

TERMS AND CONDITIONS OF BECKHOFF AVTOMATIZACIJA D.O.O.
in transactions between companies

I. General Provisions

1. For all legal relationships between Beckhoff avtomatizacija d.o.o. (hereinafter referred to as "Beckhoff") and the Buyer concerning Beckhoff's deliveries and/or services (hereinafter referred to as "Deliveries"), the following Terms and Conditions shall expressly apply. The Buyer's general terms of business shall only be valid if expressly approved by Beckhoff in writing. Concerning the scope of deliveries mutually confirmed written statements shall apply.
2. Concerning the estimates, plans and other documents (hereinafter referred to as the "Documents"), Beckhoff reserves all proprietary rights and copyrights. The documents shall be accessible to third persons only against Beckhoff's previous approval, and must be returned to him in the event that Beckhoff has not been awarded the contract. This paragraph shall apply accordingly also to Buyer's documents. The Buyer's documents may be submitted to third persons authorized by Beckhoff to perform deliveries on his behalf.
3. The Buyer shall have a non-exclusive right to use unmodified standard software and other Beckhoff goods under consideration of the agreed working parameters and with the agreed devices. The Buyer shall be allowed to make one backup copy of the standard software without express permission.
4. Partial deliveries shall be allowed if the Buyer is able to accept them.
5. The term "compensation claim" in these Terms and Conditions shall also comprise claims for reimbursement of unnecessary costs.

II. Prices, Terms of payment offsetting

1. If Beckhoff assumed the obligation for assembly or installation and the parties did not agree otherwise, the Buyer shall not only make the agreed payments, but also cover all the necessary incidental expenses such as travel and transport expenses and daily subsistence allowances.
2. The payments shall be carried out as non-cash transactions to the Beckhoff bank account on the basis of issued invoices.
3. In the event of Buyer's delayed payment Beckhoff shall have the right to claim statutory default interest.
4. The Buyer can only offset claims that have been indisputably or finally determined.

III. Reservation of ownership

5. The items delivered by Beckhoff (goods delivered under reservation) shall remain Beckhoff's property until the effective fulfilment of Buyer's obligations towards Beckhoff. If the value of the security interest Beckhoff is entitled to exceeds the amount of all legitimate claims by more than 10%, a respective part of the security interest will be released by Beckhoff on Buyer's request. The choice which part of security interest is to be released lies with Beckhoff.
6. For the time the reservation of ownership is in effect, pledging and assignment as security are prohibited to the Buyer. In such a case, resale shall be only permitted to resellers in the regular

course of business and only on condition that the reseller receives payment from his customer or asserts the reservation that ownership will only be transferred to the customer when all payment obligations have been fulfilled completely.

7. In the case of seizures and other rights to dispose of the goods, or third party interventions, the Buyer shall notify Beckhoff without undue delay.
8. If the Buyer violates his obligation, in particular in the case of a delay in payment, Beckhoff shall, following the fruitless expiry of a reasonable grace period set by him, apart from the right to claim the return of the goods, be entitled to declare withdrawal from the Contract. The Buyer shall have the obligation to return the goods. The return of the goods, enforcement of the retention of title or seizure of the goods under reservation of title by Beckhoff shall not automatically mean withdrawal unless expressly declared by Beckhoff.

IV. Delivery, delays

1. Compliance with the agreed delivery times shall be subject to timely submission of all Buyer's documents, all the required permits and approvals, in particular all plans, and to the observance of the agreed payment conditions and other obligations by the Buyer. If all the above mentioned conditions are not timely met, the delivery times shall be extended proportionally. This shall not apply if Beckhoff is in default with the delivery.
2. If failure to meet the agreed delivery times is due to force majeure, e.g. mobilisation, war, rebellion or similar circumstances, e.g. strike or lock-out, the delivery times shall be delayed correspondingly. The same applies in the event of untimely or irregular delivery to Beckhoff by a third party.
3. If Beckhoff is overdue with a delivery, the Buyer shall be entitled – in the event of damage due to such delay – to demand compensation equal to 0.5% for each full week in default, but up to a total of not more than 5% of the value of the delayed delivery.
4. Buyer's compensation claims due to delayed deliveries and replacement compensation claims for services exceeding the limits stated in the previous paragraph shall be excluded in all cases of delayed deliveries, even upon expiration of any grace period granted to Beckhoff. This shall not apply in the event of claims due to malicious intent or gross negligence, immediate threat to life or health and body injury for which Beckhoff shall assume unconditional responsibility. The Buyer shall be entitled to withdraw from the Contract within the framework of legal provisions only in the event that Beckhoff is responsible for the delay.
5. On Beckhoff's request the Buyer shall decide within a reasonable period of time whether he withdraws from the Contract due to delay or insists on delivery performance.
6. If Buyer requests for a shipment to be postponed for more than one month after the date the Buyer is notified that the goods are ready for shipment, Beckhoff shall be entitled to charge the Buyer the costs of storage equivalent to 0.5% of the value of goods to be delivered for every month begun, but not more than 5% thereof. The parties shall be free to determine higher or lower storage costs.

V. Transfer of risk

1. Even if shipments are made FCA the risk passes to the Buyer as follows:

- a) in shipments not including assembly or installation at the moment of dispatch; At the Buyer's request and expense the shipments will be insured by Beckhoff against normal transport risks;
 - b) in deliveries including assembly or installation on the day of acceptance in the Buyer's premises, or if agreed by the parties, after a flawless trial run.
2. If equipment, delivery, commencement or performance of erection or installation, start of operation in the Buyer's premises or trial operation are delayed for reasons on the Buyer's side, or if the Buyer is in arrears for other reasons, the risk passes to the Buyer at the moment when the delay occurs.

VI. Assembly and installation

The following provisions shall apply for assembly and installation if not provided otherwise.

1. The Buyer shall assume responsibility to provide the following at his own expense:
 - a) all earth moving, construction and other additional works not included in the agreed Beckhoff's scope, including the corresponding technical and auxiliary staff, construction materials and tools;
 - b) all accessories and materials needed for installation and operation, such as support structures and other equipment, fuels and lubricants;
 - c) energy and water on site including connections, heating and lighting;
 - d) suitable dry and lockable storage rooms on the installation site large enough to accommodate machine parts, equipment, materials, tools, etc., and suitable work and accommodation premises with sanitary conveniences corresponding to circumstances on site. To protect Beckhoff's property and personnel carrying out installation work, the Buyer shall implement equal measures on the building site as he would implement to protect his own property;
 - e) protective clothing and safety equipment needed due to specific circumstances on site.
2. Prior to the commencement of installation work the Buyer shall provide the necessary data concerning the concealed electric cables, gas, water and other installations and the essential structural engineering data.
3. Prior to the commencement of assembly or installation all the necessary machines and objects must be ready for operation on the erection or installation site, and all preparatory works must be completed to allow assembly or installation as agreed without interruptions. All access roads and the area where the assembly and installation will take place must be levelled and cleared.
4. If Beckhoff is not responsible for delayed assembly, installation or putting into operation, the Buyer shall, up to a reasonable extent, bear the costs of equipment and personnel during the waiting period and additional travel expenses incurred to Beckhoff or installation personnel.
5. The Buyer shall confirm the working hours for installation personnel to Beckhoff on weekly basis without delay, including the completion of erection, installation or start of operation.
6. If after the completion Beckhoff demands a technical acceptance of supply, the Buyer shall have the obligation to accept the completed project within two weeks. If the Buyer fails to carry out the acceptance, the project shall be deemed duly accepted nevertheless. The acceptance shall also be deemed completed if the equipment has been put into operation after the expiry of the agreed trial run.

VII. Acceptance

The Buyer may not refuse acceptance of the delivery due to insignificant defects.

VIII. Material defects

Beckhoff will assume responsibility for the following material defects:

1. All parts or services showing material defects that occurred at the time before the passing of risk shall be repaired free of charge, replaced with defect-free parts or services performed once again.
2. Claims to eliminate defects shall become time-barred within 12 months of the day of timely notification of defect. The same applies for withdrawal from the contract and reduction of price. This period shall not apply if the law prescribes longer periods in the event of claims due to malicious intent or guileful concealment of defect, or failure to observe the quality warranty. Legal provisions governing the interruption, suspension and resuming of time-limits shall remain unchanged.
3. Written notice of defects must be given by the Buyer immediately upon their discovery.
4. When enforcing claims for defects the Buyer shall be allowed to retain the amount of payment proportional to the discovered material defect. The Buyer shall only be allowed to retain the payment if enforcing unquestionable claim for defect. The Buyer shall not be entitled to retain the payment if his claims for defects have become time-barred. If the Buyer's enforcement of claims for defects was unjustified, Beckhoff shall be entitled to claim reimbursement of all accrued expenses from the Buyer.
5. Beckhoff shall be entitled to remedy the defects of which he was correctly notified within a reasonable time limit.
6. If Beckhoff fails to remedy the defects within 45 days upon a correct notification by the Buyer, the Buyer shall be entitled to withdraw from the Contract regardless of any compensation claims according to point 10 of this Article, or reduce his payment.
7. Claims for defects shall not be allowed in the event of insignificant deviations from the agreed quality, in cases of minor functionality reduction, in the event of normal wear and tear or damage incurred at the time of passing the risk as a result of incorrect or negligent handling, overload, inappropriate means of operation, incomplete construction works, inappropriate building land or in the event of damage that occurred due to specific external influence not foreseen in the Contract, or in the event of software defects that cannot be reproduced. Claims for defects shall also not be allowed in the events of changes or repairs carried out by the Buyer or third persons and for consequences of such interventions.
8. All Buyer's claims for defects, reduction of the purchase price or withdrawal from the Contract and claims for reimbursement of costs related to it, in particular transport, travel, working and material expenses incurred due to the enforcement of claims by the Buyer, claims for reimbursement of costs incurred due to the fact that the delivery was subsequently carried out on another location, shall be excluded, except in cases when such a delivery complies with the agreement on the intended use.
9. Recourses against Beckhoff shall only apply if the Buyer did not conclude an agreement with his customer exceeding legally recognised claims for defects. Point 8 of this Article shall apply accordingly concerning the extent of Buyer's recourse against Beckhoff.

10. Compensation claims of the Buyer due to material defects are excluded. This does not apply in the event of intentional concealment of defects, non-compliance with the quality warranty, for life-endangering conduct, bodily injury, for acts jeopardizing health or freedom and for deliberate violations or violations through grave negligence by Beckhoff. Any further Buyer's claims against Beckhoff due to material defects not regulated by Article VIII are excluded.

IX. Warranty for faultless working of products

1. Beckhoff warrants the quality and ensures flawless operation of the goods within the warranty period which begins on the day of delivery of the goods to the Buyer under the condition that the Buyer handles the goods in compliance with the instructions for use.
2. The warranty period for the goods shall be 12 months from the day of delivery of the goods to the Buyer.
3. In case the delivered goods don't operate faultlessly or have defects, the Buyer shall be entitled to enforce warranty.
4. Beckhoff undertakes to remedy the defect or deficiency free of charge against presentation of the original warranty certificate provided that the defect or deficiency was communicated within the warranty period and is a result of normal use in compliance with the instructions for use.
5. The warranty shall apply under the following conditions:
 - that the user handled the goods in accordance with the instructions for use;
 - that the goods show no signs of mechanical damage;
 - that a confirmed warranty certificate is enclosed to the goods;
 - that there were no interventions in respect of the goods by third parties not authorised by the Seller;
 - that that the goods have not been fitted with non-genuine spare parts and consumables.
6. The Seller shall be entitled to remedy the defects under warranty within a reasonable time limit.
7. Should the product despite proper and timely enforcement of warranty not be repaired or replaced with an equal new faultless one within 45 days from the date the product was accepted for repair by the service agent, the Buyer shall be entitled to withdraw from the Contract or reduce the purchase price correspondingly.
8. The warranty period shall be extended for the period of repair.
9. The warranty does not apply:
 - to malfunctions caused during the transport after the delivery of goods;
 - to malfunctions caused by unreasonable use, installation or maintenance;
 - to malfunctions and defects caused by negligence;
 - to mechanical damage or malfunction caused by circumstances of force majeure (voltage surge, lightning);

- to malfunction and damage caused by an intervention through unauthorised third persons without the Seller's written consent;
 - to unprofessional fitting with components;
 - to the use of any other elements that do not belong to the goods;
 - to consumable components subject to permanent wear and tear.
10. The rights from the warranty shall be deemed null and void 12 months from the day the Buyer requested repair or replacement of the goods.
11. The Buyer shall be entitled to maintenance, spare parts and add-ons for the period of three years upon expiration of the warranty period.

X. Industrial property rights and copyrights; Legal defects

- 1 If not otherwise agreed, Beckhoff is obliged to perform the delivery free of third party industrial property rights and copyrights (hereinafter called "Industrial Property Rights") only in the country of the point of delivery. Should any third party make justified claims against the Buyer because of an infringement of Industrial Property Rights by deliveries performed by Beckhoff, then Beckhoff shall be liable towards the Buyer within the time limits regulated by Art. VIII no. 4 as follows:
- a) For the corresponding deliveries, Beckhoff will, as to its choice and at its cost, (i) obtain a right to use, (ii) change the delivery in such a way that the industrial property right is not infringed, or (iii) replace the delivery. If the above-mentioned measures should not be possible under reasonable conditions, the Buyer is entitled to the statutory rights of withdrawal or rights to reduce the price.
 - b) Beckhoff's obligation to render compensation for damage is regulated by Art. XII.
 - c) The above-mentioned obligations of Beckhoff shall only exist if the Buyer (i) informs Beckhoff immediately and in writing about any claims made by third parties, (ii) does not acknowledge an infringement (iii) and all rights to defensive measures and settlement negotiations remain reserved to Beckhoff. If the Buyer suspends the deliveries for reasons of mitigation of damage or other important reasons, they shall be obliged to point out to the third party that no acknowledgement of an industrial property right infringement is connected with such suspension of deliveries.
2. Claims by the Buyer are excluded if they are responsible for the industrial property right infringement.
3. Claims by the Buyer are also excluded if the infringement of property rights is caused by (i) the Buyer's special specifications, (ii) by a type of use that is unpredictable for Beckhoff or (iii) by the fact that the delivery has been changed by the Buyer or used together with products not delivered by Beckhoff.
4. In case of infringement of industrial property rights, the provisions of Art. VIII no. 4, 5 and 9 shall apply accordingly for the claims by the Buyer from Art. X no. 1a).
5. For all other defects of title, the provisions of Art. VIII shall apply accordingly.
6. Claims because of defects of title by the Buyer against us and our vicarious agents that go beyond or are different from those regulated by this article, are excluded.

XI. Impossibility; Contract Adaptation

1. If the performance is impossible, the Buyer is entitled to compensation unless the impossibility is due to circumstances beyond Beckhoff's responsibility. The entitlement to compensation to the Buyer is limited, however, to 10% of the respective part of delivery that cannot be performed. This shall not apply in the event of claims due to malicious intent or gross negligence, immediate threat to life or health and body injury for which Beckhoff shall assume unconditional responsibility. The right of the Buyer to withdrawal from the Contract is not affected.
2. Should unforeseen events as defined in Art. IV no. 2 substantially modify or affect the economic significance or substance of delivery or materially impair Beckhoff's operations, the Contract shall be adapted correspondingly under consideration of good faith and fair practices. Should this not be acceptable from the economic point of view, Beckhoff is entitled to withdraw from the Contract. If Beckhoff intends to exercise their right to withdraw from the Contract, they should immediately notify the Buyer thereof after establishing the consequences of the event, even in the event that an extension of the delivery time had been previously agreed with the Buyer.

XII. Other entitlements; Limitation period

1. Entitlements to compensation to the Buyer for any legal reason whatsoever, in particular for non-performance of contractual obligations and from tortious acts, are excluded.
2. This does not apply in the event of liability under product liability law, liability in cases of acts of intent or gross negligence, because of a culpably caused damage to life, body or health or because of culpably caused violation of significant contractual obligations. The entitlement to compensation because of a violation of a significant contractual obligation is limited to the contract-typical, predictable damage unless another one of the above-mentioned cases has occurred.
3. If the Buyer is entitled to compensation, the claims become time-barred after expiration of limitation periods regulated in Art. VIII no. 2. The same applies for claims by the Buyer concerning the measures to prevent damage (e.g. written call to Buyers to return the goods). For all compensation claims subject to specific regulations statutory limitation periods shall apply.

XIII. Court of jurisdiction and applicable law

1. For all disputes arising from the contractual relationship, exclusive jurisdiction of the court in the country of residence of Beckhoff shall apply. Beckhoff is entitled to bring an action also in the country of Buyer's residence.
2. This Contract and its interpretation shall be subject to Slovene law with exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

XIV. Contractual obligations

1. This Contract shall remain valid also in case some of its individual clauses are legally ineffective. This shall not apply if sustaining the Contract would place undue hardship on one of the parties.

2. Beckhoff is entitled to change these Terms and Conditions any time without specific notification. Prior to final conclusion of the Contract the Buyer must make sure that they dispose of a valid version of Beckhoff's Terms and Conditions.

Beckhoff Avtomatizacija d.o.o.

Medvode, 12 May 2008