

## **General Terms and Conditions of Purchase**

**of the Companies**

**RUETZ TECHNOLOGIES GMBH**

**RUETZ TRAFFIC SYSTEMS GMBH & Co. KG**

**RUETZ SCENT SYSTEMS GMBH**

**Walter-Gropius-Str. 17, 80807 Munich**

(hereinafter referred to as the client)

**Valid as of 07.04.2009**

### **I. Validity/Proposals**

1. The General Terms and Conditions of Purchase apply to all orders and processing of orders including future orders between the client and the contractor and to the processing of such orders. Conditions proposed by the contractor shall only be regarded as binding if and to the extent that the client has approved them in writing for the respective contract.
2. If additional or special agreements that are inconsistent with the General Terms and Conditions have been made for a particular order, the General Terms and Conditions shall be regarded as subordinated and complementary.
3. The preparation of proposals is free of charge and without obligation for the client.
4. The services of the contractor are subject to the laws on contracts for work and services.

### **II. Prices**

Agreed prices shall include free delivery with all freight and packing charges or additional costs covered to a delivery location cited by the client. If delivery is not covered by the supplier, the client shall bear the lowest possible freight charges only, unless a particular form of delivery has been requested by the client.

### **III. Payments and Accounting**

1. All invoices shall be paid within 60 days. This payment period begins upon receipt of the invoice, but not before the delivery of the merchandise or, in case of services, not before written acceptance of services rendered and not before documentation or other materials have been turned over to the client according to the contract, if such documentation and materials are part of the scope of services.
2. Advance payments or instalments are possible.
3. Payments are made by bank transfer. A payment shall be considered to be on time if the transaction has been ordered at the bank on the day of the due date. On payment of the invoice amount, all services of the contractor are covered.
4. The payment of the invoice by the client does not constitute any acknowledgement of the correctness of the accounts or the acceptability of the services invoiced.

### **IV. Delivery deadlines**

Agreed delivery dates and deadlines are binding. If the delivery is delayed or likely to be delayed, the

client must be notified immediately in writing, stating the reasons for the delay.

If the delivery date can not be met due to fault of the contractor and no delivery has been made after a grace period, the client reserves the right to withdraw from the contract and to either contract a third party and claim compensation or to claim compensation instead of the services.

## **V. Reservation of ownership**

The ownership of the purchased goods passes to the client on payment of the goods and, accordingly, the so-called current account reservation or the extended reservation of ownership shall not apply. In the case of advance payments or instalments pursuant to section III. 2., ownership shall pass corresponding to the share in the overall price of the purchased goods covered by the payment made.

## **VI. Delivery**

1. In case of prepaid and free delivery, the contractor is liable for risks of conveyance to the delivery location.
2. Partial delivery requires the approval of the client.
3. Excess delivery or short delivery are only allowed to the customary extent.
4. The contractor shall observe the substance prohibitions subject to § 5 ElektroG [German law governing electrical installations].

## **VII. Change of Orders**

If delays in the contracted work during the duration of the order are caused by the client or if the client orders additional services from the contractor, these changes of order must be agreed on in writing before they have an effect on costs.

All other changes require the written consent of the client.

After the approval, these changes shall be incorporated as an addition to the existing proposal or current order.

The contractor must keep the client informed about all developments that affect the project, especially regarding changes in the circumstances of the project (e. g. component shortages, problems with delivery, quality standards etc.).

Changes of the schedule must be disclosed in writing within three business days after being recognized. The notification must include a description of the effect on the project

## **VIII. Termination of Projects**

If a customer of the client terminates a project prematurely, the client reserves the right to also withdraw from this contract ahead of schedule. A cancellation will then follow within a period of at least five days. In this case all materials and production statuses that have been ordered, delivered or processed until the moment of the client's cancellation, shall be assumed by the client. The client will accept verifiable costs that have incurred before the cancellation and will pass them on to the customer. All costs shall be kept as low as possible.

The client reserves the right to withdraw from a contract, if the delivery schedule or quality of components provided by the contractor do not correspond to the agreements or are not up to standard, and if within five business days after the second notice of the shortcomings no improvements have been made and no obvious or verifiable action has been initiated. In such a case all materials and production statuses that have been ordered, delivered or processed until the moment of cancellation, shall be taken over by the client.

## **IX. Warranty**

1. The contractor warrants the client that his products and services are up to the state of the art of technology and are provided with all due technical expertise and commercial care.

The contractor guarantees that the services correspond to the contractually agreed or assured quality and standards as well as safety, labour protection, accident prevention and other regulations, and do not have any faults that would have any significant impact on the value of the goods or their suitability for the usual or contractually agreed purpose and that they are free from rights of third parties. .

2. Upon delivery the client shall examine the products for quality and completeness to a reasonable and technically feasible extent. A period of 14 days as of delivery shall apply for notice of obvious defects or the obvious absence of assured product properties. In case of a third-party transaction, a period of 14 days upon delivery to the client's buyer shall apply.
3. Notice of non-obvious defects or non-obvious absence of assured product properties shall be accepted within a period of 14 days upon discovery of the defect by the client or the client's buyer.
4. In case of a defective product the client shall be entitled to improvements. If the contractor fails to make satisfactory improvements or replacement deliveries within an adequate period of grace following the request, the client reserves the right to withdraw from the contract or to reduce the agreed price. Furthermore, the client reserves the right to remedy defects or to have a third party remedy these defects or to purchase replacements at the contractor's expense.
5. Further claims for damages and losses according to applicable law remain unaffected.
6. The contractor guarantees the quality of all delivered products for two years. The same applies to subsequent deliveries under the contractor's warranty. The warranty period begins upon acceptance of the completed works by the client or the end customer.
7. On account of performance the contractor hereby transfers to the client any claims that he might have against his suppliers regarding defective products or products that do not have the warranted properties. The contractor shall hand over to the client all documentation required for making such claims.
8. Regardless of legal grounds, the supplier hereby indemnifies the client from all claims that third parties might have against the client based on defect of quality, defect of title or other defects of a product delivered by the contractor. The contractor shall reimburse the client for all costs resulting from legal proceedings against the client based on such claims.

## **X. Tools, Models, Charts and Other Documentation**

1. Tools, models, charts and other documentation provided by the client or prepared for the client shall be used exclusively for the processing of the client's orders. They must not be disclosed to third parties without the client's prior consent. All tools, models, charts and other documentation shall be properly stored until further notice, but for no longer than two years after their last usage, and shall then be turned over to the client.
2. The preparation and processing of such tools, models, charts and other documentation that the contractor prepares by the client's order, take place on behalf of the client as manufacturer with the result that the client acquires ownership of these.
3. Product or services made especially for the client may not be displayed without the prior written consent of the client

## **XI. Rights**

Insofar as the contractor develops any concepts, texts, graphics, models files or inventions within the framework of the order, ownership of these shall pass to the client. The client hereby accepts this transfer.

## **XII. Confidentiality**

The contractor shall be obliged to secrecy regarding information or software that is brought to his knowledge or made accessible to him by the client in connection with proposals or orders, including

computer programs , drawings, databases etc. Such information shall not be disclosed to third parties and may only be used for the purpose subject to the contract.

The contractor shall only disclose such data and information to its employees and only to the extent necessary for processing of the order. Such employees shall also be subject to the same confidentiality obligation.

## **XII. Place of Fulfilment, Place of Jurisdiction and Applicable Law**

1. Place of delivery shall be the premises of the client unless agreed otherwise.
2. Place of jurisdiction is Munich, Germany. In addition to these Terms and Conditions the laws of the Federal Republic of Germany apply to all contractual and business relationships between the contractor and the client.