

GENERAL TERMS AND CONDITIONS OF SALE (valid from August 1, 2016)

These General Terms and Conditions of Sale (hereinafter referred to as GTCS) regulate relationships when selling goods, products between the company **První brněnská strojírna Velká Bíteš, a. s.**, with its registered office in Velká Bíteš, Vlkovská 279, Postal Code 595 01, Company ID No.: 0176109, registered at the Commercial Register maintained by the Regional Court in Prague, Section B, File 204 (hereinafter referred to as "PBS") and the second party, i.e. person or company, which ordered the products specified in the Order or the Agreement (hereinafter referred to as the "purchaser"). Any deviations from these GTCS must be agreed on directly in the relevant agreement or stated directly in the order, or in the draft agreement drawn by PBS. Terms of the agreement have priority over GTCS. The rights and obligations of the Contracting Parties not regulated by the agreement or GTCS are governed by Act No. 89/2012 Coll., the Civil Code.

I. AGREEMENT CONCLUSION

1. These terms and conditions of sale apply to all Agreements, products and services, which are to be delivered on the basis of an Order, Agreement, and they exclude other terms and conditions of the purchaser. Changes to the terms and conditions of an Order, Agreement are only effective if they are agreed in writing. Any acceptance of an offer from PBS by the purchaser with a reservation or an addition is not considered an acceptance of the offer from PBS.

2. The purchaser's orders are binding for PBS only after they are confirmed (accepted) by PBS in writing and only under conditions stipulated by in this confirmation (written confirmations according to these GTCS also mean email or fax message).

II. DELIVERY TERMS, DELIVERY TIMES

1. Unless agreed otherwise in writing

- delivery times are binding after PBS accepted the delivery time, and

- deliveries of products shall be "EXW Velká Bíteš in accordance with Incoterms 2010, while the previously agreed price does not include packaging, which shall be charged separately.

2. PBS is entitled to make partial deliveries of products. Delay in delivery by PBS, however it occurred, or in partial delivery or more partial deliveries, does not entitle the purchaser to withdraw from the respective Agreement as a whole.

3. In the case:

- the purchaser does not take over the products or refuses to take them over, despite the fact that they are prepared to be delivered in accordance with the respective agreement, order; or

- PBS (as its own choice) agreed with postponing the delivery time of the products on the purchaser's request; or

- the purchaser does not provide any instructions, confirmations or other documentation necessary for handover or shipping of products in time;

the risk of damage to the products immediately passes to the purchaser, the products shall be considered delivered and PBS is entitled to store them or have them stored at the risk and expenses of the purchaser. PBS is entitled to request any and all costs associated therewith (including storing and insurance) from the purchaser.

4. Upon delivery, the purchaser shall subject the products to entry check. PBS is not liable for the missing quantity, defects, damages or non-delivery of products, unless they are communicated to PBS in writing when taking over by the purchaser or within 7 working days from the actual or agreed delivery date (whichever applies). If the purchaser's claim is justified and some of the products were not delivered due to reasons beyond control or reasons not caused by PBS, PBS shall deliver these products as quickly as possible or issue a credit note to the purchaser, which is up to PBS. This is the only claim of the purchaser and excludes any other claims of the purchaser. Insufficient quantity or non-delivery of some products or part of the Products does not affect the Agreement in regards to other products or their parts.

5. In the case that there is delay in connection with the delivery of products or some parts, this delay in delivery was caused by negligence or intentionally by PBS, and the purchaser suffers damages on the basis of the delay in delivery, the Purchaser is entitled to demand a contractual penalty for delay in delivery, if the agreed delivery time was exceeded by more than 14 days. This contractual penalty due to delay in delivery is a general compensation for such damage and amounts to 0.05 % of the contractual price for products, of which the delivery was in delay, per every past week of delay in delivery, however, no more than 10 % (ten percent) of the contractual price of the products, of which the delivery was delayed.

6. This contractual penalty is the sole and exclusive compensation and claim against PBS in connection with the delay in delivery.

III. PRICES AND VALIDITY OF THE OFFER

1. Unless agreed otherwise, the offers of the company PBS expire after 30 days from their issuance.

2. All deliveries shall be executed for the prices set at the time of making an offer to PBS or confirming an Order or an Agreement by PBS.

3. Unless PBS agrees otherwise and in writing, prices of deliveries mean prices "EXW Velká Bíteš (Incoterms 2010) without VAT, customs duties, charges, costs and other similar payments and costs of transport, packaging and insurance, and these costs are added separately to the contractual price, if requested by the purchaser.

4. Unless PBS agrees otherwise and in writing, the purchaser's payments are due within 30 days after issuance of an invoice by PBS

and they must be paid in full within this period without any costs to PBS.

5. If any amount under the Agreement is not paid upon maturity, PBS is entitled to charge a contractual default interest from the due date until full payment, in the amount of 0.05% of the owed amount for each day of delay, and the purchaser is obliged to pay the interest to PBS within 14 days from the date of issuance of its invoice.

IV. WARRANTY AND LIABILITY FOR DEFECTS

1. PBS is responsible for ensuring that the delivered products do not show any serious defects in material or manufacturing for a period of 12 months from the date the delivery of products to the purchaser.

2. Liability for material defects pursuant to Art. IV. point 1) shall be excluded, if:

- the defect was the result of drawings, designs, specifications or trademark rights of the purchaser, or normal wear and tear, intentional damage, negligence of the purchaser, incorrect or not recommended use of the products, unusual appropriate working conditions; or the result of misuse, change or reparation of the products without the consent of PBS, or non-compliance with written or oral conditions of PBS, regardless of whether they relate to manufacture, operation, use of or maintenance of the products;

PBS or any of its representatives is not given a sufficient opportunity to verify the products safely;

- the total price of the products was not properly and timely paid; or

- products delivered by PBS were installed into a product of PBS, in/to which the purchaser fixed/installed also non-original parts (i.e., which the purchaser did not get from PBS or any of its authorized representatives). In such case, PBS does not assume liability for any damages that may arise.

3. In the case of liability for defective products of PBS, the contractual obligations of PBS are limited to the extent that PBS is obliged to do the following of its choice:

- reimburse the purchaser for the contractual price (if already paid) of the defective products; or

- repair or exchange defective products

under the condition that the defective products shall be sent to PBS by the purchaser in its original condition within 12 months after their delivery, if required by PBS. Primarily, PBS is not liable for the costs of shipping, loading and unloading and any preparatory work needed to complete the reparation. Art. IV contains the only and final claims of the purchaser, with exclusion of any other rights and claims, which the purchaser would otherwise have.

4. Conditions under this Art. IV also apply to the replaced products, but never longer than the original defects liability period.

V. TRANSFER OF OWNERSHIP

The products are delivered with reservation of ownership in favour of PBS, the ownership passes to the purchaser upon full payment under all agreements between the purchaser and PBS, unless the payment towards PBS is realized fully in advance. If the purchaser falls into arrears, PBS is entitled to take the products back even without the court's decision in accordance with applicable law, and the purchaser is obliged to provide PBS with all cooperation in this context.

VI. FORCE MAJEURE

1. In the case of force majeure, i.e. extraordinary, unpredictable and insuperable obstacles arising independently of the will of the parties, the contracting parties are exempted from the obligation of performance for the duration of obstacles and in their scope. This also applies to PBS in the event that the force majeure event occurs in one of the subcontractors and/or in the event that the affected party is already in default itself.

2. The parties are obliged to communicate necessary information to each other immediately and to the extent to which this can be required, and to adjust their obligations to the changed circumstances in good faith.

VII. COPYRIGHT REGULATIONS AND CONFIDENTIALITY

1. Under no circumstances does the purchaser acquire any intellectual property rights (including without limitation, copyright) in respect of products, their design, technical information, software, documents, drawing and/or similar specifications relating to these, delivered by PBS or on its behalf in connection with the delivery of products, unless agreed otherwise with PBS.

2. PBS has the right to register trademarks, trade names and/or trademarks in connection with the products or services related to the products. The purchaser is not entitled to damage, obscure or remove trademarks, trade names and logos placed on the products.

3. The purchaser undertakes to keep the information, which was entrusted or transmitted to the purchaser in connection with this Agreement or as a result of this Agreement, confidential, and not to use it without prior written consent of PBS. The purchaser is also obliged not to provide this information to third parties, except when their disclosure is required by law or government or other authorities.

VIII. LIMITATION OF LIABILITY

1. PBS is not liable, regardless of the cause from the agreement or violation of law against the purchaser, (i) for loss of profits, revenue from leases, business agreements or anticipated savings, or (ii) for damages to the purchaser's reputation and goodwill, or (iii) for any loss damage incurred to the purchaser from claims of third party, or (iv) for any special, indirect or consequential damages, loss or damage of any kind.

2. The total liability of PBS for any damage from the Order, Agreement, or in connection with them, is limited at each order from the Agreement, from violation of law or in other connection with this

Agreement, to the value of the Order or the performance of a particular Agreement.

IX. WITHDRAWAL FROM THE AGREEMENT

1. In the case that the purchaser falls into arrears with any payment or does not fulfill its other contractual obligations in time, PBS is entitled to suspend performance of the Agreement until remedy of the breach; and, regardless of whether PBS decides to suspend the performance:

(a) periods for performance of Agreement are automatically extended for PBS; and

(b) the purchaser pays all incurred costs (including costs of financing and storing, demurrage, etc.) to PBS.

2. Without affecting other rights granted to PBS, PBS is entitled to withdraw from the Agreement immediately, in the following cases:

(a) the obstacles mentioned in Art X. point 1) last more than 60 days;

(b) the purchaser breaches its contractual obligations and does not rectify this breach of Agreement within 30 days after receipt of the relevant written notice by the company PBS; or

(c) the purchaser goes into liquidation, insolvency proceedings relating to its assets commence or a bankruptcy petition was filed, or the purchaser ceases to do business or transfers the enterprise.

3. In the event of termination of the Agreement for any reason, PBS is entitled to suspend all other deliveries of products under the Agreement, Order, with immediate effect and without liability to the purchaser. Without affecting other rights of PBS under this Agreement, the purchaser is obliged to pay the following payments to PBS within 14 days from receipt of the withdrawal:

(a) unpaid portion of the Contractual price for already delivered products; and

(b) costs incurred to PBS until delivery of the withdrawal for partially or completely made products, which have not been handed over to the purchaser yet, and, moreover, an adequate compensation of costs, the amount of which the parties agree, however, at least 10% of the contractual price; if they do not agree on its amount, then in the amount of 20% of the contractual price, and

(c) other costs, which arose to PBS as the result of termination of the Agreement.

X. OBLIGATIONS OF THE PURCHASER

1. The purchaser is obliged to ensure a timely pick-up and acceptance of products according to the agreed delivery times.

2. The purchaser is obliged to pay the due Contractual price according to the above mentioned Art. III point 4).

3. The purchaser is liable for the acts and omissions under the Order, Agreement. In this regard, PBS does not assume any liability.

XI. FINAL PROVISIONS

1. If any provision or part of these Sales Terms and Conditions becomes illegal, void or unenforceable, this provision shall be separated from other conditions to the necessary extent and become ineffective, without affecting validity of the remaining provisions or parts of these Sales Terms and Conditions. The validity of an Order, Agreement remains unaffected by this. The contracting parties undertake to replace the ineffective provision with another one, which best matches the purpose of the original provision.

2. The agreement and these terms and conditions of delivery are subject to validity of laws of the Czech Republic. Application of the United Nations Convention on the International Sale of Goods from April 11, 1980 is hereby excluded.

3. All disputes arising from or in connection with the Agreement, order or these Sales Terms and Conditions that are not settled amicably by the parties, shall be resolved definitively by a locally competent court according to the registered office of PBS.

In Velká Bíteš, on July 29, 2016

Ing. Milan Macholán
CEO