



FLABEG

General Terms and Conditions for Sale

of

FLABEG Automotive Kft.

Version: 2010-07-15

I. General, Scope

Our deliveries and services shall be exclusively governed by the following General Terms and Conditions. These General Terms and Conditions shall also apply to all future business transactions relating to deliveries and services to the customer without the need for any further reference thereto. They shall also apply without any explicit reference thereto in future contracts. The customer's general terms and conditions shall not apply, irrespective of whether or not such general terms and conditions have been expressly rejected by us. These General Terms and Conditions shall also apply exclusively if we, having knowledge of other general terms and conditions, effect a delivery or service without reservation.

II. Offers and Conclusion of a Contract, Scope of Performance

1. Our offers to the customer are non-binding. The customer's order shall be considered a binding offer. This offer shall be accepted within four weeks at our discretion by sending an order acknowledgment or by the unconditional provision of the goods or services ordered. If an offer is expressly designated in writing as binding, we shall be bound by such offer for a period of two weeks of the date of the offer. Additional agreements, changes and performance data have to be confirmed by us in writing.
2. We reserve the rights of ownership and intellectual property rights in cost estimates, drawings, plans and other documents; these shall be made accessible to third parties only with our prior written consent and shall be returned to us upon request free of charge.
3. The documents related to our offer, in particular illustrations, drawings, indications of weights and dimensions, performance and consumption data as well as technical data and descriptions contained in the relevant product information or advertising material are non-binding. In case of sale by samples these will only be provided of average kind and quality in accordance with the furnished samples.
4. Guarantees, in particular guarantees as to condition or durability (*jótállás*), shall be binding on us only in the scope in which they (i) are contained in an offer or an order confirmation, (ii) are expressly designated as "guarantee" or "guarantee as to condition" (*jótállás*), and (iii) expressly stipulate the obligations for us resulting from such guarantee.
5. In case the goods are used outside of Hungary the scope of delivery, in particular for devices related to safety at work and environmental protection, is determined by the agreements made, in case of doubt it is determined by the provisions applicable in Hungary. The customer shall be responsible for compliance with statutory and other regulations applicable at the point of use.

III. Prices, Terms of Payment, Late Payment

1. The prices agreed at the time the respective contract is concluded, in particular the prices indicated in the order form or the order acknowledgment, shall apply. If no price has been explicitly determined or if the customer purchases goods at list prices, the prices applicable on the day of delivery according to our price list shall apply. Unless expressly agreed otherwise all prices shall be Ex Works (Incoterms 2000) from our works or from another address

indicated by us, exclusive of packaging and other ancillary costs. All prices shall be understood net plus applicable value added tax at the currently valid statutory rate. All public charges (taxes, fees, customs etc.) arising from the conclusion or the performance of the contract outside of Hungary shall be borne by the customer.

2. We reserve the right to reasonably adjust our prices if, after conclusion of the contract, cost changes occur, in particular due to wage agreements, price increases by sub-suppliers or exchange rate fluctuations, which we are not responsible for.
3. Our invoices shall be paid, unless another payment date is specified in the invoice, within ten days after the date of invoice and delivery without any deduction. If a payment is made after the payment date, statutory default interest will be charged while we reserve the right to assert further-reaching claims.
4. We shall be entitled to apply any payments received firstly to earlier receivables, then to costs and interest of the principal receivable and finally to the principal receivable. The customer shall only be entitled to exercise a right of retention or set-off if its counterclaims are final (*jogerős*), are not contested or have been expressly acknowledged by us in writing. The exercise of any retention right shall also only be permitted to the extent that the counterclaim is based on the same contractual relationship.
1. If, after conclusion of a contract, circumstances become known, whereupon the customer's performance of its contractual obligations is jeopardised due to its financial situation (in particular in case of suspension of payment, insolvency filing, distraint or execution measures, notice of a bill or protesting a cheque and returning of a direct debit also towards or by third parties), we may, at our choice, withhold the deliveries and services until prepayment of the purchase price or provision of appropriate security. This also applies if due to default in payment by the customer reasonable doubts about its solvency or creditworthiness arise.
2. In the cases of Clause IV.1 we are also entitled to withhold deliveries and services until receipt of all payments for outstanding claims against the customer or provision of appropriate security. For claims not yet due, including claims resulting from contracts already concluded where we have to perform in advance, and claims without an inner natural or economic link to the delivery this shall only apply if we have legitimate interests therefor.
3. If a current account relationship exists as part of the business relationship we are in the cases of Clause IV.1 also entitled to withhold deliveries and services until receipt of all payments from acknowledged balances or provision of appropriate security.
4. If the customer fails to provide prepayment or provision of security in accordance with Clause IV.1 within two weeks, we may rescind the affected contract.

V. Delivery Periods, Delay in Delivery, Partial Deliveries

1. Delivery or service periods stated by us are non-binding unless a delivery period has expressly been agreed as

binding in the individual case. Expressly agreed delivery periods begin upon the dispatch of our order confirmation. The delivery period shall be deemed complied with if the goods have left the works or readiness for shipping has been announced by the time the delivery period expires.

2. Our adherence to delivery and service obligations is subject to the timely and correct performance of the customer's obligations. If advance payment is agreed or if the customer has to provide us with documents, permits or releases, the delivery period shall not begin before these requirements are fulfilled. We reserve the right to plead the defence of lack of performance of the contract.
3. If agreed delivery or service periods are exceeded due to circumstances we are responsible for, the customer may rescind the contract by written notice after fruitless expiry of a reasonable time period set by it. In case of non-binding delivery periods, we shall not be in delay in delivery before fruitless expiry of a reasonable time period for delivery set by the customer. The customer may not set such time period earlier than four weeks after the non-binding delivery date.
4. We shall only be in default after expiry of a reasonable time period set by the customer. In case of force majeure and other unforeseeable, unusual events we are not responsible for, such as business disruptions by fire, flood and similar events, breakdown of manufacturing facilities and machinery, delays in delivery or suspension of deliveries by our suppliers as well as disruptions of operations caused by shortage of raw materials, power or labour, strike, lockout, difficulties to obtain transport, disruptions of traffic, governmental interventions - to the extent these events prevent us from performing on time our delivery and service obligations - we are entitled to defer the delivery or performance for the duration of the impediment plus a reasonable start up period. If the delivery or service is thereby delayed by more than one month, both parties shall be entitled to rescind the contract with respect to the volumes affected by the impairment of delivery or service whereby any damage claims shall be excluded.
5. Our liability for each case of delay in delivery is limited in accordance with the provisions in Clause IX.1 to 7.
6. If reasonably acceptable for the customer, we may effect partial deliveries and performances within the agreed delivery and performance periods.

VI. Transfer of Risk, Transport and Packaging

1. Deliveries shall be made, unless expressly agreed otherwise between us and the customer, Ex Works (Incoterms 2000) from our works or from another address indicated by us.
2. Risk shall pass to the customer at the latest upon delivery to the customer, the carrier or any other forwarding agent commissioned by the customer. This shall also apply in case of partial deliveries or if we, by way of exception, have assumed additional obligations such as freight charges, delivery or installation, unless delivery is effected by our own vehicles or means of transportation. Risk shall also pass to the customer if it is in default of acceptance. The collection of the goods to be collected constitutes a material contractual obligation of the customer. At the customer's request and costs we will insure the goods against theft, breakage, damage in transit, damage by fire or water, and other insurable risks.
3. If it is agreed with the customer that the goods are to be shipped by us, the method of shipping and the shipping route will be determined at our discretion by us, unless otherwise agreed in writing with the customer. Also, in this case, the provisions in Clause VI.2 shall apply.

4. We do not take back disposable packaging. Instead, we will, at the customer's request, name a third party which will take back the packaging according to the Hungarian law and regulations on packaging, if applicable.

VII. Reservation of Title

1. We reserve title in goods delivered to the customer until full payment of the purchase price and of all other current or future claims against the customer we are entitled to under the business relationship. The inclusion of the claim for the purchase price against the customer into open accounts and the confirmation of a balance shall not affect the reservation of title.
2. In case of breach of contract by the customer, notably default in payment, we may - without prejudice to other (damage) claims - rescind the contract and recover the goods in which title is reserved (the "**Reserved Products**"). In case of default of payment, the prior setting of a time period is not required. For the purpose of recovering the Reserved Products we may enter the customer's business premises during normal business hours.

After recovery of the Reserved Products, we may upon prior notice realise the same in a reasonable manner; the realisation proceeds shall be applied to the liabilities of the customer less reasonable realisation costs.

3. The customer shall treat the Reserved Products with care, in particular it shall insure the same at its costs against damage by fire, water and theft sufficiently at replacement value. The customer herewith assigns its claims under the insurance contracts to us; we hereby accept the assignment.

The customer shall carry out in due time and at its costs any necessary maintenance and inspections.

4. For the duration of the reservation of title the customer shall not pledge the Reserved Products or use the same as security. However, the customer may, subject to the following conditions, resell the Reserved Products in the course of its ordinary business activities, but in such case it already now assigns to us all claims, including ancillary rights and with priority over the remainder of the customer's claims, equal to the final invoice amount (including value added tax) accruing to it against its customers or third parties from the resale, regardless of whether the Reserved Products have been resold without or after processing. The customer shall not sell the Reserved Products to customers that have excluded or limited the assignment of payment claims against them. If the Reserved Products have been reprocessed together with other items not belonging to the customer, the assignment shall be effected only in the proportion of the co-title shares in the goods reprocessed pursuant to Clause VII.6. After assignment of the claims, the customer shall retain the right to collect the claims. Our right to collect the claims by ourselves shall not be affected thereby. However, we shall not collect the claims as long as the customer fulfils its payment obligations from the proceedings taken in, is not in default of payment and notably has not filed an application for the opening of insolvency proceedings and has not suspended its payments. If any of this is the case, we may request the customer to disclose the assigned claims and their respective debtors, to furnish all data necessary for collection, to hand over to it all documents pertaining thereto and to inform the debtors of the assignment. If such a case occurs, the customer's right to collect the claims is extinguished.
5. The customer shall notify us in writing without undue delay of all seizures, attachments and other interference by third parties with respect to the Reserved Products. Moreover, the customer shall notify such third parties of the reservation of title. To the extent the third party is unable to reimburse us for the court and out-of-court costs of a legal action pursuant

to the Hungarian Act LIII of 1994 Judicial Enforcement or any other similar court or out-of-court procedures, the customer shall be liable for the loss thus incurred to us.

6. Any processing (*feldolgozás*) or reworking (*átalakítás*) by the customer of the Reserved Products shall always be performed for us. If the Reserved Products are processed or reworked with other items not belonging to us, we shall be entitled to either claim the purchase price of the Reserved Products (final invoice amount - *vég számla összeg* - including value added tax) or to acquire full title in the new thing by paying to the customer the consideration for the customer's work. In all other respects, the same provisions shall apply for the new thing thus created as for the Reserved Products. If the Reserved Products are inseparably commingled (*egyesülés*) or combined (*vegyülés*) with other items not belonging to us, we shall acquire joint title in the new thing in the proportion of the value of the Reserved Products (final invoice amount, including value added tax) to the other commingled or combined items at the time of commingling or combining. If the commingling or combining takes place in such a way that the thing of the customer is considered to be the principal thing, the customer shall transfer co-title to us on a pro rata basis. The customer shall keep the sole title or co-title thus created in custody for us. As security for our claims against the customer, the latter shall also assign to us the claims accruing against third parties by the combining of the Reserved Products with a real estate property.
7. At the customer's request we will release securities we are entitled to, to the extent the realisable value of such securities exceeds our secured claims against the customer by more than 10%; we may select the securities to be released at our discretion.

VIII. Customer's Claims in the Event of Defects

1. The customer shall notify us without undue delay, but at the latest within one week of delivery of the goods, in writing of obvious defects (e.g. defects of quality or title, wrong delivery or deviations in quantity); hidden defects shall be notified to us in writing without undue delay, but at the latest within one week of being discovered. The customer's claims for defects shall be forfeited if a notice of defect has not been made in time or properly, unless a defect has been fraudulently concealed. The acceptance of goods may not be refused for defects that are not of a material nature.
2. Without our prior written consent, we will not bear the costs caused by the customer for examination of possible defects. For an effective handling of claims for defects, we will sort out defective goods from an affected delivery, unless we instruct the customer otherwise. The customer will not dispose of defective goods without our prior written consent. Upon our request, the customer shall send defective goods to us for examination.
3. The customer shall not be entitled to claims for defects for used goods or goods that have been agreed to be of a lower quality category. The same shall apply in case of deviations, in particular deviations of dimensions, thicknesses, weight, performance data or colour nuances, which are within the tolerances customary in the industry, as well as in case of immaterial reduction of the value or usability of the goods.
4. In case of defects, we will remove the same, at our choice, through rectification (*kijavítás*) or replacement delivery (*kicserélés*). Rectification or replacement delivery (subsequent performance) shall be made without acknowledgement of a legal obligation. For repaired goods the remainder of the original limitation period shall run from the return of the repaired good; the same shall apply for replaced goods.
5. If subsequent performance fails, the customer may rescind the affected contract (*elállás*), whereas the right to reasonably

reduce the purchase price of the affected contract (*árlétszállítás*) is excluded. Rectification is considered as having failed after the third attempt, unless the nature of the goods or other circumstances suggest otherwise.

6. Claims of the customer for expenditure required for the purpose of subsequent performance, notably the costs of transport, journeys, labour and material, are excluded to the extent that the expenditure is increased as a result of the goods being brought to a place other than the agreed place of delivery; we may charge such increased costs to the customer. Also excluded are costs for dismantling and installing (*beszerelés és beüzemelés*) defective goods; such costs may be claimed by the customer as claims for damages subject to the provisions of Clause VIII.1, Clause IX. and Clause X.
7. If the customer wrongly asserts claims for defects (e.g. the goods were not defective), we may charge to the customer reasonable costs incurred; the same shall apply if we wrongly grant claims for defects without being obliged to do so. In case of defects that are not of a material nature claims for defects are also considered to be wrongly asserted; in case a claim is disproportionately asserted (e.g. all goods are rejected even though only a part is affected), charging of costs will be made on a pro-rata basis.
8. Our liability for any damage the customer may have suffered due to defects of goods delivered by us or for any futile expenses is determined by the provisions in Clause VIII.1, Clause IX. and Clause X.

IX. Liability

1. The provisions set out in this Clause IX shall be subject to the statutory restrictive provisions on the limitation and exclusion of liability for breaches of contract set out in paragraphs 1 and 2 of Article 314 of the Civil Code. Accordingly, notwithstanding any provision in these General Terms and Conditions to the contrary, liability for a breach of contract may not be excluded or limited if such a breach of contract is caused wilfully, by gross negligence or by criminal offence or if by such a breach of contract damages are caused to life, physical integrity or health.
2. Our company shall only be liable for damages or futile expenses - irrespective of the legal basis - if such damages or futile expenses were caused by
 - a) culpable breach of a material contractual obligation by us or one of our assistants or
 - b) gross negligent (*súlyos gondatlanság*) or intentional breach of an obligation by us or one of our assistants, or
 - c) a criminal offence committed by us or one of our assistantsContrary to Clause IX.1.a) we are liable for damages or futile expenses caused by any advice and/or information not subject to separate remuneration only in case of intentional or gross negligent breach of obligations, unless such breach of obligations constitutes a defect of the goods delivered by us.
3. If we are liable under Clause IX.1.a) for breach of a material contractual obligation not caused by gross negligence, intent or by a criminal offence, our liability for damages shall be limited to the damage which is typical and foreseeable. The above limitation of liability set out in sentence 1 equally applies to damages caused by gross negligence of our employees or agents, who are not officers or executives of our company.

4. In the cases of Clause IX.2 our liability shall be limited to an amount of Euro 1.5 million per damaging event. We will conclude and maintain insurance coverage with a corresponding contract amount (at least Euro 1.5 million per damaging event).
5. In the cases of Clause IX.2 we are not liable for loss of profit by the customer and consequential or indirect damages.
6. The limitations of liability set out in Clause IX.1 to 5 above shall not apply in case of mandatory liability under the provisions of Act X of 1993 on Product Liability (*Terméktelelősségről szóló törvény*) or if claims are asserted against us for injury of life or health (*életben, testi épségben, egészségben okozott kár*). If the goods delivered by us lack a guaranteed quality, we are only liable for such damages covered by the purpose of such guarantee.
7. Any further liability for damages than that set out in Clause IX.1 to 5 shall be excluded, irrespective of the legal nature of the claim asserted.
8. The limitations of liability for damages set out in this Clause IX. shall also apply to the personal liability for damages of our employees, staff, agents, and assistants.
9. The parties explicitly declare that the purchase prices of the goods and services have been defined with special regard to the limitations and/or exclusions of liability set out in this Clause 9.

X. Limitation Periods

1. The limitation period for claims by the customer for defects of goods delivered by us or services performed in breach of our obligations - including damage claims and claims for reimbursement of futile expenses – shall be one year after the limitation period begins to run by law (*elévülési idő törvényes kezdete*), unless otherwise provided in Clause 2 below or statutory rules provide for a longer or a shorter statutory period of limitation (*kötelező alkalmassági idő*). In the case the customer is unable to enforce its claim for defect within the period of limitation for an acceptable reason (e.g. the defect could not be discovered within the period of limitation due to the nature of the defect or the product), the customer shall be entitled to enforce its claim for defect within three years from delivery, provided that the products are designated for permanent use.
2. The provisions in Clause 1 shall not apply to the limitation of claims arising for injury of life or limb or claims under the Act X of 1993 on Product Liability. These provisions shall also not apply to the limitation of the customer's claims based on defects of the goods delivered by us that we have fraudulently concealed or if we have breached an obligation with intent or - unless employees or agents are concerned, who are not officers or executives - with gross negligence or

by a criminal offence. In the cases set out in this Clause X.2 the statutory limitation periods shall apply.

XI. Place of Jurisdiction, Governing Law

1. Exclusive place of jurisdiction for any claims between us and merchants (*gazdálkodó szervezetek*) shall be our registered office, unless otherwise provided by mandatory law. We are, however, also entitled to sue a customer at its place of general jurisdiction.
2. The legal relationship between us and the customer or us and third parties shall be exclusively governed by the laws of the Republic of Hungary, as it applies between Hungarian merchants. The application of the provisions on Contracts for the International Sales of Goods (CISG - Vienna UN Convention) shall be expressly excluded.

XII. Security Information

In case of a visit to its works or workings at its factory premises, the customer shall inform us about the general security regulations and provide protective clothing and other accessories and aids.

XIII. Final Provisions

1. Set-off and exercise of a right of retention by the customer due to contested counterclaims or counterclaims which are not final (*jogerős*) are excluded. The exercise of any retention right by the customer is also excluded to the extent that the counterclaims are not based on the same contractual relationship.
2. Without our prior written consent, the customer shall not, in part or in whole, assign its rights and obligations. We may assign our rights and obligations, in particular to affiliated companies within the meaning of point 65 of paragraph 1 of Article 15 of the Hungarian Act CXX of 2001 on Capital Markets).
3. Changes or amendments to or cancellation of these General Terms and Conditions require written form in order to be effective. This also applies to the cancellation of this written form requirement.
4. Should any of the above provisions be invalid or excluded by a special agreement, the validity of the remaining provisions remains unaffected thereby.
5. We keep customer data in connection with our mutual business relation in compliance with the applicable laws on privacy.
6. These General Terms and Conditions are written in Hungarian and English languages. In the event of any discrepancy between the Hungarian and the English version, the English version prevails.