

GENERAL CONDITIONS OF TRADING

valid from 23.07.2012

I. Scope of Deliveries and Service

1. The mutually agreed declaration, in written form, is the basis for the scope of deliveries and service. In the event of a contract having been entered into without any prior mutually agreed written declaration, either the seller's confirmed order and/or order acknowledgement, or – in the absence of both – the buyer's order received are considered valid instead.
2. Seller retains the unrestricted right of ownership and copyright of all quotations, drawings and other materials supplied. These may not be made accessible to third parties, unless seller's prior consent in writing has been obtained. The same applies to all buyers' documents.
3. Any agreements other than the above are valid only when verified by both parties in writing.

II. Prices

Seller's prices are understood to be ex works, without packing or freight costs. In addition, the VAT-cost current at that time shall be charged. Insurance costs are generally not included. All verified prices at the time of order received are based on current material - and labour costs. Seller retains the right to charge prices at time of delivery, which are valid at time of delivery due to material and labour costs. Any changes in material shall be charged by applying a material surcharge, which will be updated at the beginning of each current month. The actual order date shall be the deciding factor for the calculation.

III. Property reservation / Reserved goods

1. All goods remain the seller's property until such time, that all obligations and demands within a contract, and arising from any order have been fulfilled. As long as goods are the seller's property, all goods in question are termed *reserved goods* hereunder. This applies also to goods delivered which are payable by prior agreed draft-checkue, until seller has redeemed the buyer's draft-checkue in full, inclusive of all contingency liabilities. This restriction is not considered void even if seller receives a letter of credit, covering the amount on the draft-checkue. In this case, all orders received are effected, since they are considered one unitary business transaction.
2. Buyer has permission to sell such reserved goods to third parties only during normal commercial business, and to Buyer's usual trade conditions, provided Buyer is not in arrears. However, a prerequisite is that Buyer has obtained a prior agreement of property reservation from third parties, notwithstanding that all demands (like invoice amount total, including VAT) arising out of any Buyer's transaction are passed on to Seller. Buyer is not entitled to any other usage of goods.
3. Buyer is obligated to treat such reserved goods with utmost care. Buyer is also obligated to obtain, at Buyer's own expense, proper insurance against fire, water and theft for all such reserved goods, at replacement value. Buyer must also ensure timely service- and inspection duties if necessary, and carry out such works at own cost for any such goods.
4. All Buyer's demands arising from sales of reserved goods are automatically passed on to Seller with immediate effect at the time of delivery. They serve as collateral for Seller's demands to the same extent as reserved goods themselves do.
5. In case of Buyer selling reserved goods together with other goods not supplied by Seller, the amount to be passed on to Seller is, accordingly, only that of the reserved goods sold. For transactions of goods, for which Seller has part-ownership, the amount to be passed on to Seller is that of part-ownership.
6. If Buyer demands, Seller agrees to release securities due to Seller inasmuch as the value of said securities have been paid by Buyer, or Buyer makes available alternative securities exceeding 10% of the amount to be secured.
7. If Buyer acts against contract, especially when falling into payment arrears, Seller has the right to demand back goods.; this action of taking back goods is not considered a rescission of contract. Seller has the right to dispose of such goods taken back; remuneration obtained by sales of such goods are credited to unpaid debits of Buyer, less appropriate costs accrued.
8. Buyer has no legal right to pawn any of Seller's goods, nor can Buyer hand over any of Seller's goods, e.g. as security, to third parties. Buyer is obligated to notify Seller forthwith in writing in case of pawning of goods or other interference by third parties. Buyer must also inform third parties of Seller's rights. If a third party is unable to compensate Seller for judicial and/or extra-judicial costs of any ensuing lawsuit, the Buyer will be held liable for all of Seller's losses.
9. Seller considers any subsequent works performed by Buyer on Seller's goods as being in the spirit of § 950 BGB, without any obligation to Seller (extended reservation of property rights). Such goods are considered reserved goods, as stipulated under point 1. After further processing of, combining or compounding with other goods (i.e. not belonging to Seller), of Seller's goods by Buyer or Buyer's agents, Seller is entitled to co-ownership of the new product in the same ratio as the ratio of invoice value (reserved goods) against invoice value (other products used). In the event of cessation of ownership by Seller, due to combining or compounding, the Buyer transfers the vested rights of ownership of the new compound or product to Seller already at the time of delivery, with

the aforementioned invoice value of reserved goods. Buyer retains Seller's vested rights free of charge. All ensuing rights of co-ownership are also considered reserved goods.

10. In the event of goods being stored in a location where property reservation or transfers are not governed by law, the appropriate alternative securities of property reservation or transfers mentioned above are considered valid. If participation of Buyer is deemed necessary, Buyer must take all necessary steps to explain and uphold such rights. Any such alternative security, excluding relinquishment to third parties, shall be given to Seller unsolicited in writing in such cases.

IV. Payment

Deliveries are on principle carried out according to payment conditions laid down in our order acknowledgement, especially for all undertaken repair works, and deliveries of spare parts. Cheques and letter of credits are not accepted in lieu of payment, but on the proviso that these will be redeemed in the agreed time. Buyer's account will be credited with the amount, less charges for possibly accrued costs, interests and other expenses.

In the event of Buyer failing to honour payment commitments, the entire remaining debt will become due with immediate effect, and at the same time Seller reserves the right to charge interest on any arrears at 4 per cent over and above the appropriate current basic value as set by the European Central Bank, before demanding further payment for loss of interest. Any payment received will only be offset against Buyer's longest standing demand.

Buyer is allowed to offset payment against demands by Seller, or retain the right of with-holding any goods only if Buyer's counter-demand has not been legally sanctioned or if Buyer has a legal entitlement. Agents of Seller are entitled to receiving payment only when specifically empowered by Seller to do so, otherwise the payment shall be considered null and void.

V. Terms of Deliveries or Service

1. The mutually agreed declaration, in written form, is the basis for terms of deliveries and/or other services, Paragraph 1. No. 1 is effected accordingly. Adherence to deadlines depends as a rule on timely receipts by Seller of all relevant Buyer's documentation, any necessary agreements and/or authorisations, timely clarification and approval of plans, the adherence by Buyer to agreed payment conditions and other Buyer's obligations. In the event of these terms not being met by Buyer on time, deadlines will be extended accordingly.
2. Terms are considered as being met whenever the operational consignment has been shipped, or has been collected, within the agreed delivery- or service-deadline. In the event of any delay acceptable to Buyer, the terms are deemed met by the information given within the specified deadline about readiness for shipping of consignment.
3. If Seller fails to adhere to agreed terms for deliveries and/or service due to events beyond Seller's control, i.e. mobilization, war, revolution, strike, lockout or other obstacles, any deadline will be extended accordingly.
4. If Seller fails to adhere to agreed terms of deliveries and/or service due to events other than stipulated under point 3., Buyer is entitled to remuneration from Seller. However, Buyer must prove beyond doubt that detriment was caused due to delayed delivery. Buyer can demand for each full week delay due to failed delivery ½ % and up to 5 % max. of the value of the items, which are dysfunctional due to delayed parts necessary for proper operation of that item. To this end, Buyer must furnish Seller with a written demand for delivery-default, notwithstanding an appropriate delay has been granted to Seller. Buyer's demands for delayed deliveries exceeding the aforementioned 5 % max. will not be entertained, even if an appropriate delay granted by Buyer has expired. This is not applicable in cases of liability due to deliberate intent and/or gross negligence. Buyer's right to withdraw the order remains intact after unsuccessful expiry of an appropriate delay granted to Seller.
5. In the event of Buyer expressing request for delay of shipment or delivery, Seller is entitled to charge storage fee after expiry of one month from the date of information given to Buyer about readiness of consignment, and for each month beginning thereafter. The storage fee is calculated at ½ % per month of invoice value, and it is limited to 5 % max., unless proven, that higher costs were incurred.

VI. Take-over of risks

Buyer alone carries risks involved in transport beginning at the time when goods are ready for despatch, even in the event that deliveries have been agreed free of carriage cost:

- a) whenever the operational consignment has been shipped, or has been collected. Packing of consignment will be done using utmost care. Shipping of consignment is carried out to Seller's best ability.
- b) whenever Buyer, due to personal reason or expressed request, wants to delay shipment or delivery. However, in such cases Seller has the obligation to initiate insurance of goods, if so requested and paid for by Buyer.

VII. Call-off orders

Call-off orders placed by Buyer are to be bought within an appropriate time frame, however, within 12 months from date of (first) order acknowledgement at the latest, unless a special agreement has been entered into. In the event of Buyer not taking the order within the given time frame, the Seller has the choice to either store the operational consignment, with cost and risks charged to Buyer, and to debit Buyer with all costs incurred, invoicing the order as being delivered, or – after first informing Buyer – to ship the order.

VIII. Acceptance of goods

1. Buyer agrees to accept all goods, notwithstanding that they show insignificant flaws.
2. Part deliveries and deliveries before due delivery date are permitted.
3. In special circumstances, Seller retains the right to deviate up to 5 % above or below the acknowledged order quantities.

IX. Liabilities and defects

Seller is liable for the following, including verified, but missing performance data:

1. All such parts or services which, within a period of 12 month from date of risk take-over by Buyer – irrespective of hours performed – become unusable or whose usability has been diminished considerably due to circumstances that took place before date of risk take-over by Buyer, especially due to faulty make, defective material or inadequate assembly will, according to Seller's choice, either be repaired, newly delivered or replaced free of charge. All such faults must be recorded in writing and forthwith sent to Seller.
2. Buyer is obligated to adhere to contractual duties, especially to agreed terms of payment. In the event of Buyer sending a complaint, Buyer is entitled to withhold payment to such an extent, which is appropriate to any detected fault. However, in the event of a contract belonging to Buyer's commercial business, payment by Buyer can only be withheld when Seller has received a written complaint, and the cause of this complaint has been found to be correct.
3. Buyer must allow Seller appropriate time and opportunity to remedy any fault. In the event that Buyer refuses to do so or Buyer undertakes to remedy the fault himself without Seller's consent, Seller's liability becomes null and void.
4. In the event of Seller not rectifying the fault within an appropriate time, Buyer is entitled to cancel or change the order, or demand a reduction in price.
5. Buyer's right for compensation due to faulty parts and/or consignments becomes statute-barred after 12 months from date of risk take-over. If no reconciliation has been achieved within the given period of 12 month, Seller and Buyer can agree to extend the 12-month limitation period.
6. Seller's liability for insufficiencies does not cover normal wear and tear, neither does it cover, after date of risk take-over, any damage to parts due to incorrect or negligent handling, excessive stress and strain outside permitted range, use of unsuitable tooling, and any ambient influences of chemical, electro-mechanical, electrical or other nature beyond Seller's control.
7. In the event of Buyer and/or third parties undertaking alterations and repair work, Seller's liability becomes null and void for all damage resulting thereof.
8. Terms of guarantee are 3 month for repairs, and 6 month for replacement consignments and/or services. The time of guarantee runs at least to the end of the original time of guarantee for part in question. The liability time for insufficiencies is extended by the duration of appliances being out of order due to repair work, replacement deliveries or service for all appliances that were non-operational due to the above works carried out.
9. Conditions re. Terms of Guarantee as stipulated above under points 1., 5. and 8. are not applicable in the event of the legislative having dictated mandatory longer terms.
10. Further compensation claims made by Buyer against Seller and/or Seller's agents will not be entertained. This especially includes compensation claims for damage done to parts other than Seller's delivery consignment. This clause is not applicable in cases of injury to persons or damage to privately used articles, which are protected by mandatory regulations of Seller's liability for products, nor in the event of deliberately caused damage and/or gross negligence, or in the absence of agreed properties of sales items. This does not apply in the event of deliberately caused damage and/or gross negligence, where Seller is liable due to mandatory regulations.
11. Points 1 through 10 are also in force in the event of Buyer's demands for repair work, replacement deliveries or service, which arise out of suggestions and/or discussions within the framework of the agreed contract, or in the event of breach of auxiliary duties of contract.

X. Inability, Modification of Contract

1. In the event of Seller being unable to provide delivery or service, the general regulations as stipulated by law are applicable according to the following:
In the event of Seller being unable to provide delivery or service, the Buyer is entitled to demand compensation. However, compensation is restricted to 5 % max. of the value of the part of the consignment or service, which is dysfunctional due to Seller's inability to supply. Any additional claims by Buyer exceeding the ceiling of 5 % will not be entertained. This does not apply in cases of bad intent or gross negligence where compulsive warranty applies.

2. In cases of unforeseen events as stipulated in Article V. point 3., where commercial values of goods shipped, and/or the content of deliveries or services have been altered substantially, or have had a substantial detrimental effect on Seller's manufacturing business, the contract shall be modified accordingly, provided it is in good faith. Inasmuch as it is not commercially viable, Seller has the right to withdraw from contract. If Seller, after having investigated the significance of the event, wants to avail of the right to withdraw, then Seller must notify Buyer forthwith of the intention to withdraw from contract, even when an extension of delivery term has been agreed with Buyer beforehand.

XI. Other Claims for Damages

Any claims by Buyer for damages arising out of proven violation of claim, or caused by violation of duties at the time of contract discussions, or arising out of unlawful deeds are barred. This clause is not applicable in cases of injury to persons or damage to privately used articles, which are protected by mandatory regulations of Seller's liability for products, nor in the event of deliberately caused damage and/or gross negligence, where Seller is liable due to mandatory regulations. These restrictions apply likewise to Buyer.

XII. Jurisdiction

1. Seller's location, or subsidiary, according to Seller's choice is the only jurisdiction for all disputes arising out of contractual agreements, whether directly or indirectly linked to contract, if Buyer is a fully-fledged commercial business.
2. German law applies to all contractual relations.
3. In case of any dispute arising, the German Language Version of this translation document is binding.

XIII. Liability of Contract

Every contract entered into (order and order acknowledgement) remains binding in general, even if some points become legally invalid. This does not apply, if adhering to a contract would cause extreme hardship to any one of the contract parties. Any such invalid points shall be replaced by such points that are representing the commercial intent as closely as possible, whenever such ineffectiveness has come to light.