

PURCHASE ORDER TERMS & CONDITIONS

1. Definitions

- 1.1 'Seller' shall mean the legal entity to whom this Order is issued.
- 1.2 'Buyer' shall mean Monarch Aircraft Engineering Limited as indicated on the Order.
- 1.3 'Goods' shall mean all goods, articles, services or things described on the face of the Order.
- 1.4 'Contract' shall mean the contract between Buyer and Seller consisting of this Order and incorporating these terms & conditions and any other conditions or documents (or parts thereof) specified in this Order. Should there be any inconsistency between this Order and other documents comprising the Contract, the documents referred to in this Order shall have precedence.
- 1.5 CMM shall mean Component Maintenance Manual.
- 1.6 'Delivery Address' shall mean the address specified for delivery in this Order.

2. Quality

- 2.1 All Goods supplied shall be in good condition, of merchantable quality and fit for the purpose for which they are supplied.
- 2.2 Any shelf lived parts used in the manufacture of a component or part should be identified by part number and CMM reference with details of the shelf life advised on the release documents.
- 2.3 All components where applicable will be supplied with a correctly authorised EASA Form 1 and / or FAA8130.
- 2.4 At all times access must be granted to the appropriate National Aviation Authority (NAA).

3. Prices/Taxes

- 1) Unless otherwise stated Seller warrants that the price specified in this Order:
 - i) is inclusive of all taxes, fees, duties or charges which may be levied in respect of the Goods.
 - ii) includes all charges or costs associated with the safe and secure delivery of the Goods to the Delivery Address.
- 2) All taxes, fees, duties or charges (including VAT) where applicable, shall be shown separately on all invoices as a net extra charge.

4. Terms of Payment

Unless otherwise stated on the face of this Order, payment will be made on a net monthly basis from receipt and agreement of invoice.

5. Delivery

Seller shall deliver all Goods to the Delivery Address on the delivery date(s) specified in this Order unless agreed otherwise in writing between Buyer and Seller. Seller shall furnish such programmes of manufacture and delivery as Buyer may reasonably require. If Goods are incorrectly delivered Seller will be liable for any additional expenses incurred in delivering them to the Delivery Address.

6. Passing of Title and risk to Buyer

Title and risk in the Goods shall remain with Seller until they are accepted at the Delivery Address.

7. Progress and Inspection

Buyers representatives shall have the right to inspect all Goods at Seller's premises and the premises of sub-contractors at all reasonable times and to require correction of Goods that do not comply with the terms of the Contract; Seller's sub-contracts shall include this provision. Any inspection, checking, approval or acceptance given on behalf of Buyer shall not relieve Seller or its sub-contractor from any obligation under the Contract.

8. **Acceptance**

Goods delivered by Seller to the Delivery Address not conforming with the Contract for any material reason shall be subject to rejection within a reasonable time of their delivery to the Delivery Address. In the event that Seller does not replace rejected Goods within a reasonable time Buyer shall have the right to purchase elsewhere as near as practicable to the same Order specifications and conditions as circumstances shall

permit but without prejudice to any other right which Buyer may have against Seller. If the cost of purchasing such Goods elsewhere exceeds the price stated in this Order then Seller shall pay to Buyer the difference between the cost incurred by Buyer and the price stated in this Order. The making of payment by Buyer in respect of the Goods shall not prejudice Buyer's rights of rejection and Seller shall promptly repay the Buyer any monies paid by Buyer to Seller in respect of such rejected Goods.

9. **Variations**

Seller shall not vary the Goods, except as directed in writing by Buyer and agreed by Seller and Buyer and such variations shall be subject to the same conditions, so far as applicable, as though the said variations were stated in the Order. Where Seller receives and agrees such direction from Buyer which would affect the quoted price or delivery dates, Seller shall, within 7 days, advise Buyer in writing giving the amount of any such amendment and any revised delivery date. Until Buyer confirms acceptance of amendments from Seller, Seller shall not proceed with the variations.

10. **Force Majeure**

Neither party shall be liable for failure to perform its obligations under the Contract if such failure is caused by force majeure which shall include Act of God, war, natural disaster, fire, flood, explosion or earthquake.

11. **Sub-Contracts**

The Contract shall not be assigned by Seller nor subcontracted as a whole. Seller shall not subcontract any part of the Contract without Buyer's written consent. Seller shall be responsible for Goods supplied by subcontractors as if supplied by Seller. When Buyer consents to subcontracting, copies of each subcontract order shall be sent by Seller immediately it is issued to Buyer.

12. **Buyer's intellectual property rights**

Rights in and to specifications, plans, drawings, process information patterns or designs supplied by Buyer to Seller shall remain the property of Buyer, and any information derived there from or otherwise communicated to Seller shall be kept secret and shall not, without the consent in writing of Buyer, be published or disclosed to any third party, or made use of by Seller except for the purpose of implementing the Contract. Any specification, plans, drawings, process information, patterns or designs supplied by Buyer must be returned to Buyer on fulfilment or termination of the Contract.

13. **Infringement of intellectual property rights**

Buyer will indemnify Seller against any claim by a third party for infringement of the intellectual property rights of that third party arising out of the use of information at clause 12 in Goods supplied by Seller to Buyer and against all costs and damages which Seller may incur in any action for such infringement or for which Seller may become liable.

14. **Designs and Invention Rights**

In the event that the Goods involve design, experimental development or research work, Seller agrees to communicate promptly to Buyer full details of any ideas, improvements, designs or inventions conceived and developed in connection with the Goods.

Upon Buyer's request, Seller shall assign to Buyer all rights, title and interest of Seller in such ideas, improvements, designs or inventions and to perform all acts and execute all papers necessary to vest in Buyer full title and interest therein including the patent and copyright thereof.

15. **Packing**

15.1 All Goods must be packaged in accordance with appropriate FAA/EASA Form 1 or BS Standards and, if Aircraft Parts, must be packaged to ATA specification 300 or in the case of U.K. rubber components to specification BSF – 69.

15.2 Seller shall observe the requirements of current legislation relating to packaging labelling and carriage of dangerous or hazardous goods.

- 15.3 Goods which are subject to static electricity must be packaged in static proof containers; such containers and packing must be clearly marked with a warning label. This warning must also be reported on the approved release certificate.
16. **Documentation**
- 16.1 UK SUPPLIERS: all Goods must be accompanied by one advice note or one advice note and one certification release note where applicable.
NON UK SUPPLIERS: all packages must be marked 'for export'. One copy of invoice/priced packing list with material certification must accompany every package. Five copies of invoice/price packing list must be fixed to the outside of the package in a waterproof envelope.
17. **Warranty**
Seller shall at Buyer's option either refund in full or as soon as reasonably practicable repair or replace all Goods which are or become defective during sellers warranty period or (if longer) a period of 12 months from entry into service or 18 months from delivery where such defects occur under proper usage and are due to faulty design, Seller's erroneous instructions as to use or erroneous use data, inadequate or faulty materials or workmanship or any other breach of Seller's warranties, expressed or implied. Repairs and replacements shall themselves be subject to the foregoing obligations for a period of 12 months from the date of delivery, reinstallation or passing of test (if any) whichever is appropriate after repair or replacement.
18. **Insolvency and bankruptcy**
If Seller becomes insolvent or bankrupt, or being a Company makes an arrangement with its creditors or has an administrative receiver or administrator appointed or commences to be wound up (other than for the purpose of amalgamation or reconstruction). Buyer may, without prejudice to any other of its rights, terminate the Contract forthwith by notice to Seller or any person in whom the Contract may have become vested.
19. **Termination for Convenience**
By written notice, Buyer may terminate all or any part of the Contract if Buyer determines that a termination is in Buyer's interest. In such event, Buyer and Seller will agree upon an equitable adjustment of the price specified on the face of this Order provided that:
- i) such adjustment shall not exceed the price specified in this Order.
 - ii) no amount will be allowed for anticipated profit for performance not rendered.
 - iii) Seller notifies Buyer of intent to submit a claim for adjustment within thirty (30) days from the date of termination.
20. **General conditions**
This Order is Buyer's offer to Seller and acceptance by Seller is expressly limited to the terms stated herein without additions, deletions or other modifications. Seller's commencement of performance, delivery of any Goods or acknowledgement of this Order shall conclusively evidence such acceptance. No conditions submitted or referred to by Seller when tendering or acknowledging this Order shall form part of the Contract unless otherwise agreed to in writing by Buyer.
21. **Confidentiality**
The Contract and all information disclosed under or in connection with the Contract shall be treated by Seller as confidential and shall not without Buyer's written consent be divulged to any other person.
22. **Interpretation and Law**
Regardless of where executed, the Contract shall be construed in accordance with the laws of England. Any dispute concerning its validity, scope, meaning, interpretation or effect may be brought only in accordance with the following:
- If any dispute arises out of the Contract the parties will endeavour to settle such dispute by mediation in accordance with the Centre for Dispute Resolution (CEDR) Model Mediation procedure.

If the parties have not settled the dispute within 3 (three) months of initiation of the said Model Mediation procedure the dispute shall be referred to and finally resolved by arbitration under the Rules of the International Chamber of Commerce, which Rules are deemed to be incorporated herein by reference to this clause, such arbitration to be in London.