

General Terms and Conditions of Business

CUT Membrane Technology GmbH

1. General Provisions

Solely the Terms and Conditions set forth below shall apply to all our quotations, sales and supplies. By placing an order the purchaser declares that it is in full agreement with these Terms and Conditions. Terms deviating herefrom shall only apply if they have been specifically agreed and confirmed by us in writing. Changes to individual Terms shall have no effect on the remainder of the Terms. Counter-confirmations by the purchaser in which the purchaser refers to the application of its terms and conditions of business and purchase are hereby rejected. Rights and obligations under the purchase contract may not be transferred to third parties unless we have given our explicit consent. Pending an agreement to the contrary these Terms and Conditions shall apply to all current and future business transactions, even if an individual order is placed within the context of an existing business relationship without specific reference being made hereto. These Terms and Conditions shall also become effective by virtue of taking receipt of our supplies; the version current at any one time can be viewed at www.cutmembrane.com or downloaded as a data file.

2. Offers

Offers are always subject to change even if this is not specifically agreed.

3. Orders

Orders shall only be deemed accepted when they have been confirmed by us in writing. If delivery is effected immediately without any confirmation, then the invoice shall simultaneously be considered to be the confirmation.

4. Prices

Our prices are subject to change and apply from the place of dispatch excluding packaging, postage, freight, other transport costs, insurance, customs and assembly. If, in the period of time between the date of the contract and the date of delivery, there is any increase in wages, the price of raw materials, freight, taxes, customs, levies or other dues on which the price calculation is based, or if any such new burdens should become effective, we are entitled, insofar as legally admissible, to increase the price to a reasonable degree. The quantities ascertained by us are authoritative for this calculation.

5. Delivery

We reserve the right to agree the delivery time for each individual order. The delivery time shall be deemed adhered to if readiness for dispatch is notified on time if dispatch is impossible through no fault of our own. Partial deliveries may not be rejected by the purchaser. We can only undertake an obligation to adhere to agreed delivery times subject to the condition that the manufacturing process is uninterrupted. The consequences of force majeure, disruption in operations, strike, lock-out, governmental action, shortages of raw materials and auxiliary products at the time of manufacture or of other unforeseen circumstances occurring at our company or at our suppliers entitle us to cancel the delivery obligations in whole or in part. Non-compliance with confirmed delivery dates does not entitle the other party to assert claims for damages or to cancel the order. We have the right, but not the obligation, to deliver the quantities of goods not supplied at a later date. Claims for damages on account of non-performance or delayed performance are excluded. Risk passes to the purchaser when the goods leave the factory or when readiness for dispatch is notified. In the absence of any special instructions, the choice of the transport route and means of transportation shall be made at our discretion without any liability whatsoever for the cheapest or fastest transportation. Transport is always at the risk of the purchaser, even if carriage paid is agreed and in the event of reservation of title. The packaging shall be at our discretion unless otherwise agreed. Packaging is subject to charge at the valid prices and if it is returned carriage paid in good condition within four weeks, two thirds of the price charged shall be credited.

6. Complaints

Complaints on account of defects relating to weight, quantities, quality or finishing of the goods can, insofar as they are not excluded by our Terms and Conditions of Sale, only be taken into consideration if we are advised thereof immediately after they have been established, at the latest within one week of receipt of the goods at the place of delivery, by means of written notification. Defects which cannot be discovered at an immediate examination within this period of time must be notified immediately after discovery.

7. MEDIUM

The purchaser ensures that only such media may be filtered to which both parties previously agreed on. Any change in and around the medium to be filtered is to be agreed on by CUT Membrane Technology GmbH. The customer ensures that no membrane-damaging substances are included in the medium. Any modification of the medium to be filtered is to be immediately notified to CUT Membrane Technology GmbH within 24 hours. CUT Membrane Technology GmbH reserves the right to request a sample of the medium at any time.

The warranty shall cease with immediate effect in the case of any change to the medium to be filtered.

8. Warranty

We warrant that our products are free of production defects and defects in material at the time of the passing of risk. The limitation period for claims by the purchaser in the event of defects is 12 months. This period starts to run upon delivery. We do not provide any warranty for damage due to the following causes: unsuitable or improper use or storage, deficient assembly or operation not in conformity with the technical performance data/parameters in the data sheets, natural wear and tear, in particular in parts which, due to the nature of their material, are subject to premature wear depending on their type of use, defective or negligent treatment, excessive use and influences contradicting the designated purpose or other atypical influences. In the event of warranty we are obliged to repair a defective device or defective parts free of charge or to replace it/them with a device/parts that

is/are fit for the purpose. The defective parts must be returned to us. If the repair or replacement delivery definitely does not lead to rectification of the defect, then the purchaser may demand a reduction in the purchase price or rescission of the contract with respect to the defective devices. Defects may only be rectified by the purchaser if we have given our consent. All and any liability is excluded for any repair work conducted by the purchaser or by a third party without our consent. Only the immediate purchaser is entitled to the warranty claims against the vendor and these are not assignable. The foregoing paragraphs conclusively regulate the warranty for products and exclude any other warranty claims.

With respect to damage not incurred by the object delivered itself we are only liable - for whatsoever legal ground - in case of

- a) intent,
- b) gross negligence by the owner / directors or executive employees,
- c) culpable injury to life or limb or health,
- d) defects which have been fraudulently concealed,
- e) in connection with an explicit guaranty promise,
- f) defects in the object delivered insofar as liability is provided for under the Product Liability Act for personal injury or property damage caused to privately used items.

In the event of a culpable breach of material contractual obligations we are also liable in the event of gross negligence by non-executive personnel and in case of average negligence; in the latter case this is limited to damage typical to the type of contract and reasonably foreseeable. Further claims are excluded.

9. Application-related technical advice, Reservation of right to make amendments

The application, use and processing of the purchased goods lies solely in the area of responsibility of the Purchaser. Verbal and written application-related technical advice by the vendor is only deemed to constitute a non-binding indication, also with respect to any protective rights of third parties, and does not release the purchaser from undertaking its own examination of the products with respect to the suitability thereof for the intended processes and purposes. If the liability of vendor should nonetheless be conceivable, then this is limited to the value of the goods supplied by the vendor. We reserve the right to make design changes.

10. Reservation of title

Ownership shall not pass to the purchaser until the purchaser has settled its entire obligations arising out of the existing business relationship. Bills of exchange and cheques are only accepted on account of payment, title to the respective goods purchased does not therefore pass to the purchaser until the debt has been definitively settled. Payment by cheque which simultaneously creates a financing relationship by a bill of exchange does not constitute settlement of the purchase price. If the goods delivered or parts thereof are installed into another object, the reservation of title is not extinguished as a result, rather co-ownership in the new object is deemed agreed in proportion to the respective values. The purchaser has the right to further process or sell the goods delivered subject to reservation of title in its normal course of business. However, the purchaser may neither pledge the goods nor assign them as security. In the event of the goods being on-sold or further processed, the purchaser assigns to us as security now already all of the claims receivable from such on-sale, together with all ancillary rights against the third party debtor, up to the invoice amount, with the authorisation to collect the proportionate amount of the receivable. Insofar as the purchaser collects the assigned amount receivable itself, this is only on a trust basis. The proceeds collected for us are to be distributed to us immediately. If we so request, the purchaser is obliged to notify the secondary purchaser of the assignment and to provide all the information necessary for us to assert our rights against the secondary purchaser. The purchaser must notify us without undue delay of a pledge or any impairment of our rights by third parties. In the event that the secondary purchaser does not pay by cash immediately, the purchaser must reserve extended reservation of title for us.

11. Payment

Payment shall be made net to the place of payment 14 days after the invoice date without any deductions and free of transaction charges. The purchase price shall, however, fall due for immediate payment if the purchaser is in default of other payments due to us or if we become aware of the uncertain nature of the purchaser's financial situation by virtue of an application filed for insolvency, an application for an out-of-court settlement, protest of a bill of exchange or cheque, judicial enforcement proceedings against or loss of a guarantor or of other events pursuant to section 321 German Civil Code (BGB). In this case we have the right to perform our deliveries still outstanding against advance payment only or to withdraw from the contract. If payment is made within 8 days of the invoice date, a 2% discount shall be credited. Deduction of a discount shall only be accepted insofar as all of the obligations to be settled prior to the claims subject to the deduction of a discount have been met.

If several amounts receivable are outstanding, incoming payments shall be credited against the oldest debt in principle, regardless of the details provided by the purchaser. Payment by bill of exchange is subject to separate agreement. Bills of exchange and cheques are only accepted subject to the honouring thereof and do not count as cash payment until the date on which they are honoured. Discount charges are to be paid in cash in accordance with instruction. If the 30 day term allowed for payment is not complied with, the purchaser shall be in default with no further reminder and default interest must be paid at the customary bank rate for overdraft interest. The purchaser does not have the right to withhold payment because of any possible counterclaims or to offset payment against them.

12. Drawings

A recipient of drawings, documents and drafts may not disclose them to third parties. Any infringements give rise to full compensation for damages. Drawings or documents sent together with quotations shall be returned by the recipient if no order is placed.

13. Limitation of liability

The liability of the vendor is governed solely by the provisions agreed in the foregoing sections. All claims by the purchaser not named therein and claims for damages for whatsoever legal ground including, in particular, non-contractual liability and liability for consequential damages, are excluded insofar as this is legally permissible, moreover the amount thereof is limited to the value of the goods delivered. If sample devices are delivered for test purposes, CUT provides no warranty and has no liability in respect of the test use.

14. **Applicable law, jurisdiction and venue, partial invalidity**

These Terms and Conditions and the entire legal relationships between the vendor and purchaser shall be governed by the laws of the Federal Republic of Germany excluding the UN Convention on Contracts for the International Sale of Goods. Insofar as is legally permissible, the courts with jurisdiction for Künzelsau, Germany shall have exclusive jurisdiction and venue over all disputes arising either directly or indirectly from the contractual relationship. Place of performance for supply and payment is Erkrath, Germany. If one of the provisions contained in these Terms and Conditions or a provision in the context of other agreements should be or become ineffective, the effectiveness of all other provisions or agreements shall not be affected thereby.