



ARMAT d. o. o. in
ARMAT PROJEKT d. o. o.
Krmelj 37A,
8296 Krmelj, Slovenia

GENERAL PURCHASING CONDITIONS

I. Validity

These general conditions are used for the regulation of all mutual relationships between the company Armat, trgovska, proizvodna in storitvena dejavnost, d.o.o., Birna vas 7A, Šentjanž (hereinafter referred to as: "the Customer") and its suppliers unless otherwise agreed between the customer and supplier (parties) expressly and in writing. These conditions are a constituent part of every order or contract between the parties.

II. Prices and payment terms and conditions

2.1 Products which the Customer buys from the supplier are defined by the parties consensually (1) with a contract, (2) with a price list which is enclosed with the contract or (3) by a special agreement. For the agreement to be valid, the parties are obliged to define: a type of product, price, packaging, availability. The list of products and its amendments shall be provided by the supplier in an electronic or written form.

2.2 Any kind of amendments of the list of products or data in the contract, the Customer does not undertake to purchase any quantity of products unless expressly agreed. The Customer independently decides on the classification of certain products from the supplier in the catalogue of the Customer.

2.3 The supplier shall invoice every individual delivery to the Customer unless otherwise agreed. Should the parties agree about periodical invoicing, the supplier must submit the invoice separately for each cost place and each location of the delivery to the Customer separately. Individual deliveries with the number of a delivery note and place and date of the delivery must be evident and specified from the common invoice. The initiation of payment liability is the date of the delivery of the goods to the customer's warehouse or the date of a confirmed situation or date of the delivery of the required documentation about the quality or the origin of the products.

2.4 The prices are defined by the supplier with a price list unless consensually defined with a contract or agreement. The new price is considered an amendment of the list of the sales programme and is forwarded by the supplier in a way and with the validity as defined for the list in these terms and conditions. Should the supplier define an earlier validity of new prices, the Customer is entitled to claim the old price for all deliveries within the time period after the receipt of a notification about new prices as defined by these terms and conditions.

2.5 All costs for the preparation and execution work, for all auxiliary work, costs for investigations and attestations, costs of performance bonds, safety at work, all required scaffolding, costs of the lift, product insurance against damage until the delivery and all tests or costs of a trial operation are calculated in the tender price of the contractor.

2.6 The supply conditions are defined by the parties with a contract or written agreement wherein the duration of the payment deadline, discount amount, amount of special discount on the invoice, amount of special discount with a credit note, discount amount and payment deadline for its enforcement, other discounts (for special exposure etc.) are defined.

2.7 The Customer shall pay the vendor with a transaction to its bank account or with a compensation. The parties shall forward each other information for the preparation of compensations and confirm the prepared compensations of undisputed liabilities. The vendor can withdraw from a claim to the Customer to a third party only with the Customer's consent.

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III. Goods supply

3.1 The Customer shall order from the supplier via post, fax machine or e-mail. An order must be specified according to the desired commissions with the locations and time of the delivery. The Customer's order is confirmed by the supplier in the same way and it announces the time of the delivery. In the case that the vendor does not confirm the order of the Customer within three days, it is considered that the order is fully accepted. In cases when the vendor does not have the ordered products in stock, it shall inform the Customer within one day about a new possible supply deadline or propose replacement goods if possible. Should the Customer not confirm the new deadline within one day, it is considered that the Customer has withdrawn from the order.

3.2 Should it otherwise be agreed, the supplier is obliged to deliver the goods to the Customer at its own expense in compliance with the CPT clause of the Customer's warehouse (the newest INCOTERMS) if it is not otherwise defined by the Customer's order which can also define the delivery to the construction site of the Customer. Should the parties agree, the supplier is obliged to deliver directly to the Customer's customer as well.

3.3 The supply deadline is defined by the parties with a contract as the number of working days from the order and is used for all deliveries except those for which they have expressly defined a different supply deadline. Should the supply deadline be different for various products, the parties must define it with a list of the sales programme.

3.4 Should the supplier cancel or introduce new products, it is obliged to supply the quantities which the supplier undertook to supply according to the contract or order confirmation independently from the elimination of the product from the programme.

3.5 Should the supplier not supply a part of the ordered goods within the defined supply deadline, the order of the non-supplied goods is considered cancelled and the Customer must reorder the goods unless the Customer expressly states otherwise when ordering.

3.6 In case the supplier unjustifiably extends the supply deadline, it shall pay the Customer a contract penalty in the amount of 1% of the contract value for each extra day but no more than 10% of the contract value. Should the Customer suffer damage due to an unjustifiable extended deadline according to this contract which is higher than the contract penalty, it shall charge the supplier the difference between the incurred damage and the charged contract penalty.

3.7 Should the supplier not meet the contractual deadlines and does not begin or continue with the delivery even after the receipt of a written appeal, the Customer may: (1) claim the fulfilment of the contract and a reimbursement, (2) withdraw from the contract and submit the delivery to another supplier and to charge any possible differences in the price of the delivery increased for overheads in the amount of 8% to the former supplier and claim the compensation of costs and damage and to charge the contract penalty and compensation for each extra day if the new supplier could not execute the delivery within the deadline agreed in this contract. Also, the Customer shall charge the supplier any possibly incurred costs due to any standstill or problems with technical takeovers which could be the result of insufficient documentation. Should it not be agreed otherwise, the supplier must charge the penalties himself on a monthly basis and issue a credit note to the Customer. The supplier is not obliged to charge the penalties if it was not able to deliver the goods due to force majeure and if it immediately and before the deadline expiry informed the Customer about it for the on-time delivery.

3.8 For each delivery, the supplier must submit a corresponding delivery note with the order number stated. The supplier is obliged to deliver valid certificates and certificates of quality for the supplied goods. The vendor undertakes to execute the entire production process or supply process in compliance with the environment protection system.

IV. Adequacy of goods, packing, packaging material



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4.1 The supplier is obliged to assure that the supplied goods are in compliance with the regulations and standards in force, that they are correctly labelled and have the agreed properties and quality. The supplier is obliged to compensate the Customer for all costs and penalties which it might suffer due to the non-compliance with these requirements. The Customer can return any goods which are not adequate or claim corrective actions at the cost of the supplier. The supplier must take over and solve any claims by final consumers regarding the goods of the supplier.

4.2 The packaging of products is determined by the supplier if the parties haven't agreed on a certain type of packaging. A different type of packaging is considered an alteration of the list of the sales programme and must be informed by the supplier on time and in compliance with these terms and conditions.

4.3 The vendor is obliged to adequately package the goods even when packaging – palletizing is not agreed in a way that manipulation with a lift or forklift is possible. The parcel must be marked with adequate markings of the vendor and the catalogue number of the Customer and with the rest of the accompanying documentation.

4.4 The supplier must supply the goods in a transportation packaging corresponding to the standards which are in force in Slovenia. The Customer shall return Euro pallets to the supplier without an allowance for wear and tear and regular pallets shall not be returned unless otherwise agreed with the contract.

V. Liability

5.1 The vendor is liable for factual and legal defects of the goods.

5.2 The vendor shall expressly guarantee that the goods were completely reviewed before the delivery and that the supplied goods are completely without any defects and in compliance with the confirmed order. In case such goods have any kind of defect which may occur later, it is considered that the vendor knew about this defect regardless of the fact whether it is an obvious or hidden mistake.

VI. Guarantee for defects

5.1 Armat is obliged to inspect the goods in the usual way or to inspect them after the delivery, namely as soon as possible according to the usual flow of business. Armat is obliged to point out obvious defects immediately after the inspection and hidden defects immediately after they are discovered or it shall otherwise lose all rights under the item of guarantee. In case the quality or quantity of the supplied goods is not in compliance with the delivery note or these terms and conditions, the Customer shall forward the reclamation record to the supplier within five working days from the receipt of the goods or the discovery of the defect. The supplier must inform the Customer about the solution of the reclamation record within two working days after the receipt. On the basis of a jointly established reclamation, the vendor is obliged to send a new quantity of goods within five days at its own cost or eliminate any defects on the goods.

5.2 The vendor shall guarantee for hidden or obvious defects of the goods within 12 months from the day of the delivery. Armat is in case of a justified complaint entitled to claim the fulfilment of the contract according to its own choice, lowering the price or withdrawing from the contract. Next to indemnifications, the Armat company is entitled to claim the compensation for the regular damage and lost profit.

VII. Special services

The parties shall determine with this contract whether the supplier shall provide additional services to the Customer with regard to the goods delivery:

1. delivery of unsold goods, damaged goods and goods with an elapsed expiry date;
2. promotional material free of charge;
3. free of charge samples;
4. free of charge brochures and catalogues;

5. support for the promotional programmes;
6. guarantee for fixed and lowest prices;
7. introductory, special and promotional discounts;
8. integration of the Customer's sales outlets in the advertisements of the vendor.

VIII. Guarantee

The vendor shall guarantee to the Customer that the supplied goods are in compliance with all quality requirements for their use on the market or to have the required level of reliability. The vendor shall guarantee to the Customer the quality and give a warranty for the contract goods for the same period as the Customer gives to the final consumer for the final product. The vendor is obliged to compensate the Customer for all the incurred costs of repairing or replacement of the contract goods in use during the warranty period.

IX. Security statement to the authorized business entity

The supplier declares and guarantees unlimitedly:

1. that the goods which are manufactured, stored, sent or transported according to the order of an authorized business entity and which are delivered to the authorized business entity or are taken over from the authorized business entity for delivery:
 - a. are manufactured, stored, prepared and loaded in secured business premises and at secured facilities for loading and shipping and are
 - b. protected from unauthorised intervention during the production, storage, preparation, loading and transportation;
2. that the personnel employed in the production, storage, loading and transportation of these goods are reliable;
3. that the supplier is informed that it must provide security of its supply chain just as is stated above.

X. General provisions

10.1 In case the vendor and the Customer shall agree on special terms and conditions for individual works, the especially agreed terms and conditions shall apply according to a special contract or purchase order. The contracting parties are in agreement that the specifications of deliveries as well as all business, commercial, technical and production documentation are a trade secret. Violations of trade secrets shall result in the immediate termination of any kind of business partnership and the Customer is entitled to claim damage compensation.

10.2 The vendor and the Customer shall manage what is not defined in the general sales terms and conditions with the legislation in force.

XI. Jurisdiction

The law of the Republic of Slovenia is used for relations among the litigants. The contracting parties agree that the District Court of Novo mesto has the jurisdiction for solving any possible disputes.