

**GENERAL BUSINESS CONDITIONS OF SALE AND DELIVERY**  
**of “NES – New Energy Systems” LTD**

1. General

All deliveries, services, offers and purchasing contracts from NES – New Energy Systems LTD – VAT ID No BG 127556951, hereinafter referred to as NES, are based exclusively on the present General Business Conditions of Sale and Delivery. Our customers agree that in the event of conflict between their own sales conditions and the present General Business Conditions of Sale and Delivery, the latter shall always take precedence. Deviations from the conditions set forth herein are only admissible if they have been confirmed by NES officially in writing.

The present General Business Conditions of Sale and Delivery constitute an integral part of any offer or contract of NES. Any document containing conditions contradicting the present General Business Conditions of Sale and Delivery is not valid and is therefore considered inoperative unless part of these General Business Conditions of Sale and Delivery is derogated expressly in a contract in which NES is a party.

The buyer is obliged to submit the present General Business Conditions of Sale and Delivery to his end customers.

2. Offers and documentation

The offers issued by NES are non-binding. Our company reserves the right to make changes to products through technical developments. In relation to that, the weights, measurements and technical specifications given for our products are non-binding.

All technical documents remain intellectual property of NES. Any use, particularly passing on, copying and publishing of such documents is forbidden without the express written agreement of NES. In the event of any violation of the above obligations the customer shall bear full liability pursuant to the provisions of law. Reference advertising using our names, logos and signs shall only be permitted by prior written consent.

A contract for delivery shall be considered concluded after issuance of order confirmation by NES containing all essential and specific agreements between the parties.

### 3. Prices

All prices are, in the absence of other written agreements, net prices ex-factory in the town of Shumen (EXW-Incoterms 2010) without packaging and without deductions. Any additional work ordered apart from the specific task shall be accrued by NES.

All prices are to be considered indicative until occurring in an invoice. Should material cost increases arise based on changes in world market prices, prices of raw materials or acquisition costs or other circumstances occurring during the period from concluding an agreement for delivery of goods or services until the moment of invoicing, then NES shall be entitled to adjust the prices accordingly, except where there are less than 2 months between placing of an order and its billing. In case of such increase of prices the buyer shall not be entitled to refuse the ordered item.

### 4. Delivery terms and conditions

4.1. Delivery times are always non-binding. In the event of a change occurring to a signed delivery contract, NES should be entitled to unilaterally extend the delivery deadline. NES shall not be liable for delivery delays caused by third parties. In such case the buyer relinquishes the right to withdraw from the delivery contract as well as the right to compensation claims. In the event of delays to the execution through the fault of the buyer, the latter must bear all additional costs arising from the delay.

The delivery deadline is deemed kept if throughout the delivery time the goods have left the factory or the customer has been notified of the supplier's readiness for delivery.

In case delivery is delayed through the fault of the buyer or by his request, the latter shall be billed for payment of all costs due to such delay for each started month after the notification of the readiness for delivery.

NES is entitled to carry out partial deliveries.

The goods can be insured by NES against damage, loss or breakage during transportation at the written request of the customer and at the customer's expense.

4.2. NES is not obliged to carry out any further deliveries and contractual activities until the buyer has fulfilled his contractual obligations.

### 5. Payments

In the absence of any other agreement, all payments are due in full amount, free of charges and fees before the date of delivery.

Receipt and discount expenses related to payments shall be paid by the buyer. The buyer is obliged to make full payment of all purchase prices. Offsetting with counter-claims or withholding of

payments for any reasons on the part of the buyer is not permitted without express written agreement between the parties.

#### 6. Arrears and collection expenses

The buyer is obliged to pay a penalty to the amount of 0,1 % (zero point one percent) per day from the amount payable but no more than 30 % (thirty percent) of the cash debt. In the event forced legal collection is necessary, the buyer is obliged to pay arrears and intervention costs alongside late payment interest as well as the cost of legal intervention.

Warranty claims by the buyer do not release him from the obligation to make the contracted/due payments promptly. In the event of court disputes NES is entitled to bill the buyer pre-trial costs (reminder costs, etc.) as well as late payment interests for the delayed payment.

#### 7. Overdue payment

Should a buyer delay payment or part thereof by more than two weeks for an item covered by the contract for delivery, NES is entitled to consider the payment for the entire remaining invoice amount immediately due.

The entire remaining amount payable will also be deemed immediately due, if an insolvency inspection is raised against the buyer or if the credit rating or creditworthiness of the buyer is in any way decreased. NES is entitled to terminate the contract with the buyer as soon as any payment delays occur.

#### 8. Dispatch and acceptance conditions

The buyer or his proxy must check and accept the goods immediately after receipt at the place of acceptance.

If the buyer expressly or silently rejects checking the goods upon receipt, then the goods are deemed to have been delivered and accepted correctly as conforming to the contract conditions.

Dispatch is carried out entirely at the expense and risk of the buyer, regardless of the contracted delivery condition. All deliveries are carried out based on the best estimate of the supplier at the expense of the buyer and no claims can be made against the supplier's decisions.

#### 9. Retention of title

9.1. NES shall retain ownership of all goods delivered, including spare and replacement parts even if they have been installed onto appliance, until full payment of all accounts by the buyer. Said goods shall be referred to as **goods with reserved ownership**.

The buyer is obliged to maintain the value of the goods with reserved ownership and undertakes to inform NES immediately in the event of third party claims to the goods. The buyer is obliged to inform their customers that all goods delivered by NES remain under ownership reserve of NES and that they may not transfer ownership to their customers before full payment of the accounts due is made to NES.

9.2. In the event of reselling, the buyer is liable until full payment of all receivables for all delivered goods and services, even in cases of fire, theft or other damages.

9.3. The authority of the buyer to sell goods with reserved ownership in valid business transactions ends at the latest with the interruption of payment to NES or when an insolvency procedure has been raised against the buyer's assets. The buyer is obliged in this event to return the goods with reserved ownership to NES upon request. The request for return of reserved goods does not constitute withdrawal from the contract.

9.4. Mortgage or transfer of the goods with reserved ownership is not permitted.

The buyer is not entitled to submit the goods with reserved ownership as mortgage or security in against arising claims. In the event of injunction or other intervention by a third party the buyer is obliged to immediately notify NES in writing. Regardless of whether a court dispute has been successful or not the expenses incurred in relation to it shall be paid by the buyer.

9.5. In the event of delayed payment NES is entitled to collect the unpaid delivered goods at any time. In case the buyer fails to return the goods received NES is entitled to establish ownership of said goods. By virtue of accepting these business conditions the buyer (recipient) gives his consent to NES to carry out the actions specified in this clause. Such actions cannot be interpreted as arbitrary behaviour.

## 10. Product liability

Any redress claims against NES by the buyer or third party shall be excluded, unless the person entitled to the redress indicates that NES is guilty of deliberately causing an error or at least of gross negligence. As long as the buyer can prove relevant damage, compensation claims due to non-performance are limited to 20% at the highest of the value of that part of the delivery of goods or services directly affected by the error.

NES assumes no liability if the device or installations of the buyer or their customer become faulty as a result of the operation of fault-free goods delivered by NES.

## 11. Warranty

11.1. NES shall warranty against faults in purchased items as follows:

The warranty is fulfilled by NES through the repair of the purchased item or replacement of faulty parts, exchange or partial reimbursement of amounts paid. Upon request the faulty parts or goods must be sent to NES at the expense of the buyer. This shall also refer similarly to all services subject to warranty. Exchange of faulty goods for working ones of the same type is carried out at NES's sole discretion.

Damage that can be attributed to improper or negligent treatment of the goods or to natural wear and tear, or to defected construction works in the building where the appliance is mounted, or to an inappropriate type of building, shall be deprived of warranty service.

Warranty claims are only taken into consideration if they are placed in writing immediately after occurrence of the fault. Verbal or telephone notification is deemed insufficient.

11.2. NES shall provide free repair or replacement of defected materials, which have proven not to comply with the requirements according to the relevant standard within a period as set forth in the table below:

Product group	Warranty period (years)
Wall-mounted boilers	5
Floor-mounted boilers	3
Thermal siphon boilers	3
Solar thermal collectors	5
Photovoltaic systems	5
Boilers	2
Fireplaces	1
Others	1

Periods shall start from the date of issue of the sales invoice by NES. NES shall not be held liable for damages due to mechanical wear and/or changes caused by meteorological activity. Insignificant deviations in color and/or damages to the surface not influencing the functioning of the appliance shall not be subject to warranty.

Warranty for damage caused by force majeure and improper installation shall not be provided. Operation shall be deemed incorrect if the installations or exploitation have not been carried out according to the installation and operation instructions delivered along with the appliance, or if unsuitable fuel has been used, or if the appliance has been installed in an excessively dusty environment or water with aggressive chemical composition has been used, or the appliance installation has not been carried out by authorized staff, or if preparatory works have not been carried out by authorized staff, or if the equipment has not been commissioned by NES's authorized personnel or if the authorized personnel was not provided the opportunity to check the equipment on-site immediately after any fault has arisen, and if there is no evidence of a proper commissioning as well as annual checking and maintenance by an authorized maintenance company. In the above-specified cases NES shall not cover any expenses for remedy of the fault.

The warranty issued by NES applies only to companies. An end customer must be made expressly aware in the event of any passing on of warranty rights.

Warranty works or product replacement do not result in extension of the general term of warranty. A warranty claim does not postpone the due date of payments. NES shall perform warranty service only if all accounts due have been paid for the delivered product.

Any warranty for the functioning of the parts is excluded when goods are manufactured according to design or technical specifications or models description by the customer. In such case NES warranties only flawless production and material quality.

Should the buyer breach one of the obligations set out in the present General Terms And Conditions, then they must protect NES against any third party claims in the event that any of the conditions has not been adhered to.

The buyer expressly enunciates for themselves and their legal successor the enforcement of claims for direct or indirect damage or consequential damage and loss of income at the moment of purchase or upon occurrence of a product deficiency or as result of gross negligence.

Damage that can be attributed to improper or negligent treatment of the goods or to natural wear and tear, or to inadequate construction works in the building where the appliance is mounted, or to an inappropriate type of building shall be deprived of warranty service.

Warranty claims are only taken into consideration if they are placed in writing immediately after occurrence of the fault. Verbal or telephone notification is deemed insufficient.

## 12. Withdrawal from the contract

When withdrawing from the contract the buyer is obliged to pay a cancellation fee of 20% of the value of the order. Further compensation claims that may arise from this remain unaffected.

## 13. Place of execution

13.1. The place of execution for both parties is the town of Shumen, Bulgaria, 12 Madara Blvd., NES – New Energy Systems Ltd. For all legal disputes with regard to this contract, it is agreed that the functional relevant court in Shumen, Bulgaria has jurisdiction.

13.2. Bulgarian law and the Bulgarian language version of the present document are to be deployed exclusively for all contract transactions. All conditions also apply on the part of NES staff, suppliers and subcontractors.

Date of last revision: 25.11.2011