

General Terms and Conditions of Purchase

Status: 1. December 2006
Document: GTP



1. General

- 1.1. The following terms and conditions apply exclusively to all our orders from the supplier, including future suppliers, regardless of whether or not reference is expressly made again to these purchase conditions even if we accept the deliveries without reservation in knowledge about the supplier's deviating conditions. Supplier terms and conditions are herewith contradicted. Modifications or supplements are only binding if confirmed by us in writing.
- 1.2. Details of quantities expressly communicated to the supplier as being non-binding merely serve the purpose of ordering and forward planning and as a basis for price negotiations. They are to be considered as a non-binding projection without any obligation to take delivery, which may be changed at any time and without us incurring any expenses. Moreover details of quantities do not become binding until ordered by us in writing.
- 1.3. The supplier has to confirm each order immediately. Where the supplier wishes to deviate from a delivery date or the price of the goods given in the order, he has to point this out clearly. Only then will a contract be concluded through a counterconfirmation on our part. If the supplier does not accept the order within five working days of receipt by means of counter-signature, we are entitled to cancellation of or withdrawal from the contract without being liable to pay compensation. This also applies to cases where the ordered goods are delivered without the supplier's prior confirmation.
- 1.4. Explanations given orally and on the telephone by employees of ours who do not have the right of representation, as well as subsidiary agreements entered into by same, require our written confirmation to become effective.

2. Scope of Duty of Performance

- 2.1. The scope of the supplier's duty of performance is derived from the documents handed over by us such as material specifications, drawings and performance descriptions or, where these are missing, from the details given in the supplier's proposals and brochures.
- 2.2. All deliveries have to comply with the DIN and/or ANSI standards applicable in each case as well as with the other standards which apply in the trade, or EU standards where no alternative arrangement is expressly agreed or put down in writing. The standards and regulations listed as "also applicable documents" in our material specifications form an integral part of our material specifications.

3. Dispatch, Customs Declaration and Passage of Risk

- 3.1. Subject to another deviating written agreement, delivery has to be effected free house (as per Incoterms 2000, DDU).
- 3.2. If the supplier is based abroad, or if he imports goods into the Federal Republic of Germany, he is responsible for correctly declaring the goods, which has to comply with the customs regulations and the Foreign Trade Law of the Federal Republic of Germany. For all goods which are of European Union origin, he has to issue us with a supplier declaration according to the EU Directive 1207/2001 or whichever regulations replacing same. The supplier may also provide us with a long-term supplier declaration with a validity of one year in each case. The supplier entirely discharges us from any claims from third parties on account of an obligation to make a declaration having been neglected; the supplier must bear any costs arising as a result of such neglect.
- 3.3. The supplier is obliged to indicate our order number on all shipping documents and delivery notes; should he fail to do so, we are not responsible for any delays in processing.

4. Prices and Terms of Payment

- 4.1. Prices quoted in the order are exclusively fixed prices plus the statutory value added tax applicable in each case. Subject to another deviating written agreement, the prices include packing charges, delivery cost (including postage and packing), the cost of the transport insurance as well as any customs and freight charges which may be incurred.
- 4.2. Invoices can only be processed if they are submitted in two copies and show the order number given in the order according to the prescripts therein; the supplier is responsible for all consequences which arise as a result of this obligation not being fulfilled.
- 4.3. Subject to another deviating written agreement, we shall pay the purchase price within fourteen (14) days of receiving the complete goods and the invoice with 3 % cash discount all net within sixty (60) days of delivery and receipt of invoice. Where delivery is effected before the deadline given in the order or call-forward notice, the above mentioned time limits do not begin until the delivery date given in the order or call-forward notice.
- 4.4. We are entitled to the statutory rights of compensation and retention.

5. Assignment

- 5.1. Claims against us may only be assigned with our written consent.

6. Terms of Delivery, Default of Delivery, Date Code and Delivery Quantities

- 6.1. Agreed terms of delivery are binding. In the case of premature delivery we are entitled to deduct any additional charges which are incurred as a result (e.g. warehouse charges) from the purchase price.
- 6.2. The supplier must give immediate notification of any delays in delivery which become recognizable.
- 6.3. In the case of default of delivery we are entitled, after the expiration of an additional period of time which we have granted without result, to claim damages on account of nonperformance, to reduce the purchase price or to withdraw from the contract without prejudice to our other statutory claims.

General Terms and Conditions of Purchase

Status: 1. December 2006
Document: GTP



- 6.4. In the case of default by the supplier we have the right to claim lump-sum compensation for each working day's delay since the default commenced to the amount of 0.1 %. but not more than 10 %. of the gross payment for the ordered goods. This does not exclude the raising of a further claim for damage caused by default. The supplier may prove to us a smaller damage.
- 6.5. The date of manufacture (date code) of delivered goods may not be more than six (6) months before the date of the delivery. We shall set separate time limits for orders in special cases.
- 6.6. We are not obliged to accept goods which are older than six (6) months or over-deliveries or short deliveries or part deliveries which have not been agreed upon.
- 6.7. Unless proven otherwise. the values in respect of number of pieces, weights and measures which we determine during the inspection of incoming shipments are decisive.

7. Warranty, Complaints and Liability

- 7.1. The supplier guarantees that all performance shall correspond to the latest state of the art. the decisive material specifications and drawings, the agreed technical data, the relevant legal provisions, the rules and regulations of authorities, trade associations and professional organizations.
- 7.2. We are entitled unreservedly to the statutory warranty claims.
- 7.3. Should the subsequent fulfilment on the part of the supplier come to nothing, we may perform the necessary measures ourselves, or have them performed by a third party, at the expense and risk of the supplier and without prejudice to the supplier's warranty obligations.
- 7.4. All claims on account of redhibitory defects as well as other claims arising from the delivery relation are limited to three years where no longer statutory period of limitation exists. Where the goods delivered are resold or used for the manufacture of products, the period of warranty does not commence for us until the point at which the goods put on order by the supplier for the purpose of resale are handed over or the point at which the period of warranty for our product containing the goods concerned commences vis-à-vis our buyer, but no later than 12 months after the goods have been delivered to us. In the case of the replacement of the subject-matter of the contract itself, or parts thereof, in the scope of the subsequent fulfilment the period of warranty re-commences for the full term.
- 7.5. We shall immediately notify the supplier in writing of defects in goods delivered, transport or packing damage, as soon as these are ascertained in the normal course of business, but recognizable defects not later than 14 working days after the goods have been delivered, not recognizable defects within 7 working days of their detection, In this respect the supplier waives the objection of late complaint. Even 14 working days after the goods have been delivered an investigation is in time if we are prevented from performing same at an earlier point on account of important reasons for which we were not answerable. In this respect, too, the supplier waives the objection of late complaint.
- 7.6. Should it be necessary to replace a whole series of contractual goods on account of a series defect, or products which we have manufactured incorporating the contractual goods, say because an individual fault analysis is uneconomical, impossible or inequitable, the supplier shall also replace the cost of that part of the series affected which has no technical defects.
- 7.7. Where one of our products has a defect caused by the supplier, and where we are sued at law by a third party on account of statutory product liability prescriptions or producer's liability, the supplier shall discharge us from all claims by third parties in this respect. The supplier has to bear all expenses arising from product or producer's liability, including any recall expenses.

8. Quality Management

- 8.1. Where the supplier possesses a quality management system which is described in a quality management manual and at least corresponds to the standard as per DIN EN ISO 9000 et sqq., the certification according to this standard has to be proven to us either through the submission of a OM certificate or the fulfilment of the requirements of an audit to be carried out by us in his business (also repeatedly!). The supplier has to check and document the goods which are to delivered to us in accordance with the rules prescribed by his qualified quality management system and agreed upon with us as well as add the agreed documents to each delivery. Further, we have to be provided with the nonrecurring results of the final manufacturing test required in our material specifications in the form of an unambiguous documentation.
- 8.2. Where no certificate exists, a first-time supplier of goods to us has to fill out our Self-assessment questionnaire for suppliers prior to the shipment of the first delivery and return it to us with an authentic signature, Should our assessment of the supplier's self-assessment yield a negative result, we reserve the right to stop delivery.
- 8.3. The supplier shall inform us about modifications to his quality management system and about modifications to the essential characteristics of the goods we have ordered in such a timely and comprehensive manner that we can assess the implications of the modifications and react accordingly.
- 8.4. We serve the right to request the supplier to enter into special quality management agreements where this is deemed necessary because of particularly demanding technical deliveries, additional customer requirements or modifications to our quality management system. We shall immediately inform the supplier of any ascertained quality deviations.
- 8.5. Before shipping the goods, the supplier shall perform the quality tests which we demand, for example, in the material specifications. The results shall be documented and made available to us at our request.
- 8.6. The supplier is obliged to take out business and product liability insurance where the amount insured is commensurate with the scope of the business relations and corresponds to the specific liability risk, but is at least EUR 500.000 per claim, At our request the existence of insurance to cover such requirements must be demonstrated.

General Terms and Conditions of Purchase

Status: 1. December 2006
Document: GTP



9. Third Party Industrial Property Rights

9.1. Since we export throughout the world, the supplier shall guarantee that his deliveries do not violate any third party rights. When first requested by us in writing to do so, the supplier is obliged to discharge us entirely from any claims by third parties on account of the infringement of their industrial property rights in connection with the supplier's deliveries. This discharge obligation applies to all expenses which necessarily arise from, or in connection with, third party claims for us including legal fees and charges. Where the supplier so requests, we shall list the countries to which products containing the delivered goods are supplied.

10. Copyright

10.1. We reserve right of ownership and copyright in respect of illustrations, specifications, drawings, calculations and other documents, which are to be used exclusively for the manufacture of the ordered goods and returned to us unsolicited after the order has been executed. They may only be passed on to third parties in the event of subcontract deliveries. The supplier is obliged to commit these third parties to the obligations of this section in the same way that the supplier is bound towards us.

11. Place of Discharge, Place of Jurisdiction, Applicable Law, Miscellaneous

- 11.1. The supplier may only draw attention to his business relations with us in his advertising if we have given him our written consent.
- 11.2. Sole place of discharge for deliveries and performance is the address for shipments which we give. Where this is missing, the place of discharge is our goods receiving department.
- 11.3. Sole place of discharge for payment commitments is our head office and every place where we maintain an account with a bank.
- 11.4. Place of jurisdiction for all disputes with full merchants, legal persons under public law and persons without any court of general jurisdiction in the country of residence is Bochum.
- 11.5. The law of the Federal Republic of Germany alone is effective for all legal relations between the supplier and us excluding the United Nations Convention on Contracts for the International Sale of Goods [CISG] of 11.04.1980 as well as laws of application passed in this context. The latest version of the Incoterms 2000 applies when interpreting the international goods trade clauses.

12. Supplements for Tools, Material Provided and Workshop Facilities

- 12.1. Where the delivery of the goods calls for tools to be manufactured by third parties, the supplier is obliged, before ordering the tools, to solicit our written approval of the company entrusted with the design, manufacture, reworking or production of the tools.
- 12.2. The supplier shall produce, free of charge for us, at least ten [10] sample parts on the tool and send these to us for quality inspection and the release of the tool.
- 12.3. Where we have borne all the production costs for a tool, the supplier transfers ownership of the tool to us at the point at which he himself acquires ownership. The same applies to quasi-ownership fights (e.g. rights in course of acquisition). The supplier shall keep the tools for us as ownership intermediary. The supplier shall treat the tools with the requisite care and have the tools properly serviced or replace necessary parts at his own expense. We have the right to inspect the tools at the supplier's premises during normal working hours. Should we demand the tools to be handed over - which we are entitled to do at any time - the supplier has no right of lien with regard to the tools.
- 12.4. Where we have borne part of the production costs for the tool, the supplier transfers ownership of the tool to us in proportion to the production costs which we have borne. The transfer of ownership takes place at the point at which the supplier himself acquires ownership. For his part ownership the supplier grants us an irrevocable purchase option which may be exercised any time up to 4 weeks after the last goods which we have ordered and which have been manufactured with the tool have been delivered to us. When first requested to do so, the supplier shall sell, deliver and transfer his part ownership of the tool to us against payment of a purchase price amounting to the difference between the prorated manufacturing and original cost borne by the supplier less the claimed depreciation for wear and tear in accordance with the average useful life. The supplier has no right of lien with regard to the tools.
- 12.5. The supplier is liable for the destruction, the loss, the deterioration or damaging of the tools to the extent that he is answerable for same. Further, the provisions stated under NO.7 apply analogously to the tools whose ownership has been transferred to us.
- 12.6. Where we do not bear all or part of the manufacturing or original cost of tools, the supplier is obliged to keep the tools in good working order and have the tools properly serviced or replace necessary parts at his own expense. We have the right to inspect the tools at the supplier's premises during normal working hours. For tools which have been manufactured exclusively as a result of an order placed by us, the supplier grants us an irrevocable purchase option which may be exercised any time up to 4 weeks after the last goods which we have ordered and which have been manufactured with the tool have been delivered to us. The purchase price corresponds to the original and manufacturing cost less claimed depreciation for wear and tear. The supplier has no right of lien with regard to the tools.
- 12.7. If the supplier uses tools both for our orders and for orders placed by other customers or buyers, the products made with these tools shall not carry any of our logos, trademarks, brand names or serial numbers. When advertising his business or his products, the supplier shall not disclose that the products he has manufactured are similar or identical to those which we employ.

General Terms and Conditions of Purchase

Status: 1. December 2006
Document: GTP



- 12.8. Material and workshop facilities which we provide to the supplier may not be passed on to third parties without our approval. The goods manufactured with this material or workshop facilities may only be supplied to us. The same applies to tools whose manufacturing cost we have entirely or partly borne as per agreement.
- 12.9. Material and workshop facilities which we provide to the supplier remain our ownership. Where material and workshop facilities are not processed, they should be marked with our name and kept separately by the supplier before and after processing or usage. They may only be used for the purpose for which they were intended.
- 12.10. Should the goods provided by us show any damage which exceeds normal wear and tear, the supplier is liable for same. It is incumbent on the supplier to prove that he is not responsible for the damage arising.

13. Concluding provisions

- 13.1. If one or more of the foregoing conditions are or become ineffective this shall not affect the effectiveness of the other provisions. The ineffective conditions shall be replaced by such provisions as come closest to fulfilling the economic purpose of the contract and to preserving to a reasonable degree the mutual interests of the parties.
- 13.2. All earlier General Terms and Conditions of Purchase are hereby superseded.

Statement according to Art. 33 BDSG (German Data Protection Act): Customers' data is processed electronically.

Company headquarters

ZANNI + PARTNER Limited
Suite 48
88-90 Hatton Garden
London EC1N 8PN, Great Britain
Phone: +44 7039 400501
Fax: +44 7039 400601
Reg. No: 6013494 at
Companies House, Cardiff, GB

Germany

ZANNI + PARTNER Limited
Prinzenallee 7
40549 Düsseldorf
Germany
Phone: +49 211 52391 406
Fax: +49 211 52391 200
Reg. No: HRB 11189 at
Amtsgericht Bochum, D

Email: mail@zanni.de
Internet: www.zanni.de
Managing director: Andreas Zanni