

EUROPE / OVERSEAS / GUS, Date 05/17

Special advice to „Safety installations“

EG-directive 89/655 of the European Union has been transferred into German national law by issuing German guideline. This guideline implies that also older machines must have a minimum standard of safety. This standard is fixed in the directive mentioned. We presume that equivalent directives are valid in Buyer's country, too. We recommend to check in comparison to such directives and to improve the situation of the safety equipment in connection with any repair- and/or modernization-activities. We can only give our opinion about the necessity to change the existing equipment with knowledge of the actual complete situation and under consideration of the laws/guidelines etc. valid at the place of installation. Starrag Technology GmbH can quote such complete check and also the execution of any works necessary.

TERMS AND CONDITIONS OF SALE AND DELIVERY

For the division „Service“ of Starrag Technology GmbH

We will only deliver according to our terms and conditions of sale and delivery. Customer's conditions to the contrary of our terms and conditions of sale and delivery will only be accepted after having explicitly been agreed by us in written form

1. Prices

The prices are based upon delivery ex works (EXW acc. to Incoterms 2010) excluding VAT. VAT (Value-added tax) - if any and if payable - will be invoiced according to applicable tax regulations. Loading and packing charges, cost of transport (freight charges), transport-insurance cost and similar charges/taxes/duties etc. will be invoiced separately if not included in total scope of supply. The quoted prices have been calculated on the basis of the machine's condition known. Seller is assuming that there are no further deficiencies or damages apart from normal wear. Should other damages or deficiencies become obvious during dismantling and/or during works under the order, Seller will inform Buyer and will submit a supplementary quotation. For supplementary work which is not part of this quotation and which has been quoted and ordered after separate mutual agreement our respectively valid "Terms of Assembly and the Cost Rates for Services" will be applicable. The mentioned costs of material are valid only if reconditioning of the machine is ordered with and carried out by Seller.

2. Delivery Time

The delivery time starts after receipt of the order, clarification of all technical and commercial details, when the Seller has received the documents, approvals and releases to be provided by the Buyer, and after receipt of the first down-payment. A binding delivery date will become part of the contract. This delivery is considered to be kept with notification of readiness for pre-acceptance (if agreed) or readiness for shipment.

In case of any delay the regulations of the customary ECE conditions LMW 188 A with currently valid "Annex by the German Capital Goods Industry" will apply. This delivery date is under the condition that the agreed scope of supply remains unchanged. Claims from any delay (liquidated damages) cannot be raised if the agreed scope of supply is changed by the Buyer after signing of contract independent from the fact, if such change affects the delivery date. Compliance with the delivery date under reserve of a correct and timely supply to ourselves. Should delays become apparent we will inform you immediately.

3. Payment Conditions

3.1 (Fixed-price-arrangement, spare parts and subassemblies/components)

Binding payment conditions will be agreed upon with the contract. If not, the Seller expects the following payment:

30% advance payment when placing the order.

60% upon delivery of the reconditioned and/or new subassemblies/components.

10% upon signing of the final acceptance report.

Each payment upon receipt of the invoice, free our bank account by means of bank remittance (SWIFT) without any discount or other deductions.

Retention of title

Until the full invoice amount has been paid (including payment for disassembly and re-assembly) the delivery volume (parts and subassemblies) remains the sole property of the Seller, provided that such retention of property is valid under the applicable law. The buyer shall at the request of the Seller assist him in protecting his title to the delivery volume in the country concerned in any extent possible.

3.2 (Assembly work – not part of a fixed-price-arrangement)

The assembly work is invoiced according to the time/expenses required on the basis of the presently valid cost rates for services.

Invoicing every 14 days according to the actual expenses. Payment: upon receipt of the invoice free our bank account by means of bank remittance (SWIFT) without any discount or other deductions.

4. Foundation

The machine must be installed on a suitable foundation.

If an existing foundation has to be changed or if a new foundation has to be made,

the design, building and inspection of such foundation is not part of the Seller's obligations. The Seller only supplies details regarding the surface of the foundation and the required cast features such as pits, channels, pockets etc. The depth of the foundation and its construction has to be determined on a case by case basis by a specialized civil engineer. The Seller recommends that the Buyer employs the services of such a specialized civil engineer to design the foundation structure taking into consideration local ground conditions and the specific requirements advised by the Seller in respect of machine unit weights, cutting forces and permissible deformation within the foundation area. Professional design and proper building of the foundation is the exclusive responsibility of the Buyer.

5. Assembly and commissioning

Unless otherwise agreed the installation of spare parts does not belong to the Seller's scope of services. Should there occur difficulties with the installation of spare parts that have been sold without installation, please contact the Seller accordingly to avoid damages. Should assembly works be part of the contractually agreed scope of services, the attached standard conditions for installation of the machine tool industry (ECE conditions) apply. In addition the Buyer has to provide technical assistance at his own expense, particulars to be asked for from the Seller. If the beginning and/or the course of the disassembly/re-assembly work and of the commissioning is delayed because of reasons which are beyond the Seller's control, additional expenditures will be charged separately and additionally and the dates have to be adapted if necessary. An assembly insurance (property insurance for damage to the machine) is not covered. Insurance coverage within the scope of the employer's liability insurance is given for damages culpably caused by Seller outside his deliveries during the assembly work (see item 9 "liability and compensation"). Seller is assuming that the machine has been cleaned when beginning the reconditioning work and that Buyer will provide assistance free of charge in accordance with the assembly requirements as follows.

Provision of suitable auxiliary staff, as far as required (in particular, electricians and other auxiliary staff).

Provision of necessary tools (e.g. hoists, crane incl. operating personnel, suspension material).

Provision of necessary resources (current, pressurized air, water incl. the required connections).

Transport of the assembly parts to the place of assembly.

Buyer's assistance must allow to start any assembly work immediately after arrival of the assembly personnel.

6. Acceptance

Acceptance of the machine in accordance with Seller's acceptance protocol respectively according to the particularly agreed arrangements.

If not included in the contractually agreed service scope, special acceptance procedures, machining tests etc. are to be quoted and paid separately with regard to scope, expenses and duration of the work to be done.

7. Instructions for machine operation, training courses

Unless otherwise agreed, operators training and further training courses (programming, service) are not included in the scope of supply. Such training will be quoted and invoiced separately.

8. Warranty

The period of warranty starts with the date of the final acceptance in the Buyer's works resp. with delivery of the spare parts at the Buyer's works – when no assembling has been sold. A warranty period of twelve (12) months is considered as contracted unless other individual arrangements have been made. The price for a warranty period of 12 months from final acceptance resp. delivery at the Buyer's work has been considered with the quoted price. The Seller is liable for defects on deliveries and services rendered, which may occur within twelve months after acceptance resp. delivery of the parts, excluding all further claims of the Buyer. Seller has only to remedy the defects. The Buyer has to report a defect to the Seller immediately on detection. His right to claim the defect matures after six months from the moment of notice.

The liability of the Seller does not exist, if the defect is insignificant for the interests of the Buyer or is based on a circumstance for which the Buyer is responsible. If the beginning and/or the course of the re-assembly/installation and starting-up or the beginning of the final acceptance are delayed due to reasons Seller is not responsible for, the beginning of the warranty period is then the date on which the final acceptance would have taken place without such delay(s). Additional contractual obligations (operator's training, machining of parts etc.) - if any - do only postpone the start of warranty if they are expressly contracted as part of final acceptance. The liability of the Seller does not exist for consequences arising from modification or repair works carried out by the Buyer or a third party without previous approval by the Seller. Only in cases of emergency, of endangerment of the industrial safety or for protection against excessively big damages, in which the Seller has to be informed immediately, or if the Seller is in delay with the remedy of the defect, the Buyer is entitled to remedy the defect by himself or have it remedied by a third party and claim compensation for the necessary costs.

From the direct costs of the repair, the Seller bears the costs for the spare part, for the disassembly and re-assembly as well as the costs of the necessary personnel including travelling expenses, as far as the claim proves to be justified and does not cause inadequate costs to the Seller.

If the Seller let expire effectlessly a reasonable respite for the remedy of defects through his own fault, the Buyer has the right for reduction. The right for reduction on part of the Buyer also exists in other cases of a failure to remedy defects. Only if it can be proved that the assembly is without interest for the Buyer despite reduction, he may cancel the contract after notice.

9. Liability and compensation

Seller shall indemnify Buyer or others from and against any and all claims for bodily injury to or death of persons or damage to property in any manner arising out of, connected with or incident to any defects in products sold or services provided to Buyer due to negligence or omissions of Seller, its employees or agents. Seller shall, at its own expense, provide and maintain insurance in amounts sufficient to protect Buyer against all such claims. Seller will not defend or indemnify Buyer or others for any penalty, further expense or liability, regardless of any conflicting terms elsewhere.

The Buyer may not raise any claims for damages exceeding the claims agreed, especially no claims for compensation of consequential damages and not for non-contractual actions or other possible disadvantages, which may be related to the contractual works/deliveries, irrespective to which legal justification he refers.

No liability for either party towards the other party for any direct or remote damage shall exist – as far as not caused by wilful miscarriage and/or lack or promised characteristics – like e.g. for loss of production, loss of profit, loss of use, loss of contracts or for any consequential economic or indirect loss whatever shall exist.

10. Arbitration and Applicable Law

The parties will try to settle any dispute by friendly negotiations and mutual consent. If this is not possible any disputes arising in connection with the Contract shall be finally settled by Arbitration under the rules of UNCITRAL, appointing authority being the Chamber of Commerce, Zürich/Switzerland.

Place of arbitration : Zürich/Switzerland

The contract shall be governed by the substantive German law as applicable between residents of Germany.

Language of Arbitration : German

11. Delivery conditions

In addition to further individual agreements contracted and to item 1 up to 10 of these terms the attached "General Conditions for the Supply and Erection of Plant and Machinery for Import and Export" (ECE-conditions LMW 188A April 2002) shall apply. Instead of the Appendix printed on the back of the ECE-conditions, the currently valid "Annex by the German Capital Goods Industry (April 2002)" shall apply.

As far as appropriate, the actually valid "Terms of Assembly and the Cost Rates for Services" of the Seller are applicable.

Collateral agreements and modifications must be confirmed in writing by the Seller.

12. Validity of the quotation

This quotation is without engagement, unless otherwise agreed.

Contract form only to be signed with the restriction that German authorities grant Export License for the contracted goods. Buyer is to present necessary formal document/statements and – upon request of the Seller – additional detailed confirmation to verify purpose of end-use in the extent necessary to apply for German Export License.

In case of substantial increase in prices for raw materials, wages, taxes or public duties and/or in case of aggravations due to laws and/or similar public and/or official regulations until termination of the contract Seller has the right to claim an appropriate price increase.

Technical data or further specifications/details from catalogs, publications, leaflets, parts lists and/or drawings/sketches are only binding, if such data, dimensions or details are part of the specific technical description in the quotation. General reference to documents or drawings do not confirm specific technical data but only a function. Seller reserves the right for technical alterations/amendments which are conducive for the engineering progress and do not create an detrimental influence on the functions of the machine.

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