

General Terms of Sale and Delivery

§ 1. General information

1.1 All deliveries shall be based upon these terms as well as any separate contractual agreements. Any terms of the Purchaser are not a part of any contractual agreement between Silco d.o.o. and the Purchaser.

1.2 These sales and delivery terms apply to all sales made by Silco d.o.o., hereinafter "the Supplier", unless otherwise agreed in writing.

§ 2. Purchase order

2.1 Absent a specific agreement, a contract shall come into effect upon confirmation of an order by the Purchaser. This confirmation may be in written, text or electronic form.

2.2 Purchase orders should be in written form, indicating the required products and their quantities. A purchase order shall be deemed accepted when the Supplier confirms it with the Order Confirmation.

The Supplier also indicates and sets the time of delivery within 7 working days from the date of receiving the order. In case of a different expectation from the Purchaser concerning the delivery date, both parties have to reach a mutual written agreement upon the delivery date; otherwise the purchase order is invalid. In case of accepting the purchase order, the Supplier shall send to the Purchaser a written order confirmation (by fax, e-mail). The Purchaser has to confirm or modify the order confirmation within 24 hours. In case of no reply from the Purchaser within 24 hours, the order confirmation shall be deemed confirmed from the Purchaser and will be processed further.

2.3 Value of the single purchase order should not be lower than €5.000. In exceptional cases Supplier might accept smaller purchase order but the Purchaser will be charged additionally with manipulation fee.

§ 3. Prices and payment

3.1. Absent a specific agreement, prices given shall be ex-works (Incoterms 2010) Šentrupert 5a, 3303 Gomilsko, Slovenia. Prices shall not include any applicable statutory sales tax. The Supplier reserves the right to alter its prices accordingly if cost reductions or increases occur after the formation of the contract, particularly as a result of collective bargaining agreements or changes in the price of materials. The Supplier shall furnish evidence of the changed costs to the Purchaser upon request.

3.2. Invoices shall be payable in advance before delivery unless otherwise agreed in writing. In case of approved payment term and the credit limit the latter shall not be exceeded.

3.3. The Purchaser shall have the right to withhold payments or offset them with counterclaims only insofar as its counterclaims are encountered or established by non-appealable court decision.

3.4. Payment shall be in Euros and made directly to a bank stated by the Supplier. Costs for transfer of the payment do not concern the Supplier.

3.5. No cash payments will be accepted. Payment will not be accepted from a third party or a country other than the Purchaser's delivery location without Supplier's written approval.

3.6. In case of approved payment term all invoices should be settled by or before the due date irrespective of the allowed maximum outstanding amount.

3.8 If payment is not made on the due date, interest of 0,5% will be charged for every month.

§ 4 Delivery dates, Delivery period

4.1. Absent an agreement by the parties to the contrary, the delivery date shall be considered met if the delivered goods have left the factory by this date, or notice of readiness for shipment has been issued by the Supplier.

4.2 Compliance with the delivery period shall be subject to the correct and timely receipt of materials by the Supplier.

4.3 If the Purchaser is responsible for a delay in shipping of goods, then the Purchaser shall be charged for the costs incurred to the Supplier or any other parties due to the delay after notification of readiness for shipping has been issued.

4.4. If failure to comply with the delivery time can be attributed to force majeure, labour disputes, Municipal, local or Government decisions or other events over which the Supplier has no influence, then the delivery time shall be extended accordingly.

4.5. The Supplier shall be liable in accordance with the statutory provisions if the delay in delivery is due to intentional or grossly negligent breach of contract, for which the Supplier is responsible. If the delay in delivery is not based upon an intentional breach of contract for which the Supplier is responsible, then the Supplier is excluded from any responsibility for any damage or possible costs towards the Purchaser or third parties.

4.6 In other respects, the Supplier's liability for delay in delivery shall be limited to 5% of the value of the single performance.

§ 5 Transfer of Risk

5.1 Absent any agreement to the contrary, risk shall be transferred to the Purchaser when the delivered goods have left the factory. If the Purchaser is responsible for the delay in shipping, the risk shall be transferred on the day that the notice of readiness for shipment is issued.

§ 6 Retention of Title

6.1 The Supplier shall retain title to the delivered goods until receipt of all payments from the Purchaser under the terms of the business relationship.

6.2 In the case of resale, the Purchaser hereby assigns its claim from the resale to the Supplier, who accepts this assignment.

6.3 Processing or restructuring of the purchased item by the Purchaser shall always be performed for the Supplier. If the purchased item is processed with other components that do not belong to the Supplier, then the Supplier shall become co-owner of the new item in the proportion of the value of the purchased item (final invoice amount including VAT) to the value of the processed components at the time of processing. With regard to the item produced by such processing, the same provisions shall apply in other respects as for the purchased item delivered with retention of title.

§ 7 Notice of defects

7.1 The Purchaser shall verify without undue delay after delivery (if necessary by means of sampling) that the delivered goods are free of material defects. Deviations of up to 3% from the contractually stipulated delivery quantity shall not be considered a defect.

§ 8 Claims for quality defects by the Purchaser

8.1 All risks for the goods are transferred to the Purchaser at the time of leaving the Supplier or at the time of the Notice of readiness (Article 4).

After the above mentioned, the Purchaser shall carry out the quantity and quality acceptance of the Products within 7 days from the delivery. The Purchaser shall complain about the deficiency in quantity or apparent defects without undue delay (not later than within 7 days from the delivery). When the defect comes to light later, the Purchaser shall file a complaint to the Supplier not later than within 6 months from the delivery.

8.2 The complaint shall be made in writing (by fax, e-mail) and has to be supported by conclusive evidence (samples, photo documentation, testimony of an impartial person etc.).

8.3 The Supplier shall recognize in writing (by fax, mail) the Purchaser's complaint:

- a) With respect to quality of the Products - within 15 days from receipt of the complaint;

- b) With respect to quantity of the Products - within 15 days from receipt of the complaint.

If the quality complaint is justified, the defective Products will be replaced at the Producer's cost with the ones that are free of faults within 15 days from lapse of the period mentioned in sec. 8.3a above or the price of the defective Products will be reduced accordingly.

If the quantity complaint is justified, the missing Products will be delivered at the Supplier's cost within 15 days from lapse of the period mentioned in sec. 8.3b above.

With the use of unoriginal parts all rights to seek redress for a faulty product no longer apply.

The Supplier shall bear no responsibility for flaws besides the provisions stated in this clause. This applies to any loss the flaw might cause, including loss of profits, loss of earnings and other financial consequential losses.

§ 9 Return of the goods

9.1 Goods can be returned to the Supplier only in case of a written consent of the Supplier.

§ 10 Warranties

10.1 If the Supplier provides warranty, it will include flaws and defects in the structure, materials or manufacture. A warranty provided by the Supplier does not include flaws or defects that are due to lack of maintenance, incorrect installation, changes made by the Purchaser or wrongful use of the goods. Furthermore, the warranty does not include normal wear and tear and deterioration. It is a condition for Supplier's warranty obligation that it is evident from the Purchaser's documents that a stated flaw or defect is not due to the conditions that are exempt from the warranty, cf. above.

The Purchaser shall give the Supplier a written notice of flaws or defects that are included in a warranty provided by the Supplier. The Supplier shall determine whether the remedy should be repairs or replacement of the defective part(s), based on the terms stated in Article 8. The Supplier has no other responsibility for such flaws. This applies to any loss caused by the flaw, including loss of profits, loss of earnings and other financial consequential losses.

10.2 The Purchaser shall indemnify the Supplier to the extent where the Supplier is held liable to a third party for such damage or loss that the Supplier is not liable for to the Purchaser under this clause. The Supplier is not liable for damage caused by the purchased goods

- To real and personal property that occurs while the equipment is in the Purchaser's possession.
- To products that have been manufactured by the Purchaser or to products where these are featured, or for damage to real or personal property that these products cause as a result of the purchased goods.

The Supplier is under no circumstances liable for loss of profits, loss of earnings or other financial consequential losses. If a third party puts in a claim for liability for damages under this clause, then this party must immediately inform the other party of this.

The Supplier and the Purchaser are mutually obligated to allow legal action to be commenced against them at the court of law or court of arbitration that handles liability for damages brought against one of them based on damage or loss that is claimed to be due to the equipment. The relationship between the Supplier and the Purchaser shall however always be determined at an agreed upon venue according to these sales and delivery terms.

10.3 Warranty procedure and conditions for A/C Service stations. The Supplier provides 24 months of warranty on car air conditioning service equipment from the date of the installation but not longer than 30 months from the date of the Supplier's invoice.

The Supplier's responsibility is limited to the replacement or credit of any defective item, and shall in no event be liable for any direct, indirect or

consequential damage howsoever arising. The warranty does not cover labour or any other costs arisen from the warranty claim.

The warranty does not cover parts broken due to the improper installation or use of unoriginal parts. The service station must be regularly maintained following the "User manual". The warranty is valid only when the Purchaser proves the proper maintenance to the Supplier.

In the case of the warranty claim the Purchaser should inform the Supplier with the "Warranty claim form," provided by the Supplier, with all the details of the claim (i.e. the type of machine, machine serial number, date of installation, type of defect, part number etc.).

The Purchaser should order from the Supplier the replacement for all those parts, which, due to an original fault of production, may break within the above mentioned warranty period.

The replacement parts will be sent and invoiced to the Purchaser with maximum 30 days of delivery time. Transport costs for this case shall be borne by the Supplier.

The faulty parts "under warranty" will be sent back to the Producer at the Purchaser's expense (transport costs).

The Supplier will review the warranty claim and issue an Inspection report. In case of valid warranty claim the cost of defective parts (excluding transport costs) shall be covered by the Supplier, who shall reimburse the Purchaser with a credit note, without delay but not later than within 30 days from the arrival of the defective parts or material to the Supplier.

10.4 Warranty procedure and conditions A/C Spare parts. The Supplier provides 6 months of warranty on car air conditioning spare parts from the date of the installation but not longer than 8 months from the date of the Supplier's invoice.

On the A/C compressor parts the Supplier provides no warranty. Our responsibility is limited to the replacement or credit of any defective item, and shall in no event be liable for any direct, indirect or consequential damage howsoever arising. The warranty does not cover labour or any other costs arisen from the warranty claim.

Warranty on compressors will only be granted for defects caused during the manufacturing process.

Compressor warranties will not be awarded unless the following procedures are thoroughly carried out:

- Before installing the new compressor, you need to check the oil quantity and quality inside the old compressor: in case of missing, black /burnt oil, the fault in the A/C system has to be eliminated before the new compressor is being installed.
- A/C system should be flushed with refrigerant.
- The receiver drier / accumulator must be always replaced when mounting a new compressor.
- The expansion valve or orifice tube must be replaced, because most of the particles or other contamination in the system just blocks the orifice tube; we also advise to replace the condenser (not necessarily) for the same reason.
- Before installation of the new compressor you should check, if the clutch hub - attached to the compressor - is good, and then rotate the plate a few times.
- Check if the distance between the clutch hub and the pulley is appropriate (04-06 mm).
- Once the new compressor has been fitted into the car, a complete system check should take place to ensure that the pressures are correct, because if the compressor undergoes incongruous pressures it will surely be damaged.

As a confirmation that all of the above procedures have been carried out, we need to receive together with your claim also a copy of the detailed invoice issued by the garage (in English), that made the first repairing. If no mention of correct handling is on this invoice, no warranty will be accepted.

Generally the warranty on A/C spare parts is not valid and claims are not accepted in any of the following cases:

- If the compressor has been dismantled (also partly) – valid only for the A/C compressors

- If any repair on the spare part was made
- If any defect is a result of inexpert handling or use other than intended
- If any defect is a result of the usage of incorrect tools, materials or spare parts
- If special instructions concerning air-conditioning system repairs have not been carried out

In the case of the warranty claim the Purchaser should inform the Supplier with the "Warranty claim form", provided by Supplier, with all the details of the claim (i.e. date of installation, type of defect, part number etc.).

The Purchaser should order from the Supplier the replacement for all those parts, which, due to an original fault of production, may break within the above mentioned warranty period.

The replacement parts will be sent and invoiced to the Purchaser with maximum 30 days of delivery time. Transport costs for this case shall be borne by Supplier.

The faulty parts "under warranty" will be sent back to the Producer at the Purchaser's expense (transport costs).

The Supplier will check if the warranty claim is justified and issue an Inspection report. In case of valid warranty claim the cost of defective parts (excluding transport costs) shall be covered by the Supplier, who shall reimburse the Purchaser with a credit note, without delay but not later than within 30 days from the arrival of the defective parts or material to the Supplier.

In case of rejected warranty claim, the defective parts will be returned to the Purchaser only under Purchaser's request received within 3 months from the inspection report; the transport cost will be at the Purchaser's charge.

10.5. In case of warranty events of more complex nature the warranty procedure shall be settled separately by the Parties acting in good faith.

10.6. Supplier is limited with its liability towards Purchaser or third parties occurring in reason of a profit loss or damages of any kind. Supplier's liability is limited to any deeds occurring due to gross negligence; any deeds occurring due to a slight negligence are excluded from Supplier's liability and can not be a case of any claims by a Purchaser. Supplier's liability is limited to a sum of 5.000,00 EUR.

§ 11 Trade Mark ownership

The Supplier is the sole owner of the trade mark/brand "Silco", which shall in no case be used or secured by the Purchaser or any of its subcontractors, business partners etc., except by written consent of the Producer. The Supplier hereby authorises the Purchaser to use the brand "Silco" for the purposes of sale and distribution of the Supplier's products under the brand Silco.

§ 12 Announcement of Terms of Sale and Delivery

12.1. Terms of Sale and Delivery are being published on the Supplier's homepage: www.silco-automotive.com and promptly updated.

§ 13 Place of Jurisdiction - Place of Performance – Governing Law

13.1. If the Purchaser is a registered trader, then the Supplier's principal place of business shall be exclusive place of jurisdiction. Nevertheless, the Supplier shall have the right to bring legal action against the Purchaser at its place of general jurisdiction as well.

13.2. If the Purchaser is a registered trader and no agreement to the contrary has been made, then Supplier's principal place of business shall be the place of performance for all obligations arising from the contract, including payment obligations of the Purchaser.

13.3. The contract will be governed by Slovenian law, with exclusion of the UN Sales Convention.