

# General Terms and Conditions

## 1. Scope

The following terms of delivery and payment settle the legal relations between our customers and us. In the event of a customer setting differing conditions, which we do not expressly acknowledge in writing, these are not binding, even though we may not explicitly raise an objection. Other agreements, modifications and accessory agreements all require our confirmation in writing.

## 2. Offer and confirmation of order

Our offers are non-binding. The scope of our service obligation is only fixed by means of our written confirmation of order. All data, such as illustrations, drawings, indications of dimensions and weight, that underlie the offer or the confirmation of order are normally to be understood as approximate values, except when they are expressly referred to as binding.

## 3. Copyright and property rights with respect to drawings, etc.

We reserve our proprietary rights with respect to drawings, sketches, cost estimates and other data that are attached to our offers and confirmations of order. The customer shall only use them for the purpose agreed upon and he shall not reproduce them or make them available to a third party without our prior consent. The original data and all copies made of them shall be given back to us on demand.

## 4. Prices and terms of payment

Our prices are quoted ex works, including VAT corresponding to the current legal percentage, and excluding packaging costs. The packaging costs are calculated by us.

All orders underlie the prices and discounts that are valid at the time of delivery. Principally, the calculation takes place in Euro, and the invoices also have to be settled in Euro. Principally, deliveries only take place against payment on delivery or advance payment.

Deliveries on account have to be agreed upon expressly. Only those terms that have been agreed upon in the confirmation of order are valid. Payments are considered effected not before the day on which the seller is able to dispose of the invoice amount without loss.

At default of payment, reserving the claim of further damage, default charges in the amount of 5% above the discount rate of the Deutsche Bundesbank have to be paid.

All of our claims become due immediately if a payment date is not met, or if the purchaser breaches other contractual agreements, or if we become aware of any circumstances that could reduce the purchaser's creditworthiness. In addition, in such cases, we are entitled to execute outstanding deliveries only against advance payment or by way of security, and to withdraw from contract after the expiration of an appropriate extension of time, or to demand compensation for breach of contract.

Moreover, we are entitled to forbid the resale of goods that have been delivered subject to reservation of title, to claim their restitution or the assignment of the collateral property at the expense of the purchaser, or to countermand a direct debit mandate.

The above-mentioned discounts are not allowed in the event of the purchaser being in arrears with payment for previous deliveries.

The right to refuse performance on the part of the purchaser is excluded with regard to business transactions with traders. The purchaser has no right of retention. This does not apply with regard to business transactions with non-traders, as far as the counterclaim results from the same contract. An offset on the part of the purchaser is only valid as far as his counterclaims are expressly declared unquestionable or as far as they are legally justified.

We are not obliged to accept bills of exchange.

## 5. Reservation of title

Until all of the claims the seller is entitled to due to the sales contract are settled, the object of purchase remains the property of the seller.

In the event of the purchasers being corporate bodies under public law, funds assets subject to public law, or contractors that are exercising their commercial or independent functions at the completion of the contract, the reservation of title also continues to exist with regard to claims, resulting from the current business relationship, of the seller against the purchaser until the claims the seller is entitled to in connection with the purchase are settled.

On the purchaser's demand, the seller is obliged to abandon the reservation of title if the purchaser has unimpeachably settled all claims connected with the object of purchase and if an appropriate security with regard to the remaining claims resulting from current business relationships exists.

In the event of the purchaser being in arrears, the seller is entitled to withdraw from the sales contract.

If the seller is additionally entitled to claim for damages instead for performance and he takes back the object of purchase, the seller and the purchaser agree that the seller pays the usual sales value of the object of purchase on the date of redemption.

As long as the reservation of title exists, the purchaser shall neither dispose of the object of purchase nor, by contract, allow third parties to use it.

## 6. Dispatch and delivery

In the event of the goods being forwarded, we are entitled to choose the means of transportation and the dispatch route without any liability. This exemption is not valid if, in the course of a business transaction with traders, one of our executive employees, or, in the course of a business transaction with non-traders, one of our employees has acted with gross negligence. When the objects of purchase are handed over to the forwarding agent, the carrier or the customer as collector, or when the objects of purchase leave the factory or the warehouse, any risk is transferred to the purchaser.

In the event of delivery including mounting or installation, the risks are transferred on the day of absorption in the purchaser's own factory, or, if agreed, after a flawless trial operation. In the event of the dispatch, delivery, start, execution of the mounting or installation, absorption in the own factory, or the trial operation being delayed due to reasons the purchaser is

responsible for, or in the event of the purchaser defaulting the acceptance due to other reasons, the risk is transferred to the purchaser. Provided there is not any restraint on the part of the purchaser, we take out a transport insurance for all delivered goods, which is charged to the purchaser's account.

The minimum order value with respect to dispatch orders amounts to 100 EURO (excl. VAT) at home, and 500 EURO abroad. For retail dispatches and/or orders below the minimum order value, handling expenses amounting to 50 EURO (excl. VAT), in addition to packing and delivery costs, are charged. Dispatch orders abroad that are below the above-mentioned minimum order value are not executed.

Orders of special models as well as orders including quantities and dimensions that are not listed in our catalogue shall be approved in writing. If necessary, an agreed down payment has to be made. In the event of orders of special models and in great quantities being accepted, we are not entitled to deliver less or more than an appropriate number of items ( $\pm 10\%$ , as a rule).

In principle, dispatch packages are calculated at cost price.

## 7. Delivery time

The terms of delivery are executed as soon as we confirm the order, but not before all realisation details are clarified.

The agreed terms of delivery are extended - irrespective of our rights resulting from the default of the purchaser - for the term the purchaser is in arrears with this transaction or another. This applies mutatis mutandis if a date of delivery is agreed upon.

In the event of a default on our part, the purchaser has to set an appropriate extension of time. After the expiration of this extension of time, the purchaser is entitled to withdraw from contract if he has not been notified that the goods are ready for delivery.

Damages for non-compliance with terms or dates of delivery are excluded.

This exemption is not valid if, in the course of a business transaction with traders, one of our executive employees, or, in the course of a business transaction with non-traders, one of our employees has acted with gross negligence.

Events due to force majeure enable us to delay the delivery for the time of the restraint and an appropriate starting time, or to withdraw from that part of the contract which has not yet been fulfilled. Events of force majeure also include strikes, lockouts, and other circumstances that make a delivery significantly difficult or impossible. This also applies to events of force majeure that take place at a sub-contractor level.

The purchaser is entitled to demand a further explanation from us as to whether we want to withdraw or still deliver within an appropriate period of time. In the event of us not offering an explanation, he is entitled to withdraw. Terms of delivery are considered met if the goods leave our factory at due date. Partial deliveries are allowed.

## 8. Impossibility, adjustment of contract

In the event of impossibility or an adjustment of contract, the following applies, if the contract party is a trader:

In the event of the supplier or the purchaser not being able to execute the delivery or the performance that is incumbent upon him, the following general principles of law apply:

In the event of the impossibility being attributed to the supplier's fault, the purchaser is entitled to claim damages. However, the purchaser's claim for damages is limited to 10% of that part of the delivered goods or the performance that cannot be taken into an adequate operation due to the impossibility. Claims for damages on the part of the purchaser that exceed the mentioned limit of 10% are excluded.

This does not apply in instances of intention or gross negligence.

The purchaser's right to withdraw from contract is not affected by the impossibility of delivery or performance.

## 9. Warranty

With regard to contracts with non-traders (end consumers), we guarantee that our products will work flawlessly for a period of two years after delivery. As for contracts with traders and/or companies, we guarantee that our products will work flawlessly for a period of one year.

The guarantee period for our milling spindles is six months. This period of warranty also applies to milling spindles that are integrated into a machine system.

The purchaser has to claim his right of complaint by mail within ten days after arrival of the goods at the place of destination. This only applies to business transactions with non-traders as far as apparent defects are involved. Notices of defects are only considered if the goods are in the same condition as on the day of delivery. We replace goods that we accept as imperfect by flawless goods. We are also entitled to the option of making up the difference in price. In the event of a rework or a replacement failing, non-traders are entitled, according to their own choice, to lower the payment or to cancel the contract. Further claims, including those concerning consequential damages, are excluded as far as these do not result from a promised feature's fault. It is only fair that on such occasions, the purchaser gives the supplier the necessary time and opportunity. In the event of him refusing to give the necessary time and opportunity, the supplier is freed from the responsibility for defects. A return of the faulty goods is only permitted with our approval.

The purchaser has to pay for the freight charges. A reimbursement only takes place in the event of a justified notice of defects. In the event of the customer arranging for the delivered goods to be tested, and states a defect for which we were liable, we will account a processing fee for each tested appliance if it turns out that no defect exists.

Irrespective of the legal basis, we are only liable in instances of intent and gross negligence. We provide application-orientated advice to the best of our knowledge. However, all information about the suitability and application of our goods is not binding and does not exempt the purchaser from own tests and trials. The purchaser is solely responsible for ensuring that usage of the goods complies with legal and official regulations. We only provide the purchaser with a guarantee that certain goods are suited to certain purposes if this is expressly promised in writing.

Returns have to be made in the original packaging or equivalent packaging.

## 10. Repairs

In the event of the purchaser wishing an estimate before repairs are carried out, this has to be stated expressly. Forwarding and packing charges shall be borne by the purchaser. The invoice amount for repairs has to be settled immediately and is strictly net. In principle, repairs, and also those within the scope of guarantees, take place in our plant, except where otherwise stipulated in writing.

## 11. Returns

The return of delivered goods is only possible following consultation and agreement, and after adequate deductions are charged. In principle, special models and software products are excluded from return.

The bill of lading and/or the copy of invoice have to be enclosed to all replies or returns. The return charges shall be borne by the purchaser and/or returns have to be delivered free.

## 12. Installation

Unless otherwise stipulated in writing, installation works have to be paid for.

In particular, installation charges include travelling expenses, daily accommodation allowance, as well as the usual rates for working time and allowances for extra, night and Sunday work and for work performed on public holidays, for works on aggravated conditions, and for planning and monitoring. We charge lead, travelling and waiting times separately. In the event of assembly or activation being delayed through no fault of ours, the customer has to pay for the waiting time and for any further travels necessary. At his charge, the customer provides the necessary personnel as well as the proper tools in the amount required. Moreover, the customer must provide rooms that sufficiently large, dry and lockable for storing machine parts, apparatus, materials, tools, etc. For the protection of our property and of the installation personnel, he has to take those measures that he would take for the protection of his own property. In the event of the nature of the customer's factory demanding special protective clothing and safety devices for the installation personnel, it is the customer's responsibility to provide them too.

Our installation personnel and their assistants are not entitled to carry out works that are not connected with the performance of our obligation to deliver and to assemble or install the delivery item or that are arranged by the customer or a third party without consultation. We are not liable for such works that do not belong to our field of responsibility.

In the event of the installation being carried out by the customer or by a third party that he has commissioned, our current operation and installation instructions have to be observed.

## 13. Data protection

In due consideration of the Federal Data Protection Act ("Bundesdatenschutzgesetz"), the seller stores and processes all data that are necessary to carry out the business relationship.

## 14. Place of performance and jurisdiction

The place of performance for both respective parts of the contract is Wels / Upper Austria and/or the external office and/or the branch/plant that is stated in the confirmation of order.

In the event of our contract party being a trader, the place of jurisdiction is Wels / Upper Austria. This also applies to legal proceedings according to the Cheques Act.

## 15. Supplementary clause

German Law is applied exclusively, even with respect to deliveries abroad. The application of the UN Sales Law is expressly excluded.

In the event of our customers exporting our goods to countries outside the Federal Republic of Germany, we assume no liability if property rights of third parties are violated by our products.

The purchaser is obliged to make up for the damages that we suffer due to the export of goods that we do not expressly deliver for export purposes. Should individual provisions of these Terms and Conditions be void, the validity of the remaining provisions is not affected by this. Together with the customer, we will replace void provisions by valid ones that are permitted by law and come nearest to the intended legal and economic purpose of the void provisions. Modifications to and amendments of these General Terms and Conditions must be made in writing.

Date: July 15th 2008