GENERAL CONDITIONS AND DELIVERY TERMS FOR SUPPLY OF PROPULSION SYSTEMS

REVISION 8-15

1. GENERAL

1.1 Servogear A/S’s general Conditions and Terms of Delivery for the sale of propulsion system is specified herein. Where not otherwise specified in these terms and conditions, General Conditions under ORGALIME S 2000 are to apply, but subsidiary to the clauses in Servogear A/S’s General Conditions and Delivery Terms.

2. DELIVERY TIME

2.1 Should there be a delay in delivery the agreed penalty is not to exceed 5% of the purchase price relevant to and covering the part of the delivery that is delayed.

3. PAYMENT

3.1 Unless otherwise agreed upon, cash payment is to be made as follows:

- 20 % at order
- 30 % five months prior to delivery of main equipment
- 30% three months prior to delivery of main equipment
- 20 % prior to shipment from Servogear

Payments are due in accordance with contracted delivery time even if the buyer wish delivery to be postponed. Postponing of deliverance will release a storage fee.

All amounts should be paid according to the signed order confirmation, regardless of any claims. Claims not paid within specified dates will result in the delivery state. Servogear are not responsible for delays in project, which has assumed in the above mentioned

3.2 Any value added tax applicable is due for payment at delivery. If partial deliveries are agreed the above tax is due for payment at delivery of main equipment.

3.3 Servogear A/S reserve the right to demand satisfactory guarantees for amounts still outstanding at delivery.

3.4 Delivery / transport insurance to be arranged by Servogear A/S for buyer’s account, unless otherwise agreed.

4. LIABILITY FOR DEFICIENCIES

4.1 Servogear A/S assume liability for deficiencies for a period of 12 months from date of technical trials, limited to maximum 18 months from date of delivery ex. works.

4.2 Servogear A/S do not accept liability in respect of cavity damage, speed of vessel, propulsion effect or vibrations.

4.3 Liability for deficiencies does not cover consequential damage to propeller plant and ancillaries caused by damage at sea.

4.4 Servogear A/S do not accept liability for torsional vibrations and whirling calculations.

4.5 Liability for deficiencies is conditional upon propulsion system being operated in accordance with the instructions supplied by Servogear A/S.

4.6 Liability for deficiencies is applicable only when Servogear A/S themselves are responsible for initial start-up, trial running and delivery, or yard/works authorized by Servogear A/S to carry out these operations.

4.7 Liability for deficiencies is subject to repairs being carried out by Servogear A/S, or by yards authorized by Servogear A/S.

4.8 Servogear A/S are not liable for costs in connection with inspection, dismantling and assembly of repaired or replacement parts, i.e. in connection with docking tools or labour.

4.9 In cases of warranty repairs which are required to be effected at locations other than at Servogear A/S’s works, and which necessitate the attendance of Servogear A/S’s representatives, the buyer is to cover travelling expenses including salary during the travelling period, and meals.

5. CLAIMS

5.1 Servogear A/S’s liability for deficiencies is conditional upon notification of such deficiencies without undue delay as soon as the deficiency has become apparent.

6. LIMITATION OF LIABILITY

6.1 Servogear A/S’s liability for damage or loss is limited to the contract value, excluding value added tax.

7. LIABILITY FOR DAMAGE CAUSED BY PRODUCTS (PRODUCT LIABILITY)

7.1 The seller’s liability for personal injury is conditional upon the establishment of default on the part of the seller, or those for whom the seller assumes responsibility.

7.2 The seller is not liable to damage to real property goods.

7.3 In no case shall the seller be responsible for loss of production, loss of profit, or other indirect losses.

7.4 Should the seller be held liable by a third party, for damage caused by products, the buyer is obliged to indemnify the seller to the same extent as in the three proceeding paragraphs concerning limitations of liability.

7.5 Should a third party claim compensation against seller or buyer for damage as described in this clause, the contractor is to be advised immediately.

7.6. Seller and buyer are mutually bound to appear in any court in which judgement is to be entered concerning a claim for compensation against one or the other of the parties for damage which it is contended caused by the material supplied. Disputes between buyer and seller only, to be settled by arbitration in accordance with paragraph 9.

7.7. These limitations to seller’s liability are null and void should the seller be guilty of gross negligence.

8. ALTERATIONS TO CONTRACT

8.1 All alterations to the contract and subsequent agreements to be confirmed in writing by both parties.

9. DISPUTES

9.1 Upon submission to arbitration in accordance with General Conditions under ORGALIME S 2000, paragraph 44, the parties shall mutually appoint an arbitration tribunal of 3 members. One of the arbitrators to be an attorney-at-law and to be appointed as Chairman of the tribunal.

9.2. In the event of the parties failing to name arbitrators within a period of 14 days after the demand for arbitration was filed by one or other of the parties, the Chief Justice of the Gulating law circuit in Norway shall appoint three arbitrators upon demand by one of the parties. The arbitration tribunal’s decisions are to be based on Norwegian Law.