

General Terms of Trade

ARJES GmbH, Werksplatz 1, D-36433 Leimbach

1. General

- 1.1. All our services and deliveries are based on the following General Terms and Conditions. They shall be deemed to have been acknowledged by customer placing an order or by acceptance of a delivery.
- 1.2. Deviating general terms of the customer are only binding upon our prior approval in writing.
- 1.3. Verbal agreements are only effective upon our confirmation in writing.
- 1.4. These General Terms and Conditions shall also apply to all future transactions with the customer.

2. Offers, samples and descriptions

- 2.1. Our offers are always subject to change. They represent a request to customer for placing an order. Any order placed by customer is binding on the customer.
- 2.2. Samples and sample deliveries are considered approximate and are non-binding. They must be returned by paid freight or reimbursed within one month after the date of delivery.
- 2.3. Descriptions, drawings and plans remain our property and may not be reproduced, made accessible to third parties or used for purposes other than the issuing of orders without our written consent. Any such documents are to be returned to us on request.
- 2.4. Customer is responsible that any design drawings submitted by him do not interfere with rights of third parties. We are not obligated to examine whether such submission violates the rights of third parties. If, on the other hand, any liability on our side shall be induced, the customer shall indemnify us in case of claims for reimbursement.

3. Confirmation of the order

- 3.1. Any contract is only concluded upon our written confirmation of customer's order (2.1).
- 3.2. We shall be entitled to pass on any cost increases resulting from customer's non-compliance with his obligations under the contract.

4. Delivery

- 4.1. Any dates and times of delivery are submitted according to expected performance, are non-binding and subject to timely self-delivery and unforeseen circumstances and obstacles, in particular force majeure; any late deliveries or services shall only be subject to claims for damages or contractual penalties, if dates and times have expressly been agreed.
- 4.2. The delivery period starts with sending of the order confirmation, at any case not before customer has provided necessary documentation, approvals and/or release certificates or receipt by us of an agreed down payment.

- 4.3. Any delivery period shall have been met if, before its expiry, the consignment has left the factory or customer has been notified of readiness for delivery.
- 4.4. The delivery period shall stand extended in case of industrial disputes, particularly strikes and lockouts, as well as unforeseen obstacles which are beyond our control, e.g. disruption in operations, delay in the delivery of essential materials and force majeure. The same applies to any such obstacles occurring with our suppliers or transporters. The delivery period is extended for the duration of any such obstacles. They shall not be attributable to us even if they arise during an already existing default. We shall inform the customer as soon as possible of the beginning and end of such obstacles.
- 4.5. Partial deliveries are permissible within the delivery periods specified by us, as long as they are just and reasonable for the customer.

5. Delivery, shipment

- 5.1. Unless otherwise agreed, deliveries shall be made ex works or warehouse at the risk of customer, even if transport and assembly are performed by our employees.
- 5.2. Shipping methods are determined by us to the best of our discretion. If the shipment is delayed for reasons attributable to customer, we may store the goods at our or third party's premises at customer's cost and risk. Our responsibility is reduced to the selection of the third party.
- 5.3. Postage and packing charges will be invoiced separately. Packaging material becomes customer's property and is charged at cost price unless otherwise agreed in writing.
- 5.4. Transport insurance is only effected at customer's express order and expense.

6. Cancellation costs

- 6.1. If customer, without cause, resigns from any order already placed, we can charge 10% of the purchase price for costs incurred by processing the order and loss of profit, without prejudice to the possibility of claiming higher actual losses. Customer reserves the right to substantiate a lower loss.

7. Prices - Terms of payment

- 7.1. Unless otherwise agreed, our prices are in Euro currency. All our prices are „ex factory" excluding packaging, which is invoiced separately.
- 7.2. Our prices are net prices; VAT is set out separately in the respective amount valid on the invoice date.
- 7.3. Unless otherwise agreed, net prices are payable within 14 days from the invoice date. If customer is in default of payment, we are entitled to claim 1% of outstanding amounts per month or part thereof. If we can substantiate higher damages for delay, we are entitled to assert

them against the customer. All bank fees, such as costs for bank-transfers, commissions etc. shall be borne by customer.

- 7.4. We reserve the right to decide on the acceptance of bills of exchange and checks on case to case basis. The customer has to bear all costs and fees incurred with reimbursing bills of exchange and checks. Any acceptance of checks or bills of exchange shall not constitute a deferral of claims for payment, but such claims shall be barred temporarily. We only accept bills of exchange upon specific agreement.
- 7.5. Our representatives and employees are entitled to collect payments upon special authority.
- 7.6. Any circumstances which, in our sole discretion, question customer's creditworthiness shall entitle us to immediately enforce outstanding invoices without regard for its maturity. We are further entitled, at our discretion, to demand advance payment or securities for due claims and to suspend fulfillment of our contractual obligations until advance payment or security is received, or to withdraw from the contract.
- 7.7. Price changes are permissible if deliveries are scheduled four months more after the contract has been closed. If wages, costs for material or market entry prices increase subsequently, we are entitled to raise the price according to such cost increases. Customer is only entitled to terminate the contract if the price increase between order and delivery significantly exceeds the increase in general cost of living. If customer is a merchant ("Kaufmann"), a legal entity under public law or a public-law fund, price changes pursuant to the above-mentioned regulation are permissible if the time between conclusion of the contract and the agreed delivery date is more than six weeks.
- 7.8. The deduction of cash discount requires a specific agreement in writing.
- 7.9. Customer may only set-off his counterclaims if they are legally established, undisputed or acknowledged by us. Customer is also not entitled to a right of retention against disputed counterclaims.

8. Reservation of title

- 8.1. We reserve the right of title to our machines and machine parts until full payment of all deliveries and other services already effected and yet to be effected. In case of current invoices, the reservation of title shall be considered as securing the outstanding balance.
- 8.2. Customer undertakes to diligently preserve the delivered goods during the retention of title. He is particularly obligated to insure these at his own expense against fire, water and theft damage. Customer must perform required maintenance and inspection work in due time at his own expense.
- 8.3. Customer may not dispose of any goods under reservation of title without our consent. If customer sells the delivered goods with our consent, he hereby assigns any resulting claims against his customers along with all additional rights to secure our claims up to the value of the reserved goods. This assignment also applies to claims against insurance companies and to customer's claims

against third parties based on damaging or destruction of goods subject to reservation of title.

- 8.4. Any processing of our goods may be effected for us without causing obligations. In case of processing by customer along with third party goods, we shall become co-owner of the new item, proportionate to the value of the reserved goods to the value of the third party goods at the time of processing.
- 8.5. If the value of our securities exceeds our claims by more than 20%, we will release excess securities.
- 8.6. Customer has to immediately inform in writing of any pledging and other interventions by third parties so that we can file an action under § 771 German code of civil procedure (ZPO). If the third party is not in a position to reimburse us for judicial and extrajudicial costs for such an action, the customer is liable for the resulting loss.
- 8.7. In the case of any third parties accessing the reserved goods, the customer must inform of the reservation in title. If processing results in the item of the customer being regarded as the main item, then it is agreed that the customer holds the co-ownership for us.

9. Withdrawal of the goods

- 9.1. Notwithstanding other remedies by law, if our claims are not fulfilled within the time limits set out in section 7.3 above, we shall be entitled to withdraw the goods delivered under retention of title; such withdrawal shall not be regarded as a rescission of the entire agreement. The same applies if we become aware of circumstances, which, in our discretion, no longer sustain customer to be creditworthy.
- 9.2. If goods are withdrawn by us, 30% of the order price will be refunded.

10. Warranty

- 10.1. All indications, e.g. physical values, measurements, weights, illustrations, descriptions, calculations, assembly sketches and drawings in sample books and other documents do not constitute a guarantee for specific features.
- 10.2. Customer has to immediately give notice of any defects. Customer loses all his warranty rights, if he fails to file a written notice within one week upon detection in case of defects which can be detected during proper inspection of the goods. This notice period begins on the day of delivery of the goods. If the goods are not delivered, the notice period begins on the day the goods are received by customer. Customer's further obligations pursuant to §§ 377 HGB remain unaffected.
- 10.3. The customer retains responsibility for any dimensions specified by him.
- 10.4. If the goods have a defect for which we are responsible, we are entitled to rectify the defect or make a replacement delivery at our discretion. If the rectification or replacement delivery fails, the customer is entitled, at his option, to withdraw from the contract or demand a corresponding reduction of the purchase price. Customer is obliged to return defective parts within 14 days. Warranty will generally be effected at our plant in Leimbach. If

the customer requires on-site services, transportation costs and expenses are at his expense.

- 10.5. Natural wear and tear is excluded from liability for material defects.
- 10.6. Warranty is excluded for used machines or machine parts.
- 10.7. Insofar as warranty work is carried out by third parties with our written consent, we shall be informed immediately, latest within 8 days after the due date of the work, if the third party does not meet his obligations or if objections are raised against his work. After expiry of this period, claims against us are excluded.

11. Liability

- 11.1. Any liability for contractual breach of duty as well as for offenses is limited to intent and gross negligence. This shall not apply in case of injury to life, body and health of the contracting party, claims for the violation of cardinal obligations and of default damages (§ 286 BGB). Insofar we are liable for any degree of default.
- 11.2. The aforementioned exclusion of liability also applies to slightly negligent breach of duty by our vicarious agents.
- 11.3. Liability is limited in all cases to the typical damage foreseeable at the time the contract is concluded.
- 11.4. Insofar as liability, which is not based on an injury to customer's life, body or health, is not excluded for slight negligence, such claims shall become statute barred within one year beginning with the origin of the claim or in case of claims for damages due to a defect beginning with the delivery of the goods..
- 11.5. Insofar as liability for damages is excluded or restricted, this also applies to personal liability of our employees, representatives and vicarious agents.
- 11.6. Liability under the Product Liability Act remains unaffected.

12. Final provisions

- 12.1. For all disputes between the Parties the courts competent for Leimbach, Germany, shall have jurisdiction. We are further entitled to attend to courts having jurisdiction at customer's head office.
- 12.2. German law shall apply with exclusion of the convention on the international sale of goods (CISG).
- 12.3. Assignment of customer's rights and obligations under the contract concluded with us requires our prior written consent.
- 12.4. Should a provision of these general terms be void or become void, the validity of the other provisions shall remain unaffected.