

1. General

These general conditions shall apply to all goods supplied by POWATEC to the customer.

Any deviating or supplementary conditions, especially customer's general purchase conditions and verbal agreements, shall only be applicable if accepted in writing by POWATEC

2. Quotations

Quotations shall only be binding if they contain a stated period of validity.

3. Scope of delivery

The order acknowledgment is relevant for scope and execution of the delivery. Additional performances or specifications not included in the order acknowledgment are charged separately.

4. Technical data and documents

Technical documents such as drawings, descriptions, illustrations and data on dimensions, performance and weight are for information purposes only and shall not imply any warranties. POWATEC reserves the right to make any necessary changes.

All technical documentation and technical data remain POWATEC's literary property and may neither be used for production purposes nor be made available to third parties.

5. Copyright protection, patent and trademark rights

Trademarks, designs and projects remain POWATEC's property. Without POWATEC's previous written consent, the reproduction, utilization or handing over to third parties is prohibited.

Particularly POWATEC equipment must not be made available directly or indirectly (through drawings, diagrams, schematics etc.) to any third party without POWATEC's written authorization.

6. Prices

Prices are net ex works or ex warehouse (INCOTERMS 1990) packing included. All supplementary costs such as freight insurance, customs duties, taxes, fees etc. are for customer's account.

Prices are valid only if the quantities, performances and specifications stated in the offer are ordered without any change or reduction and if the quotation is still valid.

7. Terms of payment

Payments shall be made by the customer according to the agreed terms of payment, without any deductions. Payments may not be reduced or retained because of complaints, demands or counterclaims of the customer which POWATEC has not recognized. The dates of payment shall also be observed if transport, delivery, erection, commissioning or acceptance of the goods are delayed or prevented due to reasons beyond POWATEC's control or if unimportant parts are missing.

If the advance payment or the contractually agreed securities are not provided or if other obligations of the customer are not fulfilled in accordance with the contract terms, POWATEC shall be entitled to cancel the contract and to claim damages. If the customer does not observe the agreed payment terms, he must pay default interest from the date on which payment was due. This interest will be at least 4 % per annum over the current discount rate of the Swiss National Bank. The right to claim further damages is reserved.

Unless otherwise agreed upon, the contract price shall be paid in the following installments:

- 1/3 as advance payment at the time the customer places the purchase order.
- 2/3 upon POWATEC's notification to the customer that goods are ready for dispatch

8. Reservation of title

POWATEC shall remain the owner of all goods until having received full payment in accordance with the contract.

The customer shall cooperate in any measures necessary for the protection of POWATEC's title. In particular, upon entering into the contract, the customer authorizes POWATEC to enter or notify the reservation of title in the required form in public registers, books or similar records, all in accordance with relevant national laws, and the customer shall fulfill all corresponding formalities.

During the period of the reservation of title, the customer shall at his own cost, maintain the goods and insure them for POWATEC's benefit against theft, breakdown, fire, water and other risks. The customer shall further take all measures to ensure that POWATEC's title is in no way prejudiced.

In case of customer's default, particularly in case of arrears POWATEC shall be entitled to take repossession of the goods and the customer shall be obliged to surrender them.

9. Delivery time

The delivery time starts with the date of POWATEC's order acknowledgment. It ends when the shipment is ready for dispatch. Compliance with the delivery time is conditional upon the customer's fulfilling of his contractual obligations, e.g. notification of all essential technical specifications, availability of samples, import permits, down payments, letters of credit etc.

Delivery is always subject to prior receipt of an export license granted by Swiss authorities.

The delivery time is reasonably extended:

a) if the information required by POWATEC for performance of the contract is not received in time, or if the customer subsequently changes it thereby causing a delivery delay of the goods

b) if hindrances occur which prevent POWATEC from performing the contract by force majeure. Such hindrances include epidemics, mobilization, war, revolution, serious breakdowns in the works, accidents, labor conflicts, late or deficient delivery by subcontractors of raw materials, semifinished or finished products, official actions or omissions by any state authorities or public bodies, natural catastrophes. Damages for delayed delivery shall not exceed 0,5 per cent per every full week's delay and shall in no case whatsoever exceed 5 per cent of the delayed contract part. No damages at all shall be due for the first four weeks of delay.

If the customer claims liquidated damages for delayed delivery it must be proved that the delay has been caused through POWATEC's fault and that the customer has suffered a loss as a result of such delay. If substitute material can be supplied to accommodate the customer, the latter is not entitled to claim any damages for delay.

Any delayed delivery does not entitle the customer to any fights and claims other than those expressly stipulated in this clause 9.

10. Cancellation

Should the customer cancel the contract before completion of the goods, he agrees to pay following cancellation charges:

- more than 60 days before scheduled shipment: 1/3 of the contract amount
- 60 - 30 days before scheduled shipment: 2/3 of the contract amount
- less than 30 days before scheduled shipment: 100% of the contract amount

Cancellation charges for special and customer designed products are as follows:

- 15 - 30 days after the date of POWATEC's order acknowledgement
1/3 of the contract amount
- 31 - 60 days after the date of POWATEC's order acknowledgement:
2/3 of the contract amount
- more than 60 days after the date of POWATEC's order acknowledgement:
100% of the contract amount

11. Passing of benefit and risk

By leaving the works or the warehouse, the benefit and the risk of the goods shall pass to the customer.

If delivery is delayed due to reasons beyond POWATEC's control, the risk shall pass to the customer when he is notified that the goods are ready for dispatch. From this moment on, the goods shall be invoiced and stored on customer's account and risk.

12. Forwarding, transport and insurance

Delivery is at customer's risk, even if the transport insurance is arranged by POWATEC.

The customer must report in writing damage or loss of goods immediately after receipt of shipment to the last carrier.

13. Acceptance

Unless otherwise agreed upon, acceptance shall be effected immediately after installation at the customer's premises.

The customer shall inspect the goods within 10 days and shall immediately notify POWATEC in writing of any deficiencies. If the customer fails to do so, the goods shall be deemed to have been accepted.

The result of the acceptance has to be recorded in writing and signed by both parties. The acceptance is fulfilled as soon as the test results prove the specified quality and capacity.

Acceptance shall also be deemed completed:

- if the customer refuses the acceptance without being entitled to do so or if he refuses to sign the acceptance report
- as soon as the customer uses the goods for production

If acceptance is delayed by the customer, the outstanding amounts are due at the latest 30 days after the originally scheduled acceptance.

14. Warranty

The warranty period is 12 months. The warranty period either begins on the date of dispatch or after acceptance if such a procedure has been agreed upon. If dispatch or acceptance are delayed due to reasons beyond POWATEC's control, the warranty period shall end not later than 18 months after POWATEC's notification that goods are ready for dispatch. Upon written request from the customer, POWATEC shall as soon as possible repair or replace at their option, all parts which become defective or unserviceable ascertainably due to bad material, faulty design or poor workmanship.

Replaced parts are POWATEC's property. Only costs for the repair or replacement of defective parts are at POWATEC's expense. The warranty expressly does not cover consumable parts, or damage caused by normal wear, faulty maintenance, failure to observe the operating instructions, installation not carried out by POWATEC, as well as due to other reasons for which POWATEC is not responsible.

For goods or essential components manufactured by a third party and not authorized by POWATEC, there is no warranty. For goods manufactured by a third party and supplied by POWATEC, the warranty is limited to the warranty provided by said third party.

With respect to any defective material, design or workmanship as well as to any failure to fulfill express warranties, the customer shall not be entitled to any rights and claims other than those expressly stipulated in this clause.

15. Exclusion of further liability

All cases of breach of contract and the relevant consequences as well as all rights and claims on the part of the customer are exhaustively covered by these general conditions of supply. In no case whatsoever shall the customer be entitled to claim damages other than compensation for costs of remedying defects of the goods. In no case whatsoever shall the customer be entitled to claim damages in excess of the order cost of services rendered. This in particular refers, but shall not be limited to, loss of production, loss of use, loss of orders, loss of profit and other direct or indirect or consequential damage.

16. Patents

If this order calls for delivery of POWATEC's standard products without modification, POWATEC agrees to assume the defense of any suit brought against the customer for infringement of patents arising solely from the use and/or sale of said standard products; to defray the expense of any such defense; and to indemnify the customer against money damages and/or costs awarded in such suit, provided however, that POWATEC's given exclusive control of the defense of any such suit and of all negotiations relative to the settlement thereof and, that the customer promptly informs POWATEC in writing of any such suit and cooperates fully with POWATEC. The indemnification against money damages and/or costs awarded in such suit shall in no case whatsoever exceed the amount of the contract price.

If the products sold hereunder are to be produced according to customer's specifications, customer agrees to indemnify POWATEC against, and hold POWATEC harmless from all lawsuits, judgments, claims, decrees, costs and expenses including reasonable attorney's and accountant's fees arising in connection with or resulting from any alleged infringements of any patents.

17. Jurisdiction and applicable law

This contract shall be governed by the United Nations Convention on Contracts for the international Sale of Goods and subsidiarily by Swiss law.

The place of jurisdiction for both parties shall be Zug/Switzerland. POWATEC shall be entitled to raise its claim with the competent courts in the customer's country.

POWATEC GmbH, Hünenberg/Switzerland

1/08