

DRAFT AGREEMENT

**MEMORANDUM OF UNDERSTANDING
CONCERNING A MARKETING AND SUPPLY AGREEMENT**

THIS AGREEMENT is made on the day of Two Thousand and Six (2006).

BETWEEN

Merseyside Fire and Rescue Service, a Local Government Public Authority body having a Water Training facility on the River Mersey, Liverpool, England, (hereinafter referred to as "MFRS") of the one part;

And

VT Integrated Services whose registered office is at VT House, Grange Drive, Hedge End, Southampton, SO30 2DQ, England and whose principal place of business is Bournemouth International Airport, Christchurch, Dorset, BH23 6BS, England and operating under its VT Emergency Services business Group ("VTES")

WHEREAS

MFRS is experienced in the provision of water training within its own organisation and is desirous of expanding its activities to include third party customers. To achieve and develop this aim, MFRS requires various business support activities (hereinafter referred to as VTES Services).

WHEREAS

VTES is an established company in the Emergency Services business area and has the required expertise to undertake the VTES Services provided that MFRS undertakes the provision of complimentary activities and services (hereinafter referred to as MFRS Activities).

WHEREAS

VTES and MFRS both wish to gain experience and accumulate data in the various aspects of the water skills training business area. This information is required in order to aid the development of future business models and to support future investment appraisal decisions. Both Parties recognise this Agreement as a necessary step to accumulate this data.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1 PROVISION OF TRAINING COURSES, EXCLUSIVITY, PRICE AND VALIDITY

It is agreed that MFRS will supply training courses and any associated services for third party customers exclusively to VTES at prices to be agreed between the parties.

Prices shall be provided for each type of course, based on per course day and indicating the maximum and minimum students per course. In the event this form

of pricing is not appropriate for a particular course then the price shall be provided on a per student day basis.

Such prices shall be valid for twelve months.

The terms and conditions for the supply of the training courses will be in accordance with Annex C.

2 VTES RESPONSIBILITIES UNDER THIS AGREEMENT

VTES will undertake the VTES Services as detailed within Annex A to this Agreement.

3 MFRS RESPONSIBILITIES UNDER THIS AGREEMENT

In addition to the requirements of Article 1 above MFRS will undertake MFRS Activities as detailed within Annex B to this Agreement.

4 RELATIONSHIP BETWEEN THE PARTIES

This Agreement shall not be taken to create any joint venture, partnership or other similar arrangements and the Parties shall at all times stand in relation to each other as independent entities. No Party shall have the authority to bind the other Party without the prior written approval of the said Party in each and every case.

5 INFORMATION, DOCUMENTATION AND INTELLECTUAL PROPERTY RIGHTS

Each Party shall provide information and documentation to the other as may reasonably be required.

No rights in any intellectual or industrial property rights (including, without limitation, patents, registered designs, know how service marks, trade marks and copyright) of the Parties or consent to use them other than as expressly set out in this Agreement or in the terms of any sub-contract are hereby granted by any Party to another. Each Party hereby grants to the other, a non-exclusive free licence to use solely for the purposes of this Agreement, and subsequent commercial exploitation to third party customers.

6 NOTICES

Any notice concerning this Agreement shall be deemed to have been given if mailed by post (with a copy sent by facsimile) addressed to :-

- | | | |
|----|------------------------|-----------------------|
| a) | From MFRS to VTES :b) | From VTES to MFRS |
| | For the attention of : | For the attention of: |

Roy M Lancaster
VT Integrated Services Limited
Bournemouth International Airport,
Christchurch, Dorset,
BH23 6BS,

7 PLANNING AND PROGRESS

Meetings to discuss any matter under this Contract shall be held when either of the parties so requires and at such convenient place as the parties may agree but in any event quarterly meetings shall be held between the Parties to review progress.

8 RIGHTS OF THIRD PARTIES

Notwithstanding anything to the contrary elsewhere in the Contract, no right is granted to any person who is not a party to the Contract to enforce any term of the Contract in his own right and the parties to the Contract declare that they have no intention to grant any such right under the Contracts (Rights of Third Parties) Act 1999.

9 VISITS TO THE TRAINING FACILITY

MFRS will grant access to the MFRS water training facility as reasonably required by VTES.

10 INDEMNITIES

10.1 MFRS indemnifies VTES for the death of, or injury to, any person employed by the MFRS or on work in performance of this Agreement other than death or injury resulting from any intentional or negligent act or omission of VTES or of any person acting through or on behalf of VTES.

10.2 The MFRS shall be responsible for and shall indemnify, defend and hold harmless VTES and its the shareholders, directors, agents, employees and representatives from and against any and all judgements, claims, demands and causes of action brought by any third party, on account of injury, death, property damage or loss of property arising out of any negligent act or omission of the MFRS, its officers, employees, representatives or sub-suppliers, in carrying out its obligations under this Contract, provided that the MFRS shall not be responsible for nor indemnify VTES against any judgement, claim, demand or action arising out of an occurrence caused by the negligence of VTES

11 DISPUTE RESOLUTIONS AND ARBITRATION

Should any dispute arise between the Parties, then both Parties shall first seek to resolve such dispute independent of any third party involvement. Such dispute shall escalate through successive levels within each Party up to the Director of Emergency Service for VTIS and Assistant Chief Fire Officer for MSRS, until a resolution is found.

Should a resolution not be found after discussion between the two Parties, then either party may give to the other notice in writing of the existence of such dispute or difference and the same shall be referred to final and binding arbitration in the United Kingdom to the London International Court of Arbitration in accordance with the provisions of the Arbitration Act 1996 or any statutory modifications or re-enactments thereof. The language of arbitration shall be English.

In the event of any dispute or difference or any submission to arbitration the parties shall proceed with their obligations hereunder pending the resolution of the dispute or difference and/or the Arbitrator's decision.

12 TERM AND TERMINATION

12.1 The obligations of the Parties in respect of the Agreement shall continue in force until the earliest of any of the following events:

- (a) The failure of the Parties to reach agreement on the programming or pricing of training courses; or
- (b) Agreement of the Parties to terminate; or
- (c) Upon the Parties entering into an agreement or contract which shall supersede this Agreement; or
- (d) Two years from the signature of this Agreement; or
- (e) One Party who is in material breach of any provisions of this Agreement and where such breach is capable of remedy fails to remedy such breach within [30 days] of receiving notice from the other Party; or
- (f) Either Party committing any act, making any omission or rendering itself liable to any proceedings which give cause for that Party to be put into liquidation or be wound up, (save insofar as the same is for the purposes of amalgamation or reconstruction), VTES shall make any assignment for the benefit of creditors, have a receiver appointed over all or any of its assets, or go into liquidation other than for the purpose of reconstruction or amalgamation; or
- (g) A Party has given three months notice to the other party of its intention to terminate this Agreement. The withdrawing Party shall cooperate with the other Party to the extent reasonably necessary to enable its role under

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this Agreement to be taken over by the Party or by a third party. The withdrawing Party shall honour any existing purchase orders or commitments, which have been made prior to submission of the termination notice.

- 12.2 For the avoidance of doubt termination of this Agreement shall have no effect upon any contract or contracts or any other agreements currently extant between the Parties at the time of termination of this Agreement.

13 ENTIRE AGREEMENT

This Agreement constitutes the whole understanding and relationship between the Parties and it is hereby mutually agreed that any previous undertakings, agreements and representations, whether written or oral, are hereby superseded and invalidated. This Agreement may not be altered, modified or amended save by the written agreement of both Parties subsequent to the date hereof or of even date herewith.

14 LAW

This Agreement shall be construed in accordance with English Law and the English Courts shall have jurisdiction.

IN WITNESS WHEREOF the Parties have hereunto caused their duly authorised officers to set their hand the date and year first above written.

Signed on behalf of Signature

VT Integrated Services LimitedName

.....Title

Signed on behalf of Signature

Merseyside Fire and Rescue Services Name

..... Title

ANNEX A TO MARKETING AND SUPPLY AGREEMENT

VTES RESPONSIBILITIES UNDER THIS AGREEMENT

1. Market the courses to customers drawn from the Emergency Services and agencies who have a need to train people working near, in or on water.
2. Assist MFRS in the training course design of Courses to be delivered at the Training Centre
3. Promote the image of the Training Centre with signage, global advertising and promotional events
4. Produce administrative course documentation for students
5. Arrange domestic and welfare support for students on course
6. Liaise with MFRS in the development of the Water Skills training Centre
7. Prepare a catalogue of courses
8. Purchase Training Courses in Water Skills and Water Rescue from the MFRS

These responsibilities are in addition to those included within the body of the Agreement

ANNEX B TO MARKETING AND SUPPLY AGREEMENT

MFRS RESPONSIBILITIES UNDER THIS AGREEMENT

1. Sell courses to VT on an exclusive basis for two years
2. Provide an annual schedule of available courses
3. Price courses to include all tuition, certification, lunch, light refreshments and third party liability insurance
4. Assist VT with the promotion of the Training Centre
5. Liaise with VT in the development of the Water Skills Training Centre

These responsibilities are in addition to those included within the body of the Agreement

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ANNEX C TO MARKETING AND SUPPLY AGREEMENT

THE TERMS AND CONDITIONS FOR THE SUPPLY OF THE TRAINING COURSES

Subject to Agreement