

GENERAL TERMS AND SALES CONDITIONS

TRANSFLUID SRL

ART. 1 GENERAL PROVISIONS

The present general terms and conditions regulate all the present and future sales contracts between the parties, unless otherwise agreed in writing. Any general terms and conditions of the Buyer will not be accepted if not agreed between the parties in writing. In these general conditions the term "Products" refers to finished products, components, spare parts, semi manufactured and any other good furnished by Transfluid srl.

ART. 2 FORMATION OF THE CONTRACT

Any acceptance of the offer or of the order acknowledgement from the Buyer's side, implies the application of the present general conditions, even whether the acceptance occurs with the execution of the contract. Forwarded price lists, catalogues or informative material do not represent a quotation, if not specifically named as "offer" or equivalent term. An offer issued by Transfluid srl can be considered firm and irrevocable only once it is forwarded to the Buyer in writing and the expiry date is expressly specified. Offers made and issued by Transfluid srl agent, representative, sales auxiliary are not binding for Transfluid srl until they are confirmed by Transfluid srl.

ART. 3 DRAWINGS AND TECHNICAL DOCUMENTS

3.1 Informative data – Dimensions, performances, weights, colours and other details mentioned in the catalogues, reports, circular memo, advertisements, illustrations, price lists and any other advertising material showing Transfluid srl products must be considered as approximate indications. These information are not binding for Transfluid srl if not expressly mentioned in the quotation or the order acknowledgement.

3.2 Products Modifications – Transfluid srl reserves the right to modify and improve the products in any moment, informing the Buyer if some of his orders are involved. If the Buyer requires amendments of the Transfluid srl offer or drawings, in order that they become binding, the relevant written agreement about the involved modifications regarding prices and delivery terms previously stated will be necessary.

3.3 Drawings, documents, technical information – Any drawing or technical document submitted to the Buyer, before or after the stipulation of the contract, remains exclusive property of Transfluid srl and therefore it is prohibited to use, copy, reproduce, forward or communicate them to a third party without a written consent of Transfluid srl.

ART. 4 WARRANTY

4.1 Preamble – Transfluid srl guarantees that at the time of shipment, its products comply with the specifications published in its catalogues or technical documents, which were valid at the time of shipment, and that the products are free from defects in material and workmanship. These terms of warranty substitute all other warranties, including legal, expressed or implicit warranties, including but not limited to, guarantees of merchantability and suitability for a particular use (and any other implicit warranties arising during the course of the services, negotiations or commercial use). Except in the event of serious negligence and fraud, under no circumstances will Transfluid srl be held liable for direct, indirect, consequential, fortuitous or extra contractual damage based upon claims for compensation by the Buyer for breach of the warranty, contract or strict liability.

4.2 Duration and limits – The duration of the warranty is equal to eighteen (18) months from the time the product supplied by Transfluid srl is commissioned, but however no more than twenty-four (24) months from the date of shipment of the original product from Transfluid srl's plant. Product that are not used and stored for a long period must be kept and handled in keeping with the guidelines, which are available upon request, drawn up by Transfluid srl according to product type. The wear or tear of parts, which is particularly due to conditions of use (tension of the belts, environmental conditions, unforeseen knocks and overloading), or to the sensitivity of the operator (use within the approved limits) or to external circumstances (jamming of the machine), is not covered by the warranty if these parts have been used (are not new), unless the Buyer can clearly prove the manufacturing defect, which is attributable to Transfluid srl.

Installation and maintenance of Transfluid srl products must be carried out following the installation, use and maintenance manual, which is always supplied with each product.

With regard to the supply of loose/disassembled parts, the warranty solely and exclusively covers faults of the components themselves, related to the material or mechanical workmanship carried out by Transfluid srl.

The warranty is no longer valid when: the product is used exceeding the limits stated in the catalogues or installation manuals, or in applications that are not approved by Transfluid srl; breakage results from abuse, negligence, omission or inadequate maintenance, failed connection or control of the protection devices or as a result of accidents; the product is modified or disassembled without Transfluid srl's written approval.

4.3 Services included/excluded in the warranty – In Transfluid srl's final decision, products or components, whose faults are covered by the warranty, will be repaired or replaced at no extra cost, save for the following. The replaced parts will be covered from the remaining period of the original warranty, which stays in force for the product initially supplied (a new warranty period will therefore not come into effect).

Excluded from the warranty and remaining at the Buyer's expense are the costs resulting from: removal of the Transfluid srl product from the machinery onto which it is fitted, and re-commissioning; suitable packing and charges resulting from the return transport of the products; restoration of lubricants in general, piping, sound proof canopies, guards, etc.; all other costs not expressly approved in writing by Transfluid srl. The Buyer can request the support of a specialised technician to disassemble/re-install/re-commission the product by sending a standard purchase order. Transfluid srl will invoice the work, applying the current ASSIOT rates (Italian Association of Gears and Transmission Elements Manufacturers, a member of Eurotrans). Transfluid srl cannot be held liable for lost or reduced profit, costs for replaced machinery, still machinery, damage to equipment or property caused by failure of its products.

4.4 Conditions for requesting services under warranty – If the Buyer intends to take advantage of the warranty, he must inform Transfluid srl in writing within 7 (seven) days of discovering a fault, stating: product description; serial number (where foreseen), specification number or article code; reference to the date and document of purchase or delivery; reasonable proof that the fault falls within the conditions of warranty, together with a detailed description of the irregularity or failure and where possible, supported by photographs.

In the event of failure after commissioning the product, the following must also be communicated: type of application; power and engine rpm (stating also the make and model for endothermic engines); diameter, type, number of races and position of pulley (if foreseen by the application); hours of operation.

4.5 Conditions for intervention – Transfluid srl will indicate whether the product must be delivered or sent free port to an authorised centre or directly to its own plant depending on the product concerned, the failure indicated and the urgency of the intervention.

On receiving the product, Transfluid srl or the authorised distributor will carry out a thorough analysis; if the product is deemed to be covered by the warranty Transfluid srl will repair or replace the parts needed to restore full and safe working at no cost; if the product is not deemed to be covered by the warranty, Transfluid srl: will send a technical report explaining its decision; will draw up an estimate for the repair; will carry out the repair upon receipt of the order from the Buyer.

The repaired products will be returned to the Buyer freight collect, by the same means of transport that was used for the arrival (unless stated otherwise). Should the Buyer decide not to accept the estimate for the repair, he must communicate his decision in writing, explicitly asking for the parts to be scrapped or returned; the parts will be sent in their current state.

ART. 5 TECHNICAL NORMS AND LIABILITY OF MANUFACTURER

5.1 Technical norms – Provided that, concerning the characteristics of its products, Transfluid srl abides by Italian laws and by the technical norms shown in the catalogues, the Buyer assumes all risks of any discrepancy between these rules and the ones in force in the country of destination of the products. Transfluid srl cannot be held liable for this subject since it guarantees the performances of its products just for uses, destinations, applications, tolerances, capacities etc. expressly indicated in writing. The Buyer is allowed to use Transfluid srl product only in accordance with the indications of previous point.

If the Buyer intends to resell the products, he will have the responsibility to forward to his purchasers said instructions.

5.2 Liability of Manufacturer – The liability for damage to persons or property caused by defective products that can be ascribed to Transfluid srl is limited to the maximum coverage indicated in its liability policy and is subject to the policy's terms and conditions of application.

ART. 6 – TERMS OF DELIVERY

6.1 Delivery of goods – Unless otherwise agreed in writing, delivery of goods has to be considered EX WORKS Transfluid srl plant (Incoterms 2000), even whether Transfluid srl takes care of the shipment, entirely or partly. In this case Transfluid srl acts as a mandatory of the Buyer, it being understood that freightage fees and risks are charged to the Buyer.

6.2 Transfer of risks – The risks of the supply are transferred to the Buyer at the latest when the goods leave Transfluid srl premise. Transfluid srl cannot be held liable for losses or damages occurred after the transfer of risks. In no case the Buyer is released from the obligation of paying the price when the loss or damage occur after the transfer of risk.

6.3 Delivery date – Delivery occurs when the products have left Transfluid srl premises or when the Buyer (or other representative) has been informed (by mail, e-mail, telephone, fax) of their availability. The delivery will not be effected until the Buyer had not paid the first rate of payment, if due by way of advance. If the Buyer has to communicate technical data, information concerning the machining or other instructions needed for the product, the delivery date will not be set before these information have been given.

6.4 Transfluid srl obligation to deliver – Unless otherwise expressly agreed in writing any indicated term of delivery shall be non-binding for Transfluid srl. Unless different agreement between the parties, the approximate term for the delivery is the one specified in the order acknowledgement. Should delay in delivery for Transfluid srl's negligence occur, the Buyer may terminate the contract only for the products not yet delivered, and in any case after having unsuccessfully granted Transfluid srl a new and proper term for delivery. Transfluid srl cannot in any event be held liable for damages resulting from anticipated, delayed or failed delivery, even whole or partial.

6.5 Buyer obligation to accept products – It is mandatory for the Buyer to accept the products, even in case of partial shipment and whether the goods are consigned prior or subsequent to the fixed delivery date. Should the Buyer not accept the products, without reason depending on Transfluid srl or for force majeure, he shall bear all the costs that should result and every amount owing to Transfluid srl shall become immediately due.

Besides, Transfluid srl shall be allowed to:

- store goods for Buyer's risk, danger and cost;
- dispatch the goods on Buyer's name and account, to its premises and at its charges;
- sell by any means the goods on behalf of the Buyer, and recoup the due sum of money and the costs born Without prejudice to the right to claim for damages.

6.6 Force Majeure - The delivery term will be extended of a period equal to the length of the impediment, in case of force majeure as any kind of strike, fire, flood, lack of power supply, lack or shortage of raw materials, lack of means of transport, reject of important pieces for the manufacture due to third party supplier of Transfluid srl, accidents and breakdown to Transfluid srl production plants, or other cause beyond the reasonable control of the parties, occurred after the conclusion of the contract that makes temporary not possible or too burdensome the delivery. Either party shall be allowed to terminate the contract, with a month and a half notice sent by registered letter, if after a reasonable period of time from the agreed delivery date, the impediment persists.

Under no circumstances, should one of the events described in this paragraph occur, Transfluid srl or the Buyer shall be entitled to claim damages.

ART. 7 PAYMENT

7.1 Prices and payment – Prices have always to be intended EX WORKS Transfluid srl plant (Incoterms 2000). The relevant packaging cost is included, unless otherwise agreed in writing. The payments, and any other amount due to Transfluid srl, have to be intended Net Price. Unless otherwise stated, the payment has to be paid at the same time of the delivery, care of the Bank or Credit Institution previously agreed. Any payment made to Transfluid srl's agents, representatives, sales auxiliary have not to be considered effective until the relevant amount is received by Transfluid srl.

7.2 Delays in payment – If the Buyer delays or fails to make payments in the time and manner specified in the contract, Transfluid srl is allowed, upon written notice, to suspend the supplies or terminate the running contracts, even the ones not relevant to the failed payments and it has also the right to claim for damages occurred.

The delay in payment gives Transfluid srl also the right to exclude the warranty (see art.4), as long as this delay persists. The Buyer shall not be allowed to claim for damages for Transfluid srl negligence if the payments are not regular. Moreover, the Buyer must correspond the whole due amount even in case of claim or dispute. Buyer's set off with other credits of every sort towards Transfluid srl is not allowed.

ART. 8 RETENTION OF TITLE

If the payment is due, wholly or partially, after the delivery, the products remain property of Transfluid srl until fully paid. The Buyer commits himself to cooperate with Transfluid srl for securing Transfluid srl's retention of title.

ART. 9 INTERPRETATION, INVALID CLAUSES

Every reference to price lists, general conditions or other Transfluid srl material has to be intended relevant to the documents in force when the reference occurs, unless otherwise specified; previous arrangements between the parties have to be considered null and void.

In case of clauses of the contract void and ineffective, the contract has to be integrated and interpreted in such a way as it includes all the clauses that allow to reach the main aim of the agreement, according to the current laws.

ART.10 - JURISDICTION

All contracts between the parties shall be governed by the Italian law. Any dispute arising between the parties in connection with the interpretation, validity or performance of the present General Terms and Conditions of Sale, shall be exclusively and finally solved by the Court having jurisdiction over Transfluid srl's registered office. Nevertheless, Transfluid srl shall have the faculty to bring an action against the Buyer also before the Court having jurisdiction over the Buyer's registered office.

Date... The Buyer

Pursuant articles 1341 and 1342 of the Italian Civil Code the Buyer hereby specifically accepts the following provisions: Art.4 : Warranty, paragraph 4.1: Limitation of liability, paragraph 4.2: Supply of loose/disassembled parts, paragraph 4.3: Services included/excluded in the warranty, paragraph 4.5: Conditions of intervention, paragraph 5.2: Liability of Manufacturer, paragraph 6.4 consequences for delays in delivery, paragraph 6.5: Buyer obligation to accept goods, paragraph 6.6: force majeure, paragraph 7.2: consequences for delays in payment; Art.8: Property reserve, Art.10: Jurisdiction.

The Buyer