

General Terms and Conditions

GENERAL

These General Terms and Conditions of Sales, Purchase and Payment (hereinafter referred as "General Terms") shall be deemed valid for all grinding wheels and all other tools and services (hereinafter referred to as „Products“) as supplied by Rappold Winterthur Technologie GmbH, hereinafter referred to as „RWT“.

The general terms and conditions of sales, purchase and payment of the Purchaser shall be considered invalid unless endorsed in writing by RWT. Partial and/or incidental compliance with the general terms of the Purchaser shall not be considered as general acceptance of the Purchaser's general terms. RWT will only enter into an agreement in accordance with the General Terms as set out hereinafter. Any activity to the contrary shall require express written agreement.

RWT maintains a quality management system which is certified according to ISO 9001: 2000.

OFFERS, QUOTATIONS AND ORDERS

The validity of Quotations and Offers shall be limited to a period of ninety (90) days, and shall be limited to a complete and undivided Order of the quantities as mentioned in said Quotations and Offers. Purchasing Orders shall be deemed valid only upon receipt of a written confirmation issued by the Purchaser. Any Purchase Order shall specify comprehensively all deliveries and services pertaining to such Purchase Order. Any additional deliveries and services shall be charged separately. Information and illustrations encountered in general printed matter and promotional material shall be deemed as non-binding.

Without express written agreement to the contrary, consignment stock orders shall be executed within a six (6) month period following the issue of a concomitant purchase order. After expiry of this 6-month period, RWT is entitled to supply and remaining Products and issue an invoice for any such remaining consignment stock.

Technical documentation such as drawings, plans, prints, illustrations and associated descriptions remain the property of RWT. The Purchaser may use and copy such documents for internal purposes only. These documents remain the intellectual property of RWT and may not be made available to Third Parties either as an original, a copy or in any other form of reproduction. Any retaining liens regarding said documentation shall be excluded.

SUPPLY

RWT reserves the right to apply a supply tolerance of plus/minus 10 percent (+/-10 %) to the total order quantity and two weeks to the delivery time quoted.

RWT reserves the right to execute partial deliveries and to issue invoices accordingly. Shipping costs shall be borne by the Purchaser unless written agreement to the contrary has been granted.

Sample and test Products shall only be supplied against payment unless written agreement to the contrary has been granted. All such Products remain the property of RWT until full payment for said Products has been received.

In the case of non-compliance with the payment terms, delayed payment, exceeding of the agreed credit limits, or insolvency of the Purchaser, RWT reserves the right to terminate any contract of supply without granting any extension of time. RWT reserves the right to take back any Products which have been supplied to but not paid by the Purchaser.

In the event of Force Majeure, or any other circumstance beyond the control of RWT, RWT shall be entitled to suspend the performance of the obligations under the General Terms and shall be entitled to terminate any open order commitments. If the agreed delivery time is exceeded by three (3)

months, the Purchaser shall be entitled to terminate the contract.

Packaging will be in accordance with the standards as deemed fit by RWT. Any special packing requirements shall be invoiced accordingly.

The risk of damage and/or of loss shall pass to the Purchaser at the time of the Products' departure from the RWT plant in Villach, Austria.

Should shipments be delayed due to causes attributable to the Purchaser, the risk of damage and/or of loss shall pass to the Purchaser at the time of readiness for shipment. The costs accrued for any unsuccessful delivery attempts and concomitant storage costs shall be borne by the Purchaser.

PRICE AND PAYMENT CONDITIONS

All prices quoted by RWT shall be in Euros, net, ex works Villach. ("exw" according to INCOTERMS 2000), in standard packaging, excluding any Value Added Tax (VAT) which shall be added accordingly.

Prices and payment conditions are in strict accordance with the relevant data on the concomitant Order Confirmation, and all payments shall be made accordingly.

The payments shall be made free of charges and/or of deductions. The payments shall be made in cash or by bank transfer within thirty (30) days following the issue of the invoice, payable into a bank account as nominated by RWT. Cheques and bills of exchange shall be accepted as payment only whereas bills of exchange will be accepted only subject to prior agreement in writing.

For late payments, interests will be charged to the extent of five percent (5%) over and above the current Austrian National Bank rate. RWT shall also be entitled to lodge a claim for the full sum of monies due. RWT reserves the right to lodge further compensation claims and to claim additional costs of five (5) Euro for each letter of reminder sent.

In the event of handing over pending RWT claims to a law firm or a debt collecting agency for the purposes of debt collection, the defaulting Purchaser shall be made liable for all additional costs arising from such collection process.

Payments made by the Purchaser shall be used at the discretion of RWT to cover pending claims by RWT unless an agreement to the contrary has been made in writing. If RWT has not expressly made such an arrangement, statutory regulations shall apply.

A Purchaser from within an European union member state requiring an exemption of VAT (value added tax) shall supply the necessary legal documentation to enable RWT to satisfy the legal and fiscal requirements pertaining to such tax exemptions. This shall particularly apply regarding the evidence of supplying goods within the European Union, the VAT identification number, or any personal tax exemption of the Purchaser.

In the case of non-compliance with the payment terms, or in the case of a substantial deterioration of the Purchaser's financial status, RWT shall be entitled to fix an immediate due date for all outstanding claims.

The Purchaser shall not make any counter compensation claims against claims of RWT on the basis of Products already supplied unless such compensation claims have been met with prior acceptance by RWT, or have been accepted as legally binding.

RETENTION OF TITLE

The Products shall remain the property of RWT until the Purchaser has paid for the Products in full, inclusive of all accessory charges and interest on arrears where and if applicable. RWT also reserves the right as to the manner of how the Retention of Title must be enforced on or made known to Third Parties.

The Purchaser shall undertake all necessary measures to safeguard the Retention of Title. The Purchaser shall not mortgage or offer the Products as collateral to Third Parties. The Purchaser shall

refer to RWT's the Retention of Title in all cases of bailment of goods or any claims by Third Parties. In the event of the Purchaser subsequently reselling the Products to Third Parties prior to making full payment to RWT, the Purchaser's claim arising from any subsequent resale shall be assigned to RWT. In the event of payment in cash for any such subsequent resale, RWT shall be entitled to the proceeds arising from such resale to cover any outstanding claims. The Purchaser's customer shall be informed of the assignment and any prior claims of RTW at the Purchaser's earliest convenience and at the latest at the signing of the sales agreement. Furthermore, RTW shall be informed of such subsequent resale's activities

LIABILITY FOR DEFECTS

The Purchaser shall inform RWT in writing of defects or any other nonconformity of the Products immediately after receipt of said Products. Supplied Products that have been found defective shall be replaced free-of-charge by RWT or RWT shall credit the equivalent invoiced amount. This provision shall not apply to Products, which, due to their inherent material composition, or due to their usage, are subjected to premature consumption or wear. Furthermore, no claims shall be made for defects arising from natural wear, incorrect ordering, inappropriate handling, non-compliance with envisaged operating conditions by the Purchaser and his workforce, excessive workloads, and due to influences of chemical, electrochemical and electrical nature. Rescission of Sale or price reductions shall not apply in such cases. A Rescission of Sale shall not be permissible in cases of special manufacturing orders. Return shipments of Products shall require the written agreement of RWT and the concomitant costs and risks shall be borne by the Purchaser.

PRODUCT LIABILITY

The liability of RWT and its supplier shall be strictly limited to damages and losses as governed by the relevant product liability legislation and shall expressly exclude consecutive damages.

MISCELANEAOUS

In the event that any of the clauses of these General Terms shall become or shall be declared invalid or unenforceable, either in part or as a whole, such invalidity or unenforceability shall in no way impair or affect the remaining conditions hereof, and all of which shall remain in full force and effect.

All and any alterations of the requirements as set out under these General Terms shall require express agreement in writing.

PLACE OF PERFORMANCE AND APPLICABLE LAW

The place of performance shall be limited to the relevant domicile of RWT. The contractual relationship between RWT and the Purchaser shall be exclusively governed by Austrian law. The application of the UN Agreement pertaining to contracts of international purchasing of goods dated 01.01.1989 (UNCISG) BGBl 96/1988 in all its relevant and valid amendments, shall be expressly excluded.

JURISDICTION

These General Terms shall be read and construed in accordance with Austrian law and RWT and the Purchaser mutually agree to submit all disputes to the jurisdiction of the ordinary courts of Villach, Austria.