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales and were appointed as Receivers and Managers and in their capacity as agents of DFB at <b>3pm on the 3<sup>rd</sup> of June 2009</b>. Neither they nor their partners, firm, employees or agents shall incur any personal liability howsoever arising from their actions or under or in connection with any deed or other document or agreement entered into on behalf of DFB pursuant to or in connection with their appointment or the performance of their duties as Receivers and Managers. In particular (but without prejudice to the generality of the foregoing) no such personal liability shall arise by virtue of either Sections 37(1)(a) or 44(1)(b) Insolvency Act 1986 or otherwise.</p>
3	<p>Title to the Milk the Member produces will pass from the Member to DFB when it is received into the Collection Vehicle whether or not payment has been made by DFB to the Member in respect of such Milk.</p>

4	Save in the event of negligence of DFB, its servants, agents or contractors, risk in the Milk remains with the Member until DFB is satisfied the Milk complies with the Standards irrespective of whether or not title has passed to DFB pursuant to clause 3 above.
5	<p>(a) DFB shall determine the following sums:</p> <p>(i) the invoiced price on the sale of the Liquid Dairy Products by DFB and/or an Associated Company to any Customer less the Costs (the <b>Net Sales Price</b>); and</p> <p>(ii) a genuine pre-estimate of the equivalent milk per litre price of each tonne of the Long Life Dairy Product (sold in pounds per tonne) as determined in good faith on or before 19 June 2009 by the Receivers and Managers for the sale of such Long Life Dairy Product by DFB and/or an Associated Company to any Customer less the Costs (the <b>Net Long Life Price</b>).</p> <p>(b) The price DFB shall pay to each Member shall be apportioned between the Members based on the volume of Milk supplied by each such Member.</p> <p>(c) DFB shall pay the Member the Net Sales Price and the Net Long Life Price on 19 June 2009 or as soon as reasonably practicable thereafter.</p> <p>(d) For the avoidance of doubt, the RECEIVERS' COSTS WILL BE EXCLUDED FROM THE PRICE CALCULATION.</p>
6	A person who is not a party to this Order or any resulting contract may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
7	For the avoidance of doubt this Order confers no right to be a member of, and no membership rights in DFB.
8	This Order is governed by English law.
9	<p><b>Definitions:</b></p> <p><b>Associated Company</b> means in relation to DFB, a company which is a subsidiary or holding company of it, or any company which is a subsidiary of any such holding company, "<b>subsidiary</b>" and "<b>holding company</b>" having the meanings ascribed to them under the Act</p> <p><b>Bulk Tank</b> means a tank, vat or other storage facility for Milk with sufficient capacity to hold all the Milk produced in any Collection Period and compliant with all relevant DFB and industry standards</p> <p><b>Collection</b> means the Collection of Milk by DFB from the Member's Farm Premises</p> <p><b>Collection Period</b> means a 24 hour window for every day collections and a 48 hour window</p>



for every other day collections

**Collection Vehicle** means a farm collection vehicle and/or milk delivery vehicle with a flow meter (or equivalent apparatus) and driver

**Costs** means all and any costs incurred by DFB and/or an Associated Company including, without limitation, the following:

- (a) value added tax or other sales taxes payable thereon;
- (b) bona fide packing, transport, distribution, storage and insurance costs;
- (c) research and development, marketing and sales costs;
- (d) overheads of DFB and administrative costs (including, without limitation, rent and accounts departments),

but excluding the costs of the Receivers and Managers

**Customer** means any purchaser of the Products from DFB including, without limitation, third party dairies and supermarkets

**DHI** means Dairy Hygiene Inspectorate

**Farm Premises** means the property/properties from where the Member engages in the business of dairy farming and where Milk is collected by DFB

**Liquid Dairy Products** means the Milk as purchased by a Customer (for example in the form of Milk to a third party dairy, or fresh milk, yoghurt and ice-cream to the supermarkets)

**Long Life Dairy Products** means products manufactured from the Milk (including, without limitation, butter, cheese, long life milk powder and skimmed milk) and purchased by a Customer

**Milk** means raw cow's milk supplied by all the Members to DFB under the terms of this Order and produced by any cow in the possession or control of any such Member and in accordance with the Standards

**Products** means any consumer products which are manufactured from the Milk and includes Liquid Dairy Products and Long Life Dairy Products

**Receivers and Managers** has the meaning given to them in clause 2

**Rules** means the constitutional Rules of DFB from time to time and for the time being in force

**Standards** means any and all standards governing the quality, production and hygiene of the



	<p>Milk as operated by DFB from time to time and all such standards required by all applicable statutes and regulations (and any amendments thereto)</p> <p>The singular shall include the plural and vice versa and words denoting persons shall include firms and corporations and vice versa.</p> <p>References to individuals shall include firms and corporations and vice versa.</p>
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