

General Terms and Conditions of Business (AGB)

I. Contracting the Agreement/Transfer of rights and duties

1. Governing Quality of the General Terms and Conditions of Business AGB

a. The General Terms and Conditions of the Seller apply to all Agreements between the Contracting Parties, including future Agreements. Terms of the Buyer will only be binding if the Seller has explicitly acknowledged them in written or text form. The invalidity of individual provisions will not in any respect affect the validity of the present Terms and Conditions.

b. Any arrangements that differ from the present Terms and Conditions will only apply to the transaction for which they have been stipulated; they will have no effect retrospectively nor will they apply to subsequent business transactions.

c. The order placement will be deemed an acknowledgement of the Seller's Terms and Conditions for sale and delivery.

d. The Seller will always be entitled to amend the present Terms and Conditions. Should the Purchaser fail to lodge objection to said amendments within 2 weeks of having been notified thereof, said amendments will take force as notified. If the Purchaser lodges objection within the specified period of time, the Seller will be entitled to revoke the Agreement as with effect of the time the amendments take force. The present Terms and Conditions will also apply to future business transactions, without this being subject to any explicit individual agreement.

2. Consultation/Offers/ Contracting of Agreement

a. The order placement is binding for the Purchaser.

b. All offers submitted are subject to change without notice, unless an offer has been explicitly declared as binding or the offer has been explicitly defined as a fixed offer.

c. Order placements will only be considered accepted if they are confirmed in written form by the Seller (Order Confirmation)

d. The Seller retains the right to cancel the Agreement without any liability for any type of claim whatsoever if the solvency of the Purchaser appears to be insecure or advanced payment as requested by the Seller has been refused.

3. Efficacy of the Order, Representative Authority

On principle, only managing directors and authorized officers are entitled to represent the company with respect to all agreements, including all secondary agreements, assurances, subsequent amendments to the Agreement regarding the acceptance, enlargement, amendment of the order and for the submission of quotations. Any agreements, secondary agreements, assurances, subsequent amendments to the Agreement, the acceptance, enlargement, amendment of the order by other persons will be subject to written confirmation by persons with the authority to represent the company.

4. Written Form

All agreements, orders and unilateral declarations on the part of the Purchaser will be in written or text form.

5. Scope of Order

If the Purchaser places an order for goods that have to be manufactured especially for the Purchaser based on information provided by the Purchaser, the Purchaser undertakes to accept and pay for the goods from the moment in which the goods are modified to satisfy purchaser requirements.

II. Delivery

1. Costs of Delivery

The quotations submitted by the Seller will be subject to change without notice. Delivery will be subject to the price and conditions last made known prior to despatch or collection of the goods.

2. Packaging

The prices include packaging.

3. Passing of Risk

a. When the goods leave the warehouse, the risk will pass to the Purchaser, even if delivery is free of charge and the Seller transports the goods itself or hands them over to a carrier. The duty of unloading, the costs and risks thus involved, will be borne by the Purchaser.

b. The choice of packaging, type and route of despatch will be as decided by the Seller.

c. The Seller will only provide insurance cover if specifically instructed by the Purchaser to do so and at the expense of the Purchaser.

4. Delay in Acceptance, Compensation for Damages

a. Should the Purchaser fail to take receipt of the items on time in return for payment, the Seller will be able to set the Purchaser in written form a 2-week's period of grace and threaten to refuse to fulfil the Agreement. The setting of a period of grace will not be required in those cases specifically governed by the law. Following the fruitless lapse of the period of grace, the Seller will be entitled to refuse to fulfil the Agreement.

b. If the Purchaser is responsible for the non-acceptance of delivery, the Seller will be entitled to call for compensation as well as to revoke the Agreement. The claim to damages of the Seller will amount to 15% of the agreed purchase price. The claim to damages will be higher or lower, if the Seller provides evidence of greater damages incurred or the Purchaser provides evidence of lesser damages.

III. Delivery/ Delivery Default

1. Written Form/ Start of Deadline

Delivery deadlines and dates are not binding. Partial consignments are admissible. Deadlines that have been assured will commence with the ultimate clarification of orders, the receipt of all documents needed to handle the order (drawings, samples etc.) and the confirmation of the order by the Seller.

2. Delays for which the Seller is not responsible

a. Circumstances for which the Seller is not responsible (e.g. force majeure, strikes etc.) in particular delays with the primary materials, will not entitle the Purchaser to revoke the Purchase Agreement and/or to claim compensation. In terms of the right to cancellation, this will not apply to circumstances governed by Section 322 (2) No. 2 BGB [German Civil Code].

b. Arranged delivery deadlines will be extended/ the arranged date of deliv-

ery will be postponed appropriately in the event of temporary impediments preventing delivery for which the Seller is not responsible. The date of delivery will be lengthened by the period of time taken for the unscheduled clarification of details.

c. Should the work thus involved be more than originally planned for the order placement, the delivery deadline/ date of delivery will be correspondingly postponed.

3. Delay in Delivery for non-binding Delivery Deadline/Date of Delivery

Four weeks after a non-binding deadline or non-binding delivery date has passed, the Purchaser may request the Seller in written form to provide delivery within an interval of four weeks, pointing out that after this period of time, the Purchaser will refuse to accept delivery. This will not apply where the law does not specify that a period of grace is to be set.

4. Delay in Delivery for binding Delivery Deadline/Date of Delivery

If a binding delivery deadline or date passes fruitlessly, the rights of the Purchaser will prevail as from the state of default becomes operative.

5. Compensation for Damages

a. Damages due to Delay
Should the Seller default, the amount of compensation will be limited to a maximum of 5% of the agreed purchase price if the actions of the Seller have been slightly negligent.

b. Damages from Non-Fulfilment

Should the Purchaser cancel the Agreement after the subsequent period of grace has lapsed fruitlessly, the Purchaser will only be able to call for a maximum compensation of 10% of the purchaser price if the actions of the Seller have been slightly negligent.

IV. Prices and Payment

1. Prices

a. Quotations are subject to change without notice. Delivery, fulfilment and billing will be effected subject to the prices and terms last notified prior to despatch or collection of the goods for as long as the goods are available.

b. The prices will always be in EURO ex-warehouse or works including packaging and excluding freight costs plus the value added tax required by law.

2. Billing, Due Date for Payment

The purchase price and prices for secondary services will become due for payment at the latest upon receipt of the goods or invoice.

3. Mode of Payment

a. Payment will be in cash or by bank transfer. Compliance with the deadline for payment will be deemed given with receipt by the Seller and credit to the Seller's account. Payments to employees or representatives of the company will only be admissible if said persons present their valid authority to collect.

b. Any other mode of payment will require explicit arrangement. Cheques and bills will only be accepted subject to specific agreement on account of payment. The Seller will retain the right to take in promissory notes. All costs thus incurred will be borne by the Purchaser. The Seller will not guarantee either presentation or bill protest. Protesting a bill from the Purchaser or the failure of a protested bill to provide immediate coverage will authorise the Seller to

return all ongoing bills. At the same time, all claims to payment of the Seller will become due for payment. Pre-dated cheques will not be accepted.

4. Due Payment/ Discount

Payment without deduction will be within 30 days as from date of the bill. For payment within 14 days as from date of the bill, the Seller will grant 2% discount; the determinant factor being the date on which payment reaches the Seller.

5. Retention/ Offsetting

The retention of payments or the offsetting of counterclaims will only be admissible if these have been declared as legally binding or have been acknowledged by the Seller

V. Default in Payment

1. Setting Period of Grace and Cancellation of Agreement

a. In the event of default by the purchaser, the Seller may set a two weeks' period of grace for payment of the outstanding amount. Upon the lapse of this period of time, the Seller is free to cancel the Agreement and at the same time call for compensation.

b. Should the Seller cancel the Agreement, any payments of the purchase price already made will only be refunded to the Purchaser in return for the goods as a proportion of the remaining market value of the goods. Any losses in value will be borne by the Purchaser.

2. Penalty Interest/ Cancellation of Discount

In the event of default, the Purchaser will owe the legally stipulated penalty interest of 8% in excess of the respective basic interest rate. In cases of default, there will be no claim to any discount whatsoever. Compensation of further damages will not be ruled out.

3. Due Date for all Claims/ Advance Payments/ Cancellation/ Compensation

The failure to comply with modalities for payment or circumstances that give grounds to doubt the credit-worthiness of the Purchaser will result in all claims of the Seller becoming due for payment immediately. The Seller will be entitled to call for advance payment or security for outstanding consignments, to cancel the Agreement after an appropriate period of grace, to demand compensation for damages because of the failure to fulfil the Agreement, to forbid the goods being re-sold and to collect the goods that have not yet been paid for. The costs thus involved will be borne by the Purchaser.

4. Passing of Risk during Default

For the period of default, the Purchaser will also bear the risk of loss or deterioration of the goods, even if these are still with the Seller.

VI. Security Rights – Retention of Title

1. Scope

a. The delivered goods will remain the property of the Seller until they have been paid for in full; in the case of ongoing business relations, the delivered goods will remain the property of the Seller until such time as all claims from open accounts and business relations have been fully settled. The retention of title will also continue to be operative if individual claims of the Seller are incorporated in a running invoice and the balance has been struck and is acknowledged.

b. At the request of the Purchaser, the Seller undertakes to waive retention of title if the Purchaser satisfies all claims connected with the item purchased and appropriate security has been otherwise provided to cover the remaining claims generated in ongoing business relations.

c. At the request of the Purchaser, should the value of the security provided exceed the claims of the Seller by 20%, the Seller will release at its own discretion the securities covering values in excess of 120%.

2. Assertion/ Satisfaction

The Seller will be entitled to call for the immediate handover of the reserved goods or to collect them if the goods have not been paid for. Section IV.5. applies to rights of retention on the part of the Purchaser.

If, on the grounds of the retention of title, the Seller takes the reserved goods back again, the Agreement will only be deemed cancelled if explicitly declared by the Seller. The Seller will then be at liberty to sell the reserved goods of which it has taken repossession.

3. Combination/Mixture/Processing

If the reserved goods are combined, mixed or processed with another new movable item by the Purchaser, this will be carried out for the Seller without the Seller incurring any obligation in this respect. Because of such combination, mixing or processing, the Purchaser acquires no ownership of the new item subject to the provisions of Sections 947 ff. BGB. As a result of the combination, mixing or processing with items not belonging to the Seller, the Seller will acquire co-ownership to the new item in the proportion of the value of the reserved goods to the total value.

4. Sale/ Transfer of Title/ Pledge of Goods

a. The Purchaser may only sell or process the reserved goods in regular business operations providing its financial circumstances are not permanently deteriorating. The Purchaser undertakes to reserve ownership of the goods for the Seller. The authority of the Purchaser to sell the reserved goods in regular business transactions will terminate upon the Seller's revocation of the Agreement as a result of the consistent deterioration of the financial circumstances of the Purchaser, at the latest, however, when the Purchaser ceases to effect payment or if insolvency proceedings on the Purchaser's estate are petitioned or initiated.

b. The Purchaser will assign the Seller in advance the claims to payment as well as all rights from the re-sale of the reserved goods – including any balance claims. If the goods have been combined, mixed or processed and the Seller has acquired co-ownership to them, the Seller will be entitled to the purchase price claim in proportion to the value of its rights to the goods.

c. Despite the above-specified assignment, the Purchaser will be entitled to collect the claims mentioned in this ruling. The Seller's right to collect payment, however, will remain unaffected by the authority to collect payment of the Buyer. The Seller will not collect payments for as long as the Purchaser continues to satisfy his duty to payment and the Purchaser's financial circum-

stances do not deteriorate significantly. In this case, the Seller may threaten the purchaser to collect payments itself or to have them collected by authorized third parties. After the lapse of the deadline, the Seller will be authorized by the Purchaser to inform its customers of the assignment and to collect payments itself. Upon being requested, the Purchaser will provide all information required to assert the rights as well as all necessary documents (list of claims with name and address of customers, amount of each claim to payment, dates of invoices etc.).

d. The Purchaser will not be entitled to pledge or transfer title to the goods or to the claims to payment taking their place.

5. Third-party Intervention

In cases of third-party intervention, in particular when the item purchased is seized, the Purchaser will lodge objection and point out the Seller's right of ownership and will notify the Seller immediately in written form. Written information will also be required if a right of seizure or other right of security is asserted by a third-party company. The Buyer undertakes to support the Seller in safeguarding its rights.

6. Keeping the Reserved Goods/ Insurance Cover

The Purchaser will keep the goods for the Seller free of charge. The Purchaser will provide the customary cover for the goods against the usual hazards such as fire, theft and water damages. The Purchaser herewith assigns all claims to indemnity to which it is entitled from the compensation of damages of the above nature from insurance companies or other parties bound to provide compensation, to the Seller to the amount of the invoiced value of the goods.

7. Right of Retention

For all claims against the Purchaser, including those derived from earlier works and purchase agreements, the Seller will be entitled to retain the items and documents in the possession of the Purchaser.

VII. Guarantee

1. Targeted Quality of Goods

a. The condition targeted for the goods under purchase will comply with the state of the art for goods comparable to those to be purchased at the time the Purchase Agreement was contracted. Minor differences in the actual state of the goods will not be deemed as any deviation from the targeted state to be purchased. Advertising claims of another manufacturer will only be binding for the targeted quality of the goods if the Seller has laid claim to them itself.

b. Minor, technical unavoidable differences in quality, colour, width, and weight of the model or design may not be objected to and will not be deemed as defective in the sense of Section 434 BGB. This will also apply to differences customarily witnessed in the trade, unless the Seller has agreed to a delivery that is identical to the sample.

2. Duty to Examine and Lodge Objection

The Purchaser will examine the goods immediately following their receipt or within eight days after they have been handed over and, should a defect be visible, will notify the Seller immediately in written form and return the delive-

ry note. Failing such notification, the goods will be deemed accepted, unless a defect transpires that was not identified during examination. In the case of such a defect being subsequently detected, notification to the Seller will be immediate, or at the latest one week after the discovery, otherwise the goods will be considered accepted, also in terms of this defect. This will not apply in cases governed by Section 444 and 639 BGB.

3. Scope of Guarantee

a. With justified objections to the goods, the Purchaser may call for subsequent satisfaction. The Seller will choose to eliminate the defect or to provide a defect-free item.

b. Should the Seller's attempt at eliminating the defect fail for three times, or if such remedy involves an input that is quite out of proportion, the Purchaser may choose to cancel the Agreement or to call for a reduction in price. Even after the third fruitless attempt, a remedy will not be deemed as having ultimately failed if the failure relates to the type of item or the nature of the defect or other circumstances rendering subsequent remedy difficult.

c. For the parts possibly installed during the remedial process, guarantee will be based on the Purchase Agreement until the lapse of the guarantee period for the item purchased. Any spare parts that were possibly replaced will be the property of the Seller.

4. Handling/ Costs

a. The Purchaser may assert claims to remedy with the Seller. The Seller will stipulate the type of remedy and the location.

b. If the Agreement is cancelled, the payments already effected will be returned or, where there has been a reduction in price, the extra amount originally paid by the Purchaser will be refunded by the Seller and the benefit from exploitation of the item will be handed over. If, contrary to ordinary business practice, the Purchaser has not benefited from exploitation of the item, the Purchaser still undertakes to pay the Seller compensation.

5. Exclusion of Guarantee

a. Any commitment to guarantee will lapse if following the discovery of a defect, the item is found to have been modified or repaired by the Purchaser or by someone other than the Seller. Exceptions in this respect are emergencies and cases in which the modification or repair could clearly not have had any influence on the defect.

b. Claims to guarantee on the part of the Seller will also lapse if the Purchaser has failed to follow the instructions on treatment, maintenance, storage and care of the goods.

6. Statute of Limitations

a. Claims to guarantee for discernible defects become statute-barred upon the lapse of six months after delivery.

b. For such defects that are not discovered during examination, the period of limitation amounts to one year after examination of the goods.

VIII. Liability

1. Corporate Organs and Executives

In actions taken by corporate organs and executives of the company, the liability of the Seller – irrespective of the legal grounds on which it is based – will

be limited to wilful intent and gross negligence.

2. Simple Vicarious Agents

In actions taken by simple vicarious agents, the Seller will be fully liable for the violation of duties of major significance to the Agreement. For the violation of duties that are not of major contractual significance, the liability of the simple vicarious agents will only extend to wilful intent and gross negligence.

3. Extent of Damages

In the event of damages caused by negligence, liability will be restricted to the extent of reasonably foreseeable damages. This will not apply in the case of gross negligence on the part of corporate organs or executives of the company.

4. Physical Injury

The Seller will be fully liable for injury to life, body and health.

5. Personal Liability of Employees

Personal liability on the parts of members of corporate organs and employees of the Seller in respect of the Purchaser will only exist to the extent to which the Seller itself is liable.

6. Insurance

Where the Seller is insured against liability for the instances specified in the above paragraphs, the Seller will be able to assign any claim to insurance to the injured parties.

IX. Drafts, Drawings, Samples

All drafts, drawings and samples included by the Seller with the quotation offered or left for an indefinite period of time with the Purchaser to facilitate the re-sale of its products attached remain the property of the Seller that may not be sold. They are to be returned at the request of the Seller. It is not admissible to pass on or reproduce drawings and drafts, particularly for competitors of the Seller.

X. Place of Performance / Jurisdiction

1. Place of Performance and Jurisdiction

The place of performance and jurisdiction for all claims derived from the Purchase Agreement will be Lennestadt, even if sales or deliveries were effected by a branch.

This place of jurisdiction will apply to all disputes regarding the generation and the efficacy of contractual relations.

Nevertheless, the Seller will retain the right to take legal action against the Purchaser before the Court of Law applicable to the Purchaser.

2. Applicability of German Law

German laws will govern all business relations. The UN Sales Convention will not apply.

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