

GENERAL TERMS AND CONDITIONS OF SALE AND CONTRACT

These General Terms and Conditions of Sale and Contract, any special conditions or additional conditions agreed in writing by AEM Limited or any of its subsidiary companies (any of which shall be referred to hereafter as the "Company") constitute the entire agreement ("Conditions") between the Company and any person (the "Customer") to whom or for which the Company supplies or undertakes any goods or services (whether reconditioning, overhaul, repair, service, testing, inspection or otherwise howsoever) to the exclusion of all other terms, conditions and warranties whatsoever and represent the only terms on which the Company trades notwithstanding any terms and conditions that may be contained in any order or other form of the Customer. (Any communication from a Customer to the Company which purports to be an order for goods or services subject to any terms outside the Conditions shall be invalid to the extent of such terms.)

No employee or agent of the Company has any authority to give or make any representation or warranty relating to goods or services provided or to be provided by the Company unless such representation or warranty is in writing and signed on behalf of the Company by a Director or a Manager of the Company.

Any exclusion, waiver or variation of these Conditions may only be made in writing signed by a Director or other duly authorised representative of the Company.

1. QUOTATIONS

- 1.1 No estimate or quotation given by the Company constitutes an offer.
- 1.2 The Company reserves the right to withdraw or amend a quotation at any time before receipt of an unqualified order from the Customer and each quotation shall be deemed withdrawn unless so accepted within the period for acceptance stated in the quotation or, if no such period is stated, 30 (thirty) days from the date of the quotation.
- 1.3 Acceptance and receipt of an unqualified order from the Customer by the Company, or acknowledgement by the Company of goods or work provided to the Company, shall constitute an individually legally binding contract between the Company and the Customer incorporating the Conditions ("Order").
- 1.4 The Customer shall be responsible to the Company for ensuring the provision of, and accuracy of, any specifications or other information required for the Services within a sufficient time to enable the Company to perform the Order in accordance with its terms.

2. STRIP AND INSPECT

Any delivery by the Customer to the Company of goods for reconditioning, overhaul, repair or service subject to quotation by the Company shall constitute the Customer's authority to the Company to strip and inspect such goods for the purpose of preparing the quotation. The Customer shall be liable to pay to the Company all costs incurred by the Company in stripping and inspection whether or not the Customer subsequently instructs the Company to proceed with the reconditioning, overhaul, repair or service.

3. PRICES

- 3.1 Where a quotation has been given, the price is that stated in the Order but the Company reserves the right to increase such price to cover any of the following:
- (a) The cost of any additional special testing, or investigation, required by the Customer, or any Government, Regulatory Body or Original Equipment Manufacturer.
 - (b) The cost of any amendments to the Order or variation between the Order and the original enquiry instigated by the Customer, if such amendments or variations are agreed in writing by the Company.
 - (c) Any increase in labour costs and/or material prices outside the control of the Company.
 - (d) The prior sale of any material (whether held by the Company or an outside supplier) the prices of which were used in the preparation of the quotation.
 - (e) Any expense incurred by the Company as a result of any suspension of the contract by the Customer (if such suspension is agreed in writing by the Company), or lack of or delay in any instructions, or any change in the Customer's instructions; or any delay arising from a cause under the Customer's control; or lack of or delay in information required by the Company from the Customer.

Where a quotation has not been requested by the Customer, the price shall be that stated on the invoice.

- 3.2 The goods will be delivered in standard packing. Unless otherwise expressly stated, whether in these Conditions or otherwise, the costs of any special packing required, carriage, insurance, airport, dock or handling fees and other charges stated separately from the price are payable by the Customer at the same time, and shall be treated, as an additional part of the price.
- 3.3 Unless otherwise expressly agreed in writing, the price is exclusive of value-added tax and any other taxes, duties and impositions which, if applicable, shall be paid by the Customer in addition.

4. CANCELLATION OF CONFIRMED ORDER

In the event of cancellation of a confirmed Order the Customer will (without prejudice to any other right or remedy available to the Company) be charged for all costs incurred up to the date of receipt of the cancellation by the Company.

5. PAYMENT

- 5.1 All goods sold or services provided must be paid for in full by the end of the calendar month following the date of the invoice, unless agreed otherwise in writing by the Company (signed by a Director of the Company). The Company shall be entitled to invoice each part delivery as if it were a separate order or

contract and the provisions of this clause shall apply to each such invoice.

- 5.2 The Customer must make all payments without set-off or counter-claim in United Kingdom sterling, unless the Company has stipulated for payment in another currency, and in immediately available cleared funds.
- 5.3 Time of payment is of the essence and the Company reserves the right to charge interest on any overdue amount, from the due date until actual payment, as well after as before judgement at the rate of 4 per cent per annum above Lloyds TSB plc base rate from time to time, calculated on a daily basis and compounded monthly.
- 5.4 Where the cost of goods or services sold or supplied to the Customer includes the cost of goods or services sold or supplied by a third party and no invoice from such party has been received by the Company by the time the invoice in respect of the goods or services sold or supplied to the Customer is raised, the Company shall, provided this is indicated on the initial invoice, be entitled to charge an estimated amount for such bought-out goods or services, subject to adjustment later.
- 5.5 If exchange units are being supplied, the Customer will become liable to pay the full sale cost of the replacement unit(s) if the units of the Customer (which must be like for like, including modification states and complete to DIS) being exchanged for units of the Company are not received within 30 days of the replacement units being delivered, unless an extension is expressly granted in writing by the Company. If not so received within such period, the Company shall be entitled to issue a supplementary invoice to cover the difference between the exchange and sale prices, or the value of the exchanged units.
- 5.6 If the Customer pays any amount without appropriating the amount in writing at the time of payment to the discharge of any specific debt(s), it shall be appropriated by the Company (who may attribute a partial payment to one or more specific items, rather than to all the items ordered by the Customer) and in the absence of any more specific appropriation by the Company shall be deemed to be appropriated to discharge debts not or no longer having the protection of any lien or the subject of reservation of property rights in favour of the Company before discharging debts having the protection of a lien or which are the subject of such reservation of rights.

6. TRANSPORT & DELIVERY

- 6.1 Except where collected by the Company's own transport, goods sent to the Company for reconditioning, overhaul, repair, service, testing, inspection, or exchange shall be sent carriage paid. Where this involves goods shipped from outside the United Kingdom the goods must be consigned cif port of entry. Any freight forward charges incurred by the Company as a result of the Customer failing to comply with this requirement will be recharged to the Customer. These charges will be invoiced separately, payable before the goods or, as applicable, exchange goods will be released for return to the Customer.
- 6.2 For goods sent to the Company from outside the United Kingdom the Customer is responsible for ensuring that adequate documentation is provided for the importation of the goods into the United Kingdom, including details of part and serial numbers, component description, approximate value for customs purposes only and stating that the goods are for reconditioning, overhaul, repair, service,

testing or inspection only and will be re-exported, or that they are for service exchange.

Any delay caused by failure to comply with this Condition shall be the sole responsibility of the Customer and any charges incurred as a result, including any storage charges incurred at the port of entry while goods are being cleared by Customs and Excise (if accepted for payment by the Company, which it shall not be obliged to do) will be recharged to the Customer. These charges may be invoiced separately, together with any freight forward charges, payable before the goods or, as applicable exchange goods, will be released for return to the Customer.

- 6.3 Unless otherwise agreed in writing, delivery of goods shall be ex works, or, in the case of overseas deliveries, fob at a UK port or airport. In the case of delivery ex-works delivery shall be deemed to have taken place when the goods in question are despatched from the Company's works.
- 6.4 The time quoted for delivery or completion is to be treated as an estimate only and while the Company will make all reasonable efforts to deliver or complete within the time quoted, it shall not be responsible or liable for any losses or damage caused to the Customer by later delivery or completion. Time for delivery shall not be of the essence of any Order unless previously agreed in writing by the Company.
- 6.5 If the Customer fails to take delivery of the goods, or fails to give adequate delivery instructions within 14 days after the same have been requested by the Company, the Company may, without prejudice to its other rights, dispose of the goods and (whether or not the goods are disposed of) charge the Customer with the cost of storage from the date the goods were tendered for delivery, the cost of any additional transport and (where the goods are disposed of) a sum equal to any loss suffered by the Company in any resale caused by the Customer's default.

7. WARRANTY

- 7.1 Subject to the remaining provisions of this Condition 7 and to Condition 8, the Company warrants that:
- (a) all reconditioning, overhauling, repairing, servicing, testing and inspection work or services shall be performed or undertaken by it in accordance with the relevant practices and procedures laid down in the United Kingdom's Air Navigation Order (ANO) requirements and British Civil Aviation Authority (CAA) Requirements, European Aviation Safety Agency (EASA) Requirements, or, if required by the customer, the United States' Federal Aviation Regulations (FARs) and with any overhaul manuals or mandatory service bulletins or instructions;
 - (b) the condition of all goods sold or exchanged will be as stated on the Company's delivery documentation and if stated to be in new or overhauled condition the parts or components shall qualify for release in accordance with the conditions of the Air Navigation Order and European Aviation Safety Agency (EASA) Requirements.
 - (c) for machining, plating and associated processes AEM has adopted the standard industry terms and conditions that are recommended and produced by the Surface Engineering Association. These terms and conditions are shown in appendix A.

- 7.2 If the Company is in breach of the warranty given by it under Condition 7.1:
- (a) in respect of goods reconditioned, overhauled, repaired, serviced, tested or inspected by the Company within a period being the shorter of:
 - (i) 500 hours of actual flying life;
 - (ii) twelve months following delivery to the Customer;
 - (b) in respect of goods sold or supplied whether as part of another component or as a separate sale by the Company within a period being the shorter of:
 - (i) twelve months following delivery to the Customer;
 - (ii) the warranty period of the warranty given by the original supplier to the Company;

the Company shall free of charge to the Customer rectify such defect in any way it thinks fit, including (but not limited to) replacing such goods with comparable goods or equipment.

The Company shall have no further liability to the Customer for breach of the warranty given under Condition 7.1 other than that described in this Condition 7.2 above, whether under this contract, under any other terms or conditions purporting to establish liability or on any other basis including liability in tort, as a result of the supply of the goods or services and, in particular, the Company shall not be liable for any loss of profits, loss of business, increased cost of working or any other consequential loss.

- 7.3 Each warranty claim will be subject to in-house investigation by the respective (Operations Office) administrator. In the event of rejection of any claim a copy of the written report of the results of the investigation will be made available to the Customer on request.
- 7.4 The Company shall have no liability whatsoever under this Condition or this contract for goods which have been subjected to misuse or neglect or which have not been maintained and operated in accordance with any manufacturer's handbook/manual or instructions or (if higher) normal standards and practices applicable in the aviation industry, nor for any goods on which any locking device has been interfered with outside normal installation adjustments.
- 7.5 Whilst the Company shall seek to obtain for the Customer from third party suppliers of any part or parts the benefit of any warranty or guarantee for that part given by the third party supplier to the Company, the Company shall not (but without prejudice to any liability it may have under Condition 7.2 for any breach of Condition 7.1 (b)), be liable for any loss or damage arising directly or indirectly from the failure of such part.

- 7.6 The warranty contained in Clause 7.1 above shall apply to the exclusion of any other condition or warranty express or implied as to quality, workmanship, merchantability, correspondence with description or fitness for purpose or any other matter whatsoever of or relating to goods sold, reconditioned, overhauled, repaired, serviced, tested or inspected by the Company and all such conditions or warranties or other terms implied by statute or common law are hereby excluded to the fullest extent permitted by law.
- 7.7 The Company shall have no liability whatsoever under this condition or this contract for the detriment of goods and/or services resulting from problems associated with the year 2000 bug. (This is because some of the potential problems with change of millennium remain universally unidentified.)
- 7.8 Any warranty claim by the Customer shall (whether or not delivery is refused by the Customer) be notified to the Company within 7 days from the date of delivery or (where the defect or failure was not apparent on reasonable inspection) within a reasonable time after discovery of the defect or failure. If delivery is not refused, and the Customer does not notify the Company accordingly, the Customer shall not be entitled to reject the services and the Company shall have no liability for such claim, and the Customer shall be bound to pay the price as if the Services had been delivered in accordance with the Order.
- 7.9 The Company shall not be liable to the Customer or be deemed to be in breach of the Order by reason of any delay in performing, or any failure to perform, any of the Company's obligations in relation to the services, if the delay or failure was due to any cause beyond the Company's reasonable control.

8. LIMITATION OF LIABILITY

- 8.1 Should any goods delivered to the Company for reconditioning, overhaul, repair, service, testing or inspection be destroyed or damaged while such goods are on the Company's premises or under its control, the Company's liability in respect of such destruction or damage, subject to Clause 8.2 below, shall in no circumstances exceed an amount equal to the price of the repair and/or overhaul. In no circumstances will the Company be liable for and the Company accepts no responsibility for loss or damage or destruction of the Customer's goods while such goods are in transit to or from the Company's premises except where carriage is in one of the Company's vehicles.
- 8.2 Without prejudice to Clause 7.2 above, any liability of the Company to the Customer in any way arising out of any contract subject to these Conditions:
- (a) shall be limited to direct losses or damage only and shall not extend to loss of use or loss of profit or any indirect or consequential loss or damage howsoever arising and;
 - (b) shall not exceed an amount equal to the price in respect of the relevant Order.
- 8.3 Advice and information, in whatever form it may be given, is provided in good faith by the Company only, and without liability, and the Customer shall have no claim against the Company for any loss, damage, costs or expenses arising out of the Customer or any other party relying upon such advice or information.

- 8.4 Where goods supplied or reconditioned, overhauled, repaired, serviced, tested or inspected by the Company are incorporated by a third party into another component, the Company shall not be liable for any costs, loss, damage, liability or expenses suffered or incurred by the Customer or any third party arising directly or indirectly from or in respect of such goods or component and the Customer shall indemnify and keep indemnified the Company from and against all such costs, loss, damage, liability or expenses suffered or incurred by the Company as a result of any claim or demand in respect thereof by any third party.

9. PROPERTY AND RISK, RIGHT OF RECOVERY

- 9.1 Risk in the goods arising under the goods/services shall pass to the Customer on delivery.
- 9.2 (a) Subject to Clause 10 below, any goods supplied by the Customer to the Company for reconditioning, overhaul, repair, service, testing or inspection shall remain the property of the Customer but the Company shall not accept any responsibility for them unless and until accepted by the Company at its premises.
- (b) If the Company removes any part of the goods delivered to it by the Customer in order to replace it, the Company shall be entitled, unless otherwise instructed by the Customer in writing, to dispose of such part within 7 days of its removal and to retain for its own benefit the proceeds of any sale or other disposal of same.
- 9.3 Notwithstanding delivery of the goods or any document representing them, any goods/services supplied by the Company to the Customer shall remain the property of the Company until:
- (a) receipt by the Company of payment in full for such goods/services; or
- (b) if later, receipt by the Company if payment in full for all other sums on any account whatsoever owed by the Customer to the Company.
- 9.4 The Company's rights under Conditions 9.3 (a) and/or (b) are subject, if arising earlier, to sale by the Customer of such goods to an independent third party on arm's length terms in the ordinary course of business (which sale shall be by the Customer as principal and not as an agent for the Company).
- 9.5 Where property in goods remains with the Company after delivery, the Customer may deal with those goods in the ordinary course of its business provided that all sums due to, or received by, the Customer in respect of the goods shall be held in a fiduciary capacity as trustee and agent for the Company.
- 9.6 If required to do so, the Customer will keep the goods separate from other stock in such a way as to be readily identifiable by the Company and the proceeds from any sale or contract, or other disposition of the goods in a separate account for the benefit of the Company and will assign to the Company the right to recover any such sums due in respect of such sale or other disposition of the goods.
- 9.7 Any failure by the Company to require strict compliance with this Conditions 9.5 or 9.6 shall not constitute a release waiver or variation of the Company's rights and

the Customer's obligations under this Condition.

- 9.8 If the Customer takes delivery of the goods supplied to it by the Company before making full payment of the contract price, the Company shall be entitled to enter upon any premises of the Customer or any third party where such goods are stored and repossess the goods and thereafter to deal in any way with such goods free of any claim or right of the Customer therein if the Customer fails to pay for such goods/services on the due date therefore or at any other time if, before payment for such goods/services has been made:
- (a) the Customer becomes bankrupt or makes an assignment, agreement or composition with its creditors or suffers distress or process of execution to be levied on its property or goes into liquidation whether compulsorily or voluntarily (except for the purpose of reconstruction or amalgamation) or has a receiver appointed over any part of its undertaking, property or assets or it appears to the Company likely that any of the above events will occur;
 - (b) this contract is terminated by the Company pursuant to Condition 11 below.
- 9.9 If the goods/services supplied to it lose their identity by becoming part of other goods, then the Customer shall place such other goods into separate storage so as to be identifiable as being made from or with the Company's goods and the Company shall become owner, or part owner (as the case may be) of such other goods, which shall themselves be subject to the provisions of this Condition in respect of the Company's interests therein.

10. LIEN AND RIGHT OF RE-SALE

- 10.1 The Company shall have a lien on all goods delivered by the Customer to it for reconditioning, overhaul, repair, service, testing or inspection for all monies (whether presently payable or not) payable by, and all debts and liabilities (whether or not the period for payment or discharge of the same shall have actually arrived) of the Customer to the Company under any contract and such lien shall cover such goods whether or not the Company shall at the time of exercise of the lien have begun or completed reconditioning, overhaul, repair, service, testing or inspection of such goods. The Company shall be entitled to refuse to deliver up any goods at any time unless all charges accrued due under this contract and all other sums (if any) then owed by the Customer to the Company under any contract or on any account whatsoever shall have previously been paid.
- 10.2 Without prejudice to any other rights of the Company whether under these Conditions, this Contract or the general law, if any sum due from the Customer shall not have been paid within 3 weeks after becoming due, the Company may upon giving 7 days' notice of its intention to do so unless such sums shall in the meantime have been paid sell (whether by auction or private treaty or in any other manner) any or all of the goods in the Company's possession on which the Company has a lien. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities in respect whereof the lien exists so far as the same are presently payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the goods prior to sale) be paid to the Customer.

11. TERMINATION

11.1 If:

- (a) the Customer fails to pay any sum due to the Company within 3 weeks after the same shall have become due or;
- (b) the Customer becomes bankrupt or any steps are taken with a view to the Customer or any of its assets becoming subject to any form of winding-up, administration, receivership, scheme of arrangement, voluntary arrangement, administrative receivership, the rights of a mortgagee in possession, insolvency proceedings, arrangements with creditors generally, enforcement of security or legal process or repossession or;
- (c) it appears to the Company likely that one or more of the events in (b) above shall occur; or
- (d) anything analogous to the above occurs in any other jurisdiction;

11.2 then the Company may, at its discretion and without prejudice to its other rights:

- (a) suspend any deliveries to be made under or terminate the contract and any other contracts with the Customer; and/or
- (b) repossess and resell any goods the property in which remains with the Company; and/or
- (c) declare (whereupon there shall forthwith become) immediately due and payable any amounts owed by the Customer to the Company under any contract; and/or
- (d) to appropriate any payments made by the Customer under any other Order as the Company may think fit.

12. PATENTS AND LIABILITY

The Customer shall indemnify the Company against all damages, penalties, costs and expenses to which the Company may become liable as a result of any work done in accordance with the Customer's specification which involves any infringement of any copyright, patent or registered design.

13. JURISDICTION

13.1 These Conditions shall be governed by and construed in accordance with the laws of England and the Customer submits to the non-exclusive jurisdiction of the English courts.

13.2 Neither the Uniform Laws on International Sales nor the Convention on Contracts for the International Sale of Goods shall apply.

14. MISCELLANEOUS

- 14.1 If and in so far as in any case a term, or part of a term, shall be held or deemed to be invalid, unenforceable, void or illegal under any English legislation or common law, that term, or part of the term, shall to that extent only not apply, but without prejudice to the rest of the term, or terms which shall remain valid and enforceable, and each shall be separate and severable from each other.
- 14.2 Where the Company is under a liability to pay to the Customer any sum whether in respect of a contract or otherwise howsoever and at or shortly before the time the Customer is due to make such payment any sum then owing by the Customer to the Company whether under this contract, another contract or otherwise howsoever is unpaid, the Company shall, without prejudice to any other rights it may have whether under these Conditions, this contract or the general law, be entitled to set-off against any payment to be made by it an amount equal to such sum then owing by the Customer.
- 14.3 No person who is not a party to these Conditions will have any right under the Contracts (Rights of Third Parties) Act 1998 to enforce any of these Conditions, or the terms of any Order.
- 14.4 The Company is a member of a group of companies and accordingly the Company may perform any of its obligations or exercise any of its rights hereunder by itself or through any other member of its group, provided that any act or omission of any such other member shall be deemed to be the act or omission of the Company.