

GENERAL COMMERCIAL TERMS OF THE COMPANY ZTS SABINOV a.s. - Sale

1. QUALITY OF GOODS

The seller shall be responsible for delivery of goods in required quality, quantity and for the provision of background papers necessary for use of goods. Failure to satisfy these requirements shall be deemed as defect of goods, which must be subject to complaint of the purchaser filed in writing, namely without undue delay after its take-over, however within 5 business days.

2. WARRANTY

The seller provides quality of warranty of supplied goods during 12 months from the date of goods delivery, unless the contracting parties agree otherwise in Clause Subject matter.

This warranty period is applicable only provided the assembly of gearboxes and other activities will be performed in compliance with assembly and operation manual. Subject-matter of the contract must be stored in dry dustproof and inoffensive environment. The purchaser is obliged to claim defects that occur within warranty period in writing, immediately after they are ascertained, without undue delay, however within 5 business days.

The seller undertakes to carry out repair of defects claimed in due time that manifested itself within warranty period at own expense, provided the repair will be performed at purchaser's site or within the territory of European Union (EU) member states and Switzerland. If it is essential to perform repair outside the territory referred to, the purchaser shall compensate the seller for costs incurred in relation to such repair (travel allowances and expenses for the provision of transport of material necessary for the performance of repair).

If the claim is admitted, the seller shall repair or replace the subject-matter of the contract within warranty period approved by both contracting parties.

3. ACQUISITION OF OWNERSHIP RIGHT, TRANSFER OF DAMAGE RISK

3.1 Ownership right is transferred to the purchaser from the seller on the day, when 100 % of purchase price of goods is settled and goods are delivered.

3.2 Risk of damage on goods is transferred from the seller to the purchaser upon goods delivery.

4. PACKAGING, PACKING AND MARKING OF PRODUCTS

4.1 Packaging for agreed way of transport realizes the seller in way that goods will not be damaged during the transport.

4.2 The products are marked with labels and drawing number, if applicable, directly on the product or its packing in agreed way (tags, embossed numbers to non-functional area).

5. SANCTIONS

In case of a breach of contractual obligations, the contracting parties agreed on following contractual penalties:

5.1 In case the settlement of invoice at prepayment is late, the seller may exercise contractual penalty towards the purchaser, amounted to 0,06 % of outstanding amount for each day of the payment being overdue compared to agreed due date referred to in contract.

5.2 In case the settlement of invoice is late, the seller may exercise contractual penalty towards the purchaser, amounted to 0.06 % of outstanding amount for each day of the payment being overdue compared to agreed due date referred to in contract.

5.3 The purchaser may withdraw from the purchasing agreement entered into for a compensation of 30% from purchasing price, however within 3 months before the delivery date. The purchaser may ask for cancellation of contracting relationship within period shorter than 3 months only upon agreement with the seller and for the compensation of 60 % of the purchasing price.

5.4 For failure to adhere to agreed performance date, the purchaser may exercise contractual sanction amounted to 0,06% of the price of non-delivered goods for each day of payment being overdue, however maximum up to 10% of total price of subjectmatter

of the contract.

5.5 If the purchaser rejects to take-over the subject matter of the contract without a substantial reason (parameters of inspection certificate 3.1.B) or does not allow for hand-over of the subject-matter of the contract, the seller has the right to exercise contractual sanction amounted to 20% of total purchasing price of the subject matter of the contract towards the purchaser, whereas the obligation of the purchaser to take-over the subject-matter of the contract and pay for it does not cease to exist thereby.

5.6. If the seller or purchaser exercises sanction or compensation for the reasons indicated above by a duly issued accounting (tax) document, the other party is obliged to pay such sanction or compensation.

6. SPECIAL ARRANGEMENTS

The purchaser respects export prohibition of the subject-matter of the contract for the purposes of its further sale to Czech Republic and Poland. This prohibition shall not be applied to cases, if the subject-matter of the contract is a part of final or other device supplied to purchasers to these countries. In case of a breach of this prohibition, the seller shall not be held responsible for possible defects of product incurred within warranty period and the seller has the right to invoice contractual sanction amounted to 30% of purchasing price of goods sold in such manner to the purchaser.

7. CLOSING PROVISIONS

7.1 Terms and conditions herein may be altered only by amendments in writing duly signed by both contracting parties.

7.2 Unless agreed otherwise in this contract, provisions of Sections 409 to 470 of Commercial Code shall be applied.

7.3 For the acceptance of this draft purchasing agreement, the period of 20 days has been set out, whereas the period starts to lapse on the day referred to in this draft agreement.

7.4 The seller may withdraw from this draft purchasing agreement anytime during the period for the acceptance of the draft agreement.

7.5 This legal relationship is governed by Slovak law system.

7.6 These General Business Terms and Conditions become valid and effective on July, the 1st, 2011 when they become published and publicly available on the website www.ztssabinov.sk.