

GENERAL TERMS AND CONDITIONS OF PURCHASE OF PACONT KFT

Article 1 - Definitions

1. In these general terms and conditions "supplier" shall mean the other party as seller, importer or contractor from which Pacont Kft, hereinafter called "Pacont", purchases goods.
2. In these general terms and conditions "goods" shall mean goods, services and work.
3. In these general terms and conditions "Pacont" shall be deemed to include all companies or firms to whom Pacont entrusts the execution of a contract either in whole or in part.

Article 2 - Applicability

1. These general terms and conditions of purchase shall apply to all offers to, orders by and contracts with Pacont.
2. If the supplier has also declared general terms and conditions applicable, these shall be binding upon Pacont only if and to the extent they have been accepted by Pacont explicitly and in writing.

Article 3 - Contract

1. A contract between the parties shall come into existence by a written confirmation by Pacont or by explicit acts by Pacont towards its execution, in which case the supplier shall be deemed to have waived the applicability of the supplier's general terms and conditions of sale.
2. Pacont may require that the supplier uses a specific form for the order acknowledgement, and may stipulate a term for the order acknowledgement. In the event of delay in the return by the supplier of the order acknowledgement, the contract shall be deemed to have come into existence in accordance with Pacont's order confirmation.
3. Neither party shall be bound by any variation to the contract except as agreed to by both parties in writing.
4. Each contract shall oblige the supplier to simultaneously supply Pacont with the product descriptions, test results, instruction manuals for use and maintenance, certificates and any other product information which the supplier may reasonably be expected to supply.
5. A contract entered into by the supplier with a representative or any other agent of Pacont shall be legally binding only if and to the extent that such representative or agent holds a written power of attorney.

Article 4 - Price

1. The agreed to price shall include the price for the goods, the costs of the packaging, the transport to and the costs of delivery at such place as Pacont may direct, and the insurance premiums as well as the administrative expenses and import duties, unless agreed otherwise in writing.
2. The prices shall be fixed prices in the currency as stated, exclusive of value added tax.

Article 5 - Payment

1. Payment shall be made by Pacont within four weeks of receipt of the invoice of the supplier, provided Pacont has accepted the goods or services.
2. Pacont shall be entitled to suspend payment or to offset any debt owed to the supplier, in the event of the supplier either being in default due to any failure in the fulfilment of any obligation under this contract or any other contract, or is in debt to Pacont.

Article 6 - Delivery

1. The times stipulated for delivery shall be of the essence. The delivery time shall commence on the day of dispatch of the order or the confirmation by Pacont.
2. The supplier shall deliver the goods at the place agreed between the parties and failing this at such place as Pacont may direct.
3. Delivery shall be carriage paid at the named place of delivery, at the supplier's risk.
4. The risk in respect of the goods to be delivered shall pass to Pacont immediately upon delivery and acceptance of the goods.
5. Any upward or downward variations in the goods delivered exceeding variations which are accepted in common practice, shall be accepted only if agreed to in writing.
6. As soon as the supplier knows or suspects that it will not be possible to timely deliver the goods, he shall forthwith report this and confirm this in writing to Pacont. The supplier shall be liable for any loss or damage sustained by Pacont as a result of such delay in delivery, as well as a result of the late reporting of such delay.
7. The term delivery shall also be understood to mean completion as further defined in this article, if the contract partly or wholly provided for the execution of any contracted work, in which case delivery shall be deemed to have been made on the day on which the work executed has been explicitly accepted by Pacont.
8. If the goods or part of goods are not delivered on the agreed to date and the parties have been unable to agree on an extension of the delivery time and on compensatory damages for late delivery, Pacont shall be entitled to terminate the contract in whole or in part at its sole discretion without any notice of default and without application to court. This provision shall also apply to goods which have already been delivered under the same contract, if in the opinion of Pacont such goods can not be effectively used.
9. In case of termination of the contract, the supplier shall be liable to compensate Pacont, in addition to other loss or damage compensation, for all further loss or damage Pacont may sustain.
10. In case of termination of the contract, Pacont shall be entitled to return to the supplier at the latter's expense and risk all or part of the goods already delivered and to set off and/or reclaim any payments made for such goods.

Article 7 - Acceptance and Complaints

1. The delivered goods must be in conformity with the terms of the contract and the specifications and must be suitable for the purpose for which they are to be used by Pacont.
2. Pacont shall be entitled to inspect at any place whatever goods delivered or to be delivered.

3. In case of verbal or written complaint by Pacont, the supplier must make a supplementary delivery of any goods not delivered and/or replace any defective goods delivered, without prejudice to the liability of the supplier to compensate Pacont for any loss or damage it has sustained or may sustain.

Article 8 - Warranty

1. The supplier warrants that the goods possess the qualities mentioned above. If within six months of the acceptance of the goods by Pacont it is found that a defect attaches to the delivered goods which on acceptance was hidden to Pacont, the consequences of such defect or defects shall be borne by the supplier.
2. The supplier warrants that the goods possess qualities which will at least conform to customary qualities.

Article 9 - Liability

1. The supplier shall be liable to Pacont for any loss or damage arising from the failure to fulfil or to timely or properly fulfil his obligations under the contract.
2. In the event that delivered goods, due to any defect attaching to the same, cause loss or damage to third parties, the supplier shall indemnify Pacont from and against all loss or damage arising from the same, including the costs of legal assistance.
3. If any supplementary or replacement delivery of goods, with a view to the safety and/or continuity of the production of Pacont, at the sole discretion of Pacont cannot take place in time, Pacont shall be entitled to have such delivery made and covering purchases made by third parties at the expense of the supplier.
4. The supplier shall be liable for the loss consisting in a possibly higher purchase price for Pacont, unless the supplier demonstrates that the covering purchase has been concluded at a price which is unreasonably higher, also taking into account the conditions prevailing at the time of the purchase.
5. The supplier shall carefully check and keep records of the origin of the goods to be supplied by him and of the origin of the components of the goods. The supplier shall forthwith provide Pacont at the latter's request with all information concerning the origin of the goods delivered to Pacont.
6. The supplier shall warn Pacont if any drawings, operating procedures and instructions or raw materials or auxiliary materials made available by Pacont show any defects, in default of which this shall result in the forfeiture of all rights.
7. The supplier shall not assign or transfer any of his rights and/or obligations under or relating to the contract to any third party without the prior written consent of Pacont.

Article 10 - Insurances

1. The supplier undertakes to take out and maintain customary insurance policies. Any such insurance must also include the interest of Pacont and must entitle Pacont to a direct claim.
2. The supplier shall permit Pacont at the latter's request to inspect the insurance policy.

3. Pacont shall under no circumstance be liable for loss or damage for which it is customary that such loss or damage is covered by insurance.

Article 11 - Statutory Requirements

The supplier warrants that the composition and the qualities of the goods which must be delivered under the contract, in all respects at least satisfy the statutory requirements and any other requirements imposed by competent bodies, and at least meet the standards that apply or are customary for the goods in question.

Article 12 - Termination

1. In the event of non-performance, late performance or failure to properly perform on the part of the supplier or if the supplier invokes force majeure, Pacont shall be entitled without notice of default to terminate the contract with immediate effect, without prejudice to Pacont's right to full compensation for costs, expenses, damages and interests.
2. Pacont shall also have the right to terminate as referred to above if Pacont is of the opinion that the supplier is in a state of diminished creditworthiness, or if the supplier files a petition for provisional suspension of payments, is adjudged bankrupt or is put into involuntary liquidation or a prejudgment attachment or an executory attachment is made of goods of the supplier.

Article 13 - Confidentiality

The supplier shall keep confidential all information which shall have come to his knowledge or to the knowledge of any persons working in his employ or under his supervision within the framework of the contract, unless it concerns information which is generally known or has been made public by Pacont.

Article 14 - Force Majeure

In case of force majeure Pacont shall be entitled without application to the court to regard the contract as terminated and to terminate the same, without being liable to make any compensation on whatever account to the supplier, without prejudice to Pacont's right to full compensatory damages.

Article 15 - Indemnity

The supplier shall indemnify Pacont from and against all costs, expense and damages which Pacont may incur as a result of any claim being instituted against Pacont by third parties on account of any fact in respect of which the liability to Pacont is excluded in these general terms and conditions or in the contract.

Article 16 - Third-Party Clause

All clauses relating to the exclusion or limitation of the liability of Pacont and the clause relating to the obligation to indemnify Pacont from and against claims of third parties, have been stipulated also for the benefit of those, both in the employ of Pacont and third parties, for whose acts or omissions Pacont may be liable.

Article 17 - Nullity

In the event that any of the clauses of these general terms and conditions are declared null and void or otherwise not binding, this shall not bar the validity of any other clause of these general terms and conditions.

Article 18 - Jurisdiction

The parties shall submit all disputes arising between them to the exclusive jurisdiction of the competent court in the district in which the central office of Pacont is situated, without prejudice to Pacont's right to institute legal proceedings against the supplier in the district in which the supplier's has its principal place of business.

Matters not covered by these General Conditions of Purchase shall be interpreted according to the relevant provision in the appropriate FIDIC regulation (International Federation of Consulting Engineers, www.fidic.org).

Article 19 - Applicable Law

All contracts to which these general terms and conditions are applicable shall be governed by Hungarian law.

Article 20 - Exclusion

The applicability of the Vienna Sales Convention (United Nations Convention on Contracts for the International Sale of Goods 1980) is explicitly excluded.