SALES TERMS AND DELIVERY CONDITIONS of the company SCANTEC GmbH Rev. 1-03

I. General:

1. The delivery terms as set out below shall apply to all contracts, deliveries and other performances including consulting services, unless they are amended or excluded by our express consents. The general terms and conditions of our customers shall not be binding upon us even if we do not expressly disagree with them in writing. Any contract shall be brought about by our written confirmation of order. The terms and conditions of the buyer/orderer and differing agreements shall apply only if they are acknowledged by us expressly in writing. Neither our silence nor the acceptance of the performance or its payment shall apply as acknowledgment.
2. We shall retain ownership of and copyright in samples, cost estimates, drawings and similar information of tangible and intangible nature – also in electronic form; they may not be disclosed to third parties. We undertake to make available to third parties documents marked by the buyer/orderer as confidential upon its approval only.
3. Provided that we are buyers/orderers ourselves, our suppliers shall undertake to make sure that they are familiar with all the data, circumstances and conditions relevant to the fulfilment of their contractual obligations as well as the intended purpose of the deliveries in due time. They shall be responsible that their deliveries include all performances that are required for a secure and economical application according to regulations, that they are suitable to the intended designated purpose and meet the latest technological requirements. While performing services, our supplier shall observe all the respective norms, laws and legal provisions as well as in particular the relevant legislative provisions on environment protection, hazardous material, dangerous goods and accident prevention and comply with the generally acknowledged safety-related and medical rules at the workplace.

II. Prices and payment:

1. Unless a special agreement has been reached, our prices shall be regarded including loading of goods at our premises and excluding packaging and unloading. As far as it is necessary according to our best judgement, the goods shall be packaged as customary in the trade. In this case the costs of packaging shall be borne by the buyer/orderer separately.
2. Our prices shall always be understood as indicated plus value added tax of the respective statutory amount. Unless otherwise agreed, each payment has to take place within 30 days from the date of invoice in such a way that the amount agreed for the settlement of invoice shall be paid to us on the due date at the latest. On account of payment we shall accept discountable and duly taxed bills of exchange only in the event of corresponding agreement. Credits from bills of exchange and checks shall take place subject to the receipt, less expenses. Among merchants, interests shall be charged from the due date. Cash discounts shall not be granted if the buyer/orderer is in arrears with the payment of previous deliveries. Should any duties or other third-party costs included in the agreed price be changed later than four weeks following the conclusion of contract, or should they emerge newly, we shall be entitled to a price alteration to a corresponding extent. We shall reserve the right to increase the agreed price for quantities not yet delivered, if such circumstances eventuate on the basis of a change in the raw material or the economic condition that render the manufacturing and/or the purchase of the affected products significantly more expensive compared to the date of the price agreement. In this case the customer may, within for weeks from the notice of price increase, cancel the orders affected by such notice. Payments may be made to our employees only if they can show evidence of a valid and written power for collection. Invoices for catalogue items, after-sale services and spare parts have to be paid net within 30 days.
3. The buyer/orderer shall only be eligible to the right to retain payments or offset them against counter-claims insofar as the counter-claims rest upon the same contractual relationship, are undisputed and established as final and absolute. If a complaint of defects is enforced, payments of the buyer/orderer may be withheld to an extent that is in reasonable proportion to the defects incurred.
4. In the event of a delay of payment, we shall charge as interest for delay the respective interest rates of a European major bank applicable to us for bank loans, however, at least 5% above the base lending rate.

III. Delivery period, delay, impossibility of performance:

1. The delivery period shall originate from the agreements of the Parties. The delivery periods shall be without commitment as long as they are not indicated as such by us in writing. Their observance by us shall in each case require that all commercial and technical questions are finally clarified and the buyer/orderer has fulfilled all its obligations, such as release of sample and construction models, their modification, furnishing the necessary certificates or permits of authorities, approvals of the installation drawings or the making of a payment. Should it not be the case, the delivery period shall be prolonged commensurably.
2. The observance of the delivery period by us shall be subject to the reservation of correct and timely self-supply, unless the incorrect and delayed self-supply is due to our fault. The lapse of certain delivery date deadlines shall not exempt the buyer/orderer – who intends to abandon the contract or claim compensation for damages because of non-performance – from setting a reasonable grace period for rendering the performance and providing the explanation as to it would refuse the performance after the expiry of the deadline. That shall not apply in the event if we have expressly and in writing indicated a deadline or date for the performance as binding. Partial deliveries shall be permissible on a reasonable scale. Delivery dates shall also be extended even if a delay has already occurred, as appropriate consequent upon act of God and all unforeseeable hindrances emerged after the contract's conclusion that are not attributable to us, as far as such hindrances have provably a significant impact on the delivery of the sold object. This shall also apply if these circumstances arise on the part of our suppliers and our sub-suppliers. We shall inform the buyer/orderer of the beginning and end of such kind of hindrances as soon as possible. The buyer/orderer can request us to make a statement whether we abandon the contract or intend to deliver within a reasonable time. Should we not make a statement immediately, the buyer/orderer may abandon the contract. Delivery dates shall be extended by the time interval in which the buyer/orderer is in delay with its contractual obligations, also arising from other ongoing business connections. We shall not be accountable for delay and absence of delivery as long as we, our auxiliary persons and upstream suppliers are not accused of defaulting. As for the rest, we shall be liable pursuant to the statutory regulations. Should we subsequently have to pay compensation for damages, the indemnity claim owing to the buyer/orderer shall be restricted to the damages that were foreseeable on the date of the contract's conclusion, but maximum 10% of the value of the total delivery's part that cannot be used in due time or according to the contract as a result of delay or non-delivery. This limitation shall not apply if we shall be obligatory liable due to deliberate intention or gross negligence. We shall in no way be responsible for deliveries delayed and omitted due to default of our upstream suppliers. The right of the buyer/orderer of abandoning the contract after the unsuccessful expiration of a grace period set for us shall remain unaffected. Should one of our suppliers be in default of delivery or should any damage arise for us herefrom, then we shall be entitled to claim a compensation for delay. This shall altogether amount to 0.5 % of the delay for each complete week, but maximum 5 % of the value of the total delivery's part that, as a result of delay, cannot be used in due time or according to the contract. We shall be entitled to make partial deliveries on reasonable scale. Excess and short deliveries of the contracted volume as customary within the industry shall be permissible.

IV. Shipment, passing of risk, acceptance:

1. In respect of all delivery clauses the INCOTERMS 2000 shall be applied.
2. In the event where we are the orderers ourselves, the following shall apply: We and the recipient appointed by us have to be notified of each consignment on the date of dispatch. A delivery note in duplicate has to be attached to each shipment. The delivery note has to contain our order number, item number and supplier number. In case of an agreed delivery "Ex-House", we and the recipient appointed by us have to be advised of the dimensions and the weight of the consignment on due time. In each case we shall cover the transport insurance. Unless otherwise agreed, we shall ourselves provide for the customs clearance for shipments from abroad. When issuing the shipping documents, our suppliers have to take into consideration that all papers and documents required for the customs clearance have to be handed over to us on due time prior to the shipment. In case we are the suppliers ourselves, the following shall apply: Upon dispatch we shall, unless no agreement to the contrary is reached, insure the goods against fracture at the expense of the orderer at the conditions as customary in our practice. As a fee we shall charge 1 % of the net invoice value, at least EUR 0.50 per consignment.
3. The risk shall pass over to the buyer/orderer when the delivery item has left our house, and in fact also if partial deliveries take place or if we have taken over other performances, e.g. shipping charges or delivery and installation as well. If an acceptance has to take place, it shall be determinant for the passing of risk. It shall be carried out immediately

after our notification of readiness of acceptance. The buyer/orderer may not refuse the acceptance in case of an insignificant defect, provided that we expressly acknowledge our obligation for rectification of defects.

4. Should the shipment or the acceptance suffer a delay or not happen due to circumstances that are not attributable to the supplier, the risk shall pass to the buyer/orderer from the day of the notification of readiness of delivery or acceptance, respectively.

V. Retention of ownership:

1) We shall reserve the ownership over the goods until the complete payment of the purchase price, until all of our receivables against the buyer/orderer arising from the business relationship have been settled.
2) The retention of ownership shall also remain to exist if individual receivables are recorded on a current account and the balance is drawn and acknowledged.
3) In case of violation of important contractual obligations, in particular in the event of late payment we shall be entitled to take back the goods after a warning, and the buyer/orderer shall be obliged to make delivery. The buyer/orderer shall be entitled to resell the goods in the regular course of business, on the condition that the receivables from the resale shall vest in the seller as follows:

   a) The buyer/orderer shall already now assigned to us all receivables from the resale against its customer in the amount of the retained goods delivered, regardless of whether the retained goods are resold without or after processing. The buyer/orderer shall be empowered to collect these receivables after the cession as well. Our authority to collect the receivable ourselves shall remain unaffected; however, we pledge ourselves not to collect the receivable as long as the buyer/orderer meets its payment obligations. But we can request from the buyer/orderer to inform us of the assigned receivables and their debtors and to give all particulars required for the collection.
   b) Processing and treatment of the retained goods shall take place for us as manufacturers by virtue of § 950 of the German Civil Code, without binding us. Should the retained goods be processed with other objects not belonging to us or mixed inseparably, we shall acquire co-ownership in proportion to the invoice values.
   c) If the value of the security available to us exceeds our receivables by more than 20 % in total, we shall be obliged upon request of the buyer or of a third party impaired by the over-collateralisation to release securities to such extent at the seller's own option.
   d) The enforcement of the retention of ownership as well as the distraint of the delivery item by us shall not be considered as rescission of the contract.
   e) The petition to institute insolvency proceedings over the property of the buyer/orderer shall entitle us to abandon the contract and to demand the immediate return of the delivered item.

VI. Notice of defects and warranty:

We shall be liable for defects as follows:

1. Immediately after arrival, the buyer/orderer has to examine the received goods for defects, condition or warranted feature. It has to notify us of apparent defects within 2 weeks by written notice. Hidden defects shall be reported to us no later than 2 weeks after their detection in writing.
2. In case of a legitimate complaint the subsequent improvement of the faulty merchandise or replacement delivery shall take place, at our own option.
3. For the purpose of removal of defects, the buyer/orderer has to grant us the time and opportunity required at equitable discretion, particularly it has to make us available the complained object or sample thereof. Should the buyer/orderer not comply with this obligation, the claim for warranty shall expire.
4. If we let a reasonable grace period granted for us elapse without rectifying the defect or supplying a replacement, the buyer/orderer shall be entitled at its own option to request redhibition or abatement.
5. As a result of attempts of alteration or commissioning carried out from the part of the buyer/orderer in an unprofessional manner, the liability for the consequences arising therefrom shall be cancelled. The warranty period for subsequent improvement, replacement delivery or for additional performance shall be 12 months. It shall run at least up to the expiration of the original warranty period for the delivery item or as long as we are entitled to corresponding warranty claims against our upstream suppliers.
6. Should the merchandise lack the warranted feature, the buyer/orderer shall be then entitled to a right of withdrawal from the contract. It can demand a compensation for damages due to non-performance only if the warranty pursues exactly the purpose to ensure the buyer/orderer against such event.
7. No guarantee shall be assumed particularly in the following cases: Inappropriate or unprofessional application, faulty assembly or commissioning by the buyer/orderer or third parties, wear and tear, inaccurate or negligent handling, improper maintenance, inadequate operating resources, chemical, electro-chemical or electric influences –
8. provided that they are not attributable to our fault. Should the buyer/orderer or a third party make subsequent improvement in an unprofessional manner, no liability shall survive from on our part for the consequences resulting therefrom. The same shall apply to the changes made in the delivery item without our prior consent.
9. In the event where the use of the delivered item leads to the breach of industrial property rights or copyrights within the agreed periods, we shall supply the buyer/orderer basically with the right of continued use or we shall modify the delivery item in such a way that the breach of trademark rights does not exist anymore. Should it not be possible in light of the economically reasonably conditions, we shall take back the delivery item and refund the contractual price less an amount taking into consideration the utility affected by usage as well as the condition of the delivery item. Moreover, we shall exempt the buyer/orderer from the claims undisputed and established as final and absolute of affected trademark right holder. It shall apply only if the buyer/orderer immediately informs us of the enforced trademark or industrial property right violations, the buyer/orderer supports us to a reasonable extent during the defence of the enforced claims or makes it possible for us to take measures of modification, all actions of defence including a settlement out of court remain reserved for us, the delivery item was not manufactured or altered at the disposition of the buyer/orderer and the infringement was brought about in an unprofessional manner not by the fact that the buyer/orderer has changed the delivery item arbitrarily.

VII. Liability:

1. Due to violation of contractual and non-contractual obligations, especially because of impossibility of the performance, delay, default at contract negotiations and illegitimate action we shall assume liability – also for our executive employees and other auxiliary persons – only in the events of deliberate intention and gross negligence, limited to the damages foreseeable and typical for this type of contract.
2. The limitations shall not apply in case of culpable infringement of material contractual obligations as far as the achievement of the contract's purpose is put at risk, events of coercive accountability according to the act on product liability, in case of damages/injuries of life, body and health, and shall also not apply if and as long as we conceal defects of the object maliciously or have guaranteed the absence of any defects. The rules on burden of proof shall remain unaffected herefrom.
3. Unless otherwise agreed, the contractual claims emerging for the buyer against us on the occasion or in connection with the delivery of goods shall become time-barred one year after the delivery of the goods. Our liability due to deliberate and grossly negligent breach of obligations as well as the statute of limitation of recourse actions shall remain unaffected therefrom. In the events of supplementary performance, the statutory period of limitation shall not start to run over again.

VIII. Applicable law/court of jurisdiction:

1. In respect of all legal relations between us and the buyer/orderer, solely the law of the Federal Republic of Germany governing the legal relations of domestic parties among each other shall be applicable, excluding the United Nations' Convention on Contracts for the International Sale of Goods (CISG). As far as permissible, the competence of LG Munich Regional Court I, Chamber for Commercial Matters shall be agreed upon.

IX. Miscellaneous:

1. Should a buyer residing outside of the Federal Republic of Germany (Foreign customer) or its authorised representative collect goods or should it transport or send them abroad, then the buyer has to provide us evidence of export declaration required for taxation purposes. If this evidence is not supplied, the buyer has to pay the value added tax effective for delivery within the Federal Republic pertaining to the invoice amount.
2. In case of deliveries from the Federal Republic of Germany to other EU member-states, the buyer, prior to the delivery, has to advise us of its value added tax identification number, under which it puts into effect the profit and income tax within the EU. Otherwise, it has to pay for our deliveries the amount of value added tax imposed on us, in addition to the agreed purchase price.
3. Upon settlement of shipments from the Federal Republic of Germany to other EU member-states, the value added tax regulation of the respective recipient member-state shall have application if either the buyer is registered for value added tax in another EU member-state, or if we are registered for value added tax in the recipient memberstate.