

Terms and Conditions of Sale

Definitions. As used in these Terms and Conditions of Sale, The term Product shall mean the machinery, equipment, goods, products, and other tangible property from time to time sold or offered by "Seller"; the term "Buyer" shall mean the entity to whom such goods or services is sold or offered.

Prices. Unless otherwise stated, all prices are in U.S.Dollars. All prices for equipment, parts, and services will be priced according to current market conditions, and may fluctuate from time to time at the discretion of DAE Industries.

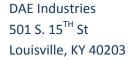
Payment Terms. All payments shall be in U.S.Dollars, without offset, back charge, retention, or withholding of any kind. All invoices shall be payable within the terms stated on the invoice. Any amounts not paid when due will be subject to interest at the rate of 1.5% per month or the highest non-usurious rate permitted by applicable law, whichever is less. At the request of Seller, payments will be made through a confirmed irrevocable letter of credit, drawn on a U.S. bank or other bank acceptable to Seller.

Sales Tax and Duties, Import Fees. Seller is required to charge/collect national, state, local tax, applicable duties, and import fees on the products for which Buyer has not provided valid exemption certification. Buyer assumes responsibility for, and unconditionally guarantees payment or reimbursement of, all applicable taxes, fees, licenses, import duties, and fees and licenses, and expenses as may be applicable. When ordering, Buyer shall indicate clearly if any, or specifically, which products is tax exempt.

Security Interest. On any open account sale, Buyer hereby grants to Seller a priority lien, purchase money security interest and/or chattel mortgage in the products and any accounts receivable or cash from resale thereof until full payment is made to DAE Industries. Buyer agrees to file or permit Seller to file any financing statements or other appropriate documents with its governmental authorities to perfect the validity, priority, and enforceability of Sellers priority lien on security interest. Buyer agrees to inform Seller immediately if it intends to use any import financing or has or will be granting a lien or security interest on its inventory to any third party.

Credit Balance. Buyer agrees that any credit balance issued will be applied within one (1) year of its issuance. If not applied or requested within one (1) year, any credit balance remaining will be subject to cancellation, and Seller shall have no further liability.

Shipping Charges and Freight Policy. Unless otherwise varied, shipping terms are EXW (as defined by the International Chamber of Commerce Terms, 2000), Seller's shipping warehouse. All shipments are freight collect from Sellers facility. Buyer shall be responsible for obtaining insurance. Title and risk of loss for products shall pass when made available to Buyer or delivery to carrier in the United States; provided that if payment has not been made at the time of shipment, Seller shall retain title (but not risk of loss) until payment has been made. If product is damaged in transit, Buyer must file claim exclusively with airline, carrier, vessel and/or insurance company; provided, however, that if the Seller has not





received payment in full at the time the product is damaged in transit, Seller shall have the right to file the claim exclusively with airline, carrier, vessel, and/or insurance company.

Cancellation. Any cancellation by Buyer must be approved by Seller, and may be subject to penalty, restocking, or other charges.

Acceptance. All goods shall be finally inspected and accepted within ten (10) days after delivery. Failure of Buyer to provide Seller with an itemized list of defects within such ten (10) days or permit Seller a reasonable opportunity to correct any listed defects shall be deemed acceptance of Goods or Services. In the event of multiple shipments, each individual shipment shall be separately accepted and shall be periodically inspected and accepted. Buyer expressly waives any right to reject Goods or Services that substantially conform to the specifications relating thereto and any right to revoke acceptance after such ten (10) day period.

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