

**General Terms and Conditions of Sale and Payment
of Euroflansch GmbH
Status: 2 January 2007**

1. General provisions

1.1 Our deliveries and services shall be made exclusively based on the following conditions. Terms and conditions of purchase of the buyer are hereby opposed.

1.2 Our offers are without obligation. Conclusions and other agreements shall only become binding through our written confirmation.

2. Prices, terms of payment

2.1 Our prices apply, in case not otherwise agreed, ex works and in case of domestic deliveries plus value added tax. In case of an essential change to certain cost factors between conclusion of the contract and delivery date, such as in particular the costs for wages, preliminary materials, energy or freight the agreed price can be adjusted to a reasonable extent according to the influence of the decisive cost factors.

2.2 If only a target quantity has been agreed we shall base our calculation on the non-binding ordered quantity expected by the buyer.

If the partner purchases less than the target quantity, we shall be entitled to increase the agreed price by a reasonable amount. If he purchases more than the target quantity, we shall reduce the agreed price by a reasonable amount.

2.3 The payment must be made without cash discount to the extent that we can dispose of the amount on the due date. Costs of the payment transactions shall be borne by the buyer. Insofar as not otherwise agreed, our invoices shall be due and payable 14 days after invoice date.

2.4 In case targets are exceeded we shall be entitled to invoice interest on default in the amount of the rate which the bank charges us for current account credits, at least however in the amount of 8 percentage points above the respective base lending rate of the European Central Bank.

2.5 The buyer may only set-off against undisputed or claims declared final and absolute. He shall only be entitled to rights of retention insofar as they are based on the same contractual relationship.

2.6 Insofar as our payment claim is at risk as a result of circumstances which occurred subsequently and which result in an essential deterioration of the assets we shall be entitled to deem it due and payable.

2.7 If the buyer is in default with the payment and this indicates a risk for the possibility to realise a significant part of our claim, we shall be entitled to prohibit the further processing of the delivered goods, to take the goods back and in this respect if applicable access the business of the customer. Taking the goods back is not deemed as a cancellation of the contract.

2.8 In the cases of Subclause 2.6 and Subclause 2.7 we can revoke the direct debit mandate (Subclause 7.7) and demand advance payments for still outstanding deliveries.

2.9 The buyer can avoid the legal consequences specified in Subclause 2.6 and in Subclause 2.7 by providing security in the amount of our endangered payment claim.

If the buyer provides neither advance payment nor reasonable security in the cases of Subclause 2.6 or Subclause 2.7 within a reasonable period of time, we shall be entitled to exercise the cancellation under the exclusion of claims for compensation of the buyer.

2.10 We shall be entitled to securities which are customary in type and extent for our claims, also insofar as they are conditional or limited.

2.11 The statutory regulations concerning delay in payment remain unaffected.

3. Measurements, weights, quality

3.1 Deviations in measurement, weight, quality and other specifications are permitted according to DIN, EN or if this is applicable custom. Other deviations require a separate agreement.

4. Despatch and passing of risk

4.1 We are at liberty to decide the transport route and means of transport and determine the carrier or freight forwarder in the absence of special instructions.

4.2 Goods which are reported as ready for despatch are to be taken over by the partner immediately. Otherwise we shall be entitled at our own choice to despatch these or store these at the costs and risks of the partner.

4.3 In case of damages in transit the buyer must immediately arrange for facts to be recorded at the responsible departments.

4.4 The risk shall pass to the buyer when the goods are handed over to the carrier or freight forwarder, no later however than when they leave the plant or the warehouse.

4.5 The Incoterms shall apply in their respective latest version for interpreting the trading clauses.

4.6 We are entitled to part deliveries. They shall be invoiced separately.

4.7 Insofar as not customary for the trade or otherwise agreed, the goods are delivered unpacked and not protected against rust.

5. Delivery times, delays in delivery

5.1 The agreed delivery times shall only apply under the pre-requisite of timely clarification of all details of the order and timely satisfaction of all obligations of the buyer.

5.2 If the buyer does not satisfy contractual obligations – also duties for assistance or secondary duties, such as opening of a letter of credit, provision of domestic or foreign certificates, making an advance payment, etc. in time, we are entitled to postpone our delivery times –irrespective of our rights from default of the buyer – by a reasonable period of time in line with the requirements of our production flow.

5.3 Insofar as not otherwise agreed, we deliver “ex works”. Decisive for observing the delivery date or the delivery deadline is the notification by us that the goods are ready for despatch or pick-up. In the event that we are in default, the buyer must set a reasonable final deadline. After expiry of this final deadline he can insofar cancel the contract if the goods are not reported as ready for despatch by expiry of the deadline. A cover purchase is only permitted with our written consent.

5.4 Force majeure, industrial disputes, unrest, official measures, omission of deliveries of our suppliers and other unforeseeable, unavoidable and serious events release the contractual partners for the duration of the interference and to the extent of its effect from the duties for service. This shall also apply if these events occur at a time in which the contractual partner concerned is in default, unless he caused the default wilfully or through gross negligence. The contractual partners are obliged within the framework of that which is reasonable to immediately provide the necessary information and adjust their obligations to the changed circumstances according to good faith.

5.5 Additional or reduced deliveries due to production are permitted within a tolerance of 10 percent of the total order quantity.

6. Defects of the goods, warranty

6.1 We shall not be responsible for defects of quality, which only insignificantly reduce the value or the usability of the goods.

6.2 Claims for defects of quality shall become statute-barred in 12 months. This shall not apply insofar as the law stipulates longer mandatory deadlines, in particular for defects with a building and with a good, which was used for a building in line with its customary method of use and caused its defective condition.

6.3 If acceptance of the goods or a first sample check was agreed, the complaint of defects is excluded, which the partner could have determined with careful acceptance or first sample check.

6.4 We are to be given the opportunity to determine the defect for which a complaint is made. Goods for which complaints are made are to be returned to us upon request; we assume the transport costs if the complaint about defects is justified. If the partner does not satisfy these obligations or makes changes to the goods for which a complaint has already been made without our consent, he shall lose possible claims for defects of quality.

6.5 In case of justified, timely complaint of defect we shall at our choice improve the reported goods or deliver impeccable replacement.

6.6 If we do not satisfy these obligations or not as per contract within a reasonable period of time, the partner can set us a final deadline in writing within which we have to satisfy our obligations. After the unsuccessful expiry of this period the partner can demand reduction of the price, cancel the contract or undertake the necessary improvement personally or have undertaken by a third party at our costs and risk. A reimbursement of costs is excluded insofar as the expenses increase, because the goods have been taken to another place after our delivery unless this corresponds with the intended use of the goods.

6.7 Statutory claims for recourse of the partner against us only exist insofar as the partner has reached no agreements with his buyer, which go beyond the statutory warranty claims. Further Subclause 6.6 last sentence applies accordingly for the scope of the claims of recourse.

6.8 In case of goods which have been sold as declassified materials – e.g. so-called II-a-material – the buyer is not entitled to any warranty rights regarding the stated faults and those which he can usually expect.

7. Reservation of title

7.1 All delivered goods remain our property (reserved goods) until satisfaction of all claims, in particular also those balance claims to which we are entitled within the framework of the business relations. This also applies for future and conditional claims, e.g. from reverse bills of exchange.

7.2 The reserved goods shall be processed on our behalf as manufacturers within the meaning of § 950 BGB, without obliging us. The processed goods are deemed as reserved goods within the meaning of Subclause 7.1.

7.3 In case the reserved goods are processed, combined and mixed with other goods by the buyer we shall be entitled to the co-ownership of the new object as a ratio of the invoice value of the reserved goods to the invoice value of the other goods. If our property expires through combination, mixing or processing the buyer assigns us now already the property or entitlement rights to the new stock or the object to which he is entitled in the extent of the invoice value of the reserved goods, in the event of processing as a ratio of the invoice value of the reserved goods to the invoice value of the other used goods and shall keep these in safekeeping on our behalf. Our co-ownership rights are deemed reserved goods within the meaning of Subclause 7.1.

7.4 The buyer may only resell the reserved goods in customary business transactions at his normal business terms and as long as he is not in default presuming that he agrees a reservation of title with his buyer and that the claims from the resale acc. Subclause 7.5 and 7.6 are passed to us. He is not entitled to other disposals of the reserved goods. Deemed as resale is also the use of the reserved goods for satisfying contracts for services and work supply contracts.

7.5 The claims of the buyer from the resale of the reserved goods are hereby assigned to us now already. They serve as security in the same extent as the reserved goods within the meaning of Subclause 7.1.

7.6 If the reserved goods are resold by the buyer together with other goods, the claim from the resale is assigned to us as a ratio of the invoice value of the reserved goods to the invoice value of the other goods. In case of resale of goods, in which we hold co-ownership shares acc. Subclause 7.3 we are assigned a part of the claims which corresponds with our co-ownership share.

7.7 The buyer is entitled to collect claims from the resale, unless we revoke the collection authorization in the cases specified in Subclause 2.8. Upon our request he undertakes to inform his buyer immediately of the assignment to us – insofar as we do not do this personally – and provide us the information and documents necessary for the collection.

7.8 The buyer is in no way authorized to assign the claims; this also applies for factoring business, to which the buyer is not permitted either owing to our collection authorization.

7.9 The buyer must inform us immediately of a seizure or other impediments by third parties.

7.10 If the value of the existing securities exceeds the secured claims altogether by more than 20%, we are obliged upon request of the buyer insofar to release securities at our choice.

7.11 In case of breaches of duty on the part of the partner, in particular in case of default of payment, we are entitled to cancel the contract and take back the goods after the unsuccessful expiry of a reasonable deadline set for the partner for payment; the statutory provisions concerning the dispensability of setting a deadline remain unaffected. The partner is obliged to hand the goods over.

We are entitled to cancel the contract if an application is filed for opening insolvency proceedings over the partner's assets.

8. General liability

8.1 Insofar as not otherwise regulated in these terms and conditions, we are liable for damages owing to the breach of contractual or non-contractual duties only in case of wilful intent, gross negligence of our legal representatives or executives and in case of culpable breach of essential contractual duties. In case of culpable breach of essential contractual duties we shall be liable – except in the cases of wilful intent or gross negligence of our legal representatives or executives – only for foreseeable damages which are typical as per contract. This provision shall not affect claims owing to physical injuries or damages to privately used objects according to the Product Liability Act.

8.2 The liability restriction shall not apply in the absence of warranted qualities or in the absence of a guaranteed condition if and insofar as the aim of the quality or the guarantee was to secure the partner against damages which were not incurred to the delivered good itself.

9. Applicable law

The law of the Federal Republic of Germany shall apply under exclusion of the Convention of the United Nations concerning contracts for the international sale of goods of 11 April 1980.

10. Place of performance and place of jurisdiction

Place of performance and place of jurisdiction for both contractual parties is Hanover. We are also entitled to file action against the buyer at his general place of jurisdiction.

11. Miscellaneous

The buyer undertakes to examine the possible breach of industrial property rights through the placing of the order and if applicable to draw our attention to the fact that the order concerns parts effectively protected by industrial property rights. He assumes all liability for claims which are asserted against us by an entitled person in this respect while executing his order. Upon conclusion of the contract the buyer waives his rights from § 4 Par. 1 Federal Data Protection Act (BDSG) and for compensation owing to a breach of the provisions §§ 3 and 5 BDSG. The provisions of §§ 23-26 BDSG shall not apply.

Should individual parts of these business terms and conditions or a provision within the framework of other agreements be or become invalid, this shall have no effect on the validity of all other provisions or agreements.

- In case of special design we reserve the right to additional or reduced delivery of +/- 10% against charge.
- We charge 15% of the value of the goods for taking goods back.