

KASTO Delivery Terms (dated 05/2011)

Price quotation:

Unless specified otherwise in the offer, all prices shall be valid free carrier (FCA according Incoterms 2010) Achern-Gamshurst, free carrier (FCA according Incoterms 2010) Schalkau/Thüringen or supplier, depending on where the supplier produces, excluding VAT and packing.

The prices of the available equipment only apply to delivery together with the corresponding machine. The prices for accessories that shall be retrofitted have to be inquired separately.

The design of all machine and system components shall be made in accordance with the KASTO conditions specified in the offer and shall correspond to the state-of-the-art as well as to the CE directives and EN norms. For machines and systems completely delivered by KASTO, these high safety requirements are confirmed by the CE conformity declaration and through the attachment of the CE mark. If the machine is part of a complete system, a Declaration of Incorporation of Partly Completed Machinery will be issued. The CE conformity and product liability will terminate in case of any modifications to safety-related devices and components through persons and companies not explicitly authorized to do so by KASTO.

The KASTO machines and systems offered by us are series products, produced according to the KASTO works norm.

Should your company have set up their own operating material regulations, we would like to refer you to the fact that these were left out of consideration when working out the offer. If you insist on the observance of your operating material regulations we kindly ask you to make these regulations available to us for working out the appropriate offer. After placing the order, any specifications can no longer be considered. This is also valid for so called fire protection regulations.

In case of deliveries in other countries, all public dues (taxes, foreign VAT, other fees and expenditure, customs, etc.) arising out of or in connection with the conclusion or handling of the transaction shall be borne by the buyer even if such dues are not imposed in the Federal Republic of Germany.

Term of delivery:

From receipt of the written order and complete clarification of all technical and economical details. We reserve the right of checking the delivery date at the time of placing the order.

Cassette delivery:

For the delivery of the cassettes, a special schedule shall be prepared during the project handling. The delivery of the cassettes will usually start upon commissioning the system.

Payment terms:

Spare parts and Sawing Machines up to 20.000,00 €:

- 30 days net.

All other supply- and service-contracts:

- 40 % upon placing the order or order confirmation
- 50 % upon start of the delivery or 'ready for dispatch' advice
- 10 % after transfer of the system 'ready for service'

each instalment payable net without deduction within 10 days upon receipt of the invoice

On request, we may offer you attractive financing options, e.g. leasing and hire-purchase.

At home: Subject to positive credit assessment through our trade credit insurance.

Abroad: Subject to positive credit assessment through our trade credit insurance or against letter of credit (L/C) resp. cash in advance.

Should an agreed letter of credit be presented behind schedule or not in conformance with the contract by the purchaser this shall be construed as a fundamental breach of contract.

Retention of title:

KASTO reserves the right of property in the delivery item until the receipt of all due payments out of the delivery contract as well as out of the other business relation.

If the delivery item is combined with other objects not in our property by the customer, we shall acquire the common property in the new item in the ratio of the value of the purchase item (final invoice amount incl. VAT) to the other combined objects at the point of time of the combination

If the purchaser sells the item delivered by us, he/she assigns to us all claims against his/her buyer including all additional rights arising out of the sale until the full payment of all claims out of the business relation already as of now. We oblige ourselves, however, not to collect the claim as long as the purchaser fulfils his/her payment obligations.

We further oblige ourselves to release the securities to which we are entitled upon request by the purchaser in so far as the realizable value of the securities exceeds the claims to be secured by more than 10% where the selection of the securities to be released is up to us.

Software utilization:

KASTO shall remain the owner of all rights in the software developed for the saw or the storage system. KASTO shall grant the purchaser the non-transferable, non-exclusive unlimited right to use the software of the delivered system in the frame of the specifications.

The purchaser shall only have the right to demand updates and upgrades in the frame of further software developments if he/she concludes a maintenance contract.

Any utilization of the software in violation of or outside the application regulations as indicated in the specifications of the system as well as any change, modification or adaptation of the software through the purchaser (as for instance software database request or similar) will cause the right to claim defects by the purchaser to be cancelled.

If systems with several operating stands (network licence) are delivered, the utilization of the assigned software shall only be permitted at the agreed number of data processing units.

The installation of external software in the delivered system components shall only be permitted after prior approval by the supplier.

Customers' performances (if not specified as special item in our offer):

- Possibly necessary building permits (projects with storage systems).
- Preparation of static calculation for the foundation and making of the foundation plate taking into account the on-site subsoil conditions, earthquake loads and according to the foundation loads and the permissible sinking tolerances indicated by KASTO.
- Unloading of trucks and transport to place of utilization.
- Provision of hoist gear with the necessary carrying capacity and lifting height according to our specifications.
- Underpouring of machine base, stations or shelf stands with distortion-free casting compound according to our specifications.
- Execution of foundation, brick laying, pointing and mortising works.
- Wiring of the power supply lines from the power network to the main circuit cabinets, wiring of the data line outside the system or the saw, fusing and cable channel along the system.
- Installation of the compressed-air supply including service unit up to the place of utilization.
- Storage and, if necessary, labelling of the cassettes.
- Provision of master weights for the adjustment of the weighing device (for systems with weighing facility).
- Provision of material for testing the system under full load during start-up-time.
- Input of the master data in the storage management processor.
- Costs for the acceptance of the system through the authorities and institutions.
- Costs for first calibration of weighing device and provision of calibration weights (if necessary).

- All necessary facilities in compliance with valid fire protection requirements.

Documentation:

Inside the EU:

The operating instructions (in duplicate) shall correspond to the CE directive. All other documents (single copy) are optionally prepared in German, English, or French language.

Outside the EU:

The entire documentation and parts thereof (single copy) are optionally prepared in German, English, or French language.

Acceptance:

The readiness for acceptance shall be announced approx. 1 week in advance.

If any deadlines refer to or include the assembly, the assembly shall be considered completed after the system is ready for acceptance or test run.

The purchaser shall be obliged to accept the assembly or the system as soon as he/she has been advised on the completion or test run. The acceptance of storage systems shall be made in accordance with FEM 9.222 paragraph 4.

If the acceptance or the dispatch of the delivery item is delayed without fault by the supplier, the acceptance shall be considered done two weeks after the completion of the assembly or commissioning has been announced, or 4 weeks after the 'ready to dispatch' advice at the latest.

Validity of the offer:

We shall be bound to the offer for 3 months starting from the date of issue of the offer.

However, we will have to reserve the right to appropriately adjust the quotation price if the purchase prices (net) of substantial feedstock rise by more than 10% compared to the day that the offer was submitted. We will immediately inform the customer about such circumstance prior to sending our order confirmation at any rate. If the customer has already accepted our order at this point of time he will have the right to revoke the acceptance.

Right to claim defects:

The purchaser is obliged to inspect the delivery item without delay, or within five working days upon delivery at the latest. Any defects detected thereupon must also be claimed and reported to KASTO immediately, or within five working days at the latest following their detection in writing. If the purchaser violates this obligation, his rights to claim defects will become null and void.

If the delivery item is defective, KASTO will first have the right to remove the defect by free rectification, even if a fundamental breach of contract exists. The purchaser may only raise further legal claims if also the second attempt to rectify the defect fails, where KASTO must be granted a period of at least four (4) weeks to accomplish this task.

In case of storage systems the right of withdrawal of the purchaser shall be excluded under the condition that the assembly is completed. The remaining claims for defects of the purchaser remain unaffected in accordance with sections VI and VII of the VDMA conditions (version as of June 2007) for the delivery of machines for domestic business affairs.

Liability:

In cases of simple negligence as well as of delay in delivery through our suppliers, our liability for defects and deferred delivery shall be limited to any possible damage to the delivery item as well as to other legal goods (property, body and life) of the customer. The liability for consequential material damage, in particular for lost profit and loss of production, shall be excluded in such cases.

Besides, for business transactions with foreign purchasers any claims for damages in excess of this may only be raised in case of fundamental breaches of contract. The claim for damages based on

financial loss in case of fundamental breaches of contract is limited in height to the reasonably predictable damage, but may not exceed 25 % of the net order amount in such cases.

Statute of limitations:

Claims by the purchaser based on material defects will become time-barred after the expiration of twelve (12) months following the transfer of perils. For domestic business transactions, section VII of the VDMA conditions (version as of June 2007) apply in excess of this. Any extension of the limitation period shall only be possible in connection with a KASTO maintenance contract.

General conditions:

The purchaser shall guarantee the safety of the installation at his/her site.

As to the assembly, the enclosed KASTO installation and assembly conditions shall apply.

We reserve the right to technical changes serving the improvement or simplification of our products.

For domestic business affairs, the known VDMA conditions for the delivery of machines for domestic business (version as of June 2007) apply subordinated to the above mentioned KASTO delivery terms.

For contracts with purchasers whose place of business is abroad, subordinated to the pre-mentioned KASTO delivery terms the United Nations agreement on contracts in accordance with the Convention on Contracts for the International Sale of Goods (CISG) are valid as well as the German Substantive Law.

Any disputes with purchasers whose place of business is abroad arising out of or in connection with the delivery contract are definitively ruled by arbitrators appointed in accordance with the arbitration tribunal regulations of the International Chamber of Commerce (Paris). Place of arbitration is the place of business of the supplier.

Any divergent business terms of the purchaser, even if they do not differ from but only supplement the general and special KASTO delivery terms, shall not become part of the contract, even if we do not contradict them expressively.

KASTO Maschinenbau GmbH & Co. KG

Enclosure

VDMA regulations for domestic business (edition June 2007); LMW-188-A regulations for foreign business (edition April 2002), including the related appendix by the German metal processing industry.