

Audit Report No. LEL/1

Date April 1, 2005

NON CONFORMITY REPORT*
~~OPPORTUNITY FOR IMPROVEMENT*~~ * *delete one*

Company under Audit: LEL

Note Number 1

Area under review:
Purchasing Department

Standard and Clause Number
ISO 9001 7.4.1

category MAJOR* MINOR* ~~OPPORTUNITY FOR IMPROVEMENT*~~ **delete two*

Findings:

Actual: Supplier (Roger Steel Stockholders) for PO Nos. 134/03 and 128/03 was selected for use not as required, and using an unapproved method of initial trials.

Required: PM 3, 3.4.1 states 'suppliers and subcontractors shall be selected for inclusion and use on the basis of: 1) previous performance, 2) Supplier Questionnaire, or 3) site visit.'

Auditor GD Barkley

Signature

G D Barkley