

GENERAL CONDITIONS OF SALES CONTRACT

1. Current general conditions of sales contract lay down the general sales conditions of products produced by the Estonian company AS Elcogen and its Finnish subsidiary Elcogen OY (hereinafter referred to as the "Elcogen" or as the Seller) of selling goods to a buyer (hereinafter referred to as the Buyer). The Buyer and the Seller are in general conditions hereinafter referred to as Party separately or Parties together.
2. Sales contract between the Buyer and the Seller shall be concluded either by concluding separate sales contract or by submitting bid, purchase order and order endorsement.
3. **PRICES:** All prices shall be in accordance with AS Elcogen's price lists and quoted prices in effect at the time of actual receipt by Elcogen of Buyer's purchase order.
4. **ACCEPTANCE:** The prices quoted shall terminate at midnight of the thirtieth (30th) day after the date the price quotes are transmitted to the Buyer unless acceptance is actually received by Elcogen before such time or the language of the quote provides otherwise. Notwithstanding any other provision contained herein, Elcogen reserves the right to revoke the offer at any time before actual receipt by Elcogen of acceptance.
5. **PAYMENT:** Payment of fifty (50%) percent of the purchase price is due upon placement of the Buyer's order. The balance of the purchase price is due thirty (30) days from the date of invoice. In the event that the entire purchase price is paid upon the placement of the Buyer's order, Buyer may discount from the purchase price one (1%) percent thereof. Elcogen reserves the right to require payment in full prior to the time of shipment if, in Elcogen's sole and exclusive discretion, Elcogen believes the Buyer's financial condition has deteriorated or that the risk of non-payment has otherwise increased.
6. **DELIVERY:** The goods shall be delivered EX Works at Elcogen's offices and delivery shall be deemed complete when the goods are so delivered.
7. The Seller shall not be obligated to conclude insurance in respect of carriage of goods. The Seller shall be obligated to give to the Buyer all information that the Seller has which is necessary for concluding this kind of contract.
8. Goods' accidental loss and damage risk shall be transferred to the Buyer since the time when the Seller has discharged the obligation of transferring the goods.
9. Goods' accidental loss and damage risk shall be transferred to the Buyer also since the time when the Buyer gets into delay with performing the procedure, which he/she has to contribute for transferring the goods, particularly when the Buyer will not accept the transfer of goods.

10. The Buyer shall pay the purchasing price also in case when the goods have been accidentally destroyed or damaged after the accidental loss and damage risk have been transferred to the Buyer.
- 11 .TAXES: Prices are exclusive of any tax or other charges Elcogen may be required to collect or pay upon sale of items quoted. Any tax or other charge now or hereafter imposed by any governmental or quasi governmental authority upon the production, sale or shipment of any of the goods shall be added to the purchase price, not be subject to discount for early payment, and shall be paid by the Buyer to Elcogen at the time of payment of the purchase price.
12. SHIPMENT: The promised shipment date is estimated, based on current production schedules and is subject to confirmation at the time of actual receipt of Buyer's purchase order. Elcogen shall not be responsible for any loss, damage or delay of any type or Elcogen's failure to make delivery of all or part of goods ordered due to: federal, state or municipal actions; statutes, ordinances or regulations; strikes or other labor problems; embargoes or disputes with workers; inability or failure of Elcogen to secure usual sources of supply, shortage or inability to obtain raw materials, labor, fuel or supplies; damage to or destruction in whole or in part of goods or manufacturing facilities due to fire, terrorism, insurrection, natural disaster, war or any other cause not subject to Elcogen's control that prevents or hinders the manufacture or delivery of the goods. Irrespective of the foregoing, Buyer is not relieved from accepting delivery at the agreed price when causes interfering with deliveries shall have been removed or cease to exist. Unless specifically agreed upon in writing, exact time of delivery is not a condition of sale and cancellations, returns or penalties shall not be considered on that ground.
13. CLAIMS: All claims for damages, errors or shortages in the goods shall be made by the Buyer within a period of ten (10) days after the goods have been received by the Buyer. Buyer's failure to make any such claim within said period shall constitute acceptance of the goods as complying with all the terms, conditions, and specifications of the agreement. No action shall be maintained by Buyer against Elcogen unless written notice of any claim alleged to exist is received by Elcogen from Buyer within ten (10) days after Buyer's receipt of the goods. The Buyer shall be responsible to describe the defective(s) at goods in sufficient details. In addition, the Buyer shall be obliged to submit the serial number of the defective product to Elcogen as well as the description in written format how and when the product was being used by the Buyer before the defect(s) became evident and description about the nature of the defect. The Buyer shall also have the obligation to explain the reason(s) why it reasonable believes the product of Elcogen to be substandard. Elcogen shall be entitled to ask the Buyer to deliver the product for Elcogen's further inspection, whereas Elcogen shall be liable for incurring the transportation costs if Elcogen is liable for the defect(s) of the product and such defect was caused by the indeficiencies in material or production. In case the Buyer does not comply with the requirements laid down in this Clause of the general conditions, the Buyer shall have no right to file any claims against Elcogen.

14. **WARRANTY:** Elcogen warrants and represents that with respect to all new products delivered by Elcogen to Buyer, such products shall be free from defects in materials and workmanship for and during the warranty period, which warranty period shall commence on the date the product is shipped to the Buyer and shall extend for a period of one year from that date. The responsibility and/or liability of Elcogen in connection with the warranted products shall be limited to the maximum amount of the original purchase price of such product. In no event shall Elcogen be liable for any transportation, labor, repair, installation, adjustment, or other costs incurred by Buyer in connection with the products. Buyer agrees to indemnify and hold Elcogen harmless against and in respect of all losses, costs, expenses, liabilities, attorneys fees, court costs or damages resulting from Buyer's use or the use by third parties of the products. There shall be no liability on the part of Elcogen for any general, special or consequential damages arising out of the sale or use of the products, express or. ELCOGEN MAKES NO OTHER WARRANTIES TO BUYER, EXPRESS OR IMPLIED, AND HEREBY EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ELCOGEN DISCLAIMS LIABILITY FOR INCIDENTAL AND CONSEQUENTIAL DAMAGES FOR BREACH OF ANY EXPRESS OR IMPLIED WARRANTY, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, WITH RESPECT TO THE PRODUCT.
15. **SERVICE AND REPAIR:** Repair and service work with respect to the products shall only be performed by Elcogen or third parties authorized to do such work by Elcogen.
16. **BINDING TERMS:** These terms and conditions shall become part of the order and constitute a binding mutual agreement between the Buyer and Elcogen. These conditions shall take precedence over any conditions or terms, which may appear on the Buyer's standard purchase order unless otherwise agreed to in writing by Buyer and Elcogen.
17. **CANCELLATION:** Any order may be canceled thirty (30) days prior to shipment upon payment of reasonable charges to cover expenses and commitments already incurred by Elcogen on behalf of the Buyer.
18. **GOVERNING LAW AND JURISDICTION:** This agreement shall be deemed to have been made in the country of the Seller and shall be governed by the laws of the country of the Seller, without regard to its conflict of law principles. The Buyer hereby irrevocably consents to the jurisdiction of the courts of the country of the Seller in connection with any action or proceeding arising out of or relating to this agreement. Buyer further agrees that any such action or proceeding shall be held in the country of the Seller.
19. **SEVERABILITY:** If any provision hereof or performance hereunder is now or hereafter prohibited by law, regulation or other governmental action in any county, state, territory or political or quasi political governmental subdivision, then such provision shall be deemed not to be a part of this agreement within the jurisdiction in which such prohibition is operative. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of the remaining provisions.

20. **WAIVER:** The waiver of strict compliance with or performance of any of the terms of this agreement or of any breach thereof on the part of the Buyer shall not be deemed to be a waiver of any subsequent failure to strictly comply or perform the same or any term or condition of this agreement or of any subsequent breach thereof.
21. **NOTICES:** All notices required or permitted under this agreement shall be in writing and not effective until actually received by Elcogen.
22. **ENTIRE AGREEMENT:** This agreement embodies all of the understanding and obligations between the parties with respect to the subject matter hereof. No amendment or modification of this agreement shall be valid or binding upon the parties unless made in writing and signed on behalf of each of the parties by their respective officers. The Seller shall have the right to withdraw from sales contract at any moment if about the Buyer has been submitted bankruptcy petition.
23. **PERSONS BOUND/EFFECT:** This Agreement shall inure to the benefit of and be legally binding upon the parties hereto, and the heirs, executors, administrators, successors and assigns of each of them. This Agreement may not be assigned, except upon obtaining written consent of the affected party, which consent shall not be unreasonably withheld.
24. **PARAGRAPH HEADINGS:** Paragraph headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect in any manner or be deemed to interpret in whole or in part, any of the terms or provisions of this agreement.