

GENERAL PURCHASE CONDITIONS FOR DANFYSIK A/S

1. GENERAL PROVISIONS

These General Purchase Conditions are applicable, unless other Terms and Conditions have been agreed between the parties in writing. Danfysik A/S is in the following referred to as 'Danfysik'. Seller's sales and delivery terms are only applicable when stated in the purchase order from Danfysik. If terms are contradicting, these purchase terms will apply.

2. TERMS OF DELIVERY

Delivery shall take place Delivery Duty Paid (DDP) – Incoterms 2000 – to the delivery address stated by Danfysik.

3. PACKAGING NOTE

A packaging note must accompany each delivery. As a minimum, the note shall contain: Description of goods; number of purchase order; code number of delivered goods; quantity of delivered goods.

4. PRICES

All prices are fixed, excluding VAT (Value Added Tax).

5. INVOICING

From the invoice the following information must appear: Number of purchase order; code number of delivered goods/services; quantity of each item; prices.

The invoice is to be sent immediately upon delivery. Danfysik reserves the right to return any invoice not containing the above information (as a minimum). Date of payment and possible cash discount will be calculated from the date on which correct invoice is received.

6. PAYMENT

Payment shall be executed within current month + 60 days net after receipt of correct invoice. Any amount to be claimed by Danfysik as a consequence of the supply, will be deducted the price of the invoice.

7. DELAY

If a delay is experienced, Danfysik is to be informed immediately by Seller in writing. The cause of delay, the actions taken in this connection as well as new delivery date are to be stated.

In case of delay, Danfysik reserves the right to cancel the order – completely or partly – in writing to Seller, and to claim damages or default. In the event of delay and without further documentation, Danfysik is entitled to claim a penalty amounting to 1.0% per commenced week's delay. Danfysik is entitled to credit the penalty in the final settlement of the invoice.

If the delay is caused by circumstances beyond the control of Seller (force majeure), and if the documentation for the delay has been accepted by Danfysik, the time of delivery is prolonged by a period corresponding to the period of the force majeure situation.

8. QUALITY

The quality of the supplied products/services must correspond to the technical documentation (drawings, specifications, standards, etc.) and in general be of highest quality. It is the responsibility of Seller

that the technical demands with respect to material, form, function, method, etc. are fulfilled by Seller and by sub-suppliers, if any.

9. WARRANTY

It is Seller's responsibility that the products and services supplied fulfils the demands mentioned in Quality (point 8, above) for a period of 24 months from commissioning or 48 months from the date of delivery. Seller is responsible for rectifying any defects and shortages demonstrated in writing by Danfysik during the warranty period. Rectification of defects and shortages is to be carried out immediately – if not, Danfysik is entitled to repair the defects and shortages on Seller's account and risk.

Seller has the same obligations for replaced or repaired parts as for the original supply. The warranty period is prolonged by the same period as the supplied goods or materials have been useless due to the announced shortage.

If a delivery is defective, Danfysik is entitled to cancel the contract completely or partly. In case of defects or shortages Danfysik is entitled to claim indemnity of losses suffered.

10. PRODUCT LIABILITY

Danish rules of law are applicable.

If a third party wishes to hold Danfysik or Seller responsible for defects or shortages, Danfysik or Seller is to be informed immediately by third party.

Seller is liable to prosecution in a court of law or a court of arbitration, if damages are claimed from Danfysik due to a damage caused by Seller.

IT IS NOT POSSIBLE FOR SELLER TO RENOUNCE HIS RESPONSIBILITY IN CASE OF ABOVE BY RE-FERRING TO HIS SALES CONDITIONS; QUOTATION DOCUMENTS; ORDER AKNOWLEDGEMENTS, ETC.

11. PATENTS AND LICENSES

Seller warrants that he has all necessary permits and licenses necessary for fulfilling Seller's obligations towards Danfysik. Nevertheless, if claims from third party concerning patent and license rights are put forward – and if the breach is beyond Danfysik's control – Seller is to indemnify Danfysik all cost inflicted on Danfysik in case of trial.

12. TRANSFER OF CLAIMS

Supplies or outstanding debts related to purchase orders issued by Danfysik cannot be transferred, sold or pledged without written notice to Danfysik in each individual case.

13. DISPUTES

Disputes between the parties are settled in accordance with Danish Law at the Maritime & Commercial Court in Copenhagen, Denmark.