

CONDITIONS OF PURCHASE

1.0 Conditions of Purchase

These Conditions of Purchase constitute Asia Pacific Aerospace's offer to the Supplier named in the purchase order. These Conditions of Purchase constitute the entire agreement between the parties.

2.0 Definitions

PURCHASER means Asia Pacific Aerospace (APA).

SUPPLIER means the person, firm, or corporation from whom the goods and services are ordered by the purchase order.

SUPPLIES mean the goods or services supplied by the supplier and shall include repair, overhaul, maintenance, modification, replacement or other activities.

3.0 Contract and Acceptance

These conditions of purchase constitute a formal contract to purchase the goods or services specified in the purchase order and supersedes all previous communications and negotiations. Acknowledgement of the Purchase Order and these Conditions of Purchase must be in writing quoting applicable price and delivery details. No terms stated by the Supplier in accepting or acknowledging the Purchase Order shall be binding on the Purchaser unless accepted in writing by the Purchaser. Supplier may not assign the purchase Order without the prior written consent of the Purchaser. The Purchase Order when properly authorised and bearing an order number is the only document which will be recognised on behalf of both the Purchaser and Supplier and any variation made otherwise shall not be binding.

4.0 Certification Requirements

Acceptance of the supplies shall be conditional upon receipt by the Purchaser of:

with respect to suppliers within Australia the appropriate certification documentation as required by the Australian Aviation Airworthiness Authority, or with respect to suppliers in any other country suitable and appropriate documentation as required by the Aviation Airworthiness Authority of that country.

5.0 Quantity

Unless otherwise agreed to in writing by the purchaser the quantity of supplies delivered shall not be greater than the amounts specified in the Purchase Order. Excess quantities if received may be returned to the Supplier at the Suppliers expense.

6.0 Inspection

The Supplier agrees that the Purchaser or his designated agent has the right of inspection at any stage of the manufacture or provision of service and shall have the right to reject any goods or services carried out that does not conform to the Purchase Order whereupon the supplier shall replace the supplies or redo the work rejected at no cost to the Purchaser. Inspection of work in progress shall not release the Supplier of any obligation under these Conditions of Purchase or the Purchase Order. Supplies purchased under the Purchase Order shall be subject to further inspection and approval by the Purchaser upon delivery. Any supplies which do not comply with these Conditions of Purchase or the Purchase Order or which contain defective materials or workmanship may be rejected by the Purchaser irrespective of date of payment thereof. The Purchaser may hold for Supplier's instructions any supplies so rejected or may return to the Supplier at Supplier's cost.

7.0 Termination for Default

In the event that the Supplier becomes insolvent or is petitioned in Bankruptcy or being a Company an Order is made or resolution is passed for its winding up or a receiver or liquidator is appointed or makes an arrangement for the benefit of creditors or in the event of a breach by the Supplier of any of the items of THESE Conditions of Purchase or the Purchase Order including the Supplier's warranties the Purchaser may at its option and without prejudice to any of its rights terminate this contract or cancel such part of it as Purchaser shall desire and it shall have no financial liability in respect of such termination or cancellation.

8.0 Termination for Convenience

All or any part of the Purchase Order may at any time be suspended or terminated for convenience by the Purchaser providing written notice to the Supplier. In such an event the Supplier shall immediately cease work on the supplies and the Purchase Order price shall be equitably adjusted provided a written claim is received by the Purchaser within thirty days of the receipt of notice of termination. The Purchaser shall pay the Supplier reasonable costs incurred before termination which are directly attributable to the Supplies and not otherwise recouped by the Supplier.

9.0 Warranty

The Supplier warrants that the materials used in the supplies in pursuant of the Purchase Order shall be of good quality and workmanship and shall be fit for the purpose for which they are required or intended and in addition supplies will conform to their description and applicable specifications and shall be of merchantable quality. The Supplier warrants that the supplies shall for the specified warranty period, or if there is no specified warranty period, then for twelve months from acceptance be free from any defect in materials, design and workmanship.

10.0 Patents

The Supplier shall indemnify and save harmless the Purchaser and assigns against and for all actions claims and demands including costs incidental thereto whether for actual or alleged infringements of patents, trade marks, copyrights or the like regardless of where such actions, claims or demands arise by reason of the use of the supplies purchased under the Purchase Order.

11.0 Intellectual Property

Any and all Intellectual Property developed or designed specifically for the Supplies shall be assigned to Purchaser immediately upon its creation. The Supplier grants to the Purchaser a perpetual, irrevocable, world wide, non-exclusive and royalty free license with respect to intellectual property owned or licensed by the Supplier (Background Intellectual Property) in order for the Purchaser to use, support and maintain the supplies, including the right to sublicense.

Intellectual property and proprietary data supplied by APA for inclusion or use in the provision of goods or services shall be safeguarded with the same degree of care that the Supplier uses to protect its own data and shall be used only for its intended purpose in support of this Purchase Order. The Intellectual Property and Proprietary Data supplied will not be used or released to any third party without the written direction by APA.

In the event of a termination of a purchase order the supplier will return all Intellectual Property and Proprietary Data to APA .

12.0 Title and Risk of Loss or Damage

The Supplier warrants that any of the supplies purchased are free and clear of all liens and encumbrances and that the Supplier has good and marketable title to sell. Title in the Supplies shall pass to the Purchaser on payment by the Purchaser.

All risks whatsoever including risk of loss or damage to the services including any materials supplied by the Purchaser or to any third parties or their property shall be upon the supplier until the goods and or the items are delivered in accordance with the Purchase Order. No insurance cover whatsoever is to be effected to the account of the Purchaser unless specifically requested by the Purchaser.

Where part payment for supplies is made by the Purchaser the title in the partially completed supplies shall pass to the Purchaser. Risk of loss or damage shall remain in the Supplier.

13.0 Transportation and Packing Instructions

The supplier shall pack all supplies covered by the Purchase Order in a manner suitable for shipment and which shall ensure their safe delivery undamaged to their destination with particular regard to minimum weight where appropriate unless specifically requested otherwise on the Purchase Order. All cases, containers and boxes shall show case markings specified in the order and shall contain packing lists. The Supplier shall be liable for any difference in the freight charges arising from its failure to follow transport or packing instructions.

14.0 Delivery

The delivery date must be strictly adhered to and goods not delivered on time are liable to be refused and returned at the Suppliers expense. Purchaser may also cancel the order in whole or in part should dispatch be hindered or delayed by any cause beyond the Suppliers control, a reasonable extension of time shall be granted provided that such an extension would not make it necessary to purchase the supplies elsewhere. Where no delivery date is specified the Supplier must notify the Purchaser of a delivery date when confirming acceptance of the Purchase Order.

15.0 Applicable Law

These Conditions of Purchase shall be governed and construed in accordance with the laws of the State of Queensland Australia unless otherwise agreed and accepted in writing by the Purchaser.

16.0 Right of Entry

Allows APA, its customers and regulatory agencies the right of access, through prior notification, to determine and verify the quality of work, applicable quality records and materials at all applicable areas of all facilities, at any level of the supply chain, involved in the order

17.0 Product Safety

The supplier is responsible for the proper processing of the product prior and during shipment to APA, to prevent any potential damage to the product. The supplier is also responsible that product safety is taken into account when processing the product for any testing and validation activities.

18.0 Ethical Behaviour

The supplier is responsible for implementing a code of ethics within its organisation and assuring that all of its employees are aware of such requirement. APA has in place a code of ethics which has been communicated to all of the employees.

19.00 Raw Materials

Raw materials shall be accompanied with certifications, chemical and/ or physical test results that are legible. The supplier shall certify the specific requirements defined on the face of the purchase order. The reports shall contain the signature and title of the authorised representative of the agency performing the test and must assure conformance to the specification requirements set forth in the PO.

20.0 Material Traceability

Identification of each piece of material and each report is required by specification to provide traceability to heat lot or batch number.

A. Sheet or Plate Stock

Each sheet or plate shipped shall be identified by continuous marking and/ or stencilling of sufficient size to readily legible. Permanent ink or dye of contrasting colour and no degrading to the materials surfaces. Information shall include but not be limited to material type, specification and heat number

B. Each rod, bar or tube shipped shall be identified by continuous marking and/ or stencilling of sufficient size to be readily legible. Information shall include but not limited to material type, specification and heat number.

21.0 Identification of Dangerous Goods

A dangerous goods decal must be applied to the outer container of the item being shipped and to the associated shipping document (shipper). Also, one copy of the applicable MSDS sheet must be provided with each shipment.

22.0 Hardware / Counterfeit Prevention Program

Distributors or brokers that supply standard parts (hardware), like fasteners, nuts washers, springs, O-rings, inserts, and pins, must be shipped in sealed OCM (Original Component Manufacture) container, which contains the OCM, part number, and heat/lot/control number at minimum. If this is not available, the original OCM certification must be included with the shipment.

23.0 Shelf Life

Time sensitive material shall be furnished with a minimum of 80% of its shelf life remaining at date of shipment. Shelf life duration, date of manufacture and date of expiration shall be listed on material certification.

24.0 External providers

Notify APA of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain our approval

25.0 Certification paperwork

Parts supplied must come with an authorised release certificate, Form 1 EASA, FAA 8130, relative certificate of conformance as stipulated on the purchase order.

26.0 Record retention

As a minimum, the supplier is to retain records for at least 10 years from the date of shipment under each applicable order for all products unless specified in the order. In special circumstances, the purchase order will identify the actual required number of years that the records should be maintained.