

GENERAL TERMS AND CONDITIONS OF SALES CONTRACT (effective as on 01/07/2011)

1. OBJECT OF THE CONTRACT

- 1.1. These general terms and conditions (hereinafter the **Contract**) shall regulate the production and/or sale and delivery by the Seller of the furniture etc. (hereinafter jointly referred to as the **Furniture**) specified in the order confirmation(s) (hereinafter the **Order Confirmation**) to the Buyer and the terms and arrangements for payment for the Furniture.
- 1.2. The quality of the Furniture shall comply with the average quality requirements for comparable Furniture.
- 1.3. The Contract shall be based on the Order Confirmation which shall be the agreement on the quantity and specifications of the Furniture as well as the delivery and/or assembly, the price and the procedure for payments and the time and place of the delivery.

2. PRICE AND SETTLEMENTS

- 2.1. The price of the Contract shall comprise the total amount of the price of the Furniture specified in the Order Confirmation as well as the delivery and assembly (hereinafter the **Purchase Price**), and VAT shall be added to the above amount.
- 2.2. The Seller shall invoice the Buyer at the time of the delivery of the furniture. In case an advance payment for the Furniture is required, the Buyer shall make the advance payment in accordance with the Order Confirmation. The Seller shall forward the relevant invoice to the Buyer as of the date when the advance payment is deposited to the Seller's account.
- 2.3. The Buyer shall inform the Seller about any claims related to the invoice on the business day following the day the invoice is issued at the latest. The Buyer shall not be entitled to make such claims later.
- 2.4. The obligation to pay for the Furniture shall be regarded as fulfilled when the whole Purchase Price specified on the invoice has been deposited to the Seller's bank account. In case of any payment arrears, the interest on arrears and the contractual penalty shall be considered to have been first and then the other amounts due regardless of the explanation stated in the payment order.

3. TRANSFER AND RIGHT OF OWNERSHIP

- 3.1. The Seller shall deliver the Furniture to the Buyer at the time and location specified in the Order Confirmation.
- 3.2. At the delivery of the Furniture the parties shall sign a document of delivery and receipt. The parties shall also regard signed consignment notes as documents of delivery and receipt. Regardless of the formalisation of the above documents, the transfer shall be regarded as performed 3 days after the actual delivery of the Furniture.

- 3.3. The risk of accidental loss of or damage to the Furniture shall be transferred from the Seller to the Buyer at the moment of the delivery of the Furniture by the Seller to the Buyer. In case the parties have agreed on the transportation and assembly of the Furniture, the ownership of the Furniture and the risk of accidental loss thereof and/or damage thereto shall be transferred to the Buyer after the assembly of the Furniture. In case the Buyer fails to accept the Furniture at the agreed time and location, the risk of accidental loss or damage shall be transferred to the Buyer due to the delay in accepting the Furniture.
- 3.4. At the delivery of the Furniture to the Seller's location, the Buyer shall inspect the conformity of the Furniture at the Seller's location. In case the Furniture is delivered after assembly, the Buyer shall inspect the conformity of the Furniture and the assembly immediately after the assembly at the location specified in the Order Confirmation.
- 3.5. The Buyer shall make a complaint about the non-conformity of the type, quantity and/or quality of the Furniture at the moment of accepting it. In case the Buyer fails to inform the Seller about the non-conformity, the Furniture shall be regarded to have been delivered in accordance with the Contract. The Buyer shall be entitled to make claims concerning the defects of the colour and construction of the Furniture within the warranty period provided by the Seller after the acceptance of ownership of the Furniture as well.
- 3.6. The Buyer shall describe the non-conformity in detail when reporting a complaint. *Inter alia*, the complaint shall contain a) the Order Confirmation number; b) the invoice number; c) the quantity of Furniture with defects; d) a precise description of the defect; f) the visual evidence of the defect containing photographs of all the delivered Furniture whereas the damage inflicted by transportation shall be registered before the Furniture is unloaded from the delivery vehicle. Reporting the non-conformity shall not relieve the Buyer from the obligation to pay for the delivered Furniture unless the parties have agreed otherwise.
- 3.7. In case the Buyer fails to report the defects of the Furniture that were noticeable at the time of delivery or could have been noticed by the Buyer in the course of careful inspection within the period pursuant to clause 3.5. of the Contract or to describe the defect in sufficient detail, the Buyer shall not be able to invoke the defect of the Product.
- 3.8. The Furniture shall be transferred to the Buyer's ownership when the Buyer has paid the Purchase Price in full and fulfilled all the obligations pursuant to the Contract (compensation of costs, damage, fines for delay, etc.). In case the Buyer and the Seller have agreed in the Contract that the Buyer shall pay for the Furniture in full or partially after the delivery of the Furniture into

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the possession of the latter, the ownership of the Furniture shall only be transferred to the Buyer after the Purchase Price has been paid in full (reservation of ownership).

- 3.9. The Buyer shall not transfer the Furniture into possession of or sublease it to third parties in any way without prior permission of the Seller during the period when the right of ownership has not been transferred to the Buyer.
- 3.10. In case there are payment arrears, partial or full amount, or in case the Buyer's assets are seized or in case the Seller justly suspects that the Buyer will not be able to perform the obligations assumed by the latter in a timely manner, the Seller may enter the Buyer's premises in order to take possession of a part of the Furniture or the Furniture in full and/or resell it.

4. RIGHTS AND OBLIGATIONS OF THE PARTIES

- 4.1. In case measurements, samples etc. need to be taken for the Order Confirmation to be fulfilled, the Buyer shall provide the Seller with access to the rooms where the Furniture bought from the Seller is to be installed. The Seller shall notify the Buyer about the intention to do the above at least one day in advance.
- 4.2. In case the Furniture is delivered to a location other than the Seller's location, the Buyer shall make the necessary preparations at the location (provide the relevant room, provide the possibility to deliver the Furniture into that room, etc.) for the smooth delivery of the Furniture to the Buyer on the date pursuant to the Contract.
- 4.3. In case the Seller is obliged to deliver and assemble the Furniture, the Buyer shall ensure that the rooms and conditions agreed upon are provided for the assembly, including power supply, lighting, and security.
- 4.4. During the term of the Contract or the performance of the Order Confirmation, the Buyer shall notify the Seller about the bankruptcy proceedings concerning the former or the insolvency, liquidation or transformation thereof within 3 (three) days after learning about such threat.
- 4.5. In case provided for in clause 3.10. of the Contract, or in case the Buyer fails to fulfil any obligation in a timely manner, including the acceptance of the Furniture or making a payment, the Seller shall be entitled to refuse to perform any of the obligations thereof, including those related to another Order Confirmation, until the Buyer has performed the obligations or provided a sufficient guarantee.
- 4.6. As far as custom Furniture is concerned, the Seller shall be entitled to add parts, separate elements, etc. to the Furniture at the discretion thereof, using the best structural solutions and ensuring the reliability and quality of the Furniture.
- 4.7. All the copyright and other intellectual property rights

on the structural solutions, drawings, sketches and plans of the Furniture shall be held by the Seller, and the Buyer shall not be entitled to use these in any way but for the performance of the Contract or produce or have new analogous or similar products produced, using the above.

5. WARRANTY AGAINST DEFECTS

- 5.1. At the delivery of the Furniture, the Seller shall transfer to the Buyer the installation instructions and the warranty documents in case such documents are not available on the Seller's web page.
- 5.2. The Seller shall provide the Buyer with a 6-month colour warranty and 1-year structure warranty starting with the day of the delivery of the Furniture. The warranty shall cover the Furniture production and material defects, but shall not cover the defects that result from the improper use or storage of, or environmental changes (humidity, heat, overloading, vibration) or the amount of defects which the Buyer could have reasonably prevented.
- 5.3. The Seller shall at the discretion thereof repair the defects or replace the Furniture during the warranty period pursuant to clause 5.1. of the Contract.
- 5.4. The Buyer shall inform the Seller about the defects that emerge during the warranty period in writing within 7 (seven) calendar days after discovering the defects, or after the former should have discovered the defects, providing a detailed description of the defect.
- 5.5. The Seller shall form an opinion about the underlying reasons of the defects within 20 (twenty) business days after receiving the notification specified in clause 5.4. In case there is discordance of opinions, the Buyer shall be entitled to have an expert examination performed to identify the non-conformity. In case the unbiased expert examination identifies the non-conformity of the Furniture, the Seller shall incur the expenses related to the expert examination.
- 5.6. The Seller shall eliminate the defects covered by the warranty within 20 (twenty) business days after the relevant decision has been made or the expert examination has been performed.
- 5.7. The warranty repair works shall be performed at the delivery address. Large-scale works shall be performed at the Seller's premises. The Buyer shall incur the expenses of the repair works and delivery costs beyond the scope provided by the conditions of warranty repairs.
- 5.8. The warranty period shall be terminated prematurely as of the moment when:
- 5.8.1. the Furniture has been repaired without the Seller's approval of the repairs, in writing;
- 5.8.2. the structures of the Furniture have been altered or accessories and/or parts have been installed without the

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alterations having been co-ordinated with the Seller, in writing.

6.9. In case the Seller fails to perform the warranty obligations pursuant to the Contract regardless of the Buyer's second request thereof in writing, the Buyer shall be entitled to repair the defects that have emerged in the Furniture at the expense of the Seller. The Buyer shall inform the Seller of the intention to replace or repair the defective Furniture 5 (five) business days before doing so and forward the calculation of the reasonable estimated costs to the latter thus providing the Seller with an opportunity to eliminate the defect.

6. LIABILITY

6.1. In case the Seller fails to deliver the furniture at the agreed time and/or location, the Buyer shall be entitled to demand a contractual penalty in the amount of 0.15% of the Purchase Price from the Seller for each day it is delayed until the Furniture has been delivered.

6.2. In case the Buyer fails to pay the amount due to the Seller pursuant to the Contract by the date specified by the Contract at the latest, the Buyer shall pay a fine for the delay to the Seller in the amount of 0.15% of the amount due for each day the payment is delayed.

6.3. In case the Buyer fails to accept the Furniture at the time specified in the Contract, the Buyer shall pay the Seller a contractual penalty in the amount of 0.15% of the Furniture price for each day there is a failure to accept.

6.4. In case the Buyer does not accept the Furniture, the Buyer shall pay a contractual penalty in the amount of 90% of the Purchase Price of the Furniture that was not accepted.

6.5. The Seller shall only be liable for a deliberate breach of Contract or a breach of Contract due to gross negligence.

6.6. The Seller shall not be liable for any expenses or losses incurred by the Buyer due to a delay in the delivery of the Furniture or the elimination of a defect or defects of the Furniture, including but not limited to, the claims filed against the Buyer by third parties.

6.7. In case of a violation of obligations pursuant to clause 4.7. of the Contract, the Seller shall be entitled to demand that the Buyer pay a contractual penalty in the amount of the Purchase Price of the furniture and transfer the profit made as the result of the violation. In case the Buyer has produced other products or has had them produced by violating the above obligations, the Buyer shall pay a contractual penalty for each produced item.

6.8. Any claim for a contractual penalty pursuant to the Contract shall be filed within 4 (four) months after the moment the party has become aware of a particular violation at the latest.

6.9. The parties shall not be held liable for the improper performance of the Contract where the improper performance of the Contract results from *force majeure* circumstances. *Inter alia*, the parties shall regard the following as *force majeure*: legal acts and their alterations that render the performance of the Contract or a part thereof impossible as well as export and import restrictions, the delay in delivering the Furniture due to the delay caused by the supplier and such circumstances that emerge after the Order Confirmation and obstruct the performance thereof and that the party could not have foreseen or prevented with sensible effort.

7. TERM OF CONTRACT

7.1. The Contract shall be valid as of the moment it is published on the web page of the Seller as far as all Order Confirmations are concerned. The Contract shall remain valid until all the obligations pursuant to the Contract and the Order Confirmations are duly performed.

7.2. Either party may cancel the Order Confirmation, informing the other party thereof at least 2 (two) calendar months in advance and compensating for the expenses and losses of the other party incurred before the cancellation due to the conviction that the Order Confirmation was valid.

7.3. The Buyer may withdraw from the Order Confirmation and demand that the Furniture is collected and the Purchase Price amount is returned, only in case there is a defect that cannot be repaired and the replacement of the Furniture with new Furniture would not yield results that would allow the Furniture to be used in accordance with its intended purpose and the Seller was aware of the fact at the moment of signing the Order Confirmation.

7.4. *Inter alia*, the Seller shall be entitled to withdraw from the Order Confirmation and demand the contractual penalty pursuant to clause 6.4. in case the Buyer has not accepted the Furniture at the agreed time and location and has not done so within the sensible period of time determined by the Seller either.

8. OTHER TERMS AND CONDITIONS

8.1. A party to the Contract shall immediately inform the other party to the Contract about changes in the contact information thereof. The former party shall assume the risk resulting from the failure to inform the other party about such changes in contact information.

8.2. The notifications between the parties related to the Contract shall be forwarded in a format that can be reproduced in writing (at least e-mail, fax) to the authorised representative of a party except for cases when the Contract provides that the notification shall be submitted in writing. Any declarations of intentions shall be regarded as received in the following cases:

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- 8.2.1. when sent by registered post or courier service: 5 days after delivery or sending;
 - 8.2.2. when sent by fax: as of the moment of sending provided that the received fax is legible;
 - 8.2.3. when sent by e-mail: as of the moment of sending the e-mail provided that there has been no message about e-mail delivery failure.
- 8.3. The disputes related to the Contract shall be resolved by the agreement of the parties. In case the parties fail to reach an agreement, the disputes shall be resolved by Harju County Court on the basis of the legal acts effective in the Republic of Estonia.