

GENERAL TERMS AND CONDITIONS OF IQ PRODUCTS bv

1. Preamble

1.1

The present terms of delivery and payment shall apply to all offers, deliveries, rentals, services, including those of research, development and advice, and generally all agreements of or by IQ Products, hereinafter referred to as IQP.

1.2

Deviations from or additions to these terms shall only be capable of being invoked insofar as they are explicitly confirmed in and by a separate written statement of IQP.

1.3

IQP, in the interest of its opposite party, varies from these terms, the opposite party shall not derive therefrom any effects for their application either in general or in another specific case.

2. Offers and Prices

2.1

All offers, submitted in any form whatsoever, shall be subject to alteration. IQP shall not be bound until after having definitely accepted and confirmed an order or sale in writing. Any and all earlier arrangements or promises not accepted by it in writing shall be deemed to have been canceled.

2.2

Prices stated shall be based on delivery ex works (EXW), and shall be exclusive of Value Added Tax, unless provisions to the contrary have been explicitly made.

The selling price shall be based on the prices, rates of exchange, wages, taxes, fees, duties, charges, freights etc. prevailing at the time of confirmation.

In case of increase in one or more of these, IQP shall be entitled to make corresponding changes in prices already agreed upon, even if such increase takes place as a result of conditions that could be anticipated at the time of the offer, the acceptance or the confirmation, but always in accordance with the pertinent legal provisions and regulations.

In case IQP decides to exercise its right to increase prices within three months after settling an agreement, the principal shall be entitled to cancel the mentioned agreement.

2.3

Concerning the execution of orders IQP shall reserve the right of charging shipment & handling expenses to the principal. In case the principal issues special instructions with respect to an order (such as, for example, express shipment or forwarding by special carrier), IQP shall be entitled to charge the resultant additional cost of the principal. Irrespective of the size or quantity of any particular order, IQP shall be entitled at all times to forward shipment against cash on delivery or cash against documents.

2.4

Specifications provided by IQP in illustrations, drawings, catalogues or otherwise concerning quantity, packing, size, weight, color, content, composition etc. shall be deemed to have been furnished merely as approximations.

2.5

IQP shall be entitled to deliver, perform and/or complete an order in parts, and to claim the pertinent part payments separately in accordance with the provisions of article 9 and following.

3. Delivery

All of the delivery and/or fulfillment terms stated shall be approximate. Any transgression thereof shall never entitle the principal to demand dissolution or annulment of the agreement, or to claim damages.

Starting 8 days following the expiration of the term of delivery of fulfillment, the principal shall be entitled to require IQP still to make delivery of the products within a term equal to the term originally agreed upon. Should IQP still have failed to deliver or perform upon expiration of the said term, the principal shall be entitled to cancel the agreement, after having observed a waiting period of 60 days. In such case, too, IQP shall not be liable to make compensations.

4. Force Majeure

4.1

The principal shall not oblige IQP to fulfil its commitments arising from the agreement if the non-performance or late performance by IQP in any way, directly or indirectly, arises or results from force majeure.

4.2

Force majeure shall include, but not be restricted to, the following events and/or situations: decisions and measures of any government or government agency, failure on the part of any public authorities to issue required permits or to perform other formalities, labor conflicts, labor shortages, deficiency of raw materials or parts, deficiency of or delays in transportation, theft, loss or destruction of property and/or damage or impairment of industrial equipment or data, non-performance or inadequate or late performance by suppliers and other contracting parties of IQP, and the deficiency or want, in whole or part, of such basic requirements as gas, water, electric power and communication lines.

Force majeure shall furthermore include any circumstances interfering with the fulfillment by IQP of its obligations to make delivery and shall also be deemed to comprise failure of products or raw materials to be supplied by third parties to meet the quality specifications stipulated by IQP. All of these cases and occurrences shall absolve IQP from any and all

liability, and shall warrant IQP in canceling the agreement in whole or in part without being liable to make good any damage or loss of whatever nature and origin.

In case after signing of an agreement, the said agreement cannot be executed because of force majeure or unknown circumstances, IQP has the right to claim to change the agreement to such extent that execution will be possible, unless execution will not be possible at all because of force majeure. The costs resulting from the changing of the contract will be beard by both parties. Costs already made by IQP for labor or delivered products prior to changing the contract will be paid by the principal. Setting of mentioned payments will be carried out and within 4 weeks after deciding of the necessity to stop the execution of the said agreement.

5. Guarantee

5.1

All products supplied by IQP shall be delivered on and under such terms of guarantee as may be handled by the producer. IQP shall not, however, independently assume the obligations of guarantee on goods produced by third parties, but shall only be liable to assist the principal in invoking the principal's rights and remedies against he producer.

5.2

Only those products for which an original test certificate has been issued shall be covered by guarantee with respect to nature, composition, purity, etc.

6 Claims

6.1

The principal (or, acting on its behalf, the purchaser) shall cause the products supplied to be carefully inspected immediately upon receipt. Any detectable variation (substantiated by the results of inspection, which shall be recorded in such a way as to be verifiable by IQP) from that which has been agreed upon shall be reported within 24 hours subsequently to delivery, on penalty of extinction of the right to allege afterwards that the delivery or supply should not have been in accordance with the agreement.

Claims arising from deficiencies that cannot be detected within 24 hours shall only be entertained insofar as the principal has given IQP written notice thereof within 14 days following the receipt of the delivery or supply involved.

6.2

If IQP finds the principal's objections to be well grounded, it shall have the right, in its option and discretion, again to supply products of the same kind, or to make the necessary corrections and improvements, or to grant a reasonable price reduction. The principal in such case shall not be entitled to demand the dissolution or annulment of the agreement or to claim damages.

6.3

Return shipment to IQP of products sold, for whatever reason, shall only take place after written authorization and shipping and/or other instructions have been issued by IQP. Transportation, handling and all costs attached thereto shall be for the account of the principal. The goods shall remain at all times for the account and risk of the principal.

6.4

Non-observance by the principal of directions or instructions for use concerning products supplied by IQP shall absolve IQP from any and all liability.

7. Liability

7.1

Beyond the performance of IQP governed by the provisions concerning guarantee according to article 5 and claims according to article 6, IQP shall not be liable for any direct or indirect damage or loss caused by or arising from any act of omission or commission of IQP, its personnel or other persons employed in the implementation of the agreement.

7.2

Neither shall IQP be liable for any direct or indirect damage or loss arising from or in connection with defects in or of the goods supplied, or from the eventuality of the goods supplied not meeting the expectations entertained of them or the guarantees given for them.

7.3

IQP shall not be liable for claims of third parties for infringement of their rights under patents, licenses, trademarks, models and other prerogatives of whatever nature and descriptions performed by IQP in case IQP should have violated such rights by using data made available to IQP by or on behalf of the principal for the purpose of implementing the order.

7.4

The principal shall hold IQP harmless from claims of third parties for damages or losses for which IQP is not liable to the principal under the provisions of the present terms and conditions.

8. Transfer of Risk

8.1

The risk of the goods shall pass to the principal at the moment in which they leave one of the facilities of IQP or such other premises as may have been selected for holding them in readiness to be shipped to the principal. The principal shall at that time become responsible for all direct and/or indirect damage to or loss of these products.

8.2

In case goods which, under the above provisions, are for the risk of the principal are transported by or in the name of IQP, any possible liability of IQP as carrier or through a wrongful act committed in connection with or during transportation shall be excluded, which exclusion of liability shall also in case of any act of omission or commissions as defined in section 815 of the Netherlands code of Commerce.

9. Payment

9.1

The place of payment shall be the offices of IQP at Groningen or such Bank of Giro account as it may specify.

The principal shall not be allowed to plead a set-off against any claim of IQP.

Insofar as no separate conditions have been specifically agreed upon, all payments shall always be made without any discount within 30 days after the invoice date.

The principal shall be in default by the mere expiration of the term of payment, even without having been served notice of default.

9.2

Complaints about invoices shall be submitted in writing to IQP within 10 days after the invoice date, whereupon, insofar as no such complaints has been lodged, the principal shall be deemed to have accepted the invoice as correct.

9.3

IQP can indicate on the invoice that the purchaser is allowed certain credit restriction, provided the purchaser pays the invoice within a certain number of days likewise indicated on the invoice.

9.4

All claims of IQP shall become due and payable with immediate effect in case of winding-up proceedings being instituted against the principal, or in case the principal files a petition for an official moratorium, liquidates, or deceases, and furthermore in all those conditions where the collection of the claim of IQP could be jeopardized. In the aforementioned cases, IQP shall furthermore have the right to suspend all deliveries, supplies and/or operations, and/or to take back or remove, without judicial intervention, the products or assets delivered, supplies, sold, rented and/or leased, until and unless security has been provided in accordance with the provisions laid down in article 11.

10. Transgression of Terms of Payments; Disputes

10.1

In case of the principal exceeding the time of payment referred to in article 9 with respect to amounts payable by it to IQP, the principal shall owe IQP a compensation of 1½ percent per month on the amount outstanding or the legal interest if these exceed 1.5 % per month, in which a part of a month will count for a full month.

The principal shall furthermore pay IQP any and all judicial as well as extrajudicial costs of collection, including the accounts rendered by lawyers, bailiffs and/or sheriff's officers employed by IQP, and furthermore all other charges of collection in the widest sense of the word.

The aforementioned extrajudicial costs of collection shall amount to at least 15 percent of the amount owing by the principal to IQP, with a minimum of NLG 250, exclusive of Value Added Tax.

10.2

The above shall likewise apply to all costs of judicial and extrajudicial measures and legal and/or expert assistance to be incurred by IQP in enforcing its rights with respect to the principal.

11. Security

11.1

In any event IQP shall have the right prior to proceeding to delivery of performance, or the continuation thereof, for as long as payment has not yet been made, to require the principal to provide security for meeting its obligations in a manner satisfactory to IQP.

11.2

Should the principal fail to meet this condition, IQP shall be entitled, in its option and discretion, to cancel the agreement in whole or in part, the principal then being liable to make good all damage or loss suffered by IQP as a result, the principal furthermore forfeiting to IQP at instant notice a penalty of 20 percent of the invoice amount relating to such cancellation. This right of cancellation with damages as stated hereinabove shall also be capable of being claimed by IQP in all other instances of default on the part of the principal.

12. Reservation of Ownership Rights

12.1

All products sold shall remain the property of IQP until the principal shall have fully satisfied all of its obligations of whatever nature towards IQP, as well for ready to use products as well for products which have already been processed.

12.2

The principal shall not be authorized to transfer ownership in the products to third parties, as security or otherwise, before and until such ownership has been passed or transferred from IQP to the principal.

12.3

The principal shall be obliged to grant IQP or its authorized representative access to the premises or places where the products are kept or stored so as to enable IQP or its authorized representative to identify, mark and/or separate them as its property, so that and whereupon IQP can repossess or cause to be repossessed the products, with or without a judicial order to surrender them.

12.4

The principal shall insure the products for its own account, for as long as they have not become its property, against at least the risks of fire and theft on standard conditions.

In case of damage of insured products, IQP shall obtain the rights of the insurant.

13. Excess Performance

In case IQP in the course of implementing an order has performed activities, work or operations in excess of what had been originally ordered or specified by the principal, IQP shall be entitled to compensation therefor.

14. Industrial and Intellectual Property

14.1

If no arrangement has been made concerning the acquisition of industrial and intellectual property rights to results proceeding or arising from the execution of an order, IQP shall reserve to itself the patent rights as well as any other industrial and intellectual property rights.

14.2

All drawings, calculations, sketches, engineering data and other specific records and documents shall furthermore remain the inalienable property of IQP.

14.3

The records and documents cited in article 14.2 shall be returned by the principal to IQP in answer to the first pertinent request of IQP.

14.4

Nothing of what the principal has obtained from IQP and/or learned from the records and documents cited in article 14.2 shall be multiplied, copied, published and/or disclosed by any process of printing, photocopying, micro-filming or any other process or method whatsoever without the prior written consent of IQP.

14.5

Any offence against the provisions laid down in article 14.4 shall result in the principal forfeiting to IQP, without any judicial intervention, an immediately payable penalty of NLG 50,000 per event or, in the option of IQP, per week of the offence being continued, without prejudice to the right of IQP of additionally claiming complete compensation for damages.

15. Representation

In case the principal acts on behalf of one or more third parties, it shall be answerable to IQP as though it were the sole principal, without prejudice to or impairment of the answerability or liability of such third parties.

16. Contrariness Between Terms

The provisions laid down in article 1 being maintained, any contrariness between any provisions concerning (purchasing) conditions handled by the principal and those laid down in the present terms and conditions shall be removed in reason and in fairness, if need be by judicial intervention, and settled within the scope of the agreement concluded on the present terms and conditions.

17. Competence

Any disputes arising from the present agreement or from subsequent agreements in implementation thereof shall be tried exclusively - insofar as they do not constitute Judge - for the area of domicile of IQP, unless IQP decides for another competent Judge.

18. Conversion

The annulment or annullability of any provision of the present terms, or of agreements governed by these terms, shall leave the validity of the other provisions intact.

19. Applicable Law

All agreements concluded on the present terms and conditions shall be governed by the Law of the Netherlands, exclusive, however, of the Uniform Law concerning the International Purchase of Corporeal Movables and of the Uniform Law concerning the Conclusion of International Purchase Agreements relating to Corporeal Movables.

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