

Terms and Conditions of Sale

Revision: 1

Issue date: 1st February 2010

In the following terms and conditions, Parvalux Limited, Parvalux Electric Motors Limited and / or EMD Drive Systems Limited are interchangeable and are defined as the Seller. A customer of the Seller is defined as the Buyer. These terms and conditions form the sole and binding contract between Seller and Buyer unless explicitly agreed in writing between authorised officers of Seller and Buyer. In such instances, any variation to these terms and conditions will be agreed specifically by clause number and unless stated otherwise, all other terms will remain subject to the following conditions.

1. **ACCEPTANCE OF ORDERS:** Seller's published prices and quotations are solicitations for offers to purchase. Seller's quotations are valid for 30 days from date of issue. No order shall be binding upon Seller until accepted in writing by Seller at its headquarter office. The issuing of submittal data or materials shall not be deemed to constitute acceptance of an order. Orders accepted by Seller based on its quotation do not imply or guarantee that such equipment conforms precisely to the Buyer's "plans and specifications." Terms of this Selling Policy will apply to orders accepted, regardless of terms stated on purchase order received. Seller's acceptance of the Buyer's order is conditioned upon the Buyer's assent to the terms and conditions set forth herein and shall be deemed a part of such order. No modified or additional conditions will be accepted by Seller unless specifically agreed to in writing. Seller's failure to object to such modified or additional provision contained in any purchase order or other communication from the Buyer shall not be construed as a waiver of the conditions as defined herein or an acceptance of any such modified or additional conditions proposed by the Buyer. No order accepted by Seller may be altered or modified by the Buyer unless agreed to by Seller in writing.

2. **PRICES:** Orders, except orders on hold or orders with deferred ship dates, will be invoiced at the price in effect at the acceptance of the order. Orders on hold will be invoiced with the price in effect at the release date. Deferred orders will be invoiced with the price in effect at the ship date. Orders on a bid or contract basis are not subject to this clause. Minimum quantities may apply on some products. Unless otherwise stated all orders are accepted on the condition that any fluctuation in cost of materials may be passed on to Buyer in terms of an adjustment in price.

3. **INTELLECTUAL PROPERTY:** Seller reserves all intellectual property rights on concepts, designs, models, samples, logos or products that are publicly available or were introduced or sold to Buyer at all times. The ownership of concept, design, model, sample, logo or product will remain expressly owned by Seller at all times and in perpetuity regardless of whether Buyer has purchased from Seller or otherwise. Seller reserves the right to produce and sell its products within the global market unless stated otherwise in written and signed contract by an authorised officer of Seller. Seller expressly forbids Buyer from producing part or all of any product owned by Seller in any way.

4. **TOOLING:** Unless stated in written and agreed contract with Buyer, Seller will purchase, own and maintain tooling. In the instance that Seller agrees to allow Buyer to partly or fully finance tooling, an individual written contract will be agreed between Seller and Buyer that will define specific terms of use. Any such agreement will supersede this specific clause 4 only.

5. **TERMS OF PAYMENT:** (a) Unless otherwise stated, invoice payment terms for domestic orders are net 30 days from date of invoice. Seller reserves the right to request cash payment on pro-forma basis. For export orders, unless otherwise agreed, payment is requested out of an irrevocable, negotiable Letter of Credit, confirmed by a major bank. The Letter of Credit shall not preclude partial shipments. All payments shall be in English Pounds Sterling, and a pro-rata payment shall become due as each shipment is made. If shipment is delayed by Buyer, date of notice of readiness for shipment shall be deemed to be date of shipment for payment purposes. (b) On late payments, the contract price shall, without prejudice to Seller's right to immediate payment, be increased by 2% per month on the unpaid balance, but not to exceed the maximum permitted by law. (c) If at any time in Seller's judgment Buyer is unable or unwilling to meet the terms specified, Seller may require satisfactory assurance of full or partial payment as a condition to commencing or continuing manufacture or making shipment, and may, if shipment has been made, recover the goods from the carrier, pending receipt of such assurances. (d) Upon default in payment the contract price shall be increased by all costs related to collection and by reasonable legal fees.

6. **WARRANTY FOR GOODS:** Seller warrants that on the date of shipment the goods are of the kind and qualities described herein and are free of non-conformities in workmanship and material. This warranty does not apply to goods delivered by Seller but manufactured by others. Buyer's exclusive remedy for any failure of the goods to conform to any of the applicable warranties shall be to have Seller repair or replace (at Seller's option) the nonconforming item and any affected part of the goods provided by Seller. Seller's obligation to repair or replace goods shall be in effect for a period of twenty-four (24) months from date of invoice. Repaired and replacement parts and repair services shall be warranted for the remainder of the original period of notification set forth above, but in no event less than 12 months from repair or replacement. Buyer shall grant Seller access to the goods or services at all reasonable times in order for Seller to determine any nonconformity in the goods or services. Any unit proving faulty and covered by the provisions of this warranty must be returned to our Headquarter complete, carriage paid, for examination. Seller shall have the right of disposal of items replaced by it. If Seller is unable or unwilling to repair or replace, or if repair or replacement does not remedy the nonconformity, Seller and Buyer shall negotiate an equitable adjustment in the contract price. All warranty work shall be performed in a single shift straight time basis Monday through Friday. In the event the Buyer requires correction of warranty items on an overtime schedule, the premium portion of such overtime shall be for the Buyer's account. Units that have been dismantled in any way shape or form, including tampering or replacement of carbon brushes, capacitors, flexible cables and/or damage to the nameplate will invalidate all foregoing warranties.

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THIS IS SELLER'S SOLE GUARANTEE AND WARRANTY WITH RESPECT TO THE GOODS AND SERVICES. THERE ARE NO OTHER EXPRESS OR IMPLIED WARRANTIES OR WARRANTIES OF FITNESS FOR ANY PARTICULAR PURPOSE OR ANY IMPLIED WARRANTIES OF FITNESS FOR ANY PARTICULAR PURPOSE OR ANY IMPLIED WARRANTIES OTHER THAN THOSE MADE EXPRESSLY HEREIN. ALL SUCH WARRANTIES ARE EXPRESSLY DISCLAIMED.

Buyer and successors of Buyer are limited to the remedies specified in this article and shall have no others for nonconformity in the goods or services provided hereunder. Buyer agrees that these remedies provide Buyer and its successors with a minimum adequate remedy and are their exclusive remedies, whether Buyer's or its successors' remedies are based on contract, warranty, tort (including negligence), strict liability, indemnity, or any other legal theory, and whether arising out of warranties, representations, instructions, installations, or non-conformities from any cause.

7. PERFORMANCE AND DELAYS: It is the Seller's desire to attempt to accommodate the delivery requirements of its Buyers. When placing an order, Buyer should specify the approximate date product is required. Seller will make every reasonable effort to comply with the Buyer's requirements. However, Seller does not guarantee dates of shipment or delivery. Shipping schedules given by seller are approximate and are given with the best information available. Seller shall not be liable for any loss or damages as a result of any delay in delivery, including but not limited to losses in the form of liquidated damages. Orders received with a "HOLD" (for release, for approval, etc.) are not processed for manufacture until Buyer gives release. Orders which do not specifically waive submittals are considered "hold for approval of submittals." Estimates of normal shipping time should be interpreted as being from time of release. Timely performance by Seller is contingent upon Buyer's supplying to Seller, when needed, all required technical information and data, including drawing approvals, and all required commercial documentation. If Seller suffers delay in performance due to any cause beyond its reasonable control, the time of performance shall be extended a period of time equal to the period of the delay and its consequences. Seller will give to Buyer notice within a reasonable time after Seller becomes aware of any such delay. Any item of the goods on which manufacture or shipment is delayed by Buyer may be placed in storage by Seller for Buyer's account and risk, and Buyer shall pay all charges for storage and other incidental expenses incurred by Seller in the event of delayed shipment.

8. SHIPMENT, TITLE AND RISK OF LOSS: The term "shipment" means delivery to the initial carrier in accordance with the delivery terms of this order. Seller may make partial shipments. Seller will select method of transportation and route, unless terms are f.o.b. point of shipment and Buyer specifies the method and route and is to pay the freight costs in addition to the price. Seller shall not be responsible for damage to the goods after having received "in good order" receipts from the carrier. All claims for loss, damage and delay in transit are to be handled by Buyer directly with the carrier. Claims for shortages or incorrect items must be made in writing to Seller within thirty days after receipt of shipment. Failure to give such notice shall constitute an irrevocable acceptance of the goods. The goods shall remain the property of the Seller until the price has been discharged in full with cleared monies received in the Seller's bank account. All tools, dies, moulds, jigs and fixtures will remain the Seller's property whether or not a charge is made towards their cost.

9. CANCELLATION: Buyer may not cancel or terminate for convenience, or direct suspension of manufacture, except with Seller's written consent and then only upon terms that will compensate Seller for its engineering, fabrication and purchasing charges and any other costs relating to such cancellation, termination or suspension, plus a reasonable amount for profit. If, owing to war, strikes, difficulty in obtaining materials of any nature beyond the Seller's control or Acts of God such that the Seller is unable to deliver any part of an order, Seller has the right (on giving notice in writing) to cancel the undelivered balance of the order and the Buyer shall not have any claim for or arising out of such inability, delay or cancellation.

10. LIMITATION OF LIABILITY: Neither Seller, nor its suppliers shall be liable, whether in contract, warranty, failure of a remedy to achieve its intended or essential purposes, tort (including negligence), strict liability, indemnity or any other legal theory, for loss of use, revenue or profit, or for costs of capital or of substitute use or performance, or for indirect, special, liquidated, incidental or consequential damages, or for any other loss or cost of a similar type, or for claims by Buyer for damages of Buyer's customers. Seller's maximum liability under this contract shall be the contract price. Buyer and Seller agree that the exclusions and limitations set forth in this article are separate and independent from any remedies which Buyer may have here-under and shall be given full force and effect whether or not any or all such remedies shall be deemed to have failed of their essential purpose. The Buyer will indemnify the Seller against damages, penalties, costs and expenses to which the Seller may become liable as a result of work done in accordance with the Buyer's specification which involves any letters, patents or registered design. It is the Seller's policy to continuously develop and improve products. The Seller therefore reserves the right to modify its designs and as such its performance at the Seller's convenience and without prior notice.

11. GOVERNING LAW AND ASSIGNMENT: English law shall govern the validity, interpretation and enforcement of this contract, without regard to its conflicts of law principles. Assignment may be made only with written consent of both parties; provided, however, Seller may assign to its affiliate without Buyer's consent.

12. LEGAL FEES: Buyer shall be liable to Seller for any legal fees and costs incurred by Seller in enforcing any of its rights hereunder.

13. DISPUTES: Either party may give the other party written notice of any dispute arising out of or relating to this contract and not resolved in the normal course of business. The parties shall attempt in good faith to resolve such dispute promptly by negotiations between executives who have authority to settle the dispute. If the matter has not been resolved within 60 days of the notice, either party may initiate non-binding mediation of the dispute.

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14. STATUTE OF LIMITATIONS: To the extent permitted by applicable law, any lawsuit for breach of contract, including breach of warranty, arising out of the transactions covered by this contract, must be commenced not later than twelve (12) months from the date the cause of action accrued.

15. CHANGES IN LAWS AND REGULATIONS: Seller's prices and timely performance are based on all applicable laws, rules, regulations, orders, codes, standards or requirements of governmental authorities effective on the date of Seller's proposal. Any change to any law, rule, regulation, order, code, standard or requirement which requires any change hereunder shall entitle Seller to an equitable adjustment in the prices and any time of performance.