



General Terms and Conditions of Sales and Delivery in Lama Avtomatizacija d.o.o., PDC Unit

January 2011, Dekani, Slovenia

1. Purchase Order

- 1.1. This quotation is valid for 30 days, unless otherwise stated.
- 1.2. All offers, deliveries and other services from Lama Avtomatizacija d.o.o. (hereinafter called 'Lama') shall be based solely on these 'Terms and Conditions'.
- 1.3. Any additions or changes requested by the Buyer to the provisions herein are rejected, unless they are agreed in writing by an authorized employee of Lama.

2. Prices

- 2.1. Unless otherwise stated in the quotation, all prices are Ex Works (Incoterms 2000). Unless otherwise stated in the quotation all prices are based on bulk packaging.
- 2.2. Payment terms for tooling are 60% due with Purchase Order and 40% due 30 days net after submission of samples to the Buyer.
- 2.3. Product invoices are due 30 days after date of invoice, unless otherwise stated in the quotation. Insofar as the Buyer fails to pay the purchase price within the agreed terms, Lama may demand penalty interest in the sum of 12% per annum.
- 2.4. Lama reserves the right to suspend production and delivery of product and services should the Buyer exceed the contracted credit terms.

3. Material Price Changes

- 3.1. The quotation is made based on the ruling rate of input materials. The final invoice may change depending on the rate of material booked. Material shall only be booked on receipt of a confirmed Purchase Order from the Buyer.

4. Design changes

- 4.1. Lama reserves the right to make changes in the design of the Buyers components in order to improve production methods. Such changes will be subject to the Buyers written approval

5. Production samples

- 5.1 Prior to the commencement of production orders, Lama will submit samples of the component to the Buyer for approval. In the event that Lama is not able to manufacture die castings that meet the customers specifications then the quotation and offer will become null and void and both parties will agree to terminate the contract without any damages or expenses being accrued to either party.

6. Tooling

- 6.1 Where a price is quoted to the Buyer for components that include an element of tooling amortization over a contracted period or quantity of parts, the Buyer is liable for the costs of un-amortized tooling.
- 6.2 In the event the Buyer pays for the tooling Lama will on demand return to the Buyer the inserts relating to the tooled product. In the event the Buyer pays a product price including amortization only upon payment of the un-amortized amount shall the inserts be the property of the Buyer.

7. Design

7.1. The Buyer is solely responsible for the design and use of the products supplied by Lama. The customer shall indemnify Lama and its affiliates, employees and shareholders from all demands, claims, losses or damages caused by any defect in the design of the product.

8. Claims and Returns:

8.1. Claims made by the Buyer must be submitted within 30 days of shipment of the subject components. Returns will not be accepted without the written authorization of Lama.

9. Intellectual Property

9.1. The Buyer represents that he has the rights to the designs, samples and specification provided to Lama and expressly agrees to indemnify Lama against any claims for intellectual property rights infringement resulting from the manufacture of a part or component according to such designs and specifications.

10. Reservation of Title

10.1. The delivery items shall remain the property of Lama until payment in full of the purchase price, insofar as such reservation of title is effective in accordance with applicable law.

11. Credit Limit

11.1. The quotation is subject to the creditworthiness of the Buyer, determined by Lama. Lama shall determine an initial credit limit. In the event the customer exceeds this credit limit Lama has the right to suspend shipments of products until the Buyer has made sufficient payment to bring his account to within the credit limit provided.

11.2. Credit limits will be reviewed with the Buyer on a regular basis. Any stoppage of shipments in accordance with this section by Lama shall not breach any other agreed terms with the Buyer.

13. Limitation of liability

13.1 In no event shall Lama's liability for any products exceed the amounts paid to Lama for such product hereunder. In no event will Lama be liable for cost of procurement of substitute goods by customer, loss of use, data, profits, consequential losses or special damages, product recall costs, or patent claims. These limitations shall apply notwithstanding any failure of consideration of remedy, whatsoever.

14. Delays

14.1. Lama is not responsible for delays in making delivery or any failure to make delivery due to causes beyond its control including, not limited to, acts or regulations of any governmental authority, fire, work stoppages slow downs, accident, flood, war, national emergency, acts of God, public disorders, transportation shortages and delays and shortages of fuel or materials.

15. Place of Jurisdiction, applicable Law

Solely the court in Koper, Republic of Slovenia shall be deemed to have jurisdiction for all disputes arising from any contract.

15.1. The law of the Republic of Slovenia is deemed applicable to all disputes between Lama and the Buyer.