



ASCOLI PICENO, 1-1-2008

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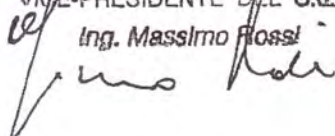
Object: Agreement for Egyptian Market.

We Elettromeccanica Adriatica hereby, certify that MEMICO S.A.E. Company is our sole agent for Medium Voltage Equipments and limited to the Egyptian territory.

According to the agreement Elettromeccanica Adriatica has the role to supply the Load Break Switches and MEMICO has the role to manufacture the RMU panels under license, and under supervision of Elettromeccanica Adriatica, as well as providing technical customer support in the territory.

Best Regards.

ELETTROMECCANICA ADRIATICA S.p.A.
VICE-PRESIDENTE DEL C.d.A.
Ing. Massimo Flossi



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ELETTROMECCANICA ADRIATICA S.p.A.
SISTEMI PER ENERGIA



AGREEMENT CONTRACT BETWEEN ELETTROMECCANICA ADRIATICA AND MEMICO

ASCOLI PICENO - JANUARY, 23 2006



ASSOCIATA AL
SISTEMA
CONFINDUSTRIA

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SOLE PARTNER AGREEMENT

This Sole Agency Agreement is made on 23rd of January 2006 by and between

ELETTROMECCANICA ADRIATICA S.P.A.

Zona ind.le Marino del Tronto

63100 A.P. (Italia)

having its registered office at ASCOLI PICENO (ITALY)

hereby represented by Mr. Roberto Benigni

hereinafter referred to as the "Manufacturer"

and Misr Electrical and Mechanical Industries Co. MEMICO

having its registered office at 25 Tayaran street (Mahmoud Shaltout),

Nasr City, Cairo, Egypt

having its registered office at Cairo (Egypt)

hereby represented by Mr. Ahmed Tawakol

hereinafter referred to as the "Sole Partner"

PREAMBLE

WITNESSETH:

WHEREAS the Manufacturer manufactures and sells low and medium voltage switchgears world-wide, looks for a proper exploitation of the Manufacturer' Products on Sole Partner markets;

WHEREAS the Sole Partner has appropriate knowledge and experience and owns adequate facilities for switchboard manufacturing, marketing, selling and servicing the Manufacturer's Products in the Territory;

WHEREAS the Sole Partner is willing to develop switchboard manufacturing, a sale activity of Manufacturer' Products in the Territory

NOW, THEREFORE, the parties, in consideration of the covenants, undertakings and commitments set forth herein, hereby mutually agree as follows:



1. DEFINITIONS

1.1 "Parties" means the Manufacturer and the Sole Partner

1.2 "Territory" shall mean: Egypt

1.3 "Products" shall mean:

the Products listed in Annexe A, as currently manufactured by the Manufacturer, together with all future models and variants thereto which may be included by the Manufacturer.

2. Appointment of the Sole Partner

2.1 For the purpose hereof, the Manufacturer hereby grants the Sole Partner the exclusive right for the Products in the Territory and the Sole Partner hereby accepts such appointment subject to the terms and conditions of this Agreement.

2.2 During the validity of this Agreement the Manufacturer shall supply Products to the Sole Partner on a continuous basis and the Sole Partner shall purchase Products only from the Manufacturer.

2.3 The Parties shall evaluate- by signing of separate Agreements- the opportunity to sell the Products outside the Territory.

2.4 The Manufacturer gives the license to produce standard panels under his drawings and the Sole Partner engages himself to respect exactly all the drawings and technical recommendation.

2.5 The Manufacturer will supply all the necessary documentation and know how to enable the licensed Sole partner to manufacture the panels.

3. Products

3.1 (Subject to Article 3.2. below) the Manufacturer shall be entitled at any time to add, replace or delete any Product model from the Products list contained in Annexe A, provided always that in such event the Manufacturer:

- a) shall give to the Sole Partner a prior 120 (one hundred and twenty) days written notice, and**
- b) shall together deliver to the Sole Partner updated technical information for such additional or replacing Products.**
- c) The Manufacturer can update all the products also immediately when the modification is necessary.**

3.2 A Product model may be deleted from the Product list only if the Manufacturer decides to discontinue its manufacture.



4. Terms of Agreement

- 4.1 Unless otherwise agreed, all the orders, orders acceptance and deliveries will be executed following conditions listed below.
- 4.2 Unless otherwise agreed by the Parties, all Product deliveries shall be made with the "Ex Works" formula.
This terms of delivery -like others agreed by the Parties- shall be in accordance with the International Chamber of Commerce (ICC) *Incoterms* edition in force at the moment of order's acceptance. In any case, from the moment of delivery on, all the risks and costs connected with Products delivered shall be at the Sole Partner's expenses. Products transportation until final destination shall be entirely at Sole Partner expenses. If the Sole Partner requests different packaging, higher cost shall be at its own expenses.
- 4.3 The prices currently in force at the date of execution of this Agreement are those referred to in the Price List herein attached as Annexe A. This price list should be kept valid until the 31st December of 2006. Such price list, as well as any following price list may be amended by the Manufacturer, in its own discretion, by giving to the Sole Partner a 30 (thirty) days written notice before November 30, of each year to entering into force of the new price list. If Manufacturer fail to make notice then price list will be automatically carried out for 1 year. Sole Partner has right to ask Manufacturer to adjust its price list under big change on circumstance.
- 4.4 Payment by irrevocable letters of credit:
- 4.4.1 Any payment of Products purchased by the Manufacturer hereunder shall be made by way of irrevocable letters of credit (the amount will be transferred after 90 days after the delivery time), in an amount equal to the price payable for the Products ordered by and to be delivered to the Sole Partner. The terms of the letters of credit established by the Sole Partner must be acceptable to the Manufacture. This condition will be discussed again after 6 months depending of the good relationship.
- 4.4.2 Taxes, custom duties and any other fiscal duty consequent and relevant to the terms of this Agreement shall be paid by the Sole Partner.
- 4.5 The Sole Partner agrees to cooperate with the Manufacturer by doing the best necessary to protect Manufacturer's rights.



- 4.6 The Sole Partner shall buy and sell in its name and or its own account. *Sole Partner shall act as an independent switchboard manufacturer* forwards both the manufacturer as well as the customers. Sole Partner shall effectively promote the sale of the product in the territory without being authorized to act in the name of the manufacturer.
- 4.7 The Manufacturer is not liable for damages occurred to Products ever since the delivery. The Sole Partner shall pick Products up within 20 days from the date of delivery and this deadline shall be firm and final. If the Sole Partner doesn't pick Products up within 20 days, terms of payment shall start from the date of delivery.
- 4.8 Unless otherwise agreed or stated by mandatory rules, delivered Products still remain Manufacturer's property until the Manufacturer receives full payment. In case the Sole Partner falls into arrears, the Manufacturer – without any formalities- has the right to come again into possession of delivered Products delivered wherever they are.

5. Non competition

- 5.1 The Sole Partner agrees - during the duration of this Agreement- not to represent, manufacture nor distribute any Product that is in competition with the Products supplied by the Manufacturer.
- 5.2 The Manufacturer is not allowed to direct or indirect sales Products in the Territory.

6. Sale activity

6.1 Sole Partner will buy Products from the Manufacturer for an annual turnover of - EURO (for the first year, from effective date of this Agreement including test period), 125.000,00 EURO (one hundred twenty five thousands for the second year) and more than 200.000,00 EURO (for the third year and following). This target includes all the products listed in the Annexe "A".

The Product should pass type test in Egypt and gets certificate not later than one year. If fail to reach this target, both parties should re-discuss 2nd and 3rd year sales activity target.

In absence of a new agreement each party could reject the Agreement (see article 12.4).



7. Manufacturer's trademarks and Know how

- 7.1 The Sole Partner may market the Products under the Trade Mark. For this purpose the Manufacturer grants the Sole Partner with the non-exclusive right to use the Trade Mark in connection with the marketing and servicing of the Products in the Territory during the validity and in accordance with the terms of this Agreement.**
- 7.2 The Sole Partner engages himself not to register, in the Territory and elsewhere, any Manufacturer's trademarks, trade names or symbols.**
- 7.3 The Sole Partner shall notify the Manufacturer of any infringement of the Manufacturer's trademarks, trade names or symbols or other intelligent property rights in the Territory that comes into Sole Partner's attention.**
- 7.4 During the term of this Agreement and thereafter the termination, the Sole Partner shall keep know-how and confidential information secret, unless otherwise agreed by Manufacturer in writing.**
- 7.5 Sole Partner agrees, for what Know-how and confidential information are concerned, to use all reasonable precautions to keep confidential matter secret and to disclose it only to its own employees and only to the extent that it is essential to install and to sell Products.**
- 7.6 The license is related to the panels and not extended to any equipments like disconnectors and switch-disconnectors.**

8. Technical features of Products and Obligations.

- 8.1 Products technical features, shape, size or performances may be modified by the Manufacturer following its unobjectionable decision. The Manufacturer shall inform the Sole Partner of each decision connected with Products technical features. Without prior specific authorization written by Manufacturer, the Sole Partner is expressly forbidden to modifying Products technical features.**
- 8.2 The Sole Partner is not allowed to open unduly, puncture, damage nor to destroy, by any means, Products, parts of them or identifying plate otherwise the Manufacturer is relieved of any liability at any title before the Sole Partner or third parties.**
- 8.3 The Manufacturer shall not be liable for damages caused by non improper instalment.**



- 8.4** Either in order to install and use properly Products provided by Manufacturer, granting effectiveness and safety for customers, and in order to grant maximum effectiveness of licensed know how and to preserve Manufacturer image, the Sole Partner should follow technical instruction in using Products.
- 8.5** The supply of Products from the Manufacturer to the Sole Partner shall be governed by the present Agreement.
- 8.5.1** The Manufacturer shall do every effort to meet the delivery time requested by the Sole Partner in the order.
- 8.5.2** In order to consent to the Sole Partner to start its marketing activities hereunder, promptly after the execution of this Agreement the Manufacturer:
- 8.5.2.1** at its own care and expenses, shall provide the Sole Partner with the sales literature and the technical information relating to the Products needed for enabling the Sole Partner to duly perform its duties hereunder, and
- 8.5.2.2** shall provide, at its own care and expenses, a technical training course, to be held at the Manufacturer's premises (Ascoli Piceno), to 3 (three) technicians of the Sole Partner involved in the sale and servicing. In any case each length of these training courses shall not exceed 10 working days.
- 8.5.2.3** Manufacturer shall provide, at its own care and expenses for the Sole Partner's training technicians local transport (including transport for arrival and departure from Roma or Ancona airport) during the training course at Ascoli Piceno. The Sole Partner shall provide, at its own care and expenses air tickets and all the other travel fares outside of Ascoli Piceno for training technicians.
- The accommodation will be in the Manufacturer cost and also the lunches at the internal canteen (when available). All other costs at the Sole Partner charge.
- 8.6** Throughout the duration of this Agreement the Sole Partner shall properly and faithfully act as Sole Partner of the Products in the Territory, by continuously to adequately increase the sales of the Manufacturer's Products in the Territory.



8.6.1 For such purpose the Sole Partner:

- 8.6.1.1 shall adequately market, advertise and sell the Products in the Territory in accordance with the Manufacturer's instructions and technical specifications, and**
- 8.6.1.2 shall service the customers located in the Territory in accordance with the Manufacturer's instructions, warranty and after sales terms and conditions, and**
- 8.6.1.3 shall deliver to any customer the technical documentation, the usage instruction and the warranty booklet provided by the Manufacturer with each Product, and**
- 8.6.1.4 shall duly comply with any law and statutory regulations existing in the Territory and concerning the importation of the Products and their sale in the Territory, and**
- 8.6.1.5 shall prepare and forward to the Manufacturer a written report on the sale of Products achieved in the Territory during the previous 6 (six) months and on the expected sales in the following 6 (six) months, providing also information on the estimated sales and marketing activities of the major competitors as well as on any further marketing information that may be requested from time to time by the Manufacturer.**

9. Warranty and liability

- 9.1 The Manufacturer warrants that Products are manufactured according to rules and regulations of the European Union, which apply in the Manufacturer field. Products are covered by a one-year guarantee after the installation and not more than 18 months after the delivery time.**
- 9.2 During the warranty period, Manufacturer shall, at its own discretion, fix or replace for free, any component of Products, which, in its opinion, proves to be defective in either workmanship or materials. Sole Partner shall make defective Products in warranty available to Manufacturer at its principal place of business (Ascoli Piceno-Italy) - carriage paid-. Unless otherwise agreed, after the warranty period the Manufacturer shall not provide any assistance service or warranty.
The Sole Partner shall - after the end of the warranty and at its own expenses and by means of its personnel - provide after-sale service for defective Products.**



- 9.3 The Manufacturer hereby disclaims any and all responsibility for injury or damage to persons or property caused by Products as result of erroneous information supplied by Sole Partner on the proper use thereof, or regardless, in the event of any wrong, improper or non-conforming use of Products, negligence, and non-observance of the law.
- 9.4 The Sole Partner shall be liable for and shall keep Manufacturer harmless from any liability connected with the observance of rules and regulation which apply in the Territory.

10. Expenses

- 10.1 The Sole Partner will bear all expenses for Products distributing, promoting, advertising, post-selling service as well as other costs connected with this Agreement.

11. Products' manufacture and qualitative checking

- 11.1 Without prior written authorization by Manufacturer, the Sole Partner shall not make any technical changing in Products.
In case the Sole Partner obtain an authorization from Manufacturer it is obliged to send to the Manufacturer a sample of the Product modified.
- 11.2 The Sole Partner shall provide all regulation of test standard in Territory. The Sole Partner will arrange all the activities to provide the type tests and to obtain the required authorizations (as type-approval, conformity' certifications) needed to use Products in the Territory. The Manufacturer will help the Sole Partner (for example special price for samples) for test the Product at the Egypt laboratory. The type test certificates will be issued under the name of the Manufacturer and, if possible, under the name the Sole Partner.



12. Term and termination of the Agreement

- 12.1** This Agreement enters into force on the 23rd of January 2006 and shall remain in force until the 22nd January of 2011, from effective date of this.
- 12.2** This Agreement shall be automatically renewed for successive period of 5 (five) years, unless terminated by either Party by written notice by registered mail with return receipt not less than 6 (six) months before the date of expiry.
- 12.3** Unless otherwise agreed in the present Agreement, in case either Party substantially defaults in or substantially delays the performance of its obligations hereunder and fails to remedy the default or delay within sixty (60) days following the receipt of a written notice thereof, the other Party may terminate this Agreement.
- 12.4** The Manufacturer may terminate this Agreement with immediate effect, by written notice by registered mail with return receipt in the following events:
If the Sole Partner does not obtain authorizations required by article 12.3;
If the Sole Partner doesn't reach the target fixed in article 6.1;
If the Sole Partner is subject to bankruptcy, moratorium or any other circumstance which is likely to affect substantially Sole Partner's ability to carry out its obligations under this Agreement. In this case, the Manufacturer is free to revoke the favourable terms of payments.

13. Assignment

- 13.1** Neither Party shall have the right to assign or transfer its rights or obligations under this agreement, either in whole or in part, without the prior written consent of the other Party. Each transfer of rights or obligations without prior written consent of the other Party shall be null and void.



14. Annex – Previous agreements- Modifications- authentic text

- 14.1 The preamble and the Annexes form an integral part of the Agreement.
- 14.2 The terms of the present Agreement represent the entire agreement between the Parties and replace any other agreement set before between the parties on the subject. Amendments to this Agreement may be made only by a written agreement and approved by their (respective) representatives properly authorized.

15. Forfeiture

- 15.1 Unless otherwise agreed in the present Agreement, if one of the party does not ask the other to fulfil one of the obligations this shall not preclude the right to ask the fulfilment of it in the future. At the same time, the renunciation of a right by each Party shall not preclude the possibility to obliged other Party to fulfil its obligation in case of violation of other obligations.

16. Applicable law and settlement of disputes

- 16.1 This Agreement is governed by Italian law.
- 16.2 Any dispute arising under or in connection with this Agreement shall be finally settled by the Chamber of Commerce of Lugano (Switzerland).

Made in Ascoli Piceno on the 23rd of January 2006.

For MEMICO Co

Mr. Ahmed Tawakol

For Elettromeccanica Adriatica S.p.A.

Mr. Roberto Benigni



ANNEXE A

The Annexe A forms an integral part of the Sole Agency Agreement between the Manufacturer and the Sole Partner.

TYPES OF PRODUCTS

A.1)

Switchboard with Ring Switches 12 kV – 630 A – 25 kA/1s SF6 insulated our type SD6/L with pressure gauge, earthing switch inside, operation mechanism with internal interlock, stainless steel body, window,

Price/each 1.125,00. €

A.2)

Switchboard with Fuse Switches 12 kV – 630 A – 25 kA/1s SF6 insulated our type SD6/F with pressure gauge, earthing switch inside and second earthing switch, fuse holder with automatic opening when only one fuse blows, operation mechanism with internal interlock, stainless steel body, window

Price/each 1.225,00. €

A.3)

Ring Switches 12 kV – 630 A – 25 kA/1s SF6 insulated our type SD6/L with pressure gauge, earthing switch inside, operation mechanism with internal interlock, stainless steel body, window,

Price/each 700,00. €

A.4)

Fuse Switches 12 kV – 630 A – 25 kA/1s SF6 insulated our type SD6/F with pressure gauge, earthing switch inside and second earthing switch, fuse holder with automatic opening when only one fuse blows, operation mechanism with internal interlock, stainless steel body, window

Price/each 800,00 €



Note 1)

The Sole Partner will plan the quantity three months before and he will pick it up the next three months at his need. We produce the stock and we will be able to deliver the good immediately after your indication of the quantity every month of the stocked products. With this modality we believe to avoid any other warehouse in Egypt.

Note 2)

Further territories than point 1.2 of the agreement could be authorized in written project by project and not as a sole agency.

Other conditions:

**Delivery time: immediately as per note 1)*

**Transport: ex works*

**Routine tests: included;*

**Packing: included standard package with standard pallet and wood boxes for sea shipment.*

**Payment: credit letter (as per 4.4.1 point of the agreement).*

Made in Ascoli Piceno on the 23rd of January 2006.

For MEMICO Co

Mr. Ahmed Tawakol

For Elettromeccanica Adriatica S.p.A.

Mr. Roberto Benigni