

General Terms and Conditions

for contract grinding services | Valid as of 1 October 2003

§ 1 General terms and conditions:

1.

Jores GmbH's General Terms and Conditions shall apply exclusively. Jores will not accept any terms and conditions to the contrary or any deviating conditions of any contracting party unless Jores has expressly accepted the validity of such terms in writing. Jores GmbH's terms and conditions shall also apply when Jores provide the services agreed upon under the contract without any reservations even if Jores knows that the other party's terms and conditions are to the contrary or deviate from Jores GmbH's terms and conditions.

2.

Any agreements made between Jores GmbH and the client for the execution of this contract are laid down in writing in this contract.

§ 2 Offer, prices, payment:

1.

Jores GmbH's offers are without engagement. Contracts shall not be deemed brought about unless confirmed by Jores GmbH in writing.

2.

Unless otherwise specified in the order acknowledgement, Jores GmbH's prices are stated ex works, excluding packaging; packaging will be separately charged for. The client shall be obliged to arrange for the pick-up of the goods by a freight forwarder or other transportation service provider immediately upon receipt of Jores GmbH's notification that the goods are ready for dispatch. Should Jores GmbH commission a freight forwarder upon the client's request, this shall be done in the client's behalf and for the client's account.

3.

The statutory value added tax is not included in Jores GmbH's prices; it will be stated separately on the invoice on the date on which the invoice is issued.

4.

Unless expressly otherwise agreed, Jores GmbH's invoices shall become payable within 10 days following the client's receipt of the invoice. No early payment discount shall be granted unless expressly agreed between the client and Jores GmbH. Should an early payment discount have been agreed upon, such discount shall be deducted from the net amount invoiced.

5.

Jores GmbH shall not be obliged to accept bills of exchange or cheques for the payment of the amounts due. In individual cases, exceptions may be agreed upon on account of performance. The client shall bear the cashing costs, discount charges and the bill of exchange tax which the client shall refund to Jores GmbH together with the invoiced amount payable. Jores GmbH shall not assume any responsibility for the timely presentation, protest, notification and return of the bill of exchange should it be dishonoured.

6.

The client shall not be entitled to offset any of its claims unless the client's counter-claims have become res iudicata, are uncontested or have been accepted by Jores GmbH.

7.

Should the client fail to make payment when due, the client shall pay default interest of 8% above the base lending rate on the amount due pursuant to Section 247 BGB (German Civil Code). Jores GmbH expressly reserves the right to claim further compensation for damage caused by delay in payment.

§ 3 Taking delivery of goods, passing of the risk:

The risk of the workpieces shall pass to the client as soon as the workpieces are handed over at our premises to the person in charge of their transportation to the client. The goods shall also be transported at the client's risk in case Jores GmbH carries out transportation to and from the client's premises with its own vehicles or commissions third parties with the transportation of the goods.

§ 4 Order processing time:

1.

If no time has been fixed for the processing of the client's order, Jores GmbH will process the workpieces according to the principles of proper commercial intercourse, i.e. the client may request Jores GmbH to process the workpieces within a reasonable period of time.

2.

If a delivery time has been expressly fixed under the contract, such delivery time shall be deemed adhered to if Jores GmbH has notified the client of the workpieces being ready for dispatch not later than on the last day of such fixed delivery time.

3.

If the processing of workpieces by Jores GmbH depends on more detailed information, pictures, drawings etc. from the client, the delivery time agreed upon shall not begin to run until the client has provided Jores GmbH with all the necessary information and documentation. If a delivery date has been fixed, any delay in delivery shall not be deemed Jores GmbH's fault if such delay is due to any lack of information to be provided by the client. The same shall apply if the workpieces provided to Jores GmbH by the client deviate from the parameters specified in the client's order.

4.

Any unforeseen, inevitable circumstances in production which Jores GmbH cannot be held responsible for and any other events beyond Jores GmbH's control, such as force majeure, industrial disputes or any other interruptions of Jores GmbH's operations or the operations of Jores GmbH's suppliers, which Jores GmbH cannot be held liable for, or delayed deliveries by Jores GmbH's suppliers shall entitle Jores GmbH to extend the delivery time by the duration of such impairment. Jores GmbH

will notify its clients immediately of the beginning and end of such circumstances.

§ 5 Liability for defects:

1.

The prerequisite for the client to assert any claims based on defects is the client's examining the goods immediately for proper finishing upon their arrival at the place of destination. Should the client detect any obvious defects, the client shall give written notice of defects within three working days upon receipt of the goods. The client shall also give written notice of hidden defects immediately upon detecting such defects. Should the client fail to give notice of defects in due time, the workpieces shall be deemed to conform with the contract even if they are defective.

2.

Should the workpiece be defective, the client, at its option, shall be entitled to request either rectification of the defects or the supply of new goods without defects. Jores GmbH may refuse either rectification of defects or supply of new goods if the client's option involves unreasonable expenses and if the other option can be performed without unreasonable disadvantage for the client. Should the client opt for rectification of defects, Jores GmbH shall be obliged to bear all the expenses incurred in connection with the rectification of the defects, including but not limited to transportation costs, travelling expenses, labour and material costs unless such expenses and costs are increased by the fact that the workpiece was taken to a place other than the client's delivery address. Upon consultation with Jores GmbH the client shall either return the goods to Jores GmbH free of charge (in this case, Jores GmbH will refund the freight costs against receipt) or they will be picked up by a freight forwarder to be commissioned by Jores GmbH.

3.

The client shall be obliged to grant Jores GmbH a reasonable period of time for the rectification of the defects or supply of new goods. Should Jores GmbH's supplementary performance fail for a second time or should supplementary performance be impossible, the Client shall be entitled, at its option, to either withdraw from the contract or demand reduction of the price.

4.

Jores GmbH shall be liable according to the legal provisions should the client assert a claim for damages due to intent or gross negligence, including intent or gross negligence by Joris GmbH's representatives or vicarious agents. Unless Joris GmbH is held liable for intentional breach of contract, Jores GmbH's liability for damages shall be limited to the foreseeable, typical damage.

5.

Jores GmbH shall be liable according to the legal provisions should Jores GmbH be culpable of a fundamental breach of contract; in this case, however, Jores GmbH's liability for damages shall be limited to the foreseeable, typical damage.

6.

This shall not affect Jores GmbH's liability for culpable injury of life, limb and health;

this shall also apply to Jores GmbH's strict liability under the German Product Liability Act.

7.

Jores GmbH's liability shall be excluded if any raw parts supplied by the client and finished by Jores GmbH are defective because of insufficient quality of the material supplied or because of the client's incorrect processing instructions.

8.

Unless otherwise provided above, liability shall be excluded.

9.

The limitation period for any claims of the client based on defects is 12 months and shall begin to run on the date of the passing of the risk.

§ 6 Reservation of ownership/Right of lien:

1.

To the extent Jores GmbH as a manufacturer acquires the ownership or co-ownership of the raw parts supplied by the client to Jores GmbH for finishing in accordance with the legal provisions, Jores GmbH reserves the right of ownership until full settlement of all receivables owed to Jores GmbH under the contract and of any other receivables under any other contracts with its clients.

2.

The client may resell the goods under reservation of ownership or co-ownership only in the ordinary course of business. In case of resale, the client by now assigns all receivables owed to the client from the resale of the goods to its own customers and any other claims and ancillary rights to Jores GmbH until full settlement of all of Jores GmbH's receivables. Jores GmbH hereby accepts this assignment. Until revoked, the client shall be entitled to collect the receivables assigned to Jores GmbH. The client shall be obliged, upon Jores GmbH's request, to provide all information and furnish all documents necessary for Jores GmbH to enforce its claims against the client's customers. Should the value of the securities due to Jores GmbH based on the reservation of ownership exceed Jores GmbH's secured receivables by more than 20%, Jores GmbH shall be obliged to release securities at its option.

3.

The client shall notify Jores GmbH immediately of any seizure or attachment of the reserved goods by a third party.

4.

Due to the receivables owed to Jores GmbH from the client's order, Jores GmbH has the contractual right of lien to the objects Jores GmbH has obtained possession of for the execution of the order. This contractual right of lien can also be enforced due to receivables from previous orders and other services. The contractual right of lien shall only be enforceable as regards claims from the business relationship that are undisputed or have become res iudicata and if the objects of the order are the client's property.

§ 7 Place of performance, place of jurisdiction, applicable law:

1.

The place of jurisdiction for all liabilities and obligations arising from the grinding service order and the place of jurisdiction for any disputes arising in connection with the grinding service order shall be Jores GmbH's place of business.

2.

The contract shall be governed exclusively by the laws of the Federal Republic of Germany. The application of the United Nations Sales Convention of 11 April 1980 (United Nations Convention on Contracts for the International Sale of Goods – CISG – Vienna Sales Convention) shall be excluded.

3.

Should one of several of the above provisions be or become invalid, this shall not affect the validity of the contract and the remaining provisions.