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2012-06-01

CONSIDERATION OF SUBMISSIONS IN TERMS OF THE PROCUREMENT PROCEDURES

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TO : ARMSCOR ACQUISITION AUTHORIZATION COMMITTEE
SUBMISSION NO. : LGS35742007
TO BE HELD ON : 2007-12-14
DETAILS : SECRETARIAT : LGS/02

CLIENT	: DEF. MAT. DIV. (S.A. AIR FORCE)
PROGRAMME NAME	: PILATUS ASTRA PRODUCT SUPPORT
CLASSIFICATION OF PROGRAMME	: RESTRICTED
TRB SUBMISSION NO.	: N/A
FA NO.	:
FA DATE	: 2007-10-15
APPROVED FA VALUE APPLICABLE TO THIS AMENDMENT	:
SUBJECT	: PRODUCT MAINTENANCE SUPPORT FOR THE PILATUS ASTRA AIRCRAFT
REQUIREMENT NO.	: VC045
OFFER NO.	: N/A
VALIDITY EXPIRES ON	: N/A

ARMSCOR SECURITY

CHAIRPERSON

2012-06-01

DATE

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KBAD119 8

*** KONTRAK EN BESTEL ADMINISTRASIE STELSEL ***

06/12/2007

*** NAVRAAG FM KONTANTVLOEI ***

15:34:33

FM NOMMER...

VERSOEK NO...: LGS00000611

BESTELNO...: KP513379

KANAALNO...:

PRODUKTIPE...

BEGRAFD...: 213100

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2021-08-01

DECLASSIFIED SUBMISSION NO.: LGS35742007

ARMSCOR ACQUISITION AUTHORIZATION COMMITTEE

SUBJECT : CONTRACT FOR PRODUCT MAINTENANCE SUPPORT FOR THE
PILATUS ASTRA AIRCRAFT SYSTEM

BULLETIN : PRODUCT MAINTENANCE SUPPORT FOR THE PILATUS ASTRA
AIRCRAFT SYSTEM

AMENDMENT NO. 25

1. SUMMARY OF CURRENT ORDER INFORMATION

- 1.1 Order number : KP513379
- 1.2 Date of order : 2000-06-01
- 1.3 Order amount :
- 1.4 Offer number : ELGS/99/856
- 1.5 Price basis : The price basis is services rendered
- 1.6 Price : Fixed / not fixed : The price of items 1, 3, 5, 7, 11, 13, 15, 17, 21, 21, 23, 25, 27, 29, 31, 33, 35, 37, 39, 41, 43, 45, 47, 49, 51, 53, 55, 57, 59, 61, 63, 65, 67, 69, 71, 78, 80, 82, 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186 and 188 is fixed and the price of items 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56, 58, 60, 62, 64, 66, 68, 70, 72, 79, 81, 83, 85, 87, 89, 91, 93, 95, 97, 99, 101, 103, 105, 107, 109, 111, 113, 115, 117, 119, 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187 and 189 is not fixed

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Items 73 and 74

The price of items 73 and 74 is a ceiling price and is subject to actual cost and is not fixed.

Items 75, 76 and 77

1.7 Advance payment : A first advance payment of 100% of fixed price in respect of items 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56, 58, 60, 62, 64, 66, 68, 70, 72 after the delivery date of item 32, a second advance payment in respect of items 79, 81, 83, 85, 87, 89, 91, 93, 95 after the delivery date of item 79, a third advance payment in respect of items 97, 99, 101, 103, 105, 111, 113, 115, 117, 119 after the delivery date of item 97, a fourth advance payment in respect of items 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143 after the delivery date of item 121 and fifth advance payment in respect of items 145, 147 and 149 after the delivery date of item 145 shall be made within 30 days after receipt of an invoice supported by a guarantee acceptable to Armscor. This payment shall be recovered at a rate of 100% from each invoice in accordance with paragraph 4.2 in respect of the items stated above as and when the relevant milestones have been accomplished.

1.8 Delivery basis : **Items 1 to 189**
The delivery basis is services rendered at 8 Air Servicing Unit, 1 Air Servicing Unit, 2 Air Servicing Unit, 5 Air Servicing Unit, Contractor and Sub-Contractor's premises and delivery of documentation to the delivery address in Paragraph 5.3.3.

1.9 Delivery : Fixed / not fixed : The final delivery date is 2008-02-29

1.10 Contractual completion date : 2008-02-29

1.11 Penalties imposed to date : None

1.12 Amendments to date : Thirty Four

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and the Order total values increased to new values of CHF ~~1 872 891,80~~, USD ~~50 000,00~~ Euro ~~10 000,00~~ and a new total Order value of R57 754 245,89.

No. 16 Dated 2003-06-27

- Paragraph 2.11 was added.
- Paragraph 2.11.1 was amended to include new phasing periods.
- Paragraph 3.2 was amended to include items with even numbers 78 to 148 as fixed price payment items and uneven lines 79 to 149 as not fixed price items which are subject to fluctuation in rate of exchange only.
- Paragraph 3.3 was amended to include items 76, 77 and 78.
- Paragraph 3.3.2.2 was amended to include the CPI escalation formula from 1 July 2003 onwards.
- Paragraphs 3.3.5.1 to 3.3.5.8 were amended to include prices applicable to year 4 of the Order.
- Paragraph 3.6 was amended to include the new foreign amounts to be remitted abroad.
- Paragraph 4.3 was amended to include items 75, 76 and 77.
- Paragraph 4.4 was amended to include uneven numbered items 79 to 149.

No. 17 Dated 2003-08-21

- Paragraph 3.3 was amended to exclude items 75, 76 and 77.
- Paragraph number 3.3.3.5 was rectified to paragraph 3.3.5.5.
- The CHF value in paragraph 3.6 was reduced from ~~CHF 8 716 380,10~~ to CHF 8 688 016,80.
- Items 78 to 149 were included in paragraphs 4.1, 4.2.1 and 5.1.1 of the Order.

No. 18 Dated 2004-03-26

Paragraph 2.11 was amended to increase the ~~R74 566 767,61~~ limitation clause to a new amount of ~~R87 066 695,61~~.

No. 19 Dated 2004-07-09

- Increase the repair cost amount per component/item for year 5 of the Order.
- Paragraph 2.11 was amended to increase the ~~R 87 066 695,61~~ limitation clause to a new amount of ~~R 91 616 707,00~~.

No. 20 Dated 2004-10-25

Paragraph 2.11 was amended to increase the limitation clause from ~~R91 616 707,00~~ to ~~R 92 916 707,00~~.

No. 21 Dated 2004-11-30

Paragraph 2.11 was amended to increase the limitation clause from ~~R92 916 707,00~~ to ~~R93 957 126,00~~.

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No. 22 Dated 2005-02-16

Paragraph 2.11 was amended to increase the limitation clause from R93-957-126,00 to R112-677-126,00.

No. 23 Dated 2005-03-10

Amend the Order limitation in paragraph 2.11.

No. 24 Dated 2005-06-17

Increase the repair cost amount per component/item for year 6 of the Order.

No. 25 Dated 2005-09-09

- Increase the value of the order limitation under paragraph 2.11.
- Increase the repair cost amount per component/item for the period 1 April 2005 to 31 March 2006.
- Amend the currency and value of paragraph 3.3.5.5.

No. 26 Dated 2006-03-14

Amend the Order limitation in paragraph 2.11.

No. 27 Dated 2006-05-05

- Amend the Order limitation in paragraph 2.11
- Add items 150 to 167 to the Order
- Amend the Foreign amounts to be remitted abroad
- Extend the Order completion date to 2007-07-02
- Increase the repair cost amount per component

No. 28 Dated 2006-09-11

Amend the Order limitation in paragraph 2.11.

No. 29 Dated 2006-11-03

- Increase the value of the Order limitation under paragraph 2.11.
- Add phase 9 to paragraph 2.11.1 of the order.
- Add items 166 to 189 to the Order.
- Amend the foreign amounts to be remitted abroad.
- Extend the order completion date.

No. 30 Dated 2007-02-28

- Decrease the value of items 73, 74 and 76 of the order.
- Increase the value of items 75 and 77 of the order.

No. 31 Dated 2007-03-02

Change the date of the 2006/2007 financial year from 28 February 2007 to 31 March 2007.

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No. 32 Dated 2007-03-22

Amend the Order limitation in paragraph 2.11.

No. 33 Dated 2007-05-18

- Increase the Order value
- Increase the ceiling amounts of line items 73, 74, 75, 76 and 77
- Increase the repair cost amount per component/Item for the period 1 April 2007 to 31 March 2008

No. 34 Dated 2007-11-

- Decrease the ceiling amounts of line items 73, 74, 76 and 77
- Increase the ceiling amount of line item 75.

2. BACKGROUND

- 2.1 5 July 2000, the Board of Directors approved Order number KP513379 on Pilatus Aircraft Ltd (as Main Contractor), for Product Maintenance Support for the Pilatus Astra Aircraft. In conjunction with various subcontractors, they were to provide these services over the period 1 July 2000 to 28 February 2008.
- 2.2 Board of Directors approved that amendments to the Order be handled in terms of A-PROC-019 (now A-CORP-001) paragraph 6.4.9.
- 2.3 During the past 6 months, the Armscor Programme Manager has been in constant communication with the S. A. Air Force, prompting the issuing of a new URS (user requirement statement) to Armscor. On 1 November 2007, the required URS was issued to Armscor, leaving insufficient time for the APM to conclude the tender and acquisition process before the order expiry date of 28 February 2008.
- 2.4 As a result hereof, the S. A. Air Force agreed that the APM submit a submission to Armscor's Authorisation Committee requesting a 3 month extension to the existing order with the intent of ensuring continued support of the system.
- 2.5 In accordance with the initial programme plan, the APM intends tabling a submission to the BoD in April 2008. This submission will request the placing of an order on the selected Contractor to resume responsibility of providing support of the Pilatus Astra PC-7 MkII System from 2008 to 2013.
- 2.6 This order does not make provision for escalation formulas to calculate price increases. Price increases are, in terms of the order, negotiated on an annual basis.
- 2.7 It is now necessary to amend the ceiling prices for the maintenance and repair services for the period 1 March 2008 to 31 May 2008.

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SUBMISSION NO.: LGS35742007

3. MOTIVATION

3.1 The following changes to the current contract will be affected:

3.1.1 Price increase motivation

Repair Contractors

After negotiating the repair Contractor's price increases applicable to the 3 month extension period, the following percentage increases were submitted to Armscor:

SAAB Logtronics:	6,20% increase
Tellumat:	0% increase
Pilatus Aircraft:	1,60% increase
Denel Aviation:	6,00% increase
Greystone Aviation:	0% increase
Placo:	6,27% increase

The quoted price increases are consistent with the latest SEIFSA (Table D-1) Aug 06 vs Aug 07 and are therefore reasonable and acceptable to the Client and Armscor.

3.1.2 **Fixed Costs**

It is to be noted that the monthly fixed price increases have been in accordance with Swiss monthly fixed price increase (from CHF18 650,00 to CHF18 947,35 @ 1,59% rounded off to CHF18 950,00) taking into account average managerial staff labour rates versus Swiss Labour rate increases.

The ZAR monthly fixed price portion consists of both management, engineering and local repair transportation (PHS&T) cost components. The 7,0% (rounded off) ZAR increase (R359 700,00 to R385 000,00) is in line with the latest RSA CPI figures (Sept 06 to Sept 07) for the engineering/management manpower component coupled to increase in local transportation costs and ROE influences.

The above increases are linked to distinct indices which is considered fair, reasonable and acceptable to the Client and Armscor.

3.2 Increase the ceiling amounts

As a result of an increase in demand for on-demand support services it has become necessary to increase the ceiling amount for the following line items:

Line item 73 with ~~R1 800 000,00~~ from ~~R67 261 222,87~~ to ~~R69 061 222,87~~;
 Line item 74 with ~~R50 000,00~~ from ~~R2 550 000,00~~ to ~~R2 600 000,00~~;
 Line item 75 with ~~R6 547 600,00~~ from ~~R41 391 500,13~~ to ~~R47 939 100,13~~.

The new amounts are deemed to be sufficient to cover planned demands for the extended period when this order will terminate.

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SUBMISSION NO.: LGS35742007

3.3 Increase Order value

The total order value will therefore increase with an amount of R9 780 000,00 from R161 892 117,72 to R171 672 117,72.

3.4 It is to be noted that the Financial Authority for the increase in value of the order has been approved.

4. TRANSFORMATION STATUS OF CONTRACTOR

4.1 HDI equity ownership in the contractor:

Not applicable, as this is a foreign supplier.

4.2 Involvement of SMME's

Not applicable

5. RECOMMENDATION

5.1 Approval is requested in terms of A-CORP-001 paragraph 6.4.9 to amend order KP513379 as follows: ^{6.4.8}

5.1.1 Increase the Order value with ~~R9 780 000,00~~ from ~~R161 892 117,72~~ to ~~R171 672 117,72~~.

5.1.2 Increase the ceiling amounts of line items 73, 74 and 75 with ~~R8 397 600,00~~.

5.1.3 Add phase 10 to paragraph 2.11.1 of the Order.

5.1.4 Add items 190 to 195 to the Order.

5.1.5 Increase the repair cost amount per component/item for the period 1 March 2008 to 31 May 2008.

5.1.6 Extend the order completion date.

SENIOR MANAGER
AERONAUTICS AND NAVAL LOGISTICS



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ATTENTION: Mr. R Rossi/ Ms. E Senior

Your ref:

Our ref:

77/2011/21

Enquiries

Dirk Fouché

Sir

AMENDMENT NO 35 OF ORDER NO. KP513379

Attached hereto Addenda A and B. Addendum A contains the conditions affected by the above amendment. Approval has been granted to amend the order as detailed in Addendum B.

Yours faithfully


**SENIOR MANAGER
AERONAUTICS AND NAVAL LOGISTICS**


**SENIOR MANAGER
PROCUREMENT SECRETARIAT**

DATE:

20080122

DATE:

20080122

Directors: Dr PS Molefe (Chairperson); Mr HS Thomo (Chief Executive Officer); Col. (Ret) GN Ramaremsa;
Ms AS Human; Ms P Riba; Mr CV Gamede and Mr RP Meyer

Customer Focus : Care and Respect for others : Excellence : Integrity : Leading by Example : Results Driven : Teamwork

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ADDENDUM A

1. CURRENT ORDER INFORMATION

Order number : KP513379
Current order amount : R 161 892 117,72

2. CURRENT ORDER CONDITIONS

Paragraph 1.2 Applicable documentation

Paragraph 2.11

Although the order is placed to the amount of R 161 892 117,72 (VAT Excluded) the CONTRACTOR shall only perform the services under line items 1 to 72 and 78 to 189 and limited services under items 73 to 77 and is applicable up to 29 February 2008.

Table with 2 columns: Period and Amount. Rows include dates from 1 June 2000 to 31 March 2001 up to 1 April 2007 to 29 February 2008 with corresponding R values.

Any services rendered beyond the approved amount, before written authorization is given to the Contractor by Armscor shall be at the Contractor's own risk.

In the event of the balance of the funds not being available the contract will be re-negotiated by Armscor. If applicable the contract shall be amended. Should the contract be terminated the termination clause stipulated in the contract shall be applicable.

Paragraph 2.11.1

The ORDER shall be executed in nine (9) phases, as tabled below for line items 1 to 189. Line items 73 to 77 shall be utilised in accordance with ad hoc services required throughout the ORDER period.

Table with 4 columns: Order Phase Period, Date, Line Items, Plus ad hoc lines. It details 9 phases from 2000-07-01 to 2008-02-29.

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ADDENDUM A

Paragraph 3.2: Price adjustment

Price of items 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23, 25, 27, 29, 31, 33, 35, 37, 39, 41, 43, 45, 47, 49, 51, 53, 55, 57, 59, 61, 63, 65, 67, 69, 71, 78, 80, 82, 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186 and 188 are fixed and the price of items 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56, 58, 60, 62, 64, 66, 68, 70, 72, 74, 76, 78, 80, 82, 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186 and 188 are not fixed and only subject to variation as a result of rate of exchange fluctuation.

Paragraph 3.3.5.1 (WBS 26100 to WBS 26300) Maintenance and Repair - Saab Logtronics

Period 2007-04-01 to 2008-03-31

-	DESCRIPTION		PRICE (2007-04-01 to 2008-03-31)	% Increase
A	Computer, FMS	985.99.90.104	R41 159,00	5,47%
B	Computer, FMS (NFF)	985.99.90.104	36 776,71	0,00%
C	MFD LCD assembly without LCD matrix replacement	87093948V05	Subject to separate quote	
D	MFD LCD assembly with LCD matrix replacement	87093948V05	Subject to separate quote	
E	MFD LCD assembly (NFF)	87093948V05	R7 133,34	0,00%
F	FPI module without LCD matrix replacement	985.99.90.505/ 985.99.90.510)	R21 700,00	
G	FPI module with LCD matrix replacement	985.99.90.505/ 985.99.90.510)	Subject to separate quote	
H	FPI module (NFF)	985.99.90.505/ 985.99.90.510)	Subject to separate quote	
I	MFD	985.99.90.553	R20 793,00	5,45%
J	MFD (NFF)	985.99.90.553	R19 285,10	0,00%
K	MFK	985.99.90.552	R11 342,00 (Incl.Materials)	5,74%
L	MFK(NFF)	985.99.90.552	R10 608,18	0,00%
M	MFD without LCD matrix replacement	985.99.90.553	Subject to separate quote	
N	MFD module with LCD matrix replacement	985.99.90.553 87093948V05)	Subject to separate quote	

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ADDENDUM A

Paragraph 3.3.5.2 (WBS 26400) Maintenance and Repair - Tellumat

Period 2007-04-01 to 2008-03-31

	DESCRIPTION		PRICE (2007-04-01 to 2008-03-31)	% Increase
A	Mode Selection Panels exceeding the fixed cost quantity repair of 28 units per contract year	985.99.90.454	N/A	
B	Mode Selection Panel Rotary Switch Repair (per assembly)	985.99.90.454	R24 441,00	6,00%
C	Mode Selection Panel Digital PCB Minor Repair (per assembly)	985.99.90.454	R25 798,00	6,00%
D	Mode Selection Panel Analog PCB Minor Repair (per assembly)	985.99.90.454	R25 798,00	6,00%
E	Mode Selection Panel Mother PCB Minor Repair (per assembly)	985.99.90.454	R25 798,00	6,00%
F	Mode Selection Panel Front Panel Minor Repair (per assembly)	985.99.90.454	R25 798,00	6,00%
G	Mode Selection Panel Digital PCB Major Repair (per assembly)	985.99.90.454	R28 405,00	6,85%
H	Mode Selection Panel Analog PCB Major Repair (per assembly)	985.99.90.454	R28 405,00	6,85%
I	Mode Selection Panel Mother PCB Major Repair (per assembly)	985.99.90.454	R28 405,00	6,85%
J	Mode Selection Panel Front Panel Major Repair (per assembly)	985.99.90.454	R28 405,00	6,85%
K	Mode Selection Panel No Fault Found	985.99.90.454	R24 441,00	6,00%

Paragraph 3.3.5.3 (WBS 26500) Maintenance and Repair – Denel Optronics (Cumulus)

Period 2007-04-01 to 2008-03-31

	DESCRIPTION		PRICE (2007-04-01 to 2008-03-31)	% Increase
A	AHRU minor repair	985.99.90.353	N/A	
B	AHRU major repair	985.99.90.353	N/A	
C	GPS card minor repair	985.99.90.354	N/A	
D	GPS card major repair	985.99.90.354	N/A	
E	Motion simulator minor repair		N/A	
F	Motion simulator major repair		N/A	
A	Gyro	985.99.90.353	Subject to individual quote due to obsolescence	
B	Accelerometer	985.99.90.353	Subject to individual quote due to obsolescence	
C	All PCB	985.99.90.353	Subject to individual quote due to obsolescence	
D	PSU	985.99.90.353	Subject to individual quote due to obsolescence	
E	GPS card only	985.99.90.354	Subject to individual quote due to obsolescence	
F	MSU local (minor)	985.99.90.353	Subject to individual quote due to obsolescence	
G	MSU (major)	985.99.90.353	As per strip and quote received from OEM	

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ADDENDUM A

Paragraph 3.3.5.5 (WBS 26900) Maintenance and Repair - Contractor

Period 2007-04-01 to 2008-03-31

-	DESCRIPTION		PRICE (2007-04-01 to 2008-03-31)	% Increase
A	Overhaul of Oxygen Regulator at the Contractor	535.10.72.033 535.10.72.039	CHF3 750,00	2,46%

Paragraph 3.3.5.6 (WBS 26960) Maintenance and Repair – Denel Aviation

Period 2007-04-01 to 2008-03-31

-	DESCRIPTION		PRICE (2007-04-01 to 2008-03-31)	% Increase
A	Regulator Oxygen repair	535.10.72.033 535.10.72.039	R5 035,82	6,00%
B	Cylinder Assembly Oxygen	957.12.12.201	R3 147,36	6,00%
C	Oxygen Pressure reducing valve	957.12.16.202	R629,47	6,00%
D	Indicator Attitude (Standby) - Repair	975.96.13.202	R11 330,47	6,00%
E	Indicator Attitude (Standby) - Overhaul	975.96.13.202	R18 884,12	6,00%
F	Indicator Accelerometer	999.71.11.518	R3 739,57	6,00%
G	Oxygen Charging Units	OCP9826BTA	R5 035,76	6,00%
H	Emergency Oxygen Bottle - Service Test	959.30.03.290	R5 665,23	6,00%
I	Emergency Oxygen Bottle - Overhaul	959.30.03.290	R7 553,66	6,00%
J	G-Switch Assembly	531.50.09.010	R1 888,40	6,00%
K	Pressure Gauge	957.12.12.170	R629,47	6,00%
L	Emergency Gas Bottle - 3 Year Overhaul (SAAF parts)	960.10.01.377	On-demand	

Paragraph 3.3.5.7 (WBS 26 961) Maintenance and Repair – Greystones Aviation Components

Period 2007-04-01 to 2008-03-31

-	DESCRIPTION		PRICE (2007-04-01 to 2008-03-31)	% Increase
A	Labour associated with the 6 yearly inspection on Unit Control Fuel, modification, and Test Cell Run	968.20.14.011, DP-F2, 3244809-4 and modification to 968.20.14.055	R4 710,60	4,80%

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ADDENDUM A

Paragraph 3.3.5.8 (WBS 26 962) Maintenance and repair – Placo

Period 2007-04-01 to 2008-03-31

	DESCRIPTION		PRICE (2007-04-01 to 2008-03-31)	% Increase
A	Labour associated with the 6 yearly overhaul of the Hartzell Propeller	HCD4NZA/ D9512AK	R11 680,00	5,99%
B	Removal and installation of Propeller de-icing boots component		R1 168,00	6,18%
C	Cold Roll Blade per S.B. 118	D9512AK	R1 752,00	6,18%
D	Machine Reverse Sleeve Bush	D9512AK	R295,00	9,26%
E	Machine de-icer slip ring	D9512AK	R445,00	5,95%
F	Scuff and Anodize Blades	D9512AK	R944,00	6,07%
G	Freight 2ASU return in accordance with CIP (Incoterms 2000) or as required based on a minimum of 2 Propellers per transaction	D9512AK	R4 900,00	6,06%
H	Teflon taper, paint and sundries	D9512AK	R550,00	
I	Blade decals and miscellaneous parts	D9512AK	R260,00	

Paragraph 3.6 Amount to be remitted abroad

CHF 12 425 066,91
 USD 715 396,99
 Euro 501 320,40

Paragraph 4.1

All payments against items 1 to 189 of this ORDER shall be made within fourteen (14) days after receipt by the General Manager, Armscor Finance, P O Box 28915, Sunnyside 0132, of the relevant documents specified in paragraph 4.2 of this ORDER.

Paragraph 4.2.1 Documentation for payment – Items 1 to 189

All invoices, clearly endorsed for payment periods as per paragraph 4.1, shall be endorsed by the Contractor's Program Manager and the WSSM or his authorised representative thereby certifying that work has been executed in accordance with the provisions of the ORDER. All invoices shall be certified for payment by the APM.

Paragraph 5.1.1 Delivery basis – Items 1 to 189

The delivery basis is services rendered at 8 Air Servicing Unit, 1 Air Servicing Unit, 2 Air Servicing Unit, 5 Air Servicing Unit, Contractor and Sub-Contractor's premises and delivery of documentation to the delivery address in paragraph 5.3.3.

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ADDENDUM A

Paragraph 5.2.4

The order shall be completed by 20 June 2008 which date is fixed.

Appendix A attached

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APPENDIX A OF ADDENDUM A

ITEM	DESCRIPTION	DELIVERY DATE	FOREIGN VALUE	ZAR AMOUNT
1 to 72 and 79 to 189	Unchanged		CHF 2 077 191,87	R 38 772 881,02
73	Logistic support tasks and items	29-Feb-08		R 67 261 222,87
74	Subsistence and travel	29-Feb-08		R 2 550 000,00
75	Logistic support tasks and items	29-Feb-08	CHF 10 347 875,04	R 41 391 500,13
76	Logistic support tasks and items	29-Feb-08	USD 715 396,99	R 7 153 969,90
77	Logistic support tasks and items	29-Feb-08	EUR 501 320,40	R 4 762 543,80
			CHF 12 425 066,91 USD 715 396,99 EUR 501 320,40	R 161 892 117,72

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ADDENDUM B

Paragraph 3.2: Price adjustment

ADD

The price of items 190, 192 and 194 are fixed and the price of items 191, 193 and 195 are not fixed and only subject to variation as result of rate of exchange fluctuation.

Paragraph 3.3.5.1 (WBS 26100 to WBS 26300) Maintenance and Repair - Saab Logtronics

Add period 2008-03-01 – 2008-05-31

-	DESCRIPTION		PRICE (2008-03-01 to 2008-05-31)	% Increase
A	Computer, FMS	985.99.90.104	R43 710,00	6.20%
B	Computer, FMS (NFF)	985.99.90.104	R39 056,00	6.20%
C	MFD LCD assembly without LCD matrix replacement	87093948V05	Subject to separate quote	
D	MFD LCD assembly with LCD matrix replacement	87093948V05	Subject to separate quote	
E	MFD LCD assembly (NFF)	87093948V05	R7 133,34	0%
F	FPI module without LCD matrix replacement	985.99.90.505/ 985.99.90.510)	R23 045,00	6.20%
G	FPI module with LCD matrix replacement	985.99.90.505/ 985.99.90.510)	Subject to separate quote	
H	FPI module (NFF)	985.99.90.505/ 985.99.90.510)	Subject to separate quote	
I	MFD	985.99.90.553	R20 793,00	0%
J	MFD (NFF)	985.99.90.553	R20 480,00	6.20%
K	MFK	985.99.90.552	R12 045,00 (Incl. Materials)	6.20%
L	MFK(NFF)	985.99.90.552	R11 265,00	6.20%
M	MFD without LCD matrix replacement	985.99.90.553	Subject to separate quote	
N	MFD module with LCD matrix replacement	985.99.90.553 87093948V05)	Subject to separate quote	

ADDENDUM B

Paragraph 3.3.5.2 (WBS 26400) Maintenance and Repair - Tellumat

Add period 2008-03-01 to 2008-05-31

	DESCRIPTION		PRICE (2008-03-01 to 2008-05-31)	% Increase
A	Mode Selection Panels exceeding the fixed cost quantity repair of 28 units per contract year	985.99.90.454	N/A	N/A
B	Mode Selection Panel Rotary Switch Repair (per assembly)	985.99.90.454	R24 441,00	0%
C	Mode Selection Panel Digital PCB Minor Repair (per assembly)	985.99.90.454	R25 798,00	0%
D	Mode Selection Panel Analog PCB Minor Repair (per assembly)	985.99.90.454	R25 798,00	0%
E	Mode Selection Panel Mother PCB Minor Repair (per assembly)	985.99.90.454	R25 798,00	0%
F	Mode Selection Panel Front Panel Minor Repair (per assembly)	985.99.90.454	R25 798,00	0%
G	Mode Selection Panel Digital PCB Major Repair (per assembly)	985.99.90.454	R28 405,00	0%
H	Mode Selection Panel Analog PCB Major Repair (per assembly)	985.99.90.454	R28 405,00	0%
I	Mode Selection Panel Mother PCB Major Repair (per assembly)	985.99.90.454	R28 405,00	0%
J	Mode Selection Panel Front Panel Major Repair (per assembly)	985.99.90.454	R28 405,00	0%
K	Mode Selection Panel No Fault Found	985.99.90.454	R24 441,00	0%

Paragraph 3.3.5.3 (WBS 26500) Maintenance and Repair – Denel Optronics (Cumulus)

Add period 2008-03-01

	DESCRIPTION		PRICE (2008-03-01 to 2008-05-31)	% Increase
A	AHRU minor repair	985.99.90.353	N/A	N/A
B	AHRU major repair	985.99.90.353	N/A	N/A
C	GPS card minor repair	985.99.90.354	N/A	N/A
D	GPS card major repair	985.99.90.354	N/A	N/A
E	Motion simulator minor repair		N/A	N/A
F	Motion simulator major repair		N/A	N/A
A	Gyro	985.99.90.353	Subject to individual quote due to obsolescence	
B	Accelerometer	985.99.90.353	Subject to individual quote due to obsolescence	
C	All PCB	985.99.90.353	Subject to individual quote due to obsolescence	
D	PSU	985.99.90.353	Subject to individual quote due to obsolescence	
E	GPS card only	985.99.90.354	Subject to individual quote due to obsolescence	
F	MSU local (minor)	985.99.90.353	Subject to individual quote due to obsolescence	
G	MSU (major)	985.99.90.353	As per strip and quote received from OEM	

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ADDENDUM B

Paragraph 3.3.5.5 (WBS 26900) Maintenance and Repair - Contractor

Add period 2008-03-01 to 2008-05-31

-	DESCRIPTION		PRICE (2008-03-01 to 2008-05-31)	% Increase
A	Overhaul of Oxygen Regulator at the Contractor	535.10.72.033 535.10.72.039	CHF3 810,00	1.60%

Paragraph 3.3.5.6 (WBS 26960) Maintenance and Repair – Denel Aviation

Add period 2008-03-01 to 2008-05-31

-	DESCRIPTION		PRICE (2008-04-01 to 2008-05-31)	% Increase
A	Regulator Oxygen repair	535.10.72.033 535.10.72.039	R5 337,97	6,00%
B	Cylinder Assembly Oxygen	957.12.12.201	R3 336,20	6,00%
C	Oxygen Pressure reducing valve	957.12.16.202	R667,24	6,00%
D	Indicator Attitude (Standby) - Repair	975.96.13.202	R12 010,30	6,00%
E	Indicator Attitude (Standby) - Overhaul	975.96.13.202	R20 017,17	6,00%
F	Indicator Accelerometer	999.71.11.518	R3 963,94	6,00%
G	Oxygen Charging Units	OCP9826BTA	R5 337,91	6,00%
H	Emergency Oxygen Bottle - Service Test	959.30.03.290	R6 005,14	6,00%
I	Emergency Oxygen Bottle - Overhaul	959.30.03.290	R8 006,88	6,00%
J	G-Switch Assembly	531.50.09.010	R2 001,70	6,00%
K	Pressure Gauge	957.12.12.170	R667,24	6,00%
L	Emergency Gas Bottle - 3 Year Overhaul (SAAF parts)	960.10.01.377	On-demand	

Paragraph 3.3.5.7 (WBS 26 961) Maintenance and Repair – Greystones Aviation Components

Add period 2008-03-01 to 2008-05-31

-	DESCRIPTION		PRICE (2008-03-01 to 2008-05-31)	% Increase
A	Labour associated with the 6 yearly inspection on Unit Control Fuel, modification, and Test Cell Run	968.20.14.011, DP-F2, 3244809-4 and modification to 968.20.14.055	R4 710,60	0%

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ADDENDUM B

Paragraph 3.3.5.8 (WBS 26 962) Maintenance and repair – Placo

Add period 2008-03-01 to 2008-05-31

	DESCRIPTION		PRICE (2008-03-01 to 2008-07-31)	% Increase
A	Labour associated with the 6 yearly overhaul of the Hartzell Propeller	HCD4NZA/ D9512AK	R12 400,00	6,27%
B	Removal and installation of Propeller de-icing boots component		R1 240,00	6,27%
C	Cold Roll Blade per S.B. 118	D9512AK	R1 860,00	6,27%
D	Machine Reverse Sleeve Bush	D9512AK	R310,00	6,27%
E	Machine de-icer slip ring	D9512AK	R475,00	6,27%
F	Scuff and Anodize Blades	D9512AK	R1 000,00	6,27%
G	Freight 2ASU return in accordance with CIP (Incoterms 2000) or as required based on a minimum of 2 Propellers per transaction	D9512AK	R5 200,00	6,27%
H	Teflon taper, paint and sundries	D9512AK	R585,00	6,27%
I	Blade decals and miscellaneous parts	D9512AK	R280,00	6,27%

Paragraph 3.6 Amount to be remitted abroad

CHF 14 118 616,91
USD 715 396,99
EUR 501 320,40

Paragraph 4.1

All payments against items 1 to 195 of this ORDER shall be made within fourteen (14) days after receipt by the General Manager, Armscor Finance, P O Box 28915, Sunnyside 0132, of the relevant documents specified in paragraph 4.2 of this ORDER.

Amend the heading of paragraph 4.2.1 and paragraph 5.1.1 to read as follows:

Paragraph 4.2.1: Documentation for payment – Items 1 to 195

Paragraph 5.1.1 Delivery basis – Items 1 to 195

Paragraph 5.2.4

The order shall be completed by 31 July 2008 which date is fixed.

Appendix A attached as amended

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ADDENDUM B

3. AMENDED ORDER AMOUNT

Order amount prior to this amendment	:	R161 892 117,72
Plus amendment number 35	:	R 9 780 000,00
New order amount	:	R171 672 117,72

4. GENERAL

All other conditions of the order remain unchanged and will be applicable to this amendment.

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APPENDIX A OF ADDENDUM B

ITEM	DESCRIPTION	DELIVERY DATE	FOREIGN VALUE	ZAR AMOUNT
1 to 72 and 79 to 189	Unchanged		CHF 2 077 191,87	R 38 772 881,02
190	Support services - Month 93	2008-03-31		R385 000,00
191	Support services - Month 93 Foreign	2008-03-31	CHF18 950,00	R75 800,00
192	Support services - Month 94	2008-04-30		R385 000,00
193	Support services - Month 94 Foreign	2008-04-30	CHF18 950,00	R75 800,00
194	Support services - Month 95	2008-05-31		R385 000,00
195	Support services - Month 94 Foreign	2008-05-31	CHF18 950,00	R75 800,00
73	Logistic support tasks and items	2008-05-31		R 69 061 222,87
74	Subsistence and travel	2008-05-31		R 2 600 000,00
75	Logistic support tasks and items	2008-05-31	CHF11 984 575,04	R 47 939 100,13
76	Logistic support tasks and items	2008-05-31	USD 715 396,99	R 7 153 969,90
77	Logistic support tasks and items	2008-05-31	EUR 501 320,40	R 4 762 543,80
			CHF 14 118 616,91 USD 715 396,99 EUR 501 320,40	R171 672 117,72