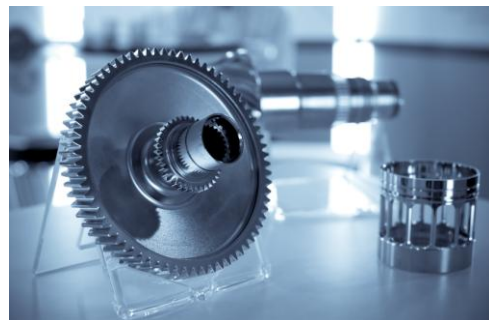


Standard Terms and Conditions of Sale



Part 1 - General

THE FOLLOWING STANDARD TERMS AND CONDITIONS SHALL APPLY TO ALL SALES ORDERS:

1 Definitions

- 'Seller' shall mean Portsmouth Aviation Limited of The Airport, Portsmouth, Hampshire, PO3 5PF
- 'Quotation' shall mean a formal offer by the Seller to supply certain goods and/or services at the prices and within the timescales specified thereon subject to these terms and conditions.
- 'Buyer' shall mean the person, firm or company to whom the Seller provides the goods and/or services under these conditions and by whom the relevant charges are payable.
- 'Goods' shall mean all goods, materials, equipment and services to be supplied by the Seller to the Buyer.
- 'Contract' shall mean the agreement between the parties governing the supply of the Goods and shall include these terms and conditions, the Quotation and the Buyer's order for the Goods.

2 Contracts

- 2.1 The Seller's Quotation is an offer to supply the Buyer with the Goods subject to these terms and conditions. The Quotation shall remain valid and open for acceptance for the period specified therein but the Seller reserves the right to revise or withdraw the Quotation at any time prior to its acceptance by the Buyer.
- 2.2 Acceptance of the Seller's Quotation by the Buyer shall include acceptance of these terms and conditions and any other conditions mentioned in the Quotation. However, notwithstanding any such acceptance, the Seller shall not be under any obligation to supply the Goods in accordance with the Contract until it has accepted the Buyer's order in writing.
- 2.3 An accepted order may only be cancelled or varied with the Seller's consent. The granting of such consent shall not in any way prejudice the Seller's rights to recover from the Buyer full compensation for any loss or expense arising from such cancellation or variation.

3 Buyer's Obligations

- 3.1 The Buyer shall provide the Seller with any goods and services, including drawings, specifications, pattern equipment and tooling, as may reasonably be required by the Seller for the performance of the Contract within such timescales as shall be specified in the Contract or if no timescale is specified, in sufficient time to allow the Seller to meet its obligations under the Contract.

4 Delivery of the Goods

- 4.1 The Seller shall supply the Buyer with the Goods specified in the Contract. The Seller shall take all reasonable steps to meet any delivery dates quoted but all such dates shall be estimates only and the Seller shall not be liable for failure to meet them.
- 4.2 The Buyer shall notify the Seller within three days of delivery of any obvious damage or shortage otherwise delivery will be deemed to be complete.

5 Passing of Risk and Title

- 5.1 Risk in the Goods shall pass from the Seller to the Buyer on delivery of the Goods to the Buyer or the Buyer's carrier in accordance with Clause 4 above. Title shall pass on payment for the Goods in accordance with Clause 6 below. Until full payment for the Goods has been made, the Buyer shall ensure that the Goods are clearly marked as being the Seller's property.

6 Price and Terms of Payment

- 6.1 The Buyer shall pay the price for the Goods as specified in the Contract. Payment for the Goods shall become due in the amounts and at the times specified in the Contract.
- 6.2 Unless otherwise agreed, prices include the Seller's standard inspection and works testing, and suitable packaging. Any additional testing, non-standard packaging requirements, delivery or installation work may be arranged by the Seller if requested by the Buyer, subject to the payment of additional charges which will be covered by a separate Quotation.
- 6.3 All prices quoted shall be exclusive of Value Added Tax or any other similar tax or levy which may be payable thereon. Such taxes or levies will be added to the Seller's invoice, as appropriate, at the rate prescribed by legislation.
- 6.4 The Buyer shall pay the Seller within 30 days of the date of the Seller's invoice. Interest may be charged on sums overdue at the rate of 2% per month calculated on a daily basis from the date payment was due until the date payment is received, such interest to be compounded monthly.
- 6.5 If the accuracy of any invoices is contested, the Buyer shall pay the amount not in dispute pending reconciliation of the reported discrepancy.

7 Warranty

- 7.1 The Seller warrants that, for a period of twelve months from delivery of the Goods to the Buyer, the Goods will function correctly. The Seller will at its own option and expense repair or replace all defective parts which under proper use, care and maintenance fail to function correctly provided that such failure:
- 7.1.1 is notified promptly to the Seller within the period specified above; and
 - 7.2.1 arises solely from the Seller's faulty design or use of defective materials or workmanship; and
 - 7.3.1 occurs during normal use of the Goods.
- 7.2 The Buyer shall return the defective Goods at its own risk and expense to the Seller. Replaced defective Goods shall become the property of the Seller and replacement Goods shall become the property of the Buyer. Replacement Goods will be delivered to the Buyer at the Seller's risk and expense.
- 7.3 The Seller accepts no liability in respect of defects or failures which are caused by fair wear and tear, accident, neglect, installation or servicing by a party other than a person or company approved by the Seller, use of the Goods in combination with equipment not supplied or approved by the Seller or for a purpose for which they were not intended, abnormal environmental conditions or additions to or modifications of the Goods carried out without the Seller's prior written consent. The Seller reserves the right to make a charge for work required for any of the reasons listed above or for the investigation of reported faults where no fault is found to exist.
- 7.4 In the case of Goods not manufactured by the Seller, the Buyer shall be entitled to the benefit of any warranty offered by the manufacturer of such Goods only to the extent to which the Seller is able to transfer it to the Buyer.
- 7.5 Where the Contract states that the Goods are to comply with drawings or specifications provided by the Buyer under clause 3.1 above, the Seller will exercise all reasonable care in the interpretation of such drawings and specifications but it will not accept any liability for the accuracy and completeness thereof or for the consequences of any error or omission therein.
- 7.6 This warranty constitutes the sole liability of the Seller with regard to the Goods. No other warranties, either express or implied, are made with respect to the Goods and the Seller expressly disclaims any warranty not stated therein.

8 Tooling

- 8.1 Where supply of Goods under the Contract involves the use of pattern equipment or tooling the full cost of which is to be borne by the Buyer, such pattern equipment or tooling shall itself be treated as Goods, subject in all respects to the provisions of the Contract. On completion or earlier termination of the Contract, the Seller will comply at the Buyer's expense with the Buyer's instructions for delivery or disposal thereof. Should the Buyer no longer require the pattern equipment or tooling, the Buyer will offer it to the Seller on fair and reasonable terms. However, where the cost of pattern equipment or tooling is to be borne partly or wholly by the Seller, title in the pattern equipment or tooling shall vest in the Seller.

9 Liability

- 9.1 Nothing in the Contract shall be effective to exclude or restrict the liability of either party for death or personal injury caused by the negligence of its employees, agents or subcontractor.
- 9.2 Nothing in the Contract shall be effective to exclude or restrict the liability imposed by the Consumer Protection Act 1987 for damage caused by defective products to the extent permitted by that Act.
- 9.3 The liability of the Seller to the Buyer for direct loss or damage to property, whether in contract, tort (including negligence and breach of statutory duty) or otherwise arising out of or in connection with the Seller's performance of or its total or partial failure to perform its obligations under the Contract, shall, in respect of any one incident or series of incidents attributable to the same cause, be limited to the value of the contract or the sum of £50,000 (Fifty Thousand Pounds) whichever is the lesser figure.
- 9.4 The Seller shall not in any circumstances be liable in contract, tort (including negligence and breach of statutory duty) or otherwise, for loss, whether direct or indirect, of profits, business or anticipated savings or for any indirect, special or consequential loss, howsoever caused or arising.
- 9.5 Except to the extent explicitly stated elsewhere in the Contract, the Seller accepts no liability for the accuracy of any representations, statements made or advice given or for the consequences of reliance by the Buyer thereon.
- 9.6 The Buyer shall indemnify and hold the Seller harmless against any damages, charges or costs (including court costs and legal fees) arising from any actions, claims or proceedings brought by a third party alleging loss or damage arising out of the Seller's performance of or total or partial failure to perform its obligations under the Contract.

10 Intellectual Property Rights

- 10.1 Unless otherwise stated in the Contract, ownership of all intellectual property arising as a result of work undertaken in pursuance hereof shall vest in the Seller who shall be entitled to apply for such protection of its rights as it sees fit, in its own name and at its own expense. The Buyer will, on request, do all things and sign all documents necessary to enable the Seller to make such applications.
- 10.2 For the avoidance of doubt, the Buyer agrees that nothing in clause 10.1 above shall be effective to transfer any proprietary right in any intellectual property developed by the Seller prior to or outside the scope of the work covered by the Contract, irrespective of whether such intellectual property is used by the Seller in the course of fulfilling its obligations under the Contract.
- 10.3 Where the Contract states that the Goods are to comply with drawings or specifications provided by the Buyer under clause 3.1 above, the Buyer will indemnify the Seller against all damages, costs or expenses (including court costs and legal fees) incurred by the Seller in connection with any allegation of infringement of a third party's intellectual property rights arising in any way from the Seller's having followed the drawings, specifications or any other instruction provided by the Buyer.

11 Bankruptcy

- 11.1 The Seller may terminate the Contract forthwith by giving notice in writing if the Buyer becomes bankrupt or insolvent or being a company, goes into liquidation (other than for the purposes of a bona fide amalgamation or reconstruction) or has a receiver, manager, administration or like person appointed under the Insolvency Act 1986 and such appointment is not discharged within 30 days of being made.
- 11.2 Exercise by the Seller of its rights under this clause shall be without prejudice to any other rights or remedies it may have and shall not affect any rights accrued or obligations arising on or before the date of termination.

12 Force Majeure

- 12.1 Neither party shall be liable to the other for failure to fulfil any obligation hereunder where such failure was due to circumstances beyond the defaulting party's reasonable control.

13 Notices

- 13.1 All notices to be sent by one party to the other under or in connection with the Contract shall be delivered by hand or sent by registered post to the registered address of the parties as specified in the Contract, or to any other address as has been notified in accordance with this clause.

14 Waiver

- 14.1 Failure by either party to exercise any right or remedy under the Contract shall not signify acceptance of the event giving rise to such right or remedy, nor shall it constitute a waiver of such right or remedy.

15 Severance

- 15.1 Each paragraph and provision hereof is severable from the rest of the Contract and, if one part should be found to be invalid, illegal or void, for any reason, it shall not affect the validity or legality of any other part and the remaining parts shall continue to have full force and effect.

16 Entire Agreement

- 16.1 The Contract is the entire agreement of the parties concerning the subject matter hereof and supersedes all prior agreements, negotiations, representations and proposals, whether written or oral.
- 16.2 No amendment to the Contract shall be valid unless agreed by the Seller and evidenced in writing.
- 16.3 In the event of conflict between any provisions contained in the Contract, it shall be resolved by applying the Contract documents in the following order of precedence (prevailing document first)
- 16.3.1 the Quotation
- 16.3.2 these Terms and Conditions

16.3.3 the Buyer's order for the Goods

17 Law and Jurisdiction

17.1 The Contract shall be governed by and construed in accordance with English Law and the parties hereby subject to the exclusive jurisdiction of the English Courts.

18 Quality

18.1 Portsmouth Aviation Limited is approved and certified to the requirements of AS9100, ISO9001 and ISO14001. All products and services provided will be in accordance with the company's approved scope and the standard terms and conditions of sale.

Part 2 - Installation

WHERE THE SELLER CARRIES OUT INSTALLATION OF THE GOODS, THE FOLLOWING CONDITIONS SHALL APPLY IN ADDITION TO THE GENERAL CONDITIONS CONTAINED IN PART 1:

19 Installation

- 19.1 Installation work shall be conducted in accordance with the applicable Quotation. The Seller will take all reasonable steps to complete the work by the agreed date but the said date shall be an estimate only and the Seller shall not be liable for failure to meet it.
- 19.2 The Buyer shall at his own expense prepare the site at which the Goods are to be installed, in accordance with the Seller's instructions.
- 19.3 The Buyer shall grant the Seller such access to the site as the Seller shall require in order to carry out the installation work and shall make the Goods available to the Seller for installation in good working order.
- 19.4 The Buyer shall provide, at its own expense, a suitably qualified member of staff to assist the Seller's engineers in the installation work.
- 19.5 Any costs incurred by the Seller as a result of the buyer's failure to fulfil the requirements of clauses 18.2 - 18.4 above or as a result of any inaccuracies, errors or omissions in information provided by the Buyer to the Seller shall be borne by the Buyer.
- 19.6 If the Seller is delayed in completing the installation work by any act or omission of the Buyer or by circumstances beyond the Seller's reasonable control, the Seller shall notify the Buyer and the Buyer shall grant the Seller such extension of time as may be reasonable in the circumstances.
- 19.7 On completion of the installation, the Seller will conduct a test or series of tests to verify the correct operation of the Goods.
- 19.8 Payment will become due in full on completion of the testing described in condition 18.7 above and may not be held back on account of minor failures or defects which do not materially affect the operation of the Goods.

Part 3 - Export Sales

WHERE THE GOODS ARE SUPPLIED OUTSIDE OF THE UK THE FOLLOWING CONDITIONS SHALL APPLY IN ADDITION TO THE GENERAL CONDITIONS CONTAINED IN PART 1:

20 Export and Import Licences

- 20.1 The Seller's obligations to supply the Goods shall be subject to the granting of the necessary export and import licences.