

GENERAL CONDITIONS OF SALES

FOREWORD

These General Conditions of Sale, except as specifically agreed between the Parties in writing: -shall regulate any present or future sales contracts, proposals/offers as well as any other agreement stipulated between Teknomotor S.r.l. (hereinafter "Seller" or "TM") and the Buyer or Customer; and -cancel and replace all previous conditions of sales of TM and constitute the reference basis for all agreements with the Buyer. Any general conditions of sale of the Buyer in contrast with the present provisions are not applicable except if confirmed by the Seller in writing.

1) STIPULATION AND EFFECTIVENESS OF THE AGREEMENT

The signing of a sales contract between the Parties, in whatever form, involves the Buyer's acceptance of these General Conditions of Sale.

The sales contract shall be considered as accomplished when, following receipt of an order conforming to the provisions under Art. 3 below, the Seller has sent the Buyer a written confirmation of it. Any matter not expressly or implicitly dealt with by the sales contract shall be ruled by: i) CISG (United Nations Convention on Contracts for the International Sale of Goods; ii) insofar as not covered by CISG, the law of the country where the Seller has its residence.

2) PRODUCT FEATURES

Any information or data regarding technical specifications and/or characteristics of the products contained in leaflets, pricelists, catalogues or similar documents shall be binding only if expressly mentioned and defined as binding in the sales contract.

The Seller reserves the right to alter the products insofar as, in its sole judgement, modifications are deemed necessary or recommended and providing they do not alter the fundamental features of the products.

The Seller is not obliged to adapt, alter or withdraw the products from the market if legal regulations on the application, quality or use of the products are changed subsequently to the accomplishment of the agreement.

3) ORDERS

The Buyer's purchase order, however called, is always subject to written acceptance by TM. Notwithstanding the acceptance of telephone agreements, all orders must be subsequently sent and confirmed by the Buyer via facsimile, surface or electronic mail.

All subsequent order modifications must be notified in writing subject to the Seller's new written acceptance. The Seller's offer is to be deemed firm and irrevocable only if so stated in writing and if it specifically shows a validity term for the provision. Otherwise, it shall be considered not binding or as a mere reply to a quotation request. Any negotiations carried out by agents, licensees, representatives or sales assistants of the Seller are not binding for the latter until receipt of the Seller's express confirmation. Exclusively in case of materials not included in the Catalogue, i.e. in case of materials for which special agreements have been met between TM S.n.c. and the Customer, cancellation of the order by the Buyer involves TM's right to withhold any deposits paid by the Customer or to apply a penalty amounting to 20% of the value of the order, notwithstanding the Seller's faculty to ask for further damages.

4) DELIVERY TERMS AND DELAYED DELIVERY

Except if otherwise agreed upon in writing, sales are made "EX-WORKS" even when the full or partial shipment is organised by the Seller. All the delivery terms mentioned by the Seller are to be considered as purely indicative except if expressly mentioned as binding in writing. In case of non-fulfilment of the Customer's settlement obligations, the Seller shall have the right to change delivery terms. Delivery terms start from the date of receipt from the Seller of the deposit as provided by the sales contract.

Any delay in delivery shall not in any case provide a reason for the Buyer to ask for damages, and the full effectiveness of the sales contract shall remain unchanged.

5) TRANSPORT, TRANSFER OF RISKS, FAULTS AND COMPLAINTS

In default of other agreements, the Seller shall choose the type of transport to be adopted, which is always at the Buyer's expense. The goods travel at the Buyer's risk, and the Seller waives any responsibility therefor from the moment the goods are released to the first carrier within the boundaries of Italy. Upon the Buyer's demand, the Seller may insure the goods against damage caused during transport. However, the Buyer must duly check the goods as soon as they have reached the Buyer's premises.

Any claim relating to package conditions, quantity, number or external appearance of the products ("obvious flaws") shall be notified to the Seller by registered letter (previously sent by facsimile) within eight (8) days from the date of receipt of the products, containing a detailed list of flaws and non-conformities. Later claims or claims not conforming to this clause shall be rejected. Any claims relating to faults which could not be detected by accurate checking at the moment of receipt ("latent defects") shall be notified to the Seller by registered letter (previously sent by facsimile) containing a detailed list of faults and non-conformities within eight (8) days from the date of detection of those faults and anyway no later than twelve (12) months from delivery. Failure to observe these conditions shall lead to the rejection of such claims.

Any return of the goods by the Buyer shall only be accepted if previously authorised by the Seller. In case the Buyer has used the goods or altered their condition in such a way that the Seller cannot check them, the Buyer shall have no right to make any claim. Whenever a claim has resulted to be unfounded, the Buyer shall also refund the Seller for any costs incurred for the checking of the products.

It is understood that any claim or dispute directly or indirectly relating to the products shall give the Buyer no right to interrupt or delay payments of the products involved nor of any other supplies with pending payments.

6) PRICES AND PAYMENTS

All prices are meant EX-WORKS (Seller's premises). Prices shall be increased of the applicable value added tax and any other enforceable tax.

Prices are inclusive of normal packing, whereas they do not include customs duties, transport or insurance costs.

Current prices are mentioned in observance of the Seller's specifications and remain valid until the relevant pricelist updating.

Notwithstanding the above, the Seller reserves the right to alter prices in the short term in case of increase in costs applied by the Seller's own suppliers.

In case of increase in raw material costs, the Seller is entitled to update prices provided the Buyer is informed of such updating, and the Buyer shall have the right to cancel orders within 3 days from receipt of such notification.

Payments shall be addressed by the Buyer to the Seller's premises no later than the terms established by TM and made by bank transfer following the Seller's instructions. Invoices shall be paid in full with no deductions except if justified by a Credit Note issued by the Seller. In case of delayed payments, even of one single instalment, the Buyer's right to deferred terms shall cease without any formal notification by the Seller as provided by Art. 1186 of the Italian Civil Code, and the Buyer shall pay the Seller a penalty interest amounting to the applicable rate as provided by the Law plus 8%, within the threshold admitted by Act no. 108/96, notwithstanding any further claims for damages that the Seller may make.

7) LIEN AGREEMENT

The ownership of the products shall only be transferred to the Buyer after full payment of the goods supplied including any interests, if due. The Buyer undertakes to stock such goods separately and with due diligence and to mark them clearly as the Seller's property. The Buyer also undertakes to assist the Seller in taking all necessary measures to protect the Seller's rights. This lien agreement does not affect the transfer of risks as stated under 5 above. If the law of the State where the goods are stored does not admit the right to retain ownership, a form of guarantee similar to this and enforceable in that State shall be applied. If, in order to make this guarantee enforceable, the Buyer's action is required, the Buyer shall take all necessary measures to adopt and maintain this guarantee.

8) GUARANTEE

Within the limits of the following provisions, the product is guaranteed for one (1) year (12 months) against material, working and manufacturing faults. Any guarantee on faults not to be attributed to the Seller is excluded. During the guarantee period, starting from the day of transfer of risks, the Seller shall only have the obligation, at its own discretion, to either i) repair any faulty products on the spot, or ii) repair any faulty parts free of charge provided the product or part of it has been returned, or iii) send a product or part of it similar to the faulty one as a replacement. Whenever the Seller asks for any faulty goods to be returned for replacement or repair, the Buyer assumes, except if otherwise agreed, any transport freight or risk (delivery "carriage free").

The Seller's responsibility is limited to faults arising in the usage conditions as specified in the sales contract and upon correct use of the parts involved. It does not cover, in particular, any faults deriving from wrong installation, maintenance or repair made by anyone other than the Seller or the Seller's authorised staff, nor any alterations made without the Seller's written consent or due to normal wear and tear. Except in the case of wilful misconduct or gross negligence, the Seller shall only be bound, in case of vices, quality loss or non-conformity of the products, to repair the same and supply replacements for them as above specified.

It is agreed that the above guarantee, i.e. the Seller's obligation to repair or replace the products, incorporates and replaces any guarantee or liability as provided by the law and excludes any other contractual or tortious liability however arising from the finished products, including, without limitation, refund of damages, gain loss, collection campaigns, idle time losses, loss of clientele or damaged reputation, etc.

The products or their faulty parts which have been replaced according to the provisions stated herein shall be made available to the Seller for the time necessary for checking. The greatest liability of the Seller, also in case of non-predictable damage, shall in no case exceed the price of the faulty product. For no reason shall the Buyer ask for damages for interruptions of its business activity.

The Seller shall not accept any return of goods if not previously authorised in writing. The goods which have been authorised for return shall be accompanied by a relevant DDT (Document of Transport, or equivalent), a description of the problem, and a specific indication of how the product

was used. In case the Seller has committed itself to repair the product, the cost for its shipment back to the Buyer is entirely at the Buyer's charge.

The warranty does not cover faults arising from wear of parts normally subject to continuous or rapid wear (e.g.: seals, belts, bearings, etc..). In particular Teknomotor S.r.l. provides no guarantee as to the working life of the unit's bearings since this depends on a number of factors such as tool balance, type of machining operation, impacts, and/or other mechanical stresses not specified by the customer.

9) FORCE MAJEURE

Either Party shall have the faculty of suspending the execution of their contractual obligations when such execution is made impossible or unreasonably costly by an unpredictable event which goes beyond the Parties' will such as, for example, suppliers' non-performance of duties, energy or raw material shortages, strikes, lock-outs, declared or non-declared war, civil war, terrorist acts, embargoes, etc.

The Party wishing to enforce this clause shall immediately notify the other Party in writing of the beginning and the end of such circumstances of force majeure.

Whenever the force majeure event lasts more than 6 weeks, either Party shall have the right to rescind the contract with a written notice sent to the other.

10) LIABILITY

The Seller shall not be held liable for damage or accidents to things, people, or loss of gain deriving from the use of its motors.

11) COOPERATION BETWEEN THE PARTIES

The Buyer shall promptly inform the Seller of any claim forwarded to the Buyer by its customers or by third parties regarding the products delivered or intellectual property rights on them.

12) SEVERANCE CLAUSE

Whenever one or more provisions contained herein are declared void based on the Buyer's local legislation, the Buyer is obliged to promptly inform the Seller and, in such case, those void provisions shall be modified in writing by adding an appendix hereto which shall be construed in such a way as to have the nearest possible financial purpose of the original one(s), whereas the provisions not declared as void shall remain binding.

13) INTELLECTUAL PROPERTY

Except if otherwise agreed between the Parties, the Buyer does not acquire any intellectual property right on any software packages and/or drawings released to it by the Seller. The Buyer undertakes to treat any information received by the Seller as confidential. The Seller remains the only owner of any intellectual property right relating to the products.

14) TRANSFER OF RIGHTS TO THIRD PARTIES

The Buyer shall not transfer or assign this agreement or any of the rights originating from it to any third parties without the Seller's written consent.

15) LANGUAGE OF THE SALES CONTRACT

The sales contract and the present General Conditions of Sale are originally drawn up in Italian and have full value in this language, whereas any versions in other languages shall be intended as informal translations. Only the version in Italian shall constitute a reference in case of disputes relating to the content or effectiveness of a clause contained herein.

16) PLACE OF JURISDICTION

The applicable law is the Law of Italy. Any dispute arising directly or indirectly from the contractual relationship between the Parties shall be exclusively submitted to the Court of Belluno, Italy, notwithstanding the faculty of the Seller only to file a lawsuit before the Buyer's competent Court.

Teknomotor S.r.l.
Perli Sandro

For acceptance of the General Conditions of Sale
The Buyer:

_____ **Company Seal/Signature of the Legal Representative**

We hereby specifically approve the following clauses (ex Art.1341 and Art. 1342 of the Italian CC :
i) FOREWORD; ii) STIPULATION AND EFFECTIVENESS OF THE AGREEMENT; iii) PRODUCT FEATURES; iv) ORDERS; v) DELIVERY TERMS AND DELAYED DELIVERY; vi) TRANSPORT, TRANSFER OF RISKS, FAULTS AND COMPLAINTS; vii) PRICES AND PAYMENTS; viii) LIEN AGREEMENT; ix) GUARANTEE; x) FORCE MAJEURE; xi) LIABILITY; xii) COOPERATION BETWEEN THE PARTIES; xiii) SEVERANCE CLAUSE; xiv) INTELLECTUAL PROPERTY; xv) TRANSFER OF RIGHTS TO THIRD PARTIES; xvi) LANGUAGE OF THE AGREEMENT; xvii) PLACE OF JURISDICTION.

The Buyer:

_____ **Company Seal/Signature of the Legal Representative**