

General Terms and Conditions of AB VALVES GmbH Frankfurt am Main

1. General – Scope of Application

- 1.1. Our conditions of sale and delivery shall apply exclusively to all contracts, deliveries and other services including consulting services during future and current business relationships. They shall apply unless otherwise expressly agreed by both parties. Deviating terms of the purchaser will NOT be subject matter of the contract even in case of unreserved acceptance. If we do not reply to order terms and conditions which refer to diverging general terms and conditions of the purchaser such silence shall NOT be deemed to be our consent to such general terms and conditions.
- 1.2. All agreements reached by our company and the purchaser relating to the execution of this contract are stipulated in writing in this contract.
- 1.3. These General Terms and Conditions only apply in relation to contractors in the sense of § 310 para. 1 German Civil Code.

2. Offer – Offer Documents

- 2.1. Unless anything else has been agreed or stipulated in the offer, all quotations made by us shall be subject to confirmation. The contract of purchase will become - without any special agreement - effective with the written acceptance of the order or the unreserved acceptance of delivery if it is not rejected in writing immediately after the order confirmation. With the order, the customer accepts the specifications stipulated in the offer. Deviations are subject to a written agreement submitted with the order.
- 2.2. Diagrams, drawings, weights and measurements quoted in our catalogue, price lists and other documents are - unless otherwise agreed - not binding and approximate. Such data - in particular with regard to performance and applicability of the goods delivered as well as DIN standards - shall only constitute a guarantee of characteristics in the sense of § 443 German Civil Code if we have expressly declared this in writing. In case of doubt our technical data as stated in our offer shall apply.
- 2.3. Technical consultation is made according to our best knowledge solely on the basis of the information provided by the purchaser. Any resulting liability can only be derived after explicit written agreement.

- 2.4. We reserve ownership and copyrights to samples, calculations, drawings, price lists and other information of any type; they may NOT be made available to third parties without our express consent. The supplier shall make available confidential documents to third parties only with the consent of the buyer and shall return them upon request after completion of the order.
- 2.5. Goods which have been manufactured individually according to the specifications of our customers cannot be cancelled and are not changeable.

3. Prices – Payment Terms

- 3.1. The prices set out in the order confirmation shall be binding. Prices are net plus packaging and potential transport costs as well as the respective VAT applicable on the date of delivery. Unless otherwise agreed, packaging and transport costs will be invoiced with a 10% surcharge.
- 3.2. If no fixed prices are expressly agreed, the list prices applicable on the date of delivery shall be invoiced by AB Valves. Any changes in an agreed foreign currency or its exchange rate after conclusion of the contract shall be at the customer's expense.
- 3.3. If, after conclusion of the contract, we become aware of circumstances, especially delay in payment with regard to past orders, which are, in accordance with the due commercial judgment, indicative of a considerable deterioration of the financial circumstances, we shall be entitled to ask for payment in advance or appropriate securities and to withdraw from the contract in case of refusal. The pro-rata purchase prices for earlier part deliveries shall then become due immediately.
- 3.4. The creditworthiness of the customer is checked and evaluated by us or our insurance company. For such purpose, the customer shall give his express approval in the sense of the Federal Data Protection Act and other laws.
- 3.5. In case of price increases on the part of our sub-suppliers, unexpected increases in wage and transport costs - if NO FIXED PRICE has been agreed – we shall be entitled to reasonably increase the agreed price.
- 3.6. In case the period of acceptance which has been agreed with the purchaser has expired, we shall be entitled to invoice the goods on the agreed day of delivery if a fixed price was agreed.
- 3.7. Unless otherwise agreed, payment has to be made net WITHOUT DISCOUNT free delivered to our headquarters (Frankfurt). It has to be made net cash within 30 days after invoice date. On payments received within 14 days of the date of the invoice we grant 2% discount.
- 3.8. Payments in so-called cheque procedure shall always require specific agreement. Credits for bills and cheques shall be less expenditure with value date on the day on which we can dispose of the equivalent value.
- 3.9. In case of default of payment interest will be charged at the usual bank rate for overdraft credits. The enforcement of further damage due to delay is

reserved. In any case, we will charge due interest pursuant to §§ 352, 353 German Commercial Code.

- 3.10. Offsetting by the purchaser is only possible if its counter-claims have been legally established, are undisputed or have been recognized by us. The purchaser shall only be entitled to the statutory rights of retention if they are based on the same terms of contract.
- 3.11 Our prices are subject to a delivery period of 12 weeks. If the goods can be delivered immediately and if immediate delivery within 12 weeks is requested, practicable and agreed in writing, the agreed net price shall be increased by 9% as express fee.

4. Transport, Transport Costs, Passing of Risk

- 4.1. Delivery is NOT free of charge unless otherwise expressly agreed in writing. Delivery shall be completed with handover to the transportation company or, if agreed, when the goods are made available for collection.
- 4.2. The delivery date results from the contractual agreement. We will endeavour to always deliver in time and the entire contractual volume, however, we reserve a deviation of the delivery date by +/- 10% as well as part deliveries. The adherence requires that all commercial and technical issues between the contractual parties are clarified and the ordering party has fulfilled all its obligations. These are in particular the procurement of official authorizations and approvals unless it is agreed that we are responsible for such procurement. The defence of non-performance of contract shall be reserved.
- 4.3. If the customer is in default of acceptance or culpably violates other obligations to cooperate, we will be entitled to claim compensation for damages in this respect, including possible additional expenditures. Further claims and rights are reserved.
- 4.4. If the requirements under clause 4.3 are fulfilled, the risk of accidental loss or accidental depreciation shall pass to the customer at that time in which he falls into default of acceptance or debtor's delay. If delivery is delayed on request or on account of a fault of the purchaser, the goods shall be stored at purchaser's risk and expense. In such case the notification of readiness for dispatch shall be equated to dispatch.
- 4.5. We shall be liable pursuant to the statutory regulations, provided the sales contract is a fixed business in the sense of § 286 para. 2 no. 4 German Civil Code or § 376 German Commercial Code. We shall also be liable pursuant to the statutory provisions if, as a result of a delay in delivery attributable to us, the customer shall be entitled to claim that he has no interest in continuing with the further performance of the contract.
- 4.6. In addition, we shall be liable pursuant to the statutory regulations if the delay in delivery results from a deliberate or gross negligent contractual violation caused by us. A fault of our representatives or vicarious agents should be attributed to us. If the delay in delivery results from a gross negligent violation caused by us, our liability to pay compensation shall be limited to foreseeable damages which typically occur.

- 4.7. We shall also be liable pursuant to the statutory regulations if the delay in delivery caused by us results from a non-accidental breach of an essential contractual duty; in such case however the liability to pay compensation shall be limited to foreseeable damages which typically occur.
- 4.8. For the rest, in the case of delayed delivery we are liable for every completed week of delay in the framework of a compounded compensation for delay of 3% of the value of the goods, which however shall not exceed 15 % of the value of the goods.
- 4.9. Dispatch and transport are always at the risk of the purchaser even if delivery on a carriage paid, fob or cif basis had been agreed.
- 4.10. The goods will only be insured on REQUEST of the purchaser and in such case at its own expense.
- 4.11. Our prices do not include packaging (see clause 3.1).

5. Retention of Title

- 5.1. The goods supplied remain our property until the purchase price or any claims relating to this business relationship have been paid in full. This shall also apply if payments have already been made for specifically designated claims. The setting of single demands in a current bill calculation or the balance drawing and their recognition do NOT cancel the retention of title.
- 5.2. If supplier liability on a bill is created in association with payment of the purchase price, the reservation of title will NOT expire until the bill has been honoured by the drawee. In the event of arrears in payment of purchaser, we shall be entitled to take back the goods following a monition and the purchaser shall be obliged to return them.
- 5.3. In the event of a breach of contract by the customer, especially a delay in payment, we are entitled to take back the goods. With the taking back of the item by us goes a withdrawal from the contract. After taking back the goods we are entitled to resell them and the proceeds of such sale will be credited to the purchaser's liabilities, with deduction of reasonable sales costs.
- 5.4. The purchaser is obliged to take care of the goods; in particular to sufficiently insure them at their replacement value against fire, water and theft damage at its own cost. If maintenance and servicing work is necessary, the purchaser must perform this promptly at his own expense.
- 5.5. In case of levies of execution or other intervention of third parties, the customer must immediately notify us in writing, so that we may raise suite as per § 771 ZPO (German Civil Proceedings Code). In as far as the third party is not capable of refunding us with the cost of the action in and out of court according to § 771 ZPO, the customer shall be liable for our loss.
- 5.6. The customer is authorized to resell the purchased goods in the ordinary course of business; but already now, he assigns to us all receivables in the amount of the final amount of our invoice (including VAT), which he is entitled to from resale against his customers or third parties, and this independent of the fact whether the purchased goods were resold without or after processing. The customer remains authorized for collection of these receivables even after assignment. Our authority of collecting the receivables ourselves remains

untouched by this. But we oblige not to collect the receivables for as long as the customer fulfils his payment obligations from the revenues received, is not in default for payment and especially no application for insolvency proceedings has been filed or cessation of payments exists. But should this be the case, then we can request that the customer discloses to us the receivables assigned and their debtors, gives all information required for collection, surrenders associated documentation and notifies the debtors (third parties) about assignment.

- 5.7. Processing or transformation of the purchased goods by the customer is in each case performed for us. If the purchased goods are processed jointly with other items not being our property, then we acquire co-ownership in the new items in relation of the value of the purchased goods to the other objects processed at the time of processing. For the rest, the same applies to the item created by processing as applies to the purchased goods delivered under reservation of title.
- 5.8. If the purchased goods are inseparably mixed with other items not our property, then we acquire co-ownership in the new items in relation of the value of the purchased goods to the other mixed items at the time of mixing. If mixing is performed in such a manner that the item of the customer is to be regarded as the principal item, then it is deemed agreed that the customer transfers to us a prorata co-ownership. The customer keeps in safe custody the so created sole ownership or co-ownership for us.
- 5.9. For securing our claims against him the customer also assigns to us the receivables against him, which are created against a third party by the combination of the purchased goods with real property.
- 5.10. We oblige to release the collaterals due to us upon request of the customer to such an extent as the value of our collaterals exceeds the claims to be secured by more than 10 %; the selection of the collaterals to be released is incumbent upon us.

6. Complaints for Defects – Warranty Claims

- 6.1. We shall only be liable for possible defects of the sale item if the purchaser has duly complied with its obligation to examine and complain according to § 377 HGB (German Commercial Code). Therefore, the buyer is obliged to inspect the goods for short delivery, quality defects, characteristics promised, coating defects and damages in transit without delay. Complaints have to be submitted to us immediately by written notice.
- 6.2. If the buyer fails to report the defect the goods can be considered as approved and accepted latest after 8 days, unless the defect could not be identified during the check-up. If the defect is determined at a later time, it has to be indicated immediately as described above.
- 6.3. Insofar as a defect on the purchased goods is present, we are authorised to our choice of supplementary performance, either in the form of elimination of the defects or delivery of a new object free of defects. Where the defect is remedied, we shall be obliged to bear all the necessary costs for remedying the defect, in particular transport, labour and material costs, provided that such costs are not increased by the additional cost of taking the object of sale to another location other than the place of performance.

- 6.4. If supplementary performance does fail, the customer is entitled to either cancel the contract or demand a reduction of price.
- 6.5. The purchaser is obligated to allow us reasonable time for repair or replacement and, in particular, to give us the opportunity to verify the notified shortcoming on site or to make available the item or a sample of it. Otherwise our warranty obligations shall not apply.
- 6.6. Our warranty does not include damage to the material which are the result of natural wear and tear or excessive use. Furthermore, it does not include damages which are the result of incorrect assembly or operation by third parties we are not responsible for. In particular we are not responsible for damage caused by incorrect or negligent operation, excessive use, bad work or faulty assembly. Disregarding of the actually intended purpose as well as damages resulting from influences such as temperature, weather conditions, of chemical, electro-technical or electrical kind or from other natural influences shall also result in the exclusion of warranty.
- 6.7. With the installation and other processing of the goods and in the event of inappropriate changes or repairs by the purchaser or a third party, the warranty is cancelled.
- 6.8. Customer claims pertaining to defects in goods delivered by us or relating to unauthorized performance including claims for compensation and claims to replacement of futile expenditure shall be limited to a period of twelve (12) months after transfer of risk.

7. General Limitation of Liability and Statutes of Limitation

- 7.1. Liability regarding damages beyond what is provided for in clause 6 will not be recognized, without consideration of the asserted claim's legal nature. This applies in particular to damage claims for culpa in contrahendo, or due to other breaches of duty, or due to claims for offenses under § 823 of BGB (German Civil Code).
- 7.2. The limitation according to para. (1) also applies insofar as the customer demands reimbursement of useless expenditure instead of a claim to compensation for damages in place of the performance.
- 7.3. Insofar as that liability for damages is excluded or limited for us, this also applies with regard to the personal liability for damages of our employees, salaried workers, associates, representatives and auxiliary persons.
- 7.4. All claims against us become time barred after the expiry of one year after transfer of risk to the purchaser, unless the statutory limitation period is shorter.

8. Return and Replacement

Returns against credit are subject to our prior written approval. In principle, NO credit is granted for returns with values of less than € 255 (list price). Furthermore, NO credit is granted for fittings which are no longer part of our delivery program. The same shall apply with regard to accessories and fitting parts. Carriage free return shipments of long life fittings which are as good as new, a credit shall be granted in the amount of 60% of the invoice value. Such reduction takes account of the necessary pressure and function test as well as

the renewal of the surface protection.

9. Place of Performance, Place of Jurisdiction, Applicable Law

- 9.1. If the order confirmation does not specify otherwise, our business headquarters is the place of performance. For all rights and obligations resulting thereof as well as payments, cheques and bills of exchange liabilities, the legal venue for BOTH business parties shall be FRANKFURT am Main, provided the purchaser is a merchant. However, we shall be entitled to institute legal proceedings at the location of the purchaser's headquarters or residence.
- 9.2. Contractual relationships are dictated exclusively according to the applicable laws in Germany excluding UN-law. INCOTERMS shall apply in the version relevant at the time of question if they do not contradict these provisions or written agreements. In case of a crossborder transaction, the Vienna UN Convention on contracts for the international sale of goods shall apply even if the country of destination has not, or only partially, acceded to the convention.
- 9.3. We store the data of our customers in the scope of our mutual business relationships pursuant to the Federal Data Protection Act. The purchaser expressly agrees with such data storage and processing.

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