
DISTRIBUTION AGREEMENT

Effective Date:

Term:

Supplier: Termate Ltd

Distributor:

As of the effective date of this agreement, Termate Ltd (Supplier) appoints **Distributor Name** (**Distributor**) as the exclusive distributor for **Territory**. **Distributor** agrees to perform as an exclusive, authorized distributor of the products for sale through distribution in accordance with the terms and conditions set forth in the following attachments:

- Agreement Provisions
- Appendix A Products
- Appendix B Pricing
- Encompass Group Terms and Conditions of Trading

Supplier: Termate Limited

Distributor:

By:

By:

Name:

Name:

Title:

Title:

AGREEMENT PROVISIONS

1. RESPONSIBILITIES OF DISTRIBUTOR

Distributor will use its reasonable best efforts to:

- a. maintain a competent and aggressive sales force and otherwise promote the sale, lease or other distribution of the Products within the Territory according to targets mutually agreed with the Supplier;
- b. maintain a representative inventory of Products in reasonably sufficient quantities to provide adequate and timely delivery to Distributor's customers;
- c. participate in such training programs as may be offered by Supplier;
- d. provide market intelligence to the supplier regarding market conditions, competition, regulatory frameworks and new product innovation requirements; and
- e. promote the supplier's brand
- f. Maintain a minimum stock of items in Appendix A to an equivalent value of £xxxx at prices stated in Appendix B.

2. RESPONSIBILITIES OF SUPPLIER

Supplier will use its reasonable best efforts to provide free of charge:

- a) current price, technical and product information as well as all available component parametric information including, but not limited to, part description, active status, and all key performance attributes, as may be necessary and in a manner that will allow Distributor to supply such information to Distributor's customers;
- b) full compliance with all applicable laws, standards, codes and regulations, and products are duly marked and labeled and are suitable for distribution;
- c) product catalogues in English;
- d) product samples of mutually agreed numbers;
- e) training of the distributor's sales force;
- f) invitation to sales meetings; and
- g) common visits by/to customers.

3. REPORTS AND AUDITS

Within fifteen days after the end of each month, Distributor will send to Supplier, in a mutually agreeable format, a stock status report showing the month-end on-hand quantities of products by part number and location and No more than twice during any year, upon reasonable prior notice, Supplier may (i) conduct a physical inventory of Supplier's products in any stocking location (or, in automated facilities, observe

cycle counts and related methodology) or (ii) review along with the distributor such business records, located at Distributor's corporate headquarters, as pertain solely to the purchase of Supplier's products hereunder during any such year.

4. ORDERS; DELIVERY; RESCHEDULING; CANCELLATION

a. Orders, Rescheduling and Cancellation

Ex-works for all orders. Supplier will acknowledge each Distributor purchase order, in writing, within five days of receipt thereof and will confirm the requested shipment date or specify an alternative shipment date ("Acknowledged Shipment Date").

The Distributor will aim to combine orders in one shipment in every case when possible.

b. Distributor's Acceptance

Distributor's acceptance of an order will occur upon its receipt of the products unless Distributor notifies Supplier that the products are defective or do not conform to the Supplier's applicable warranty, the terms of this Agreement, or Distributor's order. Distributor will use its reasonable best efforts to provide such notice within 30 days of its receipt of the products.

4. PRICES AND PAYMENT

The prices for products will be as set forth in Appendix B provided to and agreed with the Distributor in effect as of the date of this Agreement, subject to change from such date forward upon at least thirty days prior written notice from Supplier to Distributor.

a. Supplier's Representation

Supplier represents and warrants that its practices and policies, including prices and discounts, comply with all applicable laws.

b. Terms Terms of payment are Pro-Forma. Invoicing will be done directly from Supplier to Distributor.

6. RETURN OF PRODUCT

Semi-Annual Rotation: Once in each six-month period, Distributor may return to Supplier, for credit, a quantity of Products the value of which will not exceed five percent of the amount invoiced by Supplier to Distributor for all Products purchased by Distributor during the previous six-month period. Credit issued for such returned Products will equal the price paid by Distributor for such Products, less any prior credits taken thereon. Distributor must obtain a return authorization from Supplier prior to shipment, and all Products returned must be in their original unopened packaging, or undamaged and in merchantable condition.

7. PRODUCT CHANGES

Obsolescence and Modification: Supplier reserves the right, upon at least ninety days prior written notice to Distributor, to (i) discontinue the manufacture or sale of, or otherwise render or treat as obsolete, any product, (ii) modify the design or manufacture of any product, or (iii) modify the status of any product.

8. WARRANTY

The products will be covered by Supplier's standard warranty.

9. COMPLIANCE WITH LAWS

Despite anything to the contrary contained in Supplier's warranty or elsewhere in this Agreement, Supplier will indemnify Distributor against, and hold it harmless from, any cost, loss, damage or liability (including reasonable attorney's fees) arising from or related to Supplier's conduct or the failure, or alleged failure, of the products, as manufactured and sold to Distributor, to fully comply with applicable laws. All warranty and indemnification provisions of this Agreement will survive the termination hereof.

10. INTELLECTUAL PROPERTY

Supplier will indemnify, defend and otherwise hold harmless Distributor, its affiliates and its customers from all cost, loss, damage or liability arising from any proceeding or claim brought or asserted against Distributor, its affiliates or its customers, to the extent such proceeding or claim is based on an allegation that the products, any part thereof, or their distribution or use infringe any patent, copyright, trademark, trade secret, right in a mask work, or any similar claim, if Distributor notifies Supplier of any such proceeding or claim promptly after it becomes known and provides all the assistance and cooperation to Supplier that is reasonably requested. Supplier will not be liable to Distributor under this paragraph to the extent that any claim is based on a use for which the product or part was not designed, or an alteration of the product by Distributor or at its direction which caused the infringement.

11. TERM AND TERMINATION

a. Term This Agreement is effective once signed by both parties and until terminated in accordance with the provisions of this paragraph. Either party may at any time terminate this Agreement without cause and for its convenience by giving ninety days prior written notice to the other. Supplier and Distributor represent that they have considered the making of expenditures in preparing to perform under this Agreement. In that regard, both parties acknowledge that neither party will in any way be liable to the other for any loss, expense or damage (including special, consequential, or incidental damages) by reason of any termination of this Agreement without

cause, excepting only the then current value of equipment purchased or improvements made by either party and dedicated to the products or services of such other party.

b. Events of Default Any of the following is a default under this Agreement:

i) the assignment of this Agreement by either party without the prior written consent of the other party;

ii) either party's failure to cure any breach of this Agreement within sixty days following written notice thereof from the other (or, if not curable within sixty days, if the cure is not commenced within that period and thereafter diligently completed); and,

iii) the assignment by either party of its business for the benefit of creditors, or the filing of a petition by either party under the Bankruptcy Code or any similar statute, or the filing of such a petition against either of them which is not discharged or stayed within sixty days, or the appointment of a receiver or similar officer to take charge of either party's property, or any other act indicative of bankruptcy or insolvency.

c. Remedies upon Default In the event of either party's default, the other party may terminate this Agreement for cause by written notice and/or avail itself of any remedy available at law or equity.

No termination of this Agreement will affect any obligation of either party to pay amounts due to the other hereunder.

12. NOTICES

Any written notice required by this Agreement that relates to the addition, deletion or modification of any product or to a change in the price of any product, must be delivered to Distributor such that Distributor can readily identify, to which products any such change may apply. All other notices under this Agreement will be deemed given when delivered by hand or deposited in the National mail as certified mail, postage prepaid, addressed to the president of either party at its then principal place of business.

13. TRADEMARKS

This Agreement does not create, and neither party will have any right in, or to the use of, any mark, name, style or logo of the other party. Distributor is, however, hereby granted a nonexclusive right to use Supplier's marks, names or logos to identify itself as an authorized distributor of the products and for advertising and promoting its services under this Agreement.

14. CONFIDENTIAL INFORMATION

Each party will receive and maintain in confidence all proprietary information, trade secrets or other know-how belonging to the other (including but not limited to knowledge of manufacturing or technical

processes, financial and systems data, and customer information) provided that any such information, secrets or know-how is expressly designated as being confidential, except and to the extent that disclosure is required by law, regulation or court order, or enters into the public domain through no fault of the party obligated to maintain such confidentiality. Without limiting the foregoing, all material and information made known to Supplier by Distributor pursuant to paragraph 4 of this Agreement is hereby designated as confidential.

15. CREDITS

In the event Distributor is entitled to a credit from Supplier which exceeds Distributor's obligation to Supplier at the time, Supplier will promptly pay the amount of such excess to Distributor.

16. AUTHORIZATION NOT UNREASONABLY WITHHELD

Whenever any consent, action or authorization is required or requested of either party hereunder, it will not be unreasonably withheld or delayed. Any required return authorization will be granted (or deemed to have been granted) within thirty days from the day it is requested.

17. FORCE MAJEURE

Neither party will bear any liability to the other for any failure or delay to the extent that it results from acts of God, labor difficulties, inability to obtain materials or any other cause beyond such party's reasonable control.

18. RELATIONSHIP OF PARTIES INSIDE AND OUTSIDE THE DEFINED TERRITORIES

The parties are independent contractors, each in full control of its business. Under no circumstances will either party have the right or authority to act or make any commitment on behalf of or bind the other or represent the other as its agent in any way. The Distributor will have the right to represent other companies, which are not in conflict and/or competition with Termate products.

In case the Distributor is improving the chances on winning a project outside of the mentioned countries where the Supplier is not in direct contact, there should be some consideration and separate mutual agreement of the two partners on a per case basis.

19. PUBLICITY

The Distributor and the Supplier will announce that have agreed the re-sale of the agreed products by the Distributor. The announcement will be made in all media that are deemed applicable and mutually beneficial.

20. SECRECY

Supplier warrants that it is the owner or licensee of all intellectual property provided to Distributor under this

Agreement (whether or not included or embedded in any other product), and has the authority to permit Distributor to use or resell or sublicense that property to third parties. Distributor will not resell or sublicense the intellectual property without the license agreement provided by Supplier for that purpose and will advise Supplier of any known breach of the terms thereof.

The Distributor and the Supplier will keep all business contacts/relations and sales/marketing/operations materials disclosed unless there is mutual approval to the contrary.

21. GENERAL

a. Entire Agreement This Agreement supersedes all prior communications or understandings between Distributor and Supplier. This agreement should be read and understood in conjunction with Encompass Group Terms and Conditions of Trading. In the event of a conflict or inconsistency between the terms of this Agreement and those of any order, quotation, acknowledgment or other communication from one party to the other, the terms of Encompass Group Terms and Conditions of Trading will be controlling.

b. Amendment This Agreement cannot be changed in any way except by a writing signed by the party against which the enforcement of the change is sought.

c. Governing Law This Agreement is made in, governed by, and will be construed solely in accordance with, the internal laws of the United Kingdom

d. Reformation In the event any provision of this Agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability will attach only to such provision and will not affect or render invalid or unenforceable any other provision of this Agreement. Any such provision may be reformed by a court of competent jurisdiction so as to render the same valid or enforceable while most nearly effectuating the intent of the parties.

e. Assignment Neither party has the right to assign this Agreement in whole or in part without the prior written consent of the other except to another corporation wholly-owned by or under common control with it. For purposes hereof, an assignment includes, without limitation, a merger, sale of assets or business, or other transfer of control by operation of law or otherwise.