

TERMS AND CONDITIONS OF TRADE

1. GENERAL

- (a) In these terms and conditions "the Company" shall mean Regal Beloit Australia Pty Ltd ACN (122 303 084) the provider of goods to the Purchaser and includes the Company's successors and assigns and "the Purchaser" shall mean the entity, partnership or individual requesting goods from the Company and shall include the Purchaser's successors and assigns.
- (b) Where the Purchaser is applying to the Company for a Credit Trading Account the Purchaser is the individual/s, partnership or entity detailed in the Credit Application and in this case the Purchaser warrants that all information contained in any Credit Application to the Company is true and correct at the time of making the application for credit.
- (c) These terms and conditions shall apply to the exclusion of all others (with the exception of clause 1(d) herein) including any terms and conditions of the Purchaser (whether on the Purchaser's order form or otherwise) or to be negotiated and agreed with the Purchaser.
- (d) The Purchaser acknowledges that these terms and conditions constitute the entire agreement between the parties however the Company reserves the right to incorporate additional terms and conditions to be included in any quotation provided to the Purchaser in writing or otherwise. Such additional terms and conditions together with the terms and conditions herein will then constitute the agreement between the Company and the Purchaser.
- (e) The Company reserves the right to review these terms and conditions at any time. If following any such review, there is to be any material change to these terms and conditions, the Company and the Purchaser must discuss the potential change in good faith. If the parties do not agree to the change within 10 days despite good faith negotiations, the Company may terminate these terms and conditions on 30 days' notice to the Purchaser. .

2. PRICES

Orders are accepted on the condition that the goods and/or services will be invoiced at the price ruling at the date the goods and/or services are despatched. Unless specified to the contrary, prices quoted are exclusive of all GST, stamp duty and like levies or taxes. The Company may amend prices at any time (acting reasonably) on 30 days' prior notice to the Purchaser. All quotations provided by the Company are valid for a period of thirty (30) days.

3. PAYMENT

- (a) The Purchaser (approved account holders only) shall make payment to the Company for all goods supplied within the time period specified on the Credit Application or an invoice unless otherwise negotiated and agreed in writing with the Company prior to the supply of goods.
- (b) Non account holders will be required to pay prior to the supply of goods.
- (c) The Purchaser acknowledges that time is of the essence with regard to payment and any breach of any payment term/s will enable the Company to exercise all of its rights contained herein including (but without in any way limiting its rights) the right to cancel further credit and to take legal action for the recovery of all sums outstanding. Orders will not be processed for Purchaser whose accounts are in arrears. Cleared payment in full is required before the Purchaser's initial order will be processed and dispatched.
- (d) Where required by the Company and notified to the Purchaser, a deposit amount shall be payable by the Purchaser prior to orders being processed. On cancellation of an order for any reason, the Company will refund the Purchaser the deposit amount minus any fees or charges incurred by the Company in relation to the fulfilment of the order (other than where such order cancellation is due to a wilful or negligent act or omission of the Company).
- (e) The Purchaser shall not be entitled to withhold payment of any sums after they become due by reason of any right of set off, counter claim, withholding or deduction which the Purchaser may have or alleged to have or for any other reason whatsoever.
- (f) In the event that payment remains outstanding beyond the Company's payment terms then the Purchaser agrees to pay an administration fee per month of 2%.

4. INTEREST

Should payment remain outstanding beyond the Company's payment terms as outlined in clause 3 above, the Purchaser agrees to pay interest on all amounts outstanding from the due date until the date of payment at a daily rate equal to 2% above the Company's then overdraft rate.

5. COSTS

Should payment remain outstanding beyond the Company's payment terms as outlined in clause 3, the Purchaser agrees to pay all legal costs (calculated on a solicitor/own client basis) and all Mercantile Agent's fees (including any commission payable on the payment of the debt) incurred by the Company as a result of non-payment of the debt.

6. DELIVERY

- (a) In the event that the Purchaser specifies a delivery date, the Company shall use its best endeavours to comply with the Purchaser's request. In no circumstances will the Company be liable for any loss or damage of any kind whatsoever in the event that it is not able to comply with the Purchaser's request for delivery by a certain date. The Purchaser acknowledges and agrees that it will not make any claim against the Company for any loss or damage incurred as a result of late delivery.
- (b) Delivery of the goods to a third party nominated by the Purchaser is deemed to be delivery to the Purchaser for the purposes of this agreement.
- (c) The Purchaser shall not be entitled to repudiate the agreement as a result of the failure of the Company to deliver the goods and services.

7. CLAIMS

- (a) It is the responsibility of the Purchaser to check goods to ensure that the goods are complete and in good condition at the time of delivery. To the extent permitted by law and subject to the requirements set out in the Australian Consumer Law, the Purchaser will be deemed to have accepted the goods as being in accordance with the purchaser's order and received in good condition and to the purchaser's satisfaction unless the Purchaser notifies the Company in writing of any claim within sixty (60) days of the delivery of the goods.

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- (b) The Purchaser is responsible for payment of any freight or delivery costs to return any goods to the Company unless the goods are large, heavy or difficult to remove. If the goods were delivered in a damaged condition, the Company will reimburse the Purchaser for reasonable return costs.

8. JURISDICTION

The proper law of all contracts arising between the Company and the Purchaser is the Law of the State of Victoria and the parties agree to submit to the exclusive jurisdiction of the Courts of that State.

9. WARRANTY AND LIMITATION OF LIABILITY

- 9.1 Nothing in these Terms and Conditions shall be read or applied so as to exclude, restrict or modify or have the effect of excluding, restricting or modifying any condition, warranty, guarantee, right or remedy implied by law (including the *Competition and Consumer Act 2010* Cth) which by law cannot be excluded, restricted or modified.

9.2 **Scope of Warranty.**

In addition to the mandatory consumer guarantees provided under the Australian Consumer Law, the Company provides the following limited warranties in relation to goods and services provided under these Terms and Conditions:

- (a) products (other than software) will be delivered free from defects in material, workmanship and title and will conform with the Company's specification set out in a written and signed agreement between the Purchaser and the Company, if applicable (Product Warranty);
- (b) repaired or replaced products or parts of products (other than software) will be delivered free from defects in material, workmanship and title (Parts Warranty);
- (c) software shall execute, at the time of delivery, in accordance with the specification set out in a written and signed agreement between the Purchaser (as licensee) and the Company (as licensor), if applicable, when properly installed in the products (Software Warranty);
- (d) services will be performed in a competent and diligent manner in accordance with any mutually agreed specification (Services Warranty).

9.3 **Warranty Period.**

The warranties set out in clause 9.2 expire as follows unless otherwise stated on the list below:

- (a) in respect of products (other than software), twelve (12) months from invoice date;
- (b) in respect of repaired or replaced products or parts of products (other than software), upon expiration of the warranty period applicable to the products originally supplied by the Company (if provided by way of repair or replacement under warranty). In the case of other repaired or replaced products or parts of products, twelve (12) months from the date of repair or manufacture of the products or parts of the products;
- (c) in respect of services, ninety (90) days from the date of completion of the services; and
- (d) in respect of software, six (6) months from the date of manufacture of the first product on which the software is loaded.

PRODUCT TYPE	WARRANTY PERIOD
All products, unless specified in the rows below	1 year from invoice date
Marathon Mining Specification Motors (PPA, TCM)	3 years from invoice date
Dow Corning, Insulation, Varnishes and Resin	12 months from invoice date or product expiration date whichever is sooner

9.4 **Warranty Exclusion.** The warranties set out above exclude:

- (a) Replacement or repairs which are required as a result of abuse, neglect, negligence, misuse, misapplication, accident, damage by circumstances beyond the Company's control, improper installation (if by any person other than the Company), improper operation (including, but not limited to, operation in excess of rated capacity or otherwise not in accordance with installation, maintenance or operating instructions or requirements), improper, inadequate or insufficient maintenance, improper storage, and/or any use other than normal use or service;
- (b) Items subject to deterioration in normal service (such as lamps, bulbs, fuses, batteries);
- (c) Goods, materials or parts supplied or manufactured by third parties unrelated to the Company. The Company will assign to the Purchaser the written warranty, if any, of the manufacturer, if assignment is reasonably practicable, however the Company does not adopt or guarantee or represent that the manufacturer will comply with any of the terms of the warranty of such manufacturer;
- (d) shipping expenses to and from the Company's office, factory, warehouse, authorized service centre or other destination designated by the Company for repair or replacement of defective products or any tax, duty, custom, inspection or testing fee, or any other related charges;
- (e) costs of removing defective goods from, and/or disassembling, equipment in which goods are assembled or reinstalling goods and/or reassembling such equipment, or testing repaired or replaced goods and / or the equipment;
- (f) field service travel and living costs and expenses;
- (g) goods maintained, serviced, repaired or altered by anyone other than the Company or the Company's authorized service agencies; or
- (h) failures of software to be interruption-free or error-free or to meet the Purchaser's or any other party's requirements; and problems caused by use of software in conjunction with third-party software, hardware or products.

9.5 **Remedies.** Without limiting the scope of remedies provided under the Australian Consumer Law, if prior to expiration of the warranty periods set out in clause 9.3, there is a breach by the Company of any warranty under clause 9.2, the Purchaser's exclusive remedy shall be limited to, in the Company's discretion:

- (a) in the case of goods (including products, replacement parts and software), repair or replacement of the goods, or refund of the invoiced price of the goods; or
- (b) in the case of services, either the re-supply of the services, or the cost of having the services supplied again by the Company.

9.6 **Warranty Conditions - Non-Consumer.**

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This clause 9.6 applies if the Purchaser is not a "Consumer" as defined under the Australian Consumer Law. If the Purchaser is a Consumer, the warranty conditions in clause 9.7 will apply.

- (a) All claims for breach of Product Warranty or Parts Warranty must be notified to the Company within a reasonable period of time, but in no event more than thirty (30) days after the defect giving rise to the claim was discovered or by reasonable care should have been discovered, and all subsequent claims received by the Company will be deemed waived;
- (b) All claims for breach of Software Warranty must be accompanied by a complete written description of the claimed non-conformance of the software, and submitted to the Company prior to the expiry of the software warranty period.
- (c) All claims for breach of Service Warranty must be accompanied by a complete written description of the claimed non-conformance of the services, and submitted to the Company prior to the expiry of the service warranty period.
- (d) The Purchaser will be responsible for all expenses associated with a warranty claim in accordance with this clause 9 other than the costs of making the repair, replacement, rectification or refund for the goods or services, including the costs of returning any defective goods to the Company. Any repair or replacement to goods offered by the Company under warranty will be provided FCA factory, warehouse or other facility that the Company designates at its discretion as point of shipment from time to time (Incoterms® 2010).
- (e) To the extent permitted by law, the Company will not be liable to the Purchaser for any loss (whether direct or indirect, special or consequential), damage or injury resulting from any breach of warranty other than where such loss, damage or injury is caused directly or indirectly by a wilful or negligent act or omission of the Company.

9.7 Warranty Conditions - Consumer.

This clause 9.7 applies if the Purchaser is a "Consumer" as defined under the Australian Consumer Law.

- (a) To claim under warranty, the Purchaser must submit the online Warranty form to the Company within the relevant goods or services warranty period as set out in clause 9.3 specifying the nature of the defect, breach or non-conformance, the form can be accessed at: <http://www.regalaustralia.com.au/page.php?page=productreturn>.
- (b) The Purchaser will be responsible for all expenses associated with a warranty claim in accordance with this clause 9 other than the costs of making the repair, replacement, rectification or refund for the goods or services, including the costs of returning any defective goods to the Company unless goods are large, heavy, or hard to remove. If goods are found to be defective once returned, the Company will reimburse the Purchaser for any reasonable return costs incurred. Any repair or replacement to goods offered by the Company under warranty will be provided FCA factory, warehouse or other facility that the Company designates at its sole and absolute discretion as point of shipment from time to time (Incoterms® 2010).
- (c) The benefits to the Purchaser of these warranties are in addition to any other rights and remedies the Purchaser may have under the Australian Consumer Law.
- (d) Company's goods come with guarantees that cannot be excluded under the Australian Consumer Law. The Purchaser is entitled to a replacement or refund for a major failure and compensation for any other reasonably foreseeable loss or damage. The Purchaser is also entitled to have the goods repaired or replaced if goods fail to be of acceptable quality and the failure does not amount to a major failure.

9.8 Warranty Conditions - Consumer and non-Consumer.

- (a) Any warranty provided under or in connection with these Terms and Conditions relates only to goods or services provided by the Company to the Purchaser. Any claim in relation to such goods or services must be made by the Purchaser only, and not by any person who acquires the goods or services from the Purchaser (Transferee).
- (b) All other terms, conditions, warranties and guarantees implied or imposed by statute, common law or otherwise in relation to the goods or services (including without limiting the foregoing any implied or imposed warranty or guarantee that the goods are suitable or fit for any particular use or purpose or that the goods will comply with a sample) are hereby excluded, except for any warranties or guarantees which may not be excluded according to the applicable laws or regulations of a country which has proper jurisdiction.
- (c) The Company does not warrant the accuracy, sufficiency or completeness of any information provided to the Purchaser. Except where the Purchaser and Company agree in a written and signed agreement upon the specifications applicable to the products, software, and/or services, any description of the products, software and/or services (whether in writing or made orally by the Purchaser or Purchaser's agents), specifications, samples, models, bulletins, drawings, diagrams, engineering sheets or similar materials used in connection with the Purchaser's order are for the sole purpose of identifying the goods or services and shall not be construed as an express or implied warranty. No employee, representative or agent of the Company (other than an Officer of the Company) is authorized to alter or modify any provision of this clause 9 or to make any guarantee, warranty or representation, whether express or implied, orally or in writing, which is contrary to the foregoing.

9.9 Limitation of Liability

- (a) Neither party will be liable in any circumstances for any contingent, indirect, consequential or special losses (including but not limited to loss of profit or income, loss of business opportunity, loss of use of the products, software or related equipment or systems, cost of capital, cost of substitute products, business interruption, increased expense of operation or any financing and holding costs), damages or injuries arising directly or indirectly from these Terms and Conditions or any performance or failure to perform, whether in contract, tort, negligence, strict liability or otherwise, including (but not limited to) a party's negligence, default or misconduct even if informed of the possibility of such damages.
- (b) If the Purchaser is not a Consumer (as defined under the Australian Consumer Law), to the extent permitted by law:
 - (i) The Purchaser's only remedy for breach of warranty is set out in clause 9.5 above; and
 - (ii) The Company's liability to the Purchaser for any claim other than a breach of warranty claim, whether in contract, tort (including negligence), statute, indemnity or otherwise for any loss or damage arising out of, or in connection with, these Terms and Conditions, defective materials, faulty workmanship, or from the design, manufacture, sale, delivery, resale, repair, replacement, installation, technical direction of installation, inspection, operation or use of any goods or services including any defective or non-conforming goods or services provided under these Terms and Conditions, shall be limited to the purchase price of the goods or services.
- (c) If the Purchaser is a Consumer (as defined under the Australian Consumer Law), to the extent permitted by law:
 - (i) the Company's liability for the failure to comply with a guarantee required under the Australian Consumer Law is limited as follows:
 - (A) if the failure cannot be remedied or is a major failure as defined in the Australian Consumer Law (Major Failure), the Company's liability is as stated in the Australian Consumer Law in respect of that failure;
 - (B) if such failure is not a Major Failure, then in the Company's absolute discretion:
 - (1) if the failure is in respect of services, the Company's liability is limited to the supply of those services again or the payment of the cost of having those services resupplied;

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- (2) if the failure is in respect of goods (including software), the Company's liability is limited to replacement of the goods, the supply of equivalent goods, the repair of the goods or the cost of replacing the goods or having them repaired.
- (ii) the Company's liability for any other claim whether in contract, tort (including negligence), statute, indemnity or otherwise for any loss or damage arising out of, or in connection with, the Terms and Conditions, defective materials, faulty workmanship, or from the design, manufacture, sale, delivery, resale, repair, replacement, installation, technical direction of installation, inspection, operation or use of any goods or services including any defective or non-conforming goods or services provided under these Terms and Conditions, is limited to the purchase price of the goods or services.
- (d) Notwithstanding any other provision of these Terms and Conditions, to the extent permitted by applicable law, the limitations and exclusions stated in these Terms and Conditions, including this clause 9, will apply regardless of whether liability arises from breach of contract, tort (including but not limited to our negligence, default or misconduct or the negligence, default or misconduct of our employees, representatives or agents), by operation of law, or otherwise.
- (e) To the extent permitted by law, all causes of action against the Company, arising out of or in connection with the supply of the goods (including software) or services shall expire unless made and presented to the Company in writing by the Purchaser before expiration of the relevant warranty period for those goods or services set out in clause 9.3.

10. INTELLECTUAL PROPERTY

- (a) The Company shall retain the copyright in all drawings of any products produced for the Purchaser unless otherwise agreed in writing.
- (b) If the Purchaser provides the Company with any specifications, designs or drawings for the production or manufacture of any item or items then the Purchaser hereby warrants that the use of these designs, drawing or specifications will not infringe any third party's rights and the Purchaser hereby indemnifies the Company against any claims, demands, suits or actions in relation thereto.

11. RIGHT OF THE COMPANY TO DISPOSE OF GOODS AND SERVICES

In the event that the Company retains or regains possession of the goods ordered by the Purchaser and the Purchaser has not paid for the goods within the Company's terms of trade or a reasonable period thereafter, other than where such payment is subject to a reasonable dispute, then the Company may dispose of the goods and may claim from the Purchaser any loss the Company has suffered in relation to same.

12. CHANGE OF OWNERSHIP

The Purchaser agrees to notify the Company in writing of any change of ownership of the Purchaser within seven (7) days from the date of such change (including but not limited to changes to registered office, business address, company office holders) and indemnifies the Company against any loss or damage incurred by it as a result of the Purchaser's failure to notify the Company of any change.

13. CANCELLATION

Orders placed with the Company cannot be cancelled without the written approval of the Company (such approval not to be unreasonably withheld). In the event that the Company accepts the cancellation of any order placed with it, it shall be entitled to charge a reasonable fee for any work done on behalf of the Purchaser to the date of the cancellation including a fee for the processing and acceptance of the Purchaser's order, request for cancellation and any restocking fee charged by a supplier.

14. LIEN

The Purchaser hereby acknowledges that the Company has a lien over all goods and/or services in its possession belonging to the Purchaser to secure payment of any or all amounts outstanding from time to time.

15. RETENTION OF TITLE AND PURCHASE MONEY SECURITY INTEREST

- (a) The following expressions have the meanings described: "PPSA" means the *Personal Property Securities Act 2009* (Cth);
"Purchase Money Security Interest" has the meaning in the PPSA;
"Goods" means all goods supplied by the Company to the Purchaser (and where the context so permits includes any supply of services herein after defined.);
"Services" means any goods or services carried out in connection with the supply of the goods.
- (b) It is agreed by the Company and the Purchaser that property in the goods shall not pass to the Purchaser until:
 - (i) the Purchaser has paid all amounts owing for all goods; and
 - (ii) the Purchaser has met all other obligations by the Purchaser to the Company in respect of all contracts between the Company and the Purchaser;
- (c) By taking delivery of the goods, the Purchaser grants to the Company a Purchase Money Security Interest in the goods or in the event of the sale of the goods the proceeds of the sale ("the proceeds")
- (d) Until the Company has been paid in full for all the goods the Purchaser must:
 - (i) not dispose of the goods to a third party except by sale to bona fide Purchasers for market value in the ordinary course of business;
 - (ii) not charge the goods or grant any security over or interest in the goods or the proceeds;
 - (iii) keep any proceeds separate from other moneys of the Purchaser;
 - (iv) not deal with the proceeds in any way which may be adverse to the interests of the Company.
- (e) The following are events of default:
 - (i) the appointment of a liquidator, controller or administrator to the Purchaser;
 - (ii) the commission of an act of bankruptcy by the Purchaser;
 - (iii) a judgement being entered against the Purchaser and remaining unsatisfied for more than 14 days; and
 - (iv) any breach of the Purchasers obligations under these terms and conditions;
- (f) In the event of default the Company may:
 - (i) require the Purchaser to deliver the goods to the Company;
 - (ii) if the Purchaser fails to return the goods to the Company then the Company within 48 hours of demand thereof, then the Company's agent may enter upon or into land and premises owned, occupied or used by the Purchaser, or any other premises where the goods are situated, as the invitee of the Purchaser and take possession of the goods, without being responsible for

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any damage thereby caused (notwithstanding that the Company will take reasonable steps to minimise potential property damage) and the Purchaser hereby agrees to indemnify the Company in relation thereto.

- (iii) the Company may take any lawful steps to require payment of all monies due to it by the Purchaser including but not limited to the issue of legal proceedings to recover such monies notwithstanding that the ownership of the goods may not have passed to the Purchaser.

16. WAIVER

- (a) Pursuant to s115 of the PPSA, the Purchaser hereby waives the Company's obligations to comply with all or any of the Sections referred to in Section 115(1) of the PPSA.
- (b) The Purchaser hereby waives its right to a verification statement under s 157 of the PPSA.

17. CHARGE

The Purchaser hereby charges all its property whatsoever whether currently owned by the Purchaser or acquired in the future with its indebtedness to the Company.

18. CONSENT TO CREDIT CHECK - PRIVACY ACT

- (a) The Purchaser acknowledges and authorizes the Company pursuant to the provisions of the *Privacy Act 1988* (Cth) to:
 - (i) seek from or give to a Credit Reporting Agency personal information about the Purchaser at any time after accepting these conditions;
 - (ii) contact any trade references or other credit providers and acquire from them or give to them personal information in relation to the Purchaser and its credit worthiness.

19. SUB-CONTRACTING

The Purchaser hereby authorizes the Company to sub-contract all or any part of the works that the Company has been contracted to carry out. The Company in doing so may be required to agree to the sub-contractors terms and conditions of trade and the carrying out of the work by the sub-contractor will deem the Purchaser also bound by those terms and conditions. The sub-contractor in agreeing to carry out the work on behalf of the Company shall also be deemed to have the benefit of these terms and conditions.

20. FORCE MAJEURE

The Company will not be in default or breach of any dealing with the Purchaser as a result of Force Majeure. Neither party shall be liable for any default due to an act of God, war, terrorism, strike, lock out, industrial action, fire, flood, drought, storm or other event beyond the reasonable control of either party.