

CONDITIONS OF SALE

1. BASIS OF THE SALES

1.1 Sales of goods by KOBBEKO are always subject to these Conditions of Sale to the exclusion of any other terms and conditions, including those established by THE PURCHASER.

2. ORDERS AND SPECIFICATIONS

2.1 KOBBEKO reserves the right to cancel any order and to make any changes in specification at any time and without notice provided that these do not materially affect quality or performance.

2.2 No order which has been accepted by KOBBEKO may be cancelled by THE PURCHASER except with the agreement in writing of KOBBEKO. In case of acceptance of cancellation by KOBBEKO, 25% of the cost of the cancelled material shall be due to KOBBEKO.

2.3 All returns shall be communicated to KOBBEKO within 15 days of receipt of material. Returns will not be admitted without the written consent of KOBBEKO, and in no instance will used equipment or equipment without its original packaging. Returns will be subject to a 25% penalty. All returns must be accompanied with a copy of the packing list and a copy of KOBBEKO communication accepting the return. Final return admission will be subject to inspection of the goods by KOBBEKO.

3. ACCEPTANCE, DAMAGE OR LOSS IN TRANSIT

3.1 Goods must be examined by THE PURCHASER as soon as possible after receipt. THE PURCHASER must notify KOBBEKO and the carrier in writing of any shortage or damage within ten days of receipt of the goods. In the case of loss in transit KOBBEKO and the carrier must be informed within ten days of the advised delivery date. If such notification is not made the goods will be considered as received by THE PURCHASER to their full satisfaction and all posterior claims rights are forfeited.

4. PROPERTY AND RISK

4.1 The risk in the goods shall pass to THE PURCHASER when the goods are collected by or delivered to THE PURCHASER or any person acting on behalf of THE PURCHASER

4.2 In all instances, ownership of the goods shall remain with KOBBEKO until KOBBEKO has received all moneys due in cash or cleared funds.

5. LEGAL CONSTRUCTION

5.1 The contract is subject to SPANISH law and the parties agree to submit to the exclusive jurisdiction of the Madrid Courts.

6. CONFIDENTIALITY

6.1 KOBBEKO shall provide such promotional and descriptive literature concerning the Products, including catalogs and price lists, as KOBBEKO deems fit for the sale of its products.

6.2 In connection with any sale, each party has disclosed or may disclose to each other certain confidential and proprietary information and material (the "Information"), which may include, without limitation, customer, prospect and price lists, plans, photographs, designs, drawings, blueprints and specifications and other materials relating to the business of each party. Each party agrees that the Information provided to it, whether provided previously or after the date hereof, and whether in written, oral, encoded, graphic, magnetic, electronic or in any other tangible or intangible form, and whether or not labeled as confidential by each party or otherwise provided by each party hereunder, will be received and maintained in confidence by each party, and each party will not use, disclose, reproduce or dispose of such Information in any manner. Each party agrees to use the Information solely for the purposes of fulfilling its obligations hereunder and agrees to restrict disclosure of the Information solely to its



employees and agents who have a need to know such Information and to advise such persons of their obligations of confidentiality and non-disclosure hereunder. Each party will not disclose the Information to third parties, including independent contractors or consultants, without the prior express written consent of the other party and will advise such third parties of their obligations of confidentiality and non-disclosure hereunder. Each party agrees to use reasonable means, not less than those used to protect its own similar proprietary information, to safeguard the Information.

6.3 The obligation of confidentiality set forth in Section 6.2 will not apply with respect to any particular portion of the Information if such portion of the Information can be shown by each party to be (a) generally known to the public, other than as a result of the breach of Section 6.2 by each party, at the time of each party's disclosure, or (b) in each party's possession, free of any obligation of confidence, from a source other than each other at the time of each party's disclosure.

6.4 Each party recognizes that its disclosure of Information will give rise to irreparable injury to each other, inadequately compensable in damages, and that accordingly, each party may seek and obtain injunctive relief against the breach of Section 6.2 in addition to any other legal remedies that may be available. Each party's duty of confidentiality under Section 6.2 will survive the termination or expiration of the commercial relationship between the parties.

7. CODE OF CONDUCT

7.1 In case of resale to a third company or government agency, none of the PURCHASER'S employees, share holders or agents shall have any relationship with the respective principals, staff or shareholders of the aforementioned third company or government agency. Should any such relationship exist, this will be notified to KOBBECO for prior authorization of the sale.

7.2 The PURCHASER shall not make or offer a payment, promise to pay, or authorize the payment of anything of value to: (a) any officer or employee of, or any person acting in an official capacity for a government or any department, agency, instrumentality or corporation thereof or controlled thereby, or any political party, party official or candidate for any such government or political party office, or (b) any person, while knowing or having reason to know that all or a portion thereof will be offered, given or promised, directly or indirectly, to anyone described in (a) above, for the purpose of: (i) influencing any act or decision by such person in his or her official capacity, or (ii) inducing him or her to use his or her influence with a government to affect, either by action or inaction, any act or decision of such government to obtain or retain business for any person for the benefit of Supplier.

7.3 The PURCHASER hereby affirms that it will obtain and provide copies to KOBBECO of written assurances in the form of the preceding two paragraphs above from any sub-agent, sub-distributor, consultant or other party, retained by or paid by the PURCHASER in connection with the sale or distribution of the goods purchased from KOBBECO.

7.4 In the event the PURCHASER notifies KOBBECO that the PURCHASER has information or belief that there may be or may have been a violation of the terms of this Section 7 of the Conditions of Sale by the PURCHASER or by any sub-agent, sub-distributor, consultant or other party, retained by or paid by the PURCHASER in connection with the sale or distribution of the goods purchased from KOBBECO, the PURCHASER agrees to cooperate with KOBBECO to investigate the possible violation and to grant KOBBECO the right to audit the PURCHASER's books, records and other relevant documentation. Failure to cooperate fully shall result in KOBBECO ceasing to provide the PURCHASER with goods, including the cancellation of any pending orders, and forfeit of any payments made for outstanding orders.

7.5 The PURCHASER affirms that it has not and agrees that it will not, in connection with any business transactions involving KOBBECO make or promise to make any payment or transfer anything of value, directly or indirectly (i) to any government official or employee (including employees of government owned or controlled corporations); (ii) to any political party, official of a political party or candidate for any such foreign government or political party office; (iii) to any officer, director, employee, or representative of any actual or potential customer of KOBBECO; (iv) to any officer, director or employee of KOBBECO, (or to an intermediary for payment to any of the foregoing); or (v) to any other person or entity if such payment or transfer would violate the laws of the country in which made. It is the intent of the parties that no payments or transfers of value shall be made which have the purpose or effect of public or commercial bribery, acceptance of or acquiescence in extortion, kickbacks or other



unlawful or improper means of obtaining or retaining business. This Section shall not, however, prohibit normal and customary business entertainment or the giving of business mementos of nominal value.

7.6 Where the goods originate in part or in whole in the US, the PURCHASER, warrants and covenants that it shall comply with all applicable laws and regulations which control the export or re-export of commercial goods, technology and software which are obtained from KOBBEKO pursuant to this Agreement. Specifically, Distributor represents, warrants and covenants that it shall, and any sub-agent, sub-distributor, consultant or other party, retained by or paid by Distributor in connection with the sale or distribution of the Products shall, (i) comply with the U.S. Export Administration Act, as amended (50 U.S.C. 2401 et seq.) and the U.S. Export Administration Regulations, as amended (15 CFR, Chapter VII, Subchapter C), including without limitation all applicable United States embargoes and sanctions relating to the Products, and (ii) comply with all applicable U.S. sanctions with respect to those individuals and entities whose names appear on the Specially Designated Nationals List, the Entity List, the Denied Persons List or the Unverified List. Distributor further represents, warrants and covenants that it shall not, and any sub-agent, sub-distributor, consultant or other party, retained by or paid by Distributor in connection with the sale or distribution of the Products shall not, export or re-export the Products, directly, or with its knowledge, indirectly, to any country for which the United States government (or agency thereof) may require an export license or other approval or any country, person or entity to which such export or re-export may be prohibited by applicable United States law, regulation, policy or executive order. Failure to comply strictly with all applicable laws relating to embargoes, sanctions, export or re-export shall be grounds for immediate ceasing to provide the PURCHASER with goods, including the cancellation of any pending orders, and forfeit of any payments made for outstanding orders.

8. WARRANTY FOR NEW PRODUCTS

8.1 KOBBEKO warrants its new Equipment and Parts manufactured and sold worldwide, to be free, under normal use and service, of any defects in material or workmanship for a period of twelve (12) months from the date of delivery and, in any case, according to the terms and as limited by KOBBEKO's Limited Product Warranty; provided that PURCHASER sends KOBBEKO written notice of the defect within thirty (30) days of its discovery and establishes that: (i) the Equipment has been operated and maintained in strict compliance with KOBBEKO's operating and maintenance manuals; and (ii) the defect did not result in any manner from the intentional or negligent action or inaction of PURCHASER, its agents or employees and (2) a new machine registration certificate has been completed, signed and delivered to the KOBBEKO within thirty (30) days of the Equipment's "in-service" date. If requested by KOBBEKO, PURCHASER must return any defective Product to KOBBEKO's manufacturing facility, or other location designated by KOBBEKO, for inspection, and if PURCHASER cannot establish that conditions (i) and (ii) above have been met, then this warranty shall not cover the alleged defect. Failure to give written notice of defect within such period shall be a waiver of this warranty and any assistance rendered thereafter shall not extend or revive it. Accessories, assemblies and components included in the Products of KOBBEKO, which are not manufactured by KOBBEKO, are subject to the warranty of their respective manufacturers. This warranty shall not cover any item on which serial numbers have been altered, defaced or removed. Maintenance and wear parts are not covered by this warranty and are the sole maintenance responsibility of PURCHASER. This warranty is limited to the original purchaser or end-user if sold to a distributor, and is not assignable or otherwise transferable without written agreement of KOBBEKO. THIS WARRANTY IS EXPRESSLY IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES, EXPRESS OR IMPLIED (INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) AND ALL OTHER OBLIGATIONS OR LIABILITY ON KOBBEKO'S PART, with the exception of any warranties imposed by law. THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE LIMITED WARRANTY CONTAINED HEREIN. KOBBEKO neither assumes nor authorizes any other person to assume for KOBBEKO any other liability in connection with the sale of KOBBEKO's Products. This warranty shall not apply to any of KOBBEKO's Products or any part thereof which has been subject to misuse, alteration, abuse, negligence, accident, Force Majeure or sabotage. No action by either party shall operate to extend or revive this limited warranty without prior written consent of KOBBEKO.

8.2 Warranty will only cover parts, except where the goods are returned to KOBBEKO for repair. Transport costs to and from KOBBEKO premises will be covered by PURCHASER.

8.3 Any modifications or repair carried out without the written consent of KOBBEKO will void this warranty.

8.4 Remedies for Breach. IN THE EVENT OF ANY BREACH OF THE WARRANTY BY KOBBEKO, THE PARTIES AGREE THAT KOBBEKO'S LIABILITY SHALL BE LIMITED EXCLUSIVELY TO THE REMEDIES OF REPAIR OR REPLACEMENT (AT KOBBEKO'S SOLE DISCRETION) OF ANY DEFECTIVE EQUIPMENT



COVERED BY THE WARRANTY. In no event shall any repair or replacement of any defective equipment covered by the KOBBEKO's warranty extend the length of the warranty beyond the period specified in Section 8.1 herein.

9. LIMITATION OF LIABILITY

9.1 According to the limitation to liability established in Section 8, KOBBEKO AND ITS AFFILIATES SHALL NOT BE LIABLE FOR, AND SPECIFICALLY DISCLAIM, ANY LIABILITY FOR ANY: (A) LOST PROFITS AND/OR BUSINESS INTERRUPTION (WHETHER DIRECT OR INDIRECT); AND (B) INDIRECT, INCIDENTAL, CONSEQUENTIAL (WHETHER DIRECT OR INDIRECT) OR OTHER DAMAGES OR LOSSES OF ANY KIND WHATSOEVER, including, without limitation, labor costs, lost profits, loss of use of other equipment, third party repairs, personal injury, emotional or mental distress, improper performance or work, penalties of any kind, loss of service of personnel, or failure of Products to comply with any federal, state, provincial or local laws, regardless of whether arising from a breach of contract, or warranty, legal claims or otherwise. Nothing in this Section shall operate to exclude KOBBEKO's liability for death or personal injury when directly related to KOBBEKO's negligent act or omission.

10. INDEMNIFICATION BY PURCHASER

10.1 PURCHASER hereby agrees to indemnify, release, defend and hold harmless KOBBEKO, its directors, officers, employees, agents, representatives, successors, and assigns against any and all suits, actions or proceedings at law, arbitration or in equity (including the costs, expenses and reasonable attorney's fees incurred in connection with the defense of any such matter) and from any and all claims demands, losses, judgments, damages, costs, expenses or liabilities, to any person whatsoever (including PURCHASER's and KOBBEKO's employees or any third party), or damage to any property (including PURCHASER's property) arising out of or in any way connected with the performance or the furnishing of Products under this agreement, regardless of whether any act, omission, negligence (including any act, omission or negligence, relating to the manufacture, design, repair, erection, service or installation of or warnings made or lack thereof with respect to any Products furnished hereunder) of KOBBEKO, its directors, officers, employees, agents, representatives, successors or assigns caused or contributed thereto. If PURCHASER fails to fulfill any of its obligations under this paragraph or this agreement, PURCHASER agrees to pay KOBBEKO all costs, expenses and attorney's fees incurred by KOBBEKO to establish or enforce KOBBEKO's rights. The provisions of this paragraph are in addition to any other rights or obligations set forth in this agreement.

11 FORCE MAJEURE

11.1 KOBBEKO shall not be liable to PURCHASER or be deemed to be in breach of this agreement by reason of any delay in performing, or any failure to perform, any of KOBBEKO's obligations in relation to the Products if the delay or failure was due to any cause beyond the reasonable control of KOBBEKO including (without limitation) strike, lockout, riot, civil commotion, fire, accident, explosion, tempest, Force Majeure, war, epidemic, stoppage of transport, terrorist activity, supply shortage or changes in government, governmental agency, laws, regulations or administrative practices.