

GENERAL TERMS AND CONDITIONS OF PURCHASE

**of HYDAC sp. z o.o.,
ul. Reymonta 17,
43-190 Mikołów**

a company evidenced in the Register of Entrepreneurs of the National Judicial Register under the number 0000099959, with the operation capital of 500,000 zlotys, whose documentation is stored in the Regional Court for Eastern Katowice in Katowice, 8th Economic Department of the National Judicial Register, VAT ID: 635-000-02-22, called hereinafter HYDAC.

The present general terms and conditions of purchase shall be applied to any sale, manufacture, work, construction or order contracts, where Hydac sp. z o.o. in Mikołów, called hereinafter the Buyer, acts as buyer, receiver, customer, investor or mandatory, and shall bind the other party, called hereinafter the Seller, acting as seller, supplier, contractor, builder or performer. They have also refer to any other future contracts of that kind with the Seller even if not referred explicitly in a contract or an order.

The present general terms and conditions of purchase shall be applied totally and exclusively to the contracts indicated above. Any deviation from them or their addenda require an explicit written consent of the Buyer.

The Buyer reserves the right to use special additional terms and conditions while purchasing businesses and machinery.

I. Offers

1. The Buyer shall be bound only with its offer or order placed in writing and in the range indicated there. Documents sent by fax, e-mail or other electronic data exchange system shall be also considered written.
2. The Seller shall not charge the Buyer for placing the offer; moreover it shall bear any costs of preparing it itself.
3. The offer shall contain data necessary to consider it, in particular the number of our price request or order, our part number as well as the name of the employee responsible for preparing the offer.
4. If the Buyer concludes the contract to satisfy its own demands, the Seller shall get to know these needs and report its possible remarks and reservations about the purposefulness of concluding such contract.
5. Any documents provided for by the Buyer (e.g. plans, sketches, calculations, samples, models and multimedial data) shall remain property of the Buyer and shall not be made available to third parties, except the cases of a prior written consent of the Buyer. Such documents shall be used by the Seller only to satisfy the demands of the Buyer and shall be returned to it automatically as soon as possible after they are no longer necessary to accomplish the order.

II. Orders

Orders and other settlements between the Parties shall be binding only if placed in writing.

III. Order confirmation

1. The Buyer shall consider the contract concluded as soon as it receives from the Seller within the indicated time limit or – if no time limit has been indicated - immediately a written confirmation of acceptance of the Buyer's order, indicating the number of the order, the part number as well as the name of the employee responsible for the offer. The Buyer shall reserve the right to agree or not to any alterations or provisos introduced by the Seller in its order confirmation.
2. If the Buyer does not receive from the Seller within the indicated time limit or – if no time limit has been indicated - immediately the described above written confirmation of acceptance of the Buyer's order, the contract is considered not concluded and any responsibility of the Buyer because of that fact shall be excluded.
3. If the Buyer's order is confirmed by the Seller in reference to conditions different from the general terms and conditions of purchase, the general terms and conditions of purchase shall be applied anyway to the contract concluded in this way, even if the Buyer has not rejected explicitly the conditions alleged by the Seller. If the Seller does not accept this proviso and informs the Buyer about it in writing, the Buyer reserves the right to withdraw the order, which means that the contract has not been concluded and any responsibility of the Buyer because of that fact shall be excluded.

IV. Prices

1. The price indicated in the Buyer's order shall be binding for the parties and can be altered only by mutual agreement of the parties.
2. Safe as otherwise provided in the Buyer's order, the price shall cover the subject of the contract with packing, storing, loading and transportation, including duties, taxes and other fees, as well as certificate of origin, UL-marking and approvals such as CE and CSE.
3. If the price in the order has been indicated in a foreign currency, there shall be indicated in the Seller's VAT invoice a price in zlotys, according to the medium rate of the National Bank of Poland from the day of issue of the VAT invoice.
4. In case of domestic contracts VAT shall be added to the price, unless it has been covered by the price before.
5. The package should be suitable for the type of transport and the properties of the subject of the contract and protect it from any damage during transport and

storing. The Buyer reserves the right to return the package to the Seller at the latter's expense.

6. The Seller shall send the VAT invoice together with the subject of the contract to the address indicated by the Buyer. The VAT invoice shall contain, among others and under pain of payment refusal, the date of issue, description of the part as well as other marking (data) required by the Buyer, number and price, number of the Buyer's order. An invoice without the data indicated above shall be considered incomplete and shall not be paid. The VAT invoice shall not be issued before the day of dispatch.
7. If the Seller issues a VAT invoice: (a) not confirmed with a copy, (b) whose tax amount indicated in the original is different from the one in the copy, (c) more than one documenting the same sale, (d) indicating quotes incompatible with facts or work that have not been rendered or the VAT rate incompatible with the law, (e) confirming illegal operations – it shall pay the Buyer's damages suffered in the effect of setting tax obligation together with sanctions and interest imposed on the Buyer by a tax authority in the amounts resulting from the delivered decisions.

V. Duties of the Seller

1. Terms and range of delivery indicated in the order of the Buyer shall be binding.
2. The Seller shall inform the Buyer every single time about arisen circumstances endangering his keeping the time of delivery. However it shall not exempt the Seller from the duty of delivering the subject of the contract on time. If it becomes evident that because of the Seller the time of delivery shall not be kept with the use of the planned mean of transport, the Seller shall send the subject of the contract with a faster (express) mean of transport at its own expense.
3. The Buyer shall not be obliged to control the subject of the contract immediately after delivery. In case the Buyer detects, also later, that the subject of the contract as early as in the moment of delivery did not meet the requirements of the contract referring quality or quantity, the Buyer shall, at its choice, reduce the subject of the contract with lacking or defective parts or require that the Seller complete it immediately. This provision shall not transgress the Buyer's right to require contractual penalty for late delivery.
4. For late delivery the Seller shall pay the Buyer contractual penalty in the rate of 0,3% of the net value of the undelivered subject of the contract for every day of delay, not more however than 20% of that value. The Buyer reserves the right to demand damages from the Seller that exceed the amount of the contractual penalty.
5. In case the Seller does not keep the time of delivery the Buyer shall be entitled to withdraw from the contract with an immediate effect. In such case the Seller

shall return all the sums received from the Buyer in advance for the deliveries not yet accomplished.

6. If the delivery of the subject of the contract is connected with carrying in or leaving items of property of the Seller into or in the premises of the Buyer, the Seller shall insure these items in full scope from fire or any risk to the amount of the full reconstruction value.
7. In reference to the products, to which regulations on electrical devices are applied, the Seller shall be consider their producer, so the Seller shall bear the duties connected with product recall and registration. The Buyer shall be entitled to pass the registration number of the product to the final user.

VI. Dispatch, logistics

1. The basis of dispatch shall be established according to Incoterms 2010. Save as otherwise provided in the offer or the order of the Buyer, the subject of the contract shall be delivered according to the conditions DDP Mikołów in the time indicated in the offer or the order of the Buyer. The Buyer shall accept any deliveries from Monday to Friday between 8:00 and 14:00, except holidays. The Seller shall inform the Buyer about the delivery at least three days in advance. The Buyer shall have no duty to accept partial deliveries or deliveries ahead of time that it has not agreed to.
2. The Seller shall indicate in the transport documents the address of delivery, the number and the date of the order, the number and the description of the part and the name of the employee responsible for dispatch. The data shall be also made visible on the package of the subject of the contract.

VII. Quality and guarantee

1. The subject of the contract is compatible with principles of science and technique, any specifications and drawings of the Buyer as well as any samples, descriptions and brochures handed by the Seller to the Buyer, is compatible with safety rules and can be introduced into the market, has been made of proper material and with diligence, is free from defects and usable according to its purpose defined by the Buyer or any of its customers.
2. The Seller shall, in reasonable advance, not later than in the moment of placing the offer, inform about possible change, in comparison with previous contracts, of the used material, technological process or methods of production.
3. The Buyer prefers sellers who have introduced a certified quality management system compatible to the norm PN EN ISO 9001:2001. The Buyer reserves the right to audit the quality management system in the seat of the Seller. The customers of the Buyer shall be also entitled to exercise that right. The Seller shall provide the Buyer and its customers with any information and assistance.

4. The Seller shall control the quality of the subject of the contract before its dispatch or dispose.
5. The Seller shall cover the subject of the contract with a guarantee for a period not shorter than 24 months counting from the date of assembly of the device. If in the contract between the Buyer and its customer there has been established a longer guarantee period for the device where the subject of the contract has been installed, the longer guarantee shall be applied respectively to the guarantee period of the Seller, it shall not exceed however 36 months counting from the date of assembly of the device.
6. The Buyer shall inform the Seller about detecting a defect within 14 days from the detection. The Seller shall, due to the Buyer's choice, repair the defective subject of the contract in the place where it was in the moment of detection the defect, in Poland or abroad, or replace it with one free from defects within 14 days counting from the moment the Seller received the Buyer's notice about detection of the defects. In case the Seller fails to repair or replace the subject of the contract in that time the Buyer shall be entitled to withdraw from the contract and require the Seller return the Buyer's payment, or repair the subject of the contract itself or have it repaired on the account of the Seller. Any costs connected with repair or replacement of the subject of the contract on the grounds of the guarantee, including substitute repair or replacement, shall be borne by the Seller. Save as otherwise provided the Seller shall cover the repaired or replaced subject of the contract with new guarantee for a period of 24 months counting from the date of repair or replacement.
7. Repair or replacement of the subject of the contract, as well as withdrawal from the contract do not deprive the Buyer from its right the Seller cover damages, including losses suffered by the Buyer because of defects of the subject of the contract in Poland or abroad.
8. The Seller shall secure availability of service and spare parts for the subject of the contract at the prices valid in the date the Buyer's order was placed within ten years starting from the delivery date.
9. In particularly urgent cases the Buyer shall be entitled to repair the defective subject of the contract itself or have it repaired. Any costs connected with such reparation shall be borne by the Seller. In particular cases where interruptions of manufacturing operations, inability to provide services, or late startups might occur, or contractual penalties might be incurred shall be considered particularly urgent cases.

VIII. Responsibility

1. The Seller shall be responsible for failure in fulfilment or unsuitable fulfilment of the contract in the range prescribed by the law.
2. The Seller guarantees that the subject of the contract is free from claims of third parties referring to their intellectual property , that is in the range of copyright, inventions, utility models, industrial designs, trade marks, protected

geographical status, layout design topographies and like. If it proved differently, the Seller shall make any steps to enable the Buyer to run its business in an uninterrupted way.

3. The Seller shall bear any responsibility for the Buyer's losses resulting from a failure in fulfilment or unsuitable fulfilment of the contract, also infringement of intellectual property of third parties, including lost profits and product recall. Having that in mind the Seller shall insure itself from such damage for an adequate sum of money, what shall not however limit in any way its responsibility in relation to the Buyer.

IX. Prohibition of retention of title, confidentiality and prohibition of publicity

1. The Buyer recognises no retention of title to the subject of the contract for the Seller behind the moment of delivery of the subject of the contract.
2. The Parties shall keep in confidentiality any information received from each other (e.g. drawings, plans, samples, models, computer data and programmes) and not reveal it without an explicit written consent of the other party to third parties and employees to whom it is not indispensable to fulfil the contract properly, and return it immediately, no later however than within 14 days after the termination of its usefulness to the aims it was transferred for.
3. Without an explicit written consent of the Buyer the Seller shall not reveal to public or third parties the fact of being at present or in the past in commercial relations with the Buyer. Neither shall the Seller use the Buyer's trade mark or name in any advertising or promotional material without its explicit written consent.

X. Tools and devices

Any tools, devices etc. for which the Buyer has paid in full or in part, become respectively property or co-property of the Buyer and they shall be considered lent to the Seller only.

XI. Payment

1. Save as otherwise provided in the offer or in the order of the Buyer the VAT invoice shall be paid on a Tuesday after the 60th day after the date of its receipt by the Buyer onto the bank account indicated in the invoice. Such a shift shall not be considered late. The Buyer shall be entitled to reduce the paid amount by 3% in case of payment within 14 days after the receipt of the subject of the contract and the invoice. In case of the reduced payment the Seller shall issue a correction of the invoice. In case of partial delivery the Buyer shall be entitled to retain 10% of the amount to be paid up to the completion of the delivery. The payment shall not be considered technical acceptance. In case of delivery ahead of time the time of payment shall be counted as if the subject of the contract was delivered in the last day of the time of delivery.

2. If the Seller is a resident of a EU member state other than Poland it shall attach a shipping document and a delivery slip to the invoice. If the Seller is a resident of a non-EU member state it shall attach additionally documents necessary to pass customs clearance and a document certifying tariff preferences.

XII. Prohibition of cession

The Seller shall not transfer liability it is entitled to in relation to the Buyer to a third party without a written consent of the Buyer.

XIII. Suspension

Save as otherwise provided the Buyer shall be entitled to suspend execution of the placed order for a period up to three months. Storage costs incurred by the Seller during such suspension periods shall be borne by the Seller. The Buyer shall not be liable for any other related costs that may be incurred by the Seller during the suspension period. Delivery times shall be extended by the total length of the suspension period. The suspension of execution of the contract as described above shall exclude any claims for damages by the Seller basing on that fact.

XIV. Cancellation

The Buyer shall be entitled to cancel the placed orders. In such case the Buyer shall compensate the Seller for expenditures incurred by the latter for related work completed and materials employed prior to cancellation dates, provided that the Seller presents documentary evidence of the expenditures involved and invoices the Buyer for same. Ownership of products manufactured or purchased by the Seller prior to cancellation dates shall revert to the Buyer, and the Seller shall deliver said products to the destination(s) stated on the Buyer's purchase orders, in accordance with the delivery times stated on the Buyer's purchase orders.

XV. Force majeure

1. None of the Parties shall suffer negative results of its failure to fulfil or delay in fulfilment of the contract, in particular in the reception of the subject of the contract, if such failure to fulfil or delay has been caused by force majeure. Natural disasters, industrial catastrophes, wars and riots and acts of public authorities shall be in particular considered actions of force majeure. Strikes, lock-outs and other problems between employers and employees shall not be considered actions of force majeure.
2. The Party that has suffered force majeure shall inform the other Party about the occurrence of force majeure and define the estimated period it is going to last within five days from the moment it occurs. The action of force majeure shall be confirmed by a regional chamber of commerce and industry. Failure to meet this requirement in the established time limit shall deprive the party of the right to invoke the action of force majeure.

3. If the action of force majeure lasts for more than 30 days each of the Parties shall be entitled to renounce the contract unilaterally with an immediate effect. In such case the Parties shall return what they have received from each other and shall be free from the duty of future performances.

XVI. Miscellaneous

1. Any amendments in the contract require for their validity a written consent of both the parties. The Buyer however reserves the right to change unilaterally, in any time before delivery, the specification of the subject of the contract, both in reference to the technical parameters and to quantity.
2. The legal relations between the Parties shall be subject solely to the law of the Republic of Poland.
3. Possible failure of the Buyer to exercise its rights it is entitled to on the grounds of the present general terms and conditions of purchase shall not be considered a waiver of such right and shall not constitute for the Buyer an obstacle to exercise such right in the future.
4. Possible invalidity, ineffectiveness or inability to carry out any of the present general terms and conditions of purchase shall have no influence on the others. The Parties agree to implement – instead of such a term or condition – one that within the limits allowed by the law stands as close to it as possible with respect to the original sense agreed by the parties.
5. A competent court in Katowice shall be the place of jurisdiction for all possible disputes.
6. In reference to matters not regulated in the present general terms and conditions of purchase and the contract the provisions of the Civil Code shall be applied.
7. The present general terms and conditions of purchase shall enter into force on 1 July 2011.