

## **General Terms and Conditions of aar-naval ltd.**

### **§1 General**

The following terms and conditions regulate the legal relations between the company aar-naval ltd. and her staff (in the following called ,we' and ,us') on the one side and the client on the other side, as far as there are no other regulations explicitly and in written acknowledged by the direction of aar-naval. Our general terms and conditions also apply to future contracts, even when not expressly referred to. Should one or more of the following clauses be inoperative, this shall not affect the operative effect of the other provisions. By accepting our offer, the client declares recognition of these general terms and conditions.

### **§2 Offers**

Our offers are not binding and without engagement, as far as no other condition is written part of the offer. The client verifies on his own authority, whether the offer complies with his demands. Documents pertaining to an offer such as illustrations, drawings and measurements are only approximate and not binding. We reserve rights of ownership and copyright of cost estimates, drawings and other documents. They may not be made available to third parties or used for advertising.

### **§3 Consultant Services**

We develop systematic solutions and offer consulting service as well as supervising development and manufacturing (project management). Our output is generated in terms of reports or recommendations -e.g. as list of measures. The advisory output may also be done by oral discussions. Our consultant services are explicit not of a legal character. They don't release the client from his obligation to exercise diligence and to satisfy laws and regulations.

### **§4 Non Consultant Services**

The contract will be dispatched by delivering the relevant documents and devices. In case of certifications, the job is also fulfilled, if the certification is finally refused by the relevant authority and we are not to be blamed for this refusal. This case is also there, if a successful certification can only be acquired by larger modifications of the affected device and the execution of these modifications was not object of the contract. An order pertaining the delivery of a device refers only to the device itself as far as not determined explicitly otherwise. It will be delivered with all documentation necessary for operation. The documents of development are without previous written agreement not object of the contract. So far needed for operation, development documentation has to be treated confidential.

### **§5 Cancellation of an Order**

In case of cancellation of an order by the client, the client is obliged to honour the work accomplished until the cancellation accordant our charge rates. He has no claim for the material and immaterial goods, we have produced until that point in time.

### **§6 Delivery, Non-Compliance with the Period of Time**

Agreed delivery times begin with the sending of our acknowledgement of order, though not before our receipt of documents, permits, clearances to be obtained by the client and of an agreed down payment. We are allowed to make short delivery. The client may cancel the contract or demand compensation only, if we bear the guilt of the delay, not if the delay is caused by our subcontractors. In the event of force majeure or other events hampering delivery, the delivery time is extended accordingly. For such occasions, the client is not allowed to trace claims of indemnification. Is the fulfilment due to such reasons impossible, both parties become uncommitted of the contract. The client has no claim of indemnification in this case too. The client can demand compensation beyond delivery only, if gross negligence of us is verified.

### **§7 Information and Nondisclosure**

All orders are processed based on the information, the client puts written or orally at our disposal. The information conveyed by the client are handled highly sensitive by us and are not passed to third parties without permission of the client. The same policy applies analogously to all written data, made known or available by the client.

### **§8 Warranty and Liability**

Defects are to be notified in written form to us immediately after detection though within 21 days after fulfilment of contract, otherwise the claims of warranty lapses. The contract between the client and us with regard to consulting services passes for faultlessly fulfilled, if the client does not contradict in written form including the complaint within 21 days after consultation concerned, or receipt of demanded report. Services, which the client has acknowledged once must not be reclaimed later. No claims for alleged faults shall be accepted in the event of unsuitable or improper use of the goods delivered, incorrect assembly or operation by the client or third parties, normal wear and tear, damage as a result of erroneous or negligent treatment, improper maintenance, the use of incorrect operating materials, improper storage or any other circumstances for which the client or third parties are responsible. The claim on compensation remains unaffected in case of absence of assured qualities. Warranty is granted a priori only as repair free of charge. We are entitled at our choice to remedy the defect or supply a replacement. Replaced parts will become our property. The client is not entitled to remedy defects himself or have them remedied by third parties, unless we are in default with remedying the defect or he is forced to remedy the defect due to urgent operational needs or imminent danger. If the repairs or replacements fail to produce the desired results for reasons for which we are responsible or if we fail to meet a deadline for performance for reasons for which we are responsible, the client may at his discretion reduce the contractual price or rescind the contract pursuant to the relevant statutory provisions. We are liable for defects and damages only in case of gross negligence or wilful misconduct. This exclusion of liability shall not apply to any faults fraudulently concealed, or whose absence was guaranteed or in the event of culpable injury or death. If we negligently breach any material

contractual obligation, our liability shall be limited to foreseeable loss. In particular, we shall not be liable for lost profit or other financial loss sustained by the client. The statutory periods shall apply for wilful or fraudulent conduct as well as for claims under product liability legislation. The statutory periods shall also apply in the event of culpable injury or death.

#### **§9 Prices and Payment, Reservation of Ownership**

Accounts have to be settled within 14 days strictly net. Reward is done on the basis of the hourly charge rate respective the kind of accomplishment as it is part of these general terms and conditions, considering the real achieved activity or fixed by an offer, issued from us before placing of order and adduced in the acknowledgement of order. Orders with a volume above 3,000.00€ have to be initiated by a commission of 40%. A determination of instalment payments during work progress is possible for larger projects. We reserve ownership to merchandises supplied by us until receipt of all payments due from the contract in question. If the client is a merchant, we reserve ownership of all merchandise supplied by us until receipt of all payments arising from the business association with the client. The client may sell the merchandise owned by us in the ordinary course of business only if he is not in arrears with payment. During the duration of the reservation of ownership, the client is entitled to possessing and using the delivered item, provided he meets his obligations arising from the reservation of ownership and is not in default of payment. If the client falls into arrears with payments –in the event of agreed payments by instalment with a whole instalment or part thereof– or does not meet his obligations in connection with the reservation of ownership we can without prejudice to our rights rescind the contract after a reasonable period of grace has passed without result and demand compensation instead of performance. The client is obliged in keeping the reserved goods in proper condition during the period of reservation of ownership and in having any necessary maintenance work and repairs done immediately. Merchandise subject to reservation of ownership may be pledged, assigned as security, leased or passed to third parties only with our written consent. In the event of third parties having access to merchandise subject to reservation of ownership, in particular in the case of seizure, the client has to notify us immediately in writing and to point out to the third party our reservation of ownership. The costs for the actual and legal pursuance of our ownership by way of security are paid by the client, insofar as they cannot be obtained from third parties. We are entitled for the duration of the reservation of ownership to insure the reserved goods against fire, water and other damage, if the client cannot himself provide proof of adequate insurance. The costs are paid by the client. We charge interest on arrears at 4% above base interest rate. We reserve the right to claim higher damages for default. The client is not entitled to offset against our accounts receivable, unless his claim for counterbalancing is undisputed or adjudged valid. The client can claim a right of retention only on account of claims arising from the same contract.

#### **§10 Venue**

Birmingham, UK is the exclusive venue for all disputes arising from the business relationship. However, we may commence proceedings before the courts of law holding jurisdiction for the clients domicile.

#### **§11 Fees and Clearing**

All values addition VAT. Cost of office is not invoiced apart.

Daily rate for engineering	600.00 €
Hourly rate for secretary	35.00€
Travelling expenses per km (100 km free of charge)	0.55 €
Other travelling expenses	(invoice at costs)

Birmingham the 20th January 2008