

linear hydraulic motors

hydraulic hoses

screwed fittings

sealing elements

hydraulic components

chrome-plated rods

General Terms and Conditions

of the **HYDRAULICS s.r.o. company, Sehradice 217, 763 23 Sehradice, Czech Republic**, Reg. No.: 18757537, VAT No.: CZ18757537, registered in the Business Register kept at the County Court in Brno, Part C, Insert 1246 (hereinafter seller).

Article 1

Basic provisions (General terms of trade)

These General Terms and Conditions adjust relationship between the seller and the purchaser in the area of sale. They are obligatory when selling any goods and services of the seller to the purchaser.

Article 2

Orders

Orders are accepted by means of e-mail, fax or post. Partial orders of regular customers with a year-long order can be accepted by phone as well.

The order must include following appurtenances:

- accurate identification of the purchaser (business name of the company)
- VAT No. of the purchaser
- unique identification of the goods
- quantity of the ordered goods including the unit of measure
- address – registered place of business (if the invoice address of the purchaser varies from the registered place of business it is necessary to specify both addresses)
- an contact person of the recipient of the goods (in relation to the purchaser) including the phone, fax, e-mail
- transport conditions
- signature of an authorized person of the purchaser and the stamp

The written order sent to the seller is legally binding. **Once the purchaser sends an order to the seller**, a contractual relationship is established and **the purchaser confirms his approval with these General Terms and Conditions**. The period to execute this order begins to run as soon as the order has been confirmed. The goods will be delivered to the purchaser in agreed time according to the order confirmation. Dispatch of goods begins only if the seller has received order confirmation approved and signed by buyer. Additional ordering the goods within the existing order is possible until the order is closed. Otherwise, it is necessary to submit a new order.

As for the contractual partners, **before the first delivery, the seller requires the following:**

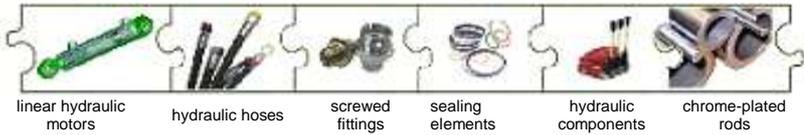
- a copy of the VAT Registration (at the VAT payers)
- an approval with the General Terms and Conditions before the first delivery of goods paid by means of cashless transfer

Article 3

Price terms

The price for the goods is negotiated as contractual. The price of a product or goods is price without VAT and ex the seller's warehouse (EXW) in compliance with INCONTERMS 2010. All rights to modify prices are reserved by the seller.

HYDRAULICS s.r.o. Sehradice 217 763 23 Sehradice Czech Republic	Phone: +420 577 199 211 Fax: +420 577 199 212 E-mail: hydraulics@hydraulics.cz Web Site: www.hydraulics.cz	Account EUR: 1200178238/6800 Sberbank CZ, a.s. IBAN EUR: CZ0468000000001200178238 SWIFT(BIC): VBOECZ2X Bank: Sberbank CZ, a.s.
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Article 4

Terms of payment, contractual fine

For delivery of the goods in accordance with the order, the purchaser will pay the purchase price to the seller.

The purchase price for delivery of the goods in accordance with the order can be covered:

- in advance based on a proforma invoice
- in cash / cash on delivery
- cashless – money transfer (only at registered customers, nevertheless, the amount of open receivables of the purchaser must not exceed the contractual limit and the receivables after due date must be settled by the purchaser).

When using cashless transfer by means of a bank, the debt of the purchaser is covered on time if the relevant amount is deposited to the seller's bank account on the due date at latest. If the payment of an invoice has been delayed a contractual fine of 0.1% of the outstanding amount per day of delay and charge delay at the legal rate can be charged to the purchaser.

Article 5

Price reductions

Reduction in the price can be provided to contracting customers. Quantity discounts can be given to other customers.

Article 6

Delivery terms and transportation

The delivery time can be extended when the purchaser changes the order or if is in delay considering his commitments.

Goods can be delivered via contract carrier or by post.

Article 7

Place of delivery and acceptance of the goods

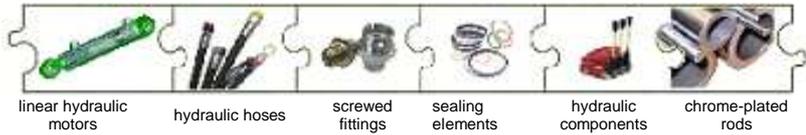
As for taking over the goods, the place of delivery is the seller's warehouse. Seller's obligation of delivery is fulfilled with taking over the goods to a common carrier or handing over to a post office. If the purchaser finds out when taking over the goods from the carrier that the delivery is damaged and there could be a detriment in the goods quality he is obliged to specify in detail the defects using a receiving report of the carrier and then to inform the seller about defects found out in writing. Insufficiencies in documents or in the quantity of the goods that can be found out only after receiving the goods from the carrier (missing goods, extra goods, confusion goods, incorrect prices, etc.) must be announced to the seller, however, **at latest within 5 working days** after receiving the delivery. After expiring this period the seller is not responsible for these mistakes found out in the delivery.

Danger of accidental destruction or damages of the subject of purchase goes over to the purchaser at a moment after receiving the goods from the seller or the carrier.

Article 8

Warranty for defects, customer service

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The warranty claim is necessary to apply using a defect report sent to the seller at latest within 5 days after receiving the delivery if there are defects related to quantity or quality. In the defect report, the customer will specify a subject of the warranty claim and a requirement applied together with alternative solution.

The warranty for products is 12 month from the sell-by date if not defined otherwise. The customer have a right to customer service and free warranty service.

Products are accompanied with shipping documents and a Product quality certificate.

Article 9

Property right

The property right to delivered goods pass from the seller to the purchaser till after full payment of the purchase price

Article 10

Resolution of disputes

Parties have in accordance with the Czech Act No. 216/1994 Col. agreed, that all and any disputes that will arise from this obligation relationship or in connection with it shall be arbitrated in arbitral proceedings ("AP") by a sole arbitrator ad hoc. Parties explicitly authorize the Chairman of the Board of Directors of the company Unie pro rozhodčí a mediační řízení ČR, a.s., Id.No. (IČ): 27166147 ("Union") to appoint the arbitrator for the AP and authorize him to authorize a third person to appoint the arbitrator on his behalf. The motion shall be filed with the Chairman of the Board of Directors of the Union to the address Cejl 91, 602 00 Brno, Czech Republic, while this address shall be the place where the AP will be held. Parties explicitly authorize the arbitrator to determine the price of the AP and have agreed that the AP will be carried out for the price that is published on www.urmr.cz by the potential arbitrator in the moment of the motion filing. The price of the AP will be increased by one half in case of an AP with international element. Counterclaim and set-off in the entire amount shall be charged in the same manner. Discontinuation of the AP does not have any effect on the arbitrator's right to the payment of the price of the AP, price of the AP already paid shall not be refund. The arbitrator is authorized by the parties to carry out the AP in Czech language, as written proceedings i.e. without ordering an oral hearing, to decide on the basis of the principles of equity, to issue a decision without reasoning. Parties agree that the arbitrator can authorize third persons to carry out administrative and economic activities and release him from secrecy in this extent. Parties have agreed that the Chairman of the Supervisory Board of the Union shall decide about removal of the arbitrator, that the price of the AP is the cost of the AP, that all papers can be delivered to them to addresses mentioned in documents containing the arbitration contract and that the AP provisions of the Czech Code of Civil Procedure shall be adequately applied in regard to the delivery manner; deposition at the court shall be replaced with the deposition by the arbitrator and the publication on the official notice board shall be substituted with the publication on www.urmr.cz.

Article 11

Validity of the General Terms and Conditions

These General Terms and Conditions are effective since November 5th, 2012 up until new issue of the General Terms and Conditions. The current General Terms and Conditions are available on seller's websites www.hydraulics.cz.

Ing. Daneš Janík, in his own hand
executive head

In Sehradice, November 5th, 2012

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