

STANDARD PURCHASING TERMS (as at 03/2007)

Unless other terms have been agreed, our purchases are based on the following conditions:

A. GENERAL provisions

1. Purchase order

- 1.1 Only our written purchase orders and statements are valid. Terms of supply attached to the tender or order acceptance (order acknowledgement) or any special terms of the supplier apply, if at variance with our own Purchasing Terms, only if we have expressly agreed to them in writing. By starting to execute the purchase order the supplier confirms his assent to our Purchasing Terms – irrespective of any objections lodged in the interim.
- 1.2 Acceptance of each purchase order must be confirmed immediately. This can also be effected by placing signature and seal on our purchase order. The purchase order is deemed accepted in the form issued by us, regardless of whether or not the wording is repeated by the supplier.

2. Reservation clause

- 2.1 We are entitled at any time to suspend processing of a purchase order and – if we deem it necessary in the light of our operating circumstances – to cancel it unilaterally in whole or in part. In the event of cancellation we will, where it is demonstrably impossible for the supplier to sell the goods elsewhere, pay the actual costs which the supplier has demonstrably expended on this purchase order. The value, the scrap value at least, of the goods already produced or procured by the supplier on the date of our cancellation is to be deducted from the costs payable by us. Any materials provided by us are to be returned to us in the condition they were in on the date of cancellation. On special request from us the supplier will surrender to us the goods already produced or procured by him against billing for the costs expended by him.

3. Payment terms

- 3.1 Payment is made by the end of the month after receipt of goods in cash or drafts or own bills of acceptance. If we effect payment within 14 days of receiving the goods and finding them correct, we are entitled to deduct a 2% discount. If the invoice is received after the goods, the date on which the invoice is received is definitive for the discount period, not the goods' receipt date. If drafts or own bills of acceptance are tendered, we pay the tax on drafts and the interest to maturity at an amount to be agreed.
- 3.2 Where advance payments or instalments have been agreed, the instalments stated in our purchase order should be requested from us by the supplier by separate letter on each occasion.
- 3.3 Value-added tax should be shown separately in all invoices. Invoices not yet to hand on the third day after delivery cannot be paid until four weeks later without interest.

4. Clearing transactions

- 4.1 Claims on us cannot be assigned.

5. Bearing of risk and transfer of ownership

- 5.1 The goods travel at the supplier's risk until received by us, the provision on transfer of ownership notwithstanding.
- 5.2 Ownership of a consignment or part thereof delivered "ex works" passes to us on dispatch, which is deemed equivalent to handover. Ownership of consignments delivered "free purchaser" or "free purchaser's place of use" passes to us on takeover by us or, where the supplied goods are produced on our plant site, on acceptance by us.
- 5.3 We are entitled to require the supplier to conclude transport insurance and, if appropriate, also installation insurance, or to conclude these at the supplier's expense.

6. Liability for vicarious agents, assistance

- 6.1 The supplier is liable for all losses, accidents and detriments caused by his personnel or agents, even if causation occurs only in the course of discharging the supplier's obligations.
- 6.2 Assistance given by us is without liability. The supplier also bears the cost of damage to third-party and his own property caused during our assistance by culpable conduct on the part of members of our workforce who are under his authority.

7. Copyright:

All engineering drawings, plant descriptions, data-processing, operating and application software, technical instructions, process specifications, names or other data relating to our customers made available to you may only be used for executing the present order and under no circumstances divulged wholly or partly to third parties orally, in writing or by other signal- or data-carrying media. Reproduction by making duplicates or in any other way is not permissible even for executing this order without our express prior written consent.

We hold the copyright to the named drawings and to the documents produced in our order such as plant descriptions, all software, technical instructions and process specifications. Protection under patent law likewise remains unaffected.

On completion of this order the documents are to be promptly returned to us; a right to retain them is expressly precluded.

If at your suggestion and in consultation with us the order has been completed contrary to the documents supplied, we acquire even without special agreement the sole right of use and disposal to all designs thus altered incl. all associated documents (data-processing, operating and application software in particular).

You waive in our favour by way of precaution any rights you may have in this respect.

8. Technical discussions:

You will make a record for the files of all discussions on technical details as soon as those discussions are completed; these are to be consecutively numbered and signed off jointly. If you should infer price or schedule implications from these discussions, we must as a matter of course be informed by separate letter no more than 8 calendar days after the discussion, specifying the price change and/or schedule deferment.

Should it not be possible to state an exact price within this period, inform us provisionally of an estimated price. A firm price must then follow within 2 weeks.

It is essential that this price is specified for us in verifiable form on the basis of direct material costs and labour input.

We will not accept higher prices and/or schedule deferments announced after this. Timely notification of higher prices and/or schedule deferments does not entail automatic acceptance by us.

General coordinator for this order with responsibility for all technical matters is:

9. Place of performance and place of jurisdiction

- 9.1 The place of performance for all suppliers is the appropriate point of reception; for all payments the place of performance is Hagen.
- 9.2 The place of jurisdiction for both contracting parties for all litigation, whatever its legal basis, is our headquarters in Hagen. We are also entitled to institute legal proceedings against the supplier at his general place of jurisdiction, even if this is outside Germany, and at our place of general jurisdiction.

B. RENDERING OF SUPPLY

10. Delivery date

- 10.1 The stipulated delivery dates are, *force majeure* excepted, binding. If the supplier realises that he cannot meet the delivery date, he must inform us immediately of all the circumstances known to him which make adherence to the delivery dates impossible, thereby enabling us to place orders elsewhere in good time.
- 10.2 In the event of delay/default in delivery we are entitled without extending the original term to demand late delivery and compensation for the delay or to demand compensation for non-compliance or to cancel the contract.

11. DIN and accident-prevention regulations, quantities, dimensions and weights

- 11.1 Unless stipulated otherwise the latest DIN regulations are always to be applied to all deliveries. Deliveries must furthermore conform to the latest accident-prevention regulations. Subsequent alterations and additions made necessary by non-conformity with the regulations are at the supplier's expense.
- 11.2 The quantities, dimensions and weights determined by us are definitive for calculations.

12. Warranty

- 12.1 The supplier provides, unless stipulated otherwise, a warranty as required by law for the goods he supplies. He is liable in particular for the goods being manufactured carefully and properly from the most suitable materials, for their being in accord with accepted engineering practice and being best suited for their intended use. He further guarantees flawless and operationally reliable construction and technically appropriate design. The goods supplied must moreover possess the contractually warranted properties. For parts manufactured by job-order production the delivery must include a dimension certificate. This certificate lists the actual dimensions of all toleranced drawing dimensions
- 12.2 For goods in which any defects present are not immediately detectable the supplier is additionally obliged at any time, as soon as their unserviceability is discovered, to supply immediately on request at our discretion, regardless of statutory requirements, replacements free of charge and with freight prepaid or to remedy defects, not later however than two years after we have taken delivery of the goods / taken over the operation-ready plant.
- 12.3 If the supplier defaults in this, we are entitled without extending the original term to purchase replacements at the supplier's expense or to cancel the contract.
- 12.4 For supply of replacements and defect rectification the statutory warranty periods apply.

13. Drawings

- 13.1 On request we are to be supplied with two complete sets of drawings of the parts after being subjected to wear; this has no limiting effect on the supplier's delivery and warranty commitments.

14. Patent protection

- 14.1 The supplier is responsible for ensuring that neither supply nor use infringes third-party patent rights. We are entitled to enable the supplied goods to be used by satisfying at the supplier's expense the third party who asserts his rights.
- 14.2 We are entitled to effect repairs or structural changes to supplied goods or to have them effected by third parties. In so doing we may use the supplier's drawings.

15. Contracts for work / for work and materials

- 15.1 These Standard Purchase Terms apply analogously to contracts of different type, in particular to contracts for work and for work and materials.

C. DELIVERY REQUIREMENTS

Goods are to be packed separately according to receiving departments and shipped to the goods receiving point specified by us.

Goods for different departments may not without our consent be shipped together in a single consignment.

Deliveries by road vehicle must arrive

on Mondays to Fridays between 7.00 am and 12.00 noon and
between 12.30 pm and 3.00 pm.

All road freight charges incurred for both plant and third-party lorries should be charged to us in the goods invoice. Freight charges from forwarders are not wanted.

In no circumstances are freight charges paid in cash to the deliverer. The receiving department, purchase-order number and purchase-order date must be quoted on all waybills and other papers accompanying goods and on dispatch notes and invoices. Dispatch notes must be made out in each case, also by sub-contractors; they must without fail be dispatched to us on the date the goods are shipped out.

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