

General Terms and Conditions

§ 1 Scope of Validity

The following terms and conditions apply to all contracts with ImageWare Components GmbH, hereinafter referred to as IWC, in which IWC enters as the vendor of traded articles. Even if contradicting conditions of the purchaser exist, the conditions of IWC apply exclusively. No deliveries, services or offers will be made to any other conditions than IWC's own terms and conditions. The acceptance of goods or services sold by IWC always implies the acceptance of IWC's conditions.

§ 2 Nature of the Contract

The order is a binding offer, acceptance of which constitutes sending an order confirmation within 4 weeks or supplying the goods to the purchaser within the same period.

§ 3 Delivery and Delivery Period

- (1) If delivery is late, IWC's obligation to pay compensation in cases of slight negligence is limited to the value of the agreed order. No liability is accepted for consequential damages.
- (2) A prerequisite for adherence to IWC's delivery obligation is punctual and correct fulfillment of the purchaser's own obligations.
- (3) Delivery will take place as per the agreed deadlines. Quality and other specifications are subject to correct and punctual delivery per se. Changes to official import conditions entitle the vendor to withdraw from the contract. If withdrawal occurs for this reason, IWC is obliged to sign a new purchase agreement including the changed conditions, if requested to do so by the purchaser. Partial deliveries and partial invoices are permitted.
- (4) IWC will endeavor to carry out all deliveries within the agreed period. However, IWC accepts no liability for the consequences of circumstances arising from IWC's own light negligence. The delivery period begins on the day the order confirmation is dispatched and is considered fulfilled if the goods have left IWC by the end of the delivery period, or if the readiness for dispatch has been signaled to the purchaser. The delivery period is also extended by that period during which the purchaser is in delay with his obligations for this or any other contract. All further rights of IWC regarding delay by the purchaser are unaffected by this clause.

§ 4 Prices and Terms of Payment

- (1) Unless otherwise stated in the order confirmation, IWC's prices apply ex works. The currently applicable rate of VAT must be added to the ex works prices in IWC's price lists.
- (2) Invoicing will take place using the prices and terms that apply on the day the order is placed. If a period of more than 4 months elapses between order placement and delivery, the price that applies at the time of delivery is considered to be accepted.
- (3) All invoices for supplies and services from IWC's technical customer service department and services rendered are payable immediately upon receipt thereof, without deductions.
- (4) All invoices for goods and software are payable within 10 days of the date of the invoice minus 2% discount, or net within 30 days of the date of the invoice. Payments made will be offset against earlier claims against the purchaser.
- (5) If the purchaser is in default with any payments to IWC or associated companies, or if IWC gains the impression for any other reason, which IWC alone may decide, that the willingness or ability of the purchaser to meet its obligations is in doubt, IWC may carry out all agreed deliveries by cash on delivery or demand payment in advance. After delivery has taken place, the purchaser has no rights to retain or offset payments against other obligations.
- (6) On default of payment the purchaser is obliged to pay interest of 1% per month commenced. It is subject to IWC asserting further arrears of losses.
- (7) Bills of exchange are only acceptable as payment if prior approval has been obtained, and discounted rates will apply. No responsibility is accepted for the punctual presentation of bills of exchange. Checks are only regarded as paid after they have cleared. Offsetting with a counter-claim is only permitted if it has been established that the counter-claim is undisputed and legally valid.
- (8) The right is reserved to increase prices for contracts with a delivery time of more than 4 months in accordance with any cost increases that have occurred because of collective agreements or increases in material prices. If the increase is more than 5% of the agreed price, the purchaser is entitled to cancellation.

§ 5 Additional Costs

If a delivery from IWC cannot be effected immediately or by the agreed simplest means, because the purchaser has given different instructions, IWC may add a reasonable charge to the agreed purchase price. Transport and packaging costs are carried by the purchaser.

§ 6 Guarantee

- (1) The delivered goods must be inspected immediately on receipt at the place of fulfillment. The delivery is considered accepted and in order if the purchaser does not specify any defects to IWC in writing within 5 working days of receipt. For proven defects, IWC provides a guarantee in that defective parts will be replaced by new ones or will be repaired at the expense of IWC. Services arising from claims under guarantee will be supplied in the works, and the purchaser must organize the transport.

- (2) If the attempt at rectification is unsuccessful, the purchaser has the right of exchange or reduction, as he chooses. The purchaser is only permitted to withhold payments in so far as these are commensurate with the foreseeable costs of rectification.
- (3) The liability of IWC is in any case limited to the value of the individual delivery item. All further liability, in particular for consequential damages, is explicitly excluded.
- (4) The guarantee claims of the purchaser end 12 months after the delivery date. The guarantee obligations of IWC are also nullified if the purchaser does not inform IWC of a visible defect, or a defect that becomes visible, immediately, or if the purchaser makes modifications or repairs to the delivered items himself.
- (5) No other guarantee for the suitability of the supplied goods for a particular purpose is given. This also applies, even if IWC has given the purchaser any advice on the use of the goods.

§ 7 Place of Fulfillment

The place of fulfillment of IWC is Bonn, Federal Republic of Germany.

§ 8 Transfer of Risk

The risk of deterioration or accidental loss is transferred to the purchaser as soon as the goods have left the IWC warehouse for the purpose of delivery, irrespective of whether the goods have been handed over to the haulage company, freight manager, non-self employed carrier or other person responsible for transportation, and when this hand-over occurred.

§ 9 Software Usage Rights

Only the recipient is entitled to use the supplied software. Software is only supplied for the purchaser's own use. It may only be used on one computer system. Intervention and changes are only allowed if permission is obtained from IWC. IWC cannot be held liable for claims and losses caused by the use of the program. No guarantee is given for error-free software functionality or data accuracy.

§ 10 Changes

IWC reserves the right to make technical changes and improvements to its equipment, accessories, materials and software and deviate from its quotations and brochures.

§ 11 Ownership rights

- (1) The ownership rights to the purchased object are reserved until all agreed payments have been received. If the purchaser is in violation of the terms of the agreement, IWC is entitled to take back the purchased item. The retraction and seizure of the reserved item constitute withdrawal from the sale.
- (2) If seizure or other third party intervention takes place, the purchaser must notify IWC thereof immediately in writing.
- (3) The purchased article may only be processed or transformed by the purchaser on IWC's behalf. If the purchased article is processed using other materials that are not IWC's property, IWC will be granted proportional co-ownership of the new article in the ratio of the value of the purchased article to the other processed articles at the time of processing.
- (4) If the purchased article is combined with other articles that do not belong to IWC, IWC will be granted proportional co-ownership of the new article in the ratio of the value of the purchased article to the other combined article at the time of combination. If the purchaser's article is considered to be the main part, the purchaser will only transfer proportional ownership.
- (5) IWC is obliged to release entitled securities if requested to do so by the purchaser if the value of IWC's securities exceeds the claims to be secured by more than 20%.

§ 12 Non-acceptance of Goods

If the purchaser does not accept the goods that have been ordered and provided for delivery, IWC is entitled to set a subsequent deadline of 2 weeks for acceptance of the goods. If this deadline expires with no action, the purchaser is obliged to pay compensation of 20% of the value of the goods, unless the purchaser can prove that a lesser claim exists. This regulation does not affect IWC's claim for fulfillment of the contract of sale.

§ 14 Data Protection

- (1) Declaration of the supplier: the personal data of the purchaser arising from the business relationship will be stored by IWC according to the legal requirements.
- (2) The customer consents that IWC may electronically store and process the data needed for the fulfillment of the contract.

§ 13 Concluding Provision

- (1) The nullity of individual regulations in these general business terms does not mean that the entire agreement becomes invalid.
- (2) If one of the above regulations becomes ineffective, the legal validity of the other conditions remains unaffected. In this case the ineffective condition will be replaced by another appropriate legally binding condition.
- (3) This agreement is subject to the law of the Federal Republic of Germany.
- (4) The exclusive place of jurisdiction for all legal disputes between IWC and its customers is Bonn.