

General Purchasing Conditions (AEB)

1. Scope of validity

1.1 These General Purchasing Conditions (hereinafter: **AEB**) for the purchase of installations, machines, equipment, accessories, hardware and software, etc. (hereinafter: **products**) are intended to clearly regulate the legal relations between the purchaser/buyer (W. Kunz Drytec AG, hereinafter: **W. Kunz dryTec AG**) and the vendor/seller (hereinafter: **seller**).

1.2 These AEB shall regulate the conclusion, the content, and the implementation of contracts regulating the acquisition of products provided by W. Kunz dryTec AG. Any deviating mandatory provisions or individual written agreements (letter, fax or e-mail) between the contractual parties shall remain in effect.

1.3 These AEB shall replace all previously applicable General Terms and Conditions or General Purchasing Conditions between the parties or of W. Kunz dryTec AG.

1.4 By delivering the services the seller accepts these AEB without limitation or reservation.

1.5 Any conditions of the seller deviating from these AEB shall be rejected and considered invalid unless W. Kunz dryTec AG has explicitly agreed to them in writing.

1.6 W. Kunz dryTec AG may modify these AEB at any time.

2. Offer made by the seller

2.1 The offer of the seller including a possible demonstration of its products shall be made free of charge unless otherwise specified in the request for quotation.

2.2 Unless the offer made by the purchaser specifies a different time limit, the seller shall be bound to its offer for 6 months from the date the offer was made.

2.3 In its offer the seller shall specify all additional costs such as value added tax, fees, duties, packaging, transport, insurance, license fees, costs for installation and documentation, costs per personnel training, etc. incurred by W. Kunz dryTec AG.

2.4 The parties may withdraw from the contract negotiations without any financial repercussions.

3. Order placement and conclusion of contract

3.1 The contractual relationship between the seller and W. Kunz dryTec AG shall be established as follows: W. Kunz dryTec AG shall make an offer by placing an order. This order may be placed by e-mail (usual case) or by telephone or by written notification (letter or fax). The seller's acceptance of such an order shall be indicated by a written order confirmation (by e-mail, fax, or letter), confirming the content of the order to the contact person at W. Kunz dryTec AG within three business days (receipt by W. Kunz dryTec AG) of receipt of order (excluding the date of receipt of order).

3.2 Should the seller reject the order within the time limit specified in number 3.1 by submitting a deviating order confirmation to W. Kunz dryTec AG and, thereby, making a different offer, the contractual relationship based on such a deviating offer shall not come into effect unless W. Kunz dryTec AG explicitly agrees to such a deviating offer.

3.3 If no order confirmation is received by W. Kunz dryTec AG within the time limit specified in number 3.1, no contractual relationship shall be established, and W. Kunz dryTec AG shall not be bound to any contract unless W. Kunz dryTec AG explicitly accepts such a delayed order confirmation.

3.4 If the seller has submitted an offer or a quote to W. Kunz dryTec AG, the conclusion of contract shall require an explicit written confirmation (by e-mail, fax, or letter) of such an offer or quote by W. Kunz dryTec AG.

4. Quality of products

4.1 The quality, design, properties, and appearance (including the surface finish) of the products must comply with all specifications detailed in the contract or the order as well as the state of the art.

5. Documentation

5.1 For every product that is a machine in the terms of number 5.2 below, the seller shall, at no cost to W. Kunz dryTec AG, submit a complete and CE-compliant documentation or operating manual that can be copied and is available in the languages agreed upon or, for lack of an agreement, at W. Kunz dryTec AG's own option in the contract language or in English, which complies with the product's intended use.

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5.2 Machines in the terms of number 5.1 shall be machines in the terms of section 1, paragraphs 1 to 3 of the EU Machine Directive 98/37/EC. Such machines shall include in particular, but not exclusively:

- a) a total of combined parts or devices of which at least one part or device is moving and, if applicable, a total of actuating devices, control or power circuits, etc, which have been combined to be used for a certain application such as processing, treating, transporting or conditioning a material;
- b) a total of machines, which, to allow for their cooperation, have been arranged and/or are operated in such a way that they function as a unit;
- c) exchangeable equipment used for altering the functionality of a machine, which itself has to be attached to a machine after being commissioned by the operating personnel, and which cannot be regarded as spare parts or tools.

5.3 The documentation or operating manual in the terms of number 5.1 must contain at least the following information: a) name and address of the manufacturer, b) CE marking, c) name of the series or type, d) year of construction, e) maintenance-relevant information (e.g. address of the importer, addresses of service repair shops, etc.), f) information on the intended use of the product, g) information on possibly inappropriate use that has been experienced or explicitly prohibited, h) information on how to commission the product, i) information on how to handle the product (including information on the weight and the different components of the machine in case these components need to be transported on a regular basis), j) information on the installation/assembly of the product, k) information on how to disassemble the product, l) information on how to set up the product, m) information on how to service and maintain the product and on how to remove any errors during operation (including information on foreseeable errors), n) possible information on how to train personnel for the operation of the product, o) possible information concerning the main properties of the tools attachable to the product, p) the plans and diagrams necessary for the commissioning, maintenance, inspection, function testing, and, if necessary, the repair of the product, q) any safety-relevant information (including conclusions drawn from the experiences made during the operation of the product, r) possible installation and assembly regulations (e.g. the use of sound absorbers, type and weight of the base, etc.), s) provision of the label "70 dB(A)" for noise emissions up to this level or the specification of

a higher noise level, t) information on the proceedings used to measure the noise level specified above.

5.4 W. Kunz dryTec AG may copy and use such documentation or operating manual and pass it on to the end user of the entire installation for general use. The seller shall guarantee that use of the documentation or operating manual not infringe any rights to intellectual or tangible property rights. In case a third party asserts any claims against W. Kunz dryTec AG, the seller shall oblige to indemnify W. Kunz dryTec AG to the full extent (including all court and lawyer fees). W. Kunz dryTec AG may demand such costs be secured and covered at any time.

5.5 The seller shall guarantee that the technical documentation in the terms of section 8, paragraph 1 of the regulation on the safety of technical installations and equipment (STEV; SR 819.11) be available for a duration of 10 years from the date of production of the product and that the fundamental safety and health requirements in the terms of section 4b of the federal law on the safety of technical installations and equipment (SR 819.1) be met.

5.6 When prompted by W. Kunz dryTec AG to do so, the seller shall be obliged to provide proof of origin and the required documentation of origin even after delivery has been completed and at not cost to W. Kunz dryTec AG.

6. Training

6.1 The seller shall conduct the initial training of the personnel of W. Kunz dryTec AG and/or of any third party specified to receive such training. The scope of such initial training shall be specified in detail in the contract or the order. If such information is missing, the provision of a free-of-charge operating and instructions manual shall suffice.

7. Compensation

7.1 Compensation shall be regulated by the contract (see also number 3).

7.2 The seller shall always indicate any value added tax amounts to be paid by W. Kunz dryTec AG separately.

7.3 All additional costs such as fees, duties, packaging, transport, insurance, license fees, installation and documentation, costs for personnel training, etc. shall be listed separately in the order confirmation. Unless otherwise listed in the order confirmation, these additional costs shall not be considered due.

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The additional costs actually billed on the invoice may not deviate by more than +10% from the amount specified in the order confirmation. Any additional costs in excess of such difference shall not be paid. All additional costs shall be itemized on the invoice.

7.4 If the seller grants discounts and W. Kunz dryTec AG and/or any third party connected directly or indirectly with W. Kunz dryTec AG acquires products from the seller, all acquisitions subject to the calculation of the discount shall be summarized.

7.5 Should the seller reduce the prices of its products prior to delivery, compensation shall be adjusted accordingly.

7.6 Unless otherwise specified, all invoices shall be payable within 30 days of receipt of invoice or product including complete documentation (whichever occurs later). In any event (relevant, in particular, for partly and minimum deliveries), payments shall not exceed the amount due for the maximum number of actually delivered products. Any rights of retention W. Kunz dryTec AG may have in connection with payments shall remain in effect.

8. Delivery and installation

8.1 The delivery and/or installation of the products shall be conducted on/within the agreed delivery date/delivery period and, for lack of an agreement, on/within the delivery date/delivery period specified or approved by W. Kunz dryTec AG.

8.2 Each shipment must be accompanied by a delivery note stating the order reference number of W. Kunz dryTec AG.

8.3 The products shall be considered as delivered at the time the delivery is signed by the recipient specified by W. Kunz dryTec AG or an authorized representative at the place of delivery.

8.4 Unless otherwise specified by W. Kunz dryTec AG, all railway shipments must be addressed to the SBB (Switzerland) train station Dintikon-Dintikon, while any other shipments shall be delivered to the premises of W. Kunz dryTec AG in Dintikon (Switzerland).

8.5 Property, benefit, and risk as well as the liability for the products shall be transferred to W. Kunz dryTec AG at the time of unloading at the place of delivery. If, for any reason, products are returned to the seller, risk and liability shall be transferred back to the

seller at the time the products are made available for transport.

8.6 The seller shall be responsible for the appropriate packaging of the products. The seller must point out any specific information to be considered during the transport and receipt of the products. Any costs in connection with the disposal and return transport of the packaging shall be borne by the seller.

8.7 The shipment and transport of the products, respectively, has to be conducted in accordance with the instructions given by W. Kunz dryTec AG. Unless otherwise specified by W. Kunz dryTec AG, the seller shall always select the most economically reasonable and timely type of shipment and transportation, respectively. The seller must take out sufficient insurance.

8.8 The seller shall comply with all instructions and operating instructions of W. Kunz dryTec AG and those of a possible third-party recipient applicable at the place of delivery, in particular, the safety regulations and the rules of the house.

8.9 The seller shall, if required, be responsible for the compliance with all import, export, transit, inspection, and customs regulations, etc.

8.10 Excess or short delivery as well as partly deliveries shall be subject to the prior approval of W. Kunz dryTec AG.

9. Inspection, notice of defects, right or retention

9.1 The inspection of the products shall be performed as soon as the regular course of business of W. Kunz dryTec AG allows. Such an inspection shall not be bound to any time limits.

9.2 Any product defects (both in terms of quality and quantity) shall be indicated as soon as they are detected. The seller shall explicitly waive its right to claim a delay in the receipt of the notice of defects or the approval.

9.3 In the event of direct deliveries by the seller to a third-party recipient, the notice of defects shall be considered timely if it was submitted within a reasonable time limit after such third-party recipient actually detected the defect or reported such defect to W. Kunz dryTec AG.

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9.4 W. Kunz dryTec AG may retain payment/final payment for products for as long as defects of any kind have not been removed.

10. Delay

10.1 Should the seller become in arrears, a default interest of 1.5 per mill for each day in arrears, but no more than 10% of the total contract order volume, shall automatically be added to the amounts due. Any payments of such default interest shall not release the seller from its other contractual obligations.

10.2 Furthermore, W. Kunz dryTec may maintain or, after the expiration of a reasonable time limit, withdraw from the contract and claim damages in either case. The default interest shall be credited against the amount to be paid in damages.

10.3 W. Kunz dryTec AG may, at any time, effective immediately, and without prejudice of its other rights, withdraw from the contract and renounce delivery if it can provide evidence prior to the date of delivery that a) the date of delivery will not be kept or b) the products will not meet the requirements specified in number 11.2.

11. Warranty

11.1 The seller shall guarantee that its products have the properties assured and agreed upon as well as properties that W. Kunz dryTec AG is allowed to expect in good faith.

11.2 Furthermore, the seller shall guarantee that its products be free of any material or production errors and function properly as well as comply with all regulations applicable at the place of destination and that all necessary declarations and markings of conformity, as well as all approvals, accreditations, authorizations, certificates, etc. be available.

11.3 The warranty period (guarantee period) shall be 24 months as of the date specified on the delivery note. The same full guarantee period shall apply to any compensation deliveries, rectifications of defects, and spare parts.

11.4 The seller shall also guarantee:

11.4.1 that the operation, setup, and maintenance of the products be possible if conducted in accordance with the products' intended use and without endangering any persons and that the required specialized equipment and accessories be included free of charge;

11.4.2 that all dangers involved in connection with the use of the products be eliminated or reduced (integration of the safety concept into the development and construction of the products);

11.4.3 that all necessary safety precautions against any dangers that cannot be eliminated in connection with the products sold be taken;

11.4.4 that the training and the operating manual contain information for the user with regard to the fact that the safety precautions taken may not eliminate all remaining risks and that specialized training and personal safety equipment may be necessary. The seller shall be have to provide proof that such information was given;

11.4.5 that consideration was given during the development and production of the products as well as the composition of the operating manual both to the regular use of the product and any reasonable application by the user that is to be expected and that such consideration led to lower expectations with regard to the user's ability to use the products;

11.4.6 that the added requirements for the user caused by the necessary or probable use of personal safety equipment such as safety shoes, gloves, etc. was taken into account during the examination of the safety requirements;

11.4.7 that all mandatory requirements of the EU Machine Directive 98/37/EC, all resulting orders prescribed by national law as well as the Swiss regulation on the safety of technical installations and equipment (STEV, SR 819.11) and any corresponding succeeding regulations as well as all other applicable technical and other regulations and standards, in particular, regarding work safety and other safety aspects, the environment, etc. have been observed;

11.4.8 that the technical documentation in the terms of section 8, paragraph 1 of the regulation on the safety of technical installations and equipment (STEV; SR 819.11) be available for a duration of 10 years from the date of production of the product, and that the fundamental safety and health requirements in the terms of section 4b of the federal law on the safety of technical installations and equipment (SR 819.1) be met;

11.4.9 that products subject to Appendix IV of the EU Machine Directive 98/37/EC were subjected to a type examination and received a corresponding EU certificate of conformity, which is still valid, and that a

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manufacturer's declaration can be provided for other products.

11.5 The seller shall guarantee that the products and their use not infringe any intellectual property rights (see also number 5.4). The seller shall be liable to the full extent of the law for all repercussions for W. Kunz dryTec AG or its customers resulting from such alleged or actual infringement.

11.6 In the event of a defect, W. Kunz dryTec AG shall have the option to a) reduce compensation by a deduction equal to the reduced market value, b) withdraw from the contract, c) demand goods that are free of defects (compensation delivery), or d) demand free-of-charge rectification of defects (repair). The latter shall be provided at W. Kunz dryTec AG's own choice by the seller, W. Kunz dryTec AG itself or a third party. In the event W. Kunz dryTec AG chooses either of the last two options, the seller shall provide any requested support.

11.7 If evidence can be provided that a similar defect is present in several products, W. Kunz dryTec AG shall be entitled to exercise its rights in the event of defects for all affected products.

11.8 All costs in connection with exercising such rights in accordance with numbers 11.6 and 11.7 (in the event of a compensation delivery or repair, including costs for disassembly and re-assembly, transport, allowable expenses, etc.) shall be borne by the seller and, if prompted to do so by W. Kunz dryTec AG, the seller shall reimburse W. Kunz dryTec AG for any costs W. Kunz dryTec AG has already covered.

12. Liability

12.1 If a defect has caused damage, the seller shall be responsible, in addition to its warranty in the terms of number 11, for the provision of a replacement unless it can prove the damage was due to no fault of the seller. The seller shall be responsible for any fault.

12.2 The seller shall also be responsible for any other violations of contract (e.g. violations of duties of confidentiality and disclosure, unauthorized assistance from auxiliary persons, violations of general duties of loyalty and care), unless the seller can prove that these violations were caused by no fault of the seller. The seller shall be responsible for any fault.

12.3 In the event of claims against W. Kunz dryTec AG in connection with a product supplied by the seller (in particular, based on product liability regula-

tions applicable in Switzerland, the EU, and North America), W. Kunz dryTec AG may explicitly name the seller. Furthermore, W. Kunz dryTec AG shall be entitled to claim damages and recourse from the seller in connection with all costs resulting from such claims.

13. Approvals, spare parts, and place of delivery

13.1 The seller shall procure all necessary approvals including the EU certificate of conformity "CE").

13.2 The seller shall guarantee to W. Kunz dryTec AG that, for a duration of at least 5 years from the date of delivery, spare parts for the products be available at the conditions agreed upon by the parties (price, term of delivery, etc.). If the seller fails to meet its obligation in substance and in a timely manner, W. Kunz dryTec AG may order spare parts directly from the subcontractors of the seller without limitations or restrictions. W. Kunz dryTec AG's right to order spare parts from other sources shall remain reserved in any event.

13.3 The place of delivery for the services to be rendered by the seller - also in the event specified in number 8.4 - shall be the registered office of W. Kunz dryTec AG, Dintikon (Switzerland). W. Kunz dryTec AG shall reserve the right to deviate from these instructions.

14. Customer protection, workshop facilities, and execution plans

14.1 The seller shall provide W. Kunz dryTec AG with comprehensive customer protection. Even if the final recipient of the products is unknown to the seller, all deliveries, compensation deliveries, and spare part deliveries must first reach W. Kunz dryTec AG. Any direct negotiations and agreements into which the seller may enter with customers of W. Kunz dryTec AG shall require the prior written approval of W. Kunz dryTec AG.

14.2 All workshop facilities (tools, drawings, samples, models, design data sheets, lists of material, assembly group specifications, etc.) provided by W. Kunz dryTec AG to the seller, shall remain property of W. Kunz dryTec AG and must be returned after the order has been executed. Such workshop facilities may only be used by W. Kunz dryTec AG. The latter shall also apply to workshop facilities for which it has paid in part or in total and workshop facilities or new constructions of any kind that have been projected or developed by the seller by its order. The

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risk and liability involved with workshop facilities in the possession of the seller shall exclusively be borne by the seller.

14.3 If prompted to do so by W. Kunz dryTec AG, the seller shall present W. Kunz dryTec AG with all execution plans prior to the manufacturing of the products. The approval shall not release the seller from its exclusive responsibility for the products.

15. Nondisclosure

15.1 The parties shall be obliged to observe secrecy about the business secret of the respective other contracting party and other companies close to such party as well as to maintain confidentiality about all information concerning products, processes, services and any other generally confidential matters of the respective other contracting party. Facts shall be considered confidential if they are neither evident nor accessible to the general public. In case of doubt, facts must be kept confidential. This duty to observe secrecy shall also apply to facts exchanged prior to the conclusion of contract and shall remain in effect after the termination of the contractual relationship. Any legal duties of disclosure shall remain in full effect.

15.2 Any mutually surrendered physical or electronic documents of any kind (including software) may only be used to fulfill the purposes of the contract.

15.3 Any advertisements and publications concerning the contract-specific services rendered by W. Kunz dryTec AG shall be subject to the prior written approval of W. Kunz dryTec AG.

15.4 The parties shall also subject their auxiliary persons and any consulted third parties to the same duties to observe secrecy.

15.5 Should any party, auxiliary person or consulted third party violate their duties to observe secrecy, it shall be obliged to pay a penalty for non-performance unless it can provide proof that such violation was caused by no fault of this party, auxiliary person or consulted third party. Such penalty for non-performance shall amount to 10% of the turnover achieved between the parties during the year preceding the immediate discovery of such violation, however, no more than to CHF 100,000.00. The payment of such a penalty for non-performance shall not release the violator from its duties to observe secrecy and its obligation to pay compensation for damages caused.

16. Miscellaneous provisions

16.1 To meet its obligations, W. Kunz dryTec AG may seek assistance from auxiliary persons or third parties.

16.2 The seller may not set off claims it may have against W. Kunz dryTec AG against claims that W. Kunz dryTec AG may have against it.

16.3 The seller may not assign or pledge any claims it may have against W. Kunz dryTec AG.

16.4 In the event of any discrepancies between different language versions of these AEB, the German version shall apply and prevail.

16.5 Any notifications shall be addressed to W. Kunz dryTec AG, Taubenlochweg 1, CH-5606 Dintikon.

16.6 Should a provision of these AEB, in part or as a whole, be declared void or ineffective, such declaration shall have no effect on the validity, effectiveness, and enforceability of the remaining provisions. Any ineffective provision shall be replaced by a valid provision, which is as similar as possible in economic and business objectives as was intended by the unenforceable provision.

17. Court of jurisdiction and applicable law

17.1 The ordinary courts at the registered office of W. Kunz dryTec AG shall have exclusive jurisdiction to settle any disputes arising between the contractual parties. However, W. Kunz dryTec AG shall have the right to sue the seller before any other responsible court.

17.2 All legal relations between the parties shall be subject to the material laws of Switzerland excluding the "United Nation agreement on Contracts for the International Sale of Goods (CISG) from April 11, 1980 (Vienna or UN purchasing right)."

Dintikon, July 2006