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	<b>General Purchase Conditions</b>	Date: 12/2009
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## 1. Scope

**1.1** These general purchase conditions (hereinafter the "GPC") shall apply to all kinds of materials, articles, products and services related to them, (hereinafter "Products"), offered, sold or supplied by internal or external suppliers (hereinafter the "Seller") to any enterprises or companies of the Almesa Group (hereinafter the "Purchaser").

**1.2** The GPC shall apply to:

- (i) all requests for an offer or requests for an estimate relating to Products made by the Purchaser (hereinafter "Requests for an Offer");
- (ii) all orders for Products made by the Purchaser (hereinafter "Orders"); and
- (iii) all offers made by the Seller to the Purchaser.

**1.3** The GPC form an intrinsic part of any Request for an Offer and Order made by the Purchaser to the Seller.

**1.4** In the event of a conflict with any of the conditions of sale proposed by the Seller, these GPC shall prevail in any event.

**1.5** Requests for an Offer shall not be binding on the Purchaser. The Purchaser shall only be bound to make a purchase following the final express confirmation of a Request for an Offer by means of an Order.

**1.6** In the event of a conflict between the conditions of the Request for an Offer and the conditions of the Order, the conditions of the Purchaser's confirmation through the Order shall prevail at all times.

**1.7** The specific terms agreed in writing by the Purchaser and the Seller, as well as any special provisions included in the Purchaser's Orders which contradict these GPC, shall prevail over the latter.

## 2. Prices, estimates, conditions of payment, invoicing

**2.1** The prices of the Purchaser's Orders shall be fixed, firm and final and may not be revised. They shall include all the taxes (except VAT), official charges, levies, insurance and any other costs which may be incurred by the Seller for the execution of the Order up to and including the final delivery mentioned by the Purchaser, as well as all the material of packaging, protection, fastening and anchorage and all the documents and tools necessary for the full operation of the Product, according to its function. The Orders made by the Purchaser shall also include all intellectual property payments, including any rights of third parties, which may accrue due to the delivery or supply.

**2.2** After each delivery of the Products relating to an Order, the Seller shall send duplicate invoices in accordance with all the legal requirements applicable and in accordance with the Purchaser's instructions, indicating the number and date of the Purchaser's Order, the references of the Purchaser and of the Seller, the contractual milestones which may be partially invoiced, if any, and specifying any payment on account or existing balances. Each invoice shall relate to a single Order.

**2.3** Correctly issued invoices shall be paid, unless the Purchaser and the Seller agree on a different period in writing, in a minimum period of 150 days, day 2 in the case of Almesa, day 5 in the case of Macrofluidos and day 10 in the case of Procalsa, from the date of acceptance of the delivery by the Purchaser. However, the Purchaser will be entitled to withhold payment if the Seller does not satisfy the requirements of the Order. In the event of withholding due to failure to comply with the Order, the Seller will have no right to claim interest (not even partial interest), penalties or compensation of any kind.

## 3. Delivery, transfer of title, packaging and transport

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**3.1** Unless expressly agreed, all the Products shall be delivered according to the Incoterm DDP (at all times in accordance with the most recent publication of the INCOTERMS), and shall be unloaded in the last place indicated by the Purchaser. If the Order does not include any specific indication of the place of delivery, it shall be delivered in the unloading area of the place of delivery in which the Purchaser habitually carries out activities of receipt of Products.

### **3.2 Before the delivery:**

-The Seller shall make sure to examine the Products, in order to verify that they comply with any specifications, quantities, weights and volumes indicated in the Order, and to detect possible damage in the packaging or the Product.

-The Products shall be packaged in such a way that they are not damaged when being transported and handled. All the Products must be correctly marked, according to the rules applicable, especially if they are dangerous Products and in accordance with the specific instructions of the Purchaser, if any. The packaging must indicate at least the Order number, the code of the Products, the Seller's reference, the description of the article, the weight and quantity and all instructions for correct assembly, if necessary. Slings and all other handling materials shall be supplied with the Product. If the Purchaser so requests, the Seller must remove and take away all the packaging material after the delivery. If the Seller requires lifting and unloading equipment, it must so inform the Purchaser sufficiently in advance and at least 24 hours prior to the delivery. The lifting and handling equipment used by the supplier shall at all times be at its risk and its responsibility.

-The materials and packaging shall be selected by the Seller in such a way as to minimise the costs of use, and so that the objectives of recyclability, protection, safekeeping, energy saving and destruction are achieved.

- One week after 95% of the amount of each line of order are provided, the rest of the line will be cancelled automatically that was left slope. We only accept an excess material of 5% for articles measured in meters or kilograms. For the articles measured in units we can not accept any excess.

### **3.3 Transport:**

The Seller shall make sure to adopt all the measures necessary to carry out the transport with the full guarantee of quality for the Product and the strict observance of the time limits.

The time limits for delivery indicated in the Order constitute an essential condition. The Purchaser reserves the right to cancel the Order in the event of failure to observe the time limit for delivery and to claim compensation for the loss and damage caused for this reason, or to accept the delivery and withhold the amount of the loss and damage caused by the delay, without any prior request to the Seller being necessary for this purpose.

The Purchaser reserves the right to reject early partial deliveries, in which case it may reject the Products or, at its discretion, store the Products at the expense and risk of the Seller.

The Seller must immediately report in writing any possible delay in the delivery, and at the same time must provide all the information relating to the cause of the delay as well as all measures adopted by the Seller to expedite the delivery and minimise the damage which may be caused to the Purchaser. In the event of delay in the delivery, the Purchaser will be entitled, without prejudice to any other remedy, to indemnity equal to 1% of the price of the Order per full week of delay up to a maximum of 10%. The Purchaser must inform of its intention to claim the loss and damage prior to the date of payment of the first invoice after the date of the delay. Such compensation shall be made without prejudice to the Purchaser's right to claim other damages related to other aspects of the execution of the Order by the Seller.

## **4. Quality, safety, sustainable development**

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**4.1** The Seller shall define and apply programs and guidelines for quality control relating to its activity and the fulfilment of the Orders, carrying out all the necessary quality investigations and tests, and keeping the Purchaser informed of the result of such tests.

**4.2** The Purchaser is firmly committed to the protection and improvement of safety, health, social dialogue and the environment. Safety at work is in particular a priority of the Purchaser. The Products and services supplied by the Seller to the Purchaser shall be in accordance with the health and safety rules and the environmental rules applicable to each Order (whether they are laws, regulations or the Purchaser's safety procedures).

**4.3** Therefore, the Seller shall assume full responsibility and shall hold the Purchaser harmless in relation to any damage or adverse effect caused by its action or omission relating to quality, safety, health and the environment in its activity, and shall therefore do so both in relation to the Purchaser and in relation to third parties with whom the Purchaser contracts. The Seller shall assume full responsibility vis-à-vis third parties who contract with the Purchaser, if the Purchaser decides to exercise its right to cancel the Order due to a breach of the Seller.

## **5. Inspection, acceptance**

**5.1** Without prejudice to the terms of Article 3.2 above, the Purchaser reserves the right to check and verify the progress of the execution of the Order and to carry out any quality investigation and test which it considers necessary. The Seller shall provide the Purchaser with free access to its installations at all times for such purposes. This shall not exempt the Seller from the fulfilment of the obligations provided in the purchase and sale agreement arising from the Order, nor shall it limit them in any way.

**5.2** All the requirements which appear in the Purchaser's quality systems must be considered conditions of the Order in themselves. The Purchaser will be entitled to carry out quality audits and verifications of the quality system of the Seller or of its subcontractors. It is highly recommendable for the Seller to have a quality system implemented in accordance with the ISO 9001 or equivalent rules.

**5.3** If the event of rejection of a delivery in whole or in part by the Purchaser, the Products rejected shall be stored and returned at the expense and risk of the Seller.

**5.4** The Seller must furnish to the Purchaser, within the periods agreed but not later than the time of delivery of the Products, all the technical documentation relating to them, (e.g. use and maintenance manuals, training manuals, plans, technical files, safety sheets of the Product, certificates of inspection of rolling, batch numbers, etc.). Unless indicated otherwise in the Order, for reasons of adaptability, Products which contain software must enclose the source programs and object codes mentioned in them.

**5.5** Unless specified otherwise, all the documentation listed above must be supplied in Spanish. All the technical documentation and tools of the Products shall become the property of the Purchaser and shall be considered an integral part of the Products in accordance with these GPC.

## **6. Warranties, liabilities**

**6.1** The Seller warrants that the Products observe all the specifications and requirements established in the Order, and comply with the Purchaser's specific purposes, are free from defects of design, materials and manufacturing, observe the operating and performance requirements imposed by the Purchaser and are in accordance with the standards, rules and regulations applicable to the Product or service, and especially with the rules on safety and occupational health and legislation relating to the environment. All the warranties and representations included in the catalogues and brochures, sales material and quality programs of the Seller shall be binding on the latter. The Seller warrants that the particular specifications of

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the Order comply with the Purchaser's specific needs and recognises that it has studied such specifications in depth.

**6.2** The Seller guarantees the correct operation of the Product for two years from when it is put into operation. Complaints made within the warranty term shall suspend the expiry of the warranty period until the Seller has corrected the defect, the warranty term being extended for the suspension period which has elapsed. The Seller's warranty shall cover all the costs associated with the correction of the defect, such as the trips of technicians, transport of the goods to the Seller's premises and replacement or repair costs.

**6.3** If a Product cannot be repaired while the warranty is in force, the Purchaser will be entitled at its sole discretion and by means of a written notification to the Seller to:

- a) Cancel the Order in accordance with the provisions of Article 8.2.
- b) Accept the Product with a fair deduction from the price.
- c) Reject the Product and request the replacement of the latter with a satisfactory Product.

Products rejected for any reason shall be returned to the Seller, at the expense and risk of the latter, or shall be kept safely in the Purchaser's warehouses at the expense and risk of the Seller. If within 15 days from the notification of the rejection, the Seller has failed to remove them, the Seller will be obliged to pay the storage expenses. The Purchaser may offset such expenses against any amount pending payment to the Seller.

**6.4** If the Seller fails to urgently provide replacements of the rejected Products or fails to carry out the repairs diligently, according to the circumstances, the Purchaser will be entitled to repair the Products itself or through an alternative supplier and to charge the Seller the relevant expenses, and to offset them against any amount pending payment to the Seller.

**6.5** The Products repaired or replaced shall be regulated by this article and their warranty shall come into force again from the delivery of a replacement or repair.

**6.6** The Seller shall be liable for the direct, indirect, unforeseen, special or consequential losses or damage, including the loss of profits or benefits which may have been incurred by the Purchaser as a result of delays in delivery, the possible defects of the Products or any other deficiencies in the execution of the contract or Order, by the Seller, and may withhold and offset such amounts against any sum pending payment to the Seller.

**6.7** The rights and remedies of the Purchaser shown in these GPC shall be applied in addition to other rights and remedies provided by law.

**6.8** The inspection, approval or acceptance of the Products by the Purchaser may not in any event exempt the Seller from its liability in relation to the defects or any other breach of the requirements of the Order.

**6.9** The Seller guarantees the supply of Products, parts or components, for the repair, maintenance or extensions thereof, throughout the full period of the relevant contract or Order, and also warrants that it will not cease to produce or distribute such Products within a reasonable period. If the Seller decides to cease to produce or distribute a Product after the date of expiry of the contract or Order, it must inform the Purchaser at least one year in advance, so that the Purchaser may make additional Orders.

## **7. Intellectual property rights**

**7.1** The Seller warrants that the Products covered by the Order and the sale of the Products do not violate any intellectual property rights, copyright, patents or registered trademarks or other rights of third parties. The Seller must hold the Purchaser harmless in relation to any liability arising from any action or claim, liabilities, losses, costs, expenses and fees due to or originating from any violation of rights of third parties

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arising from an Order. The Seller shall take charge of the defence of the Purchaser, if the latter so requests, in the event of any claim, proceedings and trial pursued against the Purchaser for this reason. In any event the Seller shall bear all the costs related to the defence of the Purchaser in relation to claims of third parties for violation of their intellectual or industrial property rights arising from an Order.

**7.2** If the Products are the subject of claims or complaints for violation of intellectual property rights, the Seller must:

a) Obtain the right of use by the Purchaser as soon as possible.

b) Modify or replace the Products in order to stop the infringement. The modification or replacement of the Products must not in any event constitute a loss or reduction of functionality or suitability of the Products for the Purchaser's particular purpose.

**7.3** Creations subject to protection, patentable inventions and their results, insofar as they are related to the Order, shall be the property of the Purchaser unless the Seller provides that they originate from the Seller's exclusive inventive capacity and have been developed independently from the Order.

**7.4** The property rights and copyright of designs, plans, samples and any other document furnished to the Seller together with the Products are the property of the Purchaser and such articles may not be disclosed to or copied for third parties without the express written authorisation of the Purchaser.

**7.5** All information relating to know-how, specifications, procedures and needs, as well as all technical information, documentation and data of the Purchaser, supplied by the latter, verbally or in writing, shall be considered confidential, and may not be disclosed by the Seller to third parties without the prior written authorisation of the Purchaser, within a minimum period of 10 years. Such information shall be used solely by the Seller for the preparation of offers or estimates or for the execution of the Order.

## **8. Termination**

**8.1** The Purchaser will be entitled at all times, even if the Seller has not breached any obligation, to suspend the Order for the period of time which may be determined by the Purchaser, or to cancel the Order in whole or in part with three days' prior notice to the Seller. In the event of cancellation of an Order not based on a breach of the Seller, the Seller may charge the Purchaser the expenses which it may have reasonably incurred up to the time of the cancellation of the Order. The Seller may not in any event claim any indemnity for unforeseeable or consequential damages or for the loss of profits arising from a cancellation.

**8.2** If the Seller breaches some term or condition of the Order, the Purchaser will be entitled, following written notice to the Seller and without this constituting a waiver of any other remedy, to terminate the Order in whole or in part, without thereby incurring additional obligations or liability, and to recover the amounts paid by the Purchaser to the Seller, as well as the additional expenses which may arise for the Purchaser due to the supply of Products by an alternative supplier, and to the indemnity for losses caused by the possible delays in supplies of the Seller. The termination of the Order by the Purchaser shall be notified in writing.

## **9. Insurance**

The Seller must enter into and keep in force the insurance policies necessary to cover its liability to the Purchaser and to third parties in accordance with these GPC. The Seller agrees to supply to the Purchaser, if the latter so requests, the documentary evidence relating to the coverage of its insurance and to comply with the aforementioned requirements, including the liability to third parties, as well as liability to the Purchaser.

## **10. Subcontracting**

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**10.1** If the Purchaser authorises the Seller to subcontract its obligations in whole or in part, such subcontracting shall be carried out at its entire responsibility and at its expense. The Seller must inform its subcontractors of all the obligations, conditions and specifications of these GPC, as well as those of the Order. The Purchaser reserves the right to reject any subcontractors of the Seller that fail to comply with these GPC.

**10.2** The Seller may not assign the Order, the rights and obligations provided therein, or its rights to payment arising from the execution thereof, without the prior written consent of the Purchaser.

## 11. Jurisdiction

The Order and these GPC shall be governed by and interpreted in accordance with the laws of the place where the Purchaser is domiciled. All disputes relating to the Order shall be resolved by the Courts of the place where the Purchaser is domiciled. However, the Purchaser reserves the right to submit any dispute with the Seller to the Courts of the place where the Seller is domiciled or to the Courts of the place of delivery of the Product.

## 12. Fraud and corruption

**12.1** The Seller shall impede any fraudulent action of its representatives in relation to the receipt of any sum of money from the Purchaser.

**12.2** The Seller accepts and warrants in relation to any of the Orders or any other contract with the Purchaser that:

a) It has not supplied nor will it supply gifts or commissions to the Purchaser's representatives;

b) It has not agreed nor will it agree on the payment of any commission to any employee, agent or representative of the Purchaser.

If the Seller, or those who act on its behalf, breaches the provisions of this paragraph, the Purchaser may terminate the Order and claim from the Seller any pecuniary loss which the termination may have caused to it.

## Force Majeure

**If any of the parties is affected by an event which could not have been foreseen, or if foreseen, may not be avoided, including but not limited to, acts of terrorism, insurrection, epidemics, floods, earthquakes or other natural disasters (hereinafter "Force Majeure"), it must immediately inform the other party of the event in writing and must provide all the relevant information and evidence relating to it and, in particular, which may affect the execution of the Order.**

However, strikes which affect the Seller, public transport or events of another kind which may affect the Seller's subcontractors or suppliers, shall not be considered events of Force Majeure which excuse the fulfilment of the Order.

If a phenomenon of Force Majeure occurs the Purchaser will be entitled, at its discretion, to:

a) agree with the Seller a new delivery date; or

b) cancel the Order or any part thereof at any time without any additional obligation or cost and request the reimbursement of any amount already paid.

The amount of the shipments already delivered shall be paid only if the Purchaser can use the Products correctly despite the subsequent breach of the rest of the Order. Any additional amount received by the Seller as an advance shall be reimbursed by the Seller.

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Breakdowns in equipment, the shortage of raw materials or any other cause beyond the reasonable control of the Purchaser, which impedes the use of the Products requested or reduces the Purchaser's needs for them, shall entitle the Purchaser to postpone the delivery thereof or to cancel the Order in whole or in part, at its discretion, without thereby incurring additional obligations or liability.