



General Conditions of Sale for Deliveries and Payment of EMV New Line GmbH (Ltd.) (as of: July 2004)

1. General, Area of Validity

Our general conditions of sale are valid for all deliveries and services including suggestions, counselling and other additional services (in the following altogether referred to as „deliveries“). They are the only valid conditions, i.e. we do not recognise conditions of the client that are contrary or different to our general conditions of sale unless we expressly agree to their validity. Our general conditions of sale are also valid in such case when we deliver to the client unreservedly, yet having knowledge about conditions of the client that are contrary or different to our general conditions of sale. Our general conditions of sale are also valid for all future business relations with the client, even if they are not agreed upon again expressly.

2. Offers, Documentation of Offers

- 2.1 When an order is qualified as such according to § 145 BGB , we may accept it within four weeks.
- 2.2 Our offers are offered without engagement for four weeks.
- 2.3 We reserve the right to deviate from the documented offer or the performance description when this should be necessary because of compelling legal and/or technical norms, and when the client can be reasonably expected to agree to this.
- 2.4 We reserve the rights of ownership, the copyright and possible other protective rights for any illustration, sketch, calculation and other documentation. These items may not be disclosed to third parties. This particularly applies to such written documents that are marked as „confidential“. Before handing this material to third parties, the client requires or express written approval.

3. Conclusion and Content of Contract

- 3.1 A contract shall only be reached once we have confirmed and order in writing of by telefax to the client. If now written confirmation from our part occurs, the contract shall be regarded as accepted when the goods have been handed over to the client or to the current carrier.
- 3.2 If at a time after the contract's conclusion it becomes apparent that the client's credit conditions are not suitable for granting a credit, we shall be entitled to either demand advance payments or civil bail for demands both payable and payable in the future of any existing contracts and refuse the fulfillment of contract until such time that the advance payment or civil bond have been paid. If this demand should not be met in due course, we reserve the right to renounce the contract or to demand compensation for non-performance.
- 3.3 The client is **not entitled to cancel** orders once they were confirmed on our part unless we agree to the cancellation in writing. In this case, we retain the right to demand compensation to the extent of 40% of the net order value within 5 working days, 60% within 15 working days and 85% within 22 working days.
- 3.4 Descriptions and illustrations of our products as well as technical details shall only be approximately binding. We reserve the right to execute technical modifications until such time as the delivery takes place. The client's interests may not be unreasonably disturbed by such modifications.



3.5 The nature of the contract subject matter that we owe follows solely from the contractual agreements with the client. Samples, data sheets, brochure details or other information following from advertising material are not authoritative and do not constitute acceptance of durability or quality guarantees according to § 443 BGB. Instead, they are intended for descriptive purposes and shall be used to give a general idea of the product thus described.

3.6 Counselling shall be done without acceptance of any liability, unless a payable additional order is expressly placed for this purpose.

3.7 Instructions for use will always be delivered in German or English only.

4. Delivery, Delivery Time, Performance Time

4.1 We are entitled to make part deliveries. In case the client does not pay in due course, we are entitled to defer further completion of the order or demand the agreed price for the entire amount of goods. Similarly, this is also the accepted procedure for call purchase orders.

4.2 The start of the delivery time stated by us presupposes a clearing up of all technical questions as well as the punctual fulfilment of the client's duties according to regulations.

4.3 In case of force majeure we may either withdraw from the contract because of undelivered parts of the order, or defer delivery until such time as the case of force majeure has been mended. Other conditions that complicate delivery unreasonably or render it impossible shall be regarded as equal to force majeure regardless of whether these conditions occur with us or with a supplier. We commit ourselves to inform the client about such conditions immediately. We are obliged to explain, on the client's demand, whether delivery will take place within a period set by us, or whether we shall withdraw from the contract. Compensation for damages on the part of the client are excluded in any case.

4.4 If deadlines cannot be kept because of reasons outside our control, withdrawal from the contract because of this delay is excluded. In such case as the delayed deadline is due to actions on our part, and after the client has set a suitable extended delivery time, the client is entitled to withdraw from the contract when this extended delivery time should pass fruitlessly. The client is only entitled to compensation claims for damages because of non-performance (compensation instead of performance) according to clause 8 of these conditions of sale.

4.5 If the client incurs delayed acceptance of goods, or violates other collaborative duties, we are entitled to demand additional expenses arising from such neglect. In this case, the danger of accidental loss of accidental deterioration of the goods occurring during this time the client incurs such delayed acceptance of goods passes to the client. More extensive legal claims for compensation are not excluded.

4.6 Orders without precise delivery dates shall be dealt with by us as follows:

- A delivery date is confirmed for each order position. Early deliveries may take place independently of this date. We reserve the right to charge graded prices that differ from the confirmed prices and correspond to the part deliveries. Shipping and packaging costs for this rest with the client.
- For order-related production, we reserve the right to deliver up to 10% more or less than the ordered or confirmed amount.



5. Prices, Terms of Payment

The following shall be regarded as agreed upon, inasmuch as the confirmation of order does not include any modification thereof.

- 5.1 Our prices are valid "ex works", excluding the costs for packing and shipping or a possible shipping insurance (see the following clause 6.2). Such costs shall be invoiced separately. Different orders may be united into one delivery. The cost for shipping and packaging shall be charged separately and listed as an individual item in each corresponding invoice. The decisive element for the calculation of costs for shipping and packaging is the commission no. of the order.
- 5.2 The statutory sales tax is not included in our prices. The statutory sales tax shall be itemised individually on every invoice.
- 5.3 Payments must be done in such manner that the amount due is at our disposal within 14 calendar days after receiving the invoice. In case of a bank transfer, this date is the receipt of the money in our account. If the purchases should incur default of acceptance, the due date is reached on the day readiness for dispatch was announced. The above mentioned clauses are valid correspondingly for part deliveries that are invoiced.
- 5.4 We are not obliged to accept bills of exchange. When we do accept bills of exchange, the acceptance is understood to be for realisation. The costs for the bill of exchange are chargeable to the purchaser and payable directly on remittance. Cheques are also understood to be for realisation and shall only be regarded as a complete payment when the purchaser's bank has authorised cashing it.
- 5.5 If the purchaser should be in arrears with due payments or if after acceptance of an order well-founded doubts in his ability to pay should arise, we can either demand cash payment of all unpaid claims including claims from bills of exchange, or demand surety. We are not obliged to advance services.
- 5.6 We are entitled to demand interest payable on arrears of 8% over the current base lending rate when the purchaser is in arrears. If we should prove higher damages because of arrears, we are also entitled to enforce this amount.
- 5.7 Charging rights shall only be granted to the purchaser when his opposing claims have been found to be valid with a final sentence, are undisputed or accepted by us in writing. Executing the purchaser's right to keep back goods is unaffected by this. The purchases may only execute his right to keep back goods inasmuch as his opposing claim is based on the same contractual relationship.

6. Transfer of Perils

- 6.1 Inasmuch as the confirmation of order does not include any modification thereof, a delivery "ex works" is agreed upon.
- 6.2 Before a delivery is completed, the purchases must inform us whether the goods to be shipped are insured by him or whether we should insure the delivery for the purchaser by means of a shipping insurance. The costs for such shipping insurance are paid by the purchaser.
- 6.3 If the goods are shipped to the purchases on said purchaser's demand, the perils of accidental loss or accidental deterioration of the goods are transferred to the purchaser on dispatch to the purchaser, on leaving the plant or storage location at the latest. This is valid independently of whether the goods are dispatched from the place of delivery or of the allocation of freight charges.
- 6.4 If the shipping should be delayed because of circumstances the purchaser is responsible for, perils are transferred to the purchaser on announcement of readiness for dispatch.
- 6.5 Inasmuch as no other agreements have been made in writing, we determine means and ways of transport without accepting responsibility for the choice of the most reasonable and fastest kind of transport.



6.6 Packaging can be disposed of according to the regulations in the packaging ordinance. Therefore packaging shall not be re-accepted by us.

7. Warranty for Defects

Warranties for defects in case of deficiencies in matter or title exist as follows:

7.1 A deficiency in quality or title must exist on transfer of perils. No claims for defects occur only in case of insignificant deviation from the agreed composition, in case of insignificant reduction of usefulness, in case of natural wear and tear or damages that occur after the transfer of perils because of incorrect or negligent treatment, in case of excessive use, unsuitable means of production as well as non-reproducible software errors. If the purchaser or a third party carry out improper modifications or repairs, there are also no possible claims for defects in case of resulting consequences. Parts that are subject to wear and tear are excluded from the defects warranty inasmuch as they are listed in the appropriate product descriptions.

7.2 The purchaser is obliged to inform us about obvious defects within two weeks after delivery, otherwise any claims arising from deficiencies in quality cease. If a shorter period for the announcement of defects arises from § 377 HGB, that period is decisive.

7.3 If an item delivered by us shows a defect of quality or title, we shall compensate this according to our judgement either by eliminating the defect or by delivery of a new deficiency-free replacement item. We shall bear the cost for the expenditures necessary for this purpose, especially costs for transport, shipping, work and materials. The right to diminish the price or co cancel is excluded in addition to compensation. However, the right is enforceable once again if the elimination of the defect should prove a failure.

7.4 Claims for compensation for damages on the part of the purchaser because of defects of quality or title or because of damages that are connected to defects of quality are defined according to clause 8 of these conditions.

7.5 All claims because of defects in quality or title or damages that are connected to defects of quality shall be in lapse after one year from transfer of perils onwards.

8. Other Liabilities

8.1 In case of intent or gross negligence, we are liable – regardless of the legal justification – according to the legal regulations. We are not liable in case of simple negligence.

8.2 Claims for compensation for damages are not included for injury to life, body or health as well as claims based on the regulations of the product liability act. Furthermore, claims for damages arising from the violation of a contractual cardinal obligation or a crucial contractual duty. However, liability in this case is limited to the replacement of that damage as can typically be expected.

9. Retention of Title

9.1 All items delivered including the corresponding documentation shall remain our property until such time when the agreed purchase price has been paid in full. If the purchaser is a trader, this proviso is valid until such time as all claims arisen or arising from the business relationship has been paid in full.

9.2 The treatment and manipulation of items under proviso is done for us as the producers in the spirit of § 950 BGB. The manipulated goods are regarded as proviso items in accordance with the previous clause 9.1. In the treatment, combination and mixing of proviso good with other items by the purchaser, we retain co-ownership in the new item in proportion to the invoice value of the proviso items to the invoice value of the now used goods. In case our property ceases due to treatment, combination or mixing, the purchaser even at this time transfers any property rights of his in the new inventory or the item to the extent of the invoice value of the proviso items and keeps them for us free of charge. Our co-ownership rights are regarded as proviso goods in accordance with the previous clause 9.1.



- 9.3 The purchaser may only sell the proviso goods in the course of normal business traffic in accordance with his usual conditions of sale and as long as he is not in arrears. A prerequisite for this is that he agreed on a retention of title with his customer, and that the claims for the further sale according to clause 9.4 are transferred to us. The purchaser is not entitled to dispose in any other way.
- 9.4 The purchaser's claims from a further sale of the proviso goods, regardless of whether treated or in connection with other goods not delivered by us, are ceded to us even at his time to the amount of the invoice value or to the amount of our co-ownership share according to clause 9.2. This extends to the corresponding balance claims in case of an abandonment of the further sale's claim to an open account. The purchaser is entitled to collect these claims until revoked. On our demand, the purchaser has to announce the assigned claim and its debtor. We are then entitled to make known the assignation of the claim against the purchaser's debtor.
- 9.5 The purchaser is obliged to store the proviso items carefully and to insure them sufficiently and at his expense against risk of fire, water, theft and other damage. The purchaser even at this time cedes his corresponding claims to the insurance contracts with the signing of this agreement and until such time as his obligations to us have been paid in full. We accept the cessation.
- 9.6 The purchaser is obliged to give information about the proviso items, especially about their current location, at any time. We are entitled to enter the premises where the proviso items are stored at any time. If and to the extent this is necessary, the purchaser shall always grant us access to the location of the proviso goods.
- 9.7 In case of behaviour on the part of the purchaser that constitutes a breach of contract (especially in case of being in arrears, an expected cessation of payment or a breach of the obligations according to this clause 9), we are entitled to immediately regard the entire outstanding payment for the proviso items as due without further deadline, or to demand appropriate securities. If the purchaser does not pay the remaining debt in full within seven calendar days after being asked to do so, or if he does not put up the demanded securities within this period, his right to utilise the proviso goods expires. We are then entitled to demand immediate return of the goods at the expense of the purchaser excluding any rights of retention. The purchaser already at this time irrevocably grants us access to the location the proviso items are stored and authorises us to re-possess them. Inasmuch as is necessary, the purchaser is obliged to cede his claims for restitution against any third parties on our demand.
- 9.8 In case of seizure or other intrusions from third parties, the purchaser is obliged to notify us immediately and in writing so we can institute proceedings according to § 771 ZPO. Inasmuch as the third party is not in a position to reimburse the legal or out of court costs of a charge according to § 771 ZPO, the purchaser is liable for the loss caused to us.
- 9.9 Regardless of the obligation to pay on the part of the purchaser, we are entitled, but not obliged, to make the best possible use of repossessed proviso goods in free sales, or to take it for the current market value. The proceeds from the use or the market price is settled in connection with the purchaser's obligations after deduction of costs incurred by us.
- 9.10 The return or enforcement of the reservation of proprietary rights or the seizure of the delivered item by us is not regarded as a cancellation of contract unless we expressly announce it to be so.
- 9.11 Inasmuch as the value of our securities we can realise exceeds the claims to be secured by more than 20%, the reservation of proprietary rights ceases to the additional extent, or the purchaser is owner of the claim to the additional extent.



10. Development Contracts

The purchaser does not acquire property rights for contracts which demand special development work to be completed, especially no commercial property rights to the developed items or to the devices used to produce such items. This applies even if the purchaser contributes to the cost of development. If we incur costs because of custom-built special tools, development and/or costs for devices made on demand of the purchaser, these costs must be reimbursed by the purchaser.

11. Third Party Property Rights

11.1 We exempt the purchaser and his customers from claims from the violation of property rights, especially copyrights, trademarks or patents, unless the draft of a delivered item originates with the purchaser. The exemption obligation from our side is limited to the foreseeable damage in terms of amounts of money. This includes any costs incurred for prosecution to the amount of the valid legal fees at such time.

11.2 An additional precondition for the exemption is that the purchaser informs us immediately and constantly about all matters pertaining to such claims. The purchaser in particular offers to give up all necessary information and documentation. A further precondition for exemption is that the purchaser leaves us to conduct legal proceedings and that the claimed violation of rights is exclusively attributed to the method of building of the items delivered by us without connection or utilisation together with other products.

11.3 Liability becomes invalid if

- the violation of third party property rights results from following the purchaser's specifications
- the violation is based on a modification of contractual items or parts thereof, of a combination of contractual items or parts thereof for the execution of a procedure by the purchaser, unless the contractual items delivered by us already violated third party property rights
- or
- the purchaser continues with actions violating property rights although he was notified by us about the violation of third party property rights or has otherwise learned about the violation of rights.

11.4 We retain the right to release ourselves from the assumed responsibilities listed in clause 11.1 at our discretion by either

- acquiring the necessary licences pertaining to the allegedly violated property rights
- or
- by offering a modified delivery item or parts thereof to the purchaser which remove the claim of a rights violation regarding the delivered item if they are exchanged for the violating delivery item or the relevant parts thereof.

12. Secrecy

12.1 We shall work with the greatest care towards the end that every person entrusted with the execution and completion of the contract on our side shall comply with the legal regulations on data protection and do not pass on to third parties or otherwise utilise any information they receive about the purchaser's affairs insofar as they are not obvious. We further commit ourselves to a confidential handling of any information received about manufacturing or business secrets of the purchaser that we acquire within the framework of the contractual relationship.

12.2 Each contract partner is entitled to process data from the other partner for order processing automatically.



13. Place of Jurisdiction, Place of Performance

- 13.1 As much as legally admissible, Pilsting is the exclusive place of jurisdiction for any dispute arising from business relationships with the purchaser. However, we are also entitled to take proceedings against the purchaser at the court of his company seat.
- 13.2 Provided that no other arrangement was made in the order confirmation, place of performance shall be Pilsting.

14. Final Regulations

- 14.1 All arrangements agreed upon between us and the purchaser for the purpose of the closing, the execution, modification, amendment or annulment of a contract have to be put down in writing or by telefax. This also holds true for any renunciation of the obeying of this necessity to form.
- 14.2 If we show leniency in the handling of our General Terms and Conditions, the purchaser may not deduce from this any right to disregard our aforementioned General Terms and Conditions in any way in the future without legal detriment .
- 14.3 The law of the Federal Republic of Germany applies exclusively for all current and future business relationships between us and the purchaser, excluding the Federal German international private law and the UN purchase law (agreement of the United Nations on contracts for the international purchase of goods dated 11.04.1980 – CISG).
- 14.4 If the contract concluded between us and the purchaser is translated into another language but German, the German version is the only authoritative version.
- 14.5 These General Terms and Conditions remain binding for the remaining part in case of voidness of individual or several clauses. If regulations should be or become invalid wholly or in part, another clause shall take its place that comes as close as possible to the economical purpose of the invalid clause. The same holds true in case of any contractual gaps.