

General terms of business of the Herborner Pumpenfabrik J. H. Hoffmann GmbH & Co. KG

I. General – scope of applicability

The sales and supply conditions below are the sole conditions applicable for our supplies and services. Customers' conditions which differ from these, which we have not expressly recognized in writing, are not binding, even if we have not expressly opposed them. Other agreements, modifications and collateral agreements must be confirmed in writing.

The incorporation and interpretation of these sales and supply conditions are governed, as are the conclusion and interpretation of legal transactions with the customer, exclusively by the laws of the German Federal Republic. The UN commercial law (CISG) cannot be applied.

The place of fulfilment for all obligations arising directly or indirectly, including the customer's obligation of payment is our registered office.

Legal domicile for all disputes arising from this contractual relationship is the court district responsible for our registered office. We are also entitled to take the customer to court in the court district responsible for his registered office.

II. What is on offer, extent of goods or services supplied or to be supplied, termination of contract

What we have on offer is always subject to being sold. Our written confirmation of order exclusively defines the extent of the goods or services which we are contractually obliged to supply.

We reserve the right to make modifications in the construction, the choice of materials, the specification and the design even after despatch of a confirmation of order, provided that these modifications do not contradict either the confirmation of order or the customer's specification.

We are authorized to make partial deliveries, and these can be separately treated in the accountancy.

If after conclusion of the contract a substantial deterioration of the customer's financial circumstances should occur through which our claim to payment is endangered, we can refuse the goods or services to which we are

obligated, until the compensation has been paid or security for it has been established.

III. Prices and payment conditions

In the absence of a special agreement our prices are ex-works including loading in the works but excluding packing and other despatch and transport expenses. Packing is calculated as part of the cost price and is not returnable. VAT at the current legal rate is added to the prices.

The price named in the written confirmation of order applies, and/or if needed the agreed list prices in force at the time of the confirmation of order. In the event of substantial, unpredictable changes in cost prices which are beyond our influence, we reserve the right to raise our prices accordingly. This does not apply for the supply of goods or services which are to be delivered or supplied within 4 months after the signature of the contract, unless the goods or services are delivered or supplied in the context of long-term indebtedness. If the customer asks for modifications after confirmation of order, any extra costs arising are billed by us.

Our invoices are due for payment immediately, and after receipt by the customer payable net within 30 days or within 10 days with a cash discount of 2%. The criterion for punctual payment by the customer is the entry of the funds into our company account.

In the event of late payment by the customer late payment interest is payable at the legal rate. This does not preclude the assertion of damages for delay over and above the said interest.

Bills of exchange and cheques are accepted only for convenience of payment and are not valid until unconditional acceptance as payment has been made. Bank, discount and other expenses are borne by the customer.

IV. Delivery times, acceptance and despatch

The delivery period begins with the despatch of the confirmation of order, but not before the production of the documents, authorizations, releases which are to be supplied by the customer nor before the receipt of any agreed

down payment. The delivery period is met if the item to be supplied has left our works before its expiry or readiness for despatch has been communicated to the customer. The delivery period is appropriately lengthened by measures in the context of industrial disputes, in particular strikes and lockouts and by the occurrence of unforeseeable hindrances which are independent of our will and beyond our influence, provided that such hindrances can be shown to have had an important influence on the production or delivery of the item to be supplied. The above circumstances are also not to be appealed to by us if they occur during an already existing delay.

If harm occurs to the customer because of a delay imputable to us he is entitled to demand a delay indemnity, to the exclusion of further claims. This amounts for each complete week of delay to 0,5 %, up to a maximum total of 5% of the value of that part of the total goods or services to be supplied which because of the delay cannot be used at the correct time or in accordance with the contract. Further damage claims by the customer for late delivery or service are not acceptable. This does not apply if we are liable because of intention or gross negligence. The customer's right of withdrawal after the fruitless expiry of an extension period granted to us remains unaffected.

If no fixed date for acceptance has been agreed, the customer is required to accept the item to be supplied within 8 days of being informed of its readiness. If the customer does not comply with this obligation of acceptance, we are entitled, without affecting any further legal possibilities, to demand immediate payment, to store the item to be supplied at the customer's expense and risk or to dispose of the item to be supplied in some other way and to deliver to the customer at the next possible time. In this event the risk of accidental destruction or accidental deterioration of the item to be supplied passes to the customer on communication of readiness to deliver.

The despatch takes place ex-works at the customer's expense and risk. We take out transport, breakage, theft and other assurances only on the express demand of the customer and at his expense. If the despatch is delayed at the customer's request, then beginning one month after notification of readiness for despatch, the storage costs of storage on our premises will be charged to him, with a minimum of 0,5 % of the total invoice amount for each month. In addition we are entitled, after the setting and fruitless expiry of a suitable period, to dispose of the item to be supplied in some other way and to

deliver to the customer with a suitably lengthened period.

V. Transfer of risk

The risk is transferred to the customer on acceptance, on the day of unjustified refusal to accept, or on lack of action by the customer after expiry of an extension granted by us or any separately agreed acceptance date. If the despatch of the item to be supplied to the customer or to third persons has been agreed, the risk is transferred on handing over the item to be supplied to the transporter (haulage, railway etc.). In all cases the risk is transferred when the item to be supplied is put into service. If we take back items for reasons for which we are not responsible, the customer bears the risk until the arrival of the item in our premises.

VI. Reservation of property

We retain the property in the items to be supplied until all requirements of the business relationship with the customer have been fulfilled.

The customer may not pledge or give as security goods supplied under reservation of property. In the case of distraint or seizure or other disposition by third parties the customer must inform us thereof immediately.

If the item has been machined or processed by the customer, the reservation of property extends to the whole of the new item. In the event of processing, connection or mixing of the reserved goods with goods from other sources, we obtain co-proprietorship in the new item in relation to the ratio of the book value of the reserved goods to the book value of the other goods used .

The customer is entitled to dispose of the reserved goods in the framework of a regular business activity. If the customer in his turn disposes of the item to be supplied without receiving the full purchase price in advance or without delay in return for handling over the goods, then he must agree a reservation of property corresponding to these conditions with his client. The customer hereby makes over to us his claims arising from this disposal and the rights arising from the reservation of property agreed by him. He is obliged if we demand it to make this making over known to the acquirers and to provide us with the information necessary to assert the rights

against the acquirers and to hand over documents

The customer is entitled to make claims resulting from the disposal of the reserved goods up to the retraction by us which is authorized at any time. This entitlement to claim becomes extinct in the event of a petition for insolvency. The customer is not entitled to dispose of the claim.

If the value of the securities existing for our benefit exceeds our claims on the customer by more than 20%, we shall, on demand of the customer or of a third party affected by the excess security, release a corresponding part of the securing rights.

VII. Warranty

We offer no warranty for material defects which derive from use not in conformity with the contract, normal and technically unavoidable wear, incorrect or negligent treatment by the customer, the influence of weather nor chemical, electrochemical or electrical influences, (e.g. current fluctuation), as long as these circumstances cannot be attributed to a fault on our part. If our installation, operating or maintenance instructions are not followed, modifications to the item supplied are undertaken, parts are changed or consumable materials are used which do not correspond to the original specification, then all warranties are inapplicable if the defect can be attributed to this.

In the event of justified complaints about a defect, in the first instance the customer can simply demand correction of the defect. This takes place as we choose either by repair of the defect or by supply of an item without defects. The customer may withdraw from the contract or reduce the price only if we refuse correction, if the correction is a failure, turns out to be impossible, or is unacceptable to the customer.

All claims under warranty expire in 12 months from the delivery of the item, or – if no delivery has been made – from the transfer of risk. This does not apply to such items to be supplied which in accordance with their usual method of use have been used for a building and have caused its defectiveness. In this case the statutory period of limitation applies for defect claims. The same applies to fraudulent withholding of knowledge of a defect.

VIII. Exclusion of liability and limitation of liability

Claims for damages of all sorts by the customer are unacceptable unless they are based on intentional or grossly negligent actions by us or intentional or grossly negligent actions by one of our legal agents or employees for the time being.

This limitation of liability does not apply to harm involving death, bodily injury or harm to health for which we, our legal agents or employees for the time being are responsible. Nor does it apply for claims under the product liability law or for culpable infringement of cardinal duties fundamental to the contract; in the latter case our liability in the case of slight and medium negligence is limited to the rationally foreseeable damages resulting from the nature of the contract.

IX. Copyright

We retain the property and copyright and in drawings, sketches, cost estimates and other offers and documents accompanying confirmations of orders. The customer may use them only for the agreed purpose and may not duplicate them or make them available to third parties without our agreement. On demand, these documents and any duplicates thereof are to be returned to us.