

Terms and Conditions of Sale

of

K. Brandstätter CNC-Mechanik GmbH

As of 21-12-2011

§ 1 Validity of the Terms and Conditions

The following Terms and Conditions of Sale are intended solely for use in corporate business transactions. The deliveries, services and offers of the entrepreneur are effected based only on these terms and conditions. Counter-confirmations by the buyer with reference to his business or purchase terms are hereby rejected.

§ 2 Offers and Conclusion of Contract

1. Offers made in brochures, advertisements etc. – also regarding pricing – are subject to change and non-binding. The entrepreneur is obligated to honour specially compiled quotations for 30 calendar days from the date of the quotation.
2. Additional agreements, changes, supplements and/or other deviations from the present terms and conditions are only valid if the entrepreneur has agreed to them. The obligation of written form does not apply to retroactive additional agreements, changes and supplements for the order.
3. Data contained in quotations and/or order confirmations of the entrepreneur, which represents obvious errors, like typing or spelling errors, will not be binding for the contractor. Rather, the obviously intended explanation is valid.
4. The quotation documentation, drawings, descriptions, samples and cost estimates of the entrepreneur must not be passed on, published, copied or made available to third parties without the entrepreneur's approval. These documents must be returned without retaining copies thereof upon request.

§ 3 Price, price modifications

1. The prices include the federal sales tax, which must be shown separately.
2. The prices do not include packaging and shipping costs.
3. If there is a time period of more than six months between the signing of the contract and/or the actual delivery date, the entrepreneur's prices indicated at the time of delivery or supply apply. In case of price increases on the part of sub-suppliers, increases in salary and transport costs or other unexpected cost increases, the entrepreneur has the right to request a renegotiation of the price.

§ 4 Delivery periods

1. Delivery dates apply assuming correct and timely self-delivery, unless a binding delivery date was granted in writing. If a delay in delivery is apparent, the entrepreneur will advise this immediately after being notified of the delay.
2. If the delivery is delayed due to a circumstance that is the fault of the entrepreneur, his legal representatives or fulfillment agents, the liability will be regulated pursuant to the valid legal provisions. In case of slight negligence, the liability is limited to the

foreseeable damages typical for this type of contract. This principle applies especially in case of force majeure, strikes, lock-outs, administrative orders, etc., even if these obstacles occur with suppliers of the entrepreneur or their sub-suppliers. The duration of an extension to be specified by the customer in case of a delay in services pursuant to the applicable legal provisions, is set at two weeks, beginning with the receipt of the specified extension at the entrepreneur's.

§ 5 Despatch and Transfer of Risk

1. The risk transfers to the customer as soon as the shipment is passed on to the person executing the transport or as soon as the shipment has left the entrepreneur's plant to be despatched. If the delivery is delayed or not effected at all due to an order on the part of the customer, the risk transfers to him as soon as the readiness to despatch is announced.
2. Upon request by the customer, deliveries will be insured in his name and at his expense.

§ 6 Claims for Defects

1. If the services rendered by the entrepreneur or the delivery item is faulty, the entrepreneur has the right to choose to deliver a replacement or to eliminate the flaw. Multiple rework – generally two – are permissible within a reasonable time frame.
2. The right of the customer to assert claims because of defects expires in all cases from the moment of the transfer of risk in 12 months, unless a longer time period is mandatory by legal provisions.
3. Obvious defects in work performed after the acceptance, can only be claimed if the entrepreneur is notified immediately, but at the latest within two weeks of delivery. For the rest, § 640 Sect. 2 BGB applies. Furthermore – in case of hidden damages – defects must be reported to the entrepreneur in writing immediately following their discovery to maintain defect claims by the customer (defect notification as per § 377 HGB). The defective articles must be made available to the entrepreneur for viewing, in the same condition they were in when the defect was detected.
4. Minor, acceptable deviations in the dimensions and design – especially in case of reorders – do not form a basis for complaints, unless the absolute adherence was expressly agreed upon. Technical improvements as well as necessary technical modifications are also considered in concordance with the contract, so long as they are reasonable and do not constitute a deterioration in usability.
5. If the entrepreneur's operation and maintenance instructions are not adhered to, if the products are modified, parts are replaced or if consumer materials are used that do not meet the original specifications, all warranties granted are void, so long as the customer does not disprove a respectively substantiated claim that only one of the above conditions caused this defect.
6. There is no liability coverage for normal wear and tear.
7. If the post-fulfillment fails within an adequate time period, the customer may request a price reduction or a cancellation of the contract.
8. The above provisions of this paragraph do not apply to the sale of used items. These are delivered with the exclusion of any defect claims.
9. If the entrepreneur is available to the customer above and beyond his legal and contractual obligations, to provide information regarding the use of his product, he will only be held liable pursuant to § 7, if a specific compensation was agreed upon.

§ 7 Limitation of Liability

Damage claims stemming from positive breaches of obligations, from fault during the signing of the contract or from prohibited conduct, which are not based simultaneously on the violation of a contractual main obligation on the part of the entrepreneur, are excluded against the entrepreneur as well as against his fulfillment or execution aids, so long as the damage was not caused intentionally or with gross negligence. This does not apply to damage claims stemming from defects of the contractually agreed suitability which is to protect the customer from the risk of defect consequential damages. Claims for damages according to the law on liability for faulty products (product liability law) remain unaffected, just like liability for damage to life, body or health.

§ 8 Retention of Title

1. Until all the claims against the customer to

which the entrepreneur is entitled on any legal grounds have been fulfilled, the entrepreneur will reserve his title to the delivered objects (reserved objects).

2. The customer shall be obliged to notify the entrepreneur immediately of attachments of the reserved goods and to notify the pledgee

of the retention of title. The customer does not have the right to sell, pawn or transfer the objects delivered to him under the retention of title, except for those numbers listed below.

3. If the delivery is for a business run by the customer, the objects may be sold in the framework of a properly managed business. In this case, the customer assigns any future claims against any buyers of goods to the entrepreneur at this point in time. The entrepreneur will already accept these assignments now. In case of a sale of the objects on credit, the customer must reserve the right to title for the buyer. The customer will transfer his rights and claims from this retention of title for the buyer to the entrepreneur.

4. The customer will perform possible rework or processing of the reserved goods for the entrepreneur free of charge. If the reserved goods are processed, combined, mixed or mingled with other goods that do not belong to the entrepreneur, the entrepreneur owns the pro rata co-title in the new item created, such co-title being the ratio of the reserved goods to the value of the combined or mixed items at the time of such processing, combining, mixing or mingling. Where the customer acquires sole ownership to a new item, it is agreed that the customer shall grant the entrepreneur the co-title thereto in the same proportion of the processed, combined, mixed or mingled reserved goods as aforesaid and shall keep the item on our behalf without this giving rise to any costs for the supplier.

If the reserved goods are resold along with other goods,

regardless whether without or following the processing, combining, mixing or mingling, the advance assignment agreed above in Item 3 applies only to the value of the reserved goods resold at the same time as the other goods. Here, the entrepreneur accepts these assignments at this point in time.

5. Should the reserved goods be installed as a fixture on a third party's piece of property by the customer, the customer shall already now assign any and all claims for compensation which will become due to the customer against such third parties or other interested parties to the entrepreneur in the amount of the reserved goods' value, including all ancillary rights such as the right to the granting of a debt-securing

mortgage. The entrepreneur herewith accepts such assignments.

6. If reserved goods are installed as an essential part into the customer's property, the customer hereby assigns the claims arising from the commercial sale of the property or of property rights to the value of the reserved goods along with all subsidiary rights to the entrepreneur. The entrepreneur herewith accepts such assignments.

7. If the total value of collateral obtained by the entrepreneur pursuant to the above-mentioned terms exceeds

the total amount of claims open to the entrepreneur by more than 20% - not only temporarily - the entrepreneur shall on request by the customer be obligated to the respective release of securities of his choice.

8. In the case of conduct by the customer in breach of contract, in particular in the case of delay in payment, the seller is entitled to take back the goods after notice is given and the customer is obliged to hand them over. If the customer has fulfilled the contract, the entrepreneur shall have a duty to release the items to him.

§ 9 Payment

1. If nothing else is agreed upon, the entrepreneur's invoices shall be payable without a deduction. For deliveries totalling less than € 500,00, the entrepreneur will supply the products cash on delivery plus freight and packing.

2. The entrepreneur reserves the right to refuse cheques or letters of credit . They are accepted only in payment of debt. Any and all discount and letter of credit charges shall be borne by the customer and are due immediately.

3. If the entrepreneur gathers knowledge of circumstances, which give rise to doubts in the creditworthiness of the customer, or if he does not cash a cheque or stops payment, the entrepreneur is entitled to charge the entire remaining debt, even if he accepted cheques. Also, in these cases, the entrepreneur is entitled to demand advance payments or guarantees.

4. If the customer stops all payments and/or if there is a claim to start insolvency proceedings, the entrepreneur is also entitled to withdraw from the non-fulfilled portion of the contract.

5. The entrepreneur has the right to charge payments of the client to older debts despite other regulations. The entrepreneur will inform the client about the way of crediting. If costs and interest have already been incurred, the entrepreneur is entitled to first credit the payment to the costs, then to the interest, and then to the principal service.

6. If the customer is in default of payment, the entrepreneur has the right to charge respective legal default interest. The assertion of additional damage caused by delay remains inviolate. In the above-mentioned circumstances, the customer reserves the right to prove a lower damage, which will then be authoritative.

7. Instances of off-setting on the part of the customer on the basis of counter-claims or deductions of all types which are not recognised by us, or have not been legally established, shall hereby be excluded.

§ 10 Applicable Law, Place of Jurisdiction, Partial Invalidity

1. These terms of business and the entire legal relationship between the entrepreneur and the customer shall be interpreted in accordance to the laws of the Federal Republic of Germany, with the exception of the CISG regulation. The exclusive legal venue for all deliveries and payments (including suits filed in connection with cheques) as well as all direct or indirect disputes emanating from this contract is our business headquarters.

2. Insofar as the Customer is a merchant within the meaning of the German Commercial

Code (Handelsgesetzbuch),

a legal entity under public law or a special trust or fund under public law, the sole forum and venue for any and all disputes arising from and in connection with this contract shall be the headquarters of the entrepreneur.

3. The case that any stipulation stated in these Terms and Conditions for Sale is declared ineffective does not affect other stipulations and agreements between entrepreneur and customer.