

General Business and Delivery Terms (Status: 01.07.2009)

Our offers, sales, deliveries and calculations are carried out at the following terms and conditions as well as at our prices which are valid on the day of the delivery, for which we reserve the right to make changes hereto at all times.

Deviations or contradictory terms of purchase shall only apply if they are explicitly recognised by us in writing.

Offers are always without obligation and non-binding. We reserve the right to changes for reasons of the change of quality, material, design, safety as well as printing errors. Declaration of acceptance and all orders require the legal validity of the written confirmation or confirmation by telex of the HARDO company. The same applies to supplements, amendments or collateral agreements. All prices are always with domestic sales plus the applicable rate of value added tax which is applicable at the time of the invoicing.

Orders: MACHINE orders shall only be deemed accepted after and ONLY in line with the written order confirmation or issue of an invoice to the contractual partner.

For orders with an order value of less than EURO 40.— we charge a processing flat rate of EURO 10.—.

Delivery time: Delivery dates or deadlines, which can be agreed binding or non-binding require a written form. Partial deliveries are permitted. Articles which cannot be delivered with the order will be automatically pre-noted for subsequent delivery. Force majeure, interferences to operation, industrial conflicts, e.g. strike, shortage of raw materials, war, official measures, fire, mobilisation, seizure, embargo, ban on the transfer of foreign currency, riot, missing means of transport, general deficiencies of supply goods, restrictions to the energy consumption and other circumstances for which we are not responsible, which occur with us or the components suppliers, release us from the adherence to agreed delivery deadlines and also give us the right to suspend further deliveries without subsequent delivery obligations and without granting damages. We can in no way recognise any claims for a delay or incapability of delivery for which our sub-supplier is at fault. If the shipment is delayed at the orderer's request it will be charged, beginning one month after report that the goods are ready for shipment, the costs incurred through the storage, with storage in the plant of the supplier, at least however 0.5% and a maximum of 10% of the gross and invoice amount for each month. The supplier is however entitled, after setting and fruitless expiry of a reasonable deadline to dispose otherwise of the object of delivery and to supply the orderer with a reasonable extended deadline. The observance of the delivery deadline presumes the satisfaction of the contractual duties of the orderer. If a down payment has been agreed this is to be paid before start of the manufacturing and the delivery deadline will only begin with the receipt of the down payment.

Shipment: All deliveries at the risk of the orderer. In the domestic country shoe repair machines and devices are delivered in the value of more than EURO 1,550.— net free place of destination, free kerb stone edge. With melting adhesive processing machines and shoe cleaning machines the delivery is carried out exclusively EX WORKS plus transport costs. Packaging costs shall principally be for the account of the orderer. Even if freight-free delivery has been agreed the customer shall bear the risk. Acceptance inspections shall take place in the absence of deviating agreement in the supplier's plant during the normal working hours. If no special provision is agreed with regard to the technical details then the general practice existing in the delivery plant shall be decisive for the inspections.

Export: Export shipments are carried out EX WORKS, non-packed. Packaging costs are principally for the account of the buyer. Crate packing packaging suitable for sea = closed wooden crate always in addition for the account of the buyer. In addition to Pos. 6 (payment) irrevocable document letter of credit is also permitted for all export business transactions. All bank charges are for the account of the orderer or buyer.

Payment: Within 10 days after invoice date net cash desk, only after a prior positive credit rating. Generally by advance payment with down payment in case of order. Bills of exchange are only accepted in payment after a prior agreement. Discount and bank charges shall be for the account of the orderer. Return shipments may only be offset after the credit note has been issued by us. Deductions otherwise are not recognised and will in any case be subsequently requested. Differences from payments will also be subsequently requested by us irrespective of the reason for the occurrence. Justified discounts are explicitly recognised with a credit note.

Default of payment: In case of default of payment we reserve the right to charge interest on default in the amount of customary banking interest as well as an additional processing flat rate of at least EURO 10.—. All of our claims will be deemed due and payable immediately irrespective of the term of possible collected and credited bills of exchange if the terms of payment are not observed or we become aware of circumstances which according to our dutiful commercial discretion are suitable for raising questions about the credit worthiness of the orderer. We are then also entitled, irrespective of further statutory rights, to only carry out still outstanding deliveries only against advance payment or cash on delivery or to request damages owing to non-satisfaction. In case of default of payment of more than 2 weeks all claims of the supplier will be deemed due and payable immediately.

Reservation of title: All delivered goods shall remain our property until the full payment. Before the executed payment of all claims the orderer or recipient may neither pledge nor assign as collateral the goods delivered to it. In case of danger for our property the orderer and recipient is obliged to inform us immediately. Costs for interventions and for taking goods back shall be borne by the orderer. If the goods are determined for resale the orderer undertakes towards its customer to also assert the reservation of title for our benefit until the full payment. The receivable established through the resale shall be deemed as assigned to us at the moment in which it is established in the amount of our claim. With the receipt of such a receivable the proceeds are to be remitted to us immediately or to be managed as our property until the due date. At our request the orderer undertakes to announce the assignment to its customer and to submit the information and documents to us which are necessary for asserting our claims. The drawing of a balance and recognition of a balance shall have no effect on the reservation of title! With deliveries overseas the orderer or buyer has to pay attention to the reservation of title rights of the supplier, if applicable to obtain similar collateral rights to the delivered goods. The orderer or buyer shall bear all costs which are incurred to us by the re-possession owing to the reserved ownership.

Warranties: We shall assume warranty for the fact that our products are free of defects for the duration of one year with new machines or 6 months with used machines by the fact that we replace parts for which a complaint was justifiably made free of charge after the free return shipment completely with a description of the faults and stating of the machine number as well as a copy of the invoice. An advance exchange is excluded. Replaced parts shall pass to the property of HARDO. Exceptions from this shall be formed by engines and third party makes, with which the warranty of the relevant delivery plant applies (as a rule: 6 months). We assume NO warranty for:

All parts subject to consumption, wear and tear of the shoe repair machines delivered by the HARDO company, e.g.: contact discs, engine discs, polishing brushes, v-belts, filter elements, etc.

All parts subject to consumption, wear and tear of the HARDO thermal melting adhesive processing machines, e.g.: order elements, stirring rollers, silicon rollers, etc.

All parts subject to consumption, wear and tear of the HARDO shoe cleaning machines such as e.g.: cleaning brushes, polishing brushes, round belts, etc.

We shall only be liable for defects to the extent that we improve or replace all those parts free of charge which were produced as a result of faulty construction type or faulty design. Excluded from the warranty are damages which are a result of normal wear and tear and excessive load, improper application or use, unsuitable or improper use, faulty assembly, negligence in the care, faulty maintenance, faulty installation, changes and repairs not approved by the supplier, unsuitable operating equipment, replacement materials, faulty building work, unsuitable building foundation, chemical, electro-chemical or electrical influences insofar as they are not a result of a fault of the supplier and non-compliance with operating instructions. Our warranty obligation shall lapse if the delivered object has been changed has been changed by a third party or was used in a combination with third party parts or modules which were not released by us and the damages have a causal connection herewith. Further claims of the orderer and recipient, in particular a claim for compensation of damages which were not suffered to the object of delivery itself are excluded. All liability for follow-up damages from the use of the products is rejected. The warranty obligation shall begin on the day on which the object of delivery leaves the plant. If the shipment, the installation or the commissioning are delayed without the fault of the supplier then the liability shall lapse by no later than 12 months after it has left the plant of the supplier. The warranty obligation of the supplier shall not cover defects which are due to the materials, parts or modules supplied by the orderer or a construction requested hereby.

Complaints: Reports of defects of all kinds must be asserted against us within 8 days after receipt by the orderer or recipient in writing by stating the invoice number. The goods for which a complaint is made may only be returned with our explicit prior consent. We reserve the right to remedy justified defects either by repair or substitute service. In order to carry out all improvements and substitute deliveries which appear necessary to the supplier the orderer or recipient has to give reasonable time and opportunity after coordination with the supplier otherwise the supplier is exempted from the liability for defects. Return or exchange of firmly ordered and properly delivered goods is not possible without our explicit consent. Return shipments can only be processed by stating the invoice number and date and we allow ourselves to charge you 10% of the goods value as a processing fee. Only then can a credit be carried out at the calculated value. Goods which are older than 12 months after the invoice date can no longer be accepted for the credit or for exchange. Special productions are excluded from exchange. It is deemed as explicitly agreed that the supplier does not have to pay the orderer or recipient any damages for missed profits or consequential damages!

Cancellation: In case of cancellation of the purchase contract for reasons for which we are not responsible 20% of the gross goods value will be due and payable as flat rate damages. A cancellation of the purchase contract in case of special production is only possible within 10 days after the order has been placed. The buyer will reserve the right to proof lower damages.

Offer, order and construction documents: Offers, orders, construction samples, blueprints and drawings are principally not published. We reserve the property right and copyright. These types of documents and objects may not be copied or made accessible to third parties without our consent and are to be handed over upon request.

Place of performance, place of jurisdiction and legal system:

Bad Salzufflen is agreed as place of performance for delivery and payments as well as place of jurisdiction for contracts with merchants, legal entities under public law and special assets under public law under the condition that HARDO is entitled to also file an action at the location of the registered seat or a branch of the buyer.

If the buyer has no general place of jurisdiction in the domestic country or if he relocates his place of residence or customary place of stay from the scope of the Federal Republic of Germany after conclusion of the contract our registered seat shall be the place of jurisdiction. This shall also apply if the place of residence or customary place of stay of the buyer are not known at the time when the action is filed.

The law of the Federal Republic of Germany shall apply. The provisions of the UN Convention on the International Sale of Goods shall not apply in the relationship between HARDO and the buyer.

Escape clause: Should one or several provisions of these terms and conditions or parts thereof be invalid this shall have no effect on the validity of the other provisions. In this case the contractual partners undertake to assist in the stipulation of a provision which shall as far as possible correspond with the financial intention of the invalid provision. The provision which is to be newly introduced shall apply to already concluded and future business.

Amendments: All secondary agreements and amendments require the written confirmation of both parties.