

General Terms and Conditions of Business and Delivery of Friedrich Maschinen- und Werkzeugbau GmbH

Unterer Wasen 6, 73630 Remshalden-Geradstetten

Sec. 1 – Scope of Application

- Our General Terms and Conditions apply exclusively. They apply in dealings with companies (Sec. 14, German Civil Code), corporate bodies under public law, and special funds under public law. We do not accept customers' deviating General Terms and Conditions unless our consent to their validity was given in writing. Our General Terms and Conditions shall apply even if, being aware of customer's deviating General Terms and Conditions, we perform delivery without reservations.
- The following shall apply to contracts for work and services, in the order as set out below:
 - The DIN Standards applicable to the respective services
 - These General Terms and Conditions
 - The legal regulation
- These conditions shall also apply to all future business relationships, even if they are not mentioned again expressly in agreements.
- All agreements involving these Terms and Conditions shall be put down in writing. This shall in particular apply to the assumption of warranties and the revocation of the requirement of the written form. Verbal agreements shall be null and void.

Sec. 2 – Quotations, signing of contracts, subject matter of contract

- Our quotations are to be understood subject to confirmation. We can accept contractual offers within four (4) weeks.
- We reserve the right of ownership and the copyright of illustrations, drawings, calculations and other files and documents; these may not be made available to third parties. This shall, in particular, apply to files and documents marked as confidential; before making them available to third parties the customer shall obtain our explicit consent to do so.
- Unless declared as binding explicitly and in writing, documents such as samples, prospectuses, catalogues, illustrations, drawings, indications of weights and measures, shall be approximately authoritative, only.
- Cost estimates must be paid for.

Sec. 3 – Prices, terms of payment, prepayment, right of withdrawal, default, redemption, right of retention, set-off, counter-claim

- Unless otherwise agreed, all prices shall apply ex works, exclusive of freight and insurance costs, customs duties, agreed installation, foreign taxes, etc., and plus the applicable VAT. If delivery was agreed upon, delivery shall take place free beriside at the agreed place of unloading. In this case the customer is obliged to provide, at his own expense, for the personnel and equipment required for unloading. If installation services are provided for, the supply connections at customer's site, in particular for electric current and water, shall be made available at customer's expense. Chiselling work, masonry and electrical work shall be taken care of by the customer. If agreed installation work, assembly work or starting-up is delayed without any fault on our part, the customer shall bear the extra costs thus caused, in particular waiting time costs and costs of further travels that our personnel deployed to this effect is thus required to undertake.
- The pricelist valid at the day of placing the order shall be applicable to orders. If installation, assembly or start-up was agreed upon, the rates applicable at the day of placing the order shall also be applicable. In the event, however, of an increase in our purchasing prices occurring between the placement of an order and delivery(ies), we reserve the right to adjust our prices by the amount of the increase.
- Unless otherwise agreed, invoices shall be paid immediately at invoice date and without any deductions. Orders to pay, cheques or bills of exchange will only be accepted after previous special agreement and always on account of performance, only. Discount charges and collection costs shall be borne by the customer.
- If, in the case of payments by instalment, the customer is in default by at least two instalments we shall be entitled to declare the entire amount receivable due for payment, even if cheques or bills of exchange have been accepted. In this case the securities will be returned against immediate payment in cash.
- If, after the signing of the contract, a major deterioration or change occurs in the customer's financial circumstances which jeopardises our right of counter-performance, or if such a situation did already exist on the customer's side at the moment of signing the contract but became known only afterwards, we shall be entitled to refuse performance until completion of counter-performance. This shall apply in particular to cases of unsuccessful compulsory execution measures, bill of exchange protests, customer's petition for insolvency proceedings, debt deferral endeavours, liquidation or similar circumstances. We can, in such cases, set the customer a time-limit for rendering the counter-performance or for provision of security. In the event of the counter-performance or provision of security not being effected then, we shall be entitled to withdrawal from the contract.
- If the customer is in default and if the law stipulates the fixing of a period of grace we shall be entitled to retrieve our goods upon expiry of the period of grace fixed by us, and, if the need arises, to walk into the customer's premises and retrieve our goods there. We may, in addition, prohibit the customer to carry away the goods delivered.
- Only allowed claims or legally established claims may be charged up against our claims. Any counter claims shall be excluded. The customer shall be entitled to assert a right of retention only to the extent his claim is based on the same contractual relationship.

Sec. 4 – Release from the obligation to perform, time of delivery, partial delivery, right of withdrawal, damages caused by delay in performance

- Our deliveries shall be subject to timely and correct supplies made to our company to the extent we have not guaranteed that performance can actually be effected, and to the extent we have not assumed any procurement risk.
- The time of delivery indicated by us can only be met if all documentation and pieces of information to be made available by the customer are received by us in good time, and if all details relating to the order such as all technical matters, release of drawings, supply of possibly required parts to be provided to us, etc., are clarified in good time, too. Partial deliveries are permissible to the extent they are reasonable.
- The time of delivery shall be deemed met if, at the date of delivery, the delivery item left the distributing warehouse or the customer was advised of the readiness for shipment.
- We shall not be held responsible for delays in delivery due to force majeure or other circumstances we are not responsible for, in particular traffic disruptions and disruptions in operation we are not responsible for, strikes, lock-outs, shortage of raw materials, war, to the extent we have not guaranteed that performance can actually be effected and to the extent we have not assumed any procurement risk. If in such a case we cannot effect delivery within the agreed time of delivery, the time of delivery shall be extended adequately. If in such a case there is an impediment to delivery exceeding the adequately extended term of delivery we shall be entitled to rescind the contract.
- If we are unable to meet the agreed time of delivery, the customer shall be obliged to declare, upon our request and within a reasonable period of time, whether he continues to insist on delivery. If no declaration is made by the customer, we shall be entitled to rescind or to annul the contract upon expiry of a reasonable period of time.
- If we are in delayed performance, the following shall apply:
 - If a fixed-date purchase has been agreed on or if the customer can claim that his interest in the performance of the contract has ceased to exist or if default is to be attributed to a willful breach of contract our company, our representatives or our vicarious agents are responsible for, we shall be liable for damages caused by delay in performance in accordance with the statutory provisions. In the event of a grossly negligent breach of contract we are responsible for, our liability for damages caused by delay in performance shall be limited to the foreseeable and typically occurring damage.
 - If we, our representatives or our vicarious agents have violated an essential contractual obligation and if such action does not entail liability pursuant to the statutory provisions as defined under Item 6 (a) above, then our liability for damages caused by delay in performance shall be limited to the foreseeable and typically occurring damage.
 - In other cases our liability for delay in performance shall be limited to 5% maximum of the value of our delivery.
 - Any other claims of the customer shall not be excluded by the above.
 - No reversal of the burden of proof shall be associated with the above regulations.

Sec. 5 – Passing of risk, delivery

- Unless otherwise provided for in the order acknowledgement, delivery "ex works" shall be deemed agreed. Shipment shall always take place at customer's risk, even if delivery is effected from a place differing from the place of fulfilment, and also in the case of delivery carriage paid and/or transport by customer's own personnel or vehicles.
- If delivery by us was agreed upon, customer shall in good time make available skilled personnel as well as any technical equipment required (e.g., lift truck) in order to ensure smooth and troublefree unloading. We take for granted that provision will be made for the transport vehicle to drive up to the unloading point and for unloading to start immediately. If these prerequisites are not met any extra cost thus incurred will be charged separately.

Sec. 6 – Claims for defects

- The customer shall inspect any goods delivered to him immediately upon their delivery, to the extent this is feasible in the regular course of business. If a defect is detected, he shall immediately advise us of same. If the customer refrains from advising us, the goods shall be deemed approved, unless the defect is of a nature not enabling detection during inspection. If such a defect is detected at a later date, customer shall report this to us immediately upon its detection; otherwise the goods shall be deemed approved even in spite of the said defect. Article 377 of the German Commercial Code shall remain unaffected.
- Even in the event of entrepreneur's recourse pursuant to Art. 478 of the German Civil Code the customer shall not be deemed relieved from his obligation to inspect. If in such cases he does not immediately report to the supplier the defect asserted by his purchaser the goods shall be deemed approved in spite of the said defect.
- If there is a defect, we shall be entitled to determine the type of subsequent performance, duly taking the type of defect and customer's legitimate interests into account. In the case of these contracts a subsequent performance shall be deemed failed after the third unsuccessful attempt. (This subparagraph shall not apply in the case of a recourse pursuant to Art. 478 of the German Civil Code.)
- If subsequent performance because of defects takes place, we shall be obliged to bear the necessary expenses, in particular transport and travel costs, labour and material costs, only to the extent these are not increased by the item being transported to a place different from customer's headquarters or place of business, to which it had originally been delivered. (This subparagraph shall not apply in the case of a recourse pursuant to Art. 478 of the German Civil Code.)
- Customer's claims for defects, inclusive of claims for damages, shall be subject to a limitation period of one year. This shall not apply in the case of a recourse pursuant to Art. 478 of the German Civil Code. Neither shall it apply in cases as per Articles 438, subpara. 1, No. 2 and 634a, sub-para. 1, No. 2, both of the German Civil Code. It shall not

apply either to claims for damages resulting from injury to life, body, or health or resulting from a grossly negligent or willful breach of duty on our side or the side of our vicarious agents.

- The customer shall not be entitled to claims for defects in cases where defects occur only after delivery to the customer, either by an incorrect handling we are not responsible for, or by excessive load or poor maintenance.

Sec. 7 – Liability for damages and reimbursement of expenses

- If we are liable for damages the following shall apply:
 - To the extent the claims are based on a willful or grossly negligent breach of duty by us, or our representatives or vicarious agents, we shall be liable for damages in accordance with the statutory provisions.
 - Unless otherwise specified under Item 1 (a) above and to the extent there is no violation of essential contractual duties any liability for damages on our part shall be excluded.
 - C. If and to the extent essential contractual duties are violated, our liability shall be limited to contract-typical and foreseeable damages.
- The exclusions and restrictions of liability as detailed in Item 1. above shall apply not only to contractual claims but also to other, in particular, tortious claims. They shall also apply to claims for reimbursement of unsuccessful expenses instead of performance.
- The exclusions and restrictions of liability as detailed in Item 1. above shall not apply to claims, if any, pursuant to Articles 1, 4 of the Product Liability Act, or claims resulting from culpable injury to life, body, or health. They shall not apply either, provided that we have assumed a guarantee for the condition of our goods or the actual performance or a procurement risk, and that the event making the guarantee operative has occurred or the procurement risk has materialised.
- We shall be held liable for assuming a procurement risk only if we have assumed the procurement risk explicitly and in writing.
- The private liability of our employees, workers, members of staff, representatives and vicarious agents shall be excluded or restricted to the same extent as our own liability.
- No reversal of the burden of proof shall be associated with the above regulations.

Sec. 8 – Supplementary and deviating provisions for international contracts

- If customer's place of business is outside the Federal Republic of Germany, the following shall apply in addition to Sections 1 – 7 above and Section 9 below:
 - We shall not be held liable if the contractually specified use of the item supplied is not permissible pursuant to the regulations of the recipient country. We shall not be liable, either, for any taxes payable in such country.
 - We shall not be liable for impediments to delivery caused by governmental action, in particular import or export restrictions.
- If customer's place of business is outside the Federal Republic of Germany and if the United Nations Convention on Contracts for the International Sale of Goods (CISG, Vienna Convention) in its respective applicable version applies, then the following provisions shall apply in addition:
 - Amendments to or annulments of a contract shall require the written form.
 - Instead of Sections 6 and 7 the following shall apply:
 - We shall be liable to the customer for damages in accordance with the statutory regulations only if a violation of contract is due to a willful or grossly negligent violation of contract we ourselves, our representatives or vicarious agents are responsible for. We shall also be liable in accordance with the statutory regulations if we violate a fundamental duty under the contract. The above restriction of liability shall not apply to claims, if any, asserted pursuant to Articles 1, 4 of the German Product Liability Act or in the case of claims for injury to life or body of an individual caused by the goods.
 - If purchased goods delivered are contrary to the contract, the customer shall be entitled to a cancellation of the contract or a substitute delivery only if any claims for damages against us are excluded, or if the customer cannot reasonably be expected to make use of the goods which are not conforming to the contract and to claim the remaining damage. In such cases we shall, in the first place, be entitled to a removal of defects. If the removal of defects fails and/or leads to an unacceptable delay, the customer shall, at his option, be entitled to declare the cancellation of the contract or to demand a substitute delivery. The customer shall also be entitled to do so if the removal of defects causes an unacceptable inconvenience or if there is uncertainty about whether any expenses incurred by the customer will be reimbursed.
 - Customer's claims for defects shall be subject to a limitation period of one year.

Sec. 9 – Retention of title

- Until receipt of all payments under the contract and, in the event of the existence of an ongoing business relationship, until receipt of all payments under the said relationship, the ownership of the goods delivered shall remain with us. This shall also apply if our receivables were included in a current account and if the balance was struck and acknowledged; and it shall apply to future receivables.
- The customer is obliged to treat the goods delivered with care, in particular to store them in a correct and proper way; he is in addition obliged to insure them sufficiently, at replacement value and at his own expense against damages caused by fire, water and theft.
- In the event of attachments or other interventions by third parties, customer shall inform us immediately and in writing to enable us to protect our rights (e.g., action based on Art. 771, Code of Civil Procedure). As far as the third party is not able to reimburse us for the judicial and extra-judicial costs of an action pursuant to Art. 771, Code of Civil Procedure, customer shall be held liable for the financial loss caused to us.
- The customer shall be entitled to re-sell and use the delivered goods in the regular course of business; he shall, however, already now assign to us all claims against his purchasers or third parties arising for him from the re-sale, in the amount of the value of the goods subject to retention of title; this shall be independent of whether the goods delivered were re-sold prior to or following processing. The total invoice amount (inclusive of VAT) agreed with us shall be the value of the goods subject to retention of title. If the re-sold goods which are subject to retention of title are co-owned by us, the assigning of the receivables shall apply to the amount corresponding to our share of the co-ownership. The customer shall not be entitled to any other kind of disposal of the goods, such as in particular their pledging or assignment as security.
- Even after assignment the customer shall be authorised to collect the receivable from the re-sale. Our right to collect the receivable ourselves shall remain unaffected by the foregoing. We undertake, however, not to collect the receivables as long as the customer meets his obligations to pay using the proceeds collected, he is not in default in payment and, in particular, as long as no application to open insolvency proceedings was filed or stoppage of payments has occurred. If such is the case, however, we shall be entitled to require the customer to indicate to us the receivables assigned and their debtors, to provide all pieces of information needed for collection, to hand over the pertaining documents, and to inform his debtor of the assignment.
- Any processing or conversion by the customer of the goods delivered shall always be done on our behalf. Customer's expectant right in the goods delivered shall continue to exist also in the converted item. If the goods delivered are processed together with other objects not owned by us, we shall acquire the co-ownership of the new item at the ratio existing between the objective value of the goods delivered and the other processed objects at the time of processing. Incidentally, for the item obtained by processing the same rules shall apply as for the goods delivered subject to retention of title.
- If the goods delivered are mixed, blended or connected inseparably with other objects not owned by us, we shall acquire the co-ownership of the new item at the ratio existing between the objective value of the goods delivered and the other objects at the time of mixing, blending or connecting. If the process takes place in such a way that the customer's item is to be deemed the principal item, then it shall hereby be considered agreed that the customer transfers to us proportionate co-ownership and stores the wholly or jointly owned property at no charge for us.
- The customer shall also assign to us, inclusive of all ancillary rights and ranking above all other claims, such receivables serving to safeguard our claims towards him in the amount of the value of the goods subject to retention of title which accrue to him towards a third party from connecting the goods subject to retention of title as an essential part to another party's piece of land, ship, ship under construction, or aircraft. Sec. 9, sub-para. 4, phrases 2 and 3 shall apply accordingly.
- The customer shall also assign to us, inclusive of all ancillary rights and ranking above all other claims, such receivables serving to safeguard our claims towards him in the amount of the value of the goods subject to retention of title which he acquires by selling to a third party a piece of land, ship, ship under construction or aircraft owned by him to which he has connected, as an essential part, the goods subject to retention of title. Sec. 9, sub-para. 4, phrases 2 and 3 shall apply accordingly.
- We undertake to release, at customer's request, the securities we are entitled to to the extent the realisable value of our securities exceeds the claims to be secured by more than 10% or the nominal value by more than 50%; it shall be for us to select the securities to be released.

Sec. 10 – Applicable law, place of performance and place of jurisdiction

- This agreement shall be governed by the laws of the Federal Republic of Germany.
- 73630 Remshalden-Geradstetten shall be the place of performance for all services under this agreement.
- If agreements are signed with business people, legal entities under public law, special funds under public law, and foreigners not having a domestic place of jurisdiction, 73630 Remshalden-Geradstetten shall be the place of jurisdiction. We, however, reserve the right to also file a suit at customer's headquarters.

Sec. 11 – Other provisions

In the event of a provision of this agreement being or becoming invalid, this shall not affect the validity of the remaining provisions of this agreement. In such a case the parties shall be under the obligation to replace the invalid provision by a provision corresponding to the economic purpose the parties would have agreed upon if they had known about the invalidity.