

GENERAL SALES CONDITIONS manufactured parts and products

1. General: All sales and deliveries made by our company will be subject the following clauses; these will also apply if the parts are assembled by us. They will furthermore apply if for subsequently placed contracts we do not expressly refer to these General Sales Conditions, unless the customer is a non-trader within the purview of the Dutch Law. The General Sales Conditions of our customers will not be effective unless they are accepted by us in written form. Should individual provisions of this Agreement be ineffective or become ineffective, the remaining provisions of this Agreement will not be affected. Both parties shall replace such ineffective provisions by effective ones

2. Quotations: All obligations are subject to confirmation and without obligation. When a customer declares his acceptance of our quotation, a legally binding contract cannot be deducted from this unless an order confirmation is made out by us in writing.

3. Force Majeur: Our obligation to execute to execute deliveries will be interrupted in cases of Force Majeur. In case of any substantial change of the conditions existing at the conclusion of contract, we shall be entitled to withdraw form the contract. The same shall apply in cases of shortages of energy or raw materials, labor disputes, particularly in cases of legal lock-out of workers, official decrees, dislocations of traffic or interruptions of work, or if we fail to receive the goods from our suppliers, if we do not receive them in time or not orderly. In those cases when we cannot keep the previously arranged date of delivery, the customer shall agree to grant us a period of four weeks in order to delivery subsequently. This period of four weeks may be extended accordingly for individual cases.

4. Passing of the risk: **a)** The risk of loss or deterioration by accident will exchange from us to the customer on pick-up of the goods in our factory. In case of dispatch of the goods the risk will vest in the customer independently whether the goods are dispatched prepaid or not. **b)** When assembly is made within the scope of a contract for services, the risk of loss or deterioration by accident will vest in the customer on completion of the work. The assertion of warranty claims shall not exclude the passing of the risk.

5. Warranty: **a)** Warranty claims shall be subject to legal regulations. The period of warranty shall start at the moment of passing of the risk. **b)** The customer shall be obliged to inspect immediately the goods delivered to him and to inform in writing the supplier about defects discovered by him also immediately, but at the latest one week after delivery of goods. **c)** In case of defectiveness of parts supplied or assembled by us we shall be entitled to remedy or to sub sequential delivery of the goods in question. Further guarantee claims can only be alleged by the customer if remedy or new delivery results in a failure. **d)** As far s we have warranty claim towards a third party arising form supply of defective goods or wrong services performed, we shall be obliged to assign these warranty claims to the customer who is in possession of the defective goods. **e)** Test and Sample shipments shall be excluded form our liability of warranty

6. Consequential harms caused by a defect: Our liability for damages resulting from defective goods shall be subject to the following conditions:

a. The damage is at least to be attributed to gross negligent acting of one of our legal agents or of one of our chief executives

b. The damage is to be attributed to willful acting of our staff members or an auxiliary person provided that a substantial duty was neglected.

c. The damage in question is a predictable damage to property or a damage to health. Our liability will be limited to the benefit set out by our company liability insurance the coverage of which covers the typical risk of damages for this kind of contract.

7. Product liability: For damages caused by supply of our products our limit of liability will be the amount of coverage of our product liability insurance (maximum limit of indemnity: € 3.000.000)

8. Liability to be attributed to other circumstances: Further claims for damages from customers towards us or towards or staff members or auxiliary persons, no matter being the legal ground for it, particularly due to fault committed during the negotiation period prior to conclusion of contract, due to delay and unauthorized acts, will not be recognized, unless they are based on deliberation or gross negligent acting.

9. Protection of competition: We reserve the copyright for all descriptions and further documents, particularly drawings and brochures. Our customers are not entitled to pass on our documents to third parties.

10. Trade Patents: We reserve the exclusive right to apply for patents for any technical projects or proposals made by us. Customers shall assume any liability for claims arising from directives given to us by them and executed by us if patents of third parties are violated hereby.

11. Prices and Payments: **a)** Our prices are quoted in valid currency of the Netherlands, ex works, without any discounts or further rebates. The statutory amount of V.A.T. is to be added to our prices. **b)** Payments are to be effected within 30 days after the date of delivery or supply of the goods, unless individually stipulated in a different way. This date of payment will also be applicable if it is arranged with the customer that assembly will be carried out by us, however, the assembly is postponed upon customers' request. **c)** Acceptance of money orders, cheques and Letters of Credit are subject to prior agreement with General Armour. The discount cost originated by this kind of payments will be charged to the customer.

12. Setting-off of outstanding debts: Customer shall not be entitled to settle our invoices by setting off counterclaims of any kind against amount due to us, unless the counterclaim intended to be set off is accepted and confirmed by us or if the counterclaim has become final. The same will apply to any existing liens.

13. Safeguard clause: **a)** All goods supplied to customers will remain our property until all present and future outstanding debts against the corresponding customer are settled. **b)** The customer shall not be allowed to put our goods in pawn or to make a chattel mortgage. He shall be entitled however to sell the goods according to the ordinary rules of commerce, unless he has legally transferred this claims to the other contract party in advance. **c)** We served the right that customers' claims originating from resale of the reserved goods in the amount invoiced by us, or in the amount further unsettled claims form us to the customer, including V.A.T. and all secondary rights shall be judged to be transferred to us as of yet. **d)** Notwithstanding the rights of third parties, we shall be entitled to reserve a lien for those objects which are customers property and which are in our workshop for assembly or repair purposes. **e)** If the customer allows the third party to make installment payments for those debts which this one has already conveyed partially or entirely to us, the remaining balance in each case of his claim in the amount of the value of the material supplied by us and originating the existence of that claim will be considered as being ceded to us. **f).** Upon customers request the guarantees due to us will be released to such extent if their value exceeds our claims including V.A.T. by 19% or more.

14. Place of performance, place of jurisdiction and choice of applicable law. Place of performance and of jurisdiction shall be Zutphen or Lelystad in the Netherlands, The contract shall be subject to the Law of the Netherlands. The application of the standardized UN purchasing Law shall be excluded. In case of Legal disputes both parties shall appeal to the arbitration board of the appropriate Chamber of Commerce of General Armour in order to have the dispute settled extra judicially. At the same time, the distribution of arising cost shall be determined by the arbitration board.

15. Data protection. Business-relevant data will be recorded for processing purposes.

Status; January 2005.
The Netherlands