

THIS SERVICE AGREEMENT is made on the first occurrence of the receipt of the Analysis Materials or the date of the Supplier's letter, facsimile or email containing this agreement and where applicable the Contract Information (the "C.I.") and/or C.I. Login 'Username' and 'Password', between: **(1) PALACE INTERNATIONAL LTD**, trading as Spectro®, a company incorporated in England and Wales (registered number 03134942) having its registered office at Hatchwood Place, Farnham Road, Odiham, Hampshire, RG29 1AB, UK (the "Supplier"); and **(2) the "Customer"** as defined in the C.I. and/or Agreement.

WHEREAS:

The Supplier has agreed to provide and the Customer has agreed to purchase the Services (as defined below) upon the terms and for the consideration referenced in this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

1.1 In this Agreement the following expressions have the following meanings:

"Analysis Fees" means the fees payable by the Customer to the Supplier under this Agreement as set out in the Supplier's Price List (available on request) or as agreed in advance in writing by the Customer and Supplier. Prices may be varied from time to time in accordance with the terms of this Agreement;

"Analysis Materials" means the fuel, oil, and hydraulic fluid samples, filter debris, chips and other materials as set out in the C.I.;

"Business Day" means a day not being a Saturday or Sunday, on which trading banks are generally open for business in the City of London;

"Confidential Information" means the contents of this Agreement and any other agreement contemplated by this Agreement; information of whatever nature concerning the business, finances, assets, liabilities, dealings, transactions, know-how, customers, suppliers, processes or affairs of the other party, and any information expressed as confidential;

"Contract Information, C.I." means the website titled or the document headed "Contract Information" which includes Customer contact details and Service details;

"Services" means the fuel, oil, hydraulic fluid, filter debris and chip analysis services to be provided to the Customer by the Supplier as identified in the C.I.;

"Software Licensing Agreement" means the agreement between the Supplier and the Customer for use of the software known as ECHO®.

1.2 References herein to any agreement or other instrument shall be deemed to include references to that agreement or instrument as varied from time to time and references to any enactment shall be deemed to include references to such enactment as extended, re-enacted or amended or any enactment by which it may be replaced.

1.3 Words denoting the singular shall include the plural and vice versa. Words denoting natural persons shall include corporations and vice versa.

1.4 Clause headings are inserted for convenience only and are to be ignored in construing this Agreement.

2. APPOINTMENT

The Customer hereby appoints the Supplier to perform the Services and the Supplier agrees to perform such Services in accordance with the provisions of this Agreement.

3. OBLIGATIONS OF THE SUPPLIER

The Supplier shall perform the Services with reasonable skill and care and in accordance with ISO/IEC 17025 where applicable. All other express and implied warranties are excluded.

4. OBLIGATIONS OF THE CUSTOMER

4.1 The Customer shall co-operate fully with the Supplier as regards the provision of the Services, and promptly and at its own expense provide the Supplier with the Analysis Materials within sufficient time to enable the performance of the Supplier's obligations under this Agreement.

4.2 The Customer acknowledges and agrees that:

(A) the Service is designed merely to perform specifically identified engine / system lubricant, hydraulic fluid, fuel, chip and debris analysis functions, and is not designed or intended to detect all failures, defects, or performance trends in engines, systems, lubricants and fluids;

(B) engine / system lubricant, hydraulic fluid, fuel, chip and debris analysis systems, such as the Service, are inherently uncertain and dependent upon factors not known or controlled by the Supplier, such as engine and system history, past inspections and the timely delivery of samples for analysis by operators; and

(C) the Customer does not and will not rely exclusively upon the Service to detect all engine, system, lubricant and fluid failures, trends and malfunctions.

5. PAYMENT

5.1 In consideration of the provision of the Services by the Supplier, the Customer shall pay the Analysis Fees (together with value added tax thereon) in the currency as invoiced.

5.2 The Customer shall pay the Analysis Fees (together with value added tax thereon) within 20 days of the date of the Supplier's invoice (the "Due Date").

5.3 If the Customer fails to pay any sum on its Due Date the Supplier may without prejudice to its other rights and remedies, charge the Customer interest on the amount unpaid at the annual rate of 4% above the base interest rate of the Bank of England from time to time, accruing daily from the Due Date for payment until the date of actual payment.

5.4 The Analysis Fees do not include shipping, postage customs clearance and duty expenses incurred by the Supplier which will be charged to, and payable by the Customer together with an administration charge where applicable.

6. LIMITATION OF LIABILITY

6.1 The Supplier does not exclude liability for death or personal injury to the extent only that the same arises as a result of the negligence of the Supplier, its employees, agents or authorised representatives.

6.2 Save as provided in Clause 6.1, the Supplier shall not be liable to the Customer for any loss or damage whatsoever or howsoever caused arising directly or indirectly in connection with this Agreement, the Services or otherwise.

6.3 Without prejudice to Clause 6.2, the Supplier expressly excludes liability for, without limitation, any indirect, special, incidental or consequential loss or damage which may arise in respect of the Services, or for loss of profit, data, business, revenue, goodwill or anticipated savings and whether or not the Supplier shall have been aware or not of the likelihood of any such loss or damage as aforesaid.

6.4 In the event that any exclusion contained in this Agreement shall be held to be invalid for any reason and the Supplier becomes liable for loss or damage that may lawfully be limited, such liability shall be limited to the Analysis Fees associated with the individual piece of equipment subject to said loss or damage in respect of the twelve month period immediately preceding such loss or damage up to a maximum of £500.

6.5 Where a breach by the Supplier is actionable under both this Agreement and the Software Licensing Agreement, the Customer agrees that it will only make a claim under this Agreement.

6.6 The Customer acknowledges and agrees that the provisions of Clause 6 are fair and reasonable having regard to the nature of the Services.

7. NOTICE

7.1 Any communication between the Supplier and the Customer relating to this Agreement must be in writing and sent by post, facsimile or email:

(A) to the Customer using the details specified in the C.I.; or

(B) to the Supplier at the following address – The Managing Director, Spectro, Hatchwood Place, Farnham Road, Odiham, Hampshire RG29 1AB, UK, fax number +44(0)-1256-393502 or notice@spectro-oil.com.

7.2 Such communication shall be deemed to be received;

(A) in the case of a posted letter, on the third Business Day after posting; or

(B) in the case of a facsimile, on production of a transmission report from the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the intended recipient; or

(C) in the case of an email, 4 working hours after it is time and date stamped as received or sent by Supplier's Email system.

7.3 A communication received or deemed to be received on a day that is not a Business Day shall be deemed to be received on the next Business Day.

8. VARIATION

8.1 Subject to Clause 8.2, the Supplier may make amendments or modifications to this Agreement from time to time by giving notice to the customer, such variation shall take effect not less than 30 days after the date on which the Supplier gives written notice to the Customer.

8.2 The Supplier may vary the Analysis Fees, such variation shall take effect not less than 30 days after the date on which the Supplier gives written notice to the Customer.

8.3 The Customer may terminate this Agreement by notice in writing to the Supplier within 30 days of a notice provided by the Supplier under Clause 8.1 or 8.2.

9. DURATION, SUSPENSION AND TERMINATION

9.1 This Agreement shall commence on the first occurrence of the receipt of the Analysis Materials or the date of the Supplier's letter, facsimile or email containing this agreement and where applicable the Contract Information (the "C.I.") and/or C.I. Login 'Username' and 'Password'.

9.2 The Supplier may by notice in writing to the Customer terminate this Agreement if any of the following events shall occur:

(A) if the Customer is in breach of any term, condition or provision of this Agreement or required by the applicable law to remedy a breach, and fails to remedy such breach (if capable of remedy) within 30 days of having received written notice of such breach from the Supplier; or

(B) if the Customer, being a body corporate, shall present a petition or have a petition presented by a creditor for its winding up; shall summons a meeting to pass a resolution for voluntary winding up; shall enter into any liquidation (other than for the purposes of a bona fide reconstruction or amalgamation); shall call a meeting of its creditors; shall have a petition for an administration order presented against it; shall have a receiver, administrative receiver, receiver and manager or similar, of all or any of its undertakings or assets appointed; or shall be deemed by the relevant statutory provisions under the applicable law to be unable to pay its debts.

9.3 Upon termination or expiration of this Agreement, Clauses 12 and 13 shall survive.

10. ASSIGNABILITY

10.1 The Supplier may assign (whether absolutely or by way of security and whether in whole or part), transfer mortgage, charge or otherwise dispose in any manner whatsoever of the benefit of this Agreement or sub-contract or delegate its performance under this Agreement without the prior written consent of the Customer.

10.2 Subject to Clause 10.3, the Customer may not assign or transfer any of the rights or obligations under this Agreement.

10.3 In the event of the Customer undergoing company restructuring, merger or takeover, the Customer may only assign this Agreement with the prior written consent of the Supplier, such consent not to be unreasonably withheld.

11. FORCE MAJEURE

11.1 In this Clause "Force Majeure Event" means, in relation to either party, any act, event or circumstance, the cause of which is not of such party's making nor within that party's reasonable control, including (to the extent not of that party's making nor within that party's reasonable control) Act of God, war, hostilities (whether or not war has been declared), terrorist acts, acts of any civil or military authority, governmental or regulatory direction or restriction, suspension or withdrawal of licences or consents, riot, insurrection, civil commotion, public demonstration, sabotage, acts of vandalism, fire, flood, earthquake, extreme weather conditions, epidemic, explosion, aircraft crashes or things falling from aircraft, release of ionising radiation or contamination by radioactivity, chemical or biological contamination, the order of any court or governmental or regulatory authority, delay in transportation or communications, breakage of or accidental damage to equipment, any strike, lockout or other industrial trade dispute (not involving solely the employees of that party), structural shift or subsidence, provided always that lack of funds shall not be interpreted as a cause which is not of a party's making nor within a party's reasonable control.

11.2 If a party is, or could reasonably be expected to be, materially prevented, hindered or delayed from performing any of its obligations under this Agreement by reason of a Force Majeure Event, such obligations of the affected party and any corresponding or related obligations of the other party shall remain in effect but shall be suspended without liability for a period equal to the duration of the Force Majeure Event, provided that:

(A) within 7 days after the start of the Force Majeure Event the affected party shall notify the other party in writing of the act under Clause 7; and

(B) the affected party shall make all reasonable efforts to mitigate the effects of the Force Majeure Event on the performance of its obligations under this Agreement, and provide any information relating to the Force Majeure event and its effects that the other party may reasonably request.

12. CONFIDENTIALITY

Each party undertakes to the other that (unless the prior written consent of the other party shall first have been obtained) it shall, and shall procure that its officers, employees, advisers and agents shall keep confidential and not by failure to exercise due care or otherwise by any act or omission disclose to any person whatever (except by written request to the AAB, MAIB, NTSB, CAA, FAA, DGAC or other similar national airworthiness or accident investigation authority or when legally obligated to do so), or use or exploit commercially for its or their own purposes, any of the Confidential Information of the other party.

13. INTELLECTUAL PROPERTY RIGHTS

The Customer acknowledges that as between the Customer and the Supplier, any and all of the copyright, database rights, trademarks, trade names, patents and other intellectual property rights arising out of the performance of the Services, including all documentation, are and shall remain the sole property of the Supplier.

GENERAL

14. Failure or neglect by the Supplier to enforce at any time any of the provisions hereof shall not be construed nor shall be deemed to be a waiver of the Supplier's rights hereunder nor in any way affect the validity of the whole or any part of this Agreement nor prejudice the Supplier's rights to take subsequent action.

15. This Agreement shall constitute the entire agreement between the parties with respect to its subject matter and without prejudice to any liability for fraudulent misrepresentation supersedes all prior and contemporaneous communications, both written and oral.

16. Each party confirms that, except as provided in this Agreement and without prejudice to any liability for fraudulent misrepresentation, neither of them has relied on any representation or warranty or undertaking which is not contained in this Agreement, or which was made by any other party who is not a party to this Agreement and neither of them shall have any remedy in respect of misrepresentation or untrue statement made by any other party unless and to the extent that a claim lies under this Agreement.

17. Nothing in this Agreement or in any document referred to in it or any arrangement contemplated by it shall constitute either party a partner of the other nor shall the execution, completion and implementation of this Agreement confer on any party any power to bind or impose any obligations to any third parties on the other party.

18. No term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person or party who is not a party to this Agreement.

19. In the event that any provision of this Agreement shall be void or unenforceable by reason of any provision of applicable law, it shall be deleted and the remaining provisions hereof shall continue in full force and effect and if necessary, be so amended as shall be necessary to give effect to the spirit of this Agreement so far as possible.

20. This Agreement shall be construed in accordance with English Law and the parties submit to the nonexclusive jurisdiction of the Courts of England in relation to any claim, dispute or difference concerning this Agreement and any matter arising there from.