

ARNOLD's service and delivery conditions

Date: 08.02.2012

Prices

Our calculation was created in EURO. The payments must be made in EURO. Our prices are net prices, excluding VAT. Conditions of payment All payments are to be made net, without deduction, no later than 30 days after receiving the invoice.

Payment plan according to offer.

In the case of delays (not caused by the Customer) regarding the relevant time schedule, the dates (due dates) remain valid.

Delivery

All deliveries occur in accordance with the delivery conditions as defined in the offer on the base of Incoterms 2000.

Delivery date

According to offer.

In the case of alteration by the Customer and upon consultation ARNOLD reserves the right to change the contractually fixed delivery date. We also reserve the right to postpone the delivery date if delays in the schedule take place which ARNOLD is not responsible for. The resulting additional costs will be charged to the Customer.

In the case of delays due to the Customer the defined payments must still be made.

Acceptance

The acceptance takes place directly after the installation and the initial operation of the plant, but no later than 3 months after delivery.

For the acceptance the Customer must provide the required specialised personnel as well as production material and if necessary the needed test mediums on schedule and free of charge. Should no personnel be available, ARNOLD will separately charge for the service provided. The final acceptance can not be postponed due to lack of staff or not insufficient production material.

The acceptance inspection is carried out once. ARNOLD reserves the right to a renewed inspection, in the case of failure.

The acceptance inspections are to be performed in the presence of both contract parties, to the technical conditions planned within the contract. An acceptance report shall be drawn up and signed by both parties, by the respective authorised representatives. The acceptance is deemed valid, even when the acceptance report shows faults.

With the acceptance the Customer recognises the object of contract as substantially according to contract. Should an acceptance not be issued, the handover of the delivery item to the Customer or the intended use of the delivery item through the Customer shall be automatically regarded as acceptance.

Deficiencies which do not or marginally affect the functionality, do not justify a refusal to accept.

The plant/machine is also then regarded accepted, if disturbances influence the output occur for which ARNOLD is not responsible for. If the acceptance is delayed due to circumstances for which neither Customer nor ARNOLD are responsible, the risk is passed to the Customer at the latest 3 months after delivery.

Warranty

12 months in a single-shift operation, counting from the date of acceptance, at the most 15 months after delivery. In case of delays for which ARNOLD is not responsible, the warranty begins at the latest 4 weeks after the readiness for dispatch.

Excluded from the guarantee are working materials such as fats, oils, filter elements, etc., as well as parts subject to wear such as grinding disks, saw blades, components in contact with clamping elements, supports, etc. as well as moveable hose-packages, external cable links, torsion and bending of cables, etc.

During the warranty time the Customer is obliged to perform all necessary maintenance jobs, according to the maintenance schedule. If the Customer disregards these conditions, all warranty obligations for the Supplier expire.

Provided the machines and systems are equipped accordingly, the Customer is obliged to connect these to a remote maintenance net (VPN-connection) and allow ARNOLD on enquiry, for the determination of damage diagnosis, to access to the machines via remote access.

Liability

Regardless of any otherwise provided contractual regulations, the liability of the Customer and his vicarious agents and persons is regulated, no matter what the legal basis is, as follows: ARNOLD and its vicarious agents and persons, in accordance with the corporation, are liable for culpable bodily and property damage. The liability of the Supplier is limited to a maximum of 0.5 m. EURO per damage, however to a maximum of 1.0 m EURO per year.

ARNOLD and its vicarious agents and persons are not liable to indirect damages, consequential damages or losses such as, loss of revenues, downtime, loss of production, cost of capital or costs, which are related to an interruption of operation.

Compensation due to delayed delivery is excluded.

The liability for other damages, no matter what the legal basis, are also excluded.

These restrictions do not apply in the case of intent and gross negligence. The respective contractual penalty though will be counted against all such claims for damages.

Suspension

If the processing of the project must be interrupted, for reasons the Customer has to represent, ARNOLD must be informed immediately in writing.

The costs of the resulting demobilisation and mobilisation as well as the storage costs are covered by the Customer.

Reservation of Proprietary rights

Items (Retained Goods) shall remain the property of ARNOLD until each and every claim ARNOLD has against the Customer on account of the business connection has been fulfilled.

Until then it is prohibited to pledge or transfer the delivery item by way of security and it is only permitted to resell them to resellers in the normal course of business and only under the condition that the reseller obtains payment from his customers. Any intervention costs shall be borne by the Customer.

If the value of all the security interests which we hold exceeds the total of all secured claims by more than 20%, we will release an equivalent part of the security interests at the ARNOLD's request.

Processing is done for the Supplier without an obligation arising on us. If the ARNOLD delivery item is mixed or connected with other items, the Customer shall already assign his ownership or co-ownership rights of the mixed inventory or the new object to ARNOLD; at this point and he shall preserve these rights with commercial diligence for ARNOLD.

If the customer re-sells the delivery item supplied - irrespective of the condition - he hereby assigns to us the claims, including any ancillary rights, he has originating from the realisation of the sale or due to instalment payments or other financing contracts.

The transfer is restricted to the amount - precedence prior to the rest - of the part of the respective claims, which amounts to the purchase price of the item bought by the Customer from the Supplier, plus to a 10% surcharge.

The Customer is by request obliged, to inform its Customers of the assignment, as well as to hand over the information necessary for asserting the rights against its customers as well as the pertaining documents to ARNOLD on request of ARNOLD. The purchaser is authorised to collect these accounts receivable also subsequent to their assignment until such authorisation is withdrawn. Any intervention or collection costs shall be borne by the Customer.

Passing of Risk

Regardless of any proprietary reservations of rights the Customer shall take over the insurance costs, the responsibility for the previously indicated risks in the case of loss

or destruction and all following damages which can occur after delivery.

Operation

The Customer has the obligation to obey the guidelines for the commissioning, usage and operation of the machine according to the production material guidance for users.

The plant/machine is solely intended for the use determined within the contract/offer.

The Customer obliges to only let qualified personnel work with the machine / at the plant. The Customer also is obligated to inform the Supplier of security related conversions, accidents and safety relevant, recurring faults.

Software - Engineering licenses /Agreements of Use

The delivered and previously and software and engineering scope may only be used for the intended project according to regulations. Any further operation of this software and engineering services or parts of it (even modified parts) are only allowed with an explicit written authorization of ARNOLD. Copyright and originator rights, such as patents or utility patents, which are embodied within this software and engineering services, are to remain property of ARNOLD and will not be transferred to the Customer / User. The Supplier reserves all rights. The software and engineering scope in particular may not be copied and distributed to third parties without prior authorization by the ARNOLD nor may they be misused in any other way from the User/third parties beyond the scope of the contract. Contraventions of this clause entitle the supplier to make full claim for compensation. The in the contract agreed warranty for the software does not apply, if the delivered original software is changed in any way, without explicit written authorization by the Supplier.

Export Control

ARNOLD systems, when exported, can be subject to German regulations and export regulations of other countries. In the case of exportation of items delivered by Arnold to a country which is not one of the following countries (see list, enclosure 1), we must request a declaration of the end customer over the civil final use of the ARNOLD product, when placing the order (We can send you a template of the declaration if required). We reserve the right to perform an internal export control, to decide if the contract can be performed by us.

The delivered items are high-tech products, which contain assemblies that might be subject to export restrictions. An export must be approved in writing by Arnold. This also applies for components and spare parts. The Customer is responsible for the abidance and transmission of these restrictions on exports when selling to a third party.

Enclosure 1 – list of countries

Australia , Belgium, Denmark, Finland, France, Greece, Ireland, Island, Italy, Japan, Canada, Luxemburg, New Zealand, the Netherlands, Norway, Austria, Portugal, Sweden, Switzerland, Spain, United Kingdom, United States of America.

Changes

Ancillary verbal agreements and changes demanded by the Customer shall require our written confirmation in order to be effective. The resulting additional costs will be charged separately to the Customer.