

GENERAL TERMS AND CONDITIONS OF PURCHASE

§ 1. Scope and validity

These Terms and Conditions of Purchase apply to all the business transactions between FFG Flensburger Fahrzeugbau Gesellschaft mbH (hereinafter "Supplier") even if not specifically mentioned in any subsequent contracts. These Terms and Conditions shall also apply if the Supplier, particularly when accepting the order or issuing order confirmation, refers to its own Terms and Conditions of Business and/or the Purchaser enters into a contract in the knowledge that said conditions contain terms that vary from the present Terms and Conditions. Any terms which differ from these Terms and Conditions shall be objected to and will only be accepted if the Purchaser gives its express approval in writing. They also apply to all the wording of documents regularly used by the Supplier, regardless of which document it is contained in, and in particular, even if not expressly marked "General Terms and Conditions of Business" or similar.

However, the Purchaser agrees to the usual reservation of title clauses with the exception of extended reservation of title.

For supplies received from abroad, the current version of the International Commercial Terms (Incoterms 1953) as amended in 1967, 1976, 1980, 1990, 2000 and 2010 published by the International Chamber of Commerce, shall apply in addition to these General Terms and Conditions.

§ 2. Orders

1. An order shall only be considered to have been placed if drafted and signed by the Purchaser. Orders placed verbally or by telephone shall only be binding upon the Purchaser if the Purchaser subsequently confirms the order in writing.

2. In individual cases, designs including tolerance data shall be binding on the Purchaser. On accepting the order, the Supplier acknowledges that he has seen the available plans and has been informed of the type and scope of the design. The Purchaser shall not be bound by any obvious mistakes, spelling or calculation errors in the documents, plans and drawings provided by the Purchaser. The Supplier must immediately inform the Purchaser of any such mistakes so that the latter can correct them and issue a new order. The above also applies in the case of missing documents or drawings.

3. The Purchaser must confirm the data by signing a copy of the order, within two weeks from the order date. If there is no confirmation deadline, the Purchaser is entitled to cancel.

4. Any subsequent changes to the order or other contractual amendments must be confirmed in writing by the Purchaser.

§ 3. Documents and materials

Any drawings, tools, models, prototypes, marks, designs, illustrations, calculations, weights, measurements, plans and other technical or similar documents, including finished and semi-finished products, issued by the Purchaser or manufactured on its behalf, shall remain the property of the latter and must only be released, used by, made available, copied to or otherwise reproduced by third parties with the express written consent of the Purchaser. Such documents and materials must only be used in connection with the contract. The Purchaser reserves all intellectual property rights.

The documents and materials, together with all copies and other reproductions, must be returned to the Purchaser immediately upon conclusion of the order, in the event that a contractual relationship is not established, or at the express request of the Purchaser. Any equipment, marks or designs produced with such equipment, and any identified results, may only be released to third parties with the express written approval of the Purchaser.

The Purchaser is entitled to claim compensation for damages in the event that the above mentioned documents are released, made available to, used or reproduced by third parties without its express written consent. The above shall also apply if the documents are not immediately returned to the Purchaser upon request or in the event that a contractual relationship is not established. The damages to be paid shall include the costs of replacing the items and legal expenses.

§ 4. Delivery dates

1. The agreed delivery periods and dates are binding. They shall take effect from the date of the order. The goods must be received at the site designated by the Purchaser, during the agreed delivery period or by the agreed deadline. The Supplier must notify the Purchaser immediately in the event of any delay, and obtain the Purchaser's instructions with regard to continuation of the contract.

2. If the Supplier is in default, the Purchaser may charge a penalty of 1.0% of the net order value per week, up to a maximum of 5% of the net order value. The Supplier may also withdraw from the contract.

The Supplier shall be in default if the goods are not received at the site designated by the Purchaser by the agreed delivery date.

3.

The contractual penalty shall be offset against any claims for compensation. If the Purchaser claims damages on account of late delivery, they shall amount to 10% of the gross purchase price, unless the Purchaser can prove that the damages are higher, or the Supplier can prove that there was no loss or that the amount of damages was lower.

The Purchaser may also charge replacement purchases to the Supplier, in order to cover its requirements for the necessary parts.

4.

The Purchaser is not obliged to accept the goods before the delivery date.

§ 5. Delivery

1.

The costs of delivery to the site designated by the Purchaser shall be borne by the Supplier.

If, in exceptional cases, the Purchaser is to pay the freight costs, the Supplier must use the shipping method requested by the Purchaser, or otherwise use the shipping/delivery method that is most convenient for the Purchaser.

Any type of import/export licence or permit is required for the contractual goods shall be the responsibility of the Supplier, who must obtain such licences in good time.

Unless otherwise agreed, the Supplier shall be responsible for complying with applicable import, export, Customs and environmental regulations, the completion of administrative formalities and transport.

2.

The risk shall only be transferred to the Purchaser when the goods are accepted at the designated delivery point.

3.

Transport and packaging are included in the price. If, in exceptional cases, other provisions are agreed, transport and packaging shall be calculated at cost price. The Supplier must use the transport and packaging methods indicated by the Purchaser and in this regard must ensure that the goods are adequately protected against damage.

4.

The stated quantities must be strictly observed. Under- or over-supplies will only be accepted with the express approval of the Purchaser.

5.

The Supplier is fully liable for the non-procurement of any goods and services necessary for its performance – even through no fault of its own – and hereby accepts the procurement risk.

§ 6. Documentation

1.

Invoices, delivery notes and packing slips must be submitted in duplicate for each consignment. These documents must contain the following details:

- FFG order number
- Quantities and quantity units
- Article description, including the FFG material no.
- residual quantities (partial deliveries only).

The individual documents issued must also comply with the contents of the order.

§ 7. Prices

1.

The agreed prices are fixed, unless the Supplier has generally reduced his prices.

2.

The Supplier shall not apply more unfavourable prices and conditions than those applied to other purchasers, insofar as the latter are able to offer him identical or equivalent conditions.

3.

The stated prices shall be interpreted strictly net. The costs of packaging, dispatch, freight, insurance, Customs and other expenses shall be borne by the Supplier.

§ 8. Billing and payment

1.

Invoices must be compiled in such a way that they are easy to understand.

2.

Payment shall only be made when all the goods have been received in perfect condition or the services have been fully rendered, upon receipt of an invoice that meets legal requirements and satisfies the Purchaser's documentation obligations. Delays caused by inaccurate or incomplete invoices shall not affect any discount periods. The above provision also applies in the case of partial deliveries.

3.

The discount period shall not start before the date on which the goods are received.

4.

Payments made within 14 days shall have a 3% discount, those made within 30 days with no discount.

5.

The Supplier may only assign the amounts receivable from the Purchaser with the approval of the latter. Payments will only be made to the Supplier.

6.

For down-payments agreed in advance, the Purchaser shall receive security from the Supplier in the form of a guarantee, valid until the date of full performance or satisfaction of all the Purchaser's claims against the Supplier.

§ 9. Set-off

The Purchaser has the right of set-off with regard to claims due or not yet due. A right of retention or set-off may only be exercised against the Purchaser in the event of claims that are not disputed or for which provision is made by law. In

the event of opposing claims for payment, the Supplier shall agree to the set-off of its claims and those of the Purchaser.

§ 10. Inspection upon receipt

By carrying out an inspection pursuant to section 377 of the German Commercial Code, the Purchaser is only obliged to confirm the type and quantity of the goods, and any obvious damage caused by transport or inadequate packaging.

The Purchaser must raise any objections pursuant to section 377(1) of the German Commercial Code must be made within 14 days from the date of delivery. Objections may also be raised verbally, over the telephone or by data transmission.

§ 11. Warranty/complaints

1.

The Supplier warrants that the goods, including their design and markings, correspond to the Purchaser's specifications. The Purchaser's order shall be executed according to standard technical practice, in a proper and professional manner.

2.

Even in the event of minor discrepancies from the agreed configuration, or minor impairments to use, the Purchaser shall have the right to withdraw from the contract and claim compensation for damages.

3.

The Supplier will be given an opportunity for supplementary performance in the event that defective goods are delivered. Said performance shall take the form of remedial works or delivery of fully-functioning replacement goods, at the Purchaser's discretion. In the event that subsequent performance is unsuccessful, refused by the supplier or if the Supplier is clearly unable to execute the supply, the Purchaser may, at its discretion, either terminate the contract or reduce the agreed contractual amount and claim compensation for damages. The above shall also apply if the Supplier defaults on any date agreed for subsequent performance.

4.

The remedial works shall be deemed to have failed upon the first unsuccessful attempt.

5.

The Purchaser may also have the defects remedied itself, at the Supplier's expense, or authorise third parties to remedy the defects (in the case of minor defects or in the event that any further delay would jeopardise operational safety, would lead to the defence of disproportionately large damages or would create other significant disadvantages for the Purchaser.

The costs to be reimbursed by the Supplier shall include but are not limited to the following: the Purchaser's loss of profits, installation and removal costs, the costs of locating the defect, recall costs, and the costs of interrupted production. The above shall not any further claims to which the Purchaser is legally entitled.

6.

For each warranty claim, the Purchaser may charge the Supplier a penalty of 0.5% of the net order value, but a minimum of EUR 50, as compensation for extra administration expense.

7.

The Supplier shall be liable for any goods or services procured from third parties in the same way as it is liable for its own performance. The above shall apply in particular to defects.

8.

If part of the supplies are defective, the Purchaser may, at its discretion, enforce the above claims in respect of the entire supply, or in respect of part.

9.

The Purchaser shall have a period of 2 years within which to enforce claims and rights on account of defective goods and services, unless another period is agreed in individual contracts. The above shall not affect any longer limitation period permitted by law, or the provisions on the start, suspension or interruption of limitation periods.

§ 12. Consolidation of damages

1.

To the extent that the Purchaser is entitled to claim compensation for non-fulfilment, damages shall amount to a lump sum of 15% of the gross volume of the respective transaction. The Supplier may produce evidence that there was no loss, or that only minor damage has arisen. The Purchaser may produce evidence that greater damage has arisen.

2.

If the Supplier is entitled to claim compensation for non-fulfilment, damages shall amount to a lump sum of 5% of the gross volume of the respective transaction. The Purchaser may produce evidence that there was no loss, or that only minor damage has arisen. The Supplier may produce evidence that greater damage has arisen.

§ 13. Indemnity in the event of defects in quality and title

If a claim is made by third parties against the Purchaser on the grounds of defects for which the Supplier is accountable, the Supplier must, upon first demand and notwithstanding any periods prescribed by law or contract, indemnify the Purchaser against all such claims including the costs of legal defence. If the third party is a customer of the Purchaser, who accounted for at least 20% of sales in the product sector in question, the Supplier shall be liable for all compensation, irrespective of any legal claims by the customer, if there is a serious risk to the business relations with the customer.

§ 14. Compliance with accident prevention and occupational safety regulations

If the Purchaser commissions the Supplier to design, manufacture, alter or repair equipment, supply technical tools or materials, or plan and configure manufacturing processes, the Supplier must comply with all the accident

prevention, generally-recognised occupational health, safety and other guidelines, orders and regulations to which it is subject.

The Supplier shall indemnify the Purchaser against all claims by third parties, in particular by those commissioned by the Supplier to execute the contractual works. The Supplier must pay compensation to the Purchaser in respect of each instance of failure to comply with the above regulations, if attributable to the Supplier.

§ 15. Industrial property rights

The Supplier is responsible for ensuring that the goods supplied and their use by the Purchaser do not infringe any third party patents or other intellectual property rights. The Supplier hereby indemnifies the Purchaser and its customers against all claims arising from the use of such rights. The above shall not apply if the Supplier has manufactured the goods in accordance with designs, models or other descriptions/instructions received from the Purchaser and was not aware that said designs infringed industrial property rights.

§ 16. Force majeure

War, civil war, export or trade restrictions caused by political developments, strikes, lock outs, disruptions or other interruptions to production and similar events which result in the Purchaser's fulfilment of the contract being impossible or unreasonable, shall be considered as force majeure. For the duration of such events, the Purchaser shall be released from its obligation to accept the goods promptly and shall entitle it to withdraw from the contract. The Parties must inform each other of such events and adapt their obligations in good faith in order to reflect the changed circumstances.

§ 17. Custody/title

The ordered material shall remain the property of the Purchaser. The material must be stored as such, and must only be used for the orders made by the Purchaser. The Supplier shall be liable for any deterioration in value, loss or destruction, even if it was not at fault. Any items manufactured with materials ordered by the Purchaser shall remain the property of the Purchaser at all stages of the manufacturing process. The Supplier shall store the Purchaser's property free of charge.

§ 18. Non-disclosure

The Supplier must treat all orders placed by the Purchaser and all the related business and technical data as business secrets. The Supplier must also ensure effective compliance with the above obligations by its own suppliers or any third parties who come into contact with such information.

If the Supplier breaches the above obligation the Purchaser may claim a penalty of €200,000 for each instance. A series of violations may not be treated as a single offence. The contractual penalty shall be offset against any claims for compensation.

§ 19. General provisions

1.

If any provision herein is found to be unenforceable, this shall not affect the remaining provisions. The Parties must agree to replace the unenforceable provision with a valid provision that best reflects the purpose of the original.

2.

All legal relations between the Supplier and the Purchaser are subject to German law.

3.

The place of performance is Flensburg. Another place of performance may be agreed for the supply. The Parties must file any present and future claims, including those related to cheque payments, connected to their business relations before the competent court in Flensburg. The Purchaser may also file claims, at its own discretion, before a court in the place where the Seller or the Purchaser's designated attorney has his registered office.

FFG Flensburger Fahrzeugbau Gesellschaft mbH

Valid from 1st January 2011