

GENERAL TERMS AND CONDITIONS OF SALE

(as of 12 May 2006)

(1) GENERAL

(1.1) The General Terms and Conditions of Sale set out below shall form part of the agreement concluded with us (KTI – Schwingungstechnik Dipl.Ing. Rolf Trautmann GmbH). Our General Terms and Conditions of Sale shall apply in accordance with the most recent version and to all subsequent transactions without any need of express reference thereto or agreement thereon at the conclusion of such transaction. Deviating terms, which have not been explicitly recognized in writing, shall not be binding on us, even if no explicit objection has been made.

(1.2) The Buyer may not assign any claims arising from transactions with us without our prior written approval.

(1.3) Unless stated otherwise, these General Terms and Conditions of Sale shall apply only vis-à-vis entrepreneurs in the meaning of section 14 of the German Civil Code, i.e. individuals, entities or partnerships entering into legal transactions that fall within the scope of their commercial or independent business activities.

(2) CONCLUSION OF CONTRACT

(2.1) Our offers shall not be binding, in particular with reference to quantities, price and delivery time, unless otherwise stated in our offers.

(2.2) Any statements contained in our catalogues, circulars, price lists etc. shall only form part of the contract if we have expressly referred to them. They shall not constitute a warranty of a certain quality. Oral designations are binding after confirmation in writing only.

(2.3) Orders placed by the Buyer shall not be regarded as accepted before we have confirmed these in writing. If we should fail to confirm an agreement in writing which we have entered into verbally or in a telephone conversation, then our delivery note, delivery without reservation or, as the case may be, invoice shall be regarded as confirmation. Buyer guarantees that the technical and/or design requirements given by him to the Supplier prior to and at the time of concluding the contract fulfill the required purpose.

(2.4) In case that our confirmation contains modifications with regard to orders placed by the Buyer these modifications shall be deemed to be accepted if the Buyer does not refuse such modifications within one week.

(2.5) Conclusion of contract is subject to our complete supply in due time. This shall only apply if non-delivery is not attributable to us, in particular in case of a hedging transaction. The Buyer shall be informed of non-availability and payments shall be refunded without delay.

(3) DOCUMENTATION AND TRADEMARKS

(3.1) Our machinery and plants may only be installed and operated by trained staff in accordance with our documentations.

(3.2) Plans and other documents handed over to the Buyer remain our property. They may only be used to the extent accepted by us and may not be duplicated or allowed third parties access hereto.

(3.3) As far as deliveries or parts thereof are protected by copyright, we grant to the Buyer a non-exclusive, transferable right of use for the purposes stipulated in the contract. Furthermore, we retain the utilization rights. Duplications or any other processing are subject to our prior written consent.

(3.4) Trademarks and other marks may not be removed from the goods supplied by us.

(3.5) The Buyer has informed us before completion of contract about all legal, official and other regulations in his country to be observed within the scope of fulfillment of the contract.

(4) PRICES

(4.1) Our prices are ex works, exclusive of packaging and exclusive of statutory value-added tax, which shall be shown on the invoice at the rate applicable at the time of invoicing.

(4.2) If, as a result of a change of law between the agreement date and the delivery date, additional or increased charges in particular duties, levies, currency compensation

payments - shall be payable, then we shall have the right to increase the purchase price accordingly. The same shall apply to any fees for examination.

(4.3) If the agreed delivery period exceeds four months, we shall be entitled to increase prices according to increasing costs, due to conditions of supply, collective labor agreements or increases in the price of materials. If our price increase exceeds 5 % (five per cent) of the price that has been agreed, the Buyer shall be entitled to withdraw from the contract pursuant to section 313 subsection 3 of the German Civil Code. Claims for damages shall be excluded.

(5) SHIPMENT AND DELIVERY

(5.1) Subject to the agreement of any divergent commerce clauses, the Buyer shall bear the risk and the costs for dispatch of the goods ex works. The risk is transferred to the Buyer on commencement of the loading of the goods into the means of transport, including in the event of freight-free delivery. In the case of FOB deliveries the Buyer is required to notify us of the name and time of arrival of the ship 14 days before the planned date for loading. If the ship cannot be loaded on the notified date, the risk shall also be transferred to the Buyer.

(5.2) Any transport insurance shall be provided only upon express demand of the Buyer. Any costs arising there from shall be at the expense of the Buyer only.

(5.3) The selection of the place of dispatch and the transport route and the means of transport shall, in the absence of any written arrangement dictating otherwise, be subject to our reasonable discretion and be without liability for the cheapest and fastest transport.

(5.4) We shall have the right to delivery in installments; these shall be regarded as individual business transactions.

(5.5) The Buyer shall be obliged to accept the object of sale. If the Buyer defaults on acceptance, we shall be entitled to demand compensation of the resulting damage. Goods notified as being ready for dispatch in accordance with the contract must be picked up by the Buyer without delay. Otherwise we are entitled to dispose of the goods the following day. The Buyer shall bear any costs emerging from the default to pick up or the provision of cargo dispositions. If the Buyer does not meet the agreed periods and dates of delivery in case of orders delivered in installments and if a reasonable period of additional respite set by us has passed without results, we are entitled at our option to deliver the remaining goods, to withdraw from the part that has not yet been executed or to claim for damages for non-performance.

(5.6) Unless otherwise expressly agreed in writing, any indicated time of delivery or unloading shall be non-binding. Terms of delivery shall commence with the conclusion of contract. The beginning of the delivery period shall require clarification of all technical issues. A prerequisite for the compliance with terms and dates of delivery is that the Buyer has fulfilled his contractual obligations in good time.

(5.7) If, as a result of circumstances for which we or an agent are responsible, we are prevented from delivering the goods on the agreed date or within the agreed period (delay in delivery), we shall be liable in accordance with the statutory provisions. If we or an agent are not responsible for the delay in delivery, we shall only be liable for fore-seeable, typical damage. If the delay in delivery is merely based on a breach of a non-substantial contractual duty, the Buyer may assert lump-sum default damages amounting to 1 % (one per cent) of the value of delivery per complete week, but a maximum of 10 % (ten per cent) of the value of the delivery.

(5.8) Force majeure and events which temporarily prevent us from delivering at the agreed date or within the agreed period without any fault being attributable to us (e.g. strike, lockout, interruption of business operations, atmospheric exposure or disturbance of traffic, delay in the supply with raw material or machinery, war or administrative orders) shall entitle us to postpone the delivery or service for the duration of the impediment, plus an appropriate run-up period. If disturbances lead to a postponement of more than four months, the Buyer may withdraw from the contract. Other rights of withdrawal shall remain unaffected.

(5.9) If the contract is a transaction for delivery by a fixed date in terms of section 376 of the German Commercial Code or if, having regard to each party's interests, special reasons justify the occurrence of default with immediate effect pursuant to section 286 subsection 2 no. 4 of the German Civil Code, our liability shall be governed by the statutory provisions.

(6) WARRANTY / LIMITATION OF LIABILITY

- (6.1) All rights of the Buyer relating to defects of the object of delivery require that the object of delivery has been inspected by the Buyer without undue delay upon delivery and that he has notified us of any defects without undue delay in writing, but no later than two weeks following delivery; hidden defects must be reported to us in writing without un-due delay following their discovery.
- (6.2) Defects shall be remedied at our own choice by remedial work or the replacement delivery of a faultless part or of an entirely faultless item of delivery ("subsequent performance"), both at no cost for the Buyer. The Buyer shall not be entitled to any further rights or remedies. On replacement of defective parts these shall become our property.
- (6.3) If the removal of the fault or the replacement delivery fails after a reasonable respite and its futile expiration, or if we have refused either in accordance with section 439 subsection 3 of the German Civil Code due to unreasonable costs, the Buyer, at his own option, shall be entitled pursuant to the statutory provisions (section 323 of the German Civil Code) to cancel the contract or to reduce the purchase price. Rectification of defect or replacement shall be deemed unreasonable if the costs exceed 25 % (twenty-five per cent) of the value of the delivery.
- (6.4) The limitation period regarding claims of the Buyer for subsequent performance, cancellation of the contract or reduction of the purchase price for the delivered item shall be 12 months from the time of delivery to the Buyer or the place of delivery designated by him. Used goods shall be sold to the exclusion of any liability for defects. If the Buyer resells delivered goods to consumers, the claims for recourse against us will expire no earlier than two months after the Buyer has fulfilled claims of the consumer.
- (6.5) Entitlement for compensation for damages by the Purchaser/Customer outside the Product Liability Act are excluded, regardless of the legal reason, especially due to breaches of contractual obligations and unpermitted actions. This does not apply in case of intent, gross negligence, and injuries to life, limb and/or health or in event of breaches of major contractual obligations. Liability pursuant to the Statute on Liability for Defective Products (Produkthaftungsgesetz) shall remain unaffected.
- (6.6) Our liability shall be excluded if the defects are due to inappropriate operation of the delivered goods, to non-compliance with the instruction manuals, operation manuals and maintenance and service intervals; or if the products cannot be operated as stipulated in the contract due to incorrect or inaccurate specifications given or transmitted to us by the Buyer; or if without our consent modifications or repairs at the delivery items were carried out or if unsuitable spare parts have been used.
- (6.7) Recourse claims by the Buyer against us under section 478 of the German Civil Code are accepted only in the absence of any agreements between the Buyer and his own buyers that go beyond the legal compensation claims.
- (6.8) The provisions under this section 6. shall also be applicable to damages that might occur with respect to rectification or replacement of products. Any liability for damages not addressed in this section shall be excluded regardless of the form of the claim.
- (7) PAYMENT
- (7.1) Unless other payment terms have been agreed, our purchase price claims are payable free of any deduction within 14 calendar days after the date of invoice.
- (7.2) We shall accept promissory notes and cheques only upon specific arrangements and only on account of payment. Any fees for discount bills or promissory notes shall be at the expense of the Buyer and immediately payable.
- (7.3) In the event of default in payment by the customer, we are entitled to charge interest for default at the rate of 8 % (eight per cent) per annum above the applicable base rate of the European Central Bank, unless we can demonstrate a higher loss or the Buyer can demonstrate a lower loss in any individual case. We also reserve the right to enforce statutory interest after due date (section 353 of the commercial code).
- (7.4) If the financial situation of the Buyer worsens considerably, if he disposes of goods we supplied under reservation of ownership in excess of the normal course of business, or if he dissolves his company, then we shall have the right to declare all our claims arising from the business relationship as immediately payable, to repurchase bills of exchange at the Buyer's costs, and to continue supply only against advance payment or provision of security. In the event of discontinuation of payment or excessive indebtedness of the Buyer or upon filing of insolvency or composition proceedings, we shall be entitled at our option to assert the above rights or to withdraw from the contract according to the statutory provisions.
- (7.5) The Buyer only has rights of set-off if his counterclaims have been established by non-appealable declaratory judgment, if they are undisputed or recognized by us.

The exercise of a right of retention by the Buyer on account of claims that are based on a different contractual relationship is excluded.

(8) RETENTION OF TITLE

- (8.1) If the Buyer is a merchant within the meaning of the German Commercial Code, we shall retain full title of the goods that have been delivered until the Buyer has discharged all claims arising from its business relationship with us. Otherwise, we shall retain full title of the goods that have been delivered until the Buyer has discharged all claims arising from the individual sales contract.
- (8.2) The Buyer shall have the right to dispose of the goods delivered by us within the ordinary course of business. He hereby assigns to us all claims arising from the resale of the goods delivered under retention of title to the amount of the final invoice owed by him for the purchase price including statutory taxes, irrespective of whether the goods delivered were sold in a processed or unprocessed state. We hereby accept such assignment.
- (8.3) The Buyer shall be authorized to collect any receivables arising from the resale of goods. Our authority to collect the accounts receivable shall remain. We shall undertake not to collect the accounts receivable as long as the Buyer contractually satisfies his payment commitments and no application for insolvency proceedings is filed. In the event of one of the aforementioned circumstances, the Buyer shall upon our demand immediately specify to us his debtors in the claims assigned and provide us with all in-formation and documentation necessary for collection.
- (8.4) The object of delivery shall always be processed or reformed for us. If the goods delivered are processed, the Buyer shall not acquire title to the fully or partly processed goods; the processing shall be free of charge for our benefit as Manufacturer in the sense of section 950 of the German Civil Code. The objects created by processing shall be subject to the same provisions as the object delivered under Reservation.
- (8.5) If the goods in which we have retained title shall be inseparably assembled or mixed with goods that are third party property, then we shall acquire co-title in the new goods or the mixed stock. The proportion of title shall follow from the proportion of the in-invoice value of the goods delivered by us under retention of title and the invoice value of the other goods. If assembly or mixing is performed in such way that the Buyer's object is to be regarded as the main object, it shall be agreed that the orderer shall transfer proportionate co-title to us. The orderer shall be custodian of the goods in which we thus acquired title or co-title, which shall be free of charge.
- (8.6) Where our claims shall undoubtedly be secured through the assignment and retention by more than 120 % (one hundred and twenty per cent), any surplus of receivables and/or goods delivered under retention of title shall, upon demand of the Buyer, be released in accordance with our choice.
- (8.7) In the event of deliveries to other jurisdictions in which the foregoing arrangements governing the retention of title do not have the same effect of securing rights as in Germany, the Buyer shall do everything to create corresponding rights of security for our benefit. The Buyer shall co-operate, for example, in the registrations, public notices and the like required for and expedient to effectuating and enforcing such rights of security.
- (9) FINAL PROVISIONS
- (9.1) The place of performance for deliveries shall be the place of destination as agreed upon with the Buyer.
- (9.2) Subject to mandatory venue provisions of applicable national law, the courts of Cologne shall have exclusive jurisdiction over all disputes arising from or in connection with this agreement, provided that the Buyer is a merchant, a legal entity under public law (juristische Person des öffentlichen Rechts) or a separate estate under public law (öffentlich-rechtliches Sondervermögen) as defined in the German Commercial Code. However, we shall also be entitled to bring action against the Buyer at his residence/seat of business.
- (9.3) The laws of Germany shall apply. International purchase laws shall not apply. This shall, in particular, refer to the UN Convention on the International Sale of Goods (CISG).
- (9.4) The invalidity of any provision of these general terms and conditions of sale shall not affect the validity of the other provisions. Invalid provisions shall be deemed to be replaced by such valid provisions that shall be suitable to implement the economic purpose of the deleted provision to the greatest extent possible.