

General Terms and Conditions of Sale

1. General provisions

HSTEC d.d., with its registered office in Zadar, Zagrebačka 100, entered into the Company Register of the Commercial Court in Zadar under company reg. No (MBS) 060033740 and entity ident. No (OIB) 84339137481, (hereinafter referred to as: HSTEC), specializes in the development, design and production of high-speed motorized spindles, direct drives and other high speed technology, as well as in engineering, design and automation of special machine tools and systems.

HSTEC delivers goods and services only in compliance with these General Terms and Conditions of Sale (hereinafter referred to as: GTC). These GTC are applicable even in cases when HSTEC makes a delivery to the Buyer, being aware of the ordering party's conditions (hereinafter referred to as: Buyer) which may be contrary to or may vary from the provisions of these GTC. These GTC shall prevail over the General Terms and Conditions of the Buyer.

GTC is a list of agreed clauses the parties refer to in the offer and/or contract. GTC shall apply to all deliveries and services provided by HSTEC. By acceptance of goods or services, the Buyer agrees that these GTC shall be applicable for all future deliveries of goods and services, even in cases when they are not explicitly agreed upon.

These GTC shall be considered accepted at the moment of issuance and delivery of the order by the Buyer, based on the relevant offer or contract. The order is to be submitted by e-mail, fax or snail mail.

Possible additional agreements, including verbal agreements, reached between HSTEC and the Buyer, have to be drawn up in writing to be considered valid.

2. Offer and its validity

An offer is binding unless explicitly stated otherwise. An offer contains the name of the product, quantities, prices, terms of payment and other conditions. The Buyer issues an order or enters into a contract based on the offer.

HSTEC is entitled to a reasonable increase in prices after the contract has been entered into, should an increase of materials costs or market prices occur.

The offer is binding and valid 30 days as of the date of offer.

If for particular deliveries HSTEC and the Buyer agree upon some special conditions being different from the provisions of the GTC, then such special conditions in compliance with that particular offer shall be applicable, provided that they are defined in writing or such special conditions shall be indicated in the text of the order, or they shall be adequately documented in some other way.

3. Prices, terms of payment, delayed payments

The prices for the delivery of goods and services are set delivered ex works (EXW, Incoterms 2010). The invoices become due for payment without any deductions 30 days after the date of invoice issuance, if not otherwise agreed in the offer or contract. The payment shall be effected in favour of bank accounts indicated in the invoices.

Any variations of the above set terms and conditions of payment shall be defined in the contract to be entered into by the ordering party – the Buyer and the Seller – HSTEC d.d.

The payment shall be considered delayed without any dunning letter, immediately after the payment term has been exceeded. In such case HSTEC – regardless of any other legal rights – shall be entitled to claim the legal default interest. In case of non-payment for the goods delivered, HSTEC shall send out dunning letters for such outstanding payments upon maturity. If the Buyer fails to meet its payment obligations, HSTEC may exercise its proprietary rights and demand from the Buyer to return the goods.

In the case described in the preceding paragraph, HSTEC reserves the right to refuse further orders by the Buyer, even if they have already been confirmed, as well as to stop the production and the delivery of such products, until outstanding due payments will have been collected.

Possible complaint regarding the products delivered does not exempt the Buyer from its obligation to effect the payment within the contracted term of payment.

If the Buyer, for any reason whatsoever, withdraws an already submitted order, HSTEC is entitled to claim damages. The burden of proof for minor damage shall be borne by the Buyer.

4. Term of delivery, delay, inability to deliver

The terms of delivery that may be agreed upon either as binding or non-binding shall be drawn up in writing.

The term of delivery commences as of the date HSTEC has submitted an offer confirmation and if the following prerequisites have been met:

- that the Buyer has previously fulfilled all of its contractual obligations,
- that all the technical details of offer have been clarified and aligned,
- that the down-payment has been effected in full, if so agreed.

Adherence to the agreed terms of delivery means reaching an agreement regarding all commercial and technical issues and the fulfilment of all obligations by the Buyer, such as timely receipt of all documents that the Buyer is supposed to provide, required permits and approvals, especially drawings, as well as the payment of the agreed down-payment.

The term of delivery shall be considered as adhered to if the subject delivery has left HSTEC plant until its expiry or if the notification of delivery readiness has been sent. If the goods have to be taken over, then the deadline for such takeover shall be taken into account or, alternatively, the notification of readiness of the subject delivery for the takeover.

Partial deliveries are allowed, if such are acceptable for the Buyer. They shall be considered autonomous transactions and can be invoiced separately.

The adherence to the terms of delivery depends on accurate and timely deliveries of the suppliers to HSTEC. HSTEC shall immediately inform the Buyer of any delays.

Force majeure, strike, unfavourable weather conditions, inaccurate or delayed deliveries by suppliers to HSTEC, as well as any other event that may cause a delay in delivery and for which HSTEC cannot be held responsible, shall extend the delivery term by the period corresponding to such obstacles. If the above-mentioned circumstances lead to an inability of delivery or a partial delivery, HSTEC shall be entitled to withdraw from the contract, either in full or partially.

The Buyer shall immediately be informed of such circumstances and the anticipated duration of delivery delay or about the respective contract termination. Should the contract be terminated, the payments effected by the Buyer shall be reimbursed without any delay. The Buyer shall not be entitled to claim any damages. The Buyer shall let HSTEC know, within some reasonable period of time, if it wants to terminate the contract due to delivery delay or if it wants the contract to be performed.

5. Dispatch and transport, transfer of risk

Dispatch and transport conditions are agreed EXW Zadar (HSTEC). The Buyer shall organise and provide for the transport on its own and bear the costs and risk of the transport of goods immediately upon takeover of the goods at HSTEC. The dispatch and transport conditions may vary from what is stated above, depending on the agreement between the ordering party—the Buyer and the Seller-HSTEC d.d.

6. Reservation of proprietary rights

As long as the payment is not effected in full, the goods delivered remain to be the property of HSTEC. If HSTEC due to the Buyer's non-payment takes the goods back, then pursuant to the reservation of proprietary rights, the Buyer shall bear the transport costs in the case of return or further sale of goods.

HSTEC reserves the proprietary rights and copyrights on drawings, calculations and other documents. This applies also to written documents labelled as "Confidential".

7. Return of goods and related costs

Should wrong goods be delivered compared to those ordered by the Buyer, they shall be accepted back only after HSTEC is informed thereof in writing and if the goods are undamaged.

In any case, when returning the goods, the Buyer has to provide the document confirming its receipt (delivery note), in which products and quantities are listed.

8. Complaints and guarantees

HSTEC guarantees that the goods delivered to the Buyer are free of any defects. The Buyer shall inspect the goods at delivery. If any defects are detected, the Buyer shall file a complaint on such defects within a reasonable period of time. For the deliveries where the cause of complaint appeared during the transport, then the record of complaint has to be co-signed by the carrier, too.

Our general conditions of delivery and guarantee are applicable for the period of 12 months commencing from the moment of delivery of the goods. If during that period, provided that the equipment was handled adequately, a defect occurs on the equipment, it shall be either replaced or repaired, as the manufacturer may decide, free of charge. The warranty period does not cover for the damage incurred by negligence, inadequate handling or misapplication.

HSTEC shall not be liable for the defects arising from components built into the product that were supplied by the Buyer. The complaint referring to a part of the goods does not entitle the Buyer to delay the payment for the part of goods for which no complaint has been filed.

Spare and wear parts have to be replaced regularly, in compliance with the maintenance plan given in the user's manual. The Buyer- user shall follow the use, handling and maintenance instructions. The guarantee refers only to the services of repair at HSTEC. The Buyer shall deliver the defective part and give HSTEC the required time and opportunity to make necessary repairs. The claims for compensation of the damages shall be excluded, comprising the replacement of damaged property, profit lost or any other financial losses.

The general conditions of guarantee and complaints may vary, depending on the contract entered into by and between the Ordering party—the Buyer and the Seller—HSTEC d.d.

9. Right of withdrawal from the contract or order

The contracting parties shall try to adapt to the new situation:

- if unexpected disturbances interfere with the business, such as events that are beyond the control of HSTEC or arising from changed circumstances,
- if after the deal has been made it turns out that the contract or the order cannot be performed to their full extent, or in their vital parts, or if such circumstances would incur excessive losses.

If it is not possible to adapt to the new situation, HSTEC is entitled to withdraw from the contract or order either entirely or partially by a unilateral written statement. HSTEC shall submit the reasons of withdrawal to the Buyer in writing. If HSTEC withdraws from the contract or order pursuant to the provisions of this paragraph, the Buyer shall not be entitled to claim any damages.

10. Data protection

HSTEC and the Buyer agree not to disclose, during the term of this contract or upon its termination, to any third parties whatsoever, the data regarding their mutual agreement as part of their business relationship, or any internal information or data about the other contracting party that they have learned during their co-

operation. If either of the contracting parties wishes to publish the results of their work, then for any announcement comprising facts other than that about entering into the contract and ordering and the basic parameters (company name and address, field of application, etc.), it shall first obtain a written approval of the other contracting party.

All the data stated in HSTEC official offers shall be considered a business secret as of the moment of their entering into force and upon their expiry, regardless whether the offer was accepted or not. The party receiving the offer shall treat these data as confidential and protect them from being disclosed to third parties. This does not apply to the data that are deemed public by the law. All the data of HSTEC official offers may only be used for the purpose of procurement of the items the offer has been placed for.

11. Intellectual property

HSTEC reserves all the rights on cost estimates, drawings and other documents without any limitations. These documents may be made available to third parties only upon prior written approval of HSTEC. They may be used or reproduced by the Buyer or third parties only upon prior written approval of HSTEC and shall be returned to HSTEC without any delay in their full scope, including any possibly existing copies, if the order has not been submitted or if it has been concluded.

12. Final provisions

The parties shall try to settle any disputes that may arise from their mutual business transactions or may be related to such business in an amicable way. If they fail to resolve such disputes on their own or if they do not accept the settlement, such case shall be subject to the jurisdiction of the Commercial Court in Zadar.

13. Legal validity

These General Terms and Conditions are valid as of 1st January 2012.