

PETROGAS PIPING MIDDLE EAST FZCO

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SPECIALIST GLOBAL SUPPLIER
OF WORLD CLASS PIPING PRODUCTS

Terms and Conditions of Sale

Rev. 0 01/11

1. DEFINITIONS

In this document the following words shall have the following meanings:

- 1.1 "Agreement" means these Terms and Conditions together with the terms of any applicable Specification Document;
- 1.2 "Customer" means the organisation or person who purchases goods and services from PGP;
- 1.3 "Intellectual Property Rights" means all patents, registered and unregistered designs, copyright, trade marks, know-how and all other forms of intellectual property wherever in the world enforceable;
- 1.4 "Specification Document" means a statement of work, quotation, contract, or other similar document describing the goods and services to be provided by PGP;
- 1.5 "PGP" means PETROGAS PIPING MIDDLE EAST FZCO and its Branches (PGP)

2. GENERAL

- 2.1 These Terms and Conditions shall apply to all contracts for the supply of goods and services by PGP to the Customer.
- 2.2 Before the commencement of the services PGP shall submit to the Customer a Priced Quotation which shall specify the goods and services to be supplied and the price payable. The Customer shall notify PGP immediately if the Customer does not agree with the contents of the Priced Quotation. All relevant documents shall be subject to these Terms and Conditions.
- 2.3 PGP shall use all reasonable endeavours to complete the services within estimated time frames.

3. PRICE AND PAYMENT

- 3.1 The price for the supply of goods and services are as set out in the Priced Quotation. PGP shall invoice the Customer as per the agreed payment terms.
- 3.2 Unless otherwise stated, the Invoiced amounts shall be due and either by cash against documents or Letter of Credit (from a First Class Bank) at Sight. PGP shall be entitled to charge interest on overdue invoices from the date when payment becomes due from day to day until the date of payment at a rate of 6% per annum. In the event that the Customer's procedures require that an invoice be submitted against a purchase order to payment, the Customer shall be responsible for issuing such purchase order before the goods and services are supplied.
- 3.3 Unless otherwise stated in the Contract, prices are quoted exclusive of custom duties, taxes, etc.
- 3.4 Unless otherwise stated, all prices quoted are termed as Ex-Works our warehouse in Jebel Ali, United Arab Emirates.

3.5 Notwithstanding clause 3.2, PGP, without affecting any other remedy which it may have, will be entitled to cancel the Contract and/or suspend any further deliveries of Goods if any payment is not made on the due date by the Customer.

3.6 Unless otherwise agreed / stated, payment for all Goods shall be in United Arab Emirates Dirhams (AED)

3.7 Invoicing shall be done and due from "Customer" as per actual supplied quantity.

3.8 In case of a tolerance clause not mentioned specifically, our standard tolerance clause on Pipes will apply as follows: Pipes will be supplied -0/+1 length of pipe (either 6 meter or 12 meter random length). Payment will be due on this additional quantity as well.

4. SPECIFICATION OF THE GOODS

All goods shall be required only to conform to the specification in the specification document(s), and any deviations / substitutions mutually agreed.

5. DELIVERY

- 5.1 All delivery dates given by PGP are given in good faith. PGP shall not be liable for any loss, costs, damages, charges or expenses caused directly or indirectly by any delay in the delivery of the goods, unless otherwise agreed.
 - 5.2 The Delivery Date is to commence only after all pre-requisite documents are approved by the Customer (such as ITP, WPS/PQR, etc) wherever applicable.
 - 5.3 All risk in the goods shall pass to the Customer upon delivery.
 - 5.4 If the Customer fails to collect Goods within [7 seven (7) days from being notified that these are ready for delivery, PGP reserves the right to charge for storage from the end of that period until the Goods are collected.
 - 5.5 Unless otherwise stated, The Customer will be responsible for providing the facilities and labour necessary for loading Goods onto a vehicle at the Seller's premises (or unloading the Goods if PGP has agreed to deliver to the Customer's premises).
- ### 6. TITLE
- 6.1 Title in the Goods shall not pass to the Customer until PGP has been paid in full for the Goods.
 - 6.2 The risk of loss or damage to Goods passes to the Customer upon delivery or Seven (7) days after PGP has notified the Customer that the Goods are ready for collection at its premises if the Customer has failed to collect them.

7. STORAGE & INSTALLATION

- 7.1 All Goods will be stored and installed by the Customer in accordance with the instructions issued by PGP which accompany the Goods.

7.2 PGP will have no liability to the Customer or any third party if the Customer does not comply in all respects with the Seller's instructions or if the Goods are used or installed in abnormal or unusual circumstances.

8. CUSTOMER'S OBLIGATIONS

8.1 To enable PGP to perform its obligations under this Agreement the Customer shall:

- 8.1.1 co-operate with PGP;
- 8.1.2 obtain all necessary permissions and consents which may be required before the commencement of the services; and
- 8.1.3 comply with such other requirements as may be set out in the Specification Document or otherwise agreed between the parties.

8.2 The Customer shall be liable to compensate PGP for any expenses incurred by PGP as a result of the Customer's failure to comply with Clause 8.1.

8.3 Without prejudice to any other rights to which PGP may be entitled, in the event that the Customer unlawfully terminates or cancels the goods and services agreed to in the Priced Quotation or Contract, the Customer shall be required to pay to PGP as agreed damages and not as a penalty the full amount of any third party costs to which PGP has committed. In respect of cancellations of less than five working days' written notice, the full amount of the goods and services contracted for as set out in the Specification Document until that time are payable. The Customer agrees this is a genuine pre-estimate of PGP's losses in such a case

8.4 In the event that the Customer or any third party, not being a sub-contractor of PGP, shall omit or commit anything which prevents or delays PGP from undertaking or complying with any of its obligations under this Agreement, then PGP shall notify the Customer as soon as possible and:

8.4.1 PGP shall have no liability in respect of any delay to the completion of any project;

8.4.2 if applicable, the timetable for the project will be modified accordingly;

9. ALTERATIONS TO THE SPECIFICATION DOCUMENT

9.1 The parties may at any time mutually agree upon and execute new Specification Documents. Revision to Purchase Order (PO) / Specifications in the scope of goods and/or services to be provided under this Agreement shall be set out in the Specification Document, which shall reflect the changed goods and/or services and price and any other terms agreed between the parties.

9.2 The Customer may at any time request alterations to the Specification Document by notice in writing to PGP. On receipt of the

Pipes | Fittings | Flanges | Valves

Carbon Steel | Stainless Steel | Special Alloys | Duplex | Super Duplex

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request for alterations PGP shall, within 5 working days or such other period as may be agreed between the parties, advise the Customer by notice in writing of the effect of such alterations, if any, on the price and any other terms already agreed between the parties.

9.3 Where PGP gives written notice to the Customer agreeing to perform any alterations on terms different to those already agreed between the parties, the Customer shall, within 5 working days of receipt of such notice or such other period as may be agreed between the parties, advise PGP by notice in writing whether or not it wishes the alterations to proceed.

9.4 Where PGP gives written notice to the Customer agreeing to perform alterations on terms different to those already agreed between the parties, and the Customer confirms in writing that it wishes the alterations to proceed on those terms, the Specification Document shall be amended to reflect such alterations and thereafter PGP shall perform this Agreement upon the basis of such amended terms.

10. WARRANTY

10.1 PGP state that the material which we will supply in this proposal will be free from defects in design, materials & workmanship under normal use and proper service until 12 months from the date of last dispatch, or 18 months from the date of commissioning, whichever comes first. However, we will be under no liability for any defects due to normal wear, negligent use, tempering, wrong application, improper handling operation or storage.

10.2 PGP warrants that the services performed under this Agreement shall be performed using reasonable skill and care, and of a quality conforming to generally accepted industry standards and practices.

10.3 Except as expressly stated in this Agreement, all warranties whether express or implied, by operation of law or otherwise, are hereby excluded in relation to the goods and services to be provided by PGP.

10.4 The warranties given above will not apply to defects which are due to:

10.4.1 Fair wear and tear, accidental damage or failure by the Customer to adhere to the Seller's instructions or written recommendations;

10.4.2 Materials or equipment included in the Goods which have not been manufactured by the Seller.

11. INDEMNIFICATION

The Customer shall indemnify PGP against all claims, costs and expenses which PGP may incur and which arise, directly or indirectly, from the Customer's breach of any of its obligations under this Agreement, including any claims brought against PGP alleging that any goods and/or services provided by PGP in accordance with the Specification Document

infringes a patent, copyright or trade secret or other similar right of a third party.

12. LIMITATION OF LIABILITY

12.1 In no event shall PGP be liable to the Customer for any loss of business, loss of opportunity or loss of profits or for any other indirect or consequential loss or damage whatsoever. This shall apply even where such a loss was reasonably foreseeable or PGP had been made aware of the possibility of the Customer incurring such a loss.

12.2 Nothing in these Terms and Conditions shall exclude or limit PGP's liability for death or personal injury resulting from PGP's negligence or that of its employees, agents or sub-contractors.

13. CHANGES AND TERMINATION

Changes during the Contract period are permitted as per the following:

Negative changes are not permitted after One (1) week of confirmation of order.
Positive changes are to be confirmed by PGP before issuance of change order.

Cancellation:

- a) line item cancellation after an order placement and before the raw material is produced: 30% of contract value
- c) line item cancellation during raw material production: 80% of contract value
- d) line item cancellation when the raw materials is being converted into the final product: 100% of contract value

Complete Termination of the Order is not accepted by PGP. 100% of the order value will be levied to the Customer by PGP in such instances

14. CUSTOMER DEFAULT

If the Customer:

- (a) commits a breach of contract, or
- (b) fails to make a payment on the due date; or
- (c) becomes insolvent or has a liquidator, receiver or administrative receiver appointed

then, in any such case PGP shall be entitled either to suspend the supply of Goods or, at its option, to cancel the Contract and repossess any Goods for which payment has not been received in full. PGP shall also have this right if it reasonably considers that any of the events mentioned (a), (b) or (c) above are likely to occur.

15. FORCE MAJEURE

PGP shall not be liable for any delay or failure to perform any of its obligations if the delay or failure results from events or circumstances outside its reasonable control, including but not limited to acts of God, strikes, lock outs, accidents, war, fire, the act or omission of government, highway authorities or any

telecommunications carrier, operator or administration or other competent authority, or the delay or failure in manufacture, production, or supply by third parties of equipment or services, and the party shall be entitled to a reasonable extension of its obligations after notifying the other party of the nature and extent of such events. Under no circumstances can the Contract be cancelled due to a Force Majeur incident.

16. INDEPENDENT CONTRACTORS

PGP may, in addition to its own employees, engage sub-contractors to provide all or part of the services being provided to the Customer and such engagement shall not relieve PGP of its obligations under this Agreement or any applicable Specification Document.

17. ASSIGNMENT

17.1 Neither party will assign any of its interests in the Contract without the prior written consent of the other.

17.2 PGP may, at any time, sub-contract all or part of its obligations with respect of the manufacture and delivery of Goods.

18. NOTICES

Any notice to be given by either party to the other may be served by email, fax, personal service or by post to the address of the other party given in the Contract or such other address as such party may from time to time have communicated to the other in writing, and if sent by email shall unless the contrary is proved be deemed to be received on the day it was sent, if sent by fax shall be deemed to be served on receipt of an error free transmission report, if given by letter shall be deemed to have been served at the time at which the letter was delivered personally or if sent by post shall be deemed to have been delivered in the ordinary course of post.

19. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties relating to the subject matter and supersedes any previous agreements, arrangements, undertakings or proposals, oral or written. Unless expressly provided elsewhere in this Agreement, this Agreement may be varied only by a document signed by both parties.

20. NO THIRD PARTIES

Nothing in this Agreement is intended to, nor shall it confer any rights on a third party.

21. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the law of United Arab Emirates (UAE) and the parties hereby submit to the exclusive jurisdiction of the United Arab Emirates (UAE) courts.