GENERAL TERMS AND CONDITIONS (GTC)

Version: January 1, 2015

1. Scope

The following General Terms and Conditions apply to software licensing and delivery by FRIENDSHIP SYSTEMS as well as to services rendered and work performed by FRIENDSHIP SYSTEMS. They apply correspondingly to other transactions if there are no special conditions. All services performed for customers by FRIENDSHIP SYSTEMS are rendered exclusively on the basis of these General Terms and Conditions. Diverging Terms and Conditions posed by the customer shall only apply if FRIENDSHIP SYSTEMS confirms the same in writing.

2. Offers, Conclusion and Contents of Contract

a) Offers made by FRIENDSHIP SYSTEMS are not binding. Contracts only become effective upon written confirmation of the customer's order, by performance of services or by delivery by FRIENDSHIP SYSTEMS. Verbal commitments constitute no guarantee and are only binding if confirmed in writing by FRIENDSHIP SYSTEMS.

b) For optimization of forms and similar services the volume of performance is limited to computer-aided optimization of products. The accuracy of such simulations may be influenced by a multitude of partially unknown factors. Since computer-aided simulations may contain – owing to the method – simplifications and thus may diverge from the factual physics, FRIENDSHIP SYSTEMS is only obliged to verify its proposals with respect to plausibility. The customer shall screen the proposals with appropriate measures himself or by a third party. The same applies to all other performance by FRIENDSHIP SYSTEMS, if based on simulations.

3. Prices, Maturity and Terms of Payment

a) If prices are not stipulated individually, FRIENDSHIP SYSTEMS' list prices as valid at the time of confirmation of the order shall apply plus postage, freight, insurance and delivery fee.

b) In addition to the prices the value added tax shall be payable at the applicable rate.

c) According to the volume of the order, FRIENDSHIP SYSTEMS may invoice the customer up to 50% of the value of the order in advance either at the placement of the order or at partial delivery.

d) Any banking charges and currency exchange costs shall be at the customer's expense.

e) Invoices are payable upon receipt.

4. Delivery period, Delivery duties, Communication

a) The delivery period and performance starts at the date of the confirmation of the order. If the customer is obliged to perform in advance, the period of delivery and performance starts upon receipt of such performance. FRIENDSHIP SYSTEMS has the right to partially deliver and perform.

b) If FRIENDSHIP SYSTEMS wrongfully fails to deliver or perform by the agreed date, the customer may rescind the agreement after a reasonable grace period communicated by him in writing has elapsed. This shall be the customer's sole remedy save in cases of malice, willful misconduct or gross negligence or breach of an essential contractual obligation. This does not apply to cases of death or personal injury or product liability. In cases of force majeure or lack of cooperation by the customer FRIENDSHIP SYSTEMS may deliver and perform after the obstacle has ceased to exist, if such obstacle occurred when FRIENDSHIP SYSTEMS was still permitted to deliver and perform.

c) Unless otherwise expressly agreed in writing, periods of delivery contained in the confirmation of the order are only approximate since they are based on estimates of the amount of work involved.

d) FRIENDSHIP SYSTEMS may execute correspondence and delivery via unencrypted email without restriction unless otherwise agreed in writing on conclusion of the contract.

5. Delivery of software

a) For third party software and for software by FRIENDSHIP SYSTEMS the customer receives a non-exclusive, non transferable right to use the software and documentation for an indefinite period of time. Further details are governed by the standard license agreement or individual agreement if the latter has been agreed upon.

b) The customer himself has to check the delivered software for usability, expediency and utilizability upon receipt.

c) FRIENDSHIP SYSTEMS allows the customer to use software in its object code and in the user documentation only on one physical electronic data processing system at a time and only to fulfill the tasks the software is designed to fulfill. If not explicitly permitted by law, the customer may not decompile the software or reverse engineer it. The customer may copy the software as far as necessary for the permitted use, in particular for safe guarding. Upon delivery of software – also of updates and upgrades – the customer shall make a copy for safe guarding. Utilization of the software on a virtual electronic data processing system requires the express prior consent by FRIENDSHIP SYSTEMS.

d) FRIENDSHIP SYSTEMS may terminate the right of use if the customer – despite a warning – after a period of 30 days continues to violate the conditions of use. Upon termination of his right of use the customer shall either return the original and all copies or partial copies of the software to FRIENDSHIP SYSTEMS or erase them within 30 days. FRIENDSHIP SYSTEMS has to be notified of an erasure in a plausible manner without delay. Upon written approval the customer may keep a file copy for archiving purposes.

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6. Performance of Service and Work

a) When performing services, FRIENDSHIP SYSTEMS shall advice and support the customer in reaching the contracted performance goal. As far as necessary and beneficial, the customer shall provide FRIENDSHIP SYSTEMS with auxiliary means and sources of information.

b) If the customer fails to contractually cooperate, and consequently, delays or additional expenses occur, FRIENDSHIP SYSTEMS may – without prejudice to further rights – demand compensation of the additional expenses.

c) If the delivery of a work performance is obliged, FRIENDSHIP SYSTEMS shall produce the work. After completion of the work or at another agreed date FRIENDSHIP SYSTEMS will prove to the customer the execution in accordance with contractual specifications by set terms of acceptance or by test data supplied by the customer. If that succeeds, the customer shall accept the performance. Minor divergence from agreed features or terms of acceptance do not give the customer the right to refuse acceptance.

7. Warranty

a) In case of a defect, FRIENDSHIP SYSTEMS may elect to either remedy the defect either at FRIENDSHIP SYSTEMS' or at the customer's premises – or to redeliver a good free from defects. If the defect has not been remedied after the second attempt or FRIENDSHIP SYSTEMS fails to deliver goods free from defects within a reasonable time, the customer may reduce the purchase price or rescind from the contract. This shall be the customer's sole remedy in cases of defective goods or services save in cases of malice, willful misconduct or gross negligence or breach of an essential contractual obligation. This does not apply to claims arising out of death or personal injury or product liability.

b) The customer has to inspect the delivery immediately and give written notice of defects to FRIENDSHIP SYSTEMS. Hidden defects and defects discovered only later (despite a first inspection) have to be communicated immediately in writing. If the customer fails to comply FRIENDSHIP SYSTEMS is relieved from any warranty-obligation for such defects.

c) The limitation period for warranty claims is one year from delivery and acceptance of the goods or services.

8. Liability

a) The liability of FRIENDSHIP SYSTEMS for cases of slight negligence shall be limited to the agreed remuneration or EUR 50,000, whichever is the lower, except in the event of breach of an essential contractual obligation. In such a case, the liability of FRIENDSHIP SYSTEMS shall be limited to the typical foreseeable damage.

9. Ownership Rights and Rights of Utilization

a) FRIENDSHIP SYSTEMS retains all ownership title of documentation and data media, on which software is delivered, until the purchase price for the product or performance has been fully paid. In case of contracts with merchants, FRIENDSHIP SYSTEMS retains all ownership title of documentation and data media until all trade accounts receivable concerning current transactions have been fully paid.

b) FRIENDSHIP SYSTEMS will hand over to the customer the results of work such as program material, documentation, drawings in written or machine-readable form owed by FRIENDSHIP SYSTEMS as a debtor after completion, acceptance and payment. FRIENDSHIP SYSTEMS may retain copies of these data for documentation.

c) FRIENDSHIP SYSTEMS grants the customer the right to, unlimitedly in terms of time and territory, use, duplicate and process the work created in execution of an order for purpose of the customer's enterprise, and to unite it with other works. The passing on of the work or of parts of it is not allowed.

d) Inventions made by employees of FRIENDSHIP SYSTEMS during the execution of an order may be filed by FRIENDSHIP SYSTEMS in its name for an industrial property right.

10. Set off, Right of Retention, Right of Termination without notice

a) The customer may set off counter claims only if they are undisputed or finally awarded by a court. The customer has the right of retention only if based on the contractual relationship. Every order is considered a separate contractual relationship.

b) FRIENDSHIP SYSTEMS has the right to terminate a contract or license agreement without giving due notice in the event that the customer's financial situation has deteriorated considerably or the enforcement of insolvency proceedings over the customer's property has been requested for.

11. Final Provisions

a) All contractual relationship between the parties shall be governed by the Laws of Germany, excluding the UN Convention (CISG) on the International Sale of Goods, dated April 11, 1980.

b) The agreed place of performance is Potsdam. The courts of Potsdam have jurisdiction over all claims of the parties. FRIENDSHIP SYSTEMS may start legal action at the customer's seat as well.

c) The invalidity of any provision of these General Terms and Conditions does not affect the validity of the other provisions. The parties commit themselves in this case to agree upon a new provision that comes close to the economic purpose of the deleted provision to the greatest extent possible and that they would have agreed upon had they known the invalidity. The equivalent is valid in case of the need to fill a gap.

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