

General Terms of Supply

KBA-Metronic AG

(hereafter referred to as KBA)

1. "KBA" means KBA-Metronic AG with its head offices at Benzstr. 11, 97209 Veitshöchheim, Germany.
2. The "buyer" means the person or company buying the subject of the contract under these terms.
3. The "contract" means the contract between KBA and the buyer consisting of the written order and/or written confirmation, these terms and any other documents specified in or attached to the contract.
4. The "terms" means the terms of sale set out in this document as may be varied by KBA and any special terms and conditions agreed in writing by KBA.

I. Formation of Contract

1. All offers from KBA are subject to alteration without notice.
2. Documents considered by KBA to be confidential, enclosures, reproductions, drawings, plans, descriptions, estimates or any other documents provided by KBA to the buyer in connection with the contract (the "Disclosure") shall remain the property of KBA, including any copyright, design rights, patents, patent applications and any rights or inventions, trade and business names, know-how, logo and designs, trade and service marks in the contents thereof. The Disclosure is to be treated as secret and confidential by the buyer and is not to be copied or stored in a database nor disclosed or made available to third parties. Any consent to do so granted by KBA may be given only in writing, and any such consent is for the individual case only and does not authorise the buyer to carry out the same action again. The buyer shall ensure that such persons to whom the Disclosure or any part thereof is revealed shall enter into an undertaking to treat the Disclosure as secret and confidential. The buyer shall not use the Disclosure or allow it to be used for any purpose other than the purchase of the subject of the contract in accordance with the contract.
3. If a contract is not concluded between the buyer and KBA, all documents supplied to the buyer in preparation of the contract are to be returned to KBA upon request, and the buyer hereby guarantees that no photocopies, copies, films or recordings on any media shall have been made and that no such items shall be directly or indirectly in its possession. Any right of retention of such documents by the buyer, for whatever legal reasons, is excluded. The buyer shall permit KBA's authorised representative at all reasonable times to enter upon the buyer's premises for the purpose of inspecting and retrieving the Disclosure. Insofar as the Disclosure is no longer necessary in order to carry out any obligations under a contract, it shall be returned to KBA and in any event shall be returned upon termination of a contract.
4. Any offer made by KBA may only be converted into a contract by either a written order from the buyer followed by a written confirmation by KBA, or a written confirmation of order by KBA where the parties have already agreed on the items informally, or a purchase agreement signed by both parties.

II. Contents and Scope of Contract

1. The content and scope of the obligations of KBA shall be governed exclusively by the terms set out in KBA's written confirmation of order or in the supply contract, as well as these General Terms of Supply. Details and features defined therein are only warranted in accordance with the German Civil Code if expressly marked as such.
2. The buyer shall receive from KBA all necessary information and instructions required for carrying out the order. This does not imply the formation of a consultancy agreement. Such an agreement shall come into existence only if it has been expressly agreed in writing.
3. Measurements, weights, performance, operating characteristics, space and energy requirements are calculated in the drawings, reproductions and descriptions attached to or referred to in KBA's offer or confirmation letter or the supply contract. The buyer should not rely on such calculations as being accurate as they are approximate only and may deviate from actual performance and/or start of production.
4. The same applies to the written and pictorial contents of advertising brochures and sales documents which exclusively serve to explain and promote KBA products without representing the performance obligation of KBA as being in exact conformity with the advertisement or sales documents and without establishing guarantees. The matters contained therein do not constitute a trade description.
5. Any collection of spare parts which forms part of the agreed supplies will be put together in conformity with standard practice to the best of KBA's knowledge and belief.
6. The scope of delivery offered by KBA complies with the European safety provisions (EC directive concerning machinery, in particular EN1010, as hereafter amended) which are in effect at the time of formation of the contract. The buyer shall inform KBA about any

modifications in relation to this safety standard at latest when placing the order so that these modifications can be separately agreed between the parties.

7. KBA reserves the right to carry out alterations and/or additions to accessories and added equipment (excluding the press type and its basic equipment), without prior notice if the buyer's interests are not thereby materially impaired.
8. Oral agreements are not valid and no claims can arise therefrom. Additions or variations to these terms shall not be binding on KBA unless expressly agreed in writing by KBA. This also applies to any amendment of this requirement of writing.
9. The assignment of claims and any other transfer of rights from the buyer to third parties requires the prior written approval of KBA.

III. Time of Delivery

1. The agreed time of delivery may be delayed for four successive calendar weeks (as such term is understood in Germany) without any liability attaching to KBA. The obligation to deliver by the agreed time of delivery is fulfilled if delivery is effected by the last day of the relevant delivery week.
2. The obligation on KBA to deliver within the agreed time is subject to the buyer having fulfilled its contractual obligations. The period for delivery therefore begins at the earliest on the day on which the buyer has fulfilled its duties as agreed upon in the contract or in any secondary contract and has complied with the obligations of co-operation which are necessary in the course of performance of the contract - such as obtaining permits, other documents and/or declarations of release - and the buyer has made available to KBA the equipment necessary for carrying out the contract and/or accessories for the subject of the contract for installation and assembly purposes, and the advance payments by the buyer as contractually agreed upon have been received by KBA.
3. KBA is entitled to make partial deliveries. Delivery time is observed if KBA has informed the buyer within the delivery time that the equipment is ready for shipment or the equipment has left its works.
4. Delivery time can only be maintained subject to correct and timely delivery to KBA.
5. Delivery time is extended correspondingly in the event of measures within the scope of lawful industrial disputes, in particular strike or lockout, and in the event of force majeure, war and acts of terror or other unforeseen circumstances which are outside the control of KBA or could not be overcome with reasonable efforts, so far as it can be shown that such circumstances have a material influence on the manufacture or supply of the subject of the contract. This also applies if such circumstances occur to sub-contractors. The circumstances described above are not the responsibility of KBA even if they arise during an already existing period of delay. In important cases KBA will notify the buyer as soon as possible of the beginning and end of such circumstances. This extension of time also applies if the buyer fails to fulfil its duties of co-operation during the performance of the contract in spite of KBA sending a reminder and setting a reasonable time limit.

IV. Delay of Delivery

1. If shipment or acceptance of the subject of the contract is delayed due to reasons for which the buyer is responsible, the buyer shall be charged with the expenses arising from such delay, beginning one month after notification that the equipment is ready for shipment or acceptance.
2. Delays which arise in the country of installation are the responsibility of the buyer.
3. If KBA fails to perform on time and if the buyer suffers losses as a result of this then the buyer is entitled to demand compensation for delay. Claims for compensation are limited - to the exclusion of all further claims - to 0.5 per cent for each expired fortnight of delay, not exceeding, however, an amount equal to five per cent of the value of that part of the total contract which cannot be used, cannot be used punctually or cannot be used for the required purpose in accordance with the contract because of delay by KBA.
4. If KBA is responsible for failing to meet the last possible deadline for delivery, the buyer is entitled, provided it has set a reasonable deadline in writing and informed KBA of its refusal to accept performance, to declare its withdrawal from the contract within an additional period of four weeks, starting from the last day of the fixed deadline period. If the buyer fails to exercise its right to do this within the time limit or if it fails to do so in writing or if KBA is ready to deliver before the buyer has made its declaration to withdraw from the contract, the buyer shall lose its claim to withdraw from the contract.
5. Further claims for delays in delivery can be made in accordance with section X only.

V. Passing of Risk / Acceptance

1. KBA's performance is ex works, so that risk of accidental loss of and accidental deterioration or damage to the subject of the contract or parts thereof passes to the buyer at the point in time at which the respective item:

- leaves the KBA factory, or
- is handed over by KBA to the shipping agent/carrier on the buyer's instructions, or
- is refused by the buyer in spite of KBA having sent notice of shipment or is not dispatched by KBA due to the buyer having defaulted on its payment obligations.

2. Partial deliveries are permitted, providing they are not unreasonable for the buyer.

3. At the start of assembly work the buyer shall provide a dust free and heated building, sufficient room for unloading, power connection points, water and air supply, air extraction devices. The buyer shall also provide a large, lockable room for fitters to keep valuables and tools, lockers and sanitary facilities for the fitters, as well as a telephone which can be used by KBA personnel without charge for work purposes during the assembly and commissioning phase. This is also to be provided for repair and warranty work.

4. If KBA dispatches the subject of the contract and the buyer is unable to prove at the time of passing of risk that transport and erection insurance exists in its name and at its expense covering the value of the subject of the contract, KBA is entitled to effect insurance coverage in the buyer's name and at the buyer's expense. The buyer hereby grants its irrevocable authority for this.

5. If shipment and/or acceptance of the subject of the contract is delayed or in default due to circumstances for which KBA is not responsible, then the risk shall pass to the buyer on the day of notification of readiness for shipment and/or acceptance.

6. Upon KBA's request the buyer shall participate in an acceptance test on the subject of the contract and shall agree and sign an acceptance certificate, which KBA shall countersign, detailing the results thereof. The certificate shall include all complaints, failing which KBA's performance shall be considered as approved and free from faults.

7. The buyer is not permitted to refuse to accept KBA's performance of the contract because of minor faults which do not reduce or considerably reduce the fitness for use or practical value of the subject of the contract. If the parties fail to agree on the cause, condition, nature, relevance and/or effects of the fault, each party is entitled to take the necessary steps to establish evidence in its support; the necessary approval for this is granted hereby mutually and irrevocably. If no such evidence is provided within four weeks after the scheduled acceptance date KBA's performance shall be considered as approved and accepted by the buyer without reservation. The same applies if the buyer has started using the subject of the contract or parts thereof.

8. If the buyer does not take delivery of the subject of the contract or parts thereof or if delivery of the subject of the contract or parts thereof is postponed upon the buyer's request, KBA is entitled to choose between the following courses of action:

- to set a reasonable time limit for acceptance of the subject of the contract or parts thereof and after expiry of the deadline to dispose of the subject of the contract or parts thereof in any other way, without prejudice to KBA's right to demand fulfilment of the contract by the buyer; or
- to store the subject of the contract or parts thereof and charge the resulting costs to the buyer at a rate of at least 0.5 per cent of the invoiced value for each relevant month or part thereof, beginning one month after KBA has notified the buyer in writing of its willingness and ability to effect delivery of the subject of the contract or parts thereof; or
- to withdraw from the contract after setting a deadline of four weeks and to demand from the buyer damages to a total of twenty per cent of the total purchase price. In such a case, KBA reserves the right to prove damages exceeding this amount and to claim compensation for such damages. If the buyer proves that KBA has suffered damages amounting to less than twenty per cent, KBA will only be entitled to the reduced amount.

VI. Reservation of Ownership

1. The subject of the contract and/or parts thereof shall remain the property of KBA until the buyer has fulfilled all payment obligations or duties of co-operation owing to KBA under the contract and no other sums are outstanding from the buyer to KBA on any account whatsoever whether or not such sums have become due for payment.

2. During the period of reservation of ownership the buyer is entitled to take possession of and use the subject of the contract in the ordinary course of the buyer's business provided it has fulfilled its obligations regarding reservation of ownership in accordance with the

provisions of this Article VI and is not wrongfully in default of or in arrears with payment.

3. The buyer hereby irrevocably authorises KBA to insure the subject of the contract under reservation of ownership at the buyer's own expense against all risks including theft, breakage, fire, water and any other damages and against deterioration and accidental loss if the buyer has failed to provide proof of this insurance for KBA in spite of KBA having granted time limits to the buyer to provide such proof. The buyer hereby assigns to KBA all rights and claims arising from such an insurance policy, including the right to give notice, the right to make alterations in the policy and, in the case of damage, the right to receive payment on the insurance claims, and KBA accepts such assignment. KBA is entitled to disclose this assignment to the insurance company at any time.

4. The buyer is not entitled to sell, mortgage, pledge, transfer ownership by way of security, rent or otherwise dispose of the subject of the contract to third parties, whether natural or legal and whether or not for valuable consideration.

5. The buyer is to inform KBA immediately in the event of a charge, execution or other action in relation to the subject of the contract being taken by a third party,.

6. In cases where KBA permits the buyer in writing to transfer, sell or further dispose of the subject of the contract which is under reservation of ownership to a third party, whether or not for valuable consideration, the buyer represents KBA at all times, whether on a disclosed or undisclosed basis. The buyer is, therefore, obliged to reveal the property rights to third parties and pass on the existing reservation of ownership. The buyer hereby assigns to KBA and KBA accepts the assignment of all rights and claims arising for the buyer in these cases, including those of joint possession and joint ownership, utilisation and delivery, as well as passing on the resulting material and/or financial claims, without prejudice to the buyer's continuing obligations under the sale contract agreed with KBA. The same applies in cases where the buyer finances the subject of the contract which is under reservation of ownership by means of finance arrangements with a third party against the will of KBA and without revealing the rights and claims of KBA, thus causing KBA to lose ownership thereof.

7. If the buyer delays in fulfilling its contractual commitments, the buyer is obliged to return the subject of the contract which is under reservation of ownership, and KBA after notification is entitled at any time to take possession of it, remove it and sell it privately and apply the proceeds against all outstanding payments owing to KBA by the buyer, including interest and costs arising or already arisen as a result of necessary repairs, appraisal reports, transportation, packaging, depreciation and court and legal costs in any order which KBA chooses.

8. The buyer is liable for KBA's expenses incurred or to be incurred for the purpose of removing third party rights, including in particular cases where these costs cannot be demanded or recovered from the third party .

9. In particular for deliveries to areas outside the jurisdiction of Federal German law, the buyer undertakes to take all measures and submit all declarations to authorities and other institutions which are necessary for securing the reservation of ownership or comparable rights. Irrespective of this direct commitment the buyer hereby irrevocably authorises KBA to submit all appropriate declarations for securing KBA's rights in the buyer's name and at the buyer's expense.

10. The buyer is obliged to arrange for the registration and official approval of the reservation of ownership, so far as this is necessary for its validity at the place of installation. In addition, KBA may arrange for this at the expense of the buyer.

11. The petition to commence bankruptcy proceedings entitles KBA to withdraw from the contract and demand the immediate return of the subject of the contract.

VII. Price and Payment

1. Payment under the contract is to be made at all times to KBA's principal place of business.

2. The agreed price of the subject of the contract shall be "ex works", with the addition of the applicable statutory turnover tax. Not included, for example, are charges for shipment as requested by the buyer, transportation, loading and unloading, packing, adaptation of transportation vehicles, duties and other such costs, which KBA will charge to the buyer separately.

3. KBA is entitled to charge the buyer subsequently for any turnover tax or value added tax incurred if an obligation by the buyer to pay it should arise after an invoice has been issued and/or after payment.

4. All costs relating to customs processing (including standing time for goods vehicles, containers etc.) shall be borne by the buyer.

5. Payment to KBA is to be made free of any charges in cash, by bank cheque or banker's draft or by an irrevocable letter of credit issued by the buyer in good time prior to the passing of risk.

6. Should payment for the subject of the contract be financed by

a loan or by means of leasing agreements the buyer hereby assigns to KBA all claims for payment owing by the financing bank or leasing company and any other rights which may arise, and KBA accepts such assignment. The assignment as well as the acceptance by KBA of bills of exchange or cheques is to be effected only on account of performance. The buyer shall bear the costs resulting from this assignment. KBA is entitled at all times to notify the bank institution/leasing company of this assignment. The buyer is obliged to inform the financing institution of the reservation of ownership and to prove to KBA on request that it has done so.

7. The buyer is not entitled to set off counterclaims against payment claims of KBA either as a whole or in part, unless KBA has recognised that such rights exist or they have been ascertained as legally effective by court.

8. If the buyer exceeds a payment date by more than ten successive days, interest on the sum owing to KBA is to be charged from the eleventh day onwards at eight per cent over the then current base rate, but at not less than the rate which can be shown to be the usual bank rate of interest for current account overdrafts. KBA is entitled to prove and charge for a higher level of damage caused by delayed payment.

9. In the event of the buyer's delay in payment of any outstanding amount due to KBA or of any part thereof by the due date, all sums owing to KBA by the buyer (including all claims of KBA under any current transactions) shall become due immediately and interest on the basis set out above is to be charged from the day the amount is due until the date when payment is made and interest will accrue after as well as before any judgement. The same applies if a bill of exchange or cheque issued by the buyer and accepted by KBA is not honoured due to circumstances caused by the buyer. In this case any further agreements to defer payment by means of bills of exchange shall become invalid.

10. If the buyer delays in fulfilling payment obligations arising from one or more business transactions or fails to issue a letter of credit in spite of its obligation to do so, KBA shall then be entitled without prejudice to any other rights which KBA may have in the event of non-payment of any sums outstanding on the due date:

- to refuse to deliver the subject of the contract to the buyer and to keep it at the buyer's expense or dispose of it in any other way;
- to refuse fulfilment of another business transaction or of warranty obligations until the buyer has made the outstanding payments or fulfilled its obligations of co-operation.

In such cases, KBA is also entitled to choose whether to withdraw from the contract.

In the events mentioned above, in particular the buyer is not entitled to invoke a right of retention under §273 German Civil Code or §369 German Commercial Code against the payments which are owed.

11. Rights of retention under §273 Civil Code and §369 Commercial Code may be applied only in the case of gross breach of contract by KBA or established gross deficiency in the subject of the contract or undisputed, legally established or judicially recognised claims.

12. KBA is entitled to set off any claims, whether or not due, and even prospective claims, which are due to KBA or to a company in which KBA has a direct or indirect investment of at least 50%, against the buyer or which the buyer has against one of the companies mentioned. Upon request, the buyer shall be informed about the level of KBA's investment in relevant companies.

13. Set-off by the buyer is permitted only in the case of legally established or undisputed or judicially recognised counterclaims.

VIII. Warranties

For material defects of new subjects of contract, accessories and equipment KBA shall grant the following warranties – to the exclusion of all other claims – with the exception of those in Section IX:

- KBA warrants that the material is free of faults at the time of passing of risk to the buyer.

- The warranty period shall begin on the day that the subject of the contract is ready for production and shall last for 12 months.

2. If shipment and/or installation and/or readiness for production of the subject of the contract is delayed and KBA is not responsible for this delay the warranty period shall end at the latest eighteen months from the day of passing of risk.

3. Parts ordered and purchased by the buyer and installed by KBA are not warranted by KBA, provided KBA has not charged for the purchasing of these parts but has only installed them and charged for the installation work.

4. For machine parts, assemblies and accessories purchased and/or obtained by the buyer, KBA gives no guarantee or warranty as to their function or freedom from defects. The buyer undertakes to attach or build into the machine only those machine parts, assemblies and accessories which are currently available in the market. The buyer also undertakes to inform KBA of the nature and scope of such

additions before they are installed, and to build them in or attach them only after express technical clearance by KBA in writing, failing which KBA accepts no responsibility. In this connection, the buyer shall act at its own risk. In the event of a breach of this obligation, the buyer shall indemnify KBA against any liability (in particular, but without limitation, based on claims for damages, warranties and product liability) which arise from the installation of the above-mentioned parts, and shall be liable to KBA for any damages which result.

5. Notices of defects from the buyer are to be lodged with KBA in writing without delay and KBA is to be given opportunity to examine the subject of the contract on site to ascertain the legitimacy of the notice of defect. Should the buyer fail to fulfil this obligation, KBA shall be entitled to refuse to carry out warranty work connected with the alleged defect.

6. KBA can choose whether warranty work on defective parts of the subject of the contract shall be in the form of improvement or repair work or replacement of the defective parts.

7. Removed and replaced parts will become the property of KBA. Warranty work shall in principle be carried out by KBA free of charge on German working days and during regular standard working hours. If the buyer's production requires service which goes beyond this, then the buyer shall bear any additional costs which may arise from this.

8. The buyer shall grant unhindered, unlimited and, if KBA so requires, uninterrupted access to the subject of the contract for improvement or repair work or replacement which KBA regards as necessary, and the buyer shall place a member of staff who is familiar with the operation of the subject of the contract at KBA's disposal free of charge for information purposes and assistance. This applies to the period required by KBA for improvement and repair work and/or parts replacement; otherwise KBA shall be exempted from its liability and the resulting costs and consequences.

9. The buyer is not entitled to undertake work on the subject of the contract itself for the purposes of examining and/or correcting defects or to have this work carried out by third parties, unless the operational safety of the subject of the contract is endangered and/or the defect threatens to cause disproportionate damage or if KBA is in delay in fulfilling its warranty obligations. In these cases KBA is to reimburse the buyer the reasonable costs necessary for the correction of the defect.

10. If the buyer or a third party carries out improvement or repair work in an improper manner, then KBA shall have no liability for any resulting damage. The same applies to modifications to the subject of the contract which are carried out without the approval of KBA.

11. In the event that the buyer's notice of defect is legitimate and costs are incurred in the repairing of the subject of the contract or the delivery of the spare parts, KBA shall bear the costs of the spare parts including shipping costs (standard rate) as well as costs of dismantling and installation and, if necessary, costs of technicians and assistants made available by KBA. Payment of all further expenses by KBA is excluded.

12. For improvement or repair work carried out by KBA or replacement parts supplied by KBA, the warranty period ends on expiry of the warranty period applicable to the subject of the contract.

13. Within the limits of the statutory provisions the buyer is entitled to withdraw from the contract if KBA – in consideration of all legal exclusions – fails to fulfil a time limit set for the repair or replacement work to remedy a defect. If the defect is minor then the buyer is only entitled to a reduction in the Contract Price. The right to price reduction otherwise remains excluded.

14. The warranty period for service work and spare parts deliveries shall last for six months beginning upon the conclusion of the service work or upon delivery of the spare part.

15. No warranty will be granted for damage caused by the following: Unsuitable use or misuse, faulty installation or commissioning by buyer or third parties, normal wear and tear, faulty or careless handling, maintenance or servicing, unsuitable operating resources, replacement materials, faulty construction work, unsuitable construction ground or foundations, unsuitable assembly site, chemical, electro-chemical and electrical influences, provided they have not been caused by KBA.

16. If deficiencies in title are caused by using the subject of the contract, in particular by the infringement of industrial property rights and copyrights in the country of installation, KBA will at its own expense procure the right of further usage or will modify the equipment in a manner reasonable for the buyer so that there is no further infringement of industrial property rights.

If this is not economically reasonable or if it is not possible within a reasonable period then the buyer is entitled to withdraw from the contract. Under these circumstances KBA is also entitled to withdraw from the contract.

Furthermore KBA will indemnify the buyer against undisputed claims or claims recognised by declaratory judgement of the respective property rights holder. In the event of industrial property right and

copyright infringements KBA's obligations as stated in this section VIII.16 are final, subject to the provisions of Section IX.2. They are only applicable if:

- the buyer notifies KBA without delay of any claims industrial property or copyright infringements;
- the buyer reasonably supports KBA in its defence of such claims or enables KBA to carry out its modifications;
- KBA is permitted to use all means of defence including out-of-court settlements;
- the deficiency of title is not based on an instruction of the buyer;
- the infringement was not caused by arbitrary alterations by the buyer or alterations by the buyer which are not conform to the contract.

17. No warranty is granted on any used subjects of the contract, accessories or equipment.

IX. Withdrawal

1. If the buyer has the right to withdraw from the contract according to these terms and if the buyer withdraws from the contract within the time limit and in the proper manner, KBA shall reimburse the buyer the buyer's loss of interest at a maximum rate of one per cent of the price agreed for the subject of the contract, subject to proof of loss. All further claims by the buyer are excluded. This limitation is not valid for cases of delay caused by intent or gross negligence on the part of KBA or persons employed to perform the obligation.

2. The buyer can also withdraw from the contract if

- it becomes definitely impossible for KBA to perform its total obligations before the passing of risk;

- it becomes impossible for KBA to perform part of the delivery obligations and the buyer proves a legitimate reason for refusing part performance by KBA. If the buyer fails to prove this, it shall be entitled to a reduction in the purchase price of a percentage which is proportionate to the value of that part of the total value of the contract which has not been performed.

3. Should the buyer withdraw from the contract, it shall surrender the subject of the contract to KBA notwithstanding any further actions in accordance with this clause. KBA is entitled to recover the subject of the contract from the buyer's site. The provisions of Section XII shall apply accordingly. If the buyer is in delay in surrendering the subject of the contract to KBA, it shall be liable for any accidental damage to or inability to surrender the subject of the contract until KBA has complete and direct possession thereof.

4. Upon the buyer's withdrawal from the contract due to reasons for which KBA is not responsible, KBA can demand compensation from the buyer for

- any expenses caused or which may be caused as a result of the contract, such as for example commission, costs of transportation, packaging, assembly and dismantling, insurance premiums, taxes, general administrative expenses, financing and collection charges, and loss of interest as a lump sum without substantiation at a rate of at least 5 % of the value of the subject of the contract, whereas KBA's right of claiming and proving a higher amount of damages remains reserved;

- deterioration, loss of or inability for any other reason to surrender the subject of the contract.

5. KBA can further demand compensation for the use of the subject of the contract if the value thereof has depreciated between completion of installation and the complete and direct repossession by KBA. Depreciation is to be calculated using the difference between the purchase price under the contract and the current market value as determined by the sales price or, if a further sale is not possible, as estimated by a sworn expert.

6. Section IX.4 shall apply correspondingly in the event of withdrawal by KBA for reasons for which the buyer is responsible, providing that damages amounting to a lump sum of 20 % of the Contract Price have been agreed to, whereas the right is reserved to substantiate damages beyond this amount.

X. Liability

1. The provisions of Section VIII and X.2 shall apply – to the exclusion of further claims from the buyer – in the event that the buyer cannot use the subject of the contract for the intended purpose in accordance with the contract because of KBA's fault owing to neglected or faulty rendering of proposals and advice before or after conclusion of the contract or owing to the infringement of other contractual collateral obligations – particularly in the operating and maintenance manuals for the delivered goods.

2. For damages not directly sustained by the subject of the contract itself, KBA shall be liable – for whatever reason – in the following cases only:

- intent,
- gross negligence on the part of legal representatives or executive officers,

- negligent injury to life and health,
- fraudulent non-disclosure of a defect or where the absence thereof has been guaranteed by KBA,
- defects to the delivered goods as far as liability for personal injury and damage to property is obligatory in accordance with the Product Liability Act.

All further claims on KBA are excluded.

3. Furthermore KBA shall not be liable in the following cases:

- interference in the subject of the contract or parts thereof by the buyer or third parties without the previous consent of KBA; or
- interference in the subject of the contract or parts thereof or alterations which have been approved by KBA but improperly performed by the buyer or third parties; or
- in cases resulting from the buyer's area of responsibility such as operating errors, unfulfilled obligations to cooperate or unfulfilled obligations to be performed in advance; or
- performance stipulated by the buyer.

4. Where KBA's liability is excluded or limited, this shall also apply to the personal liability of its staff, employees, co-workers, legal representatives, assistants and any member of the whole KBA Group, with its head offices at Friedrich-Koenig-Str.4, 97080 Würzburg. In circumstances within the buyer's area of control and risk, the buyer shall bear the burden of proof.

XI. Recovery of possession

In the event of wrongful failure to perform its payment obligations or of any other wrongful breach of contract, the buyer is obliged to give up possession of the subject of the contract on demand by KBA, without prejudice to any other rights and to the continuation in force of the contract. In addition, KBA may in that event at any time take the subject of the contract provisionally into its direct possession. This recovery of possession shall not have the effect of an exercise of the right of withdrawal. For this purpose the buyer hereby grants KBA access to the premises in which the subject of the contract is located. It shall offer any necessary assistance during recovery and is not entitled to claim compensation for this.

XII. Limitation Period

All claims of the buyer – for whatever reason – are subject to a limitation period of 12 months. In the event of intent of deceit and of claims arising in accordance with the Product Liability Act the statutory periods of limitation shall apply. They shall also apply for defects to the building construction or to subjects of contract which would normally be used for constructing buildings and which have caused the defectiveness.

XIII. Use of Software

Where software is included in the range of delivery the buyer is granted the exclusive right of using the delivered software including its documentation. Use of the software is only permitted on the subject of contract for which it is intended. Use of the software on more than one system is prohibited.

The buyer may reproduce the software, revise it, translate it or transform it from the object code to the source code within the statutory permitted limits only (§§ 69 a German Copyright Act). The buyer hereby agrees not to remove manufacturer details – especially any references to copyright – and not to change them without the prior explicit approval of KBA.

All other rights to the software and its documentation, including rights to copies thereof remain with KBA or the software supplier. The granting of sub-licences is not permitted.

XIV. Jurisdiction

The regional court which has material and local jurisdiction at the place of KBA's head office is agreed upon as having jurisdiction over all disputes arising in connection with this contract. KBA is also entitled to take legal action at the court having local jurisdiction over the Customer's place of business.

XV. Final Provisions

1. Every business transaction concluded between KBA and persons purchasing in the course of a business shall be governed by these General Terms of Supply as well as the law of the Federal Republic of Germany, to the exclusion of all other general terms and conditions – even if these are not expressly contradicted by KBA – and to the exclusion of the provisions of the United Nations Convention on Contracts for the International Sale of Goods.

2. Any provision of these General Terms of Supply hereof which is or may be void or unenforceable shall to the extent of such invalidity or unenforceability be deemed severable and shall not affect the other provisions hereof. Any provision which may be void or unenforceable shall be replaced by an appropriate provision mutually agreed in writing.