

GENERAL TERMS AND CONDITIONS OF SALE AND DELIVERY

**of
HYDAC Sp. z o.o.
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registered in the business register of the National Judicial Register under the number of 0000099959, with a working capital of 500 000 zlotys, whose documentation is stored in the Regional Court for the East of Katowice in Katowice, Business Section VIII of the National Judicial Register, VAT ID: 635-000-02-22,
named hereinafter HYDAC

General Conditions of Sale and Delivery

General Provisions:

1. General Terms and Conditions of Sale and Delivery (called hereinafter „General Conditions”) shall regulate rights and obligations of the Parties of the contract of sale or delivery of equipment sell or delivered by HYDAC to the customers of HYDAC being business persons.
2. Safe as otherwise provided, contracts of sale and contracts of delivery are concluded by HYDAC with Customers being business persons, exclusively on the grounds of the General Conditions.
3. The General Conditions shall apply to all business persons and shall be applied both during negotiations and while executing contracts with Customers.
4. The declaration of refusal of the General Conditions shall be expressed to HYDAC in writing under pain of nullity.
5. Any deviations of the General Conditions are possible only if accepted by HYDAC in writing.
6. Safe as otherwise provided, the General Conditions shall also apply to future contracts concluded by these Parties, even if they are not directly referred to.

I. Offer

Offer documents of HYDAC, especially like illustrations, drawings and dimensional data, are approximated and not binding and as such they cannot be considered technical documentation (especially their dimensions or cost evaluations are not a technical specification). The offer documentation shall be property of HYDAC and HYDAC shall possess copyright and so the offer documentation may not be made available to third parties without a written consent of HYDAC.

II. Scope of Delivery

1. The scope of delivery shall be specified on the grounds of a written order confirmation by HYDAC. Any additional settlements (going beyond the written order confirmation) require a written agreement of the Parties under pain of nullity.
2. In case any of the parties does not agree to conditions different from the General Conditions or the written form is not observed the General Conditions shall apply.
3. Additional equipment shall be delivered on the grounds of separate written settlements, which in particular specify the price, the conditions of delivery and any other possible conditions.
4. HYDAC shall reserve the right to delivery according to dates and volumes decided by itself.

III. Prices and Payments

1. Safe as otherwise provided in the order confirmation the product shall be delivered on the EXW Mikołów (Incoterms 2010) basis. HYDAC shall secure standard packing, the cost of extra packing shall be covered by the Customer. The price specified in the order confirmation or the contract shall be firm on the condition that the prices of raw materials, labour and other costs shall not be subject to material change. All the prices shall be understood as excluding VAT.
2. Payment conditions resulting from the offer or – if they were not presented in the offer – from the order confirmation or the contract, are binding for the parties of the General Conditions.
3. The day when the money comes into the bank account of HYDAC shall be considered the date of payment. In case of delay in payment the Customer shall pay interest to HYDAC according to rules and rates prescribed by the law.
4. In case of payment by instalments delay in payment of any of the instalments shall result in all the payment's becoming due.
5. A transfer of rights resulting from the contracts concluded between HYDAC and the Customer within the framework of the General Conditions to third parties shall require a written consent of HYDAC under pain of nullity.
6. The Customer's right to deduct arrears shall be excluded, unless the arrears are indisputable and legally recognised. The Customer shall be allowed to report claims to deduct arrears within the framework of the same contract only.
7. In case before factual payment by the Customer the taxes are raised or new taxes and fees are introduced with the result for the price of the goods, the price shall be automatically raised in the moment of entry into force of the new law raising fees and taxes. It refers as well to taxes imposed in Poland as abroad, especially on the main shareholder and other companies of the HYDAC Group, if it has impact on the prices of products and materials bought by HYDAC.

IV. Delivery Times.

1. Preliminary, not confirmed by HYDAC delivery times are not binding. Safe as otherwise provided, delivery times shall be established by HYDAC in the order confirmation. If the Customer does not effect actions requested by HYDAC to enable delivery, especially if

the Customer does not deliver documents requested by HYDAC or does not effect prepayment in the agreed time, it shall result in suspension of contractual times for HYDAC up to the moment the Customer effects the actions or HYDAC withdraws from the contract. In any case HYDAC shall have the right to require damages from the Customer.

2. The delivery time shall be considered kept if the goods have left the works or the readiness of the goods for dispatch have been reported not later than on its last day.
3. In case of force majeure or any other events that make dispatch difficult, the delivery time shall be postponed accordingly. The same shall refer to delay in dispatch of raw and construction materials, if such delay had material impact on the production of the goods and HYDAC is not responsible for that.
4. If HYDAC is in delay in execution of the order for more than four weeks, the Customer shall be eligible to establish a new, reasonable time to effect the order, at least two weeks long. If such time is missed the Customer shall be eligible to withdraw from the contract in writing, given that HYDAC is responsible for the delay. If HYDAC cannot effect the delivery because of the Customer, the latter shall be charged with storage costs and contractual penalty equal to 1% of the gross price of the goods a month starting from the second month of delay.
5. A resignation of any of the Parties to effect the contract (in full or in part) requires a written consent of the other Party under pain of nullity. The possible consent of HYDAC to the Customer's resignation may be expressed on the condition that the Customer has paid contractual penalty equal to no less than 35% of the net value of the contract. In case the loss exceeds the contractual penalty, the Customer shall return the loss in full amount.

V. Passage of risk and acceptance

1. The risk of accidental damage or loss of the goods shall pass onto the Customer in the moment of release of the goods from store or handing it to the carrier, depending on the delivery basis agreed. Upon a written request of the Customer and at its account HYDAC shall insure the goods from destruction, transport damages, fire and flood.
2. The Customer shall collect the goods in the agreed time. The Customer has no right to refuse to receive the goods. Such refusal can be justified only when the characteristics or technical parameters of the goods differ from the order obviously and significantly. It shall be accepted that the characteristics or technical parameters of the goods differ from the order obviously and significantly if only because of such discrepancy the goods cannot be used to the purpose such goods are normally used for.
3. If the Customer does not collect the goods in time it shall compensate any losses suffered by HYDAC, especially the Customer shall bear any relating costs.
4. Having collected the goods the Customer shall check the quantity and the quality of the goods immediately, no longer however than within 14 days after delivery.

VI. Reservation of Title

1. HYDAC shall reserve the title of the delivered goods up to the moment of full satisfaction of the claims of HYDAC, regardless their origin.
2. Processing, alteration, change, transformation, fusion etc of the goods delivered by HYDAC, being further property of HYDAC, may take place only upon prior consent of HYDAC expressed in writing under pain of nullity.
3. The performer and the Customer shall be liable towards HYDAC for any damages resulting from alteration, changes, transformation, fusion etc. Apart of the damage claims of HYDAC, HYDAC shall become owner of things made of or from its goods or with the use of its technology.
4. If the Customer is in delay with payment to HYDAC and in result the goods are still property of HYDAC, the sale of such goods shall require consent of HYDAC expressed in writing under pain of nullity. The identity of the buyer is also within the scope of the consent of HYDAC. A debtor of HYDAC may not become buyer.
5. Cession of dues by the Customer to HYDAC responding to the total sum of debts of the Customer to HYDAC shall be a precondition of a deal mentioned in the item 4. The Customer shall pass to HYDAC dues that it has towards its recipients on the grounds of sale or on other grounds together with other lateral rights. The Customer shall keep the right to execute such dues only when its own dues towards HYDAC are regulated.
6. If the Customer is in delay with payment or does not fulfil its obligations resulting from the reservation of title, HYDAC shall give the Customer extra time. If the Customer still does not fulfil its obligations in the extra time HYDAC shall be eligible to withdraw from the contract, require the goods back and claim damages.
7. Goods under reservation of title may be pledged, rented, passed to third parties or their title may be transferred to secure loan repayment only upon prior consent of HYDAC expressed in writing under pain of nullity.
8. If third parties take actions, especially claims, towards goods under the reservation of title, the Customer shall immediately inform HYDAC about it in writing, as well as inform the third parties about the reservation of title for HYDAC. The costs of factual and legal execution of the title of HYDAC shall be borne by the Customer, unless they can be levied from the third parties.
9. HYDAC shall be eligible, for the time of endurance of the reservation of title, to insure the goods at the expense of the Customer, unless the Customer presents a proper surety and HYDAC accepts it.
10. The Customer shall keep the goods under the reservation of title in non-deteriorated condition, which in particular means it shall store it and maintain it according to the technical requirements.

VII. Warranty

1. The present warranty conditions shall be applied unless order confirmation, technical documentation, operation manual, warranty card or catalogue card state otherwise.
2. HYDAC warrants good quality of the goods in accordance with the documents listed in the item 1 and the provisions below. Unless the documents listed in the item 1

indicates another period, the warranty shall be given for 12 months starting on the date of delivery.

3. In case of delivery on the terms EXW Mikołów or FCA Mikołów (Incoterms 2010), the warranty period shall commence in the moment of the Buyer's notification by HYDAC of the readiness of the goods for dispatch.
4. The warranty shall be given on the condition that the goods are used in accordance with the technical documentation, the operation manual, the warranty card or the catalogue card. The warranty shall not cover fast moving parts (filter elements, sealings etc.).
5. The warranty shall not cover mechanical, chemical, thermal or other damages to the goods and defects effected by them, or caused by action or inaction of the Customer. Neither shall the warranty cover the goods with seals or other protections removed.
6. HYDAC shall hand a warranty document to the Customer. If the Customer is not handed a separate warranty document, the VAT invoice shall be considered the warranty document.
7. Having detected a defect the Customer shall inform HYDAC thereof in writing within two working days from the date the defect was detected under pain of losing the warranty rights.
8. The Customer shall not be allowed to repair the goods on its own or have the goods repaired without HYDAC's consent, and if it does, it shall be deprived of the guarantee. The consent shall have a written form under pain of nullity.
9. In case of substitutions the liability of HYDAC shall be limited to the costs of a spare part and the dispatch. HYDAC shall cover these costs if they arise on the territory of the Republic of Poland. The costs of external deliveries shall be covered only in the range they would be covered on the territory of the Republic of Poland.
10. If in the moment of passage of risk the goods are defective, HYDAC shall be entitled to either repair or substitute the goods, at the option of HYDAC. The substituted goods or parts thereof shall become property of HYDAC.
11. HYDAC and the Customer shall mutually agree on the term and the way of removing the defect. In case of failure, the term and the way of removing the defect shall be decided by HYDAC.
12. The claims basing on the guarantee may be exercised by the Customer only when it is not late with any payments for HYDAC.
13. If HYDAC fails to repair or substitute the defective goods because of the reason lying on the side of HYDAC, HYDAC shall be eligible to offer the Customer proportional reduction of price or termination of the contract.
14. The implied guarantee for physical defects shall be excluded.

VIII. Liability

Liability of HYDAC for the defects of the goods shall be limited to the material defects in the Goods themselves; any other liability, including liability for lost profits and lost production, shall be excluded.

IX. Force majeure

1. Execution of the contract shall be suspended for the time of occurrence of force majeure.
2. Natural disasters, industrial catastrophes, riots, mobilisation, war, strike, cessation of rail, air, ship or road transport shall be considered force majeure if it could be proven that they influence production and dispatch. Material and labour shortages shall not be considered force majeure.
3. Within seven days the Party afflicted by force majeure shall inform the other Party by phone or by fax about the occurrence of force majeure and about the return to normal work after cessation of the force majeure.
4. If as a consequence of force majeure one of the Parties is unable to fulfil its contractual obligations within six months or another time period agreed by the Parties, the other Party shall be eligible to terminate the contract immediately with a registered letter.
5. Suspension of the contract, mentioned in the item 1, shall stand for exclusion of claims due to delay or failure to fulfil the contract.
6. Termination of the contract in the course established in the item 4 shall rescind the right to claim damages due to delay or failure to fulfil the contract, however the range of the contract fulfilled at the very moment shall be settled immediately, no later than 14 days after cessation of the force majeure.

X. Other

Safe as otherwise provided Mikołów shall be the place of execution of the contract. The objectively competent court in Katowice shall have competence to deal with possible litigation. The Law of the Republic of Poland shall apply to contracts concluded on the grounds of the General Conditions of Sale and Delivery.

The Polish Civil Code shall be applied to matters that are not regulated by the General Conditions of Sale and Delivery. If one or more provisions above prove invalid, it shall not influence validity of the other provisions.

The present General Conditions of Sale and Delivery shall come into effect on 1 December 2008.