

General Terms and Conditions
of
Polytron Vertrieb GmbH
Langwiesenweg 64 - 71
75323 Bad Wildbad, Germany

- 1. Scope of Application**
- 1.1. The following general terms and conditions (GTC) shall apply to all contracts, deliveries and other services, including consulting services, advice and similar services, unless they have been modified or excluded with our express consent. This also applies, if the conditions are not referred to in any contracts concluded later. Where the contracting partner also uses general terms and conditions, the contract shall become effective even without an express agreement on the inclusion of the GTC. To the extent that the content of the various general terms and conditions is identical, they shall be regarded as agreed. If our GTC contain regulations not contained in the GTC of the contracting partner, the present GTC shall apply. Our terms and conditions shall also apply, if we carry out deliveries or services without reservation, even though we are aware of any terms objecting to or deviating from our terms and conditions. We do not accept any terms objecting to or deviating from our terms and conditions unless w
- 1.2. The present General Terms and Conditions shall only apply to companies within the meaning of section 14 of the German Civil Code (BGB).
- 2. Offer and Conclusion**
- 2.1. Our offers are always subject to confirmation. Any contracts and other agreements only become binding after our written acknowledgement.
- 2.2. If the purchase order can be classified as an offer in compliance with section 145 BGB, we can accept such an offer within three weeks.
- 2.3. Normally, the first offers are provided at no cost. Any additional offers and design work are carried out at no expense only if the delivery contract is concluded with legal effectiveness and continues to be legally effective. We reserve the right of ownership and copyrights in any illustrations, drawings, cost estimates and other documents; they must not be made accessible to third parties. If the order is not placed, the documents handed over are to be returned on our first request and without undue delay.
- 2.4. The documents accompanying the offer such as illustrations, drawings as well as weight and dimensional data are only roughly decisive (circa information), unless otherwise agreed in writing. We reserve the right to make minor, insignificant deviations and/or changes as compared to catalogues, drawings, samples, weight and dimensional data or goods previously delivered.
- 2.5. If any additional agreements have been made with our employees or if our employees have given any representations beyond the written contract, these shall become effective only after our written confirmation.
- 2.6. Software Clause
If the scope of deliverables includes standard software, the contracting partner is granted the non-exclusive right of use with the agreed features in unchanged form; transfer to third parties is not permitted.
- 3. Prices and Payment Conditions**
- 3.1. Unless otherwise indicated in the order confirmation, our prices are "net ex works" (for external trade transactions: Incoterms 2000 EXW D-75323 Bad Wildbad), excluding packaging, which shall be invoiced separately. On principle, our prices do not include applicable value added tax (VAT.). VAT is stated separately in the invoice for taxable transactions at the statutory amount on the date of invoicing.
- 3.2. Our prices are not subject to discounts or other rebates. Deduction of discounts or other rebates requires a separate written agreement. Unless otherwise expressly agreed, payment shall be made to us without any deductions and costs. Remittances shall be made free our account without any fees for the recipient.
- 3.3. For an order value of €250.00 net, a premium for low quantities of €25.00 and a delivery cost allowance of at least €8.00 is to be paid.
- 3.4. In line with section 286 (3) BGB, a default has incurred even without a reminder, when the payment has not been effected within 30 days (agreed payment term) from invoicing.
- 3.5. Payments may only be made directly to us or to a bank account indicated by us in order to have a discharging effect. We are authorized to indicate payment dates on the relevant invoices. Payment has to be made by the date indicated on the relevant invoice, the date of receipt of money at our company or in our bank account being decisive.
- 3.6. The seller accepts discountable bills net of taxes on account of performance only upon a relevant agreement. Credits for bills and cheques are made, subject to receipt, less expenses, the value date being the day on which the seller may finally dispose of the countervalue.
- 3.7. Irrespective of the term of any accepted and credited bills, the seller's claims are due and payable immediately, when payment conditions are not complied with or facts become known, which give the impression of doubtful creditworthiness of the purchaser.
- 3.8. In the event of late payment, interest on arrears is to be paid, without prejudice to the right to assert any additional damage caused by delayed performance. In this case we shall be entitled to demand interest on arrears to the statutory amount (sections 247, 288 of the BGB). We are entitled to prove and assert higher damages caused by delayed performance.
- 3.9. The contracting partner may only offset any amounts with undisputed or finally adjudicated claims. The contracting partner may not assert any rights of retention on account of claims not recognized or not finally adjudicated, where these claims are not based on the same contractual relationship.
- 4. Delivery Period**
- 4.1. The delivery period commences upon receipt of the order confirmation by the contracting partner, but not before the provision of any documents, approvals, and releases to be provided by the contracting partner and clarification of all technical issues as well as receipt of an advance payment where agreed.
- 4.2. The delivery period is regarded as complied with, if readiness for dispatch has been reported or the object of delivery has left the factory by expiry of the delivery period.
- 4.3. The delivery period shall be extended - including within a period of delay - adequately in the event of force majeure and all unforeseeable impairments occurring subsequent to conclusion of the contract, which are beyond our control, to the extent that such impairments have an aggravating or delaying effect on the performance of the contract.
This shall also apply when such circumstances occur with our suppliers and/or their sub-suppliers.
We shall give notice of the start and end of such impairments as soon as possible.
In this case, the contracting partner may require us to indicate whether we will cancel the contract or provide delivery within an adequate period.
- Delivery periods shall be extended by the term during which the contracting partner is in default with its duties under the contract, including under other contracts within an ongoing business relationship.
- Force majeure shall be all unforeseeable events or such events which are - even if foreseeable - beyond our control and whose effects on the performance of the contract cannot be avoided by our reasonable efforts. These are, including but not limited to: war, war-like conditions, terrorism, unrest, revolution, rebellion, military or civil upheaval, insurrections, riots and civil commotions, blockade, embargo, government orders, sabotage, strike, go-slow, lock-out, epidemics, fire, flood, storm tides, typhoons, hurricanes or other storms similar to a catastrophe, earthquake, landslide, lightning strike, general lack of materials, shipwreck, lack of harbour and unloading capacity, severe transportation damage, scrapping and new production of important system parts for reasons beyond our control, to the extent that this results in an extension of delivery periods.
- 4.4. When certain delivery periods and dates are exceeded, the contracting party that wants to cancel the contract and claims for damages in lieu of performance is not discharged from its liability to grant an adequate grace period in order to perform.
This does not apply when we have designated a period or a date for performance as binding explicitly in writing (fixed-term transaction).
- 4.5. If order processing - irrespective of the relevant phase - is delayed at the request of the contracting partner, we shall charge, starting one month after having received notice of the delay, the costs incurred for storage, but at least 0.5 percent of the invoice amount for storage at our plant, for each commenced month.
In this case we are also entitled, after having granted a grace period, which has expired to no avail, to dispose otherwise of the delivery object and to provide delivery to the contracting partner within a reasonably extended period.
- 4.6. The fulfilment of our delivery obligation is subject to the timely and proper performance of the obligations of the contracting partner.
- 4.7. If the contracting partner is in default or violates other duties of cooperation, we shall be entitled to have the damage incurred by us in this respect, including possible additional expenses, reimbursed.
In this case, the risk of accidental deterioration of the sold object shall also pass to the contracting partner at the point of time at which it is in default with acceptance.
- 5. Transfer of Risk, and Shipment**
- 5.1. Unless specified otherwise, we deliver "net ex works" (for external trade contracts: Incoterms 2000 EXW D - 75323 Bad Wildbad).
- 5.2. When we organise shipment at the contracting partner's request, we may select the route and means of shipment, unless agreed otherwise.
During the transportation to the contracting partner, including in the event of a return for whatsoever reason, the goods are at the cost and risk of the contracting partner.
When goods are returned, the contracting partner shall select the same type of shipment that we have selected for delivery.
In addition, the contracting partner shall maintain sufficient insurance cover.
The same applies to the shipment to a recipient designated by the contracting partner.
- 5.3. If the shipment is delayed at the request or due to the fault of the contracting partner, the goods are stored at the contracting partner's cost and risk.
In this case, the notice of storage or notice of readiness for shipment is regarded as identical to the delivery to the person responsible for transportation.

- 5.4. The risk shall pass to the contracting partner at the latest upon dispatch (delivery to the person responsible for transportation - including our own staff), even if partial deliveries are made or if we have rendered other services, for example, paid the shipment costs or transportation and installation.
 - 5.5. At the contracting partner's request, the shipment shall be insured by us at its expense against breakage, transport, fire, and water damage.
 - 5.6. Delivered objects are to be accepted by the contracting partner, even if they have significant defects, without prejudice to any rights resulting from number 7.
 - 5.7. We are entitled to effect partial deliveries or render partial services, to the extent that these are tolerable by the contracting partner.
- 6. Reservation of Title**
- 6.1. We reserve the title in the sold object until the full payment of the purchase price and receipt of all payments under the delivery contract, in the case of payment by cheque or bills until these are finally cashed. As regards sold objects which the contracting partner purchases within the context of a commercial activity, we reserve the title in the goods until all claims against the contracting partner resulting from the business relationship, including any future claims, also under contracts entered into simultaneously or subsequently, have been settled. This also applies if we have included individual or all claims in a current invoice and if the balance has been drawn and acknowledged.
 - 6.2. In the case of a violation of material contractual duties, in particular in the case of late payment, we shall be entitled to take back the sold object. If the contract constitutes a commercial transaction for both parties, the taking back of the sold object on our part does not constitute cancellation of the contract, unless we have declared this expressly in writing. After the taking back of the sold object we are entitled to its realisation. The realisation proceeds shall be credited against the contracting partner's liabilities - less adequate realisation costs.
 - 6.3. The contracting partner shall be obliged to treat the sold object with due diligence and care. If any maintenance and inspection work is necessary, the contracting partner shall perform it at its own cost and within the due time. The contracting partner is obliged, in particular, to insure the sold object adequately at its own cost at the reinstatement value against damage due to fire, water, theft and other damage. The contracting partner herewith assigns to us all insurance claims under such insurance contracts regarding the sold object; we accept this assignment.
 - 6.4. We are entitled to insure the sold object against fire, water and other damage at the contracting partner's expense, insofar as the contracting partner has not effected demonstrably equivalent insurance and given relevant notice to us.
 - 6.5. In the case of attachment or other interventions of third parties, the contracting partner shall notify us immediately in writing so that we are able to file a suit pursuant to section 771 of the ZPO (German Code of Civil Procedure). If any third parties are not able to reimburse us for the judicial and extra-judicial costs of a suit pursuant to section 771 of the ZPO, the contracting partner shall be liable to pay the losses incurred by us. In the event of attachments or other interventions of third parties, the contracting partner shall immediately furnish to us the record of the attachment and a declaration under penalty of perjury regarding the identity of the attached item. In addition, the contracting partner is in each case of attachment or pledge obliged to object immediately by referring to our rights. If the contracting partner fails to do so, it shall be liable for damages to us.
 - 6.6. The contracting partner may neither pledge the sold object nor transfer it by way of security. However, it is entitled to resell the sold object within its normal course of business provided that any claims resulting from the sale are transferred to us as follows in order to secure our claims:
The contracting partner assigns to us at this time all claims, including ancillary rights, it has against its purchasers or third parties on account of the resale, irrespective of whether the sold object is resold without or after processing. The contracting partner remains entitled to collect this debt, including after the assignment. However, our right to collect the debt ourselves shall not be affected. We undertake, however, not to collect the debt, as long as the contracting partner fulfils its payment obligations towards us, is not in delay with payment and no application for opening insolvency proceedings has been filed, no stoppage of payments has occurred or no other circumstances exist that give rise to justified doubts in the contracting partner's willingness or ability to pay. If this is the case, we may request the contracting partner to notify us about the assigned claims and the relevant debtors, to provide all information necessary for the collection, to furnish all accompanying documents, and
 - 6.7. The processing or redesigning of the sold object by the contracting partner is always performed on our behalf, without creating any obligations on us. If the sold object is processed together with other objects, which are not our property, we acquire co-ownership in the new objects in proportion to the value of the object sold to the other objects processed, at the date of processing. For the object resulting from processing, the same rules as for the object supplied under reservation of title shall apply.
 - 6.8. If the sold object is inseparably combined with other objects, which are not our property, we shall acquire co-ownership in the new object in proportion of the value of the sold object to the other objects combined, at the date of combination. If the combination is effected in such a manner that the object of the contracting partner is to be regarded as the main object, it shall be deemed as agreed that the contracting partner transfers proportionate co-ownership to us. The contracting partner shall hold in safe custody for us the sole ownership or co-ownership thus created. The resulting co-ownership rights shall be deemed as goods subject to reservation of title within the sense of these conditions.
 - 6.9. In order to secure our claims against the contracting partner, the contracting partner shall also assign to us any claims, which it accrues against a third party from the combination of the sold object with real estate.
 - 6.10. At the request of the contracting partner, we undertake to release any securities existing in our favour insofar as, as soon as and as long as their value exceeds the total claim to be secured resulting from the business relationship by more than 25 percent.
- 7. Warranty Claims**
- 7.1. The subject matter of the contract is only the product with the quality as agreed between the contracting partner and us based on the product description handed over by us upon conclusion of the contract. Other or additional properties and features or any further intended uses are only regarded as an agreed product quality, if they have been confirmed by us explicitly in writing.
 - 7.2. If the contracting partner becomes aware of any public announcements within the meaning of section 434 (1) sentence 3 of the BGB (advertising, identification of certain qualities of an object), the quality information made in the announcement is, in the event of any deviations, adjusted by a product description valid at the transfer of risk.
 - 7.3. The object is free from defects of quality when it has the agreed quality upon the transfer of risk. No warranty claims will exist, if the deviation from the agreed quality is only insignificant, if usability is only slightly hampered or in the event of wear and tear. In addition, no warranty claims exist for any damage incurred after the transfer of risk. This applies, in particular, to improper or negligent treatment, excessive stress, unsuitable operating means, lack of adequate prerequisites for operation of the sold object, in particular, defective construction work, unsuitable building land, unsuitable supply connections, and for errors caused by external influences not stipulated in the contract. If the contracting partner or third parties perform any changes or maintenance work, no warranty claims exist for such work and resulting consequences, unless the changes or maintenance activities are carried out properly.
 - 7.4. A commercial contracting partner is obliged to examine the product immediately after delivery for defects, quality and completeness. The contracting partner shall complain of obvious defects within eight calendar days by means of a written notice sent to the seller. If the contracting partner fails to give notice, the goods are regarded as approved. This does not apply if the defect was not recognizable during the examination. If such a defect is identified at a later time, it has to be notified within eight calendar days after discovery. If no notice is given, the goods are regarded as approved despite this defect.
 - 7.5. Where a defect in our responsibility exists at the time of the transfer of risk, the parts or services that are defective shall, at our option, be reworked, redelivered or carried out again at not cost. The contracting partner shall grant us reasonable time and opportunity for the rectification of defects, in particular, it shall provide us with the object of the complaint or any samples thereof. All replaced parts become our property.
 - 7.6. If rework fails or is possible with disproportionately high costs only, the contracting partner may cancel the contract in line with sections 437, 440, 323, 326 (5) of the BGB or reduce the purchase price in line with sections 437, 441 of the BGB. Any damage claims shall not be affected.
 - 7.7. The contracting partner has indemnification claims against us pursuant to section 478 (2) of the BGB only to the extent that the contracting partner has not made any arrangements exceeding the statutory warranty claims with its purchaser.
 - 7.8. Claims for defects of quality are statute-barred after twelve months. This does not apply, if the statutory provisions of sections 438 (1) no. 2, 479 (1) and 634 (1) no. 2 of the BGB specify any longer periods mandatorily.
 - 7.9. Damage claims are regulated in number 10 of this document. Additional or other claims of the contracting partner against us and our servants due to a defect of quality are excluded.
- 8. Industrial Property Rights and Copyrights; Defects of Title**
- 8.1. Unless agreed otherwise, only in the Federal Republic of Germany are we obliged to provide delivery free from industrial property rights and copyrights of third parties (hereinafter referred to as "property rights"). If a third party makes justified claims against the contracting partner due to the infringement of property rights by deliveries performed by us and used in compliance with the contract, we shall be liable to our contracting partner within the period stated in number 7.8 as follows:
At our option and our expense, we will either provide a right of use for the relevant deliveries or modify them so that the property right is not infringed, or replace them. If we are not able to do so under reasonable

conditions, the contracting partner shall have the statutory rights of cancellation or reduction. Our duty to pay damages is based on number 10.

- 8.2. The above-mentioned obligations only exist when the contracting partner notifies us immediately in writing of the claims made by such a third party, when it does not acknowledge an infringement and when we remain entitled to undertake any defence actions and settlement negotiations. If the contracting partner ceases to use the delivery in order to mitigate the damage or for other important reasons, it shall be obliged to notify the third party that cessation of use does not represent an acknowledgement of the infringement of the industrial property right.
- 8.3. Claims of the contracting partner are excluded if the contracting partner is responsible for the infringement of the property right.
- 8.4. In addition, they are excluded if the infringement of industrial property rights is due to specifications provided by the contracting partner, to an application not foreseeable by us or caused by the fact that the delivery has been changed by the contracting partner or used jointly with other products not supplied by us.
- 8.5. For infringements of property rights, the regulations defined in number 7 shall apply accordingly to the contracting partner's claims set out in number 8.1.
- 8.6. When other defects of title exist, the provisions of number 7 shall apply accordingly.
- 8.7. Any additional or other claims of the contracting partner against us and our servants due to a defect of title are excluded.

9. Impossibility; Adjustment of Contract

- 9.1. Insofar as delivery is impossible, the contracting partner is entitled to claim damages, unless impossibility is beyond our control. However, the contracting partner's damage claims shall be limited to 10 percent of the value of that portion of the delivery, which could not be used as intended due to impossibility. This limitation shall not apply, if there is mandatory liability due to intent, gross negligence or violation of life, body or health; this does not result in a change of the burden of proof to the detriment of the contracting partner. The right of the contracting partner to cancel the contract shall not be affected.
- 9.2. If unforeseeable events within the meaning of number 4.3 lead to a considerable change in the commercial importance of the contents of the delivery or influence our operations to a significant extent, the contract shall be adjusted reasonably in compliance with good faith. If this is not justifiable under economic aspects, we shall be entitled to cancel the contract. Section 313 of the BGB shall not be affected.

10. Damage Claims

- 10.1. The contracting partner's damage and compensation claims, independent of the legal cause, in particular due to violation of duties under the obligatory relationship and unlawful acts are excluded. This does not apply, if there is mandatory liability, for example in line with the Product Liability Act (ProdHaftG), in the event of intent, gross negligence, violation of life, body or health, or due to the violation of material contractual duties. Any damage claims for the violation of material contractual duties shall be limited to the foreseeable damage, typical for such contracts. Such compensation shall amount to 0.5 percent for each complete week of the delay, albeit no more than a total of 5 percent of the value of that part of the overall delivery, which cannot be used in time or as defined in the contract due to the delay. The limitation of liability does not apply in the event of intent or gross negligence or if the liability is due to violation of life, body or health. The above-

- 10.2. If the contracting partner is entitled to damage claims as defined above, these shall be statute-barred upon the expiry of the period of limitation applicable to defects of quality, which is defined in number 7.8. For damage claims under the Product Liability Act, the statutory provisions of limitation shall apply.

11. Electrical and Electronic Equipment Act (ElektroG)

Where our products are covered by the ElektroG and were put into circulation after 13.08.2005, the customer may return old equipment to us for recycling and disposal.

12. Cancellation of Contract

If, after the conclusion of a contract, we become aware of circumstances that give rise to doubts about the contracting partner's creditworthiness or if the purchaser's creditworthiness reduces in the course of the business relationship, in particular, if an application for opening insolvency or settlement proceedings has been filed or if such proceedings have been opened, we may cancel the contract or, where permitted by law, demand immediate payment of goods delivered or immediate prepayment of any goods still to be delivered, including cash payment of any bills drawn with immediate maturity.

13. Place of Jurisdiction and Applicable Law, Salvatory Clause

- 13.1. The sole place of jurisdiction and place of performance for all disputes arising directly or indirectly from the contractual relationship is our registered office, if the contracting partner is a merchant. We are also entitled to sue at the contracting partner's seat.
- 13.2. All legal relations between us and the contracting partner shall be governed by the laws of the Federal Republic of Germany. The provisions of the UN Convention on Contracts for the International Sale of Goods (CISG) are excluded. German is agreed as the contract language.
- 13.3. The invalidity of individual provisions of these General Terms and Conditions shall not affect the validity of the remaining provisions. Both parties undertake to replace the invalid provision by another adequate provision, which comes as close as possible to the parties' economic intention, if they had considered the invalidity of that provision when entering into the contract. The same applies to any gaps in the contract.

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