

PIRATE INDUSTRIES LTD CONDITIONS OF HIRE

1. INTERPRETATION

In these Conditions of Business unless the context otherwise requires:

1.1 "Pirate" means Pirate Industries Ltd. a U.K. company with its registered office at Disraeli Road, London NW10 7AX.

1.2 "The Customer" means the person (including his successors, personal representatives and permitted assignees) hiring Equipment or purchasing Goods and/or Services from Pirate.

1.3 "Equipment" means cinematography equipment and all other related equipment and accessories owned or leased by Pirate hired by the Customer from Pirate.

2. RENTAL FEE & TAXES

2.1 Rental Fee. The Customer shall pay Pirate a rental fee (the "Rental Fee") being the amount payable for the rental of the Equipment to the Customer, in accordance with the Quotation. The minimum Rental Fee for overseas use is 1 week. Pirate reserves the right to alter the rates as displayed on their website without notice to the Customer.

2.2 Calculation. The Rental Fee shall be calculated from Delivery (defined below) until the Equipment is returned to Pirate's place of business and is accepted by Pirate Staff ("Return"). In the event that the Equipment is not returned by 9:00am on the working day following the last day of the hiring period, the Customer shall be liable for additional fees at the full daily rental rates set out in the Rental Catalogue for each day until the Equipment is returned. Unless otherwise agreed by Pirate, cancellation of booked or reserved Equipment before the time specified for Delivery will incur a cancellation charge up to a maximum of 100% of the Rental Fee for the Equipment concerned. As follows:

<u>Notice Given of Cancellation</u>	<u>% of Total Hire Charges</u>
8 days or more	25%
7 - 2 days	50%
48 - 24 hours	75%
Less than 24 hours	100%

2.3 Payment. The Customer shall pay the Rental Fee in Pounds Sterling as shown on the invoice, without abatement, deduction or set-off, no later than 30 days after the date of Pirate's invoice to Customer. However, Pirate reserves the right to require payment in cash upon confirmation of order or Delivery if Pirate so notifies the Customer. Past due amounts shall bear interest at the rate of 1½% per month and the parties agree that such default interest is not a penalty but is a true measure of damages incurred by Pirate. Payments received from the Customer will be credited first against any default interest and all such charges shall be payable on demand. In the event that the Customer fails to pay when due, the Customer shall be liable for all out-of-pocket costs incurred by Pirate in collecting such amounts, including but not limited to reasonable outside legal costs and disbursements on a solicitor-client basis.

2.4 Taxes. The Customer will be solely responsible for any and all taxes, transportation charges, duties, broker fees, bond, and all other costs arising out of the Customer's hire, use or transportation of the Equipment or otherwise resulting from the customer's hire of the Equipment.

2.5 Voided Payments. Any payment made by or on behalf of a Customer which is later voided by the application of any statutory provision shall be deemed not to discharge the Customer's obligations to Pirate and, in such event the parties are to be restored to rights and obligations which each respectively would have had if the payment had not been made.

3. EQUIPMENT

3.1 Delivery. The Customer shall be responsible for the collection and return of the Equipment except where prior alternate arrangements are made with Pirate. Pirate shall have absolute discretion as to the mode of delivery and the Customer shall, at all times bear the risk and the cost of delivery unless otherwise agreed by Pirate. Delivery (including for the purposes of risk of loss) of the Equipment to the Customer shall be deemed to have taken place when the Equipment is placed on the vehicle or with a carrier which is to take it from Pirate's place of business to the Customer's specified location ("Delivery"). Notwithstanding the foregoing, in the event that the Customer, its employees, contractors or agents test and or prep the Equipment at Pirate's premises, the Customer shall bear all risk with respect to any damage to the Equipment or other liability caused as a result of the actions or omissions of the Customer, its employees, contractors or agents during such testing or prep. With each Delivery, Pirate shall provide to the Customer a Delivery Receipt that shall itemise the Equipment delivered. Unless Pirate receives written notice to the contrary from the Customer within 24 hours of Delivery, the Delivery Receipt shall be considered conclusive evidence that the listed Equipment was delivered in good working order.

3.2 Return. The Customer shall return the Equipment at the Customer's expense to Pirate's place of business in the same condition as when received by the Customer, subject to reasonable wear and tear.

3.3 Use of Equipment. The Customer shall: (a) not use the Equipment for any purpose other than image capture, and related electrical distribution of the Customer's project and related matters (e.g., as tests, titles, added scenes, retakes and trailers); (b) not lend, sublet, pledge, or otherwise dispose of or encumber the Equipment, or permit anyone other than

the Customer, persons under the Customer's direction and control (having appropriate qualifications and experience), or Pirate, to have possession of, use, examine or evaluate the Equipment (c) not modify or disassemble the Equipment, except for the purpose of normal cleaning and maintenance in accordance with Section 3.6 below; (d) not attach anything to the Equipment by any means that causes damage to the Equipment; (e) take all reasonable precautions to avoid loss or damage to the Equipment during the period of hire; (f) advise Pirate of any fault in the Equipment, within 24 hours of Customer's discovery of such fault (g) not, without the prior written consent of Pirate, use the Equipment on any abnormal or hazardous assignment or transport the Equipment from the ground other than on a regular scheduled flight by a reputable airline.

3.4 Inspection. Pirate shall have the right to inspect the Equipment or observe its use provided that Pirate has given the Customer not less than 24 hours notice and such inspection is conducted during normal business hours at Pirate's own expense and does not interfere with the production of the Customer's project.

3.5 Recovery. The Customer acknowledges that Pirate may enter into or upon any such premises where the Equipment may be in order to remove the Equipment, without prejudice to the rights of Pirate to recover from the Customer any monies due hereunder or any damages for breach hereof and the Customer indemnifies Pirate in respect of any claims, damages or expenses arising out of any action taken under this clause.

3.6 Maintenance and Repairs. (a) Normal cleaning of Equipment (including cleaning and oiling movements, cleaning lenses and filters, and general cleaning), replacing and cleaning ground glass, and basic troubleshooting (including swapping fuses and removable circuit-boards) (collectively, "Normal Cleaning and Maintenance") shall be done by Lessee at its cost and shall only be performed by persons who have been provided explicit maintenance and service instruction by Pirate. If the required repairs exceed Normal Cleaning and Maintenance, Pirate shall make such repairs, provided that Lessee returns such Equipment to Pirate's Place of Business, unless Pirate determines that such repairs may be carried out at the location where the Equipment is being used, in which case Pirate may send a technician to such location for that purpose at Lessee's request and sole cost and expense. Pirate shall make such repairs or to replace the Equipment as promptly as reasonably practicable.. (b) The cost of repairs or replacement resulting from reasonable wear and tear, or from any defect in the Equipment (the "Pirate Covered Repairs") shall not be charged to the Customer, and, with respect to Pirate Covered Repairs, the Customer shall not be responsible for transportation costs for sending the Equipment back to Pirate's Place of Business nor for the Rental Fee for such Equipment during the period it is being repaired or until it is replaced ("Repair Transport and Rent"); however, the Customer shall still bear the risk of loss during such period. Repairs or replacement costs resulting from any other cause, including, without limitation, misuse, accident or abuse of the Equipment shall be charged to the Customer, including Repair Transport and Rent.

3.7 Ownership. The Customer's rights in relation to the Equipment are as a renter only and nothing herein shall be construed as conveying to Customer any right, title or interest, other than a temporary leasehold interest, in or to any Equipment or in or to any other property of Pirate, including but not limited to, Pirate's intellectual property. Pirate may, but shall not be required to, identify the Equipment to indicate Pirate's ownership by nameplate or other means, and the Customer agrees not to remove or deface such identification.

4. CREDIT

4.1 Credit Memorandum. The Customer acknowledges and agrees that its obligations with respect to Pirate credits shall be governed by the terms of the Pirate Credit Memorandum, a copy of which the Customer hereby acknowledges having received.

5. LOSS, DAMAGE, INSURANCE

5.1 Risk. The Equipment shall be at the Customer's risk from Delivery until Return except that acceptance of Equipment by Pirate staff upon Return does not release the Customer from responsibility for loss or damage to Equipment pursuant to these Conditions of Hire.

5.2 Loss. In the event that Equipment is lost, stolen, missing, destroyed, or damaged beyond repair while at the risk of the Customer, the Customer shall be liable for and agrees to compensate Pirate for the greater of replacement cost (without deduction for depreciation) or the insurance value prescribed on Pirate's schedule of insurance values, which is available upon request and subject to update from time to time. Further, with respect to any lost, stolen, missing, destroyed or damaged equipment, the Customer agrees to compensate Pirate for the Rental Fee for the Equipment until the Equipment is repaired or replaced.

5.3 Customer Insurance. Customer shall, at its expense, obtain and maintain in full force and effect insurance in compliance with Section 5.4 covering any and all liability, claims, demands, actions, causes of action, loss, costs, damage and expenses arising out of or based upon the use or possession of the Equipment or the present or future fitness, quality, design, condition, repair, merchantability, functioning, performance or malfunctioning of the Equipment, or its material or workmanship, no matter how caused or occasioned, but excluding gross negligence or willful misconduct of Pirate, its officers, directors, employees, agents, or representatives. Such insurance shall be written by reputable insurance carriers maintaining an AM Best Rating of A- and financial size 5 and must include an extension to include hire charges incurred on lost or damaged Equipment whilst it is being replaced or repaired in accordance with Section 5.2. Customer's insurers must be the primary insurers of the Equipment during the Term and coverage shall be written on a non-contributor basis. Prior to delivery of the Equipment, the Customer shall provide to Pirate valid certificates of insurance complying with Section 5.4. Customer shall provide Pirate at least 30 days prior notice of any proposed modification, alteration or cancellation of any such insurance. Customer agrees to inform its nominated insurer where any Equipment may be subjected to abnormal or hazardous conditions or possible damage by foreign materials such as salt, water, dust or sand so that full and appropriate insurance cover may be affected. Notwithstanding anything else in this

Section 5.3, Customer shall remain primarily liable to Pirate pursuant to the provisions of Section 5.1 and 5.2 above, and Pirate may enforce its remedies hereunder directly against Customer without proceeding against the insurer.

(b) Minimum Requirements. Type of Coverage (*)	Limits	Wording Requirements
Commercial General Liability Insurance	GBP 1 million per occurrence GBP 5 million aggregate	Pirate named as an additional insured Foreign territory extension, if filming outside the country of the Pirate office issuing invoices for rental of the Equipment
Miscellaneous Equipment Floater	Equipment value as per Schedule B, plus GBP 250,000	Pirate named as the loss payee Worldwide coverage Replacement cost basis without deduction for depreciation Loss of use extension / continuation of hire
Automobile Liability for owned and non-owned and hired vehicles	GBP 1 million combined single limit	Pirate named as an additional insured
Aircraft liability, if filming from an aircraft	GBP 5 million	Pirate named as an additional insured
Workers Compensation Insurance	As required by applicable legislation	