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## SUPPLY AGREEMENT

This Agreement is made and entered into this date of 01.01.2007

### by and between

**IGEL Elektronik GmbH**, a company established and existing in accordance with the laws of Germany and having its principal offices at Industrieweg 13-15, 48324 Sendenhorst, Germany (hereinafter, "IGEL");

### and

....., a company established and existing in accordance with the laws of ..... and having its principal offices at ..... (hereinafter, "Buyer");

Hereinafter referred to as the "Parties".

WHEREAS, IGEL manufactures and sells electronic systems and desires to sell certain products (hereinafter referred to as "Products"); and

WHEREAS, Buyer desires to purchase the Products manufactured by IGEL and sell it to its customers; and

WHEREAS, The Parties desire to define their mutual rights, responsibilities and obligations in this Agreement;

NOW THEREFORE, in consideration of the foregoing and the mutual stipulations, undertakings and covenants hereto, the Parties hereby agree as follows:

1. **PREAMBLE**

The above Preamble and all attached appendices form an integral part of this Agreement.

2. **SCOPE OF SUPPLY**

The products as defined in the Buyer's Purchase Order (Hereinafter "P.O.") Appendix-A attached hereto, provided it is confirmed and acknowledged by IGEL (hereinafter "The Product").

3. **PRICES AND PAYMENT**

3.1 Prices for the Products shall be in accordance with IGEL's written quotation and P.O. Any additional costs, such as freight, insurance, import duties and any other fees shall be borne by the Buyer.

3.2 Prices cannot be changed without the written consent of both Parties.

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#### 4. **PAYMENT**

- 4.1 Except as otherwise specifically agreed upon in writing by the Parties, IGEL shall receive, together with the P.O., down payment of twenty percent (20%) of the P.O. value. Balance of eighty percent (80%) of the P.O. value shall be paid not later than 10 days before shipment, against submittal of final invoice and notification of the date at which the Product will be ready for shipment. Such notification shall be sent by IGEL to Buyer not later than thirty (30) days before the anticipated delivery date.
- 4.2 Payment will be made by Buyer by Telegraphic Transfer (TT) to IGEL bank account – bank details are provided on IGEL Invoice documents.
- 4.3 Payment will be deemed to be made only upon receipt by IGEL of the entire sum as stipulated in IGEL's quotation.
- 4.2 If Buyer is in delay with any payment, IGEL, without prejudice to its rights provided for by law, may refuse the further performance of the Agreement until payment is received in full or until new terms of payment and delivery time have been agreed.
- 4.3 Buyer may not cancel order without having IGEL written consent for it.
- 4.4 If Buyer cancels the order without having IGEL's advance written consent or delays payment beyond a reasonable time, it will not be entitled for reimbursement of any advanced payment already made in case Agreement is terminated.
- 4.5 If Buyer has not paid the amount due within three (3) months, IGEL may terminate the Agreement and claim for compensation for the loss it has incurred. The compensation shall not exceed the Product Price.

#### 5. **ORDER ACKNOWLEDGEMENT, DELIVERY TIME AND TRANSFER OF TITLE & RISK**

- 5.1 IGEL will acknowledge the order, in writing, establishing Delivery Time within 2 weeks after receipt of a final and firm Purchase Order and down payment.
- 5.2 Delivery Time will be from the time IGEL receives a firm and final order with full data and down payment, until the Product is delivered FCA German Port or Airport.
- 5.3 If IGEL anticipates that it will not be able to deliver the Product at the agreed upon Delivery Time, IGEL shall, without delay, notify Buyer in writing, stating the reason for the delay and if possible the new anticipated Delivery Time
- 5.4 Except for Force Majeure, the Buyer shall be entitled to claim for liquidated damages of half a percent (1/2%) per week for every week of delay beyond the contractual delivery time plus a grace period of one week, up to a maximum of five percent (5%) of the delayed portion.
- 5.5 Supply of the Products and transfer of risk to Buyer shall be in accordance with INCOTERMS 2000, and shall occur upon shipment of the Products, FCA Germani Port or Airport.

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5.6 Title to the Products will transfer to Buyer only upon receipt by IGEL of payment in full, for the Products supplied. Until such time, IGEL shall retain title and exclusive ownership of the Products.

## 6. **PACKING AND SHIPPING DOCUMENTS**

6.1 The Product will be packed in IGEL's standard packing, suitable for ocean and inland container shipment, as well as for storage, provided Buyer carefully follows IGEL's storage and handling instructions, as shown on IGEL's manuals.

6.2 When wooden packing is used, IGEL will supply a Fumigation Certificate issued by an authorized body.

6.3 IGEL will mark the packing, according to Buyers instructions, on two adjacent sides of each package with sticky paper.

6.4 The product will be supplied with the following documents, in the English Language:

6.4.1 One receipt of the Product signed by the Shipping Company nominated by the buyer.

6.4.2 One Fumigation Certificate – if wooden material is used for packing.

6.4.3 One Final Test Certificate – according to products

6.4.4 Two copies of Packing Lists - if more than one unit is included in the packing.

6.4.5 Two copies of Installation & Instruction Manuals, Recommended Spare Parts – according to Product type.

## 7. **INSPECTION OF PRODUCT**

The Buyer shall inspect the Product within seven (7) working days of receiving it, however not later than thirty (30) days from date of shipment from IGEL plant, and shall immediately notify IGEL, in writing, of any deficiencies. If Buyer fails to do so the Product shall be deemed to have been accepted.

## 8. **PRODUCT QUALITY**

IGEL guarantees that the Products will conform to the quality standards and the technical specifications supplied by IGEL.

## 9. **WARRANTY AND PRODUCTS SERVICES**

9.1 IGEL warrants the Products to be free from defects in material and workmanship. Any Product or part thereof that proves to be defective within 12 months of operation but in no event later than 18 months from date of shipment, shall be repaired or replaced, at IGEL's discretion, free of charge.

9.2 This is providing that Buyer promptly sends to IGEL notice of defect and satisfactory proof thereof; establishing that the Product has been correctly applied, installed, maintained and operated in accordance with IGEL's written instructions, appropriate codes, regulations and good practice, within the limits of rated capacity and normal usage.

9.3 This warranty also applies to spare parts.

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9.4 In the event that IGEL is required to repair the Products overseas, the said Warranty is subject to Buyer providing and paying in full all traveling and working time - at per day cost, currently 930 Euro per day, plus flights, accommodation and living expenses of IGEL's Engineer sent to repair the Product.

Furthermore, Buyer will provide a trained, English speaking engineer, to accompany IGEL's Engineer during the entire repair duration.

9.5 The Warranty shall expire immediately if Buyer or a third party are taking inappropriate modifications or repair of the Product or in case of defect the Buyer does not take immediate steps to minimize the damage.

9.6 The foregoing warranty is exclusive, and is in lieu of all other warranties whether expressed or implied, including any warranty for merchantability or fitness for purpose.

10. **LIMITATION OF LIABILITY**

Neither IGEL nor its suppliers or subcontractors of any tier shall be liable to Buyer in contract or otherwise for loss or damage to property, loss of use, loss of anticipated revenues, interruption of operation, expenses including costs of capital, claims of Buyer's customers, loss of profits or revenues or for other indirect, incidental or consequential loss or damage whatsoever.

In any event, the liability of IGEL, whether in contract or in tort, shall be limited to the remedy specified under the warranty set forth in Warranty paragraph above but in no event exceed the amount of twenty percent (20%) of Product value.

11. **FORCE MAJEURE**

Neither Party shall be liable for failure to perform or for delay in performance resulting from any cause beyond its reasonable control, or due to compliance with government regulations, acts of God, acts or omissions on the part of the other Party, fires, floods or labor disputes and strikes. Any delay resulting from any such cause shall postpone delivery dates to the extent caused thereby.

12. **ASSIGNABILITY**

Neither Party may assign its rights and obligations under this Agreement without the prior written consent of the other Party.

13. **CONFIDENTIALITY AND PROPRIETARY INFORMATION**

13.1 All technical information relating to the Product's design and manufacture, which is confidential and proprietary to IGEL is to be regarded and treated as proprietary information. Buyer will maintain and preserve full confidentiality of all proprietary information relating to the Products, whether received directly or indirectly, and will take all necessary steps to prevent its disclosure to third Parties.

13.2 Should the Parties hereto need to exchange information, which is proprietary of either of them, such an exchange shall not occur unless and until all agreement is mutually agreed to in writing, setting forth the obligations of the receiving Party regarding the confidential treatment of such information.

13.3 Nothing in this section is to be construed as imposing any obligation on the part of IGEL to disclose to Buyer proprietary information.

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14. **CONSTRUCTION**

This Agreement shall be construed as an Germani contract, governed by the laws of Germany and disputes under it shall be subject to the jurisdiction of the German courts.

15. **ARBITRATION**

15.1 The Parties undertake to fulfill their obligations under this Agreement in good faith and shall endeavor to equitably settle any dispute that may arise under this Agreement. Any dispute arising out of or related to this Agreement and not so amicably settled, shall be finally settled by arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce.

15.2 The arbitration shall take place in Germany and conducted in the English language but, the Parties hereby agree to exclude any right of application or appeal to the Germani courts in connection with any question of law arising in the course of the reference or out of the award. The President of the Germani Chamber of Commerce shall appoint the arbitrator. The Parties agree that after either Party has filed a Notice of Demand for arbitration of any dispute subject to arbitration under this Agreement, they shall, before the hearing thereof, make discovery and disclosure of all materials relevant to the subject matter of such dispute.

15.3 A written transcript of the hearings shall be made and furnished to the Parties. Examination of witnesses by the Parties and by the arbitrators shall be permitted.

15.4 The arbitrators shall decide in accordance with the terms of the Agreement and shall take into account the transaction. The arbitrators shall state the reasons upon which the award is based.

15.5 The award of the arbitrators shall be final and binding upon the Parties. (Judgment upon the award may be entered in any court having jurisdiction. An application may be made to any such court for a judicial acceptance of the award and an order of enforcement.)

16. **NOTICES**

Any notice authorized or required to be given in accordance with the terms of this Agreement, must be given by a registered mail. Such notice shall be deemed properly given ten (10) days after being posted by registered mail to the proper address of the Party being notified. All such notices shall be sent to the following proper addresses:

IGEL Elektronik GmbH. Industrieweg 13-15 48324 Sendenhorst, Germany Fax: + 49 – 2526 – 9389-22	Buyer   Fax:
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17. **ENTIRE AGREEMENT**

This Agreement and the Appendices attached hereto constitute the entire Agreement and understanding between the Parties respecting the subject matter hereof and supersedes any prior agreements or negotiations. Furthermore, the Parties agree that any terms or conditions that are not stipulated in this Agreement, including those that may appear on any of XXX's order forms or other documentation which may be presented to IGEL from time to time, have no validity whatsoever for the purposes of this Agreement.

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This Agreement may not be modified or amended unless in a written document signed together by each of the Parties hereto and attached specifically as an Appendix to this Agreement.

IN WITNESS WHEREOF, the Parties have set their signatures and have hereby caused this Agreement to be executed.

IGEL Elektronik GmbH

By:

By:

Title:

Title:

Signature: .....

Signature: .....

Date: .....

Date: .....

The following Appendices are an integral part of the Agreement:

Appendix – A : The P.O.