

As of: August 2005

General Conditions of Sale, Delivery and Payment

of

EURO-LOCKS Sicherheitseinrichtungen GmbH

1 Area of validity

- 1.1 These sales conditions apply to companies, juristic persons or legal entities and separate assets under public law.
- 1.2 All our deliveries and services are realised exclusively on the basis of the following general sales, delivery and payment conditions (hereafter termed sales conditions) which the customer recognises through placement of the order or receipt of delivery. They also apply for all future business transactions with the customer, provided these are legal transactions of a related kind. We will only recognise conditions of the customer that contradict or deviate from our sales conditions if we expressly agree to their validity in writing. Our sales conditions also apply if we unreservedly realise the delivery to the customer in the knowledge of conditions of the customer that contradict or deviate from our sales conditions.
- 1.3 Individual contractually-agreed provisions within the contractual relationship have precedence over the general delivery conditions.

2 Offers and requests for quotes

- 2.1 All offers are subject to change without notice and non-binding. We are not obliged to accept orders.
- 2.2 Price offers to companies in the context of value added tax legislation are always effective without value added tax.
- 2.3 Data regarding requests for quotes, requests for catalogues and acceptance of orders is recorded and stored.

3 Order processing

- 3.1 The customer is bound for 14 days by the order. Acceptance of orders is confirmed in writing within this period, being only regarded as accepted after we confirm the order. The same applies to immediate deliveries without order confirmation. Our delivery docket is regarded as the order confirmation in such cases. We reserve the right to demand payment collect on delivery for immediate deliveries in the case of new customers.
- 3.2 We reserve the right to accept orders, transactions and other agreements realised by partners or representatives of Euro-Locks. These are only regarded as accepted on receipt of written confirmation.
- 3.3 The customer is obliged to inform us in writing and in good time if the quality of the product or a special version or particular material for the intended application is of particular importance.

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- 4.1 Delivery on call or basic agreements are binding orders and apply in principle for a period of 12 months where no other arrangement has been agreed upon in writing. We are entitled to charge immediately for the remaining quantity when the contractual period expires and without the need for another corresponding agreement.
- 4.2 Agreed prices apply to a maximum degree for the duration of the agreement, and we are entitled to adapt prices to a reasonable degree in the event of extensions of the duration.
- 4.3 In the event of considerable remuneration, material or energy costs arising in the case of delivery on call, basic or long-term agreements with a duration of more than 12 months, each contractual partner is entitled to demand a suitable adaptation of the price with regard to these factors.
- 4.4 Delivery quantities and delivery deadlines for the entire duration of the contract must be fixed in the absence of other agreements, or information must be given of binding delivery quantities by call-forward notice at least 6 weeks before the desired delivery deadline.
- 4.5 Additional costs resulting from a late call-forward notice or a subsequent change of the call-forward order with regard to time or quantity by the customer are borne by the customer. Our calculation is decisive in this respect.
- 4.6 Should in an individual case a contractual default or failure of fulfilment of contract on the part of the customer occur and the goods are not accepted within an acceptable period of time, we are entitled to withdraw from the contract and demand compensation at a rate of 25% of the remaining portion of the contract due to failure to fulfil contractual obligations. Moreover, the customer must pay

for the completed product offered up to this time, bearing the agreed price to its complete amount. The right to exercise other claims remains reserved.

5 Entrusted documents and samples

5.1 We retain rights of ownership and copyright to all samples and documents, such as calculations, drawings, dimensional specifications, illustrations, design blueprints, functional descriptions, etc., entrusted to the customer in conjunction with the award of contract, and these must be returned on demand. Samples and documents of this kind should not be made accessible to third parties, unless the customer has received our express written permission in this respect.

6 Prices and payment conditions

6.1 Our prices are valid in EUR ex works, exclusive packaging and additional value added tax to the respectively valid rate, unless no other written agreement has been concluded in this respect. The customer bears the costs of public duties for the import of goods (e.g. charges for export papers, customs, etc.) in the case of deliveries to countries outside Germany.

6.2 Payment of all of the supplier's goods invoices is due within 30 days of the invoice date without deductions, unless other conditions arise from the order confirmation. A payment default exists where this payment period expires without fulfilment. A discount requires prior written agreement. Customer payments are only regarded as realised when Euro-Locks is in possession of the amount due.

6.3 Invoices for tools, fixtures, assembly or installation aids and services, and minor invoices to a value of 150.00 EUR where partial deliveries are not involved (compare Article 8.6) are due immediately without deduction on receipt of the invoice. A payment default exists if the payment has not been received by us within 5 working days.

6.4 We are entitled to demand payment of default interest at the rate calculated by the bank for overdraft advances, but at least 8 percentage points above the respective base rate of the European Central Bank in the event of default of payment. Any costs accrued for reminders or debt collection are borne by the customer at our rate of charges.

6.5 In the event of the customer defaulting on payment, we are entitled to suspend fulfilment of our obligations until receipt of payment or withdraw from the contract. We are also entitled to recover the goods delivered under reservation of ownership minus costs accrued as a result (min. 25% of the value of the goods).

6.6 Bills of exchange and cheques will only be accepted on the basis of prior written agreement and only when fulfilled and on condition of their discountability. Collecting and discount expenses will be calculated from the date on which payment of the invoice amount is due and must be paid immediately. A guarantee of the presentation of exchange bills and cheques in good time and for exchange protests is excluded.

6.7 We are entitled to rescind all payment agreements, demand immediate payment or return of delivered goods, withdraw from the contract and/or demand prepayment or cash on delivery if a deterioration in the customer's financial situation becomes evident after conclusion of the contract, or if the customer orders stock or unrecoverable receivables for other creditors.

6.8 Any claims for compensation remain unaffected in all cases by these measures.

7 Offsetting and right of retention

7.1 The customer is only entitled to offset if his counterclaims are proven to be legally enforceable, undisputed or recognised by us. The customer is only entitled to exercise a right of retention if his counterclaim is based on the same contractual relationship.

8 Delivery duration and obligation

8.1 Delivery deadlines and delivery durations are only binding if they are confirmed as such in writing by Euro-Locks and the customer has provided or informed us with all information, approvals and documents necessary for realising the delivery and has paid any agreed down-payments in accordance with contractual agreements.

8.2 Agreed delivery deadlines commence with the order confirmation date. Delivery deadlines are extended accordingly to accommodate desired changes expressed by the customer at a later date, additional or supplementary orders.

8.3 The delivery deadline is honoured if the goods are dispatched or readied for dispatch or collection by the time of its expiration.

8.4 The delivery deadline is extended accordingly in the event of measures occurring within the context of labour agitation, measures enacted by authorities, operational interruptions, shortages of raw materials, traffic disruptions, force majeure and all acts of God. The deadline is also extended accordingly in the event of unforeseeable obstacles occurring over which we have no control, provided such obstacles have a verifiable and considerable influence on the production or delivery of goods.

This also applies if the circumstances affect subcontracted suppliers and contractual suppliers, and if these circumstances occur at a time where the affected contractual partner is in default of delivery, unless the said contractual partner has deliberately caused the delay through wilful intent or gross negligence. Insofar as these circumstances considerably alter the service, we are freed from our obligation to deliver for the duration of the disturbance and within the scope of its influence. The customer will be informed in an appropriate manner of the occurrence of a disruption. Each party is entitled to withdraw from the contract if the termination of a disruption is not foreseeable or the disruption lasts for more than three months. The purchaser has no entitlement to compensation claims as a result of such a withdrawal.

8.5 The customer is only entitled to exercise other rights in the event of a delay caused by us (provided the delay has not been caused by wilful intent or gross negligence) if a subsequent period of fulfilment of at least four weeks set by him expires without a successful realisation of obligations.

8.6 Partial deliveries are permitted in reasonable volumes and invoiced separately.

9 Shipment and passage of risk

9.1 Shipment costs are borne by the customer. All deliveries are realised to the best of judgement and invoiced without exception to the customer. The customer also bears all risks in the case of prepaid carriage delivery. Risk is transferred to the customer on receipt of notification of shipment readiness if goods are ready for delivery, but delivery or acceptance is delayed due to reasons beyond our control.

9.2 We are entitled to delivery the goods in a manner of our own choosing, or to store the goods at the expense of the customer and demand payment of any costs we accrue as a result, including any additional expenses, if notification of the readiness of goods for shipping or collection has been realised and the customer defaults on acceptance or is in deliberate breach of his obligation to cooperate. We reserve the right to prosecute further claims. In the event of the above-mentioned prerequisites existing, the risk of destruction or accidental deterioration of the purchased object is transferred to the customer as of the time from which the customer defaults in terms of acceptance or debt.

9.3 We reserve the right to select the method of shipment, provided no other agreement has been concluded in this respect. No claims can be made against us in association with the selected shipping medium.

9.4 Additional costs accrued through accelerated transportation (express, express goods, express delivery services, express packages, etc.) are borne by the customer, including transfer costs at the shipment or acceptance location (goods transportation charges), regardless of which party bears the freight costs. In the case of payment on delivery shipments, the customer bears all related costs.

9.5 Additional transportation charges, such as container rental charges, unloading charges and all additional transportation charges on water, land or in the air, including those arising as a result of the peculiar quality of the goods (bulk goods, large goods, etc.), are borne by the customer.

9.6 The customer bears the costs of requested evidence of the delivery of goods (notification of delivery) to the address specified by the customer.

10 Shipment abroad

10.1 The INCOTERMS of 1953 in their respective valid version apply under consideration of amendments realised since 1953, provided our sales conditions for domestic and overseas shipment do not specify otherwise. German law applies if these sales conditions or the INCOTERMS do not contain a particular regulation.

11 Transportation risks

11.1 Transfer of risk is realised without infringing Article 9.1, sentence 2 with the transfer of the delivery to the person, company or entity entrusted with the delivery that operates in accordance with its respective general conditions or our agreed conditions.

11.2 We assume no liability for damage or loss during transportation caused by third parties. The same applies where we are responsible for commissioning, but on behalf of the receiver. Shipment is realised in every case to the best of our knowledge and own discretion in terms of our obligations. Any liability for negligence on the part of Euro-Locks or its vicariously-employed persons or entities is, where legally permissible, excluded.

11.3 In the event of goods being received in a damaged condition, the purchaser is obliged to demand a record of the condition and/or confirmation from the carrier to retain rights of recourse against the person or entity that has caused the damage (rail company, postal service, carrier, haulage contractor, etc.). Assertion of a claim for damages by the customer requires the producing of the original bill of lading or packaging docket and a declaration of assignment of rights emanating from the transportation contract to the insuring party.

11.4 Euro-Locks is not obliged to insure or have the delivery insured against transportation or other damage. We are entitled to conclude an insurance contract at the purchaser's expense, provided the purchaser has no regulations of his own relating to the nature and extent of transportation damage.

12 Scope of service

12.1 We reserve the express right to realise deviations from ordered or delivered articles in the delivery that do not impair the function or prevent normal use, particularly with regard to material and design.

12.2 All details in illustrations, catalogues, brochures, advertisements, on our homepage in the internet and in other information material entrusted to the customer, particularly weight, dimensions and performance specifications (including product description characteristics) are non-binding and should under no circumstances be regarded as a guarantee of particular quality of the delivered object. Claims made on this basis will not be entertained. Quality guarantees must be expressly agreed upon in writing.

12.3 Due to technical reasons, excess or reduced deliveries of up to 10% are permitted in the case of special products.

12.4 We provide technical application consulting to the best of our knowledge and based on our experience. All details and information on our products are only binding if expressly stated by us in writing. They do not free the purchaser from his own examination and testing obligations.

13 Commercial proprietary rights

13.1 Should the customer specify through certain instructions, specifications, documents, plans, samples, models or drawings the manner in which EURO-LOCKS should manufacture the products to be delivered, the customer guarantees that EURO-LOCKS will not infringe on the rights of third parties, such as patents, utility patents and other protection rights and copyrights. The customer frees Euro-Locks from all claims of third parties that they may exercise against Euro-Locks for such infringements. Moreover, we are entitled to withdraw from the contract, terminate delivery and demand compensation for costs accrued should a third party seek to prohibit us from manufacturing the products on the basis of one of its proprietary rights, without any obligation to investigate the legal position.

13.2 In the event of a third party prohibiting us from manufacturing and delivering products (including products offered and already delivered by Euro-Locks) on the basis of one of its proprietary rights, we are entitled to withdraw from the contract with the exclusion of all compensation claims, provided a substitute for those parts not protected by patent cannot be realised.

14 Tools, production media and original samples

14.1 Manufacturing costs for samples and production media (tools, fixtures and assembly/installation aids) will be invoiced separately from the delivered goods, provided no other written agreement exists in this respect. This also applies to production media that must be replaced as a consequence of wear.

14.2 Tools and production media remain the property of EURO-LOCKS, even where the customer has paid in full or part for the tools and production media. The customer cannot exercise any claims of ownership to the aforementioned articles.

14.3 Costs for maintenance and correct storage and the risks of damage to or destruction of production media are borne by EURO-LOCKS.

14.4 In the event of the customer suspending or terminating the co-operation during the sample or production media manufacture period, or amending the specification for the product to be delivered during this period, all costs accrued up until this point in time are borne by the customer.

14.5 We will keep production media and tools in storage for one year after the last delivery to the customer. The retention and storage period will be extended by a further year should the customer inform us prior to the expiration of this initial period of the intention to place orders during the course of a further year. Euro-Locks is free to dispose of the tools as it sees fit if subsequent orders are not placed after this period.

15 Redhibitory defects

15.1 The customer is obliged to examine delivered goods immediately after delivery.

15.2 We will only bear liability for complaints concerning the type, quality and quantity of delivered goods if the customer examines the goods for the absence of deficiencies and completeness and informs us immediately (or within 4 working days of delivery at the latest) in writing of deficiencies discovered, along with providing an exact description of the aforementioned deficiencies. Delivered goods are considered as approved if the customer fails to examine the goods in good time or lodge a written complaint, unless the deficiency was undetectable during the examination. Concealed deficiencies discovered at a later stage should also be reported immediately in writing, as the goods

will otherwise be considered as approved as a consequence of this failure. The customer must prove in each case that the deficiency already existed when the product was delivered.

15.3 Complaints concerning deficiencies that the customer could have detected during careful acceptance or examination of drawings or original samples are excluded if the acceptance of goods or examination of drawings or original samples is agreed upon.

15.4 There is a limitation of liability relating to claims concerning deficiencies that expires 12 months after realisation of delivery of the goods supplied by us to the customer.

15.5 Warranty and guarantee claims concerning direct and indirect damage do not exist in the case of purely inconsiderable deviation from the agreed quality, in the case of purely inconsiderable impairment of usability, in the case of utilisation of alternative materials, in cases of natural deterioration or wear caused by incorrect or negligent handling after transfer of risk, excessive stress, incorrect assembly or installation or due to special external influences which are not a prerequisite of the contract.

15.6 The warranty is also rescinded if the customer or a third party realises changes, subsequent work or repair work without our prior written permission.

15.7 If, despite all due care, the delivered goods exhibit a defect that already existed at the transfer of risk, we will improve or replace the goods in a manner of our choosing, provided a complaint is received within the specified period. We must be given the opportunity to determine the deficiency which is the subject of the complaint and demand the immediate return of goods that are the subject of complaint. We will assume transportation costs if the complaint is justified. We must be granted the opportunity in every case to redress the deficiency within a suitable period of time. Recourse claims remain unaffected by the existing regulation.

15.8 The customer can, at his discretion, demand a reduction in remuneration or withdraw from the contract if the improvement or replacement delivery fails a second time within an acceptable period of time. The customer will waive the right to prosecute claims for compensation if he chooses to withdraw from the contract because of a deficiency.

15.9 Claims made by the customer relating to the outlay necessary for the purpose of fulfilment, particularly transportation, travelling, labour and material costs, are excluded if the outlay increases because the goods delivered by us are subsequently brought to a location other than the premises of the customer, unless this complies with the correct usage of the goods.

15.10 Customer recourse claims against us are only valid if the customer has not reached agreements with his purchaser on any claims for deficiencies higher than legally obligatory. In addition, Provision 15.9 applies to the scope of recourse claims.

16 Other claims, liability

16.1 Other or further claims made by the customer against us are excluded, provided nothing to the contrary is contained in the following. This applies in particular to compensation claims concerning breach of obligations emanating from the liability relationship and prohibited actions. We therefore bear no liability for damage not occurring to the delivered goods themselves. We will bear no liability in particular for lost profit or other pecuniary damage suffered by the customer.

16.2 The liability limitations mentioned do not apply in the case of deliberate intent or gross negligence on the part of our legal representatives or executive personnel, or in the case of a deliberate breach of important contractual obligations. We will only bear liability in the case of a deliberate breach of important contractual obligations for contractually-typical, reasonable and foreseeable damage, except in cases of deliberate intent or gross negligence on the part of our legal representatives or executive personnel.

16.3 Limitation of liability also does not apply in cases of obligatory legal liability, particularly in relation to the Product Liability Act (*Produkthaftungsgesetz*), underwritten commitment guarantees or culpable physical injury.

16.4 The customer is obliged to implement suitable measures to prevent and reduce damage or injury.

16.5 Legal settlements of the burden of proof remain unaffected by this.

17 Retention of title

17.1 The goods delivered remain our property until complete payment of all obligations emanating from the delivery contract. This also applies to all future deliveries, even where we do not expressly state this on every occasion.

17.2 We are entitled to withdraw from the contract and recover the goods in the event of a breach of contract on the part of the customer, particularly where default of payment is involved. The customer is under obligation to hand over the goods and grant us immediate access to the reserved goods. We are entitled to sell the goods after recovery, and proceeds realised from their sale will be deducted from the customer's debts (with appropriate deductions for sales costs).

17.3 The customer is obliged to handle the reserved goods with care for the duration of the retention of title, store them in dry rooms and insure them adequately to their new value against damage and theft. The customer must bear the costs for any necessary maintenance and inspection work.

17.4 The customer is not entitled to transfer ownership of the reserved goods by pledging or offering them as collateral. The customer must inform us immediately in writing of a seizure or other intervention by third parties to enable us to take legal action in accordance with §771 ZPO (Civil Procedure Code). In the event of the third party being incapable of reimbursing the legal or extrajudicial costs borne by us in a civil proceeding, the customer bears sole responsibility for the reimbursement of such costs.

17.5 The customer is entitled to sell the goods delivered by us further in the course of orderly business. However, he transfers all receivable accounts gained from further sale to his customers or third parties with immediate effect to us to the level of the final invoice amount (including value added tax) to settle our demands, regardless of whether the goods are sold after further processing or not. The customer is entitled to recover this debt after assignment of claims. Our right to recover these debts of our own volition remains unaffected by this. However, we are under obligation not to recover the debt as long as the customer meets his payment obligations from received proceeds, does not default on payment and, in particular, does not make an application for the opening of composition or insolvency proceedings, or suspend payment. We are entitled to demand that the customer reveal the assigned debts and debtors to us in the event of the latter occurring, disclose all relevant details in this respect, hand over all relevant documentation and inform debtors (third parties) of the assignment.

17.6 Processing, further processing or conversion by the customer of goods delivered by us is always realised on our behalf. In the event of the product being processed with other objects that are not our property, we will acquire joint ownership to the new article proportional to the value of the purchase article (final invoice amount including value added tax) relative to the other processed objects at the time of processing. The same conditions apply to the product created through processing as apply to reserved delivered goods.

17.7 In the event of the product being mixed indivisibly with other objects that are not our property, we will acquire joint ownership to the new article proportional to the value of the purchase article (final invoice amount including value added tax) relative to the other mixed objects at the time of mixing. Should mixing be realised in a manner in which the customer's article is regarded as the principle article, it is agreed that the customer will assign proportional ownership to us. The customer thus takes custody of the sole or joint ownership created on our behalf.

17.8 We are obliged to release securities to which we are entitled on the customer's demand, as long as their value exceeds the demands to be secured by more than 20%. The choice of securities released is left to our discretion.

17.9 In the case of deliveries to other jurisdictions where the existing retention of title legislation does not have the same effectiveness with regard to security as in the Federal Republic of Germany, the customer shall do everything necessary to immediately obtain suitable security rights for Euro-Locks. The customer will participate in all measures necessary to ensure the effectiveness and assertion of such security rights (e.g. registration, publications, etc.).

18 Place of fulfilment, place of litigation, general provisions

18.1 Our business domicile is the place of fulfilment, provided no other specification arises from the order confirmation.

18.2 Our business domicile is the place of litigation for all legal disputes, including disputes relating to exchange and cheques. We are also entitled to take legal action at the customer's business domicile.

18.3 This contract and all legal relations between the parties are governed by the laws of the Federal Republic of Germany. Application of the UN uniform law on the international sale of goods (CISG) is excluded.

18.4 Amendments and additions to this contract require the written form. This also applies to changes to this stipulation requiring the written form. Subsidiary verbal agreements will not be concluded.

18.5 Should individual provisions of this contract be or become ineffective, or contain a loophole, the remaining provisions remain unaffected.

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