

I. Scope of application

Unless otherwise agreed and confirmed by Kostwein Maschinenbau GmbH (hereinafter referred to as "Kostwein") in writing, the present General Business Conditions shall apply to all offers, sales and deliveries. Business conditions of the Customer shall only be applicable where Kostwein expressly accepts such business conditions in writing. By ordering or accepting goods, the Customer accepts the Sales Conditions of Kostwein as binding.

Oral declarations representing additional obligations on the part of Kostwein shall only be valid if expressly confirmed in writing.

II. Conclusion of contract, prices

The scope of deliveries or services shall be defined by the mutual representations made by the parties. All offers on the part of Kostwein shall be deemed to constitute non-binding proposals made without engagement. No contract shall exist between the parties until Kostwein issues a written confirmation of order. The written confirmation of order shall define the content of the contract concluded. All prices indicated shall be net prices and payable without any deduction whatsoever. Unless expressly agreed otherwise, all orders shall be invoiced according to our calculation of actual costs. All supplementary fees, public charges, newly introduced taxes, freight costs as well as any increases thereof that directly or indirectly concern or increase the price of the delivered goods shall be borne by the Customer. Agreements, modifications of the present General Business Conditions and supplementary agreements thereto as well as any promises made by employees of Kostwein shall not be valid unless properly executed in writing. This also applies to any departure from this requirement of writing.

III. Terms of payment

All payments shall be made in EURO plus statutory V.A.T. Invoices submitted by Kostwein shall be payable without any deduction whatsoever within 30 days from the date of issue. In the event of a delay in payment, Kostwein shall be entitled to charge a penalty interest in the amount of 5% above the 3- month EURIBOR in force at the respective date. This shall not prejudice Kostwein's right to demand compensation for higher interest.

If Kostwein becomes aware of any significant deterioration of the Customer's financial situation or if the Customer fails to pay any of Kostwein's invoices by the due date, Kostwein shall be entitled to demand advance payment or the provision of other security for all outstanding deliveries. If these requirements are not met, Kostwein shall be entitled to withdraw from the contract. In case of default in payment, Kostwein shall be entitled to store goods already produced at the cost of the Customer, invoicing such goods to the Customer as delivered.

Kostwein reserves the right to accept or refuse to accept cheques or bills of exchange. Such instruments shall only be accepted on account of performance, and all costs connected therewith shall be borne by the Customer. Payment shall not be deemed to be effected until the respective cheque or bill of exchange has been paid by the drawee.

IV. Terms of delivery, force majeure

The place of performance shall be our respective plant delivering the ordered product. Products shall be shipped at the cost and risk of the Customer. Unless specific transport instructions are issued by the Customer, Kostwein shall be entitled to select, to the best of its knowledge and without providing any guarantee in this respect, the transport route, the method of transport and the type of packaging.

Kostwein will provide information on the periods of delivery without, however, providing any guarantee in this respect. Periods of delivery shall commence upon receipt of the order and submission of all documents required for fulfilment of the order. Delivery deadlines shall be deemed to be met where a ready-for-shipment note is issued in due time. In the case of call orders, Kostwein shall be obliged to make delivery and the Customer shall be obliged to accept the ordered goods by the agreed final date or a reasonable final date at the latest. Delivery dates agreed shall be complied with unless an interruption of normal business operations occurs. In the event of force majeure, strikes, lockouts, material procurement problems, interruptions of business of any kind as well as in the event of other unforeseeable events affecting Kostwein or any of Kostwein's suppliers, Kostwein shall be released from its obligation to deliver by the agreed date, if any. In this case, Kostwein shall be entitled to extend the period of delivery by a reasonably start-up period or to partly or fully withdraw from the contract with respect to the part of the contract not yet fulfilled. Such delays shall not entitle the Customer to refuse acceptance or to demand compensation for any costs incurred in this connection. The Customer shall, in particular, not be entitled to demand reimbursement from Kostwein for penalty payments for delays in delivery agreed between the Customer and third parties. In the event that Kostwein exceeds the agreed period of delivery by more than 4 months, the Customer shall be entitled to withdraw from the contract after granting an additional period of one month for execution of the contract. In the case of call orders, the parties shall be obliged to deliver or accept delivery, respectively, at the latest by the agreed final date or a reasonable final date.

V. Reservation of ownership

The goods delivered shall remain the property of Kostwein until full payment of all amounts outstanding in connection with the existing business relationship (purchase price, interest, costs, supplementary fees, etc.). In the case of an attachment of property or any other claims enforced by third parties against the Customer, the Customer shall be obliged to enforce the ownership rights of Kostwein and to forthwith notify Kostwein of the respective situation. In the event that the Customer delivers goods supplied by Kostwein to a third party before full payment is made, Kostwein shall be fully entitled to all rights in connection with the consideration given by such third party. For this purpose, the Customer hereby assigns its claims vis-à-vis such third party as well as all supplementary rights in this respect to Kostwein, i.e. no separate act of assignment will be required, should Kostwein need to enforce such rights and claims at a future date. The Customer shall be obliged to record this assignment in the Customer's books. Kostwein shall be entitled to inform the respective third party of this assignment at any time. However, the present advance assignment shall not be deemed to entitle the Customer to sell products delivered by Kostwein and shall not prejudice the reservation of ownership agreed. Therefore, the Customer shall only be entitled to sell goods delivered by Kostwein if the reservation of ownership is expressly made binding on the respective third party

as well. In cases where goods delivered by Kostwein are processed in the normal course of business, Kostwein shall, in the framework of the reservation of ownership, acquire proportionate ownership rights in the final product.

VI. Warranty, damages

1. Agreed characteristics:

All deliveries and services supplied by Kostwein shall comply with the specifications indicated in brochures and other advertising materials. Product characteristics deviating from or exceeding these specifications shall only be deemed to be agreed and warranted if expressly agreed in writing. In the case of services and deliveries not based on brochures or other advertising materials, the product characteristics shall be as indicated in the order and the confirmation of order. The responsibility for unclear definition of expressly stipulated characteristics shall be borne by the Customer. The Customer bears the responsibility for verifying whether or not a product is suitable for a certain area of application. Kostwein assumes no liability whatsoever for information provided by third parties in their brochures or advertising materials.

2. Complaints:

All goods delivered shall be inspected immediately upon receipt. Any defects detected in the course of the inspection shall be communicated to Kostwein immediately but at the latest within 10 days from the date of receipt of the goods, also indicating the type and extent of the defect. Hidden defects shall also be communicated to Kostwein within 10 days of their detection. Delivered goods shall be considered as accepted where defects are not communicated to Kostwein at all or not communicated to Kostwein within the stipulated period. In this case, warranty claims or claims for payment of damages as well as avoidance on the ground of mistake in connection with defects shall be excluded.

Kostwein shall have the exclusive right to verify whether or not the products in question are faulty and will examine the respective products within a reasonable period of time. The Customer shall, upon Kostwein's request and at the Customer's own cost, ship the defective goods to Kostwein or provide access to the goods for inspection at a place to be determined by Kostwein. The Customer shall not be entitled to correct faulty goods itself. In the case of justified complaints submitted in due time in writing, Kostwein shall replace or correct the respective goods. Kostwein shall at its own discretion decide if products will be replaced or corrected. In cases where replacement or correction cannot be effected within a reasonable period of time, Kostwein shall issue a credit note. Any further claims on the part of the Customer shall be excluded. Claims for replacement or correction shall also be excluded where products were damaged as a consequence of improper storage, assembly or application as well as in the case of transport damage or damage caused by corrosion.

In the case of defective goods, the Customer shall bear the burden of proof. Application of s. 924 of the Civil Code (ABGB) is hereby expressly excluded.

The cost of services rendered by Kostwein's customer service department will be invoiced to the Customer where such services are not provided under warranty claims or on the basis of justified complaints.

The warranty period shall be 6 months from the date of delivery.

3. Recourse:

Any recourse against us as defined by s. 933b of the Civil Code (ABGB) is hereby expressly excluded.

VII. Right to withhold payment

In the case of justified complaints, the Customer shall not be entitled to withhold the entire payment but shall only withhold a reasonable share of the invoiced amount.

VIII. No offsetting

The Customer shall not be entitled to set off any counter-claims whatsoever against Kostwein's claims.

IX. Liability for damage

Kostwein shall only be liable for damage caused intentionally or by gross negligence, and Kostwein's liability in these cases shall be limited to the amount of the respective invoice. Kostwein shall in no case bear any liability whatsoever for lost profits or financial losses suffered by the Customer or the Customer's contractual partners.

X. Product liability

Any recourse claims asserted against Kostwein by contractual partners or third parties on grounds of "product liability" as defined by the Product Liability Act (PHG) are expressly excluded unless the party asserting recourse claims proves that the mistake in question can be allocated to Kostwein's sphere of responsibility and is attributable, at least, to gross negligence.

XI. Jurisdiction and venue

The jurisdiction and venue of the Provincial Court of Klagenfurt in its capacity as a commercial court are hereby agreed. This provision, however, shall not prejudice Kostwein's right to bring action at any other legitimate venue. Application of Austrian law is hereby agreed. Application of the UN Sales Convention is expressly excluded. The German language is hereby established as language of contract.

XII. Severability

In the event that one or several of the provisions of the present General Business Conditions should be found to be ineffective in whole or in part, the validity of the remaining provisions of the present Conditions shall not be affected thereby. However, if any of the provisions should be found to be ineffective, invalid or unenforceable, the parties shall apply such other contractual arrangement which secures, as far as possible, the intended economic effect of the invalid provision. If individual provisions of the

contract between Kostwein and the Customer should be legally ineffective, the validity of the remaining parts of the contract shall not be affected thereby.