

GENERAL CONDITIONS OF SALE

1. Contracting parties

Passmec Srl is a company with headquarters in C.da San Rustico 26/B, 63065 Ripatransone (AP), that designs, manufactures and markets automatic coiling and packaging systems for flexibles pipes branded COILER SYSTEM. These General Conditions apply in relation to the sale of products and the services provided by Passmec Srl to the purchasing customer.

2. General regulations

These General Conditions are an integral part of each Contract drawn up between Passmec Srl and the purchaser.

These General Conditions shall apply unless otherwise agreed and accepted in writing by both parties.

Any addition or amendment to the Contract should be approved in writing in order to be considered binding.

These conditions render ineffective any clause to the contrary in any way drafted by the purchaser, unless expressly accepted in writing by Passmec Srl. Every offer presented by Passmec Srl shall be understood to be liable to changes without prior notice until the order confirmation.

These general conditions apply whatever the purchaser's nationality.

3. Delivery terms

Except as provided in art.9 of these General Conditions of sale, in the case of deferred payments of the price, the ownership of the provided products shall pass to the purchaser when goods have been delivered.

Unless otherwise agreed in writing between the parties, the risk of loss of the products shall pass to the purchaser from the moment of the delivery, that will be made according to "EX WORKS" formula. In any case, from the moment of the delivery on, all the costs and risks related to the Products delivered shall be charged to the purchaser. The products shipping until the final recipient shall be completely charged to the purchaser. In the case where the purchaser requests and is granted an extension of the delivery terms, shall be applied a penalty of 0.5% of the agreed price for every week of delay, starting from the begin of the third week. If the customer doesn't collect the goods within 15 days from the date set Passmec Srl is entitled to, alternatively and at its own discretion, apply the above mentioned penalty or terminate the Agreement. In case that delivery terms are exceeded in any way, this may not be a reason for cancellation of the orders in progress, blocking of payments, refusal to take delivery and does not give rise to entitlement to claims for compensation for damages. Delivery times do not include the months of August and December.

4. Packaging

Unless otherwise set out, the prices stated in the price lists and catalogs should be applied to non-packed equipment.

Prices stated in the offers and in the contract shall eventually include packaging and protection required only for normal travel conditions against damages and deterioration to the equipment before it reaches its destination, as set out in the contract. Specific packaging prepared on request shall involve an additional cost, that shall be charged on the customer.

5. Drawings and ownership of graphic documents

Every drawing, document, technical information or software related to the manufacture or the assembly of the machine, as well as those related to each part of it, and any other drawing, document, technical information or software of Passmec Srl sent to the purchaser before or after the contract, remain of the exclusive property of Passmec Srl.

These drawings, documents, technical information or software may not be used by the PURCHASER for purposes outside the contract, or copied, reproduced, transmitted or disclosed to third parties without consent in writing from Passmec Srl. However, it is clarified that the aforesaid documents remain in the property of the customer.

a) If expressly agreed, or

b) if they refer to a previous separated development contract on the basis whereof there was no reservation of ownership of these drawings or documents to Passmec Srl.

6. Testing

The testing of the coiler shall be carried out at the plant of Passmec Srl with the technicians of the purchaser.

It shall test the correct mechanic and electric functioning of the coiler with specific functional tests without pipe, or with pipe previously provided by the purchaser.

7. Start-up

The start up of the coiler and the training of your staff shall be carried out at the customer's plant by specialized technicians of Passmec Srl.

It shall be carried out and checked for the correct installation of the coiler with its mechanic and electric functioning.

Tests of coiling with the pipe production line shall be carried out. Will be explained to the purchaser's operators the main functions to be able to configure and realize a coil format of a chosen pipe. The total start-up time is estimated in 5 working days of 8 hours each.

Travel expenses, transfer, food, accommodation and any additional days will be charged to the buyer and will be invoiced as closing costs with bank transfer.

8. Technical assistance

Unless otherwise agreed in writing, the technical assistance required from Passmec Srl is always to be considered the responsibility of the buyer.

9. Prices and payments conditions

The contract price shall be the price stated on the proposal signed by Passmec Srl and by the purchaser.

All prices are understood to be "Ex Works" net of VAT and exclusive of shipping and packaging costs, unless otherwise agreed. Any sales taxes, local taxes, charges and duties, as well as insurance costs on freight and transport costs shall be the responsibility of the purchaser and shall be debited thereto. Payment conditions are those indicated in the proposal signed by Passmec Srl and by the purchaser.

In the event of a breach by the purchaser, Passmec Srl may withhold the payment on account by way of compensation for damages. If the payment on account is not made, Passmec Srl may consider in any case the order to be null and void whatever the subscription of the sale contract. Payment shall be understood to be made at the date when the amount owed is effectively credited to the Passmec SRL's account.

Breach of any payment term, as well as the existence of a protest or circumstances arising that could give rise to serious doubts about the purchaser's solvency shall, fully in accordance with the law and without the need for placement in arrears, lead to lapse of the term, and as a result immediate requirement of the sum still due for any reason as well as suspension of all further deliveries or supplies.

10. Reservation of ownership

Under the terms of art. 1523 et seq. of the Civil Code, in the event of deferred payments, the Products delivered remain the property of Passmec Srl until full payment of the price, as well as costs and expenses.

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In the event of breach or insolvency of the purchaser, Passmec Srl shall be entitled to obtain restitution of the products that may already have been delivered to the purchaser, and whereof it never ceased to be the owner.

11. Guarantees

Passmec Srl guarantees that the products supplied are in conformity with the agreed features.

The guarantee validity period is, in any case, 12 months and starts from the date of delivery of the products to the purchaser.

The guarantees shall be valid and effective only if the purchaser has properly fulfilled its obligation towards Passmec Srl, including payment obligation of the products. Passmec Srl is not liable for conformity defects of products and of defects caused by the non-observance of the rules laid down in the instruction manual and, by a wrong use or treatment of the equipment. Passmec Srl is not liable for conformity defects and faults caused by a wrong use of the products by the purchaser, or due to adjustments or reparations made without the written previous agreement of Passmec Srl. In case of products shipped disassembled, that shall be assembled by Passmec Srl, each guarantee shall be considered void when the assembly in the purchaser's plant is not carried out directly by Passmec Srl or, at least, under the supervision of its specialized staff. Passmec Srl is not liable for defects of conformity of the products and faults due to normal wear and tear of the said parts, which by their nature are subject to rapid and continuous wear. In no case is Passmec Srl liable for defects of conformity and faults that are caused by an event attributable to the purchaser after the transfer of risks. The guarantee provisions are, at Passmec SRL's discretion and conditionally on recognition of the fault/defect, limited:

- a) to repair of faulty products;
- b) reduction in purchase price;
- c) replacement of the Products.

For all products purchased from secondary suppliers, Passmec Srl shall be liable only within the limits of any guarantee obtained from the secondary supplier himself.

12. Force majeure

The period of delivery shall be extended by a period equal to that of the length of the obstacle, when events occur that are beyond the control of Passmec Srl, such as fires, wars (even if not declared), general mobilizations, uprisings, seizures, restrictions on the use of power, disturbances in transport, strikes of any kind, lock-outs, production shutdowns and defects or delays in deliveries by suppliers, and other obstacles beyond the control of the parties, that make delivery temporarily impossible or excessively difficult.

On learning about the obstacle, Passmec Srl shall notify the purchaser, within a reasonable period, of the existence of the obstacle and its likely effects on the obligation of delivery.

Similarly, Passmec Srl shall notify the purchaser when the obstacle is removed. In none of these circumstances that arise which may delay delivery or make it completely impossible, may the purchaser demand from Passmec Srl compensation, indemnity or damages of any kind.

13. Liability for delay in delivery

In case of Passmec Srl delivers goods with delay otherwise than the agreed terms, the purchaser shall not claim compensation since this date must be understood to be merely for guidance purposes and only in the interest of Passmec Srl as laid down in point 3.

14. Report of defects of conformity and limitation of liability

On penalty of lapse, the purchaser should report the defect of conformity or the fault to Passmec Srl within 15 days from delivery or within 30 days from discovery (or where from he could have discovered it by means of a careful examination and test of the Product) if related to hidden defects, in any event specifying in detail in writing the nature thereof.

In no case may the report of the defect of conformity or fault, however, be made with validity after the date of expiry of the guarantee terms stated under paragraph 10 or of those otherwise agreed between the parties. The guarantee set out in this clause incorporates and replaces the guarantees or liabilities stipulated by law, and excludes all other liabilities of Passmec Srl in any way caused by the goods supplied. In particular, the purchaser may not put forward any claims of compensation for damages, price reduction or cancellation of the contract, exempting Passmec Srl from any liability for indirect damages (eg. those resulting from loss of production). At the end of the guarantee period, no claim may be put into effect against Passmec Srl.

Passmec Srl's liability is limited to cases of gross negligence or fraud and relates only to damage to the Products delivered or to the service provided, excluding any injury through accident to people, damage to Products not forming part of the contract, loss of profit or any other consequential damage caused by any means.

15. Supply of trade and design spares

When this is expressly agreed in the contract, Passmec Srl shall supply the purchaser, for payment, with the spares he reasonably needs to use the machine for the whole of the time agreed between the parties and provided that these parts can be found on the market. Passmec Srl is exempt from any liability for possible direct or indirect damages arising from the delay in delivery of these spares, due to causes not attributable to Passmec Srl insofar as they are the subject of secondary supply by independent third parties.

16. Withdrawal from and Cancellation of the contract

Passmec Srl may, at its complete discretion and without providing any justification, by simply giving notice in writing seven days in advance, withdraw from the Contract or from the individual Order or suspend execution thereof with no obligation whatsoever of compensation or indemnity.

This contract may be canceled by the purchaser only in the event of serious breach attributable to Passmec Srl.

The PURCHASER shall notify to Passmec Srl of the breach by registered letter with return receipt, as well as his intention to cancel the contract, specifying the cause of the infringement and, in the event that this infringement is not corrected within the next 30 days, the purchaser shall be entitled to cancel the contract with a further notice in advance sent to Passmec Srl by means of another registered letter with return receipt.

17. Language

If the contract is drawn up in several languages, the wording in Italian shall take precedence.

18. Images in this document

The images in this document are purely indicative and may not correspond to the configuration chosen by the customer.

19. Legislation applicable

The contract, as well as all the relations existing between the parties, are governed exclusively by Italian law.

20. Settlement of disputes

For any dispute deriving from the contract or connected to it, the seller's court will be exclusively competent.

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