

Conditions of Sale

Zeppelin Systems UK Limited
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1. Interpretation

- i The "Seller" means Zeppelin Systems UK Limited.
- ii The "Buyer" means the person, firm, body, or company named in the Seller's Acknowledgement of Order (AO).
- iii The "Contract" means the contract between the Seller and the Buyer for the sale of the Equipment, and licensing of Software and/or the provision of the Services upon the terms and conditions set out in these Conditions and the AO.
- iv The "Equipment" means the goods (inclusive of the software storage media but not of the Software) or any part thereof described in the AO and agreed to be supplied under the contract.
- v "Delivery" means the date notified that the Equipment (in total or in part) is available for collection by the Buyer, or actual delivery, according to the applicable Incoterms.
- vi The "Price" means the price stated as payable in the AO, which is inclusive of the software licence fee, and is subject to variation in accordance with Condition 3.
- vii The "Services" means the services of design and/or installation and/or supervision thereof, and/or commissioning as may be ordered by and agreed with the Buyer and as referred to in Condition 12.
- viii The "Software" means the software program licensed by the Seller to be used with the Equipment.
- ix The "Works" means the Services, Equipment, and Software.

2. Contract and Quotation

- i These Conditions together with the AO constitute the entire agreement between the parties, and the only terms and conditions on which the Seller will provide Equipment, license the Software and/or provide the Services and shall govern the Contract and prevail over any other terms or conditions referred to or contained in any order, acceptance of quotation or otherwise brought to the notice of the Seller by the Buyer and supersede all and any prior promises, representations, or undertakings whether express or implied. In the event of a conflict between these Conditions and the AO, the latter shall prevail.
- ii No Contract will be concluded before the Seller despatches its AO to the Buyer.
- iii The Contract may be varied only by agreement in writing and any agreement regarding Equipment to be supplied, licences to be granted and/or Services to be performed within the Warranty Period specified in Condition 15 (including but not limited to commissioning work and supply of spare parts) is to be treated as a variation of the Contract.
- iv No quotation by the Seller shall be valid beyond the stated period stated in the quotation, and where no period is stated, beyond 30 days of its date.

3. Price

- i The Price is exclusive of VAT and any other applicable duties and taxes. The Price may be varied by the Seller to take account of any variation as per Condition 2, material delays or absence of instructions from the Buyer.
- ii In the event that the Buyer requests the Seller to visit the building or site ("the Site") where the Equipment is to be installed or the Seller reasonably considers that such visits are necessary for the proper performance of the contract, the Seller may at its discretion charge the Buyer for any costs including without limitation the cost of travel, accommodation, and subsistence

4. Payment

- i Where the Contract is for a value up to and including £10,000 other than for export of Equipment, (i.e., outside the UK) payment shall become due upon notification that the Equipment is complete and ready for Delivery (in total or in part) in accordance with the AO and such payment shall be made in full within 30 days of the invoice date.
- ii Where the Contract is for a value greater than £10,000 and in all export contracts (exporting outside the UK):
 - a 30% of the price stated as payable in the AO shall become due within 21 days of the date of the AO.
 - b 70% of the price is due on the Delivery date or on notification of Readiness to Deliver, and, unless paid by Letter of Credit

- (LC) shall be paid within 30 days of such Delivery date.
- iii Payment other than by cash shall be deemed not to have been made until any cheque, draft or instrument has been cleared and the proceeds collected by the Seller's bank.
- iv In respect of any sum remaining unpaid under conditions 4i, ii, or iii the Buyer shall pay interest on such sum at a rate of 8% per annum above the base lending rate of HSBC Bank Plc from time to time from the date so specified for payment until the date of actual payment and after as well as before any judgement.
- v Where the Contract is for export of Equipment payment under Clause 4iib shall be in Pounds Sterling by means of a divisible irrevocable LC confirmed by a major UK bank and opened for a total of 120 days commencing 60 days prior to the estimated delivery date notified by the Seller to the Buyer. The Buyer shall copy the completed LC application to the Seller for comment prior to submission to the issuing bank.

5. Delivery and Risk

- Unless specified to the contrary in the AO.
- i Delivery of the Equipment shall be made ex-works unpacked on a day or days nominated by the Seller.
- ii If packing is provided by the Seller as part of the Contract, it shall be required to protect the Equipment for undercover transport only.
- iii As from Delivery, the Buyer shall be responsible for the prompt collection, loading, off-loading, transport and availability of transport, and for the safe storage of the Equipment in dry heated warehouses. The Seller may, at its discretion and as appropriate, charge the Buyer for any delay in collection, loading, offloading, transport, or storage of the Equipment and present its invoice to the Buyer for payment.
- iv The Seller may (without prejudice to any other rights or remedies it may have and without any liability to the Buyer) withhold Delivery of the Equipment or provision of Services or revoke its licence for use of Software if any sum owing to the Seller by the Buyer on any account whatsoever is not paid on its due date for payment or if the Seller otherwise becomes reasonably dissatisfied with the Buyer's credit standing, until such time as arrangements for payment or evidence of credit standing are provided which are satisfactory to the Seller. In this event, if the Buyer within 14 days after being required so to do by the Seller; fails to provide such arrangements or evidence within that time it shall be regarded as an irremediable breach of the Contract.
- v Any Delivery dates notified to the Buyer by the Seller are given by the Seller in good faith but are best estimates only (time not being of the essence) and the Seller shall not be liable to the Buyer for any loss or damage sustained by the Buyer because of the Seller's failure to comply with them for whatever reason.
- vi The Seller may at its own discretion make Delivery of the Equipment by instalments and the Seller may invoice for each instalment separately.
- vii The Equipment shall be at the risk of the Seller in accordance with the applicable Incoterm.
- viii Save where inconsistent with the express provisions of these Conditions, any expressions used in this Contract shall bear the meaning given to them in Incoterms in force at the date of the Contract.
- ix If performance (which can relate to any aspect of the Works such as Delivery of the Equipment (and Software, where applicable), and/or provision of the Services), is delayed by the Seller and the Buyer suffers a loss as a result of this delay, the Buyer shall be entitled to claim liquidated damages amounting to 0.5% for each full week of delay of performance of the Works. This will be up to a maximum of 5% of the value of the Works which cannot be used (or carried out) in time or as specified in the Contract due to this delay. If the Seller is obligated to pay liquidated damages due to non-observance of a mutually agreed milestone, this shall not affect any subsequent time limits, which shall be extended accordingly. In case the last deadline or the last milestone is kept, no liquidated damages for delay shall be due. Liquidated damages shall be the sole and exclusive remedy available to the Buyer in case of delays in performance of the Works

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(including Delivery of Equipment, and performance of Services).

6. Licences and Export

The respective obligations of the Seller and Buyer in respect of any export and import licence or other official authorisation, customs, or formalities necessary for the exportation and importation of the Equipment shall be provided as per the applicable Incoterm. The Seller shall not be liable for any expense or loss caused by failure or delay by the Buyer in obtaining or renewing such licence and the Buyer shall indemnify the Seller on demand against all losses, cost or liabilities of whatever nature incurred by the Seller by reason of such failure or delay.

7. Title

Title to the Software and to the intellectual property rights in the Software is retained by the Seller for itself or on behalf of others.

8. Retention of Title

- i Until such time as the Buyer has paid all sums due to the Seller under the Contract, legal title to the Equipment shall remain vested in the Seller and the Buyer will ensure that the Equipment is stored separately from other goods in the Buyer's possession and is readily identifiable at all times as the property of the Seller.
- ii The Buyer shall fully insure, hold and keep all Equipment belonging to the Seller in a merchantable condition and as the Seller's fiduciary agent and bailee but shall be entitled to sell or use any such Equipment in the ordinary course of its business PROVIDED THAT it shall account to the Seller for sums owed to it out of the proceeds of the sale of such Equipment and if requested by the Seller, shall pay such proceeds into a separate bank account on trust for the Seller to the extent that sums are owing. The power of sale and use given by this paragraph shall be terminated automatically if this Contract is terminated by Condition 21
- iii Notwithstanding the fact that title has not passed to the Buyer, the Seller shall be entitled to maintain an action for unpaid amounts of the Price of any Equipment as soon as the due date for payment has passed without payment in full. If the Buyer's power of sale and use shall have been terminated by the Seller for any reason, the price of all Equipment delivered to the Buyer at the date of such termination shall immediately become due and payable notwithstanding the provisions of Conditions 4i or 4ii above.
- iv The Buyer hereby grants to the Seller an irrevocable licence to enter on the Buyer's land for the purpose of repossessing any of the Equipment in respect of which the Buyer's power of sale and use has been terminated in accordance with conditions 8ii above.

9. Specification

The Buyer, shall, free of charge, provide or arrange for the provision to the Seller of such specifications, information, or other items (including but not limited to designs, samples and instructions) as the parties agree are required by the Seller to manufacture the Equipment, or perform the Services. The Buyer shall be solely responsible for any errors in or omissions from any such specifications information or other items provided or arranged by it. The Seller shall have no obligation to verify whether or not any such specifications information or other items provided by the Buyer is correct or sufficient. The Buyer shall indemnify the Seller against all losses costs and liabilities of whatever nature suffered by the Seller arising out of or in connection with the supply by the Buyer of any incorrect or insufficient specifications information or other items including without limitation any such matters arising from the infringement of any third party's intellectual property rights.

10. Alterations and Modifications

The Seller may make such alterations and modifications in the design, materials, or methods of manufacture of the Equipment as it may from time to time deem necessary or expedient and may substitute any part which it considers to be unavailable with other reasonably similar parts.

11. Tests and Inspection

The Equipment shall be inspected by the Seller and, where practicable, submitted to the Seller's standard tests at its works before despatch. The Seller may conduct such additional tests as the Buyer may require (provided reasonable notice is given by the Buyer of such requirement) at the Buyer's expense. If the Buyer wishes to attend such additional tests but cannot do so within a period of seven days' after written notice that the Seller is ready to perform such tests, the Seller may proceed with such tests in the Buyer's absence.

12. Design, Installation, Supervision, Commissioning

- i Where Equipment consists of a series of connected individual pieces of Equipment ("System").
 - a The Seller will prepare and submit to the Buyer or its nominated representative for approval two sets of design drawings based solely on the written information and drawings provided by the Buyer showing a suggested layout ("the Layout") for the said System at the Site. The Buyer shall be responsible for and ensure that the Layout is appropriate, considering, in particular, its intended use of the Equipment and the presence or location of any services and equipment which could affect the layout, performance or safety aspects of the Equipment. The Buyer shall notify the Seller of its approval (or disapproval and recommendations) within 7 calendar days of receipt of the layout. If the Buyer fails to so notify, the Layout shall be deemed to be approved by the Buyer. Any additional design work shall be done by the Seller provided satisfactory terms (including price and payment) are agreed with the Buyer.
 - b The Seller shall, with due care and diligence, install, supervise the installation of, and commission the Equipment in accordance with the AO or as the Buyer may subsequently order in writing.
 - c The Buyer shall ensure that the Site provides a safe working environment and complies with all relevant Health and Safety Regulations and statutory requirements. The Buyer shall advise the Seller of any specific Health and Safety regulations or issues which are relevant to the Seller in carrying out its obligations in condition 12b.
- ii Save as provided in condition 12ia above, the Buyer shall be solely responsible for the design of the layout, the installation and supervision thereof and the commissioning of the Equipment and System all in accordance with good engineering practice and the Seller's published instructions from time to time.
- iii The Seller's sole liability for errors concerning the Services shall be that which arises under Condition 13 in respect of the Equipment to which the Layout relates.
- iv Production by the Seller of any System will not commence until the Buyer has approved the Layout or the Layout has been deemed to be approved by the Buyer.

13. Warranty - Description and Quality

The items of Equipment shall, during the Warranty Period, identified in Condition 15ii, correspond with the description set out on the AO and shall materially comply with the specification agreed between the Seller and the Buyer. Where the Equipment does not materially comply with the agreed specification the provisions of clause 13i shall apply. If the Equipment does not materially comply with the agreed specification and the non-compliance is attributable to the Services pursuant to Condition 12, the Equipment shall only be treated as non-compliant for purposes of this condition where the error is solely attributable to the Seller.

- i The Seller will, at its sole option, repair or replace defective Equipment or Software which fails to perform in accordance with Condition 17iii as soon as may be reasonably practicable, provided that the Buyer complies with Condition 15, and subject to (ii) below. This shall be the Buyer's sole and exclusive remedy.
- ii The Seller shall have no liability pursuant to Condition 13 above;
 - a Where the Equipment/Software has not been commissioned by the Seller;
 - b Where the Equipment/Software has been stored uninstalled after Delivery for a period in excess of 3 months.
 - c If, and to the extent that, any alleged defect or failure has been caused or aggravated otherwise than by the Seller, including but not limited to use of the Equipment/Software otherwise

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than for the purpose(s) for which they were intended, use of the Equipment/Software after the time at which the alleged defect or failure is, or ought reasonably to have been discovered, or by any error or omission in any specifications information or other items provided by the Buyer or its nominated representative;

- d Unless the Buyer allows the Seller an opportunity to conduct such investigations as are reasonably necessary to satisfy itself as to the existence consequences and causes of any alleged defect or failure including (without limiting the foregoing) unhindered access to any information that is relevant to the Seller's investigations (in whatever medium the same may be stored) and an opportunity to inspect fully any site where the Equipment/Software has been installed.
- iii If the Buyer nominates any supplier to the Seller the claim and warranty periods and other conditions herein will be limited to those obtainable by the Seller from the nominated supplier.

14. Quantity

- i If the quantity of Equipment/Software does not correspond with that ordered, the Buyer's sole and exclusive remedies shall be limited either to a right to:
 - a Retain the excess or (as the case may require) accept the short delivery, in which case the Price shall be adjusted at the contract rate; or
 - b Return the excess to the Seller or (as the case may require) require a further Delivery of Equipment/Software to make up the deficiency.
- ii Any claim pursuant to condition 14 must be made in accordance with Condition 15. If the Buyer fails to comply with Condition 15, it shall have no claim upon the Seller in respect of any shortage in the quantity delivered but shall pay in full the price for the consignment as shown on the invoice or (as the case may be) it shall keep and pay for the excess at the contract rate.

15. Claims Procedure

- i Where a reasonable visual inspection of the Equipment/Software delivered would have revealed any alleged defect, excess or short delivery, the Buyer must make any claim under Condition 13 or 14 in full in writing to the Seller and to the carrier within three working days after Delivery or unpacking (whichever is the later) of the Equipment/Software.
- ii In any case of alleged defects not within Condition 15i, the Buyer must make a full written claim within ten working days after the time at which the alleged defect is or ought reasonably to have been discovered and, in any event, within twelve months of Delivery or twelve months of the start of production use (the Warranty Period), whichever is the earlier.
- iii If so requested by the Seller, the Buyer shall return the defective Equipment/Software or parts to the Seller free of charge and the Seller shall redeliver repaired or replacement Equipment/Software or parts under the same terms as the original shipments. The Seller shall be not required to pay for or organise the reinstallation and recommissioning of any repaired or replacement Equipment/ Software where this was not part of the original scope of works.

16. Drawings and Descriptions

- i All drawings (with the exception of drawings provided by the buyer for purposes of the Contract) including design drawings as per Condition 12, photographs, illustrations, specifications, performance data, dimensions, weights and the like in respect of the Equipment ("the Data"), are provided by the Seller in the belief that they are as accurate as reasonably possible, but they do not constitute a description of the Equipment, and shall not be taken to be representations made by the Seller and are not warranted to be accurate.
- ii All Data supplied in connection with the quotation or the Contract and all rights in relation thereto are the property of the Seller and returnable on request and may not be disclosed to a third party or reproduced without the written consent of the Seller.

17. Software

- i Where Software is provided under the Contract, the Buyer is granted as from the date of Delivery a non-exclusive licence to use the Software and related documentation on a single computer system and to only make copies of the Software as reasonably necessary for back-up purposes. All back-up

copies will be clearly identified as such, and the number and locations of all such copies shall be disclosed to the Seller upon the Seller's reasonable request.

- ii The Buyer shall not rent, sell, sublicense, lease or otherwise part with the possession of, modify, adapt, translate, decompile (except to the limited extent permitted by law), or create derivative works based on the Software.
- iii The Seller warrants that the Software will during the Warranty Period perform substantially in accordance with accompanying written documentation.

18. Exclusions

- i Conditions 7, 12, 13, 14 and 17 set out the Seller's entire liability, in respect of any claim arising out of the Contract including but without limitation, a claim concerning the Software, Services, or the description, condition, quality, quantity, fitness or any purpose of the Equipment and subject to those Conditions:
 - a The Seller does not warrant or represent that the operation of the Equipment or Software will be uninterrupted or error-free or that, although supplied in good faith by the Seller, the Software and the functions contained in or performed by it will necessarily be suitable or adequate to meet the Buyer's requirements.
 - b All other conditions and warranties, express or implied by common law, statute or otherwise are hereby expressly excluded, and;
 - c The Seller shall have no liability in contract or in tort or on any other ground for any loss whatsoever or howsoever caused, including without limitation loss of profit, goodwill, contracts, customers, business or production, loss of opportunity, or any indirect, special or consequential loss suffered by the Buyer or any other person (even if they had been advised of the possibility of such losses occurring) in respect of the Contract, liability to third parties, and for any damages, in any action or claim in connection with the contract including without limitation punitive, special or exemplary damages.
- ii The Seller shall not be liable for consumables, travel, and accommodation costs of its personnel required for the purposes of this Contract to travel outside the UK, which costs shall be borne by the Buyer.
- iii Any recommendations given by the Seller or any of its employees as to the application or use of the Equipment Software are given in good faith but without any liability whether in negligence or otherwise.
- iv Nothing in this Condition or Contract shall be taken to exclude either party's liability: (i) for death or personal injury caused by that party's negligence or the negligence of its employees or agents; (ii) for fraud or fraudulent misrepresentation; or (iii) for any other liability that cannot be limited or excluded by law.
- v The Seller's aggregate liability in contract or tort or on any other ground for any and all matters arising out of or connected with this Contract shall not exceed the total Price or twice the cost of the defective Equipment or failed Software (as may be appropriate), whichever is the lower.
- vi Other than as set out in this Agreement, the Seller specifically disclaims all implied warranties, conditions and other terms including, without limitation, implied warranties, conditions and other terms of merchantability, satisfactory quality, or fitness for a particular purpose.

19. Intellectual Property Rights

All rights in any copyright material including the Software (including in any back-up copies created in accordance with Condition 17i), invention, know-how or other tangible or intangible property produced by or on behalf of the Seller or during the performance of the Contract shall, as between the parties, vest exclusively in the Seller which may reproduce or use such property for any purpose whatsoever and subject to Condition 17 the Buyer shall have no licence to use, reproduce or disclose such property.

20. Force Majeure

The Seller shall not be in breach of this Contract (and shall not be liable for any loss or damage whatsoever or howsoever caused) by reason of any delay in the performance or the non-performance of any of its obligations under this Contract where the delay is due to a 'Force Majeure Event', which means an unforeseen circumstance, act, or event beyond the Seller's control. This may include, without limitation, acts of god, pandemic or epidemic, imposition of any law or

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governmental order, rule, regulation, or direction, war, riot, civil commotion or insurrection, armed conflict or terrorist attack, malicious damage, fire, flood, accident, explosion, power failure, failure of utilities services and/or telecommunications lines or connections, storm, breakdown of plant or machinery. Should such a Force Majeure Event occur and continue for more than four weeks the Seller may terminate or suspend this contract insofar as it concerns any items of Equipment/Software which have not been delivered to or Services performed for the Buyer with no liability for loss or damage thereby occasioned. If the Contract is so terminated the Seller shall be entitled to receive or as the case may be to retain such part of the Price as is attributable to the performance of the contract prior to the termination.

21. Termination

- i Without prejudice to any other rights that it may have at law, the Seller may terminate this Contract by service of written notice to the Buyer if:
 - a The Buyer is in actual or anticipatory breach of its obligations under this Contract and fails to remedy the breach (if remediable) within fourteen days following service of notice requiring the same;
 - b The Buyer shall have become insolvent or (being a body corporate) shall have entered or threatened to enter into compulsory or voluntary liquidation or shall have suffered or threatened to suffer a receiver (including an administrative receiver) or administrator to be appointed over the whole or part of its undertaking or assets, or (being an individual whether trading on his own account or in partnership) shall have suspended payment of his debts in whole or in part or shall have proposed or entered into any composition or arrangement with his creditors or shall have had a receiving order in bankruptcy made against him, or undergoes any other proceeding relating to bankruptcy or insolvency which is equivalent or substantially similar to the above.
 - c The Buyer fails to procure the timely opening of the Letter of Credit as per Condition 4.
- ii Any termination of the Contract howsoever occurring shall be without prejudice to any rights and liabilities that may have accrued prior to termination.

22. Waiver

The rights of the Seller or the Buyer shall not be prejudiced or restricted by any indulgence or forbearance extended by either party to the other and no waiver by either party in respect of any breach shall operate as a waiver in respect of any subsequent breach.

23. Law and Jurisdiction

This Contract shall be governed by English law. The parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any dispute arising out of or in connection with the Contract and that any proceedings arising out of or in connection with this Contract shall be brought in such courts. Unless a party notifies the other party in writing that it intends to make a claim under the Contract in respect of an event within the notice period, the other party shall have no liability for that event. The notice period for an event shall start on the day on which the party wishing to make a claim became, or ought reasonably to have become, aware of the event having occurred, and shall expire twenty-four months from that date.

24. Notices

Any notice given under this Contract shall be in writing and sent by first class post to the registered or principal office of the person to whom it is addressed and shall be deemed to have been received in the case of a party having its registered or principal office in the United Kingdom 3 working days after the date of posting thereof and in the case of the Buyer having its registered or principal office outside the United Kingdom 6 working days after the date of posting thereof. Notice shall not be accepted by email.

25. No Partnership

Nothing herein shall be deemed to create a partnership or joint venture between the parties.

26. Severability

If any provision in these conditions are held to be unlawful, invalid or unenforceable, that provision shall be deemed to be severed and the validity and enforceability of the remaining provisions of these conditions shall not be affected.

27. Third Party Rights

This Contract does not give rise to any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Contract.