

GENERAL SALES CONDITIONS

1 – APPLICATION OF THE CONDITIONS

1.1. The following general conditions (hereinafter "the CONDITIONS") constitute an integral part of the sales contract of tiles and other ceramic products (hereinafter "the PRODUCT or PRODUCTS") manufactured by Panariagroup Industrie Ceramiche S.p.A. - Lea Ceramiche division (hereinafter "the MANUFACTURER"). Except for specific cases, where these conditions are expressly derogated by written agreements signed by the MANUFACTURER, they represent the only terms for these sales. If one or more parts of these CONDITIONS, or single contracts included therein, are found to be invalid, the CONDITIONS, or details thereof, will remain valid as a whole; the invalid terms will be replaced with new agreements, which will reproduce, as far as it is possible, the original intention of the parties.

2 - EXECUTION OF THE SALES CONTRACT - DELIVERY OF PRODUCTS

2.1. The contract is executed when the proposing party or the purchaser is aware of the written consent of the other party. 2.2. An order that has not been confirmed in writing cannot, under any circumstances, be considered as accepted, unless performed by the MANUFACTURER by way of the shipment or delivery of the PRODUCTS. The partial delivery of ordered PRODUCTS does not imply the acceptance of the entire order, but only that part of the PRODUCTS which has been effectively delivered. 2.3. Unless otherwise agreed in writing, the delivery of the PRODUCTS in Italy or abroad, will be carried out according to the "Ex-Works" term. This term of delivery, as well as the other terms of delivery which may be agreed upon in writing, is referred to the ICC INCOTERMS in force at the moment of the sale. 2.4. Unless otherwise agreed, all the dates which are indicated for delivery, shall be considered as approximate.

3 - PRODUCT SPECIFICATIONS - WARRANTY - CLAIMS

3.1. The PRODUCTS manufactured by Panariagroup Industrie Ceramiche S.p.A. - Lea Ceramiche division are produced according to the European UNI-DIN-EN rules. The MANUFACTURER sells exclusively to professional dealers; these are responsible for giving the right technical information to the final user or retailers. The PRODUCTS classifications are indicated by the MANUFACTURER on advertising material and/or in the price lists. Therefore the purchaser must use the PRODUCTS according to the specifications of the MANUFACTURER. In order to ease the suggestions of use and conform the standard classifications to the specific production of the Manufacturer, on every product, price-list or catalogue there are specific symbols that indicate the intended use suggested by the MANUFACTURER. 3.2. The shade differences are not a defect of the PRODUCT, but a specific characteristic of the material which has been fired at a high temperature. The special "freeze -proof" requirement does only apply to PRODUCTS that the MANUFACTURER has specifically guaranteed by giving specific indication on the advertising material and/or price lists. Without this specific indication the PRODUCTS shall be considered to be only and exclusively for internal use or, in any case, to be used in places not exposed to the elements. The "freeze -proof" warranty has a two years term. 3.3. The tiles with polished surfaces can never be used on ground floor rooms that have external access, nor in rooms where there is a particular heavy walking. The shiny tiles may also be slippery, especially when wet; for this reason the MANUFACTURER recommend not to use these PRODUCTS in public places. For places intended to heavy walking, the purchaser shall only buy PRODUCTS classified by the MANUFACTURER as PEI V, and in particular those PRODUCTS that the MANUFACTURER specifically recommends for use in public places. 3.4. The representations of PRODUCTS on depliants and other advertising material of the MANUFACTURER, are solely illustrative and do not represent necessarily the final aesthetic result of the laying of that specific PRODUCT. 3.5. The MANUFACTURER guarantees the good quality and the absence of defects of the PRODUCTS supplied. The warranty does not apply to PRODUCTS classified by the MANUFACTURER as inferior to the 1st choice quality, or to stocks of PRODUCTS which are gone out of production, when sold in bulk or indicated as special lot. 3.6. The MANUFACTURER shall not be liable for any defects and/or anomalies in the PRODUCTS due not to the quality of the PRODUCTS, but to the improper use of the PRODUCTS by the purchasers and/or third parties acting on their behalf. In particular, the MANUFACTURER shall not accept any claim or disputes in connection with the situations above described. 3.7. The claims must be notified in writing to the MANUFACTURER by the purchaser within eight (8) days from the date of delivery of the goods. In case of hidden defects the notice period will be eight (8) days from the date of the discovery of the defect. Under no circumstances the MANUFACTURER shall be liable for defects which are discovered twelve months after the delivery of the PRODUCTS to the first Purchaser of the MANUFACTURER and therefore the Purchaser's recourse action against the MANUFACTURER is exclusively limited within 1 year from delivery of the goods, being expressly derogated art. 1519-quinquies of the Italian civil code. 3.8. In principle, the warranty does only apply to defect discovered on PRODUCTS not yet laid down. For hidden defects discovered after the PRODUCTS had been laid down, the warranty may apply only if the MANUFACTURER has verified that the laying of the PRODUCT has been done according to the best knowledge of workmanship (DIN 18352). 3.9. The warranty given by MANUFACTURER is limited to the replacement of defective products with other non-defective of the same type, plus the transportation costs. It is expressly excluded the reimbursement of any other costs and/or expenses and in particular the costs of demolition and relaying. In all circumstances, the warranty of the MANUFACTURER cannot exceed five times the value of the claimed material, up to a maximum of Euro 10.000,00. 3.10. The MANUFACTURER shall not be liable for claims due to a classification of ceramics materials made by organisms of certification and control different from the European ones indicated in art. 3.1., on the basis of technical specifications which do not correspond with those indicated by the MANUFACTURER. Any eventual technical expertise requested by the purchaser, shall be based on the correspondence of the materials sold with the technical specifications indicated by the MANUFACTURER, at that time in force in Italy.

4 - PRICES AND PAYMENT CONDITIONS

4.1. The selling prices of the PRODUCTS are those indicated in the MANUFACTURER' s price list in force at the date of the order's confirmation. For sales contracts with separate deliveries the price, unless otherwise agreed in writing, will be the price list in force at the time of each delivery. For the PRODUCTS which are intended for foreign markets the price shall be calculated, at the MANUFACTURER choice, in the foreign currency of the country of destination or in Euro. 4.2. Unless otherwise agreed, payments shall be made by the purchaser through bank transfer, within 30 days from the date of the invoice. All the bank and negotiation expenses are at purchaser's charge. In case of delay in payment, the MANUFACTURER, along with any other damages, shall be entitled, without any prior notice to the purchaser, to an overdue interest equal to the Italian official discount rate plus a percentage of 5%; for delayed payments on sales made abroad the MANUFACTURER will be entitled to an overdue interest equal to the LIBOR rate plus a percentage of 5%.

5 - MANUFACTURER'S AGENTS

5.1. The agents of the MANUFACTURER promote the sales of the products and are not authorized to act in the name and on behalf of the MANUFACTURER, unless specific written authorization. 5.2. The orders collected by the agents are not binding for the MANUFACTURER, and shall therefore be expressly accepted in writing by the MANUFACTURER itself.

6 - RETENTION OF TITLE

6.1. It is agreed between the parties that the sale of PRODUCTS is made under the retention of title right of the MANUFACTURER until the complete payment of the agreed price has been made by the purchaser, according to Article 1523 (and following) of the Italian Civil Code. However, the risk of the loss of the goods is transferred to the purchaser at the moment of the delivery of the PRODUCTS. In case of sales into foreign countries, when the goods are sold and delivered to third parties within the Purchaser' s normal commercial activities and the property of the goods has not been yet transferred, the retention of title right of the MANUFACTURER still remains valid also against third parties, if permitted by the law. 6.2. In case of delay in payments the MANUFACTURER is entitled, without any formality, including any prior notice to the purchaser, to collect all the goods subject to the retention of title and, if permitted by the law, all the relating documents of credit toward third parties, being expressly reserved the right of the Manufacturer to proceed at law for the compensation of the damages suffered.

7 - FORCE MAJEURE

7.1. The MANUFACTURER shall not be liable to the purchaser for any unfulfillment of the contract, including the non-delivery or delayed delivery, caused by events that are out of the MANUFACTURER's reasonable control, such as, for example the non-delivery or delayed delivery of working materials by the suppliers, factory breakdowns, strikes or other trade union actions, interruption of energy supplies, suspension or difficulties with transports.

8 - APPLICABLE LAW - COMPETENT COURT

8.1. The export sales contracts in which the MANUFACTURER takes part are governed, where not derogated by the present CONDITIONS, by the Vienna Convention of April 11th 1980 on the International Sales Contracts. 8.2. For any disputes relating to the sale of PRODUCTS of the MANUFACTURER and all other related issues, the only competent Court shall be the place where the MANUFACTURER has its registered seat, also for what concerns the enforcement of documents of credit received by the MANUFACTURER as a mean of payment.